FORM 20FR12G

Form for initial registration of a class of securities of foreign private issuers pursuant to Section 12(g)

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FILER

SEABRIDGE GOLD INC
CIK:**1231346**| IRS No.: **000000000** | State of Incorp.:**A6** | Fiscal Year End: **1231**
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

X REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES
EXCHANGE ACT OF 1934

OR

__ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended_____

OR

__ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number: _____

Seabridge Gold Inc.
(Exact name of Registrant as specified in its charter)

Canada
(Jurisdiction of incorporation or organization)

172 King Street East, 3rd Floor, Toronto, Ontario CANADA M5A 1J3
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
N/A	N/A

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Common Stock, No Par Value
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. __ Yes __ No N/A X

Indicate by check mark which financial statement item the registrant has elected to follow.
X Item 17 _ Item 18

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Seabridge Gold Inc.
Form 20-F Registration Statement
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METRIC EQUIVALENTS

For ease of reference, the following factors for converting metric measurements into imperial equivalents are provided:

To Convert from Metric	To Imperial	Multiply by
Hectares	Acres	2.471
Meters	Feet (ft.)	3.281
Kilometers (km)	Miles	0.621
Tonnes	Tons (2000 pounds)	1.102
Grams/tonne	Ounces (troy/ton)	0.029

GLOSSARY OF TERMS

S.E.C Industry Guide **National Instrument 43-101**

Reserve: That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. The United States Securities and Exchange Commission requires a final or full Feasibility Study to support either Proven or Probable Reserves and does not recognize other classifications of mineralized deposits.

Mineral Reserve: The economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

Proven Reserves: Reserves for which a quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth, and mineral content of reserves are well established.

Proven Mineral Reserve: The economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

Probable Reserves: For which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

Probable Mineral Reserve: The economically mineable part of an indicated, and in some circumstances, a Measured Mineral Resource, demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

Adularia - A colorless, moderate- to low-temperature variety of orthoclase feldspar typically with a relatively high barium content.

Andesite - A dark-colored, fine-grained extrusive rock that, when porphyritic, contains phenocrysts composed primarily of zoned sodic plagioclase and one or more of the mafic minerals.

Argulite - A variety of asphaltic sandstone

Arkose - A feldspar-rich sandstone, typically coarse-grained and pink or reddish, that is composed of angular to subangular grains that may be either poorly or moderately well sorted; usually derived from the rapid disintegration of granite or granitic rocks, and often closely resembles granite.

Basalt - A general term for dark-colored mafic igneous rocks, commonly extrusive but locally intrusive

Breccia - A rock in which angular fragments are surrounded by a mass of fine-grained minerals.

Caldera - A large, basin-shaped volcanic depression, more or less circular, the diameter of which is many times greater than that of the included vent or vents.

Carbonate – A sediment formed by the organic or inorganic precipitation from aqueous solution of carbonates of calcium, magnesium, or iron; e.g., limestone and dolomite

Cut-off grade - the lowest grade of mineralized material that qualifies as reserve in a deposit. It is also used to estimate mineral reserves by including in the estimates only those assays above the cut-off grade.

Cut Value - Applies to assays that have been reduced a statistically determined maximum to prevent erratic high values from inflating the average.

Diamond Drilling – a type of rotary drilling in which diamond bits are used as the rock-cutting tool to produce a recoverable drill core sample of rock for observation and analysis.

Diorite - An intrusive igneous rock.

Drift - A horizontal underground opening that follows along the length of a vein or rock formation.

Environmental Baseline Study - a geotechnical study that monitors and establishes the numerous naturally occurring base levels present within a specific area/environment. These can include; water chemistry, flora and fauna.

Epithermal – low temperature hydrothermal process or product.

Fault – a fracture or break in rock along which there has been movement.

Feasibility Study – is a definitive study of the viability of a mineral project by a qualified professional which defines: (1) mining methods, pit configuration, mine scheduling, mine equipment and all related costing, (2) method of mineral processing and all related plant, equipment and costing, (3) necessary determination of all infrastructure required and relevant costs and (4) all requirements of government and markets for mine operation. A definitive financial analysis of the mineral project taking into consideration all relevant factors, which will establish the presence of a Mineral Reserve and the details of its economic viability.

Geochemistry - The study of the chemical properties of rocks.

Geophysical Survey - A scientific method of prospecting that measures the physical properties of rock formations. Common properties investigated include magnetism, specific gravity, electrical conductivity and radioactivity.

Grade – The metal content of rock with precious metals, grade can be expressed as troy ounces or grams per tonne of rock.

Granite - any holocrystalline, quartz-bearing plutonic rock.

Granitic - Pertaining to or composed of granite.

Hydrothermal – the products or the actions of heated waters in a rock mass such as a mineral deposit precipitating from a hot solution.

Indicated Resource - in reference to minerals means quantity and grade and (or) quality are computed from information similar to that used for resources, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for resources, is high enough to assume continuity between points of observation.

Inferred Resource - in reference to minerals, means estimates are based on an assumed continuity beyond measured and(or) indicated resources, for which there is geological evidence. Inferred resources may or may not be supported by samples or measurements.

Intrusion; Intrusive – molten rock that is intruded (injected) into spaces that are created by a combination of melting and displacement.

Kriging - In the estimation of ore reserves by geostatistical methods, the use of a weighted, moving-average approach both to account for the estimated values of spatially distributed variables, and also to assess the probable error associated with the estimates.

Lode - A mineral deposit consisting of a zone of veins, veinlets, disseminations, or planar breccias; a mineral deposit in consolidated rock as opposed to a placer deposit.

Measured Resources - in reference to minerals, means a quantity is computed from dimensions revealed in outcrops, trenches, workings, or drill holes; grade and (or) quality are computed from the results of detailed sampling. The sites for inspection, sampling, and measurement are spaced so closely and the geological character is so well defined that size, shape, depth and mineral content of the resource are well established.

Monzonite - A granular plutonic rock containing approx. equal amounts of orthoclase and plagioclase, and thus intermediate between syenite and diorite. Quartz is minor or absent.

Net Smelter Return Royalty/ NSR Royalty – A phrase used to describe a royalty payment made by a producer of metals based on gross metal production from the property, less deduction of certain limited costs including smelting, refining, transportation and insurance costs.

Patented - A claim to which a patent has been secured from the U.S. Government, in compliance with the laws relating to such claims.

Placer - A deposit of sand or gravel that contains particles of gold, ilmenite, gemstones, or other heavy minerals of value. The common types are stream gravels and beach sands.

Porphyry - Any igneous rock in which relatively large crystals are set in a fine-grained matrix of rock.

Prefeasability Study – is a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and where an effective method of mineral processing had been determined. This Study must include a financial analysis based on reasonable assumptions of technical engineering, operating, and economic factors, which are sufficient for a Qualified Person acting reasonably, to determine if all or part of the Mineral Resource may be classified as a Mineral Reserve.

Pyrite - an iron sulphide mineral (FeS_2), the most common naturally occurring sulphide mineral.

Quartz – crystalline silica; often forming veins in fractures and faults within older rocks.

Quartz Monzonite - a coarse grained, quartz rich igneous rock usually occurring as a smaller rock mass associated with major granitic bodies.

Raise - A vertical or inclined underground working that has been excavated from the bottom upward.

Reclamation - Restoration of mined land to original contour, use, or condition.

Resource – Under the Canadian Institute of Mining ("CIM") standards, Mineral Resource is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the earth' s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

A mineral resource estimate is based on information on the geology of the deposit and the continuity of mineralization. Assumptions concerning economic and operating parameters, including cut-off grades and economic mining widths, based on factors typical for the type of deposit, may be used if these factors have not been specifically established for the deposit at the time of the mineral resource estimate. A mineral resource is categorized on the basis of the degree of confidence in the estimate of quantity and grade or quality of the deposit, as follows:

Measured Mineral Resource: Under CIM standards, a Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

Indicated Mineral Resource: Under CIM standards, an Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

Inferred Mineral Resource: Under CIM standards, an Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from such as outcrops, trenches, pits, workings and drill holes.

Rhyolite - A group of extrusive igneous rocks, typically porphyritic and commonly exhibiting flow texture, with phenocrysts of quartz and alkali feldspar in a glassy to cryptocrystalline groundmass; also, any rock in that group; the extrusive equivalent of granite.

Sedimentary - Formed by the deposition of sediment or pertaining to the process of sedimentation.

Sediments - Solid fragmental material that originates from weathering of rocks and is transported or deposited by air, water, or ice, or that accumulates by other natural agents, such as chemical precipitation from solution or secretion by organisms, and that forms in layers on the Earth's surface at ordinary temperatures in a loose, unconsolidated form; e.g., sand, gravel, silt, mud, alluvium.

Sericite – A fine-grained potassium mica found in various metamorphic rocks.

Silification – the in situ alteration of a rock, which involves an increase in the proportion of silica minerals.

Trenching - the process of exploration by which till is removed from a trench cut from the earth' s surface.

Tuff - A general term for all consolidated pyroclastic rocks.

Unpatented Claim - Mining claim to which a deed from the U.S. Government has not been received. A claim is subject to annual assessment work, to maintain ownership.

Vein – a thin, sheet-like, crosscutting body of hydrothermal mineralization, principally quartz.

Volcanics – those originally molten rocks, generally fine grained, that have reached or nearly reached the Earth' s surface before solidifying.

Part I

Item 1. Identity of Directors, Senior Management and Advisors

Table No. 1
Company Directors and Officers
As of August 31, 2003

Name	Position	Business Address
James Anthony	Chairman, Director and Secretary	172 King Street East, 3rd Floor, Toronto, Ontario, Canada
Rudi Fronk	President and Director	172 King Street East, 3rd Floor, Toronto, Ontario, Canada
Frederick Banfield	Director	3544 E. Fort Lowell, Tucson, Arizona
William Calhoun	Director	P.O. Box 90 Silverton, Idaho
Vahid Fahti	Director	3131 White Eagle Drive, Naperville, Illinois
Henry Fenig	Director	Suite 250, BCE Place, 181 Bay Street, Toronto, Ontario, Canada
Louis J. Fox	Director	75 Preston Lane Taconic, Connecticut
William Threlkeld	Senior Vice President	172 King Street East, 3rd Floor, Toronto, Ontario, Canada

The Company' s auditor is KPMG LLP, Chartered Accountants, of Suite 3300 Commerce Court West, Toronto, Ontario, Canada. KPMG was appointed on June 4, 2002. The Auditor for the prior 3 fiscal years was G. Ross McDonald, Chartered Accountant, Suite 1402, 543 Granville Street, Vancouver, British Columbia. There were no disputes between the prior auditor and the Company.

Item 2. Offer Statistics and Expected Timetable

Not Applicable

Item 3. Key Information

As used within this Registration Statement, the terms “Seabridge”, “the Company”, “Issuer” and “Registrant” refer collectively to Seabridge Gold Inc, its predecessors, subsidiaries and affiliates.

All currency figures stated herein are in Canadian dollars, unless otherwise noted.

SELECTED FINANCIAL DATA

The selected financial data of the Company for the Year Ended December 31, 2002 was derived from the financial statements audited by KPMG LLP, Chartered Accountants, as indicated in its audit report which is included elsewhere in this Registration Statement. The selected financial statements for the year ended December 31, 2001, December 31, 2000, the four months Ended December 31, 2000, and the Year Ended August 31, 1999, was derived from the financial statements of the Company which have been audited by G. Ross McDonald, Chartered Accountant, as indicated in its audit report which is included elsewhere in this Registration Statement. The selected financial data set forth for Fiscal 1998 ended August 31, 1998 is derived from the Company's audited financial statements.

The selected financial data should be read in conjunction with the financial statements and other financial information included elsewhere in the Registration Statement.

The Company has not declared any dividends on its common shares since incorporation and does not anticipate that it will do so in the foreseeable future. The present policy of the Company is to retain future earnings for use in its operations and the expansion of its business.

Table No. 2 is derived from the financial statements of the Company, which have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP), the application of which, in the case of the Company, conforms in all material respects for the periods presented with US GAAP, except as disclosed in a footnote to the financial statements.

Table No. 2
Selected Financial Data
($’ s in 000, except per share data)

	Nine Months Ended 9/30/03 Unaudited	Nine Months Ended 9/30/02 Unaudited	Year Ended 12/31/02	Year Ended 12/31/01	Year Ended 12/31/00	Four Months Ended 12/31/99	Year Ended 8/31/99	Year Ended 8/31/98
Interest Income	$97	$29	$85	$24	$18	$1	$4	$0
Net Loss	($715)	($1,253)	($1,630)	($456)	($338)	($41)	($162)	($1,202)
Net Loss Per Share	($0.03)	($0.08)	($0.10)	($0.04)	($0.04)	($0.01)	($0.04)	($0.57)
Dividends Per Share	$0	$0	$0	$0	$0	$0	$0	$0
Wtg. Avg. Shares (000)	25,782	16,609	16,212	12,600	8,800	5,908	4,051	2,114
Working Capital	$3,113	$4,332	$3,819	$2,582	$962	$137	$194	($138)
Mineral								

Properties	$14,149	$7,935	$9,018	$2,977	$902	$82	$0	$0
Long-Term Debt	$0	$2,902	$828	$2,009	$0	$0	$0	$0
Shareholder' s Equity	$18,057	$9,595	$12,052	$3,781	$1,869	$219	$204	($128)
Total Assets	$19,321	$13,558	$14,143	$6,977	$1,885	$228	$218	$14
US GAAP Net Loss	($3,795)	($2,414)	($3,236)	($1,697)	($980)	N/A	N/A	N/A
US GAAP Loss Per Share	($0.15)	($0.15)	($0.20)	($0.13)	($0.11)	N/A	N/A	N/A
US GAAP Wtg. Avg. Shares	25,782	16,609	16,212	12,600	8,800	N/A	N/A	N/A
US GAAP Equity	$11,850	$7,823	$9,044	$2,379	$1,533	N/A	N/A	N/A
US GAAP Total Assets	$13,144	$11,786	$11,026	$5,575	$1,550	N/A	N/A	N/A
US GAAP Mineral Properties	$8,144	$6,163	$5,901	$1,576	$566	N/A	N/A	N/A

In this Registration Statement, unless otherwise specified, all dollar amounts are expressed in Canadian Dollars (CDN$). The Government of Canada permits a floating exchange rate to determine the value of the Canadian Dollar against the U.S. Dollar (US$).

Table No. 3 sets forth the rate of exchange for the Canadian Dollar at the end of the five most recent fiscal periods ended December 31st, the average rates for the period, and the range of high and low rates for the period. Table No. 3 also sets forth the rate of exchange for the Canadian Dollar at the end of the six most recent months, and the range of high and low rates for these periods.

For purposes of this table, the rate of exchange means the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York. The table sets forth the number of U.S. dollars required under that formula to buy one Canadian Dollar. The average rate means the average of the exchange rates on the last day of each month during the period.

Table No. 3
Canadian Dollar/US Dollar

	Average	High	Low	Close
Year Ended 12/31/03	$1.39	$1.58	$1.29	$1.29
Year Ended 12/31/02	$1.57	$1.61	$1.51	$1.52
Year Ended 12/31/01	$1.55	$1.60	$1.49	$1.59
Year Ended 12/31/00	$1.48	$1.56	$1.44	$1.50
Year Ended 12/31/99	$1.48	$1.53	$1.44	$1.44
Three Months Ended 12/31/03	$1.30	$1.35	$1.29	$1.29
Three Months Ended 9/30/03	$1.38	$1.41	$1.34	$1.35
Three Months Ended 6/30/03	$1.39	$1.48	$1.33	$1.36
Three Months Ended 3/31/03	$1.50	$1.58	$1.47	$1.47
Three Months Ended 12/31/02	$1.57	$1.59	$1.55	$1.58
Three Months Ended 9/30/02	$1.58	$1.60	$1.51	$1.59
Three Months Ended 6/30/02	$1.54	$1.60	$1.51	$1.52
Three Months Ended 3/31/02	$1.60	$1.61	$1.58	$1.60
Three Months Ended 12/31/01	$1.58	$1.60	$1.56	$1.59
Three Months Ended 9/30/01	$1.55	$1.58	$1.51	$1.58

January 2004	$1.30	$1.33	$1.27	$1.33
December 2003	$1.31	$1.34	$1.29	$1.25
November 2003	$1.31	$1.34	$1.30	$1.30
October 2003	$1.32	$1.35	$1.30	$1.32
September 2003	$1.36	$1.39	$1.35	$1.35
August 2003	$1.40	$1.41	$1.38	$1.39

The exchange rate was $1.33 on January 30, 2004.

Statement of Capitalization and Indebtedness

Table No. 4
Statement of Capitalization and Indebtedness
As of January 30, 2004

Shareholder' s Equity	
Common Shares, unlimited amount authorized	
Preferred Shares, unlimited amount authorized	
27,453,685 Common Shares issued and outstanding	$35,441,000
0 Preferred Shares issued and outstanding	$0
Retained Earnings (Deficit)	(16,263,000)
Net Stockholder' s Equity	19,178,000
TOTAL CAPITALIZATION	19,178,000
Common Stock Options Outstanding	1,951,400
Common Stock Purchase Warrants Outstanding	512,500
Guaranteed Debt	Nil
Unguaranteed Debt	Nil
Long Term Debt	Nil
Prevision for Reclamation Liabilities	$1,189,300

Forward Looking Statements

Certain Statements presented herein are forward-looking statements which may include conclusions of prefeasibility and feasibility studies, estimates of future production, capital and operating costs, prices of silver and gold and other known and unknown risks. These and other factors and uncertainties may cause material differences from future results as expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include but are not limited to the risks involved in the exploration, development and mining business.

Risk Factors

An investment in the Common Shares of the Company must be considered speculative due to the nature of the Company' s business and the present stage of exploration of its non producing mineral properties. In particular, the following risk factors apply:

Risks Associated with Mineral Exploration

The Company is Involved in the Resource Industry which is Highly Speculative and has Certain Inherent Exploration Risks which Could have an Negative Effect on the Company' s Operations

Resource exploration is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environment protection, the combination of which factors may result in the Company not receiving an adequate return on investment ca pital.

The Company' s Operations Contain Significant Uninsured Risks which Could Negatively Impact Profitability as the Company Maintains No Insurance Against its Operations

The Company' s exploration of its mineral properties contain certain risks, including unexpected or unusual operating conditions including rock bursts, cave-ins, flooding, fire and earthquakes.

The Company currently maintains no insurance against its properties or operations and may decide to not take out any such insurance in the future. If such liabilities arise, they could reduce or eliminate the Company' s assets and shareholder equity as well as result in increased costs and a decline in the value of the Company' s securities.

The Company Has No Known Reserves and No Economic Reserves May Exist on Its Properties Which Would have a Negative Effect on the Company' s Operations and Valuation

Despite exploration work on its mineral claims, no known bodies of commercial ore or economic deposits have been established on any of the Company' s mineral properties. In addition, the Company is at the exploration stage on all of its properties and substantial additional work will be required in order to determine if any economic deposits occur on the Company' s properties. Even in the event commercial quantities of minerals are discovered, the exploration properties might not be brought into a state of commercial production. Finding mineral deposits is dependent on a number of factors, not the least of which is the technical skill of exploration personnel involved. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices. Most of the se factors are beyond the control of the entity conducting such mineral exploration. The Company is an exploration stage company with no history of pre-tax profit and no income from its operations. There can be no assurance that the Company' s operations will be profitable in the future.

The Company Has Not Surveyed Any of Its Properties and The Company Could Lose Title and Ownership of Its Properties which would have a Negative Effect on the Company' s Operations and Valuation

The Company has only done a preliminary legal survey of the boundaries of any of these properties, and therefore, in accordance with the laws of the jurisdictions in which these properties are situated, their existence and area could be in doubt. The Company has not obtained formal title reports on any of its properties and title may be in doubt. If title is disputed, the Company will have to defend its ownership through the courts. In the event of an adverse judgment, the Company would lose its property rights.

The Mining Industry is Highly Competitive which could Restrict the Company' s Growth

The Company will be required to compete in the future directly with other corporations that may have greater resources. Such corporations could outbid the Company for potential projects or produce minerals at lower costs which would have a negative effect on the Company' s operations.

Mineral Operations are Subject to Market Forces Outside of the Company' s Control which could Negatively Impact the Company' s Operations

The marketability of minerals is affected by numerous factors beyond the control of the entity involved in their mining and processing. These factors include market fluctuations, government regulations relating to prices, taxes royalties, allowable production, import, exports and supply and demand. One or more of these risk elements could have an impact on costs of an operation and if significant enough, reduce the profitability of the operation and threaten its continuation.

The Company is Subject to Substantial Government Regulatory Requirements which could cause a Restriction or Suspension of the Company' s Operations

The Company' s exploration operations are affected to varying degrees by government regulations relating to resource operations, the acquisition of land, pollution control and environmental protection, safety, production and expropriation of property. Changes in these regulations or in their application are beyond the control of the Company and may adversely affect its operations, business and results of operations. Failure to comply with the conditions set out in any permit or failure to comply with the applicable statutes and regulations may result in orders to cease or curtail operations or to install additional equipment. The Company may be required to compensate those suffering loss or damage by reason of its operating or exploration activities. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, foreign exchange cont rols, income taxes, expropriation of property, environmental legislation and mine safety.

Currently, the Company' s Canadian properties are subject to the jurisdiction of the federal laws of Canada, the provincial laws of British Columbia, Manitoba, Alberta, Saskatchewan and the Northwest Territories, as well as local laws where they are located. In addition, the Company' s U.S. properties are subject to U.S. Federal laws, the state laws of Nevada and Oregon, as well as local laws where they are located. Mineral exploration and mining may be affected in varying degrees by government regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business.

On the Federal and Provincial level, the Company must comply with exploration permitting requirements which require sound operating and reclamation plans to be approved by the applicable government body prior to the start of exploration. Depending upon the type and extent of the exploration activities, the Company may be required to post reclamation bonds and/or assurances that the affected areas will be reclaimed. Currently, the Company has estimated $225,000 in reclamation on its Kerr/Sulphurets gold project and $1 million in reclamation for the Red Mountain Property. Funds have been deposited for the benefit of the Province of British Columbia until released or applied to reclamation costs. If the reclamation requires funds in addition to those already allocated, Seabridge could be forced to pay for the extra work and it could have a significant negative effect upon the Company' s financial position and operations.

On the State and Provincial level, the government has jurisdiction over certain properties and requires their own permitting and compliance with applicable regulations. On the local level, regulations deal primarily with zoning, land use and specific building permits, as well as taxation and the impact of the Company' s operations on the existing population and local services.

The Company is Subject to Substantial Environmental Requirements which could cause a Restriction or Suspension of Company Operations

In connection with its operations and properties, the Company is subject to extensive and changing environmental legislation, regulation and actions. The Company cannot predict what environmental legislation, regulation or policy will be enacted or adopted in the future or how future laws and regulations will be administered or interpreted. The recent trend in environmental legislation and regulation generally is toward stricter standards and this trend is likely to continue in the future. The recent trend includes, without limitation, laws and regulations relating to air and water quality, mine reclamation, waste handling and disposal, the protection of certain species and the preservation of certain lands. These regulations may require obtaining permits or other authorizations for

certain activities. These laws and regulations may also limit or prohibit activities on certain lands lying within wetland areas, area providing for habitat for certain species or other protected areas. Compliance with more stringent laws and regulations, as well as potentially more vigorous enforcement policies or stricter interpretation of existing laws, may necessitate significant capital outlays, may materially affect the Company' s results of operations and business, or may cause material changes or delays in the Company' s intended activities.

On the Federal, State and Provincial level, regulations deal with environmental quality and impacts upon air, water, soils, vegetation and wildlife, as well as historical and cultural resources. Approval must be received from the applicable bureau and/or department before exploration can begin, and will also conduct ongoing monitoring of operations. If operations result in negative effects upon the environment, government agencies will usually require the Company to provide remedial actions to correct the negative effects.

Specific to its U.S. properties, costs involved with complying with various government environmental regulations vary by anticipated operations. Typically, surface sampling does not require any permits. Agency review and approval for exploration drilling and access construction can vary from several hundred dollars to several thousands of dollars, depending upon the level of activity. Permitting and environmental compliance costs vary, depending upon the level of activities proposed and the sensitivity of the areas where mineral activities are proposed. As a general rule, these costs makeup 10% or less of the total cost amount of the program. The Company also may be required to post reclamation bonding and assurance that areas will be reclaimed after exploration. These bonds and guarantees range from approximately $1,000 on a small scale exploratory drill program in Nevada to approximately $150,000 on an advanced exploration program in Ore gon.

At present, the Company has not estimated or allocated any funds for reclamation at its Courageous Lake property, nor have any specific environmental concerns been identified. However, the history of mining and exploration of the property by others may have caused certain environmental damage which will require cleanup funded by Seabridge as the current landholder. In addition, unidentified environmental deficiencies may exist on other of the Company' s properties. The discovery of and any required reclamation of any additional properties would likely have a negative effect on the Company' s operations and financial position.

Financing Risks

The Company is Likely to Require Additional Financing which Could Result in Substantial Dilution to Existing Shareholders and/or the Delay or Cessation of Operations

The Company, while engaged in the business of exploiting mineral properties, has sufficient funds to undertake its planned current exploration projects. If the Company' s exploration programs are been successful, additional financing will be required to develop the mineral properties identified and to place them into commercial production. The exploration of the Company' s mineral properties is, therefore, dependent upon the Company' s ability to obtain financing through the joint venturing of projects, debt financing, equity financing or other means. Such sources of financing may not be available on acceptable terms, if at all. Failure to obtain such financing may result in delay or indefinite postponement of exploration work on the Company' s mineral properties, as well as the possible loss of such properties. Any transaction involving the issuance of previously authorized but unissued shares of common o r preferred stock, or securities convertible into common stock, could result in dilution, possibly substantial, to present and prospective holders of common stock. These financings may be on terms less favorable to the Company than those obtained previously.

The Company Has a History of Net Losses and Expects Losses to Continue for the Foreseeable Future

The Company has had a history of losses and there is no assurance that it can reach profitability in the future. As of the end of the last fiscal year dated December 31, 2002, the Company historical net loss totals ($14,787,272). The Company will require significant additional funding to meet its business objectives. Capital will need to be available to help maintain and to expand exploration on the Company' s principal exploration property. The Company may not be able to obtain additional financing on reasonable terms, or at all. If equity financing is

required, as expected, then such financings could result in significant dilution to existing shareholders. If the Company is unable to obtain sufficient financing, the Company might have to dramatically slow exploration efforts and/or lose control of its projects. The Company has historically obtained the preponderance of its financing through the issuance of equity, there is no limit to the number of authorized common shares, and the Company has no current plans to obtain financing through means other than equity financing.

The Company has a Lack of Cash Flow to Sustain Operations and Does Not Expect to Begin Receiving Operating Revenue in the Foreseeable Future

None of the Company' s properties have advanced to the commercial production stage and the Company has no history of earnings or cash flow from operations. The Company has paid no dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. Historically, the only source of funds available to the company has been through the sale of its common shares and convertible debt instruments. Any future additional equity financing would cause dilution to current stockholders. If the Company does not have sufficient capital for its operations, management would be forced to reduce or discontinue its activities which would likely have a negative effect on the stock price.

The Company Operates in Foreign Countries and is Subject to Currency Fluctuations which could have a Negative Effect on the Company' s Operating Results

While engaged in the business of exploiting mineral properties, the Company' s operations outside of Canada, particularly those in the United States, make it subject to foreign currency fluctuation as the Company' s accounts conducted in Canadian dollars while certain expenses are numerated in US dollars. Such fluctuations may have adversely affected the Company' s financial positions and results. Management may not take any steps to address foreign currency fluctuations that will eliminate all adverse effects and, accordingly, the Company may suffer losses due to adverse foreign currency fluctuations.

Risks Relating to an Investment in the Securities of the Company

The Market for the Company' s Stock has Been Subject to Volume and Price Volatility which Could Negatively Effect a Shareholder' s Ability to Buy or Sell the Company' s Shares

The market for the common shares of the Company may be highly volatile for reasons both related to the performance of the Company or events pertaining to the industry (ie, mineral price fluctuation/high production costs/accidents) as well as factors unrelated to the Company or its industry. In particular, market demand for products incorporating minerals in their manufacture fluctuates from one business cycle to the next, resulting in change of demand for the mineral and an attendant change in the price for the mineral. The Company' s common shares can be expected to be subject to volatility in both price and volume arising from market expectations, announcements and press releases regarding the Company' s business, and changes in estimates and evaluations by securities analysts or other events or factors. In recent years the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly small-capitalization companies such as the Company, have experienced wide fluctuations that have not necessarily been related to the operations, performances, underlying asset values, or prospects of such companies. For these reasons, the shares of the Company' s common shares can also be expected to be subject to volatility resulting from purely market forces over which the Company will have no control. Further, despite the existence of a market for trading the Company' s common shares in Canada, stockholders of the Company may be unable to sell significant quantities of common shares in the public trading markets without a significant reduction in the price of the stock.

The Company has a Dependence Upon Key Management Employees, the Absence of Which Would Have a Negative Effect on the Company' s Operations

The Company strongly depends on the business and technical expertise of its management and key personnel, including Rudi Fronk, President. There is little possibility that this dependence will decrease in the near term.

As the Company' s operations expand, additional general management resources will be required. The Company may not be able to attract and retain additional qualified personnel and this would have a negative effect on the Company' s operations. The Company does not carry any formal services agreements between itself and its directors. The Company does not carry any "Key Man" Life Insurance, and carries only a $50,000 life insurance policy and a $5,000/month disability insurance policy on its President, Rudi Fronk.

Certain Officers and Directors May Have Conflicts of Interest Which Could have a Negative Effect on the Company' s Operations

Certain of the directors and officers of the Company are also directors and/or officers and/or shareholders of other natural resource companies. While the Company was engaged in the business of exploiting mineral properties, such associations may have given rise to conflicts of interest from time to time. The Directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest that they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict must disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

The Company Could be Deemed a Passive Foreign Investment Company Which Could have Negative Consequences for U.S. Investors

The Company could be classified as a Passive Foreign Investment Company ("PFIC") under the United States tax code. If the Company is declared a PFIC, then owners of the Company' s Common Stock who are U.S. taxpayers generally will be required to treat any so-called "excess distribution" received on its common shares, or any gain realized upon a disposition of common shares, as ordinary income and to pay an interest charge on a portion of such distribution or gain, unless the taxpayer makes a qualified electing fund ("QEF") election or a mark-to-market election with respect to the Company' s shares. A U.S. taxpayer who makes a QEF election generally must report on a current basis its share of the Company' s net capital gain and ordinary earnings for any year in which th e Company is classified as a PFIC, whether or not the Company distributes any amounts to its shareholders.

U.S. Investors May Not Be Able to Enforce Their Civil Liabilities Against The Company or Its Directors, Controlling Persons and Officers

It may be difficult to bring and enforce suits against the Company. The Company is a corporation incorporated in Canada under the *Canada Business Corporation Act*. A majority of the Company' s directors and officers are residents of Canada and a substantial portion of the Company' s assets and its subsidiaries are located outside of the United States. Consequently, it may be difficult for United States investors to effect service of process in the United States upon those directors or officers who are not residents of the United States, or to realize in the United States upon judgments of United States courts predicated upon civil liabilities under United States securities laws.. There is substantial doubt whether an original action could be brought successfully in Canada against any of such persons or the Company predicated solely upon such civil liabilities under the U.S. Securities Act.

Broker-Dealers May Be Discouraged From Effecting Transactions In Our Common Shares Because They Are Considered Penny Stocks And Are Subject To The Penny Stock Rules

Rules 15g-1 through 15g-9 promulgated under the Securities Exchange Act of 1934, as amended, impose sales practice and disclosure requirements on NASD broker-dealers who make a market in "a penny stock". A penny stock generally includes any non-NASDAQ equity security that has a market price of less than $5.00 per share. The additional sales practice and disclosure requirements imposed upon broker-dealers may discourage broker-dealers from effecting transactions in our shares, which could severely limit the market liquidity of the shares and impede the sale of our shares in the secondary market.

Under the penny stock regulations, a broker-dealer selling penny stock to anyone other than an established customer or "accredited investor" (generally, an individual with net worth in excess of US$1,000,000 or an annual income exceeding US$200,000, or US$300,000 together with his or her spouse) must make a special suitability determination for the purchaser and must receive the purchaser's written consent to the transaction prior to sale, unless the broker-dealer or the transaction is otherwise exempt.

In addition, the penny stock regulations require the broker-dealer to deliver, prior to any transaction involving a penny stock, a disclosure schedule prepared by the US Securities and Exchange Commission relating to the penny stock market, unless the broker-dealer or the transaction is otherwise exempt. A broker-dealer is also required to disclose commissions payable to the broker-dealer and the registered representative and current quotations for the securities. Finally, a broker-dealer is required to send monthly statements disclosing recent price information with respect to the penny stock held in a customer's account and information with respect to the limited market in penny stocks.

Item 4. Information on the Company

DESCRIPTION OF BUSINESS

Introduction

The Company' s executive office is located at:

172 King Street East, 3rd Floor, Toronto, Ontario M5A 1J3
Telephone: (416) 367-9292
Facsimile: (416) 367-2711
E-Mail: info@seabridgegold.net
Website: www.seabridgegold.net

The Contact person in Toronto is Rudi Fronk, President and CEO.

The Company currently leases its executive offices in Toronto on a sub-lease from the Academy of Canadian Cinema and Television. The lease covers the entire 3rd floor of a building located at 172 King Street East, Toronto, Ontario, Canada. The sublease was effective January 21, 1999 and expires February 28, 2004. The initial rent was for $4,264.63 per month, and escalates annually based upon a building cost operating adjustment. Current monthly rent is $4,940.07.

The Company's fiscal year ends December 31st

The Company's common shares trade on the TSX Venture Exchange under the symbol "SEA".

The authorized share capital of the Company consists of an unlimited number of common shares and an unlimited number of preferred shares. As of December 31, 2002, the end of the most recent fiscal year, there were 23,254,913 common shares issued and outstanding and no preferred shares issued and outstanding.

Corporate Background

The Company was originally incorporated under the Company Act of British Columbia under the name of Chopper Mines Ltd. on September 14, 1979. After conducting a 1 for 5 reverse split, the Company changed its name to Dragoon Resources Ltd. on November 9, 1984. On May 20, 1998, the Company conducted a 1 for 10 reverse split and changed its name to Seabridge Resources Ltd. On June 20, 2002, the Company changed its name to Seabridge

Gold Inc. in order to better reflect the Company' s focus on gold and gold projects. The Company also continued from British Columbia into Canadian Federal jurisdiction under the Canada Business Corporations Act.

The Company presently has three subsidiaries:

a) Seabridge Gold Corporation, a Nevada Corporation incorporated December 28, 2001, is 100% owned;
b) Pacific Intermountain Gold Corporation ("PIGCO"), a Nevada Corporation incorporated April 26, 2002, is 75% owned.
c) 5073 N.W.T. Limited, a company incorporated under the laws of the Northwest Territories in July 9, 2002, is 100% owned.

Currently, the Company conducts operations in both Canada and the United States. As of June 30, 2003, the Company' s non-current assets were located as follows:

United States: $6,247,000
Canada: $8,711,000

History and Development of the Business

On May 20, 1998, the Company completed a 1 for 10 reverse split and changed its name to Seabridge Resources Inc.

In October 1999, Seabridge initiated a new corporate strategy based on its belief that the price of gold would begin to rise and substantial opportunities were available. A new Board and senior management team were named to fulfill the Company' s new strategy to acquire gold property assets, including identified resources and shutdown or suspended projects, which were uneconomic at the current gold price. These projects were available for acquisition as depressed gold prices made raising capital for their development extremely difficult and prompted owners to investigate alternatives for the properties. Seabridge observed that projects that previously commanded significant market capitalization when gold prices were higher were now available at fractions of their previous valuations.

Management formulated a strategy to acquire gold projects with a measured and indicated gold resource, low holding costs and exploration potential.

In February 2000, Seabridge acquired an option to purchase 100% of the Grassy Mountain gold project located in eastern Oregon from Atlas Precious Metals Inc. In March, 2003, the Company completed the purchase of the Grassy Mountain project by paying Atlas US$600,000.

In June, 2000, the Company entered into a Letter of Intent with Placer Dome (CLA) Limited to acquire a 100% interest in the Kerr-Sulphurets project located in the Iskut-Stikine River region, approximately 20 km southeast of the Eskay Creek Mine in British Columbia. The Company agreed to issue Placer 500,000 common shares, 500,000 common share purchase warrants exercisable at $2.00 per share for two years and grant a 1% NSR royalty for the property. In June 2001, Seabridge completed the acquisition of Placer Dome' s 100% interest in the project. In September 2002, the Company announced they had entered into an agreement with Noranda Inc. whereupon Noranda can earn a 50% interest in the project by spending $6,000,000 on exploration at the project within 6 years. Noranda can earn an additional 15% interest by funding all costs to complete a feasibility study. . If, after earning its 50% interest, Noranda elects not to proceed with a feasi bility study, Seabridge has the option to acquire Noranda' s interest for $3,000,000. After having earned its 50% interest, Noranda has the right to delay its decision to proceed with a feasibility study for up to three years by either spending $1.25 million per year on the property or making payments to Seabridge which would total $1.5 million over the three year period.

In October 2000, the Company acquired a 100% leasehold interest in the Castle/Black Rock gold project in Esmeralda County, Nevada. The Company issued 5,000 common shares and paid US$7,500 in advance royalty payments and agreed to payments of up to $25,000 per year as well as granting a sliding 3-5% NSR on precious

metals and a 3.5% NSR from all other metals produced to Platoro West Inc. in exchange for a 100% interest in the project.

In November 2000, the Company acquired a 100% leasehold interest in the Hog Ranch gold project in northern Nevada. The Company paid Platoro West Inc. US$75,000 and issued 500,000 common shares to Platoro for a 100% interest in the project. The Company also agreed to issue an additional 500,000 common shares to Platoro once certain milestones are met at the project and advanced cash royalty payments and a sliding 3-5% NSR on precious metals produced and a 3.5% NSR from all other metals produced to Platoro.

In December 2001, the Company entered into an agreement to acquire a 100% interest in the Quartz Mountain Gold Project located in Lake County, Oregon. Seabridge agreed to pay to Quartz Mountain Gold Corporation US$100,000 cash, 300,000 shares, 200,000 warrants and a 1% NSR for Quartz Mountain' s 100% interest in the project. In addition, the Company agreed to pay a 0.5% NSR on the property as a finders fee. The acquisition was completed in January, 2002.

In December 2001, the Company entered into an agreement to acquire a 100% interest in the Red Mountain Gold Project and related assets located near Stewart, British Columbia. Seabridge agreed to issue to North American Metals Corporation 800,000 common shares in exchange for a 100% interest in the project and the assumption by Seabridge of all liabilities, including reclamation and underlying lease obligations, associated with the project. The transaction was completed in April, 2002.

In May 2002, the Company reached agreement to purchase a 100% interest in the Courageous Lake Project located in the Northwest Territories, Canada. Seabridge paid former owners Newmont Canada Limited and Total Resources (Canada) US$2,500,000 and granted a 2.0% NSR for 100% of the project. Seabridge also agreed to pay Newmont and Total up to an additional US$3,000,000 depending upon the price of gold. The purchase was closed in July, 2002. In April 2003, the Company made a US$1,500,000 payment to Newmont and Total which was triggered by the price of gold reaching US$360 per ounce. A final payment of US$1,500,000 is due to Newmont and Total when the price of gold exceeds US$400 for 10 consecutive days. In November 2002, the Company engaged Hatch, an independent mining engineering consulting firm, to prepare a scoping study on the project which should be completed in early 2004.

In June 2002, the Company and an independent third-party incorporated a Nevada company named Pacific Intermountain Gold Corp. ("PIGCO") to acquire and explore early-stage exploration projects which have previously identified gold systems potentially capable of hosting large-scale gold deposits. To date, the Company has signed agreements to acquire approximately 36,000 acres in Nevada. The Company intends to explore some of the acquired properties itself and form joint ventures to explore the remainder.

In August 2003, the Company granted Romarco Minerals an option to earn a 60% interest in the Hog Ranch gold project in Nevada. Romarco can earn a 60% interest by spending $2.5 million in exploration and project holding costs and issuing to the Company 1.5 million Romarco common shares, by December 31, 2007. Once Romarco earns its 60% interest, it has the one time option to increase its interest in the project by a further 5% (to 65% total) by agreeing to finance and complete a feasibility study on Hog Ranch within 3 years.

Business Overview

All of the Company' s operations are located in Canada and the United States. The Company operates in the mineral exploration sector.

All of the Company' s properties are currently at the exploration stage. There is no assurance that an economic and commercially viable deposit exists on any of the Company' s properties, and substantial

additional work will be required in order to determine if any economic and legally feasible deposits occur on the Company' s properties.

Operations are not seasonal as the Company can conduct exploration at certain of its properties year-round. To date, the Company' s income has been limited to interest on its cash balances and therefore it is not currently dependent upon market prices for its operations, nor is it dependent upon any patents, licenses or manufacturing processes.

The mineral exploration operations of the Company are subject to regulation by several government agencies at the Federal, Provincial and local levels. These regulations are well documented and a fundamental aspect of operations for any resource company in Canada and the United States. Management believes it is in compliance with all current requirements and does not anticipate any significant changes to these regulations which will have a material effect on the Company' s operations. The Company has obtained all the permits required for its anticipated exploration activities.

Mineral Properties

The Company currently operates in the mineral exploration sector. All of the Company' s properties are located in Canada and the United States and are at the exploration stage.

The individual mineral properties are described below.

Courageous Lake Project

The Courageous Lake project (formerly known as the Tundra project) is a gold project covering approximately 40,000 acres located in the Northwest Territories, Canada. Seabridge has a 100% interest in the project, subject to a 2% NSR. **The Property is without known mineral reserves and is at the exploration stage; The Company' s current efforts are exploratory in nature.**

Location and Access

The project is located approximately 240 kilometers northeast of Yellowknife in the Northwest Territories. Year round access is available by air, either by fixed wing aircraft to the airstrip at the former Salmita mine 6 kilometers to the south or via float-equipped aircraft to several adjacent lakes. During mid-winter, access is available via a winter road. There are about 10 kilometers of gravel roads located on the property.

How Acquired

In May 2002, the Company entered into a purchase agreement with Newmont Canada Limited and Total Resources Canada Limited on the Courageous Lake project comprised of 17 mining leases covering 18,178 acres. Under the purchase agreement, Seabridge paid Newmont/Total US$2.5 million in cash and granted them a 2.0% NSR. A further US$1.5 million was payable to Newmont/Total when the spot price of gold closed at or above US$360 per ounce for 10 consecutive days, which payment was made in April, 2003. A final US$1.5 million is payable to Newmont/Total when the spot price of gold closes at or above US$400 per ounce or a production decision is made at Courageous Lake, whichever event is earlier. The purchase by Seabridge closed on July 31, 2002. Immediately following this acquisition, Seabridge staked contiguous open ground totaling and additional 18,795 acres in 16 mining claims. During 2003, the Company staked additional ground at a co st of approximately $50,000.

Regional and Property Geology

The Courageous-Matthews Lakes belt is characterized by a series of north to northwest trending Archean metavolcanic and metasedimentary rocks that are within the Yellowknife Supergroup and are locally referred to as the Courageous Lake Greenstone Belt ("CLGB"). The CLGB is approximately 60 kilometers long, with a maximum east-west width of 5.5 kilometers. Two distinct volcanic cycles have been recognized within the CLGB. The second cycle of volcanism is conformably overlain by a thick sequence of metasedimentary rocks that are locally known as the Yellowknife Group Sediments ("YGS"). The dominant post YGS lithology consists of large granodiorite to diorite plutons that bound the Courageous Lake deposit along its east and west flanks.

North of Matthews Lake, the Courageous Lake property consists of a sequence of northerly trending, steeply dipping metasedimentary and metavolcanic rocks, with tops to the east. All of the currently recognized gold occurrences on the property are located within or near the top of the second cycle of volcanism of the CLGB. Generally, the units that make up the second volcanic cycle are about 2 kilometers thick and have been subdivided into 8 distinct mappable units.

Both the main Tundra and carbonate zones within the Courageous Lake property strike north-south and have a near vertical dip component. The zones are characterized by moderate to intense shearing, sericite-carbonate alteration, and quartz veining. These mineralized zones are very persistent along strike and down dip. The continuity of gold mineralization has been demonstrated to be at least 800 meters along strike based upon previous drilling results. Within the area that has been tested by drilling, the continuity of gold mineralization is at least 100 meters in a down dip direction. The limits of gold mineralization have not been fully tested and the deposit remains open along strike and down dip.

Previous Exploration History

Gold was first discovered in the Courageous Lake area in 1936. Beginning in 1976, Noranda Exploration Ltd. initiated exploration in the Courageous Lake Volcanic Belt. Exploration activities included geological reconnaissance, airborne, EM and magnetic surveys, ground follow-up and claim staking. In 1982, Noranda initiated a limited drill program to evaluate rock units north of Matthews Lake. Detailed geophysics, geological mapping, and extensive diamond drilling followed this initial program leading to the discovery of two gold deposits, the Tundra Deposit (Main Zone), known as the FAT Deposit, and the Carbonate Zone.

From 1982 to 1987, Noranda continued core drilling the property from the surface and also constructed a winter road to the property. They also began an environmental impact study. In late 1987, Noranda made the decision to sink a vertical shaft to provide access for conducting an underground definition drilling program and to be able to test gold grade continuity and tenor by drifting and raising on ore grade shoots. This also allowed Noranda to extract a bulk sample for metallurgical testing. In conjunction with the development of the shaft, surface core drilling, magnetic, VLF, and HLM surveys were also completed.

In late 1987, Noranda completed an in-house preliminary resource estimate. Based upon this work, a two-year underground exploration program was initiated. The program was designed to establish an underground mining reserve, access material for bulk metallurgical sampling and provide engineering information for mine design and planning. The shaft was timbered and completed to a depth of 472.6 meters in April, 1989. Drifting on the target zone occurred between May to November 1989 and totaled 1,948.2 meters. Both lateral drifts and sub-vertical raises were completed and provided access to bulk sample locations and diamond drilling stations along the strike of the target zones. Approximately 200 vertical meters and 750 to 8000 of strike length of the mineralized zone were tested by underground drill holes. Additional horizontally fanned holes were drilled on 25-meter centers to aid in the interpretation of the target zone. Underground drillin g was completed in November 1989 and totaled 27,459.25 meters in 125 diamond drill holes.

Little additional work was performed on the property until Placer Dome optioned the property in 1998. Placer' s exploration included a core drilling/sampling program in order to verify Noranda' s previous work and to provide infill sample data. Detailed mapping and structural analysis was done by Placer concurrent with the drilling to help design a drill plan as well as conducting a ground magnetic survey to define the zone of mineralization. Placer utilized two diamond drill rigs to provide detailed information on the continuity of the Tundra Main Zone and to confirm the Carbonate Zone. The total diamond drilling completed by Placer was 15,988 meters in 76 drill holes. Placer dropped its option on the property in 1999.

Environmental/Regulatory Information

As part of its due diligence review on the property, Seabridge engaged EBA Engineering Consultants Ltd. of Yellowknife, Northwest Territories, to prepare an Environmental Review of the Courageous Lake property. EBA determined the governmental environmental review process in the NWT would likely take 24 to 36 months from the time a Project Description Report had been filed with the authorities before the review process began. An additional 12 to 16 months would likely be required to complete the regulatory review process, all at a cost of $2-8 million, plus another $0.5-1 million for costs during the regulatory phase.

Additionally, EBA visited and evaluated the site for any current or potential environmental damage related to historical exploration work conducted at Courageous Lake by previous operators. EBA found no significant environmental concerns, but did note several areas of potential concerns, including the existing land disturbances, acid rock drainage from waste rock and drill casings.

Current and Planned Work

In late 2002, Seabridge engaged Hatch, a leading independent consulting firm, to undertake a scoping study of its 100% owned Courageous Lake gold project located in the Northwest Territories, Canada. The study, scheduled for completion during the 1st quarter of 2004, will provide management with a preliminary assessment of the economic feasibility of the project. Preliminary reports have been completed on key mining and metallurgical issues relating to Courageous Lake (see news releases dated April 10, 2003 and May 22, 2003). The first of these reports concluded that a large-scale, open-pit operation provided the best potential to recover the known gold resource at Courageous Lake. The second report examined the project' s gold to sulphur ratio which will be an important factor in determining the treatment costs and economics of the project. The report concluded that much of the data for Courageous Lake is consistent with a gold to sulphur ratio of more than 5 to 1 which compares favorably with other operating refractory gold mines. A metallurgical test sample has been taken from the property for processing by SGS-Lakefield Research Limited. Various processing alternatives for Courageous Lake ore will be examined including roasting, autoclaving and bio-oxidation and a recommended solution will be included in the scooping study. The Hatch study is expected to be completed by the end of the First Quarter of 2004 at a cost of approximately $500,000.

Concurrent with the Hatch study and beginning in the Spring of 2003, the Company initiated a 12-month exploration program at Courageous Lake designed to evaluate the potential for expanding the known deposit, finding other deposits similar to the FAT deposit within the project boundaries, and, if warranted, to define new

drill targets through geological and geophysical exploration. This exploration includes radiometrics, magnetics and IP, as well as reviewing drill core taken from previous operator' s exploration programs and stored on the property but which were laregly previously unassayed. During the summer of 2003, the Company' s program identified 12 large targets which have characteristics similar to the FAT deposit. The Company is taking assays from these drill cores and awaiting results. The most promising targets identified through this program will be subject to follow-up sampling in early 2004.

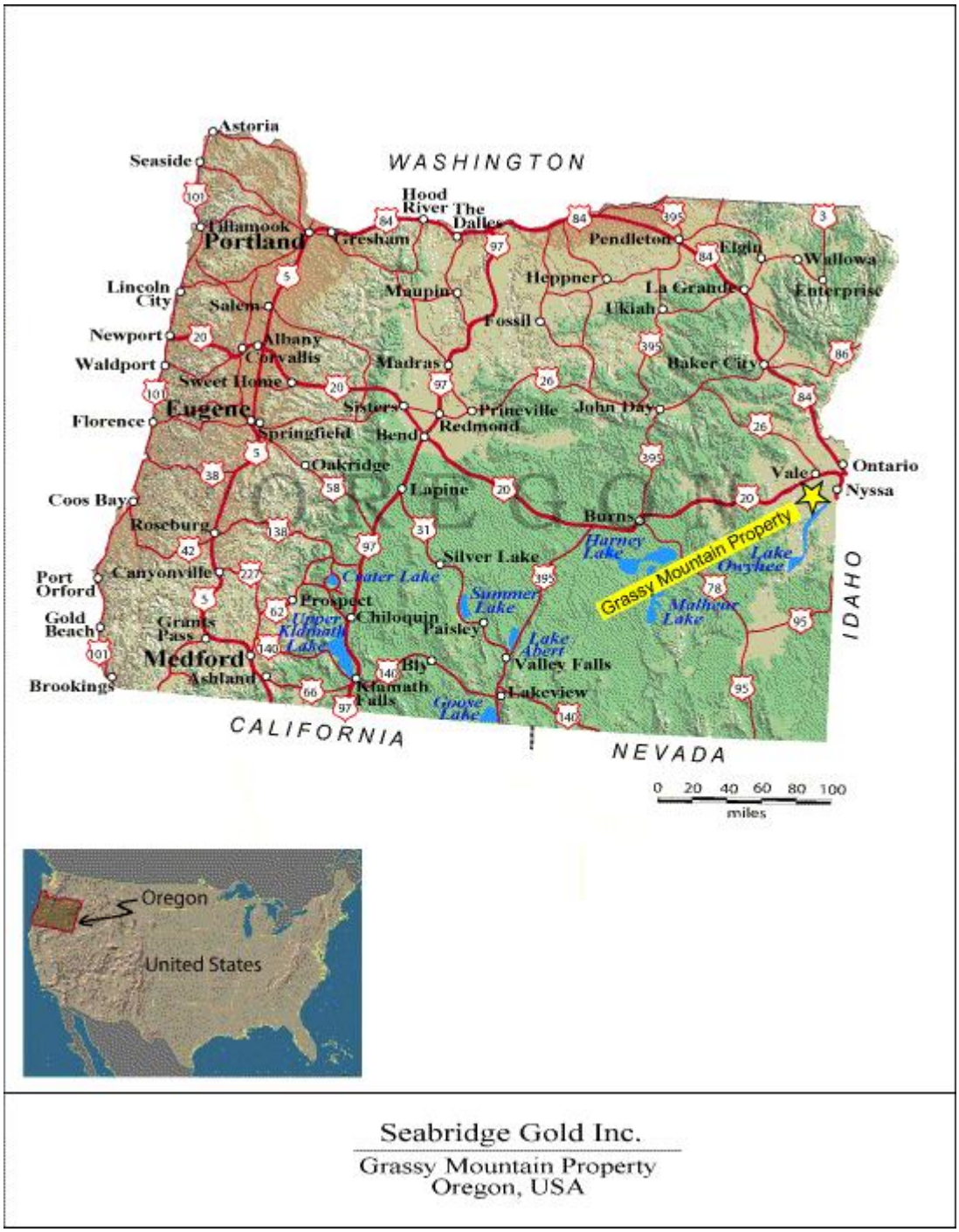
The Company estimates its annual holding costs of the Courageous Lake Project to be $40,000 paid to the Department of Indian Affairs and Northern Development, Northwest Territories.

Grassy Mountain Project

The Grassy Mountain Property covers approximately 6.7 square miles or 4,300 acres, and is located in eastern Oregon. Seabridge has a 100% interest in the project. **The Property is without known mineral reserves and is at the exploration stage; The Company' s current efforts are exploratory in nature.**

Location and Access

The property consists of 320 unpatented lode claims of approximately 4,600 acres and lies approximately 22 miles southwest of Vale, Oregon and 70 miles west of Boise, Idaho. The property is accessed by traveling 4 miles west from Vale on US Highway 20, then south on the Twin Springs County Road for 23 miles, or by driving south from Nyssa, Oregon on US Highway 95 to Owyhee and then west to Rock Springs Canyon and by gravel road for 14 miles.



How Acquired

In February 2000, Seabridge acquired an option to purchase 100% of the Grassy Mountain gold project located in eastern Oregon from Atlas Precious Metals Inc. The Company originally had until December 31, 2002 to acquire for US $1,700,000, a 100% interest in 214 mineral claims located in Malheur County, Oregon, USA. The purchase price was to be a combination of cash, Seabridge common shares and notes.

In December 2002, the Company and Atlas restructured the terms of the acquisition agreement due to Atlas' preference for cash. In exchange for a US$300,000 option payment, Atlas granted Seabridge the right to acquire a 100% interest in the property for an additional US$600,000 cash payment on or before March 31, 2003. Seabridge also agreed to provide US$500,000 in financing for an Atlas subsidiary on or before March 31, 2003. Seabridge

paid the US$300,000 option payment, as well as the US$600,000 cash payment and the US$500,000 in financing and now holds a 100% interest in the property as well as 1,000,000 common shares of the Atlas subsidiary.

The property lies on Bureau of Land Management ("BLM") lands, and ownership includes four leasehold interests covering 76 unpatented lode and placer claims and an additional 138 unpatented lode claims. There is one Oregon State section within the property for which applications for State prospecting permits have been submitted. A sliding scale NSR royalty applies to the main Grassy Mountain deposit. The royalty rate is a 4% NSR for gold prices up to US$500 per ounce, to a maximum of 7% for gold prices above US$800 per ounce.

Regional and Property Geology

The property is situated in the Oregon Plateau portion of the northern Great Basin and is characterized by abundant Cenozoic volcanism. The flat-lying to gently dipping volcanics and volcanic sediments were deposited over wide areas during this time of crustal extension. The rocks exposed at Grassy Mountain are part of the late to middle-Miocene Grassy Mountain Formation; Mineralization is associated with a low-grade gold-silver bearing siliceous hot springs system with enrichment along multi-stage quartz-adularia veins and favorable lithologies. The mineralized rock is highly silicified and locally brecciated in the vicinity of the feeder structures. As silicification decreases so does grade. The finer grained siltstones contain the bulk of the lower grade material. The higher grades are found in the coarser arkosic sandstones.

Previous Exploration History

Atlas acquired the property in 1986 from two prospectors after recognizing its potential to host hot springs type gold mineralization. There were no significant mining or major mineral occurrences known in the area prior to the discovery of the Grassy Mountain Deposit.

Detailed mapping and sampling were completed and Atlas drilled six holes on two target areas. A follow up drill program consisting of five holes was completed in the spring of 1988. Hole 26-9 is considered the discovery hole with 145 feet of mineralization averaging 0.075 opt Au. The claim block was expanded at this time and exploration work continued through 1991. Atlas completed 388 drill holes for a total of approximately 221,500 feet on the property.

In 1990, Atlas commissioned Kilborn Engineering ("Kilborn") to complete a feasibility study on Grassy Mountain. Based on the positive Kilborn study, Atlas sold the property to Newmont Exploration Ltd. in September 1992 for US$30 million plus a 5% net smelter royalty interest. Newmont continued the property evaluation through August 1994, completing an additional 13 core and reverse circulation holes while concentrating on the higher grade ore zones. At the conclusion of its exploration programs, Newmont determined the property did not currently meet its project criteria and returned the project to Atlas in September 1996.

In January 1998, Atlas executed an agreement with Tombstone Exploration Company Ltd. and associated sister company Orinoco Gold Inc. ("Tombstone"), whereby Tombstone was granted the option to purchase 100% of the property. Exploration work during Tombstone's initial program at Grassy Mountain included 8,500 of reverse circulation and core drilling in 10 drillholes. Prior to the drill program and execution of the definitive option agreement, Tombstone completed an extensive review of previous work at the property and commissioned an economic study of alternative development scenarios by Pincock, Allen and Holt ("PAH"). A second phase drill program was proposed by Tombstone to assess the highly prospective structural trends identified by geophysics, and to upgrade previous mineralization models. Due to a downturn in the resource market and its resulting inability to raise venture capital during 1998 forced Tombstone to return Grassy Mountain to Atlas in May 1998.

Environmental/Regulatory Information

The Bureau of Land Management (BLM), through its Vale District office, is the lead agency responsible for the Grassy Mountain area. In 2000, Seabridge retained Gochnour & Associates of Parker, Colorodo ("Gochnour")

to undertake an environmental review and regulatory permitting due diligence on Grassy Mountain. The report of Gochnour, prepared by Lee "Pat" Gochnour, is entitled "Grassy Mountain Project Permitting/Environmental Report" (the "P/E Report") and dated June 27, 2000. The Gochnour study examined three potential scenarios: (1) open-pit mining with a combination of heap-leach and milling processing; (2) underground mining with on-site milling; and (3) underground mining with off-site milling. Gochnour concluded that each of the development scenarios are permittable under current federal and state law. To complete the permitting process, Gochnour estimates that the open-pit scenario would t ake 3-5 years to permit once a Plan of Operations ("POO") had been submitted. Gochnour estimated the permitting time frame for the underground scenarios at 2-3 years after the POO was submitted. Gochnour also reviewed the extensive database of all previous environmental and baseline work and estimated the cost and time-frame associated with bringing the work up to date. In aggregate, Gochnour estimated a minimum of one year to bring the base-line work up to date at a cost of approximately US$500,000. Gochnour recommended that this work be performed concurrently with the preparation of a final feasibility study.

Current and Planned Work

Several previously drilled and undrilled areas within the Grassy Mountain claim block have potential for additional mineralization. Most of the exploration targets are hosted in the Grassy Mountain Formation and are similar to the main Grassy deposit. However, due to the Company' s current focus on the Courageous Lake Project, there is no large-scale exploration planned at Grassy Mountain for the current year. The Company intends to retain the Grassy Mountain property within its portfolio of advanced stage gold resource properties. Holding costs of the property are approximately US$90,000 annually broken down as follows:

a) US$20,000 paid to the United States Bureau of Land Management and Malheur County, Oregon;
b) US$20,000 paid to Sherry & Yates, a Montana Corporation, as an annual advance royalty;
c) US$22,000 paid to the Bishop family of Vale, Oregon. This fee will increase to $33,000 per year beginning in 2004;
d) Approximately US$6,000 in storage and warehouse fees.

Kerr-Sulphurets Project

The Kerr-Sulphurets Project consists of two separate gold properties, Kerr and Sulphurets, located in the Iskut-Stikine River region of British Columbia. Seabridge currently has a 100% interest in the project but is subject to an agreement with Noranda Inc. whereupon Noranda may earn an interest in the property. **The Property is without known mineral reserves and is at the exploration stage; The Company' s current efforts are exploratory in nature.**

Location and Access

The Kerr-Sulphurets property is located in the Iskut-Stikine River region, approximately 65 km northwest of Stewart, British Columbia. Access to the property is by helicopter from Stewart. Mobilization of equipment and personnel can be staged quite effectively from the Tide Lake airstrip, Bronson Strip or from Bob Quinn and Bell II Crossing on the Stewart Cassiar Highway.

How Acquired

Seabridge entered into a Letter of Intent with Placer Dome in June 2000 to acquire a 100% interest in Kerr-Sulphurets. On March 27, 2001, the Issuer and Placer Dome executed a definitive acquisition agreement and the acquisition closed in June, 2001. At closing, the Company issued Placer Dome (i) 500,000 common shares of Seabridge; (ii) 500,000 common share purchase warrants, exercisable by Placer Dome at C$2.00 per share for two years; and (iii) a 1% net smelter royalty interest on the Project, capped at C$4.5 million. Seabridge will be

obligated to purchase the 1% net smelter royalty from Placer Dome for $4.5 million in the event that a positive feasibility study demonstrates a 10% internal rate of return after tax and financing costs.

The Kerr-Sulphurets project consists of two contiguous claim blocks known as the Kerr Property and the Sulphurets Property. Total minimum annual holding costs associated with the project are approximately $86,000.

Property Description

The Kerr Property consists of 18 mineral claims (190 units) and 10 placer claims along Sulphurets Creek. Annual assessment requirements or cash-in-lieu payments for the 190 Kerr units is approximately $40,000. The associated placer claims require annual rental payments totaling C$6,000.

The Sulphurets property consists of 40 mineral claims totaling 158 units. Annual assessment requirements for the 158 Sulphurets units are approximately $33,000. Three of the claims are subject to a contractual royalty obligation in accordance with terms in the underlying Dawson Agreement. The three claims were purchased from Mrs. Dawson in 1990, for a sum of US$25,000, subject to a net smelter return royalty of 2% of one-half of net smelter returns (effectively 1% NSR) on ore production. The Dawson Royalty is capped at US$650,000 less the property purchase amount. Advance annual royalties of US$5,000 per year commenced on December 15, 1991, and may be bought out for US$450,000. To date, US$45,000 in advance royalties have been paid to Dawson.

There is a further underlying agreement between Placer Dome Inc. and Newhawk Gold Mines Ltd. dated February 4, 1992, whereby the advance annual royalties payable to Dawson are being paid two-thirds Placer Dome and one third by Newhawk. This split is based on the fact that two of three claims, namely the XRAY 2 and 6, are now part of Placer Dome' s Sulphurets Property and the XRAY 8 is on Newhawk' s property.

Regional and Property Geology

The Kerr-Sulphurets property lies within the Stikine Terrane and is underlain largely volcanic, volcaniclastic and sedimentary rocks at the western edge of the Bowser Basin. Within this geologic framework, copper, gold and molybdenum mineralization and associated alteration are focused in a local core where intense folding, faulting, thrust faulting and intrusions are prevalent. A number of deformed porphyry and vein type deposits occur in the Mitchell-Sulphurets area. These deposits are characterized by a strong copper-gold and minor molybdenum association, and spatially occur along the flanks of a horseshoe-shaped trend.

The project consists of two separate gold zones, Kerr and Sulphurets. Each consists of separate and unique geologies and are discussed separately below:

Kerr Zone
The Kerr deposit extends approximately 3,000 m in a northerly trend from the crest of a ridge above the southwestern branch of the Sulphurets Glacier down to the lower slopes of a cirque-like basin just above Sulphurets Lake. The deposit is a pyrite-rich copper-gold system that occurs in strongly altered and deformed monzonitic intrusions in sedimentary and volcaniclastic rocks. The most important mineralization type is quartz stockwork. The strongest copper-gold mineralization is associated with a core of chlorite-bearing alteration and quartz stockwork.

Sulphurets Zone
Disseminated copper-gold mineralization in the Sulphurets Gold Zone is centered about a hydrothermal breccia (Breccia Gold Zone) and dyke complex (Raewyn Copper-Gold Zone) representing the higher levels of a copper-gold porphyry system. The combined gold and copper lithogeochemical anomaly associated with the Sulphurets Gold Zone Target has a strike length of 2.5 kilometers by up to one kilometer in width.

Exploration History

Placer gold was discovered in Sulphurets Creek in the 1880s. In 1935, copper mineralization was discovered on Mitchell-Sulphurets Ridge in a location now known as the Main Copper Zone. In 1959, gold-silver mineralization was discovered in the Brucejack Lake area. These showings were subsequently explored with surface and underground exploration in the 1980s and 1990s as three comparatively small high-grade gold-silver zones by Newhawk Gold Mines Ltd. and Lacana Mining Corp.

In 1960, claims on the Sulphurets property were staked by Granduc Mines Ltd. and some independent prospectors. Exploration including diamond drilling was completed over an eight year period on Sulphurets Gold, Main Copper and Quartz Stockwork Zones by Granduc and the Newmont Mines Joint Venture. From 1971 to 1975 Granduc continued exploration on the Sulphurets Property. From 1980 to 1985, Esso Minerals optioned the Sulphurets Property from Granduc with in order to explore for porphyry molybdenum, bulk mineable copper-molybdenum-gold and gold-bearing vein type deposits. In 1985, Esso surrendered its interest in the Sulphurets Property to Granduc.

The Alpha Joint Venture ("Alpha") staked the Kerr Property in 1982 Anomalous gold values in soils were identified in 1983 by Alpha and based on these results Brinco Limited optioned the Kerr Property in 1984 and funded the next phase of geological mapping, prospecting and geochemical sampling. This work outlined a gold anomaly over one kilometer long. In 1985, Newhawk Gold Mines Ltd. and Lacana Mining Corp. formed a joint venture, and optioned the adjoining Sulphurets Property from Granduc and explored several zones, including conducting diamond drilling.

In 1989, field work completed by Placer Dome included additional diamond drilling to extend the Kerr deposit to a strike length of more than 1,600 meters. In 1990, Placer Dome completed a major diamond drill program on the Kerr Property to further define the deposit. Placer further completed a major diamond drill program on the Sulphurets Gold Zones and adjoining Kerr deposit during the summer of 1992, with the total exploration expenditures incurred by Placer on the Kerr-Sulphurets property through to year-end 1992 was C$6.6 million.

Environmental/Regulatory Information

The Kerr-Sulphurets Property falls within the Cassiar-Iskut-Stikine Land and Resource Management Plans (LRMP). At this stage, there are no direct Protected or Special Management Areas overlapping the Kerr-Sulphurets Property. However, as negotiations on recommendations proceed, there may be potential Land Use conflicts arising from future allocations by the Regional Protected Areas Team in the vicinity of the Kerr-Sulphurets project. In particular, a Conservation-oriented Protection Area and large River Corridor Special Management Area are currently being recommended along the lower two-thirds of the Unuk River. The establishment of this type of Protected Area, although it does not overlap the Kerr-Sulphurets Property, could impact the approval process of potential development plans and valley access to the project.

Reclamation and decommissioning activities associated with previous exploration activities have been initiated and almost completed on the Kerr-Sulphurets Property. The main activities include response to periodic inspections by the British Columbia Ministry of Energy and Mines. There are a number of outstanding activities that are still required to be administered in accordance with recommendations from the Ministry including additional reclamation on drill access roads and equipment and material clean-up. The British Columbia Ministry of Energy and Mines estimates $225,000 of additional reclamation work may be required and the Company has deposited this amount under a safekeeping agreement with the Ministry for these obligations.

Current and Planned Work

On September 17, 2002, the Company entered into an agreement with Noranda Inc. whereupon Noranda may earn an interest in the project. The agreement allows Noranda to earn a 50% interest in the project by spending $6,000,000 on exploration within 6 years. Noranda may earn a further 15% by funding all costs to complete a feasibility study on the project. If, after earning its 50% interest, Noranda elects not to proceed with a feasibility

study, Seabridge has the option to acquire Noranda' s interest for $3,000,000. After having earned its 50% interest, Noranda has the right to delay its decision to proceed with a feasibility study for up to three years by either spending $1.25 million per year on the property or making payments to Seabridge which would total $1.5 million over the three year period.

Red Mountain Project

The Red Mountain Project is a 19,030 hectares gold project located in northern British Columbia, Canada. Seabridge currently has a 100% interest in the project, subject to net smelter royalty obligations ranging from 2 to 6.5% on various segments of the property. **The Property is without known mineral reserves and is at the exploration stage; The Company' s current efforts are exploratory in nature.**

Location and Access

The Red Mountain project is situated in northwestern British Columbia near the town of Stewart, 880 km northwest of Vancouver and 180 km north of Prince Rupert. The property lies in the Skeena Mining Division, approximately 18 km east-northeast of the town of Stewart, at 55° 57'N latitude and 129° 42' W longitude, between the Cambria Ice Field and the Bromley Glacier at elevations ranging between 1,500 and 2000 meters.

Access to the property is currently by helicopter from Stewart with a flight time of 10 to15 minutes. Road access along the Bitter Creek valley from Highway 37A was partially completed for 13 km by Lac Minerals in 1994 to the Hartley Gulch-Otter Creek area. Currently this road is passable for only a few kilometers from the highway. The remainder is not passable, as sections have been subjected to washout or landslide activity.

How Acquired

Effective December 31, 2001, the Issuer agreed to acquire a 100% interest in the Red Mountain project from North American Metals Corp. ("NAMC"), a subsidiary of Wheaton River Minerals Ltd. ("WRM"). Closing of the acquisition was completed in April, 2002. At closing, the Issuer issued NAMC 800,000 common shares of the Company in exchange for a 100% interest in the Red Mountain project which includes 106 mineral claims comprising 19,030 hectares; all project data including an extensive, high-quality data base and drill core repository; an office/warehouse building in Stewart; a large complement of mining equipment at the Red

Mountain site which has been independently valued at approximately $0.5 million; mineral exploration permit MX-1-422 and a related $1.5 million cash reclamation deposit lodged with the B.C. Mines Ministry. In January 2002, WRM filed a revised reclamation plan with the B.C. Mines Ministry which h as reduced the $1.5 million cash reclamation deposit to $1.0 million. Of the $500,000 that was released by the Ministry, $350,000 was retained by Seabridge and $150,000 was paid to WRM.

At closing Seabridge also assumed obligations of various underlying property agreements which include net smelter royalty obligations ranging from 2 to 6.5%, as well as an annual minimum royalty payment of $50,000 on the Wotan Resources Corp. ("Wotan") claim group. Production from the Wotan claims, which contain the Red Mountain gold deposit, is subject to two separate royalties aggregating 3.5% of net smelter returns ("NSR"), comprising a 1.0% NSR payable to Barrick and a 2.5% NSR payable to Wotan.

The Company also paid a finder' s fee of 40,000 common shares of Seabridge in regards to the acquisition of the property.

Regional and Property Geology

Red Mountain is located near the western margin of the Stikine terrain in the Intermontane Belt. Structurally, Red Mountain lies along the western edge of a complex, northwest-southeast trending, doubly-plunging structural culmination, which was formed during the Cretaceous. Structural deformation at the property scale is consistent with the observations at the regional and tectonic scales.

Previous Exploration History

Prospecting and small-scale mining took place near Red Mountain, in the Bitter Creek Valley, as early as 1900 and persisted intermittently through the first half of the 20th century. At that time much of Red Mountain was covered with snow or glacial ice. Since that time the glaciers have retreated significantly, exposing large portions of the summit and surrounding bedrock.

Porphyry molybdenum and copper occurrences in the immediate Red Mountain area were explored in the 1960s and 1970s. In 1965, molybdenum and native gold occurrences were discovered at McAdam Point, on the south side of Red Mountain. Additional small molybdenum showings were subsequently located and explored in the central cirque of Red Mountain. Gold exploration at Red Mountain then ceased as it was generally regarded as a setting favorable for porphyry style molybdenum mineralization.

Evaluation of the Red Mountain area for gold potential recommenced in 1987. The Wotan claims were staked in 1988 by local prospectors and optioned to Bond Gold in 1989. In that year, gold mineralization that was the surface expression of the Marc zone was discovered and a drill program was initiated. From 1989 to 1991 Bond carried out exploration programs including 17,638 meters of diamond drilling, surface mapping and sampling and airborne EM and magnetic surveys. Lac Minerals acquired Bond in early 1991. Surface drilling on the Marc, AV, JW, AV Tails and 141 zones continued in 1991, 1992, 1993 and 1994, totaling 48,000 meters. Underground exploration of the Marc zone, including a total of 38,600 meters of diamond drilling, was conducted in 1993 and 1994 via the use of a 1,000-metre production-sized decline.

In September 1994, Barrick acquired Lac and the Red Mountain project assets were transferred to Barrick. Barrick sold the project to Royal Oak in August 1995. Royal Oak extended the underground workings, undertook a drill program seeking extensions to the known deposits, and worked on plans for the possible development of the project. In 1996, lacking funds for exploration, Royal Oak virtually ceased all activity at Red Mountain. By early 1999 Royal Oak was in serious financial difficulty and an Interim Receiver was appointed to dispose of Royal Oak' s assets, including Red Mountain.

NAMC' s purchase of the Red Mountain project was completed on February 10, 2000. During 2000, NAMC completed a comprehensive review of the Red Mountain geological and environmental data. NAMC also carried out geological work including the re-logging of a substantial quantity of drill core in order to produce an improved resource estimation model. An access road route was designed from the end of the existing road to the site. During 2001 new management at WRM elected to dispose of certain assets, including Red Mountain. Effective December 31, 2001, Seabridge agreed to acquire the Red Mountain project.

In total, 466 surface and underground diamond drill holes totaling 134,807.24 meters have tested a variety of targets on the Red Mountain property. Four hundred and six holes, totaling 105,129.20 meters, were drilled by Bond and Lac between 1989 and 1994. The remaining 60 holes, totaling 29,678.04 meters, were drilled by Royal Oak in 1996. No drilling was conducted by NAMC. The majority of drilling has tested the Marc, AV, JW and AV-JW Tails mineralized zones. A total of 368 drill holes from the Bond and Lac programs, including 207 surface drill holes and 161 underground drill holes, have tested this area. In addition, 2,000 meters of underground workings have been excavated, including a 1,000-meter production-sized decline.

Mineral Resources

Red Mountain is a structurally-controlled gold deposit. In May 2001, WRM completed a comprehensive review and validation of the project' s geological and environmental data. This review included re-logging all drill core and the construction of a new kriged resource block model. Prior to the closing of the acquisition of the property, Seabridge commissioned D.L. Craig, Professional Geologist, to perform an independent technical review of the new resource model.

The new mineral resource estimate for Red Mountain incorporates data from 206 drill holes that were relogged in 2000 by NAMC. Gemcom software was used to create geological and mineralization outlines in plan and section for a 3D block model. Gold and silver grades were interpolated using ordinary kriging with anisotropic search ellipses designed to fit the geology.

> **Cautionary Note to U.S. Investors concerning estimates of Measured and Indicated Resources**
> This section uses the terms "measured" and "indicated resources". We advise U.S. investors that while those terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. **U.S. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves.**

In January 2003, the Company engaged SRK Consulting to complete an engineering study of the Red Mountain project. In their study, which was completed in August 2003, SRK determined that a 6.0 gram per tonne cut-off grade was appropriate for determining gold resources which may be available for economic extraction.

Red Mountain Measured and Indicated Resources at 6.0-gram-per-tonne cutoff:

Measured		Indicated	
Tonnes (000s)	Grade (g/t)	Tonnes (000s)	Grade (g/t)
866	9.39	193	8.43

> **Cautionary Note to U.S. Investors concerning estimates of Inferred Resources**
> This section uses the term "inferred resources". We advise U.S. investors that while this term is recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize it. "Inferred resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all

or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. **U.S. investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.**

Red Mountain Inferred Resource at 6.0 gram-per-tonne cutoff:

Inferred	
Tonnes (000s)	Grade (g/t)
158	8.62

None of the resource can be classified as a Mineral Reserve. Additional exploration work will be required in order to upgrade the resources into reserve categories, and a full feasibility study will be required in order to determine if any of the mineral resource are economic and can be profitably mined.

Environmental/Regulatory Information

The Red Mountain project is covered by the British Columbia Ministry of Energy and Mines, Mineral Exploration Permit MX-1-422. This permit was first issued on June 24, 1993 and was most recently transferred to the Company in April 2002.

Exploration work to date includes surface geological examinations, surface diamond drilling, and creation of underground workings. Underground workings totaled 1000 meters of declines and 1000 meters of crosscuts and drifts. There are 90,000 tonnes of waste from exploration work stored in two locations on surface. Of this material, 5,000 tonnes is situated adjacent to the portal and 85,000 tonnes is stored 250 meters south of the portal. The underground workings remain intact to the water level at the first main crosscut and the portal is sealed with a wooden door to prevent access. The piles were started in 1993 and the last waste rock was added in the summer of 1996. There is a small fleet of mobile equipment at the site, mostly parked on top of the waste dump. There are also several sea containers near the portal, a wooden exploration camp in the bowl below the portal and a steel Quonset hut hanger near the camp. The equipment on site i s considered adequate to carry out the proposed reclamation plan.

A reclamation plan was filed in June 1996 by Royal Oak Mines along with $1.5 million in cash reclamation security held by the Province of BC under a safe keeping agreement. Based on subsequent monitoring and site work performed by NAMC, with technical assistance provided by SRK Consulting of Vancouver B.C., in January 2002, NAMC submitted a revised reclamation plan to the B.C. Ministry of Energy and Mines. The major difference between the original Royal Oak plan and the revised NAMC plan is the proposed treatment of the 90,000 tonnes of waste material. The revised plan, endorsed by SRK, involves in-place recountouring of the waste material rather than placing the material underground. In April 2002, the B.C. Ministry of Energy and Mines reduced the cash reclamation bond to $1.0 million.

Current and Planned Work

Currently, the property consists of 19,279.9 hectares of contiguous mineral claims. 97 mineral claims consist of 773 units of modified grid and 2 post claims, all of which are in good standing. At present, over two-thirds of the claims are not due to expire until 2005. In addition, five claims totaling 86 units, which cover the known gold resources as well as the ground favorable for surface infrastructure, have been legally surveyed and are ready to be taken to lease.

In August 2003, SRK Consulting completed an engineering study of the Red Mountain project. SRK reviewed previous reviewed previous work performed on the project and evaluated the development alternatives relating to various aspects of the project. In their study, SRK determined that the best development alternatives for Red Mountain are:

- Road access to the site. A road was designed by NAMC in 2001 to access the project site.
- A seasonal operation from May to October was selected in favor of year-round operations on the basis of safety and reliability.
- An on-site mill using a grinding and cyanidation leaching (CIP) circuit was selected. The alternative of using flotation to produce a sulphide concentrate for offshore marketing was discarded on the basis of poor economics caused by lower overall gold recovery and smelting costs.
- A conventional type of mill was selected instead of a portable type due to the tonnage required (1000tpd) and the very fine grind needed.
- The full use of backfill was selected to optimize the mining recovery of the resources. Minimizing backfill was considered to reduce costs, but the possible savings are not enough to justify the lower mining recovery that results.

SRK identified that the main risks associated with the project are related to:

- The construction and operation of the mine access road, which must traverse rugged mountainous terrain.
- A lack of continuity in the workforce due to the seasonal operation.
- Project economics requiring a higher gold price than currently exists.
- The tailings facility, which must retain a water cover on the tailings in perpetuity.

SRK recommends that the following follow up work could prove beneficial to the project:

- Exploration to increase the potentially economic mineralization.
- A revised design for the cirque tailings facility to reduce its capital cost and its long-term costs after closure.

In October 2003, Seabridge commissioned SRK to undertake a study to assess alternate designs and sites for the tailings facility. This study is expected to be completed in early 2004 at a cost of approximately $20,000.

None of the resource at Red Mountain can be classified as a Mineral Reserve. Additional exploration work will be required in order to upgrade the resources into reserve categories, and a full feasibility study will be required in order to determine if any of the mineral resource are economic and can be profitably mined.

The Company estimates annual holding costs of the property to be approximately $107,000 per year broken down as follows:

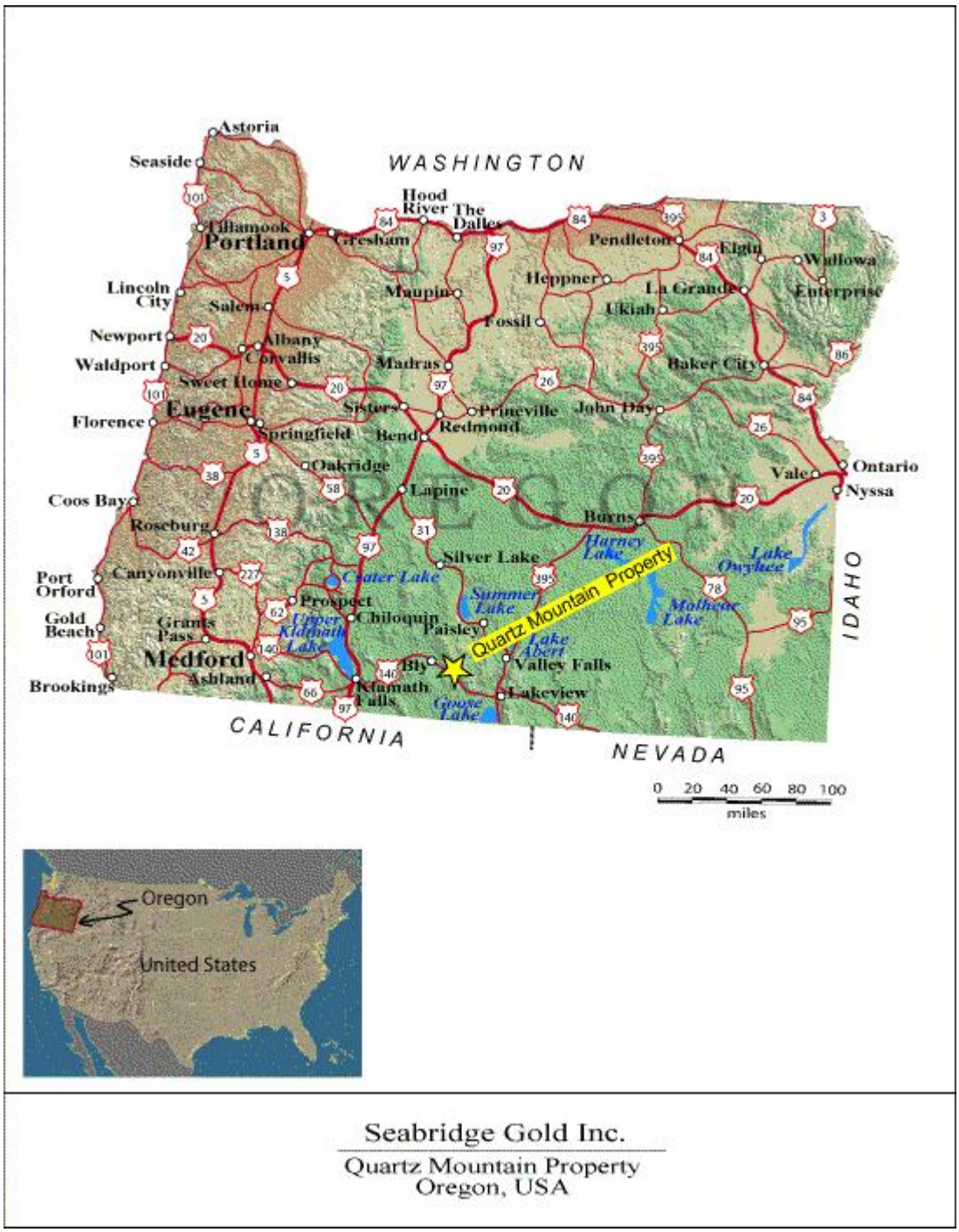
a) $17,000 to the British Columbia Ministry of Energy and Mines
b) $50,000 to Wotan Resources Corporation as an annual advance royalty
c) Approximately $15,000 in property taxes, utilities and rentals on warehouse space paid to the District of Stewart, British Columbia
d) Approximately $25,000 for ongoing environmental monitoring at the project site.

Quartz Mountain Project

The Quartz Mountain Project is a 542 hectare (1,340 acres) gold project located in southern Oregon. Seabridge currently has a 100% interest in the project, subject to NSR' s totaling 1.5%, and an option agreement with Quincy Resources, who can earn an initial 50% interest in the property by expending $1,500,000 on exploration by October 15, 2008 and issuing 250,000 common shares of Quincy to Seabridge. The agreement with Quincy excludes the mineral resource already outlined on the property as discussed below. **The Property is without**

known mineral reserves and is at the exploration stage; The Company' s current efforts are exploratory in nature.

Location and Access



The Quartz Mountain property is located in the Fremont National Forest, Bly Ranger District, of South-central Oregon about 30 miles west-northwest of the town of Lakeview along Oregon State Highway 140. Two claim groups make up the property holdings and consist of 67 mining claims that total 542 ha (1,340 acres).

Access to the property from Oregon State Highway 140 is via several paved and gravel covered forest access roads. These forest service access roads are used on a seasonal basis by local logging companies that operate in the area. Connected to the network of forest service roads are a variety of trails that were constructed to facilitate

logging and previous mineral exploration. Access to the resource areas can be gained on existing secondary trails or by rehabilitating old trails.

How Acquired

In December 2001, the Company entered into an Asset Purchase & Sale and Royalty Agreement with Quartz Mountain Gold Corp. whereby Seabridge agreed to acquire 100% of the Quartz Mountain Gold Project in consideration of the following payments to Quartz Mountain Gold Corp. US$100,000 in cash; 300,000 common shares of Seabridge; 200,000 common share purchase warrants, exercisable for two years at a price of $0.90 per share; and a 1% NSR in the project. Closing of the acquisition was completed in January 2002. Additionally, a 0.50% NSR will be payable to an unrelated third-party as a finder' s fee.

On October 15, 2003, the Company signed an option agreement with Quincy Resources where Quincy can earn an initial 50% interest in the project (not including the "Excluded Ounces" as defined below") by spending $1,500,000 on exploration at the project on or before October 15, 2008 under the following schedule.

Date	Required Expenditure Amount
By October 15, 2004	$100,000
By October 15, 2005	$250,000
By October 15, 2006	$500,000
By October 15, 2008	$1,500,000

Quincy must also issue 250,000 of its common shares to Seabridge under the following schedule:

Date	Required Share Issuance
Upon Execution of the Agreement	50,000 shares (issued)
Within 30 days satisfying the expenditure obligations above	200,000 shares

Once the expenditure amounts and the share issuances have been satisfied, Quincy will be deemed to have earned a 50% interest in the property and will form a Joint-Venture with Seabridge. Quincy can earn an additional 12.5% interest (for 62.5% total) in the project by funding 100% of a feasibility study on the project within 3 years and issuing an additional 250,000 common shares to Seabridge upon completion of the study. If Quincy decides against preparing a feasibility study, or fails to deliver a study within 3 years, Seabridge has a one-time option to purchase Quincy' s interest in the project for US$750,000. Quincy will be responsible for all land holding fees and costs associated with the property as long as the option remains in effect.

The option agreement with Quincy excludes the potential mineral resource already outlined on the property under a Winters, Dorsey & Company LLC study. That area of the property, known as the "Excluded Ounces", remains 100% held by Seabridge, subject to the NSR. If Quincy delivers to Seabridge a Feasibility Study that incorporates within the mine plan the Excluded Ounces, those ounces shall be transferred to the Joint Venture at a price to be paid by Quincy to Seabridge equal to Quincy' s working interest times the estimated gross operating margin of those ounces, less a 25% discount. Payment for the Excluded Ounces will be due on a quarterly basis as they are produced.

Under the option agreement, the company' s also agree that should either party acquire and/or stake claims, exploration permits, mining leases or any other form of mineral right or interest within an area of interest within 2 miles of the outer boundaries of the property, that additional property will automatically become part of the property subject to the agreement.

Regional and Property Geology

The Quartz Mountain gold and mercury district is located in a Mid-Tertiary volcanic highland within the northern transitional zone of the Great Basin. One of the primary structural features of the district is a wide (3 miles) northwest trending structural zone that interrupts the thick sequence of basalt flows. Hydrothermal alteration in the district is characterized by acid leaching of the host rocks and subsequent precipitation of quartz in the gold zones. Ryholitic domes make up the central feature of the volcanic stratigraphy of the area and are characterized by glassy tops.

The Quartz Mountain project is a volcanic-hosted, hot-spring gold deposit. Disseminated, micron-size, native gold mineralization at Quartz Mountain accompanies pervasive silica flooding and quartz veining. Mineralized zones measure up to 300 feet in thickness and 3000 feet in diameter on Crone Hill and up to 100 feet in thickness and 1000 feet in diameter on Quartz Butte. There are two distinct areas of gold mineralization present at Quartz Mountain, Crone Hill and Quartz Butte.

Previous Exploration

Quartz Mountain was believed to have been initially prospected for gold by migrant Chinese in the 1890s. Rare prospect pits that contain ponderosa pine trees over four feet in diameter are indirect evidence of this initial early stage of exploration activity.

The earliest recorded work was performed by the Sun Oil Company, between 1936 and 1940. Sun Oil was prospecting for mercury with shallow pits and trenches. In 1949, small amounts of gold were reportedly recovered from two shafts on Crone Hill and Quartz Butte. The shafts were sunk by employees of the Ewauna Camp Lumber Company and have since caved in. The property saw renewed interest in the late 1950' s due to a nation-wide mercury "boom". Local prospectors staked dozens of claims in what became the 60-square mile Quartz Mountain mercury district. Most of the cinnabar claims were allowed to become delinquent during the 1960s in a general collapse of the mercury mining industry.

In 1980, the claims were staked by a prospector and acquired by Exploration Ventures Company ("EXVENCO") of Spokane, Washington in 1982. The Anaconda Company entered a joint venture partnership with EXVENCO in December 1982, and subsequently enlarged the claim block to include the entire Quartz Mountain district. Anaconda was the operating partner and initiated the first systematic exploration program for gold in the district. In the spring of 1985, Anaconda was disbanded by its parent company, Atlantic Richfield Corporation, and Quartz Mountain, along with all of their other mineral properties, was placed up for sale.

Wavecrest Resources Ltd secured Anaconda's interest in the property through a purchase agreement in the autumn of 1985. Wavecrest quickly consolidated their holdings on the entire claim block by purchasing EXVENCO's interest. The remaining small, inlaying claim blocks dating from the late 1950' s were systematically acquired and for the first time in its history, the Quartz Mountain district was consolidated under a single owner in June of 1986. Wavecrest Resources Ltd. and Galactic Resources Ltd. created Quartz Mountain Gold Corporation in June of 1987 to jointly advance the project. In 1987, 460 drill holes were completed on Crone Hill, Quartz Butte and Angel' s Camp totaling 52,284 meters (171,537 feet) of drilling. In 1988, 100 drill holes (including 47 large diameter metallurgical drill core holes) were completed on Crone Hill, Quartz Butte, Angel East and Drews Dome for a total of 10,600 meters (34,778 feet). The Crone Hill a nd Quartz Butte deposits were drilled off on at least 30.5 meters (100-foot) centers during these programs. Between mid-September and late November 1988, 19 deep drill holes totaling 4,473 meters (14,675 feet) were completed on Quartz Butte to explore for high-grade feeder veins within the throat of the Quartz Butte dome. A total of 34 deep drill holes now define this feeder zone system.

In July 1989, Pegasus Gold became operator of the Quartz Mountain Gold Project. In December 1994, Pegasus terminated the joint venture agreement with Quartz Mountain. Some of the key terms of this termination agreement

required Pegasus to return its interest in the property, forgive outstanding loans to Quartz Mountain and performed all required reclamation work. Pegasus completed these obligations and Quartz Mountain Gold assumed undivided ownership of the property without debt or reclamation obligations. In August 1995, Quartz Mountain Gold Corporation concluded a letter agreement with Newmont Exploration Ltd. on the Quartz Mountain property. This agreement allowed Newmont to earn an 80% operating interest in the property for certain cash payments and work commitments. Newmont drilled 10 holes on the project, which were focused on expanding the near-surface, low-grade gold resources that had been previously identified. The project did no t satisfy Newmont' s investment criteria and was returned to Quartz Mountain Gold in 1996. Since 1996, little exploration work has been performed on the project.

Environmental/Regulatory Information

The United States Forest Service (USFS) would be the lead regulatory agency on the federal level that is responsible for review and approval of mining activities at Quartz Mountain. The Quartz Mountain Project is characterized as an exploration stage project that has undergone considerable exploration and a Feasibility Study level evaluation of an open pit(s) mine with heap leach processing in the mid-to-late 1980's. . Environmental baselines and monitoring at Quartz Mountain were initiated by previous owners in the late 1980's. These activities were directed by SRK Consulting' s Reno Office. These reports are valuable in assessing impacts and making recommendations for future work. The reports also provide valuable information that may be used by Seabridge in limiting liability as well as supporting future efforts should Seabridge decide to proceed with preparation of a particular plan at the Quartz Mountain Project.

To further study the permitting issues at Quartz Mountain, Seabridge retained Gochnour & Associates of Parker, Colorodo ("Gochnour") to undertake an environmental review and regulatory permitting due diligence on Quartz Mountain. The report of Gochnour is entitled "Quartz Mountain Project; Permitting/Environmental Report" (the "QMP P/E Report") and dated November 28, 2001.

The Gochnour study examined various potential development scenarios including an open pit and/or underground mining operations. Processing Alternatives include on-site milling and/or heap leach technology utilizing cyanide, and off-site processing (toll milling). Waste disposal alternatives include overburden stockpiles adjacent to the orebody (under an open pit scenario). With an underground or combination open-pit/underground mining scenario, waste could be used as backfill and/or stockpiled on the surface, adjacent to mining operations. Each Alternative would require the preparation of a different reclamation strategy. Gochnour concluded that each of the scenarios are permittable under current federal and state law. To complete the permitting process, Gochnour estimates that the open-pit scenario would take 3-5 years to permit once a Plan of Operations ("POO") had been submitted. Gochnour estimated the permitting time frame fo r the underground scenarios at 2-3 years after the POO was submitted.

Exploration Potential

The Quartz Mountain mineral system can be classified as a low-sulfidation epithermal deposit based on the characteristic mineralogical suite of adularia, cinnabar and stibnite. The characteristic geometry and bonanza vein occurrences associated with low-sulfidation systems have not been recognized at Quartz Mountain because resource delineation has been focused on the shallow parts of the system that favor the bulk-mineable or disseminated gold concentrations. The low-sulfidation epithermal model seems to best explain the distribution of gold, characteristic boiling textures in the veins and mineralogy at Quartz Mountain. This model implies that there is a potential for discovering high-grade bonanza veins that provided fluid pathways for the large volumes of gold-bearing fluids that created the system.

Current and Planned Work

Under the option agreement with Quincy Resources, Quincy is required to spend $100,000 on exploration on the property before October 15, 2004. Quincy is expected to begin exploring for higher grade feeder zones on the property during 2004.

Hog Ranch Project

The Hog Ranch Project is a gold project of approximately 5,000 acres located in northern Nevada. Seabridge currently has a 100% interest in the project, subject to a 3% to 5% NSR which varies depending upon the commodity price of gold. In August 2003, the Company granted Romarco Minerals an option to earn an initial 60% interest in the property. **The Property is without known mineral reserves and is at the exploration stage; The Company' s current efforts are exploratory in nature.**

Location and Access

The Hog Ranch project is located in northern Washoe County, Nevada, approximately 230 kilometers north of Reno. Access to the property is 2 miles off of Nevada state highway 477, midway between Gerlach, Nevada and Susanville, California.

How Acquired

In November 2000, the Company acquired a 100% leasehold interest in the Hog Ranch gold project in northern Nevada. Under the agreement with Platoro West Inc., Seabridge paid Platoro US$75,000 cash and issued 500,000 common shares. Seabridge will issue Platoro a further 500,000 common shares upon the earlier of:

a) confirmation by an independent third party of a measured and indicated gold reserve of more than 1.0 million ounces, or
b) completion of a positive bankable feasibility study which demonstrates a mine capable of producing at least 100,000 ounces of gold per annum, or
c) the sale or transfer of at least 50% of the project to a non-affiliated third party.

Commencing on the 4th anniversary of the agreement, Platoro will receive an annual advance royalty payment of US$10,000, escalating by US$2,500 per annum to a maximum of US$20,000 per annum. Additionally, Seabridge is required to maintain the property claim block in good standing at an estimated annual cost of US$35,000. Should production commence at Hog Ranch, Platoro West will be paid a sliding-scale net smelter royalty ranging from 3% when gold is less than $300 per ounce, to 5% when gold is greater than $500 per ounce. In addition, Platoro will be paid a royalty of 3.5% on gross proceeds from any other metals produced. Seabridge retains the right to buy back 40% of the royalty at any time for US$2 million.

In August 2003, the Company granted Romarco Minerals an option to earn an initial 60% interest in the property by spending US$2.5 million on exploration and issuing to Seabridge 1.5 million Romarco common shares by December 31, 2007. After Romarco has completed its 60% earn-in, it has a one-time option to increase its interest to 65% by agreeing to finance and complete a feasibility study on the project within three years. At the completion of the earn-in, a joint venture will be formed with Romarco as the operator. All project holding costs during the option earn-in period are the responsibility of Romarco and those payments will be credited to the exploration spending requirement.

Regional and Property Geology

Hog Ranch is situated on the southeast edge of the Cottonwood Creek volcanic center ("CVCC"), which is located at the southern end of the Northwest Nevada volcanic field. The CVCC is thought to be a failed or downsag caldera with no recognized large volume ash flow eruption or catastrophic caldera collapse event. Hog Ranch is an epithermal low-sulfidation gold deposit hosted by rhyolite volcanic and volcanoclastic rocks. Ore zones exploited by Ferret and Western Mining were principally disseminated occurrences hosted by poorly welded tuff and lacustine rocks. Veins are better developed in the component densely welded tuff. Volcanic centers and the

historical open pits are aligned in a northeast trend coincident with the Black Rock Structural Boundary. The identified high-grade vein system is contained in the northwest trending faults.

Previous Exploration

Gold was first discovered at Hog Ranch in 1980 by Noranda Exploration, Inc. Noranda geologists were led to the area by an airborne radiometric survey of northwestern Nevada during a 1979 uranium reconnaissance program. No significant uranium occurrences were found but anomalous gold concentrations were discovered in the Bell Springs area. By 1981, Noranda had extended their claim holdings across the northern part of the Hog Ranch area and had drilled out a small gold resource at Bell Springs. Ferret Exploration Company, Inc. assumed operation of the Hog Ranch project in 1982 and proceeded to discover and drill out gold resources in the northern part of the Hog Ranch area and at Bell Springs.

Exploration activities by various owners through 1986 focused exclusively on open-pit deposits amenable to heap leach processing. In 1986 Western Goldfields commenced mining activities at Hog Ranch. In 1988 Western Mining Corporation purchased Hog Ranch and continued mining until 1993. The mine has been shut down since 1993 and final reclamation activities by Western Mining have been largely completed.

Exploration activities by previous owners at Hog Ranch focused exclusively on open pit resources amenable to heap leach processing. At least 2,640 holes were drilled at Hog Ranch, of which only 247 were drilled as angle holes and only 65 were drilled to a depth greater than 200 meters. A high percentage of these deeper inclined holes were in exploration areas away from the productive deposits. The vast majority of the drilling was vertical holes focused on the delineation of disseminated low-grade open-pit reserves. The Company believes that the unrealized opportunity at Hog Ranch rests with high-grade gold mineralization associated with the high-angle, structurally-controlled feeder zones.

In early 2001, Seabridge initiated an eight-hole diamond drill program to test for the potential of a high-grade underground gold deposit similar to the nearby Midas and Sleeper mines. The program successfully confirmed all the necessary conditions for such a deposit. High-grade gold intercepts from two different structures intersected in the drilling may represent the discovery of the upper levels of such a deposit. Results from this drilling program yielded assay results of up to 19.9 grams of gold per tonne within a fracture and vein zone. Observations of the core from the recent program have enabled Issuer geologists to reinterpret previous data and conclude that: (1) alteration has the scale (seven by eight kilometers) and intensity similar to other major deposits in northern Nevada; (2) the gold has been concentrated in specific, identifiable structures which have significant strike and down-dip potential; and (3) previous open pit m ining was in the very top of the mineralized system, leaving the higher-grade potential intact and below the level of previous workings. A further program has been recommended to test for the higher grade 'boiling' zone which evidence suggests should be below the intercepts from the recent program.

Current and Planned Work

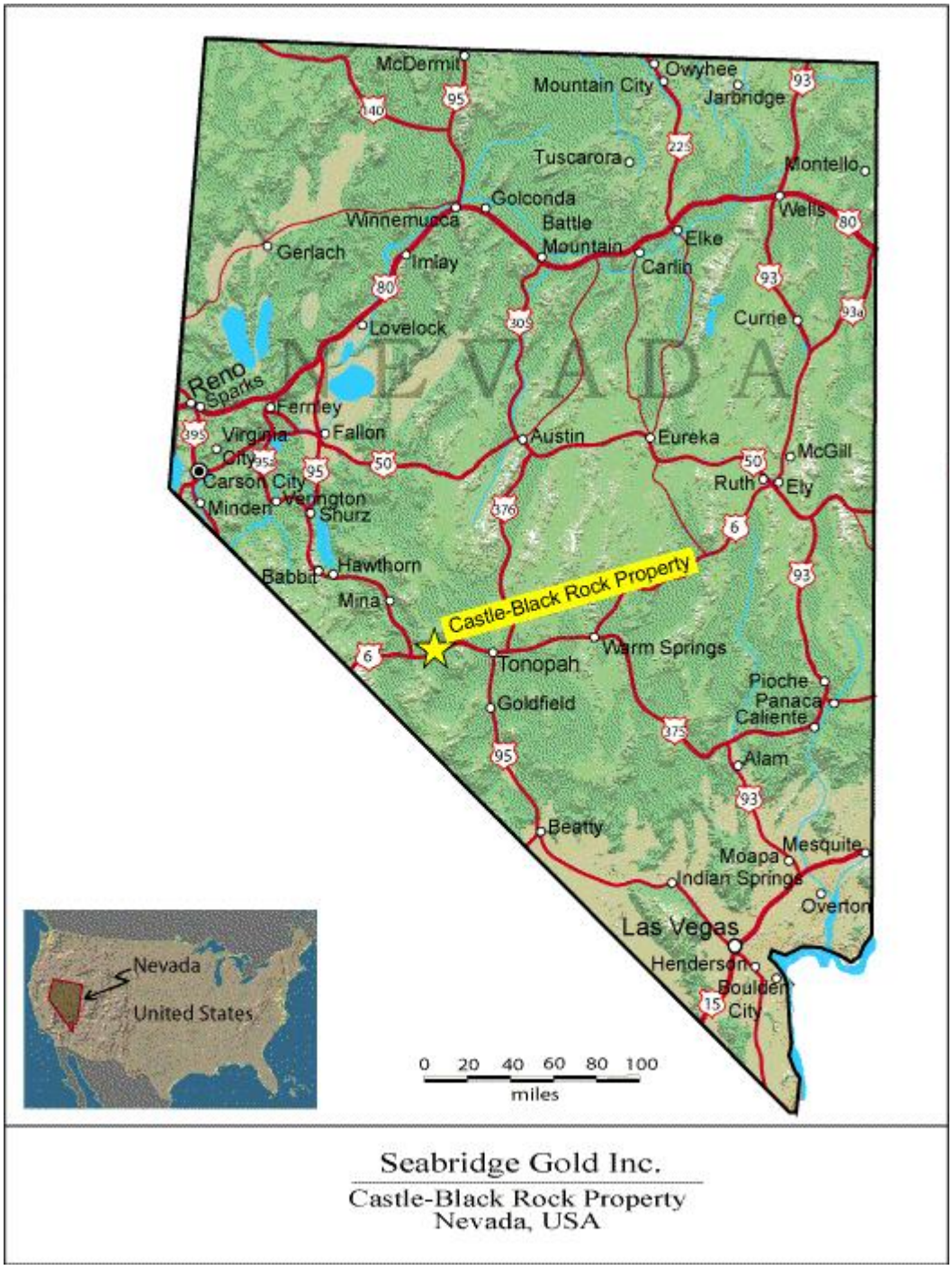
Under the option agreement with Romarco, Romarco must spend US$2.5 million on exploration and holding costs on the property by December 31, 2007 in order to earn an initial 60% interest. Holding costs at Hog Ranch are estimated to be US$27,000 per year in payments to the US Bureau of Land Management and Washoe County, Nevada. Beginning in 2004, advanced royalties are due to Platoro West Inc. of US$10,000 per year, increasing by US$2,500 per year to a maximum of US$20,000 per year. During the option earn-in period, all holding costs, including property payments, are the responsibility of Romarco and will be credited towards the option exploration spending requirement.

Castle/Black Rock Project

The Castle/Black Rock Project is a 2,500 acres gold project located in west-central Nevada. Seabridge currently has a 100% interest in the project, subject to a 3% to 5% NSR which varies depending upon the commodity price of gold. **The Property is without known mineral reserves and is at the exploration stage; The Company' s current efforts are exploratory in nature.**

Location and Access

The Castle/Black Rock project is located in Esmeralda County, Nevada, off the flank of the Monte Cristo Mountain Range in the southwest part of the Big Smokey Valley. The property consists of 131 contiguous unpatented mining claims located on public lands administered by the U.S. Bureau of Land Management. The project straddles U.S. highway 95/6, approximately 20 miles west of Tonopah, Nevada.



How Acquired

In October 2000, the Company acquired a 100% leasehold interest in the Castle/Black Rock gold from Platoro West Inc. The purchase agreement included the Company issuing 5,000 common shares to Platoro and for annual advance royalty payments of US$7,500 in the first year, US$8,500 in year 2, US$17,500 in year 3, and thereafter US$25,000 annually. Additionally, Seabridge is required to maintain the 2,500 acre claim block in good standing at an estimated annual cost of US$15,000. Should production commence at Castle/Black Rock, Platoro West will be paid a net smelter royalty ranging from 3% when gold is less than $320 per ounce, to 5% when gold is greater than $500 per ounce. In addition, Platoro will be paid a royalty of 3.5% on gross proceeds from any other metals produced. Seabridge retains the right to buy back half of the royalty at any time for US$1.8 million.

Regional and Property Geology

The property occurs within the Walker Lane gold belt. Quaternary gravel and alluvial fan deposits cover most of the Castle/Black Rock property. Hydrothermal alteration in the volcanic rock is focused on structures and zoned vertically and laterally. Vertical zonation of the alteration sequence has created an intense argillic cap above the gold bearing structures, from 3 to 30 meters thick.

The known gold mineralization on the property is concentrated in 3 zones; Castle, Black Rock and Berg-Boss. In each zone, gold is concentrated in structures hosted by sedimentary rocks, andesite and rhyolite. Gold is also distributed away from the structures in andesite and rhyolite.

Previous Exploration

Outcropping gold mineralization was discovered by a Tonopah prospector in the 1960s in the hills just northwest of Black Rock and Highway US 95/6. The mineralization was explored at that time by a 50 foot deep shaft (Boss Mine) and some dozer trenches plus 2 diamond and 8 rotary drill holes.

Houston Oil and Minerals Corporation (HOM) began systematic surface exploration of the outcropping mineralization and surrounding area in 1979 and outlined a small unclassified resource of about 200,000 tons at an average gold grade of 0.07 ounces per ton. Disappointed with the small size and their inability to get the ore to leach, HOM relinquished the property at the end of 1979. The property was then acquired in 1981 by Ebco Enterprises and optioned in that year by Falcon Exploration, who proceeded to delineate a larger reported ore zone at the Boss and elected to construct a small open-pit, heap leach mine. Homestake Mining Company optioned Falcon' s peripheral claims in 1987 and discovered gold mineralization south of Black Rock during their drill program. Homestake relinquished the property that same year.

Falcon poured their first bar of gold in January 1988 and began an exploration program on the peripheral claims in the spring of that year. Westley Explorations and Mintec Resources optioned the Boss claims from Falcon in August of 1988 and undertook a surface exploration and drilling program. The area northeast of Black Rock, now known as the Castle zone, was never drilled by Mintec. Mintec eventually relinquished their claims in the early 1990s, including the northeastern corner of the block, which covered the current Castle deposit.

Kennecott Exploration staked a large block of claims northeast of the Boss pit in 1992 as part of a large regional exploration program in the Walker Lane District. This original claim block did not include what eventually became the Castle discovery. Kennecott executed a surface exploration program with initial drilling in 1993. Kennecott eventually drilled a total of 65 Reverse Circulation ("RC") holes totaling 26,435 feet, which delineated a broad mineralized zone 2400 feet wide and at least 4200 feet long. The last RC hole was drilled in August 1995. Within this broad zone, Kennecott identified at least one ore zone that was never systematically drilled out and other mineralized drill holes were left without follow-up.

In October 1996, Fischer-Watt Gold Company (FWG) purchased the Castle property, consisting of 20 "CP" claims, from Kennecott. They staked an additional 32 lode claims around the periphery of the Kennecott block. The surrounding ground to the west and south, including the Berg and Black Rock zones, was staked by Platoro Resources, LLC earlier in that same year. In January 1998, the property was optioned from FWG by Zephyr Resources. Subsequent to Zephyr Resources, Cordex Exploration Co (a 100% subsidiary of Rayrock Resources Inc.) leased the FWG properties and conducted additional exploration activities, including RC drilling. In 1999 Glamis Gold acquired Rayrock and the Castle/Black Rock project was dropped. Later in 1999, Platoro acquired the FWG ground, thereby consolidating the property positions under a single owner.

Current and Planned Work

Due to the Company' s current focus on the Courageous Lake Project, there is no large-scale exploration planned at Castle/Black Rock for the current year. However, management intends to retain the project within its property portfolio. The Company estimates annual holding costs of the property to be a total of US$44,000, with US$25,000 paid to Platoro West as an annual advance royalty and US$19,000 paid to the US Bureau of Land Management and to Esmeralda County, Nevada.

Nevada Exploration Properties

In addition to the advanced-stage gold exploration properties discussed above, the Company has interests in several grass-roots exploration properties in Nevada. **All of the Properties are without known mineral reserves and are at the exploration stage; The Company' s current efforts are exploratory in nature.**

Kennedy North Project

Pursuant to an agreement dated August 15, 2000 and subsequently amended on August 1, 2001, the Company was granted a three-year option to evaluate five claim groups located in Pershing County, Nevada. Consideration was US$4,000 on signing, US$4,000 after one year, and US$4,000 in August 2002. The Company may at any time during the option period enter into a mining lease agreement, per claim group acquired, as follows:

a) to pay advance royalties of US$3,750 on execution of a lease, US$6,250 on the first anniversary and US$8,750 in each succeeding year;
b) to pay a production royalty, varying with the price of gold, of 3-5%, and a 3.5% royalty of gross proceeds of other metals;
c) To have the right to purchase 50% of the production royalty for US$1.5 million.

In July 2002, the Company elected to lease one of the five evaluated claim groups. This lease is known as the Kennedy North project, and consists of 13 unpatented mining claims located in Pershing County, Nevada. In August 2002, the Company declined to lease any of the other 4 evaluated claims.

Tobin Basin

In June 2002, the Company staked 197 unpatented mining claims located 45 miles south of Winnemucca, Nevada. The claim block surrounds a parcel of approximately 400 acres of fee land owned by the Bushee Creek Ranch. All lands in the area are managed by the US Bureau of Land Management, and annual holding costs of the property are approximately US$22,000.

Pacific Intermountain Gold Corporation Projects

The Company owns a 75% interest in Pacific Intermountain Gold Corporation ("PIGCO"), a private company focused on the acquisition and exploration of early-stage gold and silver properties in Nevada. The remaining 25% of PIGCO is owned by an arms-length individual.

All of PIGO' s Properties are without known mineral reserves and are at the exploration stage; PIGCO' s current efforts are exploratory in nature.

To date, PIGCO has staked approximately 1800 claims, or about 36,000 acres, of mineral exploration land in Nevada. This acreage covers more than 20 identified gold exploration targets, with most of the property located in Nye County. All lands in the area are managed by the US Bureau of Land Management, and annual holding costs of the property are approximately US$200,000.

Seabridge and its partner in PIGCO intend to seek joint-venture partners to carry out exploration on the majority of the staked lands. However, Seabridge intends to maintain certain properties for its own exploration portfolio and conduct work on these properties in the future.

In October 2002, Seabridge announced that PIGCO had granted an option to Castleworth Ventures, a public company traded on the TSX Venture Exchange, to acquire a 50% interest in the Thunder Mountain gold project located near Tonapah, Nevada and form the Thunder Mountain Joint Venture. The Thunder Mountain Project consists of 228 unpatented mining claims located in Nye County immediately adjacent to the Midway property recently joint ventured by Newmont Gold. In order to earn a 50% interest in the project, Castleworth will pay PIGCO US$25,000 upon closing and must spend US$1.5 million on exploring the property over a three year period. Castleworth must also issue to PIGCO 1,500,000 of Castleworth shares, with 250,000 at closing, 500,000 on or before the first anniversary and 750,000 on or before the second anniversary. At the completion of the earn-in, a joint-venture will be formed with Castleworth as operator. In January 2003, PIGCO added its Clifford project to the Thunder Mountain joint-venture for no additional consideration. Clifford is located approximately 40 miles east of Tonopah, Nevada and consists of 135 claims totaling 2,700 acres. In May 2003, Castleworth completed four holes on the Thunder Mountain JV project which returned disappointing gold and silver grades. Castleworth has shifted its focus to the Clifford project and initiated a geophysical program in order to generate possible drill targets.

In March 2003, PIGCO granted Placer Dome U.S. Inc. an option to acquire a 100% interest in the 1,500 acre Stonewall project in Nye County, Nevada. The option included cash payments and a purchase price of 10,000 ounces of gold or its cash equivalent at the time of purchase plus a sliding scale net royalty based upon the price of gold. The option agreement was subject to a due diligence period which terminated on June 30, 2003. During the due diligence period, Placer Dome decided to terminate its option on the property and PIGCO retains its interest. PIGCO and Seabridge are reviewing the work performed by Placer Dome on the project.

Item 5. Operating and Financial Review and Reports

Overview

The Company's financial statements are stated in Canadian Dollars (C$) and are prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP), the application of which, in the case of the Company, conforms in all material respects for the periods presented with United States GAAP except as noted in Footnote #12 to its audited annual financial statements for the period ending December 31, 2002. The value of the U.S. Dollar in relationship to the Canadian Dollar was $1.30 as of November 30, 2003.

The Company has since inception financed its activities through the distribution of equity capital. The Company anticipates having to raise additional funds by equity issuance in the next several years, as all of the Company' s properties are at the exploration stage. The timing of such offerings is dependent upon the success of the Company' s exploration programs, the ability to attract joint-venture partners, as well as the general economic climate.

Results of Operations

Nine Months Ended September 30, 2003 compared to the Nine Months Ended September 30, 2002.

The Net Loss for the period ended September 30, 2003 was $715,000 compared to $1,253,302 in the prior year' s period. Management and Consulting Fees rose to $479,000 from $302,211, while Stock Option Compensation fell to $60,000 from $510,620 as the Company issued fewer stock options in the current period. Investor Communications expense fell to $128,000 from $142,823, while interest income rose to $97,000 from $28,985 due to higher cash balances in the current period. Foreign currency translation was a gain of $10,000 in the current period compared to a gain of $23,052 in the prior year' s period due to changes in the Canadian Dollar exchange rate compared to the US Dollar. Interest Expense on Debentures fell to $12,000 from $93,767 as the Company completed the conversion of all of its outstanding debentures in the current period.

Twelve Months Ended December 31, 2002 Compared to the Twelve Months Ended December 31, 2001

The Net Loss for the year ended December 31, 2002 totaled $1,630,250 or $0.10 per share, compared to a net loss of $456,349, or $0.04 per share, for the prior year' s period. The increased loss was largely due to: higher Management and Consulting fees of $396,917 compared to $189,141 due to the expensing of the Company' s senior technical management costs which had previously been capitalized to Mineral Interests; Higher Investor Communications cost of $233,575 compared to $108,797 due to increased investor relations activities, including presentations in both Canada and the United States; Higher Professional Fees of $163,077 compared to $57,702 due to higher accounting and legal fees related to several property acquisitions and issuances of common stock; Stock based compensation of $530,320 compared to zero as the Company began expensing all option grants in the current year; Interest expense on the convertible debentures of $122, 325 compared to $9,041; Exploration by 75% owned PIGCO of $188,644, and write off of mineral property of $6,099 compared to zero in the prior year. These were partially offset by Interest Income of $85,836 and Foreign Currency Translation gain of $35,562 due to the higher Canadian dollar against the United States dollar.

Fiscal 2001 Ended December 31, 2001 Compared to Fiscal 2000 Ended December 31, 2000

The Net Loss for the 12 month period ended December 31, 2001 totaled $456,349, or $0.04 per share, compared to the Net Loss of $337,757 in the previous year period. The increased loss for 2001 was largely due to higher Administrative and General Expenses of $480,189 compared to $249,110 for the previous period. Large increases in expenses occurred in Management and Consulting Fees ($189,141 compared to $30,965) as the Company expensed $120,000 in management salaries which had previously been deferred to mineral property interests; Rent and Property Expense rose ($110,759 compared to $97,033) due to higher rent at the Company' s Toronto offices; Investor Communications Fees increased ($67,192 compared to $32,020) as the Company increased its investor presentations at conferences in both Canada and the United States; Professional Fees increased ($43,739 compared to $26,331) due to legal fees related to the closing of 3 major acquis itions during the year; Interest and Exchange expenses rose ($12,062 compared to $1,726) due to changes in exchange rates. The Company wrote-off no mineral properties in the current year compared to write-offs of $106,379 in the prior year. These increased expenses were partially offset by higher interest income of $23,840 versus $17,732 due to higher cash balances.

Fiscal 2000 Ended December 31, 2000 Compared to Four Months Ended December 31, 1999

The Company changed its year end during 1999 from August 31 to December 31 in order to have its fiscal year to conform with the usual fiscal year end for international resource companies.

The Net Loss for the 12 month period ended December 31, 2000 totaled $249,110, or $0.04 per share, compared to $40,641, or $0.01, for the four month period ended December 31, 1999. Large changes in expenses occurred

in Management and Consulting Fees ($30,965 compared to $15,000) due to the longer period presented; Rent and Office Services rose ($97,033 compared to $8,186) as the Company rented new offices in Toronto; Investor and Communications Fees rose ($32,020 compared to zero) and Investor Communications Expenses increased ($24,501 compared to $1,328) as new management instituted an investors relations program; Professional Fees increased ($26,331 compared to $8,915) and Administration Fees rose ($17,000 compared to $6,000) due to the longer period presented. Other changes occurred in Write-off of Mineral Properties of $106,379 compared to zero as the Company wrote-off its interest in the Santa Rosa gold project in Panama. These expenses were partially offset by higher interest revenue of $17,732 versus $1,478 due to higher cash balances.

Four Months Ended December 31, 1999 Compared to Twelve Months Ended August 31, 1999

The Company changed its year end during 1999 from August 31 to December 31 in order to have its fiscal year to conform to the usual fiscal year end for international resource companies.

The Net Loss for the four month period ended December 31, 1999 totaled $40,641 compared to $161,918 for the 12 months ended August 31, 1999. Much of the difference was due the shorter time period, but significant changes did occur in Investor Communications Fees, which declined (zero compared to $30,000) and Investor Communications Expense, which fell ($1,325 compared to $4,158), as management ended certain investor relations programs; Interest and exchange expense decreased ($629 compared to $13,365), while Reclamation Expenses decreased (zero compared to $23,113) as the Company completed reclamation obligations on certain properties.

Liquidity and Capital Resources

The Company' s working capital position, at December 31, 2002, was $3,819,128. On September 30, 2003, the close of the latest nine month period, the Company' s working capital was approximately $3,133,000. Subsequent to the end of the period, the Company completed two private placements of flow-through common shares for proceeds of $1,600,000 which the Company intends to use for exploration at its Courageous Lake property.

The Company maintains its excess cash in both cash and cash equivalents, which are demand accounts and investments with maturities less than 90 days, and in short-term investments, which are investments with maturities greater than 90 days at the date of purchase. Management balances the investments with its cash needs and anticipated spending.

Over the next 12 months, the Company anticipates spending $1.2 million on project holding costs, and approximately $2 million for property exploration. The majority of the exploration costs are expected to be used on the Courageous Lake Project. The Company believes it has sufficient cash on hand to fund its expected expenditures for the next 12 months through cash on hand as well as the exercise of outstanding warrants and options.

Ongoing property holding costs beyond July 2004 are expected to total approximately $1.2 million per year. These costs are expected to be funded through cash on hand, proceeds from the exercise of warrants and options as well as new equity and/or debt financings.

Nine Months Ended June 30, 2003

The Company' s working capital as of September 30, 2003 totaled approximately $3,113,000, compared to $3,819,128 as of December 31, 2002. Cash and cash equivalents fell to $39,000 from $880,000 as the Company maintained most of its funds as Short-term deposits, which rose to $2,917,000 from $2,744,000. Mineral Interests rose to $14,149,000 from $9,018,000 as the Company capitalized its mineral exploration spending during the

period. Investment rose to $749,000 from zero, with the entire amount representing shares of a private exploration company acquired for US$500,000 as part of the Grassy Mountain property acquisition. Liabilities fell to $1,264,000 from $2,091,000 as the Company retired $829,000 in Convertible Debentures through the issuance of common shares.

The Net Loss for the nine month period totaled $715,000. Operations used cash of ($641,000), with the net loss only partially offset by items not involving cash of accrued interest expense on convertible debentures of $12,000, stock option compensation of $60,000 and amortization of $2,000. Accounts Receivable increased by $50,000, while Accounts Payable decreased by ($43,000). Investing Activities used cash of ($5,927,000), with acquisition and exploration of mineral properties using cash of ($5,151,000), Investment in common shares of a private company used cash of ($749,000), purchase of capital assets used cash of ($5,000), while recovery of deferred exploration expenditures provided cash of $152,000 and increase in short-term deposits used cash of ($174,000). Financing Activities provided cash of $5,280,000 which was entirely related to the issuance of share capital.

During the nine month period the Company spent $5,131,000 on its mineral properties, with the majority being spent on exploration at Courageous Lake ($3,164,000). All of the Company' s mineral property expenditures in the latest nine month period were paid for with cash.

During the nine month period, the Company completed the private placement of 1,025,000 common share units at $2.25 per unit. Each unit consisted of one common share and one-half of a common share purchase warrant. Each full warrant allows the holder to purchase one common share of the Company at a price of $2.50 until June 9, 2004 and at a price of $3.00 from June 10, 2004 until June 9, 2005. Gross proceeds from the placement were $2,306,250. The Company also issued 1,051,272 common shares pursuant to the conversion of $800,000 convertible debenture and $41,018 in accrued interest; Issued 1,797,500 common shares pursuant to the exercise of common share purchase warrants for proceeds of $3,465,250; and issued 55,000 common shares pursuant to the exercise of common share options for proceeds of $48,200.

Twelve Months Ended December 31, 2002

The Company' s working capital totaled $3,819,128 as of December 31, 2002, compared to $2,581,541 as of December 31, 2001. The largest increases occurred in Cash and cash equivalents, which rose to $880,098 from $384,750, and Short-term deposits, which rose to $2,743,430 from $2,000,000, due to funds received from the placement of common stock during the current year. Accounts receivable declined to $208,980 from $369,389, and Marketable securities rose to $50,000 from zero. Mineral Interests under option rose to $1,535,938 from $882,540, while properties held directly or under lease rose to $7,482,432 from $2,094,958. The increases in mineral properties were due to the capitalization of exploration expenditures during the year as well as the acquisition of additional properties, including approximately US$2.6 million for the Courageous Lake property and US$750,000 for exploration properties in Nevada. Liabilities decreased to $2 ,090,856 from $3,195,328, with the largest component of the decrease occurring in Convertible Debentures and Accrued Liabilities as the Company retired a $2 million convertible debenture and $102,535 in accrued interest through the issuance of common shares but issued a new $800,000 convertible debenture in the current year. Minority Interest related to the Company' s 75% ownership of PIGCO was $188,644 in the current year compared to zero in the prior year as PIGCO was incorporated in the current year.

The Net Loss for the year totaled $(1,630,250). Cash used by operating activities totaled ($982,269). Items not involving cash included accrued interest on the convertible debentures of $122,325, stock option compensation of $520,320, exploration by 75% owned PIGCO of $188,644, amortization of $1,728 and write off of mineral property of $6,099. Other changes occurred in the increase of Accounts Receivable of ($49,100) and decrease of Accounts Payable of ($145,723) which was partially offset by the decrease of prepaid expenses of $3,688. Investing Activities used cash of ($6,600,551), with acquisition and exploration of mineral properties using cash of ($5,854,645), conversion of cash to short term deposits using cash of ($2,743,430) and purchase of capital

assets using cash of ($2,476). Financing Activities provided cash of $8,078,168, with the issuance of share capital providing cash of $7,278,168 and issuance of convertible debenture pro viding cash of $800,000. The Company' s activities provided cash of $495,348 during the period, with cash and cash equivalents of $880,098 on hand at the end of the year.

For the Year, the Company expended $6,130,872 on its mineral properties. Acquisition costs were $5,058,035, while Deferred Exploration costs were $1,072,837. The majority of the Acquisition costs were Courageous Lake of $3,949,457 and Grassy Mountain of $570,860. The majority of the Exploration costs were incurred by 75% owned PIGCO of $432,299 and by the Company on its other Nevada projects of $232,148. The Company also explored at Courageous Lake ($141,251) where the Company engaged RMI to review previous resource estimates and prepare an updated resource estimate; at Quartz Mountain ($52,657), where the Company engaged WD&C to prepare a technical report and new resource model for the project; and at Red Mountain ($73,314), where the Company engaged D.L. Craig to prepare a technical report and review the project' s resource model. All the acquisition and exploration costs during the year were funded with cash.

During the year, the Company closed a private placement of 3,200,000 Units at a price of $1.70 per unit. Each unit consisted of 1 common share and ½ of a common share purchase warrant exercisable for one year at $1.90 for proceeds of $5,440,000 and closed on July 19, 2002. The financing was arranged to pay the up-front cash costs associated with the acquisition of the Courageous Lake gold project. Also during the year, the Company arranged a second convertible debenture financing for $800,000 to Pan Atlantic Bank and Trust Ltd. The debenture pays interest at 5% per year and, at the option of the holder, can convert to common shares of the Company at the exercise price of $0.80 for the first two years, $0.90 for the third year and $1.00 per share in the fourth year. Interest for the first two years is to be accrued and added to the principal amount. The Company has the option to force conversion of the debenture into common share s if certain share price and trading volume thresholds are met. The placement of the convertible debenture closed on March 13, 2002. Also during the year, the Company converted its previously outstanding $2,000,000 convertible debenture and $102,535 in accrued interest into 2,803,380 in common shares. The Company also issued 610,000 common shares pursuant to the exercise of common stock options for proceeds of $384,750 and issued 1,110,834 common shares pursuant to the exercise of common stock purchase warrants for proceeds of $1,453,418.

Twelve Months Ended December 31, 2001

The Company' s working capital totaled $2,581,541 as of December 30, 2001 compared to $962,084 on December 31, 2000. The largest increase occurred in cash and short term deposits, which rose to $2,384,750 from $946,046 due to the sale of common shares and convertible debentures. Mineral interests rose to $2,977,498 from $901,707 as the Company acquired additional properties as well as capitalized exploration expenditures conducted during the year. Reclamation Deposits rose to $1,225,000 from zero as the Company acquired a $1,000,000 reclamation deposit as part of the acquisition of the Red Mountain property and a $225,000 deposit was made in regards to the Kerr-Sulphurets project. Liabilities increased to $3,195,328 from $16,752, with the largest increases in Accounts Payable and Accrued Liabilities ($186,287 compared to $16,752) as certain expenses were incurred but not yet paid, Convertible Debenture and Accrued Interest ($2,009,041 compared to zero) as the Company had none outstanding in the year ago period, and Provision for Reclamation Liabilities, which rose by $1,000,000 due to the acquisition of the Red Mountain project.

The Net Loss for the 12 month period ended December 31, 2001 totaled $456,349. Cash used by operating activities totaled $276,333. Financing Activities provided $2,990,600 in cash, as Issuance of Share Capital provided $990,600 and Issuance of Convertible Debentures provided $2,000,000. Investing Activities used $1,275,563 in cash, as Investment in Mineral Interests used $1,047,291, Investment in Capital Assets used $3,272, and the Kerr-Sulphurets Reclamation Bond used $225,000. Total Cash and Short-term Deposits at the end of the year totaled $2,384,750, an increase of $1,438,704 from the previous year.

For the Year, the Company expended $2,075,791 on its mineral properties. Acquisition costs were $1,456,238, while Deferred Exploration costs totaled $619,553. The majority of the acquisition costs were for Grassy Mountain ($158,318), Hog Ranch ($431,733), Kerr-Sulphurets ($447,100), and Quartz Mountain ($350,225). The majority of the Deferred Exploration occurred at Hog Ranch ($481,517) where the Company completed an 8-hole diamond drilling program. All of the deferred exploration costs were funded with cash, while the Company issued 1,000,000 common shares at a deemed value of $750,000 for mineral property acquisition, and allotted but did not issue a further 1,140,000 common shares at a deemed value of $528,000 for mineral properties.

During the 12 month period ended December 31, 2001, the Company closed a private placement of $2.0 million of convertible debentures to Pan Atlantic Bank and Trust Ltd. The debentures have a 4-year term, pay interest at the rate of 5% per year and, at the option of the holder, are convertible into Seabridge common shares at an exercise price of $0.75 per share. The Company also has the option to force conversion of the debentures into common shares if certain share price and trading volume requirements are met. Interest for the first two years will be accrued and added to the principal.

The Company also issued 1,296,666 common shares during the 12 month period ended December 31, 2001 pursuant to the exercise of common stock purchase warrants for proceeds of $495,000; Issued 591,667 common shares for the exercise of stock options for proceeds of $212,600; and issued 1,000,000 common shares for mineral properties at a deemed value of $750,000. Additionally, the Company allotted but not yet issued 1,140,000 common shares for property acquisitions for a deemed value of $528,000.

Twelve Months Ended December 31, 2000

The Company' s working capital totaled $962,085 as of December 30, 2000 compared to $137,094 on December 31, 1999. The largest increase occurred in cash and short term deposits, which rose to $946,046 from $144,340 due to the sale of common shares. Mineral interests rose to $901,707 from $82,462 as the Company acquired additional properties as well as capitalized exploration expenditures conducted during the year. Total Liabilities remained relatively flat, with only a slight rise in current liabilities ($16,751 compared to $9,127). All of the Company' s liabilities as of 12/31/2000 were classified as current.

The Net Loss for the 12 month period ended December 31, 2000 totaled $337,757. Cash used by operating activities totaled $254,185. The Net Loss was partially offset by the non-cash charge of the Write-off of Mineral Properties of $106,379. Cash used in Investing Activities was $927,234, with most of the cash used to acquire mineral properties totaling $921,874. Acquisition of Capital Assets used $5,360 in cash. Financing Activities provided $1,983,125 in cash, all from the issuance of share capital.

Total Cash at December 31, 2000 was $946,046, an increase of $801,706 from the previous year.

For the Year, the Company expended $819,249 on its mineral properties. Acquisition costs were $484,342, while Deferred Exploration costs were $334,903. The majority of the acquisition costs were for Grassy Mountain ($443,492), and the majority of the deferred exploration was also expended at Grassy Mountain ($197,190) as the Company commissioned Gochnour to conduct an environmental review and regulatory due diligence study on the project, and at Castle/Black Rock ($88,554) where the company commissioned Bikerman Engineering and Technology to conduct an independent resource analysis. All of the Company' s mineral property acquisition costs and exploration during the year was funded by cash except for the issuance of 5,000 common shares at a deemed value of $3,750.

During the 12 month period ended December 31, 2000, the Company completed two private placements. In the first, the Company issued 1,333,333 units at a price of $0.75 per unit. Each unit consisted of one common share and one common share purchase warrant. Each warrant was convertible into one common share at a price of $0.90 until May 7, 2001 or at $1.25 from May 8, 2001 until August 7, 2002. Total proceeds were $1,000,000. In

the second private placement, the Company sold 666,667 units at $0.75. Each unit consisted of 1 common share and 1 common share purchase warrant. Each warrant was exercisable into one common share at a price of $1.25 until November 15, 2002. Total proceeds were $500,000. The Company also issued 3,300,000 common shares pursuant to the exercise of common stock purchase warrants for proceeds of $495,000, issued 145,000 common shares pursuant to the exercise of stock options for proceeds of $44,750, and issued 5,000 comm on shares for the purchase of mineral properties for a deemed value of $3,750.

Four Months Ended 12/31/1999

The Company' s working capital totaled $137,094 at August 31, 1999 compared to $194,597 as of August 31, 1999. The decrease occurred in cash, which fell to $144,340 from $205,363 as the Company began its new corporate strategy of acquiring advanced stage gold projects. Mineral Interests rose to $82,462 from zero due to new property acquisitions. Liabilities were relatively unchanged during the period, with total liabilities falling to $9,127 from $13,820. As of December 31, 1999, all the Company' s liabilities were classified as current.

The Net Loss for the four month period ended December 31, 1999 totaled $40,641. Cash used in operating activities was $44,161. Financing Activities provided $55,600 in cash, all from the issuance of share capital. Investing Activities used $72,462 in cash, with acquisition of Mineral Interests using $82,462 and refund of Reclamation Bond providing $10,000 in cash. Total cash on hand at the end of the period decreased by $61,023 to $144,340.

During the four month period ended December 31, 1999, the Company issued 340,000 common shares pursuant to the exercise of common stock options for proceeds of $55,600.

US GAAP Reconciliation with Canadian GAAP

Under U.S. GAAP, all expenditures relating to mineral interests prior to the completion of a definitive feasibility study, which establishes proven and probable reserves, must be expensed as incurred. Under Canadian GAAP, these amounts can be deferred. As such, under US GAAP, these amounts and related future tax liabilities are not recorded on the balance sheets.

The reader is advised to consult Seabridge' s audited annual financial statements for the period ending December 31, 2002, particularly Note #12, Reconciliation to United States Generally Accepted Accounting Principals, for the quantification of the differences.

Variation in Operating Results

The Company derives interest income on its bank deposits, which depend on the Company's ability to raise funds.

Management periodically, through the exploration process, reviews results both internally and externally through resource related professionals. Decisions to abandon, reduce or expand exploration efforts is based upon many factors including general and specific assessments of mineral deposits, the likelihood of increasing or decreasing those deposits, land costs, estimates of future mineral prices, potential extraction methods and costs, the likelihood of positive or negative changes to the environment, permitting, taxation, labor and capital costs. There cannot be a pre-determined hold period for any property as geological or economic circumstances render each property unique.

The Company's financial statements are stated in Canadian Dollars (CDN$) and are prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP), the application of which, in the case of the Company, conforms in all material respects for the periods presented with United States GAAP except as noted in Note 10 to the 2001 audited financial statements. The value of the Canadian Dollar in relationship to the US Dollar was $1.30 as of November 30, 2003.

Research and Development

The Company conducts no Research and Development activities, nor is it dependent upon any patents or licenses.

Trend Information

The Company knows of no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company' s operations or financial condition.

Item 6. Directors, Senior Management and Employees

Table No. 5 lists as of August 31, 2003 the names of the Directors of the Company. The Directors have served in their respective capacities since their election and/or appointment and will serve until the next Annual General Meeting or until a successor is duly elected, unless the office is vacated in accordance with the Articles/By-Laws of the Company. All Directors are citizens of Canada, except William Calhoun, Vahid Fathi, Louis Fox and Rudi Fronk, all of whom are citizens of the United States.

Table No. 5
Directors

Name	Age	Date First Elected/Appointed
James Anthony (3)	56	October 1999
Rudi Fronk	44	October 1999
Frederick Banfield (2,3)	60	October 1999
William Calhoun (2)	70	February 2000
Vahid Fathi (1,2)	54	December 1999
Henry Fenig (1)	58	November 2001
Louis Fox (1,3)	60	January 2000

(1) Member of Audit Committee.
(2) Member of Compensation Committee
(3) Member of Corporate Governance Committee

Table No. 6 lists, as of August 31, 2003 the names of the Executive Officers of the Company. The Executive Officers serve at the pleasure of the Board of Directors. All Executive Officers are citizens of the United States.

Table No. 6
Executive Officers

Name	Position	Age	Date of Appointment
Rudi Fronk	President	44	October 1999
William Threlkeld	Senior Vice President	48	November 2001

James Anthony is a financier and corporate strategist specializing in growth companies. He served as a senior policy advisor to a number of cabinet ministers and a premier before establishing a corporate strategy consultancy. He advised a number of major corporations on their positioning within their political and financial environments

and lectured at the Niagara Institute. Mr. Anthony has been President of J.S. Anthony & Company, a private investment company, since 1975 and is the past chairman of the board of Greenstone Resources Ltd. Mr. Anthony has been a Director of Seabridge since 1999 and as Chairman since 2001. Mr. Anthony spends approximately 50% of his time on Seabridge business.

Rudi Fronk has 20 years experience in the gold business, including serving as a director and senior officer of several publicly traded gold companies. He was appointed President, CEO and a Director of Seabridge in 1999 and has since that time continuously served in those roles. Mr. Fronk is the past President and Director of Greenstone Resources Ltd. from 1994 to 1999. Prior to 1994, he held positions with Columbia Resources (1992-1993), DRX Inc. (1989-1992), Behre Dolbear & Company (1986-1989), Riverside Associates (1984-1986), Phibro-Salomon (1982-1983), and Amax (1980). Mr. Fronk is a graduate of Columbia University from which he holds a Bachelor of Science in Mining Engineering and a Master of Science in Mineral Economics. Mr. Fronk spends 100% of his time on Seabridge business.

Frederick Banfield is the Founder of Mintec since 1970. Mintec is a consulting and software company that provides consulting services to the mineral industry. Mr. Banfield has also served an independent reserves auditor and mine planning advisor gold mining organizations with respect to projects in the United States, Canada, Africa, Australia and Latin America. Mr. Banfield holds an engineering degree from the Colorado School of Mines. Mr. Banfield spends less than 10% of his time on Seabridge business.

William Calhoun is President of W.M. Calhoun Inc., an independent consultant that provides consulting services to the minerals industry in the areas of mining operations, mine planning, mine design, ore reserves and environmental issues. From 1972 through 1981 Mr. Calhoun served as President and CEO of Day Mines, Inc., an American Stock Exchange Company with mining operations in the western United States that was acquired by Hecla Mining. In 1981 Mr. Calhoun's extensive public service record includes membership on President Ronald Reagan's Strategic Minerals Task Force, President Gerald Ford's Inflation Task Force; Director of the Silver Institute; Trustee of the Northwest Mining Association; Chairman of the Mining Advisors Committee to the Governors of Washington and Idaho; President of the Idaho Mining Association; Chairman of Idaho College of Mines; and numerous other civil and professional organizations. Mr. Calhoun has a Bachelo r of Science degree in Mining/Geology from the University of Texas. Mr. Calhoun spends less than 10% of his time on Seabridge business.

Dr. Vahid Fathi is Director, Stock Research, Center for Quantitative Research, at Morningstar, Inc. Chicago-based Morningstar is an independent provider of investment information. Previously Dr. Fathi was Director and Senior Mining Analyst at ABN AMRO, Inc. Dr. Fathi was named an All-Star Analyst by The Wall Street Journal in 1993, 1994, 1995, 1997 and 1999. Dr. Fathi holds a Bachelor of Science and Master of Science degrees in mining engineering from the South Dakota School of Mines & Technology. He also holds a doctorate in engineering science from Columbia University's Henry Krumb School of Mines in New York City. Dr. Fathi spends less than 10% of his time on Company business.

Henry Fenig has been the Chief Financial Officer and Vice President of Friedberg Mercantile Group Ltd. (FMG) since April 1983. FMG is a Toronto based, privately owned Investment Dealer and Futures Commission Merchant and member of the Toronto Stock Exchange. Mr. Fenig holds primary responsibility for overseeing compliance for FMG and its affiliates with all applicable Canadian and United States laws and regulations. Since December 1984, Mr. Fenig has been Executive Vice-President, Treasurer and a Director of FCMI Financial Corporation, the sole shareholder of Pan Atlantic Bank and Trust Limited. Mr. Fenig has a Bachelor of Arts degree in Economics from Yeshiva College and a Masters of Business Administration degree in International Business and Marketing from Columbia University in New York City. Mr. Fenig spends less than 10% of his time on Seabridge business.

Louis Fox has more than 25 years experience in precious metals trading, merchanting and merchant banking activities. From 1984 to 1999 Mr. Fox was a Senior Vice President of Gerald Metals, Inc., commodity trading,

refining and merchant banking firm, in Stamford, Connecticut. At Gerald Metals, Mr. Fox was the head of the company's worldwide precious metals group. Prior to Gerald Metals, from 1974 to 1981, Mr. Fox was a Vice President of J. Aron & Co., a precious metals trading firm. Following the acquisition of J. Aron & Co. by Goldman Sachs in 1981, Mr. Fox was a Vice President of Goldman Sachs through 1984. Mr. Fox holds a B.A. from the University of Pittsburgh and a J.D. from the Boston University Law School. Mr. Fox spends less than 10% of his time on Seabridge business.

William Threlkeld has served as Senior Vice President of Seabridge since November 2001, and from 2000 to 2001 acted as a technical consultant to the Company. From 1997 to 2000 he was Vice President, Exploration for Greenstone Resources Ltd. and was responsible for resource delineation on three Central American gold deposits and development of an organization and strategy to identify new mineral investments. From 1991 to 1997, Mr. Threlkeld was Exploration Manager and Vice President of Placer Dome and was responsible for all of Placer Dome' s exploration activity and investment in Latin America. Mr. Threlkeld obtained his MSc in Economic Geology from the University of Western Ontario. Mr. Threlkeld spends 100% of his time on Seabridge business.

No Director and/or Executive Officer has been the subject of any order, judgment, or decree of any governmental agency or administrator or of any court or competent jurisdiction, revoking or suspending for cause any license, permit or other authority of such person or of any corporation of which he is a Director and/or Executive Officer, to engage in the securities business or in the sale of a particular security or temporarily or permanently restraining or enjoining any such person or any corporation of which he is an officer or director from engaging in or continuing any conduct, practice, or employment in connection with the purchase or sale of securities, or convicting such person of any felony or misdemeanor involving a security or any aspect of the securities business or of theft or of any felony.

There are no arrangements or understandings between any two or more Directors or Executive Officers, pursuant to which he was selected as a Director or Executive Officer. There are no family relationships between any Directors or Executive Officers.

COMPENSATION

The Company had no arrangements pursuant to which directors are compensated by the Company or its subsidiaries for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed fiscal year.

During 2003 the Company adopted a formalized stock option plan for the granting of incentive stock options during the most recently completed fiscal year. To assist the Company in compensating, attracting, retaining and motivating personnel, the Company grants stock options to Directors, Executive Officers and employees; refer to ITEM #10, "Stock Options".

Table No. 7 sets forth the compensation paid to the Company' s executive officers and members of its administrative body during the last three fiscal years.

Table No. 7
Summary Compensation Table
All Figures in Canadian Dollars unless otherwise noted

Name	Year	Salary	Options Granted (1)	Other Compensation
Rudi Fronk, President/Director	2002 2001 2000	$150,000 $120,000 $120,000	250,000 300,000 20,000	$17,234 (2) Nil Nil
James Anthony,	2002	Nil	250,000	Nil

Chairman	2001 2000	Nil Nil	65,000 35,000	Nil Nil
Frederick Banfield, Director	2002 2001 2000	Nil Nil Nil	25,000 50,000 Nil	Nil Nil Nil
William Calhoun, Director	2002 2001 2000	Nil Nil Nil	25,000 Nil 30,000	Nil Nil Nil
Vahid Fathi, Director	2002 2001 2000	Nil Nil Nil	30,000 66,667 5,000	Nil Nil Nil
Henry Fenig, Director	2002 2001 2000	Nil Nil Nil	30,000 50,000 Nil	Nil Nil Nil
Louis Fox, Director	2002 2001 2000	Nil Nil Nil	25,000 Nil 50,000	Nil Nil Nil
William Threlkeld, Senior VP	2002 2001 2000	Nil Nil Nil	50,000 Nil 100,000	124,280 72,680 26,050
Cynthia Avelino, Former Secretary and Director (2)	2002 2001 2000	Nil Nil Nil	15,000 25,000 45,000	Nil Nil Nil
Mike Magrum, Former Director (3)	2002 2001 2000	N/A Nil Nil	N/A 20,000 48,000	N/A Nil 7,500

(1) The stock options were granted under the stock option plans which are described under “Item 10: Stock Options”
(2) The “Other Compensation” listed for Rudi Fronk, President, relate to certain educational expenses for Mr. Fronk’ s children reimbursed to Mr. Fronk by the Corporation.
(3) Ms. Avelino resigned as an officer and director in November 2002.
(4) Mr. Magrum resigned as a director in November, 2001.

No funds were set aside or accrued by the Company during Fiscal 2002 to provide pension, retirement or similar benefits for Directors or Executive Officers.

Staffing

The Company currently has 2 employees and 2 executive officers.

Share Ownership

The Registrant is a publicly owned Canadian corporation, the shares of which are owned by U.S. residents, Canadian residents and other foreign residents. The Registrant is not controlled by another corporation as described below.

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Table No. 8 lists, as of January 31, 2004, Directors and Executive Officers who beneficially own the Registrant's voting securities and the amount of the Registrant's voting securities owned by the Directors and Executive Officers as a group.

Table No. 8
Shareholdings of Directors and Executive Officers

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common	James Anthony (1)	1,163,125	4.15%
Common	Rudi Fronk (2)	1,333,900	4.74%
Common	Frederick Banfield (3)	145,000	0.52%
Common	William Calhoun (4)	108,334	0.39%
Common	Vahid Fathi (5)	271,667	0.98%
Common	Henry Fenig (6)	80,000	0.29%
Common	Louis Fox (7)	250,000	0.90%
Common	William Threlkeld (8)	369,700	1.32%
Total Directors/Officers		**3,721,726**	**12.68%**

(1) Of these shares 200,000 represent currently exercisable share purchase options; 200,000 represent share purchase options subject to certain vesting requirements; 105,000 shares are held indirectly in the name of Suma Investments Inc. and 233,334 shares are held indirectly in the name of The Foundation for the Study of Objective Art.
(2) Of these shares 298,900 represent currently exercisable share purchase options and 200,000 represent share purchase options subject to certain vesting requirements.
(3) Of these shares 75,000 represent currently exercisable share purchase options.
(4) Of these shares 95,000 represent currently exercisable share purchase options.
(5) Of these shares 130,000 represent currently exercisable share purchase options.
(6) Of these shares 80,000 represent currently exercisable share purchase options.
(7) Of these shares 75,000 represent currently exercisable share purchase options.
(8) Of these shares, 150,000 represent currently exercisable share purchase options and 200,000 represent share purchase options subject to certain vesting requirements.

Percent of Class number is based on 27,649,785 shares outstanding as of January 31, 2004 and Stock options held by each beneficial holder exercisable within sixty days as detailed in Table Number 11, “Stock Options Outstanding” below.

Based upon information provided by the Company’ s transfer agent, as of May 1, 2003, approximately 24.7% of the Company’ s common shares were held by US residents.

Item 7. Major Shareholders and Related Party Transactions

As of August 31, 2003 Pan Atlantic Bank and Trust Ltd. owned 4,752,652 shares of the Company representing 18.6% of the outstanding shares of the Company. In addition, as of August 31, 2003, Principals of, and funds managed by, the Friedberg Mercantile Group Ltd. owned 1,096,400 shares of the Company representing 4.0% of the outstanding shares of the Company. Pan Atlantic Bank and Trust Ltd. and Friedberg Mercantile Group Ltd. are ultimately beneficially owned and controlled by Albert D. Friedberg and members of his immediate family. The

Company is not aware of any other person/company who beneficially owns 5% or more of the Registrant's voting securities.

No shareholders of the Company have different voting rights from any other shareholder.

INTEREST OF MANAGEMENT IN CERTAIN TRANSACTIONS

During the latest nine-month period ended September 30, 2003, Mintec, Inc., a private company controlled by Fred Banfield, a Director of Seabridge, was paid US$6,000 for technical services provided by his company related to the mineral properties. These technical services were for computer software for geologic modeling, reserve estimation, mine planning and database management. The Company negotiated the agreement at arms length, after the Company reviewed all available software in the marketplace and determined that the agreement negotiated with Mintec was the most cost effective available.

Pan Atlantic Bank and Trust Ltd. has been an investor in 2 convertible debt offerings and one private placement of common shares by Seabridge. Pan Atlantic Bank and Trust Ltd.' s sole shareholder is FMCI Financial Corporation. Henry Fenig, Director of Seabridge, serves as Executive Vice-President, Treasurer and a Director of FMCI.

None of the Company' s interests in its Mineral Properties were acquired from affiliates.

Item 8. Financial Information

The financial statements as required under ITEM #8 are attached hereto and found immediately following the text of this Registration Statement. The audit report of KPMG LLP, Chartered Accountants, and G. Ross McDonald, Chartered Accountant, is included herein immediately preceding the financial statements and schedules.

There have been no significant changes of financial condition since the most recent financial statements dated September 30, 2003.

Item 9. Offer and Listing of Securities

As of December 31, 2002, the authorized capital of the Company consisted of an unlimited number of common shares without par value and an unlimited number of preferred shares, each issuable in series. There were 23,254,913 common shares issued and outstanding as of December 31, 2002, the end of the Company' s most recent fiscal year. No preferred shares were issued and outstanding as of that date.

NATURE OF TRADING MARKET

The Company's common shares are issued in registered form and the following information is taken from the records of Computershare Trust Company of Canada. Computershare is located at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, V6C 3B9.

On May 1, 2003, the shareholders' list for the Company's common shares showed 192 registered shareholders and 25,536,185 shares issued and outstanding.

The Company has researched the indirect holding by depository institutions and estimates that there are 82 holders of record in Canada and 105 holders of record resident in the United States. The U.S. shareholders hold 6,514,864 shares or 24% of the total shares issued and outstanding.

Based on this research and other research into the indirect holdings of other financial institutions, the Company believes that it has in excess of 500 beneficial owners of its common shares.

The Company's common shares are not registered to trade in the United States in the form of American Depository Receipts (ADR's) or similar certificates.

The Company has not declared any dividends on its common shares for the last five years and does not anticipate that it will do so in the foreseeable future. The present policy of the Company is to retain future earnings for use in its operations and the expansion of its business.

The Company's common shares began trading on the Vancouver Stock Exchange (now the TSX Venture Exchange) in Vancouver, British Columbia, Canada in Sept 1979. The current stock symbol is "SEA", and the CUSIP number is #811916105.

Table No. 9 lists the volume of trading and high, low and closing sales prices on the TSX Venture Exchange for the Company's common shares over the disclosed periods for the last ten fiscal quarters.

Table No. 9
TSX Venture Exchange
Common Shares Trading Activity

Period	Average Daily Volume	- Sales - Canadian Dollars High	Low	Close
January 2004	44,619	$6.00	$4.63	$4.75
December 2003	40,592	$5.50	$4.26	$5.30
November 2003	64,028	$4.75	$3.35	$4.60
October 2003	58,867	$4.00	$3.25	$3.92
September 2003	67,812	$4.28	$3.00	$4.00
August 2003	28,837	$3.11	$2.55	$3.09
Three Months Ended December 31, 2003	54,495	$5.50	$3.25	$5.30
Three Months Ended September 30, 2003	46,429	$4.28	$1.86	$4.00
Three Months Ended June 30, 2003	26,589	$2.60	$2.01	$2.12
Three Months Ended March 31, 2003		$3.56	$2.02	$2.55
Three Months Ended December 31, 2002		$3.44	$1.84	$3.39
Three Months Ended September 30, 2002		$3.10	$1.50	$2.35
Three Months Ended June 30, 2002		$3.70	$0.70	$2.90
Three Months Ended March 31, 2002		$1.15	$0.38	$0.96
Three Months Ended December 31, 2001		$0.59	$0.40	$0.40
Three Months Ended September 30, 2001		$0.65	$0.44	$0.46
Three Months Ended June 30, 2001		$1.00	$0.45	$0.57
Three Months Ended March 31, 2001		$0.75	$0.40	$0.58
Fiscal Year Ended December 31, 2002		$3.70	$0.38	$3.39
Fiscal Year Ended December 31, 2001		$1.00	$0.40	$0.40
Fiscal Year Ended December 31, 2000		$1.60	$0.41	$0.70
Fiscal Year Ended December 31, 1999		$0.85	$0.17	$0.60
Fiscal Year Ended December 31, 1998		$0.90	$0.15	$0.21

All stock price trading data for dates before May 19, 1998 have been adjusted to reflect a 1 for 10 reverse stock split.

Table No. 10 lists, as of August 31, 2003, share purchase warrants outstanding, the exercise price, and the expiration date of the share purchase warrants.

Table 10
Share Purchase Warrants Outstanding

Number of Share Purchase Warrants Outstanding	Exercise Price/share	Expiration Date
512,500	$2.50/$3.00	June 20, 2005
512,500		

The 512,500 share purchase warrants expiring June 20, 2003 are exercisable at $2.50 until June 20, 2004 and at $3.00 until June 20, 2005.

Convertible Debentures

The Company has issued 2 series of Convertible Debentures which it has subsequently redeemed through the issuance of common shares. All the debentures were issued to Pan Atlantic Bank and Trust Ltd., whose sole shareholder is FMCI Financial Corporation. Henry Fenig, Director of Seabridge, serves as Executive Vice-President, Treasurer and a Director of FCMI.

The first series was sold on November 7, 2001. The Company sold 2,000,000 debentures at $1.00 each for proceeds of $2,000,000. The debentures had a 4-year term, paid interest at the rate of 5% per year and, at the option of the holder, were convertible into Seabridge common shares at an exercise price of $0.75 per share. Interest for the first two years was to be accrued and added to the principal. Seabridge had the option to force conversion of the debentures into common shares if the closing market price of the Company' s common shares on the Canadian Venture Exchange, or such other exchange on which the Company' s shares may trade at that time, exceeds $1.34 for 15 consecutive trading days, and if the aggregate trading volume of the Company' s common shares over such 15 day trading period is not less than 1,400,000 shares. On November 29, 2002 the Company exercised its right to convert $2,000,000 in convertible debentures pl us accrued interest of $102,535 into common shares at the conversion rate $0.75 per share resulting in the issuance of 2,803,380 of common shares to Pan Atlantic Bank and Trust Limited.

The second series was sold to Pan Atlantic on April 10, 2002. The Company sold 800,000 debentures at $1.00 each for proceeds of 800,000. The debentures pay interest at 5% per year and, at the option of the holder, can convert to common shares of the Company at the exercise price of $0.80 for the first two years, $0.90 for the third year and $1.00 per share in the fourth year. Interest for the first two years is to be accrued and added to the principal amount. Seabridge has the option to force conversion of the debenture into common shares if the closing market price of the Company' s common shares on the Canadian Venture Exchange, or such other exchange on which the Company' s shares may trade at that time, exceeds $1.34 for 15 consecutive trading days, and if the aggregate trading volume of the Company' s common shares over such 15 day trading period is not less than 1,400,000 shares. During the six months ended June 30, 2003, the Company redeemed the $800,000 value of the debenture as well as $41,018 of accrued interest through the issuance of 1,051,272 common shares.

American Depository Receipts. Not applicable.
Other Securities to be Registered. Not applicable

The TSX Venture Exchange

The TSX Venture Exchange ("CDNX") is a result of the acquisition of the Canadian Venture Exchange by the Toronto Stock Exchange.

The Canadian Venture Exchange was a result of the merger between the Vancouver Stock Exchange and the Alberta Stock Exchange which took place on November 29, 1999. On August 1, 2001, the Toronto Stock Exchange completed its purchase of the Canadian Venture Exchange from its member firms and renamed the Exchange the TSX Venture Exchange. The CDNX currently operates as a complementary but independent exchange from its parent.

The initial roster of the CDNX was made up of venture companies previously listed on the Vancouver Stock Exchange or the Alberta Stock Exchange and later incorporated junior listings from the Toronto, Montreal and Winnipeg Stock Exchanges. The CDNX is a venture market as compared to the Toronto Stock Exchange which is Canada' s senior market and the Montreal Exchange which is Canada' s market for derivatives products.

The CDNX currently has five service centers: Calgary, Toronto, Vancouver, Winnipeg and Montreal. These service centers provide corporate finance, surveillance and marketing expertise. The corporate office for the CDNX is located in Calgary and the operations office is located in Vancouver.

The CDNX is a self-regulating organization owned and operated by the TSX Group. It is governed by representatives of its member firms and the public.

The TSX Group acts as a business link between TSX Venture Exchange members, listed companies and investors. CDNX policies and procedures are designed to accommodate companies still in their formative stages and recognize those that are more established. Listings are predominately small and medium sized companies.

Regulation of the TSX Venture Exchange, its member firms and its listed companies is the responsibility of Market Regulation Services Inc. ("RS") which was created as a joint initiative of The Toronto Stock Exchange Inc. and the Investment Dealers Association of Canada.

RS is recognized as a self-regulatory entity in the provinces of British Columbia, Alberta, Manitoba, Ontario and Quebec. As a Regulation Service Provider, RS provides independent regulation services to marketplaces (existing exchanges, quotation and trade reporting systems (QTRSs) and alternative trading systems (ATSs) and their participants in Canada that contract with RS Inc. for the provision of regulation services. As a national regulator for the Canadian marketplace, it is the first independent regulator of its kind for the Canadian securities market.

RS administers, oversees and enforces the Universal Market Integrity Rules ("UMIR"). To ensure compliance with UMIR, RS monitors real-time trading operations and market-related activities of marketplaces and participants. RS also enforces compliance with UMIR by investigating alleged rule violations and administering any settlements and hearings that may arise in respect of such violations.

RS's areas of responsibility include Market Surveillance; Operations and General Counsel (Market Policy); and Investigations and Enforcement.

The Market Surveillance division monitors all securities trading for compliance with the Universal Market Integrity Rules and marketplace specific rules. Market Surveillance also investigates irregularities and complaints relating to trading on marketplaces for which RS acts as regulation services provider to ensure a fair and orderly marketplace for all participants. This division is responsible for market supervision, which includes monitoring trading activity and timely disclosure, as well as preliminary investigations and trade desk compliance.

The market surveillance department issues CDNX notices to inform the public of halts, suspensions, delistings, and other enforcement actions. All CDNX notices can be found on the TSE/TSX website at www.tse.com. In the public interest, trading halts or suspensions are maintained until the surveillance department is satisfied that there is adequate disclosure of the company' s affairs and a level playing field for investors. By Exchange policy, the department also reviews and approves certain types of transactions for all TSX listed companies. These types of transactions includes option grants, private placements and other share issuances, mergers and acquisitions, property-asset acquisitions and dispositions, loans, bonuses and finder' s fees, changes of business, name changes, stock splits, and related party transactions. If the Exchange' s review of such transactions finds them to be contrary to the public interest or is in violation of policy, approval for the transaction will be denied and any action taken by the company towards the completion of the transaction must be reversed.

The Operations and General Counsel division is responsible for the development and implementation UMIR as well as providing interpretations of, or exemptions from, UMIR with the goal of promoting market integrity. This division also coordinates all operational activities of RS including strategic planning and overall organizational matters. Finally, the General Counsel's office of this division is responsible for all legal services and matters relating to RS's Board of Directors.

The Investigation and Enforcement division is responsible for conducting investigations and prosecutions of violations of the UMIR and Policies and market integrity and market quality rules specific to the TSX Venture Exchange. Functions of this division include Investigations, Enforcement and Investigative Research.

a) Investigations
Investigations focus on activities that may be in breach of the UMIR and/or the rules of the TSX Venture Exchange. The types of violations frequently investigated include high closings, market manipulation, client priority trading violations, unapproved trading, trading in restricted securities and conduct inconsistent with the just and equitable principles of trade.

Requests for investigations come primarily from the Market Surveillance division of RS. Other sources include the provincial securities commissions, the Operations and General Counsel division, marketplaces, and in some instances, the general public. Investigators also lend assistance to investigations conducted by provincial securities commissions.

b) Enforcement
Once an investigation is complete and a decision has been made to proceed with a prosecution a statement of allegations is served upon the concerned party which references the rule or rules alleged to have been in violation. An Offer of Settlement is also presented to the concerned party, who can either accept or reject the Offer of Settlement. If accepted, the Offer of Settlement must be approved by a hearing panel of RS. The hearing panel may accept the Offer of Settlement or reject it. If the Offer of Settlement is rejected by either the concerned party or by a settlement hearing panel, a Notice of Hearing is issued and served upon the concerned party and the matter proceeds to a hearing before a hearing panel. If the hearing panel determines that an applicable requirement has been violated, it may impose a range of penalties, including a reprimand, a fine, or the restriction, suspension or revocation of access to a marketplace. After a ll hearings, there is an official public notification concerning the outcome of the hearing and the penalty or remedy imposed.

c) Investigative Research
The Investigative Research Division performs in-depth corporate research relating to officers, directors, and significant shareholders of organizations applying to list securities on the TSX Venture Exchange, or applying to obtain access to the marketplace's trading systems. Due diligence is a major function of the Enforcement division. The overall goal is to improve communication and to raise the standards of compliance in the securities trading industry.

Investors in Canada are protected by the Canadian Investor Protection Fund ("CIPF"). The CIPF is a private trust fund established to protect customers in the event of the insolvency of a member of any of the following Self-Regulatory Organizations: the TSX Venture Exchange, the Montreal Exchange, the Toronto Stock Exchange, the Toronto Futures Exchange and the Investment Dealers Association of Canada.

United States Market

Upon this Registration Statement being declared effective, the Company will be subject to the reporting obligations and requirements under the Exchange Act of 1934. However, as a Foreign Private Issuer, the Company will be exempt from sections 14(a), 14(b), 14(c), 14(f) and 16 of the Act, which includes the Proxy Rules of Section 14 and the Short-Swing Profit Rules of Section 16.

LEGAL PROCEEDINGS

The Company knows of no material, active or pending, legal proceedings against it; nor is the Company involved as a plaintiff in any material proceeding or pending litigation.

The Company knows of no active or pending proceedings against anyone that might materially adversely affect an interest of the Company.

Item 10. Additional Information

The Company has, in part, financed its operations through the issuance of common shares through private placement, the exercise of warrants issued in the private placements, and the exercise of stock options. The changes in the Company' s share capital during the nine month period ending September 30, 2003 and the last 3 fiscal years are as follows:

In 2003, the Company arranged a private placement of 1,025,000 Units at a price of $2.25 per unit. Each unit consists of 1 common share and ½ of a common share purchase warrant with each full warrant exercisable until June 20, 2005 for $2.50 until June 20, 2004 and for $3.00 thereafter. The gross proceeds totaled $2.3 million. The Company also issued 1,797,500 common shares pursuant to the exercise of common share purchase warrants for proceeds of $3,465,250, issued 55,000 common shares upon the exercise of options for proceeds of $48,200, and issued 1,051,272 of common shares upon the forced conversion of a $0.8 million convertible debenture and accrued interest.

Subsequent to the latest nine month period ended September 30, 2003, the Company completed two separate private placements of flow-through common shares. The first placement was 240,000 flow-through common shares at a price of $4.20 for proceeds of $1,000,000 and was completed on November 11. The second placement was 125,000 flow-through common shares at a price of $4.80 for proceeds of $600,000 and was completed on December 17. The Company intends to use the proceeds from the placements to fund exploration at the Company' s Courageous Lake gold project.

In 2002, the Company arranged a private placement of 3,200,000 Units at a price of $1.70 per unit. Each unit consists of 1 common share and ½ of a common share purchase warrant with each full warrant exercisable for one year at $1.90. The gross proceeds totaled $5.44 million. Also during the period the Company arranged a convertible debenture financing for $800,000 to Pan American Bank and Trust Ltd. The debenture pays interest at 5% per year and, at the option of the holder, can convert to common shares of the Company at the exercise price of $0.80 for the first two years, $0.90 for the third year and $1.00 per share in the fourth year. Interest for the first two years is to be accrued and added to the principal amount. The Company has the option to force conversion of the debenture into common shares if certain share price and trading volume thresholds are met. The Company also issued 1,110,834 common shares pursuant to the exercise of common share purchase warrants for proceeds

of $1,453,418, issued 610,000 common shares upon the exercise of options for proceeds of $384,750, and issued 2,803,380 of common shares upon the forced conversion of a $2.0 million convertible debenture and accrued interest.

In 2001, the Company closed a private placement of $2.0 million of convertible debentures to Pan Atlantic Bank and Trust Ltd. The debentures have a 4-year term, pay interest at the rate of 5% per year and, at the option of the holder, are convertible into Seabridge common shares at an exercise price of $0.75 per share. The Company also has the option to force conversion of the debentures into common shares if certain share price and trading volume requirements are met. Interest for the first two years will be accrued and added to the principal. The Company also issued 1,296,666 common shares during the period pursuant to the exercise of common stock purchase warrants for proceeds of $778,000; Issued 591,667 common shares for the exercise of stock options for proceeds of $212,600; and issued 1,000,000 common shares for mineral properties at a deemed value of $750,000. Additionally, the Company allotted but not yet issued 1,140,000 common sh ares for property acquisitions for a deemed value of $528,000.

In 2000, the Company completed two private placements. In the first, the Company issued 666.667 units at a price of $0.75 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant is convertible into one common share at a price of $0.90 until May 7, 2001 or at $1.25 from May 8, 2001 until August 7, 2002. Total proceeds were $1,000,000. In the second private placement, the Company sold 1,333,333 units at $0.75. Each unit consists of 1 common share and 1 common share purchase warrant. Each warrant is exercisable into one common share at a price of $1.25 until November 15, 2002. Total proceeds were $500,000. The Company also issued 3,300,000 common shares pursuant to the exercise of common stock purchase warrants for proceeds of $495,000, issued 145,000 common shares pursuant to the exercise of stock options for proceeds of $44,750, and issued 5,000 common shares for the purchase of mineral propertie s for a deemed value of $3,750.

Stock Options

In August 2002, the TSX Venture Exchange adopted a new stock option policy which requires all listed companies to implement a stock option plan at their next annual general meeting. Accordingly, the Board of Directors of the Company adopted a new stock option plan (the "Stock Option Plan") effective May 2, 2003, subject to acceptance by the TSX Venture Exchange (the "Exchange") and the shareholders of the Corporation. In June, 2003 the Stock Option Plan was approved by the Company' s shareholders. The purpose of the Stock Option Plan is to allow the Company to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of the Corporation. The granting of such options is intended to align the interests of such persons with that of the shareholders. Under the Stock Option Plan, options will be exercisable over periods of up to 5 years (not the 10 years permitted by the Exchange) as determined by the Board of Directors of the Company and are required to have an exercise price no less than the closing market price of the Company's shares prevailing on the day that the option is granted (not at a discount of up to 25% as permitted by the Exchange). Pursuant to the Stock Option Plan, the Board of Directors may from time to time authorize the issue of options to directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries. The maximum number of common shares which may be issued pursuant to options granted under the Stock Option Plan and all of the Company' s other previously established or proposed share compensation arrangements is 2,800,000 shares in the capital of the Company, being approximately 10% of the Company's outstanding common shares on a fully diluted basis. I n addition, the number of shares which may be reserved for issuance:

(a) to all optionees under the Stock Option Plan in aggregate shall not exceed 10% of the issued shares of the Company on the date of grant; and

(b) to any one individual may not exceed:
    (i) 5% of the issued shares on a yearly basis; and

(ii) 2% of the issued shares on a yearly basis if the optionee is engaged in investor relations activities or is a consultant.

The Company has adopted the new recommendations of CICA Handbook Section 3870, "Stock-based compensation and other stock-based payments", effective January 1, 2002. This Section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services and applies to transactions, including non-reciprocal transactions, in which an enterprise grants shares of common stock, stock options, or other equity instruments, or incurs liabilities based on the price of common stock or other equity instruments. This Section sets out a fair value based method of accounting and is required for certain stock-based transactions and applied to awards granted on or after January 1, 2002. The Company, as permitted by Handbook Section 3870, has elected to account for all stock options by applying the fair value based method of accounting. Options are valued using the Black Scholes option pricing model. The resulting value is recorded in income over the vesting period of the option

The names and titles of the Directors/Executive Officers of the Registrant to whom outstanding stock options have been granted and the number of common shares subject to such options are set forth in Table No. 11 as of January 31, 2004, as well as the number of options granted to Directors and all employees as a group.

Table No. 11
Stock Options Outstanding

Name	Number of Shares of Common Stock		CDN$ Exer. Price	Expiration Date
James Anthony,	50,000		$0.70	May 17, 2006
Chairman	72,000		$0.70	May 28, 2006
	28,000		$0.88	February 17, 2007
	50,000		$2.90	July 1, 2007
	200,000	(1)	$2.20	August 19, 2007
Rudi Fronk,	248,900		$0.70	May 17, 2006
President/Director	50,000		$2.90	July 1, 2007
	200,000	(1)	$2.20	August 19, 2007
Frederick Banfield,	50,000		$0.60	May 17, 2006
Director	25,000		$2.90	July 1, 2007
William Calhoun,	30,000		$1.00	February 21, 2005
Director	40,000		$2.58	May 30, 2007
	25,000		$2.90	July 1, 2007
Vahid Fathi,	45,000		$0.67	December 7, 2004
Director	5,000		$0.60	January 10, 2005
	33,333		$0.60	June 12, 2006
	16,667		$0.60	August 13, 2006
	30,000		$2.90	July 1, 2007
Henry Fenig,	50,000		$0.60	November 5, 2006
Director	30,000		$2.90	July 1, 2007
Louis Fox,	50,000		$1.00	February 21, 2005
Director	25,000		$2.90	July 1, 207
William Threlkeld,				
Senior Vice President	50,000		$0.75	September 18, 2005
	50,000		$0.88	February 17, 2007

	50,000		$2.90	July 1, 2007
	200,000	(1)	$2.20	August 19, 2007
Employees and Consultants	25,000		$0.75	September 18, 2005
	10,000		$0.60	January 28, 2007
	55,000		$2.90	July 1, 2007
	10,000		$2.58	December 18, 2007
	15,000		$2.08	June 3, 2008
	45,000		$2.85	August 12, 2008
	50,000		$3.82	October 28, 2008
	37,500		$5.65	January 14, 2009
Total Officers and Directors (8 persons)	**1,703,900**			
Total Employees and Consultants	**247,500**			
Total Officers/Directors/Employees And Consultants	**1,951,400**			

(1) In August 2002 the Company announced new vesting policy for options granted to directors and senior management. New option grants to directors and senior management are subject to a two-tiered vesting policy designed to better align option compensation with the interests of shareholders. Pursuant to this new policy, in August 2002 the Board granted 600,000 options to senior management in lieu of market rate salaries. These option grants require a $6.00 share price for 10 successive days for the first third to vest, a $9.00 share price for the second third and a $12.00 share price for the final third. Once the share price has met the first test, the Company' s share price performance must exceed the Toronto Stock Exchange Canadian Gold Index by more than 20% over the preceding six months or these options will be cancelled.

Of the 1,951,400 stock options outstanding as of January 31, 2004, 855,000 stock options were held by ten U.S. residents.

Memorandum and Articles of Association

There are no restrictions on the business the company may carry on in the Articles of Incorporation.

Under the Company' s articles of association and bylaws a director is not allowed to vote on any such transaction or contract with the Company in which he is interested except:

a) any such contract or transaction relating to a loan to the Company;
b) Any contract or transaction made or to be made with, or for the benefit of a holding corporation or a subsidiary corporation of which the Director is a director;
c) Any contract by a director to subscribe for or underwrite shares or debentures to be issued by the Company or subsidiary of the Company, or any contract, arrangement or transaction in which a Director is directly or indirectly interested if all the other Directors are also interested in the contract, arrangement or transaction;
d) Determining the remuneration of the Directors;
e) Purchasing and maintaining insurance to cover Directors against liability incurred by them as Directors;
f) The indemnification of any Director by the Company.

The Company' s articles of association and bylaws do not allow directors, in the absence of an independent quorum, to conduct business, including to vote compensation to themselves or any members of their body.

Part 8 of the Company' s bylaws address the borrowing powers of the directors. The borrowing powers are summarized as follows:

The Directors may, from time to time on behalf of the Company:

a. borrow money in such manner and amount, on such security from such sources and upon such terms and conditions as they think fit;
b. issue bonds or other debt instruments outright or as security for any liability or obligation for either the Company or any other person;
c. mortgage any part or the whole of any property or assets of the Company;

There are no age limit requirements pertaining to the retirement or non-retirement of directors.

A director need not be a shareholder of the Company.

The rights, preferences and restrictions attaching to each class of the Company' s shares are as follows:

Common Shares

The authorized shares of common stock of the Company are of the same class and, once issued, rank equally as to dividends, voting powers, and participation in assets. Holders of common stock are entitled to one vote for each share held of record on all matters to be acted upon by the shareholders. Holders of common stock are entitled to receive such dividends as may be declared from time to time by the Board of Directors, in its discretion, out of funds legally available therefore.

Upon liquidation, dissolution or winding up of the Company, holders of common stock are entitled to receive pro rata the assets of Company, if any, remaining after payments of all debts and liabilities. No shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights and no provisions for redemption or purchase for cancellation, surrender, or sinking or purchase funds.

The Company may by special resolution, create, define, and attach special rights or restrictions on any shares and by special resolution and by otherwise complying with any applicable provision of its Memorandum or these Articles to vary or abrogate any special rights and restrictions attached to any shares, but no right or special right attached to any issued shares shall be prejudiced or interfered with unless all members holding shares of each affected class consent thereto in writing, or unless a resolution consenting thereto is passed at a separate class meeting of the holders of the shares of each such class by a majority of three-fourths, or such greater majority as may be specified by the special rights attached to the class of shares, or the issued shares of each such class.

An annual general meeting shall be held once every calendar year at such time (not being more than 13 months after holding the last preceding annual meeting) and place as may be determined by the Directors. The Directors may, as they see fit, to convene an extraordinary general meeting. An extraordinary general meeting, if requisitioned in accordance with the Company Act, shall be convened by the Directors or, if not convened by the Directors, may be convened by the requisitionists as provided in the Company Act.

There are no limitations upon the rights to own securities.

There are no provisions that would have the effect of delaying, deferring, or preventing a change in control of the Company.

There is no special ownership threshold above which an ownership position must be disclosed.

Material Contracts

The Company considers the following as material contracts, which have been entered into by the Company which are currently in effect:

1. Agreement for the purchase and sale of the Red Mountain Project and Willoughby Joint Venture between Seabridge and North American Metals Corp.
2. Agreement between the Company and Platoro West Incorporated covering the Castle/Black Rock project;
3. Agreement between the Company and Platoro West Incorporated covering the Hog Ranch project;
4. Agreement between the Company and Placer Dome covering the Kerr/Sulphurets project;
5. Agreement between the Company and Atlas covering the Grassy Mountain project;
6. Agreement between the Company and Quartz Mountain Resources covering the Quartz Mountain project.
7. Agreement between the Company and Noranda Inc. covering the Kerr/Sulpurets project.
8. Agreement between the Company, Newmont Canada and Total Resources covering the Courageous Lake project.

Details and a discussion of each material contract are given in the detailed property section contained in Item 4 of this Registration Statement.

EXCHANGE CONTROLS AND OTHER LIMITATIONS AFFECTING SECURITY HOLDERS

Except as discussed in ITEM #9, the Company is not aware of any Canadian federal or provincial laws, decrees, or regulations that restrict the export or import of capital, including foreign exchange controls, or that affect the remittance of dividends, interest or other payments to non-Canadian holders of the common shares. There are no limitations on the right of non-Canadian owners to hold or vote the common shares imposed by Canadian federal or provincial law or by the charter or other constituent documents of the Company.

The *Investment Canada Act* (the *"IC Ac*t") governs acquisitions of Canadian business by a non-Canadian person or entity. The *IC Act* requires a non-Canadian (as defined in the *IC Ac*t) making an investment to acquire control of a Canadian business, the gross assets of which exceed certain defined threshold levels, to file an application for review with the Investment Review Division of Industry Canada. The *IC Act* provides, among other things, for a review of an investment in the event of acquisition of "control" in certain Canadian businesses in the following circumstances:

1. If the investor is a non-Canadian and is a national of a country belonging to the North American Free Trade Agreement ("NAFTA") and/or the World Trade Organization ("WTO") ("NAFTA or WTO National"), any direct acquisition having an asset value exceeding $179,000,000 is reviewable. This amount is subject to an annual adjustment on the basis of a prescribed formula in the *IC Act* to reflect inflation and real growth within Canada. This threshold level does not apply in certain sections of Canadian industry, such as uranium, financial services (except insurance), transportation services and cultural services (i.e. the publication, distribution or sale of books, magazines, periodicals (other than printing or typesetting businesses), music in print or machine readable form, radio, television, cable and satellite services; the publication, distribution, sale or exhibition of film or video recordings on audio or video music recordings), to which lower thresholds as prescribed in the *IC Act* are applicable.

2. If the investor is a non-Canadian and is not a NAFTA or WTO National, any direct acquisition having an asset value exceeding $5,000,000 and any indirect acquisition having an asset value exceeding $50,000,000 is reviewable.

3. If the investor is a non-Canadian and is NAFTA or WTO National, an indirect acquisition of control is reviewable if the value of the assets of the business located in Canada represents more than 50% of the asset value of the transaction or the business is involved in uranium, financial services, transportation services or cultural services (as set forth above).

Finally, certain transactions prescribed in the *IC Act* are exempted from review altogether.

In the context of the Company, in essence, three methods of acquiring control of a Canadian business are regulated by the *IC Ac*t: (i) the acquisition of all or substantially all of the assets used in carrying on business in Canada; (ii) the acquisition, directly or indirectly, of voting shares of a Canadian corporation carrying on business in Canada; or (iii) the acquisition of voting shares of an entity which controls, directly or indirectly, another entity carrying on business in Canada.

An acquisition of a majority of the voting shares of a Canadian entity, including a corporation, is deemed to be an acquisition of control under the *IC Ac*t. However, under the *IC Ac*t, there is a rebuttable presumption that control is acquired if one-third of the voting shares of a Canadian corporation or an equivalent undivided interest in the voting shares of such corporation are held by a non-Canadian person or entity. An acquisition of less than one-third of the voting shares of a Canadian corporation is deemed not to be an acquisition of control. An acquisition of less than a majority, but one-third or more, of the voting shares of a Canadian corporation is presumed to be an acquisition of control unless it can be established that, on the acquisition, the Canadian corporation is not, in fact, controlled by the acquirer through the ownership of voting shares. For partnerships, trusts, joint ventures or ot her unincorporated Canadian entities, an acquisition of less than a majority of the voting interests is deemed not to be an acquisition of control.

In addition, if a Canadian corporation is controlled by a non-Canadian, the acquisition of control of any other Canadian corporation by such corporation may be subject to the prior approval of the Investment Review Division, unless it can be established that the Canadian corporation is not in fact controlled by the acquirer through the ownership of voting shares.

Where an investment is reviewable under the *IC Ac*t, the investment may not be implemented unless it is likely to be of net benefit to Canada. If an applicant is unable to satisfy the Minister responsible for Industry Canada that the investment is likely to be of net benefit to Canada, the applicant may not proceed with the investment. Alternatively, an acquirer may be required to divest control of the Canadian business that is the subject of the investment.

In addition to the foregoing, the *IC Act* provides for formal notification under the *IC Act* of all other acquisitions of control by Canadian businesses by non-Canadian investors. The notification process consists of filing a notification within 30 days following the implementation of an investment, which notification is for information, as opposed to review, purposes.

TAXATION

The following summary of the material Canadian federal income tax consequences generally applicable in respect of the common stock reflects the Company' s opinion. The tax consequences to any particular holder of common stock will vary according to the status of that holder as an individual, trust, corporation or member of a partnership, the jurisdiction in which that holder is subject to taxation, the place where that holder is resident and, generally, according to that holder' s particular circumstances. This summary is applicable only to holders who are resident in the United States, have never been resident in Canada, deal at arm' s length with the Company, hold their common stock as capital property and who will not use or hold the common stock in carrying on business in Canada. Special rules, which are not discussed in this summary, may apply to a United States holder that is an issuer that carries on bu siness in Canada and elsewhere.

This summary is based upon the provisions of the Income Tax Act of Canada and the regulations thereunder (collectively, the "Tax Act" or "ITA")and the Canada-United States Tax Convention (the "Tax Convention") as at the date of the Registration Statement and the current administrative practices of Canada Customs and Revenue Agency. This summary does not take into account provincial income tax consequences.

Management urges each holder to consult his own tax advisor with respect to the income tax consequences applicable to him/her in his/her own particular circumstances.

CANADIAN INCOME TAX CONSEQUENCES

The summary below is restricted to the case of a holder (a "Holder") of one or more common shares ("Common Shares") who for the purposes of the Tax Act is a non-resident of Canada, holds his Common Shares as capital property and deals at arm' s length with the Company.

Dividends

A Holder will be subject to Canadian withholding tax ("Part XIII Tax") equal to 25%, or such lower rates as may be available under an applicable tax treaty, of the gross amount of any dividend paid or deemed to be paid on his Common Shares. Under the Tax Convention, the rate of Part XIII Tax applicable to a dividend on Common Shares paid to a Holder who is a resident of the United States is, if the Holder is a company that beneficially owns at least 10% of the voting stock of the Company, 5% and, in any other case, 15% of the gross amount of the dividend. The Company will be required to withhold the applicable amount of Part XIII Tax from each dividend so paid and remit the withheld amount directly to the Receiver General for Canada for the account of the Holder.

Disposition of Common Shares

A Holder who disposes of Common Shares, including by deemed disposition on death, will not be subject to Canadian tax on any capital gain thereby realized unless the Common Share constituted "taxable Canadian property" as defined by the Tax Act. Generally, a common share of a public corporation will not constitute taxable Canadian property of a Holder unless he held the common share as capital property used by him carrying on a business in Canada, or he or persons with whom he did not deal at arm' s length alone or together held or held options to acquire, at any time within the 60 months preceding the disposition, 25% or more of the issued shares of any class of the capital stock of the Company.

A Holder who is a resident of the United States and realizes a capital gain on disposition of Common Shares that was taxable Canadian property will nevertheless, by virtue of the Treaty, generally be exempt from Canadian tax thereon unless (a) more than 50% of the value of the Common Shares is derived from, or from an interest in, Canadian real estate, including Canadian mineral resources properties, (b) the Common Shares formed part of the business property of a permanent establishment that the Holder has or had in Canada within the 12 months preceding disposition, or (c) the Holder (i) was a resident of Canada at any time within the ten years immediately preceding the disposition, and for a total of 120 months during any period of 20 consecutive years, preceding the disposition, and (ii) owned the Common Shares when he ceased to be resident in Canada.

A Holder who is subject to Canadian tax in respect of a capital gain realized on disposition of Common Shares must include one half of the capital gain ("taxable capital gain") in computing his taxable income earned in Canada. The Holder may, subject to certain limitations, deduct one half of any capital loss ("allowable capital loss") arising on disposition of taxable Canadian property from taxable capital gains realized in the year of disposition in respect to taxable Canadian property and, to the extent not so deductible, from such taxable capital gains of any of the three preceding years or any subsequent year.

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a discussion of material United States Federal income tax consequences, under the law, generally applicable to a U.S. Holder (as defined below) of common shares of the Company. This discussion does not cover any state, local or foreign tax consequences.

The following discussion is based upon the sections of the Internal Revenue Code of 1986, as amended ("the Code"), Treasury Regulations, published Internal Revenue Service ("IRS) rulings, published administrative positions of the IRS and court decisions that are currently applicable, any or all of which could be materially and adversely changed, possible on a retroactive basis, at any time. In addition, the discussion does not consider the potential effects, both adverse and beneficial, or recently proposed legislation which, if enacted, could be applied, possibly on a retroactive basis, at any time. The discussion is for general information only and it is not intended to be, nor should it be construed to be, legal or tax advice to any holder or prospective holder of common shares of the Company and no opinion or representation with respect to the U.S. federal income tax consequences to any such holder or prospective h older is made. Management urges holders and prospective holders of common shares of the Company to consult their own tax advisors about the federal, state, local, and foreign tax consequences of purchasing, owning and disposing of common shares of the Company.

U.S. Holders

As used herein, a ("U.S. Holder") includes a holder of common shares of the Company who is a citizen or resident of the United States, a corporation created or organized in or under the laws of the United States or of any political subdivision thereof, an estate whose income is taxable in the United States irrespective of source or a trust subject to the primary supervision of a court within the United States and control of a United States fiduciary as described in Section 7701(a)(30) of the Code. This summary does not address the tax consequences to, and U.S. Holder does not include, persons subject to special provisions of Federal income tax law, such as tax-exempt organizations, qualified retirement plans, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, broker-dealers, non-resident alien individuals, persons or entities that have a "functional currency" othe r than the U.S. dollar, shareholders who hold common shares as part of a straddle, hedging or conversion transaction, and shareholders who acquired their common shares through the exercise of employee stock options or otherwise as compensation for services. This summary is limited to U.S. Holders who own common shares as capital assets. This summary does not address the consequences to a person or entity holding an interest in a shareholder or the consequences to a person of the ownership, exercise or disposition of any options, warrants or other rights to acquire common shares.

Distribution of Common Shares of the Company

U.S. Holders receiving dividend distributions (including constructive dividends) with respect to common shares of the Company are required to include in gross income for United States Federal income tax purposes the gross amount of such distributions equal to the U.S. dollar value of such distributions on the date of receipt (based on the exchange rate on such date), to the extent that the Company has current or accumulated earnings and profits, without reduction for any Canadian income tax withheld from such distributions. Such Canadian tax withheld may be credited, subject to certain limitations, against the U.S. Holder' s United States Federal Income tax liability or, alternatively, individuals may deduct in computing the U.S. Holder' s United States Federal taxable income by those individuals who itemize deductions. (See more detailed discussion at "Foreign Tax Credit" below). To the extent that dist ributions exceed current or accumulated earnings and profits of the Company, they will be treated first as a return of capital up to the U.S. Holder' s adjusted basis in the common shares and thereafter as gain from the sale or exchange of the common shares. Dividend income will be taxed at marginal tax rates applicable to ordinary income while preferential tax rates for long-term capital gains are applicable to a U.S. Holder which is an individual, estate or trust. There are currently no preferential tax rates for long-term capital gains for a U.S. Holder which is a corporation.

In the case of foreign currency received as a dividend that is not converted by the recipient into U.S. dollars on the date of receipt, a U.S. Holder will have a tax basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Generally any gain or loss recognized upon a subsequent sale of other disposition of the foreign currency, including the exchange for U.S. dollars, will be ordinary income or loss.

Dividends paid on the common shares of the Company will not generally be eligible for the dividends received deduction provided to corporations receiving dividends from certain United States corporations. A U.S. Holder which is a corporation may, under certain circumstances, be entitled to a 70% deduction of the United States source portion of dividends received from the Company (unless the Company qualifies as a "foreign personal holding company" or a "passive foreign investment company", as defined below) if such U.S. Holder owns shares representing at least 10% of the voting power and value of the Company. The availability of this deduction is subject to several complex limitations which are beyond the scope of this discussion.

Under current Treasury Regulations, dividends paid on the Company' s common shares, if any, generally will not be subject to information reporting and generally will not be subject to U.S. backup withholding tax. However, dividends and the proceeds from a sale of the Company' s common shares paid in the U.S. through a U.S. or U.S. related paying agent (including a broker) will be subject to U.S. information reporting requirements and may also be subject to the 31% U.S. backup withholding tax, unless the paying agent is furnished with a duly completed and signed Form W-9. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a refund or a credit against the U.S. Holder' s U.S. federal income tax liability, provided the required information is furnished to the IRS.

Foreign Tax Credit

For individuals whose entire income from sources outside the United States consists of qualified passive income, the total amount of creditable foreign taxes paid or accrued during the taxable year does not exceed $300 ($600 in the case of a joint return) and an election is made under section 904(j), the limitation on credit does not apply.

A U.S. Holder who pays (or has withheld from distributions) Canadian income tax with respect to the ownership of common shares of the Company may be entitled, at the option of the U.S. Holder, to either a deduction or a tax credit for such foreign tax paid or withheld. Generally, it will be more advantageous to claim a credit because a credit reduces United States Federal income taxes on a dollar-for-dollar basis, while a deduction merely reduces the taxpayer' s income subject to tax. This election is made on a year-by-year basis and applies to all foreign income taxes (or taxes in lieu of income tax) paid by (or withheld from) the U.S. Holder during the year. There are significant and complex limitations which apply to the credit, among which is the general limitation that the credit cannot exceed the proportionate share of the U.S. Holder' s United States income tax liability that the U.S. Holder' s foreign source income bears to his/her or its worldwide taxable income in the determination of the application of this limitation. The various items of income and deduction must be classified into foreign and domestic sources. Complex rules govern this classification process. In addition, this limitation is calculated separately with respect to specific classes of income such as "passive income", "high withholding tax interest", "financial services income", "shipping income", and certain other classifications of income. Dividends distributed by the Company will generally constitute "passive income" or, in the case of certain U.S. Holders, "financial services income" for these purposes. The availability of the foreign tax credit and the application of the limitations on the credit are fact specific and management urges holders and prospective holders of common shares of the Company to consult their own tax advisors regarding their individua l circumstances.

Disposition of Common Shares of the Company

A U.S. Holder will recognize gain or loss upon the sale of common shares of the Company equal to the difference, if any, between (I) the amount of cash plus the fair market value of any property received, and (ii) the shareholder' s tax basis in the common shares of the Company. Preferential tax rates apply to long-term capital gains of U.S.

Holders, which are individuals, estates or trusts. This gain or loss will be capital gain or loss if the common shares are capital assets in the hands of the U.S. Holder, which will be a short-term or long-term capital gain or loss depending upon the holding period of the U.S. Holder. Gains and losses are netted and combined according to special rules in arriving at the overall capital gain or loss for a particular tax year. Deductions for net capital losses are subject to significant limitations. For U.S. Holders, which are not corporations, any unused portion of such net c apital loss may be carried over to be used in later tax years until such net capital loss is thereby exhausted, but individuals may not carry back capital losses. For U.S. Holders, which are corporations (other than corporations subject to Subchapter S of the Code), an unused net capital loss may be carried back three years from the loss year and carried forward five years from the loss year to be offset against capital gains until such net capital loss is thereby exhausted.

Other Considerations

In the following circumstances, the above sections of the discussion may not describe the United States Federal income tax consequences resulting from the holding and disposition of common shares of the Company.

Foreign Personal Holding Company

If at any time during a taxable year more than 50% of the total combined voting power or the total value of the Company' s outstanding shares is owned, actually or constructively, by five or fewer individuals who are citizens or residents of the United States and 60% (50% after the first tax year) or more of the Company' s gross income for such year was derived from certain passive sources (e.g. from interest income received from its subsidiaries), the Company would be treated as a "foreign personal holding company." In that event, U.S. Holders that hold common shares of the Company would be required to include in gross income for such year their allocable portions of such passive income to the extent the Company does not actually distribute such income.

The Company does not believe that it currently has the status of a "foreign personal holding company". However, there can be no assurance that the Company will not be considered a foreign personal holding company for the current or any future taxable year.

Foreign Investment Company

If 50% or more of the combined voting power or total value of the Company' s outstanding shares are held, actually or constructively, by citizens or residents of the United States, United States domestic partnerships or corporations, or estates or trusts other than foreign estates or trusts (as defined by the Code Section 7701(a)(31), and the Company is found to be engaged primarily in the business of investing, reinvesting, or trading in securities, commodities, or any interest therein, it is possible that the Company might be treated as a "foreign investment company" as defined in Section 1246 of the Code, causing all or part of any gain realized by a U.S. Holder selling or exchanging common shares of the Company to be treated as ordinary income rather than capital gains.

Passive Foreign Investment Company

As a foreign corporation with U.S. Holders, the Company could potentially be treated as a passive foreign investment company ("PFIC"), as defined in Section 1297 of the Code, depending upon the percentage of the Company' s income which is passive, or the percentage of the Company' s assets which is held for the purpose of producing passive income.

Certain United States income tax legislation contains rules governing PFICs, which can have significant tax effects on U.S. shareholders of foreign corporations. These rules do not apply to non-U.S. shareholders. Section 1297 (a) of the Code defines a PFIC as a corporation that is not formed in the United States and, for any taxable year, either (I) 75% or more of its gross income is "passive income", which includes interest,

dividends and certain rents and royalties or (ii) the average percentage, by fair market value (or, if the company is a controlled foreign corporation or makes an election, by adjusted tax basis), of its assets that produce or are held for the production of "passive income" is 50% or more. The taxation of a US shareholder who owns stock in a PFIC is extremely complex and is therefore beyond the scope of this discussion. Management urges US persons to consult with their own tax advisors with regards to the impact of these rules.

Controlled Foreign Corporation

A Controlled Foreign Corporation (CFC) is a foreign corporation more than 50% of whose stock by vote or value is, on any day in the corporation' s tax year, owned (directly or indirectly) by U.S. Shareholders. If more than 50% of the voting power of all classes of stock entitled to vote is owned, actually or constructively, by citizens or residents of the United States, United States domestic partnerships and corporations or estates or trusts other than foreign estates or trusts, each of whom own actually or constructively 10% or more of the total combined voting power of all classes of stock of the Company could be treated as a "controlled foreign corporation" under Subpart F of the Code. This classification would affect many complex results, one of which is the inclusion of certain income of a CFC, which is subject to current U.S. tax. The United States generally taxes United States Shareholders of a CFC currently on their pro rata shares of the Subpart F income of the CFC. Such United States Shareholders are generally treated as having received a current distribution out of the CFC' s Subpart F income and are also subject to current U.S. tax on their pro rata shares of the CFC' s earnings invested in U.S. property. The foreign tax credit described above may reduce the U.S. tax on these amounts. In addition, under Section 1248 of the Code, gain from the sale or exchange of shares by a U.S. Holder of common shares of the Corporation which is or was a United States Shareholder at any time during the five-year period ending with the sale or exchange is treated as ordinary income to the extent of earnings and profits of the Company (accumulated in corporate tax years beginning after 1962, but only while the shares were held and while the Company was "controlled") attributable to the shares sold or exchanged. If a foreign corporation is both a PFIC and a CFC, the foreign corporation generally will not be tre ated as a PFIC with respect to the United States Shareholders of the CFC. This rule generally will be effective for taxable years of United States Shareholders beginning after 1997 and for taxable years of foreign corporations ending with or within such taxable years of United States Shareholders. The PFIC provisions continue to apply in the case of PFIC that is also a CFC with respect to the U.S. Holders that are less than 10% shareholders. Because of the complexity of Subpart F, a more detailed review of these rules is outside of the scope of this discussion.

The amount of any backup withholding will not constitute additional tax and will be allowed as a credit against the U.S. Holder' s federal income tax liability.

Filing of Information Returns. Under a number of circumstances, United States Investor acquiring shares of the Company may be required to file an information return with the Internal Revenue Service Center where they are required to file their tax returns with a duplicate copy to the Internal Revenue Service Center, Philadelphia, PA 19255. In particular, any United States Investor who becomes the owner, directly or indirectly, of 10% or more of the shares of the Company will be required to file such a return. Other filing requirements may apply, and management urges United States Investors to consult their own tax advisors concerning these requirements.

Statement by Experts

The Company' s auditors for its financial statements for the fiscal year ended December 31, 2002 is KPMG LLP, Chartered Accounts, Toronto, Ontario. Their audit report is included with the financial statements, and their consent letter is included in the exhibits. The auditor for the preceding two years was G. Ross McDonald, Chartered Accountants, Suite 1402, 543 Granville Street, Vancouver, British Columbia, Canada V6C 1X8. Their audit reports for the years ended December 31, 2001 and 2000 are included with the related financial statements in this Registration Statement with their consent filed as an exhibit.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

The company' s mineral properties are all currently at the exploration stage and the Company' s operations are limited to exploring those properties. Therefore, Seabridge' s market risks are minimal. The Company does, however, have future property payments due in United States currency. As a Canadian Company, Seabridge' s cash balances are kept in Canadian funds. Therefore, Seabridge is exposed to some exchange rate risk. The Company considers the amount of risk to be manageable and does not currently, nor is likely in the foreseeable future, conduct hedging to reduce its exchange rate risk.

The Company has the following total anticipated required property, royalty and tax payments due in US dollars for the next 3 fiscal years by individual property:

	Payments Due (US$)		
Property	2003	2004	2005
Quartz Mountain (1)	$7,500	$7,500	$7,500
Castle/Black Rock	$44,000	$44,000	$44,000
Hog Ranch (2)	$27,000	$37,000	$39,500
Other Nevada Properties	$200,000	$200,000	$200,000

(1) The Quartz Mountain Property is currently under option to Quincy Resources who is required to pay all required holding costs during the option period.
(2) The Hog Ranch Property is currently under option to Romarco Mineral who is required to pay all required holding costs during the option period.

The Company maintains a significant amount of cash and cash equivalents as well as in short term deposits. The Company relies upon this cash to meet its future needs. As the funds are in interest bearing accounts, the Company has some interest rate risk. However, as the Company is primarily concerned with the preservation of the capital for anticipated general and property expenditures and is not dependent upon the interest from these accounts to meet its ongoing requirements, management considers the interest rate risk to be minimal and to have little to no effect on the Company' s operations.

Competitive Environment

The Company competes with other resource companies for exploration properties, joint venture agreements and for the acquisition of attractive gold companies. There is a risk that this competition could increase the difficulty of concluding a negotiation on terms that Seabridge considers acceptable.

Item 12. Description of Other Securities

Not Applicable

Part II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Not Applicable

Item 14. Material Modifications of Rights of Securities Holders and Use of Proceeds

Not Applicable

Part III

Item 17. Financial Statements

The Company's financial statements are stated in Canadian Dollars (CDN$) and are prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP), the application of which, in the case of the Company, conforms in all material respects for the periods presented with United States GAAP, except as disclosed in Note 10 to the 2001 audited financial statements.

The financial statements as required under ITEM #17 are attached hereto and found immediately following the text of this Registration Statement. The audit report of G. Ross McDonald, Chartered Accountant, is included herein immediately preceding the financial statements and schedules.

Item 18. Financial Statements

The Company has elected to provide financial statements pursuant to ITEM #17.

Item 19. Exhibits

(A1) The financial statements thereto as required under ITEM #17 are attached hereto and found immediately following the text of this Registration Statement. The report of G. Ross McDonald, Chartered Accountants, for the audited financial statements are included herein immediately preceding the audited financial statements.

Audited Financial Statements

Auditor’ s Report, dated March 28, 2003.

Consolidated Balance Sheets at December 31, 2002 and 2001

Consolidated Statements of Earnings (Loss) for the years ended December 31, 2002, 2001 and 2000.

Consolidated Statements of Cash Flows for the years ended December 31, 2002, 2001, and 2000.

Consolidated Statements of Retained Earnings (Deficit) for the years ended December 31, 2002, 2001, and 2000.

Notes to Consolidated Financial Statements

Unaudited Financial Statements

Consolidated Balance Sheets at June 30, 2003 and June 30, 2002.

Consolidated Statements of Operation and Deficit for the six months ended June 30, 2003 and June 30, 2002.

Consolidated Statements of Cash Flows for the six months ended June 30, 2003 and June 30, 2002

Notes to Consolidated Financial Statements

ITEM 19. FINANCIAL STATEMENTS AND EXHIBITS (cont.)

(B) Index to Exhibits:

Page Number

1. Certificate of Incorporation, Certificates of Name Change, Articles of Incorporation, Articles of Amalgamation and By-Laws

2. Instruments defining the rights of holders of the securities being registered
See Exhibit Number 1

3. Voting Trust Agreements – N/A

4. Material Contracts

1. Agreement for the purchase and sale of the Red Mountain Project and Willoughby Joint Venture between Seabridge and North American Metals Corp. (Previously filed)

2. Agreement between the Company and Platoro West Incorporated covering the Castle/Black Rock project; (Previously filed)

3. Agreement between the Company and Platoro West Incorporated covering the Hog Ranch project; (Previously filed)

4. Agreement between the Company and Placer Dome covering the Kerr/ Sulphurets project; (Previously filed)

5.Agreement between the Company and Atlas covering the Grassy Mountain project; (Previously filed)

9. Agreement between the Company and Quartz Mountain Resources covering the Quartz Mountain project (Previously filed).

7. Agreement between the Company and Noranda Inc. covering the Kerr/ Sulpurets project. (Previously filed)

8. Agreement between the Company, Newmont Canada and Total Resources covering the Courageous Lake project. (Previously filed)

5. List of Foreign Patents – N/A

6. Calculation of earnings per share – N/A

7. Explanation of calculation of ratios – N/A

8. List of Subsidiaries

a) Seabridge Gold Corporation, a Nevada Corporation incorporated December 28, 2001, is 100% owned;

a) Pacific Intermountain Gold Corporation ("PIGCO"), a Nevada Corporation incorporated on April 26, 2002, is 75% owned.

b)

5073 N.W.T. Limited, a company incorporated under the laws of the Northwest Territories on July 9, 2002, is 100% owned.

9. Statement pursuant to the instructions to Item 8.A.4, regarding the financial statements filed in registration statements for initial public offerings of securities – N/A

10. Other documents

Information Circular dated April 25, 2002 (Previously Filed)
Proxy Material for Meeting Held on June 4, 2002 (Previously Filed)
Copies of the Convertible Debenture Subscription Agreements (Previously Filed)
Statement of Consent of Auditor G. Ross McDonald dated December 19, 2003
Statement of Consent of Auditor KPMG LLP dated February 18, 2004

SIGNATURE PAGE

Management' s Report

The management of Seabridge Gold Inc. is responsible for the preparation of the consolidated financial statements as well as the financial and other information contained in the annual report. Management maintains an internal control system in order to provide reasonable assurance as to the reliability of financial information and the safeguarding of assets.

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada and necessarily include amounts determined in accordance with estimates and judgments made by management. KPMG LLP, the external auditors, express their opinion on the consolidated financial statements in the annual report.

The Board of Directors, through the Audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control.

The financial statements of the Company have been approved by the Board of Directors.

Rudi P. Fronk
President & CEO

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheet of Seabridge Gold Inc. as at December 31, 2002 and the consolidated statements of operations and deficits and cash flows for the year then ended. These financial statements are the responsibility of the Company' s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada and the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements as at December 31, 2001 and 2000 and for the years then ended were audited by other auditors, who expressed an opinion without reservation on those statements in their report dated April 12, 2002.

Chartered Accountants

Toronto, Canada
March 28, 2003; except as to Note 11 which is at April 11, 2003.

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Consolidated Balance Sheets

December 31, 2002 and 2001
(in Canadian dollars)

	2002	2001
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ **880,098**	$ 384,750
Short-term deposits	**2,743,430**	2,000,000
Accounts receivable	**208,980**	369,389
Marketable securities	**50,000**	-
Prepaid expenses	**10,001**	13,689
	3,892,509	2,767,828
MINERAL INTERESTS (Note 3)		
Under option	**1,535,938**	882,540
Under lease or held directly	**7,482,432**	2,094,958

RECLAMATION DEPOSITS (Note 4)	**1,225,000**	1,225,000
CAPITAL ASSETS	**7,174**	6,426
	$ **14,143,053**	$ 6,976,752

LIABILITIES

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ **73,381**	$ 186,287
CONVERTIBLE DEBENTURES AND ACCRUED INTEREST (Note 5)	**828,831**	2,009,041
PROVISION FOR RECLAMATION LIABILITIES (Note 4)	**1,000,000**	1,000,000
MINORITY INTEREST (Note 6)	**188,644**	-
	2,090,856	3,195,328

SHAREHOLDERS' EQUITY

SHARE CAPITAL (Note 7)	**25,954,624**	16,837,946
STOCK OPTIONS (Note 7)	**520,320**	-
SHARE PURCHASE WARRANTS (Note 7)	**364,525**	100,500
DEFICIT	**(14,787,272)**	(13,157,022)
	12,052,197	3,781,424
	$ **14,143,053**	$ 6,976,752

See accompanying notes to consolidated financial statements

ON BEHALF OF THE BOARD OF DIRECTORS

Director - Rudi P. Fronk

Director - James S. Anthony

Consolidated Statements of Operations and Deficit
For the Years Ended December 31, 2002, 2001 and 2000
(in Canadian dollars)

	2002	**2001**	**2000**
ADMINISTRATIVE AND GENERAL EXPENSES			
Management and consulting fees	$ **396,917**	$ 189,141	$ 30,965
Stock option compensation (Note 7)	**520,320**	-	-

Investor communications	**233,575**	108,797	75,577
Professional fees	**163,077**	57,702	26,331
Rent and office services	**113,390**	110,759	114,033
Interest and bank charges	**5,573**	3,021	1,726
Amortization	**1,728**	1,728	478
	1,434,580	471,148	249,110
Interest income	**(85,836)**	(23,840)	(17,732)
Foreign currency translation	**(35,562)**	-	-
Interest expense – debentures	**122,325**	9,041	-
Pacific Intermountain Gold exploration (Note 6)	**188,644**	-	-
Write-off of mineral property	**6,099**	-	106,379
NET LOSS FOR YEAR	**1,630,250**	456,349	337,757
DEFICIT, BEGINNING OF YEAR	**13,157,022**	12,700,673	12,362,916
DEFICIT, END OF YEAR	$ **14,787,272**	$ 13,157,022	$ 12,700,673
BASIC AND DILUTED LOSS PER SHARE	$ **0.10**	$ 0.04	$ 0.04
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	**16,212,000**	12,600,000	8,800,000

See accompanying notes to consolidated financial statements

Consolidated Statements of Cash Flows
For the Years Ended December, 2002, 2001 and 2000
(in Canadian dollars)

	2002	**2001**	**2000**
CASH PROVIDED FROM (USED FOR) OPERATIONS			
Net loss for the period	$ **(1,630,250)**	$ (456,349)	$ (337,757)
Items not involving cash			
Interest expense – debentures	**122,325**	9,041	-
Stock option compensation	**520,320**	-	-
Pacific Intermountain Gold exploration	**188,644**	-	-
Amortization	**1,728**	1,728	478
Mineral property written-off	**6,099**	-	106,379
	(893,669)	(445,580)	(230,900)
Changes in non-cash working capital items			
(Increase) Decrease in accounts receivable	**(49,100)**	(11,353)	(6,155)
(Increase) Decrease in prepaid expenses	**3,688**	11,065	(24,754)
Increase (Decrease) in accounts payable	**(145,723)**	169,535	7,624

INVESTING ACTIVITIES			
Mineral properties	**(5,854,645)**	(1,047,291)	(921,874)
Short-term deposits	**(2,743,430)**	(2,000,000)	-
Reclamation deposit	**-**	(225,000)	-
Capital assets	**(2,476)**	(3,272)	(5,360)
	(8,600,551)	(3,275,563)	(927,234)
FINANCING ACTIVITIES			
Issue of share capital	**7,278,168**	990,600	1,983,125
Convertible debentures	**800,000**	2,000,000	-
	8,078,168	2,990,600	1,983,125
NET CASH PROVIDED (USED)	**(1,504,652)**	(561,296)	801,706
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**2,384,750**	946,046	144,340
CASH AND CASH EQUIVALENTS, END OF YEAR	$ **880,098**	$ 384,750	$ 946,046

See accompanying notes to consolidated financial statements

Notes to the Financial Statements

December 31, 2002 and 2001
(in Canadian dollars, except where noted)

1. NATURE OF OPERATIONS

The Company is engaged in the acquisition, exploration and development of mineral properties. To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in Canada.

The consolidated financial statements have, in management' s opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Principles of Consolidation

These consolidated financial statements include the accounts of Seabridge Gold Inc. and its wholly-owned subsidiaries, Seabridge Gold Corp., a company incorporated under the laws of the State of Nevada, USA and 5073 N.W.T. Limited, a company incorporated under the laws of the Northwest Territories of Canada; and its 75% ownership of Pacific Intermountain Gold Inc. ("PIGCO"), a company incorporated under the laws of the State of Nevada, USA. All significant inter-company transactions and balances have been eliminated.

b) Mineral Interests

The Company holds various positions in mining interests, including exploration rights, mineral claims, mining leases, unpatented mining leases and options to acquire mining claims or leases. All of these positions are classified as mining interests for financial statement purposes.

Direct property acquisition costs, holding costs, field exploration and field supervisory costs relating to specific properties are deferred until the properties are brought into production, at which time, they will be amortized on a unit of production basis, or until the properties are abandoned, sold or considered to be impaired in value, at which time an appropriate charge will be made. The recovery of costs of mining claims and deferred exploration is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development and future profitable production or proceeds from disposition of such properties.

In March 2000, the Accounting Standards Board of the Canadian Institute of Chartered Accountants (CICA) issued Accounting Guideline No. 11 entitled Enterprises in the Development Stage - (AcG 11). The guideline addresses three distinct issues: (i) capitalization of costs/expenditures, (ii) impairment and

(iii) disclosure. Prior to its issuance, development stage entities were exempt from following certain aspects of Canadian GAAP. AcG 11 requires that all companies account for transactions based on the underlying characteristics of the transaction rather than the maturity of the enterprise. In addition, AcG 11 requires specific disclosure of information by development stage companies. The guideline is effective no later than fiscal periods beginning on or after April 1, 2000, which was effective for the Company' s year ended December 31, 2001.

In March 2002, the Emerging Issues Committee of the CICA issued EIC-126 – "Accounting by Mining Enterprises for Exploration Costs" which interprets how AcG 11 affects mining companies with respect to the deferral of exploration costs. EIC-126 refers to CICA Handbook Section 3061 "Property, Plant and Equipment", paragraph .21, which states that for a mining property, the cost of the asset includes exploration costs if the enterprise considers that such costs have the characteristics of property, plant and equipment. EIC-126 then states that a mining enterprise that has not established mineral reserves objectively, and therefore does not have a basis for preparing a projection of the estimated cash flow from the property, is not precluded from considering the exploration costs to have the characteristics of property, plant and equipment. EIC-126 also sets forth the Commi ttee' s consensus that a mining enterprise in the development stage is not required to consider the conditions in AcG-11 regarding impairment in determining whether exploration costs may be initially capitalized. With respect to impairment of capitalized exploration costs, EIC-126 sets forth the Committee' s consensus that a mining enterprise in the development stage that has not established mineral reserves objectively, and therefore does not have a basis for preparing a projection of the estimated cash flow from the property is not obliged to conclude that capitalized costs have been impaired. However, such an enterprise should consider the conditions set forth in AcG-11 and CICA Handbook Section 3061 in determining whether subsequent write-down of capitalized exploration costs related to mining properties is required.

The Company considers that exploration costs have the characteristics of property, plant and equipment, and, accordingly, defers such costs. Furthermore, pursuant to EIC-126, deferred exploration costs would not automatically be subject to regular assessment of recoverability, unless conditions, such as those discussed in AcG 11 exist.

AcG 11 also provides guidance on measuring impairment of when pre-operating costs have been deferred. While this guidance is applicable, the Company does not believe its application will result in impairment.

c) Stock-based Compensation

The Company has adopted the new recommendations of CICA Handbook Section 3870, "Stock-based compensation and other stock-based payments", effective January 1, 2002. This Section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services and applies to transactions, including non-reciprocal transactions, in which an enterprise grants shares of common stock, stock options, or other equity instruments, or incurs liabilities based on the price of common stock or other equity instruments. This Section sets out a fair value based method of accounting and is required for certain stock-based transactions and applied to awards granted on or after January 1, 2002. The Company, as permitted by Handbook Section 3870, has elected to account for all such stock options by applying the fair value based method of account ing. Options are valued using the Black Scholes option pricing model. The resulting value is charged against income over the vesting period of the option.

d) **Capital Assets**

Capital assets are carried at cost less accumulated amortization. Amortization is provided using the straight-line method at an annual rate of 20% from the date of acquisition.

e) **Cash and Short-Term Investments**

Cash and short-term investments consist of balances with banks and investments in money market instruments. These investments are carried at cost, which approximates market. Cash and cash equivalents consist of investments with maturities of up to 90 days at the date of purchase. Short-term investments consist of investments with maturities greater than 90 days at the date of purchase.

f) **Income Taxes**

The Company accounts for income taxes using the asset and liability method. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax bases (temporary differences). Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates enacted is included in operations in the period in which the change is enacted or substantially enacted. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

a) Loss Per Share

Loss per share of common stock 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 loss per share. However, diluted loss per share has not been presented as the exercise of options and warrants would be anti-dilutive.

h) **Marketable Securities**

Short-term investments in marketable securities are recorded at the lower of cost or market value. The market values of investments are determined based on the closing prices reported on recognized securities exchanges and over-the-counter markets. Such individual market values do not necessarily represent the realizable value of the total holding of any security, which may be more or less than that indicated by market quotations. When there has been a loss in the value of an investment in marketable securities that is determined to be other than a temporary decline, the investment is written down to recognize the loss. The market value of the marketable securities holdings in Castleworth Ventures at December 31, 2002 was $240,000. The securities are valued at cost, being $50,000 as at December 31, 2002.

i) **Translation of Foreign Currencies**

The functional currency of the Company and its subsidiaries is considered to be the Canadian dollar. Exchange gains and losses on foreign currency transactions and foreign currency denominated balances are included in earnings in the current year.

j) **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported year. The most significant estimates relate to the carrying values of exploration properties, amortization rates and accrued liabilities and contingencies. Actual results could be materially different from those estimates.

3. MINERAL INTERESTS

Expenditures made on account of mineral interests by the Company were as follows:

		2000		
Property and Expense	**Balance, December 31, 1999**	**Expenditures - net of writedowns**	**Recoveries**	**Balance, December 31, 2000**
Castle Black Rock				
Acquisition costs	$ -	$ 49,713	$ -	$ 49,713
Deferred exploration	-	88,554	-	88,554
	-	**138,267**	**-**	**138,267**
Grassy Mountain				
Acquisition costs	-	443,492	-	443,492
Deferred exploration	-	197,190	-	197,190
	-	**640,682**	**-**	**640,682**
Hog Ranch				
Acquisition costs	-	67,500	-	67,500
Deferred exploration	-	49,159	-	49,159
	-	**116,659**	**-**	**116,659**
Other Nevada Projects				
Acquisition costs	82,462	(76,363)	-	6,099
Deferred exploration	-	-	-	-
	82,462	**(76,363)**	**-**	**6,099**
Total Mining Interests				
Acquisition costs	82,462	484,342	-	566,804
Deferred exploration	-	334,903	-	334,903
Total Mineral Interests	**$ 82,462**	**$ 819,249**	**$ -**	**$ 901,707**

		2001		
Property and Expense	**Balance, December 31, 2000**	**Expenditures**	**Recoveries**	**Balance, December 31, 2001**
Castle Black Rock				
Acquisition costs	$ 49,713	$ 40,862	$ -	$ 90,575
Deferred exploration	88,554	13,356	-	101,910
	138,267	**54,218**	**-**	**192,485**
Grassy Mountain				
Acquisition costs	443,492	158,318	-	601,810
Deferred exploration	197,190	77,441	-	274,631
	640,682	**235,759**	**-**	**876,441**
Hog Ranch				
Acquisition costs	67,500	431,733	-	499,233
Deferred exploration	49,159	481,517	-	530,676
	116,659	**913,250**	**-**	**1,029,909**
Kerr-Sulphurets				
Acquisition costs	-	447,100	-	447,100
Deferred exploration	-	14,047	-	14,047
	-	**461,147**	**-**	**461,147**
Quartz Mountain				

Acquisition costs	-	350,225	-	350,225
Deferred exploration	-	30,075	-	30,075
	-	**380.300**	-	**380,300**
Red Mountain				
Acquisition costs	-	28,000	-	28,000
Deferred exploration	-	3,117	-	3,117
	-	**31,117**	-	**31,117**
Other Nevada Projects	**6,099**	**-**	**-**	**6,099**
Total Mining Interests				
Acquisition costs	566,804	1,456,238	-	2,023,042
Deferred exploration	334,903	619,553	-	954,456
Total Mineral Interests	**$ 901,707**	**$ 2,075,791**	**$ -**	**$ 2,977,498**

Property and Expense	Balance, December 31, 2001	2002 Expenditures	Recoveries	Balance, December 31, 2002
Castle Black Rock				
Acquisition costs	$ 90,575	$ 49,851	$ -	$ 140,426
Deferred exploration	101,910	-	-	101,910
	192,485	**49,851**	**-**	**242,336**
Grassy Mountain				
Acquisition costs	601,810	570,860	-	1,172,670
Deferred exploration	274,631	88,637	-	363,268
	876,441	**659,497**	**-**	**1,535,938**
Hog Ranch				
Acquisition costs	499,233	41,605	-	540,838
Deferred exploration	530,676	22,905	-	553,581
	1,029,909	**64,510**	**-**	**1,094,419**
Kerr-Sulphurets				
Acquisition costs	447,100	18,442	-	465,542
Deferred exploration	14,047	29,626	-	43,673
	461,147	**48,068**	**-**	**509,215**
Quartz Mountain				
Acquisition costs	350,225	20,014	-	370,239
Deferred exploration	30,075	52,657	-	82,732
	380,300	**72,671**	**-**	**452,971**
Red Mountain				
Acquisition costs	28,000	54,090	-	82,090
Deferred exploration	3,117	73,314	-	76,431
	31,117	**127,404**	**-**	**158,521**
Courageous Lake				
Acquisition costs	-	3,949,457	-	3,949,457
Deferred exploration	-	141,251	-	141,251
	-	**4,090,708**	**-**	**4,090,708**
Pacific Intermountain Gold Inc.				
Acquisition costs	-	227,461	(90,000)	137,461
Deferred exploration	-	432,299	-	432,299
	-	**659,760**	**(90,000)**	**569,760**
Other Nevada Projects				
Acquisition costs	6,099	126,255	-	132,354
Deferred exploration	-	232,148	-	232,148
	6,099	**358,403**	**-**	**364,502**

Total Mining Interests					
Acquisition costs		2,023,042	5,058,035	(90,000)	6,991,077
Deferred exploration		954,456	1,072,837	-	2,027,293
Total Mineral Interests	**$**	**2,977,498**	**$ 6,130,872**	**$ (90,000)**	**$ 9,018,370**

a)

b)

c) Castle Black Rock Property

The Company entered into a mining lease agreement dated August 15, 2000, and amended on August 1, 2001, with respect to mineral claims located in Esmeralda County, Nevada, USA. In 2002, the Company paid $17,500 in advance royalties and is required to pay further advance royalties of US$25,000 on August 15, 2003 and each August 15 thereafter and to pay a production royalty, varying with the price of gold, of 3% to 5%, and a 3.5% royalty on gross proceeds from other metals produced. The Company has the right to purchase 50% of the production royalty for US$1.8 million.

d) Grassy Mountain

In 2000, the Company acquired an option on a 100% interest in mineral claims located in Malheur County, Oregon, USA. During 2002, the Company paid US$50,000 in option payments. On December 23, 2002, the agreement was amended and the Company made a further option payment of US$300,000 which granted it the right to acquire the property for US$600,000 on or before March 31, 2003 (Note 11b).

e) Hog Ranch

In 2000, the Company entered into a mining lease agreement for mineral claims located in Washoe County, Nevada. Advance royalties are payable as to US$10,000 on November 15, 2004; US$12,500 on November 15, 2005; US$15,000 on November 15, 2006; US$17,500 on November 15, 2007; US$20,000 on November 15, 2008 and each November 15 thereafter. A production royalty is payable varying with the price of gold, ranging from 3% to 5%, and a 3.5% royalty on the gross proceeds from other metals 40% of the production royalty may be purchased for US$2 million.

f) Kerr-Sulphurets

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 a maximum aggregate of 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 2002, the Company optioned the property to Noranda Inc. which can earn a 50% interest by spending $6 million on exploration within 6 years. Noranda can earn a further 15% by funding all costs to complete a feasibility study on the project. If after earning its 50% interest, Noranda elects not to proceed with a feasibility study, Seabridge has the option to acquire Noranda' s interest for $3 million. After having earned its 50% interest, Noranda has the right to delay its decision to proceed with a feasibility study for up to 3 years by either spending $1.25 million per year on the property or making payments to Seabridge which would total $1.5 million over the three year period.

g) Quartz Mountain

In 2001, the Company purchased a 100% interest in mineral claims in Lake County, Oregon. The vendor retained a 1% net smelter royalty interest on unpatented claims acquired and there is a 0.5% net smelter royalty interest to an unrelated third party as a finder' s fee.

h) Red Mountain

In 2001, the Company purchased a 100% interest in an array of assets associated with mineral claims in the Skeena Mining Division, British Columbia, together with related project data and drill core, an owned office building and a leased warehouse, various mining equipment on the project site, and a mineral exploration permit which is associated with a cash reclamation deposit of $1 million.

The Company assumed all liabilities associated with the array of assets acquired, including all environmental liabilities, all ongoing licensing obligations and ongoing leasehold obligations including net smelter royalty obligations on certain mineral claims ranging from 2.0% to 6.5% as well as an annual minimum royalty payment of $50,000.

i) 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 Vendors") for US$2.5 million. The Courageous Lake gold project consists of mining leases located in Northwest Territories of Canada.

The Vendors were granted a 2% net smelter royalty interest in the project.

In addition, the Company must:

(i) Pay the Vendors US$1.5 million when the spot price of gold closes at or above US$360 per ounce for 10 consecutive days (Note 11a).

(i) Pay the Vendors US$1.5 million when the spot price of gold closes at or above US$400 per ounce or a production decision is made at Courageous Lake, whichever is earlier.

a) Pacific Intermountain Gold Inc.

The Company and Pacific Intermountain Gold Inc. ("PIGCO") (75% owned by the Company) have acquired approximately 30 claim blocks in Nevada, USA in 2002.

A 50% interest in one property, Thunder Mountain, was optioned to a third party in 2002. The optionee paid US$25,000 in cash and issued 250,000 of its shares and must spend US$1.5 million in exploration over a three year period and issue PIGCO 500,000 common shares on or before the first anniversary and 750,000 on or before the second anniversary. At the completion of the earn-in, a 50-50 joint venture will be formed with the optionee as operator.

4. RECLAMATION DEPOSITS

This balance represents the Company' s interest in Canadian bank term deposits which are held for the benefit of the Province of British Columbia until released or applied to reclamation costs which may arise in the future. Interest earned is paid to the Company. During 2001, a deposit of $225,000 was made in respect of the Kerr-Sulphurets gold project and a deposit of $1 million was transferred to the Company' s name for the Red Moutain project. A corresponding reclamation provision of $1 million has been created as an estimation of any potential future reclamation costs. This reclamation provision is an estimate, and therefore the provision is subject to changes in regulatory requirements and other external factors.

5. CONVERTIBLE DEBENTURES

A $2 million debenture was issued on November 29, 2001 with a four-year term maturing November 28, 2005. The debenture is secured by a general charge on the assets of the Company, pays interest at 5% per annum and, at the option of the holder, can convert to common shares of the Company at

the exercise price of $0.75 per share. Interest for the first two years is to be accrued and added to the principal amount. The Company has the option to force conversion of the debentures into common shares if certain share price and trading volume thresholds are met. On November 29, 2002, the Company elected to force conversion of the $2 million debenture plus accrued interest of $102,535. The Company issued a total of 2,803,380 shares.

An $800,000 debenture was issued on April 11, 2002 with a four-year term maturing April 10, 2006. The debenture is secured by a general charge on the assets of the Company, pays interest at 5% per annum and, at the option of the holder, can convert to common shares of the Company at the exercise price of $0.80 per share for the first two years, $0.90 per share in year three and $1.00 per share in year four. Interest for the first two years is to be accrued and added to the principal amount. The Company has the option to force conversion of the debentures into common shares if certain share price and trading volume thresholds are met. During the year-ended December 31, 2002, the Company accrued interest payable of $28,831 (Note 11d).

6. MINORITY INTEREST

During 2002, the Company and an unrelated party incorporated Pacific Intermountain Gold Inc. (“PIGCO”). The Company funded PIGCO' s share capital of $755,000 and received a 75% interest. The other party provided the exclusive use of an exploration data base and received a 25% interest. The value associated with the use of this data base, being the minority interest in PIGCO at December 31, 2002 has been charged to operations as Pacific Intermountain Gold exploration.

7. SHARE CAPITAL

	Shares	Amount
Authorized		
100,000,000 common shares without par value		
Issued		
Balance, December 31, 1999	6,052,366	$ 12,582,472
Issued during year		
For cash, exercise of stock options	145,000	44,750
For cash, exercise of warrants	3,300,000	495,000
For mineral properties	5,000	3,750
For cash, private placement	2,000,000	1,443,374
	5,450,000	1,986,875
Balance, December 31, 2000	11,502,366	14,569,346
Issued during year		
For cash, exercise of stock options	591,667	212,600
For cash, exercise of warrants	1,296,666	778,000
For mineral properties	1,000,000	750,000
	2,888,333	1,740,600
Alloted but not issued, for mineral properties:		
Quartz Mountain gold project	300,000	150,000
Red Mountain gold project	840,000	378,000
	1,140,000	528,000
Balance, December 31, 2001	15,530,699	16,837,946
Issued during year		
For cash, exercise of stock options	610,000	384,750
For cash, exercise of warrants	1,110,834	1,453,418
For cash, private placement	3,200,000	5,104,000
Convertible debenture and interest	2,803,380	2,102,535
Exercise of share purchase warrants	-	71,975

	7,724,214		9,116,678
Balance, December 31, 2002	**23,254,913**	**$**	**25,954,624**

a) **Stock Options Outstanding**

The Company provides compensation to directors, employees and consultants in the form of stock options. Effective January 1, 2002 the Board of Directors elected to expense all new stock options issued by the Company. The fair value of the options granted in 2002 is estimated on the dates of grant using a Black-Scholes option pricing model with the following assumptions:

Dividend yield	***Nil***
Expected volatility	52%
Risk free rate of return	4.36%
Expected life of options	3-5 years

In August 2002 the Company announced a new stock option plan for directors and senior management. New option grants to directors and senior management are subject to a two-tiered vesting policy designed to better align option compensation with the interests of shareholders.

Pursuant to this new policy, in August 2002 the Board granted 600,000 options to senior management in lieu of market rate salaries. These option grants require a $6.00 share price for 10 successive days for the first third to vest, a $9.00 share price for the second third and a $12.00 share price for the final third. Once the share price has met the first test, the Company' s share price performance must exceed the Toronto Stock Exchange Canadian Gold Index by more than 20% over the preceding six months or these options will be cancelled. No expense has been recognized on these options during the year as the probability of meeting the above vesting criteria remains uncertain. Compensation expense will be recognized once the vesting criteria is thought to be probable.

Weighted average fair value of options granted during the year which were not subject to the two-tiered vesting criteria (633,000 options in total), was $0.82 per option granted, resulting in an expense totaling $520,320. These options vested immediately upon granting.
A summary of the status of the plan at December 31, 2002 and changes during the years are presented below:

		Shares	**Weighted average exercise price**
Outstanding at December 31, 1999	605,000	$ 0.25	
Granted	613,000	0.57	
Exercised	(145,000)	0.31	
Outstanding at December 31, 2000	1,073,000	0.52	
Granted	905,667	0.52	
Exercised	(591,667)	0.41	
Cancelled	(50,000)	0.75	
Outstanding at December 31, 2001	1,337,000	0.69	
Granted	1,233,000	2.17	
Exercised	(610,000)	0.63	
Outstanding at December 31, 2002	**1,960,000**	**$ 1.64**	

Number of Shares	**Option Price Per Share**	**Expiry Date**
45,000	$0.67	December 7, 2004
5,000	$0.60	January 10, 2005
120,000	$1.00	February 21, 2005
80,000	$0.75	September 18, 2005
355,000	$0.70	May 17, 2006
72,000	$0.70	May 28, 2006
33,333	$0.60	June 12, 2006
16,667	$0.60	August 13, 2006
50,000	$0.60	November 5, 2006
10,000	$0.60	January 28, 2007
128,000	$0.88	February 17, 2007
25,000	$0.84	April 18, 2007
40,000	$2.58	May 30, 2007
345,000	$2.90	July 1, 2007

625,000	$2.20	August 19, 2007
10,000	$2.58	December 18, 2007
1,960,000	**$1.64**	

b) **Share Purchase Warrants**

The Company' s movement in share purchase warrants is as follows:

	Number of Warrants	*Weighted Average Exercise Price*	**Amount**
Balance, December 31, 1999	3,300,000	$ 0.15	$ -
Issued	2,000,000	0.83	-
Exercised	(3,300,000)	0.15	-
Balance, December 31, 2000	2,000,000	0.83	-
Issued	700,000	1.69	100,500
Exercised	(1,296,666)	0.60	-
Balance, December 31, 2001	1,403,334	1.47	100,500
Issued	1,600,000	1.90	336,000
Exercised	(1,110,834)	1.31	(71,975)
Balance at December 31, 2002	**1,892,500**	**$ 1.93**	**$ 364,525**

At December 31, 2002 the outstanding share purchase warrants were as follows:

Number of Share Purchase Warrants	**Warrant Price/Share**	*Expiry Date*
500,000	$ 2.00	June 12, 2003
1,392,500	1.90	July 18, 2003
1,892,500	**$ 1.93**	

8. RELATED PARTY TRANSACTIONS

a) During the year, a private company controlled by a director of the Company was paid $26,000 (2001 - $24,000; 2000 - $23,400) for corporate and administration fees.

b) During the year, a private company controlled by another director of the Company was paid $31,360 (US$19,600) (2001 - $nil, 2000 - $nil) for technical services provided by his company related to the mineral properties.

c) During the year, a private company controlled by a third director was paid $40,000 (2001 - $nil, 2000 - $nil) for consulting services rendered.

No formal services agreements exist between the Company and the private companies controlled by the directors.

9. FINANCIAL INSTRUMENTS

The fair value of the Company' s cash and short term deposits, accounts receivable, deposits, reclamation deposits, and accounts payable and accrued liabilities at December 31, 2002 and December 31, 2001 is estimated to approximate their carrying values due to the immediate or short-term maturity of these financial instruments.

10. INCOME TAXES

The Company has accumulated losses for tax purposes of approximately $3,325,000 which expire in various years to 2009 as follows:

2003	$	143,000
2004		198,000

2005	139,000
2006	41,000
2007	231,000
2008	423,000
2009	2,150,000
	$ 3,325,000

Future income tax assets and liabilities are recognized for temporary differences between the carrying value of the balance sheet items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized.

Significant components of the Company' s future tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	2002	2001	2000
Future income tax assets			
Temporary differences in assets	$ 1,149,000	$ 1,752,000	$ 1,784,000
Net tax losses carried forward	1,288,000	586,000	438,000
	2,437,000	2,338,000	2,222,000
Valuation allowance for future income tax assets	(2,437,000)	(2,338,000)	(2,222,000)
Future income tax assets, net	$ -	$ -	$ -

The income tax recovery varies from the amounts that would be computed by applying the basic federal and provincial income tax rates aggregating to 40.0% (2001 - 41.0%, 2000 - 44.0%) as follows:

	2002	2001	2000
Statutory rate applied to loss for year	$ 652,000	$ 187,000	$ 149,000
Non taxable items	(284,000)	-	-
Valuation allowance	(368,000)	(187,000)	(149,000)
	$ -	$ -	$ -

11. SUBSEQUENT EVENTS

a) From January 23, 2003 through February 5, 2003 the price of gold closed above US$360 per ounce for ten consecutive days. Accordingly, US$1.5 million became payable to the vendors of the Courageous Lake gold project on or before April 4, 2003 (Note 3g).

b) In March 2003, the Company exercised its right to acquire a 100% interest in the Grassy Mountain gold project by paying US$600,000 (Note 3b).

c) In March 2003, the Company subscribed for 1,000,000 common shares of a United States exploration company at US$0.50 per share for investment purposes.

d) In March 2003, the Company notified the holder of the $800,000 convertible debenture maturing on April 10, 2006 that it will be exercising its right to force conversion of the entire principal amount plus accrued interest into common shares of the Company at a price of $0.80 per share. Accordingly, On April 11, 2003 the Company issued the holder of the debenture 1,051,272 of its common shares in full satisfaction of this liability.

12. RECONCILIATION TO UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES:

These financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. Except as set out below, these financial statements also comply, in all material aspects, with accounting principles generally accepted in the United States and the rules and regulations of the U.S. Securities and Exchange Commission. The following tables reconcile results as reported under Canadian GAAP with those that would have been reported under U.S. GAAP:

Loss for the period - Canadian GAAP	$ (1,630,250)	(456,349)	(337,757)

Mineral interests unproven prior to the establishment of proven and probable reserves (a)			(1,072,837)	(619,553)
358,820)				
Write down of costs previously expensed under US GAAP			23,917	
Amortization of acquisition costs (a)	(319,690)	(68,632)	(1,975)	
Amortization of option payments (a)	(322,915)	(274,906)	(101,569)	
Stock based compensation (b)	--	(277,669)	(203,567)	
	$ (3,345,691)	$ (1,697,109)	(979,771)	
Loss per share - U.S. GAAP				
Basic and diluted	$ (0.21)	$ (0.13)	(011)	

Statements of cash flows:

	Canadian GAAP			U.S. GAAP		
	2002	2001	2000	2002	2001	2000
Cash used in operating activities	$ (982,269)	(276,333)	(254,185)	(2,055,106)	(895,886)	(589,009)
Cash used in investing activities	(8,600,551)	(3,275,563)	(927,234)	(7,527,714)	(2,656,010)	(592,331)

Balance sheets:

	Canadian GAAP		U.S. GAAP	
	2002	2001	2002	2001
Mineral interests (a)	$ 9,018,370	$ 2,977,498	5,901,390	1,575,959
Shareholders' equity	12,052,197	3,781,424	8,935,217	2,379,885

(a) Mineral interests:
Under United States GAAP acquisition costs associated with mining interests are classified according to the land tenure position and the existence of proven and probable reserves as defined under Industry Guide 7.

Under United States GAAP costs associated with owned mineral claims and mining leases are classified as definite life intangible assets and amortized over the period of intended use or until proven and probable reserves are established ranging from 4 to 11 years, at which point amortization is provided on the unit of production basis. These assets are tested for recoverability whenever events or changes in circumstances indicate that its carrying value may not be recoverable. Under Canadian GAAP the unit of production basis of amortization is acceptable prior to the establishment of proven and probable reserves resulting in no amortization during the exploration and development phase.

Under United States GAAP costs associated with options to acquire mineral claims and mining leases are regarded as having a finite life expiring over the term of the option agreement and are not a component of the acquisition cost. Under Canadian GAAP the option payments are regarded as part of the acquisition cost and are deferred until the option is exercised when they are reclassified depending on the ownership position acquired or charged to operations if the option is not exercised.

Under United States GAAP exploration expenditures relating to mining interests prior to the completion of a definitive feasibility study, which establishes proven and probable reserves must be expensed as incurred. Under Canadian GAAP these costs may be deferred.

Canadian GAAP allows alternate treatment of mineral rights with respect to balance sheet classification. CICA HB 1581 *Business Combinations* defines such assets as intangible assets, while CICA 3061 defines acquired mineral rights as property, plant and equipment. In the United States the Securities and Exchange Commission has interpreted FASB 141 Business Combinations, which is consistent with CICA HB 1581, in such a way that under US GAAP mineral rights are classified as intangible assets. The issue is a controversial one in the United States and has been referred to the Emerging Issues Task Force ("EITF") for its consideration. There can be no certainty as to the conclusions the EITF will reach, nor as to how whether Canadian GAAP will continue to allow alternate treatments. Historically the Company has classified such assets, less the related accumul ated depreciation, depletion and amortization, as "Property, plant and equipment, net" on its consolidated balance sheet. The Company continues to believe this is the appropriate classification under Canadian GAAP.

(b) Stock-based compensation:
Beginning in 1996, U.S. GAAP allows, but does not require companies to record compensation cost for stock plans at fair value. The Company has chosen to account for all stock-based compensation using the fair value method. Under Canadian GAAP, these options are accounted for at their intrinsic value for the periods presented. Effective January 1, 2002, the Company began accounting for its stock options under Canadian GAAP using the fair value method.

(c) Impact of recent United States Accounting Pronouncements:

In June 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations ("SFAS No. 143"). SFAS No. 143 requires the Company to record the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The Company also records a corresponding asset which is depreciated over the life of the asset. Subsequent to the initial measurement of the asset retirement obligation, the obligation will be adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The Company is required to adopt SFAS No. 143 on January 1, 2003 and does not expect the impact of adoption to be material to its financial state ments.

In August 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets ("SFAS No. 144"). SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This statement requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. SFAS No. 144 requires companies to separately report discontinued operations and extends that reporting to a component of an entity that either has been disposed of (by sale, abandonment, or in a distribution to owners) or is classified as held for sale. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. The Company adopted SFAS No. 144 on January 1, 2002 and there has been no significant impact.

In July 2002, the FASB released SFAS No 146, Accounting for Costs Associated with Exit or Disposal Activities. SFAS 146 requires that a liability be recognized for costs associated with exit or disposal activities only when the liability is incurred, that is, when it meets the definition of a liability under the FASB' s conceptual framework. SFAS 146 also establishes fair value as the objective for initial measurement of liabilities related to exit or disposal activities and provides additional guidance for the recognition and measurement of certain costs that are often associated with exit or disposal activities. These costs are one-time termination benefits, contract termination benefits, and other associated costs. The statement is effective for exit and disposal activities initiated after December 31, 2002.

In November 2002, the FASB issued Interpretation No. 45 "Guarantor' s Accounting and Disclosure Requirements for Guarantees, including Indirect Guarantees of Indebtedness of Others" which requires guarantees to be recorded and certain disclosures to be made by a guarantor in its financial statements. The Company does not believe it will be affected by this pronouncement because it has no guarantees.

In January 2003, the FASB issued Interpretation No. 46 "Consolidation of Variable Interest Entities". This standard will require that certain entities (referred to as "variable interest entities") will have to be consolidated in the future. The Company does not believe it will be affected by this pronouncement because it has no variable interest entities.

Seabridge Gold Inc.

Report To Shareholders

Quarter Ended September 30, 2003

Highlights from the quarter ended September 30, 2003 were as follows:

· Courageous Lake exploration program identifies 12 new gold targets
· Independent engineering study completed at Red Mountain project
· Quartz Mountain project optioned to Quincy Resources
· $1.0 million raised in flow-through financing

Courageous Lake Project

The Company' s 2003 summer exploration program at Courageous Lake identified 12 new gold targets which have characteristics similar to the FAT deposit located on its property. The FAT deposit contains an independently estimated 3.18 million ounces of gold in the measured and indicated categories (48.0 million tonnes grading 2.06 grams per tonne) plus an additional 4.33 million ounces in the inferred category (65.1 million tonnes at 2.07 grams per tonne).

To date, approximately 37,000 metres of core (from 50,000 metres of historically reported drilling) have been collected by Seabridge and verified to be from the 12 targets identified as potential FAT analogues. Less than 15% of this drill core has been assayed. Historical sampling focused on quartz-rich zones which were believed to be higher grade, ignoring the wider mineralized package characteristic of a FAT-type deposit. Seabridge is currently sampling and assaying available drill core from each of these targets.

A total of approximately 60 drill holes will be assayed from the 12 target zones. To date, results have been received from 12 drill holes, primarily from the Salmita area. The best results include:

Drill Hole ID	From (metres)	To (metres)	Interval (metres)	Gold Grade (g/t)	Target Zone
85-27	114.26	132.60	18.34	3.95	Salmita North
75-12	165.52	200.39	34.86	6.15	Salmita T-Zone
75-19	129.47	138.47	9.00	3.19	Salmita T-Zone

Further results are pending from the Salmita area as well as the other targets. The most promising of these targets will be drill tested by Seabridge during 2004.

Work continues on the Courageous Lake independent scoping study which is scheduled for completion at the end of the 1st quarter of 2004. Preliminary results from metallurgical testwork appear to be favourable. These results will be released when the work has been completed, expected in December 2003.

Red Mountain Project

Steffen Robertson and Kirsten (Canada) Inc. ("SRK") has completed an Engineering Study on Seabridge' s 100% owned Red Mountain underground gold project located 18km east of the town of Stewart, B.C. The objectives of the study were to build on previous project work to identify the best project development approach, and to assess the current economics of the project.

The Red Mountain deposit contains an independently estimated gold resource of 400,000 ounces in the measured and indicated categories (1.594 million tonnes grading 7.80 grams per tonne) plus an additional 83,000 ounces in the inferred category (346,000 tonnes at 7.45 grams per tonne). The SRK Report uses the "All Categories" resource estimates, which includes inferred resources. Mineral resources are not mineral reserves and do not have demonstrated economic viability. SRK decided to include inferred resources in the study because of their high degree of confidence that additional drilling could upgrade this material to the indicated category.

172 King Street East, 3 rd Floor, Toronto, Ontario, Canada M5A 1J3
Telephone: (416) 367-9292 Facsimile: (416) 367-2711

The "base-case" analysis represents SRK' s best preliminary estimate of gold production, and capital and operating costs. Estimated site operating costs are at Cdn$68.46 per tonne. Total capital costs are estimated at Cdn$61.8 million, exclusive of off-site owner' s costs and working capital. SRK is assessing alternate tailings dam locations and designs which they believe could result in a material decrease in the capital cost of the tailings facility.

The gold price assumption in the model was varied to determine the "break even" gold price for the project. At a 5% discount rate, the base case model indicates a break-even project is achieved at a gold price of US$399/oz. Under SRK' s base case analysis, life of mine cash operating costs average US$213 per ounce and total costs, inclusive of capital, average US$358 per ounce. Sensitivity analyses were also run for these two scenarios; firstly a 50% increase in mineable tonnage, and secondly cost reductions of 15% for both capital and operating costs. At a 5% discount rate, the break even gold price was reduced from US$399/oz to US$350 and US$338 respectively. In its report, SRK has deemed the exploration potential at the project to be "excellent".

Further on-site work is in progress to assess alternate tailings disposal options which SRK believes could reduce capital costs and improve project economics.

Joint Venture Projects

The Company has granted Quincy Resources Inc. (OTC Bulletin Board) an option to earn a 50% interest in its 100% owned Quartz Mountain gold project located in Lake County, Oregon. The Quartz Mountain project hosts a multi-million ounce near-surface gold resource which is specifically excluded from the agreement. Quincy

will focus on exploring for high-grade feeder zones to the existing resource with drilling expected to commence in early 2004. Quincy can earn a 50% interest in the project by (i) spending US$1.5 million in exploration and project holding costs by October 15, 2008 and (ii) issuing Seabridge 250,000 of its common shares. Quincy may earn an additional 12.5% by funding and completing a feasibility study at Quartz Mountain within three years of completing its 50% earn-in and paying Seabridge an additional 250,000 of its common shares. If Quincy elects not to complete a feasibility study, or fails to deliver one within three years, Seabridge h as a one-time option to purchase Quincy' s interest in the project for US$750,000.

Gold Market

The gold market continues to demonstrate considerable strength and resilien ce. Price setbacks are of increasingly short duration as the market works higher towards the key $400 mark. Investment demand is the main driver as central banks
worldwide maintain their policies of excessive liquidity creation and currency debasement to avoid debt deflation and
economic recession. Gold and commodities have gained from a growing preference for hard assets at the expense of the
U.S. dollar. The ominous first signs of a trade war between China and the U.S. are in evidence, triggered by new trade
barriers imposed on several categories of Chinese imports. This development could have a negative impact on the dollar.
Meanwhile, foreign purchases of U.S. treasuries and agency debt hit a five year low in September. In our view, a weaker
dollar and a higher gold price appear to be likely.

Financial Results

During the three month period ended September 30, 2003 Seabridge posted a loss of $245,000 ($0.01 per share) compared to a $670,000 loss ($0.03 per share) for the same period last year. Also, during the quarter ended September 30, 2003, the Company invested $1,181,000 on mineral projects compared to $4,612,000 for the same period last year. At September 30, 2003 net working capital was $3,113,000 compared to $3,820,000 at December 31, 2002.

Subsequent to September 30, 2003, the Company completed a flow-through private placement for $1,008,000 consisting of 240,000 common shares at $4.20 per share.

On Behalf of the Board of Directors,

(sgd) *"Rudi P. Fronk"*

Rudi P. Fronk
President and Chief Executive Officer
Toronto, Canada

SEABRIDGE GOLD INC.
Consolidated Balance Sheets
September 30, 2003 and December 31, 2002
(in 000's of Canadian dollars)

Assets	September 30, 2003 (unaudited)	December 31, 2002 (audited)
Current Assets		
Cash and cash equivalents	$ 39	$ 880
Short-term deposits	2,917	2,744
Accounts receivable	172	209
Marketable securities	50	50
Prepaid expenses	10	10

	3,188	3,893
Mineral Interests (Note 2)	14,149	9,018
Investment (Note 3)	749	-
Reclamation Deposits	1,225	1,225
Capital Assets	10	7
	$ 19,321	$ 14,143
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$ 75	$ 73
Convertible Debenture and Accrued Interest	-	829
Provision for Reclamation Liabilities	1,000	1,000
Minority Interest	189	189
	1,264	2,091
Shareholder' s Equity		
Share Capital	32,800	25,955
Stock Options	580	520
Share Purchase Warrants	179	364
Deficit	(15,502)	(14,787)
	18,057	12,052
	$ 19,321	$ 14,143

Subsequent Events (notes 2 and 4)

On Behalf of the Board of Directors

(sgd) *"Rudi P. Fronk"*
Rudi P. Fronk
Director

(sgd) *"James S. Anthony"*
James S. Anthony
Director

SEABRIDGE GOLD INC.
Consolidated Statements of Operations and Deficit
For the Periods Ended September 30, 2003 and 2002
(unaudited, in 000's of Canadian dollars except loss per share)

	Three Months Ended September 30.		Nine Months Ended September 30,	
	2003	**2002**	**2003**	**2002**
Administrative and General Expenses				
Management and consulting fees	164	126	$ 479	$ 303
Stock option compensation	48	380	60	511
Investor communications	37	46	128	183
Professional fees	11	67	45	118
Rent and office services	26	29	96	89

Amortization	1	-	2	1
	287	648	810	1,205
Interest income	(24)	(4)	(97)	(29)
Foreign currency translation	(18)	(15)	(10)	(23)
Interest expense – debentures	-	35	13	94
Write-off of mineral interests	-	6	-	6
Net Loss for Period	245	670	715	1,253
Deficit, Beginning of Period	15,257	13,740	14,787	13,157
Deficit, End of Period	$ 15,502	$ 14,410	$ 15,502	$ 14,410
Basic and Diluted Loss per Share	$ 0.01	$ 0.03	$ 0.03	$ 0.08
Weighted Average Number of Shares Outstanding	27,183,685	19,906,811	25,782,150	16,609,069

Consolidated Statements of Cash Flows
For the Periods Ended September 30, 2003 and 2002
(unaudited, in 000's of Canadian dollars)

	Three Months Ended September 30.		Nine Months Ended September 30,	
	2003	2002	2003	2002
Cash Provided from (Used for) Operations				
Net loss for period	$ (245)	$ (670)	$ (715)	$ (1,253)
Items not involving cash				
Interest expense – debentures	-	35	12	94
Stock option compensation	48	380	60	511
Amortization	1	-	2	1
Write-off of mineral interests	-	6	-	6
	(196)	(249)	(641)	(641)
Changes in non-cash working capital items				
(Increase) Decrease in accounts receivable	(67)	4	(50)	347
(Increase) Decrease in prepaid expenses	-	-	-	5
Increase (Decrease) in accounts payable	(23)	32	(43)	(126)
	(286)	(213)	(734)	(415)
Investing Activities				
Mineral properties	(1,181)	(4,612)	(5,151)	(5,315)
Recovery of deferred exploration expenditures	-	-	152	-
Reclamation refund	-	-	-	350
Investment	-	-	(749)	-
Capital assets	-	-	(5)	-
Short-term deposits	(2,300)	(794)	(174)	(4,123)
	(3,481)	(5,406)	(5,927)	(9,088)
Financing Activities				
Convertible debenture	-	-	-	800
Issue of share capital	1,183	5,612	5,820	6,556

	1,183	5,612	5,820	7,356
Net Cash Provided (Used)	(2,584)	(7)	(841)	(2,147)
Cash and Cash Equivalents, Beginning of Period	2,623	245	880	2,385
Cash and Cash Equivalents, End of Period	$ 39	$ 238	$ 39	$ 238

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2003

(unaudited, in Canadian dollars, except where noted)

1) Basis of Presentation

The interim financial statements of the Company are prepared by management using accounting principles generally accepted in Canada for interim financial statements and reflect the accounting principles set out in the notes to the Company' s financial statements as at December 31, 2002, appearing in the Comp any' s 2002 Annual Report. These interim financial statements should be read in conjunction with those annual financial statements and the notes thereto. The results of operations and cash flows for the current periods are not necessarily indicative of the results to be expected for the full year.

2) Mineral Interests

Expenditures on projects during the period ended September 30, 2003 were as follows (in thousands):

		Expenditures			
Project	Balance, Dec. 31, 2002	Quarter 1	Quarter 2	Quarter 3	Balance, Sept. 30, 2003
Castle Black Rock	$ 242	$ -	$ -	$ 55	$ 297
Grassy Mountain	1,536	34	906	71	2,547
Hog Ranch	1,094	-	-	-	1,094
Kerr-Sulphurets	509	3	9	2	523
Quartz Mountain	453	-	-	11	464
Red Mountain	159	60	150	38	407
Courageous Lake	4,091	26	2,468	670	7,255
Pacific Intermountain Gold	570	190	54	304	1,118
Westgate	-	30	-	24	54
Other Nevada projects	364	24	1	1	390
	$ 9,018	$ 367	$ 3,588	$ 1,176	$ 14,149

In August 2003, The Company optioned a 60% interest in the Hog Ranch project in Nevada, USA to Romarco Minerals Inc. The terms of the agreement require Romarco to incur US$2.5 million in exploration and issue 1.5 million of its shares in stages by December 2007.

In October 2003, The Company optioned a 50% interest in the Quartz Mountain project in Oregon, USA to Quincy Resources Inc. The current gold resource known on the property is excluded from the agreement. The terms of the agreement require Quincy to incur US$1.5 million in exploration and issue 250,000 of its shares in stages by October 2008. Quincy can earn a further 12.5% interest in the project by funding a feasibility study and issuing a further 250,000 of its shares to the Company.

3) Investment

During the current period, as part of the acquisition of the Grassy Mountain property, the Company acquired one million common shares of a U.S. based private exploration company at US$0.50 per share which represented approximately 6.9% of the private company' s issued and outstanding shares. Subsequently, the private company was merged with Atlas Precious Metals Inc. ("APMI"). On the

merger, the Company' s one million shares of the private company were converted into 1,200,000 common shares of APMI representing approximately 5.7% of APMI' s issued and outstanding shares. The investment is recorded at cost, as the Company does not have significant influence.

4) Share Capital

a) During the period, the following common shares were issued:

	Shares	Amount
Balance, December 31, 2002	23,254,913	$25,954,624
For cash, private placement	1,025,000	2,126,875
For cash, exercise of warrants	1,797,500	3,465,250
For cash, exercise of options	55,000	48,200
Conversion of debenture	1,051,272	841,018
Value of warrants exercised	-	364,525
	27,183,685	$32,800,492

The private placement consisted of 1,025,000 units at $2.25 each. Each unit consisted of 1 common share and half a share purchase warrant. Each whole warrant is exercisable at $2.50 for one year or at $3.00 in the second year and expires June 20, 2005. The warrants were valued at $179,375 which amount has been included in the share purchase warrant account on the balance sheet.

In April 2003, the convertible debenture of $800,000 plus interest owing of $41,018 was converted into common shares of the Company.

Subsequent to the end of the period, the Company completed a private placement of 240,000 flow-through common shares at $4.20 each for proceeds of $1million.

b) At November 14, 2003, the issued and outstanding common shares of the Company totaled 27,433,685 and on a fully diluted basis there would be 29,951,185 common shares outstanding.

Signature Page

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the Registrant certifies that it meets all of the requirements for filing on Form 20-F and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized.

Seabridge Gold Inc.
Registrant

Dated: February 18, 2004

Signed: /s/ Rudi Fronk
Rudi Fronk
President and Director

OPTION AGREEMENT

AMONG

SEABRIDGE RESOURCES INC.,

NEWCO,

ATLAS PRECIOUS METALS INC.

and

ATLAS MINERALS INC.

dated effective
February 14, 2000

TABLE OF CONTENTS

THIS OPTION AGREEMENT ("Agreement") is made and entered into effective as of February 14, 2000 (the "Effective Date"), by and among Atlas Precious Metals Inc., a Nevada corporation ("APMI"), and Atlas Minerals Inc., a Colorado corporation ("AMI"; APMI and AMI will be collectively referred to hereinafter as "Atlas"), whose address is 370 Seventeenth Street, Suite 3010, Denver, Colorado 80202, and

Seabridge Resources Inc., a company incorporated under the laws of the Province of British Columbia, Canada ("SRI"), and Newco, a to be named U.S. corporation to be incorporated as a wholly-owned subsidiary of SRI prior to the Closing ("Newco"; Newco and SRI will be collectively referred to hereinafter as "Seabridge"), whose address for purposes hereof is Suite 304, 700 West Pender Street, Vancouver, British Columbia, Canada V6C 1G8.

RECITALS

A. Atlas is the owner of certain unpatented lode mining claims and millsites located in Malheur County, Oregon, as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Owned Claims"), and holds a leasehold interest in certain unpatented lode mining claims (the "Leased Claims") and fee lands (the "Fee Lands") located in Malheur County, Oregon, as more particularly described in Exhibit B attached hereto and incorporated herein by reference. Atlas also holds certain additional assets in Malheur County, Oregon, as set forth on Exhibit C attached hereto and incorporated herein by reference (the "Additional Assets"). The Owned Claims and the Leased Claims are collectively referred to herein as the "Claims," and the Claims, the Fee Lands and the Additional Assets are collectively referred to herein as the "Property."

B. Atlas desires to grant to Seabridge, and Seabridge desires to accept from Atlas, an exclusive option to purchase the Owned Claims and to acquire all of Atlas' interest in the Leased Claims, the Fee Lands and the Additional Assets, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants, conditions, and obligations contained herein, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

GRANT OF OPTION TO PURCHASE THE PROPERTY

1.1 Grant of Option. Atlas hereby grants to Seabridge, and Seabridge hereby accepts, an exclusive option (subject to the provisions of Sections 1.3 and 1.4) to acquire all of Atlas' right, title and interest in and to the Property (the "Option"), in accordance with the terms, conditions and requirements set forth in this Agreement.

A.1Purchase Price.

(a) The purchase price (the "Purchase Price") for the purchase of the Property to be acquired by Seabridge if it exercises the Option shall be One Million Seven Hundred Thousand Dollars (U.S. $1,700,000), payable by delivery to Atlas at the Closing of

(i) Two Hundred Fifty Thousand Dollars (U.S. $250,000), (ii) common shares of SRI stock, no par value (the "Stock"), with an aggregate Value (as defined below) of Seven Hundred Fifty Thousand Dollars (U.S. $750,000); and (iii) a promissory note for Seven Hundred Thousand Dollars (U.S. $700,000). The "Value" of a share of Stock (subject to the Value of a share not being less than the minimum price approved by the Canadian Venture Exchange, as provided in Section 1.2© below) shall be equal to the average closing price of a share of Stock on the Canadian Venture Exchange for the 20 business days preceding the date Seabridge exercises the Option. For purposes of determining the Value of the Stock, the parties agree that the exchange rate to be used for calculating the value in U.S. dollars of a share of Stock shall be the average Canadian/U.S. dollar exchange

rate listed as the "Late NY" rate in the J. P. Morgan Index as published in the Wall Street Journal for the 20 business days preceding the date Seabridge exercises the Option. The parties hereby agree that except as otherwise specifically set forth in this Agreement, all references to "Dollars" or "$" herein shall be to U.S. dollars.

(a) If for any reason SRI is unable to deliver the Stock at the Closing, SRI shall nonetheless be obligated to proceed with the Closing, and agrees that it will pay an additional Seven Hundred Fifty Thousand Dollars (U.S. $750,000) to Atlas at the Closing in lieu of the delivery of the Stock.

(b) The parties acknowledge that the regulations governing companies traded on the Canadian Venture Exchange establish a certain minimum price that could be attributed to the shares of Stock (the "Minimum Price"). In the event that the Minimum Price per share of the Stock is greater than the Value of a share of the Stock (as calculated pursuant to Section 1.2(a) above), the parties agree that Seabridge shall pay to Atlas in immediately available funds on the same date that certificates representing the Stock are delivered to Atlas an amount equal to the difference between the value of the number of shares of Stock Atlas would have received but for the imposition of the Minimum Price and the value of the number of shares of Stock Atlas actually receives. By way of example (but not limitation), if the Value attributed to a share of Stock was Cdn. $1.00, and as a result Atlas would be entitled to receive 1,120,239 shares of Stock at the Closing (using an assumed exchange rate of $.6695 per Cdn.$1.00), and assuming a Minimum Price of Cdn. $1.12 applied to those shares, Atlas would actually receive only 1,000,213 shares of Stock at the Closing (using the same assumed exchange rate). In that event, Seabridge would be obligated to deliver an additional Cdn. $120,026 ($80,357) to Atlas at the Closing. The parties agree that the provisions of this Section 1.2(c) shall apply to deliveries of shares of Stock by Seabridge to Atlas pursuant to the provision of Section 1.7(b)(iii) as well.

a.1 Option Period. The term of the Option (the "Option Period") shall commence upon the Effective Date, and shall continue through and including the earlier of (a) the date the Option is exercised, (b) the date this Agreement is terminated pursuant to Sections 7.1 or 7.2, or (c) December 31, 2001; provided, however, that in order to maintain the Option in full force and effect Seabridge must timely make each of the Option Payments described in Section 1.4 below.

a.2 Option Payments. SRI agrees to timely make the following payments to Atlas during the Option Period:

On or Before	Amount of Payment

February 14, 2000	U.S. $150,000	(paid)
July 31, 2000	U.S. $ 50,000	
December 31, 2000	U.S. $100,000	
July 31, 2001	U.S. $ 50,000	

None of the above-referenced payments (such payments being collectively referred to hereinafter as the "Option Payments") shall be credited against the Purchase Price. In addition, none of the Option Payments shall be refundable to SRI, whether or not it exercises the Option. In the event SRI fails to timely make any Option Payment (or any other monetary payment set forth herein), Atlas may elect to terminate this Agreement pursuant to the provisions of Section 7.2 hereof.

1.5 Exercise of Option. So long as it is not in default hereunder, the Option may be exercised by Seabridge at any time on or before the expiration of the Option Period by giving written notice of exercise to Atlas. The date on which such notice is effectively given may be referred to as the "Exercise Date." If Atlas has actually received such written notice on or before any of the due dates referred to in Section 1.4, SRI will not be required to make the Option Payment due on that date.

1.6 Closing. The parties shall use good faith efforts to cause the Closing to occur as soon as practicable after the Exercise Date, and in any event the Closing of the acquisition of Atlas' interest in the Property by Seabridge shall occur within 30 business days after the Exercise Date (not counting the Exercise Date), at the offices of Davis, Graham & Stubbs LLP, counsel for Atlas, whose address is Suite 4700, 370 Seventeenth Street, Denver, Colorado 80202 (the "Closing Date"), or at such other location as the parties mutually agree.

1.7 Deliveries at Closing. At the Closing:

(a) Atlas will deliver to Seabridge the following:

(i) An executed and acknowledged Special Warranty Deed covering the Owned Claims, in the form of Exhibit D hereto;

(ii) A fully executed and acknowledged Assignment and Assumption Agreement covering the Leased Claims and the Fee Lands, in the form of Exhibit E hereto; and

(iii) Certificates of Good Standing for APMI from the State of Nevada and AMI from the State of Colorado.

(b) Seabridge will deliver to Atlas the following:

(i) Two Hundred Fifty Thousand Dollars (U.S. $250,000) or, in the event the provisions of Section 1.2(b) apply, One Million Dollars (U.S. $1,000,000), plus

any additional amount required as a result of the imposition of the Minimum Price, by wire transfer in immediately available funds;

(i) A certificate or certificates representing the Stock, registered in names as may be designated by Atlas;

(ii) A promissory note, in the form of Exhibit F hereto, in favor of Atlas and evidencing the joint and several obligation of SRI and Newco to pay Seven Hundred Thousand Dollars (U.S. $700,000) to Atlas, payable in three equal installments of U.S. $233,333, the first installment being due and payable 6 months after the date of Closing, the second installment being due and payable 12 months after the date of Closing, and the third installment being due and payable 18 months after the date of Closing, together with interest at a rate of five percent (5%) per annum, payable semi-annually (such interest payable at Seabridge's discretion either in cash or by the tender of additional shares of Stock equivalent in value to the amount of interest then owed, such value to be equal to (A) the average closing price of a share of Stock on the Canadian Venture Exchange for the 20 business days preceding the date each installment is due and payable an d (B) an exchange rate (for calculating the value in U.S. dollars of a share of Stock) equal to the average Canadian/U. S. dollar exchange rate listed as the "Late NY" rate in the J.P. Morgan Index as published in the Wall Street Journal for the 20 business days preceding the date each installment is due and payable).

(iii) A fully executed Assignment and Assumption Agreement in the form of Exhibit E hereto;

(iv) A Deed of Trust (with Security Agreement) in the form of Exhibit G hereto, pursuant to which Atlas is granted a first priority lien and security interest in the Property;

(v) UCC Financing Statements for filing in Malheur County, Oregon, with the Oregon Secretary of State and with the office of the Secretary of State for the state in which Newco is incorporated;

(vi) A Certificate of the Corporate Secretary of each of SRI and Newco, certifying as to the adoption of resolutions of their respective Boards of Directors approving their execution and delivery of this Agreement (or, in the case of Newco, the agreement referred to in Section 5.1(g)) and the performance by each of them of all of their obligations hereunder;

(vii) A Certificate of good standing for Newco from the State of Oregon and its state of incorporation, and similar evidence of SRI's good standing in the Province of British Columbia; and

(viii) Evidence reasonably satisfactory to Atlas that Seabridge has received the consent of the Canadian Venture Exchange to the exercise of the Option by Seabridge and the performance by Seabridge of all of its obligations under this Agreement and any other agreements contemplated hereby.

ARTICLE II

OTHER AGREEMENTS OF ATLAS AND SEABRIDGE

2.1 Obligation to Maintain Property.

(a) During the Option Period, SRI shall be financially responsible for the payment of all claim maintenance fees required to be paid to the U.S. government in order to maintain the Claims in good standing, provided that Atlas shall (i) prepare affidavits of such payment appropriate for recording in Malheur County and filing with the Oregon State Office of the Bureau of Land Management, and present those affidavits to SRI for its prompt review and comment prior to applicable recording or filing

deadlines, and (ii) actually transmit all required payments, filings and recordings associated therewith to the appropriate governmental agency. SRI agrees that it will provide to Atlas, not later than August 1st of each year (or, if the deadline for making such payments, filings and recordings changes from August 31, 30 days prior to such new deadline), (i) a wire transfer (in accordance with written instructions to be provid ed by Atlas) in the amount of the required claim maintenance fees to maintain the Claims, and (ii) fully-executed affidavit(s) of payment of the claim maintenance fees suitable for recording and filing with the appropriate governmental agencies (along with sufficient filing and recording fees for the affidavit(s), which, together with the required claim maintenance fees payable to the U.S. government, are referred to herein as "Claim Maintenance Fees"). Atlas, if it timely receives the required amount of Claim Maintenance Fees from SRI, shall pay such claim maintenance fees and file (with the Oregon State Office of the Bureau of Land Management) and record (in the Malheur County Clerk and Recorder's Office) the appropriate affidavits not later than August 10th of each year, and provide evidence of such payment, filing and recording to SRI not later than August 20th of each year.

(b) During the Option Period, SRI shall be financially responsible for making all of the advance minimum royalty payments due under the Bishop Leases and the Sherry and Yates Lease (collectively, the "Leases") described in Exhibit B, as set forth on the attached Schedule 2.1 (the "Lease Payments"). During the Option Period, SRI agrees that it will provide to Atlas, at least 20 days prior to the date any Lease Payment is due, a wire transfer (in accordance with written instructions to be provided by Atlas) in the amount of such Lease Payment, and Atlas, if it timely receives a Lease Payment from SRI, will pay such Lease Payment at least 15 days prior to its due date, and provide evidence of such payment to SRI at least 10 days prior to its due date. At SRI's request, Atlas agrees to cooperate with SRI during the Option Period in attempting to negotiate a reduction of the amount of advance minimum royalty payments due under the Bishop Leases.

(c) During the Option Period, SRI shall be financially responsible for making all of the monthly rental payments for the Glerup office lease (as described in Exhibit C and set forth in Schedule 2.1). Not later than the end of the second month of each calendar quarter (February, May, August and November of each year) during the Option Period, SRI shall forward to Atlas a wire transfer (in accordance with written instructions to be provided by Atlas) in the amount of monthly rental due under the office lease for the period that ends on the earlier of (i) the expiry of the Option Period, or (ii) the end of the subsequent calendar quarter. If such payment is timely forwarded to Atlas, Atlas shall then be obligated to timely make the required

monthly rental payment under the Glerup office lease, and provide evidence of such payment to SRI at least 5 days prior to the end of each month.

(a) Unless the Option Period ends on or before February 10, 2001, Seabridge shall be financially responsible for the annual payments to the Oregon Department of Geology and Mineral Industries due on February 28, 2001 in order to maintain the exploration permits listed on Exhibit C (the "Exploration Permits"). Not later than February 10, 2001, Seabridge shall forward to Atlas a wire transfer (in accordance with written instructions to be provided by Atlas) in the amount of each of those payments (as set forth on Schedule 2.1). If such check is timely forwarded to Atlas, Atlas shall then be obligated to timely make the required payments not later than February 15, 2001, and provide evidence of such payment to Seabridge not later than February 20, 2001.

(b) During the Option Period, SRI shall be financially responsible for any annual premiums and all other costs associated with any bonds it is required to post pursuant to the provisions of Section 2.9.

2.2 Conduct of Operations on the Property During the Option Period.

(a) Operations. Subject to the requirements and restrictions of this Section 2.2, during the Option Period, Seabridge shall have the exclusive right, but not the obligation, to enter upon and use all or any part of the surface and subsurface of the Property (to the extent allowed under the provisions of the Leases), for the purposes of conducting permitting and exploration work (which for purposes of this Agreement shall be defined as surveying, prospecting, bulk sampling, drilling, exploring and testing for any and all ores, metals, minerals, mineral substances and materials of every kind and character whatsoever ("Valuable Minerals") found in, on or under the Property). Any such activities conducted by Seabridge shall be conducted in full compliance with the terms of the Exploration Permits, and only after (i) written notice describing the proposed nature and scope of such activities has been deli vered to Atlas, and (ii) if necessary, the appropriate governmental agencies have approved the conduct of such activities on the Property by Seabridge. Notwithstanding the foregoing, during the Option Period Seabridge shall have no right to conduct any development activities on the Property or the mining or processing or removal of Valuable Minerals on or from the Property. In addition, during the Option Period, Seabridge shall be entitled to evaluate the Property with regard to title, permits, licenses, and operational and environmental compliance with federal, state and local laws, rules and regulations. Atlas agrees that it will make available to Seabridge, for copying at Seabridge's expense, such documents as are in Atlas' possession and reasonably requested by Seabridge in performing such evaluations. Seabridge shall have no obligation to begin or prosecute any activities or operations on the Property, nor shall there be any implied covenant so to do.

(b) Liens and Encumbrances. During the Option Period, and thereafter if Seabridge does not exercise the Option, or until the Purchase Price is paid in full if Seabridge exercises the Option, Seabridge shall keep the title to the Property free and clear of liens and encumbrances resulting from its operations hereunder, provided that Seabridge may refuse to pay any claims asserted against it which it disputes in good faith, and provided further that Seabridge shall, upon written request by Atlas, comply with any statute which permits the

removal of such lien upon furnishing a bond or other security. At its sole cost and expense, Seabridge shall promptly contest any suit commenced to enforce such a claim and, if the suit is decided against Seabridge, shall promptly pay the judgment and shall post any bond and take all other action necessary to prevent any sale of the Property, or any part thereof.

(a) Reclamation. Seabridge, if it does not exercise the Option, shall reclaim the surface of the Property disturbed by it (or on its behalf) during the Option Period in accordance with applicable governmental regulations and shall, within a reasonable time period after the completion of such reclamation, obtain written approval from the appropriate governmental agency that such completion is satisfactory. Further, if it does not exercise the Option, Seabridge shall remove all hazardous substances (as that term is defined in § 101(14) of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq.) from the surface of the Property that Seabridge has deposited (or has had deposited on its behalf) on the Property during the Option Period. For a period of one year following the earlier of the end of the Option Period or an election by Seabridge not to exercise the Option, Atlas shall grant Seabridge reasonable access to the Property as necessary for the performance of such required reclamation and removal of hazardous substances. Seabridge shall complete all such reclamation and removal as expeditiously as reasonably practicable.

(b) Governmental Permits. To the extent it may legally do so, Atlas hereby grants to Seabridge the right to conduct operations on the Property during the Option Period (subject to the limitations set, forth in Section 2.2 (a)) pursuant to the Exploration Permits and any and all other federal, state or local governmental permits, licenses and other approvals currently in place; provided, however, that Atlas makes no representation or warranty as to whether applicable governmental authorities will allow Seabridge to conduct any activities or operations on the Property pursuant to the Exploration Permits or otherwise, or that the

applicable authorities will allow the Exploration Permits to remain in place during the Option Period. Atlas agrees to cooperate with Seabridge in good faith to keep the Exploration Permits in place during the Option Period. Seabridge shall also have the right and authority to apply, in the name of Seabridge, for all necessary permits, licenses and other approvals from the United States of America, the State of Oregon or from county or local authorities. Seabridge agrees that it will not disturb the surface of the Property without obtaining all required permits, licenses, consents and approvals. If it does not exercise the Option, Seabridge, to the extent it may legally do so, will transfer to Atlas, at the request of Atlas, all federal, state and local permits, licenses and approvals pursuant to which Seabridge conducted activities on the Property during the Option Period. Any such transfer to Atlas will not relieve Seabridge of its obligations under this Section 2.2.

(c) Compliance with Laws. Seabridge agrees to conduct all of its activities and operations on the Property in accordance with good and minerlike practices and in compliance with all applicable laws, rules and regulations of the United States, the State of Oregon and any department or political subdivision thereof having jurisdiction in the matter, including without limitation, the Exploration Permits, and such laws, rules and regulations pertaining to social security, unemployment compensation, wages and hours and conditions of labor, the environment, human health and safety and reclamation, and Seabridge shall defend, indemnify and hold Atlas, its officers, directors, successors and assigns harmless from and against payment of any damages occasioned by Seabridge's failure to comply with said laws.

(d)

2.3 Maintenance. During the Option Period and in accordance with the provisions of the Leases, except as otherwise set forth in Section 2.1 and except as otherwise provided in the Leases, Newco shall have the full, exclusive right to relocate or amend (in the name of Atlas) any or all of the Claims, and, with the prior written consent of Atlas, which consent shall not be unreasonably withheld, to abandon, apply for mineral patents, defend contests or adverse suits and negotiate settlement thereof with respect to any and all of the Claims. Notwithstanding the foregoing, if during the Option Period Seabridge desires to abandon any of the Leased Claims (to the extent allowed by the Leases), Seabridge shall provide Atlas with at least 45 days prior written notice of such intention. If Seabridge exercises the Option, Newco shall at its expense promptly after the Closing file a good and sufficient notice of transfer of interest coverin g the Claims with the Oregon State Office of the Bureau of Land Management.

2.4 Information and Data. Upon execution of this Agreement, Atlas shall make available to Seabridge for copying at Seabridge's expense all records, data and information in Atlas' possession relating to title to the Property, and all maps, surveys, technical reports, drill logs, mine, mill and smelter records; and all metallurgical, geological, geophysical, geochemical and other technical data pertaining to the Property in its possession; provided, however that Atlas makes no representation or warranty as to the reliability, accuracy or completeness of any such information or data, including without limitation any information and data provided to Seabridge pursuant to the provisions of Section 2.2(a), and Seabridge shall rely on the same at its sole risk. Seabridge shall use such information and data solely for the purpose of evaluating the Property with a view to exercising the Option and Seabridge shall not use the information o r data or permit its use for any other purpose. All such information and data made available by Atlas shall be returned to Atlas by Seabridge promptly upon termination of this Agreement if Seabridge does not exercise the Option. In addition, Seabridge shall turn over to Atlas in the event of such termination any data and information pertaining to the Property generated by or on behalf of Seabridge during the Option Period.

2.5 Indemnity. Except as to damages sustained by Atlas while on the Property pursuant to Section 2.7, Seabridge agrees to defend, indemnify and hold Atlas, its officers, directors, successors and assigns

harmless from and against any loss, liability, expense or damage (including reasonable attorneys' fees and disbursements) Atlas may incur to third persons or other entities for injury to or death of persons or damage to property which is the result of Seabridge conducting any operations at or on the Property during the Option Period.

2.6 Insurance. Seabridge agrees to carry such insurance, covering all persons working at or on the Property for Seabridge, as will fully comply with the requirements of all applicable federal laws, rules or regulations and the statutes of the State of Oregon pertaining to worker's compensation and occupational disease and disabilities as are now in force or as may be hereafter amended or enacted. In addition, during the Option Period, Seabridge agrees to carry liability insurance with respect to its operations at the Property in reasonable amounts in accordance with accepted industry practices. Any liability insurance policies maintained by Seabridge pursuant to this Section 2.6 shall name Atlas as an additional insured, and Seabridge shall provide Atlas with evidence of such insurance prior to conducting any activities at or on the Property.

2.7 Inspection. During the Option Period, Atlas and its authorized agents, at Atlas' sole risk and expense, shall have the right, exercisable during regular business hours, at a mutually convenient time, in compliance with Seabridge's safety rules and regulations, and in a reasonable manner so as not to interfere with Seabridge's operations, to go upon the Property for the purpose of confirming that Seabridge is conducting its operations in the manner required by this Agreement. Atlas shall defend, indemnify and hold Seabridge, its officers, directors, successors and assigns harmless from all claims for damages arising out of any death, personal injury or property damage sustained by Atlas, its agents or employees, while in or upon the Property pursuant to this Section 2.7, unless such death, injury or damage is due to Seabridge's wrongful conduct.

2.8 Taxes. During the Option Period, Seabridge shall be responsible for payment of all taxes levied or assessed upon or against the Property and any facilities or improvements located thereon; provided, however, that Seabridge shall not be responsible for any such payments for which Atlas receives notices of due dates and fails to timely forward copies of such notices to Seabridge. In the event it exercises the Option, Seabridge shall pay any sales and use taxes and real property transfer taxes imposed on the transfer of the Property from Atlas to Newco.

2.9 Replacement of Bonds. In accordance with that Second Amended Plan of Reorganization for Atlas Corporation dated January 10, 2000, and that Second Amended Plan of Reorganization for Atlas Precious Metals Inc. dated January 10, 2000, both approved by the United States Bankruptcy Court for the District of Colorado (collectively, the "Plan of Reorganization"), Atlas' reclamation obligations pertaining to the Property are limited to the amounts set forth in the existing bonds identified on Exhibit C (the "Existing Bonds"). As to operations or activities on the Property undertaken by or on behalf of Atlas, the relevant governmental agencies are limited to calling the Existing Bonds and taking action against the Surety Company that issued those bonds in the event the reclamation obligations currently required thereunder are not timely performed. The parties acknowledge and agree that Atlas makes no covenant, representation or warranty as to whether the Existing Bonds will remain in place during the Option Period, although Atlas will use good faith efforts to take no actions to cause those bonds to be released, and will cooperate in good faith with Seabridge in an effort to have the amount of the Existing Bonds reduced. Prior to the Closing Date, Seabridge shall make arrangements with a nationally-recognized surety company to issue reclamation bonds (the "Replacement Bonds") as required to replace the Existing Bonds, and Seabridge shall provide evidence of such arrangements as is reasonably acceptable to Atlas. Seabridge shall use its best efforts to arrange for the release of the Existing Bonds and the acceptance by the appropriate governmental authorities of the Replacement Bonds as soon as practicable and in any event not later than 21 days after the Closing. After the Closing and until the Replacement Bonds are in place, Seabridge agrees that it will not conduct any activities that disturb the surf ace of the Property or otherwise take any actions that could increase the amount of expenditures required to reclaim the Property. Prior to the end of such 21-day period, Atlas agrees that it will not take any final actions to obtain the release of the Existing Bonds. Seabridge agrees to defend, indemnify and hold harmless Atlas, its officers, directors, successors and assigns from and against any and all liabilities, claims, damages, losses or expenses (including

interest and penalties, reasonable attorneys' fees, and other reasonable expenses of defending any actions relating thereto) arising from or related to the failure to timely obtain the release of the Existing

Bonds or any actions taken by any governmental authority affecting any Existing Bond as a result of such failure. In addition, Seabridge agrees that before it undertakes any activities or operations at the Property during the Option Period that would require an increase in the amount of expenditures required to reclaim the Property, it will at its sole expense post such bonds as are required before commencing any such activities or operations, and those bonds will be the primary bonds for such disturbances.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF ATLAS

3.1 Representations and Warranties of Atlas. Atlas hereby represents and warrants to Seabridge, which representations and warranties shall be true and correct as of the Effective Date, as of the Exercise Date and as of the Closing, and shall survive the exercise of the Option, that:

(a) Organization and Standing. APMI is a corporation duly organized, validly existing, and in good standing under the laws of the State of Nevada; AMI is a corporation duly organized, validly existing, and in good standing under the laws of the State of Colorado.

(b) Corporate Power. Atlas has all requisite power and authority (i) to enter into this Agreement and all other agreements contemplated hereby, and (ii) to carry out and perform its obligations under the terms and provisions of this Agreement and all agreements contemplated hereby. The execution and delivery of and the performance by Atlas under this Agreement are not in conflict with the Plan of Reorganization.

(c) Authorization. All requisite corporate action on the part of Atlas, and its officers, directors, and shareholders, necessary for the execution, delivery, and performance of this Agreement and all other agreements of Atlas contemplated hereby, have been taken. This Agreement and all agreements and instruments contemplated hereby are, and when executed and delivered, will be, legal, valid, and binding obligations of Atlas enforceable against Atlas in accordance with their respective terms. The execution, delivery and performance of this Agreement will not violate any provision of law; any order of any court or other agency of government; or any provision of any indenture, agreement or other instrument to which Atlas is a party or by which its properties or assets are bound; or be in conflict with, result in a breach of or constitute (with due notice and lapse of time) a default under any such indenture, agreement or other instrument. There is no law, rule or regulation, or any judgment, decree or order of any court or governmental authority binding on Atlas which would be contravened by the execution, delivery, performance or enforcement of this Agreement or any instrument or agreement required hereunder. However, no representation is made as to (i) the remedy of specific performance or other equitable remedies for the enforcement of this Agreement or any other agreement contemplated hereby or (ii) rights to indemnity under this Agreement for securities law liability. Additionally, this representation is limited by applicable bankruptcy, insolvency, moratorium, and other similar laws affecting generally the rights and remedies of creditors and secured parties.

(d)

(a) Royalties. Except as set forth in the Leases, Atlas has granted no royalties or other burdens on production affecting the Property.

(b) Title to the Property.

(i) With respect to the Leases: (A) Atlas has not received any notice of default of any of the terms or provisions of the Leases; and (B) the Leases are valid and are in good standing and full force and effect (provided that with respect to any actions taken or omissions to act, by either the lessors under the Leases or any third parties to whom Atlas had previously conveyed any interest in the Leases, which might constitute an event of default under the Leases, Atlas' representation and warranty that the Leases are valid and in good standing and full force and effect is limited to its knowledge).

(ii) With respect to the Owned Claims that were originally located by Atlas, subject to the paramount title of the United States and the rights of third parties pursuant to the Multiple Mineral Development Act of 1954 and the Surface Resources and Multiple Use Act of 1955: (A) those Owned Claims were properly laid out and monumented; (B) location notices and certificates covering those Owned Claims were properly recorded and filed with appropriate governmental agencies; (C) assessment work required to hold those Owned Claims was performed in a manner consistent with industry standards through the assessment year ending September 1, 1992; (D) claim rental and maintenance fees required to be paid under federal law to maintain those Owned Claims in good standing have been timely paid for the assessment years ending September 1, 1993 through September 1, 2000; and (E) affidavits of assessment work and other filings required to maintain those Owned Claims in good standing have been properly and timely recorded or filed with the appropriate governmental agencies; provided, however, that to the extent that and during any periods of time those Owned Claims were subject to any agreement by which Atlas had conveyed any interest in those Owned Claims to any third party, and as a result a third party was responsible for maintaining those Owned Claims, each of the foregoing representations and warranties is limited to Atlas' knowledge. In addition, Atlas represents and warrants that those Owned Claims are free and clear of all liens, claims and encumbrances in favor of third parties and arising by, through or under Atlas.

(iii) With respect to the Leased Claims and any of the Owned Claims that were not located by Atlas, subject to the paramount title of the United States and the rights of third parties pursuant to the Multiple Mineral Development Act of 1954 and the Surface Resources and Multiple Use Act of 1955, to Atlas' knowledge: (A) since API acquired an interest in those claims, assessment work required to hold those claims was performed in a manner consistent with industry standards through the assessment year ending September 1, 1992; (B) since API acquired an interest in those claims, claim rental and maintenance fees required to be paid under federal law to maintain those claims in good standing have been timely paid for the assessment years ending September 1, 1993 through September 1, 2000; and (C) affidavits of assessment work and other filings required to maintain those claims in good standing have been timely and pr operly filed or recorded with the appropriate governmental agencies. In addition, Atlas represents and warrants that those claims and the Fee Lands are free and clear of all liens,

claims and encumbrances in favor of third parties (except as set forth in the Leases) arising by, through or under Atlas.

(i) Nothing in this Section 3.1(e) shall be deemed to be a representation or warranty by Atlas that any of the Claims contains a discovery of valuable minerals. In addition, Atlas makes no representations or warranties whatsoever with respect to (A) the existence (or non-existence) of any overlaps or conflicts between the Claims and unpatented or patented mining claims owned by third parties, (B) whether the land on which any of the millsites comprising a portion of the Claims is non-mineral in character or whether any of those millsites are being used or occupied for mining purposes as required by law, or (C) whether the use of all or any of the millsites would be approved as part of a proposed plan of operations for activities on the Claims, or (D) the validity, adequacy or amount of any water rights covered by the Water Permit described in Exhibit C.

(ii) The parties hereby acknowledge and agree that certain of the Leased Claims, as described in Part III of Exhibit B, are claims that were located by Atlas pursuant to the terms of the Sherry and Yates Lease, and that the locator or owner of those claims is obligated to convey those claims to the lessors under that lease.

(a) Legality. To Atlas' knowledge, any activities on the Property conducted by Atlas or any third party to whom Atlas conveyed any interest in the Property were not in material violation of any law, rule, ordinance, or other governmental regulation, including, without limitation, those relating to zoning, condemnation, mining, reclamation, environmental matters, equal employment, and federal, state, or local health and safety laws, rules, and regulations, the lack of compliance with which could materially adversely affect the Property.

(b) Litigation and Claims. To Atlas' knowledge, there are no actions, suits or proceedings pending or threatened against or affecting the Property, including any actions, suits, or proceedings being prosecuted by any federal, state, or local department, commission, board, bureau, agency, or instrumentality. To its knowledge, Atlas is not subject to any order, writ, injunction, judgment, or decree of any court or any federal, state, or local department, commission, board, bureau, agency, or instrumentality which relates to the Property.

(c) Consents. Except as required under the Exploration Permits or any other governmental permit or approval pertaining to the Property, Atlas has obtained all consents, approvals, authorizations, declarations, or filings required by any federal, state, local, or other authority, or any lenders, creditors, and other third parties in connection with the valid execution, delivery, and performance of this Agreement and the consummation of the transaction contemplated hereby. The Leases do not require any consent for Atlas to convey or assign its interests thereunder.

(d) Existing Bonds. To Atlas' knowledge, the amount of the Existing Bonds is sufficient to cover the existing reclamation obligations pertaining to the Property as set forth in the Exploration Permits (using current cost and pricing assumptions).

(e)

(a) Brokerage or Finder's Fee. The parties acknowledge that a finder's fee is owed to Geographe MFS International, Inc. by Atlas, and that payment of that fee shall be Atlas' sole obligation.

(b) Representations. To the knowledge of Atlas, no statements, warranties, or representations made by it herein contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were or will be made, not misleading.

ARTICLE IV

REPRESENTATIONS, WARRANTIES AND COVENANTS OF SRI

4.1 Representations and Warranties of SRI. SRI hereby represents and warrants to Atlas, which representations and warranties shall be true and correct as of the Effective Date, as of the Exercise Date, and as of the Closing, that:

(a) Organization and Standing. SRI is a corporation duly organized, validly existing, and in good standing under the laws of the Province of British Columbia, Canada.

(b) Qualification. As of the Closing Date, Newco, which will be a wholly-owned subsidiary of SRI, will be a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation and the State of Oregon.

(c) Corporate Power. SRI has the requisite corporate power and authority (i) to enter into this Agreement and all other agreements contemplated hereby, and (ii) to carry out and perform its obligations under the terms and provisions of this Agreement and all agreements contemplated hereby.

(d) Authorization. All requisite corporate action on the part of SRI, and its officers and directors, necessary for the execution, delivery and performance of this Agreement and all other agreements of SRI contemplated hereby, have been taken. This Agreement and all agreements and instruments contemplated hereby, when executed and delivered by SRI, will be the legal, valid, and binding obligations of SRI enforceable against SRI in accordance with their terms. The execution, delivery and performance of this Agreement will not violate any provision of law; any order of any court or other agency of government; or any provision of any indenture, agreement or other instrument to which SRI is a party or by which its properties or assets are bound; or be in conflict with, result in a breach of or constitute (with due notice and lapse of time) a default under any such indenture, agreement or other instrument. There is no law, rule or regulation, or any judgment, decree or order of any court or governmental authority binding on SRI which would be contravened by the execution, delivery, performance or enforcement of this Agreement or any instrument or agreement required hereunder. However, no representation is made as to (i) the remedy of specific performance or other equitable remedies for the enforcement of this Agreement or any other agreement contemplated hereby or (ii) rights to indemnity under this Agreement for securities law liability. Additionally, this representation is limited by applicable bankruptcy, insolvency, moratorium,

(e)

and other similar laws affecting generally the rights and remedies of creditors and secured parties.

(a) Consents. SRI has obtained all consents, approvals, authorizations, declarations, or filings required by any federal, state, local, or other authority (except the Canadian Venture Exchange), or any

lenders, creditors, and other third parties in connection with the valid execution, delivery, and performance of this Agreement and the consummation of the transaction contemplated hereby.

(b) Brokerage or Finder's Fee. All negotiations relative to this Agreement and the transactions contemplated hereby have been carried on by SRI in such manner as not to give rise to any valid claim against Atlas for a brokerage commission, finder's fee or other fee or commission arising by reason of the transactions contemplated by this Agreement.

(c) The Stock. On the date of this Agreement, the authorized capital stock of SRI consists of 9,497,367 common shares without par value, none of which are held by SRI. The Stock has been duly authorized for issuance and reserved therefor and, when issued, all shares of the Stock shall be validly issued, fully paid and nonassessable shares of capital stock of Seabridge, free and clear of all liens, charges and encumbrances. There does not exist any preemptive right in favor of any person with respect to the Stock. When issued, the Stock will be subject only to those limitations on trading subsequent to acquisition of the Stock by Atlas imposed by the Canadian Venture Exchange and applicable securities laws. At the Closing, the Stock will be listed on the Canadian Venture Exchange (or on the Toronto Stock Exchange, the Montreal Exchange, or an equivalent exchange in the United States) and SRI shall have complied with all of the req uirements of that exchange for issuing the Stock. In the event that the Stock is listed on the Toronto Stock Exchange, the Montreal Exchange, or an equivalent exchange in the United States, all references in this Agreement to the "Canadian Venture Exchange" shall be deemed to be references to the exchange on which the Stock is actually listed.

(d) Financial Statements and Reports. SRI has provided to Atlas the audited balance sheet of SRI as of December 31, 1999, and again current as of the Closing, and the related statements of income and retained earnings and statements of cash flow for the fiscal year then ended. Such financial statements and the notes thereto were prepared in accordance with Canadian generally accepted accounting principles and fairly present the financial condition and results of operations of SRI at the date and for the periods covered thereby all in accordance with Canadian generally accepted accounting principles consistently applied. Neither the financial statements nor the related statements contained as of their respective dates, any untrue statement of a material fact or any omission to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumst ances under which they were made, not misleading. The balance sheets included in the financial statements (including any related notes) present fairly in all material respects the financial position of SRI as of their respective dates and the results of operations, changes in financial position, cash flows and changes in stockholders' equity, as the case may be, of SRI for the periods therein set forth.

(i) Representations. To SRI's knowledge, no statements, warranties or representations made by it herein contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statement made, in light of the circumstances under which such statements were made or will be made, not misleading.

4.2 Assumption of Obligations. Upon the exercise of the Option, Seabridge shall assume (a) the obligations of Atlas pertaining to the Property arising under any permits, including without limitation the Exploration Permits, issued by any federal, state or local authority, (b) all of the obligations of Atlas under the Leases and the Glerup office lease, and (c) all reclamation obligations pertaining to the Property.

ARTICLE V

CONDITIONS PRECEDENT TO OBLIGATIONS

5.1 Conditions Precedent to Obligations of Atlas. The obligations of Atlas to consummate the transactions referred to in Articles I and II are subject to the fulfillment by Seabridge or the waiver by Atlas of each of the following conditions prior to or at the Closing:

(a) The representations and warranties of SRI made herein, which shall be deemed to have been made again on and as of the Closing, shall be true as of the Closing in all respects, except that representations and warranties which were expressly made as of a specified date need only be true as of such specified date; and Seabridge shall have performed and complied in all respects with all of the undertakings and agreements required by this Agreement to be performed or complied with prior to or at the Closing;

(b) There shall have been no material adverse change in the business, financial position or results of operation of SRI since the Effective Date which either (i) renders SRI insolvent or otherwise unable to fulfill its obligations and liabilities as they come due and in the ordinary course of business, or (ii) otherwise prevents SRI from conducting its business in the ordinary course and consistent with past practice;

(c) All proceedings to be taken in connection with the transactions contemplated hereby and all documents incident thereto shall be reasonably satisfactory in form and substance to Atlas and its counsel, acting reasonably;

(d) Seabridge shall have performed all of its obligations and agreements hereunder from the date hereof to the Closing;

(e) Seabridge shall have obtained the consent of the Canadian Venture Exchange of its exercise of the Option and the Closing of the transactions contemplated under Articles I and II;

(f) No action shall have been commenced challenging the transactions contemplated hereby and no preliminary or permanent injunction or other order shall have been sought or issued that seeks to prevent or prevents consummation of the transactions contemplated hereby; and

(g) Newco shall have executed and delivered to Atlas a supplemental agreement in form and substance reasonably acceptable to Atlas and its counsel, acting reasonably, pursuant to which Newco agrees to be bound by all of the terms and conditions of this Agreement, and makes, jointly and severally with SRI, all of the representations and warranties set forth in Article IV.

In the event of failure to consummate the transactions referred to in Articles I and II as a result of a failure to satisfy any of the foregoing conditions, this Agreement shall terminate and the provisions of Sections 7.3, 7.4 and 7.5 shall apply.

5.2 Conditions Precedent to Obligations of Seabridge. The obligations of Seabridge to consummate the transactions referred to in Articles I and II are subject to the fulfillment by Atlas, or waiver by Seabridge, of each of the following conditions prior to or at the Closing:

(a) The representations and warranties of Atlas made hereunder, which shall be deemed to have been made again on and as of the Closing, shall be true as of the Closing in all respects, except that representations and warranties which were expressly made as of a specified date need only be true as of such specified date; and Atlas shall have performed and complied in all respects with all of the undertakings and agreements required by this Agreement to be performed or complied with prior to or at the Closing;

(b) There shall have been no material adverse change in the business, financial position or results of Atlas which materially affects the Property;

(c) All proceedings to be taken in connection with the transactions contemplated hereby and all documents incident thereto shall be reasonably satisfactory in form and substance to Seabridge and its counsel, acting reasonably;

(d) Atlas shall have performed all of its obligations and agreements hereunder from the date hereof to the Closing; and

(e) No action shall have been commenced challenging the transactions contemplated hereby and no preliminary or permanent injunction or other order shall have been sought or issued that seeks to prevent or prevents consummation of the transactions contemplated hereby.

In the event of failure to consummate the transactions referred to in Articles I and II as a result of a failure to satisfy any of the foregoing conditions, this Agreement shall terminate and the provisions of Sections 7.3, 7.4 and 7.5 shall apply.

ARTICLE VI

INDEMNIFICATION

6.1 Indemnification of Seabridge. Atlas hereby defends, indemnifies and agrees to hold Seabridge, its directors, officers, successors and assigns, harmless from and against any and all liabilities, claims, damages, losses, or expenses (including interest and

penalties, reasonable attorneys' fees; and other reasonable expenses of defending any actions relating thereto) incurred or sustained by Seabridge in or as a result of or arising out of or attributable to (a) any breach of the specific representations and warranties made by Atlas herein, (b) the breach of any of the agreements, covenants, conditions, and obligations of Atlas contained in this Agreement, or (c) to the extent permissible under and in accordance with the Plan of Reorganization, any liability arising out of, based on or resulting from any actions taken by Atlas (or omissions to act) prior to the Effective Date of this Agreement and pertaining to:

(i) the presence, release, threatened release, discharge or emission into the environment, at or from the Property, of any Hazardous Materials, which shall be defined to mean any substance:

(A) the presence of which requires reporting, investigation, removal or remediation under any Environmental Law (defined as the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act of 1976, the Clean Air Act, the Clean Water Act, the Hazardous Materials Transportation Act, the Toxic Substances Control Act, the Federal Water Pollution Control Act, the Superfund Amendments and Reauthorization Act of 1986, the Safe Drinking Water Act, the Endangered Species Act, the National Environmental Policy Act, the Mine Safety and Health Act of 1977, the Federal Land Policy and Management Act of 1976, and the National Historic Preservation Act, each as amended, and any state law counterparts, together with all other laws [including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, filings, and charges thereunder] of federal, state and local governments [and a ll agencies thereof] concerning pollution or protection of the environment, reclamation, public health and safety, or employee health and safety, including laws relating to emissions, discharges, releases, or threatened releases of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials or wastes into ambient air, surface water, ground water, or lands or otherwise relating to the existence, manufacture, processing, distribution, use, treatment, storage, disposal, recycling, transport, or

handling or reporting or notification to any governmental authority in the collection, storage, use, treatment or disposal of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials or wastes);

(B) that is defined as a "hazardous waste," "hazardous substance," "extremely hazardous substance" or "pollutant" or "contaminant" under any Environmental Law;

(C) that is toxic, explosive, corrosive, flammable, ignitable, infectious, radioactive, reactive, carcinogenic, mutagenic or otherwise hazardous and is regulated under any Environmental Law;

(D) the presence of which on a property causes or threatens to cause a nuisance upon the property or to adjacent properties or poses or threatens to pose a hazard to the health or safety of persons on or about the property;

(E) that contains gasoline, diesel fuel or other petroleum hydrocarbons; or

(F)

(F) that contains PCBs, asbestos or urea formaldehyde foam insulation; in each case subject to exceptions provided in applicable Environmental Laws or substances existing or arising on, beneath or above such property and/or emanating or migrating and/or threatening to emanate or migrate from such property and/or emanating or migrating and/or threatening to emanate or migrate from such property to other properties;

(i) disposal or treatment of or the arrangement for the disposal or treatment of Hazardous Materials originating or transported from the Property to an off-site treatment, storage or disposal facility;

(ii) physical disturbance of the environment on or from the Property; or

(iii) the violation or alleged violation of any Environmental Laws relating to Atlas' activities at or on the Property prior to the Effective Date of this Agreement.

The parties expressly agree that the indemnification obligations of Atlas set forth in this Section 6.1 above shall apply only to liability arising out of, based on or resulting from actions taken or omissions to act by Atlas, and not by any third party (including without limitation the lessors under the Leases or any third party to whom Atlas conveyed an interest in the Property or with whom Atlas had a contractual relationship concerning the Property prior to the Effective Date of this Agreement).

6.2 Indemnification of Atlas. Seabridge hereby defends, indemnifies and agrees to hold Atlas, its directors, officers, successors and assigns, harmless from and against any and all liabilities, claims, damages, losses, or expenses (including interest and penalties, reasonable attorneys' fees and other reasonable expenses of defending any actions relating thereto) incurred or sustained by Atlas in or as a result of or arising out of or attributable to (a) any breach of the specific representations and warranties made by Seabridge herein, or (b) the breach by Seabridge of any of the agreements, covenants, conditions, and obligations of Seabridge contained in this Agreement, (c) any activities on the Property conducted by Seabridge, its successors or assigns, or (d) any liability arising out of, based on or resulting from any actions taken by Seabridge (or omissions to act) pertaining to:

(i)

the presence, release, threatened release, discharge or emission into the environment, at or from the Property, of any Hazardous Materials, which shall be defined to mean any substance:

(A) the presence of which requires reporting, investigation, removal or remediation under any Environmental Law (defined as the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act of 1976, the Clean Air Act, the Clean Water Act, the Hazardous Materials Transportation Act, the Toxic Substances Control Act, the Federal Water Pollution Control Act, the Superfund Amendments and Reauthorization Act of 1986, the Safe Drinking Water Act, the Endangered Species Act, the National Environmental Policy Act, the Mine Safety and Health Act of 1977, the Federal Land Policy and Management Act of 1976, and the National

Historic Preservation Act, each as amended, and any state law counterparts, together with all other laws [including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, filings, and charges thereunder] of federal, state and local governments [and all agencies thereof] concerning pollution or protection of the environment, reclamation, public health and safety, or employee health and safety, including laws relating to emissions, discharges, releases, or threatened releases of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials or wastes into ambient air, surface water, ground water, or lands or otherwise relating to the existence, manufacture, processing, distribution, use, treatment, storage, disposal, recycling, transport, or handling or reporting or notification to any governmental authority in the collection, storage, use, treatment or disposal of pollutants, contaminants, or chemical, industrial, ha zardous, or toxic materials or wastes);

(A) that is defined as a "hazardous waste," "hazardous substance," "extremely hazardous substance" or "pollutant" or "contaminant" under any Environmental Law;

(B) that is toxic, explosive, corrosive, flammable, ignitable, infectious, radioactive, reactive, carcinogenic, mutagenic or otherwise hazardous and is regulated under any Environmental Law;

(C) the presence of which on a property causes or threatens to cause a nuisance upon the property or to adjacent properties or poses or threatens to pose a hazard to the health or safety of persons on or about the property;

(D) that contains gasoline, diesel fuel or other petroleum hydrocarbons; or

(E) that contains PCBs, asbestos or urea formaldehyde foam insulation; in each case subject to exceptions provided in applicable Environmental Laws or substances existing or arising on, beneath or above such property and/or emanating or migrating and/or threatening to emanate or migrate from such property and/or emanating or migrating and/or threatening to emanate or migrate from such property to other properties;

(i) disposal or treatment of or the arrangement for the disposal or treatment of Hazardous Materials originating or transported from the Property to an off-site treatment, storage or disposal facility;

(ii) physical disturbance of the environment on or from the Property; or

(iii) the violation or alleged violation of any Environmental Laws relating to Seabridge's activities at or on the Property.

6.3 Notification. The parties hereto, within 5 days after the service of process upon either of them in a lawsuit, including any notices of any court action or administrative action or any other type of action or proceeding (an "Action") or promptly after either of them, to their respective knowledge, shall become subject to, or possess actual knowledge of, any damage, liability, loss, cost, expense, or claim to which the indemnification provisions of this

Agreement (including but not limited to Sections 6.1 or 6.2) relate, whether based on a third party claim or otherwise, shall give written notice to the other party setting forth the facts relating to the claim, damage, or loss, if available, and the estimated amount of the same. "Promptly" shall mean giving notice within five business days; provided, however, that failure to give any such notice promptly shall not relieve the indemnifying party of any liability hereunder unless it is materially prejudiced thereby. Upon receipt of such notice relating to an Action, the indemnifying party shall be entitled to (a) participate at its own expense in the defense or investigation of any claim or Action or (b) assume the defense thereof, in which event the indemnifying party shall not be liable to the indemnified party for legal or attorney fees thereafter incurred by such indemnified party in defense of such action or claim; provided, that if the indemnified party may have any unindemnified liability out of such claim, such party shall have the right to approve the counsel selected by the indemnifying party, which approval shall not be withheld unreasonably. If the indemnifying party assumes the defense of any claim or Action, all costs of defense of such claim or Action shall thereafter be borne by such party and such party shall have the authority to compromise and settle such claim or Action, or to appeal any adverse judgment or ruling with the cost of such appeal to be paid by such party; provided, however, if the indemnified party may have any unindemnified liability arising out of such claim or Action the indemnifying party shall have the authority to compromise and settle each such claim or Action only with the written consent of the indemnified party, which shall not be withheld unreasonably, and if such consent is withheld, the indemnifying party shall not be responsible for any costs, fees or expenses incurred by the indemnified party in excess of the proposed settlement amount (with respect to the indemnified amount of such claim or action). The indemnified party may continue to participate in any litigation at its expense after the indemnifying party assumes the defense of such Action. In the event the indemnifying party does not elect to assume the defense of a claim or Action, the indemnified party shall have authority to compromise and settle such claim or Action only with the written consent of the indemnifying party, which consent shall not be unreasonably withheld, or to appeal any adverse judgment or ruling, with all costs, fees, and expenses indemnifiable under Sections 6.1 or 6.2 hereof to be paid by the indemnifying party.

6.4 Nature of Indemnification. The parties hereby agree that their respective indemnification obligations set forth in Sections 6.1 and 6.2 are to be deemed complementary with and supplemental to any specific indemnification obligations set forth elsewhere in this Agreement, that those specific indemnification obligations set forth elsewhere in this Agreement shall not be deemed to limit or restrict the indemnification obligations set forth in Sections 6.1 and 6.2, and that the indemnification obligations set forth in Sections 6.1 and 6.2 shall not be deemed to limit or restrict the specific indemnification obligations set forth elsewhere in this Agreement.

ARTICLE VII

TERMINATION

7.1 Termination by SRI. SRI shall have the right to terminate, surrender and relinquish this Agreement at any time during the Option Period by giving written notice to Atlas of such election. If Seabridge does not exercise the Option during the Option Period, this Agreement will terminate automatically. Any termination by Seabridge pursuant to this

Section 7.1 will be effective when such notice is effective as provided in Section 8.1 below. Upon termination of this Agreement pursuant to this Section 7.1, Seabridge shall have no further liability or obligations hereunder or with respect to the Property, except with respect to the obligations set forth in this Section 7.1 and Sections 2.1, 2.2(b)-(e), 2.4, 2.5, 2.8, 2.9, 6.2, 6.3, 6.4, 7.3, 7.4 and 7.5.

7.2 Termination by Atlas. In the event of a default hereunder on the part of Seabridge, Atlas shall give to Seabridge written notice specifying the particular default or defaults asserted, and Seabridge shall have 30 days after the receipt of said notice within which either to cure such specified defaults, or to undertake to cure the same and diligently thereafter promptly to cure the same; provided, however, that in the event of a default by Seabridge in timely making and satisfying the full amount of any monetary payment required under this Agreement, Atlas may elect to terminate this Agreement immediately without providing notice of such a default to Seabridge and without any cure period. In the event Seabridge cures a default (other than monetary defaults, for which there is no cure) as set forth above, this Agreement shall continue in full force and effect as though no default has occurred. In the event such curative action is not so completed or diligent efforts to cure such defaults are not undertaken within the applicable 30-day period and thereafter diligently pursued to completion, or if the nature of the default gives Atlas the right to immediately terminate this Agreement as set forth above, Atlas may elect to terminate this Agreement by notice to Seabridge as provided in Section 8.1. Upon termination of this Agreement pursuant to this Section 7.2, Seabridge shall have no further liability or obligations hereunder or with respect to the Property, except with respect to the obligations set forth in this Section 7.2 and Sections 2.1, 2.2(b)-(e), 2.4, 2.5, 2.8, 2.9, 6.2, 6.3, 6.4, 7.3, 7.4 and 7.5.

7.3 Release. Upon termination of this Agreement, if Seabridge has not exercised the Option, Seabridge will, at the written request of Atlas, provide Atlas with a written release, in recordable form, of its rights hereunder with respect to the Property.

7.4 Surrender of Possession and Removal of Equipment. Upon termination of this Agreement, if Seabridge has not exercised the Option, Seabridge shall surrender possession of the Property, subject to the condition that Seabridge shall have the right at any time within one year after such surrender or termination of this Agreement to remove all of its tools, equipment, machinery, supplies, fixtures, buildings, structures and other property erected or placed on such property by Seabridge, excepting only timber, chutes and ladders in place for underground support and entry. Title to such property not removed within one year shall, at the election of Atlas, pass to Atlas. Alternatively, at the end of one year Atlas may remove any such property from the Property and dispose of the same in a commercially reasonable manner, all at the expense of Seabridge.

7.5 Exercise of Option. The provisions of Sections 1.2, 1.6, 1.7, 2.1, 2.2(b), 2.2(e), 2.5, 2.7, 2.9, 3.1, 4.1, 4.2, 6.1, 6.2, 6.3, 6.4, and Article VIII of this Agreement shall survive the Closing of the Option. In the event the Closing of the transactions contemplated under Articles I and II does not occur as the result of a failure of a condition precedent set forth in Section 5.1 or 5.2, the provisions of Sections 2.1, 2.2(b)-(e), 2.4, 2.5, 2.8, 2.9, 6.2, 6.3 and 6.4 shall survive.

ARTICLE VIII

GENERAL PROVISIONS

8.1 Notices. Any notice or communication hereunder shall be in writing, and shall be delivered (a) by reputable overnight courier, confirmation of receipt requested, (b) by telecopy or other similar form of rapid transmission, with receipt confirmed at substantially the same time as such rapid transmission, or (c) personally to the receiving party or an officer thereof. If notice is given by courier, it shall be deemed to have been given and received two business days after deposit with the courier service, properly addressed, with delivery fees prepaid; and if given otherwise than by courier, it shall be deemed to have been given when delivered to and received by the party to whom it is addressed at the time received. The addresses of the parties for the purposes of this Section are as follows:

ATLAS MINERALS INC.
370 Seventeenth Street
Suite 3010
Denver, Colorado 80202 Attention: Richard
Blubaugh

SEABRIDGE RESOURCES INC.
Suite 304
700 West Pender Street
Vancouver, British Colombia, Canada
V6C 1G8
Attention: Rudi P. Fronk

With a copy to:

SEABRIDGE RESOURCES INC.
172 King Street East
Third Floor
Toronto, Ontario, Canada M5A 1J3
Attention: Rudi P. Fronk

Either party hereto, by written notice to the other party (effective upon the date of receipt of such notice), may change the address for notices to be sent to it.

8.2 Governing Law. This Agreement, and the rights and liabilities of the parties hereunder, shall be governed by and construed in accordance with the laws of the State of Colorado, other than its rules as to conflicts of law.

8.3 Parties in Interest, Assignment. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective parties hereto and their successors and permitted assigns, whether hereinabove so expressed or not. The rights, powers, privileges, and interests hereunder shall not be assignable by either

party, except to affiliates or subsidiaries, or as otherwise specifically provided for herein, without the prior written consent of the non-assigning party, which consent shall not be unreasonably withheld; provided, however, that SRI may not require Atlas to accept as the Stock the shares of any affiliate or subsidiary of SRI, and provided further that any affiliate or subsidiary to whom any rights, powers, privileges or interests hereunder are assigned shall agree in writing to be bound by all the terms and conditions of this Agreement.

8.4 Entire Agreement. This Agreement contains the entire agreement and understanding of the parties hereto and supersedes all prior written or oral agreements and understanding between them concerning or relating to the subject matter contained herein, including without limitation the provisions of that certain Letter Agreement between SRI and Atlas dated February 14, 2000. There are no representations, agreements, arrangements, or understandings, oral or written, between the parties hereto relating to the subject matter contained in this Agreement which are not fully expressed herein.

8.5 Public Announcements and Confidentiality. Disclosure of information relating to this Agreement or the Property may be made by either party only if such information is required to be disclosed to any federal, state, provincial or local government or appropriate agencies and departments thereof or if such information is required by law to be publicly announced. Otherwise, public announcements or reports by either party of information relating to this Agreement or the Property shall be made only on the basis of agreed texts upon the prior written consent of the non-disclosing party, which consent shall not be unreasonably withheld. Each party accordingly agrees that it will, in advance of making public any information referred to in the preceding sentence, give the other party written notice of the text of the proposed report and provide that party with the opportunity to object to the form and content thereof before the same is i ssued. The non-disclosing party shall respond within 5 days of receipt of such notice, or its silence will constitute a waiver of objection to the terms of the proposed text. In addition, disclosure of any such information by Seabridge to third parties shall be made only to third parties who are engaged in assisting Seabridge in its evaluation of the Property and who agree to keep such information confidential.

8.6 Waiver, Amendment. Any of the terms or conditions of this Agreement may be waived at any time by the party which is entitled to the benefit thereof, but no such waiver shall affect or impair the right of the waiving party to require observance, performance, or satisfaction of any other term or condition hereof. Any of the terms of provisions of this Agreement may be amended or modified at any time by agreement in writing.

8.7 Severability. In the event that any one or more of the provisions contained in this Agreement or in any other instrument or agreement contemplated hereby shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement or any such other instrument or agreement.

8.8 Headings. The Article and Section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

8.9 Attorneys' Fees. In the event of any controversy, claim, or dispute between the parties hereto, arising out of or relating to this Agreement or the breach thereof, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorneys' fees, and costs.

8.10 Further Documents. At the request of either Atlas or Seabridge, the parties shall execute and deliver any further instruments, agreements, documents or other papers reasonably requested by either Atlas or Seabridge to effect the purposes of this Agreement and the transactions contemplated hereby.

8.11 Venue, Submission to Jurisdiction. The parties hereby submit to the nonexclusive jurisdiction of the United States District Court for the District of Colorado and of any Colorado State Court sitting in Denver, Colorado for the purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby or thereby. The parties irrevocably waive, to the fullest extent permitted by law, any objection which they may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

8.12 Joint and Several Liability. All of the representations, warranties, covenants, obligations and liabilities of SRI, Newco or Seabridge contained in this Agreement shall be deemed to be the joint and several representations, warranties, covenants, obligations and liabilities of SRI and Newco. All of the representations, warranties, covenants and obligations and liabilities of AMI, APMI or Atlas contained in this Agreement shall be deemed to be the joint and several representations, warranties, covenants, obligations and liabilities of AMI and APMI.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day first above written.

ATLAS MINERALS INC.,
a Colorado corporation

Richard E. Blubaugh (name)

Executive Vice President (title)

ATLAS MINERALS INC.,
a Nevada corporation
By: /s/
Richard E. Blubaugh (name)
Executive Vice President (title)

SEABRIDGE RESOURCES INC.,
a British Columbia corporation
By: __/s/_____
Rudi P. Fronk (name)
President & CEO (title)

EXHIBIT A
Unpatented Mining Claims owned by Atlas Precious Metals Inc.

I. Frog Lode Claims

The following lode mining claims located in Sections 12 & 13, T 22 S − R 43 E, Section 32, T 21 S − R 44 E, Sections 4 − 9, 17, 18, T 22 S − R 44 E, WM, in Malheur County, Oregon:

BOOK	CLAIM NAME		BLM ORMC #	MALHEUR COUNTY PAGE
Frog	1	104797	88	18804
Frog	2	104798	88	18805
Frog	3	126210	89	39554

Frog	4	126211	89	39555
Frog	5	104801	88	18808
Frog	6	104802	88	18814
Frog	7	104803	88	18809
Frog	8	104804	88	18810
Frog	9	104805	88	18811
Frog	10	104806	88	18812
Frog	10A	108086	88	22228
Frog	11	104807	88	18813
Frog	12	104808	88	18815
Frog	14	104810	88	18817
Frog	16	104812	88	18819
Frog	18	104814	88	18821
Frog	19	104815	88	18822
Frog	20	104816	88	18823
Frog	21	104817	88	18824
Frog	22	104818	88	18825
Frog	23	104819	88	18826
Frog	24	104820	88	18827
Frog	25	104821	88	18828
Frog	25A	108087	88	22229
Frog	26	104822	88	18829
Frog	26A	108088	88	22230
Frog	27	104823	88	18830
Frog	28	104824.	88	18831
Frog	29	104825	88	18832
Frog	30	104826	88	18833
Frog	31	104827	88	18834
Frog	32	104828	88	18835
Frog	33	104829	88	18836
Frog	34	104830	88	18837
Frog	35, as amended	104831	90	3396

EXHIBIT A

Unpatented Mining Claims owned by Atlas Precious Metals Inc.

I. Frog Lode Claims (cont' d)

CLAIM NAME		BLM ORMC #	MALHEUR COUNTY BOOK	PAGE
Frog	35A	108089	88	22231
Frog	36	104832	88	18839
Frog	37	104833	88	18840
Frog	38	104834	88	18841
Frog	39	104835	88	18842
Frog	40	104836	88	18843
Frog	41	104837	88	18844
Frog	42	104838	88	18845
Frog	46	104839	88	18846
Frog	46A	108090	88	22232
Frog	46B	108091	88	22233
Frog	47	104840	88	18847
Frog	48	104841	88	18848
Frog	85, as amended	104878	90	1366
Frog	86, as amended	104879	90	1367
Frog	87, as amended	104880	90	1368
Frog	88, as amended	104881	90	1369
Frog	89, as amended	104882	90	1370
Frog	90, as amended	104883	90	1371
Frog	91, as amended	104884	90	1372
Frog	92, as amended	104885	90	1373
Frog	93	104886	88	18893
Frog	94	104887	88	18894
Frog	96	104889	88	18896
Frog	98	104891	88	18898
Frog	107	104900	88	18907
Frog	108	104901	88	18908
Frog	109	104902	88	18909
Frog	110	104903	88	18910
Frog	111	104904	88	18911
Frog	112	104905	88	18912
Frog	113	104906	88	18913
Frog	133	104926	88	18933
Frog	134	104927	88	18934
Frog	135	104928	88	18935

EXHIBIT A
Unpatented Mining Claims owned by Atlas Precious Metals Inc.

I. Frog Lode Claims (cont' d)

CLAIM NAME	BLM	ORMC #	MALHEUR COUNTY BOOK	PAGE
Frog 136	104929		88	18936
Frog 147	104940		88	18947
Frog 148	104941		88	18948
Frog 149	104942		88	18949
Frog 150	104943		88	18950
Frog 151	125178		89	38517
Frog 167	104960		88	18967
Frog 168	104961		88	18968
Frog 169	104962		88	18969
Frog 170	104963		88	18970
Frog 171	104964		88	18971
Frog 172	104965		88	18972
Frog 173	104966		88	18973
Frog 174	104967		88	18974
Frog 175	104968		88	18975
Frog 176	104969		88	18976
Frog 195	104988		88	18995
Frog 196	104989		88	18996
Frog 197	104990		88	18997
Frog 198	104991		88	18998
Frog 207	105000		88	19007
Frog 208	105001		88	19008
Frog 209	105002		88	19009
Frog 210	105003		88	19010
Frog 211	105004		88	19011
Frog 212	105005		88	19012
Frog 213	105006		88	19013

Frog 214	105007	88	19014
Frog 215	105008	88	19015
Frog 216	105009	88	19016
Frog 224	105017	88	19024
Frog 226	105019	88	19026
Frog 228	105021	88	19028
Frog 230	105023	88	19030
Frog 232	105025	88	19032
Frog 252	105913	88	19861
Frog 649	107597	88	21299
Frog 650	107598	88	21300
Frog 651	107599	88	21301
Frog 652	107600	88	21302

EXHIBIT A

Unpatentcd Mining Claims owned by Atlas Precious Metals Inc.

I. Frog Lode Claims (cont'd)

CLAIM NAME	BLM ORMC #	MALHEUR COUNTY BOOK	PAGE
Frog 755	107703	88	21405
Frog 756	107704	88	21406
Frog 1274	126212	89	39556
Frog 1275	126213	89	39557
Frog 1277	126215	89	39559

II. Don Millsite Claims

The following unpatented millsite mining claims located in Sections 7 and 8, T 22 S -R 44 E, WM, in Malheur County, Oregon:

CLAIM NAME	**BLM ORMC #**	**MALHEUR COUNTY COUNTY BOOK**	**PAGE**
Don 1	108077	88	22025
Don 2	108078	88	22026
Don 3	108079	88	22027
Don 4	108080	88	22028
Don 5	108081	88	22029
Don 6	108082	88	22030
Don 7	108083	88	22031
Don 8	108084	88	22032
Don 9	108085	88	22033

EXHIBIT B
Property Held by Atlas Precious Metals Inc. Under Agreement

I. Bishop I

The following unpatented lode and placer mining claims and fee lands subject to that certain Mining Lease and Option to Purchase dated September 11, 1989 between John J. Bishop and Henry F. Bishop, dba Bishop Brothers, Eileen Bishop, Judy Bishop, John J. Bishop, Jr., Anna Mae Wineburger, aka Anna Mae Hovis, Suzie Bishop, and Chris Bishop, and Atlas Precious Metals Inc., as amended July 2, 1991, and July 8, 1997 and located in Sections l 1 - 14, T 22 S - R 43 E, WM, in Malheur County, Oregon:

CLAIM NAME	BLM ORMC #	MALHEUR COUNTY BOOK	PAGE
BISHOP 1	116169	89	31685
BISHOP 2	116170	89	31686
BISHOP 3	116171	89	31687
BISHOP 4	116172	89	31688
BISHOP 5	116173	89	31689
BISHOP 5 RELOCATED	125516	89	38758

Those certain fee lands located in T 22 S - R 43 E, WM, in Malheur County, Oregon:

Section 11: S ½ (surface only)
Section 12: W½ SW¼ (surface only)
Section 13: NW¼ SW ¼ , W ½ , NW ¼ (surface and minerals)
Section 14: E ½ SE ¼ , SW ¼ SE ¼ (surface and minerals)
N ½ , NW ¼ SE ¼ (surface only)
Section 15: S ¼ SE ¼ (surface only)

II. Bishop II

The following fee lands subject to that certain Mining Lease and Option to Purchase dated September 11, 1989 between John J. Bishop and Henry F. Bishop, dba Bishop Brothers, Ann Schlupe, and Frank B. Bishop, located in T 22 S R 43 E, WM, in Malheur County, Oregon:

Section 12: SE ¼ SW ¼ (minerals only)
Section 13: NE ¼ NW ¼ (minerals only)

III. Sherry & Yates

The following unpatented lode mining claims subject to that certain Mining Lease and Option to Purchase dated March 5, 1986, between Sherry & Yates, Inc. and Atlas Precious Metals Inc., as amended July 25, 1991, and located in Sections 7, 8, 17, and 18, T 22 S - R 44 E, WM, in Malheur County, Oregon:

CLAIM NAME	BLM ORMC #		MALHEUR COUNTY
BOOK			PAGE
Poison Springs # 1	74965	84	121750
Poison Springs # 2	74966	84	121751
Poison Springs # 3	74967	84	121752
Poison Springs # 4	74968	84	121753
Poison Springs # 5	74969	84	121754

EXHIBIT B
Property Held by Atlas Precious Metals Inc. Under Agreement

III. Sherry & Yates (cont' d)

CLAIM NAME	ORMC #	BLM	MALHEUR COUNTY	
CLAIM NAME			BOOK	PAGE
Poison Springs # 6		74970	84	121755
Poison Springs # 7		74971	84	121756
Poison Springs # 8		74972	84	121757
Poison Springs # 9		74973	84	121758
Poison Springs # 10		74974	84	121759
Poison Springs # 11		74975	84	121760
Poison Springs # 12		74976	84	121761
Poison Springs # 13		74977	84	121762
Poison Springs # 14		74978	84	121763
Poison Springs # 15		74979	84	121764
Poison Springs 16, as amended		74980	90	1364
Poison Springs 16A		127904	90	1362
Poison Springs 17, as amended		74981	90	1365

Poison Springs 17A		127905	90	1363
Poison Springs # 18		74982	84	121767
Poison Springs	19, as amended	74983	90	6119
Poison Springs	20, as amended	74984	90	6120
Poison Springs	21, as amended	74985	90	6121
Poison Springs #	22	74986	84	121771
Poison Springs	23, as amended	74987	88	22375
Poison Springs	24, as amended	74988	90	6122
Poison Springs	25, as amended	74989	90	6123
Poison Springs #	26	74990	84	121775
Poison Springs #	27	74991	84	121776
Poison Springs #	28	74992	84	121777
Poison Springs	29, as amended	74993	90	6124
Poison Springs	30, as amended	74994	90	6125
Poison Springs	31, as amended	74995	90	6126
Poison Springs #	32	74996	84	121781
Poison Springs	33, as amended	82452	90	6127
Poison Springs	34, as amended	82453	90	6128
Poison Springs	35, as amended	82454	90	6129
Poison Springs	36, as amended	82455	88	22384
Poison Springs	37, as amended	82456	90	6130
Poison Springs # 38, as amended		82457	86	2207

EXHIBIT B
Property field by Atlas Precious Metals Inc. Under Agreement

III. Sherry & Yates (cont'd)

The following unpatented lode mining claims subject to Sherry & Yates agreement, but held by Atlas Precious Metals Inc., and located in Sections 7, 8, 17, and 18, T 22 S - R 44 E, WM, in Malheur County, Oregon:

CLAIM NAME	BLM ORMC #	MALIIEUR COUNTY BOOK	PAGE
Poison Spring - 1 A	146318	93	6060
Poison Spring - 3A	146319	93	6061
Poison Spring - 5A	146320	93	6062
Poison Spring - 6A	146321	93	6063
Poison Spring - 7A	146322	93	6064
Poison Spring - 8A	146323	93	6065
Poison Spring - 9A	146324	93	6066

Poison Spring - 11A	146325	93	6067
Poison Spring - 14A	146326	93	6068
Poison Spring - 18A	146327	93	6069
Poison Spring - 22A	146328	93	6070
Poison Spring - 26A	146329	93	6071
Poison Spring - 27A	146330	93	6072
Poison Spring - 38A	146331	93	6073

EXHIBIT C
Other Assets Comprising the Property

I. Water Permit

Oregon Water Resources Department, Water Rights Division, Water Rights Application Number G-11847, Permit Number G-10994. Written progress report due October 1, 2003. Application of water to beneficial use by October 1, 2008.

II. Exploration Permits

State of Oregon, Oregon Department of Geology

Exploration Permit No. 23-0195, Grassy Mountain Site, Bond Amount $136,200.00 Exploration Permit No. 23-0224, Grassy Mountain Regional, Bond Amount $10,000.00

Performance Bond No. 6907.

III. Vale, OR Office Lease

Lease between [illegible] premises at [illegible] rental of $825.00/month.

EXHIBIT D

SPECIAL WARRANTY DEED

THIS SPECIAL WARRANTY DEED is made and entered into this

day of 200_, from ATLAS MINERALS INC., a Colorado corporation, and ATLAS PRECIOUS METALS INC., a Nevada corporation, whose address is 370 17th Street, Suite 3010, Denver, Colorado 80202 (collectively, "Atlas") to a corporation, whose address is Suite 304, 700 West Pender Street, Vancouver, British Columbia, Canada, V6C 1G8 ("Seabridge").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Atlas does hereby convey and specially warrant unto Seabridge all of its right, title and interest in and to those unpatented mining claims and millsites listed on Exhibit A attached hereto and incorporated herein by reference (the "Claims"), free and clear of all liens, claims and encumbrances arising by, through and under Atlas, except as set forth in that Option Agreement among Atlas,_____, and Seabridge Resources Inc., dated effective as of February 14, 2000.

TOGETHER WITH all lodes, ledges, veins and mineral bearing rock, both known and unknown, lying within the boundaries of the Claims, together with all dips, spurs, and angles, and all the ores, mineral-bearing quartz, rock and earth or other deposits therein or thereon and all of the rights, privileges and franchises thereto incident, and all and singular the tenements and hereditaments thereunto or in anywise appertaining, and the rents, issues and profits thereof; and also all the estate, right, title, interest, property, possession, claim and demand whatsoever, as well in law as in equity, of Atlas, of, in or to the Claims and every part and parcel thereof, including all after acquired title.

TO HAVE AND TO HOLD all and singular the claims, unto Seabridge, its successors and assigns forever.

IN WITNESS WHEREOF, Atlas has executed this Special Warranty Deed as of the date first set forth above.

ATLAS MINERALS INC.,
a Colorado corporation

By:_____
_____(name)

_____ (title)

ATLAS PRECIOUS METALS INC.,
a Nevada corporation

By:_____
_____(name)
_____ (title)

STATE OF _____)
) ss.
COUNTY OF _____)

This instrument was acknowledged before me on _____, 200_ by _____, as _____of Atlas Minerals Inc., a Colorado corporation.

Witness my hand and official seal.

My commission expires: _____

_____
Notary Public

STATE OF _____)
)
ss.
COUNTY OF _____)

This instrument was acknowledged before me on _____, 200_ by

_____, as _____of Atlas Precious Metals Inc., a Nevada corporation.

Witness my hand and official seal.

My commission expires: _____

_____
Notary Public

EXHIBIT A
Unpatented Mining Claims owned by Atlas Precious Metals Inc.

1. Frog Lode Claims

The following lode mining claims located in Sections 12 & 13, T 22 S − R 43 E, Section 32, T 21 S − R 44 E, Sections 4 − 9, 17, 18, T 22 S − R 44 E, WM, in Malheur County, Oregon:

CLAIM NAME	BLM ORMC #	MALHEUR COUNTY BOOK	PAGE
Frog 1	104797	88	18804
Frog 2	104798	88	18805
Frog 3	126210	89	39554
Frog 4	126211	89	39555
Frog 5	104801	88	18808
Frog 6	104802	88	18814
Frog 7	104803	88	18809
Frog 8	104804	88	18810
Frog 9	104805	88	18811
Frog 10	104806	88	18812
Frog 10A	108086	88	22228
Frog 11	104807	88	18813
Frog 12	104808	88	18815
Frog 14	104810	88	18817
Frog 16	104812	88	18819
Frog 18	104814	88	18821
Frog 19	104815	88	18822
Frog 20	104816	88	18823
Frog 21	104817	88	18824
Frog 22	104818	88	18825
Frog 23	104819	88	18826
Frog 24	104820	88	18827
Frog 25	104821	88	18828
Frog 25A	108087	88	22229
Frog 26	104822	88	18829

Frog	26A	108088	88	22230
Frog	27	104823	88	18830
Frog	28	104824	88	18831
Frog	29	104825	88	18832
Frog	30	104826	88	18833
Frog	31	104827	88	18834
Frog	32	104828	88	18835
Frog	33	104829	88	18836
Frog	34	104830	88	18837
Frog	35, as amended	104831	90	3396

EXHIBIT A
Unpatented Mining Claims owned by Atlas Precious Metals Inc.

I. Frog Lode Claims (cont'd)

CLAIM NAME		BLM ORMC #	MALHEUR COUNTY BOOK	PAGE
Frog	35A	108089	88	22231
Frog	36	104832	88	18839
Frog	37	104833	88	18840
Frog	38	104834	88	18841
Frog	39	104835	88	18842
Frog	40	104836	88	18843
Frog	41	104837	88	18844
Frog	42	104838	88	18845
Frog	46	104839	88	18846
Frog	46A	108090	88	22232
Frog	46B	108091	88	22233
Frog	47	104840	88	18847
Frog	48	104841	88	18848
Frog	85, as amended	104878	90	1366
Frog	86, as amended	104879	90	1367
Frog	87, as amended	104880	90	1368
Frog	88, as amended	104881	90	1369
Frog	89, as amended	104882	90	1370
Frog	90, as amended	104883	90	1371
Frog	91, as amended	104884	90	1372
Frog	92, as amended	104885	90	1373
Frog	93	104886	88	18893
Frog	94	104887	88	18894
Frog	96	104889	88	18896

Frog	98	104891	88	18898
Frog	107	104900	88	18907
Frog	108	104901	88	18908
Frog	109	104902	88	18909
Frog	110	104903	88	18910
Frog	111	104904	88	18911
Frog	112	104905	88	18912
Frog	113	104906	88	18913
Frog	133	104926	88	18933
Frog	134	104927	88	18934
Frog	135	104928	88	18935

EXHIBIT A
Unpatented Mining Claims owned by Atlas Precious Metals Inc.

I. Frog Lode Claims (cont'd)

CLAIM NAME		BLM ORMC #	MALHEUR COUNTY BOOK	PAGE
Frog	136	104929	88	18936
Frog	147	104940	88	18947
Frog	148	104941	88	18948
Frog	149	104942	88	18949
Frog	150	104943	88	18950
Frog	151	125178	89	38517
Frog	167	104960	88	18967
Frog	168	104961	88	18968
Frog	169	104962	88	18969
Frog	170	104963	88	18970
Frog	171	104964	88	18971
Frog	172	104965	88	18972
Frog	173	104966	88	18973
Frog	174	104967	88	18974
Frog	175	104968	88	18975
Frog	176	104969	88	18976
Frog	195	104988	88	18995
Frog	196	104989	88	18996
Frog	197	104990	88	18997
Frog	198	104991	88	18998

Frog	207	105000	88	19007
Frog	208	105001	88	19008
Frog	209	105002	88	19009
Frog	210	105003	88	19010
Frog	211	105004	88	19011
Frog	212	105005	88	19012
Frog	213	105006	88	19013
Frog	214	105007	88	19014
Frog	215	105008	88	19015
Frog	216	105009	88	19016
Frog	224	105017	88	19024
Frog	226	105019	88	19026
Frog	228	105021	88	19028
Frog	230	105023	88	19030
Frog	232	105025	88	19032
Frog	252	105913	88	19861
Frog	649	107597	88	21299
Frog	650	107598	88	21300
Frog	651	107599	88	21301
Frog	652	107600	88	21302

EXHIBIT A

Unpatented Mining Claims owned by Atlas Precious Metals Inc.

I. Frog Lode Claims (cont'd)

CLAIM NAME	BLM ORMC #	MALHEUR COUNTY BOOK	PAGE
Frog 755	107703	88	21405
Frog 756	107704	88	21406
Frog 1274	126212	89	39556
Frog 1275	126213	89	39557
Frog 1277	126215	89	39559

II. Don Millsite Claims

The following unpatented millsite mining claims located in Sections 7 and 8, T 22 S -R 44 E, WM, in Malheur County, Oregon:

CLAIM NAME	BLM ORMC #	MALHEUR COUNTY BOOK	PAGE
Don 1	108077	88	22025

Don 2	108078	88	22026
Don 3	108079	88	22027
Don 4	108080	88	22028
Don 5	108081	88	22029
Don 6	108082	88	22030
Don 7	108083	88	22031
Don 8	108084	88	22032
Don 9	108085	88	22033

EXHIBIT E

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT is made and entered into this _____day of_____, 200_, by and among ATLAS MINERALS INC., a Colorado corporation, and ATLAS PRECIOUS METALS INC., a Nevada corporation, whose address is 370 17th Street, Suite 3010, Denver, Colorado 80202 (collectively, "Atlas"), and Seabridge Resources Inc., a corporation incorporated under the laws of the Province of British Columbia, Canada, and _____, a_____corporation, whose address is Suite 304, 700 West Pender Street, Vancouver, British Columbia, Canada, V6C 1G8 (collectively, "Seabridge").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Atlas hereby transfers, conveys, sets over and assigns to Seabridge, its successors and assigns, all of Atlas' right, title and interest in and to (a) those mining leases more particularly described in Exhibit A attached hereto and incorporated herein by reference (collectively, the "Leases"), and (b) those agreements, permits and bonds listed on Exhibit B attached hereto and incorporated herein by reference (the "Instruments").

Seabridge hereby agrees to assume all of the obligations of Atlas under and to be bound by all of the terms and conditions of the Leases and the Instruments.

IN WITNESS WHEREOF, the parties have executed this Assignment and Assumption Agreement effective the date first written above.

ATLAS MINERALS INC., a Colorado corporation

By:_____
_____(name)
_____ (title)

ATLAS PRECIOUS METALS INC., a Nevada corporation

By:_____
_____(name)
_____ (title)

SEABRIDGE RESOURCES INC., a British Columbia corporation

By:_____
_____(name)
_____ (title)

_____,
a_____corporation

By:_____
_____(name)
_____ (title)

STATE OF _____)
) ss. COUNTY OF _____)

This instrument was acknowledged before me on _____, 200_ by

_____, as _____ of Atlas Minerals Inc., a Colorado corporation.

Witness my hand and official seal.

My commission expires:

_____
Notary Public

STATE OF _____)
) ss.
COUNTY OF

_____)

This instrument was acknowledged before me on _____, 200_ by _____, as _____ of Atlas Precious Metals Inc., a Nevada corporation.

Witness my hand and official seal.

My commission expires:_____

_____
Notary Public

PROVINCE OF_____)
) ss. COUNTY OF _____)

This instrument was acknowledged before me on _____, 200_ by _____, as _____ of Seabridge Resources Inc., a corporation incorporated under the laws of the Province of British Columbia, Canada.

Witness my hand and official seal.

My commission expires:_____

_____
Notary Public

STATE OF _____)
) ss. COUNTY OF _____)

This instrument was acknowledged before me on _____, 200_ by _____, as _____ of _____, a _____ corporation.

Witness my hand and official seal.

My commission expires: _____

_____
Notary Public

EXHIBIT A
Property Held by Atlas Precious Metals Inc. Under Agreement

I. Bishop I

The following unpatented lode and placer mining claims and fee lands subject to that certain Mining Lease and Option to Purchase dated September II, 1989 between John J. Bishop and Henry F. Bishop, dba Bishop Brothers, Eileen Bishop, Judy Bishop, John J. Bishop, Jr., Anna Mae Wineburger, aka Anna Mae Hovis, Suzie Bishop, and Chris Bishop, and Atlas Precious Metals Inc., as amended July 2, 1991, and July 8, 1997 and located in Sections 11 - 14, T 22 S - R 43 E, WM, in Malheur County, Oregon:

CLAIM NAME	BLM ORMC #	MALHEUR COUNTY BOOK	PAGE
BISHOP 1	116169	89	31685
BISHOP 2	116170	89	31686
BISHOP 3	116171	89	31687
BISHOP 4	116172	89	31688
BISHOP 5	116173	89	31689
BISHOP 5 RELOCATED	125516	89	38758

Those certain fee lands located in T 22 S - R 43 E, WM, in Malheur County, Oregon:

Section 11: S ½ (surface only)
Section 12: W ½ SW ¼ (surface only)
Section 13: NW ¼ SW ¼ , W ½ NW ¼ (surface and minerals)
Section 14: E ½ SE ¼ , SW ¼ SE ¼ (surface and minerals)
N ½ NW ¼ , SE ¼ (surface only)
Section 15: S ½ SE ¼ (surface only)

II. Bishop H

The following fee lands subject to that certain Mining Lease and Option to Purchase dated September 11, 1989 between John J. Bishop and Henry F. Bishop, dba Bishop Brothers, Ann Schlupe, and Frank B. Bishop, located in T 22 S R 43 E, WM, in Malheur County, Oregon:

Section 12: SE ¼ SW ¼ (minerals only)
Section 13: NE ¼ NW ¼ (minerals only)

III. Sherry & Yates

The following unpatented lode mining claims subject to that certain Mining Lease and Option to Purchase dated March 5, 1986, between Sherry & Yates, Inc. and Atlas Precious Metals Inc., as amended July 25, 1991, and located in Sections 7, 8, 17, and 18, T 22 S - R 44 E, WM, in Malheur County, Oregon:

CLAIM NAME	BLM ORMC #	MALHEUR COUNTY BOOK	PAGE
Poison Springs # 1	74965	84	121750
Poison Springs # 2	74966	84	121751
Poison Springs # 3	74967	84	121752
Poison Springs # 4	74968	84	121753
Poison Springs # 5	74969	84	121754

Property Held by Atlas Precious Metals Inc. Under Agreement

III. Sherry & Yates (cont'd)

CLAIM NAME	BLM ORMC #	MALHEUR COUNTY BOOK	PAGE
Poison Springs # 6	74970	84	121755
Poison Springs # 7	74971	84	121756
Poison Springs # 8	74972	84	121757
Poison Springs # 9	74973	84	121758
Poison Springs # 10	74974	84	121759
Poison Springs # 11	74975	84	121760
Poison Springs # 12	74976	84	121761
Poison Springs # 13	74977	84	121762
Poison Springs # 14	74978	84	121763
Poison Springs # 15	74979	84	121764
Poison Springs 16, as amended	74980	90	1364
Poison Springs 16A	127904	90	1362
Poison Springs 17, as amended	74981	90	1365
Poison Springs 17A	127905	90	1363
Poison Springs # 18	74982	84	121767
Poison Springs 19, as amended	74983	90	6119
Poison Springs 20, as amended	74984	90	6120
Poison Springs 21, as amended	74985	90	6121
Poison Springs # 22	74986	84	121771
Poison Springs 23, as amended	74987	88	22375
Poison Springs 24, as amended	74988	90	6122
Poison Springs 25, as amended	74989	90	6123
Poison Springs # 26	74990	84	121775
Poison Springs # 27	74991	84	121776
Poison Springs # 28	74992	84	121777
Poison Springs 29, as amended	74993	90	6124
Poison Springs 30, as amended	74994	90	6125
Poison Springs 31, as amended	74995	90	6126
Poison Springs # 32	74996	84	121781
Poison Springs 33, as amended	82452	90	6127
Poison Springs 34, as amended	82453	90	6128
Poison Springs 35, as amended	82454	90	6129
Poison Springs 36, as amended	82455	88	22384
Poison Springs 37, as amended	82456	90	6130
Poison Springs # 38, as amended	82457	86	2207

Property Held by Atlas Precious Metals Inc. Under Agreement

III. Sherry & Yates (cont'd)

The following unpatented lode mining claims subject to Sherry & Yates agreement, but held by Atlas Precious Metals Inc., and located in Sections 7, 8, 17, and 18, T 22 S - R 44 E, WM, in Malheur County, Oregon:

CLAIM NAME	BLM ORMC #	MALHEUR COUNTY BOOK	PAGE
Poison Spring - 1A	146318	93	6060
Poison Spring - 3A	146319	93	6061
Poison Spring - 5A	146320	93	6062
Poison Spring - 6A	146321	93	6063
Poison Spring - 7A	146322	93	6064
Poison Spring - 8A	146323	93	6065
Poison Spring - 9A	146324	93	6066
Poison Spring - 11A	146325	93	6067
Poison Spring - 14A	146326	93	6068
Poison Spring - 18A	146327	93	6069
Poison Spring - 22A	146328	93	6070
Poison Spring - 26A	146329	93	6071
Poison Spring - 27A	146330	93	6072
Poison Spring - 38A	146331	93	6073

EXHIBIT B

I. **Water Permit**

Oregon Water Resources Department, Water Rights Division, Water Rights Application Number G-11847, Permit Number G-10994. Written progress report due October 1, 2003. Application of water to beneficial use by October 1, 2008.

II. **Exploration Permits**

State of Oregon, Oregon Department of Geology

Exploration Permit No. 23-0195, Grassy Mountain Site, Bond Amount $136,200.00 Exploration Permit No. 23-0224, Grassy Mountain Regional, Bond Amount $10,000.00

Performance Bond No. 6907.

II. **Vale, OR Office Lease**

Lease between George and Burtta Jean Glerup and Atlas Precious Metals Inc. is a month-to-month lease for the premises at 318 A Street West, Vale, OR 97918, at the rental rate of $325.00/month.

EXHIBIT F

PROMISSORY NOTE

U.S. $700,000 _____, 200_

FOR VALUE RECEIVED, the undersigned, SEABRIDGE RESOURCES INC., a corporation incorporated under the laws of the Province of British Columbia, Canada ("Seabridge"), and_____, an Oregon corporation ("_____;"_collectively, Seabridge and referred to as the "Maker") hereby jointly and severally promise to pay to the order of ATLAS MINERALS INC., a Colorado corporation at 370 17th Street, Suite 3010, Denver, Colorado 80202 ("Holder"), or at such other location specified by Holder from time to time, in immediately available funds, the principal amount of Seven Hundred Thousand Dollars (U.S. $700,000), in three equal installments of U.S. $233,333, the first installment due and payable not later than , 200 , the second installment due and payable not later than _____ 200_, and the third installment due and payable not later than _____, 200_, pursuant to the terms of that Option Agreement (the "Agreement"), dated effective as of February 14, 2000, by and among Maker, Atlas Precious Metals Inc. and Holder.

Maker further agrees to pay interest at the rate of five percent (5%) per annum on the outstanding principal amount hereof from the date first set forth above until such amount is paid in full in accordance with and as provided in the Agreement. All amounts of interest may be paid at Maker's discretion in cash or by shares of common stock of Seabridge, each such share to be valued based on (a) the average closing price of a share of such common stock on the Canadian Venture Exchange for the 20 business days preceding the date each installment of principal is due and payable and (b) an exchange rate (for calculating the value in U.S. dollars of a share of the stock) derived from the average Canadian/U. S. dollar exchange rate listed as the "Late NY" rate in the J.P. Morgan Index as published in the Wall Street Journal for the 20 business days preceding the date each installment of principal is due and paya ble). Interest payments shall be made with each installment of principal paid hereunder.

Maker agrees to pay all reasonable costs and expenses (including reasonable attorneys' fees and disbursements) actually paid or incurred by Holder in connection with the enforcement of payment on this Note. This Note may be prepaid at any time in whole or in part without penalty.

Maker hereby waives diligence, presentment, notice of nonpayment or dishonor, demand, protest and declaration of default under or of this Note.

This Note is made pursuant to, and is entitled to the benefits of, the Agreement. Any default in payment of any sum due under this Note shall constitute an event of default under any document securing this Note, including without limitation that Deed of Trust (with Security Agreement) of even date herewith among Maker, Atlas Precious Metals Inc. and Holder.

This Note and the rights and obligations of Maker and Holder hereunder shall be governed by and construed in accordance with, the laws of the State of Oregon, except for its rules as to conflicts of laws.

SEABRIDGE RESOURCES INC., a British Columbia corporation

By:_____
Name:_____
Title: _____

a _____ corporation

By:_____
Name:_____
Title: _____

EXHIBIT G When

recorded mail to:

Randy Hubbard
Davis, Graham & Stubbs LLP
370 17th Street, Suite 4700 Denver, Colorado
80202

DEED OF TRUST (WITH SECURITY AGREEMENT)

THIS DEED OF TRUST (WITH SECURITY AGREEMENT) dated as of _____, 200_ ("Deed of Trust"), is made by and among SEABRIDGE RESOURCES INC., a company incorporated under the laws of the Province of British Columbia, Canada ("Seabridge"), and Newco, a _____ corporation and a wholly-owned subsidiary of Seabridge ("_____;" Seabridge and Newco will be collectively referred to hereinafter as the "Company"), whose address is Suite 304, 700 West Pender Street, Vancouver, British Columbia, Canada V6C 1G8, and FIRST AMERICAN TITLE COMPANY OF MALHEUR COUNTY, an Oregon corporation, whose address is 317 S.W. Fourth Avenue, Ontario, Oregon 97914 (the "Trustee") for the benefit of ATLAS MINERALS INC., a Colorado corporation ("AMI"), whose address is 370 17th Street, Suite 3010, Denver, Colorado 80202.

WITNESSETH:

Recitals

Seabridge, AMI and Atlas Precious Metals Inc., a wholly-owned subsidiary of Atlas ("APMI;" AMI and APMI are collectively referred to hereinafter as "Atlas"), entered into an Option Agreement dated effective February 14, 2000 (the "Option Agreement"), pursuant to which Atlas granted to the Company an option to acquire all of its interest in certain unpatented lode mining claims, millsites and fee lands located in Malheur County, Oregon, as more particularly described in Exhibits A, B and C attached hereto and incorporated herein by reference (the "Property"). The Company has exercised its option to acquire all of Atlas' interest in the Property.

Pursuant to the Option Agreement, Seabridge has executed a promissory note in favor of AMI for which the aggregate principal amount and the interest thereon are due and payable in no event later than_____ ____, 200_ (the "Note").

It is a condition precedent to the Company's acquisition of Atlas' interest in the Property that Seabridge shall have executed and delivered the Note and the Company shall have granted to Atlas the liens and security interests and made the assignments contemplated by this Deed of Trust.

Agreement

NOW, THEREFORE, in consideration of the premises and in order to induce Atlas to convey its interest in the Property to Newco pursuant to the Option Agreement, the Company hereby agrees with the Trustee and Atlas as follows:

1. Grant of Security.

In order to secure repayment of the Indebtedness as defined herein, the Company hereby grants, bargains, sells, assigns, transfers, pledges, conveys and mortgages to the Trustee, in trust, with power of sale, for the benefit of Atlas, and for the same consideration grants a security interest to Atlas in, the following, whether now owned or hereafter acquired (the "Collateral"):

a. All of the Company's present or hereafter acquired right, title and interest in and to the unpatented mining claims, millsites, fee lands and leases located in Malheur County, Oregon, all as described in

Exhibits A and B hereto, all of such right, title and interest being referred to collectively herein as the "Grassy Mountain Mining Property" or the "Property");

b. All buildings, structures and improvements now or hereafter located or erected on the Property (the "Improvements") and any and all easements, licenses and rights-of-way used in connection therewith;

c. All of the Company's present or hereafter acquired water and water rights, ditch and ditch rights, reservoir and reservoir rights, stock or interest in irrigation or ditch companies used in relation to or appurtenant to the Grassy Mountain Mining Property;

d. All of the gold and all other minerals to which the Company is presently or hereafter entitled in, on or under the Property (herein called the "Minerals");

e. All of the accounts, contract rights and general intangibles now or hereafter arising in connection with the production, treatment, storage, transportation, manufacture or sale of the Minerals, including, but not limited to, the rights of the Company pursuant to the purchase option set forth in Section 17 of that Mining Lease and Option to Purchase dated March 5, 1986, between Sherry & Yates, Inc., and APMI, as amended;

f. All of the severed and extracted Minerals produced from the Grassy Mountain Mining Property to which the Company is presently or hereafter entitled;

g. All records, data and information in the Company's possession relating to the Property, including, without limitation, title and environmental data, and all maps, surveys,

technical reports, drill logs, and all metallurgical, geological, geophysical, geochemical, permitting and other technical data pertaining to the Property (collectively, the "Data"); and

h. All of the proceeds and products of the property described under (a) through (g) above.

TO HAVE AND TO HOLD all of the Collateral, together with all of the rights, privileges, benefits, hereditaments and appurtenances in anywise belonging, incidental or appertaining thereto, to the trustee IN TRUST, NEVERTHELESS, for the security and benefit of Atlas and its successors and assigns, subject to all the terms, conditions, covenants, agreements and trusts herein set forth.

2. Indebtedness Secured.

This instrument is executed and delivered by the Company to secure and enforce the payment and satisfaction of the Company's indebtedness under the Note and as described below (herein called the "Indebtedness"):

a. All sums owed to Atlas pursuant to the Option Agreement, as evidenced by the Note, and all interest and penalties on the sums so owed;

b. All sums advanced and costs and expenses incurred by Atlas (directly or on its behalf by the Trustee), including all reasonable legal fees and expenses when supported by appropriate documentation, made and incurred in connection with the Indebtedness or any part thereof, any renewal, extension or change

of or substitution for the Indebtedness or any part thereof, or the acquisition or perfection of the security therefor; and

c. All renewals, extensions, amendments and changes of, or substitutions for, all or any part of the items described under subparagraphs (a) and (b) above.

3. Warranties, Representations and Covenants.

3.1 The Company covenants, represents and warrants to and with the Trustee and Atlas, which representations and warranties shall remain true and correct so long as any portion of the Indebtedness remains unpaid, that:

a. Seabridge is a corporation duly organized, validly existing, and in good standing under the laws of the Province of British Columbia; Newco is a corporation duly organized, validly existing, and in good standing under the laws of its state of incorporation and the State of Oregon.

b. The Company has all requisite power and authority (i) to enter into this Deed of Trust and all other agreements contemplated hereby, and (ii) to carry out and perform its obligations under the terms and provisions of this Deed of Trust and all agreements contemplated hereby.

a. All requisite corporate action on the part of the Company, and its officers, directors, and shareholders, necessary for the execution, delivery, and performance of this Deed of Trust and all other agreements of the Company contemplated hereby, have been taken. This Deed of Trust and all agreements and instruments contemplated hereby are, and when executed and delivered, will be, legal, valid, and binding obligations of the Company enforceable against the Company in accordance with their respective terms. The execution, delivery and performance of this Deed of Trust will not violate any provision of law; any order of any court or other agency of government; or any provision of any indenture, agreement or other instrument to which the Company is a party or by which its properties or assets are bound; or be in conflict with, result in a breach of or constitute (with due notice and lapse of time) a default under any such indenture, ag reement or other instrument. There is no law, rule or regulation, or any judgment, decree or order of any court or governmental authority binding on the Company which would be contravened by the execution, delivery, performance or enforcement of this Deed of Trust or any instrument or agreement required hereunder. However, no representation is made as to (i) the remedy of specific performance or other equitable remedies for the enforcement of this Deed of Trust or any other agreement contemplated hereby or (ii) rights to indemnity under this Deed of Trust for securities law liability. Additionally, this representation is limited by applicable bankruptcy, insolvency, moratorium, and other similar laws affecting generally the rights and remedies of creditors and secured parties.

b. The Company has granted no royalties or other burdens on production affecting the Claims.

c. (i) With respect to the Leases (as described in Exhibit B): (A) the Company has not received any notice of default of any of the terms or provisions of the Leases; and (B) to the Company's knowledge, the Leases are valid and are in good standing and full force and effect.

(i) With respect to the unpatented mining claims and millsites comprising a portion of the Property (the "Claims"), subject to the paramount title of the United States and the rights of third parties pursuant to the Multiple Mineral Development Act of 1954 and the Surface Resources and Multiple Use Act of

1955, to the best of the Company's knowledge: (A) claim rental and maintenance fees required to be paid under federal law to maintain the Claims in good standing have been timely paid, and any required assessment work has been performed, for each assessment year since the assessment year ending September 1, 2001; (B) since February 14, 2000, affidavits of assessment work and other filings required to maintain the Claims in good standing have been properly and timely recorded or filed with the appropriate governmental agencies; and (C) the Claims and the fee lands comprising a portion of the Property are fr ee and clear of all liens, claims and encumbrances in favor of third parties and arising by, through or under the Company.

(ii) Nothing in this Paragraph 3.1(e) shall be deemed to be a representation or warranty by the Company that any of the Claims contains a discovery of valuable minerals. In addition, the Company makes no representations or warranties whatsoever with respect to (A) the existence (or non-existence) of any overlaps or conflicts between the Claims and unpatented or patented mining claims owned by third parties, (B) whether the land

(iii)

on which any of the millsites comprising a portion of the Claims is non-mineral in character or whether any of those millsites are being used or occupied for mining purposes as required by law, or (C) whether the use of all or any of the millsites would be approved as part of a proposed plan of operations for activities on the Claims.

a. There are no actions, suits or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Property, including any actions, suits, or proceedings being prosecuted by any federal, state, or local department, commission, board, bureau, agency, or instrumentality. The Company is not subject to any order, writ, injunction, judgment, or decree of any court or any federal, state, or local department, commission, board, bureau, agency, or instrumentality which relates to the Property.

b. Except as required under any governmental permit or approval pertaining to the Property, the Company has obtained all consents, approvals, authorizations, declarations, or filings required by any federal, state, local, or other authority, or any lenders, creditors, and other third parties in connection with the valid execution, delivery, and performance of this Deed of Trust and the consummation of the transactions contemplated hereby. The Leases (described in Exhibit B) do not require any consent for Seabridge to convey or assign its interests thereunder.

c. The Company is not presently obligated under any purchase or sale agreements, production payment agreements, operating agreements, participation agreements, security agreements or any other agreements to make future deliveries of production attributable to the Property without receiving full payment of such production at prevailing market prices (including without limitation market prices for production for future delivery prevailing at the time such futures contracts are entered into), except to the extent incurred in the ordinary course of business as presently conducted by the Company. No payments for production attributable to the Property are presently being held in suspense or escrow accounts.

d. With respect to the Property and operations thereon, the Company has complied in all respects with all applicable local, tribal, state and federal laws and regulations relating to its activities and operations on the Property, and the Company is not aware of any investigation (other than routine inspections) of the Company underway by any local, tribal, state or federal agency with respect to enforcement of such laws and regulations.

j. There are currently in place good and sufficient reclamation bonds to cover the existing reclamation obligations pertaining to the Property.

k. Except for the due and timely filing or recording of this Deed of Trust and any related Uniform Commercial Code Financing Statements, no further action is necessary in order to establish and perfect Atlas' prior security interest in or first lien on all the Collateral.

l. No event has occurred and is continuing or would result from the incurring of obligations by the Company under this Deed of Trust which is a Default or an Event of Default.

m. The Indebtedness has been incurred for business and commercial purposes.

3.2 The Company covenants and agrees with the Trustee and Atlas, that so long as any part of the Indebtedness secured hereby remains unpaid (unless Atlas shall have otherwise consented in writing):

a. The Company will pay when due the Indebtedness in accordance with the terms of the Note and this Deed of Trust and will comply with all of the terms and provisions thereof and hereof, except as to which may be diligently contested in good faith and by appropriate proceedings, or as to which a bona fide dispute may exist and for which adequate reserves are being maintained, or as otherwise permitted by the provisions thereof and hereof;

b. The Company shall promptly, at the Company's own expense and insofar as not contrary to applicable law, file and refile in such offices, at such times and as often as may be necessary, any instrument as may be necessary to create, perfect, maintain and preserve the lien and security interest intended to be created hereby and the rights and remedies hereunder; shall promptly furnish to Atlas evidence satisfactory to Atlas of all such filings and refilings; and otherwise shall do all things necessary or expedient to be done to effectively create, perfect, maintain and preserve the liens and security interests intended to be created hereby as a valid lien of first priority on real property and fixtures and a perfect security interest in personal property and fixtures, and hereby authorizes the Trustee and Atlas to file one or more financing or continuation statements, and amendments thereto, relative to any or all of the Collateral wit hout the signature of the Company where permitted by law;

c. The Company will (i) cause each of the Claims, and any water rights, right of ways, easements or privileges owned or hereafter acquired by the Company in respect thereof and necessary or appropriate to the operation of a mine upon the Grassy Mountain Mining Property, to be kept in full force and effect by the payment of whatever sums may become payable and by the fulfillment of whatever other obligations, and by the performance of whatever other acts, may be required, including without limitation (A) the timely payment of all claim maintenance fees payable to the U.S. government required to maintain the Claims, (B) the timely filing and recording in the appropriate governmental offices of affidavits of such payment; and (C) timely making all payments and performing all other obligations required of the Lessee under the Leases (as described in Exhibit B), to the end that forfeiture or termination of any portion of the Property shall be prevented, (ii) conduct all exploration, development, mining and processing operations at the Property in accordance with good and minerlike practice, (iii) permit Atlas, through its employees and agents, at Atlas's expense, at any reasonable time, to enter upon the Property, for the purpose of investigating and inspecting the condition and operation of the Collateral, and do all other things necessary or proper to enable Atlas to exercise this right at

such times as Atlas may reasonably request, provided, however, that if any such agent or employee should suffer any injury during any such visit or inspection and such injury shall be directly caused by negligence of such agent or employee, then the Company shall not be liable to Atlas for any expenses or damages relating to such injury, and (iv) do all other things necessary to preserve the Trustee's and Atlas' interests in the Collateral;

a. The Company will (i) comply with all lawful rulings and regulations of each regulatory authority having jurisdiction over its activities and operations at the Property, (ii) conduct any and all activities at the Property in compliance with applicable federal, state and local laws, rules and regulations, and (iii) reclaim the Property in accordance with applicable federal, state and local laws, rules and regulations;

b. The Company will pay when due all liabilities of any nature, including all liabilities for labor and material and equipment, incurred in or arising from the administration or operation of the Grassy Mountain Mining Property;

f The Company will carry worker's compensation insurance in compliance with applicable federal and state laws;

a. The Company will carry insurance as required by Section 2.6 of the Option Agreement;

b. The Company will protect every part of the Collateral from removal, destruction and damage, and will protect same from the doing or suffering to be done of any act, other than the use of the Collateral as hereby contemplated, whereby the value of the Collateral may be lessened;

c. The Company shall execute, acknowledge and deliver to Atlas such other and further instruments, and do such other acts, as in the opinion of Atlas may be necessary or desirable to effect the intent of this Deed of Trust, upon the reasonable request of Atlas and at the Company's expense;

j. The Company shall keep proper books, records and accounts in which complete and correct entries shall be made of the Company's transactions in accordance with generally accepted accounting principles, and shall keep the records concerning the accounts and contract rights included in the Collateral at the Company's principal place of business, or at such other location designated in writing by the Company, and Atlas shall have the right to inspect such records, at its expense, and the Company shall furnish copies of the same upon reasonable request by Atlas;

k. If the title or the right of the Company, the Trustee or Atlas to the Collateral or any part thereof shall be attacked, either directly or indirectly, or if any legal proceedings are commenced against the Company, the Company shall promptly give written notice thereof to the Trustee and Atlas and, at the Company's own expense, shall proceed diligently to defend against any such attack or proceedings, and the Trustee and Atlas may take such independent action in connection therewith as they may, in their reasonable discretion, deem advisable to protect the Trustee's and Atlas' interests in the Collateral, and all costs, expenses and reasonable attorneys' fees incurred by the Trustee or Atlas in connection therewith, shall be a demand obligation owing by the Company to Atlas and shall bear interest at the same rate as set forth in the Note from the date such expenses are incurred, until paid and shall be part of t he Indebtedness;

1. The Company shall pay when due all taxes and assessments levied, assessed or charged against or with respect to the Collateral, except for those which are being contested in good faith and for which adequate bonds or reserves have been established; and

m. The Company shall pay when due all utility charges and assessments assessed against the Property.

3.3 The Company covenants and agrees with the Trustee and Atlas that, so long as any part of the Indebtedness secured hereby remains unpaid, the Company or its subsidiaries or affiliates, if any, shall not, either directly or indirectly, without the prior written consent of Atlas, which consent shall not be unreasonably withheld:

a. Create, assume or suffer to exist any Lien on any of the Property or its interest therein, whether now owned or hereinafter acquired, and except for liens which, within 60 days after the date of attachment, are discharged or bonded pending proceedings to release such liens; or

b. Liquidate or dissolve, or enter into any consolidation, merger, partnership, joint venture or other combination, or sell, lease or dispose of its business or assets as a whole or in an amount which constitutes a substantial portion thereof, or enter into any partnership or joint venture or other form of joint enterprise with respect to operations at the Grassy Mountain Mining Property.

3.4 The Company covenants and agrees with Atlas that if it fails to perform any act which it is required to perform hereunder, or if the Company fails to pay any money which it is required to pay hereunder, Atlas may, but shall not be obligated to, perform or cause to be performed such act and may pay such money, and any expenses so incurred by Atlas, and any money so paid by Atlas shall be a demand obligation owing by the Company to Atlas and shall bear interest at the same rate as set forth in the Note from the date of making such payment until paid and shall be a part of the Indebtedness hereby secured. No such advancement or expenditure thereof shall relieve the Company of any default under the terms of this Deed of Trust.

4. Termination.

Upon payment in full of the Indebtedness pursuant to the terms and conditions of this Deed of Trust and the instruments evidencing the Indebtedness, this Deed of Trust shall become null and void. In such event, the within conveyance of the Collateral shall become of no further force and effect, all of the Collateral shall revert to the Company, and the entire right, title and interest of the Trustee and Atlas shall terminate. The Trustee and Atlas shall, promptly after such termination, at the Company's cost and expense, execute, acknowledge and deliver to the Company proper instruments evidencing the termination of this Deed of Trust, and the relinquishment of any right, interest, claim or demand in or to all or any portion of the Collateral. Otherwise, this Deed of Trust shall remain and continue in full force and effect.

5. Default.

5.1 If any of the following events (hereinafter called "Events of Default") shall occur and be continuing:

a. The Company shall fail to pay when due any installment of principal due under the Note or any payment of interest due under the Note or any other sum due under this Deed of Trust;

b. Any representation or warranty herein or in any agreement, instrument or certificate executed pursuant hereto or in connection with any transaction contemplated hereby shall prove to have been false or misleading in any material respect when made or when deemed to have been made;

c. Atlas shall fail to have a valid and enforceable first perfect security interest in or lien on any Collateral for any reason other than as contemplated hereby or any such failure directly caused by Atlas;

d. Any involuntary lien or liens of any kind or character shall attach to any of the Property, if such lien is not discharged or bonded pending proceedings to release such lien within 60 days after the date of attachment;

e. The Company shall fail to pay its debts generally as they come due, or shall file any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors or the Company shall take any corporate action to authorize, or in furtherance of, any of the foregoing;

f. An involuntary petition shall be filed under any bankruptcy statute against the Company or a custodian, receiver, trustee, assignee for the benefit of creditors (or other similar official) shall be appointed to take possession, custody or control of the properties of any of the Company unless such petition or appointment is set aside or withdrawn or ceases to be in effect within 60 days from the date of said filing or appointment;

g. Any governmental authority shall condemn, seize or appropriate any property of the Company that is material to the financial condition, business or operations of the Company if such governmental authority fails to compensate the Company for such taking within one year after such power is exercised in an amount at least equal to the fair market value as a going concern of the property taken;

h. Any governmental regulatory authority shall take any action which would materially and adversely affect the Company's financial condition, operations or ability to make the payments of principal and interest required under the Note unless such action is set aside, dismissed or withdrawn within 60 days of its institution or such action is being contested in good faith and its effect is stayed during such contest;

i. Any approval, consent, exemption or other action of any governmental authority shall be withdrawn or become ineffective for a period of 30 days and the absence thereof would materially and adversely affect the Company's financial condition, operations or ability to make the payments of principal and interest required under the Note, unless such action is being contested in good faith and its effect is stayed during such contest.

j. The Company shall breach, or default under, or fail to perform, any term, condition, provision, representation, warranty or covenant contained in this Deed of Trust but not specifically referred to in this Section 5.1, if such breach or default shall continue for 30 days after notice from Atlas, and if such breach would materially and adversely affect the Property or the Company's financial condition, operations or ability to repay the Indebtedness.

5.2 In the case of an Event of Default other than one referred to in Sections 5.1(e) or (f) herein, Atlas may declare all sums of principal and interest outstanding under the Note and all other sums outstanding under or in respect of this Deed of Trust immediately due and payable, without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character (other than as stated in any of the foregoing sections of this Section 5.2), all of which are hereby expressly waived by the Company; and (b) in the case of an Event of Default referred to in Sections 5.1(e) or (f) herein, all sums of principal and interest outstanding under the Note and all other sums outstanding under or in respect of this Deed of Trust shall automatically become immediately due and payable without notice of default, presentment or demand for payment, protest or no tice of nonpayment or dishonor, all of which are hereby expressly waived by the Company.

5.3 Upon the occurrence of any Event of Default, or at any times thereafter during which any Event of Default is continuing, Atlas may elect to treat the fixtures included in the Collateral either as real property or as personal property, but not as both, and proceed to exercise such rights as apply to the type of property selected. Atlas may resort to any security given by this Deed of Trust, or to any other security now existing or hereafter given to secure the payment of any of the Indebtedness secured hereby, in whole or in part, and in such portions and in such order as may seem best to Atlas, in its sole discretion, and any such action shall not in any way be considered as a waiver of any of the rights, benefits or liens created by this Deed of Trust or granted by applicable law. In any foreclosure proceeding or private sale, the Collateral may be sold in its entirety, and shall not be required hereunder to be sold parcel by parcel.

5.4 All costs, expenses and reasonable attorneys' fees incurred by the Trustee or Atlas in protecting and enforcing their rights hereunder, when supported by adequate documentation, shall constitute a demand obligation owing by the Company to Atlas and shall draw interest at the same rate as set forth in the Note from the date such expenses are incurred until paid, all of which shall constitute a portion of the Indebtedness secured by this instrument.

5.5 Upon the occurrence of any Event of Default, and at all times thereafter during which any Event of Default is continuing, in addition to all other rights and remedies herein conferred, Atlas shall have all of the rights and remedies of a beneficiary under a deed of trust granted by applicable law, and Atlas shall have all the rights and remedies of an assignee and secured party granted by applicable law, including the Uniform Commercial Code, and shall, to

the extent permitted by applicable law, have the right and power, but not the obligation, to enter upon and take immediate possession of the Collateral or any part thereof, to exclude the Company therefrom, to take possession of any mining and processing operations thereon and the production from such operations, to hold, use operate,

manage and control the Collateral, to make all such repairs, replacements alterations, additions and improvements to the same as it may deem proper, to sell all of the severed and extracted Minerals included in the same, to demand, collect and retain all earnings, proceeds and other sums due or to become due with respect to the Collateral, accounting for and applying to the payment of the Indebtedness only the net earnings arising therefrom after charging against the receipts therefrom all costs, expenses, charges, damages and losses incurred by reason thereof plus interest thereon at the same rate as set forth in the Note, as fully and effectually as if Atlas was the absolute owner of the Collateral and without (a) any liability to the Company or (b) the assumption or any liabilities or obligations of the Company to any third parties or governmental agencies in connection therewith.

5.6 Upon the occurrence of any Event of Default, or at any time thereafter during which any Event of Default is continuing, Atlas, in lieu of or in addition to exercising any other power hereby granted, may, without notice, demand, or declaration of default, which are hereby waived by the Company except as expressly provided herein, proceed by an action or actions in equity or at law for the seizure and sale of the Collateral or any part thereof, for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, for the foreclosure or sale of the Collateral or any part thereof under the judgment or decree of any court of competent jurisdiction, for the appointment of a receiver pending any foreclosure hereunder or the sale of the Collateral or any part thereof, or for the enforcement of any other appropriate equitable or legal remedy.

5.7 Upon the occurrence of any Event of Default, or at any time thereafter during which any Event of Default is continuing, Atlas, with or without entry, personally or by its agents or attorneys, insofar as applicable shall have the power and authority to invoke the power of sale, which is hereby granted to the Trustee. Atlas shall give written notice to the Trustee of its election to invoke the power of sale. The Trustee shall give such notice to the Company and other persons of the Company's and such other persons' rights as is provided by law. The Trustee shall advertise the time and place of the sale of the real property included in the Collateral in such manner as is required by law and shall mail copies of such notice of sale to the Company and other persons as prescribed by law. After the lapse of such time as may be required by law, the Trustee, without demand on the Company, shall s ell the real property included in the Collateral at public auction to the highest bidder for cash at the time and place and in one or more parcels as the Trustee may think best and in such order as the Trustee may determine. The Company may become a purchaser at such sale. Atlas may become a purchaser at any such sale and shall have the right to credit the amount of its bid to the amount due to it. It shall not be obligatory upon any purchaser at any such sale to see to the proper application of the purchase money. Atlas shall be entitled to a receiver for the real property included in the Collateral upon or at any time after the election to invoke the power of sale, and shall be entitled to such receiver without notice and without regard to the solvency of the Company at the time of the application for the appointment of such receiver, and without regard to the then value of the real property included in the Collateral. Upon any sale, the Trustee shall execute and deliver to

the purchaser or purchasers a deed or deeds conveying the Collateral sold, but without any representation, warranty or covenant, express or implied, and the recitals in the Trustee's deed(s) showing that the sale was conducted in compliance with all the requirements of law shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrancers for value.

5.8 Subject to the right of redemption by the Company as conferred by applicable law, if any, any sale of the Collateral, or any part thereof, pursuant to the provisions of this Article 5 will operate to divest all right, title, interest, claim and demand of the Company in and to the property sold. Nevertheless, if requested by the Trustee or Atlas so to do, the Company shall join in the execution, acknowledgment and delivery of all proper

instruments necessary for the conveyance, assignment and transfer of the property so sold. Any purchaser at a foreclosure sale will receive immediate possession of the property purchased, and the Company agrees that if the Company retains possession of the property or any part thereof subsequent to such sale, the Company will be considered a tenant at sufferance of the purchaser, and will, if the Company remains in possession after demand to remove, be guilty of unlawful detainer and will be subject to eviction and removal, forcible or otherwise, with or without process of law, and all damages by reason thereof are hereby expressly waived.

5.9 The liens and rights created and granted hereby shall not affect or be affected by any other security taken by Atlas for the same debts or any part thereof. The Company shall have and assert no rights, under any statute or rule of law pertaining to the marshaling of assets, the exemption of homestead, the administration of estates of decedents, or other matters whatever, to defeat, reduce or affect the rights of Atlas under the terms of this Deed of Trust, to a sale of the Collateral for the collection of the Indebtedness or the right of Atlas, under the terms of this Deed of Trust, to the payment of the Indebtedness out of the proceeds of the sale of the Collateral in preference to every other person and claimant whatever.

5.10 The proceeds of any sale of the Collateral or any part thereof made pursuant to this Section shall be applied as follows:

a. First, to the payment of all out-of-pocket costs and expenses incident to the enforcement of this Deed of Trust, including, but not limited to, reasonable compensation to the attorneys for Atlas and the Trustee;

b. Second, to the payment of the Indebtedness; and

c. Third, the remainder, if any, to be paid to the Company.

5.11 If an Event of Default shall occur hereunder, the Company will, upon request of Atlas, execute and deliver to such person or persons as may be designated by Atlas appropriate powers of attorney to act for and on behalf of the Company in all transactions with the Bureau of Indian Affairs, Bureau of Land Management of the Department of the Interior, the United States Forest Service, or any other agency or department of the United States of America, the State of Oregon or Malheur County relating to any of the Collateral.

5.12 Should a conflict arise between the provisions of this Agreement and applicable Oregon law, Oregon law shall prevail.

5.13 If this Deed of Trust is foreclosed as a mortgage and the Collateral is sold at a foreclosure sale, the purchaser may, during any redemption period allowed, make such repairs or alterations to the Collateral as may be reasonably necessary for the proper operation, care, preservation, protection and insuring thereof. Any sums so paid, together with interest thereon from the time of such expenditure at the same rate as set forth in the Note or the highest rate permitted by applicable law, if less, shall be added to and become a part of the amount required to be paid for redemption from such sale.

6. Miscellaneous Provisions

6.1

All options, powers, remedies and rights herein granted to Atlas are continuing, cumulative and not exclusive, and the failure to exercise any such option, power, remedy or right upon a particular default or breach, or upon any subsequent default or breach shall not be construed as waiving the right to exercise such option, power, remedy or right with respect to the Indebtedness secured hereby after its due date. No exercise of the rights and powers herein granted and no delay or omission in the exercise of such rights and powers shall be held to exhaust the same or be construed as a waiver thereof, and every such right and power may be exercised at any time. Any and all covenants in this Deed of Trust may, from time to time, by instrument in writing signed by Atlas, be waived to such extent and in such manner as Atlas may desire, but no such waiver shall ever affect or impair Atlas's rights hereunder, except to the extent specifical ly stated in such written instrument. All changes to and modifications of this Deed of Trust must be in writing and signed by Atlas.

6.2 No release from the lien of this Deed of Trust on any part of the Collateral shall in any way alter, vary or diminish the force, effect or lien of this Deed of Trust on the balance of the Collateral.

6.3 If any provision hereof is invalid or unenforceable in any jurisdiction, the other provisions hereof shall remain in full force and effect in such jurisdiction, and the remaining provisions hereof shall be liberally construed in favor of Atlas in order to effectuate the provisions hereof, and the invalidity or unenforceability of any provisions hereof in any jurisdiction shall not affect the validity or enforceability of any such provision in any jurisdiction. Any reference herein contained to the statues or laws of a state in which no part of the Collateral is situated shall be deemed to be inapplicable to, and not used in, the interpretation hereof.

6.4 This Deed of Trust is made with full substitution and subrogation of the Trustee or Atlas in and to all covenants and warranties by others heretofore given or made in respect of the Collateral or any part thereof.

6.5 No provision of this Deed of Trust shall be construed to impose upon the Trustee or Atlas a duty to perform any of the covenants and obligations of the Company.

6.6 This Deed of Trust will be deemed to be, and may be enforced from time to time as, an assignment, chattel mortgage, contract or security agreement, and from time to time as any one or more thereof as is appropriate under applicable state law.

6.7 All recording references in Exhibits A and B are to the real property records of Malheur County, Oregon. The property described in Exhibits A and B covers all Minerals in and under the Property described in Exhibits A and B.

6.8 This Deed of Trust may be executed in several original counterparts and each counterpart shall be deemed to be an original for all purposes, and all counterparts shall together constitute but one and the same instrument.

6.9 All deliveries hereunder shall be deemed to have been duly made if actually delivered, or if sent by reputable overnight courier, delivery fees prepaid, to the addresses set forth in the Option Agreement. Each party may, by written notice so delivered to the other, change the address to which delivery shall thereafter be made.

6.10 Atlas may appoint a successor trustee at any time to execute the trust created by this Deed of Trust by filing for record in the office of the County Recorder of Malheur County, Oregon a substitution of trustee in conformance with applicable state law. From the time the substitution is

filed for record, the new trustee shall succeed to all the powers, duties, authority and title of the Trustee named herein or of any successor trustee. Each such substitution shall be executed and acknowledged, and notice thereof shall be given and proof thereof made, in the manner provided by law.

6.11 The terms, provisions, covenants and conditions hereof shall bind and inure to the benefit of the respective successors and assigns of the Company, of the Trustee and of Atlas.

6.12 Time is of the essence of this Deed of Trust.

6.13 If suit or action is instituted, or if nonjudicial action is taken, to enforce or interpret any provision of this Deed of Trust, the prevailing party shall be entitled to recover from the other party its expenses incurred in connection therewith, including, without limitation, reasonable attorneys' fees and expenses whether incurred at trial, on appeal or review or in connection with nonjudicial action.

6.14 The parties hereby submit to the nonexclusive jurisdiction of the United States District Court for the District of Colorado and of any Colorado State Court sitting in Denver, Colorado for the purposes of all legal proceedings arising out of or relating to this Deed of Trust or any other agreement contemplated hereby or thereby. The parties irrevocably waive, to the fullest extent permitted by law, any objection which they may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

6.15 All of the representations, warranties, covenants, obligations and liabilities of the Company, Seabridge or Newco contained in this Agreement shall be deemed to be the joint and

several representations, warranties, covenants, obligations and liabilities of Seabridge and Newco.

IN WITNESS WHEREOF, the Company has caused this Deed of Trust to be duly executed by its duly authorized officers, all as of the day and year first above written.

SEABRIDGE RESOURCES INC.,
a British Columbia corporation

By:_____
Name:_____
Title: _____

Newco, a corporation

By:_____
Name:_____
Title: _____
Taxpayer I.D. No.

ATLAS MINERALS INC., a Colorado corporation

By:_____
Name:_____
Title: _____

PROVINCE OF_____)
) ss. COUNTY OF _____)

This instrument was acknowledged before me on _____, 200_ by _____, as _____ of Seabridge Resources Inc., a British Columbia corporation.

Witness my hand and official seal.

My commission expires:_____ _____
Notary Public

STATE OF_____)
) ss. CITY OF _____)

This instrument was acknowledged before me on _, 200_, by as of Newco, a corporation.

Witness my hand and official seal.

My commission expires:_____ _____
Notary Public

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

This instrument was acknowledged before me on _, 200_, by as

of Atlas Minerals Inc., a Colorado corporation.

Witness my hand and official seal.

My commission expires:_____ _____
Notary Public

EXHIBIT A
Unpatcnted Mining Claims owned by Atlas Precious Metals Inc.

1. Frog Lode Claims

The following lode mining claims located in Sections 12 & 13. T 22 S − R 43 E, Section 32, T 21 S − R 44 E. Sections 4 − 9, 17, 18. T 22 S − R 44 E, WM, in Malheur County, Oregon:

CLAIM NAME		BLM ORMC #	MALHEUR COUNTY BOOK	PAGE
Frog	1	104797	88	18804
Frog	2	104798	88	18805
Frog	3	126210	89	39554
Frog	4	126211	89	39555
Frog	5	104801	88	18808
Frog	6	104802	88	18814
Frog	7	104803	88	18809
Frog	8	104804	88	18810
Frog	9	104805	88	18811
Frog	10	104806	88	18812
Frog	10A	108086	88	22228
Frog	11	104807	88	18813
Frog	12	104808	88	18815
Frog	14	104810	88	18817
Frog	16	104812	88	18819
Frog	18	104814	88	18821
Frog	19	104815	88	18822
Fn,g	20	104816	88	18823
Frog	21	104817	88	18824
Frog	22	104818	88	18825
Frog	23	104819	88	18826
Frog	24	104820	88	18827
Frog	25	104821	88	18828
Frog	25A	108087	88	22229
Frog	26	104822	88	18829

Frog	26A	108088	88	22230
Frog	27	104823	88	18830
Frog	28	104824.	88	18831
Frog	29	104825	88	18832
Frog	30	104826	88	18833
Frog	31	104827	88	18834
Frog	32	104828	88	18835
Frog	33	104829	88	18836
Frog	34	104830	88	18837
Frog	35, as amended	104831	90	3396

EXHIBIT A
Unpatcntcd Mining Claims owned by Atlas Precious Metals Inc.

1. Frog Lode Claims (cont'd)

CLAIM NAME		BLM ORMC #	MALHEUR COUNTY BOOK	PAGE
Frog	35A	108089	88	22231
Frog	36	104832	88	18839
Frog	37	104833	88	18840
Frog	38	104834	88	18841
Frog	39	104835	88	18842
Frog	40	104836	88	18843
Frog	41	104837	88	18844
Frog	42	104838	88	18845
Frog	46	104839	88	18846
Frog	46A	108090	88	22232
Frog	46B	108091	88	22233
Frog	47	104840	88	18847
Frog	48	104841	88	18848
Frog	85, as amended	104878	90	1366
Frog	86, as amended	104879	90	1367
Frog	87, as amended	104880	90	1368
Frog	88, as amended	104881	90	1369
Frog	89, as amended	104882	90	1370
Frog	90, as amended	104883	90	1371
Frog	91, as amended	104884	90	1372
Frog	92, as amended	104885	90	1373
Frog	93	104886	88	18893
Frog	94	104887	88	18894
Frog	96	104889	88	18896

Frog	98	104891	88	18898
Frog	107	104900	88	18907
Frog	108	104901	88	18908
Frog	109	104902	88	18909
Frog	110	104903	88	18910
Frog	111	104904	88	18911
Frog	112	104905	88	18912
Frog	113	104906	88	18913
Frog	133	104926	88	18933
Frog	134	104927	88	18934
Frog	135	104928	88	18935

EXHIBIT A
Unpatented Mining Claims owned by Atlas Precious Metals Inc.

I. Frog Lode Claims (cont'd)

CLAIM NAME		BLM ORMC #	MALHEUR COUNTY BOOK	PAGE
Frog	136	104929	88	18936
Frog	147	104940	88	18947
Frog	148	104941	88	18948
Frog	149	104942	88	18949
Frog	150	104943	88	18950
Frog	151	125178	89	38517
Frog	167	104960	88	18967
Frog	168	104961	88	18968
Frog	169	104962	88	18969
Frog	170	104963	88	18970
Frog	171	104964	88	18971
Frog	172	104965	88	18972
Frog	173	104966	88	18973
Frog	174	104967	88	18974
Frog	175	104968	88	18975
Frog	176	104969	88	18976
Frog	195	104988	88	18995
Frog	196	104989	88	18996
Frog	197	104990	88	18997
Frog	198	104991	88	18998
Frog	207	105000	88	19007

Frog	208	105001	88	19008
Frog	209	105002	88	19009
Frog	210	105003	88	19010
Frog	211	105004	88	19011
Frog	212	105005	88	19012
Frog	213	105006	88	19013
Frog	214	105007	88	19014
Frog	215	105008	88	19015
Frog	216	105009	88	19016
Frog	224	105017	88	19024
Frog	226	105019	88	19026
Frog	228	105021	88	19028
Frog	230	105023	88	19030
Frog	232	105025	88	19032
Frog	252	105913	88	19861
Frog	649	107597	88	21299
Frog	650	107598	88	21300
Frog	651	107599	88	21301
Frog	652	107600	88	21302

EXHIBIT A

Unpatcntcd Mining Claims owned by Atlas Precious Metals Inc.

I. Frog Lode Claims (cont'd)

CLAIM NAME	BLM ORMC #	MALIIEUR COUNTY BOOK	PAGE
Frog 755	107703	88	21405
Frog 756	107704	88	21406
Frog 1274	126212	89	39556
Frog 1275	126213	89	39557
Frog 1277	126215	89	39559

II. Don Millsite Claims

The following unpatented millsite mining claims located in Sections 7 and 8, T 22 S -R 44 E, WM, in Malheur County, Oregon:

CLAIM NAME	BLM ORMC #	MALHEUR COUNTY BOOK	PAGE
Don 1	108077	88	22025
Don 2	108078	88	22026

Don 3	108079	88	22027
Don 4	108080	88	22028
Don 5	108081	88	22029
Don 6	108082	88	22030
Don 7	108083	88	22031
Don 8	108084	88	22032
Don 9	108085	88	22033

EXHIBIT B
Property Held by Atlas Precious Metals Inc. Under Agreement

I. Bishop I

The following unpatented lode and placer mining claims and fee lands subject to that certain Mining Lease and Option to Purchase dated September II, 1989 between John J. Bishop and Henry F. Bishop, dba Bishop Brothers, Eileen Bishop, Judy Bishop, John J. Bishop, Jr., Anna Mae Wineburger, aka Anna Mae Hovis, Suzie Bishop, and Chris Bishop, and Atlas Precious Metals Inc., as amended July 2, 1991, and July 8, 1997 and located in Sections 11 - 14, T 22 S - R 43 E, WM, in Malheur County, Oregon:

CLAIM NAME	BLM ORMC #	MALHEUR COUNTY BOOK	PAGE
BISHOP 1	116169	89	31685
BISHOP 2	116170	89	31686
BISHOP 3	116171	89	31687
BISHOP 4	116172	89	31688
BISHOP 5	116173	89	31689
BISHOP 5 RELOCATED	125516	89	38758

Those certain fee lands located in T 22 S - R 43 E, WM, in Malheur County, Oregon:

Section 11: S ½ (surface only)
Section 12: W ½ SW ¼ (surface only)
Section 13: NW ¼ SW ¼ , W ½ NW ¼ (surface and minerals)
Section 14: E ½ SE ¼ , SW ¼ SE ¼ (surface and minerals)
N ½, NW ¼ SE ¼ (surface only)
Section 15: S ½ SE ¼ (surface only)

II. Bishop H

The following fee lands subject to that certain Mining Lease and Option to Purchase dated September 11, 1989 between John J. Bishop and Henry F. Bishop, dba Bishop Brothers, Ann Schlupe, and Frank B. Bishop, located in T 22 S R 43 E, WM, in Malheur County, Oregon:

Section 12: SE ¼ SW ¼ (minerals only)
Section 13: NE ¼ NW ¼ (minerals only)

III. Sherry & Yates

The following unpatented lode mining claims subject to that certain Mining Lease and Option to Purchase dated March 5, 1986, between Sherry & Yates, Inc. and Atlas Precious Metals Inc., as amended July 25, 1991, and located in Sections 7, 8, 17, and 18, T 22 S - R 44 E, WM, in Malheur County, Oregon:

CLAIM NAME	BLM ORMC #	MALHEUR COUNTY BOOK	PAGE
Poison Springs # 1	74965	84	121750
Poison Springs # 2	74966	84	121751
Poison Springs # 3	74967	84	121752
Poison Springs # 4	74968	84	121753
Poison Springs # 5	74969	84	121754

EXHIBIT B
Property Held by Atlas Precious Metals Inc. Under Agreement

III. Sherry & Yates (cont'd)

CLAIM NAME	BLM ORMC #	MALHEUR COUNTY BOOK	PAGE
Poison Springs # 6	74970	84	121755
Poison Springs # 7	74971	84	121756
Poison Springs # 8	74972	84	121757
Poison Springs # 9	74973	84	121758
Poison Springs # 10	74974	84	121759
Poison Springs # 11	74975	84	121760
Poison Springs # 12	74976	84	121761
Poison Springs # 13	74977	84	121762
Poison Springs # 14	74978	84	121763
Poison Springs # 15	74979	84	121764
Poison Springs 16, as amended	74980	90	1364

Poison Springs	16A	127904	90	1362
Poison Springs	17, as amended	74981	90	1365
Poison Springs	17A	127905	90	1363
Poison Springs #	18	74982	84	121767
Poison Springs	19, as amended	74983	90	6119
Poison Springs	20, as amended	74984	90	6120
Poison Springs	21, as amended	74985	90	6121
Poison Springs #	22	74986	84	121771
Poison Springs	23, as amended	74987	88	22375
Poison Springs	24, as amended	74988	90	6122
Poison Springs	25, as amended	74989	90	6123
Poison Springs #	26	74990	84	121775
Poison Springs #	27	74991	84	121776
Poison Springs #	28	74992	84	121777
Poison Springs	29, as amended	74993	90	6124
Poison Springs	30, as amended	74994	90	6125
Poison Springs	31, as amended	74995	90	6126
Poison Springs #	32	74996	84	121781
Poison Springs	33, as amended	82452	90	6127
Poison Springs	34, as amended	82453	90	6128
Poison Springs	35, as amended	82454	90	6129
Poison Springs	36, as amended	82455	88	22384
Poison Springs	37, as amended	82456	90	6130
Poison Springs #	38, as amended	82457	86	2207

EXHIBIT B
Property Held by Atlas Precious Metals Inc. Under Agreement

III. Sherry & Yates (cont' d)

The following unpatented lode mining claims subject to Sherry & Yates agreement, but held by Atlas Precious Metals Inc., and located in Sections 7, 8, 17, and 18, T 22 S - R 44 E, AVM, in Malheur County, Oregon:

CLAIM NAME	BLM ORMC #	MALIHEUR COUNTY BOOK	PAGE
Poison Spring - IA	146318	93	6060
Poison Spring - 3A	146319	93	6061
Poison Spring - 5A	146320	93	6062
Poison Spring - 6A	146321	93	6063

Poison Spring - 7A	146322	93	6064
Poison Spring - 8A	146323	93	6065
Poison Spring - 9A	146324	93	6066
Poison Spring - 1I A	146325	93	6067
Poison Spring - 14A	146326	93	6068
Poison Spring - 18A	146327	93	6069
Poison Spring - 22A	146328	93	6070
Poison Spring - 26A	146329	93	6071
Poison Spring - 27A	146330	93	6072
Poison Spring - 38A	146331	93	6073

SCHEDULE 2.1
PAYMENT SCHEDULE, PERMITS AND BONDS

I. SCHEDULE OF PAYMENTS

Description	Due Date		Amount
Leases/Agreements			
Sherry and Yates	March 5 expires March 5, 2006	$	20,000.00
Bishop I	September 11, 2000-2004* September 11, 2005-2008 expires September 11, 2009	$	40,000.00 50,000.00
Bishop II	September 11, 2000-2004* September 11, 2005-2008	$	4,000.00 5,000.00

	expires September 11, 2009	
Glerup	$325.00, first of each month month-to-month lease for office	$ 3,900.00
		$ 67,900.00

*Fees were negotiated downward in 1998 and 1999

Exploration Permits		
DOGAMI 23-0195	February 28	$ 300.00
DOGAMI 23-0224	February 28	300.00
		$ 600.00

Unpatented Mining Claim Maintenance (based on 1999)		
Federal/BLM ($100/claim):		
		$ 13,800.00
Owned Claims	138 Frog, Don, & Poison Spring	$ 13,800.00
Sherry & Yates	40 Poison Springs	4,000.00
Bishop	6 Frog	600.00
		$ 18,400.00

County ($11/document plus $5/page plus $5/claim after first claim):		
		$ 601.00
Owned Claims	115 Frog, 4 pages	$ 601.00
	9 Don, 2 pages	61.00
	14 Poison Spring, 2 pages	86.00
Sherry & Yates	40 Poison Springs, 2 pages	216.00
Bishop	6 Frog, 2 pages	46.00
		$ 1,010.00

Other Fees
BLM transfer fees are $5.00/claim

Note: Government maintenance and filing fees are based upon 1999 fees and are subject to change.

SCHEDULE 2.1
PAYMENT SCHEDULE, PERMITS AND BONDS

II. Water Permit

Oregon Water Resources Department, Water Rights Division:
Water Rights Application Number G-11847, Permit Number G-10994.
Written progress report due October 1, 2003.
Application of water to beneficial use by October 1, 2008.

HI. Exploration Permits and Bond

Permit /Bond#	Description	Bond Amount
Exploration Permit No. 23-0195	Grassy Mountain Site	$136,200.00
Exploration Permit No. 23-0224	Grassy Mountain Regional	$10,000.00
Performance Bond No. 6907*	Performance Bond to Conduct Mining	$146,200.00

* Dated November 8, 1996
ACSTAR Insurance Company
233 Main Street
New Britain, CT 06050-2350

THIS FIRST AMENDMENT TO OPTION AGREEMENT (the "Amendment") is made and entered into effective December 31, 2000, by and among Atlas Precious Metals Inc., a Nevada corporation ("APMI") and Atlas Minerals Inc., a Colorado corporation ("AMI"; AMI and APMI will be collectively referred to hereinafter as "Atlas"), and Seabridge Resources Inc., a company incorporated under the laws of the Province of British Columbia, Canada ("SRI") and Newco, a to be named U.S. corporation to be incorporated as a wholly-owned subsidiary of SRI ("Newco"; Newco and SRI will be collectively referred to hereinafter as "Seabridge").

RECITALS

A. Atlas and Seabridge entered into an Option Agreement dated effective as of February 14, 2000 (the "Agreement"), pursuant to which Atlas granted to Seabridge an exclusive option (the "Option") to purchase the interests held by Atlas in certain unpatented mining claims, fee lands and related assets located in Malheur County, Oregon (collectively, the "Property").

B. Pursuant to the Agreement, in order to keep the Option in effect, Seabridge is required to timely make certain periodic payments (the "Option Payments") to Atlas.

C. The parties now desire to modify the Agreement to extend the term of the Option and provide for an additional Option Payment to be made.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants, conditions and obligations contained in this Amendment, the receipt and sufficiency of which the parties hereby acknowledge, the parties hereto agree to amend the Agreement as follows:

1. Section 1.3 of the Agreement is hereby revised to read as follows:

The term of the Option (the "Option Period") shall commence upon the Effective Date, and shall continue through and including the earlier of (a) the date the Option is exercised, (b) the date this Agreement is terminated pursuant to Sections 7.1 or 7.2, or (c) December 31, 2001; provided, however, that in order to maintain the Option in full force and effect Seabridge must timely make each of the Option Payments described in Section 1.4 below, and provided further that if the average price per ounce of gold as quoted on the London Bullion Market Association P.M. fix for the ten business days prior to December 31, 2001 is less than U.S.$350 per ounce, then Seabridge shall have the option to extend the Option Period through June 30, 2002, by timely making the Additional Option Payment (as defined in Section 1.4) to Atlas.

2. Section 1.4 of the Agreement is hereby revised to read as follows:

SRI agrees to timely make the following payments to Atlas during the Option Period:

On or Before	Amount of Payment
February 14, 2000	U.S. $150,000 (paid)
July 31, 2000	U.S. $50,000 (paid)
December 31, 2000	U.S. $100,000 (paid)
July 31, 2001	U.S. $50,000
December 31, 2001 (if the average ounce of gold as quoted on the London Bullion Market Association P.M. fix for the ten business days prior to December 31, 2001 is less than U.S.$350/oz.)	U.S. $50,000 price per

None of the above-referenced payments (such payments being collectively referred to hereinafter as the "Option Payments") other than the payment due on December 31, 2001 (the "Additional Payment") shall be credited against the Purchase Price. In addition, none of the Option Payments shall be refundable to SRI, whether or not it exercises the Option. In the event SRI fails to timely make any Option Payment (or any other monetary payment set forth herein), Atlas may elect to teiniinate this Agreement pursuant to the provisions of Section 7.2 hereof.

1. The address for Davis Graham Stubbs LLP in Section 1.6 of the Agreement is hereby changed to read "Suite 500, 1550 Seventeenth Street, Denver, Colorado 80202."

2. Section 1.7(b)(i) of the Agreement is hereby revised to read as follows:

Two Hundred Fifty Thousand Dollars (U.S. $250,000) or, in the event the provisions of Section 1.2(b) apply, One Million Dollars (U.S. $1,000,000), plus any additional amount required as a result of the imposition of the Minimum Price, less the amount of the Additional Payment, if applicable, by wire transfer in immediately available funds;

3. Section 2.1(d) of the Agreement is hereby revised to read as follows:

To the extent the Agreement remains in effect during any portion of the month of February of any calendar year, Seabridge shall be financially responsible for the annual payments to the Oregon Department of Geology and Mineral Industries due on or before February 28th of each such year in order to maintain the exploration permits listed on Exhibit C (the "Exploration Permits"). Not later than February 10th of each such year, Seabridge shall forward to Atlas a wire transfer (in accordance with written instructions to be provided by Atlas) in the amount of each of those payments (as set forth on Schedule 2.1 or as provided in written notice from Atlas to Seabridge). If the required amount is timely forwarded to Atlas, Atlas shall then be obligated to timely make the required payments not later than February 15th, and to provide evidence of such payments to Seabridge not la ter than February 20th.

4. For purposes of Section 8.1 of the Agreement, the address and contact information for Atlas is hereby revised to read as follows:

ATLAS MINERALS INC.
2323 South Troy Street, Suite 5-210 Aurora,
Colorado 80014
Attention: Jim Jensen

Except as set forth above, the parties hereby ratify and confirm all of the terms and conditions of the Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed on the day first above written.

ATLAS MINERALS INC.,
a Colorado corporation

By:

James R. Jensen
Chief Financial Officer

ATLAS PRECIOUS METALS INC.
a Nevada corporation

By: /s/_____
James R. Jensen
Chief Financial Officer

SEABRIDGE RESOURCES INC.
a British Columbia corporation

THIS SECOND AMENDMENT TO OPTION AGREEMENT (the "Second Amendment") is made and entered into effective July 31, 2001, by and among Atlas Precious Metals Inc., a Nevada corporation ("APMI") and Atlas Minerals Inc., a Colorado corporation ("AMI"; AMI and APMI will be collectively referred to hereinafter as "Atlas"), and Seabridge Resources Inc., a company incorporated under the laws of the Province of British Columbia, Canada ("SRI") and Newco, a to be named U.S. corporation to be incorporated as a wholly-owned subsidiary of SRI ("Newco"; Newco and SRI will be collectively referred to hereinafter as "Seabridge").

RECITALS

A. Atlas and Seabridge entered into an Option Agreement dated effective as of February 14, 2000 (the "Agreement"), pursuant to which Atlas granted to Seabridge an exclusive option (the "Option") to purchase the interests held by Atlas in certain unpatented mining claims, fee lands and related assets located in Malheur County, Oregon (collectively, the "Property").

B. Pursuant to the Agreement (as modified by the first amendment, effective December 31, 2000), in order to keep the Option in effect, Seabridge is required to timely make certain periodic payments (the "Option Payments") to Atlas.

C. The parties now desire to modify the Agreement to extend the term of the Option and provide for an additional Option Payment to be made.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants, conditions and obligations contained in this Amendment, the receipt and sufficiency of which the parties hereby acknowledge, the parties hereto agree to amend the Agreement as follows:

1. Section 1.3 of the Agreement is hereby revised to read as follows:

The term of the Option (the "Option Period") shall commence upon the Effective Date, and shall continue through and including the earlier of (a) the date the Option is exercised, (b) the date this Agreement is terminated pursuant to Sections 7.1 or 7.2, or (c) December 31, 2001; provided, however, that in order to maintain the Option in full force and effect Seabridge must timely make each of the Option Payments described in Section 1.4 below, and provided further that if the average price per ounce of gold as quoted on the London Bullion Market Association P.M. fix for the ten business days prior to December 31, 2001 is less than U.S.$350 per ounce, then Seabridge shall have the option to extend the Option Period through June 30, 2002, by

timely making an Additional Option Payment (as defined in Section 1.4) to Atlas, and provided further that if the average price per ounce o f gold as quoted on the London Bullion Market Association P.M. fix for the ten business days prior to June 30, 2002 is less than U.S.$350 per ounce, then Seabridge shall have the option to extend the Option Period through December 31, 2002, by timely making an Additional Option Payment (as defined in Section 1.4) to Atlas.

2. Section 1.4 of the Agreement is hereby revised to read as follows:

SRI agrees to timely make the following payments to Atlas during the Option Period:

On or Before
February 14, 2000
July 31, 2000
December 31, 2000
July 31, 2001
December 31, 2001 (if the average price per ounce of gold as quoted on the London Bullion Market Association P.M. fix for the ten business days prior to December 31, 2001 is less than U.S.$350/oz.) June 30, 2002 (if the average price per ounce of gold as quoted on the London Bullion Market Association P.M. fix for the ten business days prior to June 30, 2002 is less than U.S.$350/oz.)

None of the above-referenced payments (such payments being collectively referred to hereinafter as the "Option Payments") other than the payments due on December 31, 2001 and June 30, 2002 (the "Additional Payments") shall be credited against the Purchase Price. In addition, none of the Option Payments shall be refundable to SRI, whether or not it exercises the Option. In the event SRI fails to timely make any Option Payment (or any other monetary payment set forth herein), Atlas may elect to terminate this Agreement pursuant to the provisions of Section 7.2 hereof.

1. Section 1.7(b)(i) of the Agreement is hereby revised to read as follows:

Two Hundred Fifty Thousand Dollars (U.S. $250,000) or, in the event the provisions of Section 1.2(b) apply, One Million Dollars (U.S. $1,000,000), plus any additional amount required as a result of the imposition of the Minimum Price, less the amount of the Additional Payments, if applicable, by wire transfer in immediately available funds;

2. Section 2.1(d) of the Agreement is hereby revised to read as follows:

To the extent the Agreement remains in effect during any portion of the month of February of any calendar year, Seabridge shall be financially responsible for the annual payments to the Oregon Department of Geology and Mineral Industries due on or before February 28th of each such year in order to maintain the exploration permits listed on Exhibit C (the "Exploration Permits"). Not later than February 10th of each such year, Seabridge shall forward to Atlas a wire transfer (in accordance with written instructions to be provided by Atlas)

in the amount of each of those payments (as set forth on Schedule 2.1 or as provided in written notice from Atlas to Seabridge). If the required amount is timely forwarded to Atlas, Atlas shall then be obligated to timely make the required payments not later than February 15th, and to provide evidence of such payments to Seabridge not later than February 20th.

Except as set forth above, the parties hereby ratify and confirm all of the terms and conditions of the Agreement (as previously amended).

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed on the day first above written.

ATLAS MINERALS INC. a Colorado corporation

By: _____
James R. Jensen
Chief Financial Officer

ATLAS PRECIOUS METALS INC. a Nevada corporation

By: /s/_____
James R. Jensen
Chief Financial Officer

SEABRIDGE RESOURCES INC. a British Columbia corporation

By: /s/_____
Rudi Fronk
President & C.E.O

THIS THIRD AMENDMENT TO OPTION AGREEMENT (the "Third Amendment") is made and entered into effective December 20, 2002, by and among Atlas Precious Metals Inc., a Nevada corporation ("APMI") and Atlas Minerals Inc., a Colorado corporation ("AM"; AMI and APMI will be collectively referred to hereinafter as "Atlas"), and Seabridge Gold Inc. (formally known as Seabridge Resources Inc.), a company incorporated under the laws of Canada ("SGI") and Seabridge Gold Corporation, a Nevada corporation 100% and wholly-owned by SGI ("SGC"; SGI and SGC will be collectively referred to hereinafter as "Seabridge").

RECITALS

A. Atlas and Seabridge entered into an Option Agreement dated effective as of February 14, 2000 (the "Agreement"), pursuant to which Atlas granted to Seabridge an exclusive option (the "Option") to purchase the interests held by Atlas in certain unpatented mining claims, fee lands and related assets located in Malheur County, Oregon (collectively, the "Property").

B. Pursuant to the Agreement (as modified by the first amendment, effective December 31, 2000 and the second amendment, effective July 31, 2001), in order to keep the Option in effect, Seabridge is required to timely make certain periodic payments (the "Option Payments") to Atlas.

C. The parties now desire to modify the Agreement to extend the term of the Option and provide for an additional Option Payment to be made.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants, conditions and obligations contained in this Amendment, the receipt and sufficiency of which the parties hereby acknowledge, the parties hereto agree to amend the Agreement as follows:

1. Section 1.3 of the Agreement is hereby revised to read as follows:

The term of the Option (the "Option Period") shall commence upon the Effective Date, and shall continue through and including the earlier of (a) the date the Option is exercised, (b) the date this Agreement is terminated pursuant to Sections 7.1 or 7.2, or (c) March 31, 2003

2. Section 1.4 of the Agreement is hereby revised to read as follows:

SGI agrees to timely make the following payments to Atlas during the Option Period:

On or Before	Amount of Payment
December 31, 2002	U.S.$300,000

The above-referenced payment (the "Option Payment") shall not be credited against the Purchase Price. In addition, the Option Payment shall not be refundable to SGI, whether or not it exercises the Option. In the event SGI fails to timely make the Option Payment, Atlas may elect to terminate this Agreement pursuant to the provisions of Section 7.2 hereof.

1. Section 1.2 of the Agreement is replaced in its entirety as follows:

The purchase price (the "Purchase Price") for the purchase of the Property to be acquired by Seabridge if it exercises the Option shall be US$600,000 payable by delivery to Atlas at the Closing.

2. Section 1.7(b) of the Agreement is replaced in its entirety as follows:

Six Hundred Thousand Dollars (U.S. $600,000) by wire transfer in immediate available funds.

3. Section 2.1(d) of the Agreement is hereby revised to read as follows:

To the extent the Agreement remains in effect during any portion of the month of February of any calendar year, Seabridge shall be financially responsible for the annual payments to the Oregon Department of Geology and Mineral Industries due on or before February 28th of each such year in order to maintain the exploration permits listed on Exhibit C (the "Exploration Permits"). Not later than February 10th of each such year, Seabridge shall forward to Atlas a wire transfer (in accordance with written instructions to be provided by Atlas) in the amount of each of those payments (as set forth on Schedule 2.1 or as provided in written notice from Atlas to Seabridge). If the required amount is timely forwarded to Atlas, Atlas shall then be obligated to timely make the required payments not later than February 15th, and to provide evidence of such payments to Seabridge not later than February 20th.

Except as set forth above, the parties hereby ratify and confirm all of the terms and conditions of the Agreement (as previously amended).

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed on the day first above written.

ATLAS MINERALS INC. A Colorado corporation

By:
H. Roy Shipes
Chairman and Chief Executive Officer

ATLAS PRECIOUS METALS INC.
a Nevada corporation

By:
H. Roy Shipes
Chairman and Chief Exective Officer

SEABRIDGE GOLD INC. a Canada corporation

SEABRIDGE GOLD CORPORATION

Rudi P. Fronk
President and Chief Executive Officer

THIS FOURTH AMENDMENT TO OPTION AGREEMENT (the "Fourth Amendment") is made and entered into effective April 1, 2003, by and among Atlas Precious Metals Inc., a Nevada corporation ("APMI") and Atlas Minerals Inc., a Colorado corporation ("AMI"; AMI and APMI will be collectively referred to hereinafter as "Atlas"), and Seabridge Gold Inc., a company incorporated under the laws of Canada (formerly Seabridge Resources Inc.) ("SGI") and Seabridge Gold Corporation, a Nevada corporation and wholly-owned subsidiary of SGI ("SGC"; SGC and SGI will be collectively referred to hereinafter as "Seabridge").

RECITALS

A. Atlas and Seabridge Resources Inc. (which subsequently changed its name to Seabridge Gold Inc.) entered into an Option Agreement dated effective as of February 14, 2000 (the "Original Agreement"), pursuant to which Atlas granted to SGI and a yet-to-be created U.S. subsidiary of SGI an exclusive option (the "Option") to purchase the interests held by Atlas in certain unpatented mining claims, fee lands and related assets located in Malheur County, Oregon (collectively, the "Property"). The Original Agreement contemplated that SGI would form that wholly-owned subsidiary during the Option Period (as defined in the Original Agreement).

B. The Original Agreement has been amended by that First Amendment to Option Agreement dated effective December 31, 2000, that Second Amendment to Option Agreement dated effective July 31, 2001, and that Third Amendment to Option Agreement dated effective December 20, 2002 (collectively, the "Amendments"; the Amendments and the Original Agreement will be collectively referred to hereinafter as the "Agreement").

C. The parties now desire to modify the Agreement to confirm that SGC is a party thereto for all purposes.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants, conditions and obligations contained in this Fourth Amendment, the receipt and sufficiency of which the parties hereby acknowledge, and as anticipated by the Original Agreement, the parties hereto agree to amend the Agreement as follows:

1. As contemplated in the Original Agreement, the parties hereby confirm and agree that SGC is and shall be deemed to have been a party to the Agreement for all purposes effective as of February 14, 2000. All references to "Seabridge" in the Agreement shall be deemed to be references to SGI and SGC, collectively, for all purposes.

2. The parties further agree that all of the representations, warranties, covenants, obligations and liabilities of Seabridge set forth in the Agreement shall be for all purposes the joint and several representations, warranties, covenants, obligations and liabilities of SGI and SGC, from and after February 14, 2000.

3. Each of Atlas and Seabridge hereby represent and warrant that it has received all requisite approvals and authorizations from its Board of Directors to enter into the Agreement and to taken all actions as are necessary to make the Agreement a legal, valid and binding obligation of it.

As amended as set forth above, the parties hereby ratify and confirm all of the teems and conditions of the Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Amendment to be executed effective on the date first above written.

ATLAS MINERALS INC.,
a Colorado corporation

By: /s/_____
Gerald E. Davis
(name)

President and CFO
(title)

ATLAS PRECIOUS METALS INC.,
a Nevada corporation

By: /s/_____
Gerald E. Davis
(name)

President
(title)

SEABRIDGE GOLD INC.,
a Canada business corporation

By:

Rudi P. Fronk
(name)

SEABRIDGE GOLD CORPORATION,
a Nevada corporation

By:

(name)

President & CEO	**President & CEO**
(title)	(title)

EXHIBIT 23.1

CONSENT OF INDEPENDENT AUDITOR

I consent to the use in this Registration Statement on Form 20-F (Amendment #4) of my audit report dated April 12, 2002 to the audited financial statements of Seabridge Resources Inc. for the years ended December 31, 2001 and 2000 and the reference to my firm under the caption 'Statement By Experts' in this Registration Statement.

"G. Ross McDonald" (signed)

G. ROSS MCDONALD
Chartered Accountant

Suite 1402
543 Granville Street
Vancouver, B.C.
Canada V6C 1X8
December 19, 2003

kpmg

KPMG LLP
Chartered Accountants
Suite 3300 Commerce Court West
PO Box 31 Stn Commerce Court www.kpmg.ca
Toronto ON M5L 1B2

Telephone (416) 777-8500
Telefax (416) 777-8818

The Board of Directors
Seabridge Gold Inc
172 King Street East, 3rd Floor
Toronto ON M5A 1J3

Dear Sirs:

Re: Accountants' consent

We consent to the incorporation by reference in the Registration Statement on Form 20-F of Seabridge Gold Inc. of our report dated March 28, 2003 (except as to note 11 which is at April 11, 2003) relating to the consolidated balance sheet of Seabridge Gold Inc. as at December 31, 2002 and the related consolidated statements of operations and deficit and cash flows for the year ended December 31, 2002, which report appears in the 2002 Annual Report to Shareholders of Seabridge Gold Inc. included in Registration Statement on Form 20F for the year ended December 31, 2002, and further consent to the use of such report in such Registration Statement on Form 20-F.

KPMG LLP

Yours very truly,

Chartered Accountants

Toronto, Canada
February 18, 2004

ASSET PURCHASE AND SALE, ROYALTY AND INDEMNITY AGREEMENT

Asset Purchase and Sale, Royalty and Indemnity Agreement dated for reference the 27th day of March, 2001 between Placer Dome (KS) Limited and Seabridge Resources Inc.

TABLE OF CONTENTS

SCHEDULES

Schedule "E" Underlying Agreements

ASSET PURCHASE AND SALE, ROYALTY AND INDEMNITY AGREEMENT THIS AGREEMENT is dated for reference the 27th day of March, 2001.

BETWEEN:

PLACER DOME (KS) LIMITED

(the "Vendor")

OF THE FIRST PART AND:

SEABRIDGE RESOURCES INC.

(the "Purchaser")

OF THE SECOND PART WHEREAS:

A. The Vendor is the owner of the Property;

B. The Vendor has agreed to sell and the Purchaser has agreed to purchase the Property on the terms and conditions set out in this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants, agreements, representations, warranties and deliveries hereinafter contained, the parties hereto covenant and agree as follows:

1. INTERPRETATION

1.1 Definitions - In this Agreement, unless there is something in the subject matter or context inconsistent therewith or unless specifically otherwise provided, the following tern's shall have the following meanings:

(a) "Affiliate" shall have the meaning ascribed to such teen' in the *Canada Business Corporations Act* (Canada) as amended to the date hereof;

b) "Closing" means the completion of the sale and purchase of the Property hereunder by the conveyance and transfer thereof and the payment of the Purchase Price, all as provided herein;

(a) "Closing Date" means June 30, 2001 or such other date as may be agreed in writing by the parties;

(b) "Closing Time" means 9:00 a.m. on the Closing Date;

(c) "Common Shares" means Common shares without par value in the capital of the Purchaser;

(d) "Confidentiality Agreement" means the confidentiality agreement dated as of February 17, 2000 between Placer (CLA) and the Purchaser;

(e) "Contaminants" means:

(i) substances of any kind which may or could at present or in the future directly or indirectly impact upon the Environment or pose a hazard to the Environment;

(ii) substances of any kind, the storage, manufacture, disposal, treatment, generation, use, transport, Remediation or release or introduction into the Environment of which is now or may hereafter be prohibited, controlled, regulated or licensed under any Environmental Laws; and

(iii) any and all pollutants, contaminants, chemicals, deleterious substances, waste of any kind (including special waste), hazardous or toxic substances, hazardous materials or dangerous goods including petroleum or petroleum products, asbestos, acid generating materials, chlorinated solvents, dust, waste rock, tailing, polychlorinated biphenyls, underground or above-ground storage tanks and the contents thereof, urea formaldehyde foam insulation, explosives, flammable materials and radioactive materials;

whether in liquid, solid, gaseous or any other form (including dust or particulate form);

(f) "Dawson Agreement" means the agreement dated December 31, 1990 among Newhawk, Granduc Mines Limited and Grace Dawson, a true copy of which is attached as part of Schedule "E" to this Agreement;

(g)

(i) "Dawson Claims" means the Xray 2 and Xray 6 mineral claims more particularly described in Schedule "B" hereto;

(j) "Environment" means the environment in its broadest sense including the air, land, water and all other external conditions or influences under which humans, animals, fish and plants live or develop and shall be deemed to include matters directly or indirectly in relation to the Reclamation Permits, and "Environmental" means pertaining to the Environment;

(k) "Environmental Claims" means:

(i) any and all enforcement, clean-up, removal, Remediation, abatement, prevention or other governmental or regulatory actions, orders, directions, notifications, prosecutions or proceedings instituted, pending, completed, threatened or anticipated pursuant to any Environmental Laws against or in respect of any part of the Lands or any present or former owner or occupant of any part of the Lands;

(ii) any and all claims made or threatened by any of the Purchaser Parties or any third party under Environmental Laws in respect of or related to any part of the Lands for damages, contribution, cost recovery, compensation, loss or injury directly or indirectly resulting from the presence, escape, leakage, spillage, discharge, emission, disposal or release of any Contaminants in, on, under or from any part of the Lands whether or not any violation of Environmental Laws is involved; and

(iii) any and all Remediation or Reclamation obligations imposed pursuant to Environmental Laws in respect of any part of the Lands, including any and all obligations to provide security of whatever nature and kind and to prepare and implement closure plans of whatever nature and kind;

(l) "Environmental Documents" means studies, reports, test results, monitoring programs, permits, clean-up orders or other documents or materials relating to Environmental matters pertaining to the Lands;

(m) "Environmental Laws" means any and all present and future Laws, now or hereafter in force, with respect in any way to the Environment, Remediation, Reclamation, health, occupational health and safety, product liability, transportation of dangerous goods or Contaminants including all applicable guidelines, rules, criteria, policies and standards with respect to the foregoing as adopted by any governmental authority from time to time;

(n) "Environmental Liabilities" means any and all Liabilities whether existing or occurring before, on or after the Closing Time, with respect to the Environmental condition of the Lands or any Contaminants on, in, under or originating from any part of the Lands, including any and all Environmental Claims and further including, in relation to any of the foregoing:

(i) legal fees and disbursements of legal counsel (on a solicitor and own client basis), consultants and experts;

(i) costs of the Remediation of any Contaminants on, in, under or about or reclaiming any part of the Lands;

(ii) costs of defending, appealing or counterclaiming, cross-claiming or claiming against third parties;

(iii) costs of defending or appealing any administrative proceedings or any governmental or regulatory actions, orders, proceedings, orders or directions issued by any governmental authorities; and

(iv) costs of providing security;

(o) "FAA" means the *Financial Administration Act* (British Columbia) as amended to the date hereof;

(p) "Feasibility Study" means a formal detailed study carried out to assess the viability of constructing a mine on the Property;

(q) "Lands" means:

(i) the Property;

(ii) any mineral claims, placer claims, mining leases or placer leases or any other form of mineral tenure substituted for *or* derived from or in any way relating to the mineral claims and placer claims forming the Property ("Substitute Tenements"); and

(iii) any lands, properties, water or water bodies which are subject to or which may be impacted by any activities carried out on the Property or on any Substitute Tenements;

(r) "Laws" means any and all statutes, laws (including principles of common law and equity), regulations, bylaws, ordinances, codes, rules, restrictions, regulatory policies

and other lawful requirements of any federal, provincial, state, municipal, regional or other governmental authority (whether foreign or domestic) including any and all requirements pursuant to any permits and approvals issued thereunder and any directives, orders, judgments, injunctions, decrees, awards or writs of any court, tribunal, arbitrator or governmental authority;

(a) "Letter of Intent" means the letter of intent dated June 2, 2000 between the Purchaser and Placer (CLA);

(b) "Liabilities" means any and all liabilities, actions, causes of action, suits, demands, allegations, debts, orders, penalties, fines, charges, judgments, obligations, damages, claims, losses, costs and. expenses (including legal fees and disbursements on a solicitor and own client basis), of every kind whatsoever, whether actual or potential, direct or indirect, known) or unknown, and whenever and however arising;

(c) "Material Change" shall have the meaning ascribed to such tens in the *Securities Act* (British Columbia) as amp ended to the date hereof;

(d) "MEM" means the British Columbia Ministry of Energy and Mines;

(e) "NSR Royalty" means the net smelter returns royalty payable to the Vendor as provided in Part 4 hereof and Schedule "A" hereto;

(f) "Newhawk" means Newhawk Gold Mines Limited;

(g) "Newhawk Consent" Means the consent of Newhawk to the assignment by the Vendor to the Purchaser of all right, title and interest of the Vendor in and to the Dawson Agreement and the Dawson Claims;

(h) "PDI" means Placer Done Inc.;

(i) "Permitted Encumbrances" means:

(i) all obligations of the members of the Vendor Group under the Underlying Agreements;

(ii) all obligations of the Vendor and Placer (CLA) under the Reclamation Permits;

(iii) all Environmental Liabilities of the members of the Vendor Group relating to the Lands;

(iv)

(i) all public and statutory obligations which are not due or delinquent and any security given to, a governmental authority relating to the Property;

(ii) all liens for taxes, assessments or governmental charges or levies payable with respect to the Property by any member of the Vendor Group not at the time due and delinquent or the validity of which is being contested at the time by the Vendor in good faith; and

(iii) all claims by First Nations groups to aboriginal title or other aboriginal rights or interests relating to or affecting the Property;

(ab) "Placer (CLA)" means Placer Dome (CLA) Limited;

(ac) "Positive Feasibility Study" means a Feasibility Study prepared for any part of the Property which demonstrates a 10% internal rate of return from a mine on the Property after tax and financing costs;

(ad) "Property" means the mineral claims and placer claims listed in Schedule "B" to this Agreement;

(ae) "Property Records" mans all title documents, metallurgical testing and studies, prospecting and drilling records, asset maintenance records, feasibility studies, projections and all other documents, files, records and other data and information relating solely or primarily to the Property, including all such records stored on computer-based media, but excluding all Strategic Information;

(af) "Provincial Indemnity Agreement" means the indemnity and release agreement referred to in Section 10.1(e) hereof from the Province of British Columbia and Seabridge in favour of the Vendor Parties;

(ag) "Purchase Price" means the purchase price to be paid by the Purchaser to the Vendor for the Property as provided in Section 3.1;

(ah) "Purchaser Parties" means the Purchaser and its Affiliates and their respective directors, officers, employees, shareholders, representatives and agents, and all successors, assigns, heirs and legal representatives of any of the aforementioned corporations and individuals;

(ai) "Purchaser's Solicitors" means Arvay Finlay;

(aj) "Reclamation" means reclamation in its broadest sense including the preparation and implementation of closure plans and includes all obligations in relation thereto whether ongoing, at closure or post-closure;

(ak) "Reclamation Permits" means:

(i) reclamation permit MX-1-276 issued in the name of the Vendor; and

(ii) reclamation permit MX-1-397 issued in the name of Placer (CLA); true copies of which

are attached as Schedule "C" to this Agreement;

(al) "Reclamation Security" means the letters of credit issued by the Bank of Nova Scotia as security for the Reclamation obligations of the Vendor and Placer (CLA) pursuant to the Reclamation Permits;

(am) "Remediation" means remediation in its broadest sense and includes any action to eliminate, limit, correct, counteract, mitigate or remove any Contaminants or the negative effects on the Environment (including human health) of any Contaminants and further includes investigations (including tests, sampling, surveys, data evaluation, risk assessment and environmental impact assessment, analysis and interpretation), reporting, development of remediation plans, excavation, containment, treatment, storage, disposal, monitoring, posting of security and management;

(an) "Seabridge Shares" means the 500,000 Common Shares to be delivered to the Vendor at the Closing has provided in Section 3.1(a);

(ao)

"Seabridge Warrants" Means the 500,000 Common Share purchase warrants entitling the Vendor to purchase a total of 500,000 Common Shares exercisable at $2.00 per share for a period of two years from the date of issuance to be delivered to the Vendor at the Closing as provided in Section 3.1(b);

(ap) "Seabridge Warrant Certificate" means a warrant certificate for the Seabridge Warrants in the form attached as Schedule "D" hereto;

(aq) "Strategic Information" means documents, records, studies, files and reports (including information stored on electronic media) relating to strategic and long-range business planning of any of the Vendor Parties, whether or not related directly or solely to the Property;

(ar) "Underlying Agreements" means the agreements attached as Schedule "E" to this Agreement;

(as) "Vendor Group" means the Vendor, Placer (CLA) and PDI;

(at) "Vendor Parties" means the Vendor, Placer (CLA), PDI, their Affiliates and their respective directors, officers, employees, shareholders, representatives and agents, and all successors, assigns, heirs and legal representatives of the aforementioned corporations and individuals;

(au) "Vendor's Solicitors" means Edwards, Kenny & Bray; and

(av) "WMA" means the *Waste Management Act* (British Columbia) as amended to the date hereof.

1.2 Interpretation - For the purposes of this Agreement (including Section 1.1), except as otherwise expressly provided:

(a) Schedules and Ancillary Documents - "this Agreement" means this Agreement, including the Schedule hereto, and any agreement, document or instrument entered into, made or delivered pursuant to the terms hereof, as the same may from time to time be supplemented r amended and in effect;

(b) Section - all references in this Agreement to a designated "Part", "Section", "paragraph" or other subdivision or to a Schedule are references to the designated Part, Section, paragraph or other subdivision of, or Schedule to, this Agreement;

(c} Whole Agreement - the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Part, Section, paragraph or Other subdivision or Schedule unless the context or subject matter otherwise requires;

(d) Headings - the insertion of headings is for convenience of reference only and is not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof;

(e)

Number and Gender - the singular of any term includes the plural, and vice versa, and use of any term is generally applicable to either gender and where applicable, a body corporate, firm or other entity;

(f) Currency - unless otherwise indicated, all references in this Agreement to dollars are to Canadian dollars;

(a) Business Days - in the event that any date on which any action is required to be taken hereunder by any of the parties hereto is a Saturday, Sunday or a general civic holiday in British Columbia, such action shall be required to be taken on the next succeeding day which is not a Saturday, Sunday or civic holiday in British Columbia;

(b) Statutes - all references to statues include any regulations or rules made pursuant thereto;

(c) Non-Limiting - the word "including" is not limiting whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto and no covenant, agreement, acknowledgment or other provision contained in any Part, Section, paragraph or other subdivision of this Agreement shall limit or otherwise restrict the meaning, generality or interpretation of any other covenant, agreement, acknowledgement or other provision contained in any Part, Section, paragraph or other subdivision of this Agreement unless expressly stated;,

(d) Best of Knowledge (Vendor) - the phrase "to the best knowledge of the Vendor" means to the best knowledge, information and belief of those officers and senior management employee presently employed by the Vendor in carrying out operations with respect to the Property, having made relevant inquiries; and

(e) Best of Knowledge (Purchaser) - the phrase "to the best knowledge of the Purchaser" means to the best knowledge, information and belief of those officers and senior management employees presently employed by the Purchaser, having made relevant inquiries.

1.3 Schedules - The following schedules are incorporated into and form part of this Agreement:

Schedule "A" -	Net Smelter Returns Royalty
Schedule "B" -	The Property
Schedule "C" -	Reclamation Permits
Schedule "D" -	Seabridge Warrant Certificate
Schedule "E" -	Underlying Agreements

2. PURCHASE AND SALE OF PROPERTY

2.1 Purchase and Sale - In consideration of the Purchase Price and the other covenants of the Purchaser set forth in this Agreement, and subject to the conditions herein set forth, on the Closing Date the Vendor shall sell, assign and transfer to the Purchaser all right, title and

interest of the Vendor in and to the Property and the Purchaser shall purchase from the Vendor all right, title and interest of the Vendor in and to the Property.

1. PURCHASE PRICE

3.1 Purchase Price – The purchase price (the "Purchase Price") payable by the Purchaser to the Vendor for the Property shall be:

(a) 500,000 Common Shares (the "Seabridge Shares"), to be issued and delivered by the Purchaser to the Vendor at the Closing; and

(b) 500,000 Common Share purchase warrants entitling the Vendor to purchase a total of 500,000 Common Shares exercisable at $2.00 per share for a period of two years from the date of issuance (the "Seabridge Warrants"), to be issued and delivered by the Purchaser to the Vendor at the Closing.

1. NET SMELTER RETURNS ROYALTY

4.1 Payment of NSR Royalty - Subject to Sections 4.2 and 4.3 hereof, the Purchaser shall pay to the Vendor a 1% net smelter return royalty (the "NSR Royalty") from all ore mined from the Property, all as more particularly set forth in Schedule "A" hereto.

4.2 Maximum Payment - The maximum amount payable by the Purchaser to the Vendor under the NSR Royalty shall be $4,500,000 in the aggregate.

4.3 Purchase of NSR Royalty - If Positive Feasibility Study is prepared for any part of the Property, the Purchaser shall purchase the NSR Royalty from the Vendor for $4,500,000 payable 90 days following the date upon which the Positive Feasibility Study has been completed.

5. REPRESENTATIONS AND WARRANTIES OF VENDOR

5.1 Representations and Warranties - As a material inducement to the Purchaser and with the knowledge and intention that the Purchaser will rely thereon in entering into this Agreement, the Vendor represents and warrants to the Purchaser, as representations and warranties that are true and correct as at the date hereof, that:

(a) Status, Good Standing and Capacity - the Vendor:

(i) is a corporation duly organized and validly subsisting under the Laws of Canada;

(i) is in good standing with the Director under the *Canada Business Corporations Act* with respect to the filing of annual returns, is extra-provincially registered in the Province of British Columbia and is in good standing with the office of the Registrar of Companies (B.C.) with respect to the filing of annual reports; and

(ii) has the full corporate power, authority, right and capacity to execute and deliver this Agreement, to complete the transactions contemplated hereby and to duly observe and perform all of its covenants and obligations herein set forth;

(a) Enforceability of Obligations - the execution and delivery of this Agreement have been duly and validly authorized by all necessary corporate actions on the part of the Vendor and this Agreement constitutes a valid and binding obligation of the Vendor enforceable against the Vendor in accordance with its terms, subject however to limitations with respect to enforcement imposed by Laws relating to bankruptcy, insolvency, reorganization or other Laws affecting creditors' rights generally and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought;

(b) Absence of Conflicting Agreements - subject to obtaining the Newhawk Consent, the execution, delivery and performance of this Agreement by the Vendor and the consummation of the transactions contemplated hereby do not and will not result in or constitute any of the following: (i) a default, breach or violation or an event that, with notice or lapse of time or both, would be a default, breach or violation of any of the terms, conditions for provisions of the articles or by-laws of the Vendor, or any lease, lien or permit, promissory note, security agreement, commitment, indenture, mortgage, hypothec, deed of trust or other agreement, instrument or arrangement to which the Vendor is a party or by which it or its property is bound; (ii) an event that would permit any part to terminate or rescind any agreement or accelerate the maturity of any indebtedness or any obligation of the Vendor related to the Property; (iii) the creation or imposition of any lien on the Property; or (iv) to the best knowledge of the Vendor, the violation of any Laws applicable to or affecting the Vendor and related to the Property;

(c) Bankruptcy - the Vendor has not proposed a compromise or arrangement to its creditors generally, had any petition for a receiving order in bankruptcy filed against it, taken any proceeding with respect to a compromise or arrangement, taken any proceeding to have itself declared bankrupt or wound-up, or taken any proceeding to have a receiver appointed over its assets;

(d) Title - The Vendor is the legal and beneficial owner of the Property;

(e)

(a) Encumbrances - The Property is owned by the Vendor free and clear of all encumbrances other than Permitted Encumbrances;

(b) Litigation - there is no action, suit, proceeding, claim or investigation in any court or before any arbitrator or before or by any governmental authority pending or, to the best knowledge of the Vendor, threatened and relating to the Property;

(c) Claims - Schedule "B" sets forth a complete and accurate list of the mineral claims and placer claims forming the Property;

(d) Location and Recording - to the best knowledge of the Vendor, the mineral claims and placer claims forming the Property have been duly and validly located and recorded in accordance with the Laws applicable at the time of location and recording, are valid an subsisting mineral and placer claims and are in good standing;

(e) No Default under Underlying Agreements - to the best knowledge of the Vendor, neither the Vendor nor any of the other Vendor Parties is in material default of any term, condition, provision or obligation to be performed under the Underlying Agreements;

(k) Free Miner Certificate - the Vendor holds a valid and subsisting Free Miner Certificate duly issued under the *Mineral Tenure Act* (British Columbia); and

(l) Residency - the Vendors resident in Canada for the purposes of section 116 of the *Income Tax Act* (Canada).

5.2 Environmental Matters - Neither the Vendor nor any of its Affiliates nor anyone on their behalf makes any representation or warranty to the Purchaser with respect to the Environmental condition of the Lands or any Environmental Liabilities. Notwithstanding anything else contained or implied therein, the representations and warranties of the Vendor as contained in Section 5.1 hereof shall be deemed not to directly or indirectly refer or relate to the Environmental condition of the Lands or any Environmental Liabilities.

5.3 Survival of Representations and Warranties - The representations and warranties of the Vendor in Section 5.1 shall not merge and shall survive the Closing for a period of three years, at which time all such representations and warranties shall be deemed to be void and of no effect. No action, suit, proceeding or claim of any type may be brought by the Purchaser with respect to any such representations or warranties unless such action, suit, proceeding or claim has been commenced and notice thereof is given to the Vendor within three years after the Closing Date.

6. REPRESENTATIONS AND WARRANTIES OF PURCHASER

6.1 Representations and Warranties - As a material inducement to the Vendor, and with the knowledge and intention that the Vendor will rely thereon in entering into to this Agreement, the Purchaser represents and warrants to the Vendor, as representations and warranties that are true and correct as at the date hereof, that:

(a) Status, Good Standing and Capacity - the Purchaser:

(i) is a company duly incorporated and validly subsisting under the Laws of British Columbia;

(i) is in good standing with the office of the Registrar of Companies (B.C.) with respect to the filing of annual reports; and

(ii) has the full corporate power, authority, right and capacity to execute and deliver this Agreement, to complete the transactions contemplated hereby and to duly observe and perform all of its covenants and obligations herein set forth;

(a) Enforceability of Obligations - the execution and delivery of this Agreement have been duly and validly authorized by all necessary corporate actions on the part of the Purchaser and this Agreement constitutes a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms, subject however to limitations with respect to enforcement imposed by Laws

relating to bankruptcy, insolvency, reorganization or other Laws affecting creditors' rights generally and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought;

(b) Absence of Conflicting Agreements - the execution, delivery and performance of this Agreement by the Purchaser and the consummation of the transactions contemplated hereby do not and will not result in or constitute any of the following: (i) a default, breach or violation or an event that, with notice or lapse of time or both, would be a default, breach or violation of any of the terms, conditions or provisions of the memorandum or articles of the Purchaser, or any lease, lien or permit, promissory note, security agreement, commitment, indenture, mortgage, hypothec, deed of trust or other agreement, instrument or arrangement to which the Purchaser is a party or by which it or its property is bound; (ii) an event that would permit any party to terminate or rescind an agreement or accelerate the maturity of any indebtedness or any obligation of the Purchaser; (iii) the creation or imposition of any lien on any of

the properties of the Purchaser; or (iv) to the best knowledge of the Purchaser, the violation of any Laws applicable to or affecting the Purchaser;

(a) Bankruptcy - the Purchaser has not proposed a compromise or arrangement to its creditors generally, had, any petition for a receiving order in bankruptcy filed against it, taken any proceeding with respect to a compromise or arrangement, taken any proceeding to have itself declared bankrupt or wound-up, or taken any proceeding to have a receiver appointed over its assets;

(b) Free Miner's Certificate - the Purchaser is the holder of a valid and subsisting Free Miner Certificate duly issued under the *Mineral Tenure Act* (British Columbia);

(c) Authorized and Issued Capital - the authorized capital of the Purchaser consists of 100,000,000 Common Shares without par value, of which 12,002,366 Common Shares were issued and outstanding at February 28, 2001 as fully paid and non-assessable shares;

(d) Share Commitments as at February 28, 2001 the Purchaser did not have any outstanding agreements, subscriptions, warrants, options or commitments (nor has it granted any right or privilege capable of becoming an agreement, subscription, warrant, option or commitment) obligating the Purchaser to issue additional Common Shares or other securities, except as follows:

(i) 500,000 Common Shares issuable in connection with the Hog Ranch acquisition upon certain conditions;

(i) 1,000,000 Common Shares issuable in connection with the Grassy Mountain acquisition upon certain conditions;

(ii) warrants to purchase 1,333,333 Common Shares at $0.90 per share though June, 2001 and at $1.25 per share through September, 2002;

(iii) warrants to purchase 666,667 Common Shares at $1.25 per share through December, 2092; and

(iv) stock options to acquire an aggregate of 1,083,000 Common Shares.

(h) Audited Financial Statements - the audited financial statements of the Purchaser as at December 31, 1999 and August 31, 1999 (the "Financial Statements") and other financial information ;of the Purchaser present

fairly the financial condition of the Purchaser and the results of operations for the respective periods indicated in the said statements and have been prepared in accordance with generally accepted accounting

principles applied on a consistent basis except as otherwise stated in the notes to such statements;

(i) Guarantees - the Purchaser has no guarantees or contingent liabilities of any kind whatsoever not disclosed in the Financial Statements;

(j) Material Adverse Change - there has been no Material Change adverse to the Purchaser in the business, operations, assets or ownership, financial or otherwise, of the Purchaser since December 31, 1999 except as disclosed in its public disclosure documents or as disclosed specifically in writing to the Vendor;

(a) Legal Proceedings - except as disclosed in the Purchaser's public disclosure documents or as disclosed specifically in writing to the Vendor, there are no Liabilities instituted, pending, or to the best knowledge of the Purchaser, threatened against or affecting the Purchaser at law or in equity or before or by any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign;

(b) Disclosure - the public disclosure documents of the Purchaser contain full, true and plain disclosure of all material information relating to the Purchaser and its business, operations, assets and ownership;

(c) Seabridge Shares - the Seabridge Shares will upon issuance and delivery be duly and validly authorized, allotted and issued to the Vendor in compliance with all applicable corporate and securities Laws and will be fully paid and non-assessable;

(d) Hold Period Seabridge is a "qualifying issuer" as that term is defined in the B.C. Securities Commission B.C. Instrument 45-506 ("BCI 45-506") and has filed a current AIF as defined in B.C. Local Policy Statement 3-27, and the Seabridge Shares upon issuance and delivery to the Vendor will be subject to a hold period expiring four months from the date of delivery; and

(o) Seabridge Warrants - the Seabridge Warrants to be issued and delivered to the Vendor at the closing will upon issuance and delivery be duly and validly authorized, allotted and issued to the Vendor in compliance with all applicable corporate and securities Laws and will entitle the Vendor to purchase the Common Shares subject thereto on the terms set out in the Seabridge Warrant Certificate.

6.2 Survival of Representations and Warranties - The representations and warranties of the Purchaser in Section 6.1 shall not merge and shall survive the Closing for a period of three years, at which time all such representations and warranties shall be deemed to be void and of no effect. No action, suit, proceeding or claim of any type in respect thereof may be

brought by the Vendor with respect to any such representations or warranties unless such action, suit, proceeding or claim. has been commenced and notice thereof is given to the Purchaser within three years after the Closing Date.

7. ADDITIONAL COVENANTS OF VENDOR

7.1 Covenants - The Vendor covenants and agrees with the Purchaser that:

(a) Performance of Obligations - except with the prior written consent of the Purchaser, the Vendor shall not do not fail to do and shall not permit any members of the Vendor Group to do or fail to do anything that will result in any of the representations or warranties set forth in Section 5.1 not being true and correct in all material respects on the Closing Date;

(b) Indemnity - the Vendor Shall indemnify and save harmless the Purchaser Parties from and against any and all Liabilities which at any time or from time to time may be paid, incurred or suffered by or asserted against any of the Purchaser Parties in connection with, as a result of or arising out of:

(i) any misrepresentation or untrue warranty on the part of the Vendor, subject to Sections 5.2 and 5.3; or

(ii) any breach, default or non-performance of any agreement or covenant to be performed by the Vendor under this Agreement;

(c) Care of Property - the vendor shall take reasonable care to protect and safeguard the Property until the Closing Date;

(a) Consents Relating to Transfer of Property - the Vendor shall use, at its own expense, all reasonable efforts to obtain the Newhawk Consent; and

(b) Property Records - as soon as reasonably practicable after the Closing, the Vendor shall deliver all Property Records to the Purchaser at such place as may be agreed, provided that the Vendor shall be entitled to retain copies of all such Property Records.

8. ADDITIONAL COVENANTS OF PURCHASER

8.1 Covenants - The Purchaser covenants and agrees with the Vendor that:

(a) Performance of Obligations - except with the prior written consent of the Vendor, the Purchaser shall not do or fail to do anything that would result in any of the

representations and warranties set forth in Section 6.1 not being true and correct in all material respects on the Closing Date;

(a) Indemnity - the Purchaser shall indemnify and save harmless the Vendor Parties from and against any and all Liabilities, which at any time or from time to time may be paid, incurred or suffered by or asserted against any of the Vendor Parties in connection with, as a result of or arising out of:

(i) any misrepresentation or untrue warranty on the part of the Purchaser, subject to Section 6.2; or

(ii) any breach, default or non-performance of any agreement or covenant to be performed by the Purchaser under this Agreement;

(b) Assumption of Underling Agreements - from and after the Closing Time, the Purchaser shall assume perform and discharge all obligations of the Vendor Group under the Underlying

Agreements as they become due or liable to be performed or discharged, including all obligations of the members of the Vendor Group to pay royalty payments pursuant to the Dawson Agreement; and

(c) Holding Costs - from and after the Closing Time, the Purchaser shall assume all holding costs and all permitting and bonding requirements relating to the Property.

8.2 Payments under Dawson Agreement - The Purchaser acknowledges that Grace Dawson is not resident in Canada for purposes of the *Income Tax Act* (Canada) and agrees that all royalty payments made pursuant to the Dawson Agreement will be made in accordance with all withholding and other applicable requirements under the *Income Tax Act* (Canada).

9. ENVIRONMENTAL MATTERS

9.1 Non-Reliance - The Purchaser acknowledges and agrees that:

(a) the Purchaser is purchasing the Property on an "as is, where is" basis with respect to Environmental matters and that neither the Vendor nor anyone on its behalf has made any representations or warranties to the Purchaser with respect to the Environmental condition of the Lands or any Environmental Liabilities;

(b) any Environmental Documents provided or made available to the Purchaser by the Vendor are for the information of the Purchaser only, that neither the Purchaser nor any Affiliate thereof is relying upon any of the Environmental Documents and that neither the Vendor nor anyone on its behalf makes any representation or warranty to

(c)

the Purchaser as to the accuracy or completeness of any information contained in the Environmental Documents or the conclusions drawn therein; and

(c) it is the Purchaser's sole responsibility to satisfy itself with respect to the Environmental condition of the Lands (including the accuracy and completeness of any Environmental Documents) and to perform such investigations as it considers appropriate to satisfy itself in relation thereto.

9.2 Assumption - The Purchaser hereby assumes, effective at the Closing Time and at its sole expense, all risk and responsibility directly or indirectly related to the Lands and the operations carried out thereon and all Environmental Liabilities directly or indirectly in relation thereto as if the Purchaser had owned and operated the Property from its inception, including all risk and responsibility for the presence of any Contaminants in, on or under or which may have originated from any part of the Lands, and acknowledges and agrees, without limiting the generality of the foregoing, that:

(a) the Purchaser shall be solely responsible for and shall perform any Remediation or Reclamation that may be required or desired on or after the Closing Date in relation to any part of the Lands and to post any security therefor which may be required by any government authority;

(b) the Purchaser shall be solely responsible for and shall fulfil the terms and conditions of all Environmental permits relating to the Lands (including the terms and conditions of present and future closure plans under the Reclamation Permits); and

(c) on the Closing, the Purchaser will acquire ownership of all Contaminants which the Vendor currently owns or as to which any member of the Vendor Group currently has any responsibility and which are situated in, on or under or which originated from the Lands.

9.3 Release - The Purchaser hereby releases the Vendor Parties from and against any Environmental Liabilities including any present or future claims pursuant to Part 4 of the WMA (including Section 27 the thereof) which the Purchaser can, shall or may have at any time against any of the Vendor Parties and the Purchaser agrees not to make or to directly or indirectly cause, facilitate or promote any Environmental Claim to be made or threatened against any Vendor Party (whether by any Purchaser Party, any government authority or any third party) or to allege or claim that any Vendor Party is responsible directly or indirectly, in whole or in part, for any Remediation of any part of the Lands, any activity related to such Remediation, or the presence of any Contaminants which are in, on or under or which may have originated from any part of the Lands, or any Reclamation of any part of the Land s.

9.4 Indemnity - The Purchaser shall indemnify and save harmless the Vendor Parties from and against any and all Environmental Liabilities which may be paid, incurred, suffered by, or asserted against any of the Vendor Parties whether or not an Environmental Claim has been made, including any Environmental Liabilities with respect to or in connection with:

(a) the presence, removal, treatment, storage and disposal of any Contaminants on, in, under or originating from any part of the Lands;

(b) the Remediation and Reclamation of any part of the Lands;

(c} any failure by the Purchaser to comply with any permits relating to the Lands, including the Reclamation Permits; or

(d) any breach, default or non-performance by the Purchaser of any of its obligations under this Section 9.

9.5 Reclamation Security - The Purchaser covenants and agrees:

(a) forthwith after the Closing, and on the Closing Date, provide to the MEM by facsimile transmission a letter which:

(i) advises that the Purchaser has acquired the Property;

(ii) confirms that the reclamation security provided by the Purchaser to the MEM has become effective and may be retained by the MEM; and

(iii)

requests that the MEM forthwith authorize the release of the Reclamation Security to the Vendor and that the Reclamation Permits (and closure plan related thereto) be amended as of the Closing Date to remove the Vendor and Placer CLA as the holders thereof;

and forthwith provide a copy thereof to the Vendor; and

(b) to use its best efforts to cause the Reclamation Security to be returned to the Vendor in full within three days after the Closing Date.

9.6 Site Profile - The Purchaser hereby waives its right to receive a site profile pursuant to Part 4 of the WMA with respect to any of the transactions contemplated by this Agreement.

10. CONDITIONS PRECEDENT TO VENDORS OBLIGATION TO COMPLETE

10.1 Conditions Precedent - Notwithstanding anything therein contained, the obligation of the Vendor to complete the sale of the Property and the transactions contemplated by this Agreement is conditional upon the fulfilment of the following conditions precedent:

(a) Representations and Warranties - the representations and warranties of the Purchaser contained in this Agreement shall be true and correct on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date, except:

(i) to the extent that any of such representations and warranties have been waived in writing by the Vendor; and

(ii) insofar as such representations and warranties are given as of a particular date or for a particular period and relate solely to such date or period;

(b) Covenants - the covenants and agreements of the Purchaser to be performed or complied with on or before the Closing Date pursuant to the terms of this Agreement shall have been duly performed or complied with, except to the extent that such performance or compliance has been waived by the Vendor or the Purchaser is prevented by a default by the Vendor in the performance of its obligations hereunder;

(c} Newhawk Consent - the Vendor shall have received the Newhawk Consent in form and substance satisfactory to the Vendor;

(a) No Material Change - from the date hereof until the Closing Date, no Material Change adverse to the Purchaser shall have occurred; and

(b) Protection against Environmental Liabilities - on or before the Closing Date the Province of British Columbia and Seabridge shall have entered into an indemnity and release agreement under the FAA in favour of the Vendor Parties in form and substance satisfactory to the Vendor, in its sole discretion, with respect to all Environmental Liabilities which may be paid, incurred, suffered by or asserted against any of the Vendor Parties (the "Provincial Indemnity Agreement"); and

(c) Release of Security - on or before the Closing Date the Vendor shall have received written assurances from the MEM in form and substance satisfactory to the Vendor that once the Closing has occurred and notice thereof given to the MEM, the reclamation security to be provided by the Purchaser to the MEM will have become effective, the Reclamation Permits (and enclosure plan related thereto) will be amended as of the Closing Date to remove the Vendor and Placer CLA as the holders

(d)

thereof and to substitute Seabridge in their place, and the Reclamation Security will be released to the Vendor and Placer (CLA).

10.2 Non-Satisfaction - The conditions precedent contained in Section 10.1 are for the exclusive benefit of the Vendor. If any of such conditions precedent are not so fulfilled at the Closing Time, the Vendor may, by written notice and without prejudice to any other rights or remedies at law or in equity including its right to claim against the Purchaser any damages from or relating to the non-fulfilment of such condition precedent if the failure to fulfil such condition precedent was the result of a breach or default by the Purchaser of any of its agreements or covenants herein or the result of any untrue or incorrect representation or warranty of the Purchaser:

(a) waive such condition precedent in whole or in part and elect to complete the transactions contemplated by this Agreement; or

(b) rescind this Agreement by notice in writing to the Purchaser, in which case the Vendor shall, except a may otherwise be specifically provided herein, be released from all representations, warranties, covenants and agreements hereunder.

11. CONDITIONS PRECEDENT TO PURCHASER'S OBLIGATION TO COMPLETE

11.1 Conditions Precedent - Notwithstanding anything herein contained, the obligation of the Purchaser to compete the purchase of the Property and the transactions contemplated by this Agreement are conditional upon the fulfilment of the following conditions precedent:

(a) Representations and Warranties - the representations and warranties of the Vendor contained in this Agreement shall be true and correct on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date, except:

(i) to the extent that any of such representations and warranties have been waived in writing by the Purchaser; and

(ii) insofar as such representations and warranties are given as of a particular date or for a particular period and relate solely to such date or period; and

(b) Covenants - the covenants and agreements of the Vendor to be performed or complied with on or before the Closing Date pursuant to the tee ins of this Agreement shall have been duly Performed or complied with, except to the extent that such performance or compliance has been waived by the Purchaser or the Vendor is prevented by a default by the Purchaser in the performance of its obligations hereunder.

11.2 Non-Satisfaction - The conditions precedent contained in Section 11.1 are for the exclusive benefit of the Purchaser. If any of such conditions precedent are not so fulfilled at the Closing Time, the Purchaser many, by written notice and without prejudice to any other rights or remedies at law or in equity including its right to claim against the Vendor any damages from or relating to the non-fulfilment of such condition precedent if the failure to fulfil such condition precedent was the result of a breach or default by the Vendor of any of its agreements or covenants herein or the result of any untrue or incorrect representation or warranty of the Vendor:

(a) waive such condition precedent in whole or in part and elect to complete the transactions contemplated by this Agreement; or

(b) rescind this Agreement by notice in writing to the Vendor, in which case the Purchaser shall, except as may otherwise be expressly provided herein, be released from all obligations hereunder.

12. MUTUAL CONDITIONS PRECEDENT

12.1 Mutual Conditions Precedent Notwithstanding anything herein contained, the obligation of each party to complete the sale of the Property and the transactions contemplated by this Agreement is conditional upon fulfilment of the following conditions precedent:

(a) CDNX Approval - on or before the Closing Date, the Canadian Venture Exchange shall have given final notice of acceptance of the transactions contemplated by this Agreement; and

(b) No Legal Proceedings on the Closing Date, no injunction or restraining order of a court or administrative tribunal of competent jurisdiction shall be in effect which prohibits the transactions contemplated hereunder and no action or proceeding shall have been instituted a d remain pending before any such court or administrative tribunal which prohibits the transactions contemplated hereby.

12.2 Non-Satisfaction - The conditions precedent contained in Section 12.1 are for the benefit of both the Vendor and the Purchaser. If any of such conditions precedent are not so fulfilled at the Closing Time, either party may, by written notice and without prejudice to any other rights or remedies at law or inequity including its right to claim against the other party any damages from or relating to the non-fulfilment of such condition precedent if the failure to fulfill such condition precedent was the result of a breach or a default by the other party of any of its agreements or covenants herein or the result of any untrue or incorrect representation or warranty of the other party:

(a) waive such condition precedent in whole or in part and elect to complete the transactions contemplated by this Agreement; or

(b) rescind this Agreement by notice in writing to the other party, in which case the rescinding party shall, except as may otherwise be specifically provided herein, be released from all representations, warranties, covenants and agreements hereunder.

13. CLOSING

13.1 Closing - Subject to the terms and conditions hereof, the Closing shall be completed on the Closing Date at the Closing Time at the offices of the Vendor's Solicitors in Vancouver, British Columbia.

13.2 Deliveries by Vendor at Closing - At the Closing Time, the Vendor shall deliver or cause to be delivered to the Purchaser:

(a) such deeds of conveyance, bills of sale, transfers and assignments as may be required by the Purchaser's Solicitors, acting reasonably, appropriate to vest good and marketable title to the Property in the Purchaser to the extent contemplated by this Agreement, and immediately registrable in all places where registration of such instruments is required;

(b) certified copies of such resolutions of the directors and sole shareholder of the Vendor as are required to be passed to authorize the execution, delivery and implementation of this Agreement and all other documents to be delivered by the Vendor pursuant hereto;

(c) a certificate of the Secretary of the Vendor dated the Closing Date stating that, except as may be set out therein, the representations and warranties of the Vendor contained in this Agreement are tale and correct and that the covenants and agreements of the Vendor to be performed or complied with at or before the Closing Time pursuant to this Agreement have been duly performed or complied with; and

(d) such receipts and acknowledgments as may be required by the Purchaser's Solicitors, acting reasonably.

13.3 Deliveries by Purchaser at Closing - At the Closing Time, the Purchaser shall deliver or cause to be delivered to the Vendor:

(a) a share certificate for the Seabridge Shares, duly issued and registered in the name of the Vendor;

(b) the Seabridge Warrant Certificate, duly issued and registered in the name of the Vendor;

(a) a certified copy of the Seabridge certificate required to be signed under section 3(b) of BCI 45-506;

(b)

a deed of assumption in favour of Newhawk in form satisfactory to the Vendor's Solicitors, acting reasonably, under which Seabridge assumes the obligations of the Vendor under the Underlying Agreements;

(c) certified copies of such resolutions of the directors of the Purchaser as are required to be passed to authorize the execution, delivery and implementation of this Agreement and all other documents to be delivered by the Vendor pursuant hereto;

(d) a certificate of the Secretary of the Purchaser dated the Closing Date stating that, except as may be set out therein, the representations and warranties of the Purchaser contained in this Agreement are true and correct and that the covenants and agreements of the Purchaser to be performed or complied with at or before the Closing Time pursuant to this Agreement have been duly performed or complied with; and

(g) such receipts and acknowledgments as may be required by the Vendor's Solicitors, acting reasonably.

14. CONFIDENTIALITY

14.1 Confidentiality - All information concerning this Agreement, the transactions contemplated hereby and any matters arising from or in connection with this Agreement (including information concerning any party hereto) shall be treated as confidential by the parties hereto and shall not be disclosed by any party hereto to any other person, firm or corporation without the prior written consent of the Vendor, in the case of disclosure by the Purchaser, or of the Purchaser, in the case of disclosure by the Vendor, except to the extent that:

(a) such disclosure may be necessary for the observance of any applicable Laws or stock exchange requirements;

(b) such disclosure is reasonably necessary for the fulfilment or performance of the obligations of any such party under this Agreement or the implementation of the transactions contemplated hereby, including obtaining the Provincial Indemnity Agreement and the Newhawk Consent;

(c)

(a) such information is reasonably required to be disclosed to the directors, officers, employees, agents, advisors, Affiliates or representatives (collectively "Representatives") of a party hereto;

(b) such information is now or subsequently becomes lawfully part of the public domain other than as a result of disclosure by a party hereto or its Representatives;

(c) such information was in the lawful possession of such party prior to disclosure of such information by the Vendor (in the case of information possessed by the Purchaser) or disclosure by the Purchaser (in the case of information possessed by the Vendor); or

(d) such disclosure is necessary to enforce the rights of that party pursuant to this Agreement.

Each party shall ensure that any information which is disclosed to or obtained by its Representatives pursuant to Section 14.1(c) shall be kept confidential by such Representatives.

14.2 Media Releases - Notwithstanding anything else contained in this Part 14, no party shall issue any news release concerning this Agreement or the transactions contemplated herein unless, in the case of a proposed news release by the Purchaser, a copy of the proposed news release is given to the Vendor and the Vendor has consented thereto or, in the case of a proposed news release by the Vendor, a copy of the proposed news release is given to the Purchaser and the Purchaser has consented thereto. The Purchaser and Vendor shall not be entitled to unreasonably withhold any such consent or, in view of any timely disclosure obligations which may be applicable, unreasonably delay the provision of such consent. The Vendor and Purchaser shall each use their best efforts to respond to any such request by the other party within three days.

14.3 Confidentiality Agreement - The Confidentiality Agreement shall continue in full force and effect until the Closing, at which time such agreement shall cease to have any further force or effect.

15. ASSIGNMENT OF INTEREST

15.1 Assignment Before Royalty Paid - Until such time as the Vendor has received payments of the NSR Royalty aggregating $4,500,000 or the NSR Royalty has been purchased by the Purchaser under section 4.3 (the "Payment Date"), the Purchaser shall not sell, transfer, assign, convey, mortgage, encumber or otherwise dispose of any or all of the Property or any interest of the Purchaser therein except with the prior written consent of the Vendor, such consent not to be unreasonably withheld, and subject to Section 15.3 hereof.

15.2 Assignment After Payment Date - The Purchaser may, at any time after the Payment Date, sell, transfer, assign, convey, mortgage, encumber or otherwise dispose of any or all of the Property or any interest of the Purchaser therein, subject to Section 15.3 hereof.

15.3 Permitted Assignment - Any sale, transfer, assignment, conveyance, mortgage, encumbrance or other disposition of any or all of the Property or any interest of the Purchaser therein under Section 15.1 or Section 15.2 shall be subject to the following conditions:

(a) any purchaser or transferee of the Property or interest therein must agree in writing in favour of the Vendor to be bound by and subject to the terms of this Agreement;

(b) any mortgagee or other encumbrancer of the Property or interest therein must agree in writing in favour of the Vendor to be bound by and subject to the terms of this Agreement if it takes possession of or forecloses on all or any part of the Property or interest therein, and must undertake to obtain an agreement in writing in favour of the Vendor from any subsequent purchaser or transferee that such subsequent purchaser or transferee will be bound by the teems of this Agreement; and

(c) any mortgage or encumbrance relating to the Property or any interest of the Purchaser therein shall be subordinate to this Agreement.

16. PROVINCIAL INDEMNITY AGREEMENT

16.1 Acknowledgment - The Purchaser acknowledges that:

(a) the Vendor has asked the Province of British Columbia (the "Province") to enter into the Provincial Indemnity Agreement in favour of the Vendor Parties;

(b) the Province has requested that the Purchaser be a party to the Provincial Indemnity Agreement, that the Purchaser grant a release and discharge thereunder in favour of the Vendor Parties and that the Purchaser covenant not to dispose of the Property unless as a condition thereof the transferee has first executed and delivered to the Province and the Vendor Group the release and discharge referred to therein, together with an undertaking to require all subsequent transferees thereof to comply with the same condition and to execute and deliver the same release, discharge and undertaking; and

(c) the provisions of the Provincial Indemnity Agreement referred to in Section 16.1(b) above may to some extent be inconsistent with the provisions of Sections 9.3, 15.3 and other sections of this Agreement.

(d)

16.2 Agreement - The Purchaser agrees that:

(a) the provisions contained in the Provincial Indemnity Agreement relating to the Purchaser's release shall be deemed supplemental to the provisions contained in this Agreement, with the intention that the release of the Vendor Parties by the Purchaser shall have the broadest possible application; and

(b) the provisions contained in the Provincial Indemnity Agreement relating to the disposition of the Property shall be deemed supplemental to the provisions contained in this Agreement relating to the disposition of the Property, and the Purchaser shall comply with the said provisions of both such agreements. For greater certainty, it shall be a condition of any disposition subject to the provisions of the Provincial Indemnity Agreement that the transferee execute and deliver to the Province and the members of the Vendor Group the documents required under the Provincial Indemnity Agreement and that the transferee execute and deliver to the Vendor the documents required under this Agreement.

17. MISCELLANEOUS

17.1 Recording Agreement - This Agreement shall be recorded and registered in all such offices of public record in the Province of British Columbia as may in the opinion of the Vendor's Solicitors be necessary or appropriate to protect the Vendor's interests hereunder. All costs of recording and registering this Agreement shall be borne by the Vendor.

17.2 Relationship Between Parties - Nothing contained in this Agreement shall be deemed to constitute either party the partner of the other, nor except as otherwise herein expressly provided, to constitute either party the agent or legal representative of the other, nor to create any fiduciary relationship or relationship of

confidence and trust between them. It is not the intention of the parties to create, nor shall this Agreement be construed to create, any mining, commercial or other partnership. No party shall have any authority to act for or to assume any obligation or responsibility on behalf of the other, except as otherwise expressly provided herein.

17.3 Other Business Opportunities - Except as expressly provided in this Agreement, each party shall have the right independently to engage in and receive full benefits from business activities, whether or not competitive with operations on the Property, without consulting the other. The doctrines of "corporate opportunity" or "business opportunity" shall not be applied to any other activity, venture or operation of either party and neither party shall have any obligation to the other with respect to any opportunity to acquire any property outside the exterior boundaries of the Property.

17.4 Notice - Any notice or other communication required or permitted to be given hereunder by any party hereto to another party shall be deemed to have been well and sufficiently given if mailed by prepaid registered mail or telefaxed to, or delivered at, the address of such other party at the address set out below or at such substitute address as the other party may from time to time direct in writing, and any such notice or other communication shall be deemed to have been received, if delivered, on the first business day following the date of delivery, if telefaxed during normal business hours, on the date of telefaxing, if telefaxed outside normal business hours, on the next business day after the date of telefaxing, and if mailed, on the tenth business day after the date of mailing, provided that if at the time of such telefaxing or mailing there is in effect any industrial dispute, natural di saster or other event which may delay the receipt of such notice or other communication, the same shall only be effective if actually delivered:

To the Vendor:

Placer Dome (KS) Limited Box 49330,
Bentall Station 1600 - 1055 Dunsmuir
Street Vancouver, B.C.
V7X 1L3
Attention: General Counsel Fax:
604-661-7261

To the Purchaser:

Seabridge Resources Inc.
172 King Street East – 3rd Floor Toronto,
Ontario
M5A 1J3
Attention: The President
Fax: 416-367-2711

17.5 Time of the Essence - Time is of the essence of this Agreement.

17.6 Further Documents - Each party to this Agreement shall at the request of the other party execute and deliver any further deeds, bills of sale, assignments, endorsements, evidences of transfer and other documents and instruments and do all acts and things as the other party may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Agreement and to carry out the transactions contemplated in this Agreement.

17.7 Severability - If any one or more of the provisions contained in this Agreement or any document or instrument delivered pursuant hereto should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision or provisions shall not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

17.8 Amendments - All amendments to this Agreement shall be in writing duly executed by each of the parties to this Agreement in the same manner and with the same formality as this Agreement is executed.

17.9 Survival - Except to the extent otherwise stated herein, the respective representations, warranties, covenants and agreements of the parties herein shall not merge and shall survive the Closing indefinitely.

17.10 Jurisdiction - This Agreement shall be governed by the Laws of the Province of British Columbia and the Laws of Canada applicable therein and the parties hereby attorn to the non-exclusive jurisdiction of the Courts of the Province of British Columbia.

17.11 Entire Agreement - This Agreement constitutes the entire agreement between the parties to this Agreement and supersedes all prior communications, representations, negotiations, proposals and agreements, whether oral or written, with respect to the transactions contemplated in this Agreement, including the Letter of Intent.

17.12 Enurement - This Agreement shall enure to the benefit of and be binding upon each of the parties to this Agreement and their respective permitted successors and assigns.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

The Corporate Seal of PLACER DOME (KS) LIMITED was hereunto affixed in the presence of:

/s/_____
Authorized Signatory

/s/_____
Authorized Signatory

C/S

The Corporate Seal of SEABRIDGE RESOURCES INC. was hereunto affixed in the presence of:

Schedule "A"

NET SMELTER RETURNS ROYALTY

1. Definitions - For the purpose of this Schedule, "Agreement" shall mean the Asset Purchase and Sale, Royalty and Indemnity Agreement to which this Schedule is attached, "Owner" shall mean the party or parties paying a percentage of Net Smelter Returns pursuant to the Agreement, "Holder" shall mean the party or parties receiving a percentage of Net Smelter Returns pursuant to the Agreement and other capitalized terms shall have the meanings assigned to them in the Agreement.

2. Net Smelter Returns - For the purposes hereof, the term "Net Smelter Returns" shall, subject to paragraphs 3, 4, 5, and 6 below, mean gross revenues received from the sale by the Owner of all ore mined from the Property and from the sale by the Owner of concentrate, doré, metal and products derived from ore mined from the Property, after deduction of the following:

   (a) all smelting and refining costs, sampling, assaying and treatment charges and penalties including but not limited to metal losses, penalties for impurities and charges for refining, selling and handling by the smelter, refinery or other purchaser (including price participation charges by smelters and/or refiners); and

   (b) costs of handling, transporting, securing and insuring such material from the Property or from a concentrator, whether situated on or off the Property, to a smelter, refinery or other place of treatment, and in the case of gold or silver concentrates, security costs; and

   (c) ad valorem taxes and taxes based upon sales or production, but not income taxes; and

   (d) marketing costs, including sales commissions, incurred in selling ore mined from the Property and from concentrate, doré, metal and products derived from ore mined from the Property.

3. Non-Arm's Length Revenue - Where revenue otherwise to be included under this Schedule is received by the Owner in a transaction with a party with whom it is not dealing at aim's length, the revenue to be included shall be based on the fair market value under the circumstances and at the time of the transaction.

4. Non-Arm's Length Costs - Where a cost otherwise deductible under this Schedule is incurred by the Owner in a transaction with a party with whom it is not dealing at arm's length, the cost to be deducted shall be the fair market cost under the circumstances and at the time of the transaction.

1. Currency - For the purpose of determining Net Smelter Returns, all receipts and major disbursements in a currency other than Canadian shall be converted into Canadian currency on the day of receipt or disbursement, as the case may be, and all other disbursements in a currency other than Canadian shall be converted into Canadian currency at the average rate for the month of disbursement determined using the Bank of Canada noon rates.

2. Hedging - The Owner may, but shall not be under any duty to, engage in price protection (hedging) or speculative transactions such as futures contracts and commodity options in its sole discretion covering all or part of production from the Property and, except in the case where products are actually delivered and a sale is actually consummated under such price protection or speculative transactions, none of the

revenues, costs, profits or losses from such transactions shall be taken into account in calculating Net Smelter Returns or any interest therein.

3. Commingling - If the Property is brought into commercial production, it may be operated as a single operation with other mining properties owned by third parties or in which the Owner has an interest, in which event, the parties agree that (notwithstanding separate ownership thereof) ores mined from the mining properties (including the Property) may be blended at the time of mining or at any time thereafter, provided, however, that the respective mining properties shall bear and have allocated to them their proportionate part of costs described in paragraphs 2(a) to 2(d) above incurred relating to the single operation, and shall have allocated to each of them the proportionate part of the revenues earned relating to such single operation. In making any such allocation, effect shall be given to the tonnages and location of ore and other material mined and beneficiated and the characteristics of such material including the metal content of ore removed from, and to any special charges relating particularly to ore, concentrates or other products or the treatment thereof derived from, any of such mining properties.

4. Sampling - The Owner shall ensure that reasonable practices and procedures are adopted and employed for weighing, determining moisture content, sampling and assaying and determining recovery factors.

5. NSR Interest - The Net Smelter Return interest is one percent (1%) of Net Smelter Returns.

6. Payments - Payments of a percentage of Net Smelter Returns shall be made to the Holder within 30 days after the end of each calendar quarter in which Net Smelter Returns, as determined on the basis of final adjusted invoices, are received by the Owner. All such payments shall be made in Canadian dollars.

7. Calculations - After the year in which commercial production is commenced on the Property, the Holder receiving a percentage of Net Smelter Returns from the Owner shall be provided annually on or before April 1 with a copy of the calculation of Net Smelter Returns,

8.

determined in accordance with this Schedule, for the preceding calendar year, certified correct by the Owner.

12. Audits - The Owner shall cause the Net Smelter Returns and the records relating thereto to be audited within the first quarter of each calendar year by a national firm of chartered accountants designated and paid by the Owner (which may be the auditor of the Owner) and:

(a) copies of the audited reports shall be delivered to the Holder and the Owner by the chartered accounting firm;

(b) either party shall have three (3) months after receipt of any audited report to object thereto in writing to the other party, and failing such objection, such report shall be deemed correct; and

(c) in the event of a reaudit, all costs relating to such reaudit shall be paid by the Owner (if the original audit is found in error) or the Holder (if the original audit is found to be correct) and the Holder requested the reaudit.

13. Rights of Parties - Nothing contained in the Agreement or any Schedule attached thereto shall be construed as conferring upon the Holder any right to or beneficial interest in the Property. The right to receive a percentage of Net Smelter Returns from the Owner as and when due is and shall be deemed to be a contractual right only. Furthermore, the right to receive a percentage of Net Smelter Returns by the Holder from the Owner as and when due shall not be deemed to constitute the Owner the partner, agent or legal representative of the Holder or to create any fiduciary relationship between them for any purpose whatsoever.

14. Operations - The Owner shall be entitled to:

(a) make all operational decisions with respect to the methods and extent of mining and processing of ore, concentrate, dore, metal and products produced from the Property (for example, without limitation, the decision to process by heap leaching rather than conventional milling);

(a) make all decisions relating to sales of such ore, concentrate, doré, metal and products produced; and

(b) make all decisions concerning temporary or long-term cessation of operations.

15. Reacquisitions - Notwithstanding the provisions of paragraph 14 of this Schedule, if the Owner relinquishes, drops, abandons or allows any portion of the Property to lapse and subsequently reacquires a direct or indirect beneficial interest with respect to such portion of the Property, then such portion of the Property will once again be subject to the obligation to pay Net Smelter Returns.

16. Annual Reports - Within ninety (90) days following the end of each calendar year, the Owner shall provide the Holder with an annual report of all activities and operations conducted upon or with respect to the Property during the preceding calendar year, together with a description of the activities and operations anticipated during the current year (including estimates of expenditures, production, ore reserves and any Net Smelter Returns payable).

Schedule "B"

THE PROPERTY

Skeena Mining Division
Province of British Columbia

A. KERR PROPERTY MINERAL CLAIMS

Mineral Claim	Record No.	Units	Expiry Date	New Record Number
Kerr 7	3662	6	2001/12/17	251079
Kerr 8	3663	16	2001/12/17	251080
Kerr 9	3664	10	2001/12/17	251081
Kerr 10	3665	9	2001/12/17	251082
Kerr 12	3666	20	2001/12/17	251083
Kerr 15	3669	16	2001/12/17	251084
Kerr 41	3697	20	2001/12/20	251085
Kerr 99	4690	20	2001/10/30	251184
Kerr 100	6286	10	2001/07/17	251917
Kerr 101	6725	15	2001/06/30	252135
Kerr 102	6884	20	2001/08/23	252206
Kerr 103	6885	10	2001/08/23	252207
Kerr 104	6886	6	2001/08/23	252208
Kerr 2P1	9063	1	2001/08/10	254268
Kerr 2P2	9064	1	2001/08/10	254269
Kerr 2P3	9065	1	2001/08/10	254270
Kerr 2P4	9066	1	2001/08/10	254271
Tedray 13	165	8	2001/08/26	250389

A. KERR PROPERTY PLACER CLAIMS

Placer Claim	Record Number	Units	Expiry Date
Sul 1	305411	1	2001/09/28
Sul 2	305412	1	2001/09/28
Sul 3	305413	1	2001/09/28
Su1 4	305414	1	2001/09/28
Sul 5	305415	1	2001/09/28
Sul 6	305416	1	2001/09/28
Su1 7	305417	1	2001/09/28
Sul 8	305418	1	2001/09/28
Sul 9	305419	1	2001/09/28
Sul 10	305420	1	2001/09/28

B. SULPHSIDE PROPERTY

Mineral Claim	Record Number	Units	Expiry Date	New Record Number
Tedray No 1	153	2	2001/08/26	250379
Tedray No 2	154	1	2001/08/26	250380
Tedray No 3	155	3	2001/08/26	250381
Tedray No 6	158	15	2001/08/26	250382
Tedray No 7	159	2	2001/08/26	250383
Tedray No 8	160	1	2001/08/26	250384
Tedray No 9	161	9	2001/08/26	250385
Tedray No 10	162	3	2001/08/26	250386
Tedray No 11	163	4	2001/08/26	250387
Tedray 14	2413	2	2003/06/30	250890
Tedray 15	2586	4	2002/09/23	250915

Mineral Claim	Record Number	Units	Expiry Date	New Record Number
Tedray 16	2643	12	2001/11/03	250933

Tedray 17	2644	4	2001/11/03	250934
Tedray 18	2645	4	2001/11/03	250935
Tedray 19	2646	2	2001/11/03	250936
Ed No 1	150	2	2001/08/26	250377
Ed No 2	151	1	2001/08/26	250378
Iron Cap I	315	2	2001/09/07	250396
Iron Cap II	316	1	2001/09/07	250397
Iron Cap III	317	2	2001/09/07	250398
Iron Cap 4	2409	1	2002/06/30	250886
Iron Cap 5	2410	1	2002/06/30	250887
Xray 1	1861	1	2001/10/12	250817
Xray 2	1862	2	2001/10/12	250818
Xray 3	1863	2	2001/10/12	250819
Xray 4	1864	6	2001/10/12	250820
Xray 5	1865	2	2001/10/12	250821
Xray 6	1866	2	2001/10/12	250822
Iron Cap 6	2584	2	2002/09/23	250913
Iron Cap 7	3696	2	2002/09/23	250914
Ice 1	2411	2	2003/06/30	250888
Ice 2	2412	3	2003/06/30	250889
Ice 3	2647	2	2001/11/03	250937
Ice 4	3111	12	2002/06/30	250987
Sulphurets 1 Fr.	2582	1	2002/09/23	250911
Sulphurets 2 Fr.	2583	1	2002/09/23	250912
Sulphurets 3 Fr.	2648	1	2001/11/03	250938
OK #1	5101	18	2002/12/10	251280

Mineral Claim	Record Number	Units	Expiry Date	New Record Number
OK #2	5102	20	2002/12/10	251281
Marmont Fr.	302498	1	2003/07/11	302498

Schedule "C"

RECLAMATION PERMITS

PROVINCE OF BRITISH COLUMBIA
MINISTRY OF EMPLOYMENT AND INVESTMENT
ENERGY AND MINERALS DIVISION

MINERAL EXPLORATION
RECLAMATION PERMIT
(Issued pursuant to Section 10 of the Mines Act S.B.C. 1989)

Permit: Mx-1-276
(Amendment to Permit Issued July 11, 1990)

Issued to: ~~Kiena Gold Mines Limited~~ Placer Dome (KS) Limited Limited

~~(Subsidiary of Placer Dome (CLA) Limited~~
600 - 1055 Dunsmuir Street
Vancouver, B.C. ~~V8V 1X4~~ V7X 1L3

for reclamation of mineral exploration work at the following properties:

Kerr

Located at: NTS: 104B/08 Lat: 56°28' Long: 130°16'

Mining Division: Slceena

Access: Helicopter for equipment, material and personnel

This approval and permit is subject to the appended conditions.

Issued this **13th** day of **February** in the year **1997**.

Amended this 24th day of March in the year 1998

F.W. Hermann, Eng.
Chief inspector of Mines

PROVINCE OF BRITISH COLUMBIA
MINISTRY OF EMPLOYMENT AND INVESTMENT
ENERGY AND MINERALS DIVISION

MINERAL EXPLORATION
RECLAMATION PERMIT
(Issued pursuant to Section 10 of the Mines Act S.B.C. 1989)

Permit: **Mx-1-276**
(Amendment to Permit Issued July 11, 1990)

Issued to: **Kiena Gold Mines Limited**
(Subsidiary of Placer Dome (CLA) Limited)
600 - 1055 Dunsmuir Street
Vancouver, B.C. V8V 1X4

for reclamation of mineral exploration work at the following properties: Kerr

Located at: NTS: 104B/08 Lat: 56°28' Long: 130°16'

Mining Division: Skeena

Access: Helicopter for equipment, material and personnel

This approval and permit is subject to the appended conditions.

Issued this **13**th day of **February** in the year **1997.**

/s/_____
F.W. Hermann, P. Eng.
Chief Inspector of Mines

Kiena Gold Mines Limited

PREAMBLE

A letter dated February 3, 1997, reflecting the change of ownership and permit responsibilities, has resulted in the requirement to amend Permit Mx-1-276. This information was received by the Ministry of Employment and Investment, Energy and Minerals Division, Smithers, B.C., on February 13, 1997.

This permit contains the reclamation requirements of the Ministry of Employment and Investment. It is also compatible, to the extent possible, with the requirements of other provincial ministries for reclamation issues. The amount of security required by this permit, and the manner in which this security may be applied, will also reflect the requirements of those ministries. Nothing in this permit, however, limits the authority of other provincial ministries to set other conditions, or to act independently, under their respective permits and legislation.

Decisions made by staff of the Ministry of Employment and Investment will be made in consultation with other ministries.

CONDITIONS

The Chief Inspector of Mines (Chief Inspector) hereby approves the program for protection and reclamation of the land surface and watercourses subject to compliance with the following conditions:

1. Reclamation Security

(a) The owner, agent or manager (herein called the Permittee) shall maintain with the Minister of Finance and Corporate Relations security in the amount of **Twenty Thousand Dollars ($20,000.00).** The security will be held by the Minister of Finance and Corporate Relations for the proper performance of the approved program and all the conditions of this permit in a manner satisfactory to the Chief Inspector.

(b) The Permittee shall conform to all forest tenure requirements of the Ministry of Forests. Should the Permittee not conform to these requirements then all or part of the security may be used to cover the costs of these requirements.

(c) The Permittee shall conform to all Ministry of Environment, Lands and Parks approval, licence and permit conditions, as well as requirements under the Wildlife Act. Should the Permittee not conform to these conditions, then all or part of the security may be used to fulfill these requirements.

2. Guidelines

The Permittee shall carry out work and reclamation in accordance with the Guidelines for Mineral Exploration, dated January 1992.

3. Revegetation

Land shall be revegetated to a self-sustaining state using the most suitable plant species relevant to the nature and location of the land.

4. Use of Suitable Growth Medium

On all lands to be revegetated, the growth medium shall satisfy vegetation and water quality objectives. All surficial soil material removed for exploration purposes shall be saved for use in reclamation programs unless these objectives can be otherwise achieved.

5. Watercourses

Watercourses shall be reclaimed to a condition that ensures

(a) long-term water quality is maintained to a standard acceptable to the District Inspector, and

(b) drainage is restored either to original watercourses or to new watercourses which will sustain themselves without maintenance.

6. Roads

(a) Unless otherwise approved by the District Inspector, all roads that will not be *used* the following field season shall be totally reclaimed by

(1) ripping and/or covering with a suitable growth medium, and seeding and fertilizing,

(2) providing a system of permanent erosion control with erosion bars placed at frequent intervals to ensure stability,

(3) recontouring by leveling the berms over the road surface on roads located above treeline, and

(4) ditching or otherwise blockading the roads to prevent vehicle access at their junction with permanent roads.

(b) Individual roads will be exempted from the requirement for total reclamation under condition 6(a) if either:

(1) the Permittee can demonstrate that an agency of the Crown has explicitly accepted responsibility for the operation, maintenance and ultimate deactivation and abandonment of the road, or

(2)

the Perrnittee can demonstrate that another private party has explicitly agreed to accept responsibility for the operation, maintenance and ultimate deactivation and abandonment of the road and has, in this regard, agreed to comply with all the terms and conditions, including bonding provisions, of this reclamation permit, and to comply with all other relevant provincial government (and federal government) regulatory requirements.

7. Camp Sites

(a) At the end of each field season

(1) camps which are to be abandoned shall be dismantled and removed,

(2) camps which are to be left over winter for reuse the following season shall be left in a clean and tidy condition,

(3) all refuse shall be disposed of and sump pits shall be backfilled, and

(4) camp sites shall be ripped, if necessary to break surface compaction, and seeded and fertilized.

(b) Any camp which has been inactive for three years or more shall be abandoned and the site reclaimed as above.

8. Drill Core Storage

This permit and security shall remain in effect until the core has been removed from the mineral property for storage elsewhere or has been permanently secured in a manner and location acceptable to the District Inspector,

9. Trenches, Portals, Drill Sites, and Major Excavations

(a) Bulldozer trenching is not permitted without the written permission of the District Inspector.

(b) All trenches shall be backfilled, seeded and fertilized at the end of the field season, unless exempted in writing by the District Inspector.

(c) All portal sites, drillsites and water retention excavations shall be backfilled and recontoured to as close to original contours as possible, and seeded and fertilized at the end of the field season.

(d) All portals shall

(1) at the end of the field season, be fenced or otherwise secured against inadvertent access to the satisfaction of the District Inspector, and

(2) upon abandonment, be permanently sealed either by construction of a reinforced concrete bulkhead or by filling the entrance with rock or soil material such that subsidence of the material will not pose a future hazard by allowing an opening to the underground workings to occur.

(e) Trenches, portals or other major excavations which are required to be left open for further-exploration work shall be identified to the District Inspector for approval prior to the final inspection.

10. Disposal of Fuels and Toxic Chemicals

(a) All empty fuel drums and chemical containers shall be removed from the property at the end of the field season.

(b) All fuels and chemicals are to be removed or otherwise disposed of at the end of the field season, in compliance with municipal, regional, provincial and federal statutes, unless permission to store them on site is granted in writing by the District Inspector.

1. Acid Generating Material

All potential acid generating material shall be placed in a manner which minimizes the production and release of acid mine drainage to a level that assures protection of environmental quality.

2. Safety Provisions

All safety and other provisions of the Mines Act shall be complied with to the satisfaction of the Chief Inspector.

3. Monitoring

The Permittee shall undertake monitoring programs, as required by the District Inspector, to demonstrate that reclamation objectives are being achieved.

4. Uranium and Thorium

Exploration for uranium or thorium is not approved under this permit.

5. Alterations to the Program

Substantial changes to the program must be submitted to the District Inspector for approval.

6. Notice of Closure

Pursuant to Part 10.5.1 of the Health, Safety and Reclamation Code for Mines in British Columbia, a Notice of Completion of Work shall be filed with the District Inspector not less than seven days prior to cessation of work.

SPECIAL CONDITIONS:

Kiena Gold Mines Limited (Subsidiary of Placer Dome (CLA) Limited) is hereby bound by all obligations of Continental Gold Corp as set out in this Permit, Mx-1-276.

mxpermit/92-08-05

PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

PERMIT

APPROVING PROGRAM FOR RECLAMATION AND
CONSERVATION OF THE LAND SURFACE
MINERAL EXPLORATION
(Issued pursuant to the Mines Act)

Permit: MX-1-276

Issued to: ~~Sulphurets Gold Corporation~~ Continental Gold Corp

Address: 1600 - 1055 Dunsmuir St.

Vancouver, B. C., V7X 1P1

For exploration work at the following properties:
Kerr

Located at: NTS: 104B/8 Lat: $56^{0}28'$ Long: $130^{0}16'$

MiningDivision: Skeena

Access: Helicopter for equipment, material and personnel

The Permit is issued pursuant to Section 10 of the Mines Act and is subject to the appended conditions.

Amended this 2nd day of January in the year 1996.
Issued this **11th** day of **July** in the year **1990.**

B. L. Good

B.H. Good for R.W. McGinn, P.Eng. Chief Inspector of Mines

 PREAMBLE

1. Notice of intention to commence exploration work was given on **May 2, 1990.**

2. A program for the protection and reclamation of the surface of the land and watercourses dated **April 25, 1990** was filed with the Chief Inspector of Mines on **May 2, 1990.**

APPROVAL

The Chief Inspector of Mines hereby approves the program for protection and reclamation of the surface of the land and watercourses subject to compliance with the following conditions:

1. The owner, agent or manager shall conform to the British Columbia Guidelines for Mineral Exploration dated March, 1989.

2. The owner, agent or manager shall maintain a security with the Chief Inspector of Mines in the amount of TWENTY THOUSAND dollars **($20,000.00).** The security shall be held by the Chief Inspector of Mines for the proper performance of the approved program and all the conditions of this permit in a manner satisfactory to the Chief Inspector of Mines.

3. Notice of Closure -- Pursuant to Section 6, Mines Act, not less than seven days prior to cessation of work, a report of work done and reclamation completed shall be filed with the District Inspector.

4.

1. Alterations to the Program - Substantial changes to the Program must be submitted to the District Inspector for approval by the Chief Inspector of Mines.

2. The owner, agent or manager, or an inspector, may apply to the chief Inspector of Mines for revision of the conditions of this permit and, if he so decides, the Chief Inspector of Mines may revise the conditions.

3. Where the owner, agent or manager fails to perform and complete the program for reclamation and the conditions of this permit in a manner satisfactory to the Chief Inspector of Mines, the chief Inspector of Mines may apply all or a part of the security toward payment of the cost of the work required to be performed and completed.

4. On the completion, discontinuance or abandonment of this mining operation, and on the Chief Inspector of Mines being satisfied that the approved program has been properly completed, the person who deposited the security is entitled to a refund of it, less any amount paid out under condition 6.

SPECIAL CONDITIONS

NOTE: This permit applies only to the requirements under the **Mines Act**. Other legislation may be applicable to the mining operations, and this permit in no way abrogates the responsibility and obligation of the permittee under such other legislation.

PROVINCE OF BRITISH COLUMBIA
MINISTRY OF EMPLOYMENT AND INVESTMENT
ENERGY AND MINERALS DIVISION

MINERAL EXPLORATION
RECLAMATION PERMIT
(Issued pursuant to Section 10 of the **Mines Act** S.B.C. 1989)

Permit: MX-1-397
(Amendment to Permit Issued May 12, 1992)

Issued to: Placer Dome (CLA) Limited
600-1055 Dunsmuir Street
P.O. Box 49305 Bentall Station
Vancouver, B.C. V7X IL3

for reclamation of mineral exploration work at the following properties: Kerr/Sulphurets

Located at: NTS: 104B108 & 09 Lai:

56°26' Long: 130°16' Mining

Division: Skeena

Access: **Follow Granduc Road 45 kms to Tide Lake Strip**

This approval and permit is subject to the appended conditions.

Issued this **5th** day of **February** in the year **1997**.

F.W. Hermann, P. Eng
Chief Inspector of Mines

PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

PERMIT
APPROVING THE PROPOSED WORK AND PROGRAM FOR PROTECTION AND RECLAMATION

MINERAL EXPLORATION

(Issued pursuant to the Mines Act)

Permit: **MX-1-397**

Issued to: ~~**PLACER DOME INC.,**~~ PLACER DOME CANADA LIMITED
Address: ~~1600-1055 Dunnauir St.,~~ 60O-1055 Dunsmuir
P.O. Box 49305 Bentall Postal. Station
Vancouver, B.C
~~V7X 1P1~~ V7X 1L3

For exploration work at the following properties:

KERR/SULPHURETS

Located at: NTS: 104B 8 & 9 Lat.: $56^{0}26'$
Long.: $130^{0}16'$
Mining Division: Skeena

Access: Follow Granduc Road 45 Kms to Tide Lake Strip

The Permit is issued pursuant to Section 10 of the **Mines Act** and is subject to the appended conditions.

Issued this ~~12th~~ 12th day of ~~May~~ August in the year ~~1992~~ 1994

R.W. McGinn, P. Eng.
Chief Inspector of Mines

PREAMBLE

An application for approval of exploration work dated **March 9, 1992** was filed with the District Inspector on **March 12, 1992.**

APPROVAL

The Chief Inspector of Mines hereby approves the program for protection and reclamation of the surface of the land and watercourses subject to compliance with the following conditions:

1. The owner, agent or manager shall conform to the **British Columbia Guidelines for Mineral Exploration** dated March, 1989.

2. The owner, agent or manager shall maintain a security with the Chief Inspector of Mines in the amount of **Twenty Thousand dollars ($20,000.00).** The security shall be held by the Chief Inspector of Mines for the proper performance of the approved program and all the conditions of this permit in a manner satisfactory to the Chief Inspector of Mines.

1. Notice of Closure - Pursuant to Part 10.5.1, of the Health, Safety and Reclamation Code for Mines in British Columbia, a report of work done and reclamation completed shall be filed with the District Inspector not less than seven days prior to cessation of work.

2.

Alterations to the Program – Substantial changes to the Program must be submitted to the District Inspector for approval by the Chief Inspector of Mines.

1. The owner, agent or manager, or an inspector, may apply to the Chief Inspector of Mines for revision of the conditions of this permit and, if he so decides, the Chief Inspector of Mines may revise the conditions.

2. Where the owner, agent or manager fails to perform and complete the program for reclamation and the conditions of this permit in a manner satisfactory to the Chief Inspector of Mines, the Chief Inspector of Mines may apply all or a part of the security toward payment of the cost of the work required to be performed and completed.

3. The owner, agent, or manager shall conform to all Forest tenure requirements of the Ministry of Forests. Should the owner, agent, or manager not conform to these requirements then all or part of the security may be used to cover these requirements.

4. The owner, agent, or manager shall conform to all Ministry of Environment, Lands and Parks approval, licence and permit conditions as well as requirements under the **Wildlife Act**. Should the owner, agent, or manager not conform to these conditions then all or part of the security may be used to fulfill these requirements.

5. On the completion, discontinuance or abandonment of this mining operation, and on the Chief Inspector of Mines being satisfied that the approved program has been properly completed, the person who deposited the security is entitled to a refund of it, less any amount paid out under conditions 6, 7, and 8.

6.

SPECIAL CONDITIONS

NOTE: This permit applies only to the requirements under the Mines Act. Other legislation may be applicable to the mining operations, and this permit in no way abrogates the responsibility and obligation of the permittee under such other legislation.

Mx-01-92

Schedule "D"

SEABRIDGE WARRANT CERTIFICATE

Certificate No. W-●,

SEABRIDGE RESOURCES INC.

(Incorporated under the Laws of the Province of British Columbia)

NUMBER OF WARRANTS: **500,000**

RIGHT TO PURCHASE: **500,000 COMMON SHARES**

VOID AFTER 5:00 P.M., PACIFIC TIME, ●, 2003

WARRANTS TO PURCHASE COMMON SHARES OF SEABRIDGE RESOURCES INC.

THE WARRANTS REPRESENTED BY THIS CERTIFICATE ARE TRANSFERABLE

THIS IS TO CERTIFY that, for value received, PLACER DOME (CKS) LIMITED, of P.O. Box 49330, Bentall Station, 1600 - 1055 Dunsmuir Street, Vancouver, British Columbia, V7X 1L3, is entitled to purchase at any time before 5:00 p.m., Pacific time, on ●, 2003, up to 500,000 fully paid and non-assessable Common shares (the "Common Shares") of SEABRIDGE RESOURCES INC. (the "Company") by surrendering to Computershare Investor Services Inc., 4th Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9 ("Computershare"), this Warrant Certificate with the Subscription Form attached hereto duly completed and executed, and cash or bank draft, certified cheque or money order in lawful money of Canada, payable to the order of the Company, at par in Vancouver, British Columbia, in an amount equal to the purchase price of the Common Shares so subscribed for. Subject to adjustment thereof in the events and in the manner set forth in the Terms and Conditions hereinafter mentioned, the price payable for each Common Share on the exercise of the Warrants evidenced hereby shall be $2.00.

The Warrants represented by this Certificate are *subject* to the terms and conditions set out in the attached Schedule "A". The Warrants may be exercised only at the offices of Computershare.

IN WITNESS WHEREOF the Company has caused its common seal to be affixed hereto as of the
● day of ●, 2001.

SEABRIDGE RESOURCES INC.

Per:

LEGEND

The certificates representing the Common Shares acquired on the exercise of the Warrants will bear a legend as follows:

> "The securities represented by this certificate are subject to a hold period in the Province of British Columbia and may not be traded in British Columbia until [●that date that is four months from the Closing Date], except as permitted by the *Securities Act* (British Columbia) and regulations made thereunder. A new certificate, not bearing this legend, may be obtained from the Company upon delivery of this certificate at any time after [●that date that is four months from the Closing Date]."

SUBSCRIPTION FORM

TO: SEABRIDGE RESOURCES INC.
#304 - 700 West Pender Street
Vancouver, B.0 V6C 1G8

AND TO: Computershare Investor Services Inc.
4th Floor
510 Burrard Street
Vancouver, B.C. V6C 3B9

The undersigned holder of the Warrants represented by this Warrant Certificate hereby exercises the right to purchase and subscribes for
Shares in the capital of SEABRIDGE RESOURCES INC. according to the conditions hereof and encloses herewith cash, bank draft, certified cheque or money order representing the purchase price in full for the said number of Common Shares.

The undersigned hereby directs that the Common Shares hereby subscribed for shall be issued and delivered as follows:

Name(s) in Full	Address(es)	Number of Common Shares

(Please print full names in which share certificates are to be issued.)

Dated this day of __. ___.

Witness

Signature of Warrantholder

Name of Warrantholder

Address in full of Warrantholder

Computershare may require that the Warrantholder's signature be guaranteed, in which event the following must be completed:

Signature of Warrantholder:

Signature of Warrantholder

Guaranteed by:

Authorized Signatory of Guarantor

NOTE: If the signature of the person executing this form is to be guaranteed, it must be guaranteed by a Bank or Trust Company or by a participant in a recognized Medallion Signature Guarantee program.

¨ Please check box if the share certificate(s) are to be delivered to the office where this Warrant Certificate is surrendered, failing which the share certificate(s) will be mailed to the address of the Warrantholder shown on this Warrant Certificate.

TRANSFER FORM

TO: SEABRIDGE RESOURCES INC.
#304 - 700 West Pender Street
Vancouver, B.0 V6C 1G8

AND TO: Computershare Investor Services Inc.
4th Floor
510 Burrard Street Vancouver, B.C. V6C 3B9

FOR VALUE RECEIVED, the undersigned Warrantholder hereby sells, assigns and transfers _____ of the Warrants represented by this Warrant Certificate unto:

(Name of Transferee)

(Address of Transferee)

(Please print full name in which the new warrant certificate is to be issued.)

Dated this day of

Witness

Signature of Warrantholder

Name of Warrantholder

Computershare may require that the Warrantholder's signature be guaranteed, in which event the following must be completed:

Signature of Warrantholder:

Signature of Waarantholder

Guaranteed by:

Authorized Signatory of Guarantor

NOTE: If the signature of the person executing this form is to be guaranteed, it must be guaranteed by a Bank or Trust Company or by a participant in a recognized Medallion Signature Guarantee program.

¡ Please check box if the new warrant certificate(s) are to be delivered to the office where this Warrant Certificate is surrendered, failing which the new warrant certificate(s) will be mailed to the address of the transferee shown on this Warrant Certificate.

SCHEDULE "A"

TERMS AND CONDITIONS ATTACHED TO THE SHARE PURCHASE WARRANTS ISSUED BY SEABRIDGE RESOURCES INC. ON ●, 2001

ARTICLE 1 - INTERPRETATION

Section 1.1 - Definitions

In these terms and conditions, unless there is something in the matter or context inconsistent therewith:

(a) "Common Shares" means the Common shares in the capital of the Company as constituted at the date hereof and any Common Shares resulting from any subdivision or consolidation of the Common Shares;

(b) "Company" means SEABRIDGE RESOURCES INC. until a successor corporation shall have become such in the manner prescribed in article 6, and thereafter "Company" shall mean such successor corporation;

(c) "Company's Auditors" means an independent firm of accountants duly appointed as auditors of the Company;

(d) "Company's Registrar and Transfer Agent" means Computershare Investor Services Inc., 4th Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, or such other registrar and transfer agent of the Company that the Company may from time to time appoint;

(e) "Director" means a director of the Company for the time being, and reference, without more, to action by the directors means action by the directors of the Company as a board, or whenever duly empowered, action by a committee of the board;

(f) "herein", "hereby" and similar expressions refer to these terms and conditions as the same may be amended or modified from time to time; and the expression "article" and "section" followed by a number refer to the specified article or section of these terms and conditions;

(g) "person" means an individual, corporation, partnership, trustee or any unincorporated organization and words importing persons have a similar meaning;

(h) "Warrantholder" means a registered holder of Warrants; and

(i) "Warrants" means the Common Share purchase warrants of the Company issued and presently authorized as set out in section 2.1 hereof and for the time being outstanding.

Section 1.2 - Interpretation Not Affected by Headings

The division of these terms and conditions into articles and sections, and the insertion of headings, are for convenience of reference only and shall not affect the construction or interpretation thereof Words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders.

Section 1.3 - Applicable Law

The Warrants shall be construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and shall be treated in all respects as British Columbia contracts.

ARTICLE 2 - ISSUE OF WARRANTS Section 2.1 -

Issue of Common Share Purchase Warrants

Up to 500,000 Common Share purchase warrants entitling the holders thereof to purchase up to an aggregate of 500,000 Common Shares at $2.00 per Common Share at any time before 5:00 p.m., Pacific Time, ●, 2003, are authorized to be issued by the Company.

Section 2.2 - Issue in Substitution for Lost Warrant Certificate

(a) In case a Warrant Certificate shall become mutilated, lost, destroyed or stolen, the Company in its discretion may issue and deliver a new Warrant Certificate of like date and tenor as the one mutilated, lost, destroyed or stolen, in exchange for and in place of and upon cancellation of such mutilated Warrant Certificate, or in lieu of, and in substitution for such lost, destroyed or stolen Warrant Certificate and the Warrantholder shall be entitled under the exchanged or substituted Warrant Certificate to the same rights and benefits as the Warrantholder had under such mutilated, lost, destroyed or stolen Warrant Certificate;

(b) The applicant for the issue of a new Warrant Certificate pursuant hereto shall bear the cost of the issue thereof and in case of loss, destruction or theft furnish to the Company such evidence of ownership and of loss, destruction or theft of the Warrant Certificate so lost, destroyed or stolen as shall be satisfactory to the Company in its discretion and such applicant may also be required to furnish an indemnity in amount and form satisfactory to the Company, acting reasonably, and shall pay the reasonable charges of the Company in connection therewith.

Section 2.3 - Warrantholder Not a Shareholder

The holding of a Warrant shall not constitute the Warrantholder a shareholder of the Company. **ARTICLE 3 -**

TRANSFER OF WARRANTS

Section 3.1 - Warrants Transferable

The Warrantholder may at any time and from time to time have the Warrants transferred at the Company's Registrar and Transfer Agent in accordance with such reasonable regulations as the Company's Registrar and Transfer Agent may prescribe.

Section 3.2 - Warrant Register

The Company shall cause the Company's Registrar and Transfer Agent to maintain a register of the Warrants at its principal office in Vancouver, in which shall be entered the names and addresses of Warrantholders and particulars of the Warrants held by them and of all transfers of Warrants.

ARTICLE 4 - EXERCISE OF WARRANTS Section 4.1 -

Method of Exercise of Warrants

The right to purchase Common Shares conferred by the Warrants may be exercised by the Warrantholder surrendering this Warrant Certificate to the Company's Registrar and Transfer Agent, with a duly completed and executed subscription in the form attached hereto together with cash, bank draft, certified cheque or money order payable in lawful money of Canada to or to the order of the Company at par in Vancouver, British Columbia, for the purchase price applicable at the time of surrender in respect of the Common Shares subscribed for.

Section 4.2 - Effect of Exercise of Warrants

(a) Upon surrender and payment as aforesaid the Common Shares so subscribed for shall be deemed to have been issued and the Warrantholder shall be deemed to have become the shareholder of record of such Common Shares on the date of such surrender and payment, and such Common Shares shall be issued at the subscription price in effect on the date of such surrender and payment.

(b) Within ten business days after surrender and payment as aforesaid the Company shall cause to be delivered to the person in whose name the Common Shares so subscribed for are to be issued as specified in such subscription or cause to be mailed to such person at his address specified in such subscription, a certificate or certificates for the number of Common Shares subscribed for.

Section 4.3 - Subscription for Less than Entitlement

The Warrantholder may subscribe for and purchase a number of Common Shares less than the number which the Warrantholder is entitled to purchase pursuant to the surrendered Warrant Certificate. In the event of any purchase of a number of Common Shares less than the number which can be purchased pursuant to the Warrant Certificate, the Warrantholder upon exercise shall, in addition, be

entitled to receive a new Warrant Certificate in respect of the balance of the Common Shares which the Warrantholder was entitled to purchase pursuant to the surrendered Warrant Certificate and which were not then purchased. Such new Warrant Certificate shall entitle the Warrantholder to purchase the balance of the Common Shares at the same price and on the same terms and conditions as provided in the surrendered Warrant Certificate.

Section 4.4 - Fractions of Common Shares

To the extent that the Warrantholder is entitled to receive on the exercise or partial exercise of Warrants a fraction of a Common Share, such right may be exercised in respect of such fraction only in combination with other Warrants which in the aggregate entitle the Warrantholder to receive a whole number of Common Shares.

Section 4.5 - Expiration of Warrants

After the expiration of the period within which the Warrants are exercisable, all rights thereunder shall wholly cease and tenninwe and the Warrants shall be void and of no effect.

Section 4.6 - Exercise Price

The price per Common Share which must be paid to exercise the Warrants is as set forth on the face of the Warrant Certificate, subject to adjustment as hereafter provided.

Section 4.7 - Adjustments

The exercise price and the number of Common Shares deliverable upon the exercise of the Warrants shall be subject to adjustment in the events and in the manner following:

(a) If and whenever the Common Shares at any time outstanding shall be subdivided into a greater or consolidated into a lesser number of Common Shares, or in the event of any payment by the Company of a stock dividend to holder of Common Shares, the exercise price shall be decreased or increased proportionately as the case may be. Upon any such subdivision, consolidation, or payment of a stock dividend, the number of Common Shares deliverable upon the exercise of the Warrants shall be increased or decreased proportionately as the case may be.

(b) In the case of any capital reorganization or of any reclassification of the capital of the Company or in the case of the consolidation, merger or amalgamation of the Company with or into any other company, each Warrant shall, after such capital reorganization, reclassification of capital, consolidation, merger or amalgamation, confer the

(c)

right to purchase the number of Common Shares or other securities of the Company or of the company resulting from such capital reorganization, reclassification, consolidation, merger or amalgamation, as the case may be, to which the Warrantholder would have been entitled if such Warrant had been exercised immediately prior to such capital reorganization, reclassification, consolidation, merger or amalgamation and in any such case, if necessary, appropriate adjustments shall be made in the application of the provisions set forth in this article with respect to the rights and interest thereafter of the Warrantholder to the end that the provisions set forth in this article shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any Common Shares or other securities thereafter deliverable on the exercise of the Warrants. The subdivision or consolidation of Commo n Shares at any time outstanding into a greater or lesser number of Common Shares (whether with or without par value) shall not be deemed to be a capital reorganization or a reclassification of the capital of the Company for the purposes of this paragraph.

(c) The adjustments provided for in this section 4.7 are cumulative.

Section 4.8 - Determination of Adjustments

If any question shall at any time arise with respect to the exercise price of the Warrants or the number of Common Shares issuable upon exercise of Warrants, such question shall be conclusively determined by the Company's Auditors, or, if they decline to so act, any other firm of Chartered Accountants in Vancouver that the Company may designate. The Company shall provide its Auditors or such Chartered Accountants, as the case may be, full access to all appropriate records. Such determination shall be binding upon the Company and the Warrantholder.

Section 4.9 - Time of the Essence

Time shall be of the essence hereof.

ARTICLE 5 - GENERAL COVENANT BY THE COMPANY Section 5.1 -

General Covenant

The Company will reserve and there will remain unissued out of its authorized capital a sufficient number of Common Shares to satisfy the rights of purchase provided for herein should the Warrantholder determine to exercise such rights in respect of all Common Shares which the Warrantholder may be entitled to purchase pursuant thereto.

ARTICLE 6 - MODIFICATION OF TERMS, MERGER, SUCCESSORS Section 6.1 -

Modification of Terms and Conditions for Certain Purposes

From time to time the Company may, subject to the provisions of these presents, and they shall, when so directed by these presents, upon prior written notice to the Warrantholder, modify the terms and conditions hereof, for any one or more or all of the following purposes:

(a) adding to the provisions hereof such additional covenants and enforcement provisions as, in the opinion of counsel for the Company, are necessary or advisable, provided however that such additional covenants and enforcement provisions do not affect the rights or obligations of the Warrantholder;

(b) adding to or altering the provisions hereof in respect of the registration and transfer of the Warrants, making provision for the exchange of the Warrants for warrants of different denominations and making any modification in the form of the Warrant Certificate which does not affect the substance thereof;

(c) for any other purpose not inconsistent with the terms hereof, including the correction or rectification of any ambiguities, defective provisions, errors or omissions herein; and

(d)

(d) to evidence any succession of any corporation and the assumption by any successor of the covenants of the Company herein and in the Warrants contained as hereafter provided in this article.

Section 6.2 Company May Consolidate, etc. on Certain Terms

Nothing herein contained shall prevent any consolidation, amalgamation or merger of the Company with or into any other corporation or corporations provided however that the corporation formed by such consolidation or amalgamation or into which such merger shall have been made shall be a corporation organized and existing under the laws of Canada or of the United States of America, or any Province, State, District or Territory thereof, and shall, simultaneously with such consolidation, amalgamation or merger, assume the due and punctual performance and observance of all the covenants and conditions hereof to be performed or observed by the Company.

Section 6.3 - Successor Corporation Substituted

In case the Company, pursuant to section 6.2, shall be consolidated, amalgamated or merged with or into any other corporation or corporations, the successor corporation formed by such consolidation or amalgamation, or into which the Company shall have been merged, shall succeed to and be substituted for the Company hereunder. Such changes in phraseology and form (but not in substance) maybe made in the Warrant Certificate as may be appropriate in view of such consolidation, amalgamation or merger.

ARTICLE 7 - NOTICE Section 7.1 -

Notice to Warrantholder

Unless herein otherwise expressly provided, any notice to be given hereunder to the Warrantholder shall be deemed to be validly given if mailed by prepaid post or if made, given or served by telefax or other similar means of recorded transmission to the Warrantholder's address as shown in the records of the Company's Registrar and Transfer Agent. Any notice so given shall be deemed to have been received on the date following such transmission.

Schedule "E"

UNDERLYING AGREEMENTS

1. Agreement dated December 18, 1990 among Newhawk Gold Mines Ltd., Granduc Mines Limited and Grace Dawson.

2. Agreement dated February 3, 1992 between Newhawk Gold Mines Ltd. and Placer Dome Inc.

3. Memorandum of Understanding dated February 4, 1992 between Placer Dome Inc. and Newhawk Gold Mines Ltd.

4. Assignment and Assumption Agreement dated February 4, 1992 between Placer Dome Inc. and Newhawk Gold Mines Ltd.

5. Assumption Agreement dated December 6, 1993 between Placer Dome Canada Limited and Newhawk Gold Mines Ltd.

6. Assumption Agreement dated December 30, 1996 between Kiena Gold Mines Limited and Newhawk Gold Mines Ltd.

7.

December 18, 1990

BETWEEN:

NEWHAWK GOLD MINES LTD.

OF THE FIRST PART

AND:

GRANDUC MINES LIMITED

OF THE SECOND PART

AND:

GRACE DAWSON

OF THE THIRD PART

PURCHASE AGREEMENT

LANG MICHENER LAWRENCE & SHAW
Barristers & Solicitors
2500 -- Three Bentall Centre
P.O. Box 49200 - 595 Burrard Street
Vancouver, British Columbia V7X 1L1
Telephone 689-9111

:jsg File: 27087-4

THIS AGREEMENT is made as of the 31st day of December, 1990 AMONG:

NEWHAWK GOLD MINES LTD., a British Columbia Company having its principal office at #860 - 625 Howe Street, in the City of Vancouver, Province of British Columbia, V6C 2T6 (Free Miner Certificate No. 290957)

("Newhawk")

OF THE FIRST PART AND:

GRANDUC MINES LIMITED, a British Columbia Company having its registered office at #2500-595 Burrard Street, in the City of Vancouver, Province of British Columbia, V7X 1L1 (Free Miner Certificate No. 304479)

("Granduc")

OF THE SECOND PART

(Newhawk and Granduc being sometimes hereinafter collectively referred to as the "Joint Venturers")

AND

GRACE DAWSON, Widow, of 14243 - 157th Place N.E., Woodenville, Washington, one of the United States of America

("Mrs. Dawson")

OF THE THIRD PART WHEREAS:

A. Pursuant to a joint venture agreement dated November 14, 1986 as amended by an agreement dated July 19, 1989 (together the "Joint Venture Agreement"), Newhawk and Granduc have entered into a joint venture (the "Sulphurets Joint Venture") with respect to certain mineral claims located pursuant to the Mineral Act of British Columbia in the Skeena Mining Division and known as the Sulphurets Property;

B.

Newhawk is the recorded owner of three mineral claims comprised in the Sulphurets Property, more particularly

C.

described in Schedule "A" hereto and outlined in red on the sketch map attached hereto (which mineral claims are hereinafter sometimes collectively referred to as the "Dawson Claims");

C. The Dawson Claims include or overlap the area included in previously recorded mineral claims known as Tedray 4, Tedray 5 and Grace mineral claims which were abandoned by Granduc on or about September 21, 1979 and in respect of which Mrs. Dawson was the beneficial owner of certain undivided interests;

D. Mrs. Dawson is entitled to the beneficial ownership of an undivided one-half interest in the Dawson claims (the "Dawson Interest") and has agreed to sell to Newhawk and Granduc, respectively and Newhawk and Granduc have each agreed respectively to purchase an undivided 60% interest and an undivided 40% interest respectively, in the Dawson Interest, subject to and upon the terms and conditions hereinafter set forth:

NOW THEREFORE, THIS AGREEMENT WITNESSES that the parties hereto agree as follows:

PART I DEFINITIONS

1.1 For the purposes of this Agreement, the following words and phrases will have the following meanings:

(a) "Commencement of Commercial Production" means the date at which, if there is a concentrator on that part of the Sulphurets Property in respect of which one or more of the Dawson Claims is being mined, (the "Production Property"), such concentrator has for the first time operated at 60% of its rated concentrating capacity for 30 days out of 40 consecutive days, or if there is no such concentrator, ore from the Production Property or any part thereof has been shipped therefrom on a reasonably regular basis for a 30-day period for the purpose of earning revenues, but in any event Commencement of Commercial Production shall be deemed to have occurred 90 days after such concentrator has for the first time operated, or if there is no concentrator, 90 days after ore has first been shipped from the Production Property for the purpose of earning revenues;

(b) "Commercial Production" means the milling and sale of ores and concentrates after the Commencement of Commercial Production, which results from ore extracted from the

(c)

Production Property, but shall not include milling for the purpose of testing or milling by a pilot plant, or milling during an initial tune up period of a plant;

(c) "Fiscal Year" shall mean each calendar year, commencing with the year 1991;

(d) "Net Smelter Returns" shall mean the actual proceeds received from any mint, smelter, refinery or other purchaser for the sale of ores, metals (including bullion) or concentrates produced from the Dawson Claims (collectively "Product") and sold or proceeds received from an insurer in respect of Product, after deducting from such proceeds the following charges to the extent that they were not deducted by the purchaser in computing payments:

(i) smelting and refining charges;

(ii) penalties, smelter assay *costs and* umpire assay costs;

(iii) cost of freight and handling of ores, metals or concentrates from the Dawson Claims to any mint, smelter, refinery, or other purchaser;

(iv) marketing costs;

(v) costs of insurance in respect of the Product; and

(vi) customs duties, severance tax, royalties, Ad valorem or mineral taxes or the like and export and import taxes or tariffs payable in respect of the Product.

(e) "Operator" means the party designated or appointed as such from time to time pursuant to the Joint Venture Agreement; and

(f) "Royalty" means lawful money of Canada equivalent to 2% of one-half of Net Smelter Returns subject to the limitation referred to in subparagraph 4.1 hereof.

PART 2 REPRESENTATIONS AND WARRANTIES OF MRS. DAWSON

2.1 Mrs. Dawson represents and warrants to each of Newhawk and Granduc that:

(a) she has good and sufficient right and authority to enter into this Agreement on the terms and conditions hereof and to transfer the legal and beneficial title and ownership of the Dawson interest to the Joint Venturers;

(b) she is not aware of any adverse claim or challenge against or to the Dawson interest in any one or more of the Dawson claims, nor to the best of her knowledge is there any basis therefor and she has not entered into any agreement or option whereby any person may acquire or purchase the Dawson interest or any portion thereof; and

(c) the consummation of the transaction herein provided for will not conflict with or result in any breach of any covenants or agreements contained in, or constitute a default under, or result in the creation of any encumbrance under the provisions of any agreement or other instrument whatsoever to which Mrs. Dawson is a party or by which she is bound or to which she may be subject.

2.2 The representations and warranties contained in this Part are provided for the exclusive benefit of the Joint Venturers together and a breach of any one or more thereof may be waived by the Joint Venturers, acting together, in whole or in part at any time without prejudice to their rights in respect of any other breach of the same or any other representation or warranty. The representations and warranties contained in this Part shall survive the consummation of the transaction herein provided for.

PART 3 SALE

3.1 Mrs. Dawson agrees to sell

(a) to Newhawk and Newhawk agrees to purchase from Mrs. Dawson an undivided 60% interest in the Dawson Interest, and

(b) to Granduc and Granduc agrees to purchase from Mrs. Dawson an undivided 40% interest in the Dawson Interest,

in each case free and clear of all liens, charges and claims of others.

3.2 The purchase price payable by the Joint Venturers to Mrs. Dawson for the Dawson Interest shall be the sum of $25,000 (United States funds).

PART 4 NET SMELTER RETURN ROYALTY

4.1 Subject to paragraph 4.4 hereof, Mrs. Dawson shall be entitled to a Net Smelter Return Royalty of Two per cent (2%) of one-half of Net Smelter Returns from the Dawson Claims up to the aggregate amount of $650,000 (United States funds) less all amounts previously paid to her pursuant to subparagraph 3.2, subparagraph 4.5 and subparagraph 4.6 hereof.

4.2 The Joint Venturers agree jointly and severally to pay to Mrs. Dawson the Royalty,

(a) which will be calculated and paid (less withholding tax as required under the Canadian and British Columbia Income Tax Acts ("withholding tax") on an annual basis within 45 days after the end of each Fiscal Year in respect of the actual proceeds received in such fiscal year;

(b) each payment of the Royalty will be accompanied by an unaudited statement indicating the calculation of the Royalty hereunder in reasonable detail, and Mrs. Dawson will be provided, within 3 months of the end of each Fiscal Year, a summary unaudited statement of the calculation of the Royalty for the last completed Fiscal Year together with copies of settlement sheets, statements, invoices and derivations of such payments and showing all credits and deductions added to or deducted from the amount due to Mrs. Dawson. Mrs. Dawson shall have 60 days from the time of receipt of the summary statement to question the accuracy thereof in writing and, failing such objection, the summary statement shall be deemed to be correct and unimpeachable thereafter. If the summary statement is questioned by Mrs. Dawson, she will have 12 months from the time of receipt of the summary statement to have it audit ed and if, as a result of the audit, the amount of the Royalty payable to Mrs. Dawson is determined to be less than 105% of the amount payable to her as disclosed in the unaudited statement sent to her initially, then Mrs. Dawson shall pay for the audit and if the amount payable to her as determined by such audit is 105% or more of the amount payable to her as disclosed in the unaudited statement, then the Joint Venturers shall pay for the audit. The audited results will be final and determinative of the calculation of the Royalty for the audited period and will be binding on the parties. Mrs. Dawson will be entitled to examine, on reasonable notice and during normal business hours, such books and records as are reasonably necessary to verify the payment of the Royalty to her from time to time, provided however that such examination shall not unreasonably interfere with or hinder the operations or procedures of the Joint Venturers or either of them; and

(a) and where there has been no commercial production from the Dawson Claims in a Fiscal Year, the Joint Venturers shall send to Mrs. Dawson within one month of the end of the Fiscal Year a written report stating what activity occurred on the Dawson Claims in that Fiscal Year and whether or not commercial production is planned for the following Fiscal Year.

4.3 In order to protect and insulate Mrs. Dawson from losses suffered or gains realized from any forward sale of Product or other hedging strategy undertaken by the Joint Venturers or from the repayment by the Joint Venturers of a gold loan or other similar commodity-hinged loan transaction (it being the intent of the parties that the Joint Venturers shall have the unrestricted right to market and sell Product to third parties in any manner they choose and that Mrs. Dawson shall not have any right to participate in such marketing activities or to share in any profits therefrom), the parties agree that any Product hedged, sold forward or delivered to satisfy gold loan or similar obligations shall be deemed to be sold, for purposes of clause 1.1(d) only upon the date of final settlement of the amount of refined Product allocated to the account of the Joint Venturers by a third party refinery in respect of such transactions. For the purposes of determining Net Smelter Returns pursuant to clause 1.1(d), the Joint Venturers shall be deemed to have received as proceeds on that day an amount based on a price which-

(a) for gold is equal to the average afternoon gold price fix of the London Bullion Market Association for the 20 business days preceding such day, and

(b) for silver and base metals is equal to the average price for silver or base metals, as applicable, published by Handy & Harman for the 20 business days preceding such day.

4.4 Option to Buy 100% of the Royalty. Mrs. Dawson hereby grants to the Joint Venturers an irrevocable option to acquire, at any time on or before 180 days after the Commencement of Commercial Production, 100% of the Royalty free and clear of any and all liens and encumbrances, for a purchase price of $450,000 (United States funds) less all amounts previously paid to or on behalf of Mrs. Dawson pursuant to any one or more of subparagraph 3.2, subparagraph 4.5 and subparagraph 4.6 hereof and with appropriate provision for any tax exigible under the Canadian and British Columbia Income Tax Acts. The transaction

of purchase and sale of the Royalty will be closed within 30 days of the Joint Venturers delivering a notice of their intent to acquire it. At such closing the Joint Venturers will deliver a certified cheque or bank draft *for* $450,000 (United States funds) less all amounts previously paid to Mrs. Dawson pursuant to any one or more of subparagraph 3.2, subparagraph 4.5 and subparagraph 4.6 subject to appropriate provision for any tax exigible under the Canadian and British Columbia Income Tax Acts, in favour of Mrs. Dawson and she will deliver a transfer document prepared by or on behalf of the Joint Venturers whereby 100% of the Royalty is transferred to the Joint Venturers in the proportions of their respective interests in the Sulphurets Joint Venture.

4.5 Advance Royalty Payments. Provided that Commencement of Commercial Production has not been achieved by December 15, 1997, the Joint Venturers will pay Mrs. Dawson $5,600 (United State's funds), less applicable withholding tax, on such date and on each December 15th thereafter which occurs prior to the Commencement of Commercial Production, such payments to be advance payments of Royalty and will be deducted from actual payments of Royalty under subparagraph 4.2 and subparagraph 4.4 hereof (to the extent not deducted under subparagraph 4.2). In the event that Commencement of Commercial Production is not achieved or, if achieved, ceases prior to the recoupment by the Joint Venturers of advance payments of Royalty under this subparagraph, there will be no obligation on the part of Mrs. Dawson to repay to the Joint Venturers such unrecouped advance payments of Royalty, but such payments will be forfeited by the Joint Venturer s.

4.6 Minimum Royalty Payments. If the summary unaudited statement delivered to Mrs. Dawson pursuant to subparagraph 4.2 discloses the payment of less than $5,000 (United States funds) in Royalty payments and withholding tax during the Fiscal Year covered by the statement, the difference between $5,000 (United States funds) and the actual Royalty and withholding tax paid will be paid forthwith by the Joint Venturers to Mrs. Dawson in United States funds and such difference will constitute advance payments of royalty and will be deducted from actual payments of Royalty under subparagraph 4.2 and subparagraph 4.4 hereof (to the extent

not deducted under subparagraph 4.2). If the summary unaudited statement is questioned and submitted to audit any adjustment in the amount paid under this subparagraph 4.6 will be made forthwith upon the audited summary statement being delivered to the parties.

4.7 Segregation of Production Property. The determination of the Royalty hereunder is based on the premise that production will be developed solely on the Production Property. If other properties are incorporated in a single mining project and metals, ores or concentrates pertaining to each are not readily segregated on a practical or equitable basis, the allocation of actual proceeds received and deductions therefrom shall be negotiated between the parties and, if the parties fail to agree on such allocation, the matter will be referred to arbitration pursuant to subparagraph 6.2 of this Agreement.

The arbitrator shall have reference first to this Agreement and there, if necessary, to practices used in mining operations that are of a similar nature. The arbitrator shall be entitled to retain such independent mining consultants as he considers necessary. The decision of the arbitrator shall be final and binding on the parties hereto and the costs of the arbitrator will, be paid equally by the Joint Venturers, as to one-half and Mrs. Dawson, as to the other half.

4.8 Non-Arm's Length Sale of Product. For the purposes of calculating the amount of Royalty payable to Mrs. Dawson, if, after the date of Commencement of Commercial Production, any Product is sold to a subsidiary or affiliate (as such terms are defined in the Companies Act (British Columbia) and if the sale price of such Product is not negotiated on an arm's length basis, the Joint Venturers shall be deemed to have received as proceeds on the day of such sale an amount based on a price which

(a) for gold is equal to the average afternoon gold price fix of the London Bullion Market Association for the 20 business days preceding the day of such sale, and

(b) for silver and base metals is equal to the average price for silver or base metals, as applicable, published by Handy & Harman for the 20 business days preceding the day of such sale.

PART 5 CLOSING

5.1 The sale and purchase of the Dawson Interest shall be completed on the Closing Day (the "Closing Day") - being the seventh day next following the receipt by Messrs. Lang Michener Lawrence & Shaw, on behalf of the Joint Venturers, of a certificate in prescribed form issued by the Minister of National Revenue (Canada) pursuant to subsection 116 of the Income Tax Act (Canada), provided that if such seventh day is a

Saturday, Sunday or statutory holiday the sale and purchase will be completed on the next following business day.

5.2 At the Closing, Mrs. Dawson or her solicitor will deliver to the Joint Venturers or their representative:

(a) a fully executed instrument of sale, transfer and assignment, in form approved by each of the Joint Venturers and their respective solicitors, acting reasonably, of an undivided 60% interest in the Dawson Interest to Newhawk and of an undivided 40% interest in the Dawson Interest to Granduc; and

(b) a certificate of Mrs. Dawson addressed to the Joint Venturers, stating that all of her representations and warranties contained in this Agreement are true at and as of the time of Closing as if such representations and warranties were made at and as of such time.

At the Closing, the Joint Venturers will deliver or cause to be delivered to Mrs. Dawson or her solicitor a certified cheque or bank draft payable in United States funds, payable to Mrs. Dawson [or "Douglas Symes & Brissenden, In Trust"] in the amount of $25,000 (United States funds) or otherwise, if necessary in order to effect compliance with the certificate referred to in subparagraph 5.1, to hrs. Dawson [or -"Douglas Symes & Brissenden -In Trust"] and to the Receiver General of Canada in such amounts as are appropriate to effect such compliance.

PART 6 GENERAL

6.1. It is understood and agreed that Mrs. Dawson

(a) will not be required to contribute funds or to assume any liability, contingent or otherwise, with respect to the financing of the exploration or development of the Dawson Claims; and
(b) will have no participation in or responsibility for the operation or management of the Dawson Claims or any exploration or development work done thereon.
(c)

6.2 Arbitration. Any dispute between the parties in respect of the interpretation of this Agreement or any matter to be agreed-upon under this Agreement in respect of which the parties do not agree will be submitted for determination by a single arbitrator appointed and acting pursuant to the Commercial Arbitration Act of British Columbia.

6.3 Notices. Any notice required to be given hereunder shall be in writing and shall be deemed to be well and sufficiently given if delivered by hand at, or sent by prepaid registered post addressed to, the address of the party to whom it is being sent set forth below or to any other address of which such party may from time to time give written notice to the other parries and shall be deemed to have been received if delivered, when delivered, and if mailed, then upon the expiry of three days next following the posting of such notice in any government post office in Canada, or the United States of America, or to such other address as any party may from time to time notify to the others:

The Joint Venturers:
Granduc Nines Limited
Suite 2500 - 595 Burrard Street Vancouver, British Columbia
V7X 1L1
Attention: Mr. L. J. Creery

with a copy to:
Hecla Mining Company 6500 Mineral Drive
Box C-8000
Coeur d'Alene, Idaho 83814-1931
Attention: Mr. W. J. Grismer

To:
Newhawk Gold Mines Ltd. Suite 860
625 Howe Street
Vancouver, British Columbia V6C 2T6
Attention: Mr. Don McLeod

With a copy to: Smith, Lyons,
Torrance,
Stevenson & Mayer
World Trade Centre
#550 - 999 Canada Place
Vancouver, British Columbia
V6C 3C8
Attention: Mr. R. Stuart Angus

To Mrs. Dawson: Mrs. Grace
Dawson

14243 - 157th Place N. E.
Woodenville, Washington
98072

With a copy to: Douglas, Symes & Brissenden 2100 - One Bentall Centre 505 Burrard Street
Vancouver, British Columbia V7X 1R4
Attention Mr. Malcolm G. King

6.4 Granduc and Mrs. Dawson covenant and agree each with the other_ that the agreement executed on July 2, 1982 made between them as amended by a further agreement made between them and dated September 24, 1985 is terminated with effect on and after the date of the execution of this Agreement and that such agreement as so amended shall have no further force or effect save with respect to any matter arising prior to such date of termination.

6.5 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date of execution above written.

The Common Seal of NEWHAWK
GOLD MINES LTD. .
was hereunto affixed in the
presence of:

This is page 12 of an Agreement made as of the 31st day of December, 1990, between Newhawk Gold Mines Ltd., Granduc Mines Limited and Grace Dawson,

2100 ONE BENTP.LL CENTRE
505 BURRARD STREET
VANCOUVER, B.C. V7X 1R. (604) 683-6911

Occupation

SCHEDULE "A"

XRAY 2	Record No. 1862	
	Anniversary date	12 October
XRAY 6	Record No. 1866	
	Anniversary date	12 October
XRAY 8	Record No. 1868	
	Anniversary date	12 October

THIS AGREEMENT made the 3rd day of February, 1992.

BETWEEN: NEWHAWK GOLD MINES LTD.,
a company incorporated under the laws of the Province of British Columbia and having its principal office at #860 - 625 Howe Street, Vancouver, British Columbia V6C 2T6

(hereinafter called "Newhawk")

OF THE FIRST PART

AND: PLACER DOME INC.,
a company formed by amalgamation under the laws of Canada and having its registered office at 1600 - 1055 Dunsmuir Street, Vancouver, British Columbia V7X lPl

(hereinafter called "PDI")

OF THE SECOND PART

WHEREAS:

A. Newhawk is the registered and beneficial owner of, or has contractual rights to acquire, a fifty percent (50%) undivided interest in and to the Tedray 13 mineral claim and a one hundred percent (100%) undivided interest in and to certain other mineral claims located in the Skeena Mining Division of British Columbia, which claims are more particularly described in Schedule "A" attached hereto and outlined in red on the map attached hereto as Schedule "B" (hereinafter collectively called the "Claims");

B. Newhawk wishes to sell the Claims to PDI, and PDI wishes to purchase the Claims from Newhawk, on the terms and conditions and for the consideration hereinafter specified.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of these premises, and the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

1. REPRESENTATIONS AND WARRANTIES OF NEWHAWK

1.01 Newhawk represents and warrants to and covenants with PDI as Follows, with the intent that PDI shall rely thereon in entering into this Agreement and concluding the purchase and sale contemplated in Section 3 hereof:

(a) Newhawk is a company duly incorporated under the laws of the Province of British Columbia, validly exists and is in good standing with respect to the filing of annual reports with the British Columbia Registrar of Companies;

(b) Newhawk has the full right and authority to enter into this Agreement and the making and performance by Newhawk of this Agreement will not violate any provision of applicable law, or result in a breach of or constitute a default under Newhawk's constating documents or any other agreement to which Newhawk is a party;

(c) Newhawk is a resident of Canada for the purposes of the Income Tax Act of Canada;

(d) The Claims and Newhawk's interest therein do not constitute the whole or substantially the whole of Newhawk's undertaking;

(e) Newhawk is the recorded holder of a 100% interest, and the beneficial owner of an undivided sixty percent (60%) interest, in and to the Claims (other than the Tedray 13 Claim, and the Ross Claims as defined in Schedule “C” attached hereto);

(f) Newhawk holds a valid and enforceable option (subject to creditors' laws and the discretionary nature of equitable remedies) to earn a 60% undivided beneficial interest in the Ross Claims, and Granduc Mines Limited (hereinafter

called "Granduc") holds a valid and enforceable option (subject to creditors' laws and the discretionary nature of equitable remedies) to earn a 40% undivided beneficial interest in the Ross Claims;

(g) With respect to the Tedray 13 Claim, Newhawk is the recorded holder of a 100% interest and the beneficial owner of an undivided 30% interest and Granduc is the beneficial owner of an undivided 20% interest therein.

(a)

Newhawk holds a valid and enforceable option (subject to creditors' laws and the discretionary nature of equitable remedies) from Granduc to acquire, prior to or concurrently with the conclusion of the sale and purchase hereunder, Granduc's 20% undivided interest in the Tedray 13 Claim and Granduc's 40% undivided interest in the other Claims, including (subject to the receipt of the prior written consent of Donald F. Ross pursuant to the Ross Agreement) Granduc's right to earn a 40% undivided beneficial interest in the Ross Claims;

(b) Newhawk has not done anything or omitted to do anything whereby the Claims or any portion thereof is or could be encumbered and, to the best of Newhawk's knowledge, information and belief, the Claims and Newhawk's interest therein (which, on the Closing Date, for purposes of this warranty is deemed to be a 50% undivided beneficial interest in the Tedray 13 Claim, the right to acquire a 100% undivided beneficial interest in the Ross Claims and a 100% recorded and undivided beneficial interest in the remaining Claims) are free and clear of all liens, encumbrances and charges, other than liens for taxes not yet due, other inchoate liens and the two agreements (hereinafter collectively called the "Underlying Agreements" or, severally, the "Ross Agreement" and the

"Dawson Agreement") which are more particularly described in Schedule "C" attached hereto;

(j) the surveyed Claims (being generally the south half of the Claims and in particular those Claims bordering the Kerr property) and, to the best of Newhawk's knowledge, information and belief, the non-surveyed Claims, have been duly recorded and validly located in accordance with the Mineral Tenure Act (British Columbia) or its predecessor legislation, with all assessment work (or cash in lieu) due thereon having been properly paid and recorded and such Claims are shown in the office of the Gold Commissioner for the Skeena Mining Division as being in good standing until the dates shown in Schedule "A" hereto;

(k) to the best of Newhawk's knowledge, information and belief, there are no adverse claims or challenges to or against the ownership of, or title to, the Claims and substances thereon, nor is there any basis therefor, and, except for the Underlying Agreements, there are no outstanding agreements or options to acquire or purchase the Claims or any portion thereof, and, except for Grace Dawson pursuant to the Dawson Agreement, no person has any royalty or other interest whatsoever in production from the Claims or any portion thereof;

(1) to the best of Newhawk's knowledge, information and belief:

(i) there are no actions, suits, disputes, judgments, orders, proceedings or investigations pending, threatened or current against or affecting the Claims or substances thereon, or any

portion thereof, at law or in equity, before any court, administrative agency or other tribunal or any governmental authority; and

(ii) there are no facts pertaining to the Claims and substances thereon which, if known to PDI, might reasonably be expected to deter PDI from completing the transactions contemplated hereby;

which have not been disclosed in writing to PDI; and

(m) to the best of Newhawk's knowledge, information and belief, there are no outstanding orders or directions relating to environmental matters requiring any work, repairs, construction or capital expenditures with respect to the Claims and the conduct of the operations related thereto, nor has Newhawk received any notice of the same; and

(n) the Underlying Agreements are properly described in Schedule "C" hereto, have not been amended, are in good standing and all obligations thereunder have been fully and properly performed and there is no existing or anticipated default thereunder nor, to the best knowledge, information and belief of Newhawk, are there any grounds therefor.

1.02 The representations and warranties by Newhawk contained in this Agreement shall be true at and as of the Closing Date (as hereinafter defined) as though such representations and warranties were made at and as of the Closing Date. Notwithstanding any investigations or inquiries made by PDI prior to the Closing Date or the waiver of any condition by PDI, the representations and warranties of Newhawk shall survive the Closing Date and, notwithstanding the completion of the purchase and sale herein provided for, shall continue in full force and effect and Newhawk shall indemnify and save harmless PDI against and from all loss, damage, costs, actions and suits arising out of or in connection with any breach of any such representation or warranty. Notwithstanding the foregoing, the obligation of Newhawk to indemnify PDI in respect of any breach of those representations and warranties referred to in paragr aphs 1.01(e), (f), (g), (h), (i), (j), (k), (1) and (n), shall be limited

to an amount not to exceed, in the aggregate, Seven Million Two Hundred Thousand Dollars ($7,200,000).

2. REPRESENTATIONS AND WARRANTIES OF PDI

2.01 PDI represents and warrants to and covenants with Newhawk as follows, with the intent that Newhawk shall rely thereon in entering into this Agreement and in concluding the purchase and sale contemplated in Section 3 hereof:

(a) PDI is a company duly amalgamated under the laws of Canada, validly exists, is extra-provincially registered in British Columbia and is in good standing with respect to

both the filing of annual returns and financial statements required to be sent to the Director, Corporations Branch, Consumer and Corporate Affairs, Canada and the filing of extraprovincial annual reports with the British Columbia Registrar of Companies;

(b) PDI has the full right and authority to enter into this Agreement and the making and performance by PDI of this Agreement will not violate any provision of applicable law, or result in a breach or constitute a default under PDI's constating documents or any other agreement to which PDI is a party;

(c) PDI is a resident of Canada for the purposes of the Income Tax Act of Canada; and

(d) PDI holds a valid free miner's certificate issued under the Mineral Tenure Act (British Columbia).

2.02 The representations and warranties by PDI contained in this Agreement shall be true at and as of the Closing Date (as hereinafter defined) as though such representations and warranties were made at and as of the Closing Date. Notwithstanding any investigations or

inquiries made by Newhawk prior to the Closing Date or the waiver of any condition by Newhawk, the representations and warranties of PDI shall survive the Closing Date, and notwithstanding the completion of the purchase and sale herein provided for, shall continue in full force and effect and PDI shall indemnify and save Newhawk harmless against and from all loss, damage, costs, actions and suits arising out of or in connection with any breach of any such representation or warranty.

3. PURCHASE AND SALE

3.01 For the purposes of this Agreement, "Closing Date" shall mean the business day, after the date on which all approvals and consents required pursuant to paragraphs 5.01(b) and (d) hereof have been obtained by Newhawk, which the parties mutually agree upon as the closing date for the sale and purchase hereunder. Closing will take place at 10:00 a.m. on the Closing Date at the offices of Smith, Lyons, Torrance, Stevenson & Mayer, 550-999 Canada Place, Vancouver, or such other place or time as may be agreed in writing.

3.02 Subject to the terms and conditions herein contained, Newhawk agrees to sell to PDI, and PDI agrees to purchase from Newhawk, a fifty percent (50%) undivided interest in the Tedray 13 Claim and a one hundred percent (100%) undivided interest in the other Claims (including all the rights of Newhawk to earn an aggregate 100% interest in the Ross Claims), together with the information referred to in Section 4 hereof, on the Closing Date for the total purchase price of Seven Million Two Hundred Thousand Dollars ($7,200,000).

3.03 On the Closing Date, Newhawk shall execute and deliver to PDI

(a) transfer documents in recordable form as required by the Mineral Tenure Act (British Columbia), conveying to PDI a one hundred percent (100%) recorded and beneficial interest in the Claims (other than the Ross Claims and the Tedray 13 Claim), a one hundred percent (100%) recorded interest only

in the Ross Claims, and a one hundred percent (100%) recorded and a fifty percent (50%) beneficial interest in the Tedray 13 Claim;

(b) an assignment in recordable form, assigning to PDI all the rights, benefits and interest of Newhawk (including the rights, benefits and interest acquired from Granduc) in the claims subject to the Ross Agreement, and containing an assumption by PDI of the obligations of Newhawk pursuant to the Ross Agreement in respect of the Ross Claims, and an indemnity of PDI in respect thereof in favour of Newhawk;

(c) a memorandum of understanding, in a form to be agreed by the parties, setting forth the terms on which the claims subject to the Ross Agreement (other than the Ross Claims) are assigned and transferred to PDI under paragraph 3.03(b),and containing terms relating to the administration of the Ross Agreement;

(a) a consent, signed by Donald F. Ross, to the assignment referred to in paragraph 3.03(b);

(b) an assignment, in recordable form, assigning to PDI all the rights, benefits and interest of Newhawk (including the rights, benefits and interest acquired from Granduc) in respect of the XRAY Claims (as defined in Schedule "C" hereto) pursuant to the Dawson Agreement, and containing an assumption by PDI of the obligations of Newhawk in respect of the XRAY Claims pursuant to the Dawson Agreement and an indemnity of PDI in respect thereof in favour of Newhawk;

(f) a memorandum of understanding, in a form to be agreed by the parties, relating to the administration of the Dawson Agreement; and

(g) a statement, certified by an officer of Newhawk and dated the Closing Date, stating that the representations and warranties in subsection 1.01 are true and correct as of the Closing Date, in accordance with paragraph 5.01(a) hereof;

and PDI shall execute and deliver to Newhawk the assumption agreements referred to in paragraphs (b) and (e) of this subsection, the memoranda referred to in paragraphs (c) and (f) of this subsection and two

certified cheques or bank drafts in the aggregate sum of Seven Million Two Hundred Thousand Dollars ($7,200,000), made payable as follows: one to Newhawk in the sum of Three Million Seven Hundred Thousand One Hundred Dollars ($3,700,100) and one to Granduc in the sum of Three Million Four Hundred and Ninety-nine Thousand Nine Hundred Dollars ($3,499,900).

1. RIGHT TO TECHNICAL DATA

On or prior to the Closing Date, Newhawk shall deliver to PDI all reports, maps, drill logs, assay results and other relevant or related technical data, all written records and information respecting the Claims and substances thereon, together with all available drill cores, sample pulps and rejects, which are in the possession of or available to Newhawk. Newhawk may retain copies of all such data for its own use absolutely, and in no event will Newhawk or Granduc be responsible for or under any obligation to PDI, except pursuant to Section 7 hereof, as a result of the retention and use of such data,

2. CONDITIONS PRECEDENT FOR PURCHASER

5.01 The obligations of PDI and Newhawk to carry out the terms of this Agreement and to complete the purchase of the Claims are subject to each of the following conditions:

(a) on the Closing Date, the warranties and representations of Newhawk as set forth in subsection 1.01 of this Agreement shall be true in every particular as if such warranties and representations had been made by Newhawk on the Closing Date;

(b) all required corporate and regulatory approvals to this Agreement shall have been obtained;

(c) the purchase of Granduc's interest in the Claims, including Granduc's right to earn an interest in the Ross Claims, shall have been completed or shall have closed in escrow pending the closing in escrow of the sale and purchase contemplated hereby; and

(d) the consent of Donald F. Ross to the assignment to PDI of all the rights, benefits and interest of Newhawk and Granduc in respect of the claims subject to the Ross Agreement, pursuant to the Ross Agreement, shall have been obtained.

5.02 The conditions set forth in subsection 5.01 of this Agreement are for the benefit of PDI and may be waived by PDI in whole or in part on or before the Closing Date but, save as so waived, the completion of the purchase of the Claims by PDI shall not prejudice or affect in any way the rights of PDI with respect to the warranties and representations of Newhawk set forth in subsection 1.01 of

this Agreement and. the representations, warranties and indemnities of Newhawk set forth in subsections 1.01 and 1.02 hereof shall survive the Closing Date and the payment of the purchase price.

5.03 The conditions set forth in subsection 5.01 of this Agreement are for the benefit of Newhawk and may be waived by Newhawk in whole or in part on or before the Closing Date but, save as so waived, the completion of the purchase of the Claims by Newhawk shall not prejudice or affect in any way the rights of Newhawk with respect to the warranties and representations of PDI set forth in subsection

2.01 of this Agreement and the representations, warranties and indemnities of PDI set forth in subsections 2.01 and 2.02 hereof shall survive the Closing Date and the payment of the purchase price.

1. NOTICE

6.01 Any notice, request, demand or other communication (a "Notice") given hereunder by either party to the other party hereto, in any capacity, shall be deemed to have been well and sufficiently given if mailed by prepaid registered mail, telecopied or delivered by hand to, the address of the other party hereinafter set forth:

If to PDI:

Placer Dome Inc.
1600 - 1055 Dunsmuir Street
Vancouver, B.C.
V7N 1P1
Attention: The Secretary
Fax: {604) 684-7261

If to Newhawk:

Newhawk Gold Mines Ltd.
860 - 625 Howe Street
Vancouver, B.C.
V6C 2T6
Attention: Fred G. Hewett, P.Eng.
Vice-President
Fax: 689-5041

[illegible] delivered by hand.

2. CONFIDENTIALITY

those required by law or regulatory bodies or stock exchanges, which a party desires to make shall be sent to the other party for review prior to publication and shall not include references to the other party unless such party has given its prior consent in writing or, in the opinion of counsel, such disclosure is necessary. The text of any disclosure which a party is required to make by law, by regulatory bodies or stock exchanges shall be sent to the other party prior to the filing in order that the other party may have the opportunity to comment thereon, and any reasonable changes requested shall be incorporated into the disclosure document.

7.02 Neither party shall be liable to the other for the fraudulent or negligent disclosure of any information by any of its employees, servants or agents, provided that such party has taken all reasonable steps to ensure the preservation of the confidential nature of such information.

1. ASSIGNMENT

Neither party shall be entitled to assign any of its rights, benefits or interest hereunder without the prior written consent of the other party hereto, such consent not to be unreasonably withheld.

2. GENERAL

9.01 Further Assurances

Each party hereto shall do and provide all acts and things and shall execute such deeds, bills of sale, assignments, endorsements and instruments, and evidences of transfer and shall give such assurances as shall be necessary or appropriate in connection with the performance of this Agreement.

9.02 Schedules

All Schedules attached to this Agreement are incorporated herein and form part of this Agreement.

9.03 Governing Law

This Agreement shall be construed in accordance with and governed by the laws of the Province of British Columbia, Canada.

9.04 Enurement

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

9.05 Alterations

No alteration, amendment, modification or interpretation of any provisions of this Agreement shall be binding unless in writing and executed by each of the parties hereto.

9.06 Entire Agreement

This Agreement contains the entire understanding between the parties hereto dealing with the subject matter hereof and entirely supersedes all negotiations, correspondence, letters of intent, letters, prior agreements or understandings relating thereto.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

THE CORPORATE SEAL OF	)	
PLACER DOME INC. was	)	
hereunto affixed in the	)	
presence of:	)	
/s/_____	)	c/s
VICE-PRESIDENT	)	

THE CORPORATE SEAL OF	)	
NEWHAWK GOLD MINES LTD. was	)	
hereunto affixed in the	)	
presence of:	)	
	)	c/s
	)	

SCHEDULE A
SULPHURETS PROPERTY

GROUP	CLAIM	RECORD NO.	UNITS	DUE DATE
(A) SULPHURETS J.V.				
Sulphside 2	Ed No. 1	250377	2	Aug. 26, 2001
Sulphside 2	Ed No. 2	250378	1	Aug. 26, 2001
Sulphside 1	Ice 1	250888	2	June 30, 2001
Sulphside 1	Ice 2	250889	3	June 30, 2001
Sulphside 1	Ice 3	250937	2	Nov. 3, 2001
Sulphside 1	Ice 4	250987	12	June 30, 2001
Sulphside 1	Iron Cap I	250396	2	Sept. 7, 2001
Sulphside 1	Iron Cap II	250397	1	Sept. 7, 2001
Sulphside 1	Iron Cap Ill	250398	2	Sept. 7, 2001
Sulphside 1	Iron Cap 4	250886	1	June 30, 2001
Sulphside 1	Iron Cap 5	250887	1	June 30, 2001
Sulphside 1	Iron Cap 6	250913	2	Sept. 23, 2001
Sulphside 1	Iron Cap 7	250914	2	Sept. 23, 2001
Sulphside 2	Sulphurets 1 Fr.	250911	1	Sept. 23, 2001
Sulphside 1	Sulphurets 2 Fr.	250912	1	Sept. 23, 2001
Sulphside 1	Sulphurets 3 Fr.	250938	1	Nov. 3, 2001
Sulphside 1	Tedray No. 1	250379	2	Aug. 26, 2001
Sulphside 1	Tedray No. 2	250380	1	Aug. 26, 2001
Sulphside 1	Tedray No. 3	250381	3	Aug. 26, 2001
Sulphside 2	Tedray No. 6	250382	15	Aug. 26, 2001
Sulphside 2	Tedray No. 7	250383	2	Aug. 26, 2001
Sulphside 2	Tedray No. 8	250384	1	Aug. 26, 2001
Sulphside 1	Xray 1	250817	1	Oct. 12, 2001
Sulphside 1	Xray 2*	250818	2	Oct. 12, 2001
Sulphside 1	Xray 3	250819	2	Oct. 12, 2001
Sulphside 1	Xray 4	250820	6	Oct. 12, 2001
Sulphside 1	Xray 5	250821	2	Oct. 12, 2001
Sulphside 1	Xray 6*	250822	2	Oct. 12, 2001

SCHEDULE A SULPHURETS PROPERTY				
GROUP	CLAIM	RECORD NO.	UNITS	DUE DATE
Bruceside 1	Marmont Fr.	302498	1	July 11, 2001
Bruceside 1	Tedray No. 10	250386	3	Aug. 26, 2001
Sulphside 2	Tedray No. 9	250385	9	Aug. 26, 2001
Sulphside 2	Tedray No. 11	250387	4	Aug. 2.6, 2001
Sulphside 2	Tedray 14	250890	2	June 30, 2001
Sulphside 2	Tedray 15	250915	4	Sept. 23, 2001
Sulphside 2	Tedray 16	250933	12	Nov. 3, 2001
Sulphside 2	Tedray 17	250934	4	Nov. 3, 2001
Sulphside 2	Tedray 18	250935	4	Nov. 3, 2001
Sulphside 2	Tedray 19	250936	2	Nov. 3, 2001
Sulphside 1	OK# 1	251280	18	Dec. 10, 2001
Sulphside 1	OK#2	251281	20	Dec. 10, 2001
(B) TEDRAY OPTION				
	Tedray 13	250389	8	Aug. 26, 2000
(C) ROSS OPTION				
Sulphside 1	Arbee #35	254756	1	June 16, 2001
Sulphside 1	Arbee #39	254757	1	June 16, 2001
Sulphside 1	Arbee #54	254758	1	June 14, 2001
Sulphside 1	Arbee #55	254759	1	June 16, 2001

SCHEDULE "C"

Description of Underlying Agreements

(1) Agreement made as of June 4, 1991 among Donald F. Ross, Newhawk Gold Mines Ltd. and Granduc Mines Limited covering the Arbee #35, Arbee #39, Arbee #54 and Arbee #55 claims (hereinafter called the "Ross Claims"), and two additional claims, all as more particularly described in Schedule "A" attached thereto (hereinafter called the "Ross Agreement").

(2) Agreement made as of December 31, 1990 among Grace Dawson, Newhawk Gold Mines Ltd. and Granduc Mines Limited covering the XRAY #2 and XRAY #6 claims (hereinafter called the "XRAY Claims"), and one additional claim, all as more particularly described in Schedule "A" attached thereto (hereinafter called the "Dawson Agreement").

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING made and entered into in the City of Vancouver, British Columbia this 4th day of February, 1992 by and between PLACER DOME INC., of #1600 - 1055 Dunsmuir Street,

Vancouver, British Columbia V7X 1P1 ("Placer") and NEWHAWK GOLD MINES LTD., of #860 - 625 Howe Street, Vancouver, British Columbia V6C 2T6 ("Newhawk").

WHEREAS pursuant to an agreement made December 31, 1990 among Grace Dawson, as Vendor ("Dawson"), and Newhawk and Granduc Mines Limited ("Granduc"), as purchasers (the "Dawson Agreement"), Newhawk (as to a 60% undivided beneficial interest) and Granduc (as to a 40% undivided beneficial interest) acquired a 100% undivided right, title and interest in and to certain mineral claims situate in the Skeena Mining Division, Province of British Columbia, as more particularly set forth and described in Schedule "A" attached hereto (which, together with any successor or substitute mineral title in respect thereof are hereafter referred to collectively as the "Claims") in consideration of, inter alia, the agreement of Newhawk and Granduc to pay to Dawson a net smelter return royalty equal to two (2%) percent of one-half (1/2) of the net smelter returns received b y Newhawk and Granduc from the sale of all ores, metals and concentrates from the Claims, to a maximum of $650,000 (U.S.) less all purchase monies and advance royalties (being $5,000 (U.S.) per year commencing on December 15, 1991), subject to a minimum royalty payment of $5,000 (U.S.) per year after the commencement of commercial production and a royalty buyout of $450,000 (U.S.) ("Dawson Royalty"), all upon the terms and conditions more particularly set forth in the Dawson Agreement;

AND WHEREAS pursuant to an agreement of purchase and sale dated the 4th day of February, 1992 by and between Granduc and Newhawk (the "Granduc Sale Agreement"), Granduc agreed to sell, assign and transfer all of its right, title and interest in and to, inter alia, the Dawson Agreement and the Claims to Newhawk upon the terms and conditions more particularly set forth in the Granduc Sale Agreement, and in pursuance of the provisions thereof has assigned, transferred and set over all of its right, title and interest therein pursuant to an assignment agreement made between Newhawk and Granduc and dated as of the 4th day of February, 1992;

AND WHEREAS pursuant to an agreement of purchase and sale made the 3rd day of February, 1992 by and between Newhawk and Placer (the "Placer Purchase Agreement"), Placer agreed to purchase all of the right, title and interest of Newhawk in and to certain mineral claims comprised in the Claims, such claims being more particularly set forth and described in Part I of Schedule "A" (the "PCI Claims") upon the terms and conditions more particularly set forth in the Placer Purchase Agreement, and in pursuance of such agreement Newhawk has made and delivered to Placer an assignment and transfer of all of its right, title and interest in and to the Dawson Agreement insofar as it relates to the PDI Claims, and the

PDI Claims, dated the 4th day of February, 1992 (the "Ross Assignment");

AND WHEREAS Newhawk will be retaining all of its 100% recorded and beneficial interest in *and* to the Dawson Agreement insofar as it relates to the Claims other than the PDI Claims (the "Remaining Claim"), which Remaining Claim is more particularly set forth and described in Part II of Schedule "A", and Newhawk and Placer now wish to set forth their understanding with respect to their respective rights and obligations regarding the Dawson Royalty, the Dawson Agreement and the Claims.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the execution and delivery of the Dawson Assignment by Newhawk to Placer and the delivery by Newhawk of a recordable transfer transferring to Placer a 100% recorded and beneficial interest in and to the PDI Claims (the "Transfer"), Newhawk and Placer agree each with the other as follows:

1. Placer hereby accepts the transfer to it of the PDI Claims pursuant to the Ross Assignment and the Transfer upon the terms and conditions hereinafter set forth and in the recitals hereto, which recitals are binding and contractual and not mere recitals.

2. For so long as each of Placer and Newhawk desire to maintain their interests in the respective mineral claims comprised in the Claims beneficially held by each and until a notice of intention to abandon is delivered by either or both pursuant to subparagraph 5(a), Placer will pay two-thirds, and Newhawk will pay one-third, of all advance royalty payments due to Dawson pursuant to subparagraph 4.5 of the Dawson Agreement (the "Advance Royalty Payments"). So long as Placer has not delivered a notice of intention to abandon pursuant to subparagraph 5(a), Placer will be responsible for delivering all payments to Dawson, and Newhawk will deliver to Placer, by way of cash, cheque

or bank draft, Newhawk's one-third share of all Advance Royalty Payments within three business days following notice from Placer, such notice to be given by Placer no more than 10 business days pri or to the due date for each such payment.

3. So long as Newhawk has not delivered a notice of intention to abandon pursuant to subparagraph 5(a), Newhawk will be obligated to pay its one-third share of all Advance Royalty Payments due to Dawson as provided in paragraph 2. If Newhawk fails to deliver any such payment to Placer when due, such failure wi7L1 constitute a default hereunder and, if such default is not cured by Newhawk within five business days of Newhawk receiving a notice of default from Placer, Newhawk will be deemed to have assigned to Placer all of its right, title and interest in and to

4.

the Remaining Claim and the Dawson Agreement, and Placer will have no further obligations to Newhawk hereunder.

1. In respect of the PDI Claims and the Remaining Claim, respectively, Placer and Newhawk will be solely responsible for either carrying out sufficient work which qualifies as assessment work pursuant to the Mineral Tenure Act (B.C.), or paying cash in lieu thereof, so as to maintain such mineral claims in good standing. At the request of a party, the other party will execute and deliver such notices, forms and other documents as may be required to permit the requesting party to group the Remaining Claim or PDI Claims, as appropriate, with other adjacent mineral claims held by the requesting party. Each of Placer and Newhawk will comply with the terms and conditions of the Dawson Agreement with respect to their respective Claims, and take all such steps as may be reasonably necessary to ensure that their respective activities with respect to their respective Claims do not constitute a de fault or give to Dawson the right to assert a default under, or give to Dawson the right to terminate, the Dawson Agreement.

2. Should either Placer or Newhawk wish to abandon the mineral claims comprised in the Claims beneficially held by them, the following provisions will govern:

(a) if a party wishes to abandon mineral claims comprised in the Claims beneficially owned by it, it will provide such notice of abandonment on or before October 15th in any year, and failure to deliver such notice by such date will be deemed an irrevocable commitment and election by such party to make its proportionate share of the Advance Royalty Payment due to Dawson on the next December 15th; and

(b) unless the other party has also delivered a notice of intention to abandon, the party wishing to abandon its interest in its Claims will deliver by November 1 in any year a duly executed and recordable transfer of a 100% right, title and interest in and to its Claims in favour of. the other and a duly executed assignment in recordable form assigning to and in favour of the other all of the abandoning party's right, title and interest in and to the Dawson Agreement accompanied by all information and data with respect to the Claims in the possession or control of such party, and this agreement will thereupon terminate.

If both parties agree to abandon the Claims by notices delivered in accordance with subparagraph 5(a), the parties will forthwith enter into negotiations with Dawson with a view to terminating the Dawson Royalty in exchange for the transfer of the Claims to Dawson, and

any costs incurred and, if additional consideration is required to be paid by the parties to Dawson, such additional consideration will be paid as to one-half (1/2) by Placer and as to one-half (1)2) by Newhawk.

1. Each party will be responsible for paying to Dawson any royalty payments (other than Advance Royalty Payments) due in respect of the Claims beneficially owned by it, including any minimum royalty payments pursuant to subparagraph 4.6 of the Dawson Agreement (the "Minimum

Royalty Payment"), provided that if both parties have achieved commercial production (as defined in the Dawson Agreement) on their respective Claims, then any Minimum Royalty Payments will be paid two-thirds (2/3) by Placer and one-third (1/3) by Newhawk.

7. If either party wishes to purchase the Dawson Royalty(the "Purchasing Party") from Dawson pursuant to subparagraph 4.4 of the Dawson Agreement, then it may do so at its own expense, but upon such purchase being completed, unless otherwise agreed between the parties, the other (non-purchasing) party (the "Other Party") must, by notice within thirty (30) days of such completion, elect whether to:

(a) transfer 100% of its right, title and interest in and to the Claims beneficially owned by it and in the Dawson Agreement to the Purchasing Party;

(b) pay the Dawson Royalty with respect to the Claims beneficially owned by the Other Party (including, if applicable, any Advance Royalty Payments) to the Purchasing Party up to a maximum of:

(i) if the Purchasing Party is Placer, one-third (1/3) of $450,000 (U.S.), less all amounts previously paid by Newhawk to Dawson pursuant to the Dawson Agreement, or

(ii) if the Purchasing Party is Newhawk, two-thirds (2/3) of $450,000 (U.S.), less all amounts previously paid by Placer to Dawson pursuant to the Dawson Agreement; or

(c) pay to the Purchasing Party:

(i) if the Purchasing Party is Placer, an amount equal to one-third (1/3) of the amount paid by Placer to Dawson pursuant to subparagraph 4.4 of the Dawson Agreement, or

(ii) if the Purchasing Party is Newhawk, an amount equal to two-thirds (2/3) of the amount paid by Newhawk

to Dawson pursuant to subparagraph 4.4 of the Dawson Agreement;

and upon such election being made, the parties will forthwith enter into, execute, and deliver formal agreements giving effect to such election and complete any transactions thereby required.

1. Neither Placer nor Newhawk will assign any of their right, title and interest in and to the Dawson Agreement and the Claims without the consent of the other, such consent not to be unreasonably withheld, and in any event until the proposed transferee or assignee has entered into, executed and delivered to the remaining party a binding agreement, in form satisfactory to the remaining party, agreeing to assume the obligations of the transferring party hereunder and to be bound by this agreement.

2. Each party will defend, indemnify and save harmless the other with respect to any default by such party in the performance of its obligations and duties hereunder.

3. All notices hereunder will be in writing and delivered in accordance with the notice provisions of the Placer Purchase Agreement.

IN WITNESS WHEREOF the parties have executed and delivered this Memorandum of Understanding under their corporate seals in the presence of their duly authorized officers in that behalf as of the date and year first above written.

The Corporate Seal of PLACER)

DOME INC. was hereunto affixed)
in the presence of:)
)
) c/s
/s/)
Authorized Signatory VICE PRESIDENT)
)
/s/)
Authorized Signatory VICE PRESIDENT)

The Corporate Seal of PLACER)
DOME INC. was hereunto affixed)
in the presence of:)

Authorized Signatory

Authorized Signatory

SCHEDULE "A"

Located Mineral Claims, Skeena Mining Division, British Columbia PART I:

CLAIMS

Claim Name	Record No.	No. of Units	Expiry Date
Xray 2	250818	2	Oct. 12, 2001
Xray 6	250822	2	Oct. 12, 2001

PART II: REMAINING CLAIM

Claim Name	Record No.	No. of Units	Expiry Date
Xray 8	250824	2	Oct. 12, 2001

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT MADE THE 4th DAY OF FEBRUARY, 1992

BETWEEN: PLACER DOME INC.
a company formed by amalgamation under the laws of Canada and having registered office at 1600 -1055 Dunsmuir Street, Vancouver, British Columbia V7X 1P1

(hereinafter called "Placer")

OF THE FIRST PART

AND: **NEWHAWR GOLD MINES LTD.**
a company incorporated under the laws of the Province of British Columbia and having its principal office at #860 - 625 Howe Street, Vancouver, British Columbia V6C 2T6

(hereinafter called "Newhawk")

OF THE SECOND PART WHEREAS :

A. Pursuant to a sale and purchase agreement made between Placer and Newhawk as of February 3, 1992 (the "Purchase Agreement"), Placer agreed to purchase all of the right, title and interest of Newhawk in and to certain claims, more particularly described in Part I of Schedule "A" attached hereto (the "PDI Claims"), which are subject to an underlying

agreement made as of December 31, 1990 among Newhawk, Granduc Mines Limited ("Granduc") and Grace Dawson (the "Dawson Agreement");

B. By Memorandum of Understanding made as of February 4, 1992 (the "Memorandum"), Placer and Newhawk agreed on certain terms and conditions relating to the administration of the Dawson Agreement, the PDI Claims and the remaining claims subject to the Dawson Agreement, more particularly described in Part II of Schedule "A" attached hereto (the "Remaining Claims");

C.

C. Pursuant to the Purchase Agreement, Placer agreed to assume the obligations of Newhawk pursuant to the Dawson Agreement in respect of the PDI Claims only, and to indemnify Newhawk against any breach thereof by Placer.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the premises, the mutual covenants herein. contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the parties), the parties hereto agree as follows:

1. Newhawk hereby assigns, transfers and conveys to Placer all of its rights, benefits and interest (which include all of the rights, benefits and interest acquired from Granduc) in and to the PDI Claims and the Dawson Agreement insofar as it relates to the PDI Claims, and agrees to deliver to Placer, upon the execution of this Agreement, recordable transfers transferring to Placer a 100% recorded and undivided beneficial interest in the PDI Claims.

2. Placer hereby assumes, effective as of the date hereof, the obligations of Newhawk in respect of the PDI Claims only pursuant to the Dawson Agreement, and agrees to hold harmless and indemnify, from and after the date hereof, Newhawk and its respective successors and permitted assigns, from and against all loss, damage, costs, actions and suits arising out of or in connection with any breach by Placer of any such obligation in respect of the PDI Claims. Notwithstanding the foregoing:

(a) if Placer acquires the Remaining Claims pursuant to paragraphs 3 or 5(b) of the Memorandum, this indemnity will extend and apply to all of the Dawson Agreement and the Remaining Claims; and

(b) if Newhawk acquires the PDI Claims pursuant to paragraph 5(b) of the Memorandum, this indemnity will cease to apply after the date of such acquisition by Newhawk.

3. It is acknowledged and agreed that the Memorandum and this Agreement are supplementary and collateral agreements.

4. All notices hereunder shall be in writing and delivered in accordance with the notice provisions of the Purchase Agreement.

5. Neither party shall be entitled to assign any of its rights, benefits or interest hereunder without the prior

SCHEDULE "A"

PART I

Claim Name	Record Number	No. of Units	Expiry Date
XRAY 2	250818	2	October 12, 2001
XRAY 6	250822	2	October 12, 2001

All located in the Skeena Mining Division of British Columbia

PART II

Claim Name	Record Number	No. of Units	Expiry Date
XRAY 8	250824	2	October 12, 2001

All located in the Skeena Mining Division of British Columbia

NORTH AMERICAN METALS CORP.

- and -

SEABRIDGE RESOURCES INC.

AGREEMENT OF PURCHASE AND SALE
RED MOUNTAIN PROJECT
AND WILLOUGHBY JOINT VENTURE

RED MOUNTAIN/WILLOUGHBY PURCHASE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT made as of December 31, 2001. **BETWEEN:**

North American Metals Corp.

(the **"Vendor")**

- and -

Seabridge Resources Inc. (the

"Purchaser").

WHEREAS the Purchaser has expressed an interest in purchasing the development and exploration projects known as the Red Mountain Project (as more particularly set forth and described in Schedule "A", the **"Red Mountain Project")** and, subject to the waiver by the remaining joint-venturers of their rights of first refusal, the Vendor's right, title and interest, if any. in the Willoughby Joint Venture (as more particularly set forth and described in Schedule "B", the **"Willoughby Joint Venture"),** both located or dealing with projects located near the town of Stewart, British Columbia and situate in the Skeena Mining Division and Prince Rupert Land Title District, British Columbia (collectively, the **"Projects").**

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each party), the parties hereto agree as follows:

ARTICLE 1
PURCHASE AND SALE OF ASSETS

Section 1.1 Purchase and Sale.

Upon and subject to the terms and conditions hereof, the Purchaser hereby agrees to purchase from the Vendor, and the Vendor hereby agrees to sell, assign and transfer to the Purchaser, all of the right, title and interest of the Vendor, in and to the Projects including:

(a) all real or immovable property, rights, interests, mineral claims, surface leases, other surface or subsurface mineral or other interests or rights, both freehold and leasehold, and all rights, leases, licenses, easements, rights-of-way, profits a prendre, restrictive covenants, and interests in or appurtenant thereto, and all other interests therein held by the Vendor in the Projects, all as more particularly set forth and described in Part I of Schedule "A" with respect to the Red

Mountain Project and in Part II of Schedule "B" with respect to the Willoughby Joint Venture (collectively, the **"Lands");**

(a) the mines and mines workings, if any, and access thereto, and all declines, adits, portals, fixtures, buildings, bunkhouses, erections, structures, improvements, facilities, power, fuel and water supply,

storage and waste disposal facilities, roads and other transportation facilities presently situate on or under the Lands, all as more particularly set forth and described in Part II of Schedule "A" with respect to the Red Mountain Project (collectively, the **"Fixtures") ")** (it being understood that, while , to the best of the knowledge, information and belief of the Vendor, Part II of Schedule "A" correctly describes the Fixtures and that such exist, the Vendor is not representing or warranting that all or any of the Fixtures exist or are situate on or under the Lands, and that if all or any of the Fixtures do not exist or are not situate on or under the Lan ds on Closing, this shall not constitute cause for the Purchaser to (i) claim an abatement in the Purchase Price, (ii) refuse to complete the Transaction, or (iii) terminate this Agreement);

(b) all interests held by the Vendor in the machinery, equipment, vehicles, rolling stock, supplies, office equipment, stores, tools, and all other personal property as more particularly set forth and described in Part III of Schedule "A" with respect to the Red Mountain Project (collectively, the **"Personal Property") ")** (it being understood that, while , to the best of the knowledge, information and belief of the Vendor, Part III of Schedule "A" correctly describes the Personal Property and that such exists, the Vendor is not representing or warranting that all or any portion of the Personal Property exists or is situate on the Lands (except with respect to the items marked with an asterisk (*) in Part III, as to which the Vendor confirms that it has verified that such items exist and are situate on the Lands), and that if all or any portion of the Personal Pr operty does not exist or is not situate on the Lands on Closing, this shall not constitute cause for the Purchaser to (i) claim an abatement in the Purchase Price, (ii) refuse to complete the Transaction, or (iii) terminate this Agreement);

(c) the contracts, agreements, instruments and other documents as more particularly set forth and described in Part IV of Schedule "A" with respect to the Red Mountain Project and in Schedule "B" with respect to the Willoughby Joint Venture (collectively,-the **"Agreements");**

(d) the permits, licenses, and approvals as more particularly set forth and described in Part V of Schedule "A" with respect to the Red Mountain Project (collectively, the **"Permits");**

(f) the funds in the amount of ONE MILLION FIVE HUNDRED THOUSAND ($1,500,000) DOLLARS currently held by the Vendor and subject to a safekeeping agreement between the Vendor and the Government of British Columbia and intended to secure the reclamation obligations of the Vendor pursuant to Mineral Exploration Permit MX-1-422 (the **"Reclamation Funds");** and

(g) the reports, maps, sections, drill logs, assay results, core, sample pulps, studies and all other records or data and physical samples or material with respect to all work of the Vendor or in the possession of the Vendor performed on or concerning, or extracted from, the Lands and the Red Mountain Project, including, without limitation, all such reports, maps, records, data or other material that may be located in Stewart, British Columbia or Vancouver, British Columbia, to the extent the same are in the Vendor's possession (collectively, the **"Project Data");**

(the Lands, Fixtures, Personal Property, Agreements, Permits, Reclamation Funds, and Project Data being collectively referred to as the **"Property").**

Section 1.2 Interest Conveyed.

The interest in the Property which the Vendor sells and the Purchaser buys is such right, title and interest as the Vendor may have at the Time of Closing and references to the Property shall mean such right, title and interest.

Section 1.3 Currency.

All references herein to money amounts are to Canadian currency unless otherwise indicated.

Section 1.4 Purchase Price.

The purchase price of the Property shall be the sum of THREE HUNDRED AND SIXTY THOUSAND ($360,000) DOLLARS (the **"Purchase Price"),** of which the sum of $342,000 is attributable to the Red Mountain Project and the sum of $18,000 is attributable to the Willoughby Joint Venture. If the remaining joint venturers in the Willoughby Joint Venture do not exercise their right of first refusal to purchase the interest (if any) of the Vendor in the Willoughby Joint Venture, the Purchase Price will be paid and satisfied by the allotment and issuance to the Vendor, and the delivery at Closing of certificates representing, an aggregate of EIGHT HUNDRED THOUSAND (800,000) common shares without par value in the capital of the Purchaser, and if the remaining joint venturers in the Willoughby Joint Venture exercise their right of first refusal to purchase the interest (if any) of the Vendor in the Willoughby Joint Venture, the Purchase Price will be paid and satisfied by the allotment and issuance to the Vendor, and the delivery at Closing of certificates representing, an aggregate of SEVEN HUNDRED AND SIXTY THOUSAND (760,000) common shares without par value in the capital of the Purchaser, (the **"Common Shares")** at a deemed value of FORTY-FIVE ($0.45) CENTS per Common Share, such Common Shares to be registered in the name of the Vendor and free and clear of all liens, charges and encumbrances arising by, through or under the Purchaser.

Section 1.5 Additional Payment(s) to Vendor.

In addition to the Purchase Price, the Vendor shall also be entitled to receive, and the Purchaser shall pay to the Vendor, one or more cash payment(s) equal to EIGHTY (80%) PERCENT of the first FIVE HUNDRED THOUSAND ($500,000). DOLLARS, up to a

maximum of FOUR HUNDRED THOUSAND ($400,000) DOLLARS, received by the Purchaser as a result of either of the following:

(a) any funds being received by the Purchaser, or released from the provisions of any applicable safekeeping agreement, as a result of a reduction in the reclamation security requirements of Mineral Exploration Permit MX-1-422 as may be determined by the Mines Branch, Energy and Minerals Division, Ministry of Energy and Mines, Province of British Columbia (the "**MEM**"): or

(b) any funds received by the Purchaser from the Reclamation Funds as a result of the sale, lease or joint venture of the Red Mountain Project which results in the release of all, or any portion of, the Reclamation Funds to the Purchaser,

(collectively referred to as the **"Bond Recoupment").** **Section**

1.6 **Closing.**

The purchase and sale of the Property contemplated herein (the **"Transaction")** shall be completed at the closing (the **"Closing")** on a date which is ten business days after the conditions in Sections

2.1(a), 2.1(b) and 2.1(c) and Sections 2.2(b) and 2.2(c)have been satisfied or waived, at 1:00 p.m. Vancouver time, or such other day and/or time as the parties may agree in writing (such day and time are referred to herein as the **"Closing Date"** and **"Time of Closing",** respectively).

Section 1.7 Transfer Taxes and Expenses.

The Purchaser shall pay to the Vendor at the Time of Closing, in addition to the Purchase Price, any and all federal, provincial and other sales, goods and services, provincial retail sales, land transfer and permit and license transfer and other taxes whatsoever which are payable in connection with the purchase and conveyance of the Property (except any which are payable directly to any government authority concurrently with the registration of any transfer, assignment or conveyance, which shall be so paid by the Purchaser) and shall be responsible for the payment of all duties, registration fees or other charges for which the Purchaser is responsible at law properly payable or exigible upon or in connection with the conveyance or transfer of the Property (collectively, the **"Transfer Taxes"),** or will provide the Vendor with appropriate exemption certificates, in form and substance satisfactory t o the Vendor in respect of any sales taxes, penalties, interest and other amounts which may be assessed against the Vendor under the *Excise Tax Act* (Canada), the *Social Services Tax Act (*British Columbia) or any comparable law as a result of the sale of the Property or as a result of the failure by the Purchaser to pay all the aforementioned sales taxes exigible in connection with the transactions contemplated by this Agreement, whether arising from re-assessment or otherwise.

Section 1.8 Liabilities and Obligations.

The Vendor shall not be responsible for any costs, expenses, obligations and amounts required to be paid to third parties in order to transfer any of the Property to the Purchaser and shall not be liable to the Purchaser or any other third party for the performance thereof from and after the Time of Closing.

Section 1.9 Assumption of Liabilities.

The Purchaser agrees to assume the following liabilities and obligations of the Vendor at the Time of Closing:

(a) all liabilities of the Vendor existing as of, and arising from and after, the Time of Closing pertaining to the Property including, without limitation, under any Agreements;

(b) all liabilities of the Vendor existing as of, and arising from and after, the Time of Closing under any encumbrances or other interests pertaining to the Property;

(c) all applicable taxes existing as of, and arising from and after, the Time of Closing which are payable on any of the Property; and

(d) all environmental liabilities and all licensing obligations relating to the Property.

(collectively, the **"Assumed Liabilities")**

Section 1.10 Indemnity re: Assumed Liabilities.

The Purchaser shall indemnify and hold the Vendor harmless from and against any and all costs, losses, suits, actions, causes of action, claims and damages arising in respect of the Assumed Liabilities and the Purchaser shall use its reasonable best efforts to obtain prior to the Time of Closing releases in favour of the Vendor in respect of such Assumed Liabilities, provided that the inability to obtain any such releases shall not constitute cause for the Vendor to terminate this Agreement or refuse to complete the Transaction nor expose the Purchaser to any claim for damages.

Section 1.11 ***Mineral Tax Act (B.C.)*** **Election**

The Purchaser will succeed to all costs and expenses of Vendor and its predecessor in respect of the Property which are deductible in determining the Purchaser's liability under the *Mineral Tax Act (B.C.)* and, following the Time of Closing, the Vendor shall not have any entitlement to such costs and expenses in respect of the Projects. In furtherance of such succession, the Vendor agrees to file a joint election with the Purchaser for the purposes of the *Mineral Tax Act (B.C.)* so that the Purchaser will succeed to such costs and expenses incurred by the Vendor and its predecessors in respect of the Projects as is permitted by that statute.

Section 1.12 Willoughby Joint Venture − Right of First Refusal

The Purchaser acknowledges having been advised by the Vendor that any disposition by the Vendor of an interest in the Willoughby Joint Venture is subject to a right of first refusal in favor of Camnor Resources Ltd. and Gold Giant Minerals Inc., the remaining joint venturers in the Willoughby Joint Venture (the "Remaining Venturers") and that, following the execution of this agreement, the Vendor will be required to comply with the procedure for offering the interest in the Willoughby Joint Venture proposed to be acquired by the Purchaser hereunder to the Remaining Venturers. The Vendor will advise the Purchaser as soon as it

becomes aware of whether or not such offer will be accepted or waived. If such offer is accepted, with the result that the Remaining Venturers acquire the interest of the Vendor in the Willoughby Joint Venture, the Purchaser will have no right to acquire any interest in the Willoughby Joint Venture hereunder, and the Purchase Price will be reduced as set forth in section 1.4.

Section 1.13 Representations of the Vendor

The Vendor represents and warrants that, to the best of its knowledge without having made any specific investigations or enquiries:

(a) it has not:

(i) taken any action to alienate in any way a beneficial or legal title to all or any part of the Property, on a contingent basis or otherwise,

(i) granted security in the Property or taken any action which would give any party rights to seize or take security over the Property,

(ii) taken any action or omitted to take any action which constituted a breach of any of the Vendor's obligations with respect to the Property, or

(iii) received actual notice that any other person has taken any action which had or will have the effect of any of the foregoing;

(a) it has not taken any action to remove, nor has it received actual notice that any other person has removed, the Fixtures and the Personal Property from the Lands;

(b) Part IV of Schedule "A" and Part I of Schedule "B" list all the agreements under which the Vendor has acquired any rights to, or undertaken obligations in respect of, the Property, including obligations in connection with a transfer of title to the Property, and which are to be assigned to the Purchaser;

(c)

other than normal quantities of fuel, lubricants, reagents and other materials and supplies for use in connection with exploration activities on the Lands, the Vendor has not transported, nor has it arranged for the transportation of, environmental contaminants or environmentally hazardous substances on to the Lands; and

(d) other than with respect to potential acid rock drainage and related metaliferous contamination, the Vendor has not become aware of any existing significant contamination, or any significant environmentally hazardous condition, of the Lands.

Section 1.14 Covenants of the Vendor

The Vendor covenants with the Purchaser that, from December 31, 2001 until the Closing Date, it will:

(a) not take any action to alienate in any way, beneficial or legal title to all or any part of the Property, on a contingent basis or otherwise;

(b) not grant any security in the Property or take any action which would give any party rights to seize or take security in the Property;

(c) use its best efforts to not take any action which would constitute a material breach of any of the Vendor's obligations in respect of the Property;

(d) not remove or destroy any of the Property that is situate on the Lands or in any other way disturb the Property in a manner that could materially reduce its value or utility or constitute a material breach of any of the Vendor's obligations in respect of the Property

(e) if the Vendor is aware that any inaction on its part will have, or receives actual notice that any other person is taking any action which has or will have, the effect of any of the foregoing, forthwith notify the Purchaser of such matter.

ARTICLE 2
CONDITIONS

Section 2.1 Conditions in Favour of Purchaser.

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being fulfilled or performed in all material respects at or prior to the Time of Closing or such other date as may be specified herein:

(a) on or before **[February 28, 2002**], the Purchaser shall have obtained or, through discussions with relevant parties, the 'Purchaser shall be satisfied at its sole discretion, that the it will be able to obtain, within a reasonable period of time, all material consents or approvals, required to permit the Purchaser to complete the Transaction including, without limitation, consents from the following:

(i) 1091064 Ontario Limited, with respect to the transfer of the Red Mountain Project to the Purchaser; and

(ii) the MEM, with respect to the transfer of the Permits and the Reclamation Funds for the Red Mountain Project to the Purchaser;

(b) the Vendor shall have completed a revised reclamation plan (the **"Revised Reclamation Plan")** satisfactory to and approved in form and content by the Purchaser, acting at its sole discretion, and shall have filed the Revised Reclamation Plan with the MEM;

(c) the Purchaser shall have received any and all regulatory approvals required by the Purchaser for the completion of the Transaction, including the acceptance for

(d)

filing of this agreement and the Transaction by the Canadian Venture Exchange (the "**CDNX**"); and

(a) the Vendor shall have performed its obligations under this Agreement.

The foregoing conditions are for the exclusive benefit of the Purchaser and subject as hereinafter provided, any condition may be waived by it in whole or in part, any such waiver to be binding on the Purchaser only if made in writing. If any of the foregoing conditions is not fulfilled and is not waived in writing by the Purchaser, the Purchaser may elect in writing prior to the Time of Closing or such other date as specified above to terminate this Agreement and the Vendor agrees that in such event, the Purchaser shall be released from all obligations hereunder (other than obligations which expressly or by necessary implication are intended to survive termination) unless the failure of condition resulting in termination was occasioned by reason of a default by the Purchaser of any of its obligations hereunder. The Vendor has agreed to assist the Purchaser with respect to the obtaining of the necessary consents by seeking the consent of each of Barrick Gold Corporation, 1091064 Ontario Limited, Camnor Resources Ltd. and Gold Giant Minerals Inc. to the Transactions on behalf of the Purchaser, it being understood that the Vendor is not representing or warranting that it will be successful in obtaining any such consents, and that it will be under no liability whatsoever for failing to do so.

Section 2.2 Conditions in Favour of Vendor.

The obligation of the Vendor to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing or such other date as may be specified hereunder:

(a) the Purchaser shall have performed its obligations under this Agreement

(b) the Vendor shall have received, or shall be satisfied, acting reasonably that it will following Closing receive, from the MEM or other applicable governmental ministry or agency, a release of all liability of the Vendor with respect to the Red Mountain Project including, without limitation, of all reclamation obligations pursuant to Mineral Exploration Permit MX-1-422; and

(c) the Vendor shall have received, or shall be satisfied, acting reasonably, that it will following Closing receive, releases from the other parties to the Agreements of all of its obligations thereunder.

The foregoing conditions are for the exclusive benefit of the Vendor and any condition may be waived by it in whole or in part, any such waiver to be binding on the Vendor only if made in writing. If any of the

foregoing conditions is not fulfilled and is not waived in writing by the Vendor, the Vendor may elect in writing to terminate this Agreement and the Purchaser agrees that in such event the Vendor shall be released from all obligations hereunder (other than obligations which expressly or by necessary implication are intended to survive termination) unless the failure of condition resulting in termination was occasioned by reason of a default by the Vendor of any of its obligations hereunder.

ARTICLE 3
TITLE

Section 3.1 Title Documents.

The Vendor shall not be required to furnish or produce any abstract, deed, survey, declaration or other document or evidence of title except those in its possession.

Section 3.2 "As is, where is".

The Purchaser confirms that it has inspected, or has had the opportunity to but has chosen not to inspect, the Property prior to the execution of this Agreement and that it has entered into this Agreement on the basis that the Vendor does not warrant title to the Property and the Purchaser acknowledges that it is relying entirely upon its own judgment, investigation and inspection in proceeding with the transaction contemplated hereunder. Without limiting the foregoing, the Purchaser acknowledges and agrees that it is purchasing the Property on an "as is where is" and "without recourse" basis, that it accepts the Property in its present state, condition and location and that, except as specifically set out herein, neither the Vendor nor any of its agents, employees, representatives, counsel, officers or directors makes or has made any representations or war ranties, and there are no terms, conditions, understandings or collateral agreements, express or implied, statutory or otherwise, with respect to the existence, title, merchantability, condition, description, fitness for purpose, quality, quantity or any other thing, affecting any of the Property or in respect of any other matter or thing whatsoever except as expressly stated herein. For greater certainty, the Vendor makes no representation or warranty and there are no terms, conditions, understanding or collateral agreements, express or implied, statutory or otherwise, with respect to the following matters:

(a) except as to the existence of the items marked with an asterisk in Part III of Schedule "A", the existence, title, quality, quantity, merchantability, fitness for any purpose, state, condition or location' of all or any of the Property;

(b) the existence, validity, registration, enforceability or priority of any mortgages, charges, liens, encumbrances, security interests, claims or demands of whatsoever nature or kind affecting or in any way related to all or any of the Property;

(c) except as set forth in section 1.13, the manner in which the Property shall have been managed prior to and as at the Time of Closing;

(d) the accuracy of any information, records or data furnished by the Vendor, its representatives or counsel to the Purchaser, its representatives or counsel; and

(e) except as specifically set forth in section 1.13, the environmental state of the Property, the uses made of the Property, the existence, nature, kind, state or identity of any contaminants or hazardous substances on, under or about the Property, the existence, state, nature, kind, identity,

extent and effect of any administrative orders, control orders, stop orders, compliance orders or any other orders, proceedings or actions under any potentially relevant

(f)

environmental or other statute, regulation, rule or other provision of law of any jurisdiction affecting or potentially affecting the Property.

The Purchaser acknowledges that, notwithstanding any other provision of this Agreement, the sale, transfer and assignment of the right, title and interest, if any, of the Vendor in and to the Property is subject to the terms of any license or any other agreement, including (i) any consent of any licensor, governmental authority or any other party, (ii) any restriction on disclosure or assignability of any license, permit or agreement, and (iii) any provision relating to confidentiality and rights of first refusal for the benefit of any other party to any license or other agreement. The Purchaser acknowledges and agrees that it will be responsible for making its own arrangements with respect to obtaining the consents required for the transfer of any license or permit to the Purchaser.

Section 3.3 Waiver.

The terms of Section 3.2 shall operate as a waiver of any claim in tort as well as under the law of contract.

Section 3.4 Release.

By completing the Transaction at the Time of Closing, the Purchaser shall be deemed to have released, remised and forever discharged each of the Vendor and its directors, officers, employees, servants and agents (collectively the **"Releasees"**) of and from any and all manner of action, causes of action, suits, debts, dues, accounts, bonds, covenants, contracts, damages, costs, interest, claims, liabilities, expenses and demands whatsoever, regardless of their nature or basis, known or anticipated, as well as unknown or unanticipated, at law or at equity or under statute, which the Purchaser ever had or then has or may thereafter have, against the Releasees for or by reason of any action, cause or thing whatsoever arising out of or relating to the Transaction.

ARTICLE 4 CLOSING

Section 4.1 Place of Closing.

Closing shall take place at the offices of the solicitors for the Vendor, Messrs Gowling Lafleur Henderson LLP, Suite 2300-1055 Dunsmuir Street, Vancouver, British Columbia V7X 1J1, on the Closing Date at the Time of Closing.

Section 4.2 Deliveries on Closing.

At the Time of Closing:

(a) The Vendor shall

deliver to the Purchaser:

(i) all necessary conveyances, bills of sale, transfers, and assignments in registrable and/or recordable form as necessary to transfer, assign, and

convey the right, title and interest, if any, of the Vendor in and to the Property to the Purchaser

(ii) a letter of direction from the Vendor and the applicable governmental authority to the TD Bank directing such bank to transfer the Reclamation Funds to the account of the Purchaser, provided that at the Time of Closing arrangements have been made by the Purchaser and the Vendor with the MEM for the termination of the safekeeping agreement between the Vendor and the B.C. Government and the execution of a new safekeeping agreement between the Purchaser and the B.C. Government, and the transfer of the Reclamation Funds from the bank account of the Vendor to the bank account of the Purchaser. If such arrangements have not been made on or before the Time of Closing, then the Vendor and the Purchaser will co-operate as necessary to permit the transfer of the Reclamation Funds as soon as possible following the Time of Closing, and the Purchaser will be entitled to receive all interest accrued on the Reclamation Funds following the Closing Date.

When the Vendor has delivered to the Purchaser the foregoing documents, it shall be deemed to have delivered all documents required on its part hereunder to convey the Property and otherwise complete the Transaction. All deeds of conveyance, bills of sale and assignments as may be required to convey all right, title and interest, if any, of the Vendor in and to the Property in the manner contemplated herein shall contain covenants of the Vendor to the effect only that, as of the Time of Closing, the Vendor has the right to convey and has done no act to encumber the Property.

(b) The Purchaser shall deliver to the Vendor:

(i) the certificates representing the Common Shares to be delivered in satisfaction of the Purchase Price,

(i) written acknowledgement of the release by the Purchaser in favour of the Releasees, as contemplated in Section 3.4,

(ii) the releases of the Vendor by the parties to the Agreements other than the Vendor,

(iii) evidence satisfactory to the Vendor that all Transfer Taxes exigible upon the Transaction have been paid or that appropriate exemption certificates have been executed and filed (or are delivered to the Vendor, if required), and

(iv) evidence satisfactory to the Vendor that any necessary consents or approvals relating to the Transaction, including the acceptance for filing of this Transaction by the CDNX, have been obtained by the Purchaser.

(v)

ARTICLE 5
ADDITIONAL COVENANTS

Section 5.1 Access to Premises.

Upon reasonable prior notice to and arrangements with the Vendor, during normal business hours between the date hereof and the Time of Closing the Purchaser and its authorized representatives and agents shall have reasonable access to the Property, and the right to inspect and make copies at its own expense of books, records and documents in the possession of the Vendor relating to the Property as may be reasonably required.

ARTICLE 6
MISCELLANEOUS

Section 6.1 Capacity and Authority, of Vendor.

The Vendor represents and warrants to the Purchaser that it has all necessary right, power and authority to enter into, execute and deliver this Agreement, to observe and perform its obligations hereunder, and to sell the Property upon Closing as contemplated by this Agreement.

Section 6.2 Capacity and Authority of Purchaser.

The Purchaser represents and warrants to the Vendor that it has all necessary right, power and authority to enter into, execute and deliver this Agreement, to observe and perform its obligations hereunder, and to purchase the Property upon Closing as contemplated by this Agreement.

The Purchaser further represents and warrants to the Vendor at the date hereof,

(a) it has not proposed a compromise or arrangement to its creditors generally, had any petition for a receiving order in bankruptcy filed against it, taken any proceeding with respect to a compromise or arrangement, taken any proceeding to have itself declared bankrupt or wound-up, or taken any proceeding to have a receiver appointed over its assets;

(b) its authorized capital consists of 100,000,000 common shares without par value, of which 14,390,699 common shares were issued and outstanding at November 30, 2001 as fully paid and non-assessable shares;

(c) it does not have any outstanding agreements, subscriptions, warrants, options or commitments (nor has it granted any right or privilege capable of becoming an agreement, subscription, warrant, option or commitment) obligating the Purchaser to issue additional common shares or other securities, except as follows:

(d)

(i) 500,000 common shares issuable in connection with the Hog Ranch acquisition upon certain conditions;

(ii) 300,000 common shares and 200,000 common share purchase warrants exercisable at $0.90 per share through December 2002 issuable on the closing of the Quartz Mountain acquisition;

(i) common shares issuable in connection with the Grassy Mountain acquisition upon certain conditions;

(ii) warrants to purchase 36,667 common shares at $1.25 per share through September, 2002;

(iii) warrants to purchase 666,667 common shares at $1.25 per share through December, 2002;

(v) warrants to purchase 500,000 common shares at $2.00 per share through June, 2003;

(iv) $2,000,000 in debentures convertible into common shares, including any unpaid or accrued interest, at $0.75 per share through November 2005; and

(v) stock options to acquire an aggregate of 1,337,000 common shares;

(a) its unaudited interim financial statements for the nine month period ended September 30, 2001 and its audited financial statements for the fiscal years ended December 31, 2000, December 31. 1999 and August 31, 1999 (the "Financial Statements") and other financial information of the Purchaser publicly available and filed on SEDAR present fairly the financial condition of the Purchaser and the results of operations for the respective periods indicated in the said statements and have been prepared in accordance with generally accepted accounting principles applied on a consistent basis except as otherwise stated in the notes to such statements;

(b) there has been no material change adverse to the Purchaser in the business, operations, assets or ownership, financial or otherwise, of the Purchaser since December 31, 2000 except as disclosed in its public disclosure documents filed on SEDAR or as disclosed specifically in writing to the Vendor;

(c) except as disclosed in its public disclosure documents filed on SEDAR or as disclosed specifically in writing to the Vendor, there are no actions, suits or claims instituted, pending, or to the best knowledge of the Purchaser, threatened against or affecting the Purchaser at law or in equity or before or by any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign;

(d)

(g) the public disclosure documents of the Purchaser as filed on SEDAR contain full, true and plain disclosure of all material information relating to the Purchaser and its business, operations, assets and ownership;

(h) the Common Shares will, upon allotment and issuance to the Vendor and the delivery of certificates therefor, be duly and validly authorized, allotted and issued to the Vendor in compliance with all applicable corporate and securities laws and applicable regulatory rules and policies and will be outstanding as fully paid and non-assessable common shares in the capital of the Purchaser, free and clear of all encumbrances arising by, through or under the Purchaser and the Vendor will receive a good and marketable title thereto; and

(i)

the Common Shares to be issued and delivered to the Vendor hereunder will be subject to any hold periods in British Columbia pursuant to the rules and policies of the CDNX and applicable securities laws.

Section 6.3 Notices

Any notice, demand, waiver, election or other communication required or to be given hereunder shall be in writing and shall be deemed to be sufficiently given if personally delivered or telecopied, addressed to the party to whom the same is given, as follows:

(a) In the case of the Vendor:

North American Metals Corp. 1500 - 700 West Pender Street Vancouver, B.C. V6C 1G8

Attention: Derek Price
Fax: (604) 684-3123

with a copy to:

Gowling Lafleur Henderson LLP Four Bentall Centre
Suite 2300 – 1055 Dunsmuir Street Vancouver, B.C. V7X 1JI

Attention: Lawrence W. Talbot Fax: (604) 689-8610

(b) In the case of the Purchaser:

Seabridge Resources Inc. 172 King Street E, 3rd Floor Toronto, ON M5A 1J3

Attention: Rudi Fronk Fax: (416)

with a copy to:

DuMoulin Black
10th Floor, 595 Howe Street Vancouver, B.C. V6C 2T5

Attention: Bruce Scott Fax: (604) 687-8772

Section 6.4 Time of Essence.

Time shall be of the essence hereof in all respects.

Section 6.5. Further Assurances.

Each of the parties hereto shall, from time to time and at the request and expense of the party requesting the same, do all such further acts and things and execute and deliver such further instruments, documents, matters, papers and assurances as may be reasonably requested for effectually carrying out the true intent and meaning of this Agreement.

Section 6.6 Brokerage and Finders Fees.

Each of the Vendor and the Purchaser agrees to be responsible and liable for all fees and commissions of any broker, agent or finder engaged by it.

Section 6.7 Obligations to Survive.

The obligations, representations and warranties of the parties hereto shall survive the completion of the Transaction except as otherwise stated herein. Upon completion of the Transaction all conditions in favour of the Purchaser in Section 2.1 and all conditions in favour of the Vendor in Section 2.2 shall be deemed to have been satisfied or waived.

Section 6.8 Headings.

The headings contained in this Agreement are for convenience of reference only, and shall not affect the meaning or interpretation of this Agreement.

Section 6.9 Entire Agreement.

This Agreement constitutes the entire agreement between the parties with respect to the subject matter, and supersedes any and all prior negotiations, and agreements between the parties. There are no representations or warranties between the parties in respect of the subject matter of this Agreement except as expressly stated herein.

Section 6.10 Amendment.

No amendment of this Agreement will be effective unless made in writing and signed by the parties hereto.

Section 6.11 Severability.

Any provision of this Agreement which is or becomes prohibited or unenforceable in any jurisdiction shall not invalidate or impair the remaining provisions hereof which shall be deemed severable from any such prohibited or unenforceable provision and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 6.12 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

Section 6.13 Singular, Plural and Gender.

Words importing the singular include the plural thereof, and vice versa, and words importing gender include the masculine, feminine and neuter genders. The word "including" used herein shall mean including, without limitation, and "includes" means includes, without limitation.

Section 6.14 Successors and Assigns.

This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its respective rights or obligations under this Agreement without the prior written consent of the other party, except that the Purchaser may, at any time prior to Closing, assign all of its right, title and interest in and to this Agreement, and all obligations hereunder, to an affiliated corporation (as defined in the *Securities Act* (B.C.)) (the "Affiliate"), provided that:

(a) such Affiliate agrees in writing to be bound hereby and to perform the obligations of the Purchaser hereunder; and

(b) to the extent not performed by such Affiliate, the Purchaser will perform the obligations of the Purchaser assumed by the Affiliate.

Section 6.15 Public Disclosure

Before the Time of Closing, the Purchaser agrees to keep the terms of the Agreement and any information it has received from the Vendor confidential and will not disclose any such information or the terms of this Agreement to any other party or person, except its legal and financial advisors or as the Purchaser may be required to disclose by law, by the rules and policies of any stock exchange upon which its shares (or those of its controlling shareholder) may be listed, by the order of a court of competent jurisdiction, or as may be necessary to secure any consent, authorization, approval, or waiver necessary or, in the opinion of the Purchaser, advisable, in connection with the Transaction and the purchase of the Property

by the Purchaser. The Purchaser will provide a draft of any press release proposed to be issued by it to the Vendor at least 24 hours prior to the proposed release thereof, and will consider the comments of the Vendor thereon in good faith.

Section 6.16 Counterparts.

This Agreement may be executed in one or more counterparts, and may be executed by signed copy delivered to the other party by telecopier in the manner specified in Section 6.3. Each executed counterpart shall be deemed to be an original and all executed counterparts taken together shall constitute one and the same instrument. Any party executing this Agreement by signed copy delivered by telecopier shall, forthwith after Closing, provide sufficient original executed counterparts of the Agreements so as to provide each party with two fully executed original copies of the Agreement.

IN WITNESS WHEREOF this Agreement has been duly executed by the parties hereto as of the date first above written.

NORTH AMERICAN METALS CORP.

By: /s/
Authorized Signing Officer

Date of Execution: *January 31, 2002*

SEABRIDGE RESOURCES INC.

By: 

Authorized Signing Officer

Date of Execution: *January 31, 2002*

SCHEDULE "A"

PART I - LANDS Real

Property_

1. Office Building located in Stewart, British Columbia 518 − 5th Avenue
Stewart, British Columbia, VOT 1WO

legal description:

Parcel Identifier: 018-832-075 Lot A, District
Lot 466
Cassiar District Plan PRP 14050

2. Storage Yard located in Stewart, British Columbia legal description:

Lots 5-17, 30-42 inclusive Block 28,
Plan 951
District Lot 443
Cassiar Land District

(held by lease with District of Stewart) **Mineral**

Claims

RED MOUNTAIN PROPERTY

Claim Record No.	Claim Name	Lot Number
324637	DESI 1	
324638	DESI 2	
252943	DIXIE I	
252944	DIXIE 2	
252945	DIXIE 3	
252946	DIXIE 4	

328212	PAMVERA FRACTION	
328214	BON FRACTION	
319423	SARAH FRACTION	
252990	LISA 1	

Claim Record No.	Claim Name	Lot Number
252991	LISA 2	
252992	LISA 3	
252993	LISA 4	
252994	LISA 5	
252995	LISA 6	
252996	LISA 7	
252997	LISA 8	
338971	BROMLEY	
320929	MICHAELA	
320737	THERESA	
320930	REN	
320932	STIMPY	
320992	SANDRA FRACTION	
321028	SHARON FRACTION	
253082	JANINE 1	
253083	JANINE 2	
253084	JANINE 3	
253085	JANINE 4	
340214	DIXON 2 FRACTION	
320867	JANET 1	
320868	JANET 2	{
320869	WINDY	
320870	ANITA FRACTION	
253109	SARAH 3	
253110	SARAH 4	
253111	SARAH 5	

253112	SARAH 6	
253114	SARAH 8	
253115	SARAH 9	
253108	VERA 7	
253119	VERA I	

Claim Record No.	Claim Name	Lot Number
253107	VERA 6	
252217	WILLOUGHBY 3	
255098	GOLD SPOT	
253131	VERA #10	
253172	SARAH I	
253173	SARAH II	
253159	ORO II	
253160	ORO III	
253162	ORO V	
253163	ORO VI	Lot 7163
343046	VERMILLION #1	
343047	VERMILLION #2	
251627	BON ACCORD NO. 2	Lot 6091
251628	BON ACCORD NO. 3	Lot 6092
251629	BON ACCORD NO. 4	Lot 6093
251630	BON ACCORD NO. 5	Lot 6094
251631	BON ACCORD NO. 6	Lot 6095
251632	BON ACCORD NO. 7	Lot 6200
251633	BON ACCORD NO. 8	Lot 6201
250331	MONTREAL NO. 1	Lot 6282
250332	MONTREAL NO. 2	Lot 6283
250333	MONTREAL NO. 3	Lot 6284
250334	MONTREAL NO. 4 MONTREAL NO. 5	Lot 6285 Lot 6282
250335	MONTREAL NO. 6	Lot 6287
250336	MONTREAL NO. 7	Lot 6288
251660	BON ACCORD	Lot 6089

251661	BON ACCORD NO. 1	Lot 6090
251662	BON ACCORD NO. 9	Lot 6202
251663	BON ACCORD NO. 10	Lot 6203
253778	MONTREAL NO. 8	Lot 6289

Claim Record No.	Claim Name	Lot Number
252153	HROTHGAR	Lot 7162
320189	SABINA 1	
320735	ORO FRACTION	Lot 7164
253106	VERA 4	
253158	ORO I	Lot 7160
253105	VERA 3	Lot 7165
253236	VERA 5	
321029	ROSE	
253161	ORO IV	Lot 7161
250781	KIM NO. 1	
250782	KIM NO. 2	
250783	KIM NO. 3	
250784	KIM NO. 4	
250785	KIM NO. 5	
250786	KIM NO. 6	
250787	KIM NO. 7	
250788	KIM NO. 8	
250789	KIM NO. 9	
250790	KIM NO. 10	
250791	KIM NO. 11	
250792	KIM NO. 12	
250793	KIM NO. 13	
250794	KIM NO. 14	
250795	PAM 1	
250796	PAM 2	
321646	KIM FRACTION	

PART II - FIXTURES

All mines, mines workings. if any, and access thereto and all declines, adits, portals. fixtures, buildings, bunkhouses, erections, structures. improvements, facilities, power, fuel and water supply, storage and waste disposal facilities, roads and other transportation facilities presently situate on or under the Lands with respect to the Red Mountain Project, including:

Red Mountain Project – North American Metals Corp. (NAMC)			
Site	**Item**	**Address/Location**	**Description**
Stewart, B.C. Red Mountain Project Office	Office - owned by NAMC - taxes of approx. $5.000 per year to District of Stewart	518 5th Avenue Stewart, B.C. VOT I WO	4 attached units side/side - ea. 25'w.x70'd. each unit has 20' deep single level front office area and 50' deep rear warehouse area with 1 garage door for every 2 units (2 total) and partial mezzanine level in front of warehouse area - 12.5' deep Total Area - 7,875 sq.ft. Heating - radiant (front) & blower electric (rear) Lighting - fluorescent fenced yard in rear of building
Stewart, B.C. Red Mountain Project Core Storage Yard	Fenced yard - leased in part by NAMC from District of Stewart for $3000/yr by NAMC; in part from VIH for n/c	Lots 5-20, 27-42 incl. Block 28, Plan 951 District Lot 443 Cassiar Land District	fenced area totals
Goldslide Creek Project Camp Site	60 person exploration camp owned by NAMC	Hrothgar D.L. 7162 NTS 103P 13E Skeena Division	27 buildings situated in a cirque along the north side of Goldslide Creek, and about 1 km. SW of Red Mountain peak along with mobile and fixed equipment; all buildings heated with portable electric fan heaters; propane kitchen equipment; water supply from Goldslide Creek; buried septic field

Red Mountain Project – North American Metals Corp. (NAMC)

Site	Item	Address/Location	Description
Red Mountain Site	Portal Area Shops and Yard	ORO 1 D.L. 7160 NTS 103P 13E Skeena Division	Shop/Compressor/Generator Building between U/G portal and waste rock dump
Red Mountain Site	Underground Workings	ORO 1, ORO IV D.L. 7160, D.L. 7161 NTS 103P 13E Skeena Division	approx. 1,700 m. of underground decline and adit excavations under the summit of Red Mountain in which various mobile equipment is stored

PART III - PERSONAL PROPERTY

All machinery, equipment, vehicles, rolling stock, supplies, office equipment, stores, tools, and all other personal property presently situate on or under the Lands with respect to the Red Mountain Project, including:

Red Mountain Project – North American Metals Corp. (NAMC)					
Site	**Item**	**Address/ Location**	**No.**	**Item Description**	**Owned by**
Stewart, B.C. Red Mountain Project Office	Office - owned by NAMC - taxes of approx. $5,000 per year to District of Stewart	518 5th Avenue Stewart, B.C. VOT IWO	1 12 5 1 several many	desks chairs tables Vancon drill core saw core racks boxes drill core in racks	NAMC
			1 several	telephone core logging tables	NAMC
			1 2 1 1 misc very many four	fax/phone 8 drawer flat files steel strapping mach. sampling tower supplies boxes core rejects in rough shelving or on pallets remote weather stations	NAMC
Stewart, B.C. Red Mountain Project Core Storage Yard	Fenced yard - leased in part by NAMC from District of Stewart for $3000/yr by NAMC; in part from VIH for n/c	Lots 5-20, 27-42 incl. Block 26, Plan 951 District Lot 443 Cassiar Land District	many very many many several	core racks boxes core in racks pallets of ore rejects lengths of culvert	NAMC

Red Mountain Project – North American Metals Corp. (NAMC)

Site	Item	Address/ Location	No.	Item Description	Owned by
Goldslide Creek Project Camp Site	60 person exploration camp owned by NAMC	Hrothgar D.L. 7162 NTS 103P 13E Skeena Division	1	kitchen/dry toilet bldg	NAMC
			1	recreation bldg	
			1	general office bldg	
			1	manager's office/bunk	
			1	drill foreman off/bunk	
			1	mine foreman off/bunk	
			1	communications bldg	
			1	generator bldg	
			17	4-man bunk buildings	
			1	**quonset** core shack	
			1	core sawing bldg	
			1	SM 75 KW generator	
			1	garbage incinerator	
			1	**BR400 snocat***	
				(1989, s/n: 831890136)	
			1	Toyota landcruiser	
			1	500 gallon fuel tank 400 amp breaker	
			1	2000 gallon envirotank	
			]	first aid station	
			1	kitchen equipment w/ stove/grill	
			2	17 cu ft fridges	
			3	chest freezers	
			2	80 ^{g}al. HW heaters	
			1 misc	60 gal. pressure tank 5 hp submersible pump for camp water furniture, supplies	
			1	billiards table	

Red Mountain Project − North American Metals Corp. (NAMC)					
Site	**Item**	**Address/ Location**	**No.**	**Item Description**	**Owned by**
Red Mountain Site	Portal Area Shops and Yard	ORO 1 D.L. 7160 NTS 103P 13E Skeena Division	I 1 2 4 2 1 2 2 misc. misc. misc. 1 2 2 1 1 1 4 1 1 1 1	**Airtrack drill***** **Tamrock Jumbo drill***** Tamrock AR Hammer Boart Drill HO 150 75 HP Electric Pumps Chopper Basket Jackleg drills Stoper drills Shop tools Spare parts & tires Supplies **Unimog mancarrier***** **88 Cat D7G Dozer***** 3500 gal. fuel tanks 2000 gal. fuel tanks AC Comp. 650-elect GD Comp. 750-DSL (s/n: W25696) GD Comp. 800-DSL 86 Cat. Gen. 500KW Genset Sync. Panel 4160/600 Transformer 300 KVA 91 Karcher Pressure Washer 8x20 Container Anthes Heater 350 Anthes Furnace 350 **Cat Loader 973 track***** **Kubota Excavator***** **Portable crusher***** **Portable conveyor*****	NAMC
Red Mountain Site	Underground Workings	ORO 1, ORO IV D.L. 7160, D.L. 7161 NTS 103P 13E Skeena Division	3 3	**JOD415 Mine Trucks***** **(s/n: 1434, unknown, unknown)** **JS360 Scooptrams***** **(s/n: 1269, 1143, unknown)**	NAMC

PART IV - AGREEMENTS

All contracts, agreements, instruments and other documents with respect to the Lands, Fixtures, Personal Property, or Permits in connection with the Red Mountain Property, including but not limited to:

Agreement dated July 29, 1989 between Bond Gold Canada Inc., Wotan Resources Corp. and Dino Cremonese granting Bond Gold an option to acquire seven mineral claims;

1. Agreement dated September 21, 1989 between Bond Gold Canada Inc., Greg Sinitsin and Darcy Krohman, as amended by an assignment and release dated March 21, 1990 between Bond Gold and Greg Sinitsin, and as further amended by a letter agreement dated September 24, 1992 between Lac Minerals Ltd. and Darcy Krohman;

2. Option Agreement dated September 26, 1989 between Bond Gold Canada Inc., Harkley Silver Mines Ltd., Stephen Fegen and Wesley Scott, as amended by letter agreement dated September 30. 1992 between Lac Minerals Ltd. and Harkley Silver Mines Ltd.;

3. Asset Purchase and Royalty Agreement dated August 17, 1995 between 1091064 Ontario Limited, Royal Oak Mines Inc. and Barrick Gold Corporation;

4. Lease made effective January 1, 2000 between North American Metals Corp. and the District of Stewart with respect to a five (5) year lease, expiring December 31. 2004, of lands described as a portion of Lots 5 to 17, inclusive, and a portion of Lots 30 to 42, inclusive, of Block 28, Plan 951. D.L. 443, Cassiar Land District, as outlined in red on the map attached as Schedule "A" for an annual rental of $3,800 and pursuant to which a deposit of $4,000 has been paid by NAMC to the District of Stewart as security to provide an environmental assessment and clean up of the subject premises at the termination of the lease.

PART V - PERMITS

1. Mineral Exploration Permit MX-1-422 (approving underground work system and reclamation program) for the Red Mountain Project, dated June 24, 1993 issued to Lac Minerals Ltd. and subject to the special conditions outlined in letter dated May 19, 1993 to Lac Minerals from Chief Inspector of Mines, as subsequently amended, as follows:

a. Amendment approved March 4, 1994;

b. Amendment approved December 9, 1994 to 1091064 Ontario Limited, whereby the Permit was transferred from Lac Minerals to 1091064 Ontario;

c. Amendment approved September 8, 1995 to Royal Oak Mines Inc.;

d. Amendment dated June 24, 1996 to Royal Oak;

e. Amendment dated July 31, 1996 to Royal Oak;

f. Amendment dated June 10, 1999 to Royal Oak; and

g. Amendment dated March 9, 2000 to North American Metals Corp..

The funds in the amount of $1.5 million required as reclamation security in connection with Permit MX-1-422 and held by North American Metals Corp. subject to the provisions of a safekeeping agreement between North American Metals Corp. and the B.C. Government.

SCHEDULE "B"

THE WILLOUGHBY JOINT VENTURE **PART I:**

AGREEMENTS

All contracts, agreements, instruments and other documents with respect to the Willoughby Joint Venture, including:

1. Agreement effective as at August 21, 1995 between Royal Oak and Gold Giant Minerals Inc. for the purchase of up to a 35% interest in the Willoughby Project.
2. Agreement dated February 7, 1994 between Camnor Resources Ltd. and Gold Giant Minerals Inc. (the "Joint Venture Agreement").
3. Letter Agreement dated February 7, 1994 between Camnor Resources Ltd. and Gold Giant Minerals Inc. (attached as Schedule B to the Joint Venture Agreement).

including any joint venture interest of North American Metals Corp., if any, arising therefrom or created thereby, or in connection with the following agreements:

1. Assignment of benefit of Willoughby Joint Venture And Assumption of Liabilities dated February 7, 2000 between PricewaterhouseCoopers, as Interim Receiver of the Property, Assets and Undertaking of Royal Oak Mines Inc. and certain other Companies and North American Metals Corp.

2. Willoughby Assignment Consent Agreement (Camnor) made February 4, 2000 between North American Metals Corp. and Camnor Resources Ltd.

3. Willoughby Assignment Consent Agreement (Gold Giant) made February 4, 2000 between North American Metals Corp. and Gold Giant Minerals Inc.

relating to the Mineral Claims described in Part II of this Schedule "B": **PART II:**

MINERAL CLAIMS

CLAIM RECORD NO.	CLAIM NAME	LOT NUMBER
324246	PIUS 1	
324247	PIUS 2	
324248	PIUS 3	
324249	PIUS 4	
330112	BART #2	

CLAIM RECORD NO.	CLAIM NAME	LOT NUMBER
330113	BART #3	
251064	DEL	
313464	JOSE	
313465	CUERVO	
331647	RUBBLE 1	
331648	RUBBLE 2	

Noranda Inc.

181 Bay Street, Suite 4100
P.O. Box 755, BCE Place
Toronto, ON,
Canada M5J 2T3
www.noranda.com

noranda

(416) 982 7111

Tel

Fax (416) 982 7423

September 13, 2002

Mr. Rudi P. Fronk
President and CEO
Seabridge Gold Inc.
172 King Street East, 3rd Floor Toronto, Ontario
M5A 1J3
(416) 367-9292

Dear Mr. Fronk:

Subject: Kerr – Sulphside Property, British Columbia

Noranda Inc. ("Noranda") proposes the following terms (the "Option Agreement") whereby Noranda will have an option to acquire 65% of the interest in the mining claims held by Seabridge Gold Inc. ("Seabridge") in the Skeena Mining Division, British Columbia as more particularly described in Schedule "A" attached hereto (the "Property").

Noranda is entering into this Agreement on the fundamental understanding that Noranda will replace the existing $225,000 reclamation bond posted by Seabridge on the Property with a reclamation bond posted by it on the Effective Date and thereupon the $225,000 so posted by Seabridge will be released to Seabridge, provided, however, that the following terms and conditions shall be completed to Noranda's satisfaction:

(a) an acceptable agreement being reached by Noranda with the British Columbia Ministry of Energy and Mines (BCMEM) with respect to reclamation of historical work sites, including the Placer Dome Camp, located on the property;

(b) the terms, scope and requirements of reclamation on the property will be negotiated and defined in a written agreement (the "Reclamation Agreement") with the BCMEM and the terms of the Reclamation Agreement shall be no more onerous in all material respects than the reclamation terms used by BCMEM in establishing the $225,000 bond presently held by Seabridge;

the Reclamation Agreement will stipulate that completion of reclamation as therein required shall terminate the reclamation bond and satisfy all present and future reclamation obligations related to historical work conducted on the Property and that this release shall be transferable to Seabridge should the Option Agreement be terminated. A clause will be incorporated in the Reclamation Agreement absolving Noranda of any reclamation responsibilities or future liabilities for historical activities outside of those defined by the Reclamation Agreement; and

(c)

Noranda shall conduct an examination of the property and title thereto while the Reclamation Agreement is being negotiated and must be satisfied with the results of such examination.

In the event that a Reclamation Agreement is not successfully negotiated with the BCMEM with respect to reclamation of historical activity on the Property as provided above, or any of the other terms and conditions (a) to (d) is not satisfied, or if the consents and Assumption Agreements referred to in Section 1(d) and Section 20 have not been obtained or executed, as the case may be, Noranda at it sole election may terminate the Option Agreement and, if Noranda so elects, the parties shall be deemed never to have entered into the Option Agreement.. In the event that all such terms and conditions are satisfied and such consents have been obtained and Assumption Agreements executed, Noranda shall notify Seabridge to that effect and the date of such notice shall hereinafter be referred to as the "Effective Date". If Noranda has not provided such notice on or before September 30, 2003, Seabridge, at its sole election, may terminate the Option Agreement. Upon successful negotiation of the Reclamation Agreement and satisfaction of all of the terms and conditions in (a) to (d) above, Noranda will agree to conduct reclamation activities that will meet the requirements under the Reclamation Agreement. Recontouring of the Kerr drill access roads or other similar roads on the Property is not contemplated. Any costs incurred in connection with such reclamation work shall qualify as "Expenditures" contemplated under Section 4(a).

THE PROPERTY

1. ***Representations and Warranties.*** Seabridge represents and warrants that on the date hereof and on the Effective Date:

(a) the Property is properly and accurately described in Schedule "A";

(b) to the best of its knowledge, information and belief, following due enquiry, Seabridge holds a 100% legal and beneficial ownership interest in the Property ("Interest") granted and held pursuant to the Mineral Tenure Act (the "Act") subject only to a 1% net smelter royalty (capped and subject to a lump sum purchase obligation in the amount of $4,500,000) payable to Placer Dome (KS) Limited pursuant to the Asset Purchase and Sale, Royalty and Indemnity Agreement dated March 27 , 2001 and a 2% of one-half of Net Smelter Returns (capped and subject to a lump sum purchase right in the amount of US$450,000) payable to Grace Dawson and an advance royalty of US$5,000 per year in respect thereof payable under the terms of an agreement among Newhawk Gold Mines Ltd., Granduc Mines Limited and Grace Dawson dated December 18, 1990;

(c) to the best of its knowledge, information and belief, following due enquiry, the Property is duly recorded with the Gold Commissioner for the Skeena Mining

Division (Mining Recorders Office); the mining claims comprising the Property are not required to be renewed, and the Property assessment work is in good standing and will be in good standing, for a period of at least 6 months following the Effective Date; and the Property is held free and clear of all encumbrances, including secondary surface rights, land claims and mineral in-holdings and, except as specifically described in Section 1(b), no other person has any proprietary or royalty interest in the Property;

(d) the execution, delivery and performance of this Agreement by Seabridge and the consummation of the transactions contemplated herein, including the transfer of an Interest in the Property to Noranda, does not and will not result in or constitute any of the following: (i) a default, breach or violation or an event that, with notice or lapse of time or both, would be a default, breach or violation of any of the terms, conditions or provisions of the articles or by-laws of Seabridge, or any lease, lien, permit, promissory note, security agreement, commitment, indenture, mortgage, hypothec, deed of trust or other agreement, instrument or arrangement to which Seabridge is a party or by which it or the Property is bound; (ii) an event that would permit any party to rescind any agreement or accelerate the maturity of any obligation of Seabridge related to the Pro perty; (iii) the creation or imposition of any lien on the Property; or (iv) an event requiring the consent of any other party, including, without limitation, the shareholders of Seabridge, except that before Seabridge may transfer its interest in the Property to any person:

(i) Seabridge must obtain the consent of Placer Dome (KS) Limited under the Asset Purchase and Sale, Royalty and Indemnity Agreement dated for reference the 27th day of March, 2001, and in connection therewith Noranda must agree in writing in favour of Placer Dome (KS) Limited to be bound by and subject to the terms of the Asset Purchase and Sale, Royalty and Indemnity Agreement; and

(ii) Seabridge must obtain the consent of Newhawk Gold Mines Ltd. to the assignment of its interest in the Xray 2 and Xray 6 claims to Noranda under the terms of the agreement dated February 3, 1992, between Placer Dome Inc. and Newhawk Gold Mines Ltd., the Memorandum of Understanding of February 4, 1992 between Placer Dome Inc. and Newhawk Gold Mines Ltd. and the Assignment and Assumption Agreement dated February 4, 1992, between Placer Dome Inc. and Newhawk Gold Mines Ltd. and in connection therewith Noranda must enter into an Assumption Agreement with Newhawk Gold Mines Ltd. assuming the obligations of Placer Dome Inc. in accordance with the Memorandum of Understanding of February 4, 1992 between Placer Dome Inc. and Newhawk Gold Mines Ltd.; and

(e) there are no outstanding work orders or actions required to be taken pursuant to the Act or any other applicable legislation or statute relating to environmental matters in respect to the property or any operations thereon (with the exception of the $225,000 reclamation bond) and that it has no knowledge of any other environmental issues affecting the Property.

THE OPTION

1. Grant of Option. Seabridge hereby irrevocably grants to Noranda the sole and exclusive option to acquire an initial 50% Interest in the Property (the "Option") and to acquire a subsequent additional 15% Interest in the Property (the "Bump Up Option") as set out herein.

2. Holding Title.

On or after the Effective Date, Seabridge will, at Noranda' s request and expense, transfer 100% of registered title to the Property to Noranda to be held in trust by Noranda in accordance with the terms of this Agreement. Until such time as Noranda makes such a request, Seabridge will hold 100% of the Interest in trust on behalf of the parties in accordance with the terms of this Agreement. Until the Effective Date, Seabridge shall take all commercially reasonable actions required to ensure that the representations and warranties relating to the Property to be given on the Effective Date are true and accurate on that date. Following the Effective Date, and provided that Noranda is in current compliance with its obligations under this Agreement, Seabridge shall take no action to encumber or alienate title to the Property or hinder its ability to subsequently transfer 100% of unencumbered title to the Property to Noranda at Noranda's request pursuant to this Section 3. In the event that Noranda elects not to acquire 100% of the registered title to the Property pursuant to this Section 3, it shall nonetheless be entitled to exercise all the rights with respect to the Property as conferred by this Agreement and Seabridge shall comply with any directions provided to it from time to time by Noranda in exercise of such rights.

3. Option Earn-In.

To maintain the Option in good standing and earn its initial 50% Interest in the Property, Noranda must:

(a) from the Effective Date to the anniversary of the Effective Date ("Option Period") incur expenditures relating to the reclamation, exploration and development of the Property ("Expenditures"):

(i) of not less than $250,000 in the initial year (in addition to any reclamation Expenditures) and $500,000 in any subsequent year (including reclamation Expenditures) (from one anniversary of the Effective Date to the next); and

(ii) in the aggregate of six million dollars ($6,000,000), and

(b) give written notice to Seabridge no later than thirty (30) days after the obligation under Section 4(a) has been complied with, but in no event later than the 6' anniversary of the Effective Date.

In the event Noranda does not incur the required minimum or aggregate Expenditures within the requisite time period but wishes to keep the Option in good standing, it shall be entitled to do so by making a non-refundable payment to Seabridge equal to the difference between the required minimum or aggregate Expenditures and the amount of Expenditures actually incurred before the end of the relevant period. Upon satisfying conditions (a) and (b) herein, a 50% Interest shall vest in Noranda.

For the purposes of this agreement, the term "Expenditures" shall refer to costs incurred on reclamation of the Property and on exploration and development activities directed

towards disclosure and definition of an ore body on the Property, including payments required to maintain the Property in good standing, monies expended in paying the fees, wages, salaries, travelling expenses and fringe benefits of all persons engaged in work with respect to or for the benefit of the Property and which are attributable to such persons work on the Property and an overhead fee equal to 5% of Expenditures incurred by Noranda in relation to the Property, except third party contracts which exceed $50,000 in a single year for which the overhead fee will be 3%, and any construction or development contracts in excess of $100,000 to which a 1% overhead fee shall apply.

5. Bump Up Option. Upon completion of its Option earn-in pursuant to Section 4, Noranda shall acquire an additional option (the "Bump Up Option") to increase its 50% Interest to a 65% Interest by funding 100% of the cost to complete a Feasibility Study within five (5) years of electing to do so as herein provided. Contemporaneously with the delivery of the written notice referred to in Section 4(b) (the "First Notice Date"), Noranda shall notify Seabridge in writing whether it elects:

(a) to complete a Feasibility Study within five (5) years of the First Notice Date;

(b) to delay an election to complete a Feasibility Study by up to an additional three (3) years from the First Notice Date by choosing the Bump Up Option Extension Period described in Section 6; or

(c) to terminate the Bump Up Option, but in any event Noranda must elect one of (a), (b) or (c).

6. ***Bump Up Option Extension Period*** In the event that Noranda elects to provide written notice pursuant to Section 5(b) and selects the Bump Up Option Extension Period, it shall be entitled to postpone the delivery of a written notice electing to complete a Feasibility Study within a five (5) year period for up to three (3) years until the third anniversary of the First Notice Date. For each year or partial year during the Bump Up Option Extension Period, as measured by one anniversary of the First Notice Date to the next, that Noranda wishes to preserve such extension, Noranda must either incur Expenditures or make a payment to Seabridge as follows:

(a) In the first year, Expenditures of no less than $1,250,000 or a cash payment to Seabridge of $250,000;

(b) In the second year, Expenditures of no less than $1,250,000 or a cash payment to Seabridge of $500,000;

(c) In the third year, Expenditures of no less than $1,250,000 or a cash payment to Seabridge of $750,000.

Noranda shall notify Seabridge in writing no later than 30 days prior to the commencement of each year during the Bump Up Option Extension period as to whether it elects to incur Expenditures or make a payment to Seabridge in that year. If Noranda elects to make a payment to Seabridge in that year, payment must be made no later than 30 days after the commencement of that year.

At any time on or prior to the third anniversary of the First Notice Date, but in no event later than the third anniversary of the First Notice Date, Noranda shall notify Seabridge in writing that it elects to complete a Feasibility Study within five (5) years of the date on which the written notice is delivered. If Noranda chooses to deliver such notice prior to

the third anniversary of the First Notice Date, it may do so provided that it has incurred the Expenditures or made payments to Seabridge as required hereunder for all previous years comprising the Bump Up Option Extension Period as well as for the entire year which includes the date on which such notice is delivered. In such event, Noranda shall be under no obligation to incur any minimum Expenditures or make any payments to Seabridge with respect to the full years remaining in the Bump Up Option Extension Period.

Any Expenditures exceeding the required minimum expenditures in any year during the Bump Up Option Extension Period may not be carried forward and credited to the Expenditures which Noranda elects to incur in any subsequent year in the Bump Up Option Extension Period. In the event Noranda has elected to incur Expenditures in a year but does not incur the minimum Expenditures required in that year, but wishes to keep the Bump Up Option Extension Period in good standing, it shall be entitled to do so by making a non-refundable payment to Seabridge equal to the difference between the minimum Expenditures required in that year and the amount actually incurred in that year

7. ***Exercising the Bump*** *Up* ***Option.*** The Bump Up Option may be exercised by Noranda upon providing written notice to Seabridge pursuant to:

(a) Section 5(a); or

(b) pursuant to Section 6 (provided that Noranda has provided notice pursuant to Section 5(b) and selected the Bump Up Option Extension Period and complied with Section 6),

and by such notice elects to complete a Feasibility Study within five (5) years of the date on which such written notice was delivered, and by completing and delivering to Seabridge such Feasibility Study within such five (5) year period. An additional 15% Interest shall vest in Noranda immediately upon completion and delivery to Seabridge of the Feasibility Study ("Bump Up Option Vesting") within such five (5) year period.

8. ***Termination*** *of* ***the Agreement.*** All payments and Expenditures required to keep the Option and Bump Up Option in good standing as outlined in Sections 4, 6 and 7, or otherwise required to be made before Bump Up Option Vesting occurs, except the reclamation expenditures to be incurred pursuant to the Reclamation Agreement after the Effective Date which is a firm obligation, are optional at the sole discretion of Noranda and Noranda shall not be required to make any such payment or incur any such Expenditures unless it wishes to keep the Option and Bump Up Option in good standing. After completion of its obligations under the Reclamation Agreement and until Bump Up Option Vesting has occurred, Noranda may terminate at any time:

(a) the Option by providing notice thereof and complying with section 18 hereof regarding dropping claims; or

(b) the Bump Up Option by giving Seabridge written notice of such termination and upon receipt of such notice by Seabridge the Bump Up Option shall terminate.

Within a 180 day period after delivery of a notice of termination of the Option or the Bump Up Option Noranda shall provide to Seabridge the original or copies (if such data is capable of being copied onto paper or electronically) of, if applicable, all reports, maps, sections, drill logs, assay results, core, sample pulps, studies and all other records or data (paper or electronic) and physical samples or material with respect to all work of Noranda performed on or concerning, or extracted from, the Property, to the extent the same are in Noranda's possession (collectively, the "Property Data")

9.

The Seabridge Purchase Option. If Noranda has complied with Section 4 and acquired a 50% Interest in the Property, Seabridge shall have the right, but not the obligation, to acquire the 50% Interest held by Noranda upon paying Noranda $3,000,000. The Seabridge purchase option shall arise if any one of the following events (any one being a "Repurchase Event") occurs:

(a) if Noranda elects to terminate the Bump Up Option under section 5(c) or section 8 hereof;

(b) if Noranda fails to incur the Expenditures or make the payments or deliver a notice as required under Section 6 after having delivered notice pursuant to Section 5(b) and selecting the Bump Up Option Extension Period; or

(c) if Noranda fails to exercise the Bump Up Option by completing and delivering a Feasibility Study to Noranda within the time period established under Section 7.

If a Repurchase Event occurs and Noranda has not itself given a notice of termination of this Agreement, Seabridge may exercise its right to acquire the 50% Interest held by Noranda but only if:

(i) it shall have first given Noranda a written notice of such Repurchase Event; and

(ii) Noranda has not, within 10 days following delivery of such notice cured the failure causing the Repurchase Event by providing the notice or incurring Expenditures or making a payment of the shortfall for that time period to Seabridge, as the case may be.

Within thirty (30) days following any failure by Noranda to cure any failure within the period described in item (ii) above Seabridge shall notify Noranda in writing as to whether it elects to acquire the 50% Interest held by Noranda and, if it does so elect, it shall arrange to reimburse Noranda as required above within thirty (30) days of delivering such notice whereupon Noranda shall transfer the 50% Interest which it holds and any reclamation bonds which Noranda has posted with respect to the Property(and the monies deposited in respect thereof) to Seabridge. In the event that Seabridge fails to provide such notice or to arrange such payment as required herein, it shall be deemed to have waived any right to acquire the 50% Interest held by Noranda and the parties shall proceed to form a Joint Venture with respect to the Property in which each party holds an initial 50% Interest. The parties agree that this shall be a one-time election by Seabridge which may only be exercised on the first to occur of any one of items (a), (b) or (c).

In the event that Seabridge acquires Noranda's 50% Interest hereunder, Noranda shall furnish all Property Data to Seabridge within 180 days of such acquisition.

10. ***Feasibility Study. A*** Feasibility Study for the purposes hereof means a study showing the feasibility of placing the Property into production, in such form and detail as would be accepted by the board of directors of Noranda in determining the viability of mining projects such as the Property and shall include a reasonable assessment of the mineable mineral reserves and their amenability to milling, a complete description of the work, equipment and supplies required to bring the Property into production and the estimated cost thereof, a description of the mining methods to be employed and a financial appraisal of the proposed operations using reasonable assumption as to mineral prices and supported by explanations of the following information

(a) A description of that part of the Property to be covered by the proposed mine,

(b) the estimated recoverable reserves of minerals and the estimated composition and content thereof, including the effect of grade, dilution and impurities,

(c) the proposed procedure for development, mining and production,

(d) results of milling amenability tests,

(e) the nature and extent of the facilities proposed to be acquired which may include mill facilities, if the size, extent and location of the ore body makes such mill facilities feasible, in which event the study shall also include a preliminary design for such mill, and the proposed mill site location, if any, or appropriate provisions for custom milling facilities,

(f) the total costs, including capital budget, which are reasonably required to purchase, construct and install all structures, machinery and equipment required for the proposed mine, including a schedule of timing of such requirements,

(g) the results of all environmental impact studies for the Property and costs of such studies,

(h) the period in which it is proposed the Property shall be brought to production,

(i) working capital requirements for the initial four (4) months of operation of the Property as a mine or such longer period as may be reasonably justified in the circumstances by the party doing the study,

(j) estimates of shutdown and reclamation costs, and

(k) the net present value of the Property, through a detailed presentation of the financial model used to generate the net present value, including the principal assumptions relating thereto and appropriate sensitivity tests.

Any costs incurred by Noranda in preparing a Feasibility Study shall, if incurred prior to the 6`1' anniversary of the Effective Date or during the Bump Up Option Extension Period, be credited against the minimum annual or aggregate Expenditures obligations required in accordance with Sections 4 and 6, as the case may be.

11. ***Information Disclosure To Noranda.*** Upon execution of this Agreement and throughout its term, Seabridge will make available to Noranda all information in its possession or control relating to work done on or with respect to the Property.

RIGHTS AND OBLIGATIONS PRIOR TO BUMP UP OPTION VESTING

1. Land Holding Fees.

Until the first to occur of the Bump Up Option Vesting, termination of the Option or the Bump Up Option or expiry of the Option or the Bump Up Option unexercised, Noranda shall be responsible for paying annual rentals or holding fees, including fees payable for maintaining the mining claims, filing reports with government agencies, applying work assessment credits to the claims and otherwise maintaining the Property in good standing, and any costs incurred in connection therewith shall be included as Expenditures pursuant to Section 4 and Section 6 as the case may be. Until Bump Up Option Vesting occurs, neither party shall be entitled to create any liens or encumbrances against title to the Property or to alter the terms of any agreements affecting title to the Property including, without limitation, the agreements referred to in Section 1(b), without the prior written approval of the other party. Notwithstanding the responsibility assumed by Noranda hereunder, the lump sum purchase of $4,500,000 for the Placer Dome royalty referred to in Section 1(b) shall, irrespective of when it becomes due, be the obligation of the Joint Venture constituted under this Agreement and shall be the responsibility of the parties in accordance with their respective Interests at the time the Joint Venture is constituted.

2. Work Standards.

All work done by Noranda shall be done in accordance with good mining, exploration and development practice and in compliance with all applicable laws and regulations including all reclamation obligations.

3. ***Indemnity.*** Until the Bump Up Option Vesting occurs Noranda shall indemnify and save harmless Seabridge from and against all suits, claims, demands, losses and expenses that directly arise as a result of Noranda's activities on the Property.

4. ***Annual Reports and Other Disclosure to Seabridge.***

Until the Bump Up Option Vesting occurs, Noranda shall provide Seabridge with annual reports indicating any results and interpretations obtained or received in connection with exploration or development work on the Property and an accounting of Expenditures which were incurred. The annual report will be submitted to Seabridge on or before March 1st of each successive year. Notwithstanding such disclosure by Noranda, it shall not have any liability or responsibility to Seabridge in connection with any reports or results that it provides to Seabridge, or any information contained therein, and Seabridge agrees that it will rely on its own appraisals and interpretations related thereto. Each annual report shall be conclusive evidence of the making of the Expenditures set out therein unless Seabridge questions the accuracy of such statemen t within 90 days of receipt. If Seabridge questions the accuracy of the statement and the matter cannot be resolved between the parties, the matter shall be referred to a national firm of Chartered Accountants not engaged by either party for final determination. If such firm determines, after having consulted with Noranda, that the Expenditures incurred were less than those reported by Noranda, Noranda shall not lose any of its rights hereunder provided Noranda pays to Seabridge within 30 days of the receipt of the determination 100% of the deficiency in such Expenditures. If Noranda makes such payment, it shall be deemed to have also timely incurred Expenditures equal to such payment. If the firm of Chartered Accountants determines that the Expenditures incurred were less than 95% of those reported by Noranda, Noranda shall pay the entire cost of the determination; it they were 95% to 100% of those reported by Noranda, the cost of the determination shall be paid by Noranda and Seabridge equally; if in exces s of 100% of the Expenditures reported by Noranda, Seabridge shall pay the entire cost of the Chartered Accountant's determination.

Seabridge shall be entitled to request a copy of any Property Data within Noranda's possession that is capable of being copied onto paper or electronically and Noranda shall, within 20 days of receiving such a request, furnish the requested copy to Seabridge.

If, in between delivery of annual reports there should arise any change in the condition of, status of, or prospects for profitable operation of a mine on, the

Property which Noranda, exercising reasonable discretion, determines is material specifically in relation to the Property (excluding changes in market and other general conditions), Noranda shall promptly provide Seabridge with notice of the details of such change.

Site Visits. Until the Bump Up Option Vesting occurs, Seabridge may visit the Property and/or the offices of Noranda or its agents and have access to all exploration results from the Property provided reasonable notice is given to Noranda and the costs of any such visits shall be borne by Seabridge and Noranda shall be held blameless and shall be indemnified by Seabridge for any claim or liability arising out of any mishap which may happen to Seabridge or its employees during the course of such visit.

2. Exclusive Possession.

Until the Bump Up Option Vesting occurs, Noranda in its sole discretion shall be responsible for proposing, carrying out and administering exploration and development work upon the Property and shall have exclusive charge of all operations on the Property. Subject to section 16, Noranda shall have quiet and exclusive possession of the Property and have the exclusive right to conduct exploration and development work on the Property, with the full right to remove mineral samples and ores for the purpose of assays and tests, and to have such buildings, machinery, equipment and supplies on the Property as it deems necessary.

3. ***Dropping***

Claims. Until the Bump Up Option Vesting occurs, and upon providing Seabridge with notice to that effect, Noranda may relinquish to Seabridge one or more of the claims comprising the Property, provided that such claims are in good standing for at least one (1) year, whereupon Noranda shall have no further obligations with respect to such claims, except as set out below. In the event that at any time, until the Bump Up Option Vesting occurs, Noranda has dropped or transferred to Seabridge the claims which comprise the whole of the Property, then this Agreement shall thereupon terminate and Noranda shall have no further obligations or responsibilities in respect of the Property or to Seabridge, except as set out below. If Noranda wishes to withdraw from this Agreement prior to the Bump Up Option Vesting occurring or wishes to drop or abandon any claims comprising the Property in accordance with the terms h ereof, it must complete all its cleanup, rehabilitation and reclamation obligations with respect to any work it has conducted hereunder, and any obligations pursuant to the Reclamation Agreement, with respect to the claims comprising the Property or the claims to be dropped, in accordance with all applicable regulations.

4. ***Assignment.***

During the Option, neither party will assign, dispose or otherwise transfer any interest in the Agreement or in the Property to any third party other than to an affiliate of such party.

r** of Title by **Noranda. In the event that Noranda:

(a) allows the Option to expire unexercised; or

(b) is required to transfer its 50% Interest to Seabridge in the circumstances described in Section 9, or is required to convey to Seabridge any Interest to which it is entitled pursuant to Section 22,

it shall transfer the requisite Interest in the mining claims which comprise the Property which it holds in trust at the date to Seabridge and Seabridge shall accept such transfer and Noranda shall ensure that the mining claims are not required to be renewed and that the Property assessment work is in good standing for a period of one (1) year following the date of such transfer. Seabridge shall execute Assumption Agreements as described under Section 1(d) with respect to any such re-transfer of title by Noranda and any consents (which shall be irrevocable) required for such re-transfer shall be obtained when the consents for the original transfer of title to Noranda are obtained and Noranda shall hold such documents in trust until the date such re-transfer occurs.

21. ***Property Data.***

Within 180 days of (or any other period otherwise specified herein) termination of Noranda's interest in the Property or any part thereof, whether by notice, failure to satisfy the terms of exercise of the Option, dropping claims or otherwise, Noranda shall provide the Property Data in respect of the terminated interest in the Property to Seabridge.

VESTING OF PROPERTY INTEREST

22. ***The Joint Venture.***

(a) In the event that Noranda acquires a 50% Interest in the Property pursuant to Section 4 and has terminated, has not exercised or has failed to exercise the Bump Up Option, and Seabridge has elected, or is deemed to have elected, not to acquire the 50% Interest held by Noranda in the circumstances outlined in Section 9, a Joint Venture to govern the future exploration and development of the Property will be immediately constituted in which the initial Interest of each party shall be 50%.

Noranda shall convey to Seabridge a 50% Interest in the Property from the 100% Interest which it holds in trust and the obligation to hold the remaining 50% Interest in trust shall thereupon terminate.

Upon formation of the Joint Venture Noranda and Seabridge in accordance with their respective Interests will thereafter share all expenditures and obligations relating to the Property in accordance with their respective Interests. The Interest of a party from time to time can be calculated by dividing that party's Expenditures and deemed Expenditures relating to the Property by the total Expenditures and deemed Expenditures of all parties and expressing the result as a percentage.

Interest = Total Participant's Expenditures x 100 Total Joint Venture Expenditures

The sum of all Interests must equal 100% at all times. For the purpose of this calculation, upon the formation of the Joint Venture, but subject to Section 13, each party will have deemed Expenditures equal to:

Noranda: $ 6,000,000 Seabridge: $ 6,000,000

(b) In the event that Bump Up Option Vesting occurs, and Noranda acquires a 65% Interest, a Joint Venture to govern the future exploration and development of the Property will be immediately constituted in which the initial Interest of Seabridge will be 35% and in which the initial Interest of Noranda will be 65%. Noranda shall convey to Seabridge a 35% Interest from the 100% Interest which it holds in trust and the obligation to hold the remaining 65% Interest in trust shall thereupon terminate.

Upon formation of the Joint Venture all expenditures and obligations relating to the Property thereafter will be shared by Noranda and Seabridge in accordance with their respective Interests. The Interest of a party from time to time can be calculated by dividing that party's Expenditures and deemed Expenditures relating to the Property by the total Expenditures and deemed Expenditures of all parties and expressing the result as a percentage.

Interest = Total Participant's Expenditures x 100 Total Joint Venture Expenditures

The sum of all Interests must equal 100% at all times. For the purpose of this calculation, upon the formation of the Joint Venture, but subject to Section 13, Noranda will be deemed to have incurred all the exploration, development and feasibility costs which it has incurred to that date in relation to the Property and Seabridge will be deemed to have incurred Expenditures in relation to the Property in an amount equal to 53.846% of the costs which Noranda has incurred.

1. ***Joint Venture Agreement.***
The parties shall employ all reasonable commercial efforts to negotiate and agree to a formal joint venture agreement ("Joint Venture Agreement") for the Property within one month of the creation of the Joint Venture. The Joint Venture Agreement shall incorporate the provisions of this Option Agreement with such additions thereto and additional provisions as would be typical for similar Canadian joint ventures.

2. ***Designation of Operator.*** Noranda shall have the right to designate the operator ("Operator") provided Noranda maintains at least a 50% Interest in the Property subject, however, to the condition that if a party which is entitled to designate the Operator pursuant to this Section does not have at least a 50% Interest, then the Management Committee shall appoint the Operator. The designated Operator shall comply with its duties and obligations as described in the Joint Venture Agreement. The Operator will

propose work plans and budgets to the Management Committee and implement work plans and budgets approved by the Management Committee.

1. ***Management Committee.***

Upon the formation of Joint Venture as hereinbefore described, a Management Committee would immediately be formed with Noranda and Seabridge appointing the representatives thereon. Each party shall have a vote in Management Committee meetings equal to its Interest from time to time. Decisions shall be by majority vote with the Operator having a casting vote in case of deadlock.

2. Work Plans and Budgets.

Each work plan and budget will be prepared by the Operator in respect of a period of time of up to 12 months and will contain an itemised projection of expenditures to be incurred, the nature of the work to be performed and the expected schedule of implementation. Each such work plan and budget shall be submitted to the Management Committee for approval no later than 30 days prior to the commencement of the period to which it relates. The Operator will be entitled to submit phased work plans and budgets in which the implementation of successive phases will be dependent upon the result of previous phases.

3. Participation in Work Plans and Budgets. Each party shall have the right to elect to participate in the work plan and budget approved by the Management Committee in proportion to its Interest or any lesser proportional interest or to decline to participate entirely by delivering a written notice of its election to that effect to the Management Committee prior to the commencement of the period to which such work plan and budget relates (the elected proportional participation in such work plan and budget shall be hereinafter referred to as a party's "Participating Interest") If a party fails to provide such a written notice to the Management Committee within such period, it shall irrevocably be deemed to have elected not to participate. In the event that either party elects (or is deemed to have elected) not to participate or to participate in a proportion less than its Interest, that shortfall shall prom ptly be offered to the other parties. In the event that in such subsequent offer the other parties elect to participate in the shortfall in amounts, which, collectively, exceed the amount of shortfall available, entitlement shall be apportioned on the basis of the relative Interests of the parties. In the event that the parties ultimately and collectively elect to participate in less than the entire work plan and budget, the Management Committee shall have the right, in its discretion, either to cancel and rescind the new work plan and budget or to revise and down-size the work plan and budget to a level, scope and size commensurate with the amount of funds actually committed by the parties.

4. Cash

Calls. Monthly expenditure projections will be provided by the Operator to the parties on a quarterly basis, 30 days in advance of each quarter and each party will remit funds representing its Participating Interest share of projected expenditures for the month in which the funds are scheduled to be expended to the Operator on or before the first day of the month in which the funds are scheduled to be expended. The Operator shall also be entitled to issue cash calls at any time to the parties requiring each party to contribute its Participating Interest share of any budget overruns of up to 10% of budgeted expenditures or its Interest share of any emergency or other unexpected expenditures. Failure by a party to provide its share of such cash call funds within 15 days of notice from the Operator that such funds are overdue will be deemed to be an election by such party that it is n ot participating in such cash call in respect of the shortfall between the

amount that such party was required to contribute and the amount actually contributed and the Operator shall be entitled to invite the other party or parties to contribute such shortfall. In the event that another party contributes such shortfall, such party shall be deemed to have incurred $2.00 in costs related to the Property for each $1.00 contributed in respect of such shortfall for purposes of calculating the respective Interests of the parties in the Property. In the case of cash calls for budget overuns in excess of 10% of budgeted expenditures for a year, the Operator shall fund the cost of such overruns but, at the end of such year shall issue a cash call to the other parties requiring each party to contribute its Participating Interest share of such completed program. Failure by a party to provide its share of such cash call funds within 15 days of such notice shall result in d ilution of such Party's Participating Interest using the formula set out in Section 22 hereof.

1. Overhead Fee.

Until the Bump Up Option Vesting occurs, Noranda shall be entitled to include as part of its Expenditure obligations pursuant to Section 4 and Section 6, if applicable, an overhead fee equal to 5% of Expenditures incurred by Noranda in relation to the Property except third party contracts which exceed $50,000 in a single year for which the overhead fee will be 3%, and any construction or development contracts in excess of $100,000 to which a 1% overhead fee shall apply. In the event that a Joint Venture is formed pursuant to Section 22(a), the Operator shall be entitled to charge to the Joint Venture and to be paid an identical overhead fee until the Management Committee approves a Feasibility Study. Irrespective of whether a Joint Venture is formed pursuant to Section 22(a) or (b), overhead fees on all expenditures from the date of the Management Committee's approv al of a Feasibility Study shall be renegotiated and shall be based upon usual business practice for preproduction and an operating mine, it being the intention of the parties that the Operator shall neither make a profit nor operate at a loss.

2. Dilution.

Following the formation of a Joint Venture, the Interest of a party may be diluted in the event that a party elects pursuant to Section 27 to participate in a work plan and budget in a proportion less than its Interest or a party fails to contribute its Participating Interest share of a cash call pursuant to Section 28. Should either Seabridge or Noranda have its Interest reduced to 10% or less, then such party shall have its Interest converted to a 1% Net Smelter Return royalty which shall be calculated and paid in accordance with the provisions of Schedule "B" attached hereto ("Royalty"). The reduction or conversion to a Royalty of a party's Interest shall not relieve such party of its share of any liability, whether it accrued before or after reduction or conversion, arising out of operations conducted prior to such reduction or conversion. A party' s share of such liability shall be equal to its Interest at the time that such liability was incurred.

3. *Right of First Offer.*

Each party shall have a right of first offer on any proposed transfer, assignment or other disposition ("Sell") by the other party of all or any portion of the interest in this Agreement or the Interest held by that party, which, for these purposes, shall include a Royalty, held by a party. A party that wishes to Sell all or any portion of its interest in this Agreement or its Interest shall first offer to Sell same to the other party for a price and on terms established by the party proposing to Sell. If the other party does not accept such offer within 30 days, the party proposing to Sell shall, for a period of 90 days, be entitled to Sell its offered interest in this Agreement or its offered Interest, as the case may be, to a third party for the same or greater price and on the same terms or terms

no more favourable to the third party. For the purposes of this section share consideration shall be considered to have the same price as its market value.

1. ***Taking Production in Kind*** Each party shall be entitled to take all ores, concentrates or other material produced as a result of the exploitation and use of the Property by the Joint Venture in kind in proportion to their respective Interests at the time such production by the Joint Venture is completed.

2. *First Right* ***to Purchase or Treat.*** Seabridge acknowledges and agrees that Noranda retains the right to purchase or treat all but not part (unless mutually agreed) of Seabridge's share of ore or concentrate produced from the Property. The purchase price and other purchase terms shall be determined by good faith negotiation between the parties provided that the terms of sale are such that they would be reasonably agreeable at that time to a third party acting at arm's length.

GENERAL

3. ***Dropping***

Claims After Vesting. Upon Noranda earning its Interest in the Property, Seabridge acknowledges and agrees that Noranda has the right at any time at its sole discretion to drop or abandon any or all of its Interest in the claims or area comprising the Property provided that the Noranda shall give Seabridge thirty (30) days notice of its intention to do so and Seabridge may give notice to Noranda, within such 30 day period, electing to have Noranda transfer its Interest in such claims to it. Upon receipt of such notice from Seabridge, Noranda shall forthwith transfer its Interest in such claims to Seabridge. In the event that Seabridge does not so elect or fails to respond to Noranda's notice within such 30 day time period, then Noranda may abandon its Interest in such claims. Subsequent to the abandonment or transfer of its Interest to Seabridge in a claim or area comprising part of the Property, the definition of Property shall exclude such claim or area and Noranda shall have no further obligations or responsibilities in respect of such abandoned or transferred claims.

4. *Automatic Termination After Vesting.* In the event Noranda abandons or transfers to Seabridge its Interest in the claims which comprise the whole of the Property, then this Agreement shall thereupon terminate and Noranda shall have no further obligations or responsibilities in respect of the Property, including, without limitation, any Royalty.

5. ***Area***

of ***Interest.*** Should either party acquire claims, exploration permits, mining leases or any other form of mineral rights or interest therein ("property") from a third party or the Crown after the execution of this Agreement within an area of interest as lying within the Property and the area lying within five (5) kilometres of the outer boundaries of such Property ("Area of Interest") it shall promptly offer the other party the option to acquire an interest in such property in the same proportion as the Interest which such party then holds in the Property and, if such offer is accepted by such party, shall promptly transfer such interest to such party whereupon such property shall be added to the Joint Venture. In consideration for such transfer, the party acquiring the interest shall reimburse the party selling the interest for th e costs incurred by that party on the acquisition, exploration or development of the acquired property in proportion to the interest

transferred. If no Joint Venture is formed hereunder, this Area of Interest obligation shall terminate when the Agreement terminates.

1. ***Commercial Production.*** Seabridge acknowledges and agrees that Noranda shall not be under any obligation whatsoever to place the Property into commercial production, and if placed into commercial production, the Operator shall have the right at any time to curtail or suspend such commercial production as the Operator in its absolute discretion deems advisable.

2. ***Confidentiality and Press Releases.***

Seabridge agrees that the entering into of this Agreement and all data and information provided to or received by Seabridge from Noranda with respect to the Property shall be treated as confidential. Seabridge shall not disclose such information to third parties without obtaining the prior written consent of Noranda, such consent not to be unreasonably withheld, unless law or regulatory authority having jurisdiction requires the disclosure. Neither party shall make any publication or declaration or publicly divulge any information relating to the Property or this Agreement without obtaining the prior consent in writing from the other party. Such consent shall not be unreasonably withheld and

cannot be withheld where applicable law requires public disclosure of such information. Each party shall provide no less than 24 hours advance notice to the other party to review any press release or public disclosure that it proposes with respect to this Agreement or the Property.

3. ***Force Majeure.***

No party hereto shall be liable to the others and no party hereto shall be deemed in default under this Agreement for any failure or delay to perform any of its obligations within the times specified under this Agreement if such failure or delay is caused by or arises out of any act not within the control of the party, excluding lack of funds but including, without limitation, acts of God, strikes, lockouts, or other industrial disputes, acts of the public enemy, riots, fire, storm, flood, explosion, government restriction, aboriginal land claims, failure to obtain any approvals required from regulatory authorities, including environmental protection agencies, unavailability of equipment, interference of third party specific interests groups or other causes whether of the kind enumerated above or otherwise which is not reasonably within the control of the party. No right of a party shall be affected for f ailure or delay of the party to meet any condition of this Agreement, which failure or delay is caused by one of the events above referred to, and all times provided for in this Agreement shall be extended for a period commensurate with the period of the delay, and so far as possible the party affected will take all reasonable steps to remedy the delay caused by the events above referred to provided, however, that nothing contained in this section shall require any party to settle any industrial dispute or to test the constitutionality of any law enacted by any Province or the Federal Government of Canada. Any party relying on the provisions of this section shall forthwith give notice to the other party of the commencement of such event and of its termination.

4. ***Entire Agreement.***

This Agreement including Schedules "A" and "B" attached hereto, constitutes the entire Agreement between Seabridge and Noranda pertaining to the Property and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written between Seabridge and Noranda, and there are no warranties, representations or other agreements between Seabridge and Noranda in connection with the Property except as set forth herein.

5. *Headings.* Headings in this Agreement are for reference and convenience only with no legal significance and do not expand, amend, alter or influence in any way the substantive provisions of the sections to which they refer.

6. *Currency. !* nless specified otherwise, references in this Agreement to monetary amounts are expressed in Canadian currency.

7. *Further Assurances* ***and Agreements.*** Each of the parties to this Agreement shall take all such further steps and execute all such further and other documentation as may be necessary in order to more fully give effect to the provisions of this Agreement.

8. *Governing Law. This* Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia.

If the foregoing terms and conditions accurately reflect our agreement please sign all three copies and return two of them to my attention and this agreement shall be binding on the parties.

Yours truly, **NORANDA INC**.

Tony Green
General Manager, Zinc and Canadian Copper Exploration

Robin Adair
Manager, Canadian Exploration

SEABRIDGE GOLD INC. agrees to the above Agreement as written this 13 day of September, 2002.

Rudi Fronk, President and Chief Executive Officer

This is SCHEDULE "A" to the letter agreement
dated the 2002
between
NORANDA INC.
and
Seabridge Resources Inc.

PROPERTY DESCRIPTION

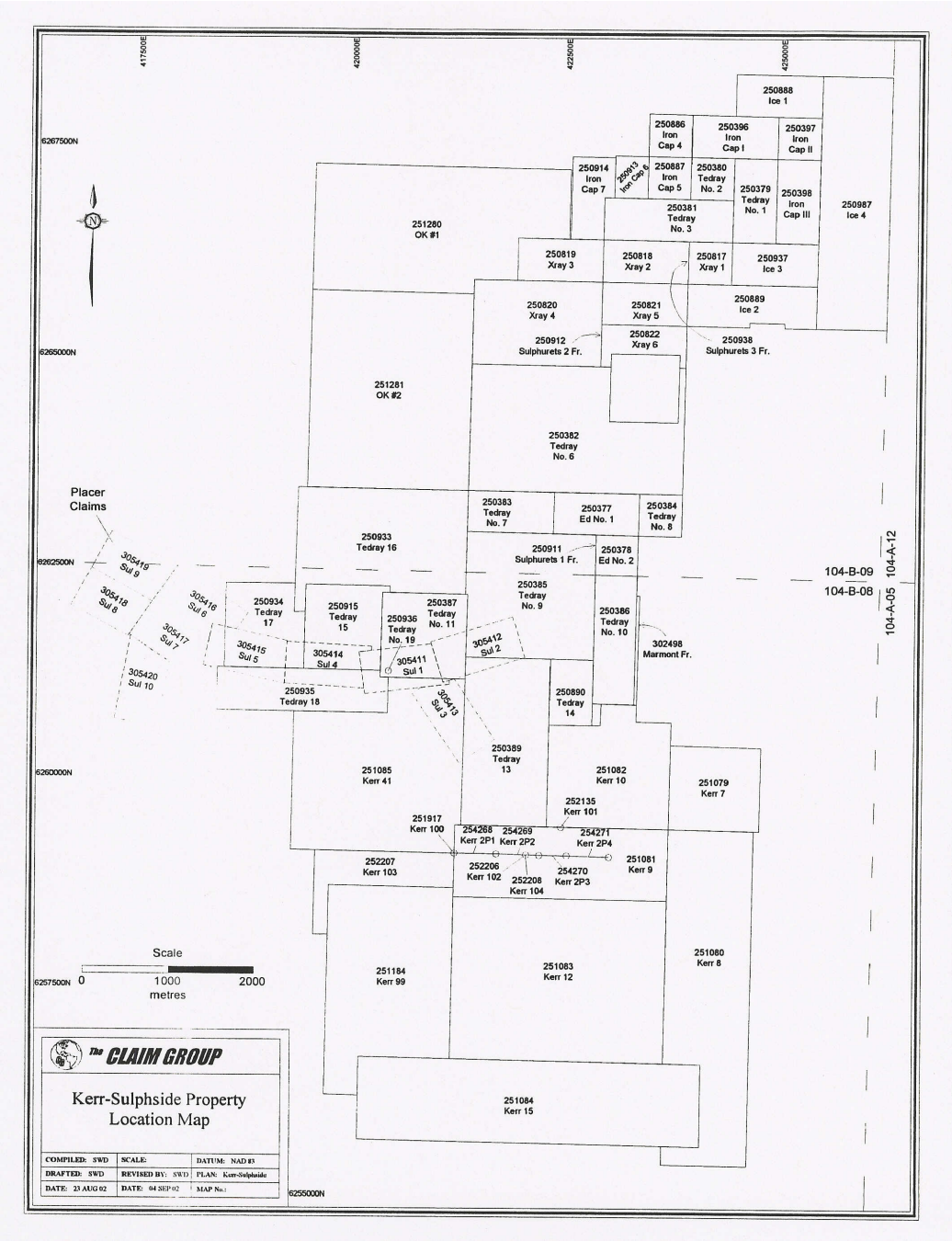
Tenure	Previously	Name	Type	NTS	Size (Ha)	Size (un)	Recorded	Expiry
250377	150	Ed No.1	4-post	104-B-09-E-B	50	2	26-Aug-75	26-Aug-03
250378	151	Ed No.2	4-post	104-B-09-E-B	25	1	26-Aug-75	26-Aug-03
250379	153	Tedray No.1	4-post	104-B-09-E-B	50	2	26-Aug-75	26-Aug-03
250380	154	Tedray No.2	4-post	104-B-09-E-B	25	1	26-Aug-75	26-Aug-03
250381	155	Tedray No.3	4-post	104-B-09-E-B	75	3	26-Aug-75	26-Aug-03
250382	158	Tedray No.6	4-post	104-B-09-E-B	375	15	26-Aug-75	26-Aug-03
250383	159	Tedray No.7	4-post	104-B-09-E-B	50	2	26-Aug-75	26-Aug-03
250384	160	Tedray No.8	4-post	104-B-09-E-B	25	1	26-Aug-75	26-Aug-03
250385	161	Tedray No.9	4-post	104-B-09-W-C	225	9	26-Aug-75	26-Aug-03
250386	162	Tedray No.10	4-post	104-B-08-W-F	75	3	26-Aug-75	26-Aug-03
250387	163	Tedray No.11	4-post	104-B-08-W-F	100	4	26-Aug-75	26-Aug-03
250389	165	Tedray 13	4-post	104-B-08-W-F	200	8	26-Aug-75	26-Aug-03
250396	315	Iron Cap I	4-post	104-B-09-E-B	50	2	7-Sep-76	7-Sep-03
250397	316	Iron Cap II	4-post	104-B-09-E-B	25	1	7-Sep-76	7-Sep-03
250398	317	Iron Cap III	4-post	104-B-09-E-B	50	2	7-Sep-76	7-Sep-03
250817	1861	Xray 1	4-post	104-B-09-E	25	1	12-Oct-79	12-Oct-03
250818	1862	Xray 2	4-post	104-B-09-E	50	2	12-Oct-79	12-Oct-03
250819	1863	Xray 3	4-post	104-B-09-W	50	2	12-Oct-79	12-Oct-03
250820	1864	Xray 4	4-post	104-B-09-W	150	6	12-Oct-79	12-Oct-03
250821	1865	Xray 5	4-post	104-B-09-E	50	2	12-Oct-79	12-Oct-03
250822	1866	Xray 6	4-post	104-B-09-E	50	2	12-Oct-79	12-Oct-03
250886	2409	Iron Cap 4	4-post	104-B-09-E	25	1	30-Jun-80	30-Jun-07
250887	2410	Iron Cap 5	4-post	104-B-09-E	25	1	30-Jun-80	30-Jun-07
250888	2411	Ice 1	4-post	104-B-09-E	50	2	30-Jun-80	30-Jun-03
250889	2412	Ice 2	4-post	104-B-09-E	75	3	30-Jun-80	30-Jun-03
250890	2413	Tedray 14	4-post	104-B-08-W	50	2	30-Jun-80	30-Juii-03
250911	2582	Sulphurets 1 Fr.	Fractional	104-B-09-W	0	1	23-Sep-80	23-Sep-02
250912	2583	Sulphurets 2 Fr.	Fractional	104-B-09-W	0	1	23-Sep-80	23-Sep-02
250913	2584	Iron Cap 6	4-post	104-B-09-E	50	2	23-Sep-80	23-Sep-02
250914	2585	Iron Cap 7	4-post	104-B-09-W	50	2	23-Sep-80	23-Sep-02
250915	2586	Tedray15	4-post	104-B-08-W	100	4	23-Sep-80	23-Sep-02
250933	2643	Tedray16	4-post	104-B-09-W	300	12	3-Nov-80	3-Nov-03
250934	2644	Tedray17	4-post	104-B-08-W	100	4	3-Nov-80	3-Nov-03
250935	2645	Tedray18	4-post	104-B-08-W	100	4	3-Nov-80	3-Nov-03
250936	2646	Tedray 19	4-post	104-B-08-W	50	2	3-Nov-80	3-Nov-03
250937	2647	Ice 3	4-post	104-B-09-E	50	2	3-Nov-80	3-Nov-03
250938	2648	Sulpherets 3 Fr.	Fractional	104-B-09-E	0	1	3-Nov-80	3-Nov-03
250987	3111	Ice 4	4-post	104-B-09-E	300	12	30-Jun-81	30-Jun-07
251079	3662	Kerr 7	4-post	104-B-08-E	150	6	17-Dec-82	17-Dec-03
251080	3663	Kerr 8	4-post	104-B-08-E	400	16	17-Dec-82	17-Dec-03

251081	3664	Kerr 9	4-post	104-B-08-E	250	10	17-Dec-82	17-Dec-03
251082	3665	Kerr 10	4-post	104-B-08-E	225	9	17-Dec-82	17-Dec-03
251083	3666	Kerr 12	4-post	104-B-08-W-F	500	20	17-Dec-82	17-Dec-03
251084	3669	Kerr 15	4-post	104-B-08-W-F	400	16	17-Dec-82	17-Dec-03
251085	3697	Kerr 41	4-post	104-B-08-W	500	20	20-Dec-82	20-Dec-03
251184	4690	Kerr 99	4-post	104-B-08-W-F	500	20	30-Oct-84	30-Oct-03
251280	5101	OK #1	4-post	104-B-09-W-C	450	18	10-Dec-85	10-Dec-02
251281	5102	OK #2	4-post	104-B-09-W-C	500	20	10-Dec-85	10-Dec-02
251917	6286	Kerr 100	4-post	104-B-08-W	250	10	17-Jul-87	17-Jul-03
252135	6725	Kerr 101	4-post	104-B-08-W	375	15	30-Jun-88	30-Jun-03
252206	6884	Kerr 102	4-post	104-B-08-W	500	20	23-Aug-88	23-Aug-03
252207	6885	Kerr 103	4-post	104-B-08-W	250	10	23-Aug-88	23-Aug-03
252208	6886	Kerr 104	4-post	104-B-08-W	150	6	23-Aug-88	23-Aug-03
254268	9063	Kerr 2P1	2-post	104-B-08-W-F	25	1	10-Aug-90	10-Aug-03
254269	9064	Kerr 2P2	2-post	104-B-08-W-F	25	1	10-Aug-90	10-Aug-03
254270	9065	Kerr 2P3	2-post	104-B-08-W-F	25	1	10-Aug-90	10-Aug-03
254271	9066	Kerr 2P4	2-post	104-B-08-W-F	25	1	10-Aug-90	10-Aug-03
302498		Marmont Fr.	Fractional	104-B-09-E-G	0	1	11-Jul-91	11-Jul-03
305411		Sul 1	Placer	104-B-08-W-F	25	1	28-Sep-91	28-Sep-02
305412		Sul2	Placer	104-B-08-W-F	25	1	28-Sep-91	28-Sep-02
305413		Sul3	Placer	104-B-08-W-F	25	1	28-Sep-91	28-Sep-02
305414		SuI4	Placer	104-B-08-W-F	25	1	28-Sep-91	28-Sep-02
305415		Sul5	Placer	104-B-08-W-F	25	1	28-Sep-91	28-Sep-02
305416		Sul6	Placer	104-B-08-W-F	25	1	28-Sep-91	28-Sep-02
305417		Sul7	Placer	104-B-08-W-F	25	1	28-Sep-91	28-Sep-02
305418		Sul8	Placer	104-B-08-W-F	25	1	28-Sep-91	28-Sep-02
305419		Sul9	Placer	104-B-08-W-F	25	1	28-Sep-91	28-Sep-02
305420		Sul 10	Placer	104-B-08-W-F	25	1	28-Sep-91	28-Sep-02

NORANDA/SEABRIDGE

Kerr/sulphsides Property BC

This is SCHEDULE "A" (continued) to the letter agreement
dated the 2002
between
NORANDA, INC.
and
Seabridge Resources Inc.
Map



This is SCHEDULE "B" to the letter agreement
dated, 2002
between
NORANDA INC.
and
Seabridge Resources Inc.

NET SMELTER RETURNS

This is Schedule "B" referred to in the Agreement between Noranda and Seabridge Resources Inc. (the "Seabridge") relating to the payment of the NSR Royalty:

1. "Net Smelter Returns" means, subject to the provisions hereof, the actual amount of payment received or deemed to have been received by the owner of the Property or its successor or successors in interest to the Property (the "Owner") from any refinery,

smelter, mint or other purchaser ("Purchaser", which term may include a purchaser affiliated with the Owner) for ores mined and extracted from the Property (but excluding materials extracted for bulk sampling purposes) and delivered for treatment, tolling, smelting, refining, minting and/or sale ("Products"), such to include any proceeds of insurance collected on Products. In calculating Net Smelter Returns, there shall be deducted therefrom

(a) costs of transporting Products, costs of sampling, assaying, representation and umpire charges respecting the Products, costs of charges and penalties for smelting, refining and/or similar treatment of the Products, reasonable costs or charges with respect to the sale and/or marketing of Products, costs of all insurance premiums for insurance of the Products after the Products have left the Property, and

(b) any government royalties, duties and other assessments and any sales, excise, production, import, export, extraction, ad valorem, goods and service and other taxes on such Products (but not income taxes) if such charges are based on production of Products and payable out of the net or gross proceeds received or shown as deductions therefrom

2. If Products are delivered to or smelted and/or refined by the Owner as the Purchaser, or sold to or smelted or refined by any third party which is affiliated with the Owner, the Products shall for purposes hereof be deemed to have been delivered, sold, smelted and/or refined, as the case may be:

(a) on a fair, representative and reasonable composite of the commercial terms under which the Owner is delivering Product to independent purchasers (excluding any spot transactions); or

(b) if there is no such independent purchaser agreement then in effect, then at prices, costs and charges equivalent to the competitive rates of independent purchasers, or similar smelters or refiners, as the case may be, in arm's length transactions for products of like grades and quality in the marketplace at the time of the sale, or smelting and/or refining, of the Products (excluding any spot transactions).

If the Owner uses its own or leased equipment (or equipment of an affiliated entity) to transport Products, the costs of transporting Products for the purpose of determining the amount of the Net Smelter Returns shall not exceed the firm rates quoted by other competent and reliable haulers who are ready, willing and able to transport such Products. If the Owner markets or sells Products through an affiliated entity, the costs of such for the purpose of determining the amount of Net Smelter Returns shall not exceed those customarily charged for like services in the industry from a non-affiliated party.

1. Each party further acknowledges and agrees that the Owner shall have the right to market and sell or refrain from selling Products in any manner it may elect, that the Owner shall have the right to engage in forward sales, future trading or commodity options trading, and other price hedging, price protection, and speculative arrangements which may involve the possible delivery of Products and that the royalty holder shall not be entitled to participate in any profits nor be obligated to share in any losses generated by said activities. Accordingly, with respect to gold and/or silver produced, the actual amount of payment received by the Owner shall in all cases be deemed to be the amount equal to the relevant number of ounces received by the Owner from commercial production on the Property times, in the case of gold, the gold price per ounce as quoted by the London Bullion Brokers' P.M. Gold fixing (or other equivalent quotation) an d, in the case of silver, the silver price per ounce quoted by Handy and Harman (or other equivalent quotation) on the date (the "Out-turn Date") that the relevant mint, refiner or smelter credits the Owner's account with refined gold or silver, as the case may be. With respect to any metals other than gold or silver produced, and in the event the Owner delivers Product to satisfy its delivery obligations arising from any such futures or other forward trading or hedging activities, the proceeds received by the Owner shall, for the purposes hereof, be deemed to be the relevant London Metal Exchange official settlement quotation (or other equivalent or generally accepted quotation) on the date prior to the day any such delivery is made.

2. The Owner shall cause to be kept proper books of account, records and supporting materials covering all matters relevant to the calculation of the NSR Royalty and the reasonable verification thereof. Net Smelter Returns shall be calculated at the end of each calendar quarter in which revenues are received from the production of Products and thereafter at the end of each subsequent calendar quarter during which revenues are received as aforesaid. The quarterly calculations, except for the last calendar quarter, of Net Smelter Returns, shall be submitted to the royalty holder within 60 days after the quarter involved. The calendar year-end calculation of Net Smelter Returns shall be submitted to the royalty holder within 120 days after the end of the calendar year. The year end calculation of Net Smelter Returns and the records relating thereto shall be reviewed by chartered accountants designated by the Owner (which may be the auditor of the Owner), and copies of such chartered accountant's report thereon shall be delivered to the Owner and the royalty holder. The royalty holder shall have 90 days after receipt of any report to object thereto in writing to the Owner and, failing such objection, such report shall be deemed correct. If the royalty holder shall object to any such report and request a review, the chartered accountant(s) shall be directed to review the records for the period in question and all costs relating to such review shall be paid by the Owner if the original

report is found to be in error to the benefit of the Owner and, if not, by the royalty holder. In addition, the royalty holder may, on reasonable notice and its own cost, ask for and carry out an independent review of the Owner's

books of account, records and supporting materials covering all matters relevant to the calculation of the NSR Royalty the Owner shall for such purpose at the royalty holders sole cost, permit agents of the royalty holder to inspect and review and make copies from the aforesaid books of account, records and supporting materials relevant to the calculation of Net Smelter Returns. In the event that the royalty holder undertakes such inspection and review and following such inspection and review the calculation and verification of Net Smelter Returns for the purpose of the determination of the NSR Royalty is found to have been in error to the benefit of the Owner, all reasonable costs relating to such inspection and review shall be paid by the Owner.

1. Payment to the royalty holder of the NSR Royalty shall be made by the Owner within 60 days after the end of each calendar quarter based on the aforesaid calculations, other than the last calendar quarter in any year with respect to which the payment will be as estimated by the Owner. Forthwith upon receipt of the calculation of Net Smelter Returns for the year subject to such calculation, adjustments without interest in respect of the NSR Royalty for such year shall be made based upon the final statements so prepared for such year. For greater certainty, acceptance by the royalty holder of any payment made by the Owner hereunder shall not prejudice the right of the royalty holder to protest or question the correctness of the amount of any such payment as contemplated herein.

2. Nothing in this Schedule or the Agreement shall in any way limit the Owner's rights as the owner of the Property or its interest therein, including without limitation its rights to set up such mining organisation as it sees fit to bring the Property into production (in partnership with others or otherwise), to manage and operate the mining organisation, to commence, curtail, expand or terminate production from time to time and to market and sell Products in such manner, as it may in its sole discretion decide, including the right to pre-sell such Products. The Owner may, but is not obligated to, beneficiate, mill, sort, concentrate, refine, smelt, or otherwise process or upgrade the ores and concentrates produced from ores mined from the Property prior to delivery to a Purchaser.

noranda

Mr. Rudi P. Fronk
President and CEO
Seabridge Gold Inc.
172 King Street East, 3`a Floor Toronto, Ontario
M5A 1J3
(416) 367-9292

Dear Mr. Fronk:

Subject: Kerr – Sulphside Property, British Columbia

We refer to the option and joint venture agreement relating to the above property between Seabridge Gold Inc. ("Seabridge") and Noranda Inc. ("Noranda') dated September 13, 2002 (the "Option and Joint Venture Agreement"). This letter shall amend and/or supplement the terms of the Option and Joint Venture Agreement as follows:

1. In the final paragraph of the preamble of the Option and Joint Venture Agreement, the date "September 30, 2003" shall be amended to read "December 30, 2003".

2. In consideration for agreeing to an extension of the period in which to attempt to satisfy the conditions set out in the preamble of the Option and Joint Venture Agreement, Noranda agrees that it shall either (A) be responsible for paying annual rentals or holding fees, including fees payable for maintaining the mining claims, filing reports with government agencies, applying work assessment credits to the claims and otherwise maintaining the Property in good standing during the period from August 1, 2003 to December 30, 2003 or (B) maintain the Property in good standing during such period by obtaining an extension or deferral of any or all of these obligations from the British Columbia Ministry of Energy and Mines.

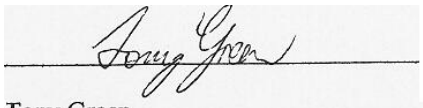
3. Until December 30, 2003, and notwithstanding that Noranda may not have delivered to Seabridge the notice contemplated in the final paragraph of the preamble of the Option and Joint Venture Agreement confirming that the conditions set out in the preamble have been satisfied, Noranda, or any third party contracted by Noranda for this purpose, shall be entitled to enter upon the Property to conduct geological, geochemical and environmental work. Notwithstanding Section 38 of the Option and Joint Venture Agreement, Noranda shall be entitled to furnish environmental information relating to the Property that it obtains as a result of conducting such activities to the Province of British Columbia as part of the process of obtaining an environmental indemnity agreement from the Province of British Columbia with respect to historical work carried out on the Property. All activities on the Property conducted by Noranda , or by a third party contracted to Noranda, prior to December 30, 2003, shall be at the sole risk and cost of Noranda.

4. This amending agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia.

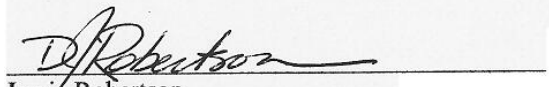
If the foregoing terms and conditions accurately reflect our agreement to amend the Option and Joint Venture Agreement please sign all three copies and return two of them to my attention and this agreement shall be binding on the parties.

Yours truly,

NORANDA INC.

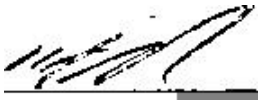


Tony Green
General Manager, Zinc and Canadian Copper Exploration



Jamie Robertson
Director Exploration, North America

SEABRIDGE GOLD INC. agrees to the above Agreement as written this~ day of July, 2003.



Dated July 29, 2003

Rudi Fronk
President and Chief Executive Officer

MINING LEASE AND AGREEMENT - HOG RANCH

THIS LEASE AND AGREEMENT (the "Agreement"), made this 15th day of November, 2000 by and between **PLATORO WEST INCORPORATED,** a Nevada corporation, (hereinafter called "Owner") and **SEABRIDGE** RESOURCES INC., a company incorporated under the laws of the Province of British Columbia, Canada (hereinafter called "Seabridge"):

WITNESSETH:

1. Owner represents that subject to the paramount title of the United States, he is the sole and only owner of the unpatented mining claims, situated in Washoe County, Nevada, described on Exhibit A attached hereto and incorporated herein (hereinafter referred to as the "Property"); that each of the unpatented claims included in the Property has been validly located, filed and recorded in compliance with the laws of the State of Nevada and of the United States as they relate to location and recordation of such claims; that Owner has timely complied with all of the filing provisions of the Federal Land Policy and Management Act (43 U.S.C. Section 1701, et seq.) as they pertain to the unpatented claims included within the Property and that said claims are valid and subsisting mining claims; that Owner has performed assessment work upon said claims through the assessment year ended Septemb er 1, 2000, and will record and file proof thereof, all of which work, recordings and filings have been completed in accordance with the applicable state and federal statutes pertaining to assessment work; that Owner has fully and timely paid the holding fees, if any, required to maintain the unpatented mining claims to the date of this Agreement; that Owner's rights in the Property are not subject to any prior agreement, encumbrance, burden or restriction, created by any act or instrument of Owner; that to the best of Owner's knowledge, the Property is free from liens and encumbrances and other adverse claims by third parties; and that the Property is not burdened with any royalties, overriding royalties, net profits interests or payments on production except for those which are fully described as Attachment A hereto, which shall remain the exclusive responsibility of Owner.

2. Owner hereby grants, lets and leases exclusively to Seabridge the Property, for the term hereof, together with all ores and minerals of every kind, except oil and gas, in, on or under the Property, with the exclusive right to prospect and explore for, mine by any method now known or hereafter discovered (including, but not limited to, underground, open pit, in-situ and solution methods), process by any method know known or hereafter discovered, mill, prepare for market, store, sell and dispose of the same; and together with all such rights-of-way, easements, water and water rights, geothermal water and geothermal resources, of every kind and nature, through, over, on or appertaining to the Property, to the extent that he can, and the right to erect, maintain and operate thereon and therein, buildings, structures, machinery and equipment, and the right to use, o ccupy and disturb so much of the surface of the Property as Seabridge may determine to be useful, desirable or convenient for the exercise by Seabridge of any and all of its rights hereunder, and the right in its sole discretion to exercise any rights or options of Owner with respect to the Property or any portion thereof under any law or regulation hereafter enacted, including but not limited to the right to convert any or all of the unpatented claims included in the Property and the other rights described in Section 7 herein. In the event Owner acquires any additional rights, titles or interests

3.

in the Property after the execution of this Agreement, or locates any additional unpatented mining claims within the "Area of Interest" as more particularly described in Exhibit B attached hereto, all such additional rights, titles and interests shall be subject to this Agreement.

1.

If Owner's title is less than as stated in Section 1 hereof or is subject to a superior adverse interest, all payments, including Advance Royalty and Production Royalty payments, without limitation, to be made to Owner hereunder shall be reduced to the same proportion thereof as the undivided interest in the Property solely owned by Owner bears to the entire interest in the Property.

Seabridge shall have sole discretion to determine the extent of its work, if any, on the Property and the time or times for beginning, continuing or resuming such work thereon. All activities carried out by Seabridge under this Agreement shall conform with the laws and regulations of the State of Nevada and the United States.

Seabridge shall indemnify and hold harmless Owner from all liability, including attorneys fees and costs, arising out of Seabridge's exploration and other activities hereunder, including but not limited to environmental and reclamation liabilities under existing and future laws and regulations. The indemnity set forth herein shall survive termination or expiration of this Agreement.

Owner shall indemnify and hold harmless Seabridge, its officers, directors, shareholders, employees and affiliates from any and all claims, demands and liabilities whatsoever arising from or in connection with Owner's operations or activities upon the Property which were conducted prior to the date of this Agreement, including, without limitation, surface and underground disturbances (including, but not limited to, underground workings, waste dumps, tailings, roads, drill holes and drill pads) and reclamation obligations. The indemnity set forth herein shall survive termination or expiration of this Agreement.

2. The term of this Agreement shall begin with the date hereof and shall continue to and until the twentieth (20^{th}) anniversary of such date and so long thereafter as Seabridge continues to make advance royalty or production royalty payments, but subject to earlier termination as provided in this Agreement. After termination of this Agreement, Seabridge shall have the right of ingress and egress from the Property and the right to complete such reclamation and restoration of the Property and to make such inspections as may be required by law, for so long after termination of this Agreement as is necessary to complete all such reclamation, restoration and inspections.

3. Upon execution of this Agreement, Seabridge shall pay Owner $30,000 in cash and issue Owner 500,000 shares of its Common Stock. Seabridge will issue Platoro a further 500,000 common shares upon the earlier of (i) confirmation by an independent third party of a measured and indicated gold reserve of more than 1.0 million ounces, (ii) completion of a positive bankable feasibility study which demonstrates a mine capable of producing at ***least*** 100,000 ounces of gold per annum, or (iii) the sale or transfer of at least 50% of the project to a non-affiliated third party.

4.

Additionally, unless and until this Agreement is terminated, Seabridge shall pay Owner Advance Royalty payments in accordance with the following schedule:

Advance Royalty Payment	Payable on or before
$ 10,000	On November 15, 2004;
$ 12,500	On November 15, 2005;
$ 15,000	On November 15, 2006;
$ 17,500	On November 15, 2007;
$ 20,000	On November 15, 2008;
	and each January 15 thereafter.

All Advance Royalty payments payable to Owner pursuant to this paragraph shall not be recoverable against Seabridge's right to acquire 40% of Owner's Production Royalty interest more fully described below.

Seabridge shall pay to Owner a Production Royalty based on the price of gold follows:

Production Royalty Rate	Gold Price Per Ounce
3.0 % of gross proceeds	less than $300.00
3.5 % of gross proceeds	$300.00 to $379.99
4.0 % of gross proceeds	$380.00 to $439.99
4.5 % of gross proceeds	$440.00 to $499.99
5.0 % of gross proceeds	over $500.00

In addition, Seabridge shall pay Owner 3.5% of Gross Proceeds received by Seabridge from any other metals, other than gold, from the Property.

Gross Proceeds shall be calculated for each calendar quarter in which Gross Proceeds are realized, and such royalty payments as are due Owner hereunder shall be made within thirty (30) days following the end of the calendar quarter in which the Gross Proceeds were realized. Such payments shall be accompanied by a statement summarizing the computation of Gross Proceeds.

Quarterly royalty payments will be provisional and subject to adjustment at the end of Seabridge's accounting year. If no written objection is made by Owner to the correctness of a royalty payment or its accompanying statement within two years from the date of such payment, such statement shall be conclusively deemed to be correct and such royalty payment sufficient and complete, and no exception or claim for adjustment shall thereafter be permitted.

The term "Gross Proceeds" as used herein shall mean the dollar amount actually received by Seabridge from the sale of minerals from the Property.

All payments and royalties payable hereunder may be made by Seabridge's check, and delivery thereof shall be deemed completed on the mailing thereof to Owner or any third party as directed by Owner.

In addition, during the term of this Agreement, Seabridge shall pay to Owner a Production Royalty on the same terms as above from the sale of minerals from any unpatented mining claims located by Seabridge within the "Area of Interest" as more particularly described in Exhibit B attached hereto and incorporated herein. Any such claims located by either party within the "area of interest" shall become a part of and subject to the terms of this agreement.

At anytime during the term of this Agreement, Seabridge shall have the right, but not the obligation, to purchase 40% of the Production Royalty for $2,000,000. For clarification, should Seabridge elect to purchase 40% of the Production Royalty, the Production Royalty Rates detailed above will be reduced by 40%. Any and all Production Royalty payments made by Seabridge under the terms of this Agreement, after production has commenced, will be credited against the $2,000,000 payment.

6. If required by state or federal law, Seabridge shall perform annual labor or assessment work for the benefit of the Property, pay any maintenance, rental, holding fee or other payment required to maintain the Property, or both, for every assessment year thereafter in which Seabridge continues this Agreement beyond June 1st of the assessment year. If any such law permits the performance of assessment work or annual labor in lieu of making all or a portion of any such payment, Seabridge shall determine whether to make such payment, perform such work or labor, or both. If required by state or federal law, Seabridge shall pay any location fee or payment

required to relocate any unpatented mining claim or mill site included in the Property that Seabridge determines under Section 7 should be relocated. For each assessment year in which Seabridge performs annual labor or assessment work or makes any suc h payment, it shall record or file any affidavit or statement of such compliance required by federal or state law.

Seabridge shall have the benefit of all laws now or hereafter enacted which relate to annual labor or assessment work or any payment required by this Section, including any laws extending the time within which to comply with such requirements, suspending such requirements, or exempting the Property from such requirements, so that Seabridge's obligations under this Section are limited to compliance with state and federal laws regarding such requirements in effect from time to time during the term of this Agreement. Seabridge shall be relieved of its work or labor obligations under this Section for any period in which Seabridge's access to the Property is impeded by access force majeure under Section 14.

During the term of this agreement Seabridge shall have the right to abandon any individual claim or groups of claims from the Property, provided, however, that the total number of claims that comprise the Property does not fall below 50. In the event Seabridge elects to abandon any claims from the Property, written notice must be provided to Owner prior to June 1 of each assessment year.

7. Upon request, Owner shall make available such abstracts of title and other title records pertaining to the Property which he may have to aid Seabridge in any title searching it may wish to undertake. Seabridge may, but shall have no obligation to, investigate and cure as it sees fit any defects in title to the Property which Owner fails to remedy after notice by Seabridge. Owner shall cooperate fully with Seabridge in the curing of any such title defect, and Seabridge shall reimburse Owner for Owner's actual expenses resulting from its cooperation in this effort.

Seabridge may, but shall have no obligation to, investigate and cure as it sees fit any defects in the title, location, recordation or filing of the unpatented mining claims comprising the Property, and Owner shall cooperate fully with the curing of said deficiencies at the expense of Seabridge. Additionally, Owner authorizes Seabridge, at its discretion, to relocate, amend, restake, refile and rerecord any particular mining claim or claims in the Property or documents associated therewith. Where required for restaking or relocation, Owner shall execute notices of abandonment of mining claims, and, in turn, Seabridge agrees that any location, relocation, restaking or location of fractions within the perimeter of the claim block, of the Area of Interest shall be accomplished in Owner's name.

Owner shall apply for a patent for any of the unpatented mining claims upon the request of Seabridge. All expenses authorized by Seabridge in connection with prosecuting patent proceedings shall be borne by Seabridge; and the rights of Seabridge under this Agreement shall extend to any patented mining claims Owner receives by virtue of such patent proceedings, and to any amended location and relocation of the unpatented claims.

Seabridge and Owner recognize that legislation to amend the mining laws of the United States or the state of Nevada may be enacted during the term of this Agreement and that any such legislation, if enacted, will likely contain provisions affecting owners or holders of existing unpatented mining claims, including but not limited to provisions (i) permitting or requiring conversion of existing unpatented claims to a new type of mining claim or interest, (ii) permitting or requiring owners or holders of existing mining claims to comply with some or all of the requirements of such amended mining laws, or (iii) permitting or requiring owners or holders of existing mining claims to commence patent proceedings within a specified period of time ("Claim Holder Rights"). For all purposes of this Agreement, Owner grants to Seabridge all Claim Holder Rights now or hereafter vested in Owner, whether contained in federal legislation, regulations promulgated thereunder or similar state laws or regulations, together with Owner's rights to enforce any existing rights to the Property or any Claim Holder Rights against any third party, or to litigate or contest any such existing rights or Claim Holder Rights before any court or administrative agency. Seabridge may, but shall have no obligation to, exercise such rights as to any, all or none

of the mining claims included in the Property, at any time and from time to time, in Seabridge's sole discretion. Owner shall cooperate in Seabridge's exercise of such rights, including without limitation by executing required forms or documents, participating in any action or proceeding relating to such rights or allowing any such action or proceeding to be taken or prosecuted in Owner's name.

If the United States or any third party attacks the validity of the mining claims included in the Property, Seabridge may, but shall have no obligation to, defend their validity.

1. Without limiting the generality of the rights granted in Section 2 above, Owner hereby grants Seabridge the right to mine or remove from the Property any ores, waste, water or other materials existing therein or thereon, through or by means of shafts or openings which may be sunk or made upon adjoining or nearby property controlled by Seabridge, and may stockpile any ores, waste or other materials and/or concentrated products of ores or materials from the Property upon stockpile grounds situated upon any such adjoining or nearby property; and Seabridge may use the Property and any part thereof and any shafts, openings, and stockpile grounds, sunk or made thereon for the mining, removal and/or stockpiling of any ores, waste, water and other materials and/or concentrated products of ores or materials from any such adjoining or nearby property, or for any purpose or purposes connected therewith, not, however, permanently preventing the mining or removal of ore from the Property.

Seabridge may commingle ore from the Property with ore from other properties, either before or after concentration or beneficiation, so long as the data to determine the weight and assay, both of the ore removed from the Property and of other ores to be commingled, are obtained by Seabridge. Seabridge shall use that weight and assay data to allocate the royalties from the commingled ore between the Property and other properties from which the other commingled ore was removed. All such weight, assay and allocation calculations by Seabridge shall be done in a manner recognized by the mining industry as practical and sufficient.

Owner shall be entitled to splits of drill core and drill cuttings from the project, provided that the samples are not required for project evaluation. Owner will also be provided with copies of the project documents previously prepared by Western Mining Company, and at Owner's request, any other original project documents or copies prepared prior to Seabridge's involvement in the project, provided they are not required for project valuation. Upon production commencement, if any, Owner will be entitled to select and collect 200 pounds of select ore from the mine subject to the inspection provisions of 9 below. The removal of this ore will have no monetary effect on any of the provisions of this mining lease and agreement between the parties. Production taxes and or governmental royalties, if any, shall be the sole responsibility of Seabridge. Additionally, Owner will have the right to name the mine an d certain features of the mine (i.e. shafts, veins, etc.).

2. Seabridge's records of all mining operations on the Property pertinent to computation of royalties shall be available for Owner's inspection upon reasonable advance notice and during normal business hours, but no more than once each quarter. Seabridge shall maintain adequate records concerning mining operations so that the amount of gold, or other metal, having been produced from each of the claim block groups on the Property may be independently calculated. Owner may enter the mine workings and structures on the Property at all reasonable times upon reasonable advance notice for inspection thereof, but Owner shall so enter at his own risk and shall indemnify and hold Seabridge harmless against and from any damage, loss or liability by reason of injury to Owner or his agents or representatives or damage to or destruction of any property of

3.

Owner or said agents or representatives while on the Property on or in said mine workings and structures.

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Upon termination of this Agreement Seabridge shall furnish Owner with a complete summary of the factual information obtained as a result of work done by Seabridge on the Property including, but not limited to, logs of all holes drilled thereon, ore values encountered, if any, analyses thereof and pertinent maps and surveys prepared by Seabridge in the course of such work. Seabridge shall authorize and permit Owner to take possession of any available drill core, pulps, chips, or cuttings obtained from the Property. Seabridge makes no representation or warranty, expressed or implied, as to the accuracy of any information or data made available to Owner hereunder or to the fitness or suitability of such information or data for any purpose.

1. If Seabridge defaults in any of its obligations hereunder, Owner may give Seabridge written notice thereof and specify the default or defaults relied on. If Seabridge has not begun to cure such default within a reasonable time after receipt of such notice (which shall not, in any case, be less than 30 days), Owner may terminate this Agreement by written notice to Seabridge; provided that if Seabridge shall dispute that any default has occurred, the matter shall be determined by litigation in a court of competent jurisdiction, and if it is found to be in default hereunder, Seabridge shall have a reasonable time (which in any case shall not be less than 60 days from receipt by Seabridge of notice of entry of final judgement adverse to Seabridge) to cure such default, and if so cured, Owner shall have no right to terminate this Agreement by reason of such default. However, in the event the claim of default is failure to make annual payments when due, Seabridge shall cure such payment default within 15 days after notice of default is given, or else this Agreement will terminate.

2. The terms of this Agreement may be extended or the Agreement terminated in the case of an event of force majeure in accordance with the following:

a.) The term of this Agreement shall be extended by any event of force majeure, and the obligations of Seabridge under this Agreement, except for the payment of money, shall be suspended and Seabridge shall not be deemed in default or liable for damages or other remedies while Seabridge is prevented from complying therewith by force majeure. For purposes of this agreement, force majeure shall include, but not be limited to: acts of God; the elements; acts of War, insurrection, riots or terrorism; strikes, lockouts and other labor disputes; inability to obtain necessary materials or obtain permits, approvals or consents; damage to, destruction or unavoidable shutdown of necessary facilities or equipment; acts or failures to act on the part of local, state, federal or foreign governmental agencies or courts, or of Indian tribes; or any other matters (whether or not similar to those mentioned above, and whether foreseeable or unforeseeable) beyond Seabridge's reasonable control; provided, however, that settlement of strikes, lockouts and other labor disputes shall be entirely within the discretion of Seabridge; and provided further that Seabridge shall promptly notify other parties to this Agreement and shall exercise diligence in an effort to remove or overcome the cause of such inability to comply.

b.) In entering into this Agreement, the parties assume that Seabridge's access to the Property is and will continue to be unrestricted. Seabridge's reasonable belief that the actions or inactions of any local, state or federal governmental agency or court, of any Indian tribe, or of any officer or official acting under color of governmental authority, might prevent or impede access to

the Property, or otherwise limit Seabridge's ability to operate thereon, shall be considered an event of force majeure for purposes of this Agreement, and shall be referred to as an "access force majeure." If an access force majeure occurs, Seabridge shall have the right either: 1.) to suspend this Agreement for a period not to exceed two years, without payment or penalty, while the access force majeure is in effect, provided, however, that Seabridge shall resume operations on the Property within a reasonable time after access to the Property is no longer restricted, and further provided that Seabridge shall perform assessment work on the Property during such period of suspension to the extent required by Section 6 herein unless Seabridge is prevented by such access force majeure from performing such assessment work; or 2.) to terminate this Agreement, without payment or penalty,

if i n Seabridge's sole discretion the Property shall be inaccessible or otherwise unavailable for exploration during the current or subsequent field season. In determining "reasonableness," Seabridge shall be under no duty to contest the governmental agency or court action or inaction by protest, petition, appeal or any other means.

1. In case of termination of this Agreement under the terms hereof or for any cause, Seabridge shall have no liability or obligation hereunder except for those, including reclamation obligations, already accrued at such date of termination. Upon such termination, Seabridge shall surrender the Property to Owner, and upon his request shall deliver to him a written instrument in further evidence of such teitnination, in appropriate form for recording. Seabridge shall have the right but not the obligation, to remove from the Property all property belonging to or installed by it, including but not limited to machinery; equipment; buildings; structures; fixtures; ores, waste, and other materials; and concentrated products of ores or other materials. However, any property not removed within two years from the date of termination, will become the property of Owner.

2. Changes in the ownership of the Property or the rights to receive royalties hereunder occurring after delivery of this Agreement shall not be binding upon Seabridge until it shall receive written notice of such change, signed by Owner, together with a certified copy or photographic copy of the recorded documents reflecting such change. No change or division in the ownership of the Property, mineral interests or royalties hereafter accomplished shall operate to enlarge the obligations or diminish the rights of Seabridge hereunder.

3. All notices hereunder shall be in writing and may be delivered by facsimile transmission with confirmation of receipt, personal delivery to an officer of the party to whom directed, by courier, by express mail, or by certified mail postage prepaid, return receipt requested. Either party may, from time to time, change its address for future notices hereunder by notice in accordance with this Section 17. Notices, all other documents, and payments shall be complete and deemed to have been given or made upon actual receipt or certified attempt to delivery. In the case of facsimile transmission notices shall be deemed to have been given or made when receipt thereof is confirmed by return facsimile transmission.

Such mailed notices shall be addressed to Owner as follows: Platoro West
Incorporated
P.O. Box 2654
Durango, Colorado 81302

Or if by courier:
Platoro West Incorporated 3518 Earl
Avenue
Durango, Colorado 81301

and to Seabridge, in duplicate, as follows:
Seabridge Resources Inc.
172 King Street East, 3rd Floor
Toronto, Ontario M5A 1J3 Canada
Attention: Rudi Fronk and to:
Seabridge Resources Inc.
Suite 304-700 West Pender Street
Vancouver, B.C. V6C 1 G8 Canada
Attn: Cynthia Avelino

1. "Owner" as used herein includes the plural, if there are more than one, and reference to the Owner in one gender includes the other and the plural when appropriate.

2.

Upon request, Owner shall execute a Memorandum of Mining Lease and Agreement covering the Property for purposes of recording.

3. The rights and obligations of Owner and Seabridge may be freely assigned in whole or in part. An assignment of this Agreement, in whole or in part, shall, to the extent of such assignment, relieve and discharge Seabridge of its obligations hereunder.

IN WITNESS WHEREOF, the parties have executed this Mining Lease and Agreement as of the day and year first above written.

OWNER:

PLATORO WEST INCORPORATED

By:

Name: William-M. Sheriff

Title: President

SEABRIDGE RESOURCES INC.

By:

Name: Rudi P. Fronk

Title: President and CEO

STATE OF COLORADO)
)
ss.
COUNTY OF LA PLATA)

On January 16 , 2001, personally appeared before me, a Notary Public, William M. Sheriff, President of Platoro West Incorporated, a Nevada corporation, personally known or proved to me to be the person whose name is subscribed to the above instrument who acknowledged to me that he executed instrument on behalf of the corporation.

_____
Notary Public

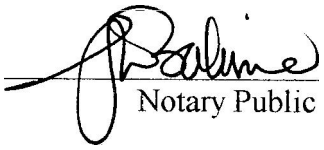
My Commission Expires:

10/12/03

PROVINCE OF ONTARIO

On January 3 , 2001, personally appeared before me, a Notary Public, Rudi P. Fronk, Pres nt of S'EABRIDGE RESOURCES INC., a company incorporated under the laws of the Province of British Columbia,

Canada, personally known or proved to me to be the person whose name is subscribed to the above instrument who acknowledged to me that he executed the above instrument, on behalf of the corporation.


Notary Public

My Commission Expires:

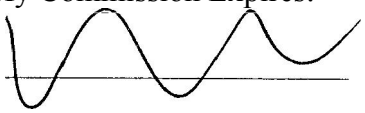


EXHIBIT A
Property

Claim Name	Claim #	BLM serial #	Washoe County
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PORK	38	683636	1726446
PORK	40	683638	1726448
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Claim Name	Claim #	BLM serial #	Washoe County
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Claim Name	Claim #	BLM serial #	Washoe County
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Claim Name	Claim #	BLM serial #	Washoe County
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Claim Name	Claim #	BLM serial #	Washoe County
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Claim Name	Claim #	BLM serial #	Washoe County

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Claim Name	Claim #	BLM serial #	Washoe County
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PBN	535	820490	2499906
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PBN	540	820492	2499908
PBN	542	820493	2499909
PBN	544	820494	2499910
PBN	546	820495	2499911
PBN	548	820496	2499912
PBN	550	820497	2499913
PBN	552	820498	2499914
PBN	554	820499	2499915
PBN	555	820500	2499916
PBN	556	820501	2499917
PBN	557	820502	2499918
PBN	558	820503	2499919
PBN	559	820504	2499920
PBN	560	820505	2499921
PBN	561	820506	2499922
PBN	562	820507	2499923
PBN	563	820508	2499924
PBN	564	820509	2499925
PBN	565	820510	2499926
PBN	566	820511	2499927
PBN	47	820512	2499713
PBN	48	820513	2499714
PBN	49	820514	2499715
PORK	39	820515	2500076
PORK	41	820516	2500077

Claim Name	**Claim #**	**BLM serial #**	**Washoe County**
PORK	67	820517	2500078
PORK	69	820518	2500079

FILING PENDING:

PBN	201
PBN	202
PBN	203
PBN	204
PBN	205
PBN	206
PBN	207
PBN	208
PBN	209
PBN	210
PBN	211
PBN	212
PBN	213
PBN	214
PBN	215
PBN	216
PBN	217
PBN	218
PBN	219
PBN	220
PBN	221
PBN	222
PBN	223

EXHIBIT B

Area of Interest

Sections 9, 10, 11, 12, 13, 14, 15, 16, 21, 22, 23, 24, 25, 26, 27, 28, 33, 34, 35 and 36 Township 38 North, Range 22 East **and** Sections 2, 3, 4, 10, and 11 Township 37 North, Range 22 East **and** Sections 7, 15, 16, 17, 18, 19, 20, 21, 22 and 30 Township 38 North, Range 23 East, Washoe County, Nevada.

ATTACHMENT A

MEMORANDUM OF MINING LEASE AND AGREEMENT

NOTICE IS HEREBY GIVEN that PLATORO WEST INCORPORATED., a Nevada corporation, (hereinafter called "Owner") and SEABRIDGE RESOURCES INC., a company incorporated under the laws of the Province of British Columbia, Canada (hereinafter called "Seabridge"), as lessee, have entered into a Mining Lease and Agreement dated as of January ___, 2001, covering certain rights in and to those certain unpatented mining claims described in Exhibit "A" hereto (the "Property").

Said Mining Lease and Agreement, in consideration of the royalty referred to below and other covenants and agreements set forth therein, provides that Owner has leased to Seabridge all of Owner's right, title and interest in and to the Property.

Further, said Mining Lease and Agreement reserves to Owner a royalty from the production of any and all metals, ores, minerals, mineral substances and materials of all kinds in, under, upon and that may be produced from the Property.

Copies of said Mining Lease and Agreement are in the possession of Seabridge at its address of 172 King Street East; 3rd Floor; Toronto, Ontario M5A 1J3, and Owner to the attention of William M. Sheriff, Platoro West Incorporated., P.O. Box 2654 Durango, Colorado 81302

IN WITNESS WHEREOF, this Memorandum of Mining Lease and Agreement has been executed as of the date first above written.

SEABRIDGE RESOURCES INC.

By:

Name: Rudi P. Fronk

Title: President and CEO

STATE OF COLORADO)
) ss.
COUNTY OF LA PLATA)

On January 16 , 2001, personally appeared before me, a Notary Public, William M. Sheriff , President of Platoro West Incorporated., a Nevada corporation, personally known or proved to me to be the person whose name is subscribed to the above instrument who acknowledged to me that he executed the above instrument on behalf of the corporation.

My Commission Expires:

10/12/03

PROVINCE OF ONTARIO

On January 3 , 2001, personally appeared before me, a Notary Public, Rudi P. Fronk, President of SEABRIDGE RESOURCES INC., a company incorporated under the laws of the Province of British Columbia, Canada, personally known or proved to me to be the person whose name is subscribed to the above instrument who acknowledged to me that he executed the above instrument, on behalf of the corporation.

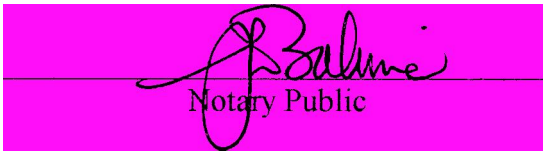

EXHIBIT A
Property

Claim Name	Claim #	BLM serial #	Washoe County
PORK	27	683625	1726435
PORK	28	683626	1726436
PORK	29	683627	1726437
PORK	30	683628	1726438
PORK	31	683629	1726439
PORK	32	683630	1726440
PORK	33	683631	1726441
PORK	34	683632	1726442
PORK	35	683633	1726443
PORK	36	683634	1726444
PORK	37	683635	1726445
PORK	38	683636	1726446
PORK	40	683638	1726448
PORK	42	683640	1726450
PORK	71	683669	1726479
PORK	72	683670	1726480
PORK	73	683671	1726481
PORK	135	693617	1758865
PORK	137	693619	1758867
PORK	142	693624	1758872
PORK	143	693625	1758873
PORK	144	693626	1758874

PORK	145	693627	1758875
PORK	146	693628	1758876
PORK	147	693629	1758877
PORK	149	693631	1758879
PBN	31	818474	2484252
PBN	32	818475	2484253
PBN	33	818476	2484254
PBN	34	818477	2484255
PBN	83	818478	2484256
PBN	89	818479	2484257
PBN	90	818480	2484258
PBN	92	818481	2484259

Claim Name	**Claim #**	**BLM serial #**	**Washoe County**
PBN	94	818482	2484260
PBN	139	818483	2484261
PBN	141	818484	2484262
PBN	143	818485	2484263
PBN	149	818486	2484264
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PBN	40	820295	2499708
PBN	42	820296	2499709
PBN	44	820297	2499710
PBN	45	820298	2499711
PBN	46	820299	2499712
PBN	50	820300	2499716
PBN	63	820301	2499717
PBN	64	820302	2499718
PBN	65	820303	2499719
PBN	66	820304	2499720

PBN	67	820305	2499721
PBN	68	820306	2499722
PBN	69	820307	2499723
PBN	70	820308	2499724
PBN	71	820309	2499725
PBN	72	820310	2499726
PBN	73	820311	2499727
PBN	74	820312	2499728
PBN	75	820313	2499729
PBN	76	820314	2499730
PBN	77	820315	2499731
PBN	78	820316	2499732

Claim Name	**Claim #**	**BLM serial #**	**Washoe County**
PBN	79	820317	2499733
PBN	80	820318	2499734
PBN	81	820319	2499735
PBN	82	820320	2499736
PBN	84	820321	2499737
PBN	85	820322	2499738
PBN	86	820323	2499739
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PBN	88	820325	2499741
PBN	91	820326	2499742
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PBN	96	820329	2499745
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PBN	100	820331	2499747
PBN	102	820332	2499748
PBN	103	820333	2499749
PBN	104	820334	2499750
PBN	105	820335	2499751
PBN	106	820336	2499752
PBN	107	820337	2499753
PBN	108	820338	2499754
PBN	111	820339	2499755
PBN	113	820340	2499756
PBN	114	820341	2499757
PBN	115	820342	2499758
PBN	116	820343	2499759
PBN	117	820344	2499760

PBN	118	820345	2499761
PBN	119	820346	2499762
PBN	120	820347	2499763
PBN	121	820348	2499764
PBN	122	820349	2499765
PBN	123	820350	2499766
PBN	124	820351	2499767
PBN	125	820352	2499768
PBN	126	820353	2499769
PBN	127	820354	2499770
PBN	128	820355	2499771
PBN	129	820356	2499772

Claim Name	Claim #	BLM serial #	Washoe County
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PBN	131	820358	2499774
PBN	132	820359	2499775
PBN	133	820360	2499776
PBN	134	820361	2499777
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PBN	136	820363	2499779
PBN	137	820364	2499780
PBN	138	820365	2499781
PBN	140	820366	2499782
PBN	142	820367	2499783
PBN	144	820368	2499784
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PBN	147	820371	2499787
PBN	148	820372	2499788
PBN	151	820373	2499789
PBN	152	820374	2499790
PBN	153	820375	2499791
PBN	154	820376	2499792
PBN	155	820377	2499793
PBN	156	820378	2499794
PBN	159	820379	2499795
PBN	160	820380	2499796
PBN	161	820381	2499797
PBN	162	820382	2499798
PBN	163	820383	2499799
PBN	164	820384	2499800
PBN	165	820385	2499801
PBN	166	820386	2499802

PBN	167	820387	2499803
PBN	168	820388	2499804
PBN	169	820389	2499805
PBN	170	820390	2499806
PBN	224	820391	2499807
PBN	225	820392	2499808
PBN	226	820393	2499809
PBN	227	820394	2499810
PBN	228	820395	2499811
PBN	229	820396	2499812

Claim Name	**Claim #**	**BLM serial #**	**Washoe County**
PBN	230	820397	2499813
PBN	231	820398	2499814
PBN	232	820399	2499815
PBN	233	820400	2499816
PBN	234	820401	2499817
PBN	235	820402	2499818
PBN	236	820403	2499819
PBN	237	820404	2499820
PBN	238	820405	2499821
PBN	239	820406	2499822
PBN	307	820407	2499823
PBN	308	820408	2499824
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PBN	310	820410	2499826
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PBN	312	820412	2499828
PBN	313	820413	2499829
PBN	315	820414	2499830
PBN	316	820415	2499831
PBN	317	820416	2499832
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PBN	331	820430	2499846
PBN	341	820431	2499847
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PBN	343	820433	2499849
PBN	344	820434	2499850
PBN	345	820435	2499851
PBN	346	820436	2499852

Claim Name	Claim #	BLM serial #	Washoe County
PBN	347	820437	2499853
PBN	348	820438	2499854
PBN	349	820439	2499255
PBN	350	820440	2499856
PBN	352	820441	2499857
PBN	354	820442	2499858
PBN	356	820443	2499859
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PBN	362	820446	2499862
PBN	364	820447	2499863
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PBN	389	820459	2499875
PBN	390	820460	2499876
PBN	391	820461	2499877
PBN	392	820462	2499878
PBN	500	820463	2499879
PBN	502	820464	2499880
PBN	504	820465	2499881
PBN	506	820466	2499882
PBN	507	820467	2499883
PBN	508	820468	2499884
PBN	509	820469	2499885
PBN	510	820470	2499886

PBN	511	820471	2499887
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PBN	513	820473	2499889
PBN	514	820474	2499890
PBN	515	820475	2499891
PBN	516	820476	2499892

Claim Name	Claim #	BLM serial #	Washoe County
PBN	517	820477	2499893
PBN	518	820478	2499894
PBN	519	820479	2499895
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PBN	521	820481	2499897
PBN	522	820482	2499898
PBN	523	820483	2499899
PBN	524	820484	2499900
PBN	525	820485	2499901
PBN	527	820486	2499902
PBN	529	820487	2499903
PBN	531	820488	2499904
PBN	533	820489	2499905
PBN	535	820490	2499906
PBN	537	820491	2499907
PBN	540	820492	2499908
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PBN	544	820494	2499910
PBN	546	820495	2499911
PBN	548	820496	2499912
PBN	550	820497	2499913
PBN	552	820498	2499914
PBN	554	820499	2499915
PBN	555	820500	2499916
PBN	556	820501	2499917
PBN	557	820502	2499918
PBN	558	820503	2499919
PBN	559	820504	2499920
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PBN	562	820507	2499923
PBN	563	820508	2499924
PBN	564	820509	2499925
PBN	565	820510	2499926
PBN	566	820511	2499927
PBN	47	820512	2499713
PBN	48	820513	2499714

PBN	49	820514	2499715
PORK	39	820515	2500076
PORK	41	820516	2500077

Claim Name	Claim #	BLM serial #	Washoe County
PORK	67	820517	2500078
PORK	69	820518	2500079

FILING PENDING:

PBN	201
PBN	202
PBN	203
PBN	204
PBN	205
PBN	206
PBN	207
PBN	208
PBN	209
PBN	210
PBN	211
PBN	212
PBN	213
PBN	214
PBN	215
PBN	216
PBN	217
PBN	218
PBN	219
PBN	220
PBN	221
PBN	222
PBN	223

AMENDING AGREEMENT

THIS AGREEMENT effective the 1st day of August, 2001 BETWEEN:

Seabridge Gold Corporation., a company incorporated under the laws of the State of Nevada and a wholly-owned subsidiary of **Seabridge Resources Inc.,** a company incorporated under the laws of the Province of British Columbia

(hereinafter collectively called "Seabridge") AND:

Platoro West Incorporated., a company incorporated under the laws of the State of Nevada

(hereinafter called "Platoro")

WHEREAS Seabridge and Platoro entered into a Mining Lease and Agreement dated ~~August 15, 2000~~ November 15, 2000 (the "Mining Lease Agreement") covering certain unpatanted mining claims situated in Washoe County, Nevada known as the Hog Ranch project.

The parties have agreed to the following amendments.

NOW THEREFORE for good and valuable consideration the parties agree that the Mining Lease Agreement is amended as follows:

1. Notwithstanding the provisions of Paragraph 6 of the Mining Lease Agreement, the Parties hereto agree and confirm that the mining claims listed on Exhibit "A" attached hereto are abandoned and are no longer included as mining claims to be maintained as part of the Property as defined in the Mining Lease Agreement.
2. All other terms and conditions of the Mining Lease Agreement remain unchanged.

Seabridg2Gold Corporation **Seabridge Resources Inc.**

EXHIBIT "A"

CLAIM NAME	NMC NUMBER
PBN #224-236	820391-820403
PBN #316-317	820415-820416
PBN #319	820418
PBN #341-350	820431-820440
PBN #352	820441
PBN #354	820442
PBN #356	820443
PBN #358	820444
PBN #360	820445
PBN #362	820446
PBN #364	820447
PBN #371	820448
PBN #373	820449

PBN #375	820450
PBN #377	820451
PBN #379	820452
PBN #381	820453
PBN #385	820454
PBN #383	820455
PBN #500	820463
PBN #502	820464
PBN #504	820465
PBN #506-507	820466-820467
PBN #509	820469
PBN #511	820471
PBN #515-518	820475-820478
PBN #559-566	820504-820511
PBN #172-174	822388-822390
PBN #176	822392
PBN #178	822394
PBN #180	822396
PBN #182	822398
PBN #184	822400
PBN #186	822402
PBN #188	822404
PBN #190	822406
PBN #192-217	822408-822433
PBN #581-588	822437-822444

Hog Ranch Project-PBN claims

EXHIBIT "A"

Platoro West Incorporated
28 August 2001

208 UNPATENTED LODE CLAIMS SITUATED IN TOWNSHIPS 37 & 38 NORTH AND RANGES 22 & 23 EAST, MDB&M, WASHOE COUNTY, STATE OF NEVADA.

claim name	claim #	BLM serial #	Washoe County
PBN	31	818474	2484252
PBN	32	818475	2484253
PBN	33	818476	2484254
PBN	34	818477	2484255

PBN	83	818478	2484256
PBN	89	818479	2484257
PBN	90	818480	2484258
PBN	92	818481	2484259
PBN	94	818482	2484260
PBN	139	818483	2484261
PBN	141	818484	2484262
PBN	143	818485	2484263
PBN	149	818486	2484264
PBN	150	818487	2484265

PBN	22	820284	2499697
PBN	24	820285	2499698
PBN	25	820286	2499699
PBN	26	820287	2499700
PBN	27	820288	2499701
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PBN	239	820406	2499822
PBN	307	820407	2499823
PBN	308	820408	2499824
PBN	309	820409	2499825
PBN	310	820410	2499826
PBN	311	820411	2499827
PBN	312	820412	2499828
PBN	313	820413	2499829
PBN	315	820414	2499830

PBN	318	820417	2499833
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PBN	322	820421	2499837
PBN	323	820422	2499838
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PBN	331	820430	2499846
PBN	386	820456	2499872
PBN	387	820457	2499873
PBN	388	820458	2499874
PBN	389	820459	2499875
PBN	390	820460	2499876
PBN	391	820461	2499877
PBN	392	820462	2499878
PBN	508	820468	2499884
PBN	510	820470	2499886
PBN	512	820472	2499888
PBN	513	820473	2499889
PBN	514	820474	2499890
PBN	519	820479	2499895
PBN	520	820480	2499896
PBN	521	820481	2499897
PBN	522	820482	2499898
PBN	523	820483	2499899
PBN	524	820484	2499900
PBN	525	820485	2499901
PBN	527	820486	2499902
PBN	529	820487	2499903
PBN	531	820488	2499904
PBN	533	820489	2499905
PBN	535	820490	2499906
PBN	537	820491	2499907

PBN	540	820492	2499908
PBN	542	820493	2499909
PBN	544	820494	2499910
PBN	546	820495	2499911
PBN	548	820496	2499912
PBN	550	820497	2499913
PBN	552	820498	2499914
PBN	554	820499	2499915
PBN	555	820500	2499916
PBN	556	820501	2499917
PBN	557	820502	2499918
PBN	558	820503	2499919
PBN	47	820512	2499713
PBN	48	820513	2499714
PBN	49	820514	2499715
PBN	1	822378	2516641
PBN	2	822379	2516642
PBN	3	822380	2516643
PBN	4	822381	2516644
PBN	5	822382	2516645
PBN	6	822383	2516646
PBN	7	822384	2516647
PBN	109	822385	2516648
PBN	110	822386	2516649
PBN	171	822387	2516650
PBN	173	822389	2516652
PBN	175	822391	2516654
PBN	177	822393	2516656
PBN	179	822395	2516658
PBN	181	822397	2516660
PBN	183	822399	2516662
PBN	185	822401	2516664
PBN	187	822403	2516666
PBN	189	822405	2516668

PBN	191	822407	2516670
PBN	221	822434	2516697
PBN	222	822435	2516698
PBN	223	822436	2516699

PORK BELLY PROJECT – PORK CLAIMS

EXHIBIT "A"

PLATORO WEST INCORPORATED
28 AUGUST 2001

30 UNPATENTED LODE CLAIMS SITUATED IN SECTIONS 14, 15, 22, and 23 TOWNSHIP 38 NORTH, RANGE 22 EAST, MDB&M, WASHOE COUNTY, STATE OF NEVADA.

CLAIM NAME	BOOK/PAGE		INSTRUMENT	BLM SERIAL #
PORK # 27	3882	646	1726435	683625
PORK #28	3882	647	1726436	683626
PORK #29	3882	648	1726437	683627
PORK #30	3882	649	1726438	683628
PORK #31	3882	650	1726439	683629
PORK #32	3882	651	1726440	683630
PORK #33	3882	652	1726441	683631
PORK #34	3882	653	1726442	683632
PORK #35	3882	654	1726443	683633
PORK #36	3882	655	1726444	683634
PORK #37	3882	656	1726445	683635
PORK #38	3882	657	1726446	683636
PORK #40	3882	659	1726448	683638
PORK #42	3882	661	1726450	683640
PORK #71	3882	690	1726479	683669
PORK #72	3882	691	1726480	683670
PORK #73	3882	692	1726481	683671
PORK #135	3969	53	1758865	693617
PORK #137	3969	55	1758867	693619
PORK #142	3969	60	1758872	693624
PORK #143	3969	61	1758873	693625
PORK #144	3969	62	1758874	693626
PORK #145	3969	63	1758875	693627
PORK #146	3969	64	1758876	693628
PORK #147	3969	65	1758877	693629
PORK #149	3969	67	1758879	693631
PORK #39			2500076	820515
PORK #41			2500077	820516
PORK #67			2500078	820517
PORK #69			2500079	820518

AMENDING AGREEMENT

THIS AGREEMENT effective the 30th day of Septembert, 2002

BETWEEN:

Seabridge Gold Corporation., a company incorporated under the laws of the State of Nevada and a wholly-owned subsidiary of **Seabridge Resources Inc.,** a company incorporated under the laws of the Province of British Columbia

(hereinafter collectively called "Seabridge") **AND:**

Platoro West Incorporated., a company incorporated under the laws of the State of Nevada

(hereinafter called "Platoro")

WHEREAS Seabridge and Platoro entered into a Mining Lease and Agreement dated November 15, 2000 (the "Mining Lease Agreement") covering certain unpatanted mining claims situated in Washoe County, Nevada known as the Hog Ranch project.

The parties have agreed to the following amendments.

NOW THEREFORE for good and valuable consideration the parties agree that the Mining Lease Agreement is amended as follows:

1. The Advance Royalty Payment schedule as per Paragraph 5 of the Mining Lease Agreement shall be amended as follows:

Advance Royalty Payment	Payable on or before
$ 10,000	On November 15, 2004;
$ 12,500	On November 15, 2005;
$ 15,000	On November 15, 2006;
$ 17,500	On November 15, 2007;
$ 20,000	On November 15, 2008; and each November 15 thereafter.

2. All other terms and conditions of the Mining Lease Agreement remain unchanged.

FROM :PLATORO WEST-PAC INTRMTN GOLD FAX NO. :77524866469722415469 Sep. 08 2003 02:31PM P1

AMENDING AGREEMENT

THIS AGREEMENT effective the 8th day of September, 2003

BETWEEN:

Seabridge Gold Corporation., a company incorporated under the laws of the State of Nevada and a wholly-owned subsidiary of **Seabridge Resoarces Inc.**, a company incorporated under the laws of the Province of British Columbia

(hereinafter collectively called "Seabridge")

AND:

Platero West Incorporated., a company incorporated under the laws of the State of Nevada

(hereinafter called "Platoro")

WHEREAS Seabridge and Platoro entered into a Mining Lease and Agreement dated November 15, 2000 with amendments dated August 1, 2001 and September 30, 2002 (the "Mining Lease Agreement") covering certain unpatanted mining claims situated in Washoe County, Nevada known as the Hog Ranch project.

The parties have agreed to the following amendments.

NOW THEREFORE for good and valuable consideration the parties agree that the Mining Lease Agreement is amended as follows:

1. The 2nd sentence as per Paragraph 5 of the Mining Lease Agreement which reads as follows:

Seabridge will issue Platoro a further 500,000 common shares upon the earlier of (i) confirmation by an independent third party of a measured and indicated gold reserve of more than 1.0 million ounces, (ii) completion of a positive bankable feasibility study which demonstrates a mine capable of producing at ***least*** 100,000 ounces of gold per annum, or (iii) the sale or transfer of at least 50% of the project to a non-affiliated third party.

shall be deleted and replaced in its entirety as follows:

Seabridge will pay Platoro a further US$250,000 in cash upon the earlier of (i) confirmation by an independent third party of a measured and indicated gold reserve of more than 1.0 million ounces, or (ii) completion of a positive bankable feasibility study which demonstrates a mine capable of producing at ***least*** 100,000 ounces of gold per annum.

2. All other terms and conditions of the Mining Lease Agreement remain unchanged.

MINING LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT (the "Agreement"), made this 15th day of August, 2000 by and between PLATORO WEST, INC., a Nevada corporation, (hereinafter called "Owner") and SEABRIDGE RESOURCES INC., a company incorporated under the laws of the Province of British Columbia, Canada (hereinafter called "Seabridge"):

WITNESSETH:

1. Owner represents that subject to the paramount title of the United States, he is the sole and only owner of the unpatented mining claims, situated in Esmeralda County, Nevada, described on Exhibit A attached hereto and incorporated herein (hereinafter referred to as the "Property"); that each of the unpatented claims included in the Property has been validly located, filed and recorded in compliance with the laws of the State of Nevada and of the United States as they relate to location and recordation of such claims; that Owner has timely complied with all of the filing provisions of the Federal Land Policy and Management Act (43 U.S.C. Section 1701, et seq.) as they pertain to the unpatented claims included within the Property and that said claims are valid and subsisting mining claims; that Owner has performed assessment work upon said claims through the assessment year ended Sept ember 1, 2000, and will record and file proof thereof, all of which work, recordings and filings have been completed in accordance with the applicable state and federal statutes pertaining to assessment work; that Owner has fully and timely paid the holding fees, if any, required to maintain the unpatented mining claims to the date of this Agreement; that Owner's rights in the Property are not subject to any prior agreement, encumbrance, burden or restriction, created by any act or instrument of Owner; that to the best of Owner's knowledge, the Property is free from liens and encumbrances and other adverse claims by third parties; and that the Property is not burdened with any royalties, overriding royalties, net profits interests or payments on production except for the underlying royalty payable by Owner to Fisher-Watt Gold Company which is fully described as Attachment A hereto, which shall remain the exclusive responsibility of Owner..

2. Owner hereby grants, lets and leases exclusively to Seabridge the Property, for the term hereof, together with all ores and minerals of every kind, except oil and gas, in, on or under the Property, with the exclusive right to prospect and explore for, mine by any method now known or hereafter discovered (including, but not limited to, underground, open pit, in-situ and solution methods), process by any method know known or hereafter discovered, mill, prepare for market, store, sell and dispose of the same; and together with all such rights-of-way, easements, water and water rights, geothermal water and geothermal resources, of every kind and nature, through, over, on or appertaining to the Property, and the right to erect, maintain and operate thereon and therein, buildings, structures, machinery and equipment, and the right to use, occupy and disturb so much of the su rface of the Property as Seabridge may determine to be useful, desirable or convenient for the exercise by Seabridge of any and all of its rights hereunder, and the right in its sole discretion to exercise any rights or options of Owner with respect to the Property or any portion thereof under any law or regulation hereafter enacted, including but not limited to the right to convert any or all of the unpatented claims included in the Property and the other rights described in Section 7 herein. In the event Owner acquires any additional rights, titles or interests in the Property after the execution of this Agreement, or locates any additional unpatented mining claims within the "Area of Interest" as

3.

more particularly described in Exhibit B attached hereto, all such additional rights, titles and interests shall be subject to this Agreement.

1. If Owner's title is less than as stated in Section 1 hereof or is subject to a superior adverse interest, all payments, including Advance Royalty and Production Royalty payments, without limitation, to be made to Owner hereunder shall be reduced to the same proportion thereof as the undivided interest in the Property solely owned by Owner bears to the entire interest in the Property.

Seabridge shall have sole discretion to determine the extent of its work, if any, on the Property and the time or times for beginning, continuing or resuming such work thereon. All activities carried out by Seabridge under this Agreement shall conform with the laws and regulations of the State of Nevada and the United States.

Seabridge shall indemnify and hold harmless Owner from all liability, including attorneys fees and costs, arising out of Seabridge's exploration and other activities hereunder, including but not limited to environmental and reclamation liabilities under existing and future laws and regulations. The indemnity set forth herein shall survive termination or expiration of this Agreement.

Owner shall indemnify and hold harmless Seabridge, its officers, directors, shareholders, employees and affiliates from any and all claims, demands and liabilities whatsoever arising from or in connection with Owner's operations or activities upon the Property which were conducted prior to the date of this Agreement, including, without limitation, surface and underground disturbances (including, but not limited to, underground workings, waste dumps, tailings, roads, drill holes and drill pads) and reclamation obligations. The indemnity set forth herein shall survive termination or expiration of this Agreement.

2. The term of this Agreement shall begin with the date hereof and shall continue to and until the fifteenth anniversary of such date and so long thereafter as Seabridge continues to make advance royalty or production royalty payments, but subject to earlier termination as provided in this Agreement. After termination of this Agreement, Seabridge shall have the right of ingress and egress from the Property and the right to complete such reclamation and restoration of the Property and to make such inspections as may be required by law, for so long after termination of this Agreement as is necessary to complete all such reclamation, restoration and inspections.

3. Upon execution of this Agreement, Seabridge shall issue Owner 5,000 shares of its Common Stock. Additionally, unless and until this Agreement is terminated, Seabridge shall pay Owner Advance Royalty payments in accordance with the following schedule:

Advance Royalty Payment	Payable on or before
$ 7,500	On execution;
$ 12,500	On August 15, 2001;
$ 17,500	On August 15, 2002;
$ 25,000	On August 15, 2003; and each August 15 thereafter.

All Advance Royalty payments payable to Owner pursuant to this paragraph shall not be recoverable against Seabridge's right to acquire 50% of Owner's Production Royalty interest more fully described below.

Seabridge shall pay to Owner a Production Royalty based on the price of gold follows:

Production Royalty Rate	Gold Price Per Ounce
3.0 %	less than $320.00
3.5 %	$320.00 to $379.99
4.0 %	$380.00 to $439.99
4.5 %	$440.00 to $499.99
5.0 %	over $500.00

In addition, Seabridge shall pay Owner 3.5% of Gross Proceeds received by Seabridge from any other metals, other than gold, from the Property.

Gross Proceeds shall be calculated for each calendar quarter in which Gross Proceeds are realized, and such royalty payments as are due Owner hereunder shall be made within thirty (30) days following the end of the calendar quarter in which the Gross Proceeds were realized. Such payments shall be accompanied by a statement summarizing the computation of Gross Proceeds.

Quarterly royalty payments will be provisional and subject to adjustment at the end of Seabridge's accounting year. If no written objection is made by Owner to the correctness of a royalty payment or its accompanying statement within two years from the date of such payment, such statement shall be conclusively deemed to be correct and such royalty payment sufficient and complete, and no exception or claim for adjustment shall thereafter be permitted.

The term "Gross Proceeds" as used herein shall mean the dollar amount actually received by Seabridge from the sale of minerals from the Property.

All payments and royalties payable hereunder may be made by Seabridge's check, and delivery thereof shall be deemed completed on the mailing thereof to Owner or any third party as directed by Owner.

In addition, during the term of this Agreement, Seabridge shall pay to Owner a Production Royalty on the same terms as above from the sale of minerals from any unpatented mining claims located by Seabridge within the "Area of Interest" as more particularly described in Exhibit B attached hereto and incorporated herein.

At anytime during the term of this Agreement, Seabridge shall have the right, but not the obligation, to purchase 50% of the Production Royalty for $1,800,000. For clarification, should Seabridge elect to purchase 50% of the Production Royalty, the Production Royalty Rates detailed above will be reduced by 50%. Any and all Production Royalty payments made by Seabridge under the terms of this Agreement, after production has commenced, will be credited against the $1,800,000 payment.

1. If required by state or federal law, Seabridge shall perform annual labor or assessment work for the benefit of the Property, pay any maintenance, rental, holding fee or other payment required to maintain the Property, or both, for every assessment year thereafter in which Seabridge continues this Agreement beyond July 1st of the assessment year. If any such law permits the performance of assessment work or annual labor in lieu of making all or a portion of any such payment, Seabridge shall determine whether to make such payment, perform such work or labor, or both. If required by state or federal law, Seabridge shall pay any location fee or payment required to relocate any unpatented mining claim or mill site included in the Property that Seabridge determines under Section 7 should be relocated. For each assessment year in which Seabridge performs annual labor or assessment work or makes any such payment, it shall record or file any affidavit or statement of such compliance required by federal or state law.

Seabridge shall have the benefit of all laws now or hereafter enacted which relate to annual labor or assessment work or any payment required by this Section, including any laws extending the time within which to comply with such requirements, suspending such requirements, or exempting the Property from such requirements, so that Seabridge's obligations under this Section are limited to compliance with state and federal laws regarding such requirements in effect from time to time during the term of this Agreement. Seabridge shall be relieved of its work or labor obligations under this Section for any period in which Seabridge's access to the Property is impeded by access force majeure under Section 14.

2. Upon request, Owner shall make available such abstracts of title and other title records pertaining to the Property which he may have to aid Seabridge in any title searching it may wish to undertake. Seabridge may, but shall have no obligation to, investigate and cure as it sees fit any defects in title to the Property which Owner fails to remedy after notice by Seabridge. Owner shall cooperate fully with Seabridge in the curing of any such title defect, and Seabridge shall reimburse Owner for Owner's actual expenses resulting from its cooperation in this effort.

Seabridge may, but shall have no obligation to, investigate and cure as it sees fit any defects in the title, location, recordation or filing of the unpatented mining claims comprising the Property, and Owner shall cooperate fully with the curing of said deficiencies at the expense of Seabridge. Additionally, Owner authorizes Seabridge, at its discretion, to relocate, amend, restake, refile and rerecord any particular mining claim or claims in the Property or documents associated therewith. Where required for restaking or relocation, Owner shall execute notices of abandonment of mining claims, and, in turn, Seabridge agrees that any relocation, restaking or location of fractions within the perimeter of the claim block shall be accomplished in Owner's name.

Owner shall apply for a patent for any of the unpatented mining claims upon the request of Seabridge. All expenses authorized by Seabridge in connection with prosecuting patent proceedings shall be borne by Seabridge; and the rights of Seabridge under this Agreement shall extend to any patented mining claims Owner receives by virtue of such patent proceedings, and to any amended location and relocation of the unpatented claims.

Seabridge and Owner recognize that legislation to amend the mining laws of the United States or the state of Nevada may be enacted during the term of this Agreement and that any such legislation, if enacted, will likely contain provisions affecting owners or holders of existing unpatented mining claims, including but not limited to provisions (i) permitting or requiring conversion of existing unpatented claims to a new type of mining claim or interest, (ii) permitting or requiring owners or holders of existing mining claims to comply with some or all of the requirements of such amended mining laws, or (iii) permitting or requiring owners or holders of existing mining claims to commence patent proceedings within a specified period of time ("Claim Holder Rights"). For all purposes of this Agreement, Owner grants to Seabridge all Claim Holder Rights now or hereafter vested in Owner, whether con tained in federal legislation, regulations promulgated thereunder or similar state laws or regulations, together with Owner's rights to enforce any existing rights to the Property or any Claim Holder Rights against any third party, or to litigate or contest any such existing rights or Claim Holder Rights before any court or administrative agency. Seabridge may, but shall have no obligation to, exercise such rights as to any, all or none of the mining claims included in the Property, at any time and from time to time, in Seabridge's sole discretion. Owner shall cooperate in Seabridge's exercise of such rights, including without limitation by executing required forms or documents, participating in any action or proceeding relating to such rights or allowing any such action or proceeding to be taken or prosecuted in Owner's name.

If the United States or any third party attacks the validity of the mining claims included in the Property, Seabridge may, but shall have no obligation to, defend their validity.

1. Without limiting the generality of the rights granted in Section 2 above, Owner hereby grants Seabridge the right to mine or remove from the Property any ores, waste, water or other materials existing therein or thereon, through or by means of shafts or openings which maybe sunk or made upon adjoining or nearby property controlled by Seabridge, and may stockpile any ores, waste or other materials and/or concentrated products of ores or materials from the Property upon stockpile grounds situated upon any such adjoining or nearby property; and Seabridge may use the Property and any part thereof and any shafts, openings, and stockpile grounds, sunk or made thereon for the mining, removal and/or stockpiling of any ores, waste, water and other materials and/or concentrated products of ores or materials from any such adjoining or nearby property, or for any purpose or purposes connected therewith, n ot, however, permanently preventing the mining or removal of ore from the Property.

Seabridge may commingle ore from the Property with ore from other properties, either before or after concentration or beneficiation, so long as the data to determine the weight and assay, both of the ore removed from the Property and of other ores to be commingled, are obtained by Seabridge. Seabridge shall use that weight and assay data to allocate the royalties from the commingled ore between the Property and other properties from which the other commingled ore was removed. All such weight, assay and allocation calculations by Seabridge shall be done in a manner recognized by the mining industry as practical and sufficient.

2. Seabridge's records of all mining operations on the Property pertinent to computation of royalties shall be available for Owner's inspection upon reasonable advance notice and during normal business hours, but no more than once each quarter. Seabridge shall maintain adequate

3.

records concerning mining operations so that the amount of gold, or other metal, having been produced from each of the claim block groups on the Property may be independently calculated. Owner may enter the mine workings and structures on the Property at all reasonable times upon reasonable advance notice for inspection thereof, but Owner shall so enter at his own risk and shall indemnify and hold Seabridge harmless against and from any damage, loss or liability by reason of injury to Owner or his agents or representatives or damage to or destruction of any property of Owner or said agents or representatives while on the Property on or in said mine workings and structures.

On or before the first anniversary and each anniversary thereafter, as long as the Agreement is in effect, Seabridge shall provide Owner an annual project summary report. This report shall be in writing and summarize Seabridge's exploration activities on or for the benefit of the Property during the preceding twelve (12) month period.

1. Seabridge shall pay all taxes assessed against any personal property which it may place on the Property and shall pay any taxes or increase in taxes assessed against the Property due to its operations thereon. Owner shall provide promptly to Seabridge copies of all documents relating to such taxes or increase in taxes. Seabridge may take such action, at its expense, as it deems proper to obtain a reduction or refund of taxes paid or payable by it, and Owner shall cooperate in such action, including but not limited to allowing such action to be taken and prosecuted in Owner's name. Owner shall pay all other taxes assessed against the Property, including all taxes assessed or payable at the time of the execution of this Agreement.

2. Seabridge shall keep the Property free of all liens for labor or materials furnished to it in its operations hereunder and shall indemnify and save harmless Owner against and from any damage, loss or liability by reason of injury to person or damage to property as the result of its operations hereunder, except as provided in Section 9 above. Seabridge may, but shall have no obligation to, contest the validity of any lien of the Property at its expense, and Owner shall cooperate in such contest, including but not limited to allowing such contest to be taken and prosecuted in Owner's name, and any such lien shall not be deemed a default unless finally adjudicated to be valid and not discharged by Seabridge.

Owner shall not cause or allow any liens, encumbrances or adverse claims to accrue against the Property, except such as may have been expressly subordinated to this Agreement; and in the event any lien or encumbrance shall hereafter accrue against the Property by act or neglect of Owner, then Seabridge may, at Seabridge's option, pay and discharge the same, and if Seabridge elects so to do, Seabridge may deduct the amount so paid from any Advance Royalty or Production Royalties or other payments hereunder, together with interest thereon from the date of payment of said sums at the weighted average of prime rates throughout the year (as established by the Bank of America) subject to the application of any Nevada usury statute.

3. Seabridge shall have the right at any time to terminate this Agreement. Upon termination of this Agreement by Seabridge, all payments theretofore made to Owner shall be retained by Owner and all liabilities and obligations of Seabridge to Owner not then due or accrued shall cease and terminate, except any liabilities or obligations arising prior to the termination of this section.

4.

Upon termination of this Agreement Seabridge shall furnish Owner with a complete summary of the factual information obtained as a result of work done by Seabridge on the Property including, but not limited to, logs of all holes drilled thereon, ore values encountered, if any, analyses thereof and pertinent maps and surveys prepared

by Seabridge in the course of such work. Seabridge shall authorize and permit Owner to take possession of any available drill core, pulps, chips, or cuttings obtained from the Property. Seabridge makes no representation or warranty, expressed or implied, as to the accuracy of any information or data made available to Owner hereunder or to the fitness or suitability of such information or data for any purpose.

1. If Seabridge defaults in any of its obligations hereunder, Owner may give Seabridge written notice thereof and specify the default or defaults relied on. If Seabridge has not begun to cure such default within a reasonable time after receipt of such notice (which shall not, in any case, be less than 30 days), Owner may terminate this Agreement by written notice to Seabridge; provided that if Seabridge shall dispute that any default has occurred, the matter shall be determined by litigation in a court of competent jurisdiction, and if it is found to be in default hereunder, Seabridge shall have a reasonable time (which in any case shall not be less than 60 days from receipt by Seabridge of notice of entry of final judgement adverse to Seabridge) to cure such default, and if so cured, Owner shall have no right to terminate this Agreement by reason of such default. However, in the event the claim of default is failure to make annual payments when due, Seabridge shall cure such payment default within 15 days after notice of default is given, or else this Agreement will terminate.

2. The terms of this Agreement may be extended or the Agreement terminated in the case of an event of force majeure in accordance with the following:

a.) The term of this Agreement shall be extended by any event of force majeure, and the obligations of Seabridge under this Agreement, except for the payment of money, shall be suspended and Seabridge shall not be deemed in default or liable for damages or other remedies while Seabridge is prevented from complying therewith by force majeure. For purposes of this agreement, force majeure shall include, but not be limited to: acts of God; the elements; acts of War, insurrection, riots or terrorism; strikes, lockouts and other labor disputes; inability to obtain necessary materials or obtain permits, approvals or consents; damage to, destruction or unavoidable shutdown of necessary facilities or equipment; acts or failures to act on the part of local, state, federal or foreign governmental agencies or courts, or of Indian tribes; or any other matters (whether or not similar to those mentioned above, and whether foreseeable or unforeseeable) beyond Seabridge's reasonable control; provided, however, that settlement of strikes, lockouts and other labor disputes shall be entirely within the discretion of Seabridge; and provided further that Seabridge shall promptly notify other parties to this Agreement and shall exercise diligence in an effort to remove or overcome the cause of such inability to comply.

b.) In entering into this Agreement, the parties assume that Seabridge's access to the Property is and will continue to be unrestricted. Seabridge's reasonable belief that the actions or inactions of any local, state or federal governmental agency or court, of any Indian tribe, or of any officer or official acting under color of governmental authority, might prevent or impede access to the Property, or otherwise limit Seabridge's ability to operate thereon, shall be considered an event of

force majeure for purposes of this Agreement, and shall be referred to as an "access force majeure." If an access force majeure occurs, Seabridge shall have the right either: 1.) to suspend this Agreement for a period not to exceed two years, without payment or penalty, while the access force majeure is in effect, provided, however, that Seabridge shall resume operations on the Property within a reasonable time after access to the Property is no longer restricted, and further provided that Seabridge shall perform assessment work on the Property during such period of suspension to the extent required by Section 6 herein unless Seabridge is prevented by such access force majeure from performing such assessment work; or 2.) to terminate this Agreement, without payment or penalty, if in Seabridge's sole discretion the Property shall be inaccessible or otherwise unavailable for exploration during the current or su bsequent field season. In determining "reasonableness," Seabridge shall be under no duty to contest the governmental agency or court action or inaction by protest, petition, appeal or any other means.

1. In case of termination of this Agreement under the terms hereof or for any cause, Seabridge shall have no liability or obligation hereunder except for those, including reclamation obligations, already accrued at such date of termination. Upon such termination, Seabridge shall surrender the Property to Owner, and upon his

request shall deliver to him a written instrument in further evidence of such termination, in appropriate form for recording. Seabridge shall have the right but not the obligation, to remove from the Property all property belonging to or installed by it, including but not limited to machinery; equipment; buildings; structures; fixtures; ores, waste, and other materials; and concentrated products of ores or other materials. However, any property not removed within two years from the date of termination, will become the property of Owner.

2. Changes in the ownership of the Property or the rights to receive royalties hereunder occurring after delivery of this Agreement shall not be binding upon Seabridge until it shall receive written notice of such change, signed by Owner, together with a certified copy or photographic copy of the recorded documents reflecting such change. No change or division in the ownership of the Property, mineral interests or royalties hereafter accomplished shall operate to enlarge the obligations or diminish the rights of Seabridge hereunder.

3. All notices hereunder shall be in writing and may be delivered by certified mail, and such mailing thereof shall be deemed the act of giving of notice. Such mailed notices shall be addressed to Owner as follows:

Platoro West, Inc. P.O. Box
2654
Durango, Colorado 81302

and to Seabridge, in duplicate, as follows:

Seabridge Resources Inc.
172 King Street East, 3rd Floor Toronto, Ontario
M5A 1J3 Canada Attention: Rudi Fronk

and to:

Seabridge Resources Inc.
Suite 304-700 West Pender Street Vancouver,
B.C. V6C 1G8 Canada Attn: Cynthia Avelino

1. "Owner" as used herein includes the plural, if there are more than one, and reference to the Owner in one gender includes the other and the plural when appropriate.

2. Upon request, Owner shall execute a Memorandum of Mining Lease and Agreement covering the Property for purposes of recording.

3. The rights and obligations of Owner and Seabridge may be freely assigned in whole or in part. An assignment of this Agreement, in whole or in part, shall, to the extent of such assignment, relieve and discharge Seabridge of its obligations hereunder.

IN WITNESS WHEREOF, the parties have executed this Mining Lease and Agreement as of the day and year first above written.

OWNER:

PLATORO WEST, INC.

By:

Name: William M. Sheriff
Title: President

SEABRIDGE RESOURCES INC.

By: /s/ Rudi P. Fronk

Name: Rudi P. Fronk
Title: President and CEO

STATE OF COLORADO)
)
ss.
COUNTY OF LA PLATA)

On August 15th, 2000, personally appeared before me, a Notary Public, William M. Sheriff, President of Platoro West, Inc., a Nevada corporation, personally known or proved to me to be the person whose name is subscribed to the above instrument who acknowledged to me that he executed the above instrument on behalf of the limited liability company.

/s/ Mary Ann Carter
Notary Public

My Commission Expires:

10/14/00

PROVINCE OF ONTARIO
On August 25, 2000, personally appeared before me, a Notary Public, Rudi P. Fronk, President of SEABRIDGE RESOURCES INC., a company incorporated under the laws of the Province of British Columbia, Canada, personally known or proved to me to be the person whose name is subscribed to the above instrument who acknowledged to me that he executed the above instrument, on behalf of the corporation.

Notary Public

My Commission Expires:

N/A

EXHIBIT A

Property

62 UNPATENTED LODE CLAIMS SITUATED IN SECTIONS 28 and 33 TOWNSHIP 3 NORTH, RANGE 38 1/2 EAST ***and*** SECTIONS 17-21, and 28-33 TOWNSHIP 3 NORTH, RANGE 39 EAST, MDB&M, ESMERALDA COUNTY, STATE OF NEVADA.

CLAIM NAME	***BOOK***	***PAGE***	***BLM SERIAL #***
CP 81	***185***	***340***	***749481***
CP 84	***185***	***342***	***749482***
CP 86	***185***	***343***	***749483***
CP 89	***185***	***344***	***749484***
CP 90	***185***	***345***	***749485***
CP 129	***185***	***353***	***749491***
CP 133	***185***	***354***	***749492***
CP 173	***185***	***358***	***749493***
CP 174	***185***	***359***	***749494***
CP 175	***185***	***360***	***749495***
CP 83	***166***	***131***	***654988***
CP 85	***166***	***133***	***654990***
CP 87	***166***	***135***	***654992***
CP 88	***166***	***136***	***654993***
CP 111	***166***	***159***	***655016***
CP 113	***166***	***161***	***655018***
CP 120	***174***	***181***	***688172***
CP 121	***174***	***182***	***688173***
CP 122	***174***	***183***	***688174***
CP 125	***174***	***184***	***688175***
CP 126	***174***	***185***	***688176***
CP 127	***174***	***186***	***688177***
CP 130	***174***	***189***	***688180***
CP 131	***174***	***190***	***688181***
CP 132	***1 74***	***191***	***688182***
CP 135	***174***	***194***	***688185***
CP 136	***174***	***195***	***688186***
CP 137	***174***	***196***	***688187***
CP 138	***174***	***197***	***688188***
CP 139	***174***	***198***	***688189***
NEW 354	***188***	***213***	***764345***
NEW 355	***188***	***214***	***764346***
NEW 356	***188***	***215***	***764347***

NEW 357	***188***	***216***	***764348***
NEW 358	***188***	***217***	***764349***

NEW 359	***188***	***218***	***764350***
NEW 360	***188***	***219***	***764351***
NEW 449	***188***	***220***	***764352***
NEW 454	***188***	***221***	***764353***
NEW 458	***188***	***222***	***764354***
NEW 459	***188***	***223***	***764355***
NEW 460	***188***	***224***	***764356***
NEW 549	***188***	***225***	***764357***
NEW 558	***188***	***226***	***764358***
NEW 559	***188***	***227***	***764359***
NEW 560	***188***	***228***	***764360***
NEW 649	***188***	***229***	***764361***
NEW 650	***188***	***230***	***764362***
NEW 651	***188***	***231***	***764363***
NEW 660	***188***	***232***	***764364***
NEW 749	***188***	***233***	***764365***
NEW 750	***188***	***234***	***764366***
NEW 751	***188***	***235***	***764367***
NEW 752	***188***	***236***	***764368***
NEW 760	***188***	***237***	***764369***
NEW 849	***188***	***238***	***764370***
NEW 850	***188***	***239***	***764371***
NEW 851	***188***	***240***	***764372***
NEW 852	***188***	***241***	***764373***
NEW 853	***188***	***242***	***764374***
NEW 859	***188***	***243***	***764375***
NEW 860	***188***	***244***	***764376***

AND

69 UNPATENTED LODE CLAIMS SITUATED IN SECTION 33 TOWNSHIP 3 NORTH, RANGE 38 1/2 EAST ***and*** SECTIONS 19, 20, 29, 30, 31, AND 32 TOWNSHIP 3 NORTH, RANGE 39 EAST ***and*** SECTION 6 TOWNSHIP 2 NORTH, RANGE 39 EAST, MDB&M, ESMERALDA COUNTY, STATE OF NEVADA.

CLAIM NAME	***BOOK***	***PAGE***	***BIM SERIAL #***
WES #1	***pending***	***pending***	***pending***
WES #2	***pending***	***pending***	***pending***
WES #3	***pending***	***pending***	***pending***
WES #4	***pending***	***pending***	***pending***
NESS #1	***187***	***355***	***754931***
NESS #2	***187***	***356***	***754932***

NESS #3	***187***	***357***	***754933***
NESS #4	***187***	***358***	***754934***
NBSS #5	***187***	***359***	***754935***

NBSS #6	*187*	*360*	*754936*
NBSS #7	*187*	*361*	*754937*
NESS #8	*187*	*362*	*754938*
NESS #9	*187*	*363*	*754939*
NESS #10	*187*	*364*	*754940*
JAZ #1	*198*	*268*	*796441*
JAZ #2	*198*	*269*	*796442*
JAZ #3	*198*	*270*	*796443*
JAZ #4	*198*	*271*	*796444*
JAZ #5	*198*	*272*	*796445*
JD #1	*185*	*333*	*749476*
JD #2	*185*	*334*	*749477*
JD #3	*185*	*335*	*749478*
JD #5	*185*	*337*	*749480**
JD #10	*187*	*365*	*754920**
-JD #l2.	*187*	*367*	*754922**
JD #14	*187*	*369*	*754924 **
JD #16	*187*	*371*	*754926**
JD #17	*187*	*372*	*754927*
JD #18	*187*	*373*	*754928*
JD #20	*187*	*375*	*754930**
JD #77	*193*	*80*	*779981**
JD #79	*193*	*82*	*779983 **
JD #81	*193*	*84*	*779985**
JD #82	*193*	*85*	*779986*
JD #301	*193*	*101*	*780002**
JD #302	*193*	*102*	*780003*
JD #304	*193*	*103*	*780004*
JD #305'	*193*	*104*	*780005*
JD #307	*193*	*106*	*780007**
JD #309	*193*	*108*	*780009**
JD #310	*193*	*109*	*780010*
JD #401	*193*	*201*	*780347**
JD #403	*193*	*203*	*780349**
JD #404	*193*	*204*	*780350*
JD #406	*193*	*206*	*780352 **
JD #408	*193*	*208*	*780354**
JD #409	*193*	*209*	*780355*
JD #411	*193*	*211*	*780357**
JD #412	*193*	*212*	*780358*
JD #413	*193*	*213*	*780359*

JD #414	*193*	*214*	*780360*
JD #415	*193*	*215*	*780361*

JD #427	*193*	*220*	*780366**
JD #500	*193*	*226*	*780372**
DJ #6	*198*	*264*	*796437*
DJ #7	*198*	*265*	*796438*
DJ #8	*198*	*266*	*796439*
DJ #9	*198*	*267*	*796440*
CP #81	*185*	*340*	*749481*
CP #84	*185*	*342*	*749482*
CP #86	*185*	*343*	*749483*
CP #89	*185*	*344*	*749484*
CP #90	*185*	*345*	*749485*
CP #105	*185*	*347*	*749486*
CP #107	*185*	*348*	*749487*
CP #109	*185*	*349*	*749488*
CP #110	*185*	*350*	*749489*
CP #112	*185*	*351*	*749490*
CP #129	*185*	*353*	*749491*
CP #133	*185*	*354*	*749492*
CP *#173*	*185*	*358*	*749493*
CP *#174*	*185*	*359*	*749494*
CP #175	*185*	*360*	*749495*

EXHIBIT B Area of Interest

~l M

ATTACHMENT A

Underlying Royalty Agreement between Fisher-Watt Gold Company and Platoro West Incorporated

CONVEYANCE AGREEMENT

THIS CONVEYANCE AGREEMENT (the "Agreement") is made and entered into effective as of August 31, 1999 (the "Effective Date"), by and among Platoro West Incorporated, a Nevada corporation, whose address for purposes hereof is P. O. Box 2654, Durango, Colorado 81302 ("PWI"), and Fischer-Watt Gold

Company Incorporated, a Nevada corporation, whose address for purposes hereof is 1621 N. 3rd Street, suite 1000, Coeur d'Alene, Idaho 83814 ("FWG"). Platoro and Fischer-watt will be collectively referred to hereinafter as the "Parties".

RECITALS

A. FWG is the owner of certain unpatented lode mining claims located in Esmeralda County, Nevada, as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Claims").

B. FWG desires to convey to PWI and PWT desires to acquire the Claims, reserving to FWG (i) a 1.0% Net Smelter Return Royalty ("NSR") on all claims listed in Exhibit B-1 attached hereto and incorporated by reference, and (ii) a 0.7% NSR on all claims listed in Exhibit B-2 attached hereto and incorporated by reference. The terms to be used in the calculation of the NSR are described fully in Exhibit C attached hereto and incorporated by reference.

AGREEMENT

NOW, THEREFORE, for and in consideration of PWI's firm commitment to pay the federal claim maintenance fees required to maintain the Claims through the year ending on September 1, 2001, as more fully described in Section 1.1 (b) below, and other good and valuable consideration, the receipt and sufficiency of which the Parties hereby confirm and acknowledge, and the mutual promises, covenants, and conditions herein contained and recited, the Parties hereto agree as follows:

ARTICLE 1
CONVEYANCE OF CLAIMS

1.1 Conveyance of Claims to PWT.

(a) Quitclaim. FWG hereby agrees to quitclaim the Claims to PWI pursuant to Quitclaim Deed in the form of Exhibit D attached hereto and incorporated herein by reference.

(b) Claim Maintenance. In connection with PWI' s acquisition of the Claims, PWI agrees to pay the claim maintenance fees required to maintain the Claims through and including September 1, 2001, and to file and record, in the appropriate governmental offices, as required, notices or affidavits of such payment. Except as

(c)

specifically set forth in this Section 1.1(b) and in Section 1.2(c) below, PWT shall have no obligation to maintain any of the Claims.

1.2 Rights Reserved to FWG.

(a) Net Smelter Return Royalty. FWG shall retain a 1.0% NSR on those claims listed in Exhibit B-1 and a 0.7% NSR on those claims listed in Exhibit B-2.

(b)

Area of Interest. If, after the effective date of this Agreement, PWI acquires an interest in any additional properties within the Area of Interest as outlined on Exhibit E attached hereto and incorporated herein by reference, FWG shall be entitled to a 0.5% NSR on the newly acquired property and said property shall become part of this Agreement.

(c) Abandonment. If at any time or from time-to-time during the term of this Agreement PWI desires to abandon all or any portion of the claims described in any of the Exhibits attached hereto, PWT shall provide FWG with written notice of such intention at least 30 days prior to the effective date of such abandonment. Within 15 days after receipt of such notice, FWG shall notify PWT whether FWG desires to acquire or re-acquire all or any portion of such claims. If FWG notifies PWI that FWG desires to acquire or re-acquire all or a portion of such claims, PWI shall promptly convey those claims to FWG by quitclaim deed. In addition, if PWI notifies FWG of its intention to abandon all or any portion of the Claims shown in Exhibit A after June 1st of any year, PWI shall be obligated to timely perform sufficient assessment work and/or timely pay any required claim maintenance fees prior to August 20th of that year , and to timely make all filings and recordings required in connection therewith, for all of the Claims covered by said notice.

ARTICLE 2
OBLTGATTONS OF PWT

2.1 Indemnity. PWT agrees to indemnify and hold FWG harmless from and against any loss, liability, cost, expense or damage FWG may incur for injury to or death of persons or damage to property, or otherwise, as the result of PWT conducting any activities or operations on or in connection with the Claims.

2.2 Compliance with Laws. PWI agrees to conduct and perform all of its operations on the Claims during the term of this Agreement in compliance with all valid and applicable federal, state and local laws, rules and regulations.

2.3 Reclamation and Remediation. If any of the claims are re-acquired by FWG, PWI shall be obligated to reclaim the surface of such claims, and perform remediation work as to the subsurface of such claims, to the extent disturbed by PWI in accordance with and as required by applicable federal, state and local laws, rules and

regulations. FWG hereby agrees to grant to PWI such access to those claims as is reasonably necessary to complete such reclamation and restoration work.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF FWG

3.1 Representations and Warranties. FWG represents and warrants to PWI as of the date hereof as follows:

(a) Organization and Standing. FWG is a corporation duly organized, validly existing, and in good standing under the laws of the State of Nevada and is duly qualified to conduct business in Nevada.

(b) Corporate Power. FWG has the requisite corporate power and authority (i) to enter into this Agreement and all other agreements contemplated hereby, and (ii) to carry out and perform its obligations under the terms and provisions of this Agreement and all agreements contemplated hereby.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF PWI

4.1 Representations and Warranties. PWT represents and warrants to FWG as of the date hereof as follows:

(a) Organization and Standing. PWI is a corporation duly organized, validly existing, and in good standing under the laws of the State of Nevada and is duly qualified to conduct business in Nevada.

(b) Corporate Power. PWI has the requisite corporate power and authority (i) to enter into this Agreement and all other agreements contemplated hereby, and (ii) to carry out and perform its obligations under the terms and provisions of this Agreement and all agreements contemplated hereby.

ARTICLE 5 NOTICES

5.1 Notices. All notices given in connection herewith shall be in writing, and all such notices and deliveries to be made pursuant hereto shall be given or made in person, by certified or registered mail return receipt requested, by overnight courier, or by facsimile acknowledged upon receipt. Such notices and deliveries shall be deemed to have been duly given and received when actually received. All notices should be addressed as follows:

(a) If to FWG:

Fischer-Watt Gold Company Inc. 1621 N. 3rd Street,
suite 1000 Coeur d'Alene, ID 83814
Facsimile Number: 208-667-6516

(b) If to PWI:

Platoro West Incorporated
Post Office Box 2654
Durango, CO 81302
Facsimile Number: 970-259-6425

ARTICLE 6
GENERAL PROVISIONS

6.1 Term and Termination. This Agreement will remain in effect for a period not to exceed 99 years from and after the date hereof, after which it will terminate automatically. This Agreement may be sooner terminated or amended with the express written consent of all Parties.

6.2 Governing Law. This Agreement, and the rights and liabilities of the Parties hereunder, shall be governed by and construed in accordance with the laws of the State of Nevada.

6.3 Memorandum for Recording. Upon request by either of the Parties, the Parties agree to execute for recording purposes a written Short Form of Agreement, setting forth the basic terms and conditions of the

Agreement. Both of the Parties hereby acknowledge that this Agreement shall not be recorded without the written consent of the Parties.

6.4 Para,-graph Numbers. The paragraph numbers in this Agreement are for administrative purposes and have no meaning.

IN WITNESS WHEREOF, the Parties hereto have caused this Conveyance Agreement to be duly executed, delivered, and effective from the date first above written.

Fischer-Watt Gold Company, Inc.
Platoro West Incorporated

ACKNOWLEDGEMENTS

STATE OF IDAHO)
)ss
COUNTY OF KOOTENAI

The foregoing instrument was acknowledged before me this 27 day of Sept. , 1999, by George Beattie, as CEO of Fischer-Watt Gold Company, Inc. a Nevada corporation.

Witness my hand and official seal.

My commission expires: 06/30/2005

Notary Public

STATE OF COLORADO)
)
ss.
COUNTY OF LA PLATA)

The foregoing instrument was acknowledged before me this 24th day of September, 1999, by William M. Sheriff as President of Platoro West Incorporated a Nevada corporation.

Witness my hand and official seal.

My commission expires: **10/12/99**

EXHIBIT "A"

THE "CLAIMS"
Claims to be Quitclaimed, subject to 1.0% NSR
CASTLE PROJECT – CP and NEW CLAIMS

52 UNPATENTED LODE CLAIMS SITUATED IN SECTIONS 28 and 33 TOWNSHIP 3 NORTH, RANGE 38 1/2 EAST ***and*** SECTIONS 17-21, and 28-33 TOWNSHIP 3 NORTH, RANGE 39 EAST, MDB&M, ESMERALDA COUNTY, STATE OF NEVADA.

CLAIM NAME	BOOK	PAGE	BLM SERIAL #

CP 83	166	131	654988
CP 85	166	133	654990
CP 87	166	135	654992
CP 88	166	136	654993
CP III	166	159	655016
CP 113	166	161	655018
CP 120	174	181	688172
CP 121	174	182	688173
CP 122	174	183	688174
CP 125	174	184	688175
CP 126	174	185	688176
CP 127	174	186	688177
CP 130	174	189	688180
CP 131	174	190	688181
CP 132	174	191	688182
CP 135	174	194	688185
CP 136	174	195	688186
CP 137	174	196	688187
CP 138	174	197	688188
CP 139	174	198	688189

NEW 354	188	213	764345
NEW 355	188	214	764346
NEW 356	188	215	764347
NEW 357	188	216	764348
NEW 358	188	217	764349
NEW 359	188	218	764350
NEW 360	188	219	764351
NEW 449	188	220	764352
NEW 454	188	221	764353
NEW 458	188	222	764354
NEW 459	188	223	764355
NEW 460	188	224	764356
NEW 549	188	225	764357
NEW 558	188	226	764358
NEW 559	188	227	764359
NEW 560	188	228	764360

NEW 649	188	229	764361
NEW 650	188	230	764362
NEW 651	188	231	764363
NEW 660	188	232	764364
NEW 749	188	233	764365
NEW 750	188	234	764366
NEW 751	188	235	764367
NEW 752	188	236	764368
NEW 760	188	237	764369
NEW 849	188	238	764370

NEW 850	188	239	764371
NEW 851	188	240	764372
NEW 852	188	241	764373
NEW 853	188	242	764374
NEW 859	188	243	764375
NEW 860	188	244	764376

EXHIBIT "B-1"

CLAIMS SUBJECT TO FWG 1.0% NSR

62 UNPATENI'ED LODE CLAIMS SITUATED IN SECTIONS 28 and 33 TOWNSHIP 3 NORTH, RANGE 38 1/2 EAST ***and*** SECTIONS 17-21, and 28-33 TOWNSHIP 3 NORTH, RANGE 39 EAST, MDB&M, ESMERALDA COUNTY, STATE OF NEVADA.

CLAIM NAME	BOOK	PAGE	BLM SERIAL #

CP 81	185	340	749481
CP 84	185	342	749482
CP 86	185	343	749483
CP 89	185	344	749484
CP 90	185	345	749485
CP 129	185	353	749491
CP 133	185	354	749492
CP 173	185	358	749493
CP 174.	185	359	749494
CP 175	185	360	749495
CP 83	166	131	654988
CP 85	166	133	654990
CP 87	166	135	654992
CP 88	166	136	654993
CP 111	I66	159	655016
CP 113	166	161	655018
CP 120	174	181	688172
CP 121	174	182	688173
CP 122	174	183	688174
CP 125	174	184	688175
CP 126	174	185	688176
CP 127	174	186	688177
CP 130	174	189	688180
CP 131	174	190	688181
CP 132	174	191	688182
CP 135	174	194	688185
CP 136	174	195	688186
CP 137	174	196	688187
CP 138	174	197	688188
CP 139	174	198	688189
NEW 354	188	213	764345
NEW 355	188	214	764346
NEW 356	188	215	764347
NEW 357	188	216	764348
NEW 358	188	217	764349
NEW 359	188	218	764350
NEW 360	188	219	764351
NEW 449	188	220	764352
NEW 454	188	221	764353
NEW 458	188	222	764354
NEW 459	188	223	764355
NEW 460	188	224	764356
NEW 549	188	225	764357
NEW 558	188	226	764358
NEW 559	188	227	764359

NEW 560	188	228	764360
NEW 649	188	229	764361
NEW 650	188	230	764362
NEW 651	188	231	764363
NEW 660	188	232	764364
NEW 749	188	233	764365
NEW 750	188	234	764366
NEW 751	188	235	764367
NEW 752	188	236	764368
NEW 760	188	237	764369
NEW 849	188	238	764370
NEW 850	188	239	764371
NEW 851	188	240	764372
NEW 852	188	241	764373
NEW 853	188	242	764374
NEW 859	188	243	764375
NEW 860	188	244	764376

EXHIBIT "B-2"

CLAIMS SUBJECT TO FWG 0.7% NSR

57 UNPATENTED LODE CLAIMS SITUATED IN SECTION 33 TOWNSHIP 3 NORTH, RANGE 38 1/2 EAST ***and*** SECTIONS 19, 20, 29, 30, 31, AND 32 TOWNSHIP 3 NORTH, RANGE 39 EAST ***and*** SECTION 6 TOWNSHIP 2 NORTH, RANGE 39 EAST, MDB&M, ESMERALDA COUNTY, STAIE OF NEVADA.

CLAIM NAME	BOOK	PAGE	BLM SERIAL
NESS #1	187	355	754931
NBSS #2	187	356	754932
NESS #3	187	357	754933
NBSS #4	187	358	754934

NBSS #5	187	359	754935
NESS #6	187	360	754936
NBSS #7	187	361	754937
NESS #8	187	362	754938
NESS #9	187	363	754939
NBSS #10	187	364	754940
JAZ #1	198	268	796441
JAZ #2	198	269	796442
JAZ #3	198	270	796443
JAZ #4	198	271	796444
JAZ #5	198	272	796445
JD #1	185	333	749476
JD #2	185	334	749477
JD #3	185	335	749478
JD #5	185	337	749480
JD #10	187	365	754920
JD #12	187	367	754922
JD #14	187	369	754924
JD #16	187	371	754926
JD #17	187	372	754927
JD #18	187	373	754928
JD 420	187	375	754930
JD #77	193	80	779981
3D #79	193	82	779983
JD #81	193	84	779985
JD #82	193	85	779986
JD #301	193	101	780002
3D #302	193	102	780003
JD #304	193	103	780004
JD #305	193	104	780005
JD #307	193	106	780007
JD #309	193	108	780009
JD #310	193	109	780010
JD #401	193	201	780347
JD #403	193	203	780349
JD #404	193	204	780350
JD #406	193	206	780352
JD #408	193	208	780354
JD #409	193	209	780355
JD #411	193	211	780357
JD #412	193	212	780358
JD #413	193	213	780359
JD #114	193	214	780360
JD #4I5	193	215	780361
JD #427	193	220	780366
JD #500	193	226	780372

DJ #6	198	264	796437
DJ #7	198	265	796438
DJ#8	198	266	796439
DJ#9	198	267	796440
CP #105	185	347	749486
CP #107	185	348	749487
CP #109	185	349	749488
CP #110	185	350	749489
CP #112	185	351	749490

EXHIBIT-C

Net Smelter Return Royalty (NSR) as used herein shall mean the applicable percentage of the net proceeds received by PWI from the sale of minerals from the property after deductions for all of the following:

(i) Custom smelting costs, treatment charges and penalties including, but without being limited to, metal losses, penalties for impurities and charges or deductions for refining, selling, and transportation from smelter to refinery and from refinery to market; provided, however, in the case of leaching operations, all processing and recovery costs incurred by PWI beyond the point at which the metal being treated is in solution shall be considered as treatment charges (it being agreed and understood, however, that such processing and recovery costs shall not include the cost of mining, crushing, dump preparation,

distribution of leach solutions or other mining and preparation costs up to the point at which the metal goes into solution);

(ii) Cost of transporting mineral product from the concentrator to a smelter or other place of treatment; and

(iii) Production taxes, severance taxes and sales, privilege and other taxes measured by production or the value of production

(iv)

EXHIBIT D

THIS QUITCLAIIM DEED is made effective as of August 31, 1999, from **FISCHER-WATT GOLD COMPANY, INC.,** "Grantor", with an address of 1621 N. 3rd Street, suite 1000, Couer d'Alene, Idaho 83814 to **PLATORO** WEST **INCORPORATED,** "Grantee" with an address of Post Office Box 2654, Durango, Colorado 81302.

WITNESSETH:

That the Grantor, for and in consideration of the sum of One Dollar ($1.00) to it in hand paid by the Grantee, together with other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does convey effective as of August 31, 1999, remise, release and forever quitclaim unto the said Grantee, and to its successors and asssigns, without warranties of title, all of Grantor's right, title and interest in and to those certain mining claims situated in Esmeralda County, Nevada, as more particularly described in Exhibit "A" attached hereto and by this reference incorporated herein, together with all the tenements, hereditaments and appurtenances thereunto belonging, and the reversion and reversions, remainder and remainders, rent, issues and profits thereof; and also all the estate, right, title, interest, property, possession, claim and demand whatsoever as well in law as in equity, of the Gr antor of, in or to the said premises in every part and parcel thereof.

TO HAVE AND TO HOLD, all and singular, the said premises, with the appurtenances unto the Grantee, its successors and assigns forever.

IN WITNESS WHEREOF, Grantor has executed this Quitclaim Deed to be effective as of the day and year first written above.

FISCHER-WATT GOLD COMPANY, INC.
A Nevada Corporation

By: _____
George Beattie
CEO

STATE OF IDAHO)
)ss.
COUNTY OF KOOTENAI)

This instrument was acknowledged before me on September 27, 1999 by George Beattie as CEO of Fischer-Watt Gold Company, Inc. a Nevada corporation.

_____
NOTARY PUBLIC

EXHIBIT-E
AREA OF INTEREST

The area of interest concerning this Agreement shall be as follows:

Township 2 North, Range 38 ½ East: Section 4.

Township 2 North. Range 39 East: Sections 5 and b.

Township 3 North. Range 38 ½ East:
Sections 28, 32, and 33.

Township 3 North. Range 39 East:
Sections 19, 20, 29, 30, 31, and 32.

ALL REFER TO ESMERALDA COUNTY NEVADA-MDBM.

AMENDMENT TO CONVEYANCE AGREEMENT

This AMENDMENT TO CONVEYANCE AGREEMENT (the "Amendment") is made and entered into effective as of July 1st, 2000 (the "Effective Date") by and among Platoro West Incorporated, a Nevada corporation, whose address for purposes hereof is P. O. Box 2654, Durango, Colorado 81302 ("PWI"), and Fischer-Watt Gold Company Incorporated, a Nevada corporation, whose address for purposes hereof is 1621 N. 3rd Street, suite 1000, Coeur d'Alene, Idaho 83814 ("FWG"). Platoro and Fischer-Watt will be collectively referred to hereinafter as the "Parties".

.RECITALS

This Amendment shall modify only the specific terms contained herein of that certain Conveyance Agreement by and between the parties dated August 31, 1999 pertaining to certain unpatented lode mining claims located in Esmeralda County, Nevada.

SPECIFIC AMMENDMENTS

Only the following changes are to be made to the original Conveyance Agreement, all other terms of the original Conveyance Agreement shall remain in full force and effect.

Paragraph 1.2.b.- The original paragraph shall be replace with the following language:

(a) Area of Interest. If, after the effective date of this Agreement, PWI acquires an interest in any additional properties within the Area of Interest, which is defined as 1,200 feet from the outside perimeter of the existing claim block that includes all of the claims listed in Exhibits B-1 and B-2, FWG shall be entitled to a 0.5% NSR on the newly acquired property and said property shall become part of this Agreement.

Paragraph 1.2.c.- The original paragraph shall be replaced with the following language:

(b) Abandonment. If at any time or from time-to-time during the term of this Agreement PWI desires to abandon all or any portion of the claims described in any of the Exhibits attached hereto, PWI shall provide FWG with written notice of such intention at least 30 days prior to the effective date of such abandonment. Within 15 days after receipt of such notice, FWG shall notify PWI whether FWG desires to acquire or re-acquire all or any portion of such claims. If FWG notifies PWI that FWG desires to acquire or re-acquire all or a portion of such claims, PWI shall promptly convey those claims to FWG by quitclaim deed. In addition, if PWI notifies FWG of its intention to abandon all or any portion of the Claims shown in Exhibit A after July 1st of any year, PWI shall be obligated to timely perform sufficient assessment work and/or timely pay any required claim maintenance fees

(c)

prior to August 20th of that year, and to timely make all filings and recordings required in connection therewith, for all of the Claims covered by said notice.

Paragraph 1.2.d- This paragraph shall be added to the original agreement:

(d) Purchase of Royalty. At any point in time, PWI will be entitled to acquire up to and including 50% of FWG's royalty interests at the rate of US $15,000 per percent acquired.

ALL OTHER TERMS OF THE ORIGINAL CONVEYANCE AGREEMENT TO REMAIN IN FULL FORCE AND EFFECT.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to Conveyance Agreement to be duly executed, delivered, and effective from the date first above written.

Platoro West Incorporated

ACKNOWLEDGEMENTS

STATE OF IDAHO)
)ss.
COUNTY OF KOOTENAI)

The foregoing instrument was acknowledged before me this 3rd day of August, 2000, by George Beattie, as CEO of Fischer-Watt Gold Company, Inc., a Nevada corporation.

Witness my hand and official seal.

My commission expires: 6/30/05

STATE OF COLORADO)
)ss.
COUNTY OF LA PLATA)

The foregoing instrument was acknowledged before me this 1st day August, 2000, by William M. Sheriff, as President of Platoro West Incorporated, a Nevada corporation.

Witness my hand and official seal. My commission

expires: 8/31/

02

Notary Public

MEMORANDUM OF MINING LEASE AND AGREEMENT

NOTICE IS HEREBY GIVEN that PLATORO WEST, INC., a Nevada corporation, (hereinafter called "Owner") and SEABRIDGE RESOURCES INC., a company incorporated under the laws of the Province of British Columbia, Canada (hereinafter called "Seabridge"), as lessee, have entered into a Mining Lease and Agreement dated as of August ___, 2000, covering certain rights in and to those certain unpatented mining claims described in Exhibit "A" hereto (the "Property").

Said Mining Lease and Agreement, in consideration of the royalty referred to below and other covenants and agreements set forth therein, provides that Owner has leased to Seabridge all of Owner's right, title and interest in and to the Property.

Further, said Mining Lease and Agreement reserves to Owner a royalty from the production of any and all metals, ores, minerals, mineral substances and materials of all kinds in, under, upon and that may be produced from the Property.

Copies of said Mining Lease and Agreement are in the possession of Seabridge at its address of 172 King Street East; Floor; Toronto, Ontario M5A 1J3, and Owner to the attention of William M. Sheriff, Platoro West, Inc., P.O. Box 2654 Durango, Colorado 81302

IN WITNESS WHEREOF, this Memorandum of Mining Lease and Agreement has been executed as of the date first above written.

By:

Name: William M. Sheriff

Title: President

SEABRIDGE RESOURCES INC.

Name: Rudi P. Fronk

STATE OF COLORADO)
) ss.
COUNTY OF LA PLATA)

On August 15, 2000, personally appeared before me, a Notary Public, William M. Sheriff, President of Platoro West, Inc., a Nevada corporation, personally known or proved to me to be the person whose name is subscribed to the above instrument who acknowledged to me that he executed the above instrument on behalf of the limited liability company.

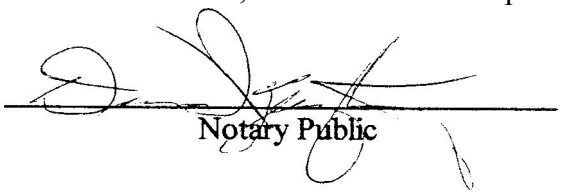
My Commission Expires:

10/14/00

PROVINCE OF ONTARIO

On August 25, 2000, 2000, personally appeared before me, a Notary Public, Rudi P. Fronk, President of SEABRIDGE RESOURCES INC., a company incorporated under the laws of the Province of British Columbia,

Canada, personally known or proved to me to be the person whose name is subscribed to the above instrument who acknowledged to me that he executed the above instrument, on behalf of the corporation.



Notary Public

My Commission Expires:

N/A___

/s/ DF

EXHIBIT A
Property

GROUP 1:
62 UNPATENTED LODE CLAIMS SITUATED IN SECTIONS 28 and 33 TOWNSHIP 3 NORTH, RANGE 38 1/2 EAST ***and*** SECTIONS 17-21, and 28-33 TOWNSHIP 3 NORTH, RANGE 39 EAST, MDB&M, ESMERALDA COUNTY, STATE OF NEVADA.

CLAIM NAME	***BOOK***	***PAGE***	***BLM SERIAL #***
CP 81	***185***	***340***	***749481***
CP 84	***185***	***342***	***749482***
CP 86	***185***	***343***	***749483***
CP 89	***185***	***344***	***749484***
CP 90	***185***	***345***	***749485***
CP 129	***185***	***353***	***749491***
CP 133	***185***	***354***	***749492***
CP 173	***185***	***358***	***749493***
CP 174	***185***	***359***	***749494***
CP 175	***185***	***360***	***749495***
CP 83	***166***	***131***	***654988***
CP 85	***166***	***133***	***654990***
CP 87	***166***	***135***	***654992***
CP 88	***166***	***136***	***654993***
CP 111	***166***	***159***	***655016***
CP 113	***166***	***161***	***655018***
CP 120	***174***	***181***	***688172***
CP 121	***174***	***182***	***688173***
CP 122	***174***	***183***	***688174***
CP 125	***174***	***184***	***688175***
CP 126	***174***	***185***	***688176***
CP 127	***174***	***186***	***688177***
CP 130	***174***	***189***	***688180***
CP 131	***174***	***190***	***688181***
CP 132	***174***	***191***	***688182***
CP 135	***174***	***194***	***688185***

CP 136	***174***	***195***	***688186***
CP 137	***174***	***196***	***688187***
CP 138	***174***	***197***	***688188***
CP 139	***174***	***198***	***688189***
NEW 354	***188***	***213***	***764345***
NEW 355	***188***	***214***	***764346***
NEW 356	***188***	***215***	***764347***
NEW 357	***188***	***216***	***764348***
NEW 358	***188***	***217***	***764349***
NEW 359	***188***	***218***	***764350***
NEW 360	***188***	***219***	***764351***
NEW 449	***188***	***220***	***764352***
NEW 454	***188***	***221***	***764353***
NEW 458	***188***	***222***	***764354***
NEW 459	***188***	***223***	***764355***
NEW 460	***188***	***224***	***764356***
NEW 549	***188***	***225***	***764357***
NEW 558	***188***	***226***	***764358***
NEW 559	***188***	***227***	***764359***
NEW 560	***188***	***228***	***764360***
NEW 649	***188***	***229***	***764361***
NEW 650	***188***	***230***	***764362***
NEW 651	***188***	***231***	***764363***
NEW 660	***188***	***232***	***764364***
NEW 749	***188***	***233***	***764365***
NEW 750	***188***	***234***	***764366***
NEW 751	***188***	***235***	***764367***
NEW 752	***188***	***236***	***764368***
NEW 760	***188***	***237***	***764369***
NEW 849	***188***	***238***	***764370***
NEW 850	***188***	***239***	***764371***
NEW 851	***188***	***240***	***764372***
NEW 852	***188***	***241***	***764373***
NEW 853	***188***	***242***	***764374***
NEW 859	***188***	***243***	***764375***
NEW 860	***188***	***244***	***764376***

GROUP 2:

57 UNPATENTED LODE CLAIMS SITUATED IN SECTION 33 TOWNSHIP 3 NORTH, RANGE 38 1/2 EAST ***and*** SECTIONS 19, 20, 29, 30, 31, AND 32 TOWNSHIP 3 NORTH, RANGE 39 EAST ***and*** SECTION 6 TOWNSHIP 2 NORTH, RANGE 39 EAST, MDB&M, ESMERALDA COUNTY, STATE OF NEVADA.

CLAIM NAME	***BOOK***	***PAGE***	***BLM SERIAL #***
WES #1	***pending***	***pending***	***pending***

WES #2	*pending*	*pending*	*pending*
WES #3	*pending*	*pending*	*pending*
WES #4	*pending*	*pending*	*pending*
NBSS #1	*187*	*355*	*754931*
NBSS #2	*187*	*356*	*754932*
NBSS #3	*187*	*357*	*754933*
NBSS #4	*187*	*358*	*754934*
NBSS #5	*187*	*359*	*754935*
NBSS #6	*187*	*360*	*754936*
NBSS #7	*187*	*361*	*754937*
NBSS #8	*187*	*362*	*754938*
NBSS #9	*187*	*363*	*754939*
NBSS #10	*187*	*364*	*754940*
JAZ #1	*198*	*268*	*796441*
JAZ #2	*198*	*269*	*796442*
JAZ #3	*198*	*270*	*796443*
JAZ #4	*198*	*271*	*796444*
JAZ #5	*198*	*272*	*796445*
JD #1	*185*	*333*	*749476*
JD #2	*185*	*334*	*749477*
JD #3	*185*	*335*	*749478*
JD #5	*185*	*337*	*749480*
JD #10	*187*	*365*	*754920*
JD #12	*187*	*367*	*754922*
JD #14	*187*	*369*	*754924*
JD #16	*187*	*371*	*754926*
JD #17	*187*	*372*	*754927*
JD #18	*187*	*373*	*754928*
JD #20	*187*	*375*	*754930*
JD #77	*193*	*80*	*779981*
JD #79	*193*	*82*	*779983*
JD #8I	*193*	*84*	*779985*
JD #82	*193*	*85*	*779986*
JD #301	*193*	*101*	*780002*
JD #302	*193*	*102*	*780003*
JD #304	*193*	*103*	*780004*
JD #305	*193*	*104*	*780005*
JD #307	*193*	*106*	*780007*
JD #309	*193*	*108*	*780009*
JD #310	*193*	*109*	*780010*
JD #401	*193*	*201*	*780347*
JD #403	*193*	*203*	*780349*
JD #404	*193*	*204*	*780350*
JD #406	*193*	*206*	*780352*
JD #408	*193*	*208*	*780354*
JD #409	*193*	*209*	*780355*
JD #411	*193*	*211*	*780357*

JD #412	*193*	*212*	*780358*
JD #413	*193*	*213*	*780359*
JD #414	*193*	*214*	*780360*
JD #415	*193*	*215*	*780361*
JD #427	*193*	*220*	*780366*
JD #500	*193*	*226*	*780372*
DJ #6	*198*	*264*	*796437*
DJ #7	*198*	*265*	*796438*
DJ #8	*198*	*266*	*796439*
DJ #9	*198*	*267*	*796440*
CP #105	*185*	*347*	*749486*
CP #107	*185*	*348*	*749487*
CP #109	*185*	*349*	*749488*
CP #110	*185*	*350*	*749489*
CP #112	*185*	*351*	*749490*

ASSET PURCHASE AND SALE AND ROYALTY AGREEMENT THIS AGREEMENT is made as of December 17, 2001.

BETWEEN :

SEABRIDGE RESOURCES INC.,
a corporation subject to the laws of the Province of British Columbia (hereinafter referred to as "Seabridge");

SEABRIDGE GOLD CORPORATION,
a Nevada corporation wholly owned by Seabridge (hereinafter referred to as "Purchaser");

And

QUARTZ MOUNTAIN RESOURCES LTD.,
a corporation subject to the laws of the Province of British Columbia (hereinafter referred to as "Quartz Mountain");

WAVECREST RESOURCES INC.,
a Delaware corporation wholly owned by Quartz Mountain (hereinafter referred to as "Vendor");

WHEREAS:

A. The Vendor is the legal owner of the Property; and

B. The Vendor has agreed to sell and the Purchaser has agreed to purchase the Property on the terms and conditions set out in this Agreement.

IN CONSIDERATION of the premises and the mutual covenants in this Agreement and of other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each Party), the Parties agree as follows:

1. INTERPRETATION

1.1 Definitions - In this Agreement, unless there is something in the subject matter or context inconsistent therewith or unless specifically otherwise provided, the following terms shall have the following meanings:

(a) Affiliate shall have the meaning ascribed to such term in the Canadian Business Corporations Act (Canada) as amended to the date hereof;

(b) Agreement means this asset purchase and sale and royalty agreement and all attached schedules, as supplemented, amended, restated or replaced from time to time;

(c)

(a) Approvals means all approvals of any Governmental or Regulatory Authority and any third party required to effectively complete the transactions contemplated by this Agreement;

(b)

Business Day means any calendar day other than a Saturday or Sunday or any day that is a statutory or civic holiday in Vancouver, British Columbia;

(e) Closing means the completion of the sale to and the purchase by Purchaser of the Purchased Assets and the completion of any other transactions contemplated by this Agreement that are to occur contemporaneously with the purchase and sale of the Purchased Assets;

(f) Closing Date means the date which is five business days after the receipt of the approval of the Canadian Venture Exchange to the transaction contemplated herein or such other date as may be agreed in writing by the parties;

(a) Closing Document means any document delivered at the Closing Time, which shall include instruments of conveyance and such other documents as the Parties may reasonably deem to be necessary or advisable;

(b) Closing Time means 4:00 p.m. on the Closing Date or such other time on that date as the Parties agree in writing that the Closing shall take place;

(i) Common Shares means Common shares without par value in the capital of Seabridge;

(a) NSR Royalty means the net smelter returns royalty payable to Quartz Mountain as provided in Part 4 hereof and Schedule "A" hereto;

(b) Property means the mining claims listed in Schedule "B" to this Agreement;

(1) Property Records means all title documents, metallurgical testing and studies, prospecting and drilling records, asset maintenance records, feasibility studies, projections and all other documents, files, records and other data and information relating solely or primarily to the Property, including all such records stored on computer-based media, but excluding all Strategic Information;

(m) Purchaser Parties means the Purchaser, Seabridge and its Affiliates;

(n) Purchase Price means the purchase price to be paid by the Purchaser to the Vendor for the Property as provided in Section 3.1;

(o) Seabridge Shares means the 300,000 Common Shares to be delivered to the Vendor at the Closing as provided in Section 3.1(a);

(p) Seabridge Warrants means the 200,000 Common Share purchase warrants entitling the Vendor to purchase a total of 200,000 Common Shares exercisable at $0.90 per share for a period of two years from the date of issuance to be delivered to the Vendor at the Closing as provided :n Section 3.1(b);

(q) Seabridge Warrant Certificate .means a warrant certificate for the Seabridge Warrants in the farm attached as Schedule "C" hereto;

(r) Vendor Parties means the Vendor, Quartz Mountain and its Affiliates

1.2 Interpretation - For the purposes of this Agreement (including Section 1.1), except as otherwise expressly provided:

(a) Schedules and Ancillary Documents - "this Agreement" means this Agreement, including the Schedules hereto, and any agreement, document or instrument entered into, made or delivered pursuant to the terms hereof, as the same may from time to time be supplemented or amended and in effect;

(b) Section - all references in this Agreement to a designated "Part". "Section", "Paragraph" or other subdivision or to a Schedule are references to the designated Part, Section, Paragraph or other subdivision of, or Schedule to, this Agreement;

(c) Whole Agreement - the words "herein", "hereof' and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Part, Section, Paragraph or other Subdivision or Schedule unless the context or subject matter otherwise requires;

(d) Headings - the insertion of headings is for convenience of reference only and is not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof;

(e) Number and Gender – the singular of any term includes the plural, and vice versa, and use of any term is generally applicable to either gender and where applicable, a body corporate, firm or other entity;

(f) Currency - unless otherwise indicated, all references in this Agreement to dollars are to Canadian dollars;

(a) Business Days - in the event that any date on which any action is required to be taken hereunder by any of the parties hereto is a Saturday, Sunday or a general civic holiday in British Columbia, such action shall be required to be taken on the next succeeding day which is not a Saturday, Sunday or civic holiday in British Columbia;

(b) Statutes - all references to statues include any regulations or rules made pursuant thereto;

(c) Non-Limiting - the word "including" is not limiting whether or not non-language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto and no covenant, agreement, acknowledgment or other provision contained in any Part, Section, paragraph or other subdivision of this Agreement shall limit or otherwise restrict the meaning, generality or interpretation of any other covenant, agreement, acknowledgement

(d)

or other provision contained in any Part, Section, paragraph or other subdivision of this Agreement unless expressly stated;

(j) Best of Knowledge (Vendor Parties) - the phrase "to the best knowledge of the Vendor Parties" means to the best knowledge, information and belief of those officers and senior management employees presently employed by the Vendor Parties in carrying out operations with respect to the Property, having made relevant inquiries;

(k) Best of Knowledge (Purchaser Parties) - the phrase "to the best knowledge of the Purchaser Parties" means to the best knowledge, information and belief of those officers and senior management employees presently employed by the Purchaser Parties, having made relevant inquiries.

1.3 Schedules - The following schedules are incorporated into and form part of this Agreement:

Schedule “A”	-	Net Smelter Returns Royalty
Schedule "B"	-	The Property
Schedule "C"	-	Seabridge Warrant Certificate
Schedule "D"	-	Specials Warranty Deed

2. PURCHASE AND SALE OF PROPERTY

2.1 Purchase and Sale - Inconsideration of the Purchase Price and the other covenants of the Purchaser set forth in this Agreement, and subject to the conditions herein set forth, on the Closing Date the Vendor shall sell, assign and transfer to the Purchaser all right, title and interest of the Vendor in and to the Property by delivering an executed Special Warranty Deed in the form attached hereto as Schedule "D", and the Purchaser shall purchase from the Vendor all right, title and interest of the Vendor in and to the Property.

3. PURCHASE PRICE

3.1 Purchase Price - The purchase price (the "Purchase Price") payable by the Purchaser Parties to the Vendor Parties for the Property shall be:

(a) 300.000 Common Shares (the "Seabridge Shares"), to be issued and delivered by Seabridge to Quartz Mountain at the Closing:

(b) 200.000 Common Share purchase warrants entitling Quartz Mountain to purchase a total of 200.000 Common Shares at $0.90 per share for a period of two years from the date of issuance the "Seabridge Warrants"), to be issued and delivered by Seabridge to Quartz Mountain at the Closing; and

(c) At the Closing, a check payable to Quartz Mountain in the amount of U. S.$100.000.

1. NET SMELTER RETURNS ROYALTY - The Purchaser shall pay to the Vendor a I% net smelter return royalty (the "NSR Royalty") from all ore mined from the Property, all as more particularly set forth in Schedule "A" hereto.

2. NO AREA OF INTEREST - There shall be no area of interest associated with this Agreement or the NSR Royalty other than the land described in Exhibit B. The Purchaser Parties shall be free to acquire lands and interests in land and to locate mining claims immediately surrounding the Property without any further obligation to the Vendor Parties.

3. REPRESENTATIONS AND WARRANTIES OF VENDOR AND QUARTZ MOUNTAIN

6.1 Representations and Warranties − As a material inducement to the Purchaser Panics and with the knowledge and intention that the Purchaser Parties will rely thereon in entering into this Agreement, the Vendor and Quartz Mountain, jointly and severally represent and warrant to the Purchaser Parties, as representations and warranties that are true and correct as at the date hereof, that:

(a) each is a corporation validly subsisting under the laws of the jurisdiction of its incorporation;

(b) all requisite corporate acts and proceedings have been done and taken with respect to entering into this Agreement;

(c) each has the requisite corporate power and authority to enter into this Agreement and to perform its obligations thereunder;

(d) this Agreement has been duly and validly executed and delivered and constitutes a legal, valid and binding obligation enforceable against each party in accordance with its terms;

(e) the Property is valid and in good standing;

(f) each has not entered into any other agreement with respect to its interest in and to the Property that is currently valid and outstanding, and there are no leases, liens, encumbrances, mortgages, or other security interests in connection with the Property;

(g) no other person or entity is claiming an interest in and through the Property or the minerals covered thereunder;

(h) no obligations for the payment of rentals or royalties exist with respect to the Property;

(i) there are no actions. suits, claims, proceedings, litigation or investigations pending or threatened against it that relate to any of the Property, or that could, if

(j)

continued, adversely affect its ability to fulfill its obligations undertaken hereunder or the Purchaser Parties ability to exercise its rights granted hereunder;

(j) it has complied with all applicable laws, statutes, regulations and ordinances, in conducting its operations on the Property;

(k) to the best knowledge of the Vendor Parties, the Property is not subject to any condition that could result in recovery by any governmental agency or private party of remedial or removal costs, natural resources damages, property damages, damages for personal injuries or other costs, expenses, damages or injunctive relief arising from any alleged injury or threat of injury to health, safety or the environment resulting from or relating to the operations of the Vendor Parties; and

(l) to the best knowledge of the Vendor Parties, the Property is not subject to any condition that could result in recovery by any governmental agency or private party of remedial or removal costs, natural resources damages, property damages, damages for personal injuries or other costs. Expenses, damages or injunctive relief arising from any alleged injury or threat of injury to health, safety or the environment resulting from or relating to the operations of any other party that conducted work on the Property except for numerous historic, small scale, open cut mercury retorting sites.

7. REPRESENTATIONS AND WARRANTIES OF PURCHASER PARTIES

7.1 Representations and Warranties - As a material inducement to the Vendor Parties, and with the knowledge and intention that the Vendor Parties will rely thereon in entering into to this Agreement, the Purchaser and Seabridge, jointly and severally represent and warrant to the Vendor Parties, as representations and warranties that are true and correct as at the date hereof, that:

(a) each is a corporation validly subsisting under the laws of the jurisdiction of its incorporation;

(a) all requisite corporate acts and proceedings have been done and taken with respect to entering into this Agreement;

(b) each has the requisite corporate power and authority to enter Into this Agreement and to perform its obligations hereunder: and

(d) this Agreement has been duly and validly executed and delivered and constitutes a legal, valid and binding obligation enforceable against each party in accordance with its terms.

8. REPRESENTATIONS AND WARRANTIES OF SEABRIDGE

8.1 Representations and Warranties - As a material inducement to the Vender Parties, and with the knowledge and intention that the Vendor Parties will rely thereon in entering

into to this Agreement, Seabridge represents and warrants to the Vendor Parties, as representations and warranties that are true and correct as at the date hereof, that:

(a) Bankruptcy - Seabridge has not proposed a compromise or arrangement to its creditors generally, had any petition for a receiving order in bankruptcy filed against it, taken any proceeding with respect to a compromise or arrangement, taken any proceeding to have itself declared bankrupt or wound-up, or taken any proceeding to have a receiver appointed over its assets;

(b) Authorized and Issued Capital - the authorized capital of Seabridge consists of 100,000,000 Common Shares without par value, of which 14,390,699 Common Shares were issued and outstanding at November 30, 2001 as fully paid and non-assessable shares;

(c) Share Commitments - as at November 30, 2001 Seabridge did not have any outstanding agreements, subscriptions, warrants, options or commitments (nor has it granted any right or privilege capable of becoming an agreement, subscription, warrant, option or commitment) obligating Seabridge to issue additional Common Shares or other securities, except as follows;

(i) 500.000 Common Shares issuable in connection with the Hog Ranch acquisition upon certain conditions;

(ii) Common Shares issuable in connection with the Grassy Mountain acquisition upon certain conditions;

(iii) warrants to purchase 36,667 Common Shares at $1.25 per snare through September, 2002;

(iv) warrants to purchase 666.667 Common Shares at $1.25 per share through December, 2002;

(v) warrants to purchase.500.000 Common Shares at $2.00 per share through June, 2003:

(vi) $2.000,000 in debentures convertible into common shares, including any unpaid or accrued interest, at $0.75 per share through November 2005; and

(vii) stock options to acquire an aggregate of 1,337,000 Common Shares

(d) Audited Financial Statements - the audited financial statements of Seabridge as of December 31, 2000, December 31, 1999 and August 31, 1999 (the "financial Statements") and other financial information of Seabridge present fairly the financial condition of Seabridge and the results of operations for the respective periods indicated in the said statements and have been prepared in accordance with generally accepted accounting principles applied on a consistent basis except as otherwise stated in the notes to such statements;

(e) Material Adverse Change - there has been no Material Change adverse to Seabridge, in the business, operations, assets or ownership, financial or otherwise, of the Purchaser since December 31, 2000 except as disclosed in its public disclosure documents or as disclosed specifically in writing to the Vendor;

(f) Legal Proceedings - except as disclosed in Seabridge' s public disclosure documents or as disclosed specifically in writing to the Vendor, there are no liabilities instituted, pending. or to the best knowledge of Seabridge. threatened against or affecting Seabridge at law or in equity or before or by any governmental department. commission. board. bureau, agency or instrumentality, domestic or foreign;

(g) Disclosure - the public disclosure documents of Seabridge contain full, true and plain disclosure of all material information relating to the Purchaser and its business, operations, assets and ownership;

(h) Seabridge Shares - the Seabridge Shares will upon issuance and delivery be duly and validly authorized, allotted and issued to the Vendor Parties in compliance with all applicable corporate and securities Laws and will be fully paid and non-assessable;

(i) Hold Period - the Seabridge Shares to be issued and delivered to the Vendor Parties will be subject to the minimum hold period in accordance with CDNX and British Columbia Securities laws;

(j) Seabridge Warrants - the Seabridge Warrants to be issued and delivered to the Vendor Parties at the closing will upon issuance and delivery be duly and validly authorized, allotted and issued to the Vendor in compliance with all applicable corporate and securities Laws and will entitle the Vendor to purchase the Common Shares subject thereto on the terms set out in the Seabridge Warrant Certificate.

9. ADDITIONAL COVENANTS OF VENDOR PARTIES

9.1 Covenants - The Vendor Parties each covenant and agree with the Purchaser Parties that:

(a) Performance of Obligations - except with the prior written consent of the Purchaser Parties, the Vendor Parties shall not do or fail to do and shall not permit any members of the Vendor Parties to do or fail to do anything that will result in any of the representations or warranties set forth in Section 6.1 not being true and correct in all material respects on the Closing Date;

(b) Indemnity - the Vendor Parties shall indemnify and save harmless the Purchaser Parties from and against any and all Liabilities which at any time or from time to time may be paid, incurred or

suffered by or asserted against any of the Purchaser Parties in connection with. as a result of or arising out of:

(i) any misrepresentation or untrue warranty on the part of the Vendor Parties; or

(ii) any branch, default or non-performance of any agreement or covenant to be performed by the Vendor Parties under this Agreement;

(a) Care of Property - the Vendor Parties shall take reasonable care to protect and safeguard the Property until the Closing Date;

(b) Property Records - as soon as reasonably practicable after the Closing, the Vendor Parties shall deliver all Property Records to the Purchaser at the Purchaser's cost at such place as may be agreed, provided that the Vendor Parties shall be entitled to retain copies of all such Property Records; and

(c) CDNX Approval - The Vendor Parties shall seek the approval of the Canadian Venture Exchange for the transaction contemplated herein forthwith after execution of this Agreement.

10. ADDITIONAL COVENANTS OF PURCHASER PARTIES

10.1 Covenants - The Purchaser Parties each covenant and agree with the Vendor that:

(a) Performance of Obligations - except with the prior written consent of the Vendor Parties, the Purchaser shall not do or fail to do anything that would result in any of the representations and warranties set forth in Sections 7.1 and 8.1 not being true and correct in all material respects on the Closing Date;

(b) Indemnity - the Purchaser Parties shall indemnify and save harmless the Vendor Parties from and against any and all Liabilities, which at any time or from time to time may be paid, incurred, suffered by or asserted against any of the Vendor Parties in connection with, as a result of or arising out of:

(i) any misrepresentation or untrue warranty on the part of the Purchaser Parties; or

(ii) any breach, default non-performance of any agreement or covenant to be performed by the Purchaser Parties under this Agreement; and

(c) CDNX approval − the Purchaser Parties shall seek the approval of the Canadian Venture Exchange for the transaction contemplated herein forthwith after execution of this Agreement.

11. MUTUAL CONDITIONS PRECEDENT

11.1 Mutual Conditions Precedent - Notwithstanding anything herein contained, the obligation of each party to complete the sale of the Property and the transactions contemplated by this Agreement is conditional upon fulfillment of the following conditions precedent:

(a) CDNX Approval - on or before the Closing Date, the Canadian Venture Exchange shall have given final notice of acceptance of the transactions contemplated by this Agreement; and

(b) No Legal Proceedings - on the Closing Date, no injunction or restraining order of a court or administrative tribunal of competent jurisdiction shall be in effect which prohibits the transactions contemplated hereunder and no action or proceeding shall have been instituted and remain pending before any such court or administrative tribunal which prohibits the transactions contemplated hereby.

12. CLOSING

12.1 Closing - Subject to the terms and conditions hereof, the Closing shall be completed on the Closing Date at the Closing Time at the offices of Seabridge in Vancouver, British Columbia.

12.2 Deliveries by Vendor Parties at Closing - At the Closing Time, the Vendor Parties shall deliver or cause to be delivered to the Purchaser Parties:

(a) such deeds of conveyance, bills of sale, transfers and assignments as may be required by the Purchaser Parties' Solicitors, acting reasonably, appropriate to vest good and marketable title to the Property in the Purchaser to the extent contemplated by this Agreement, and immediately registrable in all places where registration of such instruments is required;

(b) such receipts and acknowledgments as may be required by the Purchaser's Solicitors, acting reasonably.

Deliveries by Purchaser Parties at Closing At the Closing Time, the Purchaser Parties shall deliver or cause to be delivered to the Vendor Parties:

(a) a share certificate for the Seabridge Shares, duly issued and registered in the name of Quartz Mountain;

(b) the Seabridge Warrant Certificate, duly issued and registered in the name of the Quartz Mountain:

(c) the cheque payable to Quartz Mountain in the amount of USS 100,000; and

(d) such receipts and acknowledgments as may be required by the Vendor Parties' Solicitors, acting reasonably.

13. CONFIDENTIALITY

13.1 Confidentiality - All information on concerning this Agreement, the transactions contemplated hereby and any matters arising from or in connection with this Agreement (including information concerning any party hereto) shall be treated as confidential by the parties hereto and shall not be disclosed by any party hereto to any other person, firm or corporation without the prior written consent of the Vendor

Parties, in the case of disclosure by the Purchaser Parties, or of the Purchaser Parties, in the case of disclosure by the Vendor Parties, except to the extent that:

(a) such disclosure may be necessary for the observance of any applicable Laws or stock exchange requirements;

(b)

such disclosure is reasonably necessary for the fulfillment or performance of the obligations of any such party under this Agreement or the implementation of the transactions contemplated hereby;

(c) such information is reasonably required to be disclosed to the directors, officers, employees, agents, advisors, Affiliates or representatives (collectively "Representatives") of a party hereto;

(d) such information is now or subsequently becomes lawfully part of the public domain other than as a result of disclosure by a party hereto or its Representatives;

(e) such information was in the lawful possession of such party prior to disclosure of such information by the Vendor Parties (in the case of information possessed by the Purchaser Parties) or disclosure the Purchaser Parties in the case of information possessed by the Vendor Parties); or

(f) such disclosure is necessary to enforce the rights of that party pursuant to this Agreement.

Each party shall ensure that any information which is disclosed to or obtained by its Representatives pursuant to Section 13.1(c) shall be kept confidential by such Representatives.

13.2 Media Releases - Notwithstanding anything else contained herein, no party shall have, any news release concerning this Agreement or the transactions contemplated herein unless, in the case of a proposed news release by the Purchaser Parties, a copy of the proposed news release is given to the Vendor Parties and the Vendor Parties has consented thereto or, in the case of a proposed news release by the Vendor Parties, a copy of the proposed news release is given to the Purchaser Parties and the Purchaser Parties has consented thereto. The Purchaser Parties and Vendor Parties shall not be entitled to unreasonably withhold any such consent or, in view of any timely disclosure obligations which may be applicable, unreasonably delay the provision of such consent. The Vendor Parties and Purchaser Parties shall each use their best efforts to respond to any such request by the other party within 24 hours.

13.3 Confidentiality Agreement - The Confidentiality Agreement shall continue in full force and effect until the Closing, at which time such agreement shall cease to have any further force or effect.

14. ASSIGNMENT OF INTEREST

14.1 Assignment After Closing Date- The Purchaser Parties may, at any time after the Closing Date and after all cash payments have been made, sell, transfer, assign, convey, mortgage, encumber or otherwise dispose of any or all of the Property or any interest of the Purchaser Parties therein, subject to section 14.2 hereof.

14.2 Permitted Assignment - Any sale, transfer, assignment, conveyance, mortgage. encumbrance or other disposition of any or all of the Property or any interest of the Purchaser Parties therein under section 14.1 shall be subject to the following conditions:

(a) any purchaser or transferee of the Property or interest therein must agree in writing in favour of the Vendor Parties to be bound by and subject to the terms of this Agreement;

(b) any mortgagee or other encumbrancer of the Property or interest therein must agree in writing in favour of the Vendor Parties to be bound by and subject to the terms of this Agreement if it takes possession of or forecloses on all or any part of the Property or interest therein,

and must undertake to obtain an agreement in writing in favour of the Vendor Parties from any subsequent purchaser or transferee that such subsequent purchaser or transferee will be bound by the terms of this Agreement; and

(c) any mortgage or encumbrance relating to the Property or any interest of the Purchaser Parties therein shall be subordinate to this Agreement.

15. MISCELLANEOUS

15.1 Relationship Between Parties - Nothing contained in this Agreement shall be deemed to constitute either party the partner of the other, nor except as otherwise herein expressly provided, to constitute either party the agent or legal representative of the other, nor to create any fiduciary relationship or relationship of confidence and trust between them. It is not the intention of the parties to create, nor shall this Agreement be construed to create, any mining, commercial or other partnership. No party shall have any authority to act for or to assume any obligation or responsibility on behalf of the other, except as otherwise expressly provided herein.

15.2 Other Business Opportunities - Except as expressly provided in this Agreement, each party shall have the right independently to engage in and receive full benefits- from business activities, whether or not competitive with operations on the Property, without consulting the other. The doctrines of "corporate opportunity" or "business opportunity" shall not be applied to any other activity, venture or operation of either party and neither party shall have any obligation to the other with respect to any opportunity to acquire any property outside the exterior boundaries of the Property.

15.3 Notice - Any notice or other communication required or permitted to be given hereunder by any party hereto to another party shall be deemed to have been well and sufficiently given if mailed by prepaid registered mail or telefaxed to, or delivered at the address of such other party at the address set out below or it such substitute address as the other

party may from time to time direct in writing, and any such notice or other communication shall be deemed to have been received, if delivered, on the first business day following the date of delivery, if telefaxed during normal business hours, on the date of telefaxing, if telefaxed outside normal business hours, on the next, business day after the date of telefaxing, and if mailed, on the tenth business day after the date of mailing, provided that if at the time of such telefaxing or mailing there is in effect any industrial dispute, natural disaster or other event which may delay the receipt of such notice or other communication, the same shall only be effective if actually delivered:

To the Vendor or Quartz Mountain:

Quartz Mountain Resources Ltd.
800 West Pender Street. Suite 1020 Vancouver,
B.C. V6C 2V6
Attention: President
Fax: 604-684-8092

To the Purchaser or Seabridge:

Seabridge Resources Inc.

172 King Street East - 3rd Floor Toronto,
Ontario

M5A 1J3
Attention: President
Fax: 416-367-2711

15.4 Time of the Essence - Time is of the essence in regards to this Agreement.

15.5 Further Documents - Each party to this Agreement shall at the request of the other party execute and deliver any further deeds, bills of sale, assignments, endorsements, evidences of transfer and other documents and instruments and do all acts and things party may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Agreement and to carry out the transactions contemplated in this Agreement.

15.6 Severability - If any one or more of the provisions contained in this Agreement or any document or instrument delivered pursuant hereto should be invalid, illegal, or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision or provisions shall not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

15.7 Amendments - All amendments to this Agreement shall be in writing duly executed by each of the parties to this Agreement in the same manner and with the same formality as this Agreement is executed.

15.8 Survival - Except to the extent otherwise stated herein, the respective representations, warranties, covenants and agreements of the parties herein shall not merge and shall survive the Closing indefinitely.

15.9 Jurisdiction - This Agreement shall be governed by the Laws of the Province of British Columbia and the Laws of Canada applicable therein and the parties hereby attorn to the non-exclusive jurisdiction of the Courts of the Province of British Columbia.

15.10 Entire Agreement - This Agreement constitutes the entire agreement between the parties to this Agreement and supersedes all prior communications, representations, negotiations, proposals and agreements, whether oral or written, with respect to the transactions contemplated in this Agreement, including the Letter of Intent.

15.11 Enurement - This Agreement shall enure to the benefit of and be binding upon each of the parties to this Agreement and their respective permitted successors and assigns.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

The Corporate Seal of QUARTZ MOUNTAIN RESOURCES LTD. was hereunto affixed in the presence of:)

___/s/_____)
Authorized Signatory)

C/S

The Corporate Seal of WAVECREST RESOURCES INC., was hereunto affixed in the presence of:)
Authorized Signatory

SCHEDULE "A"
To the Asset Purchase and Sale and Royalty Agreement dated December 17 , 2001

NET SMELTER RETURNS ROYALTY

1. Definitions - For the purpose of this Schedule, "Agreement" shall mean the Asset Purchase and Sale and Royalty Agreement to which this Schedule is attached, "Owner" shall mean the party or parties paying a percentage of Net Smelter Returns pursuant to the Agreement. "Holder" shall mean the party or parties receiving a percentage of Net Smelter Returns pursuant to the Agreement and other capitalized terms shall have the meanings assigned to them in the Agreement.

Net Smelter Returns − For the purpose hereof, the term "filet Smelter Returns" shall, subject to paragraphs 3, 4, 5, and 6 below, mean gross revenues received from the sale by the Owner of all ore mined from the Property and from the sale by the Owner of concentrate, doré, metal and products derived from ore mined from the Property, after deduction of the following:

(a) all smelting and refining costs, sampling, assaying and treatment charges and penalties including but not limited to metal losses, penalties for impurities and charges for refining, selling and handling by the smelter, refinery or other purchaser (including price participation charges by smelters and/or refiners); and

(b) costs of handling, transporting, securing and insuring such material from the Property or from a concentrator, whether situated on or off the Property, to a smelter, refinery or other place of treatment, and in the case of gold or silver concentrates, security costs; and

(c) ad valorem taxes and taxes based upon sales or production, but not income taxes: and

(d) marketing costs, including sales commissions, incurred in selling ore mined from Property and from concentrate, doré, metal and products derived from ore mined from the Property.

3. Non-Arm's Length Revenue - Where revenue otherwise to be included under this Schedule is received by the Owner in a transaction with a party with whom it is not dealing at arm' s length, the revenue to be included shall be based on the fair market value under the circumstances and at the time of the transaction.

1. Non-Arm's Length Costs - Where a cost otherwise deductible under this Schedule is incurred by the Owner in a transaction with a party with whom it is not dealing at arm's length, the cost to be deducted shall be the fair market cost under the circumstances and at the time of the transaction.

2. Currency - For the purpose of determining Net Smelter Returns, all receipts and major disbursements will be calculated in U.S. dollars.

3. Hedging - The Owner may, but shall not be under any duty to, engage in price protection (hedging) or speculative transactions such as futures contracts and commodity options in its sole discretion covering all or part of production from the Property and, except in the case where products are actually delivered and a sale is actually consummated under such price protection or speculative transactions, none of the revenues, costs, profits or losses from such transactions shall be taken into account in calculating Net Smelter Returns or any interest therein.

Commingling - If the Property is brought into commercial production, it may be operated as a single operation with other mining properties owned by third parties or in which the Owner has an interest, in which event, the parties agree that (notwithstanding separate ownership thereof) ores mined from the mining properties (including the Property) may be blended at the time of mining or
at any time thereafter, provided, however, that, the respective mining properties shall bear and have allocated to them their .proportionate part of costs described in paragraphs 2(a) to 2(d) above incurred relating to

the single operation, and shall have allocated to each of them the proportionate part of the revenues earned relating to such single operation. In making any such allocation, effect shall be given to the tonnages and location of ore and other material mined and beneficiated and the characteristics of such material including the metal content of ore removed from, and to any special charges relating particularly to ore, concentrates or other products or the treatment thereof derived from, any of such mining properties.

8. Sampling – The Owner shall ensure that reasonable practices and procedures are adopted and employed for weighing, determining moisture content, sampling and assaying and determining recovery factors.

9. NSR Interest – The Net Smelter Return interest is one percent (1%) of Net Smelter Returns.

10. Payments – Payments of a percentage of Net Smelter Returns shall be made to the Holder within forty-five (45) days after the end of each calendar quarter in which Net Smelter Returns, as determined on the basis of final adjusted invoices, are received by the Owner. All such payments shall be made in U.S. dollars.

11. Calculations - After the year in which commercial production is commenced on the Property, the Holder receiving a percentage of Net Smelter Returns from the Owner shall be provided annually on or before April 1 with a copy of the calculation of Net Smelter Returns, determined in accordance with this Schedule, for the preceding calendar year, certified correct by the Owner.

12. Audits – The Owner shall cause the Net Smelter Returns and the records relating thereto to be audited within the first quarter of each calendar year by a national firm of chartered accountants designated and paid by the Owner (which may be the auditor of the Owner) and:

(a) copies of the audited reports shall be delivered to the Holder and the Owner by the chartered accounting firm;

(b) either party shall have three (3) months after receipt of any audited report to object thereto in writing to the other party, and failing such objection, such report shall be deemed correct; and

(c) in the event of a reaudit, all costs relating to such reaudit shall be paid by the Owner (if the original audit is found in error by a margin of 10% or more) or the Holder (if the original audit is found to be correct) and the Holder requested the reaudit.

13. Rights of Parties - Nothing contained in the Agreement or any Schedule attached thereto shall be construed as conferring upon the Holder any right to or beneficial interest in the Property. The right to receive a percentage of Net Smelter Returns from the Owner as and when due is and shall be deemed to be a contractual right only. Furthermore, the right to receive a percentage of Net Smelter Returns by the Holder from the Owner as and when due shall not be deemed to constitute the Owner the partner, agent or legal representative of the Holder or to create any fiduciary relationship between them for any purpose whatsoever.

14. Operations - The Owner shall be entitled to:

(a) Make all operational decisions with respect to the methods and extent of mining and processing of ore, concentrate, doré, metal and products produced from the Property (for example. without limitation, the decision to process by heap leaching rather than conventional milling);

(a) Make all decisions relating to sales of such ore, concentrate, doré, metal and products produced; and

(b) Make all decisions concerning temporary or long-term cessation of operations.

1. Reacquisitions – Notwithstanding the provisions of paragraph 14 of this Schedule, the Owner shall not relinquish, drop, abandon or allow any portion of the property to lapse without first notifying the Holder of the Owner's intention to do so and in such event the Holder shall have the right to acquire such portion of the property for its own account. In the event that after receiving such notification the Holder does not acquire such portion of the property, then such portion of the property will once again be subject to the obligation to pay Net Smelter returns.

2. Annual Reports − Within one hundred and twenty (120) days following the end of each calendar year, the Owner shall provide the Holder with an annual report of all activities and operations conducted upon or with respect to the Property during the preceding calendar year, together with a description of the activities and operations anticipated during the current year (including estimates of expenditures, production, ore reserves and any Net Smelter Returns payable).

3.

SCHEDULE "B"

To the Asset Purchase and Sale and Royalty Agreement dated December 17, 2001
THE PROPERTY

Unpatented Mining Claims

The following described lode mining claims located in Sections 24 through 28 and 33 through 36, T37S, R16E W.M.: Sections 19 and 29 through 32, T37S, R17E W.M.; Sections 1 through 3, 12 and 13, T38S, R16E W.M.: and Sections 4 through 8 and 18, T38S. R17E W.M., all in Lake County Oregon, the location notices of which are of record in the Office of the County Clerk and filed in the state office of the Bureau of Land Management as follows

Claim Name	Claim No.	Location Date	County Recording Date	Book	Page	BLM Filing Date	ORMC No.
4	1	07-05-56	09-04-56	11	4		
SQUARES	amended	05-26-62	05-29-62	14	693	10-03-79	22755
	2	07-05-56	09-04-56	11	5		
	amended	05-26-62	05-29-62	14	694	10-03-79	22756
	3	07-05-56	09-04-56	11	6		
	amended	05-26-62	05-29-62	14	695	10-03-79	22757
	4	07-15-56	09-18-56	11	31		
	amended	05-26-62	05-29-62	14	696	10-03-79	22758
	5	07-15-56	09-18-56	11	32		
	amended	05-26-62	05-29-62	14	697	10-03-79	22759
	6	07-15-56	09-18-56	11	33		
	amended	05-26-62	05-29-62	14	698	10-03-79	22760
	7	07-15-56	09-18-56	11	34		
	amended	05-26-62	05-29-62	14	699	10-03-79	22761
	8	07-15-56	09-18-56	11	35		
	amended	05-25-62	05-29-62	14	700	10-03-79	22762
ANGEL	7	07-30-56	10-05-56	11	66	--	22763
	8	07-30-56	10-05-56	11	67	--	22764
FH	5	08-12-81	08-24-81	23	179	09-01-81	
	amended	07-23-83	09-01-83	25	418	09-23-83	45146
	6	08-12-81	08-24-81	23	180	09-01-81	
	amended	07-23-83	09-01-83	25	420	09-23-83	45147
	7	08-12-81	08-24-81	23	181	09-01-81	
	amended	07-23-83	09-01-83	25	422	09-23-83	45148
	8	08-12-81	08-24-81	23	182	09-01-81	
	amended	07-23-83	09-01-83	25	424	09-23-83	45149
	9	08-12-81	08-24-81	23	183	09-01-81	
	amended	07-23-83	09-01-83	25	426	09-23-83	45150
	10	08-12-81	08-24-81	23	184	09-01-81	
	amended	07-23-83	09-01-83	25	428	09-23-83	45151
	11	08-12-81	08-24-81	23	185	09-01-81	
	amended	07-23-83	09-01-83	25	430	09-23-83	45152
	12	08-12-81	08-24-81	23	186	09-01-81	

	amended	07-23-83	09-01-83	25	432	09-23-83	45153
	14	08-12-81	08-24-81	23	185	09-01-81	
	amended	07-23-83	09-01-83	25	436	09-23-83	

Claim Name	Claim No.	Location Date	County Recording Date	Book	Page	BLM Filing Date	ORMC
	amended	07-17-84	18-16-84	26	512	08-29-84	45155
	21	08-12-81	08-24-81	23	196	09-01-81	
	amended	07-23-83	09-01-83	25	446	09-23-83	45162
	22	08-12-81	08-24-81	23	197	09-01-81	
	amended	07-23-83	09-01-83	25	448	09-23-83	
	amended	07-17-84	08-16-84	26	516	08-29-84	45163
	23	08-12-81	08-24-81	23	198	09-01-81	
	amended	07-23-83	09-01-83	25	450	09-23-83	45164
	24	08-12-81	08-24-81	23	199	09-01-81	
	amended	07-23-83	09-01-83	25	452	09-23-83	45165
	25	08-12-81	08-24-81	23	200	09-01-81	
	amended	07-23-83	09-01-83	25	454	09-23-83	45166
	26	08-12-81	08-24-81	23	201	09-01-81	
	amended	07-23-8 3	09-01-83	25	456	09-23-83	45167
	27	08-16-81	08-24-81	23	202	09-01-81	
	amended	07-23-83	09-01-83	25	458	09-23-83	45168
	28	08-13-81	08-24-81	23	203	09-01-81	
	amended	07-23-83	09-01-83	25	460	09-23-83	
	amended	07-17-84	08-16-84	26	518	08-29-84	45169
	29	08-13-81	08-24-81	23	205	09-01-81	
	amended	07-23-83	09-01-83	25	462	09-23-83	45170
	30	08-13-81	08-24-81	23	207	09-01-81	
	amended	07-23-83	09-01-83	25	464	09-23-83	45171
	31	08-13-81	08-24-81	23	209	09-01-81	
	amended	07-23-83	09-01-83	25	466	09-23-81	45172
	32	08-13-81	08-24-81	23	210	09-01-81	
	amended	07-23-83	09-01-83	25	468	09-23-83	45173
	33	08-13-81	08-24-81	23	211	09-01-81	
	amended	07-23-83	09-01-83	25	470	09-23-83	45174
	34	08-13-81	08-24-81	23	212	09-01-81	
	amended	07-23-83	09-01-83	25	472	09-23-83	45175
	35	08-13-81	08-24-81	23	213	09-01-81	
	amended	07-23-83	09-01-83	25	474	09-23-83	45176
	36	08-13-81	08-24-81	23	214	09-01-81	
	amended	07-23-83	09-01-83	25	476	09-23-83	
	amended	07-17-84	08-16-84	26	520	08-29-84	45177
	–			23	269	09-01-81	
	64	08-16-81	08-24-81				

	amended	07-23-83	09-01-83	25	532	09-23-83	45205
	65	08-16-81	08-24-81	23	270	09-01-81	
	amended	07-23-83	09-01-83	25	534	09-23-83	45206
	66	08-16-81	08-24-81	23	271	09-01-81	
	amended	07-23-83	09-01-83	25	536	09-23-83	
	amended	07-17-84	08-16-84	26	528	08-29-84	45207
NQTZ	108	02-01-85	02-22-85	26	757	03-15-85	81602
	110	02-01-85	02-22-85	26	758	03-15-85	81603
	143	02-01-85	02-22-85	27	6	03-15-85	81627
	144	02-01-85	02-22-85	27	7	03-15-85	81628
	145	02-01-85	02-22-85	27	8	03-15-85	81629
	146	02-01-85	02-22-85	27	9	03-15-85	81630
	147	02-01-85	02-22-85	27	10	03-15-85	81631

Claim Name	Claim No.	Location Date	County Recording Date	Book	Page	B L M Filing Date	ORMC No.
	148	02-01-85	02-22-85	27	11	03-15-85	81632
	191	02-03-85	02-22-85	27	38	03-15-85	81659
	193	02-03-85	02-22-85	27	39	03-15-85	81661
QTZ	31	06-18-83	07-06-83	25	216	07-18-83	63755
	32	06-18-83	07-06-83	25	217	07-18-83	63756
	34	06-18-83	07-06-83	25	219	07-18-83	63758
	41	06-18-93	07-06-83 07-06-83	25	226	07-18-83	63765
	43	06-19-83	07-06-83	25	228	07-18-83	63767
	67	06-19-83	07-06-83	25	252	07-18-83	63791
	68	06-19-83	07-06-83	25	253	07-18-83	63792
	69	06-19-83	07-06-83	25	254	07-18-83	63793
	70	06-19-83	07-06-83	25	255	07-18-83	63794
	77	06-19-83	07-06-83	25	262	07-18-83	63801
	79	06-19-83	07-06-83	25	264	07-18-83	63803
TRA	1	07-23-83	09-01-83	25	400	09-23-83	66682
	2	07-23-83	09-01-83	25	401	09-23-83	66683
	3	07-23-83	09-01-83	25	402	09-23-83	66684
	4	07-23-83	09-01-83	25	403	09-23-83	66685
	5	07-23-83	09-01-83	25	404	09-23-83	66686
	6	07-23-83	09-01-83	25	405	09-23-83	66687
	7	07-23-83	09-01-83	25	406	09-23-83	66688
	8	07-23-83	09-01-83	25	407	09-23-83	66689

SCHEDULE "C"

To the Asset Purchase and Sale and Royalty Agreement dated December__, 2001

WARRANT CERTIFICATE

WARRANT TO PURCHASE COMMON SHARES

OF

SEABRIDGE RESOURCES INC.

(Incorporated under the laws of the Province of British Columbia)

THIS IS TO CERTIFY THAT, for value received, **QUARTZ MOUNTAIN RESOURCES LTD.,** the Holder of this Warrant, is entitled to purchase:

TWO HUNDRED THOUSAND
(200,000)

non-assessable common shares of **SEABRIDGE RESOURCES INC.** (hereinafter called the "Company"), as such shares were constituted on December __, 2001, at any time up to 5:00 p.m. local time at the City of Vancouver, Province of British Columbia on December __, 2003 at and for a price of $0.90 per share, of lawful money of Canada, upon and subject to the terms and conditions attached hereto.

This warrant may not be transferred by the holder.

This Warrant may be exercised only at the offices of Computershare Investor Services Inc., Vancouver. British Columbia. This Warrant is not valid until countersigned by Computershare Investor Services Inc.

SEABRIDGE RESOURCES INC. **COMPUTERSHARE INVESTORS SERVICES INC.**

Per: Per:

Director

DATE: December __, 2001

TERMS, CONDITIONS: AND INSTRUCTIONS

1. The holder of this warrant may subscribe for the number of shares of the Company indicated on the face hereof.

2. For each share purchased pursuant to this warrant on or before December __, 2003, payment must be made in the amount of $0.90 per share. All payments must be made in Canadian Funds, in cash or by certified cheque, bank draft or money order payable, at par, in Vancouver, British Columbia. If payment is made by way of an uncertified cheque the Company reserves the right to deem that the payment has not been received until the cheque has cleared the account upon which it has been drawn.

3. To exercise the rights evidenced by this warrant this warrant with the following Subscription Form completed must be delivered or mailed to Computershare Investor Services Inc., 4th Floor, 510 Burrard Street. Vancouver, British Columbia, V6C 3B9, and received by that company.

4. The rights evidenced by this warrant expire at 5:00 p.m. local time in Vancouver, British Columbia, no later than December__ , 2003.

5. The rights evidenced by this warrant may not be transferred.

6. If this warrant or the purchase price are forwarded by mail it is suggested that registered mail be used as neither the Company nor Computershare Investor Services Inc. will be responsible for any losses which occur through the use of mails.

7. The rights evidenced by this warrant are to purchase common shares in the capital stock of the Company as they were constituted on December __, 2001. If there shall, prior to the exercise of any of the rights evidenced hereby, be any reorganization of the authorized capital of the Company by way of consolidation, merger, sub-division, amalgamation or otherwise, or the payment of any stock dividends, then there shall automatically be an adjustment in either or both the number of shares of the Company which may be purchased pursuant hereto or the price at which such shares may be purchased, by corresponding amounts, so that the right evidenced hereby shall thereafter be as reasonably as possible equivalent to those originally granted hereby. The Company shall have the sole and exclusive power to make adjustments as it considers necessary and desirable subject to CDNX policy, rules and regulations.

SUBSCRIPTION FORM

The Undersigned, holder of the within warrant, hereby subscribes for common shares of **SEABRIDGE RESOURCES INC.** If the number of shares purchased hereby does not exercise all of the rights evidenced by this warrant, the holder requests issuance and delivery to it at the following address of a new warrant evidencing the unused rights. The Undersigned directs that the shares hereby subscribed for be issued and delivered to it as follows:

Name **Address** **No. of Shares**

DATED this day of , 200_.

Signature

Name (Please print)

SCHEDULE "D"

To the Asset Purchase and Sale and Royalty Agreement dated December _, 2001

SPECIAL WARRANTY DEED

THIS SPECIAL WARRANTY DEED is made and entered into this __day of December, 2001, from QUARTZ MOUNTAIN RESOURCES LTD., a corporation incorporated under the laws of the Province of British Columbia, Canada, at 800 West Pender Street, Suite 1020, Vancouver, British Columbia, V6C 2V6 and WAVECREST RESOURCES INC., a Delaware corporation, whose address is Suite 1020, 800 West Pender Street, Vancouver, British Columbia, V6C 2V6 (collectively, "Quartz Mountain") to SEABRIDGE GOLD CORPORATION, a Nevada corporation, whose address is _____("Seabridge").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Quartz Mountain does hereby convey and specially warrant unto Seabridge all of its right, title and interest in and to those unpatented mining claims and millsites listed on Exhibit A attached hereto and incorporated herein by reference (the "Claims"), free and clear of all liens, claims and encumbrances arising by, through and under Quartz Mountain, except as set forth in that Asset Purchase and Sale and Royalty Agreement dated December _____, 2001 among Quartz Mountain, Wavecrest, Seabridge, and Seabridge Resources, Inc.

TOGETHER WITH all lodes, ledges, veins and minerals bearing rock, both known and unknown, lying within the boundaries of the Claims, together with all dips, spurs, and angles, and all the ores, minerals, bearing quartz, rock and earth or other deposits therein or thereon and all of the rights, privileges and franchises thereto incident, and all and singular the tenements and hereditaments thereunto or in anywise appertaining, and the rents, issues and profits thereof; and also all the estate, right, title, interest, property, possession, claim and demand whatsoever, as well in law as in equity, of Quartz Mountain, of, in or to the Claims and every part and parcel thereof, including all after acquired title.

TO HAVE AND TO HOLD all and singular the claims, unto Seabridge, its successors and assigns forever.

IN WITNESS WHEREOF, Quartz Mountain has executed this Special Warranty Deed as of the date first set forth above.

WAVECREST RESOURCES INC., a
Delaware corporation

By:

Name:
Title:

QUARTZ MOUNTAIN RESOURCES LTD. a
British Columbia corporation

By:

Name:
Title:

EXHIBIT "A"

To the Special Warranty Deed dated December 2001

THE PROPERTY

Unpatented Mining Claims

The following described lode mining claims located in Sections 24 through 28 and 33 through 36, T37S, R16E W.M.; Sections 19 and 29 through 32, T37S, R17E W.M.; Sections 1 through 3, 12 and 13, T38S, R16E W.M.; and Sections 4 through 8 and 18, T38S, R17E W.M., all in Lake County Oregon, the location notices of which are of record in the Office of the County Clerk and filed in the state office of the Bureau of Land Management as follows

Claim Name	Claim No.	Location Date	County Recording Date	Book	Page	BLM Filing Date	ORMC No.
4 SQUARES	1 amended	07-05-56 05-26-62	**09-04-56** **05-29-62**	11 14	4 693	10-03-79	22755
	2 amended	07-05-56 05-26-62	**09-04-56** **05-29-62**	11 14	5 694	10-03-79	22756
	3 amended	07-05-56 05-26-62	**09-04-56** **05-29-62**	11 14	6 695	10-03-79	22757
	4 amended	07-15-56 05-26-62	**09-18-56** **05-29-62**	11 14	31 696	10-03-79	22758
	5 amended	07-15-56 05-26-62	**09-18-56** **05-29-62**	11 14	32 697	10-03-79	22759
	6 amended	07-15-56 05-26-62	**09-18-56** **05-29-62**	11 14	33 698	10-03-79	22760
	7 amended	07-15-56 05-26-62	**09-18-56** **05-29-62**	11 14	34 699	10-03-79	22761
	8 amended	07-15-56 05-25-62	**09-18-56** **05-29-62**	11 14	35 700	10-03-79	22762
ANGEL	7 8	07-30-56 97-30-56	**10-05-56** **10-05-56**	11 11	66 67	-- --	22763 22764
FH	5 amended	08-12-81 07-23-83	**08-24-51** **09-01-83**	23 25	179 418	09-01-81 09-23-83	45146
	6 amended	08-12-81 07-23-83	**08-24-81** **09-01-83**	23 25	180 420	09-01-81 09-23-83	45147
	7 amended	08-12-81 07-23-83	**08-24-81** **09-01-83**	23 25	181 422	09-01-81 09-23-83	45148
	8 amended	08-12-81 07-23-83	**08-24-81** **09-01-83**	23 25	182 424	09-01-81 09-23-83	45149
	9 amended	08-12-81 07-23-83	**08-24-81** **09-01-83**	23 25	183 426	09-01-81 09-23-83	45150
	10 amended	08-12-81 07-23-83	**08-24-81** **09-01-83**	23 25	184 428	09-01-81 09-23-83	45151
	11 amended	08-12-81 07-23-83	**08-24-81** **09-01-83**	23 25	185 430	09-01-81 09-23-83	45152
	12 amended	08-12-81 07-23-83	**08-24-81** **09-01-83**	23 25	186 432	09-01-81 09-23-83	45153
	14	08-12-81	**08-24-81**	23	188	09-01-81	

Claim Name	Claim No.	Location Date	County Recording Date	Book	Page	BLM Filing Date	ORMC No.

	amended amended	07-23-83 07-17-84	09-01-83 18-16-84	25 26	436 512	09-23-83 08-29-84	45155
	21 amended	08-12-81 07-23-83	08-24-81 09-01-83	23 25	196 446	09-01-81 09-23-83	45162
	22 amended amended	08-12-81 07-2343 07-17-84	08-24-81 09-01-83 08-16-84	23 25 26	197 448 516	09-01-81 09-23-83 08-29-84	45163
	23 amended	08-12-81 07-2343	08-24-81 09-01-83	23 25	198 450	09-01-81 09-23-83	45164
	24 amended	08-12-81 07-2343	08-24-8 1 09-01-83	23 25	199 452	09-01-81 09-23-83	45165
	25 amended	08-12-81 07-2343	08-24-81 09-01-83	23 25	200 454	09-01-81 09-23-83	45166
	26 amended	08-12-81 07-23-83	08-24-81 09-01-83	23 25	201 456	09-01-81 09-23-83	45167
	27 amended	08-16-81 07-23-83	08-24-81 09-01-83	23 25	202 458	09-01-81 09-23-83	45168
	28 amended amended	08-1341 07-2343 07-17-84	08-24-81 09-01-83 08-16-84	23 25 26	203 460 518	09-01-81 09-23-83 08-29-84	45169
	29 amended	08-1341 07-23-83	08-24-81 09-01-83	23 25	205 462	09-01-81 09-23-83	45170
	30 amended	08-13-81 07-23-83	08-24-81 09-01-83	23 25	207 464	09-01-81 09-23-83	45171
	31 amended	08-13-81 07-23-83	08-24-81 09-01-83	23 25	209 466	09-01-81 09-23-83	45172
	32 amended	08-13-81 07-23-83	08-24-81 09-01-83	23 .25	210 468	09-01-81 09-23-83	45173
	33 amended	08-13-81 07-23-83	08-24-81 09-01-83	23 25	211 470	09-01-81 09-23-83	45174
	34 amended	08-13-81 07-23-83	08-24-81 09-01-83	23 25	212 472	09-01-81 09-23-83	45175
	35 amended	08-13-81 07-23-83	08-24-81 09-01-83	23 25	213 474	09-01-81 09-23-83	45176
	36 amended amended	08-13-81. 07-23-83 07-17-84	08-24-81 09-01-83 08-16-84	23 25 26	214 476 520	09-01-81 09-23-83 08-29-84	45177
	64 amended	08-16-81 07-23-83	08-24-81 09-01-83	23 25	269 532	09-01-81 09-23-83	45205
	65 amended	08-16-81 07-23-83	08-24-81 09-01-83	23 25	270 534	09-01-81 09-23-83	45206
	66 amended amended	08-16-81 07-23-83 07-17-84	08-24-81 09-01-83 08-16-84	23 25 26	271 536 528	09-01-81 09-23-83 08-29-84	45207
N QTZ	108	02-01-85	02-22-85	26	757	03-15-85	81602
	110	02-01-85	02-22-85	26	758	03-15-85	81603
	143	02-01-85	02-22-85	27	6	03-15-85	81627

	144	02-01-85	02-22-85	27	7	03-15-85	81628
	145	02-01-85	02-22-85	27	8	03-15-85	81629
	146	02-01-85	02-22-85	27	9	03-15-85	81630
	147	02-01-85	02-22-85	27	10	03-15-85	81631

Claim Name	Claim No.	Location Date	County Recording Date	Book	Page	BLM Filing Date	ORMC No.
	148	02-01-85	02-22-85	27	11	03-15-85	81632
	191	02-03-85	02-22-85	27	38	03-15-85	81659
	193	02-03-85	02-22-85	27	39	03-15-85	81661
QTZ	31	06-18-83	07-06-83	25	216	07-18-83	63755
	32	06-18-83	07-06-83	25	217	07-18-83	63756
	34	06-18-83	07-06-83	25	219	07-18-83	63758
	41	06-18-93	07-06-83	25	226	07-18-83	63765
	43	06-19-83	07-06-83	25	228	07-18-83	63767
	67	06-19-83	07-06-83	25	252	07-18-83	63791
	68	06-19-83	07-06-83	25	253	07-18-83	63792
	69	06-19-83	07-06-83	25	254	07-18-83	63793
	70	06-19-83	07-06-83	25	255	07-18-83	63794
	77	06-19-83	07-06-83	25	262	07-18-83	63801
	79	06-19-83	07-06-83	25	264	07-18-83	63803
TRA	1	07-23-83	09-01-83	25	400	09-23-83	66682
	2	07-23-83	09-01-83	25	401	09-23-83	66683
	3	07-23-83	09-01-83	25	402	09-23-83	66684
	4	07-23-83	09-01-83	25	403	09-23-83	66685
	5	07-23-83	09-01-83	25	404	09-23-83	66686
	6	07-23-83	09-01-83	25	405	09-23-83	66687
	7	07-23-83	09-01-83	25	406	09-23-83	66688
	8	07-23-83	09-01-83	25	407	09-23-83	66689

ROYALTY AGREEMENT

THIS AGREEMENT is made as of December 18, 2001. **BETWEEN:**

SEABRIDGE RESOURCES INC.,
a corporation subject to the laws of the Province of British Columbia

SEABRIDGE GOLD CORPORATION,
a Nevada corporation wholly owned by Seabridge

(hereinafter collectively referred to as "Seabridge");

And

WILLIAM M. SHERIFF, an individual residing in Dallas, Texas (hereinafter called "Sheriff')

WHEREAS:

A. Seabridge has acquired a 100% interest in the Quartz Mountain Gold Project (the "Property") more fully described in Schedule A; and

B. Sheriff assisted Seabridge in negotiating and concluding the acquisition of the Property; and

C. Seabridge has agreed to pay Sheriff a finders fee in the form of a net smelter royalty interest in the Property pursuant to the terms and conditions set forth herein.

IN CONSIDERATION of the premises and the mutual covenants in this Agreement, and of other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each Party), the Parties agree as follows:

1. INTERPRETATION

1.1 Definitions - In this Agreement, unless there is something in the subject matter or context inconsistent therewith or unless specifically otherwise provided, the following terms shall have the following meanings:

(a) Affiliate shall have the meaning ascribed to such term in the Canadian Business Corporations Act (Canada) as amended to the date hereof;

(b) Agreement means this royalty agreement and all attached schedules, as supplemented, amended, restated or replaced from time to time;

(c)
(a) Approvals means all approvals of any Governmental or Regulatory Authority and any third party required to effectively complete the transactions contemplated by this Agreement;

(b) Business Day means any calendar day other than a Saturday or Sunday or any day that is a statutory or civic holiday in Vancouver, British Columbia;

(c) NSR Royalty means the net smelter returns royalty payable to Sheriff as provided in Part 4 hereof and Schedule "B" hereto;

(f) Property means the mining claims listed in Schedule "A" to this Agreement;

1.2 Interpretation-ForthepurposesofthisAgreement(includingSection1.1),exceptasotherwiseexpressly provided:

(a) Schedules and Ancillary Documents - "this Agreement" means this Agreement, including the Schedules hereto, and any agreement, document or instrument entered into, made or delivered pursuant to the terms hereof, as the same may from time to time be supplemented or amended and in effect;

(b) Section - all references in this Agreement to a designated "Part", "Section", "Paragraph" or other subdivision or to a Schedule are references to the designated Part, Section, Paragraph or other subdivision of, or Schedule to, this Agreement;

(c)

Whole Agreement - the words "herein", "hereof' and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Part, Section, Paragraph or other Subdivision or Schedule unless the context or subject matter otherwise requires;

(d) Headings - the insertion of headings is for convenience of reference only and is not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof;

(e) Number and Gender - the singular of any term includes the plural, and vice versa, and use of any term is generally applicable to either gender and where applicable, a body corporate, firm or other entity;

(f) Currency - unless otherwise indicated, all references in this Agreement to dollars are to United States dollars;

(g) Business Days - in the event that any date on which any action is required to be taken hereunder by any of the parties hereto is a Saturday, Sunday or a general civic holiday in British Columbia, such action shall be required to be taken on the next succeeding day which is not a Saturday, Sunday or civic holiday in British Columbia;

(h) Statutes - all references to statues include any regulations or rules made pursuant thereto;

(i) Non-Limiting - the word "including" is not limiting whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto and no covenant, agreement, acknowledgment or other provision contained in any Part, Section, paragraph or other subdivision of this Agreement shall limit or otherwise restrict the meaning, generality or interpretation of any other covenant, agreement, acknowledgement or other provision contained in any Part, Section, paragraph or other subdivision of this Agreement unless expressly stated;

1.3 Schedules - The following schedules are incorporated into and form part of this Agreement:

Schedule "A"	-	The Property
Schedule "B"	-	Net Smelter Returns Royalty

2. NET SMELTER RETURNS ROYALTY - Seabridge shall pay to Sheriff a one-half of one percent (0.5%) net smelter return royalty (the "NSR Royalty") from all ore mined from the Property, all as more particularly set forth in Schedule "B" hereto.

ADVANCED MINIMUM NET SMELTER ROYALTY PAYMENTS – Seabridge shall pay to Sheriff advanced minimum net smelter royalty payments as follows:

US$7,500 on execution of this Agreement, and US$5,000 on or before December 18, 2002.

4. NO AREA OF INTEREST - There shall be no area of interest associated with this Agreement or the NSR Royalty other than the land described in Exhibit A. Seabridge shall be free to acquire lands and interests in land and to locate mining claims immediately surrounding the Property without any further obligation to the Vendor Parties. Except for the limitations placed on Sheriff pursuant to his interest in Pacific Intermountain Gold Company ("PIGCO"), Sheriff shall be free to acquire lands and interests in land and to locate mining claims immediately surrounding the Property without any further obligation to Seabridge.

5. REPRESENTATIONS AND WARRANTIES OF SEABRIDGE – Seabridge Resources Inc. and Seabridge Gold Corporation represent and warrant to Sheriff that:

(a) each is a corporation validly subsisting under the laws of the jurisdiction of its incorporation;

(b) all requisite corporate acts and proceedings have been done and taken with respect to entering into this Agreement;

(c) each has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder; and

(d)

(d) this Agreement has been duly and validly executed and delivered and constitutes a legal, valid and binding obligation enforceable against each party in accordance with its terms.

6. MISCELLANEOUS

6.1 Relationship Between Parties - Nothing contained in this Agreement shall be deemed to constitute either party the partner of the other, nor except as otherwise herein expressly provided, to constitute either party the agent or legal representative of the other, nor to create any fiduciary relationship or relationship of confidence and trust between them. It is not the intention of the parties to create, nor shall this Agreement be construed to create, any mining, commercial or other partnership. No party shall have any authority to act for or to assume any obligation or responsibility on behalf of the other, except as otherwise expressly provided herein.

6.2 Other Business Opportunities - Except as previously agreed by each Party as shareholders in PIGCO and as expressly provide for in this Agreement, each party shall have the right independently to engage in and receive full benefits from business activities, whether or not competitive with operations on the Property, without consulting the other. The doctrines of "corporate opportunity" or "business opportunity" shall not be applied to any other activity, venture or operation of either party and neither party shall have any obligation to the other with respect to any opportunity to acquire any property outside the exterior boundaries of the Property.

6.3 Notice - Any notice or other communication required or permitted to be given hereunder by any party hereto to another party shall be deemed to have been well and sufficiently given if mailed by prepaid registered mail or telefaxed to, or delivered at, the address of such other party at the address set out below or at such substitute address as the other party may from time to time direct in writing, and any such notice or other communication shall be deemed to have been received, if delivered, on the first business day following the date of delivery, if telefaxed during normal business hours, on the date of telefaxing, if telefaxed outside normal business hours, on the next business day after the date of telefaxing, and if mailed, on the tenth business day after the date of mailing, provided that if at the time of such telefaxing or mailing there is in effect any industrial dispute, natural di saster or other event which may delay the receipt of such notice or other communication, the same shall only be effective if actually delivered:

To Sheriff

William M. Sheriff 3619 Janlyn

Dallas, Texas 75234 Fax: (775)
248-6646

To Seabridge:

Seabridge Resources Inc.

172 King Street East - 3rd Floor
Toronto, Ontario M5A 1J3
Attention: President Fax:
416-367-2711

6.4 Time of the Essence - Time is of the essence in regards to this Agreement.

6.5 Further Documents - Each party to this Agreement shall at the request of the other party execute and deliver any further deeds, bills of sale, assignments, endorsements, evidences of transfer and other documents and instruments and do all acts and things as the other party may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Agreement and to carry out the transactions contemplated in this Agreement.

6.6 Severability - If any one or more of the provisions contained in this Agreement or any document or instrument delivered pursuant hereto should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision or provisions shall not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

6.7 Amendments - All amendments to this Agreement shall be in writing duly executed by each of the parties to this Agreement in the same manner and with the same formality as this Agreement is executed.

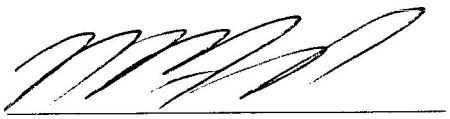
6.8 Survival - Except to the extent otherwise stated herein, the respective representations, warranties, covenants and agreements of the parties herein shall not merge and shall survive the Closing indefinitely.

6.9 Jurisdiction - This Agreement shall be governed by the Laws of the Province of British Columbia and the Laws of Canada applicable therein and the parties hereby attorn to the non-exclusive jurisdiction of the Courts of the Province of British Columbia.

6.10 Entire Agreement - This Agreement constitutes the entire agreement between the parties to this Agreement and supersedes all prior communications, representations, negotiations, proposals and agreements, whether oral or written, with respect to the transactions contemplated in this Agreement, including the Letter of Intent.

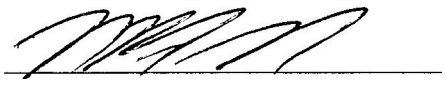
6.11 Enurement - This Agreement shall enure to the benefit of and be binding upon each of the parties to this Agreement and their respective permitted successors and assigns.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.



Seabridge Resources Inc.
By: Rudi P. Fronk

Witness



Seabridge Gold Corporation
By: Rudi P. Fronk

Witness

SCHEDULE "A"

THE PROPERTY

Unpatented Mining Claims

The following described lode mining claims located in Sections 24 through 28 and 33 through 36, T37S, R16E W.M.; Sections 19 and 29 through 32, T37S, R17E W.M.; Sections 1 through 3, 12 and 13, T38S, R16E W.M.; and Sections 4 through 8 and 18, T38S, R17E W.M., all in Lake County Oregon, the location notices of which are of record in the Office of the County Clerk and filed in the state office of the Bureau of Land Management as follows

Claim Name	Claim No.	Location Date	County Recording Date	Rook	Page	BLM Filing D	ORMC No.
4 SQUARES	1	07-05-56	09-04-56	11	4		
	amended	05-26-62	05-29-62	14	693	10-03-79	22755
	2	07-05-56	09-04-56	11	5		
	amended	05-26-62	05-29-62	14	694	10-03-79	22756
	3	07-05-56	09-04-56	11	6		
	amended	05-26-62	05-29-62	14	695	10-03-79	22757
	4	07-15-56	09-18-56	11	31		
	amended	05-26-62	05-29-62	14	696	10-03-79	22758
	5	07-15-56	09-18-56	11	32		
	amended	05-26-62	05-29-62	14	697	10-03-79	22759
	6	07-15-56	09-18-56	11	33		
	amended	05-26-62	05-29-62	14	698	10-03-79	22760
	7	07-15-56	09-18-56	11	34		
	amended	05-26-62	05-29-62	14	699	10-03-79	22761
	8	07-15-56	09-18-56	11	35		
	amended	05-25-62	05-29-62	14	700	10-03-79	22762
ANGEL	7	07-30-56	10-05-56	11	66	--	22763
	8	97-30-56	10-05-56	11	67	--	22764
FH	5	08-12-81	08-24-81	23	179	09-01-81	
	amended	07-23-83	09-01-83	25	418	09-23-83	45146
	6	08-12-81	08-24-81	23	180	09-01-81	
	amended	07-23-83	09-01-83	25	420	09-23-83	45147
	7	08-12-81	08-24-81	23	181	09-01-81	
	amended	07-23-83	09-01-83	25	422	09-23-83	45148
	8	08-12-81	08-24-81	23	182	09-01-81	
	amended	07-23-83	09-01-83	25	424	09-23-83	45149
	9	08-12-81	08-24-81	23	183	09-01-81	
	amended	07-23-83	09-01-83	25	426	09-23-83	45150
	10	08-12-81	08-24-81	23	184	09-01-81	

	amended	07-23-83	09-01-83	25	428	09-23-83	45151
	11	08-12-81	08-24-81	23	185	09-01-81	
	amended	07-23-83	09-01-83	25	430	09-23-83	45152
	12	08-12-81	08-24-81	23	186	09-01-81	
	amended	07-23-83	09-01-83	25	432	09-23-83	45153
	14	08-12-81	08-24-81	23	188	09-01-81	
	amended	07-23-83	09-01-83	25	436	09-23-83	
	amended	07-17-84	18-16-84	26	512	08-29-84	45155

Claim Name	Claim No.	Location Date	County Recording Date	Book	Page	BLM Filing Date	ORMC No.
	21 amended	08-12-81 07-23-83	08-24-81 09-01-83	23 25	196 446	09-01-81 09-23-83	45162
	22 amended amended	08-12-81 07-23-83 07-17-84	08-24-81 09-01-83 08-16-84	23 25 26	197 448 516	09-01-81 09-23-83 08-29-84	45163
	23 amended	08-12-81 07-23-83	08-24-81 09-01-83	23 25	198 450	09-01-81 09-23-83	45164
	24 amended	08-12-81 07-23-83	08-24-81 09-01-83	23 25	199 452	09-01-81 09-23-83	45165
	25 amended	08-12-81 07-23-83	08-24-81 09-01-83	23 25	200 454	09-01-81 09-23-83	45166
	26 amended	08-12-81 07-23-83	08-24-81 09-01-83	23 25	201 456	09-01-81 09-23-83	45167
	27 amended	08-16-81 07-23-83	08-24-81 09-01-83	23 25	202 458	09-01-81 09-23-83	45168
	28 amended amended	08-13-81 07-23-83 07-17-84	08-24-81 09-01-83 08-16-84	23 25 26	203 460 518	09-01-81 09-23-83 08-29-84	45169
	29 amended	08-13-81 07-23-83	08-24-81 09-01-83	23 25	205 462	09-01-81 09-23-83	45170
	30 amended	08-13-81 07-23-83	08-24-81 09-01-83	23 25	207 464	09-01-81 09-23-83	45171
	31 amended	08-13-81 07-23-83	08-24-81 09-01-83	23 25	209 466	09-01-81 09-23-83	4.5172
	32 amended	08-13-81 07-23-83	08-24-81 09-01-83	23 25	210 468	09-01-81 09-23-83	45173
	33 amended	08-13-81 07-23-83	08-24-81 09-01-83	23 25	211 470	09-01-81 09-23-83	45174
	34 amended	08-13-81 07-23-83	08-24-81 09-01-83	23 25	212 472	09-01-81 09-23-83	45175
	35 amended	08-13-81 07-23-83	08-24-81 09-01-83	23 25	213 474	09-01-81 09-23-83	45176
	36 amended amended	08-13-81 07-23-83 07-17-84	08-24-81 09-01-83 08-16-84	23 25 26	214 476 520	09-01-81 09-23-83 08-29-84	45177

	64 amended	08-16-81 07-23-83	08-24-81 09-01-83	23 25	269 532	09-01-81 09-23-83	45205
	65 amended	08-16-81 07-23-83	08-24-81 09-01-83	23 25	270 534	09-01-81 09-23-83	45206
	66 amended amended	08-16-81 07-23-83 07-17-84	08-24-81 09-01-83 08-16-84	23 25 26	271 536 528	09-01-81 09-23-83 08-29-84	45207
NQTZ	108	02-01-85	02-22-85	26	757	03-15-85	81602
	110	02-01-85	02-22-85	26	758	03-15-85	81603
	143	02-01-85	02-22-85	27	6	03-15-85	81627
	144	02-01-85	02-22-85	27	7	03-15-85	81628
	145	02-01-85	02-22-85	27	8	03-15-85	81629
	146	02-01-85	02-22-85	27	9	03-15-85	81630
	147	02-01-85	02-22-85	27	10	03-15-85	81631
	148	02-01-85	02-22-85	27	11	03-15-85	81632

Claim Name	Claim No.	Location Date	County Recording Date	Book	Page	BLM Filing Date	ORMC No.
	191	02-03-85	02-22-85	27	38	03-15-85	81659
	193	02-03-85	02-22-85	27	39	03-15-85	81661
QTZ	31	06-18-83	07-06-83	25	216	07-18-83	63755
	32	06-18-83	07-06-83	25	217	07-18-83	63756
	34	06-18-83	07-06-83	25	219	07-18-83	63758
	41	06-18-93	07-06-83	25	226	07-18-83	63765
	43	06-19-83	07-06-83	25	228	07-18-83	63767
	67	06-19-83	07-06-83	25	252	07-18-83	63791
	68	06-19-83	07-06-83	25	253	07-18-83	63792
	69	06-19-83	07-06-83	25	254	07-18-83	63793
	70	06-19-83	07-06-83	25	255	07-18-83	63794
	77	06-19-83	07-06-83	25	262	07-18-83	63801
	79	06-19-83	07-06-83	25	264	07-18-83	63803
TRA	1	07-23-83	09-01-83	25	400	09-23-83	66682
	2	07-23-83	09-01-83	25	401	09-23-83	66683
	3	07-23-83	09-01-83	25	402	09-23-83	66684
	4	07-23-83	09-01-83	25	403	09-23-83	66685
	5	07-23-83	09-01-83	25	404	09-23-83	66686
	6	07-23-83	09-01-83	25	405	09-23-83	66687
	7	07-23-83	09-01-83	25	406	09-23-83	66688
	8	07-23-83	09-01-83	25	407	09-23-83	66689

SCHEDULE "B"

NET SMELTER RETURNS ROYALTY

1. Definitions – For the purpose of this Schedule, "Agreement" shall mean the Royalty Agreement to which this Schedule is attached, "Owner" shall mean the party or parties paying a percentage of Net Smelter Returns pursuant to the Agreement. "Holder" shall mean the party or parties receiving a percentage of Net Smelter Returns pursuant to the Agreement and other capitalized terms shall have the meanings assigned to them in the Agreement.

2. Net Smelter Returns – For the purpose hereof, the term "Net Smelter Returns" shall, subject to paragraphs 3, 4, 5, and 6 below, mean gross revenues received from the sale by the Owner of all ore mined from the Property and from the sale by the Owner of concentrate, doré, metal and products derived from ore mined from the Property, after deduction of the following:

   (a) all smelting and refining costs, sampling, assaying and treatment charges and penalties including but not limited to metal losses, penalties for impurities and charges for refining, selling and handling by the smelter, refinery or other purchaser (including price participation charges by smelters and/or refiners); and

   (b) costs of handling, transporting, securing and insuring such material from the Property or from a concentrator, whether situated on or off the Property, to a smelter, refinery or other place of treatment, and in the case of gold or silver concentrates, security costs; and

   (c) ad valorem taxes and taxes based upon sales or production, but not income taxes; and

   (d) marketing costs, including sales commissions, incurred in selling ore mined from the Property and from concentrate, doré, metal and products derived from ore mined from the Property.

3. Non-Arm's Length Revenue – Where revenue otherwise to be included under this Schedule is received by the Owner in a transaction with a party with whom it is not dealing at arm's length, the revenue to be included shall be based on the fair market value under the circumstances and at the time of the transaction.

4. Non-Arm's Length Costs – Where a cost otherwise deductible under this Schedule is incurred by the Owner in a transaction with a party with whom it is not dealing at arm's length, the cost to be deducted shall be the fair market cost under the circumstances and at the time of the transaction.

5. Currency – For the purpose of determining Net Smelter Returns, all receipts and major disbursements will be calculated in U.S. dollars.

6. Hedging – The Owner may, but shall not be under any duty to, engage in price protection (hedging) or speculative transactions such as futures contracts and commodity options in its sole discretion covering all or part of production from the Property and, except in the case where products are actually delivered and a sale is actually consummated under such price protection or speculative transactions, none of the revenues, costs, profits or losses from such transactions shall be taken into account in calculating Net Smelter Returns or any interest therein.

7. Commingling – If the Property is brought into commercial production, it may be operated as a single operation with other mining properties owned by third parties or in which the Owner has an interest, in which event, the parties agree that (notwithstanding separate ownership thereof) ores mined from the mining properties (including the Property) may be blended at the time of mining or at any time thereafter, provided, however, that the respective mining properties shall bear and have allocated to them their proportionate part of costs described in paragraphs 2(a) to 2(d) above
incurred relating to the single operation, and shall have allocated to each of them the proportionate part of the revenues earned relating to such single operation. In making any such allocation, effect shall be given to the tonnages and location of ore and other material mined and beneficiated and the characteristics of such

material including the metal content of ore removed from, and to any special charges relating particularly to ore, concentrates or other products or the treatment thereof derived from, any of such mining properties.

8. Sampling - The Owner shall ensure that reasonable practices and procedures are adopted and employed for weighing, determining moisture content, sampling and assaying and determining recovery factors.

9. NSR Interest - The Net Smelter Return interest is one-half of one percent (0.5%) of Net Smelter Returns.

10. Payments - Payments of a percentage of Net Smelter Returns shall be made to the Holder within forty-five (45) days after the end of each calendar quarter in which Net Smelter Returns, as determined on the basis of final adjusted invoices, are received by the Owner. All such payments shall be made in U.S. dollars.

11. Calculations - After the year in which commercial production is commenced on the Property, the Holder receiving a percentage of Net Smelter Returns from the Owner shall be provided annually on or before April 1 with a copy of the calculation of Net Smelter Returns, determined in accordance with this Schedule, for the preceding calendar year, certified correct by the Owner.

12. Audits - The Owner shall cause the Net Smelter Returns and the records relating thereto to be audited within the first quarter of each calendar year by a national firm of chartered accountants designated and paid by the Owner (which may be the auditor of the Owner) and:

(a) copies of the audited reports shall be delivered to the Holder and the Owner by the chartered accounting firm;

(b) either party shall have three (3) months after receipt of any audited report to object thereto in writing to the other party, and failing such objection, such report shall be deemed correct; and

(c) in the event of a reaudit, all costs relating to such reaudit shall be paid by the Owner (if the original audit is found in error by a margin of 10% or more) or the Holder (if the original audit is found to be correct) and the Holder requested the reaudit.

13. Rights of Parties - Nothing contained in the Agreement or any Schedule attached thereto shall be construed as conferring upon the Holder any right to or beneficial interest in the Property. The right to receive a percentage of Net Smelter Returns from the Owner as and when due is and shall be deemed to be a contractual right only. Furthermore, the right to receive a percentage of Net Smelter Returns by the Holder from the Owner as and when due shall not be deemed to constitute the Owner the partner, agent or legal representative of the Holder or to create any fiduciary relationship between them for any purpose whatsoever.

14. Operations - The Owner shall be entitled to:

(a) Make all operational decisions with respect to the methods and extent of mining and processing of ore, concentrate, doré, metal and products produced from the Property (for example, without limitation, the decision to process by heap leaching rather than conventional milling);

(b) Make all decisions relating to sales of such ore, concentrate, doré, metal and products produced; and

(c) Make all decisions concerning temporary or long-term cessation of operations.

1. Reacquisitions - Notwithstanding the provisions of paragraph 14 of this Schedule, the Owner shall not relinquish, drop, abandon or allow any portion of the property to lapse without first notifying the Holder of the Owner's intention to do so and in such event the Holder shall have the right to acquire such portion of the property for its own account. In the event that after receiving such notification the Holder does not acquire such portion of the property, then such portion of the property will once again be subject to the obligation to pay Net Smelter returns.

2. Annual Reports - Within one hundred and twenty (120) days following the end of each calendar year, the Owner shall provide the Holder with an annual report of all activities and operations conducted upon or with respect to the Property during the preceding calendar year, together with a description of the activities and

operations anticipated during the current year (including estimates of expenditures, production, ore reserves and any Net Smelter Returns payable).

3.

AMENDING AGREEMENT

THIS AGREEMENT effective the 5th day of July, 2003 **BETWEEN:**

Seabridge Gold Corporation, a Nevada corporation and
Seabridge Gold Inc., a Canadian corporation (hereinafter collectively called "SEABRIDGE")

AND:

William M. Sheriff, an individual residing in Dallas, Texas (hereinafter called "Sheriff")

WHEREAS SEABRIDGE and Sheriff entered into a Royalty Agreement dated December 18th, 2001 covering the Quartz Mountain Project in Lake County, Oregon.

The Parties have agreed to the following amendment.

NOW THEREFORE for good and valuable consideration the parties agree that the Royalty Agreement is amended as follows:

1. Section 4, which previously indicated that there would be no area of interest, is hereby amended to include an area of interest extending 2 miles from the exterior perimeter of the land described in Exhibit A.

2. All other terms and conditions of the Royalty Agreement remain unchanged.

Seabridge Gold Corporation **Seabridge Gold Inc.**	**William M. Sheriff**
/s/_____	**/s/_____**
Rudi P. Fronk, President	

BRITISH

COLUMBIA

Cynthia G. Avelino, Director & Secretary
Seabridge Gold Inc.

CERTIFICATE
OF
CHANGE OF NAME

COMPANY ACT

I Hereby Certify *that*

SEABRIDGE RESOURCES INC.

has this day changed its name to

SEABRIDGE GOLD INC.

JOHN S. POWELL
Registrar of Companies
PROVINCE OF BRITISH COLUMBIA
CANADA

Certified true copy dated this 3rd day of July, 2002
/s/
Cynthia G. Avelino, Director & Secretary
Seabridge Gold Inc.

Certificate of
Incorporation No. 197005

COMPANY ACT

The following special resolutions were passed by the undermentioned company on the date stated:

Name of Company: SEABRIDGE RESOURCES INC.

Date of Resolution: June 4, 2002

Resolutions:

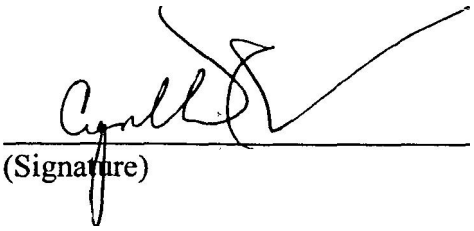
RESOLVED as special resolution that:

1. The name of the Company be changed from "Seabridge Resources Inc." to "Seabridge Gold Inc." or to such other name as determined upon by the directors and acceptable to the Registrar of Companies for British Columbia and the TSX Venture Exchange.
2. Paragraph 1 of the Memorandum of the Company be altered to read as follows:

"1. The name of the Company is Seabridge Gold Inc."

and the Memorandum of the Company as altered be in a form attached hereto as Schedule "A"."

Certified a true copy the 17th day of June, 2002.



(Signature)

Director & Secretary

(Relationship to Company)

BRITISH
COLUMBIA

NUMBER: **197005**

Certified true copy dated this 3rd day of July, 2002

/s/

Cynthia G. Avelino, Director & Secretary
Seabridge Gold Inc.

CERTIFICATE
OF
CHANGE OF NAME

COMPANY ACT

I Hereby Certify *that*
SEABRIDGE RESOURCES INC.
has this day changed its name to
SEABRIDGE GOLD INC.

JOHN S. POWELL
Registrar of Companies
PROVINCE OF BRITISH COLUMBIA
CANADA /s/
Cynthia G. Avelino, Director & Secretary Seabridge Gold Inc.
Certificate of
Incorporation No. 197005

COMPANY ACT

The following special resolutions were passed by the undermentioned company on the date stated:
Name of Company: SEABRIDGE RESOURCES INC.

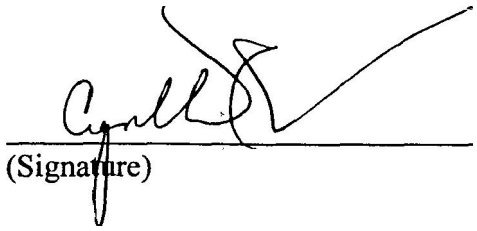
Date of Resolution: June 4, 2002

Resolutions:
RESOLVED as special resolution that:

1. The name of the Company be changed from "Seabridge Resources Inc." to "Seabridge Gold Inc." or to such other name as determined upon by the directors and acceptable to the Registrar of Companies for British Columbia and the TSX Venture Exchange.
2. Paragraph 1 of the Memorandum of the Company be altered to read as follows:

   "1. The name of the Company is Seabridge Gold Inc."
   and the Memorandum of the Company as altered be in a form attached hereto as Schedule "A"."

Certified a true copy the 17th day of June, 2002.



(Signature)
Director & Secretary
(Relationship to Company)

SCHEDULE A

FORM 1 (Section 5)

COMPANY ACT

ALTERED MEMORANDUM
(as altered by Special Resolution dated June 4, 2002)

1. The name of the company is **Seabridge Gold Inc.**

2. The authorized capital of the company consists of **100,000,000 (ONE HUNDRED MILLION)** common shares without par value.

3.

CERTIFICATE
OF
CHANGE OF NAME

COMPANY ACT

I Hereby Certify *that*

DRAGOON RESOURCES LTD.
has this day changed its name to
SEABRIDGE RESOURCES INC.

JOHN S. POWELL
Registrar of Companies
PROVINCE OF BRITISH COLUMBIA
CANADA
FROM 21
(Section 371)

Certificate of Incorporation No.
197005

Certified true copy dated this 3rd day of July, 2002

COMPANY ACT

The following special resolutions were passed by the undermentioned Company on the date stated:

Name of Company: DRAGOON RESOURCES LTD.

Date resolutions passed: February 13, 1998

Resolutions:
RESOLVED as special resolutions that:

1.

The authorized capital of the Company be increased from 10,000,000 shares without par value, of which 2,114,866 shares are issued, to 100,000,000 shares without par value, of which 2,114,866 shares are issued, all shares issued and unissued ranking pari passu; and

2. paragraph 2 of the Memorandum of the Company be altered to read:

"2. the authorized capital of the Company consists of 100,000,000 Common Shares without par value."

3. The Memorandum of the Company be altered by changing the name of the Company from "Dragoon Resources Ltd." to "Seabridge Resources Inc.", or other such name as may be approved by the Vancouver Stock Exchange and the Registrar of Companies; and

4. The Memorandum of the Company be altered in the form of Schedule "A" attached hereto so that the Memorandum of the Company as altered shall at the time of filing comply with the *Company Act.*

5.

Certified a true copy the 14th day of May, 1998.

SCHEDULE "A"

FORM 1 (Section 5)

COMPANY ACT

ALTERED MEMORANDUM
(as Altered by Special Resolution dated February 13, 1998)

1. The name of the Company is "Seabridge Resources Inc."

2. The authorized capital of the Company consists of 100,000,000 Common shares without par value.

3.

I HEREBY CERTIFY THAT THESE ARE COPIES OF DOCUMENTS FILED WITH THE REGISTRAR OF COMPANIES ON

JAN 10 1990

/s/

ASSISTANT DEPUTY REGISTRAR OF COMPANIES

FORM 21

(Section 371)

FOR THE PROVINCE OF BRITISH COLUMBIA

PROVINCE OF BRITISH COLUMBIA

Certificate of Incorporation No.
197005

Certified true copy dated this 3rd day of

COMPANY ACT
2002

SPECIAL RESOLUTION

/s/
Cynthia G. Avelino, Director & Secretary
Seabridge Gold Inc.

The following special resolutions were passed by the undermentioned Company on the date stated:

Name of Company: **DRAGOON RESOURCES LTD.** Date

resolution passed: JANUARY 5, 1990 Resolution:

"RESOLVED as a Special Resolution that:

(a) the authorized capital of the Company be increased from 10,000,000 Common shares without par value to 100,000,000 Common shares without par value;

(b) the Memorandum of the Company be altered to reflect the increase of share capital of the Company so that it shall be in the form set out in Schedule "A" attached hereto."

CERTIFIED a true copy this 8th day of January, 1990.

(Signature) /s/
(Relationship to Company)
Solicitor

SCHEDULE "A"

FORM 1 (Section 5)

COMPANY ACT

ALTERED MEMORANDUM

(as Altered by Special Resolution dated January 5, 1990)

1. The name of the Company is **"DRAGOON RESOURCES LTD."**

2.

The authorized capital of the Company consists of 100,000,000 Common shares without par value.

3.

NUMBER
197005

Certified true copy dated this 3rd day of July, 2002

/s/
Cynthia G. Avelino, Director & Secretary Seabridge Gold Inc.

Province of British Columbia
Ministry of Consumer and Corporate Affairs
REGISTRAR OF COMPANIES

Certificate

I HEREBY CERTIFY THAT

CHOPPER MINES LTD.

HAS THIS DAY CHANGED ITS NAME TO THE NAME
DRAGOON RESOURCES LTD.
Form 21
(Section 371)
PROVINCE OF BRITISH COLUMBIA

COMPANY ACT
SPECIAL RESOLUTION

The following special resolution was passed by the undermentioned Company on the date stated:

NAME OF COMPANY: CHOPPER MINES LTD.

DATE RESOLUTION PASSED: August 3, 1984

RESOLUTION:

"

UPON MOTION IT WAS RESOLVED, as a special resolution that the name of the Company be changed from Chopper Mines Ltd. to Dragoon Resources Ltd. and that the Memorandum of the Company be altered accordingly;

"

UPON MOTION IT WAS RESOLVED, as a special resolution that the authorized capital of the Company be altered by consolidating the authorized capital divided into 9,910,000 shares without par value of which 3,197,604 shares are issued into an authorized capital divided into 1,982,000 shares without par value of which 639,520-4/5 are issued;

"

UPON MOTION IT WAS RESOLVED, as a special resolution that the authorized capital of the Company be further altered by increasing it from 1,982,000 to 10,000,000 common shares without par value;

"

UPON MOTION IT WAS RESOLVED, as a special resolution that the Memorandum of the Company be altered as attached.

Certified a true copy this 6th day of November, 1984.

(Signature) /s/
DAVID K. FRASER

(Relationship to Company)Solicitor

"**COMPANY ACT**"

(as altered by Special Resolution passed August 3, 1984

ALTERED MEMORANDUM

DRAGOON RESOURCES LTD.

I wish to be formed into a Company with limited liability under the "Company Act" in pursuance of this Memorandum.

1. The name of the Company is DRAGOON RESOURCES LTD.
2. The authorized capital of the Company consists of Ten Million (10,000,000) Common shares without par value

FORM 21

(Section 371)

REGISTRAR OF COMPANIES
FOR THE PROVINCE OF BRITISH COLUMBIA

PROVINCE OF BRITISH COLUMBIA
Certificate of
Incorporation No. 197005

COMPANY ACT

SPECIAL RESOLUTION

The following special resolutions were passed by the undermentioned Company on the date stated:

Name of Company: **DRAGOON RESOURCES LTD.** Date

resolution passed: JANUARY 11, 1988 Resolution:

"RESOLVED as a Special Resolution that the existing Articles of the Company be deleted in their entirety and that a new form of Articles as attached as Schedule "A" be adopted to the exclusion of and in substitution for the existing Articles of the Company."

CERTIFIED a true copy this 11th day of March, 1988.

(Signature)_____

(Relationship to Company) Solicitor

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of
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PROVINCE OF BRITISH COLUMBIA

COMPANY ACT

ARTICLES
of

DRAGOON RESOURCES LTD.

PART 1
INTERPRETATION

1.1. In these Articles, unless there is something in the subject or context inconsistent therewith:

"Board" and "the Directors" or "the directors" mean the Directors, sole Director or alternate Director of the Company for the time being.

"Company Act" means the Company Act of the Province of British Columbia as from time to time enacted and all amendments thereto and statutory modifications thereof and includes the regulations made pursuant thereto.

“seal" means the common seal of the Company.

"month" means calendar month.

"registered owner" or "registered holder" when used with respect to a share in the authorized capital of the Company means the person registered in the register of members in respect of such share.

"personal representative" shall include executors, administrators, trustees in bankruptcy and duly constituted representatives in lunacy.

Expressions referring to writing shall be construed as including references to printing, lithography, typewriting, photography and other modes of representing or reproducing words in a visible form.

Words importing the singular include the plural and vice versa; and words importing male persons include female persons and words importing persons shall include corporations.

1.2. The meaning of any words or phrases defined in the Company Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

1.3. The Rules of Construction contained in the Interpretation Act shall apply, mutatis mutandis, to the interpretation of these Articles.

PART 2

SHARES AND SHARE CERTIFICATES

2.1. Every member is entitled, without charge, to one certificate representing the share or shares of each class held by him; provided that, in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to the first named of several joint registered holders or to his duly authorized agent shall be sufficient delivery to all; and provided further that the Company shall not be bound to issue certificates representing redeem-able shares, if such shares are to be redeemed

within one month of the date on which they were allotted. Any share certificate may be sent through the mail by registered prepaid mail to the member entitled thereto, and neither the Company nor any transfer agent shall be liable for any loss occasioned to the member owing to any such share certificate so sent being lost in the ma il or stolen.

2.2. If a share certificate

(i) is worn out or defaced, the Directors shall, upon production to them of the said certificate and upon such other terms, if any, as they may think fit, order the said certificate to be cancelled and shall issue a new certificate in lieu thereof;

(i) is lost, stolen or destroyed, then, upon proof thereof to the satisfaction of the Directors and upon such indemnity, if any, as the Directors deem adequate being given, a new share certificate in lieu thereof shall be issued to the person entitled to such lost, stolen or destroyed certificate; or

(ii) represents more than one share and the registered owner thereof surrenders it to the Company with a written request that the Company issue in his name two or more certificates each representing a specified number of shares and in the aggregate representing the same number of shares as the certificate so surrendered and, upon payment of an amount determined from time to time by the Directors, the Company shall cancel the certificate so surrendered and issue in lieu thereof certificates in accordance with such request.

2.3. Every share certificate shall be signed manually by at least one officer or Director of the Company, or by or on behalf of a registrar, branch registrar, transfer agent or branch transfer agent of the Company and any additional signatures may be printed, lithographed, engraved or otherwise mechanically reproduced in accordance with these Articles.

2.4. Except as required by law, statute or these Articles, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or in any fractional part of a share or (except only as by law, statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in its registered holder.

PART 3

ISSUE OF SHARES

3.1. Subject to Article 3.2 and to any direction to the contrary contained in a resolution passed at a general meeting authorizing any increase or alteration of capital, the shares shall be under the control of the Directors who may, subject to the rights of the registered holders of the shares of the Company for the time being issued, issue, allot, sell or otherwise dispose of, and/or grant options on or otherwise deal in, shares authorized but not outstanding at such times, to such persons (including Directors), in such manner, upon such terms and conditions, and at such price or for such consideration, as they, in their absolute discretion, may determine.

3.2. If the Company is, or becomes, a company which is not a reporting company and the Directors are required by the Company Act before allotting any shares to offer them pro rata to the members, the Directors shall, before allotting any shares, comply with the applicable provisions of the Company Act.

3.3. Subject to the provisions of the Company Act, the Company, or the Directors on behalf of the Company, may pay a commission or allow a'discount to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares, debentures, share rights, war-rants or debenture stock in the Company, or procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any such shares, debentures, share rights, warrants or debenture stock, provided that, if the Company is not a specially limited company, the rate of the commission and discount shall not in the aggregate exceed 25 per centum of the amount of the subscription price of such shares, and if the Company is a specially limited company, the rate of the commission and discount shall not in the aggregate exceed 98 per centum of the amount of the subscription price of such shares, debent ures, share rights, warrants or debenture stock. The Company may also pay such brokerage as may be lawful.

3.4. No share may be issued until it is fully paid and the Company shall have received the full consideration therefor in cash, property or past services actually performed for the Company. The value of the property or services for the purposes of this Article shall be the value determined by the Directors by resolution to be, in all circumstances of the transaction, the fair market value thereof.

PART 4

SHARE REGISTERS

4.1. The Company shall keep or cause to be kept a register of members, a register of transfers and a register of allotments within British Columbia, all as required by the Company Act, and may combine one or more of such registers. If the Company's capital shall consist of more than one class of shares, a separate register of members, register of transfers and register of allotments may be kept in respect of each class of shares. The Directors on behalf of the Company may appoint a trust company to keep the register of members, register of transfers and register of allotments or, if there is more than one class of shares, the Directors may appoint a trust company, which need not be the same trust company, to keep the register of members, the register of transfers and the register of allotments for each class of shares. The Directors on behalf of the Company may also appoint one or more tru st companies, including the trust company which keeps the said registers of its shares or of a class thereof, as transfer agent for its shares or such class thereof, as the case may be, and the same or another trust company or companies as registrar for its shares or such class thereof, as the case may be. The Directors may terminate the appointment of any such trust company at any time and may appoint another trust company in its place.

4.2. Unless prohibited by the Company Act, the Company may keep or cause to be kept one or more branch registers of members at such place or places as the Directors may from time to time deter-mine.

The Company may at any time close its register of members upon resolution of the Directors. PART 5

TRANSFER AND TRANSMISSION OF SHARES

5.1. Subject to the provisions of the Memorandum and of these Articles that may be applicable, any member may transfer any of his shares by instrument in writing executed by or on behalf of such member and delivered to the Company or its transfer agent. The instrument of transfer of any share of the Company shall be in the form, if any, on the back of the Company's share certificates or in such other form as the Directors may from time to time approve. Except to the extent that the Company Act may otherwise provide, the transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered in the register of members or a branch register of members thereof.

5.2. The signature of the registered holder of any shares, or of his duly authorized attorney, upon an authorized instrument of transfer shall constitute a complete and sufficient authority to the Company, its directors, officers and agents to register, in the name of the transferee as named in the instrument of transfer, the number of shares specified therein or, if no number is specified, all the shares of the registered holder represented by share certificates deposited with the instrument of transfer. If no transferee is named in the instrument of transfer, the instrument of transfer shall constitute a complete and sufficient authority to the Company, its directors, officers and agents to register, in the name of the person in whose behalf any certificate for the shares to be transferred is deposited with the Company for the purpose of having the transfer registered, the number of shares specified in the instrument of transfer or, if no number is specified, all the shares represented by all share certificates deposited with the instrument of transfer.

5.3. Neither the Company nor any Director, officer or agent thereof shall be bound to inquire into the title of the person named in the form of transfer as transferee, or, if no person is named therein as transferee, of the person on whose behalf the certificate is deposited with the Company for the purpose of having the transfer registered or be liable to any claim by such registered holder or by any intermediate holder of the certificate or of any of the shares represented thereby or any interest therein for registering the transfer, and the transfer, when registered, shall confer upon the person in whose name the shares have been registered a valid title to such shares.

5.4. Every instrument of transfer shall be executed by the transferor and left at the registered office of the Company or at the office of its transfer agent or registrar for registration together with the share certificate for the shares to be transferred and such other evidence, if any, as the Directors or the transfer agent or registrar may require to prove the title of the transferor or his right to transfer the shares and the right of the transferee to have the transfer registered. All instruments of transfer where the transfer is registered shall be retained by the Company or its transfer agent or registrar and any instrument of transfer, where the transfer is not registered, shall be returned to the person depositing the same together with the share certificate which accompanied the same when tendered for registration.

5.5. There shall be paid to the Company in respect of the registration of any transfer such sum, if any, as the Directors may from time to time determine.

5.6. In the case of the death of a member, the survivor or survivors where the deceased was a joint registered holder, and the legal personal representative of the deceased where he was the sole holder, shall be the only persons recognized by the Company as having any title to his interest in the shares. Before recognizing any legal personal representative the Directors may require him to obtain a grant of probate or letters of administration in British Columbia.

5.7. Upon the death or bankruptcy of a member, his personal representative or trustee in bankruptcy, although not a member, shall have the same rights, privileges and obligations that attach to the shares formerly held by the deceased or bankrupt member if the documents required by the Company Act shall have been deposited at the Company's registered office.

5.8. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member shall, upon such documents and evidence being produced to the Company as the Company Act requires or who becomes entitled to a share as a result of an order of a Court of competent jurisdiction or a statute has the right either to be registered as a member in his representative capacity in respect of such share, or, if he is a personal representative, instead of being registered himself, to make such transfer of the share as the deceased or bankrupt person could have made; but the Directors shall, as regards a transfer by a personal representative or trustee in bankruptcy, have the same right, if any, to decline or suspend registration of a transferee as they would have in the case of a transfer of a share by the deceased or bankrupt person before the death or bankruptcy.

PART 6

ALTERATION OF CAPITAL

6.1. The Company may by ordinary resolution filed with the Registrar amend its Memorandum to increase the authorized capital of the Company by:

(i) creating shares with par value or shares without par value, or both;

(ii) increasing the number of shares with par value or shares without par value, or both; or

(iii) increasing the par value of a class of shares with par value, if no shares of that class are issued.

All new shares shall be subject to the same provisions with reference to transfers, transmissions and otherwise as the existing shares of the Company.

6.2. The Company may by special resolution alter its Memorandum to subdivide, consolidate, change from shares with par value to shares without par value, or from shares without par value to shares with par value, or change the designation of, all or any of its shares but only to such extent, in such manner and with such consents of members holding a class of shares which is the subject of or affected by such alteration, as the Company Act provides.

6.3. The Company may alter its Memorandum or these Articles

(i) by special resolution, to create, define and attach special rights or restrictions to any shares, and

(ii) by special resolution and by otherwise complying with any applicable provision of its Memorandum or these Articles, to vary or abrogate any special rights and restrictions attached to any shares

and in each case by filing a certified copy of such resolution with the Registrar but no right or special right attached to any issued shares shall be prejudiced or interfered with unless all members holding shares of each class whose right or special right is so prejudiced or interfered with consent thereto in writing, or unless a resolution consenting thereto is passed at a separate class meeting of the holders of the shares of each such class by a majority of three-fourths, or such greater majority as may be specified by the special rights attached to the class of shares, of the issued shares of such class.

6.4. Notwithstanding such consent in writing or such resolution, no such alteration shall be valid as to any part of the issued shares of any class unless the holders of the rest of the issued shares of such class either all consent thereto in writing or consent thereto by a resolution passed by the votes of members holding three-fourths of the rest of such shares.

6.5. If the Company is or becomes a reporting company, no resolution to create, vary or abrogate any special right of conversion attaching to any class of shares shall be submitted to any meeting of members unless, if so required by the Company Act, the Superintendent of Brokers shall have consented to the resolution.

6.6. Unless these Articles otherwise provide, the provisions of these Articles relating to general meetings shall apply, with the necessary changes and so far as they are applicable, to a class meeting of members holding a particular class of shares but the quorum at a class meeting shall be one person holding or representing by proxy one-third of the shares affected.

PART 7

PURCHASE AND REDEMPTION OF SHARES

7.1. Subject to the special rights and restrictions attached to any class of shares, the Company may, by a resolution of the Directors and in compliance with the Company Act, purchase any of its shares at the price and upon the terms specified in such resolution or redeem any class of its shares in accordance with the special rights and restrictions attaching thereto. No such purchase or redemption shall be made if the Company is insolvent at the time of the proposed purchase or redemption or if the proposed purchase or redemption would render the Company insolvent. Unless the shares are to be purchased through a stock exchange or the Company is purchasing the shares from dissenting members pursuant to the requirements of the Company Act, the Company shall make its offer to purchase pro rata to every member who holds shares of the class or kind, as the case may be, to be purchased.

7.2. If the Company proposes at its option to redeem some but not all of the shares of any class, the Directors may, subject to the special rights and restrictions attached to such class of shares, decide the manner in which the shares to be redeemed shall be selected.

7.3. Subject to the provisions of the Company Act, any shares purchased or redeemed by the Company may be sold or issued by it, but, while such shares are held by the Company, it shall not exercise any vote in respect of these shares.

PART 8

BORROWING POWERS

8.1. The Directors may from time to time on behalf of the Company

(i) borrow money in such manner and amount, on such security, from such sources and upon such terms and conditions as they think fit,

(i) issue bonds, debentures, and other debt obligations either outright or as security for any liability or obligation of the Company or any other person, and

(ii) mortgage, charge, whether by way of specific or floating charge, or give other security on the undertaking, or on the whole or any part of the property and assets, of the Company (both present and future).

8.2. Any bonds, debentures or other debt obligations of the Company may be issued at a discount, premium or otherwise, and with any special privileges as to redemption, surrender, drawing, allotment of or conversion into or exchange for shares or other securities, attending and voting at general meetings of the Company, appointment of Directors or otherwise and may by their terms be assignable free from any equities between the Company and the person to whom they were issued or any subsequent holder thereof, all as the Directors may determine.

8.3. The Company shall keep or cause to be kept within the Province of British Columbia in accordance with the Company Act a register of its debentures and a register of debentureholders, which registers may be combined, and, subject to the provisions of the Company Act, may keep or cause to be kept one or more branch registers of its debentureholders at such place or places as the Directors may from time to time determine and the Directors may by resolution, regulation or otherwise make such provisions as they think fit respecting the keeping of such branch registers.

8.4. Every bond, debenture or other debt obligation of the Company shall be signed manually by at least one Director or officer of the Company or by or on behalf of a trustee, registrar, branch registrar, transfer agent or branch transfer agent for the bond, debenture or other debt obligation appointed by the Company or under any instrument under which the bond, debenture or other debt obligation is issued and any additional signatures may be printed or otherwise mechanically reproduced thereon and, in such event, a bond, debenture or other debt obligation so signed is as valid as if signed manually notwithstanding that any person whose signature is so printed or mechanically reproduced shall have ceased to hold the office that he is stated on such bond, debenture or other debt obligation to hold at the date of the issue thereof.

8.5. The Company shall keep or cause to be kept a register of its indebtedness to every Director or officer of the Company or an associate of any of them in accordance with the provisions of the Company Act.

PART 9

GENERAL MEETINGS

9.1. Subject to any extensions of time permitted pursuant to the Company Act, the first annual general meeting of the Company shall be held within fifteen months from the date of incorporation and thereafter an annual general meeting shall be held once in every calendar year at such time (not being more than thirteen months after the holding of the last preceding annual general meeting) and place as may be determined by the Directors.

9.2. If the Company is, or becomes, a company which is not a reporting company and all the members entitled to attend and vote at an annual general meeting consent in writing to all the business which is required or desired to be transacted at the meeting, the meeting need not be held.

9.3. All general meetings other than annual general meetings are herein referred to as and may be called extraordinary general meetings.

9.4. The Directors may, whenever they think fit, convene an extraordinary general meeting. An extraordinary general meeting, if requisitioned in accordance with the Company Act, shall be convened by the Directors or, if not convened by the Directors, may be convened by the requisitionists as provided in the Company Act.

9.5. If the Company is or becomes a reporting company, advance notice of any general meeting at which Directors are to be elected shall be published in the manner required by the Company Act.

9.6. A notice convening a general meeting specifying the place, the day, and the hour of the meeting, and, in case of special business, the general nature of that business, shall be given as provided in the Company Act and in the manner hereinafter in these

Articles mentioned, or in such other manner (if any) as may be prescribed by ordinary resolution, whether previous notice thereof has been given or not, to such persons as are entitled by law or under these Articles to receive such notice from the Company. Accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting, by any member shall not invalidate the proceedings at that meeting.

9.7. All the members of the Company entitled to attend and vote at a general meeting may, by unanimous consent in writing given before, during or after the meeting, or if they are present at the meeting by a unanimous vote, waive or reduce the period of notice of such meeting and an entry in the minute book of such waiver or reduction shall be sufficient evidence of the due convening of the meeting.

9.8. Except as otherwise provided by the Company Act, where any special business at a general meeting includes considering, approving, ratifying, adopting or authorizing any document or the execution thereof or the giving of effect thereto, the notice convening the meeting shall, with respect to such document, be sufficient if it states that a copy of the document or proposed document is or will be available for inspection by members at the registered office or records office of the Company or at some other place in British Columbia designated in the notice during usual business hours up to the date of such general meeting.

PART 10
PROCEEDINGS AT GENERAL MEETINGS

10.1. All business shall be deemed special business which is transacted at

(i) an extraordinary general meeting other than the conduct of and voting at, such meeting; and

(ii) an annual general meeting, with the exception of the conduct of, and voting at, such meeting, the consideration of the financial statement and of the respective reports of the Directors and Audi-tor, fixing or changing the number of directors, approval of a motion to elect two or more directors by a single resolution, the election of Directors, the appointment of the Auditor, the fixing of the remuneration of the Auditor and such other business as by these Articles of the Company Act may be transacted at a general meeting without prior notice thereof being given to the members or any business which is brought under consideration by the report of the Directors.

10.2. No business, other than election of the chairman or the adjournment of the meeting, shall be transacted at any general meeting unless a quorum of members, entitled to attend and vote, is present at the commencement of the meeting, but the quorum need not be present throughout the meeting.

10.3. Save as herein otherwise provided, a quorum shall be two members or proxyholders representing two members, or one member and a proxyholder representing another member. The Directors, the Secretary or, in his absence, an Assistant Secretary, and the solicitor of the Company shall be entitled to attend at any general meeting but no such person shall be counted in the quorum or be entitled to vote at any general meeting unless he shall be a member or proxyholder entitled to vote thereat.

10.4. If within half an hour from the time appointed for a general meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place, and, if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the person or persons present and being, or representing by proxy, a member or members entitled to attend and vote at the meeting shall be a quorum.

10.5. The Chairman of the Board, if any, or in his absence the President of the Company or in his absence a Vice-President of the Company, if any, shall be entitled to preside as chairman at every general meeting of the Company.

10.6. If at any general meeting neither the Chairman of the Board nor President nor a Vice-President is present within fifteen minutes after the time appointed for holding the meeting or is willing to act as chairman, the Directors present shall choose some one of their number to be chairman or if all the Directors present decline to take the chair or shall fail to so choose or if no Director be present, the members present shall choose some other person in attendance, who need not be a member, to be chair-man.

10.7. The chairman may and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice, but not advance notice, of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting.

10.8. No motion proposed at a general meeting need be seconded and the chairman may propose or second a motion.

10.9. Subject to the provisions of the Company Act, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless (before or on the declaration of the result of the show of hands) a poll is directed by the chairman or demanded by at least one member entitled to vote who is present in person or by proxy. The chairman shall declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, and such decision shall be entered in the book of proceedings of the Company. A declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or lost or not carried by a particular majority and an entry to that effect in the book of

the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.

10.10. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to the vote or votes to which he may be entitled as a member or proxyholder and this provision shall apply notwithstanding the Chairman is interested in the subject matter of the resolution.

10.11. No poll may be demanded on the election of a chairman. A poll demanded on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken as soon as, in the opinion of the chairman, is reasonably convenient, but in no event later than seven days after the meeting and at such time and place and in such manner as the chairman of the meeting directs. The result of the poll shall be deemed to be the resolution of and passed at the meeting upon which the poll was demanded. Any business other than that upon which the poll has been demanded may be proceeded with pending the taking of the poll. A demand for a poll may be withdrawn. In any dispute as to the admission or rejection of a vote the decision of the chairman made in good faith shall be final and conclusive.

10.12. Every ballot cast upon a poll and every proxy appointing a proxyholder who casts a ballot upon a poll shall be retained by the Secretary for such period and be subject to such inspection as the Company Act may provide.

10.13. On a poll a person entitled to cast more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

10.14. Unless the Company Act, the Memorandum or these Articles otherwise provide, any action to be taken by a resolution of the members may be taken by an ordinary resolution.

PART 11

VOTES OF MEMBERS

11.1. Subject to any special voting rights or restrictions attached to any class of shares and the restrictions on joint registered holders of shares, on a show of hands every member who is present in person and entitled to vote thereat shall have one vote and on a poll every member shall have one vote for each share of which he is the registered holder and may exercise such vote either in person or by proxy-holder.

11.2. Any person who is not registered as a member but is entitled to vote at any general meeting in respect of a share may vote the share in the same manner as if he were a member; but, unless the Directors have previously admitted his right to vote at that meeting in respect of the share, he shall satisfy the Directors of his right to vote the share before the time for holding the meeting, or adjourned meeting, as the case may be, at which he proposes to vote.

11.3. Any corporation not being a subsidiary which is a member of the Company may by resolution of its directors or other governing body authorize such person as it thinks fit to act as its representative at any general meeting or class meeting. The person so authorized shall be entitled to exercise in respect of and at such meeting the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company personally present, including, without limitation, the right, unless restricted by such resolution, to appoint a proxyholder to represent such corporation, and shall be counted for the purpose of forming a quorum if present at the meeting. Evidence of the appointment of any such representative may be sent to the Company by written instrument, telegram, telex or any method of transmitting legibly recorded messages. Notwithstanding th e foregoing, a corporation being a member may appoint a proxyholder.

11.4. In the case of joint registered holders of a share the vote of the senior who exercises a vote, whether in person or by proxyholder, shall be accepted to the exclusion of the votes of the other joint registered holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of members. Several legal personal representatives of a deceased member whose shares are registered in his sole name shall for the purpose of this Article be deemed joint registered holders.

11.5. A member of unsound mind entitled to attend and vote, in respect of whom an order has been made by any court having jurisdiction, may vote, whether on a show of hands or on a poll, by his committee, curator bonis, or other person in the nature of a committee or curator bonis appointed by that court, and any such committee, curator bonis, or other person may appoint a proxyholder.

11.6. A member holding more than one share in respect of which he is entitled to vote shall be entitled to appoint one or more (but not more than five) proxyholders to attend, act and vote for him on the same occasion. If such member should appoint more than one proxyholder for the same occasion he shall specify the number of shares each proxyholder shall be entitled to vote. A member may also appoint one or more alternate proxyholders to act in the place and stead of an absent proxyholder.

11.7. A form of proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or, if the appointor is a corporation, either under the seal of the corporation or under the hand of a duly authorized officer or attorney. A proxyholder need not be a member of the Company.

11.8. A form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof shall be deposited at the registered office of the Company or at such other place as is specified for that purpose in the notice convening the meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the meeting or such other time and place as is specified in the notice calling the meeting. In addition to any other method of depositing proxies provided for in these Articles, the Directors may from time to time by resolution make regulations relating to the depositing of proxies at any place or places and fixing the time or times for depositing the proxies not exceeding 48 hours (excluding Saturdays, Sundays and holidays) preceding the meeting or adjourned meeting specified in the notice calling a meeting of membes and providin g for particulars of

such proxies to be sent to the Company or any agent of the Company in writing or by letter, telegram, telex or any method of transmitting legibly recorded messages so as to arrive before the commencement of the meeting or adjourned meeting at the office of the Company or of any agent of the Company appointed for the purpose of receiving such particulars and providing that proxies so deposited as required by this Part and votes given in accordance with such regulations shall be valid and shall be counted.

11.9. A vote given in accordance with the terms of a proxy is valid notwithstanding the previous death or incapacity of the member giving the proxy or the revocation of the proxy or of the authority under which the form of proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no notification in writing of such death, incapacity, revocation or transfer shall have been received at the registered office of the Company or by the chairman of the meeting or adjourned meeting for which the-proxy was given before the vote is taken.

11.10. Every proxy may be revoked by an instrument in writing

(i) executed by the member giving the same or by his attorney authorized in writing or, where the member is a corporation, by a duly authorized officer or attorney of the corporation; and

(ii) delivered either at the registered office of the Company at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof at which the proxy is to be used, or to the chairman of the meeting on the day of the meeting or any adjournment thereof before any vote in respect of which the proxy is to be used shall have been taken.

or in any other manner provided by law.

PART 12

DIRECTORS

12.1. The subscribers to the Memorandum of the Company are the first Directors. The Directors to succeed the first Directors may be appointed in writing by a majority of the subscribers to the Memorandum or at a meeting of the subscribers, or if not so appointed, they shall be elected by the members entitled to vote on the election of Directors and the number of Directors shall be the same as the number of Directors so appointed or elected. The number of directors, excluding additional Directors, may be fixed or changed from time to time by ordinary resolution, whether previous notice thereof has been given or not, but notwithstanding anything contained in these Articles the number of Directors shall never be less than one or, if the Company is or becomes a reporting company, less than three.

12.2. The remuneration of the Directors as such may from time to time be determined by the Directors or, if the Directors shall so decide, by the members. Such remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such who is also a Director. The Directors shall be repaid such reasonable travelling, hotel and other expenses as they incur in and about the business of the Company and if any Director shall perform any professional or other services for the Company that in the opinion of the Directors are outside the ordinary duties of a Director or shall otherwise be specially occupied in or about the Company's business, he may be paid a remuneration to be fixed by the Board, or, at the option of such Director, by the Company in general meeting, and such remuneration may be either in addition to, or in substitution for any other remuneration that he may be entitled to receive. The Directors on behalf of the Company, unless otherwise determined by ordinary resolution, may pay a gratuity or pension or allowance on retirement to any Director who has held any salaried office or place of profit with the Company or to his spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

12.3. A Director shall not be required to hold a share in the capital of the Company as qualification for his office but shall be qualified as required by the Company Act, to become or act as a Director.

PART 13

ELECTION AND REMOVAL OF DIRECTORS

13.1. At each annual general meeting of the Company all the Directors shall retire and the members shall elect a Board of Directors consisting of the number of Directors for the time being fixed pursuant to these Articles. If the Company is, or becomes, a company that is not a reporting company and the business to be transacted at any annual general meeting is consented to in writing by all the members who are entitled to attend and vote thereat such annual general meeting shall be deemed for the purpose of this Part to have been held on such written consent becoming effective.

13.2. A retiring Director shall be eligible for re-election.

13.3. Where the Company fails to hold an annual general meeting in accordance with the Company Act, the Directors then in office shall be deemed to have been elected or appointed as Directors on the last day on which the annual general meeting could have been held pursuant to these Articles and they may hold office until other Directors are appointed or elected or until the day on which the next annual general meeting is held.

13.4. If at any general meeting at which there should be an election of Directors, the places of any of the retiring Directors are not filled by such election, such of the retiring Directors who are not re-elected as may be requested by the newly-elected Directors shall, if willing to do so, continue in office to complete the number of Directors for the time being fixed pursuant to these Articles until further new Directors are elected at a general meeting convened for the purpose. If any such election or continuance of Directors does not result in the election or continuance of the number of Directors for the time being fixed pursuant to these Articles such number shall be fixed at the number of Directors actually elected or continued in office.

13.5. Any casual vacancy occurring in the Board of Directors may be filled by the remaining Directors or Director.

13.6. Between successive annual general meetings the Directors shall have power to appoint one or more additional Directors but not more than one-third of the number of Directors fixed pursuant to these Articles and in effect at the last general meeting at which Directors were elected. Any Director so appointed shall hold office only until the next following annual general meeting of the Company, but shall be eligible for election at such meeting and so long as he is an additional Director the number of Directors shall be increased accordingly.

13.7. Any Director may by instrument in writing delivered to the Company appoint any person to be his alternate to act in his place at meetings of the Directors at which he is not present unless the Directors shall have reasonably disapproved the appointment of such person as an alternate Director and shall have given notice to that effect to the Director appointing the alternate Director within a reasonable time after delivery of such instrument to the Company. Every such alternate shall be entitled to notice of meetings of the Directors and to attend and vote as a Director at a meeting at which the person appointing him is not personally present, and, if he is a Director, to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may at any time by instrument, telegram, telex or any method of tran smitting legibly recorded messages delivered to the Company revoke the appointment of an alternate appointed by him. The remuneration payable to such an alternate shall be payable out of the remuneration of the Director appointing him.

13.8. The office of Director shall be vacated if the Director:

(i) resigns his office by notice in writing delivered to the registered office of the Company; or

(ii) is convicted of an indictable offence and the other Directors shall have resolved to remove him; or

(iii) ceases to be qualified to act as a Director pursuant to the Company Act.

(iv)

13.9. The Company may by special resolution remove any Director before the expiration of his period of office, and may by an ordinary resolution appoint another person in his stead.

PART 14

POWERS AND DUTIES OF DIRECTORS

14.1. The Directors shall manage, or supervise the management of, the affairs and business of the Company and shall have the authority to exercise all such powers of the Company as are not, by the Company Act or by the Memorandum or these Articles, required to be exercised by the Company in general meeting.

14.2. The Directors may from time to time by power of attorney or other instrument under the seal, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles and excepting the powers of the Directors relating to the constitution of the Board and of any of its committees and the appointment or removal of officers and the power to declare dividends) and for such period, with such remuneration and subject to such conditions as the Directors may think fit, and any such appointment may be made in favour of any of the Directors or any of the members of the Company or in favour of any corporation, or of any of the members, directors, nominees or managers of any corporation, firm or joint venture and any such power of attorney may contain such prov isions for the protection or convenience of persons dealing with such attorney as the Directors think fit. Any such attorney may be authorized by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him.

PART 15

DISCLOSURE OF INTEREST OF DIRECTORS

15.1. A Director who is, in any way, directly or indirectly interested in an existing or proposed contract or transaction with the Company or who holds any office or possesses any property whereby, directly or indirectly, a duty or interest might be created to conflict with his duty or interest as a Director shall declare the nature and extent of his interest in such contract or transaction or of the conflict or potential conflict with his duty and interest as a Director, as the case may be, in accordance with the provisions of the Company Act.

15.2. A Director shall not vote in respect of any such contract or transaction with the Company in which he is interested and if he shall do so his vote shall not be counted, but he shall be counted in the quorum present at the meeting at which such vote is taken. Subject to the provisions of the Company Act, the foregoing prohibitions shall not apply to

(i) any such contract or transaction relating to a loan, to the Company, which a Director or a specified corporation or a specified firm in which he has an interest has guaranteed or joined in guaranteeing the repayment of the loan or any part of the loan;

(ii) any contract or transaction made or to be made with, or for the benefit of a holding corporation or a subsidiary corporation of which a Director is a director;

(iii) any contract by a Director to subscribe for or underwrite shares or debentures to be issued by the Company or a subsidiary of the Company, or any contract, arrangement or transaction in which a Director is, directly or indirectly, interested if all the other Directors are also, directly or indirectly interested in the contract, arrangement or transaction;

(iv) determining the remuneration of the Directors;

(v)

(i) purchasing and maintaining insurance to cover Directors against liability incurred by them as Directors; or

(ii) the indemnification of any Director by the Company.

These exceptions may from time to time be suspended or amended to any extent approved by the Company in general meeting and permitted by the Company Act, either generally or in respect of any particular contract or transaction or for any particular period.

15.3. A Director may hold any office or place of profit with the Company (other than the office of auditor of the Company) in conjunction with his office of Director for such period and on such terms (as-to remuneration or otherwise) as the Directors may determine and no Director or intended Director shall be disqualified by his office from contracting with the Company either with regard to this tenure of any such other office or place of profit or as vendor, purchaser or otherwise, and, subject to compliance with the provisions of the Company Act, no contract or

transaction entered into by or on behalf of the Company in which a Director is in any way interested shall be liable to be voided by reason thereof.

15.4. Subject to compliance with the provisions of the Company Act, a Director or his firm may act in a professional capacity for the Company (except as auditor of the Company) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

15.5. A Director may be or become a director or other officer or employee of, or otherwise interested in, any corporation or firm in which the Company may be interested as a shareholder or otherwise, and, subject to compliance with the provisions of the Company Act, such Director shall not be accountable to the Company for any remuneration or other benefits received by him as director, officer or employee of, or from his interest in, such other corporation or firm, unless the Company in general meeting otherwise directs.

PART 16

PROCEEDINGS OF DIRECTORS

16.1. The Chairman of the Board, if any, or in his absence, the President shall preside as chairman at every meeting of the Directors, or if there is no Chairman of the Board or neither the Chairman of the Board nor the President is present within fifteen minutes of the time appointed for holding the meeting or is willing to act as chairman, or, if the Chairman of the Board, if any, and the President have advised the Secretary that they will not be present at the meeting, the Directors present shall choose one of their number to be chairman of the meeting.

16.2. The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the chairman shall not have a second or casting vote. Meetings of the Board held at regular intervals may be held at such place, at such time and upon such notice (if any) as the Board may by resolution from time to time determine.

16.3. A Director may participate in a meeting of the Board or of any committee of the Directors by means of conference telephones or other communications facilities by means of which all Directors participating in the meeting can hear each other and provided that all such Directors agree to such participation. A Director participating in a meeting in accordance with this Article shall be deemed to be present at the meeting and to have so agreed and shall be counted in the quorum therefor and be entitled to speak and vote thereat.

16.4. A Director may, and the Secretary or an Assistant Secretary upon request of a Director shall, call a meeting of the Board at any time. Reasonable notice of such meeting specifying the place, day and hour of such meeting shall be given by mail, postage prepaid, addressed to each of the Directors and alternate Directors at his address as it appears on the books of the Company or by leaving it at his usual business or residential address or by telephone, telegram, telex, or any method of transmitting legibly recorded messages. It shall not be necessary to give notice of a meeting of Directors to any Director or alternate Director (i) who is at the time not in the Province of British Columbia or (ii) if such meeting is to be held immediately following a general meeting at which such Director shall have been elected or is the meeting of Directors at which such Director is appointed.

16.5. Any Director of the Company may file with the Secretary a document executed by him waiving notice of any past, present or future meeting or meetings of the Directors being, or required to have been, sent to him and may at any time withdraw such waiver with respect to meetings held thereafter. After filing such waiver with respect to future meetings and until such waiver is withdrawn no notice need be given to such Director and, unless the Director otherwise requires in writing to the Secretary, to his alternate Director of any meeting of Directors and all meetings of the Directors so held shall be deemed not to be improperly called or constituted by reason of notice not having been given to such Director or alternate Director.

16.6. The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and if not so fixed shall be a majority of the Directors or, if the number of Directors is fixed at one, shall be one Director.

16.7. The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed pursuant to these Articles as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to that number, or of summoning a general meeting of the Company, but for no other purpose.

16.8. Subject to the provisions of the Company Act, all acts done by any meeting of the Directors or of a committee of Directors, or by any person acting as a Director, shall, notwithstanding that it be afterwards discovered that there was some defect in the qualification, election or appointment of any such Directors or of the members of such committee or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly elected or appointed and was qualified to be a Director.

16.9. A resolution consented to in writing, whether by document, telegram, telex or any method of transmitting legibly recorded messages or other means, by all of the Directors or their alternates shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and held.

Such resolution may be in two or more counterparts which together shall be deemed to constitute one resolution in writing. Such resolution shall be filed with the minutes of the proceedings of the Directors and shall be effective on the date stated thereon or on the latest date stated on any counterpart.

PART 17

EXECUTIVE AND OTHER COMMITTEES

17.1. The Directors may by resolution appoint an Executive Committee to consist of such member or members of their body as they think fit, which Committee shall have, and may exercise during the intervals between the meetings of the Board, all the powers vested in the Board except the power to fill vacancies in the Board, the power to change the membership of, or fill vacancies in, said Committee or any other committee of the Board and such other powers, if any, as may be specified in the resolution. The said Committee shall keep regular minutes of its transactions and shall cause them to be recorded in books kept for that purpose, and shall report the same to the Board of Directors at such times as the Board of Directors may from time to time require. The Board shall have the power at any time to revoke or override the authority given to or acts done by the Executive Committee except as to acts done before such re vocation or overriding and to terminate the appointment or change the membership of such Committee and to fill vacancies in it. The Executive Committee may make rules for the conduct of its business and may appoint such assistants as it may deem necessary. A majority of the members of said Committee shall constitute a quorum thereof.

17.2. The Directors may by resolution appoint one or more committees consisting of such member or members of their body as they think fit and may delegate to any such committee between meetings of the Board such powers of the Board (except the power to fill vacancies in the Board and the power to change the membership of or fill vacancies in any committee of the Board and the power to appoint or remove officers appointed by the Board) subject to such conditions as may be prescribed in such resolution, and all committees so appointed shall keep regular minutes of their transactions and shall cause them to be recorded in books kept for that purpose, and shall report the same to the Board of Directors at such times as the Board of Directors may from time to time require. The Directors shall also have power at any time to revoke or override any authority given to or acts to b e done by any such committees except as to acts done before such revocation or overriding and to terminate the appointment or change the member-ship of a committee and to fill vacancies in it. Committees may make rules for the conduct of their business and may appoint such assistants as they may deem necessary. A majority of the members of a committee shall constitute a quorum thereof.

173. The Executive Committee and any other committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members of the committee present, and in case of an equality of votes the chairman shall not have a second or casting vote. A resolution approved in writing by all the members of the Executive Committee or any other committee shall be as valid and effective as if it had been passed at a meeting of such Committee duly called and constituted. Such resolution may be in two or more counterparts which together shall be deemed to constitute one resolution in writing. Such resolution shall be filed with the minutes of the proceedings of the committee and shall be effective on the date stated thereon or on the latest date stated in any counterpart.

PART 18 **OFFICERS**

18.1. The Directors shall, from time to time, appoint a President and a Secretary and such other officers, if any, as the Directors shall determine and the Directors may, at any time, terminate any such appointment. No officer shall be appointed unless he is qualified in accordance with the provisions of the Company Act.

18.2. One person may hold more than one of such offices except that the offices of President and Secretary must be held by different persons unless the Company has only one member. Any person appointed as the Chairman of the Board, the President or the Managing Director shall be a Director. The other officers need not be Directors. The remuneration of the officers of the Company as such and their terms and conditions of their tenure of office or employment shall from time to time be determined by the Directors; such remuneration may be by way of salary, fees, wages, commission or participation in profits or any other means or all of these modes and an officer may in addition to such remuneration be entitled to receive after he ceases to hold such office or leaves the employment of the Company a pension or gratuity. The Directors may decide what functi ons and duties each officer shall perform and may entrust to and confer upon him any of the powers exercisable by them upon such terms and conditions and with such restrictions as they think fit and may from time to time revoke, withdraw, alter or vary all or any of such functions, duties and powers. The Secretary shall, inter alia, perform the functions of the Secretary specified in the Company Act.

18.3. Every officer of the Company who holds any office or possesses any property whereby, whether directly or indirectly, duties or interests might be created in conflict with his duties or interests as an officer of the Company shall, in writing, disclose to the President the fact and the nature, character and extent of the conflict.

PART 19

INDEMNITY AND PROTECTION OF DIRECTORS, OFFICERS AND EMPLOYEES

19.1. Subject to the provisions of the Company Act, the Directors shall cause the Company to indemnify a Director or former Director of the Company and the Directors may cause the Company to indemnify a director or former director of a corporation of which the Company is or was a shareholder and the heirs and personal

representatives of any such person against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, actually and reasonably incurred by him or them including an amount paid to settle an action or satisfy a judgment in a civil, criminal or administrative action-or proceeding to which he is or they are made a party by reason of his being or having been a Director of the Company or a director of such corporation, including any action brought by the Company or any such corporation. Each Director of the Company on being elected or appointed shall be deeme d to have contracted with the Company on the terms of the foregoing indemnity.

19.2. Subject to the provisions of the Company Act, the Directors may cause the Company to indemnify any officer, employee or agent of the Company or of a corporation of which the Company is or was a shareholder (notwithstanding that he is also a Director) and his heirs and personal representatives against all costs, charges and expenses whatsoever incurred by him or them and resulting from his acting as an officer, employee or agent of the Company or such corporation. In addition, the Company shall indemnify the Secretary or an Assistant Secretary of the Company (if he shall not be a full time employee of the Company and notwithstanding that he is also a Director) and his respective heirs and legal representatives against all costs, charges and expenses whatsoever incurred by him or them and arising out of the functions assigned to the Secretary by the Company Act or these Artic les and each such Secretary and Assistant Secretary shall on being appointed be deemed to have contracted with the Company on the terms of the foregoing indemnity.

19.3. The failure of a Director or officer of the Company to comply with the provisions of the Company Act or of the Memorandum or these Articles shall not invalidate any indemnity to which he is entitled under this Part.

19.4. The Directors may cause the Company to purchase and maintain insurance for the benefit of any person who is or was serving as a Director, officer, employee or agent of the Company or as a director, officer, employee or agent or any corporation of which the Company is or was a shareholder and his heirs or personal representatives against any liability incurred by him as such Director, director, officer, employee or agent.

PART 20

DIVIDENDS AND RESERVE

20.1. The Directors may from time to time declare and authorize payment of such dividends, if any, as they may deem advisable and need not give notice of such declaration to any member. No dividend shall be paid otherwise than out of funds and/or assets properly available for the payment of dividends and a declaration by the Directors as to the amount of such funds or assets available for dividends shall be conclusive. The Company may pay any such dividend wholly or in part by the distribution of specific assets and in particular by paid up shares, bonds, debentures or other securities of the Company or any other corporation or in any one or more such ways as may be authorized by the Company or the Directors and where any difficulty arises with regard to such a distribution the Directors may settle the same as they think expedient, and in particular may fix the value for distr ibution of such specific assets or any part thereof, and may determine that cash payments in substitution for all or any part of the specific assets to which any members are entitled shall be made to any members on the basis of the

value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees for the persons entitled to the dividend as may seem expedient to the Directors.

20.2. Any dividend declared on shares of any class by the Directors may be made payable on such date as is fixed by the Directors.

20.3. Subject to the rights of members (if any) holding shares with special rights as to dividends, all dividends on shares of any class shall be declared and paid according to the number of such shares held.

20.4. The Directors may, before declaring any dividend, set aside out of the funds properly avail-able for the payment of dividends such sums as they think proper as a reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies, or for equalizing dividends, or for any other purpose to which such funds of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments as the Directors may from time to time think fit. The Directors may also, without placing the same in reserve, carry forward such funds, which they think prudent not to divide.

20.5. If several persons are registered as joint holders of any share, any one of them may give an effective receipt for any dividend, bonuses or other moneys payable in respect of the share.

20.6. No dividend shall bear interest against the Company. Where the dividend to which a member is entitled includes a fraction of a cent, such fraction shall be disregarded in making payment thereof and such payment shall be deemed to be payment in full.

20.7. Any dividend, bonuses or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder, or in the case **of** joint holders, to the registered address of that one of the joint holders who is first named on the register, or to such person and to such address as the holder or joint holders may direct in writing. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The mailing of such cheque or warrant shall, to the extent of the sum represented thereby (plus the amount of any tax required by law to be deducted) discharge all liability for the dividend, unless such cheque or warrant shall not be paid on presentation or the amount of tax so deducted shall not be paid to the appropriate taxing authority.

20.8. Notwithstanding anything contained in these Articles the Directors may from time to time capitalize any undistributed surplus on hand of the Company and may from time to time issue as fully paid and non-assessable any unissued shares, or any bonds, debentures or debt obligations of the Company as a dividend representing such undistributed surplus on hand or any part thereof.

PART 21

DOCUMENTS, RECORDS AND REPORTS

21.1. The Company shall keep at its records office or at 'such other place as the Company Act may permit, the documents, copies, registers, minutes, and records which the Company is required by the Company Act to keep at its records office or such other place, as the case may be.

21.2. The Company shall cause to be kept proper books of account and accounting records in respect of all financial and other transactions of the Company in order properly to record the financial affairs and condition of the Company and to comply with the Company Act.

21.3. Unless the Directors determine otherwise, or unless otherwise determined by an ordinary resolution, no member of the Company shall be entitled to inspect the accounting records of the Company.

21.4. The Directors shall from time to time at the expense of the Company cause to be prepared and laid before the Company in general meeting such financial statements and reports as are required by the Company Act.

21.5. Every member shall be entitled to be furnished once gratis on. demand with a copy of the latest annual financial statement of the Company and, if so required by the Company Act, a copy of each such annual financial statement and interim financial statement shall be mailed to each member.

PART 22

NOTICES

22.1. A notice, statement or report may be given or delivered by the Company to any member either by delivery to-him personally or by sending it by mail to him to his address as recorded in **the** register of members. Where a notice, statement or report is sent by mail, service or delivery of the notice, statement or report shall be deemed to be effected by properly addressing, prepaying and mailing the notice, statement or report and to have been given on the day, Saturdays, Sundays and holidays excepted, following the date of mailing. A certificate signed by the Secretary or other officer of the Company or of any other corporation acting in that behalf for the Company that the letter, envelope or wrapper containing the notice, statement or report was so addressed, prepaid and mailed shall be conclusive evidence thereof.

22.2. A notice, statement or report may be given or delivered by the Company to the joint holders of a share by giving the notice to the joint holder first named in the register of members in respect of the share.

22.3. A notice, statement or report may be given or delivered by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a member by sending it through the mail prepaid addressed to them by name or by the title of representatives of the deceased or incapacitated person or trustee of the bankrupt, or by any like description, at the address (if any) supplied to the Company for the purpose by the persons claiming to

be so entitled, or (until such address has been so supplied) by giving the notice in manner in which the same might have been given if the death, bankruptcy or incapacity had not occurred.

22.4. Notice of every general meeting or meeting of members holding a class of shares shall be given in a manner hereinbefore authorized to every member holding at the time of the issue of the notice or the date fixed for determining the members entitled to such notice, whichever is the earlier, shares which confer the right to notice of and to attend and vote at any such meeting. No other person except the auditor of the Company and the Directors of the Company shall be entitled to receive notices of any such meeting.

PART 23

RECORD DATES

23.1. The Directors may fix in advance a date, which shall not be more than the maximum number of days permitted by the Company Act preceding the date of any meeting of members or any class thereof or of the payment of any dividend or of the proposed taking of any other proper action requiring the determination of members as the record date for the determination of the members entitled to notice of, or to attend and vote at, any such meeting and any adjournment thereof, or entitled to receive payment of any such dividend or for any other proper purpose and, in such case, notwithstanding anything else-where contained in these Articles, only members of record on the date so fixed shall be deemed to be members for the purposes aforesaid.

23.2. Where no record date is so fixed for the determination of members as provided in the preceding Article the date on which the notice is mailed or on which the resolution declaring the dividend is adopted, as the case may be, shall be the record date for such determination.

PART 24 SEAL

24.1. The Directors may provide a seal for the Company and, if they do so, shall provide for the safe custody of the seal which shall not be affixed to any instrument except in the presence of the following persons, namely,

(i) any two Directors, or

(ii) one of the Chairman of the Board, the President, the Managing Director, a Director and a Vice-President together with one of the Secretary, the Treasurer, the Secretary-Treasurer, an Assistant Secretary, an Assistant Treasurer and an Assistant Secretary- Treasurer, or

(iii) if the Company shall have only one member, the President or the Secretary, or

(iv) such person or persons as the Directors may from time to time by resolution appoint

and the said Directors, officers, person or persons in whose presence the seal is so affixed to an instrument shall sign such instrument. For the purpose of certifying under seal true copies of any document or resolution the seal may be affixed in the presence of any one of the foregoing persons.

24.2. To enable the seal of the Company to be affixed to any bonds, debentures, share certificates, or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the Directors or officers of the Company are, in accordance with the Company Act and/or these Articles, printed or otherwise mechanically reproduced there may be delivered to the firm or company employed to engrave, lithograph or print such definitive or interim bonds, debentures, share certificates or other securities one or more unmounted dies reproducing the Company's seal and the Chairman of the Board, the President, the Managing Director or a Vice-President and the Secretary, Treasurer, Secretary-Treasurer, an Assistant Secretary, an Assistant Treasurer or an Assistant Secretary-Treasurer may by a document authorize such firm or company to cause the Company's seal to be affixed to such definitive or interim bonds, debentures, share certificates or other securities by the use of such dies. Bonds, debentures, share certificates or other securities to which the Company's seal has been so affixed shall for all purposes be deemed to be under and to bear the Company's seal lawfully affixed thereto.

24.3. The Company may have for use in any other province, state, territory or country an official seal which shall have on its face the name of the province, state, territory or country where it is to be used and all of the powers conferred by the Company Act with respect thereto may be exercised by the Directors or by a duly authorized agent of the Company.

PART 25

MECHANICAL REPRODUCTIONS OF SIGNATURES

25.1. The signature of any officer, Director, registrar, branch registrar, transfer agent or branch transfer agent of the Company, unless otherwise required by the Company Act or by these Articles, *may,* if authorized by the Directors, be printed, lithographed, engraved or otherwise mechanically reproduced upon all instruments executed or issued by the Company or any officer thereof; and any instrument on which the signature of any such person is so reproduced shall be deemed to have been manually signed by such person whose signature is so reproduced and shall be as valid to all intents and purposes as if such instrument had been signed manually, and notwithstanding that the person whose signature is so reproduced may have ceased to hold the office that he is stated on such instrument to hold at the date of the delivery or issue of such instrument.

25.2. The term "instrument" as used in Article 25.1. shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, agreements, releases, receipts and discharges for the payment of money or other obligations, shares and share warrants of the Company, bonds, debentures and other debt obligations of the Company, and all paper writings.

PART 26

PROHIBITIONS

26.1. If the Company is, or becomes, a company which is not a reporting company, (i) the number of members for the time being of the Company, exclusive of persons who are for the time being in the employment of the Company and continue to be members after the termination of such employment, shall not exceed 50, and (ii) no securities issued by the Company shall be offered for sale to the public nor shall the public be invited to subscribe therefore.

26.2 If the Company is, or becomes a company which is not a reporting company, or a reporting company but does not have any of its securities listed for trading on any stock exchange wheresoever situate, or a reporting company and has not with respect to any of its securities filed a prospectus with the Superintendent of Brokers or any similar securities regulatory body and obtained a receipt therefore, then no shares shall be transferred without the previous consent of the Directors expressed by a resolution of the Board and the Directors shall not be required to give any reason for refusing to any such proposed transfer.

Full Name(s), Resident Address(es) and Occupation(s) of Subscriber(s)

Signature:

Name:

Resident Address:

Occupation:

Signature:

Name:

Resident Address:

Occupation:

DATED the day of , 19

WORRALL SCOTT AND PAGE

Cynthia G. Avelino, Director & Secretary
Seabridge Gold Inc.
I hereby certify that
CHOPPER MINES LTD

has this day been incorporated under the "Companies. Act."

GIVEN under my hand and Seal of office at Victoria, *Province of British Columbia, this -14th- day September, one thousand nine Hundred and seventy-nine*

2002

Certified true copy dated this 3id day of July,

/s/
Cynthia G. Avelino, Director & Secretary
Seabridge Gold Inc.

"**COMPANY ACT**"
(as altered by Special Resolution passed August 13, 1981

ALTERED MEMORANDUM

CHOPPER MINES LTD.

I wish to be formed into a Company with limited liability under the "Company Act" in pursuance of this Memorandum.

1. The name of the Company is DRAGOON RESOURCES LTD.
2. The authorized capital of the Company consists of Nine Million Nine Hundred and Ten Thousand (9,910,000) Common shares without par value.

ORIGINAL WAS

CERTIFIED TRUE COPIES

SEP 14 1979 **19__**

/S/

for ASSISTANT DEPUTY REGISTRAR OF COMPANIES

FOR THE **PROVINCE OF BRITISH COLUMBIA. -**

COMPANIES ACT

M E M 0 R A N D U M

CHOPPER MINES LTD.

Certified true copy dated this 3id day of

July, 2002
/s/
Cynthia G. Avelino, Director & Secretary Seabridge Gold Inc.

I wish to be formed into a Company with limited liability under the "Companies Act" in pursuance of this *Memorandum.*

1. The name of the Company is

"CHOPPER MINES LTD.".

2. The authorized capital of the Company consists of Ten Million (10,000,000) Common shares without par value.

3. I agree to take the number of shares in the Company set opposite my name.

4.

Full Name, Resident Address and Occupation of Subscriber	**~~Number of Shares Taken by Subscriber~~**

DAVID K. FRASER
4183 Marguerite Street
Vancouver, B.C.
(Barrister & Solicitor)

Total Shares Taken **One (1) Common**

DATED at Vancouver, British Columbia, this 11th day of September, 1979.

SEP291981

M. A. Torre de St. Jorr.

REGISTRA[R] OF COMPANIES

D

DIRECTORS RESOLUTION

The following Directors resolution was passed by the undermentioned Company on the date stated:

Name of Company: CHOPPER MINES

Date resolution passed: August 1,1981

[*see note (a)*] Resolution:

"BE IT RESOLVED that the Company accept 90,000 escrow shares (Stuart J, Cameron as to 30,000; David P. Taylor as to 30,000 and James C. Szakacs as to 30,000) surrendered for cancellation and that the same be cancelled thereby reducing the Authorized Capital of the Company from 10,000,000 to 9,910,000 Common Shares and that the Memorandum be in the form annexed as a Schedule to this Resolution."

solicitor

(Relationship to Company) „

[*NOTE.*

R.C. 62–o ***(a)*** ***Insert*** *text of Directors resolution.*

Certified true-copy dated this 3rd day of July, 2002
/s/
Cynthia G. Avelino, Director & Secretary
Seabridge Gold Inc

ARTICLES
of
CHOPPER MINES LTD.

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ORIGINAL WAS

"COMPANIES ACT"
ARTICLES
Of

CHOPPER MINES LTD.

PART 1
INTERPRETATION

1.1 In these Articles, unless there shall be something in the subject or context inconsistent therewith:

"Board" and "the Directors" mean the Directors of the Company for the time being.

"Companies Act" means the Companies Act of the Province of British Columbia as from time to time enacted and all amendments thereto and includes the regulations made pursuant thereto.

"the Seal" means the common seal of the Company. "month" means

calendar month.

Expressions referring to writing shall be construed as including references to printing, lithography, typewriting, photography and other modes of representing or reproducing words in a visible form.

Words importing the singular include the plural and vice versa; and words importing male persons include female persons and corporations.

1.2 Subject to Article 1.1 hereof, any words or phrases defined in the Companies Act shall, if they are not inconsistent with the subject or context, bear the same meaning in these Articles.

1.3 Unless the Companies Act, the Memorandum or these Articles otherwise provide, any action to be taken by a resolution of the members may be taken by an ordinary resolution.

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-2-PART 2 SHARES

2.1 Every member is entitled, without charge, to one certificate representing the share or shares of each class held by him and containing the statements required by the Companies Act; provided that, in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders or to his duly authorized agent shall be sufficient delivery to all; and provided further that the Company shall not be bound to issue certificates representing redeemable shares, if such shares are to be redeemed within one month of the date on which they were allotted. Any share certificates may be sent through the post by registered prepaid mail to the member entitled thereto, and the Company shall not be liable for any loss occasioned to the member owing to any such share certificate so sent being lost in the post or stolen.

2.2 If a share certificate

(a) is worn out or defaced, the Directors may, upon production to them of the said certificate and upon such other terms, if any, as they may think fit, order the said certificate to be cancelled and may issue a new certificate in lieu thereof;

(b) is lost, stolen or destroyed, then, upon proof thereof to the satisfaction of the Directors and upon such indemnity, if any, as the Directors deem adequate being given, a new share certificate in lieu thereof shall be issued to the person entitled to such lost, stolen or destroyed certificate, or;

(c) ©represents more than one share and the registered owner thereof surrenders it to the Company with a written request that the Company issue registered in his name two or more certificates each representing a specified number of shares and in the aggregate representing the same number of shares as the certificate so surrendered, the Company shall cancel the certificate so surrendered and issue in lieu thereof certificates in accordance with such request.

Such sum, not exceeding the amount permitted by the Companies Act, as the Directors may from time to time fix, shall be paid to the Company for each certificate issued under this Article.

2.3 Except as required by law or statute or these Articles, no person shall be recognized by the Company as holding any share upon any

trust, and the Company shall not be bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except

only as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

2.4 Notwithstanding the provisions of the Companies Act, the Directors may in their absolute discretion modify the rights as between members so as to consolidate fractional shares into whole shares or to cancel such fractional shares.

2.5 Every share certificate shall be signed manually by at least one officer or Director of the Company, or by or on behalf of a registrar, branch registrar, transfer agent or branch transfer agent of the Company and any additional signatures may be printed or otherwise mechanically reproduced and, in such event, a certificate so signed is as valid as if signed manually, notwithstanding that any person whose signature is so printed or mechanically reproduced shall have ceased to hold the office that he is stated on such certificate to hold at the date of the issue of a share certificate.

2.6 Save as permitted by the Companies Act, the Company shall not give financial assistance by means of a loan, guarantee, the provision of security or otherwise for the purpose of or in connection with the purchase of or subscription by any person for shares or debt obligations issued by the Company or an affiliate of the Company or upon the security, in whole or in part, of a pledge or other charge upon the shares or debt obligations issued by the Company or an affiliate of the Company.

PART 3 ISSUE OF SHARES

3.1 Subject to Article 3.2 and to any direction to the contrary contained in a resolution passed at a general meeting authorizing any increase of capital, the issue of all shares (whether in the original or any increased capital of the Company) shall be under the control of the Directors who may, subject to the rights of the holders of the shares of the Company for the time being issued, allot or otherwise dispose of, and/or grant options on, shares authorized but not yet issued at such times and to such persons (including Directors) and in such manner and upon such terms and conditions, and at such price or for such consideration, as they, in their absolute discretion, may determine.

3.2 If the Company is or becomes, a company which is not a reporting

company and the Directors are required by the Companies Act before allotting any shares to offer them pro rata to the members, the Directors shall, before allotting any shares, comply with the applicable provisions of the Companies Act.

3.3 The Company, or the Directors on behalf of the Company, may as permitted by the Companies Act pay or allow a commission or discount to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the Company, or procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any such shares, provided that, if the Company is not a specially limited company, the rate of the commission and discount shall not in the aggregate exceed twenty-five percent (25%) of the subscription price of such shares, or an amount equivalent to such percentage. The Company may also pay such brokerage as may be lawful.

3.4 No share may be issued until it is fully paid by the receipt by the Company of the full consideration therefor in cash, property or past services actually performed for the Company. The value of property or services for the purpose of this Article shall be the value determined **by** the Directors by resolution to be, in all circumstances of the trans-action, the fair market value thereof.

PART 4 SHARE REGISTERS

4.1 The Company shall keep or cause to be kept a register of members, a register of transfers and a register of allotments within British Columbia and may combine one or more of such registers. If the Company's capital shall consist of more than one class of shares, a separate register of members, register of transfers and register of allotments may be kept in respect of each class of shares. The Directors on behalf of the Company may appoint a trust company to keep the the register of members, register of transfers and register of allotments or, if there is more than one class of shares, the Directors may appoint a trust company, which need not be the same trust company, to keep the register of

members and the register of transfers and the register of allotments for each class of share. The Directors on behalf of the Company may also appoint one or more trust companies, including the trust company which keeps the said regi ster of its shares or of a class thereof, as transfer agent for its shares or such class thereof, as the case may be, and the same or another trust company or companies as registrar for its shares or such class thereof, as the case may be.

4.2 Subject to the provisions of the Companies Act, the Company shall be entitled to cause to be kept one or more branch registers of

members at such place or places within or without the Province of British Columbia as the Directors may from time to time determine.

4.3 The Directors may fix in advance a date not more than forty-nine (49) days preceding the date of any meeting of members or any class thereof or of the payment of any dividend or of the proposed taking of any other proper action requiring the determination of members as the record date for the determination of the members entitled to notice of, or to attend and vote at, any such meeting, or entitled to receive payment of any such dividend or for any other proper purpose and, in such case, notwithstanding anything elsewhere contained in these Articles, only members of record on the date so fixed shall be deemed to be members for the purposes aforesaid. In no event shall the Company close its register of members.

PART 5
TRANSFER AND TRANSMISSION OF SHARES

5.1 Subject to any provisions of these Articles that may be applicable, any member may transfer his shares by instrument in writing executed by or on behalf of such member and delivered to the Company or its transfer agent. The instrument of transfer of any shares of the Company shall be in the form, if any, on the back of the Company's share certificates or in such form as the Directors may approve. Except to the extent that the Companies Act may otherwise provide, the transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered in the register of members or a branch register of members in respect thereof.

5.2 The signature of the registered owner of any shares or of his duly authorized attorney upon any form of transfer approved by the Directors shall constitute a complete and sufficient authority to the Company, its Directors, officers and agents to register, in the name of the person, firm or corporation named in the form of transfer as transferee or, if no person, firm or corporation is named therein as transferee, then in the name of the person, firm or corporation in whose behalf the certificate is deposited with the Company for the purpose of having the transfer registered, all the shares comprised in the said certificate or so many thereof as the form of transfer shall state are to be transferred. Neither the Company nor any Director, officer or agent thereof shall be bound to inquire into the title of the person, firm or corporation named in the form of transfer as transferee, or, if no perso n, firm or corporation is named therein as transferee, of the person, firm or corporation in whose behalf the certificate is deposited with the Company for the purpose of having the transfer registered or be liable to any claim by such registered owner or by any intermediate

owner of the certificate or of any of the shares represented thereby for registering the transfer, and the transfer, when registered, shall confer upon the person, firm or corporation in whose name the shares have been registered a valid title to such shares. Notwithstanding the foregoing, the Company and any Director, officer or agent thereof may decline to recognize any instrument of transfer unless it is accompanied by the certificate of the shares to which it relates and such other evidence as the Directors or any such officer or agent may reasonably require to show the right of the transferor to make the transfer and unless the instrument of transfer relates to only one class of share.

5.3 In the case of the death of a member, the survivor or survivors where the deceased was a joint holder, and the personal representative of the deceased where he was the sole holder, shall be the only persons recognized by the Company as having any title to his interest in the shares.

5.4 Any person becoming entitled to shares in consequence of the death or bankruptcy of a member shall, upon such documents and evidence being produced to the Company as the Companies Act requires and as may from time to time be reasonably required by the Directors, have the right either to be registered as a member in respect of the shares, or, if he is a personal representative, instead of being registered himself, to make such transfer of the shares as the deceased person could have made; but the Directors shall, in either case, have the same right, if any, to decline or suspend registration as they would have in the case of a transfer of the shares by the deceased or bankrupt person before the death or bankruptcy.

5.5 Upon the death or bankruptcy of a member, his personal representative or trustee in bankruptcy, although not a member, shall have the same rights, privileges and obligations that attach to the shares of the deceased or bankrupt member if the documents required by the Companies Act shall have been deposited at the Company's registered office.

PART 6 ALTERATION OF CAPITAL

6.1 The Company may by ordinary resolution filed with the Registrar amend its Memorandum to increase the share capital of the Company by:

(a) creating shares with par value or shares without par value, or both;

(b) increasing the number of shares, with par value or shares without par value, or both; or

(c)

(a) ©increasing the par value of a class of shares with par value, if no shares of that class are issued.

6.2 The Company may alter its Memorandum to subdivide, consolidate, change from shares with par value to shares without par value, or from shares without par value to shares with par value, change the designation of or to cancel, all or any of its shares to such extent, **in** such manner and with such consents of members holding a class of shares which is the subject of or affected by such alteration as the Companies Act provides.

6.3 The Company may alter the Memorandum or these Articles

(a) by special resolution, to create, define and attach special rights or restrictions to any shares; and

(b) by special resolution and by otherwise complying with any applicable provision of the Memorandum or these Articles, to vary or abrogate the special rights and restrictions attached to any shares and by filing such resolution with the Registrar,

but no right or special right or restriction attached to any issued shares shall be prejudiced or interfered with unless members holding shares of each class whose right or special right or restriction is so prejudiced or interfered with shall *consent* thereto in writing, or unless a resolution consenting thereto is passed at a separate class meeting of the holders of the shares of each such class by a majority of three-fourths of such members present and entitled to vote, or such greater majority as may be specified by the special rights attached to the class of shares of the issued shares of such class. Notwithstanding such consent in writing or such resolution, no such alteration, other than a cancellation of shares, shall be valid as to any part of the issued shares of any class unless either the holders of the rest of the issued shares of such class all consent thereto in writing or unless the same is approved by a resolution passed by the votes of members holding three-fourths of such shares. If the Company is or becomes a reporting company, no resolution to create, vary or abrogate any special right of conversion attaching to any class of shares shall be submitted to any meeting of members unless, if so required by the Companies Act, the British Columbia Securities Commission shall have consented to the resolution.

6.4 Unless these Articles elsewhere specifically otherwise provide, the provisions of these Articles relating to general meetings shall apply, with the necessary changes and so far as they are applicable, to a class meeting of members holding a particular class of shares but the quorum at a class meeting shall be one person holding or representing by proxy one-third of the shares affected.

PURCHASE AND REDEMPTION OF SHARES

7.1 Subject to the special rights and restrictions attached to any class of shares, the Company may, by a resolution of the Directors and
in compliance with the Companies Act, purchase any of its shares pursuant to an offer made to and accepted by the holders thereof at the price and upon the terms specified in such resolution, but no such purchase shall be made if the Company is insolvent at the time of the proposed purchase or the proposed purchase would render the Company insolvent. Unless the shares are to be purchased through a stock exchange or the Company is purchasing the shares from dissenting members pursuant to the requirements of the Companies Act, the Company shall make its offer to purchase pro rata to every member who holds shares of the class to be purchased.

7.2 If the Company proposes at its option to redeem some but not all of the shares of any class, the Directors may, subject to the special rights and restrictions attached to any class of shares, decide the manner in which the shares to be redeemed shall be selected.

7.3 The shares so purchased or redeemed by the Company may be sold by it, but the Company shall not exercise any vote in respect of these shares nor shall any dividend be paid thereon while they are held by the Company.

PART 8

BORROWING POWERS

8.1 The Directors may from time to time exercise all the powers of the Company to borrow money in such manner and amount, on such security, from such sources and upon such terms and conditions as they think fit, and to issue bonds, debentures and other securities either outright or as security for any liability or obligation of the Company or any other person, and to mortgage, charge or give other security on the undertaking, or on the whole or any part of the property and assets, of the Company (both present and future). Any bonds, debentures or other securities may be issued at a discount, premium or otherwise, and with any special **privileges** as to redemption, surrender, drawing, conversion, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors or otherwise and may by their terms be assign-able free from equities between the Company and the person to whom they **were issued or** any subsequent holder thereof, a ll as the Directors may determine.

8.2 The Company shall keep or cause to be kept within the Province

of British Columbia in accordance with the Companies Act a register of its debentures and debentureholders and, subject to the provisions of the Companies Act, may keep or cause to be kept one or more branch registers of the holders of its debentures, within or without the Province of British Columbia as the Directors may from time to time determine and the Directors may by resolution, regulations or otherwise make such provisions as they think fit respecting the keeping of such branch registers.

8.3 Every bond, debenture or other security of the Company shall be signed manually by at least one Director or officer of the Company or by or on behalf of a trustee, registrar, branch registrar, transfer agent or branch transfer agent for the bond, debenture or other security appointed by the Company or under any instrument under which the bond, debenture or other security is issued and any additional signatures may be printed or otherwise mechanically reproduced and, in such event, a bond, debenture or other security so

signed is as valid as if signed manually notwithstanding that any person whose signature is so printed or mechanically reproduced shall have ceased to hold the office that he is stated on such bond, debenture or other security to hold at the date of the issue thereof.

8.4 If the Company is or becomes a reporting company it shall keep or cause to be kept a register of its indebtedness to every Director or officer of the Company or every associate of any of them in accordance with the provisions of the Companies Act.

PART 9

GENERAL MEETINGS

9.1 Subject to the provisions of the Companies Act, the first annual general meeting shall be held within fifteen (15) months from the date of incorporation and thereafter an annual general meeting shall be held once in every calendar year at such time (not being more than thirteen (13) months after the holding of the last preceding annual general meeting) and place as may be determined by the Directors. In default of the annual general meeting being so held, the meeting may be called by any member in the same manner as nearly as possible as that **in** which meetings are, to be called by the Directors. If the Company is or becomes a company which is not a reporting company and all the members entitled to attend and vote at an annual general meeting consent in writing to all the business which is required or desired to be trans-acted at the meeting, the meeting need not be held.

9.2 All general meetings other than annual general meetings are herein referred to as and may be called extraordinary general meetings.

9.3 The Directors may, whenever they think fit, convene an extra-ordinary general meeting. An extraordinary general meeting may also be convened if requisitioned in accordance with the Companies Act, by the Directors or, if not convened by the Directors, by the requisitionists as provided in the Companies Act.

9.4 If the Company is or becomes a reporting company, advance notice shall be published in the manner required by the Companies Act of any general meeting at which Directors are to be elected.

9.5 A notice convening a general meeting specifying the place, the day, and the hour of the meeting, and, in case of special business, the general nature of that business, shall be given as provided in the Companies Act and in manner hereinafter in these Articles mentioned, or
in such other manner (if any) as may be prescribed by ordinary resolution, whether previous notice thereof has been given or not, to such persons as are entitled to receive such notice from the Company. Accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by any member, shall not invalidate the proceedings at that meeting.

9.6 Subject to the provisions of the Companies Act, where any special business at a general meeting includes considering, approving, ratifying or authorizing any document or the execution thereof, the notice convening the meeting shall, with respect to such document, be sufficient if it states that a copy of the document or proposed document is or will be available for inspection by members during usual business hours at the registered office or records office of the Company or at some other place designated in the notice.

9.7 All the members of the Company entitled to attend and vote at a general meeting may, by unanimous consent in writing, or if they are present at the meeting by a unanimous vote, waive or reduce the period of notice of such meeting and an entry in the minute book of such waiver or reduction shall be sufficient evidence of the due covening of the meeting.

PART 10

PROCEEDINGS AT GENERAL MEETINGS

10.1 All business shall be deemed special business which is trans-
acted at

(a) an extraordinary general meeting, and

(b) an annual general meeting, with the exception of the consideration

of the financial statements, the respective reports of the Directors and Auditors, changing the number of Directors, approval of a motion to elect two or more Directors by a single resolution, the election of Directors, the appointment of Auditors, the fixing of the remuneration of the Auditors and such business as by these Articles or the Companies Act may be transacted at a general meeting without prior notice thereof being given to the members.

10.2 No business shall be transacted at any general meeting unless a quorum of members, entitled to attend and vote, is present at the time when the meeting proceeds to business, but the quorum need not be present throughout the meeting; save as herein otherwise provided, a quorum shall be two persons present and being, or representing by proxy, members holding not less than one-tenth of the shares which may be voted at the meeting. If there is only one member entitled to vote at a general meeting, the quorum is one person present and being, or representing by proxy, such member. The Directors shall be entitled to attend at any general meeting, but no Director shall be counted in the quorum or be entitled to vote at any general meeting unless he shall be a member, proxyholder or representative of a corporation entitled to vote thereat.

10.3 If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition
of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place, and, if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, those persons present and being or representing by proxy, members entitled to attend and vote at the meeting shall be a quorum.

10.4 The Directors may by resolution appoint a person, who need not be a Director, officer or member of the Company to preside as Chairman at every general meeting of the Company. Failing such an appointment, the Chairman of the Board, if any, or in his absence the President of the Company shall preside as Chairman at every general meeting of the Company.

10.5 If at any meeting none of, the person appointed-by the Directors to preside as Chairman, the Chairman of the Board or the President, is present within fifteen minutes after the time appointed for holding the meeting or is willing to act as Chairman, the Directors present shall choose some one of their number to be Chairman or if all the Directors present decline to take the chair or shall fail to so choose or if no Director be present, the members present shall choose one of their number to be Chairman.

10.6 The Chairman may and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

10.7 At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by at least one member or proxyholder of a member entitled to attend, and, unless a poll is so demanded, a declaration by the Chairman that a

resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost and an entry to that effect in the book of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.

10.8 No resolution proposed at a meeting need be seconded and the Chairman of any meeting shall be entitled to move or second a resolution.

10.9 In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall not be entitled to a second or casting vote.

10.10 A poll demanded on the election of a Chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place within fourteen (14) days and in such manner as the Chairman of the meeting directs and the result of the poll shall be deemed to be the resolution of and passed at the meeting at which the poll was demanded. Any business other than that upon which the poll has been demanded may be proceeded with pending the taking of the poll. The demand for a poll may be withdrawn. In any dispute as to the admission or rejection of a vote the decision of the Chairman made in good faith shall be final and conclusive.

10.11 Every ballot cast upon a poll and every proxy appointing a proxyholder who cast a ballot upon a poll shall be retained by the Secretary for such period and be subject to such inspection as the Companies Act may provide.

PART 11 VOTES OF MEMBERS

11.1 Subject to any special voting rights or restrictions attached to any class of shares and the restrictions on joint holders of shares, on a show of hands every individual who is present as a member or as a proxyholder of a member shall have one vote and on **a** poll every member shall have one vote for each share of which he is the registered holder and may exercise such vote either in person or by proxyholder.

11.2 Any corporation, other than a subsidiary, which is a member of the Company may by resolution of its Directors or other governing body authorize such person as it thinks fit to act as its representative at any general meeting or separate meeting of the holders of a class of shares of the Company. The person so authorized shall be entitled to exercise, in person or by proxy, at such meeting the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company and shall be counted for the purpose of forming a quorum if present at the meeting. Notice of the appointment of any such representative may be sent to the Company by written instrument, telegram, telex or any method of transmitting legibly recorded messages. Notwithstanding the foregoing, a corporation being a member may appoint a proxyholder.

11.3 In the case of joint holders the vote of the senior who exercises a vote, whether in person or by proxyholder, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of members. Several legal personal representatives of a deceased member whose shares are registered in his sole name shall for the purpose of this Article be deemed joint holders.

11.4 A member of unsound mind entitled to attend and vote, in respect of whom an order has been made by any Court having jurisdiction, may vote, whether on a show of hands or on a poll, by his committee, curator bonis, or other person in the nature of a committee or curator bonis appointed by that Court, and any such committee, curator bonis, or other person may appoint a proxyholder.

11.5 On a poll a person entitled to cast more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

11.6 A member shall be entitled to appoint one or more proxyholders to attend, act and vote for him on the same occasion. If such a member should appoint more than one proxyholder for the same occasion he shall specify the number of shares each proxyholder shall be entitled to vote.

11.7 The instrument appointing a proxyholder shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or, if the appointor is a corporation, either under the seal of the corporation or under the hand of a duly authorized officer. A proxyholder need not be a member of the Company.

11.8 An instrument appointing a proxyholder and the power of attorney, if any, under which it is signed or a notarially certified copy thereof shall be deposited with the Secretary prior to the commencement of the meeting. Notwithstanding the foregoing, the Directors may from time to time by resolution make regulations providing for the lodging of instruments appointing a proxyholder at any place or places and within the time or times not exceeding forty-eight (48) hours (excluding Saturdays, Sundays and holidays) preceding the meeting or adjourned meeting specified in the notice calling a meeting of members and permitting particulars of such instruments to be sent to the Company in writing or by letter, telegram, telex or any method of transmitting legibly recorded messages and providing that instruments appointing a proxyholder so lodged may be acted upon as though the instruments themselves were produced to the Chairman of the mee ting or adjourned meeting as required by this Article and votes given in accordance with proxies deposited under such regulations shall be valid and shall be counted.

11.9 Unless the Companies Act or any other statute or law which is applicable to the Company or to any class of its shares requires any other form of proxy, a proxy appointing a proxyholder, whether for a specified meeting or otherwise, shall be in the form following, or in any other form that the Directors shall approve:

The undersigned, being a member of the above named Company, hereby appoints
of or
failing him of
as proxyholder for the undersigned to attend, act and vote for and on behalf of the undersigned at the annual (extraordinary) general meeting of the Company to be held on the
of
at any adjournment thereof.

Dated.

(Signature of Member)

11.10 A vote given in accordance with a proxy is valid notwithstanding the previous death or incapacity of the member giving the proxy or the revocation of the proxy or the authority under which the instrument of

proxy was executed, provided that no notification in writing of the death, incapacity or revocation has been received at the registered office of the Company or by the Chairman of the meeting or adjourned meeting for which the proxy was given before the vote is taken.

PART]2 DIRECTORS

12.1 The subscribers to the memorandum are the first Directors.

The Directors to succeed the first Directors may be appointed in writing by a majority of the subscribers of the memorandum and the number of Directors shall be the same as the number of Directors so appointed. The number of Directors may be changed from time to time by ordinary resolution, whether previous notice thereof has been given or not, but shall never be less than one (1) or, if the Company is or becomes a reporting company, three (3).

12.2 In the event of the death of a shareholder and if there is no Director or shareholder surviving him, the Executor named in the deceased shareholder**'s** Will, notwithstanding any provision to the contrary in said Will, or the person or persons entitled to apply for Letters of Administration (Administrator) where no Executor is so named, shall be deemed, subject to his or their consent, to be a Director or Directors of the Company forthwith on. the death of said shareholder and Article 12.1 of these Articles shall be deemed to provide that the number of Directors of the Company be one or the number of Executors or Administrators as the case may be if more than one.

12.3 The remuneration of the Directors as such may from time to time be determined by the members, unless by ordinary resolution the Directors are authorized to determine their remuneration. Such remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such who is also a Director. The Directors shall be repaid such reasonable travelling, hotel and other expenses as they may incur in and about the business of the Company and if any Director shall perform any professional or other services for the Company that in the opinion of the Directors are outside the ordinary duties of a Director or shall otherwise be specially occupied in or about the Company's business, he may be paid a remuneration to be fixed by the Board, or, at the option of such Director, by the Company in general meeting, and such remuneration may be either in addition to, or in sub stitution for any other remuneration that he may be entitled to receive. The Directors on behalf of the Company, unless otherwise determined by ordinary resolution, may pay a gratuity or pension or allowance on retirement to any Director who has held any salaried office or place of profit with the Company or to his spouse or dependants and

may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

12.4 No Director shall be required to hold a share in the capital of the Company as qualification for his office but shall be qualified to become or act as a Director as required by the Companies Act. Each Director so long as he shall be a Director is deemed to have agreed to be bound by the provisions of these Articles. The Board of Directors shall comply with any residence or other requirements contained in the Companies act.

PART 13

ELECTION AND REMOVAL OF DIRECTORS

13.1 The Directors may be appointed for a term not exceeding five (5) years, or such other term as may be determined by the Company at an annual general meeting.

13.2 Where a Director is appointed for a term exceeding one (1) year, the Company may at any annual general meeting by ordinary resolution remove any such Director before the expiration of his period of office, and may by an ordinary resolution appoint another person in his stead. Whenever a Director is removed pursuant to this Article, and so long as another person is not appointed in his place, the number of Directors shall be decreased by one.

13.3 A retiring Director shall be eligible for re-election.

13.4 Where in any calendar year the Company fails to hold an Annual General Meeting in accordance with the Companies Act, the Directors then in office whose terms expire on the last day on which the Annual General Meeting could have been held, shall be deemed to have been elected or
appointed as Directors on that day pursuant to these Articles and they may hold office until other Directors are appointed or elected or until the day on which the next Annual General Meeting is held.

13.5 If at any General Meeting at which there should be an election of Directors, the position of any of the retiring Directors is not filled, such of the retiring Directors who are not re-elected as may be requested by the newly-elected Directors shall, if willing to do so, continue in office to complete the number of Directors for the time being fixed

by these Articles until further new Directors are elected at a general meeting convened for the purpose. If the number of retiring Directors so requested and willing to continue in office Is insufficient to complete the number of Directors for the time being **fixed** by these Articles, such number shall be reduced accordingly.

13.6 Any casual vacancy occurring in the Board of Directors may be filled by the Directors.

13.7 Between successive Annual General Meetings the Directors shall have power to appoint one or more additional Directors but the number of additional Directors shall not at any time exceed one-third of the number of Directors elected or appointed at the Annual General Meeting last held. Any Director so appointed shall hold office only until the next following annual general meeting of the Company, but shall be eligible for election at such meeting, and so long as he is an additional Director the number of Directors shall be increased by one.

13.8 Any Director may by instrument in writing delivered to the Company appoint any person, who is approved by the Directors to be his alternate to act in his place at meetings of the Directors at which he is not present. Every such alternate shall be entitled to notice of meetings of the Directors and to attend and vote as a Director at a meeting at which the person appointing him is not personally present,
and if he is a Director, to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may at any time by instrument, telegram, telex or any method of transmitting legibly recorded messages delivered to the Company revoke the appointment of an alternate appointed by him. The remuneration payable to such an alternate shall be payable out of the remuneration of the Director appointing him.

13.9 The Company may by special resolution remove any Director before the expiration of his period of office, and may by an ordinary resolution appoint another person in his stead.

13.10 The office of Director shall be vacated if the Director:

(a) By notice in writing to the Company at its registered office resigns his office; or
(b) Is convicted of an indictable offence and the other Directors shall resolve to remove him; or
(c) ©Ceases to be qualified to act as a Director pursuant to the Companies act; or
(d) Is removed by ordinary or special resolution as provided for by these Articles.

PART 14
POWERS AND DUTIES OF DIRECTORS

14.1 The Directors shall manage, or supervise the management of,

the affairs and business of the Company and may exercise all such powers of the Company as are not by the Companies Act, or by these Articles, required to be exercised by the Company in general meeting, but subject nevertheless to the provisions of all laws affecting the Company and of these Articles and to any regulations not being inconsistent with these Articles which shall from time to time be made by the Company in general meeting, whether previous notice thereof has been given or not; but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors that would have been valid if that regulation had not been made.

14.2 The Directors may from time to time, and at any time, by power of attorney or other instrument under the seal, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors relating to the constitution of the Board and of any of its committees and the appointment or removal of officers and the power to declare dividends) and for such period, with such remuneration and subject to such conditions as the Directors may from time to time think fit, and any such appointment may (if the Directors think fit) be made in favour of any of the Directors or any of the members or in favour of any corporation, or of any of the members, directors, nominees or managers of any corporation or firm, or otherwise in favour of any fluctuating body of persons, whether nominated

directly or indirectly by the Directors, and any such p owers of attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys as the Directors think fit. Any such attorneys may be authorized by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

14.3 The Directors shall cause the Company to comply with the provisions of the Companies Act from time to time in force.

PART 15

DISCLOSURE OF INTEREST OF DIRECTORS

15.1 A Director who is, in any way, directly or indirectly interested in an existing or proposed contract or transaction with the Company or who holds any office or possesses any property whereby, whether directly or indirectly, a duty or interest might be created in conflict with his duty or interest as a Director shall declare the nature and extent of his interest in such contract or transaction or of the conflict or potential conflict with his duty and interest as a Director, as the case may be, in accordance with the provisions of the Companies Act.

15.2 A Director shall not vote in respect of any contract or

transaction with the Company in which he is interested and if he shall do so his vote shall not be counted, but he shall be counted in the quorum present at the meeting at which such vote is taken. This Article 15.2 and Article 15.1 shall not apply in those circumstances where a Director is, under the Companies Act, deemed not to be interested in a proposed contract or transaction.

15.3 A Director may hold any office or place of profit under the Company (other than, if the Company is or becomes a reporting company, the office of auditor of the Company) in conjunction with his office of Director for such period and on such terms (as to remuneration or other-wise) as the Directors may determine and no Director or intended Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, and, subject to compliance with the provisions of the Companies Act, no contract or transaction entered into by or on behalf of the Company in which a Director is in any way interested shall for such reasons be liable to be voided.

15.4 Subject to compliance with the provisions of the Companies Act, a Director may act by himself or his firm in a professional capacity for the Company (except as auditor of the Company) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

15.5 A Director may be or become a director or other officer or employee of, or otherwise interested in, any corporation or firm in which the Company may be interested as a shareholder or otherwise, and, subject to compliance with the provisions of the Companies Act, such Director shall not be accountable to the Company for any remuneration or other benefits received by him as director, officer or employee of, or from his interest in, such other corporation or firm, unless the Company otherwise directs.

PART 16 PROCEEDINGS OF DIRECTORS

16.1 The Chairman of the Board, if any, or in his absence, the President shall preside as chairman at every meeting of the Directors, or if there is no Chairman of the Board or neither the Chairman of the Board nor the President is present within fifteen minutes of the time appointed for holding the meeting or is willing to act as chairman, the Directors present shall choose one of their number to be chairman of the meeting.

16.2 The Directors may meet together for the dispatch of business,

adjourn and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the chairman shall not have a second or casting vote. Regular meetings of the Board may be held at such place, at such time and upon such notice (if any) as the Board may by resolution from time to time determine.

16.3 A Director may participate in a meeting of the Board or of any committee of the Directors by means of conference telephone or other communications facilities by means of which all persons participating in the meeting can hear each other and provided that all such persons agree to such participation. A Director participating in a meeting in accordance with this Article shall be deemed to be present at the meeting and shall be counted in the quorum therefor and be entitled to speak and vote thereat.

16.4 A Director may, and the Secretary or an Assistant Secretary upon request of a Director shall, call a meeting of the Board at any time. Notice of such meeting specifying the place, day and hour of such meeting shall be mailed, postage prepaid, addressed to each of the Directors and alternate Directors at his address as it appears on the books of the Company at least forty-eight (48) hours before the time fixed for the meeting, or such notice shall be given to each Director and alternate Director either personally or by leaving it at his usual business or residential. address or by telephone, telegram, telex or other method of transmitting legibly recorded messages, at least twenty-four (24) hours before such time. It shall not be necessary to give notice of a meeting of Directors to any Director or alternate Director immediately following a general meeting at which such Director shall have been elected or of the meeti ng of Directors at which such Director shall have been appointed.

16.5 Any Director of the Company may file with the Secretary a writing executed by him waiving notice of any meeting or meetings of the Directors being sent to him and may at any time withdraw such waiver with respect to meetings held thereafter. After filing such waiver and until such waiver is withdrawn no notice need be given to such Director of any meeting of Directors and all meetings of the Directors so held (provided a quorum of the Directors be present) shall be valid and binding upon the Company.

16.6 The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and if not so fixed shall be a majority of the Board of Directors or, if the number of Directors is fixed at one, shall be one Director.

16.7 The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the

number fixed by the Directors or these Articles as the necessary quorum
of Directors, the continuing 'Directors may act for the purpose of increasing the number of Directors to that number, or of summoning a general meeting of the Company, but for no other purpose.

16.8 Subject to the provisions of the Companies Act, all acts done by any meeting of the directors or of a Committee of Directors, or by any person acting as a Director, shall notwithstanding that it be after-wards discovered that there was some defect in the qualification, election or appointment of any such Directors or of the members of such Committee
or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly elected or appointed and was qualified to be a Director.

16.9 A resolution consented to in writing, or by telegram, telex or any method of transmitting legibly recorded messages by all of the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted. Such resolution may be in two or more counterparts each signed by one or more Directors and the signed resolution or counterparts shall be deemed to constitute one resolution in writing and shall be filed with the minutes of the proceedings of the Directors.

PART 17

STANDING AND EXECUTIVE COMMITTEES

17.1 The Directors may by resolution appoint one or more Standing Committees consisting of such member or members of their body as they think fit and may delegate to any such Standing Committee between meetings of the Board such powers of the Board (except the power to fill vacancies in the Board and the power to change the membership of or fill vacancies in any such Standing Committee or in any Executive Committee of the Board and the power to appoint or remove officers appointed by the Board) subject to such conditions as may be prescribed in such resolution, and all Committees so appointed shall keep regular minutes of their transactions and shall cause them to be recorded in books kept for that purpose, and shall report the same to the Board of Directors at such times as the Board of Directors may from time to time require. The Directors shall also have power at any time to revoke or override any authority given to any such Standing Committees except as to acts done before such revocation or overriding and to revoke the appointment or change the membership of a Standing Committee and to fill vacancies in it. Standing Committees may make rules for the conduct of their business and may appoint such assistants as they may deem necessary. A majority of the members of a Standing Committee shall constitute a quorum thereof.

17.2 The Directors may by resolution appoint an Executive Committee to consist of such member or members of their body as they think fit, which Committee shall have, and may exercise during the intervals between the meetings of the Board, all the powers vested in the Board except the power to fill vacancies in the Board, the power to change the membership of, or fill vacancies in, said Committee or any Standing Committee of the Board and such other powers, if any, as may be specified in the resolution. The said Committee shall keep regular minutes of its trans-actions and shall cause them to be recorded in books kept for that purpose, and shall report the same to the Board of Directors at such times as the Board of Directors may from time to time require. The Board shall have the power at any time to revoke the appointment or change the membership of such Committee and to fill vacancies in it. The Executive Committee may make rules for the conduct of its business and may appoint such assistants as it may deem necessary. A majority of the members of said Committee shall constitute a quorum thereof.

17.3 A Standing Committee or an Executive Committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members of the Committee present, and in case of an equality of votes the chairman shall not have a second or casting vote. A Resolution approved in writing by all the members of a Standing Committee or an Executive Committee shall be as valid and effectual as if it had been passed at a meeting of such Committee duly called and constituted.

PART 18 OFFICERS

18.1 The Directors shall, from time to time, appoint a President and a Secretary and such other officers, if any, as the Directors shall determine and the Directors may, at any time, revoke any such appointment without prejudice however to any contractual rights of such officer.

18.2 One person may hold more than one of such offices except that the offices of President and Secretary must be held by different persons unless the Company has only one member. Any person appointed as the Chairman of the Board, the President or the Managing Director must be a Director. The other officers need not be Directors. The remuneration of the officers of the Company as such and the terms and conditions of their tenure of office or employment shall from time to time be deter-**mined** by the Directors; such remuneration may be by way of salary, fees, wages or commission or participation in profits or any or all of these modes and an officer may in addition to such remuneration be entitled to **receive** after he ceases to hold such office or leaves the employment of
the Company a pension or gratuity. The Directors may decide what functions

and duties each officer shall perform and may entrust to and confer upon him any of the powers exercisable by them upon such terms and conditions and with such restrictions as they think fit and may from time to time revoke, withdraw, alter or vary all or any of such functions, duties and powers. The Secretary shall, inter alia, perform his functions specified in the Companies Act.

18.3 Every officer of the Company who holds any office or possesses any property whereby, whether directly or indirectly, duties or interests might be created in conflict with his duties or interests as an officer of the Company shall, in writing, disclose to the President the fact and the nature, character and extent of the conflict.

18.4 Every officer of the Company shall comply with the provisions of the Companies Act, the memorandum of the Company and these Articles.

PART 19
INDEMNITY AND PROTECTION OF DIRECTORS, OFFICERS AND EMPLOYEES

19.1 Subject to the Companies Act, a director or other officer of the Company is not liable for:

(a) any act, receipt, neglect, or default of any other director or officer;

(b) loss or damage arising from bankruptcy, insolvency or tortious acts of any person with whom any monies, securities or effects are deposited;

(c) ©loss or damage arising or happening to the Company through the insufficiency or deficiency of any security in or upon which assets of the Company may be invested;

(d) any loss occasioned by any error or oversight on his part; or

(e) any loss, damage or misfortune whatsoever happening in the execution of the duties of his office or in relation thereto,

unless it happens through his own dishonesty.

19.2 Subject to the provisions of the Companies Act, the Company shall indemnify a Director or former Director of the Company and a director or former director of a corporation of which the Company is or

was a shareholder and the heirs and personal representatives of any such director or former director against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, actually and reasonably incurred by him or them including an amount paid to settle an action or satisfy a judgment in a civil, criminal or administrative action or proceeding to which he is or they are made a party by reason of his being or having been a Director of the Company or a director of such corporation, including any action brought by the Company or any such corporation. The result of any action suit or proceeding does not create a presumption that the person did not act honestly and in good faith with a view to the best interests of the Company, or that the person did not have reasonable grounds to believe that his conduct was lawful. The Company will apply to a Court of competent jurisdiction for all approvals of the Court which may be requi red to make this Article effective and enforceable. Each Director on being elected or appointed shall be deemed to have contracted with the Company on the terms of the foregoing indemnity.

19.3 Subject to the provisions of the Companies Act, the Directors may indemnify every officer, employee or agent of the Company or of a corporation of which the Company is or was a shareholder (notwithstanding that he is also a Director) and his heirs and personal representatives against all costs, charges and expenses whatsoever incurred by him or them and resulting from his acting as an officer, employee or agent of the Company or such corporation. In addition the Directors shall indemnify the Secretary or an Assistant Secretary of the Company and his respective heirs and legal representatives against all costs charges and expenses whatsoever incurred by him or them and arising out of the functions assigned to the Secretary. Each Secretary and Assistant Secretary shall on being appointed be deemed to have contracted with the Company on the terms of the foregoing indemnity.

19.4

The Directors may rely upon the accuracy of any statement of fact represented by an officer of the Company to be correct or upon statements in a written report of the Auditor of the Company and shall not be responsible or held liable for any loss or damage resulting from the paying of any dividends or otherwise acting in good faith upon any such statement.

19.5 The Directors may cause the Company to purchase-and maintain insurance for the benefit of any person who is or was serving as a Director, officer or agent of the Company or as a director, officer, employee or agent of any corporation of which the Company is or was a shareholder and his heirs or personal representatives against any liability incurred by him as such Director, director, officer, employee or agent.

19.6 If the Directors or any of them, or any other persons become

personally liable for the payment of any sum for which the Company is primarily liable, the Directors may, subject to the provisions of the Companies Act, execute or cause to be executed any mortgage, charge or security over or affecting all or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from loss in respect of such liability.

PART 20

DIVIDENDS AND RESERVE

20.1 The Directors may declare such dividends, if any, as they may deem advisable and need not give notice of such declaration to any member. No dividend shall be paid otherwise than out of funds properly available for the payment of dividends and a declaration by the Directors as to the amount of such funds available for dividends shall be conclusive. The Company may pay any such dividend wholly or in part by the distribution of specific assets and in particular by paid up shares, bonds, debentures or other securities of the Company or any other corporation or in any one or more such ways as may be authorized by the Company or the Directors and where any difficulty arises with regard to the distribution the Directors may settle the same as they think expedient, and in particular may fix the value for distribution of such specific assets or any part thereof, and may determine that cash payments in substitution for all or any part of th e specific assets to which any members are entitled shall be made to any members on the basis of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees for the persons entitled to the dividend as may seem expedient to the Directors.

20.2 Any dividend declared on shares of any class by the Directors may be made payable on such date as is fixed by the Directors.

20.3 Subject to the rights of persons (if any) entitled to shares with special rights as to dividends, all dividends on shares of any class shall be declared and paid according to the number of such shares held.

20.4 The Directors may, before declaring any dividend, set aside out of the funds properly available for the payment of dividends such sums as they think proper as a reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies, or for equalizing dividends, or for any other purpose to which such funds of the Company may be properly applied, and pending such application
such funds may, at the like discretion either be employed in the business of the Company or be invested in such investments as the Directors may from time to time think fit. The Directors may also, without placing

the same to reserve, carry forward such funds, which they think prudent not to divide.

20.5 If several persons are registered as joint holders of any share, any one of them may give effectual receipts for any dividend, bonuses or other monies payable in respect of the shares.

20.6 No dividend shall bear interest against the Company. Where the dividend to which a member is entitled includes a fraction of a cent, such fraction shall be disregarded in making payment thereof and such payment shall be deemed to be payment in full.

20.7 Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder, or in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register, or to such person or to such address as the holder or joint holders may direct in writing. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The mailing of such cheque or warrant shall, to the extent of the sum represented thereby (plus the amount of any tax required by law to be deducted) discharge all liability for the dividend, unless such cheque or warrant shall not be paid on presentation.

PART 21 SEAL

21.1 The Directors may provide a seal for the Company and, if they do so, shall provide for the safe custody of the seal which shall not be affixed to any instrument except in the presence of the following persons, namely,

(a) any two Directors, or

(b) the Chairman of the Board, the President, the Managing Director, a Director or a Vice-President and the Secretary, the Treasurer, the Secretary-Treasurer, an Assistant Secretary or an Assistant Secretary-Treasurer, or

(c) ©if the Company is not a reporting company, the President alone, or

(d) for the purpose of certifying under seal true copies of any document or resolution, any one of the persons specified in (b) above, or

(e)

(e) such person or persons as the Directors may from time to time by resolution appoint, and the said Directors, officers, person or persons in whose presence the seal is so affixed to an instrument shall sign such instrument.

21.2 To enable the seal of the Company to be affixed to any bonds, debentures, share certificates, or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the Directors or officers of the Company are, in accordance with the Companies Act and/or these Articles, printed or otherwise mechanically reproduced there may be delivered to the firm or company employed to engrave, lithograph or print such definitive or interim bonds, debentures, share certificates or other securities one or more unmounted dies reproducing the Company's seal and the Chairman of the Board, the President, the Managing Director or a Vice-President and the Secretary, Treasurer, Secretary-Treasurer, an Assistant Secretary or an Assistant Secretary-Treasurer may by writing authorize such firm or company to cause the Company's seal to be affixed to such definitive or interim bonds , debentures, share certificates or other securities by the use of such dies. Bonds, debentures, share certificates or other securities to which the Company's seal has been so affixed shall for all purposes be deemed to be under and to bear the Company's seal as if it had actually been affixed thereto.

21.3 The Company may have for use in any other province, state, territory or country, an official seal which shall have on its face the name of the province, state, territory or country where it is to be used and all of the powers conferred by the Companies Act with respect thereto may be exercised by the Directors or by an agent of the Company duly appointed by the Company by deed or other instrument.

PART 22
DOCUMENTS, RECORDS AND REPORTS

22.1 The Company shall keep at its records office or at such other place as the Companies Act may permit, the documents, copies, registers, minutes, and records which the Company is required by the Companies Act to keep at its records office or such other place.

22.2 The Company shall cause to be kept proper books of account and *accounting* records in respect of all financial and other transactions of the Company in order properly to record the financial affairs and condition of the Company and to comply with the Companies Act.

22.3 The Directors shall from time to time cause to be prepared and laid before the Company in general meeting such financial statements and reports as are required by the Companies Act.

22.4 Every member shall be entitled to be furnished once gratis on demand with a copy of the last annual financial statement of the Company and, if so required by the Companies Act, a copy of each such annual financial statement shall be mailed to each member as provided in the Companies Act.

PART 23 NOTICES

23.1 A notice, statement or report may be given or delivered by the Company to any member either by delivery to him personally or by sending it by post to him to his address as recorded in the Register of Members, or such other address as directed by the member.

23.2 A notice, statement or report may be given or delivered by the Company to the joint holders of a share by giving the notice to the joint holder first named in the register of members in respect of the share.

23.3 A notice, statement or report may be given or delivered by the Company to the persons entitled to a share in consequence of the death
or bankruptcy of a member by sending it through the post prepaid addressed to them by name or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description, at the address (if any) supplied to the Company for the purpose by the persons claiming to be so entitled, or (until such address has been so supplied) by giving the notice in a manner in which the same might have been given if the death or bankruptcy had not occurred.

23.4 Notice of every general meeting or meeting of members holding a class of shares shall be given in a manner hereinbefore authorized to every member holding at the time of the issue of the notice or the date fixed for determining the members entitled to such notice, whichever is the earlier, shares which confer the right to notice of and to attend
and vote at any such meeting. No other person except the auditor of the Company and the Directors of the Company shall be entitled to receive notices of any such meeting.

PART 24 PROHIBITIONS

24.1 So long as the Company is a company which is not a reporting company:

(i) no shares shall be transferred without the previous consent of

the Directors expressed by a resolution passed by the Board or by an instrument ob instruments in writing signed by a majority of the Directors, and

(ii) any invitation to the public to subscribe for any shares, bonds, debentures or other securities of the Company shall be prohibited.

PART 25 RECORD DATES

25.1 The Directors may fix in advance a date, which shall not be more than the maximum number of days permitted by the Companies Act preceding the date of any meeting of members or any class thereof or of the payment of any dividend or of the proposed taking of any other proper action requiring the determination of members as the record date for the determination of the members entitled to notice of, or to attend and vote at, any such meeting and any adjournment thereof, or entitled to receive payment of any such dividend or for any other proper purpose and, in such case, notwithstanding anything elsewhere contained in these Articles, only members of record on the date so fixed shall be deemed to be members for the purposes aforesaid.

25.2 Where no record date is so fixed for the determination of members as provided in the preceding Article the date on which the notice is mailed or on which the resolution declaring the dividend is adopted, as the case may be, shall be the record date for such determination.

FULL NAME(S), ADDRESS(ES) AND OCCUPATION(S) OF SUBSCRIBER(S)	NUMBER (AND KIND) (AND CLASS) OF SHARES TAKEN BY SUBSCRIBER(S)
/s/ **DAVID K. FRASER** **4183 Marguerite Street** **Vancouver, B.C.** **(Barrister & Solicitor)**	One (1) Common

	)	
	)	
Total Shares Taken	)	
	)	
	)	**One (1) Common**

DATED at Vancouver, B.C., this **11th** day of **September** [197]**9**

THIS PURCHASE AND SALE AGREEMENT ("AGREEMENT") effective **July 16, 2002** (the "Effective Date")

AMONG:

NEWMONT CANADA LIMITED, a corporation incorporated under the laws of the Province of Ontario
20 Eglinton Avenue West, Suite 1900
Toronto, Ontario, Canada M4R 1K8
Facsimile: 416.488.6598

(hereinafter **"NEWMONT")** and

TOTAL RESOURCES (CANADA) LIMITED, a corporation incorporated under the federal laws of Canada under the Canadian Business Corporations Act
Suite 810, 202 6th Avenue S.W.
Calgary, Alberta, Canada T2P 2R9
Facsimile: 403.571.7595

(hereinafter **"TOTAL")**

(NEWMONT and TOTAL, collectively hereinafter **"SELLERS")** and

SEABRIDGE GOLD INC., a corporation incorporated under the laws of the Province of British Columbia
172 King Street East, 3rd Floor
Toronto, Ontario, Canada M5A 1J3
Facsimile: 416.367.2711

(hereinafter **"SEABRIDGE")**

RECITALS

WHEREAS pursuant to that certain Tundra Joint Venture Operating Agreement dated January 1, 1982 by and between Noranda Exploration Company, Limited (No Personal Liability) (predecessor to NEWMONT) and Getty Canadian Metals, Limited (predecessor to TOTAL) (the "Joint Venture Agreement") in respect of the exploration, development and operation of the Tundra Property in the Courageous Lake area of the Northwest Territories, Canada (the "Joint Venture"), more particularly described on attached Schedule "A" (the "Property"), NEWMONT owns an undivided fifty one (51%) interest in and to the Property and the Joint Venture Agreement and TOTAL owns an undivided forty nine percent (49%) interest in and to the Property and the Joint Venture Agreement;

AND WHEREAS on 07/04/86 Getty Canadian Metals, Limited assigned to Getty Resources Limited all of its interest in and to the Property and the Joint Venture Agreement, and on 07/07/86 Getty Resources Limited assigned to GRL Acquisition Ltd. all of its interest in and to the Property and the Joint Venture Agreement, and on 07/09/86 GRL Acquisition Ltd. and Getty Resources Limited were

amalgamated into Getty Resources Limited, and on 10/07/88 Getty Resources Limited was amalgamated into Total Energold Corporation, and on 08/31/91 Total Energold Corporation assigned to Total Erickson Resources Ltd. all of its interest in and to the Property and the Joint Venture Agreement, and on 10/23/92 Total Erickson Resources Ltd. assigned to **Total Resources (Canada) Limited** all of its interest in and to the Property and the Joint Venture Agreement;

AND WHEREAS on 05/01/91 Noranda Exploration Company, Limited (No Personal Liability) assigned to Hemlo Gold Mines Inc. all of its interest in and to the Property and the Joint Venture Agreement, and on 07/19/96 Hemlo Gold Mines Inc. was amalgamated with Battle Mountain Gold Company, Hemlo Gold Mines Inc. became a subsidiary of Battle Mountain Gold Company, and Hemlo Gold Mines Inc. changed its name to Battle Mountain Canada Ltd., and on 02/19/01 Battle Mountain Canada Ltd. changed its name to **Newmont Canada Limited;**

AND WHEREAS SEABRIDGE is interested in acquiring all right, title, interest and obligations of SELLERS in and to the Property, NEWMONT is interested in selling to SEABRIDGE all right, title, interest and obligations of NEWMONT in and to the Property, subject to a net smelter returns royalty to be retained by NEWMONT with respect to the Property, and TOTAL is interested in selling to SEABRIDGE all right, title, interest and obligations of TOTAL in and to the Property, subject to a net smelter returns royalty to be retained by TOTAL with respect to the Property.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and agreements herein contained, the Parties hereto hereby agree as follows:

1. Definitions. In this Agreement and the Schedules attached to this Agreement the following terms shall have the following meanings:

"Additional Cash Payments" means the payments described in **section 4(c).**

"Affiliate" shall have the meaning ascribed to that term by the Canada Business Corporations Act on the date hereof.

"Area of Interest" means the area described in **section 6.**

"Assignment of Mining Leases" means the assignment provided for in **section 9** in the form attached as Schedule "D".

"Business Day" means any calendar day other than a Saturday or Sunday or any statutory holiday or civic holiday in the Province of Ontario.

"Cash Payment" means the payment described in **section 4(a).**

"Closing" means the completion on the Closing Date of the transfer from SELLERS to SEABRIDGE of the Property as contemplated in this Agreement.

"Closing Date" means such date that the Closing Documents are delivered to the Parties, which date shall be no later than **July 26, 2002.**

"Closing Documents" means the documents described in **section 9.**

"Effective Date" means the date specified on the top of page one of this Agreement. **"Joint Venture Agreement"** has

the meaning ascribed to that term in the Recitals above.

"Joint Venture" means the interests held by the SELLERS with respect to the Property pursuant to the Joint Venture Agreement.

"Judgement Currency" means Canada currency.

"Mining Leases" means the following seventeen (17) Mining Leases (together with any renewal or replacement Mining Leases) ML3016, ML3158, ML3159, ML3160, ML3161, ML3219, ML3221, ML3222, ML3223, ML3228, ML3229, ML3230, ML3251, ML3357, ML3361, ML3791 and ML3792 issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada, which, as of the Effective Date, comprises the Property.

"NEWMONT and/or TOTAL" shall include all of "NEWMONT's" and/or all of "TOTAL's", as the case may be, successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Property.

"Parties" means NEWMONT and TOTAL and SEABRIDGE collectively. **"Party"** means any of

the Parties individually.

"Property" means all right, title and interest of the SELLERS now held or hereinafter acquired in and to the Mining Leases described in attached Schedule "A", including without limitation any amendments, supplements, renewals and replacements of such Mining Leases.

"Purchase and Sale Agreement" means this Agreement; **"Purchase Price"** means the

consideration stipulated in **section 4.**

"Rate of Exchange" means the spot rate at which NEWMONT and/or TOTAL, as the case may be, is able on the relevant date to purchase Original Currency with Judgment Currency and includes any premium and costs of exchange payable.

"Records and Data" means all books, contracts, documents, technical information and data (in paper or electronic form), maps, surveys, drill core samples and assays owned by SELLERS related to the Property.

"Royalty" means the net smelter returns royalty stipulated in **section 4** and further described in the Royalty Agreement.

"Royalty Agreement" means the royalty agreements provided for in **section 4** in the form attached as Schedule "B".

"SEABRIDGE" shall include all of SEABRIDGE's successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Property.

"Security Agreement" means the agreements provided for in **section 5** in the form attached as Schedule "C".

"SELLERS" shall mean NEWMONT and TOTAL each on a several in proportion to their respective percentage interests in the Joint Venture and not joint or collective basis.

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1. Purchase and Sale. **(a)** NEWMONT shall and hereby covenants to sell, transfer and assign to SEABRIDGE all of its right, title, interest and obligations in and to the Property and the Records and Data; **(b)** TOTAL shall and hereby covenants to sell, transfer and assign to SEABRIDGE all of its right, title, interest and obligations in and to the Property and the Records and Data; and (c) SEABRIDGE shall and hereby covenants to purchase all of SELLERS' right, title, interest and obligations in and to the Property and the Records and Data. Commencing from and after the Effective Date SEABRIDGE shall bear solely for its own account all costs and obligations pertaining to or associated with the Property or within the Area of Interest.

2. Joint Venture Agreement to Terminate upon Closing. Effective on the Closing Date, the SELLERS agree that the Joint Venture and the Joint Venture Agreement shall terminate in such a manner as to provide for SELLERS to receive the Additional Cash Payments and a perpetual production royalty on 100% of the Property and the Area of Interest. NEWMONT and TOTAL have agreed and do hereby agree to waive any notice or other applicable provisions contained in the Joint Venture Agreement concerning such termination, notwithstanding anything to the contrary contained therein.

3. Purchase Price. As consideration for the purchase and sale of the Property and the Records and Data, SEABRIDGE agrees to **(a)** at Closing pay to the SELLERS a cash payment of Two Million Five Hundred Thousand United States Dollars (US$2,500,000), free and clear of any taxes ("Cash Payment") on the completion of Closing; and **(b)** execute and deliver the Royalty Agreement to the SELLERS and thereby grant to the SELLERS a two percent (2.0%) net smelter returns production royalty in respect of any sale or other disposition of all metal ore, minerals and mineral substances, or concentrates (as further described in the Royalty Agreement) produced and sold from the Property or from any other property within the Area of Interest, to be paid as described in the Royalty Agreement (the "Royalty");and **(c)** additionally **(i)** pay to the SELLERS a further sum of One Million Five Hundred Thousan d United States Dollars (US$1,500,000), free and clear of any taxes within sixty (60) days following the date on which the London Bullion Market, Afternoon Fix, spot price of gold closes at or above US$360 per ounce for the tenth (10th) consecutive reporting day; and **(ii)** pay to the SELLERS a further sum of One Million Five Hundred Thousand United States Dollars (US$1,500,000), free and clear of any taxes within sixty (60) days following the date on which the London Bullion Market, Afternoon Fix, spot price of gold closes at or above US$400 per ounce for the tenth (10th) consecutive reporting day, provided, however, SEABRIDGE shall pay to the SELLERS the balance of the Additional Cash Payments specified in **section 4(c)** within sixty (60) days following the date that SEABRIDGE (or any Affiliate or successor or assignee of it) makes a decision to develop a commercial mining operation on or with respect to the Property or within the Area of Interest (the "Additional Cash Payments") **(section 4(a), section 4(b) and**
4(c), collectively, the "Purchase Price"). **(d)** Should default be made in any Royalty payment when due under **section 4(b)** and such default still exists ten (10) days following notice of non-payment, then the entire unpaid balance under **section 4(b)** shall become immediately due and all unpaid amounts shall bear interest at the rate of fifteen (15%) percent per annum commencing from and after such payment due date until paid. **(e)** Should default be made in either of the Additional Cash Payments when due under **section 4(c)** and such

default still exists ten (10) days following notice of non-payment, then the entire unpaid balance under **section 4(c)** shall become immediately due and all unpaid amounts shall bear interest at the rate of fifteen percent (15%) per annum commencing from and after such payment due date until paid.

4. Registration on Title. The Parties agree that following Closing **(a)** SEABRIDGE shall immediately register title to the Property in SEABRIDGE's name by filing the Assignment of Mining Leases (Schedule "D"); and **(b)** SELLERS may register or record against title to the Property such form of notice, caution or other documents (including, without limitation, a copy of this Agreement, the Royalty Agreement (Schedule "B"), and the Security Agreement (Schedule "C")) as it considers appropriate to secure payment from time to time and protect SELLERS' right to receive the Additional Cash

Payments and the Royalty hereunder. All Parties hereto hereby consent to such registering or recording and agree to co-operate with such Party to accomplish the same.

1. Area of Interest. If at any time SEABRIDGE or any Affiliate or successor or assignee of it stakes, applies for, and obtains or otherwise acquires, directly or indirectly, any right to or interest in any mining claim, license, lease, grant, concession, permit, patent, or other mineral property or other rights or interests located wholly or partly within the Area of Interest, such rights or interests shall thereafter become part of the Property. In the event SEABRIDGE or any Affiliate or successor or assignee of it surrenders, allows to lapse or otherwise terminates its interest in any portion or all the Property or within the Area of Interest and within a period of five (5) years from the date of such surrender, lapse or other termination, reacquires a direct or indirect interest in respect of the land covered by the former Property or within the Area of Interest, then the Royalty shall apply to such interest so acquired, prov ided, however, if any such rights or interests so acquired within the Area of Interest already bears a royalty obligation to a non-Affiliate third party, then the Royalty payable to the SELLERS with respect to such rights or interests so acquired shall be reduced by the amount of such royalty obligation, provided, however, SELLERS' Royalty shall in no event be less than a one percent (1.0%) net smelter returns production royalty. SEABRIDGE shall give written notice to SELLERS within ten (10) days of any acquisition or reacquisition within the Area of Interest. The "Area of Interest" shall comprise all land and minerals or other rights or interests lying within an area comprised of lines drawn two (2) kilometers from and parallel to all exterior boundaries of the Property.

2. Term. The Additional Cash Payments and the Royalty shall be perpetual, it being the intent of the Parties hereto that, to the extent allowed by law, the Additional Cash Payments and the Royalty shall constitute a vested interest in and a covenant running with the land affecting the Property (and within the Area of Interest) and all successions thereof whether created privately or through governmental action and shall inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors and assigns so long as SEABRIDGE or any successor or assignee of it holds any rights or interests in the Property or within the Area of Interest. In the event a court of competent jurisdiction determines that any right, power or interest of any Party under this agreement would violate the rule against perpetuities, then such right, power or interest shall terminate at the expiration of 20 years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the Effective Date of this Agreement. This Agreement shall not be terminated solely as a result of a violation of the rule against perpetuities.

3. Payments to NEWMONT and TOTAL. All payments to SELLERS pursuant to this Agreement and the Royalty Agreement shall be made separately by SEABRIDGE in the proportion of Fifty-One Percent (51%) to NEWMONT and Forty-Nine Percent (49%) to TOTAL.

4. Closing Conditional. The completion of the Closing shall be conditional upon **(a)** the satisfaction by the Parties of all their respective obligations as set forth in **sections 13, 14 and 15,** and **(b)** SEABRIDGE securing the financing required to purchase the Property on or before **July 26, 2002.** The foregoing conditions are included in this Agreement for the sole benefit of SEABRIDGE and may be waived in whole or in part by SEABRIDGE in its sole discretion. If such conditions are not satisfied or waived by SEABRIDGE on or before **July 26, 2002,** this Agreement shall be of no force and effect and each of the Parties shall be released from any and all obligations hereunder. In the event that the foregoing conditions are satisfied or waived in whole or in part by SEABRIDGE on or before **July 26, 2002,** then the Parties shall complete the purchase and sale transaction as contemplated by the terms of this Agreement. At Closing the Parties shall deliver the following Closing Documents: **(i)** SEABRIDGE shall deliver to SELLERS the first installment of the Purchase Price by electronic wire transfers, certified funds or cashier's checks, the executed Royalty Agreement (Schedule "B") to be registered against title to the Property and the executed Security Agreement (Schedule "C") to be

registered against title to the Property, and **(ii)** SELLERS shall deliver to SEABRIDGE a duly executed Assignment of Mining Leases (Schedule "D"). SEABRIDGE covenants to use all commercially reasonable efforts, at its own expense, to obtain on or before Closing

the financing required to purchase the Property. After Closing the SELLERS shall permit SEABRIDGE reasonable to access the Records and Data and make copies of all such Records and Data at its sole cost.

1. Property Sold and Purchased on an "As-is, Where-is" Basis. Except for the representations and warranties provided for in this Agreement, the Parties agree that the purchase and sale of the Property shall be on an "As-is, Where-is" basis. SEABRIDGE acknowledges that it has conducted such examinations of the Property and the Records and Data related to it as it has deemed necessary or appropriate and that it is not relying upon any assurances or statements of SELLERS.

2. Taxes, Transfer Fees. SEABRIDGE shall pay directly to or make the appropriate filings with the appropriate taxing authorities in respect of all sales and transfer taxes (including land transfer taxes), registration charges and transfer fees and GST or other value added taxes applicable in respect of its purchase of the Property under this Agreement.

3. Representations and Warranties.

(a) Representations and Warranties of NEWMONT. NEWMONT represents and warrants to SEABRIDGE that: **(i)** it is a corporation duly incorporated and validly subsisting under the laws of the jurisdiction of its incorporation; **(ii)** all requisite corporate acts and proceedings have been done and taken by it with respect to entering into this Agreement and the transactions contemplated herein and therein; **(iii)** it has the requisite corporate power and authority to enter into this Agreement and to perform its respective obligations hereunder; **(iv)** this Agreement has been duly and validly executed and delivered by it and constitutes a legal, valid and binding obligation of it enforceable in accordance with its terms; **(v)** it has all necessary corporate power to own or lease the Property and is registered as required and in good standing with respect to the filing of returns under the laws of all jurisdictions in which the failure to so register or file would have a material adverse effect on it or its properties, including the Property; **(vi)** to the best knowledge of NEWMONT, except for the rights of TOTAL pursuant to the Joint Venture Agreement and the rights of SEABRIDGE pursuant to this Agreement, no person, firm or corporation as a result of any action by, through or under NEWMONT has any agreement, option or right, title or interest, or right capable of becoming an agreement, option or right, title or interest (including royalty obligations of any kind), in or to the Property; **(vii)** to the best knowledge of NEWMONT, NEWMONT is listed as the sole registered owner of the Property in the records of the Mining Recorder in Yellowknife, Northwest Territories, and the legal and beneficial owner of an undivided fifty one percent (51%) right, title and interest in and to the Property, free and clear of all liens, mortgages, charges, pledges, security interests, encumbrances, equities o r claims, created by, through or under NEWMONT, such rights, titles and interests of NEWMONT are in good standing in accordance with and pursuant to applicable law and the Mining Leases have been properly applied for, granted, recorded and/or registered in accordance with applicable law; **(viii)** the execution and delivery of this Agreement and the performance and consummation of the transactions contemplated hereby, do not and will not result in a default under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it is a party and by which it is bound to which the Property is subject, nor will such action conflict with or result in any violation of the provisions of its charter documents; **(ix)** no consent, approval or authorization of its shareholders in respect of the transactions contemplated herein is required by it for the consummation of the transactions contemplated herein; **(x)** to the best knowledge of NEWMONT, there are no violations, as o f the date hereof, of any past or present applicable federal, provincial or local laws, statutes rules, regulations, permits, ordinances, certificates, licenses, closure plans and other regulatory requirements, policies or guidelines respecting the Property; **(xi)** the Property does not constitute all or substantially all the assets and undertaking of NEWMONT; **(xii)** to the best knowledge of

NEWMONT, NEWMONT is the sole beneficial owner of its right, title and interest in and to the Property, has the exclusive right to dispose of its right, title and interest in and to the Property; **(xiii)** this Agreement, and the transactions contemplated herein have been duly authorized, executed and delivered by NEWMONT and constitute legal, valid and binding obligations of NEWMONT, enforceable against it in accordance with the terms herein and all necessary third party consents and regulatory and stock exchange approvals have been obtained in respect thereof, including from all governmental authorities having jurisdiction, and in respect of the transactions contemplated herein; **(xiv)** NEWMONT is not and will not be at the time of Closing a non-resident of Canada for the purposes of the Income Tax Act (Canada); **(xv)** to the best knowledge of NEWMONT there is no suit, action, litigation, investigation, grievanc e, arbitration, governmental or other proceeding, including appeal and applications for review, in progress, pending or threatened against or relating to or affecting the Property, nor is there any basis therefor or any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality or arbitrator which, in any such case, if determined adversely to NEWMONT, might materially and adversely affect NEWMONT's interest in the Property or the ability of NEWMONT to enter into this Agreement or to consummate the transactions contemplated hereby and there is not presently outstanding against NEWMONT any such judgment, decree, injunction, rule, order or award of any court, governmental department, commission, agency, instrumentality or arbitrator with respect to the Property; **(xvi)** no representation or warranty is given as to the existence or non-existence of Aboriginal rights or interests in or with respect to the Property or the land subject to the Property or as to the existence or non-existence of rights of third parties acquired from the Crown to use the land subject to the Property for uses that may compete with mineral exploration,

development or mining; and **(xvii)** NEWMONT makes no representations or warranties to SEABRIDGE concerning the Records and Data and SEABRIDGE agrees that if it elects to rely on any such Records and Data, it does so at its sole risk.

(b) Representations and Warranties of TOTAL. TOTAL represents and warrants to SEABRIDGE that: **(i)** it is a corporation duly incorporated and validly subsisting under the laws of the jurisdiction of its incorporation; **(ii)** all requisite corporate acts and proceedings have been done and taken by it with respect to entering into this Agreement and the transactions contemplated herein and therein; **(iii)** it has the requisite corporate power and authority to enter into this Agreement and to perform its respective obligations hereunder; **(iv)** this Agreement has been duly and validly executed and delivered by it and constitutes a legal, valid and binding obligation of it enforceable in accordance with its terms; **(v)** it has all necessary corporate power to own or lease the Property and is registered as required and in good standing with respect to the filing of returns under the laws of all jurisdictions in which t he failure to so register or file would have a material adverse effect on it or its properties, including the Property; **(vi)** to the best knowledge of TOTAL, except for the rights of NEWMONT pursuant to the Joint Venture Agreement and the rights of SEABRIDGE pursuant to this Agreement, no person, firm or corporation as a result of any action by, through or under TOTAL has any agreement, option or right, title or interest, or right capable of becoming an agreement, option or right, title or interest (including royalty obligations of any kind), in or to the Property; **(vii)** to the best knowledge of TOTAL, TOTAL is the legal and beneficial owner (although NEWMONT is the registered owner of 100% of the Property) of an undivided forty nine percent (49%) right, title and interest in and to the Property, free and clear of all liens, mortgages, charges, pledges, security interests, encumbrances, equities or claims, created by, through or under TOTAL, such rights, titles and interests of TOTAL are in good standing in accordance with and pursuant to applicable law and the Mining Leases have been properly applied for, granted, recorded and/or registered in accordance with applicable law; **(viii)** the execution and delivery of this Agreement and the performance and consummation of the transactions contemplated hereby, do not and will not result in a default under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it is a party and by which it is bound to which the Property is subject, nor will such action conflict with or result in any violation of the provisions of its charter documents; **(ix)** no consent, approval or authorization of its shareholders in respect of the transactions contemplated herein is required by it for

the consummation of the transactions contemplated herein; **(x)** to the best knowledge of TOTAL, there are no violations, as of the date hereof, of any past or present applicable federal, provincial or local laws, statutes rules, regulations, permits, ordinances, certificates, licenses, closure plans and other regulatory requirements, policies or guidelines respecting the Property; **(xi)** the Property does not constitute all or substantially all the assets and undertaking of TOTAL; **(xii)** to the best knowledge of TOTAL, TOTAL is the sole beneficial owner of its right, title and interest in and to the Property, has the exclusive right to dispose of its right, title and interest in and to the Property; **(xiii)** this Agreement, and the transactions contemplated herein have been duly authorized, executed and delivered by TOTAL and constitute legal, valid and binding obligations of TOTAL, enforceable against it in accordance with the terms herein and all necessary third party consents and regulatory and stock exchange approvals have been obtained in respect thereof, including from all governmental authorities having jurisdiction, and in respect of the transactions contemplated herein; **(xiv)** TOTAL is not and will not be at the time of Closing a non-resident of Canada for the purposes of the Income Tax Act (Canada); **(xv)** to the best knowledge of TOTAL there is no suit, action, litigation, investigation, grievance, arbitration, governmental or other proceeding, including appeal and applications for review, in progress, pending or threatened against or relating to or affecting the Property, nor is there any basis therefor or any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality or arbitrator which, in any such case, if determined adversely to TOTAL, might materially and adversely affect TOTAL's interest in the Property or the ability of TOT AL to enter into this Agreement or to consummate the transactions contemplated hereby and there is not presently outstanding against TOTAL any such judgment, decree, injunction, rule, order or award of any court, governmental department, commission, agency, instrumentality or arbitrator with respect to the Property; **(xvi)** no representation or warranty is given as to the existence or non-existence of Aboriginal rights or interests in or with respect to the Property or the land subject to the Property or as to the existence or non-existence of rights of third parties acquired from the Crown to use the land subject to the Property for uses that may compete with mineral exploration, development or mining; and **(xvii)** TOTAL makes no representations or warranties to SEABRIDGE concerning the Records and Data and SEABRIDGE agrees that if it elects to rely on any such Records and Data, it does so at its sole risk.

(c) Representations and Warranties of SEABRIDGE. SEABRIDGE represents and warrants to each of NEWMONT and TOTAL that: **(i)** it is a corporation duly incorporated and validly subsisting under the laws of the jurisdiction of its incorporation; **(ii)** all requisite corporate acts and proceedings have been done and taken by it with respect to entering into this Agreement and the transactions contemplated herein and therein; **(iii)** it has the requisite corporate power and authority to enter into this Agreement and to perform its respective obligations hereunder; **(iv)** this Agreement has been duly and validly executed and delivered by it and constitutes a legal, valid and binding obligation of it enforceable in accordance with its terms; **(v)** it has all necessary corporate power to own or lease the Property and is registered as required and in good standing with respect to the filing of returns under the laws of all jurisdictions in which the failure to so register or file would have a material adverse effect on its title to the Property; **(vi)** the execution and delivery of this Agreement and the performance and consummation of the transactions contemplated hereby, do not and will not result in a default

under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it is a party and by which it is bound to which the Property is subject, nor will such action conflict with or result in any violation of the provisions of its charter documents; **(vii)** no consent, approval or authorization of its shareholders in respect of the transactions contemplated herein is required by it for the consummation of the transactions contemplated herein; **(viii)** SEABRIDGE, during its due diligence on and with respect to the Property, has not become aware of any violations of any past or present applicable federal, provincial or local laws, statutes rules, regulations, permits, ordina nces, certificates, licenses, closure plans and other regulatory requirements, policies or guidelines respecting the Property; **(ix)** this Agreement, and the transactions contemplated herein have been duly authorized by SEABRIDGE and this Agreement has been duly

executed and delivered by SEABRIDGE and constitutes legal, valid and binding obligations of SEABRIDGE, enforceable against it in accordance with the terms herein and all necessary third party consents and regulatory and stock exchange approvals have been obtained in respect thereof, including from all governmental authorities having jurisdiction, and in respect of the transactions contemplated herein; and **(x)** SEABRIDGE is not and will not be at the time of Closing a non-resident of Canada for the purposes of the Income Tax Act (Canada);

(d) Survival of Representations and Warranties. For a term of two (2) years from and after the Effective Date, **(i)** the representations and warranties contained herein shall survive the Closing and shall continue in full force and effect; and **(ii)** NEWMONT and TOTAL and SEABRIDGE each hereby covenant to and in favor of each other to indemnify and save the other harmless from and against all claims, demands, actions, causes of action, damages, losses, costs, liabilities and expenses which may be incurred by or brought against the other Party and/or which the other Party may suffer or incur as a result of, in respect of, or arising out of any breach of any representation or warranty made by it or any non-fulfillment of any covenant or obligation of it under this Agreement or the Royalty Agreement.

1. Other Covenants of the SELLERS. Except as otherwise contemplated or permitted by this Agreement, SELLERS shall, prior to the completion of the transactions contemplated in this Agreement: **(a)** use commercially reasonable efforts to preserve and protect or cause to be preserved and protected all of its right, title and interest in and to the Property, until Closing; and **(b)** not make any modification of its ordinary course business practices in respect of its interest in the Property nor make any commitments in respect of the Property, or its right, title and interest in and to the Property.

2. Encumbrances. During the time period between the date of execution of this Agreement and the Closing Date, SELLERS shall not suffer or permit any encumbrance, created by, through or under SELLERS, to attach to or affect the Property or its right, title and interest therein.

3. Approvals. SEABRIDGE covenants to use all commercially reasonable efforts, at its own expense, to obtain on or before Closing all required third party, governmental and regulatory approvals (including any required approvals of a stock exchange), if any, in respect of the transactions contemplated in this Agreement.

4. Other Business. NEWMONT and TOTAL and SEABRIDGE shall have the right without consulting or notifying the other to engage in and receive full benefits from other and independent business activities, whether or not competitive or in conflict with the transactions contemplated in this Agreement. The doctrine of "corporate opportunity" or "business opportunity" shall not be applied to any other transaction, activity, venture or operation of NEWMONT or TOTAL or SEABRIDGE not within the boundaries or in respect of the Property or the Area of Interest, and, except as otherwise expressly provided in other agreements between or among NEWMONT, TOTAL and SEABRIDGE, if any, none of NEWMONT, TOTAL or SEABRIDGE shall have any duty to the other with respect to any opportunity to acquire property outside of the boundaries of the Property or the Area of Interest.

5. Assumption of Liabilities; Indemnifications by SEABRIDGE. SEABRIDGE hereby assumes all right, title, interest and liabilities of SELLERS in, to and under the Property, the Joint Venture and the Joint Venture Agreement, including but not limited to any and all environmental liabilities. SEABRIDGE shall be responsible for all costs, fines, damages, judgments, penalties or responsibilities (environmental and otherwise) in connection with its ownership and use of the Property and for any and all work performed in and on the Property, whether arising prior to or subsequent to the Closing Date. SEABRIDGE hereby indemnifies and saves harmless SELLERS from any loss, cost or liability (including reasonable legal fees) arising from a claim against SELLERS in respect of: **(a)** any failure by SEABRIDGE to timely and fully perform all reclamation, restoration,

waste disposal or other closure obligations required by governmental authorities in respect of all activities on the Property, whether arising prior to or subsequent to the Closing Date; **(b)** any failure or omission by SEABRIDGE which results in a violation of or liability under any present or future applicable federal, provincial or local environmental laws, statutes, rules, regulations, permits, ordinances, certificates, licenses and other regulatory requirements, policies or guidelines in respect of all activities on the Property, whether arising prior to or subsequent to the Closing Date; and **(c)** any claims by third parties against SELLERS in respect of property damage or injury or death to persons arising out of the activities on or with respect to the Property whether arising prior to or subsequent to the Closing Date.

1. Party May Waive Condition. Any Party may waive, by notice to the other Party, any condition set forth in this Agreement which is for its benefit. No waiver by a Party of any condition, in whole or in part, shall operate as a waiver of any other condition.

2. Dispute Resolution. **(a)** Any dispute, controversy or claim arising out of, in relation to or in connection with this Agreement, including any dispute as to the validity, interpretation, enforceability or breach of this Agreement, shall be exclusively and finally settled by binding arbitration before a single qualified arbitrator appointed upon the unanimous agreement of all Parties and conducted in accordance with the Arbitration Act, 1991 (Ontario). The arbitrator shall be knowledgeable about the matter being arbitrated. The decision rendered by the arbitrator may be entered into any court. Each Party shall pay their own fees and expenses (and shall pay their own attorneys' fees and expenses) related to the arbitration, regardless of how the arbitrated issue is decided. The Parties covenant that they shall conduct all aspects of such arbitration having regard at all times to minimizing the cost and expediting the final resolution of such arbitration. Arbitration shall be conducted in English, in Toronto, Canada. **(b)** If, for the purposes of obtaining judgment in any court in Canada, it becomes necessary to convert into Canadian dollars ("Judgment Currency") an amount due in United States dollars hereunder ("Original Currency") then the conversion shall be made at the Rate of Exchange prevailing on the business day before the day on which the judgment is given. If there is a change in the Rate of Exchange prevailing between the business day before the day on which the judgment is due, the paying Party will pay such additional amounts (if any, but in any event not a lesser amount) as may be necessary to ensure that the amount paid in the Judgment Currency when converted at the Rate of Exchange prevailing on the date of payment will produce the amount then due under this Agreement in the Original Currency and such additional amount shall bear interest, from the date same become due, at the rate of f ifteen percent (15%) per annum. "Rate of Exchange" means the spot rate at which the Party who is the payee is able on the relevant date to purchase Original Currency with Judgment Currency and includes any premium and costs of exchange payable.

3. Expenses. Each Party shall pay all expenses it incurs in authorizing, preparing, executing and performing this Agreement and the transactions contemplated hereunder and thereunder, whether or not the Closing occurs, including all fees and expenses of its legal counsel, bankers, investment bankers, brokers, accountants or other representatives or consultants.

4. Time. Time is of the essence of each provision of this Agreement.

5. Notices. **(a)** Any notice, demand or other communication (in this section, a "notice") required or permitted to be given or made hereunder shall be in writing and shall be sufficiently given or made if: **(i)** delivered in person during normal business hours of the recipient on a Business Day and left with a receptionist or other responsible employee of the recipient at the applicable address first set forth in this Agreement; or **(ii)** sent by facsimile transmission (a "Transmission") during normal business hours on a Business Day charges prepaid and confirmed by regular mail at the address first set forth in this Agreement; and **(b)** each notice sent in accordance with this section shall be deemed to have been received: **(i)** on the day it was delivered; or on the same day that it was sent by fax transmission, or

(ii) on the first Business Day thereafter if the day on which it was sent by fax transmission was not a Business Day. The notice addresses for the Parties are set out on page one of this Agreement. Any Party may change its address for notice by giving notice to the other Parties in accordance with this section. Notice to NEWMONT shall additionally be sent to Newmont Mining Corporation, 1700 Lincoln Street, Denver, Colorado 80203 U.S.A., ATTN: Land Dept., Facsimile: 303.837.5851.

23. Assignment. **(a)** If SEABRIDGE desires to option, joint-venture, assign, transfer, convey or otherwise dispose of its rights and interests in and to the Property or within the Area of Interest, SEABRIDGE shall promptly notify NEWMONT and TOTAL of its intentions in order that NEWMONT and/or TOTAL may consider the possible acquisition from SEABRIDGE of a portion or all of SEABRIDGE's interest in the Property. **(b)** Except as otherwise provided herein, SEABRIDGE may assign, transfer, convey or otherwise dispose of its rights and interests under this Agreement or the Royalty Agreement; provided, however, any option, joint-venture, assignment, transfer, conveyance or other disposition by SEABRIDGE of any of its rights and interests in or with respect to this Agreement, the Property or the Royalty Agreement shall be void unless the proposed assignee has first agreed in writing with SELLERS to observe and be bound by all of the provisions of t his Agreement and the Royalty Agreement with respect to the rights, interests and

obligations being assigned to or assumed by the assignee in the place and stead of SEABRIDGE and SEABRIDGE, only subsequent to the signing of a definitive agreement as between SELLERS and such assignee, shall be relieved or discharged from this Agreement and the Royalty Agreement in respect thereof. Any rights, interests or obligations of SEABRIDGE in or with respect to this Agreement, the Property or the Royalty Agreement which are not assigned or assumed in accordance with the foregoing will be several and not joint rights, interests or obligations of SEABRIDGE and SEABRIDGE shall not be relieved or discharged from this Agreement and the Royalty Agreement in respect thereof and SELLERS may continue to look to SEABRIDGE for performance with respect thereto. **(c)** Each of NEWMONT and TOTAL shall have the unrestricted right, in its sole and absolute discretion, to assign, transfer, convey, or relinquish any of its rights or interests with respect to the Property, including the Royalty at any time.

1. Reporting. No later than March 1 of each year, SEABRIDGE shall provide SELLERS with an annual report of activities and operations conducted with respect to the Property during the preceding calendar year, and from time to time such additional information as SELLERS may reasonably request.

2. Maintenance of the Property. Subsequent to Closing, SEABRIDGE shall pay all governmental taxes, duties or other payments, make any minimum investments required by law, perform all acts and comply with all obligations under applicable law required to maintain the Property (excluding those portions of the Property previously abandoned by it as provided in this section) in good standing. At any time and from time to time, SEABRIDGE may elect to abandon any part or parts of the Property by giving notice to NEWMONT and TOTAL of such election not less than thirty (30) days prior to the proposed date of abandonment. The notice shall identify the Mining Leases (or other interests acquired within the Area of Interest) which are proposed to be abandoned. Upon expiry of such thirty (30) day period, SEABRIDGE's obligations hereunder in respect of such abandoned interests shall terminate and thereafter the term "Pro perty" as used in this Agreement will apply to those interests comprising the Property which have not been abandoned by SEABRIDGE. If requested by either of NEWMONT and/or TOTAL, SEABRIDGE shall execute documents transferring to NEWMONT and/or TOTAL, as the case may be, title to any part or parts of the Property which SEABRIDGE is abandoning. In the event that SEABRIDGE gives notice that it intends to abandon the balance of the Property held by it then, subject to **section 6** hereof, upon expiry of the thirty (30) day period SEABRIDGE's obligations to make either of the Additional Cash Payments not due before expiry of such thirty (30) day period shall terminate.

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1. Further Assurances. All Parties shall do such acts and shall execute such further documents, conveyances, deeds, assignments, transfers and other instruments, and will cause the doing of such acts and will cause the execution of such further documents as are within its power as any other Party may in writing at any time and from time to time reasonably request be done and or executed, in order to give full effect to the provisions of this Agreement, the Royalty Agreement and the Closing Documents.

2. Public Announcements. Prior to Closing, a Party desiring to make a disclosure, statement or press release concerning this Agreement or the Royalty Agreement shall first consult with the other Parties prior to making such disclosure, statement or press release, and the Parties shall use all reasonable efforts, acting expediently and in good faith, to agree upon a text for such statement or press release which is satisfactory to all Parties.

3. Number and Gender. In this Agreement, words in the singular include the plural and vice-versa and words in one gender include all genders.

4. Entire Agreement. This Agreement together with the Royalty Agreement and the Closing Documents constitute the entire agreement among the Parties pertaining to the subject matter hereof and supercedes all prior agreements, negotiations, discussions and understandings, written or oral, between the Parties. Except as may be specifically set forth in this Agreement, the Royalty Agreement and the Closing Documents, there are no representations, warranties, conditions or other agreements or acknowledgments, whether direct or collateral, express or implied, that form part of or affect this Agreement, or which induced any Party to enter into this Agreement or on which reliance is placed by any Party.

5. Survival. The following sections shall survive the date of Closing: 2, 3, 4, 5, 6, 7, 8, 10, 11, 12 (as limited in section 12(d), 16, 17, 19, 20, 21, 22, 23, 24, 25, 26, 29, 31, 32, 33, 34 and 37.

6. Amendment. This Agreement may be amended, modified or supplemented only by a written agreement signed by each Party.

7. Waiver of Rights. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement shall operate as

a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

8. Applicable Law. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

9. Agreements, Representations and Warranties Are Not Joint. The covenants, agreements, representations and warranties of NEWMONT and TOTAL in this Agreement are several in proportion to their respective interests with respect to the Property and not joint and several.

10. Currency. Unless specified otherwise, all statements of or references to dollar amounts in this Agreement are to lawful money of the United States of America.

11. Performance on Holidays. If any action is required to be taken pursuant to this Agreement on or by a specified date, which is not a Business Day, then such action shall be valid if taken on or by the next succeeding Business Day.

1. English Language. The Parties hereto expressly declare that they require this Agreement, and all documents and notices relating thereto, to be drafted and written solely in the English language. Les Parties déclarent expressément qu'elles exigent que ce contrat, ainsi que tous les documents et avis s'y rapportant, soient rédigés et écrits exciusivement en anglais.

2. Counterparts. This Agreement may be executed in any number of counterparts, and it shall not be necessary that the signatures of all Parties be contained on any counterpart. Each counterpart shall be deemed an original, but all counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF the Parties hereto have duly executed this Agreement effective as of the date first written above.

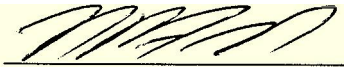
Date: ***17 - July - 02***

Its Authorized Representative

[SEAL]

TOTAL RESOURCES (CANADA) LIMITED
By: /s/
Title: Director
Date: 26 July ' 02

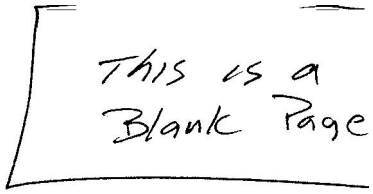
SEABRIDGE GOLD INC.

By: 

Title: ***President & CEO***

Date: ***July 26, 2002***

Its Authorized Representative **[SEAL]**



SCHEDULE "A" TO THE PURCHASE AND SALE AGREEMENT
(Description of the "Property")

The following Mining Leases issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada

Lease Number	Issued Date	Acres
3016 (1st Renewal)	23-Oct-2001 (signed 10-1-01)	702.00
3158	25-Jul-1984 (signed 1-21-85)	1,376.00
3159	25-Jul-1984 (signed 1-21-85)	534.00
3160	25-Jul-1984 (signed 1-21-85)	1,878.00
3161	25-Jul-1984 (signed 1-21-85)	1,135.00
3219	9-Jul-1986 (signed 7-2-87)	168.10
3221	16-Jun-1986 (signed 11-Aug-87)	584.00
3222	24-Jun-1987 (signed 11-Aug-87)	907.00
3223	23-Jun-1987 (signed 11-Aug-87)	1,214.00
3228	30-Jun-1987 (signed 8-Apr-88)	2,357.00
3229	30-Jun-1987 (signed 8-Apr-88)	1,585.00
3230	30-Jun-1987 (signed 21-Apr-88)	518.00
3251	30-Jun-1987 (signed 22-Jun-88)	1,159.00
3357	26-Apr-1990 (signed 13-Dec-91)	1,890.00
3361	26-Apr-1990 (signed 13-Dec-91)	2,034.00
3791	9-Sep-1998 (signed 3-Oct-99)	80.20
3792	9-Sep-1998 (signed 3-Oct-1999)	57.00
TOTAL	***	**18,178.30**

SCHEDULE "B" TO THE PURCHASE AND SALE AGREEMENT
(the "Royalty Agreement")

NOTE: Newmont and Total may each wish to have a separate Royalty Agreement.

ROYALTY AGREEMENT

(Includes termination of the Tundra Joint Venture Operating Agreement
and the establishment of a Net Smelter Returns Production Royalty)

THIS ROYALTY AGREEMENT ("Agreement") effective **July 26, 2002** (the "Effective Date") **AMONG:**

NEWMONT CANADA LIMITED, a corporation incorporated under the laws of the Province of Ontario, whose address is 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, Canada M4R 1K8, Facsimile: 416.488.6598

(hereinafter **"NEWMONT"**) and

TOTAL RESOURCES (CANADA) LIMITED, a corporation incorporated under the federal laws of Canada under the Canadian Business Corporations Act, whose address is Suite 810, 202 6th Avenue S.W., Calgary Alberta, Canada T2P 2R9, Facsimile: 403.571.7595

(hereinafter **"TOTAL")**

(NEWMONT and TOTAL, collectively hereinafter **"SELLERS")**

and

SEABRIDGE GOLD INC., a corporation incorporated under the laws of the Province of British Columbia, whose address is 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1J3, Facsimile: 416.367.2711

(hereinafter **"SEABRIDGE")**

RECITALS

WHEREAS pursuant to that certain Tundra Joint Venture Operating Agreement dated January 1, 1982 by and between Noranda Exploration Company, Limited (No Personal Liability) (predecessor to NEWMONT) and Getty Canadian Metals, Limited (predecessor to TOTAL) (the "Joint Venture Agreement") in respect of the exploration, development and operation of the Tundra Property in the Courageous Lake area of the Northwest Territories, Canada (the "Joint Venture"), more particularly described on attached Schedule "A" (the "Property"), NEWMONT owned an undivided fifty one (51%)

interest in and to the Property and the Joint Venture Agreement and TOTAL owned an undivided forty nine percent (49%) interest in and to the Property and the Joint Venture Agreement;

AND WHEREAS on 07/04/86 Getty Canadian Metals, Limited assigned to Getty Resources Limited all of its interest in and to the Property and the Joint Venture Agreement, and on 07/07/86 Getty Resources Limited assigned to GRL Acquisition Ltd. all of its interest in and to the Property and the Joint Venture Agreement, and on 07/09/86 GRL Acquisition Ltd. and Getty Resources Limited were amalgamated into Getty Resources Limited, and on 10/07/88 Getty Resources Limited was amalgamated into Total Energold Corporation, and on 08/31/91 Total Energold Corporation assigned to Total Erickson Resources Ltd. all of its interest in and to the Property and the Joint Venture Agreement, and on 10/23/92 Total Erickson Resources Ltd. assigned to **Total Resources (Canada) Limited** all of its interest in and to the Property and the Joint Venture Agreement;

AND WHEREAS on 05/01/91 Noranda Exploration Company, Limited (No Personal Liability) assigned to Hemlo Gold Mines Inc. all of its interest in and to the Property and the Joint Venture Agreement, and on 07/19/96 Hemlo Gold Mines Inc. was amalgamated with Battle Mountain Gold Company, Hemlo Gold Mines Inc. became a subsidiary of Battle Mountain Gold Company, and Hemlo Gold Mines Inc. changed its name to Battle Mountain Canada Ltd., and on 02/19/01 Battle Mountain Canada Ltd. changed its name to **Newmont Canada Limited;**

AND WHEREAS pursuant to the terms and conditions of that certain "Purchase and Sale Agreement" dated effective **July 16, 2002** with respect to the Property, **(a)** the SELLERS have sold, transferred and assigned to SEABRIDGE all of their right, title, interest and obligations in and to the Property; **(b)** SEABRIDGE has purchased all of the SELLERS' right, title, interest and obligations in and to the Property, **(c)** the SELLERS have terminated the Joint Venture and the Joint Venture Agreement in such a manner as to provide for the SELLERS to receive a perpetual production royalty on 100% of the Property and the Area of Interest, and **(d)** SEABRIDGE has **(i)** paid to the SELLERS a Cash Payment, **(ii)** agreed to grant to the SELLERS a Royalty, and **(iii)** agreed to pay to the SELLERS certain Additional Cash Payments under certain conditions, the details of which are set out in the Purchase and Sale Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSETH that for and in consideration of the premises and the covenants and conditions herein set forth and set forth in the Purchase and Sale Agreement and the Security Agreement, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows.

1. Purchase and Sale. Effective on the Effective Date **(a)** the SELLERS have sold, transferred and assigned to SEABRIDGE all of their right, title, interest and obligations in and to the Property; and **(b)** SEABRIDGE has purchased all of SELLERS' right, title, interest and obligations in and to the Property, subject to the terms and conditions of this Agreement. Commencing from and after the Effective Date SEABRIDGE has agreed to bear solely for its own account all costs and obligations pertaining to or associated with the Property or within the Area of Interest.

2. Joint Venture Agreement Terminated. Effective on the Effective Date, the SELLERS have terminated the Joint Venture and the Joint Venture Agreement in such a manner as to provide for the SELLERS to receive Additional Cash Payments and the perpetual Royalty on 100% of the Property and the Area of Interest described herein.

3. Purchase Price. As consideration for the purchase and sale of the Property, SEABRIDGE has **(a)** on the Effective Date paid to the SELLERS a cash payment of Two Million Five Hundred Thousand United States Dollars (US$2,500,000), free and clear of any taxes ("Cash Payment"); and **(b)** executed and delivered to the SELLERS this Agreement setting out the terms of a two percent (2.0%)

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net smelter returns production royalty in respect of any sale or other disposition of all metal ore, minerals and mineral substances, or concentrates produced and sold from the Property or from any other property within the Area of Interest, to be paid as described in this Agreement (the "Royalty"); and **(c)** additionally under the Purchase and Sale Agreement agreed to **(i)** pay to the SELLERS a further sum of One Million Five Hundred Thousand United States Dollars (US$1,500,000), free and clear of any taxes within sixty (60) days following the date on which the London Bullion Market, Afternoon Fix, spot price of gold closes at or above US$360 per ounce the for tenth (10th) consecutive reporting day; and **(ii)** pay to the SELLERS a further sum of One Million Five Hundred Thousand United States Dollars (US$1,500,000), free and clear of any taxes within sixty (60) days following the date on which the Lon don Bullion Market, Afternoon Fix, spot price of gold closes at or above US$400 per ounce for the tenth (10th) consecutive reporting day, provided, however, SEABRIDGE has agreed to pay to the SELLERS the balance of the Additional Cash Payments specified in **section 3(c)** within sixty (60) days following the date that SEABRIDGE (or any Affiliate or successor or assignee of it) makes a decision to develop a commercial mining operation on or with respect to the Property or within the Area of Interest fthe "Additional Cash Payments") **(section 3(a), section 3(b)** and **section 3(c),** collectively, the "Purchase Price") **(d)** Should default be made in any Royalty payment when due under **section 9** hereof and such default still exists ten (10) days following notice of non-payment, then the entire unpaid balance under **section 9** shall become immediately due and all unpaid amounts shall bear interest at the rate of fifteen (1 5) percent per annum commencing from and after such payment due date until paid. **(e)** The Parties have agreed that should default be made in either of the Additional Cash Payments when due under the Purchase and Sale Agreement and such default still exists ten (10) days following notice of non-payment, then the entire unpaid balance of the Additional Cash Payments due under the Purchase and Sale Agreement shall become immediately due and all unpaid amounts shall bear interest at the rate of fifteen percent (15%) per annum commencing from and after such payment due date until paid.

1. Registration on Title. The Parties agree that following the Effective Date **(a)** SEABRIDGE shall immediately register title to the Property in SEABRIDGE's name by filing the Assignment of Mining Leases; and **(b)** SELLERS may register or record against title to the Property such form of notice, caution or other documents (including, without limitation, a copy of the Purchase and Sale Agreement, this

Agreement, and the Security Agreement) as it considers appropriate to secure payment from time to time and protect SELLERS' right to receive the Additional Cash Payments and the Royalty hereunder. All Parties hereto hereby consent to such registering or recording and agree to co-operate with such Party to accomplish the same.

2. Area of Interest. If at any time SEABRIDGE or any Affiliate or successor or assignee of it stakes, applies for, and obtains or otherwise acquires, directly or indirectly, any right to or interest in any mining claim, license, lease, grant, concession, permit, patent, or other mineral property or other rights or interests located wholly or partly within the Area of Interest, such rights or interests shall thereafter become part of the Property. In the event SEABRIDGE or any Affiliate or any successor or assign of it surrenders, allows to lapse or otherwise terminates its interest in any portion or all the Property or within the Area of Interest and within a period of five (5) years from the date of such surrender, lapse or other termination, reacquires a direct or indirect interest in respect of the land covered by the former Property or within the Area of Interest, then the Royalty shall apply to such interest so acquired; prov ided, however, if any rights or interests so acquired within the Area of Interest already bears a royalty obligation to a non-Affiliate third party, then the Royalty payable to the SELLERS with respect to such rights or interests so acquired shall be reduced by the amount of such royalty obligation, provided, however, SELLERS' Royalty shall in no event be less than a one percent (1.0%) net smelter returns production royalty. SEABRIDGE shall give written notice to SELLERS within ten (10) days of any acquisition or reacquisition within the Area of Interest. The "Area of Interest" shall comprise all land and minerals or other rights or interests lying within an area

comprised of lines drawn two (2) kilometers from and parallel to all exterior boundaries of the Property.

1. Term. The Additional Cash Payments payable under the Purchase and Sale Agreement and the Royalty created hereby shall be perpetual, it being the intent of the Parties hereto that, to the extent allowed by law, the Additional Cash Payments and the Royalty shall constitute a vested interest in and a covenant running with the land affecting the Property (and within the Area of Interest) and all successions thereof whether created privately or through governmental action and shall inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors and assigns so long as SEABRIDGE or any successor or assign of it holds any rights or interests in the Property or within the Area of Interest. In the event a court of competent jurisdiction determines that any right, power or interest of any Party under this Agreement would violate the rule against perpetuities, then such right, power or interest shall terminate at the expiration of 20 years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the Effective Date of this Agreement. This Agreement shall not be terminated solely as a result of a violation of the rule against perpetuities.

2. Payments to NEWMONT and TOTAL. All payments to SELLERS pursuant to this Agreement shall be made separately by SEABRIDGE in the proportion of Fifty-One Percent (51%) to NEWMONT and Forty-Nine Percent (49%) to TOTAL.

3. Assumption of Liabilities; Indemnifications by SEABRIDGE. Under the Purchase and Sale Agreement SEABRIDGE has agreed to assume all right, title, interest and liabilities of SELLERS in, to and under the Property, the Joint Venture and the Joint Venture Agreement, including but not limited to any and all environmental liabilities. Accordingly, SEABRIDGE shall be responsible for all costs, fines, damages, judgments, penalties or responsibilities (environmental and otherwise) in connection with its ownership and use of the Property and for any and all work performed in and on the Property, whether arising prior to or subsequent to the Closing Date. Under the Purchase and Sale Agreement SEABRIDGE has agreed to indemnify and save harmless SELLERS from any loss, cost or liability (including reasonable legal fees) arising from a claim against SELLERS in respect of: **(a)** any failure by SEABRIDGE to timely and fully perform all reclama tion, restoration, waste disposal or other closure obligations required by governmental authorities in respect of all activities on the Property, whether arising prior to or subsequent to the Closing Date; **(b)** any failure or omission by SEABRIDGE which results in a violation of or liability under any present or future applicable federal, provincial or local environmental laws, statutes, rules, regulations, permits, ordinances, certificates, licenses and other regulatory requirements, policies or guidelines in respect of all activities on the Property, whether arising prior to or subsequent to the Closing Date; and **(c)** any claims by third parties against SELLERS in respect of property damage or injury or death to persons arising out of the activities on or with respect to the Property whether arising prior to or subsequent to the Closing Date.

4. Royalty Calculations and Payments. SEABRIDGE shall pay SELLERS a perpetual production royalty of two percent (2%) of "Net Smelter Returns" from the sale or other disposition of all metal ore, minerals and mineral substances, or concentrates produced therefrom (including, without limitation metals, precious metals, base metals, industrial minerals, gems, diamonds, commercially valuable rock, aggregate, clays and diatomaceous earth, hydrocarbons, and oil and gas, and other minerals which are mined, excavated, extracted or otherwise recovered) ("Minerals") produced and sold from the Property or within the Area of Interest, provided such rights or interests are held or acquired by SEABRIDGE or an Affiliate or a successor or assign of it, regardless of whether the rights or interests in and to such Minerals are included in the Mining Leases, determined in accordance wit h the provisions set forth in this section and, if applicable, **section 12** hereof. **(a)** For Precious Metals. Net Smelter Returns, in the case of gold, silver, and platinum

group metals ("Precious Metals"), shall be determined by multiplying **(i)** the gross number of troy ounces of Precious Metals contained in the

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production from the Property during the preceding calendar month ("Monthly Production") delivered to the smelter, refiner, processor, purchaser or other recipient of such production, or an insurer as a result of casualty to such production (collectively, "Payor"), by **(ii)** for gold, the average of the London Bullion Market, Afternoon Fix, spot prices for the preceding calendar month (the "Applicable Spot Price") and for all other Precious Metals, the average of the New York Commodities Exchange final spot prices for the preceding calendar month for the particular Minerals for which the price is being determined, and subtracting from the product of (i) and (ii) only the following if actually incurred: **(1)** charges imposed by the Payor for refining bullion from dore or concentrates of Precious Metals ("Beneficiated Precious Metals") produced by SEABRIDGE's final mill or other final processing plant; h owever, charges imposed by the Payor for smelting or refining of raw or crushed ore containing Precious Metals or other preliminarily processed Precious Metals shall not be subtracted in determining Net Smelter Returns; **(2)** penalty substance, assaying, and sampling charges imposed by the Payor for refining Beneficiated Precious Metals contained in such production; and **(3)** charges and costs, if any, for transportation and insurance of Beneficiated Precious Metals from SEABRIDGE's final mill or other final processing plant to places where such Beneficiated Precious Metals are smelted, refined and/or sold or otherwise disposed of.

In the event the refining of bullion from the Beneficiated Precious Metals contained in such production is carried out in custom toll facilities owned or controlled, in whole or in part, by SEABRIDGE, which facilities were not constructed solely for the purpose of refining Beneficiated Precious Metals or Other Minerals from the Property, then charges, costs and penalties for such refining shall mean the amount SEABRIDGE would have incurred if such refining were carried out at facilities not owned or controlled by SEABRIDGE then offering comparable services for comparable products on prevailing terms, but in no event greater than actual costs incurred by SEABRIDGE with respect to such refining. In the event SEABRIDGE receives insurance proceeds for loss of production of Precious Metals, SEABRIDGE shall pay to SELLERS the Production Royalty percentage of any such insurance proceeds which are received by SEABRIDGE for such loss of production.

(b) For Other Minerals. Net Smelter Returns, in the case of all Minerals other than Precious Metals and the beneficiated products thereof ("Other Minerals"), shall be determined by multiplying **(i)** the gross amount of the particular Other Mineral contained in the Monthly Production delivered to the Payor during the preceding calendar month by **(ii)** the average of the New York Commodities Exchange final daily spot prices for the preceding calendar month of the appropriate Other Mineral, and subtracting from the product of (i) and (ii) only the following if actually incurred. **(1)** charges imposed by the Payor for smelting, refining or processing Other Minerals contained in such production, but excluding any and all charges and costs related to SEABRIDGE's mills or other processing plants constructed for the purpose of milling or processing Other Minerals, in whole or in part; **(2)** penalty substance, assayin g, and sampling charges imposed by the Payor for smelting, refining, or processing Other Minerals contained in such production, but excluding any and all charges and costs of or related to SEABRIDGE's mills or other processing plants constructed for the purpose of milling or processing Other Minerals, in whole or in part; and **(3)** charges and costs, if any, for transportation and insurance of Other Minerals and the beneficiated products thereof from SEABRIDGE's final mill or other final processing plant to places where such Beneficiated Precious Metals are smelted, refined and/or sold or otherwise disposed of. If for any reason the New York Commodities Exchange does not report spot pricing for a particular Other Mineral, then the Parties shall mutually agree upon an appropriate pricing entity or mechanism that accurately reflects the market value of any such Other Mineral.

In the event smelting, refining, or processing of Other Minerals are carried out in custom toll facilities owned or controlled, in whole or in part, by SEABRIDGE, which facilities were not constructed solely for the purpose of milling or processing Other Minerals from the Property, then charges, costs and penalties for such smelting, refining or processing shall mean the amount SEABRIDGE would have

incurred if such smelting, refining or processing were carried out at facilities not owned or controlled by SEABRIDGE then offering comparable services for comparable products on prevailing terms, but in no event greater than actual costs incurred by SEABRIDGE with respect to such smelting and refining. In the event SEABRIDGE receives insurance proceeds for loss of production of Other Minerals, SEABRIDGE shall pay to SELLERS the Production Royalty percentage of any such insurance proceeds which are received by SEABRIDGE for such loss of production.

(c) Payments of Royalty In Cash or In Kind. Production Royalty payments shall be made separately to each of NEWMONT and TOTAL as follows:

(i) Royalty In Kind. Each of NEWMONT and TOTAL may elect to receive its Production Royalty on Precious Metals from the Property "in cash" or "in kind" as refined bullion. The elections may be exercised once per year on a calendar year basis during the life of

production from the Property. Notice of election to receive the following year's Production Royalty for Precious Metals in cash or "in kind" shall be made in writing by each of NEWMONT and TOTAL and delivered to SEABRIDGE on or before November 1 of each year. In the event no written election is made, the Production Royalty for Precious Metals will continue to be paid to NEWMONT and/or TOTAL, as the case may be, as it is then being paid. As of the date of this Agreement, NEWMONT elects to receive its Production Royalty on Precious Metals "in kind" and TOTAL elects to receive its Production Royalty on Precious Metals "in cash". Royaltie s on Other Minerals shall not be payable "in kind". **(1)** If NEWMONT and/or TOTAL elect to receive its Production Royalty for Precious Metals in "in kind", NEWMONT and/or TOTAL, as the case may be, shall open a bullion storage account at each refinery or mint designated by SEABRIDGE as a possible recipient of refined bullion in which SELLERS owns an interest. NEWMONT and/or TOTAL, as the case may be, shall be solely responsible for all costs and liabilities associated with maintenance of such account or accounts, and SEABRIDGE shall not be required to bear any additional expense with respect to such "in-kind" payments. **(2)** Production Royalty will be paid by the deposit of refined bullion into NEWMONT and/or TOTAL's account, as the case may be. On or before the 25th day of each calendar month following a calendar month during which production and sale or other disposition occurred, SEABRIDGE shall deliver written instructions to the mint or refinery, with a copy to NE WMONT and/or TOTAL, as the case may be, directing the mint or refinery to deliver refined bullion due to NEWMONT and/or TOTAL, as the case may be, in respect of the Production Royalty, by crediting to NEWMONT and/or TOTAL's account, as the case may be, the number of ounces of refined bullion for which Production Royalty is due; provided, however, that the words "other disposition" as used in this Agreement shall not include processing, milling, beneficiation or refining losses of Precious Metals. The number of ounces of refined bullion to be credited will be based upon NEWMONT and/or TOTAL's, as the case may be, share of the previous month's production and sale or other disposition as calculated pursuant to the commingling provisions of **section 9(f)** hereof. **(3)** Production Royalty payable "in kind" on silver or platinum group metals shall be converted to the gold equivalent of such silver or platinum group metals by using the average monthly spot prices f or Precious Metals described in **section 9(a)** hereof. **(4)** Title to refined bullion delivered to NEWMONT and/or TOTAL, as the case may be, under this Agreement shall pass to NEWMONT and/or TOTAL, as the case may be, at the time such bullion is credited to NEWMONT and/or TOTAL's account, as the case may be, at the mint or refinery. **(5)** NEWMONT and/or TOTAL, as the case may be, agree(s) to hold harmless SEABRIDGE from any liability imposed as a result of the election of NEWMONT and/or TOTAL, as the case may be, to receive Production Royalty "in kind" and from any losses incurred as a result of NEWMONT and/or TOTAL's, as the case may be, trading and hedging activities. NEWMONT and/or TOTAL, as the case may be, assumes all responsibility for any shortages which occur as a result of NEWMONT and/or TOTAL's, as the case may be, anticipation of credits to its account in advance of an actual deposit or credit to its account by a refiner or mint. **(6)** When royalties are paid i n "in kind", they will not reflect the costs deductible in calculating "Net Smelter Returns" under this Agreement. Within thirty (30) days of the receipt of a statement showing charges incurred by SEABRIDGE for transportation, smelting or other deductible costs,

NEWMONT and/or TOTAL, as the case may be, shall remit to SEABRIDGE full payment for such charges. If NEWMONT and/or TOTAL, as the case may be, does not pay such charges when due, SEABRIDGE shall have the right, at its election, with SELLERS's consent, such consent not to be unreasonably withheld, to deduct the gold equivalent of such charges from the ounces of gold bullion to be credited to NEWMONT and/or TOTAL, as the case may be, in the following month.

(ii) In Cash. If NEWMONT and/or TOTAL, as the case may be, elects to receive its Production Royalty for Precious Metals in cash, and as to Production Royalty payable on Other Minerals, payments shall be payable on or before the twenty-fifth (25th) day of the month following the calendar month in which the minerals subject to the Production Royalty were shipped to the Payor by SEABRIDGE. For purposes of calculating the cash amount due to SELLERS, Precious Metals and Other Minerals will be deemed to have been sold or otherwise disposed of at the time refined production from the Property is delivered, made available, or credited to SEABRIDGE by a mint or refiner. The price used for calculating the cash amount due for Production Royalty on Precious Metals or Other Minerals shall be determined in accordance with **section 9(a)** and **section 9(b)** as applicable. SEABRIDGE shall make each Production Royalty payment to be paid in cash by delivery of separate checks payable to each of NEWMONT and TOTAL and delivering such separate checks to each of NEWMONT and TOTAL at the addresses listed in this Agreement, or to such other address as NEWMONT and/or TOTAL may direct or by direct bank deposit to NEWMONT and/or TOTAL's account as NEWMONT and/or TOTAL shall designate. Should default be made in any cash payment when due for Production Royalty and such default still exists ten (10) days following notice of non-payment, then all unpaid amounts shall become immediately due and shall bear interest at the rate of fifteen percent (15%) per annum commencing from and after such payment due date until paid.

(iii) Detailed Statement. All Production Royalty payments or credits shall be accompanied by a detailed statement explaining the calculation thereof together with any available settlement sheets from the Payor.

(d) Monthly Reconciliation. **(i)** On or before the twenty-fifth (25^{th}) day of the month, SEABRIDGE shall make an interim settlement based on the information then available of such Production Royalty for the prior calendar month, either in cash or in kind, whichever

is applicable, by paying **(1)** not less than one hundred percent (100%) of the anticipated final settlement of Precious Metals "in kind" Production Royalty payments and **(2)** not less than ninety-five percent (95%) of the anticipated final settlement of cash Production Royalty payments. **(ii)** The parties recognize that a period of time exists between the production of ore, the production of dore or concentrates from ore, the production of refined or finished product from dot-6 or concentrates, and the receipt of Payor's statements for refined or finished product. As a result, the payment of Production Royalty will not coincide exactly with the actual amount of refined or finished product produced from the Property for the previous month. SEABRIDGE will provide final reconciliation promptly after settlement is reached with the Payor for all lots sold or subject to other disposition in any particular month. **(iii)** In the event that NEWMONT and/or TOTAL has been underpaid for any provisional payment (whether in cash or "in kind"), SEABRIDGE shall pay the difference in cash by check and not "in kind" with such payment being made at the time of the final reconciliation. If NEWMONT and/or TOTAL, as the case may be, has been overpaid in the previous calendar quarter, NEWMONT and/or TOTAL, as the case may be, shall make a payment to SEABRIDGE of the difference by check. Reconciliation payments shall be made on the same basis as used for the payment in cash pursuant to **section 9(c)(ii)** hereof.

(e) Hedginq Transactions. All profits and losses resulting from SEABRIDGE's sales of Precious Metals or Other Minerals, or SEABRIDGE's engaging in any commodity futures trading, option trading, or metals trading, or any combination thereof, and any other hedging transactions including trading transactions designed to avoid losses and obtain possible gains due to metal price fluctuations (collectively, "hedging transactions") are specifically excluded from Production Royalty calculations

pursuant to this Agreement. All hedging transactions by SEABRIDGE and all profits or losses associated therewith, if any, shall be solely for SEABRIDGE's account. The Production Royalty payable on Precious Metals or Other Minerals subject to hedging transactions shall be determined as follows: **(i)** Affecting Precious Metals. The amount of Production Royalty to be paid on all Precious Metals subject to hedging transactions by SEABRIDGE shall be determined in the same manner as provided in **section 9(a),** with the understanding and agreement that the average monthly spot price shall be for the calendar month preceding the calendar month during which Precious Metals subject to hedging transactions are shipped by SEABRIDGE to the Payor. **(ii)** Affecting Other Minerals. The amount of Production Royalty to be paid on all Other Minerals subject to hedging transactions by SEABRIDGE shall be determined in the same manne r as provided in **section 9(b),** with the understanding and agreement that the average monthly spot price shall be for the calendar month preceding the calendar month during which Other Minerals subject to hedging transactions are shipped by SEABRIDGE to the Payor.

(f) Commingling. SEABRIDGE shall have the right to commingle Precious Metals and Other Minerals from the Property with minerals from other properties. Before any Precious Metals or Other Minerals produced from the Property are commingled with minerals from other properties, the Precious Metals or Other Minerals produced from the Property shall be measured and sampled in accordance with sound mining and metallurgical practices for moisture, metal, commercial minerals and other appropriate content, applied on a consistent basis. Representative samples of the Precious Metals or Other Minerals shall be retained by SEABRIDGE and assays (including moisture and penalty substances) and other appropriate analyses of these samples shall be made before commingling to determine gross metal content of Precious Metals or gross metal or mineral content of Other Minerals. SEABRIDGE shall retain such analyses for a reasonable amount of time, but not less than twenty four (24) months, after receipt by NEWMONT and/or TOTAL of the Production Royalty paid with respect to such commingled Minerals from the Property, and shall retain such samples taken from the Property for not less than thirty (30) days after collection.

(g) No Obligation to Mine. SEABRIDGE shall have sole discretion to determine the extent of its mining of the Property and the time or the times for beginning, continuing or resuming mining operations with respect thereto. SEABRIDGE shall have no obligation to SELLERS or otherwise to mine any of the Property, nor shall it have any obligation to diligently pursue production from the Property.

10. Reporting, Audits, Inspections, Tours, Confidentiality and Press Releases.

(a) Reporting. No later than March 1 of each year, SEABRIDGE shall provide to each of NEWMONT and TOTAL with an annual report of activities and operations conducted with respect to the Property during the preceding calendar year, and from time to time such additional information as NEWMONT and/or TOTAL may reasonably request. Such annual report shall include details of: **(i)** the preceding year's activities with respect to the Property; **(ii)** ore reserve data for the calendar year just ended; and **(iii)** estimates of anticipated production and estimated remaining ore reserves with respect to proposed activities for the Property for the current calendar year. In addition, not more frequently than semi-annually, each of NEWMONT and TOTAL shall have the right, upon reasonable notice to SEABRIDGE, to inspect and copy all books, records, technical data, information and materials (the "Data") pertaining to SEABRIDGE's activities with respect to the Property; provided that such inspections shall not unreasonably interfere with SEABRIDGE's activities with respect to the Property. SEABRIDGE makes no representations or warranties to SELLERS concerning any of the Data or any information contained in the annual reports, and SELLERS agrees that if it elects to rely on any such Data or information, it does so at its sole risk.

(b) Right to Audit. NEWMONT and TOTAL shall have the right to audit the books and records pertaining to production from the Property and contest payments of Production Royalty for twenty four (24) months after receipt by NEWMONT and TOTAL of the payments to which such books and records pertain. Such payments shall be deemed conclusively correct unless NEWMONT and/or TOTAL objects to them in writing within twenty-four (24) months after receipt thereof.

(c) Inspection. NEWMONT and TOTAL shall have the right, upon reasonable notice, to inspect the facilities associated with the Property. Such inspection shall be at the sole risk of NEWMONT and/or TOTAL, as the case may be, and NEWMONT and/or TOTAL, as the case may be, shall indemnify SEABRIDGE from any liability caused by NEWMONT and/or TOTAL's, as the case may be, exercise of inspection rights.

(d) Investor Tours. NEWMONT and TOTAL shall have the right, upon reasonable notice and not more frequently than twice annually each, to conduct an investor tour of the facilities associated with the Property, subject to the control and supervision of SEABRIDGE. Such investors tours shall be at the sole risk of NEWMONT and/or TOTAL, as the case may be, and its invitees, and NEWMONT and/or TOTAL, as the case may be, shall indemnify SEABRIDGE from any liability caused by NEWMONT and/or TOTAL, as the case may be, exercise of investors tour rights.

(e) Confidentiality. NEWMONT and TOTAL shall not, without the prior written consent of SEABRIDGE, which shall not be unreasonably withheld, knowingly disclose to any third party data or information obtained pursuant to this Agreement which is not generally available to the public; provided, however, NEWMONT and TOTAL may disclose data or information so obtained without the consent of SEABRIDGE: **(i)** if required for compliance with laws, rules, regulations or orders of a governmental agency or stock exchange; **(ii)** to any of NEWMONT and/or TOTAL's consultants or advisors; **(iii)** to any third party to whom NEWMONT and/or TOTAL, in good faith, anticipates selling or assigning NEWMONT and/or TOTAL's, as the case may be, interest in the Property; and **(iv)** to a prospective lender, provided that such consultants, third parties or lenders first sign a confidentiality agreement; or **(v)** to a third party to which a party or its parent company contemplates a transfer to, or a merger, amalgamation or other corporate reorganization with. The foregoing restrictions shall not apply to the disclosure to an Affiliate.

(f) Press Releases. A Party desiring to make a disclosure, statement or press release concerning this Agreement or the Purchase and Sale Agreement shall first consult with the other Parties prior to making such disclosure, statement or press release, and the Parties shall use all reasonable efforts, acting expediently and in good faith, to agree upon a text for such statement or press release which is satisfactory to all Parties. Subject to its rights and obligations under **section 10(e),** SELLERS shall not issue any press release containing technical information relating the Property except upon giving SEABRIDGE two (2) days advance written notice of the contents thereof, and SELLERS shall make any reasonable changes to such proposed press release as such changes may be timely requested by SEABRIDGE, provided, however, the SELLERS may include in any press release without notice any information previously reported by SEA BRIDGE or the SELLERS. A Party shall not, without the consent of the other Parties, issue any press release that implies or infers that the non-issuing Party endorses or joins the issuing Party in statements or representations contained in any press release.

11. Compliance with Law. SEABRIDGE shall at all times comply with all applicable federal, provincial, and local laws, statutes, rules, regulations, permits, ordinances, certificates, licenses and other regulatory requirements, policies and guidelines relating to operations and activities on or with respect to the Property; provided, however, SEABRIDGE shall have the right to contest any of the same if such contest does not jeopardize the Property or SELLERS' rights thereto or under this Agreement.

1. Tailings and Residues. All tailings, residues, waste rock, spoiled leach materials, and other materials (collectively "Materials") resulting from SEABRIDGE's operations and activities on the Property shall be the sole property of SEABRIDGE, but shall remain subject to the Production Royalty should the Materials be processed or reprocessed, as the case may be, in the future and result in the production and sale or other disposition of Precious Metals or Other Minerals. Notwithstanding the foregoing, SEABRIDGE shall have the right to dispose of Materials from the Property on or off of the Property and to commingle the same with materials from other properties. In the event Materials from the Property are processed or reprocessed, as the case may be, and regardless of where such processing or reprocessing occurs, the Production Royalty payable thereon shall be determined on a pro rata basis as deter mined by using the best engineering and technical practices then available.

2. General Provisions.

(a) Amendment. This Agreement may be amended, modified or supplemented only by a written agreement signed by each Party.

(b) Waiver of Rights. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

(c) Applicable Law. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario, Canada and the federal laws of Canada applicable therein.

(d) Dispute Resolution. **(a)** Any dispute, controversy or claim arising out of, in relation to or in connection with this Agreement, including any dispute as to the validity, interpretation, enforceability or breach of this Agreement, shall be exclusively and finally settled by binding arbitration before a single qualified arbitrator appointed upon the unanimous agreement of all Parties and conducted in accordance with the Arbitration Act, 1991 (Ontario). The arbitrator shall be knowledgeable about the matter being arbitrated. The decision rendered by the arbitrator may be entered into any court. Each Party shall pay their own fees and expenses (and shall pay their own attorneys' fees and expenses) related to the arbitration, regardless of how the arbitrated issue is decided. The Parties covenant that they shall conduct all aspects of such arbitration having regard at all times to minimizing the cost and expediting the final resolution of such arbitration. Arbitration shall be conducted in English, in Toronto, Canada. **(b)** If, for the purposes of obtaining judgment in any court in Canada, it becomes necessary to convert into Canadian dollars ("Judgment Currency") an amount due in United States dollars hereunder ("Original Currency") then the conversion shall be made at the Rate of Exchange prevailing on the business day before the day on which the judgment is given. If there is a change in the Rate of Exchange prevailing between the business day before the day on which the judgment is due, the paying Party will pay such additional amounts (if any, but in any event not a lesser amount) as may be necessary to ensure that the amount paid in the Judgment Currency when converted at the Rate of Exchange prevailing on the date of payment will produce the amount then due under this Agreement in the Original Currency and such additional amount shall bear interest, from the date same become due, at the rate of f ifteen percent (15%) per annum. "Rate of Exchange" means the spot rate at which the Party who is the payee is able on the relevant date to purchase Original Currency with Judgment Currency and includes any premium and costs of exchange payable.

(e) Currency. Unless specified otherwise, all statements of or references to dollar amounts in this Agreement are to lawful money of the United States of America.

(a) No Joint Venture Mining. Partnership Commercial Partnership. This Agreement shall not be construed to create, expressly or by implication, a joint venture, mining partnership, commercial partnership, or other partnership relationship between or among SEABRIDGE and SELLERS.

(b) Time. Time is of the essence of each provision of this Agreement.

(c) Definitions. In this Agreement and the Schedules attached to this Agreement the following terms shall have the following meanings:

"Additional Cash Payments" means the payments described in **section 3(c).**

"Affiliate" shall have the meaning ascribed to that term by the Canada Business Corporations Act on the date hereof.

"Applicable Spot Price" means as described in **section 9(a).**

"Area of Interest" means the area described in **section 5.**

"Assignment of Mining Leases" means the assignment provided for in **section 4.** **"Beneficiated Precious**

Metals" means as described in **section 9(a).**

"Business Day" means any calendar day other than a Saturday or Sunday or any statutory holiday or civic holiday in the Province of Ontario.

"Cash Payment" means the payment described in **section 3(a).**

"Data" means as described in **section 10(a).**

"Effective Date" means the date specified on the top of page one of this Agreement. **"hedging transactions"**

means as described in **section 9(e).**

"Joint Venture Agreement" has the meaning ascribed to that term in the Recitals above.

"Joint Venture" means the interests held by the Parties with respect to the Property pursuant to the Joint Venture Agreement.

"Judgement Currency" means Canada currency. **"Materials"** means as

described in **section 12.** **"Minerals"** means as described in **section 9.**

"Mining Leases" means the following seventeen (17) Mining Leases (together with any renewal or replacement Mining Leases) ML3016, ML3158, ML3159, ML3160, ML3161, ML3219, ML3221, ML3222, ML3223, ML3228, ML3229, ML3230, ML3251, ML3357, ML3361, ML3791 and ML3792 issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada, which, as of the Effective Date, comprises the Property.

"Monthly Production" means as described in **section 9.**

"NEWMONT and/or TOTAL" shall include all of "NEWMONT's" and/or all of "TOTAL's", as the case may be, successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Property.

"Other Mineral(s)" means as described in **section 9(b).**

"Parties" means NEWMONT and TOTAL and SEABRIDGE collectively.

"Party" means any of the Parties individually.

"Payor" means as described in **section 9(a).**

"Precious Metals" means as described in **section 9(a).**

"Property" means all right, title and interest of the SELLERS now held or hereinafter acquired in and to the Mining Leases described in attached Schedule "A" including without limitation any amendments, supplements, renewals and replacements of such Mining Leases.

"Purchase and Sale Agreement" means that certain agreement dated effective **July 16, 2002** pursuant to which the Parties agreed to the purchase and sale of the Property.

"Purchase Price" means the consideration stipulated in **section 3.**

"Rate of Exchange" means the spot rate at which NEWMONT and/or TOTAL, as the case may be, is able on the relevant date to purchase Original Currency with Judgment Currency and includes any premium and costs of exchange payable.

"Royalty" (or **"Production Royalty")** means the net smelter returns royalty stipulated in **section 3.** **"Royalty Agreement"** means

this Agreement.

"SEABRIDGE" shall include all of SEABRIDGE's successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Property.

"Security Agreement" means the agreements provided for in **section 4.** **"Transmission"** means as

described in **section 13(i).**

"SELLERS" shall mean NEWMONT and TOTAL each on a several in proportion to their respective percentage interests in the Joint Venture and not joint or collective basis.

(i) Notices. **(i)** Any notice, demand or other communication (in this section, a "notice") required or permitted to be given or made hereunder shall be in writing and shall be sufficiently given or made if: **(1)** delivered in person during normal business hours of the recipient on a Business Day and left with a receptionist or other responsible employee of the recipient at the applicable address first set forth in this Agreement; or **(2)** sent by facsimile transmission (a "Transmission") during normal business hours on a Business Day charges prepaid and confirmed by regular mail at the address first set forth in this Agreement; and **(ii)** each notice sent in accordance with this section shall be deemed to have been received: **(1)** on the day it was delivered; or on the same day that it was sent by fax transmission, or

(2) on the first Business Day thereafter if the day on which it was sent by fax transmission was not a Business Day. The notice addresses for the Parties are set out on page one of this Agreement. Any Party may change its address for notice by giving notice to the other Parties in accordance with this section. Notice to NEWMONT shall additionally be sent to Newmont Mining Corporation, 1700 Lincoln Street, Denver, Colorado 80203 U.S.A., Attention: Land Dept., Facsimile: 303.837.5851.

(a) Assignment. **(a)** If SEABRIDGE desires to option, joint-venture, assign, transfer, convey or otherwise dispose of its rights and interests in and to the Property or within the Area of Interest, SEABRIDGE shall promptly notify NEWMONT and TOTAL of its intentions in order that NEWMONT and/or TOTAL may consider the possible acquisition from SEABRIDGE a portion or all of SEABRIDGE's interest in the Property. **(b)** Except as otherwise provided herein, SEABRIDGE may assign, transfer, convey or otherwise dispose of its rights and interests under this Agreement; provided, however, any option, joint-venture, assignment, transfer, conveyance or other disposition by SEABRIDGE of its rights and interests in or with respect to the Property or this Agreement shall be void unless the proposed assignee has first agreed in writing with SELLERS to observe and be bound by all of the provisions of this Agreement with respect to the rights, interests and obli gations being assigned to or assumed by the assignee in the place and stead of SEABRIDGE and SEABRIDGE, only subsequent to the signing of a definitive agreement as between SELLERS and such assignee, shall be relieved or discharged from this Agreement and the Royalty Agreement in respect thereof. Any rights, interests or obligations of SEABRIDGE in or with respect to this Agreement, the Property or the Royalty Agreement which are not assigned or assumed in accordance with the foregoing will be several and not joint rights, interests or obligations of SEABRIDGE and SEABRIDGE shall not be relieved or discharged from this Agreement and the Royalty Agreement in respect thereof and SELLERS may continue to look to SEABRIDG for performance with respect thereto. (c) Each of NEWMONT and TOTAL shall have the unrestricted right, in its sole and absolute discretion, to assign, transfer, convey, or relinquish any of its rights or interests with respect to the Property, including the Royalty at any time.

(b) Maintenance of the Property. SEABRIDGE shall pay all governmental taxes, duties or other payments, make any minimum investments required by law, perform all acts and comply with all obligations under applicable law required to maintain the Property (excluding those portions of the Property previously abandoned by it as provided in this section) in good standing. At any time and from time to time, SEABRIDGE may elect to abandon any part or parts of the Property by giving notice to NEWMONT and TOTAL of such election not less than thirty (30) days prior to the proposed date of abandonment. The notice shall identify the Mining Leases (or other interests acquired within the Area of Interest) which are proposed to be abandoned. Upon expiry of such thirty (30) day period, SEABRIDGE's obligations hereunder in respect of such abandoned interests shall terminate and thereafter the term "Property" as used in this Agreement will apply to those intere sts comprising the Property which have not been abandoned by SEABRIDGE. If requested by either of NEWMONT and/or TOTAL, SEABRIDGE shall execute documents transferring to NEWMONT and/or TOTAL, as the case may be, title to any part or parts of the Property which SEABRIDGE is abandoning. In the event that SEABRIDGE gives notice that it intends to abandon the balance of the Property held by it then, subject to **section 5** hereof, upon expiry of the thirty (30) day period SEABRIDGE's obligations to make either of the Additional Cash Payments not due before expiry of such thirty (30) day period shall terminate.

(I) Further Assurances. The parties promptly shall execute all such further instruments and documents and do all such further actions as may be necessary to effectuate the purposes of this Agreement.

(a) Entire Aqreement. This Agreement together with the corresponding Purchase and Sale Agreement and the Closing Documents constitute the entire agreement among the Parties with respect to the subject matter hereof.

(b) English Language. The Parties hereto expressly declare that they require this Agreement, and all documents and notices relating thereto, to be drafted and written solely in the English language. Les Parties déclarent expressément qu'elles exigent que ce contrat, ainsi que tous les documents et avis s'y rapportant, soient rédigés et écrits exclusivement en anglais.

(c) Counterparts. This Agreement may be executed in any number of counterparts, and it shall not be necessary that the signatures of all Parties be contained on any counterpart. Each counterpart shall be deemed an original, but all counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF the Parties hereto have duly executed this Agreement effective as of the date first written above.

NEWMONT CANADA LIMITED

By:
Title:_
Date:

Its Authorized Representative **[SEAL]**

TOTAL RESOURCES (CANADA) LIMITED

By:
Title:_
Date:
Its Authorized Representative **[SEAL]**

SEABRIDGE GOLD INC.

By:
Title:_
Date:
Its Authorized Representative **[SEAL]**

SCHEDULE "A" TO THE ROYALTY AGREEMENT (Description of the "Property")

The following Mining Leases issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada.

Lease Number	Issued Date	Acres
3016 (1st Renewal)	23-Oct-2001 (signed 10-1-01)	702.00
3158	25-Jul-1984 (signed 1-21-85)	1,376.00
3159	25-Jul-1984 (signed 1-21-85)	534.00
3160	25-Jul-1984 (signed 1-21-85)	1,878.00
3161	25-Jul-1984 (signed 1-21-85)	1,135.00
3219	9-Jul-1986 (signed 7-2-87)	168.10
3221	16-Jun-1986 (signed 11-Aug-87)	584.00
3222	24-Jun-1987 (signed 11-Auq-87)	907.00
3223	23-Jun-1987 (signed 11-Aug-87)	1,214.00
3228	30-Jun-1987 (signed 8-Apr-88)	2,357.00
3229	30-Jun-1987 (signed 8-Apr-88)	1,585.00
3230	30-Jun-1987 (signed 21-Apr-88)	518.00
3251	30-Jun-1987 (signed 22-Jun-88)	1,159.00
3357	26-Apr-1990 (signed 13-Dec-91)	1,890.00
3361	26-Apr-1990 (signed 13-Dec-91)	2,034.00
3791	9-Sep-1998 (signed 3-Oct-99)	80.20
3792	9-Sep-1998 (signed 3-Oct-1999)	57.00
TOTAL	***	**18,178.30**

SCHEDULE "C" TO THE PURCHASE AND SALE AGREEMENT
(the "Security Agreement")

NOTE. Newmont and Total may each wish to have a separate Security Agreement.

THIS INSTRUMENT OF DELIVERY effective **July 26, 2002 AMONG:**

SEABRIDGE GOLD INC., a company incorporated under the laws of the Province of British Columbia, whose address is 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1 J3

(hereinafter the **"Company")** and

NEWMONT CANADA LIMITED, a corporation incorporated under the laws of the Province of Ontario, whose address is 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, Canada M4R 1K8

(hereinafter **"Newmont")** and

TOTAL RESOURCES (CANADA) LIMITED, a corporation incorporated under the federal laws of Canada under the Canadian Business Corporations Act, whose address is Suite 810, 202 6th Avenue S.W., Calgary, Alberta, Canada T2P 2R9

(hereinafter **"Total")**

(Newmont and Total, collectively hereinafter called the **"Holder")** **RECITALS**

WHEREAS the Company is obligated to the Holder under that certain Purchase and Sale Agreement and the Royalty Agreement, copies of which are attached hereto, respectively, as **Schedule "A"** and **Schedule "B";**

AND WHEREAS the Company has created and issued in favor of the Holder a debenture (the "Debenture") dated for reference **July 26, 2002** for the principal sum of Forty Two Million United States Dollars (US$42,000,000.00), plus interest thereon at the rate of fifteen percent (15%) per annum.

AND WHEREAS the Company has agreed to deliver the Debenture to the Holder to secure payment of all indebtedness and liability, present and future, direct or indirect, absolute or contingent, of the Company to the Holder under sections 4(b) and 4(c) of the Purchase and Sale Agreement, subject to sections 4(d) and 4(e) of the Purchase and Sale Agreement, and section 9 of the Royalty Agreement, subject to section 4(d) of the Purchase and Sale Agreement (the "Secured Obligations").

NOW THEREFORE THIS INSTRUMENT WITNESSETH that in consideration of the premises and of the sum of Ten Dollars ($10.00) now paid by the Holder to the Company (the receipt hereof is hereby acknowledged by the Company) the Company herewith delivers the Debenture to the Holder and the Company covenants and agrees with the Holder that:

1. Until the Debenture has been discharged in accordance with its terms, the Debenture shall be and remain valid and continuing security and shall cover and secure the payment, performance and satisfaction of the Secured Obligations. So long as any Secured Obligations may arise under the Purchase and Sale Agreement or Royalty Agreement, the Debenture shall not be satisfied solely because at any time no Secured Obligations are outstanding.

2. The Debenture is in addition to and not in substitution for any other securities now or hereafter held by the Holder and shall not merge in any other security now or hereafter held by the Holder.

3.

The records of the Holder as to payment of the Secured Obligations or any part or parts thereof being in default or of any demand for payment having been made shall be prima facie evidence of such default or demand.

4. Upon the occurrence of an Event of Default the Holder may enforce and realize on the Debenture or any part or parts thereof in any order it desires and any realization by any means upon any security shall not bar realization upon any other security.

5. Any monies realized from the enforcement or realization of or on the Debenture may be applied on such part or parts of the Secured Obligations as the Holder may see fit notwithstanding any previous application.

6. The Holder may grant extensions, take and give up securities, accept compositions, grant releases and discharges, and otherwise make arrangements and deal with the Company and with other persons and securities as the Holder may see fit, without prejudice to the liability of the Company to the Holder or the Holder's right to hold, deal with, enforce and realize on the Debenture.

7. All expenses incurred by the Holder in recovering or enforcing payment of the Secured Obligations or any part or parts thereof, or realizing upon the Debenture, including expenses of taking possession, protecting and realizing upon any property subject to the charge of the Debenture, shall be added to and shall be deemed to be a part of the Secured Obligations and secured by the Debenture.

8. The interest of Newmont or Total in the Debenture and this Instrument of Delivery may only be assigned by Newmont or Total, as the case may be, as part of any assignment of the interest of Newmont or Total, as the case may be, in the Secured Obligations.

Notwithstanding any of the foregoing provisions of this Instrument or the provisions of the Debenture, the Holder agrees that: **(a)** in dealing with, enforcing and realizing on the Debenture, the Holder shall not claim under the Debenture at any time any greater amount in respect of principal, interest and other monies thereunder than the aggregate amount of Secured Obligations then due and payable by the Company to the Holder; **(b)** notwithstanding that the principal amount of the Debenture is expressed to bear interest from the date of the Debenture, the Holder shall not claim any amount by way of interest under the Debenture in excess of the amount of interest accruing and unpaid from time to time on the Secured Obligations in accordance with the terms of the Secured Obligations; **(c)** notwithstanding that the Debenture is expressed to be payable on demand, the Holder will not make demand for any amount thereunder unless and until an Event of Default has occurred and shall make such demand only for the aggregate amount of Secured Obligations then due and payable by the Company to the Holder; and **(d)** at any time after payment of all of the Secured Obligations owing

from time to time by the Company to the Holder, the Holder shall, forthwith on the written request of the Company and upon payment of all fees, charges, expenses and solicitors' fees incurred by the Holder, deliver the Debenture to the Company and execute and deliver to the Company such releases and discharges or other instruments as shall be requisite to discharge the Debenture and the security thereof.

Capitalized terms used herein and not otherwise defined shall have the respective meanings given to such terms in the Debenture.

This Instrument shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF this Instrument has been duly executed by the Company, Newmont and Total effective as of the date first above written.

SEABRIDGE GOLD INC.

By:
Title:_
Date:
Its Authorized Representative

NEWMONT CANADA LIMITED

By:
Title:_
Date:
Its Authorized Representative

TOTAL RESOURCES (CANADA) LIMITED
By:
Title:_
Date:
Its Authorized Representative

SCHEDULE "A" TO THE INSTRUMENT OF DELIVERY
(the "Purchase and Sale Agreement")

SCHEDULE "B" TO THE INSTRUMENT OF DELIVERY
(the "Royalty Agreement")

DEBENTURE Dated for

reference **July 26, 2002.**

SEABRIDGE GOLD INC., a company incorporated under the laws of the Province of British Columbia, whose address is 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1 J3

(the "Company")

Demand Debenture

US$42,000,000.00

1. For value received the Company will on demand pay to **NEWMONT CANADA LIMITED,** whose address is 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, Canada M4R 1K8 ("NEWMONT") and **TOTAL RESOURCES (CANADA) LIMITED,** whose address is Suite 810, 202 6th Avenue S.W., Calgary, Alberta, Canada T2P 2R9 ("TOTAL") in the proportion of Fifty-One Percent (51%) to NEWMONT and Forty-Nine Percent (49%) to TOTAL (collectively, the "Holder") or at such other place or places as the Holder may from time to time direct, the principal sum of Forty Two Million United States Dollars (US$42,000,000.00) together with interest thereon at a rate of fifteen percent (15%) per annum.

2. Subject to the exception as to leaseholds set out in **section 3** hereof, as security for payment of the principal sum, interest, interest on overdue interest and other monies from time to time owing hereunder and for the performance and observance of all the Company's obligations and covenants hereof the Company hereby grants, mortgages, charges, pledges, assigns and conveys as and by way of a fixed and specific mortgage, pledge and charge to and in favor of the Holder and grants to the Holder a security interest in the Property, the Additional Property, the Products and the Proceeds.

3. The last day of any term created by any lease of real property or agreement therefor is hereby excepted out of the charge created by this Debenture but the Company shall stand possessed of a reversion thereof remaining upon trust for the Holder to assign and dispose thereof as the Holder shall direct.

4. Any notice required to be given in connection with this Debenture shall be given in accordance with the provisions for notices set out in the Royalty Agreement.

5. This Debenture has been issued and delivered by the Company to the Holder pursuant to an Instrument of Delivery effective **July 26, 2002,** which Instrument of Delivery contains various restrictions more particularly set out therein on the rights of the Holder with respect to this Debenture, including without limitation restrictions on the amount to be claimed hereunder and restrictions on the ability to demand payment hereunder. To the extent any such provisions of the Instrument of Delivery modify or conflict with the provisions of this Debenture, the provisions of the Instrument of Delivery shall govern. Pursuant to the Instrument of Delivery, the interest of Newmont or Total in this Debenture may only be assigned as part of an assignment of the interest of Newmont or Total, as the case may be, in the Instrument of Delivery and the Secured Obligations.

6. This Debenture is issued subject to and with the benefit of the following conditions, each and all of which form part of this Debenture.

CONDITIONS TO DEBENTURE

1. The Company warrants and represents to the Holder that: (a) this Debenture is issued in accordance with resolutions of the Directors of the Company and all other matters and things have

been done and performed so as to authorize and make the execution, creation and issuance of this Debenture legal and valid and in accordance with the requirements of the laws relating to the Company and all other statutes and laws in that behalf; **(b)** as of **July 26, 2002** the Company has not taken any action or made any agreement which would cause title to the Mortgaged Property not to be free from all security interests, mortgages, pledges, liens, charges and encumbrances whatsoever, except Permitted Encumbrances, and **(c)** its chief executive office is situate at 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1 J3

1. The Company hereby covenants and agrees with the Holder that it will defend the Company's title to the Mortgaged Property against the claims and demands of all persons, will observe and perform all covenants, terms and conditions upon or under which any of the Mortgaged Property is secured, held or leased and will pay or cause to be paid as or before they become due all rents and other sums payable pursuant to any lease or any charge of or affecting any of the Mortgaged Property.

2. Except as otherwise specifically permitted by this Debenture or the Royalty Agreement, the Company shall not without the prior written consent of the Holder: **(a)** grant, create, assume or permit to exist any security interest, mortgage, pledge, charge, assignment, lien or other encumbrance, except Permitted Encumbrances, whether fixed or floating, upon the whole or any part of the Mortgaged Property; **(b)** allow any taxes, rates, levies or assessments, ordinary or extraordinary government fees or duties lawfully levied, assessed or imposed upon the Mortgaged Property to remain unpaid; **(c)** allow any debts and obligations to laborers, workers, employees, workers' compensation boards or others to remain unpaid if the same, if unpaid, would have priority over the security hereby created or any part thereof; **(d)** sell, lease or otherwise dispose of any of the Mortgaged Property, provided that, so long as no Event of Default has occurred and is continuing, the Company may sell, lease or otherwise dispose of Products, and use the Proceeds of such sale, lease or disposition, in the ordinary course of business, free of the security hereof; **(e)** change its name or the location of its chief executive office without giving 30 days prior written notice to the Holder; or **(f)** merge, amalgamate or enter into any other transaction whereby all of its property and assets could become vested in another person (provided that the Holder shall not unreasonably withhold its consent to such merger, amalgamation or transaction so long as it is satisfied, acting reasonably, that the successor arising from such merger, amalgamation or transaction is bound by the terms hereof and of the Secured Obligations and that the enforceability or priority of this Debenture and the security hereof will not be adversely affected).

3. The Company shall at all times during the currency of this Debenture: **(a)** maintain and keep in proper order, repair and condition the Mortgaged Property and allow the Holder to inspect the Mortgaged Property at all reasonable times; and **(b)** advise the Holder forthwith of any acquisition by the Company of any Additional Property.

4. **(a)** The principal sum, interest and other monies hereby secured shall become due and payable and the security hereby constituted shall become enforceable upon demand by the Holder or, unless waived by the Holder, upon the occurrence of an Event of Default. **(b)** The Holder may waive any breach of any of the provisions contained in this Debenture or any default by the Company in the observance or performance of any covenant, condition or obligation required to be observed or performed by it under the terms of this Debenture. No waiver, consent, act or omission by the Holder shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default or the rights resulting therefrom and no waiver or consent by the Holder shall bind the Holder unless it is in writing. The inspection or approval by the Holder of any document or matter or thing done by the Company shall not be deemed to be a warranty or holding out of the adequacy, effectiveness, validity or binding effect of such document, matter or thing or a waiver of the Company's obligation.

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1. At any time after the security hereby constituted has become enforceable, the Holder shall have the right and power: **(a)** to enter, take possession of, collect, get in and use all or any part or parts of the Mortgaged Property with power to exclude the Company and its respective agents and servants therefrom and for such purpose to take any proceedings in the name of the Company or otherwise; **(b)** to preserve, maintain and repair the Mortgaged Property and make such replacements thereof and additions thereto as the Holder shall deem judicious; **(c)** either before or after entry to sell and dispose of or lease the Mortgaged Property, either as a whole or in parts, by public or private sale, and also to rescind or vary any contract of sale that was entered into and resell with or under any of the powers conferred hereunder and adjourn any sale from time to time and execute and deliver to the purchaser or purchasers of the whole or any part of the Mortgaged Property a sufficient deed or deeds therefor, the Holder being herein constituted the irrevocable attorney of the Company to sell the Mortgaged Property and to execute a deed or deeds and a sale made as aforesaid shall perpetually bar, both at law and in equity, the Company and all other persons from claiming the whole or any part of the Mortgaged Property. Subject to the claims of third parties, the proceeds of sale shall be applied firstly in payment of the principal sum hereof, interest accrued hereunder and all other monies owing hereunder, as allocated by the Holder, any surplus shall be paid to the Company.

2. At any time after the security hereby constituted has become enforceable the Holder may appoint by writing a receiver or receiver-manager (herein called the "Receiver") of the Mortgaged Property and may from time to time remove any Receiver so appointed and appoint another in his stead. The Receiver shall have power: **(a)** to take possession of and to collect and get in and use the Mortgaged Property and for those purposes to enter the Mortgaged Property and to act, in respect of the Mortgaged Property only, in the name of the Company or otherwise as the Receiver considers necessary; **(b)** to carry on or concur in carrying on the business of the Company, in respect of the Mortgaged Property only, and to employ and discharge any persons in respect thereof upon the terms and at the remuneration the Receiver considers proper; **(c)** to keep in repair the Mortgaged Property and to do all necessary things to carry on the business of the Company, in respect of the Mortgaged Property only, and to protect the Mortgaged Property; **(d)** to make any arrangement or compromise, in respect of the Mortgaged Property only, which the Receiver considers expedient in the interests of the Holder; **(e)** to borrow money to maintain the whole or any part of the Mortgaged Property; **(f)** to sell or lease or concur in the selling or leasing of the whole or any part of the Mortgaged Property; in exercising the Receiver's foregoing power to sell or lease the Mortgaged Property the Receiver may in his absolute discretion **(i)** sell the whole or part of the Mortgaged Property at public auction, by public or private

tender, or by private sale; **(ii)** effect a sale or lease by conveying in the name of or on behalf of the Company or otherwise; **(iii)** make any stipulation as to title or conveyance or commencement of title; **(iv)** rescind or vary any contract of sale or lease; **(v)** resell or release with out being answerable for any loss occasioned thereby; **(vi)** sell on terms as to credit as shall appear to be most advantageous to the Receiver and if a sale is on credit the Receiver shall not be accountable for any monies until actually received; **(vii)** make any arrangements or compromises which the Receiver shall think expedient; and for the purposes aforesaid the Company hereby empowers the Receiver so appointed as its attorney to execute deeds, contracts, agreements or other documents on its behalf, in respect of the Mortgaged Property only, in any place under the Receiver's seal and the same shall bind the Company and have the same effect as if such deeds were under the Company's common seal.

3. No purchaser at any sale purporting to be made by the Receiver pursuant to the aforesaid power shall be bound to inquire whether any notice required hereunder has been given, or as to the necessity or expediency of the sale or the stipulations subject to which it is made, or otherwise as to the propriety of the sale or regularity of its proceedings, or be affected by notice that no default has been made or continues, or notice that the sale is otherwise unnecessary, improper or irregular, and despite any impropriety or irregularity, or notice thereof to any purchaser, the sale as regards that purchaser shall be deemed to be within the aforesaid powers and be valid accordingly and the

remedy, if any, of the Company in respect of any impropriety or irregularity whatsoever in any sale by the Receiver shall be in damages only.

1. The net profit of the business and the net proceeds of any disposal of the Mortgaged Property shall be applied by the Receiver subject to the claims of third parties, firstly in payment of the principal sum hereof, interest accrued hereunder and all other monies owing hereunder, as allocated by the Holder, and any surplus shall be paid to the Company.

2. The Receiver shall not be liable for any loss unless it is caused by the Receiver's own negligence or willful default. The Receiver shall be considered to be the agent of the Company and the Company shall be solely responsible for the Receiver's acts, defaults and remuneration.

3. The Holder may but shall not be obliged to pay and satisfy any monies or do any acts or things which the Company is required to do hereunder or under any security collateral hereto upon the Company's failure to do so and the amount so paid or the costs and expenses so incurred and all costs, fees or commissions in connection with the collection of monies due hereunder or enforcement of the security hereby granted may be paid and satisfied from any unadvanced portion of the monies to be advanced hereunder or otherwise and any amount paid by the Holder shall be repayable forthwith and shall bear interest at the rate provided for interest on the principal sum and shall be secured by the charges herein contained; provided however that so long as the validity of any tax, lien or fine is in good faith contested by the Company, the Holder shall not pay the same if the Company shall satisfy the Holder and, if required, furnish security satisfactory to the Holde r, that such contestation will involve no forfeiture of any part of the Mortgaged Property.

4. This Debenture and the charges hereby created shall be and remain valid and continuing security for the indebtedness and liability of the Company to the Holder hereunder.

5. This Debenture is in addition to and not in substitution for any other security which the Holder now or from time to time may hold or take from the Company. Neither the taking of any judgment nor the exercise of any power of seizure or sale shall operate to extinguish the obligation of the Company to pay the principal, interest and other monies secured by this Debenture and shall not operate as a merger of any covenant in this Debenture, and the acceptance of any payment or alternate security shall not constitute or create a novation, and the taking of a judgment or judgments under a covenant herein contained shall not operate as a merger of those covenants or affect the Holder's right to interest under this Debenture. All rights and remedies of the Holder hereunder shall be cumulative and no remedy herein conferred or renewed is intended to be exclusive but shall be in addition to every other remedy given hereunder.

6. The Company shall forthwith and from time to time do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered or make all reasonable efforts to obtain all and every such further acts, deeds, mortgages, assignments, transfers, consents, waivers, assurances or indentures supplemental hereto as the Holder shall reasonably require for the better assuring, mortgaging, assigning and confirming unto or vesting in the Holder all and singular the Mortgaged Property charged or intended so to be or which the Company may hereafter become bound to mortgage and charge in favor of the Holder or for the better accomplishing and effectuating the intention of this Debenture.

7. Without limitation of the provisions of **condition 14** hereof: **(a)** in the event the Company shall acquire legal title to any of the Additional Property, the Company shall, at the request of the Holder, execute and deliver all such documents and do all such things as

may be required to permit registration of the security hereof in any office of public record with respect to such Additional Property; and **(b)** in the event that a person other than the Company shall hold legal title to any of the

Additional Property for the benefit of the Company, the Company shall deliver to such person such notice or other evidence of the interest of the Holder in the Mortgaged Property, and obtain and deliver to the Holder such acknowledgements by such person of such interest of the Holder, as the Holder may reasonably require.

1. This Debenture shall be construed in accordance with the laws of the Northwest Territories of Canada.

2. Time shall be of the essence of this Debenture.

3. If a provision of this Debenture is wholly or partially invalid, at the option of the Holder, this Debenture shall be interpreted as if the invalid portion had not been a part thereof.

4. As specified in **section 5** of this Debenture, assignment of this Debenture is limited, as more particularly provided in the Instrument of Delivery. This Debenture and all of its provisions shall enure to the benefit of the Holder, its successors and assigns, and shall be binding upon the Company and its successors and assigns. The expression the "Holder" as used herein shall include the Holder's assigns whether immediate or derivative.

5. In this Debenture the following terms shall have the following meanings:

"Additional Property" means all of the Company's presently owned or hereafter acquired right, title and interest in and to any mining claim, license, lease, grant, concession, permit, patent or other mineral property or other rights or interest located wholly or partly within the Area of Interest.

"Area of Interest" means all land and minerals or other rights or interests lying within an area comprised of lines drawn two (2) kilometers from and parallel to all exterior boundaries of the Property.

"Event of Default" means any one of the following events: **(a)** if a default is made by the Company in paying any of the Secured Obligations to the Holder when due and such default is not remedied within thirty (30) days; **(b)** if a default is made by the Company in performance or observance of any other term of this Debenture and, if such default is capable of remedy, is not remedied within thirty (30) days of notice thereof by the Holder to the Company; **(c)** if any representation or warranty of the Company contained in this Debenture is found to be untrue in any material adverse respect; **(d)** if the Secured Obligations set out in section 4(c) of the Purchase and Sale Agreement have not been satisfied then if any one of: **(i)** a receiver and/or manager, liquidator, trustee, administrator or any other person with like powers for all or any part of the assets of the Company shall be appointed, or if an order i s made or a resolution passed for the winding up, dissolution or liquidation of the Company or if the Company ceases or demonstrates an intention to cease to carry on its business; **(ii)** the Company becomes or acknowledges that it is insolvent, makes a voluntary assignment under the *Bankruptcy and Insolvency Act* or files a proposal under the *Bankruptcy and Insolvency Act* or seeks protection under the *Companies' Creditors Arrangement Act,* or any other debt moratorium or restructuring legislation; **(iii)** proceedings are commenced against the Company under the *Bankruptcy and Insolvency Act* or any similar legislation; **(iv)** any execution, sequestration, extent, distress or analogous process shall be levied upon any part of the Mortgaged Property, unless the process is in good faith disputed and the Holder is given security to pay in full the amount claimed; or **(v)** any person holding an encumbrance, lien or charge on any of the Mortgaged Property having a mater ial value, takes steps to enforce same; and **(e)** if the Secured Obligations set out in section 4(c) of the Purchase and Sale Agreement have been satisfied then if any one of: **(i)** a receiver and/or manager, liquidator, trustee, administrator or any other person with like powers for all or any part of the assets of the Company shall be appointed, or if an order is made or a resolution passed for the winding up,

dissolution or liquidation of the Company or if the Company ceases or demonstrates an intention to cease to carry on its business; **(ii)** the Company becomes or acknowledges that it is insolvent, makes a voluntary assignment under the *Bankruptcy and Insolvency Act* or files a proposal under the *Bankruptcy and Insolvency Act* or seeks protection under the *Companies' Creditors Arrangement Act,* or any other debt moratorium or restructuring legislation; **(iii)** proceedings are commenced against the Company under the *Bankruptcy and Insolvency Act* or any similar legislation; **(iv)** any execution, sequestration, extent, distress or analogous process shall be levied upon any part of the Mortgaged Property, unless the process is in good faith disputed and the Holder is given security to pay in full the amount claimed; or **(v)** any person holding an encumbrance, lien or charge on any of the Mortgaged Property havi ng a material value, takes steps to enforce

same, and thereafter Holder receives notice of or otherwise becomes aware of any person taking steps to sell all or any part of the Property or the Additional Property.

"Mortgaged Property" wherever used herein means and includes all the undertakings and other properties and assets, present and future, of the Company expressed herein or in any instruments supplemental hereto to be, or intended to be, mortgaged, pledged or charged or made the subject of a security interest under this Debenture.

"Permitted Encumbrances" means: **(a)** liens for taxes, assessments or governmental charges or levies not at the time due and delinquent or the validity of which is being contested in good faith by the Company; **(b)** undetermined or inchoate liens and charges incidental to current construction or current operations which have not been filed against the Company or which relate to obligations not due or delinquent; **(c)** the right reserved to or vested in any governmental or public authority by any lease, license, franchise, grant, permit or statutory provision to terminate any lease, license, franchise, grant or permit, or to require annual or other periodic payments as a condition of the continuance thereof; **(d)** the encumbrance resulting from the deposit of cash or obligations as security when the Company is required to do so by governmental or other public authority or by normal business practice in connection with contracts, licenses or tenders or similar matters in the ordinary course of business and for the purpose of carrying on the same or to secure worker's compensation, surety or appeal bonds or to secure costs of litigation when required by law; **(e)** security given to a public utility or any governmental or public authority when required in connection with the operations of the Company; **(f)** easements, rights of way, servitudes or other similar rights in lands granted to or taken by other persons which in the aggregate do not materially impair the usefulness in the business of the Company of the lands subject to such easements, rights or servitudes; **(g)** the reservations, limitations, provisos and conditions expressed in any original grant from the Crown; **(h)** any encumbrances consented to in writing as a Permitted Encumbrance by the Holder; and **(i)** the Royalty Agreement.

"Proceeds" means all present and after acquired goods, chattel paper, money, securities, documents of title, instruments, intangibles or other property of the Company derived, directly or indirectly, from any dealing with any of the Mortgaged Property or proceeds of Mortgaged Property.

"Products" means all right, title and interest of the Company now held or hereafter acquired in and to all ores, minerals and mineral resources produced from any of the Property and the Additional Property.

"Property" means all right, title and interest of the Company now held or hereafter acquired in and to the mining leases described in Schedule "A" hereto, including without limitation any amendments, supplements, renewals and replacements of such mining leases.

"Purchase and Sale Agreement" means the purchase and sale agreement effective **July 16, 2002** among the Company and the Holder.

"Royalty" means the production royalties granted pursuant to the Royalty Agreement.

"Royalty Agreement" means the royalty agreement effective **July 26, 2002** made among the Company and the Holder.

"Secured Obligations" means all indebtedness and liability, present and future, direct or indirect, absolute or contingent, of the Company to the Holder under sections 4(b) and 4(c) of the Purchase and Sale Agreement, subject to sections 4(d) and 4(e) of the Purchase and Sale Agreement, and section 9 of the Royalty Agreement, subject to section 4(d) of the Purchase and Sale Agreement.

TO HAVE AND TO HOLD the same unto and to the use and benefit of the Holder for the uses and purposes and with the powers and authority and subject to the terms and conditions set forth in this Debenture.

IN WITNESS WHEREOF this Debenture has been duly executed by the Company effective as of the date first written above.

SEABRIDGE GOLD INC.

By:
Title:

Date:

Its Authorized Representative

[SEAL]

SCHEDULE "A" TO THE DEBENTURE

The following Mining Leases issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada

Lease Number	Issued Date	Acres
3016 (1st Renewal)	23-Oct-2001 (signed 10-1-01)	702.00
3158	25-Jul-1984 (signed 1-21-85)	1,376.00
3159	25-Jul-1984 (signed 1-21-85)	534.00
3160	25-Jul-1984 (signed 1-21-85)	1,878.00
3161	25-Jul-1984 (signed 1-21-85)	1,135.00
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3228	30-Jun-1987 (signed 8-Apr-88)	2,357.00
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3251	30-Jun-1987 (signed 22-Jun-88)	1,159.00
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3361	26-Apr-1990 (signed 13-Dec-91)	2,034.00
3791	9-Sep-1998 (signed 3-Oct-99)	80.20
3792	9-Sep-1998 (signed 3-Oct-1999)	57.00
TOTAL	***	**18,178.30**

SCHEDULE "D" TO THE PURCHASE AND SALE AGREEMENT
(the "Assignment of Mining Leases")

ASSIGNMENT OF MINING LEASES
(With a Company Seal)

Newmont Canada Limited, a body corporate, incorporated under the laws of the Province of Ontario, whose address is 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, Canada M4R 1K8, being the holder of 100% of the Mining Lease numbers described on Schedule "A", in consideration of the sum of $10.00, payment of which is hereby acknowledged by Newmont Canada Limited, hereby transfers 100% of the Mining Lease Numbers described on Schedule "A" unto **Seabridge Gold Inc.,** a body corporate, incorporated under the laws of the Province of British Columbia, whose address is 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1J3, and holder of Prospector's License

The Post Address of Seabridge Gold Inc. is: Seabridge Gold Inc.

172 King Street East, 3rd Floor

Toronto, Ontario M5A 1 J3 CANADA

Phone 416-367-9292

Fax416-367-2711 Dated

July 26, 2002

NEWMONT CANADA LIMITED

By:
Title:

Date:

Its Authorized Representative **[SEAL]**

Encl. CAD$425.00 (CAD$25.00 per Mining Lease)

SCHEDULE "A" TO THE ASSIGNMENT OF MINING LEASES

The following Mining Leases issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada

Lease Number	Issued Date	Acres
3016 (1st Renewal)	23-Oct-2001 (signed 10-1-01)	702.00
3158	25-Jul-1984 (signed 1-21-85)	1,376.00
3159	25-Jul-1984 (signed 1-21-85)	534.00
3160	25-Jul-1984 (signed 1-21-85)	1,878.00
3161	25-Jul-1984 (signed 1-21-85)	1,135.00
3219	9-Jul-1986 (signed 7-2-87)	168.10

3221	16-Jun-1986	(signed 11-Aug-87)	584.00
3222	24-Jun-1987	(signed 11-Aug-87)	907.00
3223	23-Jun-1987	(signed 11-Aug-87)	1,214.00
3228	30-Jun-1987	(signed 8-Apr-88)	2,357.00
3229	30-Jun-1987	(signed 8-Apr-88)	1,585.00
3230	30-Jun-1987	(signed 21-Apr-88)	518.00
3251	30-Jun-1987	(signed 22-Jun-88)	1,159.00
3357	26-Apr-1990	(signed 13-Dec-91)	1,890.00
3361	26-Apr-1990	(signed 13-Dec-91)	2,034.00
3791	9-Sep-1998	(signed 3-Oct-99)	80.20
3792	9-Sep-1998	(signed 3-Oct-1999)	57.00
TOTAL	***		**18,178.30**

NEWMONT ROYALTY AGREEMENT

(Includes termination of the Tundra Joint Venture Operating Agreement
and the establishment of a Net Smelter Returns Production Royalty)

THIS NEWMONT ROYALTY AGREEMENT ("Agreement") effective **July 26, 2002** (the "Effective Date")

BETWEEN:

NEWMONT CANADA LIMITED, a corporation incorporated under the laws of the Province of Ontario, whose address is 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, Canada M4R 1K8, Facsimile: 416.488.6598

(hereinafter **"NEWMONT")** and

5073 N.W.T. LIMITED, a corporation incorporated under the laws of the Northwest Territories, whose address is 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1J3, Facsimile: 416.367.2711

(hereinafter **"BUYER")**

RECITALS

WHEREAS pursuant to that certain Tundra Joint Venture Operating Agreement dated January 1, 1982 by and between Noranda Exploration Company, Limited (No Personal Liability) (predecessor to NEWMONT) and Getty Canadian Metals, Limited (predecessor to Total Resources (Canada) Limited) ("TOTAL") (the "Joint Venture Agreement") in respect of the exploration, development and operation of the Tundra Property in the Courageous Lake area of the Northwest Territories, Canada (the "Joint Venture"), more particularly described on attached Schedule "A" (the "Property"), NEWMONT owned an undivided fifty one (51%) interest in and to the Property and the Joint Venture Agreement and TOTAL owned an undivided forty nine percent (49%) interest in and to the Property and the Joint Venture Agreement;

AND WHEREAS on 07/04/86 Getty Canadian Metals, Limited assigned to Getty Resources Limited all of its interest in and to the Property and the Joint Venture Agreement, and on 07/07/86 Getty Resources Limited assigned to GRL Acquisition Ltd. all of its interest in and to the Property and the Joint Venture Agreement, and on 07/09/86 GRL Acquisition Ltd. and Getty Resources Limited were amalgamated into Getty Resources Limited, and on 10/07/88 Getty Resources Limited was amalgamated into Total Energold Corporation, and on 08/31/91 Total Energold Corporation assigned to Total Erickson Resources Ltd. all of its interest in and to the Property and the Joint Venture Agreement, and on 10/23/92 Total Erickson Resources Ltd. assigned to **Total Resources (Canada) Limited** all of its interest in and to the Property and the Joint Venture Agreement;

AND WHEREAS on 05/01/91 Noranda Exploration Company, Limited (No Personal Liability) assigned to Hemlo Gold Mines Inc. all of its interest in and to the Property and the Joint Venture Agreement, and on 07/19/96 Hemlo Gold Mines Inc. was amalgamated with Battle Mountain Gold Company, Hemlo Gold Mines Inc. became a subsidiary of Battle Mountain Gold Company, and Hemlo Gold Mines Inc. changed its name to Battle Mountain Canada Ltd., and on 02/19/01 Battle Mountain Canada Ltd. changed its name to **Newmont Canada Limited;**

AND WHEREAS pursuant to the terms and conditions of that certain "Purchase and Sale Agreement" dated effective **July 16, 2002** with respect to the Property, **(a)** NEWMONT and TOTAL have sold, transferred and assigned to BUYER all of their right, title, interest and obligations in and to the

Property; **(b)** BUYER has purchased all of the NEWMONT and TOTAL's right, title, interest and obligations in and to the Property, **(c)** NEWMONT and TOTAL have terminated the Joint Venture and the Joint Venture Agreement in such a manner as to provide for each of NEWMONT and TOTAL to receive a perpetual production royalty on 100% of the Property and the Area of Interest, **(d)** Seabridge Gold Inc. ("SEABRIDGE") paid to NEWMONT a Cash Payment before assigning its rights in the Property to its wholly owned subsidiary, and **(e)** BUYER has **(i)** agreed to grant to NEWMONT a Royalty, and **(ii)** agreed to pay to NEWMONT certain Additional Cash Payments under certain conditions, the details of which are set out in the Purchase and Sale Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSETH that for and in consideration of the premises and the covenants and conditions herein set forth and set forth in the Purchase and Sale Agreement and the Security Agreement, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows.

1. Purchase and Sale. Effective on the Effective Date **(a)** NEWMONT has sold, transferred and assigned to BUYER all of its right, title, interest and obligations in and to the Property; and **(b)** BUYER has purchased all of NEWMONT's right, title, interest and obligations in and to the Property, subject to the terms and conditions of this Agreement. Commencing from and after the Effective Date BUYER has agreed to bear solely for its own account all costs and obligations pertaining to or associated with the Property or within the Area of Interest.

2. Joint Venture Agreement Terminated. Effective on the Effective Date, NEWMONT and TOTAL have terminated the Joint Venture and the Joint Venture Agreement in such a manner as to provide for NEWMONT to receive Additional Cash Payments and the perpetual Royalty on 100% of the Property and the Area of Interest described herein.

3. Purchase Price. As consideration for the purchase and sale of the Property, **(a)** SEABRIDGE has, on the Effective Date, paid to NEWMONT a cash payment of One Million Two Hundred Seventy Five Thousand United States Dollars (US$1,275,000), free and clear of any taxes ("Cash Payment") before assigning its rights in the Property to its wholly-owned subsidiary; and **(b)** BUYER has executed and delivered to NEWMONT this Agreement setting out the terms of a one and two-one hundredths percent (1.02%) net smelter returns production royalty in respect of any sale or other disposition of all metal ore, minerals and mineral substances, or concentrates produced and sold from the Property or from any other property within the Area of Interest, to be paid as described in this Agreement (the "Royalty"); and **(c)** BUYER has additionally under the P urchase and Sale Agreement agreed to **(i)** pay to NEWMONT a further sum of Seven Hundred Sixty Five Thousand United States Dollars (US$765,000), free and clear of any taxes within sixty (60) days following the date on which the London Bullion Market, Afternoon Fix, spot price of gold closes at or above US$360 per ounce the for tenth (10th) consecutive reporting day; and **(ii)** pay to NEWMONT a further sum of Seven Hundred Sixty Five Thousand United States Dollars (US$765,000), free and clear of any taxes within sixty (60) days following the date on which the London Bullion Market, Afternoon Fix, spot price of gold closes at or above US$400 per ounce for the tenth (10th) consecutive reporting day, provided, however, BUYER has agreed to pay to NEWMONT the balance of the Additional Cash Payments

specified in **section 3(c)** within sixty (60) days following the date that BUYER (or any Affiliate or successor or assignee of it) makes a decision to develop a commercial mining operation on or wi th respect to the Property or within the Area of Interest (the "Additional Cash Payments") **(section 3(a), section 3(b)** and **section 3(c),** collectively, the "Purchase Price"). **(d)** Should default be made in any Royalty payment when due under **section 9** hereof and such default still exists ten (10) days following notice of non-payment, then the entire unpaid balance under **section 9** shall become immediately due and all unpaid amounts shall bear interest at the rate of fifteen (15) percent per annum commencing from and after such payment due date until paid. **(e)** The Parties have agreed that should default be made in either of the Additional Cash Payments when due under the Purchase and Sale Agreement and such default still exists ten (10) days following notice of non-payment, then the entire unpaid balance of the Additional Cash Payments due under the Purchase and Sale Agreement shall become immediately due and a ll unpaid amounts shall bear interest at the rate of fifteen percent (15%) per annum commencing from and after such payment due date until paid.

4.

1. Registration on Title. The Parties agree that following the Effective Date **(a)** BUYER shall immediately register title to the Property in BUYER's name by filing the Assignment of Mining Leases; and **(b)** NEWMONT may register or record against title to the Property such form of notice, caution or other documents (including, without limitation, a copy of the Purchase and Sale Agreement, this Agreement, and the Security Agreement) as it considers appropriate to secure payment from time to time and protect NEWMONT's right to receive the Additional Cash Payments and the Royalty hereunder. All Parties hereto hereby consent to such registering or recording and agree to co-operate with such Party to accomplish the same.

2. Area of Interest. If at any time BUYER or any Affiliate or successor or assignee of it stakes, applies for, and obtains or otherwise acquires, directly or indirectly, any right to or interest in any mining claim, license, lease, grant, concession, permit, patent, or other mineral property or other rights or interests located wholly or partly within the Area of Interest, such rights or interests shall thereafter become part of the Property. In the event BUYER or any Affiliate or any successor or assign of it surrenders, allows to lapse or otherwise terminates its interest in any portion or all the Property or within the Area of Interest and within a period of five (5) years from the date of such surrender, lapse or other termination, reacquires a direct or indirect interest in respect of the land covered by the former Property or within the Area of Interest, then the Royalt y shall apply to such interest so acquired; provided, however, if any rights or interests so acquired within the Area of Interest already bears a royalty obligation to a non-Affiliate third party, then the Royalty payable to NEWMONT with respect to such rights or interests so acquired shall be reduced by Fifty-One percent (51%) of the amount of such royalty obligation, provided, however, NEWMONT's Royalty shall in no event be less than a fifty-one one hundredths of one percent (0.51%) net smelter returns production royalty. BUYER shall give written notice to NEWMONT within ten (10) days of any acquisition or reacquisition within the Area of Interest. The "Area of Interest" shall comprise all land and minerals or other rights or interests lying within an area comprised of lines drawn two (2) kilometers from and parallel to all exterior boundaries of the Property.

3. Term. The Additional Cash Payments payable under the Purchase and Sale Agreement and the Royalty created hereby shall be perpetual, it being the intent of the Parties hereto that, to the extent allowed by law, the Additional Cash Payments and the Royalty shall constitute a vested interest in and a covenant running with the land affecting the Property (and within the Area of Interest) and all successions thereof whether created privately or through governmental action and shall inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors and assigns so long as BUYER or any successor or assign of it holds any rights or interests in the Property or within the Area of Interest. In the event a court of competent jurisdiction determines that any right, power or interest of any Party under this Agreement would violate the rule aga inst perpetuities, then such right, power or interest shall terminate at the expiration of 20 years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the Effective Date of this Agreement. This Agreement shall not be terminated solely as a result of a violation of the rule against perpetuities.

4. Payments to NEWMONT. All payments to NEWMONT pursuant to this Agreement shall be made by BUYER to NEWMONT. Payments to TOTAL pursuant to the Purchase and Sale Agreement shall be made pursuant to a separate royalty agreement.

5. Assumption of Liabilities; Indemnifications by BUYER. Under the Purchase and Sale Agreement BUYER has agreed to assume all right, title, interest and liabilities of NEWMONT in, to and under the Property, the Joint Venture and the Joint Venture Agreement, including but not limited to any and all environmental liabilities. Accordingly, BUYER shall be responsible for all costs, fines, damages, judgments, penalties or responsibilities (environmental and otherwise) in connection with its ownership and use of the Property and for any and all work performed in and on the Property, whether arising prior to or subsequent to the Closing Date. Under the Purchase and Sale Agreement BUYER has agreed to indemnify and save harmless NEWMONT from any loss, cost or liability (including reasonable legal fees) arising from a claim against NEWMONT in respect of: **(a)** any failure by BUYER to timely and fully perform all reclamation, restoration,

waste disposal or other closure obligations required by governmental authorities in respect of all activities on the Property, whether arising prior to or subsequent to the Closing Date; **(b)** any failure or omission by BUYER which results

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in a violation of or liability under any present or future applicable federal, provincial or local environmental laws, statutes, rules, regulations, permits, ordinances, certificates, licenses and other regulatory requirements, policies or guidelines in respect of all activities on the Property, whether arising prior to or subsequent to the Closing Date; and (c) any claims by third parties against NEWMONT in respect of property damage or injury or death to persons arising out of the activities on or with respect to the Property whether arising prior to or subsequent to the Closing Date.

9. Royalty Calculations and Payments. BUYER shall pay NEWMONT a perpetual production royalty of one and two-one hundredths percent (1.02%) of "Net Smelter Returns" from the sale or other disposition of all metal ore, minerals and mineral substances, or concentrates produced therefrom (including, without limitation metals, precious metals, base metals, industrial minerals, gems, diamonds, commercially valuable rock, aggregate, clays and diatomaceous earth, hydrocarbons, and oil and gas, and other minerals which are mined, excavated, extracted or otherwise recovered) ("Minerals") produced and sold from the Property or within the Area of Interest, provided such rights or interests are held or acquired by BUYER or an Affiliate or a successor or assign of it, regardless of whether the rights or interests in and to such Minerals are included in the Mining Leases, determined in accordance with the provisions set forth in this section and, if applicable, **section 12** hereof. **(a)** For Precious Metals. Net Smelter Returns, in the case of gold, silver, and platinum group metals ("Precious Metals"), shall be determined by multiplying (i) the gross number of troy ounces of Precious Metals contained in the production from the Property during the preceding calendar month ("Monthly Production") delivered to the smelter, refiner, processor, purchaser or other recipient of such production, or an insurer as a result of casualty to such production (collectively, "Payor"), by **(ii)** for gold, the average of the London Bullion Market, Afternoon Fix, spot prices for the preceding calendar month (the "Applicable Spot Price") and for all other Precious Metals, the average of the New York Commodities Exchange final spot prices for the preceding calendar month for the particular Minerals for which the price is being determined, and subtracting from th e product of (i) and (ii) only the following if actually incurred: **(1)** charges imposed by the Payor for refining bullion from dare or concentrates of Precious Metals ("Beneficiated Precious Metals") produced by BUYER's final mill or other final processing plant; however, charges imposed by the Payor for smelting or refining of raw or crushed ore containing Precious Metals or other preliminarily processed Precious Metals shall not be subtracted in determining Net Smelter Returns; **(2)** penalty substance, assaying, and sampling charges imposed by the Payor for refining Beneficiated Precious Metals contained in such production; and **(3)** charges and costs, if any, for transportation and insurance of Beneficiated Precious Metals from BUYER's final mill or other final processing plant to places where such Beneficiated Precious Metals are smelted, refined and/or sold or otherwise disposed of.

In the event the refining of bullion from the Beneficiated Precious Metals contained in such production is carried out in custom toll facilities owned or controlled, in whole or in part, by BUYER, which facilities were not constructed solely for the purpose of refining Beneficiated Precious Metals or Other Minerals from the Property, then charges, costs and penalties for such refining shall mean the amount BUYER would have incurred if such refining were carried out at facilities not owned or controlled by BUYER then offering comparable services for comparable products on prevailing terms, but in no event greater than actual costs incurred by BUYER with respect to such refining. In the event BUYER receives insurance proceeds for loss of production of Precious Metals, BUYER shall pay to NEWMONT the Production Royalty percentage of any such insurance proceeds which are received by BUYER for such loss of production.

(b) For Other Minerals. Net Smelter Returns, in the case of all Minerals other than Precious Metals and the beneficiated products thereof ("Other Minerals"), shall be determined by multiplying (i) the gross amount of the particular Other Mineral contained in the Monthly Production delivered to the Payor during the preceding calendar month by (ii) the average of the New York Commodities Exchange final daily spot prices for the preceding calendar month of the appropriate Other Mineral, and subtracting from the product of (i) and (ii) only the following if actually incurred. (1) charges imposed by the Payor for smelting, refining or processing Other Minerals contained in such production, but excluding any and all charges and costs related to BUYER's mills or other processing plants constructed for the purpose of milling or processing Other Minerals, in whole or in part ; **(2)** penalty substance, assaying, and sampling charges imposed by the Payor for smelting, refining, or processing Other Minerals contained in such production, but excluding any and all charges and costs

of or related to BUYER's mills or other processing plants constructed for the purpose of milling or processing Other Minerals, in whole or in part; and **(3)** charges and costs, if any, for transportation and insurance of Other Minerals and the beneficiated products thereof from BUYER's final mill or other final processing plant to places where such Beneficiated Precious Metals are smelted, refined and/or sold or otherwise disposed of. If for any reason the New York Commodities Exchange does not report spot pricing for a particular Other Mineral, then the Parties shall mutually agree upon an appropriate pricing entity or mechanism that accurately reflects the market value of any such Other Mineral.

In the event smelting, refining, or processing of Other Minerals are carried out in custom toll facilities owned or controlled, in whole or in part, by BUYER, which facilities were not constructed solely for the purpose of milling or processing

Other Minerals from the Property, then charges, costs and penalties for such smelting, refining or processing shall mean the amount BUYER would have incurred if such smelting, refining or processing were carried out at facilities not owned or controlled by BUYER then offering comparable services for comparable products on prevailing terms, but in no event greater than actual costs incurred by BUYER with respect to such smelting and refining. In the event BUYER receives insurance proceeds for loss of production of Other Minerals, BUYER shall pay to NEWMONT the Production Royalty percentage of any such insurance proceeds which are received by BUYER for such loss of production.

(c) Payments of Royalty In Cash or In Kind. Production Royalty payments shall be made to NEWMONT as follows:

(i) Royalty In Kind. NEWMONT may elect to receive its Production Royalty on Precious Metals from the Property "in cash" or "in kind" as refined bullion. The elections may be exercised once per year on a calendar year basis during the life of production from the Property. Notice of election to receive the following year's Production Royalty for Precious Metals in cash or "in kind" shall be made in writing by NEWMONT and delivered to BUYER on or before November 1 of each year. In the event no written election is made, the Production Royalty for Precious Metals will continue to be paid to NEWMONT as it is then being paid. As of the date of this Agreement, NEWMONT elects to receive its Production Royalty on Precious Metals "in kind". Royalties on Other Minerals shall not be payable "in kind". **(1)** If NEWMONT elects to receive its Production Royalty for Precious Metals in "in kind", NEWMONT shall open a bullion storage account at each refinery or mint designated by BUYER as a possible recipient of refined bullion in which NEWMONT owns an interest. NEWMONT shall be solely responsible for all costs and liabilities associated with maintenance of such account or accounts, and BUYER shall not be required to bear any additional expense with respect to such "in-kind" payments. **(2)** Production Royalty will be paid by the deposit of refined bullion into NEWMONT's account. On or before the 25th day of each calendar month following a calendar month during which production and sale or other disposition occurred, BUYER shall deliver written instructions to the mint or refinery, with a copy to NEWMONT directing the mint or refinery to deliver refined bullion due to NEWMONT in respect of the Production Royalty, by crediting to NEWMONT's account the number of ounces of refined bullion for which Production Royalty is due ; provided, however, that the words "other disposition" as used in this Agreement shall not include processing, milling, beneficiation or refining losses of Precious Metals. The number of ounces of refined bullion to be credited will be based upon NEWMONT's share of the previous month's production and sale or other disposition as calculated pursuant to the commingling provisions of **section 9(f)** hereof. **(3)** Production Royalty payable "in kind" on silver or platinum group metals shall be converted to the gold equivalent of such silver or platinum group metals by using the average monthly spot prices for Precious Metals described in **section 9(a)** hereof. **(4)** Title to refined bullion delivered to NEWMONT under this Agreement shall pass to NEWMONT at the time such bullion is credited to NEWMONT at the mint or refinery. **(5)** NEWMONT agrees to hold harmless BUYER from any liability imposed as a result of the election of NEWMONT to rece ive Production Royalty "in kind" and from any losses incurred as a result of NEWMONT's trading and hedging activities. NEWMONT assumes all responsibility for any shortages which occur as a result of NEWMONT's anticipation of credits to its account in advance of an actual deposit or credit to its account by a refiner or mint. **(6)** When royalties are paid in "in kind", they will not reflect the costs deductible in calculating "Net Smelter Returns" under this Agreement. Within thirty (30) days of the receipt of a statement showing charges incurred by BUYER for transportation, smelting or other deductible costs, NEWMONT shall remit to BUYER full payment for such charges.

If NEWMONT does not pay such charges when due, BUYER shall have the right, at its election, with NEWMONT's consent, such consent not to be unreasonably withheld, to deduct the gold equivalent of such charges from the ounces of gold bullion to be credited to NEWMONT in the following month.

(i) In Cash. If NEWMONT elects to receive its Production Royalty for Precious Metals in cash, and as to Production Royalty payable on Other Minerals, payments shall be payable on or before the twenty-fifth (25th) day of the month following the calendar month in which the minerals subject to the Production Royalty were shipped to the Payor by BUYER. For purposes of calculating the cash amount due to NEWMONT, Precious Metals and Other Minerals will be deemed to have been sold or otherwise disposed of at the time refined production from the Property is delivered, made available, or credited to BUYER by a mint or refiner. The price used for calculating the cash amount due for Production Royalty on Precious Metals or Other Minerals shall be determined in accordance with **section 9(a)** and **section 9(b)** as applicable. BUYER shall make each Production Royalty payment to be pai d in cash by delivery of a check payable to NEWMONT and delivering such check to NEWMONT at the address listed in this Agreement, or to such other address as NEWMONT may direct or by direct bank deposit to NEWMONT's account as NEWMONT shall designate. Should default be made in any cash payment when due for Production Royalty and such default still exists ten (10) days following notice of non-payment, then all unpaid amounts shall become immediately due and shall bear interest at the rate of fifteen percent (15%) per annum commencing from and after such payment due date until paid.

(ii) Detailed Statement. All Production Royalty payments or credits shall be accompanied by a detailed statement explaining the calculation thereof together with any available settlement sheets from the Payor.

(a) Monthly Reconciliation. **(i)** On or before the twenty-fifth (25^{th}) day of the month, BUYER shall make an interim settlement based on the information then available of such Production Royalty for the prior calendar month, either in cash or in kind, whichever is applicable, by paying **(1)** not less than one hundred percent (100%) of the anticipated final settlement of Precious Metals "in kind" Production Royalty payments and **(2)** not less than ninety-five percent (95%) of the anticipated

final settlement of cash Production Royalty payments. **(ii)** The parties recognize that a period of time exists between the production of ore, the production of dore or concentrates from ore, the production of refined or finished product from dare or concentrates, and the receipt of Payor's statements for refined or finished product. As a result, the payment of Produc tion Royalty will not coincide exactly with the actual amount of refined or finished product produced from the Property for the previous month. BUYER will provide final reconciliation promptly after settlement is reached with the Payor for all lots sold or subject to other disposition in any particular month. **(iii)** In the event that NEWMONT has been underpaid for any provisional payment (whether in cash or "in kind"), BUYER shall pay the difference in cash by check and not "in kind" with such payment being made at the time of the final reconciliation. If NEWMONT has been overpaid in the previous calendar quarter, NEWMONT shall make a payment to BUYER of the difference by check. Reconciliation payments shall be made on the same basis as used for the payment in cash pursuant to **section 9(c)(ii)** hereof.

(b) Hedging Transactions. All profits and losses resulting from BUYER's sales of Precious Metals or Other Minerals, or BUYER's engaging in any commodity futures trading, option trading, or metals trading, or any combination thereof, and any other hedging transactions including trading transactions designed to avoid losses and obtain possible gains due to metal price fluctuations (collectively, "hedging transactions") are specifically excluded from Production Royalty calculations pursuant to this Agreement. All hedging transactions by BUYER and all profits or losses associated therewith, if any, shall be solely for BUYER's account. The Production Royalty payable on Precious Metals or Other Minerals subject to hedging transactions shall be determined as follows: **(i)** Affecting Precious Metals. The amount of Production Royalty to be paid on all Pre cious Metals subject to hedging transactions by BUYER shall be determined in the same manner as provided in **section 9(a),** with the understanding and agreement that the average monthly spot price shall be for the calendar month preceding the calendar month during which Precious Metals subject to hedging transactions are shipped by BUYER to the Payor. **(ii)** Affecting Other Minerals. The amount of Production Royalty to be paid on all Other Minerals subject to hedging transactions by BUYER shall be determined in the same manner as provided in **section 9(b),** with the understanding and agreement that the average

(c)

monthly spot price shall be for the calendar month preceding the calendar month during which Other Minerals subject to hedging transactions are shipped by BUYER to the Payor.

(a) Commingling. BUYER shall have the right to commingle Precious Metals and Other Minerals from the Property with minerals from other properties. Before any Precious Metals or Other Minerals produced from the Property are commingled with minerals from other properties, the Precious Metals or Other Minerals produced from the Property shall be measured and sampled in accordance with sound mining and metallurgical practices for moisture, metal, commercial minerals and other appropriate content, applied on a consistent basis. Representative samples of the Precious Metals or Other Minerals shall be retained by BUYER and assays (including moisture and penalty substances) and other appropriate analyses of these samples shall be made before commingling to determine gross metal content of Precious Metals or gross metal or mineral content of Other Minerals. BUYER shall retain such analyses for a reasonabl e amount of time, but not less than twenty four (24) months, after receipt by NEWMONT of the Production Royalty paid with respect to such commingled Minerals from the Property, and shall retain such samples taken from the Property for not less than thirty (30) days after collection.

(b) No Obligation to Mine. BUYER shall have sole discretion to determine the extent of its mining of the Property and the time or the times for beginning, continuing or resuming mining operations with respect thereto. BUYER shall have no obligation to NEWMONT or otherwise to mine any of the Property, nor shall it have any obligation to diligently pursue production from the Property.

10. Reporting, Audits, Inspections, Tours, Confidentiality and Press Releases.

(a) Reporting. No later than March 1 of each year, BUYER shall provide to NEWMONT with an annual report of activities and operations conducted with respect to the Property during the preceding calendar year, and from time to time such additional information as NEWMONT may reasonably request. Such annual report shall include details of: **(i)** the preceding year's activities with respect to the Property; **(ii)** ore reserve data for the calendar year just ended; and **(iii)** estimates of anticipated production and estimated remaining ore reserves with respect to proposed activities for the Property for the current calendar year. In addition, not more frequently than semi-annually, NEWMONT shall have the right, upon reasonable notice to BUYER, to inspect and copy all books, records, technical data, information and materials (the "Data") pertaining to BUYER's activities with respect to the Property; provided that such inspections shall not unreasonably interfere with BUYER's activities with respect to the Property. BUYER makes no representations or warranties to NEWMONT concerning any of the Data or any information contained in the annual reports, and NEWMONT agrees that if it elects to rely on any such Data or information, it does so at its sole risk.

(b) Right to Audit. NEWMONT shall have the right to audit the books and records pertaining to production from the Property and contest payments of Production Royalty for twenty four (24) months after receipt by NEWMONT of the payments to which such books and records pertain. Such payments shall be deemed conclusively correct unless NEWMONT objects to them in writing within twenty-four (24) months after receipt thereof.

(c) Inspection. NEWMONT shall have the right, upon reasonable notice, to inspect the facilities associated with the Property. Such inspection shall be at the sole risk of NEWMONT and NEWMONT shall indemnify BUYER from any liability caused by NEWMONT's exercise of inspection rights.

(d) Investor Tours. NEWMONT shall have the right, upon reasonable notice and not more frequently than twice annually each, to conduct an investor tour of the facilities associated with the Property, subject to the control and supervision of BUYER. Such investors tours shall be at the sole risk of NEWMONT and its invitees, and NEWMONT shall indemnify BUYER from any liability caused by NEWMONT's exercise of investors tour rights.

(e) Confidentiality. NEWMONT shall not, without the prior written consent of BUYER, which shall not be unreasonably withheld, knowingly disclose to any third party data or information obtained pursuant to this Agreement which is not generally available to the public; provided, however, NEWMONT may

(f)

disclose data or information so obtained without the consent of BUYER: **(i)** if required for compliance with laws, rules, regulations or orders of a governmental agency or stock exchange; **(ii)** to any of NEWMONT's consultants or advisors; **(iii)** to any third party to whom NEWMONT, in good faith, anticipates selling or assigning NEWMONT's interest in the Property; and **(iv)** to a prospective lender, provided that such consultants, third parties or lenders first sign a confidentiality agreement; or **(v)** to a third party to which a party or its parent company contemplates a transfer to, or a merger, amalgamation or other corporate reorganization with. The foregoing restrictions shall not apply to the disclosure to an Affiliate.

(f) Press Releases. A Party desiring to make a disclosure, statement or press release concerning this Agreement or the Purchase and Sale Agreement shall first consult with the other Party prior to making such disclosure, statement or press release, and the Parties shall use all reasonable efforts, acting expediently and in good faith, to agree upon a text for such statement or press release which is satisfactory to all Parties. Subject to its rights and obligations under **section 10(e),** NEWMONT shall not issue any press release containing technical information relating the Property except upon giving BUYER two (2) days advance written notice of the contents thereof, and NEWMONT shall make any reasonable changes to such proposed press release as such changes may be timely requested by BUYER, provided, however, the NEWMONT may include in any press release without notice any information previously reported by BUYER or NEWMONT. A Party shall not, without the consent of the other Parties, issue any press release that implies or infers that the non-issuing Party endorses or joins the issuing Party in statements or representations contained in any press release.

1. Compliance with Law. BUYER shall at all times comply with all applicable federal, provincial, and local laws, statutes, rules, regulations, permits, ordinances, certificates, licenses and other regulatory requirements, policies and guidelines relating to operations and activities on or with respect to the Property; provided, however, BUYER shall have the right to contest any of the same if such contest does not jeopardize the Property or NEWMONT's rights thereto or under this Agreement.

2. Tailings and Residues. All tailings, residues, waste rock, spoiled leach materials, and other materials (collectively "Materials") resulting from BUYER's operations and activities on the Property shall be the sole property of BUYER, but shall remain subject to the Production Royalty should the Materials be processed or reprocessed, as the case may be, in the future and result in the production and sale or other disposition of Precious Metals or Other Minerals. Notwithstanding the foregoing, BUYER shall have the right to dispose of Materials from the Property on or off of the Property and to commingle the same with materials from other properties. In the event Materials from the Property are processed or reprocessed, as the case may be, and regardless of where such processing or reprocessing occurs, the Production Royalty payable thereon shall be determined on a pro rata basis as d etermined by using the best engineering and technical practices then available.

3. General Provisions.

(a) Amendment. This Agreement may be amended, modified or supplemented only by a written agreement signed by each Party.

(b) Waiver of Rights. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

(c) Applicable Law. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario, Canada and the federal laws of Canada applicable therein.

(d)

Dispute Resolution. **(a)** Any dispute, controversy or claim arising out of, in relation to or in connection with this Agreement, including any dispute as to the validity, interpretation, enforceability or breach of this Agreement, shall be exclusively and finally settled by binding arbitration before a single qualified arbitrator appointed upon the unanimous agreement of all Parties and conducted in

(e)

accordance with the Arbitration Act, 1991 (Ontario). The arbitrator shall be knowledgeable about the matter being arbitrated. The decision rendered by the arbitrator may be entered into any court. Each Party shall pay their own fees and expenses (and shall pay their own attorneys' fees and expenses) related to the arbitration, regardless of how the arbitrated issue is decided. The Parties covenant that they shall conduct all aspects of such arbitration having regard at all times to minimizing the cost and expediting the final resolution of such arbitration. Arbitration shall be conducted in English, in Toronto, Canada. **(b)** If, for the purposes of obtaining judgment in any court in Canada, it becomes necessary to convert into Canadian dollars ("Judgment Currency") an amount due in United States dollars hereunder ("Original Currency") then the conversion shall be made at the Rate of Exch ange prevailing on the business day before the day on which the judgment is given. If there is a change in the Rate of Exchange prevailing between the business day before the day on which the judgment is due, the paying Party will pay such additional amounts (if any, but in any event not a lesser amount) as may be necessary to ensure that the amount paid in the Judgment Currency when converted at the Rate of Exchange prevailing on the date of payment will produce the amount then due under this Agreement in the Original Currency and such additional amount shall bear interest, from the date same become due, at the rate of fifteen percent (15%) per annum. "Rate of Exchange" means the spot rate at which the Party who is the payee is able on the relevant date to purchase Original Currency with Judgment Currency and includes any premium and costs of exchange payable.

(a) Currency. Unless specified otherwise, all statements of or references to dollar amounts in this Agreement are to lawful money of the United States of America.

(b) No Joint Venture, Mining Partnership, Commercial Partnership. This Agreement shall not be construed to create, expressly or by implication, a joint venture, mining partnership, commercial partnership, or other partnership relationship between or among BUYER and NEWMONT.

(c) Time. Time is of the essence of each provision of this Agreement.

(d) Definitions. In this Agreement and the Schedules attached to this Agreement the following terms shall have the following meanings:

"Additional Cash Payments" means the payments described in **section 3(c).**

"Affiliate" shall have the meaning ascribed to that term by the Canada Business Corporations Act on the date hereof.

"Applicable Spot Price" means as described in **section 9(a).**

"Area of Interest" means the area described in **section 5.**

"Assignment of Mining Leases" means the assignment provided for in **section 4.** **"Beneficiated**

Precious Metals" means as described in **section 9(a).**

"Business Day" means any calendar day other than a Saturday or Sunday or any statutory holiday or civic holiday in the Province of Ontario.

"BUYER" shall include all of BUYER's successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Property.

"Cash Payment" means the payment described in **section 3(a).**

"Data" means as described in **section 10(a).**

"Effective Date" means the date specified on the top of page one of this Agreement. **"hedging**

transactions" means as described in **section 9(e).**

"Joint Venture Agreement" has the meaning ascribed to that term in the Recitals above.

"Joint Venture" means the interests held by NEWMONT and TOTAL with respect to the Property pursuant to the Joint Venture Agreement.

"Judgement Currency" means Canada currency. **"Materials"**

means as described in **section 12.** **"Minerals"** means as

described in **section 9.**

"Mining Leases" means the following seventeen (17) Mining Leases (together with any renewal or replacement Mining Leases) ML3016, ML3158, ML3159, ML3160, ML3161, ML3219, ML3221, ML3222, ML3223, ML3228, ML3229, ML3230, ML3251, ML3357, ML3361, ML3791 and ML3792 issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada, which, as of the Effective Date, comprises the Property.

"Monthly Production" means as described in **section 9.**

"NEWMONT" shall include all of NEWMONT's successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Property.

"Other Mineral(s)" means as described in **section 9(b).** **"Parties"**

means NEWMONT and BUYER collectively. **"Party"** means either of

the Parties individually.

"Payor" means as described in **section 9(a).**

"Precious Metals" means as described in **section 9(a).**

"Property" means all right, title and interest of the NEWMONT now held or hereinafter acquired in and to the Mining Leases described in attached Schedule "A" including without limitation any amendments, supplements, renewals and replacements of such Mining Leases.

"Purchase and Sale Agreement" means that certain agreement dated effective **July 16, 2002** pursuant to which the Parties agreed to the purchase and sale of the Property.

"Purchase Price" means the consideration stipulated in **section 3.**

"Rate of Exchange" means the spot rate at which NEWMONT is able on the relevant date to purchase Original Currency with Judgment Currency and includes any premium and costs of exchange payable.

"Royalty" (or "Production Royalty") means the net smelter returns royalty stipulated in **section 3.** **"Royalty**

Agreement" means this Agreement.

"Security Agreement" means the agreements provided for in **section 4,** which, for purposes of this Agreement shall include but shall not be limited to **(a)** an "Instrument of Delivery", and **(b)** a "Debenture".

"Transmission" means as described in **section 13(i).**

(a) Notices. **(i)** Any notice, demand or other communication (in this section, a "notice") required or permitted to be given or made hereunder shall be in writing and shall be sufficiently given or made if: **(1)** delivered in person during normal business hours of the recipient on a Business Day and left with a receptionist or other responsible employee of the recipient at the applicable address first set forth in this Agreement; or **(2)** sent by facsimile transmission (a "Transmission") during normal business hours on a Business Day charges prepaid and confirmed by regular mail at the address first set forth in this Agreement; and **(ii)** each notice sent in accordance with this section shall be deemed to have been received: **(1)** on the day it was delivered; or on the same day that it was sent by fax transmission, or **(2)** on the first Business Day thereafter if the day on which it was sent by fax transmission was not a Business Day. The notice addresses for the Parties are set out on page one of this Agreement. Any Party may change its address for notice by giving notice to the other Parties in accordance with this section. Notice to NEWMONT shall additionally be sent to Newmont Mining Corporation, 1700 Lincoln Street, Denver, Colorado 80203 U.S.A., Attention: Land Dept., Facsimile: 303.837.5851.

(b) Assignment. **(a)** If BUYER desires to option, joint-venture, assign, transfer, convey or otherwise dispose of its rights and interests in and to the Property or within the Area of Interest, BUYER shall promptly notify NEWMONT of its intentions

in order that NEWMONT may consider the possible acquisition from BUYER a portion or all of BUYER's interest in the Property. **(b)** Except as otherwise provided herein, BUYER may assign, transfer, convey or otherwise dispose of its rights and interests under this Agreement; provided, however, any option, joint-venture, assignment, transfer, conveyance or other disposition by BUYER of its rights and interests in or with respect to the Property or this Agreement shall be void unless the proposed assignee has first agreed in writing with NEWMONT to observe and be bound by all of the provisions of this Agreement with respect to the rights, interest s and obligations being assigned to or assumed by the assignee in the place and stead of BUYER and BUYER, only subsequent to the signing of a definitive agreement as between NEWMONT and such assignee, shall BUYER be relieved or discharged from the Purchase and Sale Agreement and this Royalty Agreement in respect thereof. Any rights, interests or obligations of BUYER in or with respect to the Purchase and Sale Agreement, the Property or this Royalty Agreement which are not assigned or assumed in accordance with the foregoing will be several and not joint rights, interests or obligations of BUYER and BUYER shall not be relieved or discharged from the Purchase and Sale Agreement and this Royalty Agreement in respect thereof and NEWMONT may continue to look to BUYER for performance with respect thereto. (c) NEWMONT shall have the unrestricted right, in its sole and absolute discretion, to assign, transfer, convey, or relinquish any of its rights or interests with respect to the Property, including the Royalty at any time.

(c) Maintenance of the Property. BUYER shall pay all governmental taxes, duties or other payments, make any minimum investments required by law, perform all acts and comply with all obligations under applicable law required to maintain the Property (excluding those portions of the Property previously abandoned by it as provided in this section) in good standing. At any time and from time to time, BUYER may elect to abandon any part or parts of the Property by giving notice to NEWMONT of such election not less than thirty (30) days prior to the proposed date of abandonment. The notice shall identify the Mining Leases (or other interests acquired within the Area of Interest) which are proposed to be abandoned. Upon expiry of such thirty (30) day period, BUYER's obligations hereunder in respect of such abandoned interests shall terminate and thereafter the term "Property" as used in this A greement will apply to those interests comprising the Property which have not been abandoned by BUYER. If requested by NEWMONT BUYER shall execute documents transferring to NEWMONT title to any part or parts of the Property which BUYER is abandoning, provided, however, if TOTAL also requests such transfer BUYER shall transfer a Fifty-One percent (51%) interest in such title to NEWMONT. In the event that BUYER gives notice that it intends to abandon the balance of the Property held by it then, subject to **section 5** hereof, upon expiry of the thirty (30) day period BUYER's obligations to make either of the Additional Cash Payments not due before expiry of such thirty (30) day period shall terminate.

(I) Further Assurances. The parties promptly shall execute all such further instruments and documents and do all such further actions as may be necessary to effectuate the purposes of this Agreement.

(a) Entire Aqreement. This Agreement together with the corresponding Purchase and Sale Agreement and the Closing Documents constitute the entire agreement among the Parties with respect to the subject matter hereof.

(b) English Lanquage. The Parties hereto expressly declare that they require this Agreement, and all documents and notices relating thereto, to be drafted and written solely in the English language. Les Parties déclarent expressément qu'elles exigent que ce contrat, ainsi que tous les documents et avis s'y rapportant, soient rédigés et écrits exclusivement en anglais.

(c) Counterparts. This Agreement may be executed in any number of counterparts, and it shall not be necessary that the signatures of all Parties be contained on any counterpart. Each counterpart shall be deemed an original, but all counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF the Parties hereto have duly executed this Agreement effective as of the date first written

above.

NEWMONT CANADA LIMITED

By: /s/

Title: Vice President

Date: 7 – 22 - 02

Its Authorized Representative

[SEAL]

5073 N.W.T. LIMITED

By: /s/

Title: President

Date: July 26, 2002

Its Authorized Representative

[SEAL]

SCHEDULE "A" TO THE NEWMONT ROYALTY AGREEMENT

(Description of the "Property")

The following Mining Leases issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada.

Lease Number	Issued Date	Acres
3016 (1st Renewal)	23-Oct-2001 (signed 1-Oct-01)	702.00
3158	25-Jul-1984 (signed 21-Jan-85)	1,376.00
3159	25-Jul-1984 (signed 21-Jan-85)	534.00
3160	25-Jul-1984 (signed 21-Jan-85)	1,878.00
3161	25-Jul-1984 (signed 21-Jan-85)	1,135.00
3219	9-Jul-1986 (signed 2-Jul-87)	168.10
3221	16-Jun-1986 (signed 11-Aug-87)	584.00
3222	24-Jun-1987 (signed 11-Aug-87)	907.00
3223	23-Jun-1987 (signed 11-Aug-87)	1,214.00
3228	30-Jun-1987 (signed 8-Apr-88)	2,357.00
3229	30-Jun-1987 (signed 8-Apr-88)	1,585.00
3230	30-Jun-1987 (signed 21-Apr-88)	518.00
3251	30-Jun-1987 (signed 22-Jun-88)	1,159.00
3357	26-Apr-1990 (signed 13-Dec-91)	1,890.00
3361	26-Apr-1990 (signed 13-Dec-91)	2,034.00
3791	9-Sep-1998 (signed 3-Oct-99)	80.20
3792	9-Sep-1998 (signed 3-Oct-1999)	57.00
TOTAL	***	**18,178.30**

TOTAL ROYALTY AGREEMENT

(Includes termination of the Tundra Joint Venture Operating Agreement
and the establishment of a Net Smelter Returns Production Royalty)

THIS TOTAL ROYALTY AGREEMENT ("Agreement") effective **July 26, 2002** (the "Effective Date") **BETWEEN:**

TOTAL RESOURCES (CANADA) LIMITED, a corporation incorporated under the federal laws of Canada under the Canadian Business Corporations Act

Suite 810, 202 6th Avenue S.W.
Calgary, Alberta, Canada T2P 2R9
Facsimile: 403.571.7595

(hereinafter **"TOTAL")** and

5073 N.W.T. LIMITED, a corporation incorporated under the laws of the Northwest Territories, whose address is 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1J3, Facsimile: 416.367.2711

(hereinafter **"BUYER")**

RECITALS

WHEREAS pursuant to that certain Tundra Joint Venture Operating Agreement dated January 1, 1982 by and between Noranda Exploration Company, Limited (No Personal Liability) (predecessor to NEWMONT) and Getty Canadian Metals, Limited (predecessor to Total Resources (Canada) Limited) ("TOTAL") (the "Joint Venture Agreement") in respect of the exploration, development and operation of the Tundra Property in the Courageous Lake area of the Northwest Territories, Canada (the "Joint Venture"), more particularly described on attached Schedule "A" (the "Property"), NEWMONT owned an undivided fifty one (51%) interest in and to the Property and the Joint Venture Agreement and TOTAL owned an undivided forty nine percent (49%) interest in and to the Property and the Joint Venture Agreement;

AND WHEREAS on 07/04/86 Getty Canadian Metals, Limited assigned to Getty Resources Limited all of its interest in and to the Property and the Joint Venture Agreement, and on 07/07/86 Getty Resources Limited assigned to GRL Acquisition Ltd. all of its interest in and to the Property and the Joint Venture Agreement, and on 07/09/86 GRL Acquisition Ltd. and Getty Resources Limited were amalgamated into Getty Resources Limited, and on 10/07/88 Getty Resources Limited was amalgamated into Total Energold Corporation, and on 08/31/91 Total Energold Corporation assigned to Total Erickson Resources Ltd. all of its interest in and to the Property and the Joint Venture Agreement, and on 10/23/92 Total Erickson Resources Ltd. assigned to **Total Resources (Canada) Limited** all of its interest in and to the Property and the Joint Venture Agreement;

AND WHEREAS on 05/01/91 Noranda Exploration Company, Limited (No Personal Liability) assigned to Hemlo Gold Mines Inc. all of its interest in and to the Property and the Joint Venture Agreement, and on 07/19/96 Hemlo Gold Mines Inc. was amalgamated with Battle Mountain Gold Company, Hemlo Gold Mines Inc. became a subsidiary of Battle Mountain Gold Company, and Hemlo Gold Mines Inc. changed its name to Battle Mountain Canada Ltd., and on 02/19/01 Battle Mountain Canada Ltd. changed its name to **Newmont Canada Limited;**

AND WHEREAS pursuant to the terms and conditions of that certain "Purchase and Sale Agreement" dated effective **July 16, 2002** with respect to the Property, **(a)** NEWMONT and TOTAL have sold,

transferred and assigned to BUYER all of their right, title, interest and obligations in and to the Property; **(b)** BUYER has purchased all of the NEWMONT and TOTAL's right, title, interest and obligations in and to the Property, **(c)** NEWMONT and TOTAL have terminated the Joint Venture and the Joint Venture Agreement in such a manner as to provide for each of NEWMONT and TOTAL to receive a perpetual production royalty on 100% of the Property and the Area of Interest, **(d)** Seabridge Gold Inc. ("SEABRIDGE") paid to TOTAL a Cash Payment before assigning its rights in the Property to its wholly owned subsidiary, and **(e)** BUYER has **(i)** agreed to grant to TOTAL a Royalty, and **(ii)** agreed to pay to TOTAL certain Additional Cash Payments under certain conditions, the details of which are set out in the Purchase and Sale Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSETH that for and in consideration of the premises and the covenants and conditions herein set forth and set forth in the Purchase and Sale Agreement and the Security Agreement, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows.

1. Purchase and Sale. Effective on the Effective Date **(a)** TOTAL has sold, transferred and assigned to BUYER all of its right, title, interest and obligations in and to the Property; and **(b)** BUYER has purchased all of TOTAL's right, title, interest and obligations in and to the Property, subject to the terms and conditions of this Agreement. Commencing from and after the Effective Date BUYER has agreed to bear solely for its own account all costs and obligations pertaining to or associated with the Property or within the Area of Interest.

2. Joint Venture Agreement Terminated. Effective on the Effective Date, NEWMONT and TOTAL have terminated the Joint Venture and the Joint Venture Agreement in such a manner as to provide for TOTAL to receive Additional Cash Payments and the perpetual Royalty on 100% of the Property and the Area of Interest described herein.

3. Purchase Price. As consideration for the purchase and sale of the Property, **(a)** SEABRIDGE has, on the Effective Date, paid to TOTAL a cash payment of One Million Two Hundred Twenty Five Thousand United States Dollars (US$1,225,000), free and clear of any taxes ("Cash Payment") before assigning its rights in the Property to its wholly-owned subsidiary; and **(b)** BUYER has executed and delivered to TOTAL this Agreement setting out the terms of a ninety eight hundredths of one percent (0.98%) net smelter returns production royalty in respect of any sale or other disposition of all metal ore, minerals and mineral substances, or concentrates produced and sold from the Property or from any other property within the Area of Interest, to be paid as described in this Agreement (the "Royalty"); and **(c)** BUYER has additionally under the Purchase and Sale Agreement a greed to **(i)** pay to TOTAL a further sum of Seven Hundred Thirty Five Thousand United States Dollars (US$735,000), free and clear of any taxes within sixty (60) days following the date on which the London Bullion Market, Afternoon Fix, spot price of gold closes at or above US$360 per ounce the for tenth (10th) consecutive reporting day; and **(ii)** pay to TOTAL a further sum of Seven Hundred Thirty Five Thousand United States Dollars (US$735,000), free and clear of any taxes within sixty (60) days following the date on which the London Bullion Market, Afternoon Fix, spot price of gold closes at or above US$400 per ounce for the tenth (10th) consecutive reporting day, provided, however, BUYER has agreed to pay to TOTAL the balance of the Additional Cash Payments specified in **section 3(c)** within sixty (60) days following the date that BUYER (or any Affiliate or successor or assignee of it) makes a decision to develop a commercial mining operation on or with respect to the Property or wi thin the Area of Interest the "Additional Cash Payments") **(section 3(a), section 3(b)** and **section 3(c),** collectively, the "Purchase Price"). **(d)** Should default be made in any Royalty payment when due under **section 9** hereof and such default still exists ten (10) days following notice of non-payment, then the entire unpaid balance under **section 9** shall become immediately due and all unpaid amounts shall bear interest at the rate of fifteen (15) percent per annum commencing from and after such payment due date until paid. **(e)** The Parties have agreed that should default be made in either of the Additional Cash Payments when due under the Purchase and Sale Agreement and such default still exists ten (10) days following notice of non-payment, then the entire unpaid balance of the Additional Cash Payments due under the Purchase and Sale Agreement shall become immediately due and all unpaid amounts shall bear interest at the rate of fifteen percent (15%) per annum commencing from and after such payment due date until paid.

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1. Registration on Title. The Parties agree that following the Effective Date **(a)** BUYER shall immediately register title to the Property in BUYER's name by filing the Assignment of Mining Leases; and **(b)** TOTAL may register or record against title to the Property such form of notice, caution or other documents (including, without limitation, a copy of the Purchase and Sale Agreement, this Agreement, and the Security Agreement) as it considers appropriate to secure payment from time to time and protect TOTAL's right to receive the Additional Cash Payments and the Royalty hereunder. All Parties hereto hereby consent to such registering or recording and agree to co-operate with such Party to accomplish the same.

2. Area of Interest. If at any time BUYER or any Affiliate or successor or assignee of it stakes, applies for, and obtains or otherwise acquires, directly or indirectly, any right to or interest in any mining claim, license, lease, grant, concession, permit, patent, or other mineral property or other rights or interests located wholly or partly within the Area of Interest, such rights or interests shall thereafter become part of the Property. In the event BUYER or any Affiliate or any successor or assign of it surrenders, allows to lapse or otherwise terminates its interest in any portion or all the Property or within the Area of Interest and within a period of five (5) years from the date of such surrender, lapse or other termination, reacquires a direct or indirect interest in respect of the land covered by the former Property or within the Area of Interest, then the Royalty shall apply to s uch interest so acquired; provided, however, if any rights or interests so acquired within the Area of Interest already bears a royalty obligation to a non-Affiliate third party, then the Royalty payable to TOTAL with respect to such rights or interests so acquired shall be reduced by Forty-Nine percent (49%) of the amount of such royalty obligation, provided, however, TOTAL's Royalty shall in no event be less than a forty-nine one hundredths of one percent (0.49%) net smelter returns production royalty. BUYER shall give written notice to TOTAL within ten (10) days of any acquisition or reacquisition within the Area of Interest. The "Area of Interest" shall comprise all land and minerals or other rights or interests lying within an area comprised of lines drawn two (2) kilometers from and parallel to all exterior boundaries of the Property.

3. Term. The Additional Cash Payments payable under the Purchase and Sale Agreement and the Royalty created hereby shall be perpetual, it being the intent of the Parties hereto that, to the extent allowed by law, the Additional Cash Payments and the Royalty shall constitute a vested interest in and a covenant running with the land affecting the Property (and within the Area of Interest) and all successions thereof whether created privately or through governmental action and shall inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors and assigns so long as BUYER or any successor or assign of it holds any rights or interests in the Property or within the Area of Interest. In the event a court of competent jurisdiction determines that any right, power or interest of any Party under this Agreement would violate the rule against perpetuities, then such right, power or interest shall terminate at the expiration of 20 years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the Effective Date of this Agreement. This Agreement shall not be terminated solely as a result of a violation of the rule against perpetuities.

4. Payments to TOTAL. All payments to TOTAL pursuant to this Agreement shall be made by BUYER to TOTAL. Payments to NEWMONT pursuant to the Purchase and Sale Agreement shall be made pursuant to a separate royalty agreement.

5. Assumption of Liabilities; Indemnifications by BUYER. Under the Purchase and Sale Agreement BUYER has agreed to assume all right, title, interest and liabilities of TOTAL in, to and under the Property, the Joint Venture and the Joint Venture Agreement, including but not limited to any and all environmental liabilities. Accordingly, BUYER shall be responsible for all costs, fines, damages, judgments, penalties or responsibilities (environmental and otherwise) in connection with its ownership and use of the Property and for any and all work performed in and on the Property, whether arising prior to or subsequent to the Closing Date. Under the Purchase and Sale Agreement BUYER has agreed to indemnify and save harmless TOTAL from any loss, cost or liability (including reasonable legal fees) arising from a claim against TOTAL in respect of: **(a)** any failure by BUYER to timely and fully per form all reclamation, restoration, waste disposal or other closure obligations required by governmental authorities in respect of all activities on the Property, whether arising prior to or subsequent to the Closing Date; **(b)** any failure or omission by BUYER which results in a

violation of or liability under any present or future applicable federal, provincial or local environmental laws, statutes, rules, regulations, permits, ordinances, certificates, licenses and other regulatory requirements, policies or guidelines in respect of all activities on the Property, whether arising prior to or subsequent to the Closing Date; and (c) any claims by third parties against TOTAL in respect of property damage or injury or death to persons arising out of the activities on or with respect to the Property whether arising prior to or subsequent to the Closing Date.

9. Royalty Calculations and Payments. BUYER shall pay TOTAL a perpetual production royalty of ninety eight hundredths of one percent (0.98%) of "Net Smelter Returns" from the sale or other disposition of all metal ore, minerals and mineral substances, or concentrates produced therefrom (including, without limitation metals, precious metals, base metals, industrial minerals, gems, diamonds, commercially valuable rock, aggregate, clays and diatomaceous earth, hydrocarbons, and oil and gas, and other minerals which are mined, excavated, extracted or otherwise recovered) ("Minerals") produced and sold from the Property or within the Area of Interest, provided such rights or interests are held or acquired by BUYER or an Affiliate or a successor or assign of it, regardless of whether the rights or interests in and to such Minerals are included in the Mining Leases, determined in accordance with t he provisions set forth in this section and, if applicable, **section 12** hereof. **(a)** For Precious Metals. Net Smelter Returns, in the case of gold, silver, and platinum group metals ("Precious Metals"), shall be determined by multiplying **(i)** the gross number of troy ounces of Precious Metals contained in the production from the Property during the preceding calendar month ("Monthly Production") delivered to the smelter, refiner, processor, purchaser or other recipient of such production, or an insurer as a result of casualty to such production (collectively, "Payor"), by **(ii)** for gold, the average of the London Bullion Market, Afternoon Fix, spot prices for the preceding calendar month (the "Applicable Spot Price") and for all other Precious Metals, the average of the New York Commodities Exchange final spot prices for the preceding calendar month for the particular Minerals for which the price is being determined, and subtractin g from the product of **(i)** and (ii) only the following if actually incurred: **(1)** charges imposed by the Payor for refining bullion from dore or concentrates of Precious Metals ("Beneficiated Precious Metals") produced by BUYER's final mill or other final processing plant; however, charges imposed by the Payor for smelting or refining of raw or crushed ore containing Precious Metals or other preliminarily processed Precious Metals shall not be subtracted in determining Net Smelter Returns; **(2)** penalty substance, assaying, and sampling charges imposed by the Payor for refining Beneficiated Precious Metals contained in such production; and **(3)** charges and costs, if any, for transportation and insurance of Beneficiated Precious Metals from BUYER's final mill or other final processing plant to places where such Beneficiated Precious Metals are smelted, refined and/or sold or otherwise disposed of.

In the event the refining of bullion from the Beneficiated Precious Metals contained in such production is carried out in custom toll facilities owned or controlled, in whole or in part, by BUYER, which facilities were not constructed solely for the purpose of refining Beneficiated Precious Metals or Other Minerals from the Property, then charges, costs and penalties for such refining shall mean the amount BUYER would have incurred if such refining were carried out at facilities not owned or controlled by BUYER then offering comparable services for comparable products on prevailing terms, but in no

event greater than actual costs incurred by BUYER with respect to such refining. In the event BUYER receives insurance proceeds for loss of production of Precious Metals, BUYER shall pay to TOTALthe Production Royalty percentage of any such insurance proceeds which are received by BUYER for such loss of production.

(b) For Other Minerals. Net Smelter Returns, in the case of all Minerals other than Precious Metals and the beneficiated products thereof ("Other Minerals"), shall be determined by multiplying **(i)** the gross amount of the particular Other Mineral contained in the Monthly Production delivered to the Payor during the preceding calendar month by **(ii)** the average of the New York Commodities Exchange final daily spot prices for the preceding calendar month of the appropriate Other Mineral, and subtracting from the product of (i) and (ii) only the following if actually incurred. **(1)** charges imposed by the Payor for smelting, refining or processing Other Minerals contained in such production, but excluding any and all charges and costs related to BUYER's mills or other processing plants constructed for the purpose of milling or processing Other Minerals, in whole or in part; **(2)** penalty substance, assaying, and sampling charges imposed by the Payor for smelting, refining, or processing Other Minerals contained in such production, but excluding any and all charges and costs

of or related to BUYER's mills or other processing plants constructed for the purpose of milling or processing Other Minerals, in whole or in part; and **(3)** charges and costs, if any, for transportation and insurance of Other Minerals and the beneficiated products thereof from BUYER's final mill or other final processing plant to places where such Beneficiated Precious Metals are smelted, refined and/or sold or otherwise disposed of. If for any reason the New York Commodities Exchange does not report spot pricing for a particular Other Mineral, then the Parties shall mutually agree upon an appropriate pricing entity or mechanism that accurately reflects the market value of any such Other Mineral.

In the event smelting, refining, or processing of Other Minerals are carried out in custom toll facilities owned or controlled, in whole or in part, by BUYER, which facilities were not constructed solely for the purpose of milling or processing Other Minerals from the Property, then charges, costs and penalties for such smelting, refining or processing shall mean the amount BUYER would have incurred if such smelting, refining or processing were carried out at facilities not owned or controlled by BUYER then offering comparable services for comparable products on prevailing terms, but in no event greater than actual costs incurred by BUYER with respect to such smelting and refining. In the event BUYER receives insurance proceeds for loss of production of Other Minerals, BUYER shall pay to TOTAL the Production Royalty percentage of any such insurance proceeds which are received by BUYER for such loss of production.

(c) Payments of Royalty In Cash or In Kind. Production Royalty payments shall be made to TOTAL as follows:

(i) Royalty In Kind. TOTAL may elect to receive its Production Royalty on Precious Metals from the Property "in cash" or "in kind" as refined bullion. The elections may be exercised once per year on a calendar year basis during the life of production from the Property. Notice of election to receive the following year's Production Royalty for Precious Metals in cash or "in kind" shall be made in writing by TOTAL and delivered to BUYER on or before November 1 of each year. In the event no written election is made, the Production Royalty for Precious Metals will continue to be paid to TOTAL as it is then being paid. As of the date of this Agreement, TOTAL elects to receive its Production Royalty on Precious Metals "in cash". Royalties on Other Minerals shall not be payable "in kind". **(1)** If TOTAL elects to receive its Product ion Royalty for Precious Metals in "in kind", TOTAL shall open a bullion storage account at each refinery or mint designated by BUYER as a possible recipient of refined bullion in which TOTAL owns an interest. TOTAL shall be solely responsible for all costs and liabilities associated with maintenance of such account or accounts, and BUYER shall not be required to bear any additional expense with respect to such "in-kind" payments. **(2)** Production Royalty will be paid by the deposit of refined bullion into TOTAL's account. On or before the 25th day of each calendar month following a calendar month during which production and sale or other disposition occurred, BUYER shall deliver written instructions to the mint or refinery, with a copy to TOTAL directing the mint or refinery to deliver refined bullion due to TOTAL in respect of the Production Royalty, by crediting to TOTAL's account the number of ounces of refined bullion for which Production Royalty is due; provided, howe ver, that the words "other disposition" as used in this Agreement shall not include processing, milling, beneficiation or refining losses of Precious Metals. The number of ounces of refined bullion to be credited will be based upon TOTAL's share of the previous month's production and sale or other disposition as calculated pursuant to the commingling provisions of **section 9(f)** hereof. **(3)** Production Royalty payable "in kind" on silver or platinum group metals shall be converted to the gold equivalent of such silver or platinum group metals by using the average monthly spot prices for Precious Metals described in **section 9(a)** hereof. **(4)** Title to refined bullion delivered to TOTAL under this Agreement shall pass to TOTAL at the time such bullion is credited to TOTAL at the mint or refinery. **(5)** TOTAL agrees to hold harmless BUYER from any liability imposed as a result of the election of TOTAL to receive Production Royalty "in kind&q uot; and from any losses incurred as a result of TOTAL's trading and hedging activities. TOTAL assumes all responsibility for any shortages which occur as a result of TOTAL's anticipation of credits to its account in advance of an actual deposit or credit to its account by a refiner or mint. **(6)** When royalties are paid in "in kind", they will not reflect the costs deductible in calculating "Net Smelter Returns" under this Agreement. Within thirty (30) days of the receipt of a statement showing charges incurred by BUYER for transportation, smelting or other deductible costs, TOTAL shall remit to BUYER full payment for such charges. If TOTAL does not pay such charges when due, BUYER shall have the

right, at its election, with TOTAL's consent, such consent not to be unreasonably withheld, to deduct the gold equivalent of such charges from the ounces of gold bullion to be credited to TOTAL in the following month.

(i) In Cash. If TOTAL elects to receive its Production Royalty for Precious Metals in cash, and as to Production Royalty payable on Other Minerals, payments shall be payable on or before the twenty-fifth (25th) day of the month following the calendar month in which the minerals subject to the Production Royalty were shipped to the Payor by BUYER. For purposes of calculating the cash amount due to TOTAL, Precious Metals and Other Minerals will be deemed to have been sold or otherwise disposed of at the time refined production from the Property is delivered, made available, or credited to BUYER by a mint or refiner. The price used for calculating the cash amount due for Production Royalty on Precious Metals or Other Minerals shall be determined in accordance with **section 9(a)** and **section 9(b)** as applicable. BUYER shall make each Production Royalty payment to be paid in cash by delivery of a check payable to TOTAL and delivering such check to TOTAL at the address listed in this Agreement, or to such other address as TOTAL may direct or by direct bank deposit to TOTAL's account as TOTAL shall designate. Should default be made in any cash payment when due for Production Royalty and such default still exists ten (10) days following notice of non-payment, then all unpaid amounts shall become immediately due and shall bear interest at the rate of fifteen percent (15%) per annum commencing from and after such payment due date until paid.

(ii) Detailed Statement. All Production Royalty payments or credits shall be accompanied by a detailed statement explaining the calculation thereof together with any available settlement sheets from the Payor.

(a) Monthly Reconciliation. **(i)** On or before the twenty-fifth (25^{th}) day of the month, BUYER shall make an interim settlement based on the information then available of such Production Royalty for the prior calendar month, either in cash or in kind, whichever is applicable, by paying **(1)** not less than one hundred percent (100%) of the anticipated final settlement of Precious Metals "in kind" Production Royalty payments and **(2)** not less than ninety-five percent (95%) of the anticipated final settlement of cash Production Royalty payments. **(ii)** The parties recognize that a period of time exists between the production of ore, the production of doré or concentrates from ore, the production of refined or finished product from dot-6 or concentrates, and the receipt of Payor's statements for refined or finished product. As a result, the payment of Production Royalty will not coincide exactly with the actual amount of refined or finished product produced from the Property for the previous month. BUYER will provide final reconciliation promptly after settlement is reached with the Payor for all lots sold or subject to other disposition in any particular month. **(iii)** In the event that TOTAL has been underpaid for any provisional payment (whether in cash or "in kind"), BUYER shall pay the difference in cash by check and not "in kind" with such payment being made at the time of the final reconciliation. If TOTAL has been overpaid in the previous calendar quarter, TOTAL shall make a payment to BUYER of the difference by check. Reconciliation payments shall be made on the same basis as used for the payment in cash pursuant to **section 9(c)(ii)** hereof.

(b) Hedging Transactions. All profits and losses resulting from BUYER's sales of Precious Metals or Other Minerals, or BUYER's engaging in any commodity futures trading, option trading, or metals trading, or any combination thereof, and any other hedging transactions including trading transactions designed to avoid losses and obtain possible gains due to metal price fluctuations (collectively, "hedging transactions") are specifically excluded from Production Royalty calculations pursuant to this Agreement. All hedging transactions by BUYER and all profits or losses associated therewith, if any, shall be solely for BUYER's account. The Production Royalty payable on Precious Metals or Other Minerals subject to hedging transactions shall be determined as follows: (i) Affecting Precious Metals. The amount of Production Royalty to be paid on all Precious Metals subject to hedging tr ansactions by BUYER shall be determined in the same manner as provided in **section 9(a),** with the understanding and agreement that the average monthly spot price shall be for the calendar month preceding the calendar month during which Precious Metals subject to hedging transactions are shipped by BUYER to the Payor. (ii) Affecting Other Minerals. The amount of Production Royalty to be paid on all Other Minerals subject to hedging transactions by BUYER shall be determined in the same manner as provided in **section 9(b),** with the understanding and agreement that the average

monthly spot price shall be for the calendar month preceding the calendar month during which Other Minerals subject to hedging transactions are shipped by BUYER to the Payor.

(a) Commingling. BUYER shall have the right to commingle Precious Metals and Other Minerals from the Property with minerals from other properties. Before any Precious Metals or Other Minerals produced from the Property are commingled with minerals from other properties, the Precious Metals or Other Minerals produced from the Property shall be measured and sampled in accordance with sound mining and metallurgical practices for moisture, metal, commercial minerals and other appropriate content, applied on a consistent basis. Representative samples of the Precious Metals or Other Minerals shall be retained by BUYER and assays (including moisture and penalty substances) and other appropriate analyses of these samples shall be made before commingling to determine gross metal content of Precious Metals or gross metal or mineral content of Other Minerals. BUYER shall retain such an alyses for a reasonable amount of time, but not less than twenty four (24) months, after receipt by TOTAL of the Production Royalty paid with respect to such commingled Minerals from the Property, and shall retain such samples taken from the Property for not less than thirty (30) days after collection.

(b) No Obligation to Mine. BUYER shall have sole discretion to determine the extent of its mining of the Property and the time or the times for beginning, continuing or resuming mining operations with respect thereto. BUYER shall have no obligation to TOTAL or otherwise to mine any of the Property, nor shall it have any obligation to diligently pursue production from the Property.

10. Reporting, Audits, Inspections, Tours, Confidentiality and Press Releases.

(a) Reporting. No later than March 1 of each year, BUYER shall provide to TOTAL with an annual report of activities and operations conducted with respect to the Property during the preceding calendar year, and from time to time such additional information as TOTAL may reasonably request. Such annual report shall include details of: (i) the preceding year's activities with respect to the Property; (ii) ore reserve data for the calendar year just ended; and (iii) estimates of anticipated production and estimated remaining ore reserves with respect to proposed activities for the Property for the current calendar year. In addition, not more frequently than semi-annually, TOTAL shall have the right, upon reasonable notice to BUYER, to inspect and copy all books, records, technical data, information and materials (the "Data") pertaining to BUYER's activities with respect t o the Property; provided that such inspections shall not unreasonably interfere with BUYER's activities with respect to the Property. BUYER makes no representations or warranties to TOTAL concerning any of the Data or any information contained in the annual reports, and TOTAL agrees that if it elects to rely on any such Data or information, it does so at its sole risk.

(b) Right to Audit. TOTAL shall have the right to audit the books and records pertaining to production from the Property and contest payments of Production Royalty for twenty four (24) months after receipt by TOTAL of the payments to which such books and records pertain. Such payments shall be deemed conclusively correct unless TOTAL objects to them in writing within twenty-four (24) months after receipt thereof.

(c) Inspection. TOTAL shall have the right, upon reasonable notice, to inspect the facilities associated with the Property. Such inspection shall be at the sole risk of TOTAL and TOTAL shall indemnify BUYER from any liability caused by TOTAL's exercise of inspection rights.

(d) Investor Tours. TOTAL shall have the right, upon reasonable notice and not more frequently than twice annually each, to conduct an investor tour of the facilities associated with the Property, subject to the control and supervision of BUYER. Such investors tours shall be at the sole risk of TOTAL and its invitees, and TOTAL shall indemnify BUYER from any liability caused by TOTAL's exercise of investors tour rights.

(e) Confidentiality. TOTAL shall not, without the prior written consent of BUYER, which shall not be unreasonably withheld, knowingly disclose to any third party data or information obtained pursuant to this Agreement which is not generally available to the public; provided, however, TOTAL may disclose data or information so obtained without the consent of BUYER: **(i)** if required for compliance with

laws, rules, regulations or orders of a governmental agency or stock exchange; **(ii)** to any of TOTAL's consultants or advisors; **(iii)** to any third party to whomTOTAL, in good faith, anticipates selling or assigning TOTAL's interest in the Property; and **(iv)** to a prospective lender, provided that such consultants, third parties or lenders first sign a confidentiality agreement; or **(v)** to a third party to which a party or its parent company contemplates a transfer to, or a merger, amalgamation or other corporate reorganization with. The foregoing restrictions shall not apply to the disclosure to an Affiliate.

(f) Press Releases. A Party desiring to make a disclosure, statement or press release concerning this Agreement or the Purchase and Sale Agreement shall first consult with the other Party prior to making such disclosure, statement or press release, and the Parties shall use all reasonable efforts, acting expediently and in good faith, to agree upon a text for such statement or press release which is satisfactory to all Parties. Subject to its rights and obligations under **section 10(e),** TOTAL shall not issue any press release containing technical information relating the Property except upon giving BUYER two (2) days advance written notice of the contents thereof, and TOTAL shall make any reasonable changes to such proposed press release as such changes may be timely requested by BUYER, provided, however, the TOTAL may include in any press release without notice any information previously reported by BUYER or TOTAL. A Party shall not, without the consent of the other Parties, issue any press release that implies or infers that the non-issuing Party endorses or joins the issuing Party in statements or representations contained in any press release.

1. Compliance with Law. BUYER shall at all times comply with all applicable federal, provincial, and local laws, statutes, rules, regulations, permits, ordinances, certificates, licenses and other regulatory requirements, policies and guidelines relating to operations and activities on or with respect to the Property; provided, however, BUYER shall have the right to contest any of the same if such contest does not jeopardize the Property or TOTAL 's rights thereto or under this Agreement.

2. Tailings and Residues. All tailings, residues, waste rock, spoiled leach materials, and other materials (collectively "Materials") resulting from BUYER's operations and activities on the Property shall be the sole property of BUYER, but

shall remain subject to the Production Royalty should the Materials be processed or reprocessed, as the case may be, in the future and result in the production and sale or other disposition of Precious Metals or Other Minerals. Notwithstanding the foregoing, BUYER shall have the right to dispose of Materials from the Property on or off of the Property and to commingle the same with materials from other properties. In the event Materials from the Property are processed or reprocessed, as the case may be, and regardless of where such processing or reprocessing occurs, the Production Royalty payable thereon shall be determined on a pro rata basis as d etermined by using the best engineering and technical practices then available.

3. General Provisions.

(a) Amendment. This Agreement may be amended, modified or supplemented only by a written agreement signed by each Party.

(b) Waiver of Rights. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

(c) Applicable Law. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario, Canada and the federal laws of Canada applicable therein.

(d) Dispute Resolution. **(a)** Any dispute, controversy or claim arising out of, in relation to or in connection with this Agreement, including any dispute as to the validity, interpretation, enforceability or breach of this Agreement, shall be exclusively and finally settled by binding arbitration before a single qualified arbitrator appointed upon the unanimous agreement of all Parties and conducted in accordance with the Arbitration Act, 1991 (Ontario). The arbitrator shall be knowledgeable about the

matter being arbitrated. The decision rendered by the arbitrator may be entered into any court. Each Party shall pay their own fees and expenses (and shall pay their own attorneys' fees and expenses) related to the arbitration, regardless of how the arbitrated issue is decided. The Parties covenant that they shall conduct all aspects of such arbitration having regard at all times to minimizing the cost and expediting the final resolution of such arbitration. Arbitration shall be conducted in English, in Toronto, Canada. **(b)** If, for the purposes of obtaining judgment in any court in Canada, it becomes necessary to convert into Canadian dollars ("Judgment Currency") an amount due in United States dollars hereunder ("Original Currency") then the conversion shall be made at the Rate of Exchange prevailing on the business day before the day on which the judgment is given. If there is a chan ge in the Rate of Exchange prevailing between the business day before the day on which the judgment is due, the paying Party will pay such additional amounts (if any, but in any event not a lesser amount) as may be necessary to ensure that the amount paid in the Judgment Currency when converted at the Rate of Exchange prevailing on the date of payment will produce the amount then due under this Agreement in the Original Currency and such additional amount shall bear interest, from the date same become due, at the rate of fifteen percent (15%) per annum. "Rate of Exchange" means the spot rate at which the Party who is the payee is able on the relevant date to purchase Original Currency with Judgment Currency and includes any premium and costs of exchange payable.

(a) Currency. Unless specified otherwise, all statements of or references to dollar amounts in this Agreement are to lawful money of the United States of America.

(b) No Joint Venture, Mining Partnership, Commercial Partnership. This Agreement shall not be construed to create, expressly or by implication, a joint venture, mining partnership, commercial partnership, or other partnership relationship between or among BUYER andTOTAL.

(c) Time. Time is of the essence of each provision of this Agreement.

(d) Definitions. In this Agreement and the Schedules attached to this Agreement the following terms shall have the following meanings:

"Additional Cash Payments" means the payments described in **section 3(c).**

"Affiliate" shall have the meaning ascribed to that term by the Canada Business Corporations Act on the date hereof.

"Applicable Spot Price" means as described in **section 9(a).**

"Area of Interest" means the area described in **section 5.**

"Assignment of Mining Leases" means the assignment provided for in **section 4.** **"Beneficiated**

Precious Metals" means as described in **section 9(a).**

"Business Day" means any calendar day other than a Saturday or Sunday or any statutory holiday or civic holiday in the Province of Ontario.

"BUYER" shall include all of BUYER's successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Property.

"Cash Payment" means the payment described in **section 3(a).**

"Data" means as described in **section 10(a).**

"Effective Date" means the date specified on the top of page one of this Agreement. **"hedging**

transactions" means as described in **section 9(e).**

"Joint Venture Agreement" has the meaning ascribed to that term in the Recitals above.

"Joint Venture" means the interests held by NEWMONT and TOTAL with respect to the Property pursuant to the Joint Venture Agreement.

"Judgement Currency" means Canada currency. **"Materials"**

means as described in **section 12.** **"Minerals"** means as described

in **section 9.**

"Mining Leases" means the following seventeen (17) Mining Leases (together with any renewal or replacement Mining Leases) ML3016, ML3158, ML3159, ML3160, ML3161, ML3219, ML3221, ML3222, ML3223, ML3228, ML3229, ML3230, ML3251, ML3357, ML3361, ML3791 and ML3792 issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada, which, as of the Effective Date, comprises the Property.

"Monthly Production" means as described in **section 9.** **"Other**

Mineral(s)" means as described in **section 9(b).** **"Parties"** means

TOTAL and BUYER collectively.

"Party" means either of the Parties individually.

"Payor" means as described in **section 9(a).**

"Precious Metals" means as described in **section 9(a).**

"Property" means all right, title and interest of the TOTAL now held or hereinafter acquired in and to the Mining Leases described in attached Schedule "A" including without limitation any amendments, supplements, renewals and replacements of such Mining Leases.

"Purchase and Sale Agreement" means that certain agreement dated effective **July 16, 2002** pursuant to which the Parties agreed to the purchase and sale of the Property.

"Purchase Price" means the consideration stipulated in **section 3.**

"Rate of Exchange" means the spot rate at which TOTAL is able on the relevant date to purchase Original Currency with Judgment Currency and includes any premium and costs of exchange payable.

"Royalty" (or **"Production Royalty")** means the net smelter returns royalty stipulated in **section 3.** **"Royalty**

Agreement" means this Agreement.

"Security Agreement" means the agreements provided for in **section 4,** which, for purposes of this Agreement shall include but shall not be limited to **(a)** an "Instrument of Delivery", and **(b)** a "Debenture".

"TOTAL" shall include all of TOTAL's successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Property.

"Transmission" means as described in **section 13(i).**

(a) Notices. **(i)** Any notice, demand or other communication (in this section, a "notice") required or permitted to be given or made hereunder shall be in writing and shall be sufficiently given or made if: **(1)** delivered in person during normal business hours of the recipient on a Business Day and left with a receptionist or other responsible employee of the recipient at the applicable address first set forth in this Agreement; or **(2)** sent by facsimile transmission (a "Transmission") during normal business hours on a Business Day charges prepaid and confirmed by regular mail at the address first set forth in this Agreement; and **(ii)** each notice sent in accordance with this section shall be deemed to have been received: **(1)** on the day it was delivered; or on the same day that it was sent by fax transmission, or **(2)** on the first Business Day thereafter if the day on which it was sent by fax transmission was not a Business Day. The notice addresses for the Parties are set out on page one of this Agreement. Any Party may change its address for notice by giving notice to the other Parties in accordance with this section.

(b) Assignment. **(a)** If BUYER desires to option, joint-venture, assign, transfer, convey or otherwise dispose of its rights and interests in and to the Property or within the Area of Interest, BUYER shall promptly notify TOTAL of its intentions in order that TOTAL may consider the possible acquisition from BUYER a portion or all of BUYER's interest in the Property. **(b)** Except as otherwise provided herein, BUYER may assign, transfer, convey or otherwise dispose of its rights and interests under this Agreement; provided, however, any option, joint-venture, assignment, transfer, conveyance or other disposition by BUYER of its rights and interests in or with respect to the Property or this Agreement shall be void unless the proposed assignee has first agreed in writing with TOTAL to observe and be bound by all of the provisions of this Agreement with respect to the rights, interests an d obligations being assigned to or assumed by the assignee in the place and stead of BUYER and BUYER, only subsequent to the signing of a definitive agreement as between TOTAL and such assignee, shall BUYER be relieved or discharged from the Purchase and Sale Agreement and this Royalty Agreement in respect thereof. Any rights, interests or obligations of BUYER in or with respect to the Purchase and Sale Agreement, the Property or this Royalty Agreement which are not assigned or assumed in accordance with the foregoing will be several and not joint rights, interests or obligations of BUYER and BUYER shall not be relieved or discharged from the Purchase and Sale Agreement and this Royalty Agreement in respect thereof and TOTAL may continue to look to BUYER for performance with respect thereto. (c) TOTAL shall have the unrestricted right, in its sole and absolute discretion, to assign, transfer, convey, or relinquish any of its rights or interests with respect to the Property, including the Royalty at any time.

(c) Maintenance of the Property. BUYER shall pay all governmental taxes, duties or other payments, make any minimum investments required by law, perform all acts and comply with all obligations under applicable law required to maintain the Property (excluding those portions of the Property previously abandoned by it as provided in this section) in good standing. At any time and from time to time, BUYER may elect to abandon any part or parts of the Property by giving notice to TOTAL of such election not less than thirty (30) days prior to the proposed date of abandonment. The notice shall identify the Mining Leases (or other interests acquired within the Area of Interest) which are proposed to be abandoned. Upon expiry of such thirty (30) day period, BUYER's obligations hereunder in respect of such abandoned interests shall terminate and thereafter the term "Property" as used in this A greement will apply to those interests comprising the Property which have not been abandoned by BUYER. If requested by TOTAL BUYER shall execute documents transferring to TOTAL title to any part or parts of the Property which BUYER is abandoning, provided, however, if NEWMONT also requests such transfer BUYER shall transfer a Forty-Nine percent (49%) interest in such title to TOTAL. In the event that BUYER gives notice that it intends to abandon the balance of the Property held by it then, subject to **section 5** hereof, upon expiry of the thirty (30) day period BUYER's obligations to make either of the Additional Cash Payments not due before expiry of such thirty (30) day period shall terminate.

(I) Further Assurances. The parties promptly shall execute all such further instruments and documents and do all such further actions as may be necessary to effectuate the purposes of this Agreement.

(a) Entire Agreement. This Agreement together with the corresponding Purchase and Sale Agreement and the Closing Documents constitute the entire agreement among the Parties with respect to the subject matter hereof.

(b) English Language. The Parties hereto expressly declare that they require this Agreement, and all documents and notices relating thereto, to be drafted and written solely in the English language. Les Parties déclarent expressément qu'elles exigent que ce contrat, ainsi que tous les documents et avis s'y rapportant, soient rédigés et écrits exclusivement en anglais.

(c) Counterparts. This Agreement may be executed in any number of counterparts, and it shall not be necessary that the signatures of all Parties be contained on any counterpart. Each counterpart shall be deemed an original, but all counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF the Parties hereto have duly executed this Agreement effective as of the date first written above.

TOTAL RESOURCES (CANADA) LIMITED

By: /s/
Title: Director
Date: 26 July 02

Its Authorized Representative **[SEAL]**

5073 N.W.T. LIMITED

By:	/s/
Title:	President
Date:	July 26, 2002

Its Authorized Representative **[SEAL]**

SCHEDULE "A" TO THE TOTAL ROYALTY AGREEMENT

(Description of the "Property")

The following Mining Leases issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada.

Lease Number	Issued Date	Acres
3016 (1st Renewal)	23-Oct-2001 (signed 1-Oct-01)	702.00
3158	25-Jul-1984 (signed 21-Jan-85)	1,376.00
3159	25-Jul-1984 (signed 21-Jan-85)	534.00
3160	25-Jul-1984 (signed 21-Jan-85)	1,878.00
3161	25-Jul-1984 (signed 21-Jan-85)	1,135.00
3219	9-Jul-1986 (signed 2-Jul-87)	168.10
3221	16-Jun-1986 (signed 11-Aug-87)	584.00
3222	24-Jun-1987 (signed 11-Aug-87)	907.00
3223	23-Jun-1987 (signed 11-Aug-87)	1,214.00
3228	30-Jun-1987 (signed 8-Apr-88)	2,357.00
3229	30-Jun-1987 (signed 8-Apr-88)	1,585.00
3230	30-Jun-1987 (signed 21-Apr-88)	518.00
3251	30-Jun-1987 (signed 22-Jun-88)	1,159.00
3357	26-Apr-1990 (signed 13-Dec-91)	1,890.00
3361	26-Apr-1990 (signed 13-Dec-91)	2,034.00
3791	9-Sep-1998 (signed 3-Oct-99)	80.20
3792	9-Sep-1998 (signed 3-Oct-1999)	57.00
TOTAL	***	**18,178.30**

ASSIGNMENT OF MINING LEASES
(With a Company Seal)

Newmont Canada Limited, a body corporate, incorporated under the laws of the Province of Ontario, whose address is 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, Canada M4R 1K8, being the holder of 100% of the Mining Lease numbers described on Schedule "A", in consideration of the sum of $10.00, payment of which is hereby acknowledged by Newmont Canada Limited, hereby transfers 100% of the Mining Lease Numbers described on Schedule "A" unto **5073 N.W.T. Limited,** a body corporate, incorporated under the laws of the Northwest Territories, whose address is 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1J3, and holder of Prospector's License N32559.

The Post Address of 5073 N.W.T. Limited is: 5073 N.W.T.

Limited

172 King Street East, 3rd Floor
Toronto, Ontario M5A 1 J3 CANADA
Phone 416-367-9292
Fax 416-367-2711

Dated **July 26, 2002**

NEWMONT CANADA LIMITED

By: /s/
Title: VICE PRESIDENT
Date: 7 - 22 - 02

Its Authorized Representative

[SEAL]

Encl. CAD$425.00 (CAD$25.

SCHEDULE "A" TO THE ASSIGNMENT OF MINING LEASES

The following Mining Leases issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada

Lease Number	Issued Date	Acres
3016 (1st Renewal)	23-Oct-2001 (signed 10-1-01)	702.00

3158	25-Jul-1984 (signed 1-21-85)	1,376.00
3159	25-Jul-1984 (signed 1-21-85)	534.00
3160	25-Jul-1984 (signed 1-21-85)	1,878.00
3161	25-Jul-1984 (signed 1-21-85)	1,135.00
3219	9-Jul-1986 (signed 7-2-87)	168.10
3221	16-Jun-1986 (signed 11-Aug-87)	584.00
3222	24-Jun-1987 (signed 11-Aug-87)	907.00
3223	23-Jun-1987 (signed 11-Aug-87)	1,214.00
3228	30-Jun-1987 (signed 8-Apr-88)	2,357.00
3229	30-Jun-1987 (signed 8-Apr-88)	1,585.00
3230	30-Jun-1987 (signed 21-Apr-88)	518.00
3251	30-Jun-1987 (signed 22-Jun-88)	1,159.00
3357	26-Apr-1990 (signed 13-Dec-91)	1,890.00
3361	26-Apr-1990 (signed 13-Dec-91)	2,034.00
3791	9-Sep-1998 (signed 3-Oct-99)	80.20
3792	9-Sep-1998 (signed 3-Oct-1999)	57.00
TOTAL	***	**18,178.30**

Total Resources (Canada) Limited

3700 Canterra Tower
400 - Third Avenue S. W
Calgary, Alberta
T2P 4H2

Telephone: (403) 267-8373

July 19, 2002

BY FACSIMILE to (416) 367-2711 Seabridge Gold Inc.

172 King Street East, 3rd Floor
Toronto, Ontario
M5A 1J3

Attention: **Rudi Fronk** Dear Sirs:

Re: Newmont Canada Limited, Total Resources (Canada) Limited and Seabridge Gold Inc.

This authorization and direction is irrevocable and the option fee payable hereunder should be made to Macleod Dixon LLP and couriered to Calgary office immediately by closing.

Should you have any questions or concerns, please do not hesitate to contact the undersigned.

Yours truly,

cc Total Fina Elf E&P Canada Ltd.
Attention: Albert Boutefeu, by facsimile

cc Newmont Mining Corporation
Attention: David Dehlin, by e-mail

THIS INSTRUMENT OF DELIVERY effective **July 26, 2002**

BETWEEN:

5073 N.W.T. LIMITED, a company incorporated under the laws of the Northwest Territories, whose address is 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1J3

(hereinafter the **"Company")**

and

NEWMONT CANADA LIMITED, a corporation incorporated under the laws of the Province of Ontario, whose address is 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, Canada M4R 1K8

(hereinafter the **"Holder")**

RECITALS

WHEREAS, as a result of the Company assuming the obligations of Seabridge Gold Inc. **("SEABRIDGE")** under that certain Purchase and Sale Agreement effective July 26, 2002 in conjunction with an assignment to the Company of all of SEABRIDGE's rights, interests and obligations under such Purchase and Sale Agreement, the Company is obligated to the Holder under such Purchase and Sale Agreement and the **Newmont Royalty Agreement,** copies of which are attached hereto, respectively, as Schedule "A" and Schedule "B";

AND WHEREAS the Company has created and issued in favor of the Holder a debenture (the "Debenture") dated for reference **July 26, 2002** for the principal sum of Twenty One Million Four Hundred Twenty Thousand United States Dollars (US$21,420,000.00), plus interest thereon at the rate of fifteen percent (15%) per annum.

AND WHEREAS the Company has agreed to deliver the Debenture to the Holder to secure payment of all indebtedness and liability, present and future, direct or indirect, absolute or contingent, of the Company to the Holder under sections 4(b) and 4(c) of the Purchase and Sale Agreement, subject to sections 4(d) and 4(e) of the Purchase and Sale Agreement, and section 9 of the **Newmont Royalty Agreement,** subject to section 4(d) of the Purchase and Sale Agreement (the "Secured Obligations").

NOW THEREFORE THIS INSTRUMENT WITNESSETH that in consideration of the premises and of the sum of Ten Dollars ($10.00) now paid by the Holder to the Company (the receipt hereof is hereby acknowledged by the Company) the Company herewith delivers the Debenture to the Holder and the Company covenants and agrees with the Holder that:

1. Until the Debenture has been discharged in accordance with its terms, the Debenture shall be and remain valid and continuing security and shall cover and secure the payment, performance and satisfaction of the Secured Obligations. So long as any Secured Obligations may arise under the Purchase and Sale Agreement or the **Newmont Royalty Agreement,** the Debenture shall not be satisfied solely because at any time no Secured Obligations are outstanding.

2. The Debenture is in addition to and not in substitution for any other securities now or hereafter held by the Holder and shall not merge in any other security now or hereafter held by the Holder.

1. The records of the Holder as to payment of the Secured Obligations or any part or parts thereof being in default or of any demand for payment having been made shall be prima facie evidence of such default or demand.

2. Upon the occurrence of an Event of Default the Holder may enforce and realize on the Debenture or any part or parts thereof in any order it desires and any realization by any means upon any security shall not bar realization upon any other security.

3. Any monies realized from the enforcement or realization of or on the Debenture may be applied on such part or parts of the Secured Obligations as the Holder may see fit notwithstanding any previous application.

4. The Holder may grant extensions, take and give up securities, accept compositions, grant releases and discharges, and otherwise make arrangements and deal with the Company and with other persons and securities as the Holder may see fit,

without prejudice to the liability of the Company to the Holder or the Holder's right to hold, deal with, enforce and realize on the Debenture.

5. All expenses incurred by the Holder in recovering or enforcing payment of the Secured Obligations or any part or parts thereof, or realizing upon the Debenture, including expenses of taking possession, protecting and realizing upon any property subject to the charge of the Debenture, shall be added to and shall be deemed to be a part of the Secured Obligations and secured by the Debenture.

6. The interest of the Holder in the Debenture and this Instrument of Delivery may only be assigned by the Holder as part of any assignment of the interest of the Holder in the Secured Obligations.

Notwithstanding any of the foregoing provisions of this Instrument or the provisions of the Debenture, the Holder agrees that: **(a)** in dealing with, enforcing and realizing on the Debenture, the Holder shall not claim under the Debenture at any time any greater amount in respect of principal, interest and other monies thereunder than the aggregate amount of Secured Obligations then due and payable by the Company to the Holder; **(b)** notwithstanding that the principal amount of the Debenture is expressed to bear interest from the date of the Debenture, the Holder shall not claim any amount by way of interest under the Debenture in excess of the amount of interest accruing and unpaid from time to time on the Secured Obligations in accordance with the terms of the Secured Obligations; **(c)** notwithstanding that the Debenture is expressed to be payable on demand, the Holder will not make demand for any amou nt thereunder unless and until an Event of Default has occurred and shall make such demand only for the aggregate amount of Secured Obligations then due and payable by the Company to the Holder; and **(d)** at any time after payment of all of the Secured Obligations owing from time to time by the Company to the Holder, the Holder shall, forthwith on the written request of the Company and upon payment of all fees, charges, expenses and solicitors' fees incurred by the Holder, deliver the Debenture to the Company and execute and deliver to the Company such releases and discharges or other instruments as shall be requisite to discharge the Debenture and the security thereof.

Capitalized terms used herein and not otherwise defined shall have the respective meanings given to such terms in the Debenture.

This Instrument shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF this Instrument has been duly executed by the Company and the Holder effective as of the date first above written.

NEWMONT CANADA LIMITED

By: /s/

Title: VICE PRESIDENT

Date: 7 - 22 - 02

Its Authorized Representative

[SEAL]

5073 N.W.T. LIMITED

Title. _ President

Date: July 26, 2002

Its Authorized Representative

[SEAL]

SCHEDULE "A" TO THE INSTRUMENT OF DELIVERY
(the "Purchase and Sale Agreement")

THIS PURCHASE AND SALE AGREEMENT ("AGREEMENT") effective **July 16, 2002** (the "Effective Date")

AMONG:

NEWMONT CANADA LIMITED, a corporation incorporated under the laws of the Province of Ontario
20 Eglinton Avenue West, Suite 1900
Toronto, Ontario, Canada M4R 1 K8
Facsimile: 416.488.6598

(hereinafter **"NEWMONT")**

and

TOTAL RESOURCES (CANADA) LIMITED, a corporation incorporated under the federal laws of Canada under the Canadian Business Corporations Act
Suite 810, 202 6th Avenue S.W.
Calgary, Alberta, Canada T2P 2R9
Facsimile: 403.571.7595

(hereinafter **"TOTAL")**

(NEWMONT and TOTAL, collectively hereinafter **"SELLERS")**

and

SEABRIDGE GOLD INC., a corporation incorporated under the laws of the Province of British Columbia
172 King Street East, 3rd Floor
Toronto, Ontario, Canada M5A 1J3
Facsimile: 416.367.2711

(hereinafter **"SEABRIDGE")**

RECITALS

WHEREAS pursuant to that certain Tundra Joint Venture Operating Agreement dated January 1, 1982 by and between Noranda Exploration Company, Limited (No Personal Liability) (predecessor to NEWMONT) and Getty Canadian Metals, Limited (predecessor to TOTAL) (the "Joint Venture Agreement") in respect of the exploration, development and operation of the Tundra Property in the Courageous Lake area of the Northwest Territories, Canada (the "Joint Venture"), more particularly described on attached Schedule "A" (the "Property"), NEWMONT owns an undivided fifty one (51%) interest in and to the Property and the Joint Venture Agreement and TOTAL owns an undivided forty nine percent (49%) interest in and to the Property and the Joint Venture Agreement;

AND WHEREAS on 07/04/86 Getty Canadian Metals, Limited assigned to Getty Resources Limited all of its interest in and to the Property and the Joint Venture Agreement, and on 07/07/86 Getty Resources Limited assigned to GRL Acquisition Ltd. all of its interest in and to the Property and the Joint Venture Agreement, and on 07/09/86 GRL Acquisition Ltd. and Getty Resources Limited were amalgamated into Getty Resources Limited, and on 10/07/88 Getty Resources Limited was amalgamated into Total Energold Corporation, and on 08/31/91 Total Energold Corporation assigned to Total Erickson Resources Ltd. all of its interest in and to the Property and the Joint Venture Agreement, and on ,10/23/92 Total Erickson Resources Ltd. assigned to **Total Resources (Canada) Limited** all of its interest in and to the Property and the Joi nt Venture Agreement;

AND WHEREAS on 05/01/91 Noranda Exploration Company, Limited (No Personal Liability) assigned to Hemlo Gold Mines Inc. all of its interest in and to the Property and the Joint Venture Agreement, and on 07/19/96 Hemlo Gold Mines Inc. was amalgamated with Battle Mountain Gold Company, Hemlo Gold Mines Inc. became a subsidiary of Battle Mountain Gold Company, and Hemlo Gold Mines Inc. changed its name to Battle Mountain Canada Ltd., and on 02/19/01 Battle Mountain Canada Ltd. changed its name to **Newmont Canada Limited;**

AND WHEREAS SEABRIDGE is interested in acquiring all right, title, interest and obligations of SELLERS in and to the Property, NEWMONT is interested in selling to SEABRIDGE all right, title, interest and obligations of NEWMONT in and to the Property, subject to a net smelter returns royalty to be retained by NEWMONT with respect to the Property, and TOTAL is interested in selling to SEABRIDGE all right, title, interest and obligations of TOTAL in and to the Property, subject to a net smelter returns royalty to be retained by TOTAL with respect to the Property.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and agreements herein contained, the Parties hereto hereby agree as follows:

1. Definitions. In this Agreement and the Schedules attached to this Agreement the following terms shall have the following meanings:

"Additional Cash Payments" means the payments described in **section 4(c).**

"Affiliate" shall have the meaning ascribed to that term by the Canada Business Corporations Act on the date hereof.

"Area of Interest" means the area described in **section 6.**

"Assignment of Mining Leases" means the assignment provided for in **section 9** in the form attached as Schedule "D".

"Business Day" means any calendar day other than a Saturday or Sunday or any statutory holiday or civic holiday in the Province of Ontario.

"Cash Payment" means the payment described in **section 4(a).**

"Closing" means the completion on the Closing Date of the transfer from SELLERS to SEABRIDGE of the Property as contemplated in this Agreement.

"Closing Date" means such date that the Closing Documents are delivered to the Parties, which date shall be no later than **July 26, 2002.**

"Closing Documents" means the documents described in **section 9.**

"Effective Date" means the date specified on the top of page one of this Agreement. **"Joint Venture Agreement"** has the meaning ascribed to that term in the Recitals above.

"Joint Venture" means the interests held by the SELLERS with respect to the Property pursuant to the Joint Venture Agreement.

"Judgement Currency" means Canada currency.

"Mining Leases" means the following seventeen (17) Mining Leases (together with any renewal or replacement Mining Leases) ML3016, ML3158, ML3159, ML3160, ML3161, ML3219, ML3221, ML3222, ML3223, ML3228, ML3229, ML3230, ML3251, ML3357, ML3361, ML3791 and ML3792 issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada, which, as of the Effective Date, comprises the Property.

"NEWMONT and/or TOTAL" shall include all of "NEWMONT's" and/or all of "TOTAL's", as the case may be, successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Property.

"Parties" means NEWMONT and TOTAL and SEABRIDGE collectively. **"Party"**

means any of the Parties individually.

"Property" means all right, title and interest of the SELLERS now held or hereinafter acquired in and to the Mining Leases described in attached Schedule "A", including without limitation any amendments, supplements, renewals and replacements of such Mining Leases.

"Purchase and Sale Agreement" means this Agreement; **"Purchase Price"**

means the consideration stipulated in **section 4.**

"Rate of Exchange" means the spot rate at which NEWMONT and/or TOTAL, as the case may be, is able on the relevant date to purchase Original Currency with Judgment Currency and includes any premium and costs of exchange payable.

"Records and Data" means all books, contracts, documents, technical information and data (in paper or electronic form), maps, surveys, drill core samples and assays owned by SELLERS related to the Property.

"Royalty" means the net smelter returns royalty stipulated in **section 4** and further described in the Royalty Agreement.

"Royalty Agreement" means the royalty agreements provided for in **section 4** in the form attached as Schedule "B".

"SEABRIDGE" shall include all of SEABRIDGE's successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Property.

"Security Agreement" means the agreements provided for in **section 5** in the form attached as Schedule "C".

"SELLERS" shall mean NEWMONT and TOTAL each on a several in proportion to their respective percentage interests in the Joint Venture and not joint or collective basis.

1. Purchase and Sale. **(a)** NEWMONT shall and hereby covenants to sell, transfer and assign to SEABRIDGE all of its right, title, interest and obligations in and to the Property and the Records and Data; **(b)** TOTAL shall and hereby covenants to sell, transfer and assign to SEABRIDGE all of its right, title, interest and obligations in and to the Property and the Records and Data; and **(c)** SEABRIDGE shall and hereby covenants to purchase all of SELLERS' right, title, interest and obligations in and to the Property and the Records and Data. Commencing from and after the Effective Date SEABRIDGE shall bear solely for its own account all costs and obligations pertaining to or associated with the Property or within the Area of Interest.

2. Joint Venture Aqreement to Terminate upon Closinq. Effective on the Closing Date, the SELLERS agree that the Joint Venture and the Joint Venture Agreement shall terminate in such a manner as to provide for SELLERS to receive the Additional Cash Payments and a perpetual production royalty on 100% of the Property and the Area of Interest. NEWMONT and TOTAL have agreed and do hereby agree to waive any notice or other applicable provisions contained in the Joint Venture Agreement concerning such termination, notwithstanding anything to the contrary contained therein.

3.

1. Purchase Price. As consideration for the purchase and sale of the Property and the Records and Data, SEABRIDGE agrees to **(a)** at Closing pay to the SELLERS a cash payment of Two Million Five Hundred Thousand United States Dollars (US$2,500,000), free and clear of any taxes ("Cash Payment") on the completion of Closing; and **(b)** execute and deliver the Royalty Agreement to the SELLERS and thereby grant to the SELLERS a two percent (2.0%) net smelter returns production royalty in respect of any sale or other disposition of all metal ore, minerals and mineral substances, or concentrates (as further described in the Royalty Agreement) produced and sold from the Property or from any other property within the Area of Interest, to be paid as described in the Royalty Agreement (the "Royalty");and **(c)** additionally **(i)** pay to the SELLERS a further sum of One Million Five Hundred Thousand United States Dollars (US$1,500,000), free and clear of any taxes within sixty (60) days following the date on which the London Bullion Market, Afternoon Fix, spot price of gold closes at or above US$360 per ounce for the tenth (10th) consecutive reporting day; and **(ii)** pay to the SELLERS a further sum of One Million Five Hundred Thousand United States Dollars (US$1,500,000), free and clear of any taxes within sixty (60) days following the date on which the London Bullion Market, Afternoon Fix, spot price of gold closes at or above US$400 per ounce for the tenth (10th) consecutive reporting day, provided, however, SEABRIDGE shall pay to the SELLERS the balance of the Additional Cash Payments specified in **section 4(c)** within sixty (60) days following the date that SEABRIDGE (or any Affiliate or successor or assignee of it) makes a decision to develop a commercial mining operation on or with respect to the Property or within the Area of Interest (th e "Additional Cash Payments") **(section 4(a), section 4(b)** and
4(c), collectively, the "Purchase Price"). **(d)** Should default be made in any Royalty payment when due under **section 4(b)** and such default still exists ten (10) days following notice of non-payment, then the entire unpaid balance under **section 4(b)** shall become immediately due and all unpaid amounts shall bear interest at the rate of fifteen (15%) percent per annum commencing from and after such payment due date until paid. **(e)** Should default be made in either of the Additional Cash Payments when due under **section 4(c)** and such default still exists ten (10) days following notice of non-payment, then the entire unpaid balance under **section 4(c)** shall become immediately due and all unpaid amounts shall bear interest at the rate of fifteen percent (15%) per annum commencing from and after such payment due date unti l paid.

2. Registration on Title. The Parties agree that following Closing **(a)** SEABRIDGE shall immediately register title to the Property in SEABRIDGE's name by filing the Assignment of Mining Leases (Schedule "D"); and **(b)** SELLERS may register or record against title

to the Property such form of notice, caution or other documents (including, without limitation, a copy of this Agreement, the Royalty Agreement (Schedule "B"), and the Security Agreement (Schedule "C")) as it considers appropriate to secure payment from time to time and protect SELLERS' right to receive the Additional Cash Payments and the Royalty hereunder. All Parties hereto hereby consent to such registering or recording and agree to co-operate with such Party to accomplish the same.

3. Area of Interest. If at any time SEABRIDGE or any Affiliate or successor or assignee of it stakes, applies for, and obtains or otherwise acquires, directly or indirectly, any right to or interest in any mining claim, license, lease, grant, concession, permit, patent, or other mineral property or other rights or interests located wholly or partly within the Area of Interest, such rights or interests shall thereafter become part of the Property. In the event SEABRIDGE or any Affiliate or successor or assignee of it surrenders, allows to lapse or otherwise terminates its interest in any portion or all the Property or within the Area of Interest and within a period of five (5) years from the date of such surrender, lapse or other termination, reacquires a direct or indirect interest in respect of the land covered by the former Property or within the Area of Interest, then the Royalty shall apply to such interest so acquired, provided, however, if any such rights or interests so acquired within the Area of Interest already bears a royalty obligation to a non-Affiliate third party, then the Royalty payable to the SELLERS with respect to such rights or interests so acquired shall be reduced by the amount of such royalty obligation, provided, however, SELLERS' Royalty shall in no event be less than a one percent (1.0%) net smelter returns production royalty. SEABRIDGE shall give written notice to SELLERS within ten (10) days of any acquisition or reacquisition within the Area of Interest. The "Area of Interest" shall comprise all land and minerals or other rights or interests lying within an area comprised of lines drawn two (2) kilometers from and parallel to all exterior boundaries of the Property.

4.

1. Term. The Additional Cash Payments and the Royalty shall be perpetual, it being the intent of the Parties hereto that, to the extent allowed by law, the Additional Cash Payments and the Royalty shall constitute a vested interest in and a covenant running with the land affecting the Property (and within the Area of Interest) and all successions thereof whether created privately or through governmental action and shall inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors and assigns so long as SEABRIDGE or any successor or assignee of it holds any rights or interests in the Property or within the Area of Interest. In the event a court of competent jurisdiction determines that any right, power or interest of any Party under this agreement would violate the rule against perpetuities, then such right, power or interest shall terminate at the expiration of 20 years after the de ath of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the Effective Date of this Agreement. This Agreement shall not be terminated solely as a result of a violation of the rule against perpetuities.

2. Payments to NEWMONT and TOTAL. All payments to SELLERS pursuant to this Agreement and the Royalty Agreement shall be made separately by SEABRIDGE in the proportion of Fifty-One Percent (51 %) to NEWMONT and Forty-Nine Percent (49%) to TOTAL.

3. Closing Conditional. The completion of the Closing shall be conditional upon **(a)** the satisfaction by the Parties of all their respective obligations as set forth in **sections 13, 14 and 15,** and **(b)** SEABRIDGE securing the financing required to purchase the Property on or before **July 26, 2002.** The foregoing conditions are included in this Agreement for the sole benefit of SEABRIDGE and may be waived in whole or in part by SEABRIDGE in its sole discretion. If such conditions are not satisfied or waived by SEABRIDGE on or before **July 26, 2002,** this Agreement shall be of no force and effect and each of the Parties shall be released from any and all obligations hereunder. In the event that the foregoing conditions are satisfied or waived in whole or in part by SEABRIDGE on or before **July 26, 2002,** then the Parties shall complete the purchase and sale transaction as c ontemplated by the terms of this Agreement. At Closing the Parties shall deliver the following Closing Documents: (i) SEABRIDGE shall deliver to SELLERS the first installment of the Purchase Price by electronic wire transfers, certified funds or cashier's checks, the executed Royalty Agreement (Schedule "B") to be registered against title to the Property and the executed Security Agreement (Schedule "C") to be registered against title to the Property, and (ii) SELLERS shall deliver to SEABRIDGE a duly executed Assignment of Mining Leases (Schedule "D"). SEABRIDGE covenants to use all commercially reasonable efforts, at its own expense, to obtain on or before Closing the financing required to purchase the Property. After Closing the SELLERS shall permit SEABRIDGE reasonable to access the Records and Data and make copies of all such Records and Data at its sole cost.

4. Property Sold and Purchased on an "As-is, Where-is" Basis. Except for the representations and warranties provided for in this Agreement, the Parties agree that the purchase and sale of the Property shall be on an "As-is, Where-is" basis. SEABRIDGE acknowledges that it has conducted such examinations of the Property and the Records and Data related to it as it has deemed necessary or appropriate and that it is not relying upon any assurances or statements of SELLERS.

5.

Taxes, Transfer Fees. SEABRIDGE shall pay directly to or make the appropriate filings with the appropriate taxing authorities in respect of all sales and transfer taxes (including land transfer taxes), registration charges and transfer fees and GST or other value added taxes applicable in respect of its purchase of the Property under this Agreement.

6. Representations and Warranties.

(a) Representations and Warranties of NEWMONT. NEWMONT represents and warrants to SEABRIDGE that**: (i)** it is a corporation duly incorporated and validly subsisting under the laws of the jurisdiction of its incorporation; **(ii)** all requisite corporate acts and proceedings have been done and taken by it with respect to entering into this Agreement and the transactions contemplated herein and therein; **(iii)** it has the requisite corporate power and authority to enter into this Agreement and to perform its respective obligations hereunder; **(iv)** this Agreement has been duly and validly executed and delivered by it and constitutes a legal, valid and binding obligation of it enforceable in accordance with its terms; **(v)** it has all necessary corporate power to own or lease the Property and is registered

as required and in good standing with respect to the filing of returns under the laws of all jurisdictions in which the failure to so register or file would have a material adverse effect on it or its properties, including the Property; **(vi)** to the best knowledge of NEWMONT, except for the rights of TOTAL pursuant to the Joint Venture Agreement and the rights of SEABRIDGE pursuant to this Agreement, no person, firm or corporation as a result of any action by, through or under NEWMONT has any agreement, option or right, title or interest, or right capable of becoming an agreement, option or right, title or interest (including royalty obligations of any kind), in or to the Property; **(vii)** to the best knowledge of NEWMONT, NEWMONT is listed as the sole registered owner of the Property in the records of the Mining Recorder in Yellowknife, Northwest Territories, and the legal and beneficial owner of an undivided fifty on e percent (51%) right, title and interest in and to the Property, free and clear of all liens, mortgages, charges, pledges, security interests, encumbrances, equities or claims, created by, through or under NEWMONT, such rights, titles and interests of NEWMONT are in good standing in accordance with and pursuant to applicable law and the Mining Leases have been properly applied for, granted, recorded and/or registered in accordance with applicable law**; (viii)** the execution and delivery of this Agreement and the performance and consummation of the transactions contemplated hereby, do not and will not result in a default under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it is a party and by which it is bound to which the Property is subject, nor will such action conflict with or result in any violation of the provisions of its charter documents; **(ix)** no consent, approval or authorization of its shareholders in respect of the transactions contem plated herein is required by it for the consummation of the transactions contemplated herein; **(x)** to the best knowledge of NEWMONT, there are no violations, as of the date hereof, of any past or present applicable federal, provincial or local laws, statutes rules, regulations, permits, ordinances, certificates, licenses, closure plans and other regulatory requirements, policies or guidelines respecting the Property; **(xi)** the Property does not constitute all or substantially all the assets and undertaking of NEWMONT; **(xii)** to the best knowledge of NEWMONT, NEWMONT is the sole beneficial owner of its right, title and interest in and to the Property, has the exclusive right to dispose of its right, title and interest in and to the Property; **(xiii)** this Agreement, and the transactions contemplated herein have been duly authorized, executed and delivered by NEWMONT and constitute legal, valid and binding obligations of NEWMONT, enforceable against it in accordance with the terms herein and all necessary third party consents and regulatory and stock exchange approvals have been obtained in respect thereof, including from all governmental authorities having jurisdiction, and in respect of the transactions contemplated herein; **(xiv)** NEWMONT is not and will not be at the time of Closing a non-resident of Canada for the purposes of the Income Tax Act (Canada); **(xv**) to the best knowledge of NEWMONT there is no suit, action, litigation, investigation, grievance, arbitration, governmental or other proceeding, including appeal and applications for review, in progress, pending or threatened against or relating to or affecting the Property, nor is there any basis therefor or any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality or arbitrator which, in any such case, if determined adversely to NEWMONT, might materially and adversely affect NEWMONT's interest in the Property or the ability of NEWMONT to enter into this Agreement or to consummate the transactions contemplated hereby and there is not presently outstanding against NEWMONT any such judgment, decree, injunction, rule, order or award of any court, governmental department, commission, agency, instrumentality or arbitrator with respect to the Property; **(xvi)** no representation or warranty is given as to the existence or non-existence of Aboriginal rights or interests in or with respect to the Property or the land subject to the Property or as to the existence or non-existence of rights of third parties acquired from the Crown to use the land subject to the Property for uses that may compete with mineral exploration, development or mining; and **(xvii)** NEWMONT makes no representations or warranties to SEABRIDGE concerning the Records and Data and SEABRIDGE agrees that if it elects to rely on any such Records and Data, it does so at its sole risk.

(b) Representations and Warranties of TOTAL. TOTAL represents and warrants to SEABRIDGE that: **(i)** it is a corporation duly incorporated and validly subsisting under the laws of the jurisdiction of its incorporation; **(ii)** all requisite corporate acts and proceedings have been done and taken by it with respect to entering into this Agreement and the transactions contemplated herein and therein; **(iii)** it has the requisite corporate power and authority to enter into this Agreement and to perform its respective obligations hereunder; **(iv)** this Agreement has been duly and validly executed and delivered by it and constitutes a legal, valid and binding obligation of it enforceable in accordance with

its terms; **(v)** it has all necessary corporate power to own or lease the Property and is registered as required and in good standing with respect to the filing of returns under the laws of all jurisdictions in which the failure to so register or file would have a material adverse effect on it or its properties, including the Property; **(vi)** to the best knowledge of TOTAL, except for the rights of NEWMONT pursuant to the Joint Venture Agreement and the rights of SEABRIDGE pursuant to this Agreement, no person, firm or corporation as a result of any action by, through or under TOTAL has any agreement, option or right, title or interest, or right capable of becoming an agreement, option or right, title or interest (including royalty obligations of any kind), in or to the Property; **(vii)** to the best knowledge of TOTAL, TOTAL is the legal and beneficial owner (although NEWMONT is the registered owner of 100% of the Property) of an undivid ed forty nine percent (49%) right, title and interest in and to the Property, free and clear of all liens, mortgages, charges, pledges, security interests, encumbrances, equities or claims, created by, through or under TOTAL, such rights, titles and interests of TOTAL are in good standing in accordance with and pursuant to applicable law and the Mining Leases have been properly applied for, granted, recorded and/or registered in accordance with applicable law; **(viii)** the execution and delivery of this Agreement and the performance and consummation of the transactions contemplated hereby, do not and will not result in a default under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it is a party and by which it is bound to which the Property is subject, nor will such action conflict with or result in any violation of the provisions of its charter documents; **(ix)** no consent, approval or authorization of its shareholders in respect of the transaction s contemplated herein is required by it for the consummation of the transactions contemplated herein; **(x)** to the best knowledge of TOTAL, there are no violations, as of the date hereof, of any past or present applicable federal, provincial or local laws, statutes rules, regulations, permits, ordinances, certificates, licenses, closure plans and other regulatory requirements, policies or guidelines respecting the Property; (**xi)** the Property does not constitute all or substantially all the assets and undertaking of TOTAL; **(xii)** to the best knowledge of TOTAL, TOTAL is the sole beneficial owner of its right, title and interest in and to the Property, has the exclusive right to dispose of its right, title and interest in and to the Property; **(xiii)** this Agreement, and the transactions contemplated herein have been duly authorized, executed and delivered by TOTAL and constitute legal, valid and binding obligations of TOTAL, enforceable against it in accordance with the terms herein and all necessary third party consents and regulatory and stock exchange approvals have been obtained in respect thereof, including from all governmental authorities having jurisdiction, and in respect of the transactions contemplated herein; **(xiv)** TOTAL is not and will not be at the time of Closing a non-resident of Canada for the purposes of the Income Tax Act (Canada); **(xv)** to the best knowledge of TOTAL there is no suit, action, litigation, investigation, grievance, arbitration, governmental or other proceeding, including appeal and applications for review, in progress, pending or threatened against or relating to or affecting the Property, nor is there any basis therefor or any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality or arbitrator which, in any such case, if determined adversely to TOTAL, might materially and adversely affect TOTAL's interest in the Property or the ability of TOTAL to enter into this Agreement or t o consummate the transactions contemplated hereby and there is not presently outstanding against TOTAL any such judgment, decree, injunction, rule, order or award of any court, governmental department, commission, agency, instrumentality or arbitrator with respect to the Property; **(xvi)** no representation or warranty is given as to the existence or non-existence of Aboriginal rights or interests in or with respect to the Property or the land subject to the Property or as to the existence or non-existence of rights of third parties acquired from the Crown to use the land subject to the Property for uses that may compete with mineral exploration, development or mining; and (xvii) TOTAL makes no representations or warranties to SEABRIDGE concerning the Records and Data and SEABRIDGE agrees that if it elects to rely on any such Records and Data, it does so at its sole risk.

(c) Representations and Warranties of SEABRIDGE. SEABRIDGE represents and warrants to each of NEWMONT and TOTAL that: **(i)** it is a corporation duly incorporated and validly subsisting under the laws of the jurisdiction of its incorporation; **(ii)** all requisite corporate acts and proceedings have been done and taken by it with respect to entering into this Agreement and the transactions contemplated herein and therein; **(iii)** it has the requisite corporate power and authority to enter into this Agreement and to perform its respective obligations hereunder; **(iv)** this Agreement has been duly and validly executed and delivered by it and constitutes a legal, valid and binding obligation of it enforceable in accordance with its terms; **(v)** it has all necessary corporate power to own or lease the Property and is registered as required and in good standing with respect to the filing of returns under the laws of all jurisdictions in which the failure to so register or file would have a material adverse effect on its title to the Property; **(vi)** the execution and delivery of this Agreement and the performance and consummation of the transactions contemplated hereby, do not and will not result in a default under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it is a party and by which it is bound to which the Property is subject, nor will such action conflict with or result in any violation of the provisions of its charter documents; **(vii)** no consent, approval or authorization of its shareholders in respect of the transactions contemplated herein is required by it for the consummation of the transactions contemplated herein; **(viii)** SEABRIDGE, during its due diligence on and with respect to t he Property, has not become aware of any violations of any past or present applicable federal, provincial or local laws, statutes rules, regulations, permits, ordinances, certificates, licenses, closure plans and other regulatory requirements, policies or guidelines respecting the Property; **(ix)** this Agreement, and the transactions contemplated herein have been duly authorized by SEABRIDGE and this Agreement has been duly executed and delivered by SEABRIDGE and constitutes legal, valid and binding obligations of SEABRIDGE, enforceable against it in accordance with the terms herein and all necessary third party consents and regulatory and stock exchange approvals have been obtained in respect thereof, including from all governmental authorities having jurisdiction, and in respect of the transactions contemplated herein; and **(x)** SEABRIDGE is not and will not be at the time of Closing a non-resident of Canada for the purposes of the Income Tax Act (Canada);

(d) Survival of Representations and Warranties. For a term of two (2) years from and after the Effective Date, **(i)** the representations and warranties contained herein shall survive the Closing and shall continue in full force and effect; and **(ii)** NEWMONT and TOTAL and SEABRIDGE each hereby covenant to and in favor of each other to indemnify and save the other harmless from and against all claims, demands, actions, causes of action, damages, losses, costs, liabilities and expenses which may be incurred by or brought against the other Party and/or which the other Party may suffer or incur as a result of, in respect of, or arising out of any breach of any representation or warranty made by it or any non-fulfillment of any covenant or obligation of it under this Agreement or the Royalty Agreement.

1. Other Covenants of the SELLERS. Except as otherwise contemplated or permitted by this Agreement, SELLERS shall, prior to the completion of the transactions contemplated in this Agreement: **(a)** use commercially reasonable efforts to preserve and protect or cause to be preserved and protected all of its right, title and interest in and to the Property, until Closing; and **(b)** not make any modification of its ordinary course business practices in respect of its interest in the Property nor make any commitments in respect of the Property, or its right, title and interest in and to the Property.

2. Encumbrances. During the time period between the date of execution of this Agreement and the Closing Date, SELLERS shall not suffer or permit any encumbrance, created by, through or under SELLERS, to attach to or affect the Property or its right, title and interest therein.

3. Approvals. SEABRIDGE covenants to use all commercially reasonable efforts, at its own expense, to obtain on or before Closing all required third party, governmental and regulatory approvals (including any required approvals of a stock exchange), if any, in respect of the transactions contemplated in this Agreement.

4. Other Business. NEWMONT and TOTAL and SEABRIDGE shall have the right without consulting or notifying the other to engage in and receive full benefits from other and independent business activities, whether or not competitive or in conflict with the transactions contemplated in this Agreement. The doctrine of "corporate opportunity" or "business opportunity" shall not be applied to any other transaction, activity, venture or operation of NEWMONT or TOTAL or SEABRIDGE not within the boundaries or in respect of the Property or the Area of Interest, and, except as otherwise expressly provided in other agreements between or among NEWMONT, TOTAL and SEABRIDGE, if any, none of NEWMONT, TOTAL or SEABRIDGE shall have any duty to the other with respect to any opportunity to acquire property outside of the boundaries of the Property or the Area of Interest.

1. Assumption of Liabilities; Indemnifications by SEABRIDGE. SEABRIDGE hereby assumes all right, title, interest and liabilities of SELLERS in, to and under the Property, the Joint Venture and the Joint Venture Agreement, including but not limited to any and all environmental liabilities. SEABRIDGE shall be responsible for all costs, fines, damages, judgments, penalties or responsibilities (environmental and otherwise) in connection with its ownership and use of the Property and for any and all work performed in and on the Property, whether arising prior to or subsequent to the Closing Date. SEABRIDGE hereby indemnifies and saves harmless SELLERS from any loss, cost or liability (including reasonable legal fees) arising from a claim against SELLERS in respect of: **(a)** any failure by SEABRIDGE to timely and fully perform all reclamation, restoration, waste disposal or other closure obligations required by governmental author ities in respect of all activities on the Property, whether arising prior to or subsequent to the Closing Date; **(b)** any failure or omission by SEABRIDGE which results in a violation of or liability under any present or future applicable federal, provincial or local environmental laws, statutes, rules, regulations, permits, ordinances, certificates, licenses and other regulatory requirements, policies or guidelines in respect of all activities on the Property, whether arising prior to or subsequent to the Closing Date; and **(c)** any claims by third parties against SELLERS in respect of property damage or injury or death to persons arising out of the activities on or with respect to the Property whether arising prior to or subsequent to the Closing Date.

2. Party May Waive Condition. Any Party may waive, by notice to the other Party, any condition set forth in this Agreement which is for its benefit. No waiver by a Party of any condition, in whole or in part, shall operate as a waiver of any other condition.

3. Dispute Resolution. **(a)** Any dispute, controversy or claim arising out of, in relation to or in connection with this Agreement, including any dispute as to the validity, interpretation, enforceability or breach of this Agreement, shall be exclusively and finally settled by binding arbitration before a single qualified arbitrator appointed upon the unanimous agreement of all Parties and conducted in accordance with the Arbitration Act, 1991 (Ontario). The arbitrator shall be knowledgeable about the matter being arbitrated. The decision rendered by the arbitrator may be entered into any court. Each Party shall pay their own fees and expenses (and shall pay their

own attorneys' fees and expenses) related to the arbitration, regardless of how the arbitrated issue is decided. The Parties covenant that they shall conduct all aspects of such arbitration having regard at all times to minimizing the cost and expediting the final resolution of such arbitration. Arbitration shall be conducted in English, in Toronto, Canada. **(b)** If, for the purposes of obtaining judgment in any court in Canada, it becomes necessary to convert into Canadian dollars ("Judgment Currency") an amount due in United States dollars hereunder ("Original Currency") then the conversion shall be made at the Rate of Exchange prevailing on the business day before the day on which the judgment is given. If there is a change in the Rate of Exchange prevailing between the business day before the day on which the judgment is due, the paying Party will pay such additional amounts (if any, but in any event not a lesser amount) as may be necessary to ensure that the amount paid in the Judgment Currency when converted at the Rate of Exchange prevailing on the date of payment will produce the amount then due under this Agreement in the Original Currency and such additional amount shall bear interest, from the date same become d ue, at the rate of fifteen percent (15%) per annum. "Rate of Exchange" means the spot rate at which the Party who is the payee is able on the relevant date to purchase Original Currency with Judgment Currency and includes any premium and costs of exchange payable.

4. Expenses. Each Party shall pay all expenses it incurs in authorizing, preparing, executing and performing this Agreement and the transactions contemplated hereunder and thereunder, whether or not the Closing occurs, including all fees and expenses of its legal counsel, bankers, investment bankers, brokers, accountants or other representatives or consultants.

5. Time. Time is of the essence of each provision of this Agreement.

6. Notices. **(a)** Any notice, demand or other communication (in this section, a "notice") required or permitted to be given or made hereunder shall be in writing and shall be sufficiently given or made if: **(i)** delivered in person during normal business hours of the recipient on a Business Day and left with a receptionist or other responsible employee of the recipient at the applicable address first set forth in this Agreement; or **(ii)** sent by facsimile transmission (a "Transmission") during normal business

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hours on a Business Day charges prepaid and confirmed by regular mail at the address first set forth in this Agreement; and **(b)** each notice sent in accordance with this section shall be deemed to have been received: **(i)** on the day it was delivered; or on the same day that it was sent by fax transmission, or **(ii)** on the first Business Day thereafter if the day on which it was sent by fax transmission was not a Business Day. The notice addresses for the Parties are set out on page one of this Agreement. Any Party may change its address for notice by giving notice to the other Parties in accordance with this section. Notice to NEWMONT shall additionally be sent to Newmont Mining Corporation, 1700 Lincoln Street, Denver, Colorado 80203 U.S.A., ATTN: Land Dept., Facsimile: 303.837.5851.

23. Assignment. **(a)** If SEABRIDGE desires to option, joint-venture, assign, transfer, convey or otherwise dispose of its rights and interests in and to the Property or within the Area of Interest, SEABRIDGE shall promptly notify NEWMONT and TOTAL of its intentions in order that NEWMONT and/or TOTAL may consider the possible acquisition from SEABRIDGE of a portion or all of SEABRIDGE's interest in the Property. **(b)** Except as otherwise provided herein, SEABRIDGE may assign, transfer, convey or otherwise dispose of its rights and interests under this Agreement or the Royalty Agreement; provided, however, any option, joint-venture, assignment, transfer, conveyance or other disposition by SEABRIDGE of any of its rights and interests in or with respect to this Agreement, the Property or the Royalty Agreement shall be void unless the proposed assignee has first agreed in writing with SELLERS to observe and be bound by all of the provisions of this Agreement and the Royalty Agreement with respect to the rights, interests and obligations being assigned to or assumed by the assignee in the place and stead of SEABRIDGE and SEABRIDGE, only subsequent to the signing of a definitive agreement as between SELLERS and such assignee, shall be relieved or discharged from this Agreement and the Royalty Agreement in respect thereof. Any rights, interests or obligations of SEABRIDGE in or with respect to this Agreement, the Property or the Royalty Agreement which are not assigned or assumed in accordance with the foregoing will be several and not joint rights, interests or obligations of SEABRIDGE and SEABRIDGE shall not be relieved or discharged from this Agreement and the Royalty Agreement in respect thereof and SELLERS may continue to look to SEABRIDGE for performance with respect thereto. **(c)** Each of NEWMONT and TOTAL shall have the unrestricted right, in its sole and absolut e discretion, to assign, transfer, convey, or relinquish any of its rights or interests with respect to the Property, including the Royalty at any time.

1. Reporting. No later than March 1 of each year, SEABRIDGE shall provide SELLERS with an annual report of activities and operations conducted with respect to the Property during the preceding calendar year, and from time to time such additional information as SELLERS may reasonably request.

2. Maintenance of the Property. Subsequent to Closing, SEABRIDGE shall pay all governmental taxes, duties or other payments, make any minimum investments required by law, perform all acts and comply with all obligations under applicable law required to maintain the Property (excluding those portions of the Property previously abandoned by it as provided in this section) in good standing. At any time and from time to time, SEABRIDGE may elect to abandon any part or parts of the Property by giving notice to NEWMONT and TOTAL of such election not less than thirty (30) days prior to the proposed date of abandonment. The notice shall identify the Mining Leases (or other interests acquired within the Area of Interest) which are proposed to be abandoned. Upon expiry of such thirty (30) day period, SEABRIDGE's

obligations hereunder in respect of such abandoned interests shall termi nate and thereafter the term "Property" as used in this Agreement will apply to those interests comprising the Property which have not been abandoned by SEABRIDGE. If requested by either of NEWMONT and/or TOTAL, SEABRIDGE shall execute documents transferring to NEWMONT and/or TOTAL, as the case may be, title to any part or parts of the Property which SEABRIDGE is abandoning. In the event that SEABRIDGE gives notice that it intends to abandon the balance of the Property held by it then, subject to **section 6** hereof, upon expiry of the thirty (30) day period SEABRIDGE's obligations to make either of the Additional Cash Payments not due before expiry of such thirty (30) day period shall terminate.

3. Further Assurances. All Parties shall do such acts and shall execute such further documents, conveyances, deeds, assignments, transfers and other instruments, and will cause the doing of such

acts and will cause the execution of such further documents as are within its power as any other Party may in writing at any time and from time to time reasonably request be done and or executed, in order to give full effect to the provisions of this Agreement, the Royalty Agreement and the Closing Documents.

1. Public Announcements. Prior to Closing, a Party desiring to make a disclosure, statement or press release concerning this Agreement or the Royalty Agreement shall first consult with the other Parties prior to making such disclosure, statement or press release, and the Parties shall use all reasonable efforts, acting expediently and in good faith, to agree upon a text for such statement or press release which is satisfactory to all Parties.

2. Number and Gender. In this Agreement, words in the singular include the plural and vice-versa and words in one gender include all genders.

3. Entire Agreement. This Agreement together with the Royalty Agreement and the Closing Documents constitute the entire agreement among the Parties pertaining to the subject matter hereof and supercedes all prior agreements, negotiations, discussions and understandings, written or oral, between the Parties. Except as may be specifically set forth in this Agreement, the Royalty Agreement and the Closing Documents, there are no representations, warranties, conditions or other agreements or acknowledgments, whether direct or collateral, express or implied, that form part of or affect this Agreement, or which induced any Party to enter into this Agreement or on which reliance is placed by any Party.

4. Survival. The following sections shall survive the date of Closing: 2, 3, 4, 5, 6, 7, 8, 10, 11, 12 (as limited in section 12(d), 16, 17, 19, 20, 21, 22, 23, 24, 25, 26, 29, 31, 32, 33, 34 and 37.

5. Amendment. This Agreement may be amended, modified or supplemented only by a written agreement signed by each Party.

6. Waiver of Rights. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

7. Applicable Law. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

8. Agreements, Representations and Warranties Are Not Joint. The covenants, agreements, representations and warranties of NEWMONT and TOTAL in this Agreement are several in proportion to their respective interests with respect to the Property and not joint and several.

9. Currency. Unless specified otherwise, all statements of or references to dollar amounts in this Agreement are to lawful money of the United States of America.

10. Performance on Holidays. If any action is required to be taken pursuant to this Agreement on or by a specified date, which is not a Business Day, then such action shall be valid if taken on or by the next succeeding Business Day.

11.

English Language. The Parties hereto expressly declare that they require this Agreement, and all documents and notices relating thereto, to be drafted and written solely in the English language. Les Parties déclarent expressément qu'elles exigent que ce contrat, ainsi que tous les documents et avis s'y rapportant, soient rédigés et écrits exclusivement en anglais.

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38. Counterparts. This Agreement may be executed in any number of counterparts, and it shall not be necessary that the signatures of all Parties be contained on any counterpart. Each counterpart shall be deemed an original, but all counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF the Parties hereto have duly executed this Agreement effective as of the date first written above.

NEWMONT CANADA LIMITED

By:

Title:

Date:

Its Authorized Representative

[SEAL]

TOTAL RESOURCES (CANADA) LIMITED

By:

Title:

Date:

Its Authorized Representative

[SEAL]

SEABRIDGE GOLD INC.

By:

Title:

Date:

Its Authorized Representative

[SEAL]

SCHEDULE "A" TO THE PURCHASE AND SALE AGREEMENT
(Description of the "Property")

The following Mining Leases issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada

Lease Number	Issued Date	Acres
3016 (1st Renewal)	23-Oct-2001 (signed 1-Oct-01)	702.00
3158	25-Jul-1984 (signed 21-Jan-85)	1,376.00
3159	25-Jul-1984 (signed 21-Jan-85)	534.00
3160	25-Jul-1984 (signed 21-Jan-85)	1,878.00
3161	25-Jul-1984 (signed 21-Jan-85)	1,135.00
3219	9-Jul-1986 (signed 2-Jul-87)	168.10
3221	16-Jun-1986 (signed 11-Aug-87)	584.00
3222	24-Jun-1987 (signed 11-Aug-87)	907.00
3223	23-Jun-1987 (signed 11-Aug-87)	1,214.00
3228	30-Jun-1987 (signed 8-Apr-88)	2,357.00
3229	30-Jun-1987 (signed 8-Apr-88)	1,585.00
3230	30-Jun-1987 (signed 21-Apr-88)	518.00
3251	30-Jun-1987 (signed 22-Jun-88)	1,159.00
3357	26-Apr-1990 (signed 13-Dec-91)	1,890.00
3361	26-Apr-1990 (signed 13-Dec-91)	2,034.00
3791	9-Sep-1998 (signed 3-Oct-99)	80.20
3792	9-Sep-1998 (signed 3-Oct-1999)	57.00
TOTAL	***	**18,178.30**

SCHEDULE "B" TO THE PURCHASE AND SALE AGREEMENT
(the "Royalty Agreement")

NOTE: Newmont and Total may each wish to have a separate Royalty Agreement.

ROYALTY AGREEMENT

(Includes termination of the Tundra Joint Venture Operating Agreement
and the establishment of a Net Smelter Returns Production Royalty)

THIS ROYALTY AGREEMENT ("Agreement") effective **July 26, 2002** (the "Effective Date") **AMONG:**

NEWMONT CANADA LIMITED, a corporation incorporated under the laws of the Province of Ontario, whose address is 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, Canada M4R 1K8, Facsimile: 416.488.6598

(hereinafter **"NEWMONT")** and

TOTAL RESOURCES (CANADA) LIMITED, a corporation incorporated under the federal laws of Canada under the Canadian Business Corporations Act, whose address is Suite 810, 202 6th Avenue S.W., Calgary Alberta, Canada T2P 2R9, Facsimile: 403.571.7595

(hereinafter **"TOTAL")**

(NEWMONT and TOTAL, collectively hereinafter **"SELLERS")** and

SEABRIDGE GOLD INC., a corporation incorporated under the laws of the Province of British Columbia, whose address is 172 King Street East, 3`d Floor, Toronto, Ontario, Canada M5A 1J3, Facsimile: 416.367.2711

(hereinafter **"SEABRIDGE")**

RECITALS

WHEREAS pursuant to that certain Tundra Joint Venture Operating Agreement dated January 1, 1982 by and between Noranda Exploration Company, Limited (No Personal Liability) (predecessor to NEWMONT) and Getty Canadian Metals, Limited (predecessor to TOTAL) (the "Joint Venture Agreement") in respect of the exploration, development and operation of the Tundra Property in the Courageous Lake area of the Northwest Territories, Canada (the "Joint Venture"), more particularly described on attached Schedule "A" (the "Property"), NEWMONT owned an undivided fifty one (51%) interest in and to the Property and the Joint Venture Agreement and TOTAL owned an undivided forty nine percent (49%) interest in and to the Property and the Joint Venture Agreement;

AND WHEREAS on 07/04/86 Getty Canadian Metals, Limited assigned to Getty Resources Limited all of its interest in and to the Property and the Joint Venture Agreement, and on 07/07/86 Getty Resources Limited assigned to GRL Acquisition Ltd. all of its interest in and to the Property and the Joint Venture Agreement, and on 07/09/86 GRL Acquisition Ltd. and Getty Resources Limited were amalgamated into Getty Resources Limited, and on 10/07/88 Getty Resources Limited was amalgamated into Total Energold Corporation, and on 08/31/91 Total Energold Corporation assigned to Total Erickson Resources Ltd. all of its interest in and to the Property and the Joint Venture Agreement, and on 10/23/92 Total Erickson Resources Ltd. assigned to **Total Resources (Canada) Limited** all of its interest in and to the Property and the Joint Venture Agreement;

AND WHEREAS on 05/01/91 Noranda Exploration Company, Limited (No Personal Liability) assigned to Hemlo Gold Mines Inc. all of its interest in and to the Property and the Joint Venture Agreement, and on 07/19/96 Hemlo Gold Mines Inc. was amalgamated with Battle Mountain Gold Company, Hemlo Gold Mines Inc. became a subsidiary of Battle Mountain Gold Company, and Hernia Gold Mines Inc. changed its name to Battle Mountain Canada Ltd., and on 02/19/01 Battle Mountain Canada Ltd. changed its name to **Newmont Canada Limited;**

AND WHEREAS pursuant to the terms and conditions of that certain "Purchase and Sale Agreement" dated effective **July 16, 2002** with respect to the Property, **(a)** the SELLERS have sold, transferred and assigned to SEABRIDGE all of their right, title, interest and obligations in and to the Property; **(b)** SEABRIDGE has purchased all of the SELLERS' right, title, interest and obligations in and to the Property, **(c)** the SELLERS have terminated the Joint Venture and the Joint Venture Agreement in such a manner as to provide for the SELLERS to receive a perpetual production royalty on 100% of the Property and the Area of Interest, and **(d)** SEABRIDGE has **(i)** paid to the SELLERS a Cash Payment, **(ii)** agreed to grant to the SELLERS a Royalty, and **(iii)** agreed to pay to the SELLERS certain Additional Cash Payments under certain conditions , the details of which are set out in the Purchase and Sale Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSETH that for and in consideration of the premises and the covenants and conditions herein set forth and set forth in the Purchase and Sale Agreement and the Security Agreement, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows.

1. Purchase and Sale. Effective on the Effective Date **(a)** the SELLERS have sold, transferred and assigned to SEABRIDGE all of their right, title, interest and obligations in and to the Property; and **(b)** SEABRIDGE has purchased all of SELLERS' right, title, interest and obligations in and to the Property, subject to the terms and conditions of this Agreement. Commencing from and after the Effective Date SEABRIDGE has agreed to bear solely for its own account all costs and obligations pertaining to or associated with the Property or within the Area of Interest.

2. Joint Venture Agreement Terminated. Effective on the Effective Date, the SELLERS have terminated the Joint Venture and the Joint Venture Agreement in such a manner as to provide for the SELLERS to receive Additional Cash Payments and the perpetual Royalty on 100% of the Property and the Area of Interest described herein.

3. Purchase Price. As consideration for the purchase and sale of the Property, SEABRIDGE has **(a)** on the Effective Date paid to the SELLERS a cash payment of Two Million Five Hundred Thousand United States Dollars (US$2,500,000), free and clear of any taxes ("Cash Payment"); and **(b)** executed and delivered to the SELLERS this Agreement setting out the terms of a two percent (2.0%) net smelter returns production royalty in respect of any sale or other disposition of all metal ore, minerals and mineral substances, or concentrates produced and sold from the Property or from any other property within the Area of Interest, to be paid as described in this Agreement (the "Royalty"); and **(c)** additionally under the Purchase and Sale Agreement agreed to **(i)** pay to the SELLERS a further sum of One Million Five Hundred Thousand United States Dollars (US$1,500,000), free and clear of any taxes within sixty (60) days following the date on which the London Bullion Market, Afternoon Fix, spot price of gold closes at or above US$360 per ounce the for tenth (10th) consecutive reporting day; and **(ii)** pay to the SELLERS a further sum of One Million Five Hundred Thousand United States Dollars (US$1,500,000),

free and clear of any taxes within sixty (60) days following the date on which the London Bullion Market, Afternoon Fix, spot price of gold closes at or above US$400 per ounce for the tenth (10th) consecutive reporting day, provided, however,

4.

SEABRIDGE has agreed to pay to the SELLERS the balance of the Additional Cash Payments specified in **section 3(cl** within sixty (60) days following the date that SEABRIDGE (or any Affiliate or successor or assignee of it) makes a decision to develop a commercial mining operation on or with respect to the Property or within the Area of Interest tthe "Additional Cash Payments") **(section 3(a), section 3(b) and section 3(c),** collectively, the "Purchase Price") **(d)** Should default be made in any Royalty payment when due under **section 9** hereof and such default still exists ten (10) days following notice of non-payment, then the entire unpaid balance under **section 9** shall become immediately due and all unpaid amounts shall bear interest at the rate of fifteen (15) percent per annum commencing from and after such payment due date until paid. **(e)** The Parties have agreed that should default be made in either of the Additional Cash Payments when due under the Purchase and Sale Agreement and such default still exists ten (10) days following notice of non-payment, then the entire unpaid balance of the Additional Cash Payments due under the Purchase and Sale Agreement shall become immediately due and all unpaid amounts shall bear interest at the rate of fifteen percent (15%) per annum commencing from and after such payment due date until paid.

1. Registration on Title. The Parties agree that following the Effective Date **(a)** SEABRIDGE shall immediately register title to the Property in SEABRIDGE's name by filing the Assignment of Mining Leases; and **(b)** SELLERS may register or record against title to the Property such form of notice, caution or other documents (including, without limitation, a copy of the Purchase and Sale Agreement, this Agreement, and the Security Agreement) as it considers appropriate to secure payment from time to time and protect SELLERS' right to receive the Additional Cash Payments and the Royalty hereunder. All Parties hereto hereby consent to such registering or recording and agree to co-operate with such Party to accomplish the same.

2. Area of Interest. If at any time SEABRIDGE or any Affiliate or successor or assignee of it stakes, applies for, and obtains or otherwise acquires, directly or indirectly, any right to or interest in any mining claim, license, lease, grant, concession, permit, patent, or other mineral property or other rights or interests located wholly or partly within the Area of Interest, such rights or interests shall thereafter become part of the Property. In the event SEABRIDGE or any Affiliate or any successor or assign of it surrenders, allows to lapse or otherwise terminates its interest in any portion or all the Property or within the Area of Interest and within a period of five (5) years from the date of such surrender, lapse or other termination, reacquires a direct or indirect interest in respect of the land covered by the former Property or within the Area of Interest, then the Royalty shall appl y to such interest so acquired; provided, however, if any rights or interests so acquired within the Area of Interest already bears a royalty obligation to a non-Affiliate third party, then the Royalty payable to the SELLERS with respect to such rights or interests so acquired shall be reduced by the amount of such royalty obligation, provided, however, SELLERS' Royalty shall in no event be less than a one percent (1.0%) net smelter returns production royalty. SEABRIDGE shall give written notice to SELLERS within ten (10) days of any acquisition or reacquisition within the Area of Interest. The "Area of Interest" shall comprise all land and minerals or other rights or interests lying within an area comprised of lines drawn two (2) kilometers from and parallel to all exterior boundaries of the Property.

3. Term. The Additional Cash Payments payable under the Purchase and Sale Agreement and the Royalty created hereby shall be perpetual, it being the intent of the Parties hereto that, to the extent allowed by law, the Additional Cash Payments and the Royalty shall constitute a vested interest in and a covenant running with the land affecting the Property (and within the Area of Interest) and all successions thereof whether created privately or through governmental action and shall inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors and assigns so long as SEABRIDGE or any successor or assign of it holds any rights or interests in the Property or within the Area of Interest. In the event a court of competent jurisdiction determines that any right, power or interest of any Party under this Agreement would violate t he rule against perpetuities, then such right, power or interest shall terminate at the expiration of 20 years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the Effective Date of this Agreement. This Agreement shall not be terminated solely as a result of a violation of the rule against perpetuities.

4.

1. Payments to NEWMONT and TOTAL. All payments to SELLERS pursuant to this Agreement shall be made separately by SEABRIDGE in the proportion of Fifty-One Percent (51%) to NEWMONT and Forty-Nine Percent (49%) to TOTAL.

2. Assumption of Liabilities; Indemnifications by SEABRIDGE. Under the Purchase and Sale Agreement SEABRIDGE has agreed to assume all right, title, interest and liabilities of SELLERS in, to and under the Property, the Joint Venture and the Joint Venture Agreement, including but not limited to any and all environmental liabilities. Accordingly, SEABRIDGE shall be responsible for all costs, fines, damages, judgments, penalties or responsibilities (environmental and otherwise) in connection with its ownership and use of the Property and for any and all work performed in and on the Property, whether arising prior to or subsequent to the Closing Date. Under the Purchase and Sale Agreement SEABRIDGE has agreed to indemnify and save harmless SELLERS from any loss, cost or liability (including reasonable legal fees) arising from a claim against SELLERS in respect of: **(a)** any failure by SEABRIDGE to timely and fully perform all reclamation, restoration, waste disposal or other closure obligations required by governmental authorities in respect of all activities on the Property, whether arising prior to or subsequent to the Closing Date; **(b)** any failure or omission by SEABRIDGE which results in a violation of or liability under any present or future applicable federal, provincial or local environmental laws, statutes, rules, regulations, permits, ordinances, certificates, licenses and other regulatory requirements, policies or guidelines in respect of all activities on the Property, whether arising prior to or subsequent to the Closing Date; and **(c)** any claims by third parties against SELLERS in respect of property damage or injury or death to persons arising out of the activities on or with respect to the Property whether arising prior to or subsequent to the Closing Date.

3. Royalty Calculations and Payments. SEABRIDGE shall pay SELLERS a perpetual production royalty of two percent (2%) of "Net Smelter Returns" from the sale or other disposition of all metal ore, minerals and mineral substances, or concentrates produced therefrom (including, without limitation metals, precious metals, base metals, industrial minerals, gems, diamonds, commercially valuable rock, aggregate, clays and diatomaceous earth, hydrocarbons, and oil and gas, and other minerals which are mined, excavated, extracted or otherwise recovered) ("Minerals") produced and sold from the Property or within the Area of Interest, provided such rights or interests are held or acquired by SEABRIDGE or an Affiliate or a successor or assign of it, regardless of whether the rights or interests in and to such Minerals are included in the Mining Leases, determined in accordance with the pr ovisions set forth in this section and, if applicable, **section 12** hereof. **(a)** For Precious Metals. Net Smelter Returns, in the case of gold, silver, and platinum group metals ("Precious Metals"), shall be determined by multiplying **(i)** the gross number of troy ounces of Precious Metals contained in the production from the Property during the preceding calendar month ("Monthly Production") delivered to the smelter, refiner, processor, purchaser or other recipient of such production, or an insurer as a result of casualty to such production (collectively, "Payor"), by **(ii)** for gold, the average of the London Bullion Market, Afternoon Fix, spot prices for the preceding calendar month (the "Applicable Spot Price") and for all other Precious Metals, the average of the New York Commodities Exchange final spot prices for the preceding calendar month for the particular Minerals for which the price is being determined, and subtracting fro m the product of (i) and (ii) only the following if actually incurred: **(1)** charges imposed by the Payor for refining bullion from doré or concentrates of Precious Metals ("Beneficiated Precious Metals") produced by SEABRIDGE's final mill or other final processing plant; however, charges imposed by the Payor for smelting or refining of raw or crushed ore containing Precious Metals or other preliminarily processed Precious Metals shall not be subtracted in determining Net Smelter Returns; **(2)** penalty substance, assaying, and sampling charges imposed by the Payor for refining Beneficiated Precious Metals contained in such production; and **(3)** charges and costs, if any, for transportation and insurance of Beneficiated Precious Metals from SEABRIDGE's final mill or other final processing plant to places where such Beneficiated Precious Metals are smelted, refined and/or sold or otherwise disposed of.

In the event the refining of bullion from the Beneficiated Precious Metals contained in such production is carried out in custom toll facilities owned or controlled, in whole or in part, by SEABRIDGE, which facilities were not constructed solely for the purpose of refining Beneficiated Precious Metals or Other Minerals from the Property, then charges, costs and penalties for such refining shall mean the amount SEABRIDGE would have incurred if such refining were carried out at facilities not owned or

controlled by SEABRIDGE then offering comparable services for comparable products on prevailing terms, but in no event greater than actual costs incurred by SEABRIDGE with respect to such refining. In the event SEABRIDGE receives insurance proceeds for loss of production of Precious Metals, SEABRIDGE shall pay to SELLERS the Production Royalty percentage of any such insurance proceeds which are received by SEABRIDGE for such loss of production.

(a) For Other Minerals. Net Smelter Returns, in the case of all Minerals other than Precious Metals and the beneficiated products thereof ("Other Minerals"), shall be determined by multiplying **(i)** the gross amount of the particular Other Mineral contained in the Monthly Production delivered to the Payor during the preceding calendar month by **(ii)** the average of the New York Commodities Exchange final daily spot prices for the preceding calendar month of the appropriate Other Mineral, and subtracting from the product of (i) and (ii) only the following if actually incurred. **(1)** charges imposed by the Payor for smelting, refining or processing Other Minerals contained in such production, but excluding any and all charges and costs related to SEABRIDGE's mills or other processing plants constructed for the purpose of milling or processing Other Miner als, in whole or in part; **(2)** penalty substance, assaying, and sampling charges imposed by the Payor for smelting, refining, or processing Other Minerals contained in such production, but excluding any and all charges and costs of or related to SEABRIDGE's mills or other processing plants constructed for the purpose of milling or processing Other Minerals, in whole or in part; and **(3)** charges and costs, if any, for transportation and insurance of Other Minerals and the beneficiated products thereof from SEABRIDGE's final mill or other final processing plant to places where such

Beneficiated Precious Metals are smelted, refined and/or sold or otherwise disposed of. If for any reason the New York Commodities Exchange does not report spot pricing for a particular Other Mineral, then the Parties shall mutually agree upon an appropriate pricing entity or mechanism that accurately reflects the market value of any such Other Mineral.

In the event smelting, refining, or processing of Other Minerals are carried out in custom toll facilities owned or controlled, in whole or in part, by SEABRIDGE, which facilities were not constructed solely for the purpose of milling or processing Other Minerals from the Property, then charges, costs and penalties for such smelting, refining or processing shall mean the amount SEABRIDGE would have incurred if such smelting, refining or processing were carried out at facilities not owned or controlled by SEABRIDGE then offering comparable services for comparable products on prevailing terms, but in no event greater than actual costs incurred by SEABRIDGE with respect to such smelting and refining. In the event SEABRIDGE receives insurance proceeds for loss of production of Other Minerals, SEABRIDGE shall pay to SELLERS the Production Royalty percentage of any such insurance proceeds which are received by SEABRIDGE fo r such loss of production.

(b) Payments of Royalty In Cash or In Kind. Production Royalty payments shall be made separately to each of NEWMONT and TOTAL as follows:

(i) Royalty In Kind. Each of NEWMONT and TOTAL may elect to receive its Production Royalty on Precious Metals from the Property "in cash" or "in kind" as refined bullion. The elections may be exercised once per year on a calendar year basis during the life of production from the Property. Notice of election to receive the following year's Production Royalty for Precious Metals in cash or "in kind" shall be made in writing by each of NEWMONT and TOTAL and delivered to SEABRIDGE on or before November 1 of each year. In the event no written election is made, the Production Royalty for Precious Metals will continue to be paid to NEWMONT and/or TOTAL, as the case may be, as it is then being paid. As of the date of this Agreement, NEWMONT elects to receive its Production Royalty on Precious Metals "in kind" and TOTAL elects to receive its Production Royalty on Precious Metals "in cash". Royalties on Other Minerals shall not be payable "in kind". **(1)** If NEWMONT and/or TOTAL elect to receive its Production Royalty for Precious Metals in "in kind", NEWMONT and/or TOTAL, as the case may be, shall open a bullion storage account at each refinery or mint designated by SEABRIDGE as a possible recipient of refined bullion in which SELLERS owns an interest. NEWMONT and/or TOTAL, as the case may be, shall be solely responsible for all costs and liabilities associated with maintenance of such account or accounts, and SEABRIDGE shall not be required to bear any additional expense with respect to such "in-kind" payments. **(2)** Production Royalty will be paid by the deposit of refined bullion into NEWMONT and/or TOTAL's account, as the case may be. On or before the 25th day of each calendar month following a calendar month during which

production and sale or other disposition occurred, SEABRIDGE shall deliver written instructions to the mint or refinery, with a copy to NEWMONT and/or TOTAL, as the case may be, directing the mint or refinery to deliver refined bullion due to NEWMONT and/or TOTAL, as the case may be, in respect of the Production Royalty, by crediting to NEWMONT and/or TOTAL's account, as the case may be, the number of ounces of refined bullion for which Production Royalty is due; provided, however, that the words "other disposition" as used in this Agreement shall not include processing, milling, beneficiation or refining losses of Precious Metals. The number of ounces of refined bullion to be credited will be based upon NEWMONT and/or TOTAL's, as the case may be, share of the previous month's production and sale or other disposition as calculated pursuant to the commingling provisions of **section 9(f)** hereof. **(3)** Production Royalty payable "in kind" on silver or platinum group metals shall be converted to the gold equivalent of such silver or platinum group metals by using the average monthly spot prices for Precious Metals described in **section 9(a)** hereof. **(4)** Title to refined bullion delivered to NEWMONT and/or TOTAL, as the case may be, under this Agreement shall pass to NEWMONT and/or TOTAL, as the case may be, at the time such bullion is credited to NEWMONT and/or TOTAL's account, as the case may be, at the mint or refinery. **(5)** NEWMONT and/or TOTAL, as the case may be, agree(s) to hold harmless SEABRIDGE from any liability imposed as a result of the election of NEWMONT and/or TOTAL, as the case may be, to receive Production Royalty "in kind" and from any losses incurred as a result of NEWMONT and/or TOTAL's, as the case may be, trading and hedging activities. NEWMONT and/or TOTAL, as the case may be, assumes all re sponsibility for any shortages which occur as a result of NEWMONT and/or TOTAL's, as the case may be, anticipation of credits to its account in advance of an actual deposit or credit to its account by a refiner or mint. **(6)** When royalties are paid in "in kind", they will not reflect the costs deductible in calculating "Net Smelter Returns" under this Agreement. Within thirty (30) days of the receipt of a statement showing charges incurred by SEABRIDGE for transportation, smelting or other deductible costs, NEWMONT and/or TOTAL, as the case may be, shall remit to SEABRIDGE full payment for such charges. If NEWMONT and/or TOTAL, as the case may be, does not pay such charges when due, SEABRIDGE shall have the right, at its election, with SELLERS's consent, such consent not to be unreasonably withheld, to deduct the gold equivalent of such charges from the ounces of gold bullion to be credited to NEWMONT and/or TOTAL, as the case may be, in the following month.

(i) In Cash. If NEWMONT and/or TOTAL, as the case may be, elects to receive its Production Royalty for Precious Metals in cash, and as to Production Royalty payable on Other Minerals, payments shall be payable on or before the twenty-fifth (25th) day of the month following the calendar month in which the minerals subject to the Production Royalty were shipped to the Payor by SEABRIDGE. For purposes of calculating the cash amount due to SELLERS, Precious Metals and Other Minerals will be deemed to have been sold or otherwise disposed of at the time refined production from the Property is delivered, made available, or credited to SEABRIDGE by a mint or refiner. The price used for calculating the cash amount due for Production Royalty on Precious Metals or Other Minerals shall be determined in accordance with **section 9(a)** and

section 9(b) as applicable . SEABRIDGE shall make each Production Royalty payment to be paid in cash by delivery of separate checks payable to each of NEWMONT and TOTAL and delivering such separate checks to each of NEWMONT and TOTAL at the addresses listed in this Agreement, or to such other address as NEWMONT and/or TOTAL may direct or by direct bank deposit to NEWMONT and/or TOTAL's account as NEWMONT and/or TOTAL shall designate. Should default be made in any cash payment when due for Production Royalty and such default still exists ten (10) days following notice of non-payment, then all unpaid amounts shall become immediately due and shall bear interest at the rate of fifteen percent (15%) per annum commencing from and after such payment due date until paid.

(ii) Detailed Statement. All Production Royalty payments or credits shall be accompanied by a detailed statement explaining the calculation thereof together with any available settlement sheets from the Payor.

(d) Monthly Reconciliation. (i) On or before the twenty-fifth (25^{th}) day of the month, SEABRIDGE shall make an interim settlement based on the information then available of such Production Royalty for the prior calendar month, either in cash or in kind, whichever is applicable, by paying **(1)** not less than one hundred percent (100%) of the anticipated final settlement of Precious Metals "in kind" Production Royalty payments and **(2)** not less than ninety-five percent (95%) of the anticipated final

settlement of cash Production Royalty payments. **(ii)** The parties recognize that a period of time exists between the production of ore, the production of dore or concentrates from ore, the production of refined or finished product from dore or concentrates, and the receipt of Payor's statements for refined or finished product. As a result, the payment of Production Royalty will not coincide exactly with the actual amount of refined or finished product produced from the Property for the previous month. SEABRIDGE will provide final reconciliation promptly after settlement is reached with the Payor for all lots sold or subject to other disposition in any particular month. **(iii)** In the event that NEWMONT and/or TOTAL has been underpaid for any provisional payment (whether in cash or "in kind"), SEABRIDGE shall pay the difference in cash by check and not "in kind" with such payment being made at the time of the final reconciliation. If NEWMONT and/or TOTAL, as the case may be, has been overpaid in the previous calendar quarter, NEWMONT and/or TOTAL, as the case may be, shall make a payment to SEABRIDGE of the difference by check. Reconciliation payments shall be made on the same basis as used for the payment in cash pursuant to **section 9(c)(ii)** hereof.

(a) Hedging Transactions. All profits and losses resulting from SEABRIDGE's sales of Precious Metals or Other Minerals, or SEABRIDGE's engaging in any commodity futures trading, option trading, or metals trading, or any combination thereof, and any other hedging transactions including trading transactions designed to avoid losses and obtain possible gains due to metal price fluctuations (collectively, "hedging transactions") are specifically excluded from Production Royalty calculations pursuant to this Agreement. All hedging transactions by SEABRIDGE and all profits or losses associated therewith, if any, shall be solely for SEABRIDGE's account. The Production Royalty payable on Precious Metals or Other Minerals subject to hedging transactions shall be determined as follows: **(i)** Affecting Precious Metals. The amount of Production Royalty to be paid on all Precious Metal s subject to hedging transactions by SEABRIDGE shall be determined in the same manner as provided in **section 9(a),** with the understanding and agreement that the average monthly spot price shall be for the calendar month preceding the calendar month during which Precious Metals subject to hedging transactions are shipped by SEABRIDGE to the Payor. **(ii)** Affecting Other Minerals. The amount of Production Royalty to be paid on all Other Minerals subject to hedging transactions by SEABRIDGE shall be determined in the same manner as provided in **section 9(b),** with the understanding and agreement that the average monthly spot price shall be for the calendar month preceding the calendar month during which Other Minerals subject to hedging transactions are shipped by SEABRIDGE to the Payor.

(b) Commingling. SEABRIDGE shall have the right to commingle Precious Metals and Other Minerals from the Property with minerals from other properties. Before any Precious Metals or Other Minerals produced from the Property are commingled with minerals from other properties, the Precious Metals or Other Minerals produced from the Property shall be measured and sampled in accordance with sound mining and metallurgical practices for moisture, metal, commercial minerals and other appropriate content, applied on a consistent basis. Representative samples of the Precious Metals or Other Minerals shall be retained by SEABRIDGE and assays (including moisture and penalty substances) and other appropriate analyses of these samples shall be made before commingling to determine gross metal content of Precious Metals or gross metal or mineral content of Other Minerals. SEABRIDGE shall retain such analyses f or a reasonable amount of time, but not less than twenty four (24) months, after receipt by NEWMONT and/or TOTAL of the Production Royalty paid with respect to such commingled Minerals from the Property, and shall retain such samples taken from the Property for not less than thirty (30) days after collection.

(c) No Obligation to Mine. SEABRIDGE shall have sole discretion to determine the extent of its mining of the Property and the time or the times for beginning, continuing or resuming mining operations with respect thereto. SEABRIDGE shall have no obligation to SELLERS or otherwise to mine any of the Property, nor shall it have any obligation to diligently pursue production from the Property.

10. Reporting, Audits, Inspections, Tours, Confidentiality and Press Releases.

(a) Reporting. No later than March 1 of each year, SEABRIDGE shall provide to each of NEWMONT and TOTAL with an annual report of activities and operations conducted with respect to the Property during the preceding calendar year, and from time to time such additional information as NEWMONT

and/or TOTAL may reasonably request. Such annual report shall include details of: **(i)** the preceding year's activities with respect to the Property; **(ii)** ore reserve data for the calendar year just ended; and **(iii)** estimates of anticipated production and estimated remaining ore reserves with respect to proposed activities for the Property for the current calendar year. In addition, not more frequently than semi-annually, each of NEWMONT and TOTAL shall have the right, upon reasonable notice to SEABRIDGE, to inspect and copy all books, records, technical data, information and materials (the "Data") pertaining to SEABRIDGE's activities with respect to the Property; provided that such inspections shall not unreasonably interfere with SEABRIDGE's activities with respect to the Property. SEABRIDGE makes no representations or warranties to SELLERS concerning any of the Data or any informat ion contained in the annual reports, and SELLERS agrees that if it elects to rely on any such Data or information, it does so at its sole risk.

(a) Right to Audit. NEWMONT and TOTAL shall have the right to audit the books and records pertaining to production from the Property and contest payments of Production Royalty for twenty four (24) months after receipt by NEWMONT and TOTAL of the payments to which such books and records pertain. Such payments shall be deemed conclusively correct unless NEWMONT and/or TOTAL objects to them in writing within twenty-four (24) months after receipt thereof.

(b) Inspection. NEWMONT and TOTAL shall have the right, upon reasonable notice, to inspect the facilities associated with the Property. Such inspection shall be at the sole risk of NEWMONT and/or TOTAL, as the case may be, and NEWMONT and/or TOTAL, as the case may be, shall indemnify SEABRIDGE from any liability caused by NEWMONT and/or TOTAL's, as the case may be, exercise of inspection rights.

(c) Investor Tours. NEWMONT and TOTAL shall have the right, upon reasonable notice and not more frequently than twice annually each, to conduct an investor tour of the facilities associated with the Property, subject to the control and supervision of SEABRIDGE. Such investors tours shall be at the sole risk of NEWMONT and/or TOTAL, as the case may be, and its invitees, and NEWMONT and/or TOTAL, as the case may be, shall indemnify SEABRIDGE from any liability caused by NEWMONT and/or TOTAL, as the case may be, exercise of investors tour rights.

(d) Confidentiality. NEWMONT and TOTAL shall not, without the prior written consent of SEABRIDGE, which shall not be unreasonably withheld, knowingly disclose to any third party data or information obtained pursuant to this Agreement which is not generally available to the public; provided, however, NEWMONT and TOTAL may disclose data or information so obtained without the consent of SEABRIDGE: **(i)** if required for compliance with laws, rules, regulations or orders of a governmental agency or stock exchange; **(ii)** to any of NEWMONT and/or TOTAL's consultants or advisors; **(iii)** to any third party to whom NEWMONT and/or TOTAL, in good faith, anticipates selling or assigning NEWMONT and/or TOTAL's, as the case may be, interest in the Property; and **(iv)** to a prospective lender, provided that such consultants, third parties or lenders first sign a confidentiali ty agreement; or (v) to a third party to which a party or its parent company contemplates a transfer to, or a merger, amalgamation or other corporate reorganization with. The foregoing restrictions shall not apply to the disclosure to an Affiliate.

(e) Press Releases. A Party desiring to make a disclosure, statement or press release concerning this Agreement or the Purchase and Sale Agreement shall first consult with the other Parties prior to making such disclosure, statement or press release, and the Parties shall use all reasonable efforts, acting expediently and in good faith, to agree upon a text for such statement or press release which is satisfactory to all Parties. Subject to its rights and obligations under **section 10(e),** SELLERS shall not issue any press release containing technical information relating the Property except upon giving SEABRIDGE two (2) days advance written notice of the contents thereof, and SELLERS shall make any reasonable changes to such proposed press release as such changes may be timely requested by SEABRIDGE, provided, however, the SELLERS may include in any press r elease without notice any information previously reported by SEABRIDGE or the SELLERS. A Party shall not, without the consent of the other Parties, issue any press release that implies or infers that the non-issuing Party endorses or joins the issuing Party in statements or representations contained in any press release.

(f)

1. Compliance with Law. SEABRIDGE shall at all times comply with all applicable federal, provincial, and local laws, statutes, rules, regulations, permits, ordinances, certificates, licenses and other regulatory requirements, policies and guidelines relating to operations and activities on or with respect to the Property; provided, however, SEABRIDGE shall have the right to contest any of the same if such contest does not jeopardize the Property or SELLERS' rights thereto or under this Agreement.

2. Tailings and Residues. All tailings, residues, waste rock, spoiled leach materials, and other materials (collectively "Materials") resulting from SEABRIDGE's operations and activities on the Property shall be the sole property of SEABRIDGE, but shall remain subject to the Production Royalty should the Materials be processed or reprocessed, as the case may be, in the future and result in the production and sale or other disposition of Precious Metals or Other Minerals. Notwithstanding the foregoing, SEABRIDGE shall have the right to dispose of Materials from the Property on or off of the Property and to commingle the same with materials from other properties. In the event Materials from the Property are processed or reprocessed, as the case may be, and regardless of where such processing or reprocessing occurs, the Production Royalty payable thereon shall be det ermined on a pro rata basis as determined by using the best engineering and technical practices then available.

3. General Provisions.

(a) Amendment. This Agreement may be amended, modified or supplemented only by a written agreement signed by each Party.

(b) Waiver of Rights. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

(c) Applicable Law. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario, Canada and the federal laws of Canada applicable therein.

(d) Dispute Resolution. **(a)** Any dispute, controversy or claim arising out of, in relation to or in connection with this Agreement, including any dispute as to the validity, interpretation, enforceability or breach of this Agreement, shall be exclusively and finally settled by binding arbitration before a single qualified arbitrator appointed upon the unanimous agreement of all Parties and conducted in accordance with the Arbitration Act, 1991 (Ontario). The arbitrator shall be knowledgeable about the matter being arbitrated. The decision rendered by the arbitrator may be entered into any court. Each Party shall pay their own fees and expenses (and shall pay their own attorneys' fees and expenses) related to the arbitration, regardless of how the arbitrated issue is decided. The Parties covenant that they shall conduct all aspects of such arbitration having regard at all times to minimizi ng the cost and expediting the final resolution of such arbitration. Arbitration shall be conducted in English, in Toronto, Canada. **(b)** If, for the purposes of obtaining judgment in any court in Canada, it becomes necessary to convert into Canadian dollars ("Judgment Currency") an amount due in United States dollars hereunder ("Original Currency") then the conversion shall be made at the Rate of Exchange prevailing on the business day before the day on which the judgment is given. If there is a change in the Rate of Exchange prevailing between the business day before the day on which the judgment is due, the paying Party will pay such additional amounts (if any, but in any event not a lesser amount) as may be necessary to ensure that the amount paid in the Judgment Currency when converted at the Rate of Exchange prevailing on the date of payment will produce the amount then due under this Agreement in the Original Currency and such additional amount shall bear interest, from the da te same become due, at the rate of fifteen percent (15%) per annum. "Rate of Exchange" means the spot rate at which the Party who is the payee is able on the relevant date to purchase Original Currency with Judgment Currency and includes any premium and costs of exchange payable.

(e) Currency. Unless specified otherwise, all statements of or references to dollar amounts in this Agreement are to lawful money of the United States of America.

(f)

(a) No Joint Venture, Mining Partnership, Commercial Partnership. This Agreement shall not be construed to create, expressly or by implication, a joint venture, mining partnership, commercial partnership, or other partnership relationship between or among SEABRIDGE and SELLERS.

(b) Time. Time is of the essence of each provision of this Agreement.

(c) Definitions. In this Agreement and the Schedules attached to this Agreement the following terms shall have the following meanings:

"Additional Cash Payments" means the payments described in **section 3(c).**

"Affiliate" shall have the meaning ascribed to that term by the Canada Business Corporations Act on the date hereof.

"Applicable Spot Price" means as described in **section 9(a).**

"Area of Interest" means the area described in **section 5.**

"Assignment of Mining Leases" means the assignment provided for in **section 4.**

"Beneficiated Precious Metals" means as described in **section 9(a).**

"Business Day" means any calendar day other than a Saturday or Sunday or any statutory holiday or civic holiday in the Province of Ontario.

"Cash Payment" means the payment described in **section 3(a).**

"Data" means as described in **section 10(a).**

"Effective Date" means the date specified on the top of page one of this Agreement.

"hedging transactions" means as described in **section 9(e).**

"Joint Venture Agreement" has the meaning ascribed to that term in the Recitals above.

"Joint Venture" means the interests held by the Parties with respect to the Property pursuant to the Joint Venture Agreement.

"Judgement Currency" means Canada currency.

"Materials" means as described in **section 12.**

"Minerals" means as described in **section 9.**

"Mining Leases" means the following seventeen (17) Mining Leases (together with any renewal or replacement Mining Leases) ML3016, ML3158, ML3159, ML3160, ML3161, ML3219, ML3221, ML3222, ML3223, ML3228, ML3229, ML3230, ML3251, ML3357, ML3361, ML3791 and ML3792 issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada, which, as of the Effective Date, comprises the Property.

"Monthly Production" means as described in **section 9.**

"NEWMONT and/or TOTAL" shall include all of "NEWMONT's" and/or all of "TOTAL's", as the case may be, successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Property.

"Other Mineral(s)" means as described in **section 9(b).**

"Parties" means NEWMONT and TOTAL and SEABRIDGE collectively.

"Party" means any of the Parties individually.

"Payor" means as described in **section 9(a).**

"Precious Metals" means as described in **section 9(a).**

"Property" means all right, title and interest of the SELLERS now held or hereinafter acquired in and to the Mining Leases described in attached Schedule "A" including without limitation any amendments, supplements, renewals and replacements of such Mining Leases.

"Purchase and Sale Agreement" means that certain agreement dated effective **July 16, 2002** pursuant to which the Parties agreed to the purchase and sale of the Property.

"Purchase Price" means the consideration stipulated in **section 3.**

"Rate of Exchange" means the spot rate at which NEWMONT and/or TOTAL, as the case may be, is able on the relevant date to purchase Original Currency with Judgment Currency and includes any premium and costs of exchange payable.

"Royalty" (or **"Production Royalty")** means the net smelter returns royalty stipulated in **section 3.** **"Royalty**

Agreement" means this Agreement.

"SEABRIDGE" shall include all of SEABRIDGE's successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Property.

"Security Agreement" means the agreements provided for in **section 4.** **"Transmission"**

means as described in **section 13(i).**

"SELLERS" shall mean NEWMONT and TOTAL each on a several in proportion to their respective percentage interests in the Joint Venture and not joint or collective basis.

(a) Notices. **(i)** Any notice, demand or other communication (in this section, a "notice") required or permitted to be given or made hereunder shall be in writing and shall be sufficiently given or made if: **(1)** delivered in person during normal business hours of the recipient on a Business Day and left with a receptionist or other responsible employee of the recipient at the applicable address first set forth in this Agreement; or **(2)** sent by facsimile transmission (a "Transmission") during normal business hours on a Business Day charges prepaid and confirmed by regular mail at the address first set forth in this Agreement; and **(ii)** each notice sent in accordance with this section shall be deemed to have been received: **(1)** on the day it was delivered; or on the same day that it was sent by fax transmission, or **(2)** on the first Business D ay thereafter if the day on which it was sent by fax transmission was not a Business Day. The notice addresses for the Parties are set out on page one of this Agreement. Any Party may change its address for notice by giving notice to the other Parties in accordance with this section. Notice to NEWMONT shall additionally be sent to Newmont Mining Corporation, 1700 Lincoln Street, Denver, Colorado 80203 U.S.A., Attention: Land Dept., Facsimile: 303.837.5851.

(b) Assignment. **(a)** If SEABRIDGE desires to option, joint-venture, assign, transfer, convey or otherwise dispose of its rights and interests in and to the Property or within the Area of Interest, SEABRIDGE shall promptly notify NEWMONT and TOTAL of its intentions in order that NEWMONT and/or TOTAL may consider the possible acquisition from SEABRIDGE a portion or all of

(c)

SEABRIDGE's interest in the Property. **(b)** Except as otherwise provided herein, SEABRIDGE may assign, transfer, convey or otherwise dispose of its rights and interests under this Agreement; provided, however, any option, joint-venture, assignment, transfer, conveyance or other disposition by SEABRIDGE of its rights and interests in or with respect to the Property or this Agreement shall be void unless the proposed assignee has first agreed in writing with SELLERS to observe and be bound by all of the provisions of this Agreement with respect to the rights, interests and obligations being assigned to or assumed by the assignee in the place and stead of SEABRIDGE and SEABRIDGE, only subsequent to the signing of a definitive agreement as between SELLERS and such assignee, shall be relieved or discharged from this Agreement and the Royalty Agreement in respect thereof. Any rights, interests or obligations of SEABRIDGE in or with respect to this Agreement, the Property or the Royalty Agreement which are not assigned or assumed in accordance with the foregoing will be several and not joint rights, interests or obligations of SEABRIDGE and SEABRIDGE shall not be relieved or discharged from this Agreement and the Royalty Agreement in respect thereof and SELLERS may continue to look to SEABRIDGE for performance with respect thereto. **(c)** Each of NEWMONT and TOTAL shall have the unrestricted right, in its sole and absolute discretion, to assign, transfer, convey, or relinquish any of its rights or interests with respect to the Property, including the Royalty at any time.

(k) Maintenance of the Property. SEABRIDGE shall pay all governmental taxes, duties or other payments, make any minimum investments required by law, perform all acts and comply with all obligations under applicable law required to maintain the Property (excluding those portions of the Property previously abandoned by it as provided in this section) in good standing. At any time and from time to time, SEABRIDGE may elect to abandon any part or parts of the Property by giving notice to NEWMONT and TOTAL of such election not less than thirty (30) days prior to the proposed date of abandonment. The notice shall identify the Mining Leases (or other interests acquired within the Area of Interest) which are proposed to be abandoned. Upon expiry of such thirty (30) day period, SEABRIDGE's obligations hereunder in respect of such abandoned interests shall terminate and thereafter the term "Property" as used in this Agreement will apply to those interests comprising the Property which have not been abandoned by SEABRIDGE. If requested by either of NEWMONT and/or TOTAL, SEABRIDGE shall execute documents transferring to NEWMONT and/or TOTAL, as the case may be, title to any part or parts of the Property which SEABRIDGE is abandoning. In the event that SEABRIDGE gives notice that it intends to abandon the balance of the Property held by it then, subject to **section 5** hereof, upon expiry of the thirty (30) day period SEABRIDGE's obligations to make either of the Additional Cash Payments not due before expiry of such thirty (30) day period shall terminate.

(I) Further Assurances. The parties promptly shall execute all such further instruments and documents and do all such further actions as may be necessary to effectuate the purposes of this Agreement.

(a) Entire Agreement. This Agreement together with the corresponding Purchase and Sale Agreement and the Closing Documents constitute the entire agreement among the Parties with respect to the subject matter hereof.

(b) English Language. The Parties hereto expressly declare that they require this Agreement, and all documents and notices relating thereto, to be drafted and written solely in the English language. Les Parties déclarent expressément qu'elles exigent que ce contrat, ainsi que tous les documents et avis s'y rapportant, soient rédigés et écrits exclusivement en anglais.

(c) Counterparts. This Agreement may be executed in any number of counterparts, and it shall not be necessary that the signatures of all Parties be contained on any counterpart. Each counterpart shall be deemed an original, but all counterparts together shall constitute one and the same instrument.

(d)

IN WITNESS WHEREOF the Parties hereto have duly executed this Agreement effective as of the date first written above.

NEWMONT CANADA LIMITED

By:

Title:

Date:

Its Authorized Representative

[SEAL]

TOTAL RESOURCES (CANADA) LIMITED

By:

Title:

Date:

Its Authorized Representative

[SEAL]

SEABRIDGE GOLD INC.

By:

Title:

Date:

Its Authorized Representative

[SEAL]

SCHEDULE "A" TO THE ROYALTY AGREEMENT

(Description of the "Property")

The following Mining Leases issued by Her Majesty the Queen, as represented by the Minister of the
Department of Indian Affairs and Northern Development, Northwest Territories, Canada.

Lease Number	Issued Date	Acres
3016 (1st Renewal)	23-Oct-2001 (signed 1-Oct-01)	702.00
3158	25-Jul-1984 (signed 21-Jan-85)	1,376.00
3159	25-Jul-1984 (signed 21-Jan-85)	534.00
3160	25-Jul-1984 (signed 21-Jan-85)	1,878.00
3161	25-Jul-1984 (signed 21-Jan-85)	1,135.00
3219	9-Jul-1986 (signed 2-Jul-87)	168.10
3221	16-Jun-1986 (signed 11-Aug-87)	584.00
3222	24-Jun-1987 (signed 11-Aug-87)	907.00
3223	23-Jun-1987 (signed 11-Aug-87)	1,214.00
3228	30-Jun-1987 (signed 8-Apr-88)	2,357.00
3229	30-Jun-1987 (signed 8-Apr-88)	1,585.00
3230	30-Jun-1987 (signed 21-Apr-88)	518.00
3251	30-Jun-1987 (signed 22-Jun-88)	1,159.00
3357	26-Apr-1990 (signed 13-Dec-91)	1,890.00
3361	26-Apr-1990 (signed 13-Dec-91)	2,034.00
3791	9-Sep-1998 (signed 3-Oct-99)	80.20
3792	9-Sep-1998 (signed 3-Oct-1999)	57.00
TOTAL	***	**18,178.30**

SCHEDULE "C" TO THE PURCHASE AND SALE AGREEMENT

(the "Security Agreement")

NOTE. Newmont and Total may each wish to have a separate Security Agreement.

THIS INSTRUMENT OF DELIVERY
effective July 26, 2002

AMONG:

SEABRIDGE GOLD INC., a company incorporated under the laws of the Province of British Columbia, whose address is 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1 J3

(hereinafter the **"Company")**

and

NEWMONT CANADA LIMITED, a corporation incorporated under the laws of the Province of Ontario, whose address is 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, Canada M4R 1 K8

(hereinafter **"Newmont")** and

TOTAL RESOURCES (CANADA) LIMITED, a corporation incorporated under the federal laws of Canada under the Canadian Business Corporations Act, whose address is Suite 810, 202 6th Avenue S.W., Calgary, Alberta, Canada T2P 2R9

(hereinafter **"Total")**

(Newmont and Total, collectively hereinafter called the **"Holder")** **RECITALS**

WHEREAS the Company is obligated to the Holder under that certain Purchase and Sale Agreement and the Royalty Agreement, copies of which are attached hereto, respectively, as **Schedule "A"** and **Schedule "B";**

AND WHEREAS the Company has created and issued in favor of the Holder a debenture (the "Debenture") dated for reference **July 26, 2002** for the principal sum of Forty Two Million United States Dollars (US$42,000,000.00), plus interest thereon at the rate of fifteen percent (15%) per annum.

AND WHEREAS the Company has agreed to deliver the Debenture to the Holder to secure payment of all indebtedness and liability, present and future, direct or indirect, absolute or contingent, of the Company to the Holder under sections 4(b) and 4(c) of the Purchase and Sale Agreement, subject to sections 4(d) and 4(e) of the Purchase and Sale Agreement, and section 9 of the Royalty Agreement, subject to section 4(d) of the Purchase and Sale Agreement (the "Secured Obligations").

NOW THEREFORE THIS INSTRUMENT WITNESSETH that in consideration of the premises and of the sum of Ten Dollars ($10.00) now paid by the Holder to the Company (the receipt hereof is hereby acknowledged by the Company) the Company herewith delivers the Debenture to the Holder and the Company covenants and agrees with the Holder that:

1. Until the Debenture has been discharged in accordance with its terms, the Debenture shall be and remain valid and continuing security and shall cover and secure the payment, performance and satisfaction of the Secured Obligations. So long as any Secured Obligations may arise under the Purchase and Sale Agreement or Royalty Agreement, the Debenture shall not be satisfied solely because at any time no Secured Obligations are outstanding.

1. The Debenture is in addition to and not in substitution for any other securities now or hereafter held by the Holder and shall not merge in any other security now or hereafter held by the Holder.

2. The records of the Holder as to payment of the Secured Obligations or any part or parts thereof being in default or of any demand for payment having been made shall be prima facie evidence of such default or demand.

3. Upon the occurrence of an Event of Default the Holder may enforce and realize on the Debenture or any part or parts thereof in any order it desires and any realization by any means upon any security shall not bar realization upon any other security.

4. Any monies realized from the enforcement or realization of or on the Debenture may be applied on such part or parts of the Secured Obligations as the Holder may see fit notwithstanding any previous application.

5. The Holder may grant extensions, take and give up securities, accept compositions, grant releases and discharges, and otherwise make arrangements and deal with the Company and with other persons and securities as the Holder may see fit, without prejudice to the liability of the Company to the Holder or the Holder's right to hold, deal with, enforce and realize on the Debenture.

6.

All expenses incurred by the Holder in recovering or enforcing payment of the Secured Obligations or any part or parts thereof, or realizing upon the Debenture, including expenses of taking possession, protecting and realizing upon any property subject to the charge of the Debenture, shall be added to and shall be deemed to be a part of the Secured Obligations and secured by the Debenture.

7. The interest of Newmont or Total in the Debenture and this Instrument of Delivery may only be assigned by Newmont or Total, as the case may be, as part of any assignment of the interest of Newmont or Total, as the case may be, in the Secured Obligations.

Notwithstanding any of the foregoing provisions of this Instrument or the provisions of the Debenture, the Holder agrees that: **(a)** in dealing with, enforcing and realizing on the Debenture, the Holder shall not claim under the Debenture at any time any greater amount in respect of principal, interest and other monies thereunder than the aggregate amount of Secured Obligations then due and payable by the Company to the Holder; **(b)** notwithstanding that the principal amount of the Debenture is expressed to bear interest from the date of the Debenture, the Holder shall not claim any amount by way of interest under the Debenture in excess of the amount of interest accruing and unpaid from time to time on the Secured Obligations in accordance with the terms of the Secured Obligations; **(c)** notwithstanding that the Debenture is expressed to be payable on demand, the Holder will not make demand for any am ount thereunder unless and until an Event of Default has occurred and shall make such demand only for the aggregate amount of Secured Obligations then due and payable by the Company to the Holder; and **(d)** at any time after payment of all of the Secured Obligations owing from time to time by the Company to the Holder, the Holder shall, forthwith on the written request of the Company and upon payment of all fees, charges, expenses and solicitors' fees incurred by the Holder, deliver the Debenture to the Company and execute and deliver to the Company such releases and discharges or other instruments as shall be requisite to discharge the Debenture and the security thereof.

Capitalized terms used herein and not otherwise defined shall have the respective meanings given to such terms in the Debenture.

This Instrument shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF this Instrument has been duly executed by the Company, Newmont and Total effective as of the date first above written.

SEABRIDGE GOLD INC.

By:

Title:

Date:

Its Authorized Representative

NEWMONT CANADA LIMITED

By:

Title:

Date:

Its Authorized Representative

TOTAL RESOURCES (CANADA) LIMITED

By:

Title:

Date:

Its Authorized Representative

SCHEDULE "A" TO THE INSTRUMENT OF DELIVERY

(the "Purchase and Sale Agreement")

SCHEDULE "B" TO THE INSTRUMENT OF DELIVERY
(the "Royalty Agreement")

DEBENTURE Dated

for reference **July 26, 2002.**

SEABRIDGE GOLD INC., a company incorporated under the laws of the Province of British Columbia, whose address is 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1 J3

(the "Company")

Demand Debenture **US$42,000,000.00**

1. For value received the Company will on demand pay to **NEWMONT CANADA LIMITED,** whose address is 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, Canada M4R 1K8 ("NEWMONT") and **TOTAL RESOURCES (CANADA) LIMITED,** whose address is Suite 810, 202 6th Avenue S.W., Calgary, Alberta, Canada T2P 2R9 ("TOTAL") in the proportion of Fifty-One Percent (51%) to NEWMONT and Forty-Nine Percent (49%) to TOTAL (collectively, the "Holder") or at such other place or places as the Holder may from time to time direct, the principal sum of Forty Two Million United States Dollars (US$42,000,000.00) together with interest thereon at a rate of fifteen percent (15%) per annum.

2. Subject to the exception as to leaseholds set out in **section 3** hereof, as security for payment of the principal sum, interest, interest on overdue interest and other monies from time to time owing hereunder and for the performance and observance of all the Company's obligations and covenants hereof the Company hereby grants, mortgages, charges, pledges, assigns and conveys as and by way of a fixed and specific mortgage, pledge and charge to and in favor of the Holder and grants to the Holder a security interest in the Property, the Additional Property, the Products and the Proceeds.

3. The last day of any term created by any lease of real property or agreement therefor is hereby excepted out of the charge created by this Debenture but the Company shall stand possessed of a reversion thereof remaining upon trust for the Holder to assign and dispose thereof as the Holder shall direct.

4. Any notice required to be given in connection with this Debenture shall be given in accordance with the provisions for notices set out in the Royalty Agreement.

5. This Debenture has been issued and delivered by the Company to the Holder pursuant to an Instrument of Delivery effective **July 26, 2002,** which Instrument of Delivery contains various restrictions more particularly set out therein on the rights of the Holder with respect to this Debenture, including without limitation restrictions on the amount to be claimed hereunder and restrictions on the ability to demand payment hereunder. To the extent any such provisions of the Instrument of Delivery modify or conflict with the provisions of this Debenture, the provisions of the Instrument of Delivery shall govern. Pursuant to the Instrument of Delivery, the interest of Newmont or Total in this Debenture may only be assigned as part of an assignment of the interest of Newmont or Total, as the case may be, in the Instrument of Delivery and the Secured Obligations.

6. This Debenture is issued subject to and with the benefit of the following conditions, each and all of which form part of this Debenture.

CONDITIONS TO DEBENTURE

1. The Company warrants and represents to the Holder that: **(a)** this Debenture is issued in accordance with resolutions of the Directors of the Company and all other matters and things have been done and performed so as to authorize and make the execution, creation and issuance of this Debenture legal and valid and in accordance with the requirements of the laws relating to the Company and all other statutes and laws in that behalf; **(b)** as of **July 26, 2002** the Company has not taken any action or made any agreement which would cause title to the Mortgaged Property not to be free from all security interests, mortgages, pledges, liens, charges and encumbrances whatsoever,

except Permitted Encumbrances, and **(c)** its chief executive office is situate at 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1J3

1. The Company hereby covenants and agrees with the Holder that it will defend the Company's title to the Mortgaged Property against the claims and demands of all persons, will observe and perform all covenants, terms and conditions upon or under which any of the Mortgaged Property is secured, held or leased and will pay or cause to be paid as or before they become due all rents and other sums payable pursuant to any lease or any charge of or affecting any of the Mortgaged Property.

2. Except as otherwise specifically permitted by this Debenture or the Royalty Agreement, the Company shall not without the prior written consent of the Holder: **(a)** grant, create, assume or permit to exist any security interest, mortgage, pledge, charge, assignment, lien or other encumbrance, except Permitted Encumbrances, whether fixed or floating, upon the whole or any part of the Mortgaged Property; **(b)** allow any taxes, rates, levies or assessments, ordinary or extraordinary government fees or duties lawfully levied, assessed or imposed upon the Mortgaged Property to remain unpaid; **(c)** allow any debts and obligations to laborers, workers, employees, workers' compensation boards or others to remain unpaid if the same, if unpaid, would have priority over the security hereby created or any part thereof; **(d)** sell, lease or otherwise dispose of any of the Mortgaged Property, provided that, so long as no Event of Default has occurred and is continuing, the Company

may sell, lease or otherwise dispose of Products, and use the Proceeds of such sale, lease or disposition, in the ordinary course of business, free of the security hereof; **(e)** change its name or the location of its chief executive office without giving 30 days prior written notice to the Holder; or **(f)** merge, amalgamate or enter into any other transaction whereby all of its property and assets could become vested in another person (provided that the Holder shall not unreasonably withhold its consent to such merger, amalgamation or transaction so long as it is satisfied, acting reasonably, that the successor arising from such merger, amalgamation or transaction is bound by the terms hereof and of the Secured Obligations and that the enforceability or priority of this Debenture and the security hereof will not be adversely affected).

3. The Company shall at all times during the currency of this Debenture: **(a)** maintain and keep in proper order, repair and condition the Mortgaged Property and allow the Holder to inspect the Mortgaged Property at all reasonable times; and **(b)** advise the Holder forthwith of any acquisition by the Company of any Additional Property.

4. (a) The principal sum, interest and other monies hereby secured shall become due and payable and the security hereby constituted shall become enforceable upon demand by the Holder or, unless waived by the Holder, upon the occurrence of an Event of Default. **(b)** The Holder may waive any breach of any of the provisions contained in this Debenture or any default by the Company in the observance or performance of any covenant, condition or obligation required to be observed or performed by it under the terms of this Debenture. No waiver, consent, act or omission by the Holder shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default or the rights resulting therefrom and no waiver or consent by the Holder shall bind the Holder unless it is in writing. The inspection or approval by the Holder of any document or matter or thing done by the Company shall not be deemed to be a warranty or holding out of the adequacy, effectiveness, validity or binding effect of such document, matter or thing or a waiver of the Company's obligation.

5. At any time after the security hereby constituted has become enforceable, the Holder shall have the right and power: **(a)** to enter, take possession of, collect, get in and use all or any part or parts of the Mortgaged Property with power to exclude the Company and its respective agents and servants therefrom and for such purpose to take any proceedings in the name of the Company or otherwise; **(b)** to preserve, maintain and repair the Mortgaged Property and make such replacements thereof and additions thereto as the Holder shall deem judicious; **(c)** either before or after entry to sell and dispose of or lease the Mortgaged Property, either as a whole or in parts, by public or private sale, and also to rescind or vary any contract of sale that was entered into and resell with or under any of the powers conferred hereunder and adjourn any sale from time to time and execute and deliver to the purchaser or purchasers of the whole or any part of the Mortgaged Property a sufficient deed or deeds therefor, the Holder being herein constituted the irrevocable attorney of the Company to sell the Mortgaged Property and to execute a deed or deeds and a sale made as aforesaid shall

6.

perpetually bar, both at law and in equity, the Company and all other persons from claiming the whole or any part of the Mortgaged Property. Subject to the claims of third parties, the proceeds of sale shall be applied firstly in payment of the principal sum hereof, interest accrued hereunder and all other monies owing hereunder, as allocated by the Holder, any surplus shall be paid to the Company.

1. At any time after the security hereby constituted has become enforceable the Holder may appoint by writing a receiver or receiver-manager (herein called the "Receiver") of the Mortgaged Property and may from time to time remove any Receiver so appointed and appoint another in his stead. The Receiver shall have power: **(a)** to take possession of and to collect and get in and use the Mortgaged Property and for those purposes to enter the Mortgaged Property and to act, in respect of the Mortgaged Property only, in the name of the Company or otherwise as the Receiver considers necessary; **(b)** to carry on or concur in carrying on the business of the Company, in respect of the Mortgaged Property only, and to employ and discharge any persons in respect thereof upon the terms and at the remuneration the Receiver considers proper; **(c)** to keep in repair the Mortgaged Property and t o do all necessary things to carry on the business of the Company, in respect of the Mortgaged Property only, and to protect the Mortgaged Property; **(d)** to make any arrangement or compromise, in respect of the Mortgaged Property only, which the Receiver considers expedient in the interests of the Holder; **(e)** to borrow money to maintain the whole or any part of the Mortgaged Property; **(f)** to sell or lease or concur in the selling or leasing of the whole or any part of the Mortgaged Property; in exercising the Receiver's foregoing power to sell or lease the Mortgaged Property the Receiver may in his absolute discretion **(i)** sell the whole or part of the Mortgaged Property at public auction, by public or private tender, or by private sale; **(ii)** effect a sale or lease by conveying in the name of or on behalf of the Company or otherwise; **(iii)** make any stipulation as to title or conveyance or commencement of title; **(iv)** rescind or vary any contract of sale or lease; **(v)** resell or release without being answerable for any loss occasioned thereby; **(vi)** sell on terms as to credit as shall appear to be most advantageous to the Receiver and if a sale is on credit the Receiver shall not be accountable for any monies until actually received; **(vii)** make any arrangements or compromises which the Receiver shall think expedient; and for the purposes aforesaid the Company hereby empowers the Receiver so appointed as its attorney to execute deeds, contracts, agreements or other documents on its behalf, in respect of the Mortgaged Property only, in any place under the Receiver's seal and the same shall bind the Company and have the same effect as if such deeds were under the Company's common seal.

2. No purchaser at any sale purporting to be made by the Receiver pursuant to the aforesaid power shall be bound to inquire whether any notice required hereunder has been given, or as to the necessity or expediency of the sale or the stipulations subject to which it is made, or otherwise as to the propriety of the sale or regularity of its proceedings, or be affected by notice that no default has been made or continues, or notice that the sale is otherwise unnecessary, improper or irregular, and despite any impropriety or irregularity, or notice thereof to any purchaser, the sale as regards that purchaser shall be deemed to be within the aforesaid powers and be valid accordingly and the remedy, if any, of the Company in respect of any impropriety or irregularity whatsoever in any sale by the Receiver shall be in damages only.

3. The net profit of the business and the net proceeds of any disposal of the Mortgaged Property shall be applied by the Receiver subject to the claims of third parties, firstly in payment of the principal sum hereof, interest accrued hereunder and all other monies owing hereunder, as allocated by the Holder, and any surplus shall be paid to the Company.

4. The Receiver shall not be liable for any loss unless it is caused by the Receiver's own negligence or willful default. The Receiver shall be considered to be the agent of the Company and the Company shall be solely responsible for the Receiver's acts, defaults and remuneration.

5. The Holder may but shall not be obliged to pay and satisfy any monies or do any acts or things which the Company is required to do hereunder or under any security collateral hereto upon the Company's failure to do so and the amount so paid or the costs and expenses so incurred and all costs, fees or commissions in connection with the collection of monies due hereunder or enforcement of the security hereby granted may be paid and satisfied from any unadvanced portion of the monies to be advanced hereunder or otherwise and any amount paid by the Holder shall be repayable

6.

forthwith and shall bear interest at the rate provided for interest on the principal sum and shall be secured by the charges herein contained; provided however that so long as the validity of any tax, lien or fine is in good faith contested by the Company, the Holder shall not pay the same if the Company shall satisfy the Holder and, if required, furnish security satisfactory to the Holder, that such contestation will involve no forfeiture of any part of the Mortgaged Property.

1. This Debenture and the charges hereby created shall be and remain valid and continuing security for the indebtedness and liability of the Company to the Holder hereunder.

2. This Debenture is in addition to and not in substitution for any other security which the Holder now or from time to time may hold or take from the Company. Neither the taking of any judgment nor the exercise of any power of seizure or sale shall operate to extinguish the obligation of the Company to pay the principal, interest and other monies secured by this Debenture and shall not operate as a merger of any covenant in this Debenture, and the acceptance of any payment or alternate security shall not constitute or create a novation, and the taking of a judgment or judgments under a covenant herein contained shall not operate as a merger of those covenants or affect the Holder's right to interest under this Debenture. All rights and remedies of the Holder hereunder shall be cumulative and no remedy herein conferred or renewed is intended to be exclusive but shall be in addition to every other remedy given hereunder.

3. The Company shall forthwith and from time to time do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered or make all reasonable efforts to obtain all and every such further acts, deeds, mortgages, assignments, transfers, consents, waivers, assurances or indentures supplemental hereto as the Holder shall reasonably require for the better assuring, mortgaging, assigning and confirming unto or vesting in the Holder all and singular the Mortgaged Property charged or intended so to be or which the Company may hereafter become bound to mortgage and charge in favor of the Holder or for the better accomplishing and effectuating the intention of this Debenture.

4. Without limitation of the provisions of **condition 14** hereof: **(a)** in the event the Company shall acquire legal title to any of the Additional Property, the Company shall, at the request of the Holder, execute and deliver all such documents and do all such things as may be required to permit registration of the security hereof in any office of public record with respect to such Additional Property; and **(b)** in the event that a person other than the Company shall hold legal title to any of the Additional Property for the benefit of the Company, the Company shall deliver to such person such notice or other evidence of the interest of the Holder in the Mortgaged Property, and obtain and deliver to the Holder such acknowledgements by such person of such interest of the Holder, as the Holder may reasonably require.

5. This Debenture shall be construed in accordance with the laws of the Northwest Territories of Canada.

6. Time shall be of the essence of this Debenture.

7.

If a provision of this Debenture is wholly or partially invalid, at the option of the Holder, this Debenture shall be interpreted as if the invalid portion had not been a part thereof.

8. As specified in **section 5** of this Debenture, assignment of this Debenture is limited, as more particularly provided in the Instrument of Delivery. This Debenture and all of its provisions shall enure to the benefit of the Holder, its successors and assigns, and shall be binding upon the Company and its successors and assigns. The expression the "Holder" as used herein shall include the Holder's assigns whether immediate or derivative.

9. in this Debenture the following terms shall have the following meanings:

"Additional Property" means all of the Company's presently owned or hereafter acquired right, title and interest in and to any mining claim, license, lease, grant, concession, permit, patent or other mineral property or other rights or interest located wholly or partly within the Area of Interest.

"Area of Interest" means all land and minerals or other rights or interests lying within an area comprised of lines drawn two (2) kilometers from and parallel to all exterior boundaries of the Property.

"Event of Default" means any one of the following events: **(a)** if a default is made by the Company in paying any of the Secured Obligations to the Holder when due and such default is not remedied within thirty (30) days; **(b)** if a default is made by the Company in performance or observance of any other term of this Debenture and, if such default is capable of remedy, is not remedied within thirty (30) days of notice thereof by the Holder to the Company; **(c)** if any representation or warranty of the Company contained in this Debenture is found to be untrue in any material adverse respect; **(d)** if the Secured Obligations set out in section 4(c) of the Purchase and Sale Agreement have not been satisfied then if any one of: **(i)** a receiver and/or manager, liquidator, trustee, administrator or any other person with (like powers for all or any part of the assets of the Company shall be appointed, or if an order is made or a resolution passed for the winding up, dissolution or liquidation of the Company or if the Company ceases or demonstrates an intention to cease to carry on its business; **(ii)** the Company becomes or acknowledges that it is insolvent, makes a voluntary assignment under the *Bankruptcy and Insolvency Act* or files a proposal under the *Bankruptcy and Insolvency Act* or seeks protection under the *Companies' Creditors Arrangement Act,* or any other debt moratorium or restructuring legislation; (iii) proceedings are commenced against the Company under the *Bankruptcy and Insolvency Act* or any similar legislation; **(iv)** any execution, sequestration, extent, distress or analogous process shall be levied upon any part of the Mortgaged Property, unless the process is in good faith disputed and the Holder is given security to pay in full the amount claimed; or **(v)** any person holding an encumbrance, lien or charge on any of the Mor tgaged Property having a material value, takes steps to enforce same; and (e) if the Secured Obligations set out in section 4(c) of the Purchase and Sale Agreement have been satisfied then if any one of: **(i)** a receiver and/or manager, liquidator, trustee, administrator or any other person with like powers for all or any part of the assets of the Company shall be appointed, or if an order is made or a resolution passed for the winding up, dissolution or liquidation of the Company or if the Company ceases or demonstrates an intention to cease to carry on its business; **(ii)** the Company becomes or acknowledges that it is insolvent, makes a voluntary assignment under the *Bankruptcy and Insolvency Act* or files a proposal under the *Bankruptcy and Insolvency Act* or seeks protection under the *Companies' Creditors Arrangement Act,* or any other debt moratorium or restructuring legislation; **(iii)** proceedings are commenced against the Company under the *Bankruptcy and Insolvenc y Act* or any similar legislation; **(iv)** any execution, sequestration, extent, distress or analogous process shall be levied upon any part of the Mortgaged Property, unless the process is in good faith disputed and the Holder is given security to pay in full the amount claimed; or **(v)** any person holding an encumbrance, lien or charge on any of the Mortgaged Property having a material value, takes steps to enforce same, and thereafter Holder receives notice of or otherwise becomes aware of any person taking steps to sell all or any part of the Property or the Additional Property.

"Mortgaged Property" wherever used herein means and includes all the undertakings and other properties and assets, present and future, of the Company expressed herein or in any instruments supplemental hereto to be, or intended to be, mortgaged, pledged or charged or made the subject of a security interest under this Debenture.

"Permitted Encumbrances" means: **(a)** liens for taxes, assessments or governmental charges or levies not at the time due and delinquent or the validity of which is being contested in good faith by the Company; **(b)** undetermined or inchoate liens and charges incidental to current construction or current operations which have not been filed against the Company or which relate to obligations not due or delinquent:; **(c)** the right reserved to or vested in any governmental or public authority by any lease, license, franchise, grant, permit or statutory provision to terminate any lease, license, franchise, grant or permit, or to require annual or other periodic payments as a condition of the continuance thereof; **(d)** the encumbrance resulting from the deposit of cash or obligations as security when the Company is required to do so by governmental or other p ublic authority or by normal business practice in connection with contracts, licenses or tenders or similar matters in the ordinary course of business and for the purpose of carrying on the same or to secure worker's compensation, surety or appeal bonds or to secure costs of litigation when required by law; **(e)** security given to a

public utility or any governmental or public authority when required in connection with the operations of the Company; **(f)** easements, rights of way, servitudes or other similar rights in lands granted to or taken by other persons which in the aggregate do not materially impair the usefulness in the business of the Company of the lands subject to such easements,

rights or servitudes; **(g)** the reservations, limitations, provisos and conditions expressed in any original grant from the Crown; **(h)** any encumbrances consented to in writing as a Permitted Encumbrance by the Holder; and **(i)** the Royalty Agreement.

"Proceeds" means all present and after acquired goods, chattel paper, money, securities, documents of title, instruments, intangibles or other property of the Company derived, directly or indirectly, from any dealing with any of the Mortgaged Property or proceeds of Mortgaged Property.

"Products" means all right, title and interest of the Company now held or hereafter acquired in and to all ores, minerals and mineral resources produced from any of the Property and the Additional Property.

"Property" means all right, title and interest of the Company now held or hereafter acquired in and to the mining leases described in Schedule "A" hereto, including without limitation any amendments, supplements, renewals and replacements of such mining leases.

"Purchase and Sale Agreement" means the purchase and sale agreement effective **July 16, 2002** among the Company and the Holder.

"Royalty" means the production royalties granted pursuant to the Royalty Agreement.

"Royalty Agreerent" means the royalty agreement effective **July 26, 2002** made among the Company and the Holder.

"Secured Obligations" means all indebtedness and liability, present and future, direct or indirect, absolute or contingent, of the Company to the Holder under sections 4(b) and 4(c) of the Purchase and Sale Agreement, subject to sections 4(d) and 4(e) of the Purchase and Sale Agreement, and section 9 of the Royalty Agreement, subject to section 4(d) of the Purchase and Sale Agreement.

TO HAVE AND TO HOLD the same unto and to the use and benefit of the Holder for the uses and purposes and with the powers and authority and subject to the terms and conditions set forth in this Debenture.

IN WITNESS WHEREOF this Debenture has been duly executed by the Company effective as of the date first written above.

SEABRIDGE GOLD INC.

By:

Title:

Date:

Its Authorized

Representative

[SEAL]

SCHEDULE "A" TO

THE ROYALTY

AGREEMENT

Lease Number	Issued Date	Acres
3016 (1st Renewal)	23-Oct-2001 (signed 10-1-01)	702.00
3158	25-Jul-1984 (signed 1-21-85)	1,376.00
3159	25-Jul-1984 (signed 1-21-85)	534.00
3160	25-Jul-1984 (signed 1-21-85)	1,878.00
3161	25-Jul-1984 (signed 1-21-85)	1,135.00
3219	9-Jul-1986 (signed 7-2-87)	168.10
3221	16-Jun-1986 (signed 11-Aug-87)	584.00
3222	24-Jun-1987 (signed 11-Aug-87)	907.00
3223	23-Jun-1987 (signed 11-Aug-87)	1,214.00
3228	30-Jun-1987 (signed 8-Apr-88)	2,357.00
3229	30-Jun-1987 (signed 8-Apr-88)	1,585.00
3230	30-Jun-1987 (signed 21-Apr-88)	518.00
3251	30-Jun-1987 (signed 22-Jun-88)	1,159.00
3357	26-Apr-1990 (signed 13-Dec-91)	1,890.00
3361	26-Apr-1990 (signed 13-Dec-91)	2,034.00
3791	9-Sep-1998 (signed 3-Oct-99)	80.20
3792	9-Sep-1998 (signed 3-Oct-1999)	57.00
TOTAL	***	**18,178.30**

SCHEDULE "D" TO THE PURCHASE AND SALE AGREEMENT
(the "Assignment of Mining Leases")
ASSIGNMENT OF MINING LEASES
(With a Company Seal)

Newmont Canada Limited, a body corporate, incorporated under the laws of the Province of Ontario, whose address is 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, Canada M4R 1K8, being the holder of 100% of the Mining Lease numbers described on Schedule "A", in consideration of the sum of $10.00, payment of which is hereby acknowledged by Newmont Canada Limited, hereby transfers 100% of the Mining Lease Numbers described on Schedule "A" unto **Seabridge Gold Inc.,** a body corporate, incorporated under the laws of the Province of British Columbia, whose address is 172 King Street East, 3`d Floor, Toronto, Ontario, Canada M5A 1 J3, and holder of Prospector's License

The Post Address of Seabridge Gold Inc. is: Seabridge

Gold Inc.

172 King Street East, 3`d Floor
Toronto, Ontario M5A 1 J3 CANADA
Phone 416-367-9292
Fax 416-367-2711

Dated July 26, 2002

NEWMONT CANADA LIMITED

SEABRIDGE GOLD INC.

By:

Title:

Date:

Its Authorized Representative

[SEAL]

Encl. CAD$425.00 (CAD$25.00 per Mining Lease)

SCHEDULE "A" TO THE ROYALTY AGREEMENT

The following Mining Leases issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada.

Lease Number	Issued Date	Acres
3016 (1st Renewal)	23-Oct-2001 (signed 10-1-01)	702.00
3158	25-Jul-1984 (signed 1-21-85)	1,376.00
3159	25-Jul-1984 (signed 1-21-85)	534.00
3160	25-Jul-1984 (signed 1-21-85)	1,878.00
3161	25-Jul-1984 (signed 1-21-85)	1,135.00
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3361	26-Apr-1990 (signed 13-Dec-91)	2,034.00
3791	9-Sep-1998 (signed 3-Oct-99)	80.20
3792	9-Sep-1998 (signed 3-Oct-1999)	57.00
TOTAL	***	**18,178.30**

SCHEDULE "B" TO THE INSTRUMENT OF DELIVERY

(the "Newmont Royalty Agreement")

NEWMONT ROYALTY AGREEMENT

(Includes termination of the Tundra Joint Venture Operating Agreement
and the establishment of a Net Smelter Returns Production Royalty)

THIS NEWMONT ROYALTY AGREEMENT ("Agreement") effective **July 26, 2002** (the "Effective Date")

BETWEEN:

NEWMONT CANADA LIMITED, a corporation incorporated under the laws of the Province of Ontario, whose address is 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, Canada M4R 1K8, Facsimile: 416.488.6598

(hereinafter **"NEWMONT")** and

5073 N.W.T. LIMITED, a corporation incorporated under the laws of the Northwest Territories, whose address is 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1J3, Facsimile: 416.367.2711

(hereinafter **"BUYER")**

RECITALS

WHEREAS pursuant to that certain Tundra Joint Venture Operating Agreement dated January 1, 1982 by and between Noranda Exploration Company, Limited (No Personal Liability) (predecessor to NEWMONT) and Getty Canadian Metals, Limited (predecessor to Total Resources (Canada) Limited) ("TOTAL") (the "Joint Venture Agreement") in respect of the exploration, development and operation of the Tundra Property in the Courageous Lake area of the Northwest Territories, Canada (the "Joint Venture"), more particularly described on attached Schedule "A" (the "Property"), NEWMONT owned an undivided fifty one (51%) interest in and to the Property and the Joint Venture Agreement and TOTAL owned an undivided forty nine percent (49%) interest in and to the Property and the Joint Venture Agreement;

AND WHEREAS on 07/04/86 Getty Canadian Metals, Limited assigned to Getty Resources Limited all of its interest in and to the Property and the Joint Venture Agreement, and on 07/07/86 Getty Resources Limited assigned to GRL Acquisition Ltd. all of its interest in and to the Property and the Joint Venture Agreement, and on 07/09/86 GRL Acquisition Ltd. and Getty Resources Limited were amalgamated into Getty Resources Limited, and on 10/07/88 Getty Resources Limited was amalgamated into Total Energold Corporation, and on 08/31/91 Total Energold Corporation assigned to Total Erickson Resources Ltd. all of its interest in and to the Property and the Joint Venture Agreement, and on 10/23/92 Total Erickson Resources Ltd. assigned to **Total Resources (Canada) Limited** all of its interest in and to the Property and the Joint Venture A greement;

AND WHEREAS on 05/01/91 Noranda Exploration Company, Limited (No Personal Liability) assigned to Hemlo Gold Mines Inc. all of its interest in and to the Property and the Joint Venture Agreement, and on 07/19/96 Hemlo Gold Mines Inc. was amalgamated with Battle Mountain Gold Company, Hemlo Gold Mines Inc. became a subsidiary of Battle Mountain Gold Company, and Hemlo Gold Mines Inc. changed its name to Battle Mountain Canada Ltd., and on 02/19/01 Battle Mountain Canada Ltd. changed its name to **Newmont Canada Limited;**

AND WHEREAS pursuant to the terms and conditions of that certain "Purchase and Sale Agreement" dated effective **July 16, 2002** with respect to the Property, **(a)** NEWMONT and TOTAL have sold, transferred and assigned to BUYER all of their right, title, interest and obligations in and to the

Property; **(b)** BUYER has purchased all of the NEWMONT and TOTAL's right, title, interest and obligations in and to the Property, **(c)** NEWMONT and TOTAL have terminated the Joint Venture and the Joint Venture Agreement in such a manner as to provide for each of NEWMONT and TOTAL to receive a perpetual production royalty on 100% of the Property and the Area of Interest, **(d)** Seabridge Gold Inc. ("SEABRIDGE") paid to NEWMONT a Cash Payment before assigning its rights in the Property to its wholly owned subsidiary, and **(e)** BUYER has **(i)** agreed to grant to NEWMONT a Royalty, and

(ii) agreed to pay to NEWMONT certain Additional Cash Payments under certain conditions, the details of which are set out in the Purchase and Sale Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSETH that for and in consideration of the premises and the covenants and conditions herein set forth and set forth in the Purchase and Sale Agreement and the Security Agreement, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows.

1. Purchase and Sale. Effective on the Effective Date **(a)** NEWMONT has sold, transferred and assigned to BUYER all of its right, title, interest and obligations in and to the Property; and **(b)** BUYER has purchased all of NEWMONT's right, title, interest and obligations in and to the Property, subject to the terms and conditions of this Agreement. Commencing from and after the Effective Date BUYER has agreed to bear solely for its own account all costs and obligations pertaining to or associated with the Property or within the Area of Interest.

2. Joint Venture Agreement Terminated. Effective on the Effective Date, NEWMONT and TOTAL have terminated the Joint Venture and the Joint Venture Agreement in such a manner as to provide for NEWMONT to receive Additional Cash Payments and the perpetual Royalty on 100% of the Property and the Area of Interest described herein.

3. Purchase Price. As consideration for the purchase and sale of the Property, **(a)** SEABRIDGE has, on the Effective Date, paid to NEWMONT a cash payment of One Million Two Hundred Seventy Five Thousand United States Dollars (US$1,275,000), free and clear of any taxes ("Cash Payment") before assigning its rights in the Property to its wholly-owned subsidiary; and **(b)** BUYER has executed and delivered to NEWMONT this Agreement setting out the terms of a one and two-one hundredths percent (1.02%) net smelter returns production royalty in respect of any sale or other disposition of all metal ore, minerals and mineral substances, or concentrates produced and sold from the Property or from any other property within the Area of Interest, to be paid as described in this Agreement (the "Royalty"); and **(c)** BUYER has additionally under the P urchase and Sale Agreement agreed to **(i)** pay to NEWMONT a further sum of Seven Hundred Sixty Five Thousand United States Dollars (US$765,000), free and clear of any taxes within sixty (60) days following the date on which the London Bullion Market, Afternoon Fix, spot price of gold closes at or above US$360 per ounce the for tenth (10th) consecutive reporting day; and **(ii)** pay to NEWMONT a further sum of Seven Hundred Sixty Five Thousand United States Dollars (US$765,000), free and clear of any taxes within sixty (60) days following the date on which the London Bullion Market, Afternoon Fix, spot price of gold closes at or above US$400 per ounce for the tenth (10th) consecutive reporting day, provided, however, BUYER has agreed to pay to NEWMONT the balance of the Additional Cash Payments specified in **section 3(c)** within sixty (60) days following the date that BUYER (or any Affiliate or successor or assignee of it) makes a decision to develop a commercial mining operation on or wi th respect to the Property or within the Area of Interest tthe "Additional Cash Payments") **(section 3(a), section 3(b) and section 3(c),** collectively, the "Purchase Price"). **(d)** Should default be made in any Royalty payment when due under **section 9** hereof and such default still exists ten (10) days following notice of non-payment, then the entire unpaid balance under **section 9** shall become immediately due and all unpaid amounts shall bear interest at the rate of fifteen (15) percent per annum commencing from and after such payment due date until paid. **(e)** The Parties have agreed that should default be made in either of the Additional Cash Payments when due under the Purchase and Sale Agreement and such default still exists ten (10) days following notice of non-payment, then the entire unpaid balance of the Additional Cash Payments due under the Purchase and Sale Agreement shall become immediately due and all unpaid amou nts shall bear interest at the rate of fifteen percent (15%) per annum commencing from and after such payment due date until paid.

4.

1. Registration on Title. The Parties agree that following the Effective Date **(a)** BUYER shall immediately register title to the Property in BUYER's name by filing the Assignment of Mining Leases; and **(b)** NEWMONT may register or record against title to the Property such form of notice, caution or other documents (including, without limitation, a copy of the Purchase and Sale Agreement, this Agreement, and the Security Agreement) as it considers appropriate to secure payment from time to time and protect NEWMONT's right to receive the Additional Cash Payments and the Royalty hereunder. All Parties hereto hereby consent to such registering or recording and agree to co-operate with such Party to accomplish the same.

2. Area of Interest. If at any time BUYER or any Affiliate or successor or assignee of it stakes, applies for, and obtains or otherwise acquires, directly or indirectly, any right to or interest in any mining claim, license, lease, grant, concession, permit, patent, or other mineral property or other rights or interests located wholly or partly within the Area of Interest, such rights or interests shall thereafter become part of the Property. In the event BUYER or any Affiliate or any successor or assign of it surrenders, allows to lapse or otherwise terminates its interest in any portion or all the Property or within the Area of Interest and within a period of five (5) years from the date of such surrender, lapse or other termination, reacquires

a direct or indirect interest in respect of the land covered by the former Property or within the Area of Interest, then the Royalt y shall apply to such interest so acquired; provided, however, if any rights or interests so acquired within the Area of Interest already bears a royalty obligation to a non-Affiliate third party, then the Royalty payable to NEWMONT with respect to such rights or interests so acquired shall be reduced by Fifty-One percent (51%) of the amount of such royalty obligation, provided, however, NEWMONT's Royalty shall in no event be less than a fifty-one one hundredths of one percent (0.51%) net smelter returns production royalty. BUYER shall give written notice to NEWMONT within ten (10) days of any acquisition or reacquisition within the Area of Interest. The "Area of Interest" shall comprise all land and minerals or other rights or interests lying within an area comprised of lines drawn two (2) kilometers from and parallel to all exterior boundaries of the Property.

3. Term. The Additional Cash Payments payable under the Purchase and Sale Agreement and the Royalty created hereby shall be perpetual, it being the intent of the Parties hereto that, to the extent allowed by law, the Additional Cash Payments and the Royalty shall constitute a vested interest in and a covenant running with the land affecting the Property (and within the Area of Interest) and all successions thereof whether created privately or through governmental action and shall inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors and assigns so long as BUYER or any successor or assign of it holds any rights or interests in the Property or within the Area of Interest. In the event a court of competent jurisdiction determines that any right, power or interest of any Party under this Agreement would violate the rule aga inst perpetuities, then such right, power or interest shall terminate at the expiration of 20 years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the Effective Date of this Agreement. This Agreement shall not be terminated solely as a result of a violation of the rule against perpetuities.

4. Payments to NEWMONT. All payments to NEWMONT pursuant to this Agreement shall be made by BUYER to NEWMONT. Payments to TOTAL pursuant to the Purchase and Sale Agreement shall be made pursuant to a separate royalty agreement.

5. Assumption of Liabilities; Indemnifications by BUYER. Under the Purchase and Sale Agreement BUYER has agreed to assume all right, title, interest and liabilities of NEWMONT in, to and under the Property, the Joint Venture and the Joint Venture Agreement, including but not limited to any and all environmental liabilities. Accordingly, BUYER shall be responsible for all costs, fines, damages, judgments, penalties or responsibilities (environmental and otherwise) in connection with its ownership and use of the Property and for any and all work performed in and on the Property, whether arising prior to or subsequent to the Closing Date. Under the Purchase and Sale Agreement BUYER has agreed to indemnify and save harmless NEWMONT from any loss, cost or liability (including reasonable legal fees) arising from a claim against NEWMONT in respect of: **(a)** any failure by BUYER to timely and fully perform all reclamation, restoration, waste disposal or other closure obligations required by governmental authorities in respect of all activities on the Property, whether arising prior to or subsequent to the Closing Date; **(b)** any failure or omission by BUYER which results

in a violation of or liability under any present or future applicable federal, provincial or local environmental laws, statutes, rules, regulations, permits, ordinances, certificates, licenses and other regulatory requirements, policies or guidelines in respect of all activities on the Property, whether arising prior to or subsequent to the Closing Date; and **(c)** any claims by third parties against NEWMONT in respect of property damage or injury or death to persons arising out of the activities on or with respect to the Property whether arising prior to or subsequent to the Closing Date.

9. Royalty Calculations and Payments. BUYER shall pay NEWMONT a perpetual production royalty of one and two-one hundredths percent (1.02%) of "Net Smelter Returns" from the sale or other disposition of all metal ore, minerals and mineral substances, or concentrates produced therefrom (including, without limitation metals, precious metals, base metals, industrial minerals, gems, diamonds, commercially valuable rock, aggregate, clays and diatomaceous earth, hydrocarbons, and oil and gas, and other minerals which are mined, excavated, extracted or otherwise recovered) ("Minerals") produced and sold from the Property or within the Area of Interest, provided such rights or interests are held or acquired by BUYER or an Affiliate or a successor or assign of it, regardless of whether the rights or interests in and to such Minerals are included in the Mining Leases, determined in accordance with the provisions set forth in this section and, if applicable, **section 12** hereof. **(a)** For Precious Metals. Net Smelter Returns, in the case of gold, silver, and platinum group metals ("Precious Metals"), shall be determined by multiplying (i) the gross number of troy ounces of Precious Metals contained in the production from the Property during the preceding calendar month ("Monthly Production") delivered to the smelter, refiner, processor, purchaser or other recipient of such production, or an insurer as a result of casualty to such production (collectively, "Payor"), by (ii) for gold, the average of the London Bullion Market, Afternoon Fix, spot prices for the preceding calendar month (the "Applicable Spot Price") and for all other Precious Metals, the average of the New York Commodities Exchange final spot prices for the preceding calendar month for the particular Minerals for which the price is being determined, and subtracting from the produ ct of (i) and (ii) only the following if actually incurred: **(1)** charges imposed by the Payor for refining bullion from dot-6 or concentrates of Precious Metals ("Beneficiated Precious Metals") produced by BUYER's final mill or other final processing plant; however, charges imposed by the Payor for smelting or

refining of raw or crushed ore containing Precious Metals or other preliminarily processed Precious Metals shall not be subtracted in determining Net Smelter Returns; **(2)** penalty substance, assaying, and sampling charges imposed by the Payor for refining Beneficiated Precious Metals contained in such production; and **(3)** charges and costs, if any, for transportation and insurance of Beneficiated Precious Metals from BUYER's final mill or other final processing plant to places where such Beneficiated Precious Metals are smelted, refined and/or sold or otherwise disposed of.

In the event the refining of bullion from the Beneficiated Precious Metals contained in such production is carried out in custom toll facilities owned or controlled, in whole or in part, by BUYER, which facilities were not constructed solely for the purpose of refining Beneficiated Precious Metals or Other Minerals from the Property, then charges, costs and penalties for such refining shall mean the amount BUYER would have incurred if such refining were carried out at facilities not owned or controlled by BUYER then offering comparable services for comparable products on prevailing terms, but in no event greater than actual costs incurred by BUYER with respect to such refining. In the event BUYER receives insurance proceeds for loss of production of Precious Metals, BUYER shall pay to NEWMONT the Production Royalty percentage of any such insurance proceeds which are received by BUYER for such loss of production.

(b) For Other Minerals. Net Smelter Returns, in the case of all Minerals other than Precious Metals and the beneficiated products thereof ("Other Minerals"), shall be determined by multiplying (i) the gross amount of the particular Other Mineral contained in the Monthly Production delivered to the Payor during the preceding calendar month by (ii) the average of the New York Commodities Exchange final daily spot prices for the preceding calendar month of the appropriate Other Mineral, and subtracting from the product of (i) and (ii) only the following if actually incurred. **(1)** charges imposed by the Payor for smelting, refining or processing Other Minerals contained in such production, but excluding any and all charges and costs related to BUYER's mills or other processing plants constructed for the purpose of milling or processing Other Minerals, in whole or in part; **(2)** penalty substance, assaying, and sampling charges imposed by the Payor for smelting, refining, or processing Other Minerals contained in such production, but excluding any and all charges and costs

of or related to BUYER's mills or other processing plants constructed for the purpose of milling or processing Other Minerals, in whole or in part; and **(3)** charges and costs, if any, for transportation and insurance of Other Minerals and the beneficiated products thereof from BUYER's final mill or other final processing plant to places where such Beneficiated Precious Metals are smelted, refined and/or sold or otherwise disposed of. If for any reason the New York Commodities Exchange does not report spot pricing for a particular Other Mineral, then the Parties shall mutually agree upon an appropriate pricing entity or mechanism that accurately reflects the market value of any such Other Mineral.

In the event smelting, refining, or processing of Other Minerals are carried out in custom toll facilities owned or controlled, in whole or in part, by BUYER, which facilities were not constructed solely for the purpose of milling or processing Other Minerals from the Property, then charges, costs and penalties for such smelting, refining or processing shall mean the amount BUYER would have incurred if such smelting, refining or processing were carried out at facilities not owned or controlled by BUYER then offering comparable services for comparable products on prevailing terms, but in no event greater than actual costs incurred by BUYER with respect to such smelting and refining. In the event BUYER receives insurance proceeds for loss of production of Other Minerals, BUYER shall pay to NEWMONT the Production Royalty percentage of any such insurance proceeds which are received by BUYER for such loss of production.

(c) Payments of Royalty In Cash or In Kind. Production Royalty payments shall be made to NEWMONT as follows:

(i) Royalty In Kind. NEWMONT may elect to receive its Production Royalty on Precious Metals from the Property "in cash" or "in kind" as refined bullion. The elections may be exercised once per year on a calendar year basis during the life of production from the Property. Notice of election to receive the following year's Production Royalty for Precious Metals in cash or "in kind" shall be made in writing by NEWMONT and delivered to BUYER on or before November 1 of each year. In the event no written election is made, the Production Royalty for Precious Metals will continue to be paid to NEWMONT as it its then being paid. As of the date of this Agreement, NEWMONT elects to receive its Production Royalty on Precious Metals "in kind". Royalties on Other Minerals shall not be payable "in kind". **(1)** If NEWMONT elects to receive its Production Royalty for Precious Metals in "in kind", NEWMONT shall open a bullion storage account at each refinery or mint designated by BUYER as a possible recipient of refined bullion in which NEWMONT owns an interest. NEWMONT shall be solely responsible for all costs and liabilities associated with maintenance of such account or accounts, and BUYER shall not be required to bear any additional expense with respect to such "in-kind" payments. **(2)** Production Royalty will be paid by the deposit of refined bullion into NEWMONT's account. On or before the 25th day of each calendar month following a calendar month during which production and sale or other disposition occurred, BUYER shall deliver written instructions to the mint or refinery, with a copy to NEWMONT directing the mint or refinery to deliver refined bullion due to NEWMONT in respect of the Production Royalty, by crediting to NEWMONT's account the number of ounces of refined bullion for which Production Royalty is due; provided, however, that the words "other disposition" as used in this Agreement shall not include processing, milling, beneficiation or refining losses of Precious Metals. The number of ounces of refined bullion to be credited will be based upon NEWMONT's share of the previous month's production and sale or other disposition as calculated pursuant to the commingling provisions of **section 9(f)** hereof. **(3)** Production Royalty payable "in kind" on silver or platinum group metals shall be converted to the gold equivalent of such silver or platinum group metals by using the average monthly spot prices for Precious Metals described in **section 9(a)** hereof. **(4)** Title to

refined bullion delivered to NEWMONT under this Agreement shall pass to NEWMONT at the time such bullion is credited to NEWMONT at the mint or refinery. **(5)** NEWMONT agrees to hold harmless BUYER from any liability imposed as a result of the election of NEWMONT to receive Production Royalty "in kind" and from any losses incurred as a result of NEWMONT's trading and hedging activities. NEWMONT assumes all responsibility for any shortages which occur as a result of NEWMONT's anticipation of credits to its account in advance of an actual deposit or credit to its account by a refiner or mint. **(6)** When royalties are paid in "in kind", they will not reflect the costs deductible in calculating "Net Smelter Returns" under this Agreement. Within thirty (30) days of the receipt of a statement showing charges incurred by BUYER for transportation, smelting or other deductible costs, NEWMONT shall remit to BUYER full payment for such charges.

If NEWMONT does not pay such charges when due, BUYER shall have the right, at its election, with NEWMONT's consent, such consent not to be unreasonably withheld, to deduct the gold equivalent of such charges from the ounces of gold bullion to be credited to NEWMONT in the following month.

(i) In Cash. If NEWMONT elects to receive its Production Royalty for Precious Metals in cash, and as to Production Royalty payable on Other Minerals, payments shall be payable on or before the twenty-fifth (25th) day of the month following the calendar month in which the minerals subject to the Production Royalty were shipped to the Payor by BUYER. For purposes of calculating the cash amount due to NEWMONT, Precious Metals and Other Minerals will be deemed to have been sold or otherwise disposed of at the time refined production from the Property is delivered, made available, or credited to BUYER by a mint or refiner. The price used for calculating the cash amount due for Production Royalty on Precious Metals or Other Minerals shall be determined in accordance with **section 9(a)** and **section 9(b)** as applicable. BUYER shall make each Production Royalty payment to be pai d in cash by delivery of a check payable to NEWMONT and delivering such check to NEWMONT at the address listed in this Agreement, or to such other address as NEWMONT may direct or by direct bank deposit to NEWMONT's account as NEWMONT shall designate. Should default be made in any cash payment when due for Production Royalty and such default still exists ten (10) days following notice of non-payment, then all unpaid amounts shall become immediately due and shall bear interest at the rate of fifteen percent (15%) per annum commencing from and after such payment due date until paid.

(ii) Detailed Statement. All Production Royalty payments or credits shall be accompanied by a detailed statement explaining the calculation thereof together with any available settlement sheets from the Payor.

(a) Monthly Reconciliation. (i) On or before the twenty-fifth (25^{th}) day of the month, BUYER shall make an interim settlement based on the information then available of such Production Royalty for the prior calendar month, either in cash or in kind, whichever is applicable, by paying **(1)** not less than one hundred percent (100%) of the anticipated final settlement of Precious Metals "in kind" Production Royalty payments and **(2)** not less than ninety-five percent (95%) of the anticipated final settlement of cash Production Royalty payments. (ii) The parties recognize that a period of time exists between the production of ore, the production of dore or concentrates from ore, the production of refined or finished product from dot-6 or concentrates, and the receipt of Payor's statements for refined or finished product. As a result, the payment of Production Royalty will not coincide exactly with the actual amount of refined or finished product produced from the Property for the previous month. BUYER will provide final reconciliation promptly after settlement is reached with the Payor for all lots sold or subject to other disposition in any particular month. (iii) In the event that NEWMONT has been underpaid for any provisional payment (whether in cash or "in kind"), BUYER shall pay the difference in cash by check and not "in kind" with such payment being made at the time of the final reconciliation. If NEWMONT has been overpaid in the previous calendar quarter, NEWMONT shall make a payment to BUYER of the difference by check. Reconciliation payments shall be made on the same basis as used for the payment in cash pursuant to **section 9(c)(ii)** hereof.

(b) Hedging Transactions. All profits and losses resulting from BUYER's sales of Precious Metals or Other Minerals, or BUYER's engaging in any commodity futures trading, option trading, or metals trading, or any combination thereof, and any other hedging transactions including trading transactions designed to avoid losses and obtain possible gains due to metal price fluctuations (collectively, "hedging transactions") are specifically excluded from Production Royalty calculations pursuant to this Agreement. All hedging transactions by BUYER and all profits or losses associated therewith, if any, shall be solely for BUYER's account. The Production Royalty payable on Precious Metals or Other Minerals subject to hedging transactions shall be determined as follows: (i) Affecting Precious Metals. The amount of Production Royalty to be paid on all Precious M etals subject to hedging transactions by BUYER shall be determined in the same manner as provided in **section 9(a),** with the understanding and agreement that the average monthly spot price shall be for the calendar month preceding the calendar month during which Precious Metals subject to hedging transactions are shipped by BUYER to the Payor. (ii) Affecting Other Minerals. The amount of Production Royalty to be paid on all Other Minerals subject to hedging transactions by BUYER shall be determined in the same manner as provided in **section 9(b),** with the understanding and agreement that the average

(c)

monthly spot price shall be for the calendar month preceding the calendar month during which Other Minerals subject to hedging transactions are shipped by BUYER to the Payor.

(a) Commingling. BUYER shall have the right to commingle Precious Metals and Other Minerals from the Property with minerals from other properties. Before any Precious Metals or Other Minerals produced from the Property are commingled with minerals from other properties, the Precious Metals or Other Minerals produced from the Property shall be measured and sampled in accordance with sound mining and metallurgical practices for moisture, metal, commercial minerals and other appropriate content, applied on a consistent basis. Representative samples of the Precious Metals or Other Minerals shall be retained by BUYER and assays (including moisture and penalty substances) and other appropriate analyses of these samples shall be made before commingling to determine gross metal content of Precious Metals or gross metal or mineral content of Other Minerals. BUYER shall retain such anal yses for a reasonable amount of time, but not less than twenty four (24) months, after receipt by NEWMONT of the Production Royalty paid with respect to such commingled Minerals from the Property, and shall retain such samples taken from the Property for not less than thirty (30) days after collection.

(b) No Obligation to Mine. BUYER shall have sole discretion to determine the extent of its mining of the Property and the time or the times for beginning, continuing or resuming mining operations with respect thereto. BUYER shall have no obligation to NEWMONT or otherwise to mine any of the Property, nor shall it have any obligation to diligently pursue production from the Property.

10. Reporting, Audits, Inspections, Tours, Confidentiality and Press Releases.

(a) Reporting. No later than March 1 of each year, BUYER shall provide to NEWMONT with an annual report of activities and operations conducted with respect to the Property during the preceding calendar year, and from time to time such additional information as NEWMONT may reasonably request. Such annual report shall include details of: (i) the preceding year's activities with respect to the Property; (ii) ore reserve data for the calendar year just ended; and (iii) estimates of anticipated production and estimated remaining ore reserves with respect to proposed activities for the Property for the current calendar year. In addition, not more frequently than semi-annually, NEWMONT shall have the right, upon reasonable notice to BUYER, to inspect and copy all books, records, technical data, information and materials (the "Data") pertaining to BUYER's activities with r espect to the Property; provided that such inspections shall not unreasonably interfere with BUYER's activities with respect to the Property. BUYER makes no representations or warranties to NEWMONT concerning any of the Data or any information contained in the annual reports, and NEWMONT agrees that if it elects to rely on any such Data or information, it does so at its sole risk.

(b) Right to Audit. NEWMONT shall have the right to audit the books and records pertaining to production from the Property and contest payments of Production Royalty for twenty four (24) months after receipt by NEWMONT of the payments to which such books and records pertain. Such payments shall be deemed conclusively correct unless NEWMONT objects to them in writing within twenty-four (24) months after receipt thereof.

(c) Inspection. NIEWMONT shall have the right, upon reasonable notice, to inspect the facilities associated with the Property. Such inspection shall be at the sole risk of NEWMONT and NEWMONT shall indemnify BUYER from any liability caused by NEWMONT's exercise of inspection rights.

(d) Investor Tours. NEWMONT shall have the right, upon reasonable notice and not more frequently than twice annually each, to conduct an investor tour of the facilities associated with the Property, subject to the control and supervision of BUYER. Such investors tours shall be at the sole risk of NEWMONT and its invitees, and NEWMONT shall indemnify BUYER from any liability caused by NEWMONT's exercise of investors tour rights.

(e) Confidentiality. NEWMONT shall not, without the prior written consent of BUYER, which shall not be unreasonably withheld, knowingly disclose to any third party data or information obtained pursuant to this Agreement which is not generally available to the public; provided, however, NEWMONT may

disclose data or information so obtained without the consent of BUYER: (i) if required for compliance with laws, rules, regulations or orders of a governmental agency or stock exchange; (ii) to any of NEWMONT's consultants or advisors; (iii) to any third party to whom NEWMONT, in good faith, anticipates selling or assigning NEWMONT's interest in the Property; and (iv) to a prospective lender, provided that such consultants, third parties or lenders first sign a confidentiality agreement; or (v) to a third party to which a party or its parent company contemplates a transfer to, or a merger, amalgamation or other corporate reorganization with. The foregoing restrictions shall not apply to the disclosure to an Affiliate.

(f) Press Releases. A Party desiring to make a disclosure, statement or press release concerning this Agreement or the Purchase and Sale Agreement shall first consult with the other Party prior to making such disclosure, statement or press release, and the Parties shall use all reasonable efforts, acting expediently and in good faith, to agree upon a text for such statement or press release which is satisfactory to all Parties. Subject to its rights and obligations under **section 10(e),** NEWMONT shall not issue any press release containing technical information relating the Property except upon giving BUYER two (2) days advance written notice of the contents thereof, and NEWMONT shall make any reasonable changes to such proposed press release as such changes may be timely requested by BUYER, provided, however, the NEWMONT

may include in any press release without notice any information previously re ported by BUYER or NEWMONT. A Party shall not, without the consent of the other Parties, issue any press release that implies or infers that the non-issuing Party endorses or joins the issuing Party in statements or representations contained in any press release.

1. Compliance with Law. BUYER shall at all times comply with all applicable federal, provincial, and local laws, statutes, rules, regulations, permits, ordinances, certificates, licenses and other regulatory requirements, policies and guidelines relating to operations and activities on or with respect to the Property; provided, however, BUYER shall have the right to contest any of the same if such contest does not jeopardize the Property or NEWMONT's rights thereto or under this Agreement.

2. Tailings and Residues. All tailings, residues, waste rock, spoiled leach materials, and other materials (collectively "Materials") resulting from BUYER's operations and activities on the Property shall be the sole property of BUYER, but shall remain subject to the Production Royalty should the Materials be processed or reprocessed, as the case may be, in the future and result in the production and sale or other disposition of Precious Metals or Other Minerals. Notwithstanding the foregoing, BUYER shall have the right to dispose of Materials from the Property on or off of the Property and to commingle the same with materials from other properties. In the event Materials from the Property are processed or reprocessed, as the case may be, and regardless of where such processing or reprocessing occurs, the Production Royalty payable thereon shall be determined on a pro rata basis as d etermined by using the best engineering and technical practices then available.

3. General Provisions.

(a) Amendment. This Agreement may be amended, modified or supplemented only by a written agreement signed by each Party.

(b) Waiver of Rights. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

(c) Applicable Law. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario, Canada and the federal laws of Canada applicable therein.

(d) Dispute Resolution. **(a)** Any dispute, controversy or claim arising out of, in relation to or in connection with this Agreement, including any dispute as to the validity, interpretation, enforceability or breach of this Agreement, shall be exclusively and finally settled by binding arbitration before a single qualified arbitrator appointed upon the unanimous agreement of all Parties and conducted in

(e)

accordance with the Arbitration Act, 1991 (Ontario). The arbitrator shall be knowledgeable about the matter being arbitrated. The decision rendered by the arbitrator may be entered into any court. Each Party shall pay their own fees and expenses (and shall pay their own attorneys' fees and expenses) related to the arbitration, regardless of how the arbitrated issue is decided. The Parties covenant that they shall conduct all aspects of such arbitration having regard at all times to minimizing the cost and expediting the final resolution of such arbitration. Arbitration shall be conducted in English, in Toronto, Canada. **(b)** If, for the purposes of obtaining judgment in any court in Canada, it becomes necessary to convert into Canadian dollars ("Judgment Currency") an amount due in United States dollars hereunder ("Original Currency") then the conversion shall be mad e at the Rate of Exchange prevailing on the business day before the day on which the judgment is given. If there is a change in the Rate of Exchange prevailing between the business day before the day on which the judgment is due, the paying Party will pay such additional amounts (if any, but in any event not a lesser amount) as may be necessary to ensure that the amount paid in the Judgment Currency when converted at the Rate of Exchange prevailing on the date of payment will produce the amount then due under this Agreement in the Original Currency and such additional amount shall bear interest, from the date same become due, at the rate of fifteen percent (15%) per annum. "Rate of Exchange" means the spot rate at which the Party who is the payee is able on the relevant date to purchase Original Currency with Judgment Currency and includes any premium and costs of exchange payable.

(a) Currency. Unless specified otherwise, all statements of or references to dollar amounts in this Agreement are to lawful money of the United States of America.

(b) No Joint Venture, Mining Partnership, Commercial Partnership. This Agreement shall not be construed to create, expressly or by implication, a joint venture, mining partnership, commercial partnership, or other partnership relationship between or among BUYER and NEWMONT.

(c) Time. Time is of the essence of each provision of this Agreement.
(d) Definitions. In this Agreement and the Schedules attached to this Agreement the following terms shall have the following meanings:

"Additional Cash Payments" means the payments described in **section 3(c).**

"Affiliate" shall have the meaning ascribed to that term by the Canada Business Corporations Act on the date hereof.

"Applicable Spot Price" means as described in **section 9(a).**

"Area of Interest" means the area described in **section 5.**

"Assignment of Mining Leases" means the assignment provided for in **section 4.** **"Beneficiated Precious Metals"** means as described in **section 9(a).**

"Business Day" means any calendar day other than a Saturday or Sunday or any statutory holiaay or civic holiday in the Province of Ontario.

"BUYER" shall include all of BUYER's successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Property.

"Cash Payment" means the payment described in **section 3(a).**

"Data" means as described in **section 10(a).**

"Effective Date" means the date specified on the top of page one of this Agreement.

"hedging transactions" means as described in **section 9(e).**
"Joint Venture Agreement" has the meaning ascribed to that term in the Recitals above.

"Joint Venture" means the interests held by the Parties with respect to the Property pursuant to the Joint Venture Agreement.

"Judgement Currency" means Canada currency.

"Materials" means as described in **section 12.**

"Minerals" means as described in **section 9.**

"Mining Leases" means the following seventeen (17) Mining Leases (together with any renewal or replacement Mining Leases) ML3016, ML3158, ML3159, ML3160, ML3161, ML3219, ML3221, ML3222, ML3223, ML3228, ML3229, ML3230, ML3251, ML3357, ML3361, ML3791 and ML3792 issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada, which, as of the Effective Date, comprises the Property.

"Monthly Production" means as described in **section 9.**

"NEWMONT and/or TOTAL" shall include all of "NEWMONT's" and/or all of "TOTAL's", as the case may be, successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Property.

"Other Mineral(s)" means as described in **section 9(b).**

"Parties" means NEWMONT and TOTAL and SEABRIDGE collectively.

"Party" means any of the Parties individually.
"Payor" means as described in **section 9(a).**

"Precious Metals" means as described in **section 9(a).**

"Property" means all right, title and interest of the SELLERS now held or hereinafter acquired in and to the Mining Leases described in attached Schedule "A" including without limitation any amendments, supplements, renewals and replacements of such Mining Leases.

"Purchase and Sale Agreement" means that certain agreement dated effective **July 16, 2002** pursuant to which the Parties agreed to the purchase and sale of the Property.

"Purchase Price" means the consideration stipulated in **section 3.**

"Rate of Exchange" means the spot rate at which NEWMONT and/or TOTAL, as the case may be, is able on the relevant date to purchase Original Currency with Judgment Currency and includes any premium and costs of exchange payable.

"Royalty" (or **"Production Royalty")** means the net smelter returns royalty stipulated in **section 3.** **"Royalty**

Agreement" means this Agreement.

"SEABRIDGE" shall include all of SEABRIDGE's successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Property.

"Security Agreement" means the agreements provided for in **section 4.** **"Transmission"**

means as described in **section 13(i).**

(a) Notices. **(i)** Any notice, demand or other communication (in this section, a "notice") required or permitted to be given or made hereunder shall be in writing and shall be sufficiently given or made if: **(1)** delivered in person during normal business hours of the recipient on a Business Day and left with a receptionist or other responsible employee of the recipient at the applicable address first set forth in this Agreement; or **(2)** sent by facsimile transmission (a "Transmission") during normal business hours on a Business Day charges prepaid and confirmed by regular mail at the address first set forth in this Agreement; and **(ii)** each notice sent in accordance with this section shall be deemed to have been received: **(1)** on the day it was delivered; or on the same day that it was sent by fax transmission, or **(2)** on the first Business Day thereafter if the day on which it was sent by fax transmission was not a Business Day. The notice addresses for the Parties are set out on page one of this Agreement. Any Party may change its address for notice by giving notice to the other Parties in accordance with this section. Notice to NEWMONT shall additionally be sent to Newmont Mining Corporation, 1700 Lincoln Street, Denver, Colorado 80203 U.S.A., Attention: Land Dept., Facsimile: 303.837.5851.

(b) Assignment. **(a)** If BUYER desires to option, joint-venture, assign, transfer, convey or otherwise dispose of its rights and interests in and to the Property or within the Area of Interest, BUYER shall promptly notify NEWMONT of its intentions in order that NEWMONT may consider the possible acquisition from BUYER a portion or all of BUYER's interest in the Property. **(b)** Except as otherwise provided herein, BUYER may assign, transfer, convey or otherwise dispose of its rights and interests under this Agreement; provided, however, any option, joint-venture, assignment, transfer, conveyance or other disposition by BUYER of its rights and interests in or with respect to the Property or this Agreement shall be void unless the proposed assignee has first agreed in writing with NEWMONT to observe and be bound by all of the provisions of this Agreement with respect to the rights, interests and obligations bei ng assigned to or assumed by the assignee in the place and stead of BUYER and BUYER, only subsequent to the signing of a definitive agreement as between NEWMONT and such assignee, shall BUYER be relieved or discharged from the Purchase and Sale Agreement and this Royalty Agreement in respect thereof. Any rights, interests or obligations of BUYER in or with respect to the Purchase and Sale Agreement, the Property or this Royalty Agreement which are not assigned or assumed in accordance with the foregoing will be several and not joint rights, interests or obligations of BUYER and BUYER shall not be relieved or discharged from the Purchase and Sale Agreement and this Royalty Agreement in respect thereof and NEWMONT may continue to look to BUYER for performance with respect thereto. **(c)** NEWMONT shall have the unrestricted right, in its sole and absolute discretion, to assign, transfer, convey, or relinquish any of its rights or interests with respect to the Property, including the Royalty at any time.

(c) Maintenance of the Property. BUYER shall pay all governmental taxes, duties or other payments, make any minimum investments required by law, perform all acts and comply with all obligations under applicable law required to maintain the Property (excluding those portions of the Property previously abandoned by it as provided in this section) in good standing. At any time and from time to time, BUYER may elect to abandon any part or parts of the Property by giving notice to NEWMONT of such election not less than thirty (30) days prior to the proposed date of abandonment. The notice shall identify the Mining Leases (or other interests acquired within the Area of Interest) which are proposed to be abandoned. Upon expiry of such thirty (30) day period, BUYER's obligations hereunder in respect of such abandoned interests shall terminate and thereafter the term "Property" as used in this Agreement will apply t o those interests comprising the Property which have not been abandoned by BUYER. If requested by NEWMONT BUYER shall execute documents transferring to NEWMONT title to any part or parts of the Property which BUYER is abandoning, provided, however, if TOTAL also requests such transfer BUYER shall transfer a Fifty-One percent (51%) interest in such title to NEWMONT. In the event that

BUYER gives notice that it intends to abandon the balance of the Property held by it then, subject to **section 5** hereof, upon expiry of the thirty (30) day period BUYER's obligations to make either of the Additional Cash Payments not due before expiry of such thirty (30) day period shall terminate.

(l) Further Assurances. The parties promptly shall execute all such further instruments and documents and do all such further actions as may be necessary to effectuate the purposes of this Agreement.

(m) Entire Agreement. This Agreement together with the corresponding Purchase and Sale Agreement and the Closing Documents constitute the entire agreement among the Parties with respect to the subject matter hereof.

(n) English Language. The Parties hereto expressly declare that they require this Agreement, and all documents and notices relating thereto, to be drafted and written solely in the English language. Les Parties déclarent expressément qu'elles exigent que ce contrat, ainsi que tous les documents et avis s'y rapportant, soient rédigés et écrits exclusivement en anglais.

(o) Counterparts. This Agreement may be executed in any number of counterparts, and it shall not be necessary that the signatures of all Parties be contained on any counterpart. Each counterpart shall be deemed an original, but all counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF the Parties hereto have duly executed this Agreement effective as of the date first written above.

NEWMONT CANADA LIMITED

By:

Title:

Date:

Its Authorized Representative

[SEAL]

5073 N.W.T. LIMITED

By:

Title:

Date:

Its Authorized Representative

[SEAL]

SCHEDULE "A" TO THE NEWMONT ROYALTY AGREEMENT (Description of the "Property")

The following Mining Leases issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada.

Lease Number	Issued Date	Acres
3016 (1st Renewal)	23-Oct-2001 (signed 1-Oct-01)	702.00
3158	25-Jul-1984 (signed 21-Jan-85)	1,376.00
3159	25-Jul-1984 (signed 21-Jan-85)	534.00
3160	25-Jul-1984 (signed 21-Jan-85)	1,878.00
3161	25-Jul-1984 (signed 21-Jan-85)	1,135.00
3219	9-Jul-1986 (signed 2-Jul-87)	168.10
3221	16-Jun-1986 (signed 11-Aug-87)	584.00
3222	24-Jun-1987 (signed 11-Aug-87)	907.00
3223	23-Jun-1987 (signed 11-Aug-87)	1,214.00
3228	30-Jun-1987 (signed 8-Apr-88)	2,357.00
3229	30-Jun-1987 (signed 8-Apr-88)	1,585.00
3230	30-Jun-1987 (signed 21-Apr-88)	518.00
3251	30-Jun-1987 (signed 22-Jun-88)	1,159.00
3357	26-Apr-1990 (signed 13-Dec-91)	1,890.00
3361	26-Apr-1990 (signed 13-Dec-91)	2,034.00
3791	9-Sep-1998 (signed 3-Oct-99)	80.20
3792	9-Sep-1998 (signed 3-Oct-1999)	57.00
TOTAL	***	**18,178.30**

THIS INSTRUMENT OF DELIVERY effective **July 26, 2002**

BETWEEN:

5073 N.W.T. LIMITED, a company incorporated under the laws of the Northwest Territories, whose address is 172 King Street East, 3`d Floor, Toronto, Ontario, Canada M5A 1J3

(hereinafter the **"Company")** and

TOTAL RESOURCES (CANADA) LIMITED, a corporation incorporated under the federal laws of Canada under the Canadian Business Corporations Act, whose address is Suite 810, 202 6th Avenue S.W., Calgary Alberta, Canada T2P 2R9

(hereinafter the **"Holder")**

RECITALS

WHEREAS, as a result of the Company assuming the obligations of Seabridge Gold Inc. **("SEABRIDGE")** under that certain Purchase and Sale Agreement effective July 26, 2002 in conjunction with an assignment to the Company of all of SEABRIDGE's rights, interests and obligations under such Purchase and Sale Agreement, the Company is obligated to the Holder under such Purchase and Sale Agreement and the **Total Royalty Agreement,** copies of which are attached hereto, respectively, as Schedule "A" and Schedule "B";

AND WHEREAS the Company has created and issued in favor of the Holder a debenture (the "Debenture") dated for reference **July 26, 2002** for the principal sum of Twenty Million Five Hundred Eighty Thousand United States Dollars (US$20,580,000), plus interest thereon at the rate of fifteen percent (15%) per annum.

AND WHEREAS the Company has agreed to deliver the Debenture to the Holder to secure payment of all indebtedness and liability, present and future, direct or indirect, absolute or contingent, of the Company to the Holder under sections 4(b) and 4(c) of the Purchase and Sale Agreement, subject to sections 4(d) and 4(e) of the Purchase and Sale Agreement, and section 9 of the **Total Royalty Agreement,** subject to section 4(d) of the Purchase and Sale Agreement (the "Secured Obligations").

NOW THEREFORE THIS INSTRUMENT WITNESSETH that in consideration of the premises and of the sum of Ten Dollars ($10.00) now paid by the Holder to the Company (the receipt hereof is hereby acknowledged by the Company) the Company herewith delivers the Debenture to the Holder and the Company covenants and agrees with the Holder that:

1. Until the Debenture has been discharged in accordance with its terms, the Debenture shall be and remain valid and continuing security and shall cover and secure the payment, performance and satisfaction of the Secured Obligations. So long as any Secured Obligations may arise under the Purchase and Sale Agreement or the **Total Royalty Agreement,** the Debenture shall not be satisfied solely because at any time no Secured Obligations are outstanding.

2. The Debenture is in addition to and not in substitution for any other securities now or hereafter held by the Holder and shall not merge in any other security now or hereafter held by the Holder.

1. The records of the Holder as to payment of the Secured Obligations or any part or parts thereof being in default or of any demand for payment having been made shall be prima facie evidence of such default or demand.

2. Upon the occurrence of an Event of Default the Holder may enforce and realize on the Debenture or any part or parts thereof in any order it desires and any realization by any means upon any security shall not bar realization upon any other security.

3. Any monies realized from the enforcement or realization of or on the Debenture may be applied on such part or parts of the Secured Obligations as the Holder may see fit notwithstanding any previous application.

4. The Holder may grant extensions, take and give up securities, accept compositions, grant releases and discharges, and otherwise make arrangements and deal with the Company and with other persons and securities as the Holder may see fit, without prejudice to the liability of the Company to the Holder or the Holder's right to hold, deal with, enforce and realize on the Debenture.

5. All expenses incurred by the Holder in recovering or enforcing payment of the Secured Obligations or any part or parts thereof, or realizing upon the Debenture, including expenses of taking possession, protecting and realizing upon any property subject to the charge of the Debenture, shall be added to and shall be deemed to be a part of the Secured Obligations and secured by the Debenture.

6. The interest of the Holder in the Debenture and this Instrument of Delivery may only be assigned by the Holder as part of any assignment of the interest of the Holder in the Secured Obligations.

Notwithstanding any of the foregoing provisions of this Instrument or the provisions of the Debenture, the Holder agrees that: **(a)** in dealing with, enforcing and realizing on the Debenture, the Holder shall not claim under the Debenture at any time any greater amount in respect of principal, interest and other monies thereunder than the aggregate amount of Secured Obligations then due and payable by the Company to the Holder; **(b)** notwithstanding that the principal amount of the Debenture is expressed to bear interest from the date of the Debenture, the Holder shall not claim any amount by way of interest under the Debenture in excess of the amount of interest accruing and unpaid from time to time on the Secured Obligations in accordance with the terms of the Secured Obligations; **(c)** notwithstanding that the Debenture is expressed to be payable on demand, the Holder will not make demand for any amount thereunder unless and until an Event of Default has occurred and shall make such demand only for the aggregate amount of Secured Obligations then due and payable by the Company to the Holder; and **(d)** at any time after payment of all of the Secured Obligations owing from time to time by the Company to the Holder, the Holder shall, forthwith on the written request of the Company and upon payment of all fees, charges, expenses and solicitors' fees incurred by the Holder, deliver the Debenture to the Company and execute and deliver to the Company such releases and discharges or other instruments as shall be requisite to discharge the Debenture and the security thereof.

Capitalized terms used herein and not otherwise defined shall have the respective meanings given to such terms in the Debenture.

This Instrument shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF this Instrument has been duly executed by the Company and the Holder effective as of the date first above written.

TOTAL RESOURCES (CANADA) LIMITED

By: **/s/**

Title: ***Director***

Date: ***26 July '02***

Its Authorized Representative **[SEAL]**

5073 N.W.T. LIMITED

By: ***/s/***

Title: ***President***

Date: ***July 26, 2002***

Its Authorized Representative

[SEAL]

SCHEDULE "A" TO THE INSTRUMENT OF DELIVERY
(the "Purchase and Sale Agreement")

THIS PURCHASE AND SALE AGREEMENT ("AGREEMENT") effective **July 16, 2002** (the "Effective Date")

AMONG:

NEWMONT CANADA LIMITED, a corporation incorporated under the laws of the Province of Ontario
20 Eglinton Avenue West, Suite 1900
Toronto, Ontario, Canada M4R 1 K8
Facsimile: 416.488.6598

(hereinafter **"NEWMONT")** and

TOTAL RESOURCES (CANADA) LIMITED, a corporation incorporated under the federal laws of Canada under the Canadian Business Corporations Act
Suite 810, 202 6th Avenue S.W.
Calgary, Alberta, Canada T2P 2R9
Facsimile: 403.571.7595

(hereinafter **"TOTAL")**

(NEWMONT and TOTAL, collectively hereinafter **"SELLERS")** and

SEABRIDGE GOLD INC., a corporation incorporated under the laws of the Province of British Columbia
172 King Street East, 3rd Floor
Toronto, Ontario, Canada M5A 1J3
Facsimile: 416.367.2711

(hereinafter **"SEABRIDGE")**

RECITALS

WHEREAS pursuant to that certain Tundra Joint Venture Operating Agreement dated January 1, 1982 by and between Noranda Exploration Company, Limited (No Personal Liability) (predecessor to NEWMONT) and Getty Canadian Metals, Limited (predecessor to TOTAL) (the "Joint Venture Agreement") in respect of the exploration, development and operation of the Tundra Property in the Courageous Lake area of the Northwest Territories, Canada (the "Joint Venture"), more particularly described on attached Schedule "A" (the "Property"), NEWMONT owns an undivided fifty one (51%) interest in and to the Property and the Joint Venture Agreement and TOTAL owns an undivided forty nine percent (49%) interest in and to the Property and the Joint Venture Agreement;

AND WHEREAS on 07/04/86 Getty Canadian Metals, Limited assigned to Getty Resources Limited all of its interest in and to the Property and the Joint Venture Agreement, and on 07/07/86 Getty Resources Limited assigned to GRL Acquisition Ltd. all of its interest in and to the Property and the Joint Venture Agreement, and on 07/09/86 GRL Acquisition Ltd. and Getty Resources Limited were amalgamated into Getty Resources Limited, and on 10/07/88 Getty Resources Limited was amalgamated into Total Energold Corporation, and on 08/31/91 Total Energold Corporation assigned to Total Erickson Resources Ltd. all of its interest in and to the Property and the Joint Venture Agreement, and on 10/23/92 Total Erickson Resources Ltd. assigned to **Total Resources (Canada) Limited** all of its interest in and to the Property and the Joint Ventur e Agreement;

AND WHEREAS on 05/01/91 Noranda Exploration Company, Limited (No Personal Liability) assigned to Hemlo Gold Mines Inc. all of its interest in and to the Property and the Joint Venture Agreement, and on 07/19/96 Hemlo Gold Mines Inc. was amalgamated with Battle Mountain Gold Company, Hemlo Gold Mines Inc. became a subsidiary of Battle Mountain Gold Company, and Hemlo Gold Mines Inc. changed its name to Battle Mountain Canada Ltd., and on 02/19/01 Battle Mountain Canada Ltd. changed its name to **Newmont Canada Limited;**

AND WHEREAS SEABRIDGE is interested in acquiring all right, title, interest and obligations of SELLERS in and to the Property, NEWMONT is interested in selling to SEABRIDGE all right, title, interest and obligations of NEWMONT in and to the Property, subject to a net smelter returns royalty to be retained by NEWMONT with respect to the Property, and TOTAL is interested in selling to SEABRIDGE all right, title, interest and obligations of TOTAL in and to the Property, subject to a net smelter returns royalty to be retained by TOTAL with respect to the Property.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and agreements herein contained, the Parties hereto hereby agree as follows:

1. Definitions. In this Agreement and the Schedules attached to this Agreement the following terms shall have the following meanings:

"Additional Cash Payments" means the payments described in **section 4(c).**

"Affiliate" shall have the meaning ascribed to that term by the Canada Business Corporations Act on the date hereof.

"Area of Interest" means the area described in **section 6.**

"Assignment of Mining Leases" means the assignment provided for in **section 9** in the form attached as Schedule "D".

"Business Day" means any calendar day other than a Saturday or Sunday or any statutory holiday or civic holiday in the Province of Ontario.

"Cash Payment" means the payment described in **section 4(a).**

"Closing" means the completion on the Closing Date of the transfer from SELLERS to SEABRIDGE of the Property as contemplated in this Agreement.

"Closing Date" means such date that the Closing Documents are delivered to the Parties, which date shall be no later than **July 26, 2002.**

"Closing Documents" means the documents described in **section 9.**

"Effective Date" means the date specified on the top of page one of this Agreement. **"Joint Venture**

Agreement" has the meaning ascribed to that term in the Recitals above.

"Joint Venture" means the interests held by the SELLERS with respect to the Property pursuant to the Joint Venture Agreement.

"Judgement Currency" means Canada currency.

"Mining Leases" means the following seventeen (17) Mining Leases (together with any renewal or replacement Mining Leases) ML3016, ML3158, ML3159, ML3160, ML3161, ML3219, ML3221, ML3222, ML3223, ML3228, ML3229, ML3230, ML3251, ML3357, ML3361, ML3791 and ML3792 issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada, which, as of the Effective Date, comprises the Property.

"NEWMONT and/or TOTAL" shall include all of "NEWMONT's" and/or all of "TOTAL's", as the case may be, successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Property.

"Parties" means NEWMONT and TOTAL and SEABRIDGE collectively. **"Party"**

means any of the Parties individually.

"Property" means all right, title and interest of the SELLERS now held or hereinafter acquired in and to the Mining Leases described in attached Schedule "A", including without limitation any amendments, supplements, renewals and replacements of such Mining Leases.

"Purchase and Sale Agreement" means this Agreement; **"Purchase Price"**

means the consideration stipulated in **section 4.**

"Rate of Exchange" means the spot rate at which NEWMONT and/or TOTAL, as the case may be, is able on the relevant date to purchase Original Currency with Judgment Currency and includes any premium and costs of exchange payable.

"Records and Data" means all books, contracts, documents, technical information and data (in paper or electronic form), maps, surveys, drill core samples and assays owned by SELLERS related to the Property.

"Royalty" means the net smelter returns royalty stipulated in **section 4** and further described in the Royalty Agreement.

"Royalty Agreement" means the royalty agreements provided for in **section 4** in the form attached as Schedule "B".

"SEABRIDGE" shall include all of SEABRIDGE's successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Property.

"Security Agreement" means the agreements provided for in **section 5** in the form attached as Schedule "C".

"SELLERS" shall mean NEWMONT and TOTAL each on a several in proportion to their respective percentage interests in the Joint Venture and not joint or collective basis.

1. Purchase and Sale. **(a)** NEWMONT shall and hereby covenants to sell, transfer and assign to SEABRIDGE all of its right, title, interest and obligations in and to the Property and the Records and Data; **(b)** TOTAL shall and hereby covenants to sell, transfer and assign to SEABRIDGE all of its right, title, interest and obligations in and to the Property and the Records and Data; and (c) SEABRIDGE shall and hereby covenants to purchase all of SELLERS' right, title, interest and obligations in and to the Property and the Records and Data. Commencing from and after the Effective Date SEABRIDGE shall bear solely for its own account all costs and obligations pertaining to or associated with the Property or within the Area of Interest.

2. Joint Venture Agreement to Terminate upon Closing. Effective on the Closing Date, the SELLERS agree that the Joint Venture and the Joint Venture Agreement shall terminate in such a manner as to provide for SELLERS to receive the Additional Cash Payments and a perpetual production royalty on 100% of the Property and the Area of Interest. NEWMONT and TOTAL have agreed and do hereby agree to waive any notice or other applicable provisions contained in the Joint Venture Agreement concerning such termination, notwithstanding anything to the contrary contained therein.

3.

1. Purchase Price. As consideration for the purchase and sale of the Property and the Records and Data, SEABRIDGE agrees to **(a)** at Closing pay to the SELLERS a cash payment of Two Million Five Hundred Thousand United States Dollars (US$2,500,000), free and clear of any taxes ("Cash Payment") on the completion of Closing; and **(b)** execute and deliver the Royalty Agreement to the SELLERS and thereby grant to the SELLERS a two percent (2.0%) net smelter returns production royalty in respect of any sale or other disposition of all metal ore, minerals and mineral substances, or concentrates (as further described in the Royalty Agreement) produced and sold from the Property or from any other property within the Area of Interest, to be paid as described in the Royalty Agreement (the "Royalty");and **(c)** additionally (i) pay to the SELLERS a further sum of One Million Five Hundred T housand United States Dollars (US$1,500,000), free and clear of any taxes within sixty (60) days following the date on which the London Bullion Market, Afternoon Fix, spot price of gold closes at or above US$360 per ounce for the tenth (10th) consecutive reporting day; and (ii) pay to the SELLERS a further sum of One Million Five Hundred Thousand United States Dollars (US$1,500,000), free and clear of any taxes within sixty (60) days following the date on which the London Bullion Market, Afternoon Fix, spot price of gold closes at or above US$400 per ounce for the tenth (10th) consecutive reporting day, provided, however, SEABRIDGE shall pay to the SELLERS the balance of the Additional Cash Payments specified in **section 4(c)** within sixty (60) days following the date that SEABRIDGE (or any Affiliate or successor or assignee of it) makes a decision to develop a commercial mining operation on or with respect to the Property or within the Area of Interest (the "Additional Cash Payments") **(section 4(a), section 4(b)** and **section4(c),** collectively, the "Purchase Price"). **(d)** Should default be made in any Royalty payment when due under **section 4(b)** and such default still exists ten (10) days following notice of non-payment, then the entire unpaid balance under **section 4(b)** shall become immediately due and all unpaid amounts shall bear interest at the rate of fifteen (15%) percent per annum commencing from and after such payment due date until paid. (e) Should default be made in either of the Additional Cash Payments when due under **section 4(c)** and such default still exists ten (10) days following notice of non-payment, then the entire unpaid balance under **section 4(c)** shall become immediately due and all unpaid amounts shall bear interest at the rate of fifteen percent (15%) per annum commencing from and after such payment due date until paid.

2. Registration on Title. The Parties agree that following Closing **(a)** SEABRIDGE shall immediately register title to the Property in SEABRIDGE's name by filing the Assignment of Mining Leases (Schedule "D"); and **(b)** SELLERS may register or record against title to the Property such form of notice, caution or other documents (including, without limitation, a copy of this Agreement, the Royalty Agreement (Schedule "B"), and the Security Agreement (Schedule "C")) as it considers appropriate to secure payment from time to time and protect SELLERS' right to receive the Additional Cash Payments and the Royalty hereunder. All Parties hereto hereby consent to such registering or recording and agree to co-operate with such Party to accomplish the same.

3. Area of Interest. If at any time SEABRIDGE or any Affiliate or successor or assignee of it stakes, applies for, and obtains or otherwise acquires, directly or indirectly, any right to or interest in any mining claim, license, lease, grant, concession, permit, patent, or other mineral property or other rights or interests located wholly or partly within the Area of Interest, such rights or interests shall thereafter become part of the Property. In the event SEABRIDGE or any Affiliate or

successor or assignee of it surrenders, allows to lapse or otherwise terminates its interest in any portion or all the Property or within the Area of Interest and within a period of five (5) years from the date of such surrender, lapse or other termination, reacquires a direct or indirect interest in respect of the land covered by the former Property or within the A rea of Interest, then the Royalty shall apply to such interest so acquired, provided, however, if any such rights or interests so acquired within the Area of Interest already bears a royalty obligation to a non-Affiliate third party, then the Royalty payable to the SELLERS with respect to such rights or interests so acquired shall be reduced by the amount of such royalty obligation, provided, however, SELLERS' Royalty shall in no event be less than a one percent (1.0%) net smelter returns production royalty. SEABRIDGE shall give written notice to SELLERS within ten (10) days of any acquisition or reacquisition within the Area of Interest. The "Area of Interest" shall comprise all land and minerals or other rights or interests lying within an area comprised of lines drawn two (2) kilometers from and parallel to all exterior boundaries of the Property.

4.

1. Term. The Additional Cash Payments and the Royalty shall be perpetual, it being the intent of the Parties hereto that, to the extent allowed by law, the Additional Cash Payments and the Royalty shall constitute a vested interest in and a covenant running with the land affecting the Property (and within the Area of Interest) and all successions thereof whether created privately or through governmental action and shall inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors and assigns so long as SEABRIDGE or any successor or assignee of it holds any rights or interests in the Property or within the Area of Interest. In the event a court of competent jurisdiction determines that any right, power or interest of any Party under this agreement would violate the rule against perpetuities, then such right, power or interest shall terminate at the expiration of 2 0 years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the Effective Date of this Agreement. This Agreement shall not be terminated solely as a result of a violation of the rule against perpetuities.

2. Payments to NEWMONT and TOTAL. All payments to SELLERS pursuant to this Agreement and the Royalty Agreement shall be made separately by SEABRIDGE in the proportion of Fifty-One Percent (51%) to NEWMONT and Forty-Nine Percent (49%) to TOTAL.

3. Closing Conditional. The completion of the Closing shall be conditional upon **(a)** the satisfaction by the Parties of all their respective obligations as set forth in **sections 13, 14 and 15,** and **(b)** SEABRIDGE securing the financing required to purchase the Property on or before **July 26, 2002.** The foregoing conditions are included in this Agreement for the sole benefit of SEABRIDGE and may be waived in whole or in part by SEABRIDGE in its sole discretion. If such conditions are not satisfied or waived by SEABRIDGE on or before **July 26, 2002,** this Agreement shall be of no force and effect and each of the Parties shall be released from any and all obligations hereunder. In the event that the foregoing conditions are satisfied or waived in whole or in part by SEABRIDGE on or before **July 26, 2002,** then the Parties shall complete the purchase and sale transaction as contemplated by the terms of this Agreement. At Closing the Parties shall deliver the following Closing Documents: (i) SEABRIDGE shall deliver to SELLERS the first installment of the Purchase Price by electronic wire transfers, certified funds or cashier's checks, the executed Royalty Agreement (Schedule "B") to be registered against title to the Property and the executed Security Agreement (Schedule "C") to be registered against title to the Property, and (ii) SELLERS shall deliver to SEABRIDGE a duly executed Assignment of Mining Leases (Schedule "D"). SEABRIDGE covenants to use all commercially reasonable efforts, at its own expense, to obtain on or before Closing the financing required to purchase the Property. After Closing the SELLERS shall permit SEABRIDGE reasonable to access the Records and Data and make copies of all such Records and Data at its sole cost.

4. Property Sold and Purchased on an "As-is, Where-is" Basis. Except for the representations and warranties provided for in this Agreement, the Parties agree that the purchase and sale of the Property shall be on an "As-is, Where-is" basis. SEABRIDGE acknowledges that it has conducted such examinations of the Property and the Records and Data related to it as it has deemed necessary or appropriate and that it is not relying upon any assurances or statements of SELLERS.

5. Taxes, Transfer Fees. SEABRIDGE shall pay directly to or make the appropriate filings with the appropriate taxing authorities in respect of all sales and transfer taxes (including land transfer taxes), registration charges and transfer fees and GST or other value added taxes applicable in respect of its purchase of the Property under this Agreement.

6. Representations and Warranties.

(a) Representations and Warranties of NEWMONT. NEWMONT represents and warrants to SEABRIDGE that: **(i)** it is a corporation duly incorporated and validly subsisting under the laws of the jurisdiction of its incorporation; **(ii)** all requisite corporate acts and proceedings have been done and taken by it with respect to entering into this Agreement and the transactions contemplated herein and therein; **(iii)** it has the requisite corporate power and authority to enter into this Agreement and to perform its respective obligations hereunder; **(iv)** this Agreement has been duly and validly executed and delivered by it and constitutes a legal, valid and binding obligation of it enforceable in accordance with its terms; **(v)** it has all necessary corporate power to own or lease the Property and is registered

as required and in good standing with respect to the filing of returns under the laws of all jurisdictions in which the failure to so register or file would have a material adverse effect on it or its properties, including the Property; **(vi)** to the best knowledge of NEWMONT, except for the rights of TOTAL pursuant to the Joint Venture Agreement and the rights of SEABRIDGE pursuant to this Agreement, no person, firm or corporation as a result of any action by, through or under NEWMONT has any agreement, option or right, title or interest, or right capable of becoming an agreement, option or right, title or interest (including royalty obligations of any kind), in or to the Property; **(vii)** to the best knowledge of NEWMONT, NEWMONT is listed as the sole registered owner of the Property in the records of the Mining Recorder in Yellowknife, Northwest Territories, and the legal and beneficial owner of an u ndivided fifty one percent (51%) right, title and interest in and to the Property, free and clear of all liens, mortgages, charges, pledges, security interests, encumbrances, equities or claims, created by, through or under NEWMONT, such rights, titles and interests of NEWMONT are in good standing in accordance with and pursuant to applicable law and the Mining Leases have been properly applied for, granted, recorded and/ or registered in accordance with applicable law; **(viii)** the execution and delivery of this Agreement and the performance and consummation of the transactions contemplated hereby, do not and will not result in a default under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it is a party and by which it is bound to which the Property is subject, nor will such action conflict with or result in any violation of the provisions of its charter documents; **(ix)** no consent, approval or authorization of its shareholders in respect of the tr ansactions contemplated herein is required by it for the consummation of the transactions contemplated herein; (x) to the best knowledge of NEWMONT, there are no violations, as of the date hereof, of any past or present applicable federal, provincial or local laws, statutes rules, regulations, permits, ordinances, certificates, licenses, closure plans and other regulatory requirements, policies or guidelines respecting the Property; **(xi)** the Property does not constitute all or substantially all the assets and undertaking of NEWMONT; **(xii)** to the best knowledge of NEWMONT, NEWMONT is the sole beneficial owner of its right, title and interest in and to the Property, has the exclusive right to dispose of its right, title and interest in and to the Property; **(xiii)** this Agreement, and the transactions contemplated herein have been duly authorized, executed and delivered by NEWMONT and constitute legal, valid and binding obligations of NEWMONT, enforceable against it in accordance with the te rms herein and all necessary third party consents and regulatory and stock exchange approvals have been obtained in respect thereof, including from all governmental authorities having jurisdiction, and in respect of the transactions contemplated herein; **(xiv)** NEWMONT is not and will not be at the time of Closing a non-resident of Canada for the purposes of the Income Tax Act (Canada); **(xv)** to the best knowledge of NEWMONT there is no suit, action, litigation, investigation, grievance, arbitration, governmental or other proceeding, including appeal and applications for review, in progress, pending or threatened against or relating to or affecting the Property, nor is there any basis therefor or any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality or arbitrator which, in any such case, if determined adversely to NEWMONT, might materially and adversely affect NEWMONT's interest in the Property or the ability of NEWMONT to enter into this Agreement or to consummate the transactions contemplated hereby and there is not presently outstanding against NEWMONT any such judgment, decree, injunction, rule, order or award of any court, governmental department, commission, agency, instrumentality or arbitrator with respect to the Property; **(xvi)** no representation or warranty is given as to the existence or non-existence of Aboriginal rights or interests in or with respect to the Property or the land subject to the Property or as to the existence or non-existence of rights of third parties acquired from the Crown to use the land subject to the Property for uses that may compete with mineral exploration, development or mining; and **(xvii)** NEWMONT makes no representations or warranties to SEABRIDGE concerning the Records and Data and SEABRIDGE agrees that if it elects to rely on any such Records and Data, it does so at its sole risk.

(b) Representations and Warranties of TOTAL. TOTAL represents and warrants to SEABRIDGE that: **(i)** it is a corporation duly incorporated and validly subsisting under the laws of the jurisdiction of its incorporation; **(ii)** all requisite corporate acts and proceedings have been done and taken by it with respect to entering into this Agreement and the transactions contemplated herein and therein; **(iii)** it has the requisite corporate power and authority to enter into this Agreement and to perform its respective obligations hereunder; **(iv)** this Agreement has been duly and validly executed and delivered by it and constitutes a legal, valid and binding obligation of it enforceable in accordance with

its terms; **(v)** it has all necessary corporate power to own or lease the Property and is registered as required and in good standing with respect to the filing of returns under the laws of all jurisdictions in which the failure to so register or file would have a material adverse effect on it or its properties, including the Property; **(vi)** to the best knowledge of TOTAL, except for the rights of NEWMONT pursuant to the Joint Venture Agreement and the rights of SEABRIDGE pursuant to this Agreement, no person, firm or corporation as a result of any action by, through or under TOTAL has any agreement, option or right, title or interest, or right capable of becoming an agreement, option or right, title or interest (including royalty obligations of any kind), in or to the Property; **(vii)** to the best knowledge of TOTAL, TOTAL is the legal and beneficial owner (although NEWMONT is the registered owne r of 100% of the Property) of an undivided forty nine percent (49%) right, title and interest in and to the Property, free and clear of all liens, mortgages, charges, pledges, security interests, encumbrances, equities or claims, created by, through or under TOTAL, such rights, titles and interests of TC)TAL are in good standing in accordance with and pursuant to applicable law and the Mining Leases have been properly applied for, granted, recorded and/or registered in accordance with applicable law; **(viii)** the execution and delivery of this Agreement and the performance and consummation of the transactions contemplated hereby, do not and will not result in a default under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it is a party and by which it is bound to which the Property is subject, nor will such action conflict with or result in any violation of the provisions of its charter documents; **(ix)** no consent, approval or authorization of its s hareholders in respect of the transactions contemplated

herein is required by it for the consummation of the transactions contemplated herein; (x) to the best knowledge of TOTAL, there are no violations, as of the date hereof, of any past or present applicable federal, provincial or local laws, statutes rules, regulations, permits, ordinances, certificates, licenses, closure plans and other regulatory requirements, policies or guidelines respecting the Property; **(xi)** the Property does not constitute all or substantially all the assets and undertaking of TOTAL; **(xii)** to the best knowledge of TOTAL, TOTAL is the sole beneficial owner of its right, title and interest in and to the Property, has the exclusive right to dispose of its right, title and interest in and to the Property; **(xiii)** this Agreement, and the transactions contemplated herein have been duly authorized, executed and delivered by TOTAL and constitute legal, valid and binding obligations of TOTAL, enforceable against it in ac cordance with the terms herein and all necessary third party consents and regulatory and stock exchange approvals have been obtained in respect thereof, including from all governmental authorities having jurisdiction, and in respect of the transactions contemplated herein; **(xiv)** TOTAL is not and will not be at the time of Closing a non-resident of Canada for the purposes of the Income Tax Act (Canada); **(xv)** to the best knowledge of TOTAL there is no suit, action, litigation, investigation, grievance, arbitration, governmental or other proceeding, including appeal and applications for review, in progress, pending or threatened against or relating to or affecting the Property, nor is there any basis therefor or any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality or arbitrator which, in any such case, if determined adversely to TOTAL, might materially and adversely affect TOTAL's interest in the Property or the ability of TOTAL to enter into this Agreement or to consummate the transactions contemplated hereby and there is not presently outstanding against TOTAL any such judgment, decree, injunction, rule, order or award of any court, governmental department, commission, agency, instrumentality or arbitrator with respect to the Property; **(xvi)** no representation or warranty is given as to the existence or non-existence of Aboriginal rights or interests in or with respect to the Property or the land subject to the Property or as to the existence or non-existence of rights of third parties acquired from the Crown to use the land subject to the Property for uses that may compete with mineral exploration, development or mining; and **(xvii)** TOTAL makes no representations or warranties to SEABRIDGE concerning the Records and Data and SEABRIDGE agrees that if it elects to rely on any such Records and Data, it does so at its sole risk.

(c) Representations and Warranties of SEABRIDGE. SEABRIDGE represents and warrants to each of NEWMONT and TOTAL that: **(i)** it is a corporation duly incorporated and validly subsisting under the laws of the jurisdiction of its incorporation; **(ii)** all requisite corporate acts and proceedings have been done and taken by it with respect to entering into this Agreement and the transactions contemplated herein and therein; **(iii)** it has the requisite corporate power and authority to enter into this Agreement and to perform its respective obligations hereunder; **(iv)** this Agreement has been duly and validly executed and delivered by it and constitutes a legal, valid and binding obligation of it enforceable in accordance with its terms; **(v)** it has all necessary corporate power to own or lease the

Property and is registered as required and in good standing with respect to the filing of returns under the laws of all jurisdictions in which the failure to so register or file would have a material adverse effect on its title to the Property; **(vi)** the execution and delivery of this Agreement and the performance and consummation of the transactions contemplated hereby, do not and will not result in a default under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it is a party and by which it is bound to which the Property is subject, nor will such action conflict with or result in any violation of the provisions of its charter documents; **(vii)** no consent, approval or authorization of its shareholders in respect of the transactions contemplated herein is required by it for the consummation of the transactions contemplated herein; (viii) SEABRIDGE, during its due diligence on and with respect to the Property, has not become aware of any violations of any past or present applicable federal, provincial or local laws, statutes rules, regulations, permits, ordinances, certificates, licenses, closure plans and other regulatory requirements, policies or guidelines respecting the Property; **(ix)** this Agreement, and the transactions contemplated herein have been duly authorized by SEABRIDGE and this Agreement has been duly executed and delivered by SEABRIDGE and constitutes legal, valid and binding obligations of SEABRIDGE, enforceable against it in accordance with the terms herein and all necessary third party consents and regulatory and stock exchange approvals have been obtained in respect thereof, including from all governmental authorities having jurisdiction, and in respect of the transactions contemplated herein; and (x) SEABRIDGE is not and will not be at the time of Closing a non-resident of Canada for the purposes of the Income Tax Act (Canada);

(d) Survival of Representations and Warranties. For a term of two (2) years from and after the Effective Date, (i) the representations and warranties contained herein shall survive the Closing and shall continue in full force and effect; and (ii) NEWMONT and TOTAL and SEABRIDGE each hereby covenant to and in favor of each other to indemnify and save the other harmless from and against all claims, demands, actions, causes of action, damages, losses, costs, liabilities and expenses which may be incurred by or brought against the other Party and/or which the other Party may suffer or incur as a result of, in respect of, or arising out of any breach of any representation or warranty made by it or any non-fulfillment of any covenant or obligation of it under this Agreement or the Royalty Agreement.

1. Other Covenants of the SELLERS. Except as otherwise contemplated or permitted by this Agreement, SELLERS shall, prior to the completion of the transactions contemplated in this Agreement: **(a)** use commercially reasonable efforts to preserve and protect or cause to be preserved and protected all of its right, title and interest in and to the Property, until Closing; and **(b)** not make any modification of its ordinary course business practices in respect of its interest in the Property nor make any commitments in respect of the Property, or its right, title and interest in and to the Property.

2. Encumbrances. During the time period between the date of execution of this Agreement and the Closing Date, SELLERS shall not suffer or permit any encumbrance, created by, through or under SELLERS, to attach to or affect the Property or its right, title and interest therein.

3. Approvals. SEABRIDGE covenants to use all commercially reasonable efforts, at its own expense, to obtain on or before Closing all required third party, governmental and regulatory approvals (including any required approvals of a stock exchange), if any, in respect of the transactions contemplated in this Agreement.

4. Other Business. NEWMONT and TOTAL and SEABRIDGE shall have the right without consulting or notifying the other to engage in and receive full benefits from other and independent business activities, whether or not competitive or in conflict with the transactions contemplated in this Agreement. The doctrine of "corporate opportunity" or "business opportunity" shall not be applied to any other transaction, activity, venture or operation of NEWMONT or TOTAL or SEABRIDGE not within the boundaries or in respect of the Property or the Area of Interest, and, except as otherwise expressly provided in other agreements between or among NEWMONT, TOTAL and SEABRIDGE, if any, none of NEWMONT, TOTAL or SEABRIDGE shall have any duty to the other with respect to any opportunity to acquire property outside of the boundaries of the Property or the Area of Interest.

5.

1. Assumption of Liabilities; Indemnifications by SEABRIDGE. SEABRIDGE hereby assumes all right, title, interest and liabilities of SELLERS in, to and under the Property, the Joint Venture and the Joint Venture Agreement, including but not limited to any and all environmental liabilities. SEABRIDGE shall be responsible for all costs, fines, damages, judgments, penalties or responsibilities (environmental and otherwise) in connection with its ownership and use of the Property and for any and all work performed in and on the Property, whether arising prior to or subsequent to the Closing Date. SEABRIDGE hereby indemnifies and saves harmless SELLERS from any loss, cost or liability (including reasonable legal fees) arising from a claim against SELLERS in respect of: **(a)** any failure by SEABRIDGE to timely and fully perform all reclamation, restoration, waste disposal or other closure obligations required by governmental authorities in respect of all activities on the Property, whether arising prior to or subsequent to the Closing Date; **(b)** any failure or omission by SEABRIDGE which results in a violation of or liability under any present or future applicable federal, provincial or local environmental laws, statutes, rules, regulations, permits, ordinances, certificates, licenses and other regulatory requirements, policies or guidelines in respect of all activities on the Property, whether arising prior to or subsequent to the Closing Date; and **(c)** any claims by third parties against SELLERS in respect of property damage or injury or death to persons arising out of the activities on or with respect to the Property whether arising prior to or subsequent to the Closing Date.

2. Party May Waive Condition. Any Party may waive, by notice to the other Party, any condition set forth in this Agreement which is for its benefit. No waiver by a Party of any condition, in whole or in part, shall operate as a waiver of any other condition.

3. Dispute Resolution. **(a)** Any dispute, controversy or claim arising out of, in relation to or in connection with this Agreement, including any dispute as to the validity, interpretation, enforceability or breach of this Agreement, shall be exclusively and finally settled by binding arbitration before a single qualified arbitrator appointed upon the unanimous agreement of all Parties and conducted in accordance with the Arbitration Act, 1991 (Ontario). The arbitrator shall be knowledgeable about the matter being arbitrated. The decision rendered by the arbitrator may be entered into any court. Each Party shall pay their own fees and expenses (and shall pay their own attorneys' fees and expenses) related to the arbitration, regardless of how the arbitrated issue is decided. The Parties covenant that they shall conduct all aspects of such arbitration having regard at a ll times to minimizing the cost and expediting the final resolution of such arbitration. Arbitration shall be conducted in English, in Toronto, Canada. **(b)** If, for the purposes of obtaining judgment in any court in Canada, it becomes necessary to convert into Canadian dollars ("Judgment Currency") an amount due in United States dollars hereunder ("Original Currency") then the conversion shall be made at the Rate of Exchange prevailing on the business day before the day on which the judgment is given. If there is a change in the Rate of Exchange prevailing between the business day before the day on which the judgment is due, the paying Party will pay such additional amounts (if any, but in any event not a lesser amount) as may be necessary to ensure that the amount paid in the Judgment Currency when converted at the Rate of Exchange prevailing on the date of payment will produce the amount then due under this Agreement in the Original Currency and such additional amount shall bear i nterest, from the date same become due, at the rate of fifteen percent (15%) per annum. "Rate of Exchange" means the spot rate at which the Party who is the payee is able on the relevant date to purchase Original Currency with Judgment Currency and includes any premium and costs of exchange payable.

4. Expenses. Each Party shall pay all expenses it incurs in authorizing, preparing, executing and performing this Agreement and the transactions contemplated hereunder and thereunder, whether or not the Closing occurs, including

all fees and expenses of its legal counsel, bankers, investment bankers, brokers, accountants or other representatives or consultants.

5. Time. Time is of the essence of each provision of this Agreement.

6. Notices. **(a)** Any notice, demand or other communication (in this section, a "notice") required or permitted to be given or made hereunder shall be in writing and shall be sufficiently given or made if: **(i)** delivered in person during normal business hours of the recipient on a Business Day and left with a receptionist or other responsible employee of the recipient at the applicable address first set forth in this Agreement; or **(ii)** sent by facsimile transmission (a "Transmission") during normal business

7.

hours on a Business Day charges prepaid and confirmed by regular mail at the address first set forth in this Agreement; and **(b)** each notice sent in accordance with this section shall be deemed to have been received: **(i)** on the day it was delivered; or on the same day that it was sent by fax transmission, or **(ii)** on the first Business Day thereafter if the day on which it was sent by fax transmission was not a Business Day. The notice addresses for the Parties are set out on page one of this Agreement. Any Party may change its address for notice by giving notice to the other Parties in accordance with this section. Notice to NEWMONT shall additionally be sent to Newmont Mining Corporation, 1700 Lincoln Street, Denver, Colorado 80203 U.S.A., ATTN: Land Dept., Facsimile: 303.837.5851.

23. Assignment. **(a)** If SEABRIDGE desires to option, joint-venture, assign, transfer, convey or otherwise dispose of its rights and interests in and to the Property or within the Area of Interest, SEABRIDGE shall promptly notify NEWMONT and TOTAL of its intentions in order that NEWMONT and/or TOTAL may consider the possible acquisition from SEABRIDGE of a portion or all of SEABRIDGE's interest in the Property. **(b)** Except as otherwise provided herein, SEABRIDGE may assign, transfer, convey or otherwise dispose of its rights and interests under this Agreement or the Royalty Agreement; provided, however, any option, joint-venture, assignment, transfer, conveyance or other disposition by SEABRIDGE of any of its rights and interests in or with respect to this Agreement, the Property or the Royalty Agreement shall be void unless the proposed assignee has first agreed in writing with SELLERS to observe and be bound by all of the provisions of this Agreement and the Royalty Agreement with respect to the rights, interests and obligations being assigned to or assumed by the assignee in the place and stead of SEABRIDGE and SEABRIDGE, only subsequent to the signing of a definitive agreement as between SELLERS and such assignee, shall be relieved or discharged from this Agreement and the Royalty Agreement in respect thereof. Any rights, interests or obligations of SEABRIDGE in or with respect to this Agreement, the Property or the Royalty Agreement which are not assigned or assumed in accordance with the foregoing will be several and not joint rights, interests or obligations of SEABRIDGE and SEABRIDGE shall not be relieved or discharged from this Agreement and the Royalty Agreement in respect thereof and SELLERS may continue to look to SEABRIDGE for performance with respect thereto. **(c)** Each of NEWMONT and TOTAL shall have the unrestricted right, in its sole and absolute discretion, to assign, transfer, convey , or relinquish any of its rights or interests with respect to the Property, including the Royalty at any time.

1. Reporting. No later than March 1 of each year, SEABRIDGE shall provide SELLERS with an annual report of activities and operations conducted with respect to the Property during the preceding calendar year, and from time to time such additional information as SELLERS may reasonably request.

2. Maintenance of the Property. Subsequent to Closing, SEABRIDGE shall pay all governmental taxes, duties or other payments, make any minimum investments required by law, perform all acts and comply with all obligations under applicable law required to maintain the Property (excluding those portions of the Property previously abandoned by it as provided in this section) in good standing. At any time and from time to time, SEABRIDGE may elect to abandon any part or parts of the Property by giving notice to NEWMONT and TOTAL of such election not less than thirty (30) days prior to the proposed date of abandonment. The notice shall identify the Mining Leases (or other interests acquired within the Area of Interest) which are proposed to be abandoned. Upon expiry of such thirty (30) day period, SEABRIDGE's obligations hereunder in respect of such abandoned interests shall terminate and thereafter the term "Proper ty" as used in this Agreement will apply to those interests comprising the Property which have not been abandoned by SEABRIDGE. If requested by either of NEWMONT and/or TOTAL, SEABRIDGE shall execute documents transferring to NEWMONT and/or TOTAL, as the case may be, title to any part or parts of the Property which SEABRIDGE is abandoning. In the event that SEABRIDGE gives notice that it intends to abandon the balance of the Property held by it then, subject to **section 6** hereof, upon expiry of the thirty (30) day period SEABRIDGE's obligations to make either of the Additional Cash Payments not due before expiry of such thirty (30) day period shall terminate.

3. Further Assurances. All Parties shall do such acts and shall execute such further documents, conveyances, deeds, assignments, transfers and other instruments, and will cause the doing of such

acts and will cause the execution of such further documents as are within its power as any other Party may in writing at any time and from time to time reasonably request be done and or executed, in order to give full effect to the provisions of this Agreement, the Royalty Agreement and the Closing Documents.

1. Public Announcements. Prior to Closing, a Party desiring to make a disclosure, statement or press release concerning this Agreement or the Royalty Agreement shall first consult with the other Parties prior to making such disclosure, statement or press release, and the Parties shall use all reasonable efforts, acting expediently and in good faith, to agree upon a text for such statement or press release which is satisfactory to all Parties.

2. Number and Gender. In this Agreement, words in the singular include the plural and vice-versa and words in one gender include all genders.

3. Entire Agreement. This Agreement together with the Royalty Agreement and the Closing Documents constitute the entire agreement among the Parties pertaining to the subject matter hereof and supercedes all prior agreements, negotiations, discussions and understandings, written or oral, between the Parties. Except as may be specifically set forth in this Agreement, the Royalty Agreement and the Closing Documents, there are no representations, warranties, conditions or other agreements or acknowledgments, whether direct or collateral, express or implied, that form part of or affect this Agreement, or which induced any Party to enter into this Agreement or on which reliance is placed by any Party.

4. Survival. The following sections shall survive the date of Closing: 2, 3, 4, 5, 6, 7, 8, 10, 11, 12 (as limited in section 12(d), 16, 17, 19, 20, 21, 22, 23, 24, 25, 26, 29, 31, 32, 33, 34 and 37.

5. Amendment. This Agreement may be amended, modified or supplemented only by a written agreement signed by each Party.

6. Waiver of Rights. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

7. Applicable Law. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

8. Agreements, Representations and Warranties Are Not Joint. The covenants, agreements, representations and warranties of NEWMONT and TOTAL in this Agreement are several in proportion to their respective interests with respect to the Property and not joint and several.

9. Currency. Unless specified otherwise, all statements of or references to dollar amounts in this Agreement are to lawful money of the United States of America.

10. Performance on Holidays. If any action is required to be taken pursuant to this Agreement on or by a specified date, which is not a Business Day, then such action shall be valid if taken on or by the next succeeding Business Day.

11. English Language. The Parties hereto expressly declare that they require this Agreement, and all documents and notices relating thereto, to be drafted and written solely in the English language. Les Parties déclarent expressément qu'elles exigent que ce contrat, ainsi que tous les documents et avis s'y rapportant, soient rédigés et écrits exclusivement en anglais.

38. Counterparts. This Agreement may be executed in any number of counterparts, and it shall not be necessary that the signatures of all Parties be contained on any counterpart. Each counterpart shall be deemed an original, but all counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF the Parties hereto have duly executed this Agreement effective as of the date first written above.

NEWMONT CANADA LIMITED

By: _

Title:

Date: *Its*

Authorized Representative

[SEAL]

TOTAL RESOURCES (CANADA) LIMITED

By: _

Title:

Date:

Its Authorized Representative

[SEAL]

SEABRIDGE GOLD INC.

By: _

Title:

Date: *Its*

Authorized Representative

[SEAL]

SCHEDULE "A" TO THE PURCHASE AND SALE AGREEMENT
(Description of the "Property")

The following Mining Leases issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada

Lease Number	Issued Date	Acres
3016 (1st Renewal)	23-Oct-2001 (signed 10-1-01)	702.00
3158	25-Jul-1984 (signed 1-21-85)	1,376.00
3159	25-Jul-1984 (signed 1-21-85)	534.00
3160	25-Jul-1984 (signed 1-21-85)	1,878.00
3161	25-Jul-1984 (signed 1-21-85)	1,135.00
3219	9-Jul-1986 (signed 7-2-87)	168.10
3221	16-Jun-1986 (signed 11-Aug-87)	584.00
3222	24-Jun-1987 (signed 11-Aug-87)	907.00
3223	23-Jun-1987 (signed 11-Aug-87)	1,214.00
3228	30-Jun-1987 (signed 8-Apr-88)	2,357.00
3229	30-Jun-1987 (signed 8-Apr-88)	1,585.00
3230	30-Jun-1987 (signed 21-Apr-88)	518.00
3251	30-Jun-1987 (signed 22-Jun-88)	1,159.00

3357	26-Apr-1990 (signed 13-Dec-91)	1,890.00
3361	26-Apr-1990 (signed 13-Dec-91)	2,034.00
3791	9-Sep-1998 (signed 3-Oct-99)	80.20
3792	9-Sep-1998 (signed 3-Oct-1999)	57.00
TOTAL	***	**18,178.30**

SCHEDULE "B" TO THE PURCHASE AND SALE AGREEMENT
(the "Royalty Agreement")

NOTE: Newmont and Total may each wish to have a separate Royalty Agreement.

ROYALTY AGREEMENT
(Includes termination of the Tundra Joint Venture Operating Agreement
and the establishment of a Net Smelter Returns Production Royalty)

THIS ROYALTY AGREEMENT ("Agreement") effective **July 26, 2002** (the "Effective Date") **AMONG:**

NEWMONT CANADA LIMITED, a corporation incorporated under the laws of the Province of Ontario, whose address is 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, Canada M4R 1K8, Facsimile: 416.488.6598

(hereinafter **"NEWMONT")** and

TOTAL RESOURCES (CANADA) LIMITED, a corporation incorporated under the federal laws of Canada under the Canadian Business Corporations Act, whose address is Suite 810, 202 6th Avenue S.W., Calgary Alberta, Canada T2P 2R9, Facsimile: 403.571.7595

(hereinafter **"TOTAL")**

(NEWMONT and TOTAL, collectively hereinafter **"SELLERS")** and

SEABRIDGE GOLD INC., a corporation incorporated under the laws of the Province of British Columbia, whose address is 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1J3, Facsimile: 416.367.2711

(hereinafter **"SEABRIDGE")**

RECITALS

WHEREAS pursuant to that certain Tundra Joint Venture Operating Agreement dated January 1, 1982 by and between Noranda Exploration Company, Limited (No Personal Liability) (predecessor to NEWMONT) and Getty Canadian Metals, Limited (predecessor to TOTAL) (the "Joint Venture Agreement") in respect of the exploration, development and operation of the Tundra Property in the Courageous Lake area of the Northwest Territories, Canada (the "Joint Venture"), more particularly described on attached Schedule "A" (the "Property"), NEWMONT owned an undivided fifty one (51%) interest in and to the Property and the Joint Venture Agreement and TOTAL owned an undivided forty nine percent (49%) interest in and to the Property and the Joint Venture Agreement;

AND WHEREAS on 07/04/86 Getty Canadian Metals, Limited assigned to Getty Resources Limited all of its interest in and to the Property and the Joint Venture Agreement, and on 07/07/86 Getty Resources Limited assigned to GRL Acquisition Ltd. all of its interest in and to the Property and the Joint Venture Agreement, and on 07/09/86 GRL Acquisition Ltd. and Getty Resources Limited were amalgamated into Getty Resources Limited, and on 10/07/88 Getty Resources Limited was amalgamated into Total Energold Corporation, and on 08/31/91 Total Energold Corporation assigned to Total Erickson Resources Ltd. all of its interest in and to the Property and the Joint Venture Agreement, and on 10/23/92 Total Erickson Resources Ltd. assigned to **Total Resources (Canada) Limited** all of its interest in and to the Property and the Joint Venture Agreement;

AND WHEREAS on 05/01/91 Noranda Exploration Company, Limited (No Personal Liability) assigned to Hemlo Gold Mines Inc. all of its interest in and to the Property and the Joint Venture Agreement, and on 07/19/96 Hemlo Gold

Mines Inc. was amalgamated with Battle Mountain Gold Company, Hemlo Gold Mines Inc. became a subsidiary of Battle Mountain Gold Company, and Hemlo Gold Mines Inc. changed its name to Battle Mountain Canada Ltd., and on 02/19/01 Battle Mountain Canada Ltd. changed its name to **Newmont Canada Limited;**

AND WHEREAS pursuant to the terms and conditions of that certain "Purchase and Sale Agreement" dated effective **July 16, 2002** with respect to the Property, **(a)** the SELLERS have sold, transferred and assigned to SEABRIDGE all of their right, title, interest and obligations in and to the Property; **(b)** SEABRIDGE has purchased all of the SELLERS' right, title, interest and obligations in and to the Property, (c) the SELLERS have terminated the Joint Venture and the Joint Venture Agreement in such a manner as to provide for the SELLERS to receive a perpetual production royalty on 100% of the Property and the Area of Interest, and **(d)** SEABRIDGE has **(i)** paid to the SELLERS a Cash Payment, **(ii)** agreed to grant to the SELLERS a Royalty, and **(iii)** agreed to pay to the SELLERS certain Additional Cash Payments under cert ain conditions, the details of which are set out in the Purchase and Sale Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSETH that for and in consideration of the premises and the covenants and conditions herein set forth and set forth in the Purchase and Sale Agreement and the Security Agreement, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows.

1. Purchase and Sale. Effective on the Effective Date **(a)** the SELLERS have sold, transferred and assigned to SEABRIDGE all of their right, title, interest and obligations in and to the Property; and **(b)** SEABRIDGE has purchased all of SELLERS' right, title, interest and obligations in and to the Property, subject to the terms and conditions of this Agreement. Commencing from and after the Effective Date SEABRIDGE has agreed to bear solely for its own account all costs and obligations pertaining to or associated with the Property or within the Area of Interest.

2. Joint Venture Agreement Terminated. Effective on the Effective Date, the SELLERS have terminated the Joint Venture and the Joint Venture Agreement in such a manner as to provide for the SELLERS to receive Additional Cash Payments and the perpetual Royalty on 100% of the Property and the Area of Interest described herein.

3. Purchase Price. As consideration for the purchase and sale of the Property, SEABRIDGE has **(a)** on the Effective Date paid to the SELLERS a cash payment of Two Million Five Hundred Thousand United States Dollars (US$2,500,000), free and clear of any taxes ("Cash Payment"); and **(b)** executed and delivered to the SELLERS this Agreement setting out the terms of a two percent (2.0%) net smelter returns production royalty in respect of any sale or other disposition of all metal ore, minerals and mineral substances, or concentrates produced and sold from the Property or from any other property within the Area of Interest, to be paid as described in this Agreement (the "Royalty"); and **(c)** additionally under the Purchase and Sale Agreement agreed to **(i)** pay to the SELLERS a further sum of One Million Five Hu ndred Thousand United States Dollars (US$1,500,000), free and clear of any taxes within sixty (60) days following the date on which the London Bullion Market, Afternoon Fix, spot price of gold closes at or above US$360 per ounce the for tenth (10th) consecutive reporting day; and (ii) pay to the SELLERS a further sum of One Million Five Hundred Thousand United States Dollars (US$1,500,000), free and clear of any taxes within sixty (60) days following the date on which the London Bullion Market, Afternoon Fix, spot price of gold closes at or above US$400 per ounce for the tenth (10th) consecutive reporting day, provided, however,

4.

SEABRIDGE has agreed to pay to the SELLERS the balance of the Additional Cash Payments specified in **section 3(c)** within sixty (60) days following the date that SEABRIDGE (or any Affiliate or successor or assignee of it) makes a decision to develop a commercial mining operation on or with respect to the Property or within the Area of Interest the "Additional Cash Payments") **(section 3(a), section 3(b)** and **section 3(c),** collectively, the "Purchase Price") **(d)** Should default be made in any Royalty payment when due under **section 9** hereof and such default still exists ten (10) days following notice of non-payment, then the entire unpaid balance under **section 9** shall become immediately due and all unpaid amounts shall bear interest at the rate of fifteen (15) percent per annum commencing from and after such payment d ue date until paid. (e) The Parties have agreed that should default be made in either of the Additional Cash Payments when due under the Purchase and Sale Agreement and such default still exists ten (10) days following notice of non-payment, then the entire unpaid balance of the Additional Cash Payments due under the Purchase and Sale Agreement shall become immediately due and all unpaid amounts shall bear interest at the rate of fifteen percent (15%) per annum commencing from and after such payment due date until paid.

1. Registration on Title. The Parties agree that following the Effective Date **(a)** SEABRIDGE shall immediately register title to the Property in SEABRIDGE's name by filing the Assignment of Mining Leases; and **(b)** SELLERS may register or record against title to the Property such form of notice, caution or other documents (including, without limitation, a copy of the Purchase and Sale Agreement, this Agreement, and the Security Agreement) as it considers appropriate to secure payment from time to time and protect SELLERS' right to receive the Additional Cash Payments and the Royalty hereunder. All Parties hereto hereby consent to such registering or recording and agree to co-operate with such Party to accomplish the same.

2.

Area of Interest. If at any time SEABRIDGE or any Affiliate or successor or assignee of it stakes, applies for, and obtains or otherwise acquires, directly or indirectly, any right to or interest in any mining claim, license, lease, grant, concession, permit, patent, or other mineral property or other rights or interests located wholly or partly within the Area of Interest, such rights or interests shall thereafter become part of the Property. In the event SEABRIDGE or any Affiliate or any successor or assign of it surrenders, allows to lapse or otherwise terminates its interest in any portion or all the Property or within the Area of Interest and within a period of five (5) years from the date of such surrender, lapse or other termination, reacquires a direct or indirect interest in respect of the land covered by the former Property or within the Area of Interest, then the Royalty shall appl y to such interest so acquired; provided, however, if any rights or interests so acquired within the Area of Interest already bears a royalty obligation to a non-Affiliate third party, then the Royalty payable to the SELLERS with respect to such rights or interests so acquired shall be reduced by the amount of such royalty obligation, provided, however, SELLERS' Royalty shall in no event be less than a one percent (1.0%) net smelter returns production royalty. SEABRIDGE shall give written notice to SELLERS within ten (10) days of any acquisition or reacquisition within the Area of Interest. The "Area of Interest" shall comprise all land and minerals or other rights or interests lying within an area comprised of lines drawn two (2) kilometers from and parallel to all exterior boundaries of the Property.

3. Term. The Additional Cash Payments payable under the Purchase and Sale Agreement and the Royalty created hereby shall be perpetual, it being the intent of the Parties hereto that, to the extent allowed by law, the Additional Cash Payments and the Royalty shall constitute a vested interest in and a covenant running with the land affecting the Property (and within the Area of Interest) and all successions thereof whether created privately or through governmental action and shall inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors and assigns so long as SEABRIDGE or any successor or assign of it holds any rights or interests in the Property or within the Area of Interest. In the event a court of competent jurisdiction determines that any right, power or interest of any Party under this Agreement would violate t he rule against perpetuities, then such right, power or interest shall terminate at the expiration of 20 years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the Effective Date of this Agreement. This Agreement shall not be terminated solely as a result of a violation of the rule against perpetuities.

4.

1. Payments to NEWMONT and TOTAL. All payments to SELLERS pursuant to this Agreement shall be made separately by SEABRIDGE in the proportion of Fifty-One Percent (51%) to NEWMONT and Forty-Nine Percent (49%) to TOTAL.

2. Assumption of Liabilities; Indemnifications by SEABRIDGE. Under the Purchase and Sale Agreement SEABRIDGE has agreed to assume all right, title, interest and liabilities of SELLERS in, to and under the Property, the Joint Venture and the Joint Venture Agreement, including but not limited to any and all environmental liabilities. Accordingly, SEABRIDGE shall be responsible for all costs, fines, damages, judgments, penalties or responsibilities (environmental and otherwise) in connection with its ownership and use of the Property and for any and all work performed in and on the Property, whether arising prior to or subsequent to the Closing Date. Under the Purchase and Sale Agreement SEABRIDGE has agreed to indemnify and save harmless SELLERS from any loss, cost or liability (including reasonable legal fees) arising from a claim against SELLERS in respect of: **(a)** any failure by SEABRIDGE to timely and fully perf orm all reclamation, restoration, waste disposal or other closure obligations required by governmental authorities in respect of all activities on the Property, whether arising prior to or subsequent to the Closing Date; **(b)** any failure or omission by SEABRIDGE which results in a violation of or liability under any present or future applicable federal, provincial or local environmental laws, statutes, rules, regulations, permits, ordinances, certificates, licenses and other regulatory requirements, policies or guidelines in respect of all activities on the Property, whether arising prior to or subsequent to the Closing Date; and **(c)** any claims by third parties against SELLERS in respect of property damage or injury or death to persons arising out of the activities on or with respect to the Property whether arising prior to or subsequent to the Closing Date.

3. Royalty Calculations and Payments. SEABRIDGE shall pay SELLERS a perpetual production royalty of two percent (2%) of "Net Smelter Returns" from the sale or other disposition of all metal ore, minerals and mineral substances, or concentrates produced therefrom (including, without limitation metals, precious metals, base metals, industrial minerals, gems, diamonds, commercially valuable rock, aggregate, clays and diatomaceous earth, hydrocarbons, and oil and gas, and other minerals which are mined, excavated, extracted or otherwise recovered) ("Minerals") produced and sold from the Property or within the Area of Interest, provided such rights or interests are held or acquired by SEABRIDGE or an Affiliate or a successor or assign of it, regardless of whether the rights or interests in and to such Minerals are included in the Mining Leases, determined in accordance with the provisions set forth in this section and, if applicable, **section 12** hereof. **(a)** For Precious Metals. Net Smelter Returns, in the case of gold, silver, and platinum group metals ("Precious Metals"), shall be determined by multiplying **(i)** the gross number of troy ounces of Precious Metals contained in the production from the Property during the preceding calendar month ("Monthly Production") delivered to the smelter, refiner, processor, purchaser or other recipient of such production, or an insurer as a result of casualty to such production (collectively, "Payor"), by **(ii)** for gold, the average of the London Bullion Market, Afternoon Fix, spot prices for the preceding calendar

month (the "Applicable Spot Price") and for all other Precious Metals, the average of the New York Commodities Exchange final spot prices for the preceding calendar month for the particular Minerals for which the price is being determine d, and subtracting from the product of (i) and (ii) only the following if actually incurred: **(1)** charges imposed by the Payor for refining bullion from dore or concentrates of Precious Metals ("Beneficiated Precious Metals") produced by SEABRIDGE's final mill or other final processing plant; however, charges imposed by the Payor for smelting or refining of raw or crushed ore containing Precious Metals or other preliminarily processed Precious Metals shall not be subtracted in determining Net Smelter Returns; **(2)** penalty substance, assaying, and sampling charges imposed by the Payor for refining Beneficiated Precious Metals contained in such production; and **(3)** charges and costs, if any, for transportation and insurance of Beneficiated Precious Metals from SEABRIDGE's final mill or other final processing plant to places where such Beneficiated Precious Metals are smelted, refined and/or sold or otherwise disposed of.

In the event the refining of bullion from the Beneficiated Precious Metals contained in such production is carried out in custom toll facilities owned or controlled, in whole or in part, by SEABRIDGE, which facilities were not constructed solely for the purpose of refining Beneficiated Precious Metals or Other Minerals from the Property, then charges, costs and penalties for such refining shall mean the amount SEABRIDGE would have incurred if such refining were carried out at facilities not owned or

controlled by SEABRIDGE then offering comparable services for comparable products on prevailing terms, but in no event greater than actual costs incurred by SEABRIDGE with respect to such refining. In the event SEABRIDGE receives insurance proceeds for loss of production of Precious Metals, SEABRIDGE shall pay to SELLERS the Production Royalty percentage of any such insurance proceeds which are received by SEABRIDGE for such loss of production.

(b) For Other Minerals. Net Smelter Returns, in the case of all Minerals other than Precious Metals and the beneficiated products thereof ("Other Minerals"), shall be determined by multiplying **(i)** the gross amount of the particular Other Mineral contained in the Monthly Production delivered to the Payor during the preceding calendar month by **(ii)** the average of the New York Commodities Exchange final daily spot prices for the preceding calendar month of the appropriate Other Mineral, and subtracting from the product of (i) and (ii) only the following if actually incurred. **(1)** charges imposed by the Payor for smelting, refining or processing Other Minerals contained in such production, but excluding any and all charges and costs related to SEABRIDGE's mills or other processing plants constructed for the purpose of milling or proc essing Other Minerals, in whole or in part; **(2)** penalty substance, assaying, and sampling charges imposed by the Payor for smelting, refining, or processing Other Minerals contained in such production, but excluding any and all charges and costs of or related to SEABRIDGE's mills or other processing plants constructed for the purpose of milling or processing Other Minerals, in whole or in part; and **(3)** charges and costs, if any, for transportation and insurance of Other Minerals and the beneficiated products thereof from SEABRIDGE's final mill or other final processing plant to places where such Beneficiated Precious Metals are smelted, refined and/or sold or otherwise disposed of. If for any reason the New York Commodities Exchange does not report spot pricing for a particular Other Mineral, then the Parties shall mutually agree upon an appropriate pricing entity or mechanism that accurately reflects the market value of any such Other Mineral.

In the event smelting, refining, or processing of Other Minerals are carried out in custom toll facilities owned or controlled, in whole or in part, by SEABRIDGE, which facilities were not constructed solely for the purpose of milling or processing Other Minerals from the Property, then charges, costs and penalties for such smelting, refining or processing shall mean the amount SEABRIDGE would have incurred if such smelting, refining or processing were carried out at facilities not owned or controlled by SEABRIDGE then offering comparable services for comparable products on prevailing terms, but in no event greater than actual costs incurred by SEABRIDGE with respect to such smelting and refining. In the event SEABRIDGE receives insurance proceeds for loss of production of Other Minerals, SEABRIDGE shall pay to SELLERS the Production Royalty percentage of any such insura nce proceeds which are received by SEABRIDGE for such loss of production.

(c) Payments of Royalty In Cash or In Kind. Production Royalty payments shall be made separately to each of NEWMONT and TOTAL as follows:

(i) Royalty In Kind. Each of NEWMONT and TOTAL may elect to receive its Production Royalty on Precious Metals from the Property "in cash" or "in kind" as refined bullion. The elections may be exercised once per year on a calendar year basis during the life of production from the Property. Notice of election to receive the following year's Production Royalty for Precious Metals in cash or "in kind" shall be made in writing by each of NEWMONT and TOTAL and delivered to SEABRIDGE on or before November 1 of each year. In the event no written election is made, the Production Royalty for Precious Metals will continue to be paid to NEWMONT and/or TOTAL, as the case may be, as it is then being paid. As of the date of this Agreement, NEWMONT elects to receive its Production Royalty on Precious Metals "in kind" and TOTAL elects to receive its Producti on Royalty on Precious Metals "in cash". Royalties on Other Minerals shall not be payable "in kind". **(1)** If NEWMONT and/or TOTAL elect to receive its Production Royalty for Precious Metals in "in kind", NEWMONT and/or TOTAL, as the case may be, shall open a bullion storage account at each refinery or mint designated by SEABRIDGE as a possible recipient of refined bullion in which SELLERS owns an interest. NEWMONT and/or TOTAL, as the case may be, shall be solely responsible for all costs and liabilities associated with maintenance of such account or accounts, and SEABRIDGE shall not be required to bear any additional expense with respect to such "in-kind" payments. **(2)** Production Royalty will be paid by the deposit of refined bullion into NEWMONT and/or TOTAL's account, as the case may be. On or before the 25th day of each calendar month following a calendar month during which

production and sale or other disposition occurred, SEABRIDGE shall deliver written instructions to the mint or refinery, with a copy to NEWMONT and/or TOTAL, as the case may be, directing the mint or refinery to deliver refined bullion due to NEWMONT and/or TOTAL, as the case may be, in respect of the Production Royalty, by crediting to NEWMONT and/or TOTAL's account, as the case may be, the number of ounces of refined bullion for which Production Royalty is due; provided, however, that the words "other disposition" as used in this Agreement shall not include processing, milling, beneficiation or refining losses of Precious Metals. The number of ounces of refined bullion to be credited will be based upon NEWMONT and/or TOTAL's, as the case may be, share of the previous month's production and sale or other disposition as calculated pursuant to the commingling provisions of **section 9(f)** hereof. **(3)** Production Royalty payable "in kind" on silver or platinum group metals shall be converted to the gold equivalent of such silver or platinum group metals by using the average monthly spot prices for Precious Metals described in **section 9(a)** hereof. **(4)** Title to refined bullion delivered to NEWIVIONT and/or TOTAL, as the case may be, under this Agreement shall pass to NEWMONT and/or TOTAL, as the case may be, at the time such bullion is credited to NEWMONT and/or TOTAL's account, as the case may be, at the mint or refinery. **(5)** NEWMONT and/or TOTAL, as the case may be, agree(s) to hold harmless SEABRIDGE from any liability imposed as a result of the election of NEWMONT and/or TOTAL, as the case may be, to receive Production Royalty "in kind" and from any losses incurred as a result of NEWMONT and/or TOTAL's, as the case may be, trading and hedging activities. NEWMONT and/or TOTAL, as the case may be, assumes all responsibility for an y shortages which occur as a result of NEWMONT and/or TOTAL's, as the case may be, anticipation of credits to its account in advance of an actual deposit or credit to its account by a refiner or mint. **(6)** When royalties are paid in "in kind", they will not reflect the costs deductible in calculating "Net Smelter Returns" under this Agreement. Within thirty (30) days of the receipt of a statement showing charges incurred by SEABRIDGE for transportation, smelting or other deductible costs, NEWMONT and/or TOTAL, as the case may be, shall remit to SEABRIDGE full payment for such charges. If NEWMONT and/or TOTAL, as the case may be, does not pay such charges when due, SEABRIDGE shall have the right, at its election, with SELLERS's consent, such consent not to be unreasonably withheld, to deduct the gold equivalent of such charges from the ounces of gold bullion to be credited to NEWMONT and/or TOTAL, as the case may be, in the following month.

(i) In Cash. If NEWMONT and/or TOTAL, as the case may be, elects to receive its Production Royalty for Precious Metals in cash, and as to Production Royalty payable on Other Minerals, payments shall be payable on or before the twenty-fifth (25th) day of the month following the calendar month in which the minerals subject to the Production Royalty were shipped to the Payor by SEABRIDGE. For purposes of calculating the cash amount due to SELLERS, Precious Metals and Other Minerals will be deemed to have been sold or otherwise disposed of at the time refined production from the Property is delivered, made available, or credited to SEABRIDGE by a mint or refiner. The price used for calculating the cash amount due for Production Royalty on Precious Metals or Other Minerals shall be determined in accordance with **section 9(a)** and **section 9(b) as** applicable . SEABRIDGE shall make each Production Royalty payment to be paid in cash by delivery of separate checks payable to each of NEWMONT and TOTAL and delivering such separate checks to each of NEWMONT and TOTAL at the addresses listed in this Agreement, or to such other address as NEWMONT and/or TOTAL may direct or by direct bank deposit to NEWMONT and/or TOTAL's account as NEWMONT and/or TOTAL shall designate. Should default be made in any cash payment when due for Production Royalty and such default still exists ten (10) days following notice of non-payment, then all unpaid amounts shall become immediately due and shall bear interest at the rate of fifteen percent (15%) per annum commencing from and after such payment due date until paid

(ii) Detailed Statement. All Production Royalty payments or credits shall be accompanied by a detailed statement explaining the calculation thereof together with any available settlement sheets from the Payor.

(d) Monthly Reconciliation. (i) On or before the twenty-fifth (25^{th}) day of the month, SEABRIDGE shall make an interim settlement based on the information then available of such Production Royalty for the prior calendar month, either in cash or in kind, whichever is applicable, by paying (1) not less than one hundred percent (100%) of the anticipated final settlement of Precious Metals "in kind" Production Royalty payments and **(2)** not less than ninety-five percent (95%) of the anticipated final

settlement of cash Production Royalty payments. **(ii)** The parties recognize that a period of time exists between the production of ore, the production of doré or concentrates from ore, the production of refined or finished product from dolt or concentrates, and the receipt of Payor's statements for refined or finished product. As a result, the payment of Production Royalty will not coincide exactly with the actual amount of refined or finished product produced from the Property for the previous month. SEABRIDGE will provide final reconciliation promptly after settlement is reached with the Payor for all lots sold or subject to other disposition in any particular month. **(iii)** In the event that NEWMONT and/or TOTAL has been underpaid for any provisional payment (whether in cash or "in kind"), SEABRIDGE shall pay the difference in cash by check and not "in kind&q uot; with such payment being made at the time of the final reconciliation. If NEWMONT and/or TOTAL, as the case may be, has been overpaid in the previous calendar quarter, NEWMONT and/or TOTAL, as the case may be, shall make a payment to SEABRIDGE of the difference by check. Reconciliation payments shall be made on the same basis as used for the payment in cash pursuant to **section 9(c)(ii)** hereof.

(a) Hedging Transactions. All profits and losses resulting from SEABRIDGE's sales of Precious Metals or Other Minerals, or SEABRIDGE's engaging in any commodity futures trading, option trading, or metals trading, or any combination thereof, and any other hedging transactions including trading transactions designed to avoid losses and obtain possible gains due to metal price fluctuations (collectively, "hedging transactions") are specifically excluded from Production Royalty

calculations pursuant to this Agreement. All hedging transactions by SEABRIDGE and all profits or losses associated therewith, if any, shall be solely for SEABRIDGE's account. The Production Royalty payable on Precious Metals or Other Minerals subject to hedging transactions shall be determined as follows: **(i)** Affecting Precious Metals. The amount of Production Royalty to be paid on all Precious Metal s subject to hedging transactions by SEABRIDGE shall be determined in the same manner as provided in **section 9(a),** with the understanding and agreement that the average monthly spot price shall be for the calendar month preceding the calendar month during which Precious Metals subject to hedging transactions are shipped by SEABRIDGE to the Payor. **(ii)** Affecting Other Minerals. The amount of Production Royalty to be paid on all Other Minerals subject to hedging transactions by SEABRIDGE shall be determined in the same manner as provided in **section 9(b),** with the understanding and agreement that the average monthly spot price shall be for the calendar month preceding the calendar month during which Other Minerals subject to hedging transactions are shipped by SEABRIDGE to the Payor.

(b) Commingling. SEABRIDGE shall have the right to commingle Precious Metals and Other Minerals from the Property with minerals from other properties. Before any Precious Metals or Other Minerals produced from the Property are commingled with minerals from other properties, the Precious Metals or Other Minerals produced from the Property shall be measured and sampled in accordance with sound mining and metallurgical practices for moisture, metal, commercial minerals and other appropriate content, applied on a consistent basis. Representative samples of the Precious Metals or Other Minerals shall be retained by SEABRIDGE and assays (including moisture and penalty substances) and other appropriate analyses of these samples shall be made before commingling to determine gross metal content of Precious Metals or gross metal or mineral content of Other Minerals. SEABRIDGE shall retain such analyses f or a reasonable amount of time, but not less than twenty four (24) months, after receipt by NEWMONT and/or TOTAL of the Production Royalty paid with respect to such commingled Minerals from the Property, and shall retain such samples taken from the Property for not less than thirty (30) days after collection.

(c) No Obligation to Mine. SEABRIDGE shall have sole discretion to determine the extent of its mining of the Property and the time or the times for beginning, continuing or resuming mining operations with respect thereto. SEABRIDGE shall have no obligation to SELLERS or otherwise to mine any of the Property, nor shall it have any obligation to diligently pursue production from the Property.

10. Reporting, Audits, Inspections, Tours, Confidentiality and Press Releases.

(a) Reporting. No later than March 1 of each year, SEABRIDGE shall provide to each of NEWMONT and TOTAL with an annual report of activities and operations conducted with respect to the Property during the preceding calendar year, and from time to time such additional information as NEWMONT

and/or TOTAL may reasonably request. Such annual report shall include details of: **(i)** the preceding year's activities with respect to the Property; **(ii)** ore reserve data for the calendar year just ended; and **(iii)** estimates of anticipated production and estimated remaining ore reserves with respect to proposed activities for the Property for the current calendar year. In addition, not more frequently than semi-annually, each of NEWMONT and TOTAL shall have the right, upon reasonable notice to SEABRIDGE, to inspect and copy all books, records, technical data, information and materials (the "Data") pertaining to SEABRIDGE's activities with respect to the Property; provided that such inspections shall not unreasonably interfere with SEABRIDGE's activities with respect to the Property. SEABRIDGE makes no representations or warranties to SELLERS concerning any of the Data or any informat ion contained in the annual reports, and SELLERS agrees that if it elects to rely on any such Data or information, it does so at its sole risk.

(a) Right to Audit. NEWMONT and TOTAL shall have the right to audit the books and records pertaining to production from the Property and contest payments of Production Royalty for twenty four (24) months after receipt by NEWMONT and TOTAL of the payments to which such books and records pertain. Such payments shall be deemed conclusively correct unless NEWMONT and/or TOTAL objects to them in writing within twenty-four (24) months after receipt thereof.

(b) Inspection. NEWMONT and TOTAL shall have the right, upon reasonable notice, to inspect the facilities associated with the Property. Such inspection shall be at the sole risk of NEWMONT and/or TOTAL, as the case may be, and NEWMONT and/or TOTAL, as the case may be, shall indemnify SEABRIDGE from any liability caused by NEWMONT and/or TOTAL's, as the case may be, exercise of inspection rights.

(c) Investor Tours. NEWMONT and TOTAL shall have the right, upon reasonable notice and not more frequently than twice annually each, to conduct an investor tour of the facilities associated with the Property, subject to the control and supervision of SEABRIDGE. Such investors tours shall be at the sole risk of NEWMONT and/or TOTAL, as the case may be, and its invitees, and NEWMONT and/or TOTAL, as the case may be, shall indemnify SEABRIDGE from any liability caused by NEWMONT and/or TOTAL, as the case may be, exercise of investors tour rights.

(d) Confidentiality. NEWMONT and TOTAL shall not, without the prior written consent of SEABRIDGE, which shall not be unreasonably withheld, knowingly disclose to any third party data or information obtained pursuant to this Agreement which is not generally available to the public; provided, however, NEWMONT and TOTAL may disclose data or

information so obtained without the consent of SEABRIDGE: **(i)** if required for compliance with laws, rules, regulations or orders of a governmental agency or stock exchange; **(ii)** to any of NEWMONT and/or TOTAL's consultants or advisors; **(iii)** to any third party to whom NEWMONT and/or TOTAL, in good faith, anticipates selling or assigning NEWMONT and/ or TOTAL's, as the case may be, interest in the Property; and **(iv)** to a prospective lender, provided that such consultants, third parties or lenders first sign a confidentiali ty agreement; or (v) to a third party to which a party or its parent company contemplates a transfer to, or a merger, amalgamation or other corporate reorganization with. The foregoing restrictions shall not apply to the disclosure to an Affiliate.

(e) Press Releases. A Party desiring to make a disclosure, statement or press release concerning this Agreement or the Purchase and Sale Agreement shall first consult with the other Parties prior to making such disclosure, statement or press release, and the Parties shall use all reasonable efforts, acting expediently and in good faith, to agree upon a text for such statement or press release which is satisfactory to all Parties. Subject to its rights and obligations under **section 10(e),** SELLERS shall not issue any press release containing technical information relating the Property except upon giving SEABRIDGE two (2) days advance written notice of the contents thereof, and SELLERS shall make any reasonable changes to such proposed press release as such changes may be timely requested by SEABRIDGE, provided, however, the SELLERS may i nclude in any press release without notice any information previously reported by SEABRIDGE or the SELLERS. A Party shall not, without the consent of the other Parties, issue any press release that implies or infers that the non-issuing Party endorses or joins the issuing Party in statements or representations contained in any press release.

(f)

1. Compliance with Law. SEABRIDGE shall at all times comply with all applicable federal, provincial, and local laws, statutes, rules, regulations, permits, ordinances, certificates, licenses and other regulatory requirements, policies and guidelines relating to operations and activities on or with respect to the Property; provided, however, SEABRIDGE shall have the right to contest any of the same if such contest does not jeopardize the Property or SELLERS' rights thereto or under this Agreement.

2. Tailings and Residues. All tailings, residues, waste rock, spoiled leach materials, and other materials (collectively "Materials") resulting from SEABRIDGE's operations and activities on the Property shall be the sole property of SEABRIDGE, but shall remain subject to the Production Royalty should the Materials be processed or reprocessed, as the case may be, in the future and result in the production and sale or other disposition of Precious Metals or Other Minerals. Notwithstanding the foregoing, SEABRIDGE shall have the right to dispose of Materials from the Property on or off of the Property and to commingle the same with materials from other properties. In the event Materials from the Property are processed or reprocessed, as the case may be, and regardless of where such processing or reprocessing occurs, the Production Royalty payable thereon shall be det ermined on a pro rata basis as determined by using the best engineering and technical practices then available.

3. General Provisions.

(a) Amendment. This Agreement may be amended, modified or supplemented only by a written agreement signed by each Party.

(b) Waiver of Rights. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

(c) Applicable Law. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario, Canada and the federal laws of Canada applicable therein.

(d) Dispute Resolution. **(a)** Any dispute, controversy or claim arising out of, in relation to or in connection with this Agreement, including any dispute as to the validity, interpretation, enforceability or breach of this Agreement, shall be exclusively and finally settled by binding arbitration before a single qualified arbitrator appointed upon the unanimous agreement of all Parties and conducted in accordance with the Arbitration Act, 1991 (Ontario). The arbitrator shall be knowledgeable about the matter being arbitrated. The decision rendered by the arbitrator may be entered into any court. Each Party shall pay their own fees and expenses (and shall pay their own attorneys' fees and expenses) related to the arbitration, regardless of how the arbitrated issue is decided. The Parties covenant that they shall conduct all aspects of such arbitration having regard at a ll times to minimizing the cost and expediting the final resolution of such arbitration. Arbitration shall be conducted in English, in Toronto, Canada. **(b)** If, for the purposes of obtaining judgment in any court in Canada, it becomes necessary to convert into Canadian dollars ("Judgment Currency") an amount due in United States dollars hereunder ("Original Currency") then the conversion shall be made at the Rate of Exchange prevailing on the business day before the day on which the judgment is given. If there is a change in the Rate of Exchange prevailing

between the business day before the day on which the judgment is due, the paying Party will pay such additional amounts (if any, but in any event not a lesser amount) as may be necessary to ensure that the amount paid in the Judgment Currency when converted at the Rate of Exchange prevailing on the date of payment will produce the amount then due under this Agreement in the Original Currency and such additional amount shall bear i nterest, from the date same become due, at the rate of fifteen percent (15%) per annum. "Rate of Exchange" means the spot rate at which the Party who is the payee is able on the relevant date to purchase Original Currency with Judgment Currency and includes any premium and costs of exchange payable.

(e) Currency. Unless specified otherwise, all statements of or references to dollar amounts in this Agreement are to lawful money of the United States of America.

(f)

(a) No Joint Venture, Mining Partnership, Commercial Partnership. This Agreement shall not be construed to create, expressly or by implication, a joint venture, mining partnership, commercial partnership, or other partnership relationship between or among SEABRIDGE and SELLERS.

(b) Time. Time is of the essence of each provision of this Agreement.

(c) Definitions. In this Agreement and the Schedules attached to this Agreement the following terms shall have the following meanings:

"Additional Cash Payments" means the payments described in **section 3(c).**

"Affiliate" shall have the meaning ascribed to that term by the Canada Business Corporations Act on the date hereof.

"Applicable Spot Price" means as described in **section 9(a).**

"Area of Interest" means the area described in **section 5.**

"Assignment of Mining Leases" means the assignment provided for in **section 4.** **"Beneficiated**

Precious Metals" means as described in **section 9(a).**

"Business Day" means any calendar day other than a Saturday or Sunday or any statutory holiday or civic holiday in the Province of Ontario.

"Cash Payment" means the payment described in **section 3(a).**

"Data" means as described in **section 10(a).**

"Effective Date" means the date specified on the top of page one of this Agreement. **"hedging**

transactions" means as described in **section 9(e).**

"Joint Venture Agreement" has the meaning ascribed to that term in the Recitals above.

Joint Venture" means the interests held by the Parties with respect to the Property pursuant to the Joint Venture Agreement.

"Judgement Currency" means Canada currency. **"Materials"**

means as described in **section 12.** **"Minerals"** means as

described in **section 9.**

"Mining Leases" means the following seventeen (17) Mining Leases (together with any renewal or replacement Mining Leases) ML3016, ML3158, ML3159, ML3160, ML3161, ML3219, ML3221, ML3222, ML3223, ML3228, ML3229, ML3230, ML3251, ML3357, ML3361, ML3791 and ML3792 issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada, which, as of the Effective Date, comprises the Property.

"Monthly Production" means as described in **section 9.**

"NEWMONT and/or TOTAL" shall include all of "NEWMONT's" and/or all of "TOTAL's", as the case may be, successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Property.

"Other Mineral(s)" means as described in **section 9(b).**

"Parties" means NEWMONT and TOTAL and SEABRIDGE collectively.

"Party" means any of the Parties individually.

"Payor" means as described in **section 9(a).**

"Precious Metals" means as described in **section 9(a).**

"Property" means all right, title and interest of the SELLERS now held or hereinafter acquired in and to the Mining Leases described in attached Schedule "A" including without limitation any amendments, supplements, renewals and replacements of such Mining Leases.

"Purchase and Sale Agreement" means that certain agreement dated effective **July 16, 2002** pursuant to which the Parties agreed to the purchase and sale of the Property.

"Purchase Price" means the consideration stipulated in **section 3.**

"Rate of Exchange" means the spot rate at which NEWMONT and/or TOTAL, as the case may be, is able on the relevant date to purchase Original Currency with Judgment Currency and includes any premium and costs of exchange payable.

"Royalty" (or **"Production Royalty")** means the net smelter returns royalty stipulated in **section 3. "Royalty**

Agreement" means this Agreement.

"SEABRIDGE" shall include all of SEABRIDGE's successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Property.

"Security Agreement" means the agreements provided for in **section 4. "Transmission"**

means as described in **section 13(i).**

"SELLERS" shall mean NEWMONT and TOTAL each on a several in proportion to their respective percentage interests in the Joint Venture and not joint or collective basis.

(a) Notices. **(i)** Any notice, demand or other communication (in this section, a "notice") required or permitted to be given or made hereunder shall be in writing and shall be sufficiently given or made if: **(1)** delivered in person during normal business hours of the recipient on a Business Day and left with a receptionist or other responsible employee of the recipient at the applicable address first set forth in this Agreement; or **(2)** sent by facsimile transmission (a "Transmission") during normal business hours on a Business Day charges prepaid and confirmed by regular mail at the address first set forth in this Agreement; and (ii) each notice sent in accordance with this section shall be deemed to have been received: (1) on the day it was delivered; or on the same day that it was sent by fax transmission, or **(2)** on the first Business Day thereafter i f the day on which it was sent by fax transmission was not a Business Day. The notice addresses for the Parties are set out on page one of this Agreement. Any Party may change its address for notice by giving notice to the other Parties in accordance with this section. Notice to NEWMONT shall additionally be sent to Newmont Mining Corporation, 1700 Lincoln Street, Denver, Colorado 80203 U.S.A., Attention: Land Dept., Facsimile: 303.837.5851.

(b) Assignment. **(a)** If SEABRIDGE desires to option, joint-venture, assign, transfer, convey or otherwise dispose of its rights and interests in and to the Property or within the Area of Interest, SEABRIDGE shall promptly notify NEWMONT and TOTAL of its intentions in order that NEWMONT and/or TOTAL may consider the possible acquisition from SEABRIDGE a portion or all of

SEABRIDGE's interest in the Property. **(b)** Except as otherwise provided herein, SEABRIDGE may assign, transfer, convey or otherwise dispose of its rights and interests under this Agreement; provided, however, any option, joint-venture, assignment, transfer, conveyance or other disposition by SEABRIDGE of its rights and interests in or with respect to the Property or this Agreement shall be void unless the proposed assignee has first agreed in writing with SELLERS to observe and be bound by all of the provisions of this Agreement with respect to the rights, interests and obligations being assigned to or assumed by the assignee in the place and stead of SEABRIDGE and SEABRIDGE, only subsequent to the signing of a definitive agreement as between SELLERS and such assignee, shall be relieved or discharged from this Agreement and the Royalty Agreement in respect thereof. Any rights, inte rests or obligations of SEABRIDGE in or with respect to this Agreement, the Property or the Royalty Agreement which are not assigned or assumed in accordance with the foregoing will be several and not joint rights, interests or obligations of SEABRIDGE and SEABRIDGE shall not be relieved or discharged from this Agreement and the Royalty Agreement in respect thereof and SELLERS may continue to look to SEABRIDGE for performance with respect thereto. (c) Each of NEWMONT and TOTAL shall have the unrestricted right, in its sole and absolute discretion, to assign, transfer, convey, or relinquish any of its rights or interests with respect to the Property, including the Royalty at any time.

(k) Maintenance of the Property. SEABRIDGE shall pay all governmental taxes, duties or other payments, make any minimum investments required by law, perform all acts and comply with all obligations under applicable law required to maintain the Property (excluding those portions of the Property previously abandoned by it as provided in this section) in good standing. At any time and from time to time, SEABRIDGE may elect to abandon any part or parts of the Property by giving notice to NEWMONT and TOTAL of such election not less than thirty (30) days prior to the proposed date of abandonment. The notice shall identify the Mining Leases (or other interests acquired within the Area of Interest) which are proposed to be abandoned. Upon expiry of such thirty (30) day period, SEABRIDGE's obligations hereunder in respect of such abandoned interests shall terminate and there after the term "Property" as used in this Agreement will apply to those interests comprising the Property which have not been abandoned by SEABRIDGE. If requested by either of NEWMONT and/or TOTAL, SEABRIDGE shall execute documents transferring to NEWMONT and/or TOTAL, as the case may be, title to any part or parts of the Property which SEABRIDGE is abandoning. In the event that SEABRIDGE gives notice that it intends to abandon the balance of the Property held by it then, subject to **section 5** hereof, upon expiry of the thirty (30) day period SEABRIDGE's obligations to make either of the Additional Cash Payments not due before expiry of such thirty (30) day period shall terminate.

(I) Further Assurances. The parties promptly shall execute all such further instruments and documents and do all such further actions as may be necessary to effectuate the purposes of this Agreement.

(a) Entire Agreement. This Agreement together with the corresponding Purchase and Sale Agreement and the Closing Documents constitute the entire agreement among the Parties with respect to the subject matter hereof.

(b) English Language. The Parties hereto expressly declare that they require this Agreement, and all documents and notices relating thereto, to be drafted and written solely in the English language. Les Parties déclarent expressément qu'elles exigent que ce contrat, ainsi que tous les documents et avis s[l]y rapportant, soient rédigés et écrits exclusivement en anglais.

(c) Counterparts. This Agreement may be executed in any number of counterparts, and it shall not be necessary that the signatures of all Parties be contained on any counterpart. Each counterpart shall be deemed an original, but all counterparts together shall constitute one and the same instrument.

(d)

IN WITNESS WHEREOF the Parties hereto have duly executed this Agreement effective as of the date first written above.

NEWMONT CANADA LIMITED

By: _

Title:

Date: *Its*

Authorized Representative

[SEAL]

TOTAL RESOURCES (CANADA) LIMITED

By: _

Title:

Date:

Its Authorized Representative

[SEAL]

SEABRIDGE GOLD INC.

By: _

Title:

Date:

Its Authorized Representative

[SEAL]

SCHEDULE "A" TO

THE ROYALTY

AGREEMENT

(Description of the

"Property")

The following Mining Leases issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada.

Lease Number	Issued Date	Acres
3016 (1st Renewal)	23-Oct-2001 (signed 10-1-01)	702.00
3158	25-Jul-1984 (signed 1-21-85)	1,376.00
3159	25-Jul-1984 (signed 1-21-85)	534.00
3160	25-Jul-1984 (signed 1-21-85)	1,878.00
3161	25-Jul-1984 (signed 1-21-85)	1,135.00
3219	9-Jul-1986 (signed 7-2-87)	168.10
3221	16-Jun-1986 (signed 11-Aug-87)	584.00
3222	24-Jun-1987 (signed 11-Aug-87)	907.00
3223	23-Jun-1987 (signed 11-Aug-87)	1,214.00
3228	30-Jun-1987 (signed 8-Apr-88)	2,357.00
3229	30-Jun-1987 (signed 8-Apr-88)	1,585.00
3230	30-Jun-1987 (signed 21-Apr-88)	518.00
3251	30-Jun-1987 (signed 22-Jun-88)	1,159.00
3357	26-Apr-1990 (signed 13-Dec-91)	1,890.00
3361	26-Apr-1990 (signed 13-Dec-91)	2,034.00
3791	9-Sep-1998 (signed 3-Oct-99)	80.20
3792	9-Sep-1998 (signed 3-Oct-1999)	57.00
TOTAL	***	**18,178.30**

SCHEDULE "C" TO THE PURCHASE AND SALE AGREEMENT
(the "Security Agreement")

NOTE. Newmont ,and Total may each wish to have a separate Security Agreement.

THIS INSTRUMENT OF DELIVERY effective **July 26, 2002 AMONG:**

SEABRIDGE GOLD INC., a company incorporated under the laws of the Province of British Columbia, whose address is 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1J3

(hereinafter the **"Company")** and

NEWMONT CANADA LIMITED, a corporation incorporated under the laws of the Province of Ontario, whose address is 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, Canada M4R 1 K8

(hereinafter **"Newmont")** and

TOTAL RESOURCES (CANADA) LIMITED, a corporation incorporated under the federal laws of Canada under the Canadian Business Corporations Act, whose address is Suite 810, 202 6th Avenue S.W., Calgary, Alberta, Canada T2P 2R9

(hereinafter **"Total")**

(Newmont and Total, collectively hereinafter called the **"Holder")** **RECITALS**

WHEREAS the Company is obligated to the Holder under that certain Purchase and Sale Agreement and the Royalty Agreement, copies of which are attached hereto, respectively, as **Schedule "A"** and **Schedule "B";**

AND WHEREAS the Company has created and issued in favor of the Holder a debenture (the "Debenture") dated for reference **July 26, 2002** for the principal sum of Forty Two Million United States Dollars (US$42,000,000.00), plus interest thereon at the rate of fifteen percent (15%) per annum.

AND WHEREAS the Company has agreed to deliver the Debenture to the Holder to secure payment of all indebtedness and liability, present and future, direct or indirect, absolute or contingent, of the Company to the Holder under sections 4(b)

and 4(c) of the Purchase and Sale Agreement, subject to sections 4(d) and 4(e) of the Purchase and Sale Agreement, and section 9 of the Royalty Agreement, subject to section 4(d) of the Purchase and Sale Agreement (the "Secured Obligations").

NOW THEREFORE THIS INSTRUMENT WITNESSETH that in consideration of the premises and of the sum of Ten Dollars ($10.00) now paid by the Holder to the Company (the receipt hereof is hereby acknowledged by the Company) the Company herewith delivers the Debenture to the Holder and the Company covenants and agrees with the Holder that:

1. Until the Debenture has been discharged in accordance with its terms, the Debenture shall be and remain valid and continuing security and shall cover and secure the payment, performance and satisfaction of the Secured Obligations. So long as any Secured Obligations may arise under the Purchase and Sale Agreement or Royalty Agreement, the Debenture shall not be satisfied solely because at any time no Secured Obligations are outstanding.

1. The Debenture is in addition to and not in substitution for any other securities now or hereafter held by the Holder and shall not merge in any other security now or hereafter held by the Holder.

2. The records of the Holder as to payment of the Secured Obligations or any part or parts thereof being in default or of any demand for payment having been made shall be prima facie evidence of such default or demand.

3. Upon the occurrence of an Event of Default the Holder may enforce and realize on the Debenture or any part or paints thereof in any order it desires and any realization by any means upon any security shall not bar realization upon any other security.

4. Any monies realized from the enforcement or realization of or on the Debenture may be applied on such part or parts of the Secured Obligations as the Holder may see fit notwithstanding any previous application.

5. The Holder may grant extensions, take and give up securities, accept compositions, grant releases and discharges, and otherwise make arrangements and deal with the Company and with other persons and securities as the Holder may see fit, without prejudice to the liability of the Company to the Holder or the Holder's right to hold, deal with, enforce and realize on the Debenture.

6. All expenses incurred by the Holder in recovering or enforcing payment of the Secured Obligations or any part or parts thereof, or realizing upon the Debenture, including expenses of taking possession, protecting and realizing upon any property subject to the charge of the Debenture, shall be added to and shall be deemed to be a part of the Secured Obligations and secured by the Debenture.

7. The interest of Newmont or Total in the Debenture and this Instrument of Delivery may only be assigned by Newmont or Total, as the case may be, as part of any assignment of the interest of Newmont or Total, as the case may be, in the Secured Obligations.

Notwithstanding any of the foregoing provisions of this Instrument or the provisions of the Debenture, the Holder agrees that: **(a)** in dealing with, enforcing and realizing on the Debenture, the Holder shall not claim under the Debenture at any time any greater amount in respect of principal, interest and other monies thereunder than the aggregate amount of Secured Obligations then due and payable by the Company to the Holder; **(b)** notwithstanding that the principal amount of the Debenture is expressed to bear interest from the date of the Debenture, the Holder shall not claim any amount by way of interest under the Debenture in excess of the amount of interest accruing and unpaid from time to time on the Secured Obligations in accordance with the terms of the Secured Obligations; **(c)** notwithstanding that the Debenture is expressed to be payable on demand, the Holder will not make demand for any am ount thereunder unless and until an Event of Default has occurred and shall make such demand only for the aggregate amount of Secured Obligations then due and payable by the Company to the Holder; and **(d)** at any time after payment of all of the Secured Obligations owing from time to time by the Company to the Holder, the Holder shall, forthwith on the written request of the Company and upon payment of all fees, charges, expenses and solicitors' fees incurred by the Holder, deliver the Debenture to the Company and execute and deliver to the Company such releases and discharges or other instruments as shall be requisite to discharge the Debenture and the security thereof.

Capitalized terms used herein and not otherwise defined shall have the respective meanings given to such terms in the Debenture.

This Instrument shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF this Instrument has been duly executed by the Company, Newmont and Total effective as of the date first above written.

SEABRIDGE GOLD INC.

By: _

Title:

Date:

Its Authorized Representative

NEWMONT CANADA LIMITED

By: _

Title:

Date: *Its*

Authorized Representative

TOTAL RESOURCES (CANADA) LIMITED

By: _

Title:

Date:

Its Authorized Representative

SCHEDULE "A" TO THE INSTRUMENT OF DELIVERY
(the "Purchase and Sale Agreement")

SCHEDULE "B" TO THE INSTRUMENT OF DELIVERY
(the "Royalty Agreement")

DEBENTURE Dated

for reference **July 26, 2002.**

SEABRIDGE GOLD INC., a company incorporated under the laws of the Province of British Columbia, whose address is 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1J3

(the "Company")

Demand Debenture **US$42,000,000.00**

1. For value received the Company will on demand pay to **NEWMONT CANADA LIMITED,** whose address is 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, Canada M4R 1K8 ("NEWMONT") and **TOTAL RESOURCES (CANADA) LIMITED,** whose address is Suite 810, 202 6th Avenue S.W., Calgary, Alberta, Canada T2P 2R9 ("TOTAL") in the proportion of Fifty-One Percent (51%) to NEWMONT and Forty-Nine Percent (49%) to TOTAL (collectively, the "Holder") or at such other place or places as the Holder may from time to time direct, the principal sum of Forty Two Million United States Dollars (US$42,000,000.00) together with interest thereon at a rate of fifteen percent (15%) per annum.

2. Subject to the exception as to leaseholds set out in **section 3** hereof, as security for payment of the principal sum, interest, interest on overdue interest and other monies from time to time owing hereunder and for the performance and observance of all the Company's obligations and covenants hereof the Company hereby grants, mortgages, charges, pledges, assigns and conveys as and by way of a fixed and specific mortgage, pledge and charge to and in favor of the Holder and grants to the Holder a security interest in the Property, the Additional Property, the Products and the Proceeds.

3. The last day of any term created by any lease of real property or agreement therefor is hereby excepted out of the charge created by this Debenture but the Company shall stand possessed of a reversion thereof remaining upon trust for the Holder to assign and dispose thereof as the Holder shall direct.

4. Any notice required to be given in connection with this Debenture shall be given in accordance with the provisions for notices set out in the Royalty Agreement.

5. This Debenture has been issued and delivered by the Company to the Holder pursuant to an Instrument of Delivery effective **July 26, 2002,** which Instrument of Delivery contains various restrictions more particularly set out therein on the rights of the Holder with respect to this Debenture, including without [imitation restrictions on the amount to be claimed hereunder and restrictions on the ability to demand payment hereunder. To the extent any such provisions of the Instrument of Delivery modify or conflict with the provisions of this Debenture, the provisions of the Instrument of Delivery shall govern. Pursuant to the Instrument of Delivery, the interest of Newmont or Total in this Debenture may only be assigned as part of an assignment of the interest of Newmont or Total, as the case may be, in the Instrument of Delivery and the Secured Obligations.

6. This Debenture is issued subject to and with the benefit of the following conditions, each and all of which form part of this Debenture.

CONDITIONS TO DEBENTURE

1. The Company warrants and represents to the Holder that: **(a)** this Debenture is issued in accordance with resolutions of the Directors of the Company and all other matters and things have been done and performed so as to authorize and make the execution, creation and issuance of this Debenture legal and valid and in accordance with the requirements of the laws relating to the Company and all other statutes and laws in that behalf; **(b)** as of **July 26, 2002** the Company has not taken any action or made any agreement which would cause title to the Mortgaged Property not to be free from all security interests, mortgages, pledges, liens, charges and encumbrances whatsoever,

except Permitted Encumbrances, and **(c)** its chief executive office is situate at 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1 J3

2. The Company hereby covenants and agrees with the Holder that it will defend the Company's title to the Mortgaged Property against the claims and demands of all persons, will observe and perform all covenants, terms and conditions upon or under which any of the Mortgaged Property is secured, held or leased and will pay or cause to be paid as or before they become due all rents and other sums payable pursuant to any lease or any charge of or affecting any of the Mortgaged Property.

3. Except as otherwise specifically permitted by this Debenture or the Royalty Agreement, the Company shall not without the prior written consent of the Holder: **(a)** grant, create, assume or permit to exist any security interest, mortgage, pledge, charge, assignment, lien or other encumbrance, except Permitted Encumbrances, whether fixed or floating, upon the whole or any part of the Mortgaged Property; **(b)** allow any taxes, rates, levies or assessments, ordinary or extraordinary government fees or duties lawfully levied, assessed or imposed upon the Mortgaged Property to remain unpaid; **(c)** allow

any debts and obligations to laborers, workers, employees, workers' compensation boards or others to remain unpaid if the same, if unpaid, would have priority over the security hereby created or any part thereof; **(d)** sell, lease or otherwise dispose of any of the Mortgaged Property , provided that, so long as no Event of Default has occurred and is continuing, the Company may sell, lease or otherwise dispose of Products, and use the Proceeds of such sale, lease or disposition, in the ordinary course of business, free of the security hereof; **(e)** change its name or the location of its chief executive office without giving 30 days prior written notice to the Holder; or **(f)** merge, amalgamate or enter into any other transaction whereby all of its property and assets could become vested in another person (provided that the Holder shall not unreasonably withhold its consent to such merger, amalgamation or transaction so long as it is satisfied, acting reasonably, that the successor arising from such merger, amalgamation or transaction is bound by the terms hereof and of the Secured Obligations and that the enforceability or priority of this Debenture and the security hereof will not be adversely affected).

1. The Company shall at all times during the currency of this Debenture: **(a)** maintain and keep in proper order, repair and condition the Mortgaged Property and allow the Holder to inspect the Mortgaged Property at all reasonable times; and **(b)** advise the Holder forthwith of any acquisition by the Company of any Additional Property.

2. (a) The principal sum, interest and other monies hereby secured shall become due and payable and the security hereby constituted shall become enforceable upon demand by the Holder or, unless waived by the Holder, upon the occurrence of an Event of Default. **(b)** The Holder may waive any breach of any of the provisions contained in this Debenture or any default by the Company in the observance or performance of any covenant, condition or obligation required to be observed or performed by it under the terms of this Debenture. No waiver, consent, act or omission by the Holder shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default or the rights resulting therefrom and no waiver or consent by the Holder shall bind the Holder unless it is in writing. The inspection or approval by the Holder of any document or matter or thing done by the Company shall not be deemed to be a warranty or holding out of the adequacy, effectiveness, validity or binding effect of such document, matter or thing or a waiver of the Company's obligation.

3. At any time after the security hereby constituted has become enforceable, the Holder shall have the right and power: **(a)** to enter, take possession of, collect, get in and use all or any part or parts of the Mortgaged Property with power to exclude the Company and its respective agents and servants therefrom and for such purpose to take any proceedings in the name of the Company or otherwise; **(b)** to preserve, maintain and repair the Mortgaged Property and make such replacements thereof and additions thereto as the Holder shall deem judicious; **(c)** either before or after entry to sell and dispose of or lease the Mortgaged Property, either as a whole or in parts, by public or private sale, and also to rescind or vary any contract of sale that was entered into and resell with or under any of the powers conferred hereunder and adjourn any sale from time to time and execute and deliver t o the purchaser or purchasers of the whole or any part of the Mortgaged Property a sufficient deed or deeds therefor, the Holder being herein constituted the irrevocable attorney of the Company to sell the Mortgaged Property and to execute a deed or deeds and a sale made as aforesaid shall

perpetually bar, both at law and in equity, the Company and all other persons from claiming the whole or any part of the Mortgaged Property. Subject to the claims of third parties, the proceeds of sale shall be applied firstly in payment of the principal sum hereof, interest accrued hereunder and all other monies owing hereunder, as allocated by the Holder, any surplus shall be paid to the Company.

1. At any time after the security hereby constituted has become enforceable the Holder may appoint by writing a receiver or receiver-manager (herein called the "Receiver") of the Mortgaged Property and may from time to time remove any Receiver so appointed and appoint another in his stead. The Receiver shall have power: **(a)** to take possession of and to collect and get in and use the Mortgaged Property and for those purposes to enter the Mortgaged Property and to act, in respect of the Mortgaged Property
only, in the name of the Company or otherwise as the Receiver considers necessary; **(b)** to carry on or concur in carrying on the business of the Company, in respect of the Mortgaged Property only, and to employ and discharge any persons in respect thereof upon the terms and at the remuneration the Receiver considers proper; **(c)** to keep in repair the Mortgaged Property and to do all necessary things to carry on the business of the Company, in respect of the Mortgaged Property only, and to protect the Mortgaged Property; **(d)** to make any arrangement or compromise, in respect of the Mortgaged Property only, which the Receiver considers expedient in the interests of the Holder; **(e)** to borrow money to maintain the whole or any part of the Mortgaged Property; **(f)** to sell or lease or concur in the selling or leasing of the whole or any part of the Mortgaged Property; in e xercising the Receiver's foregoing power to sell or lease the Mortgaged Property the Receiver may in his absolute discretion **(i)** sell the whole or part of the Mortgaged Property at public auction, by public or private tender, or by private sale; **(ii)** effect a sale or lease by conveying in the name of or on behalf of the Company or otherwise; (iii) make any stipulation as to title or conveyance or commencement of title; **(iv)** rescind or vary any contract of sale or lease; **(v)** resell or release without being answerable for any loss occasioned thereby; **(vi)** sell on terms as to credit as shall appear to be most advantageous to the Receiver and if a sale is on credit the Receiver shall not be accountable for any monies until actually received; **(vii)** make any arrangements or compromises which the Receiver shall think expedient; and for the purposes aforesaid the Company hereby empowers the Receiver so appointed as its attorney to execute deeds, contracts, agreements or othe r documents on its behalf, in respect of the Mortgaged Property only, in any place under the Receiver's seal and the same shall bind the Company and have the same effect as if such deeds were under the Company's common seal.

2. No purchaser at any sale purporting to be made by the Receiver pursuant to the aforesaid power shall be bound to inquire whether any notice required hereunder has been given, or as to the necessity or expediency of the sale or the stipulations subject to which it is made, or otherwise as to the propriety of the sale or regularity of its proceedings, or be affected by

notice that no default has been made or continues, or notice that the sale is otherwise unnecessary, improper or irregular, and despite any impropriety or irregularity, or notice thereof to any purchaser, the sale as regards that purchaser shall be deemed to be within the aforesaid powers and be valid accordingly and the remedy, if any, of the Company in respect of any impropriety or irregularity whatsoever in any sale by the Receiver shall be in damages only.

3. The net profit of the business and the net proceeds of any disposal of the Mortgaged Property shall be applied by the Receiver subject to the claims of third parties, firstly in payment of the principal sum hereof, interest accrued hereunder and all other monies owing hereunder, as allocated by the Holder, and any surplus shall be paid to the Company.

4. The Receiver shall not be liable for any loss unless it is caused by the Receiver's own negligence or willful default. The Receiver shall be considered to be the agent of the Company and the Company shall be solely responsible for the Receiver's acts, defaults and remuneration.

The Holder may but shall not be obliged to pay and satisfy any monies or do any acts or things which the Company is required to do hereunder or under any security collateral hereto upon the Company's failure to do so and the amount so paid or the costs and expenses so incurred and all costs, fees or commissions in connection with the collection of monies due hereunder or enforcement of the security hereby granted may be paid and satisfied from any unadvanced portion of the monies to be advanced hereunder or otherwise and any amount paid by the Holder shall be repayable

forthwith and shall bear interest at the rate provided for interest on the principal sum and shall be secured by the charges herein contained; provided however that so long as the validity of any tax, lien or fine is in good faith contested by the Company, the Holder shall not pay the same if the Company shall satisfy the Holder and, if required, furnish security satisfactory to the Holder, that such contestation will involve no forfeiture of any part of the Mortgaged Property.

1. This Debenture and the charges hereby created shall be and remain valid and continuing security for the indebtedness and liability of the Company to the Holder hereunder.

2. This Debenture is in addition to and not in substitution for any other security which the Holder now or from time to time may hold or take from the Company. Neither the taking of any judgment nor the exercise of any power of seizure or sale shall operate to extinguish the obligation of the Company to pay the principal, interest and other monies secured by this Debenture and shall not operate as a merger of any covenant in this Debenture, and the acceptance of any payment or alternate security shall not constitute or create a novation, and the taking of a judgment or judgments under a covenant herein contained shall not operate as a merger of those covenants or affect the Holder's right to interest under this Debenture. All rights and remedies of the Holder hereunder shall be cumulative and no remedy herein conferred or renewed is intended to be exclusive but shall be in addition to every other rem edy given hereunder.

3. The Company shall forthwith and from time to time do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered or make all reasonable efforts to obtain all and every such further acts, deeds, mortgages, assignments, transfers, consents, waivers, assurances or indentures supplemental hereto as the Holder shall reasonably require for the better assuring, mortgaging, assigning and confirming unto or vesting in the Holder all and singular the Mortgaged Property charged or intended so to be or which the Company may hereafter become bound to mortgage and charge in favor of the Holder or for the better accomplishing and effectuating the intention of this Debenture.

4. Without limitation of the provisions of **condition 14** hereof: **(a)** in the event the Company shall acquire legal title to any of the Additional Property, the Company shall, at the request of the Holder, execute and deliver all such documents and do all such things as may be required to permit registration of the security hereof in any office of public record with respect to such Additional Property; and **(b)** in the event that a person other than the Company shall hold legal title to any of the Additional Property for the benefit of the Company, the Company shall deliver to such person such notice or other evidence of the interest of the Holder in the Mortgaged Property, and obtain and deliver to the Holder such acknowledgements by such person of such interest of the Holder, as the Holder may reasonably require.

5. This Debenture shall be construed in accordance with the laws of the Northwest Territories of Canada.

6. Time shall be of the essence of this Debenture.

7. If a provision of this Debenture is wholly or partially invalid, at the option of the Holder, this Debenture shall be interpreted as if the invalid portion had not been a part thereof.

8. As specified in **section 5** of this Debenture, assignment of this Debenture is limited, as more particularly provided in the Instrument of Delivery. This Debenture and all of its provisions shall enure to the benefit of the Holder, its successors and assigns, and shall be binding upon the Company and its successors and assigns. The expression the "Holder" as used herein shall include the Holder's assigns whether immediate or derivative.

9. In this Debenture the following terms shall have the following meanings:

"Additional Property" means all of the Company's presently owned or hereafter acquired right, title and interest in and to any mining claim, license, lease, grant, concession, permit, patent or other mineral property or other rights or interest located wholly or partly within the Area of Interest.

"Area of Interest" means all land and minerals or other rights or interests lying within an area comprised of lines drawn two (2) kilometers from and parallel to all exterior boundaries of the Property.

"Event of Default" means any one of the following events: **(a)** if a default is made by the Company in paying any of the Secured Obligations to the Holder when due and such default is not remedied within thirty (30) days; **(b)** if a default is made by the Company in performance or observance of any other term of this Debenture and, if such default is capable of remedy, is not remedied within thirty (30) days of notice thereof by the Holder to the Company; (c) if any representation or warranty of the Company contained in this Debenture is found to be untrue in any material adverse respect; **(d)** if the Secured Obligations set out in section 4(c) of the Purchase and Sale Agreement have not been satisfied then if any one of: (i) a receiver and/or manager, liquidator, trustee, administrator or any other person with like powers for all or any part of the assets of the Company shall be appoi nted, or if an order is made or a resolution passed for the winding up, dissolution or liquidation of the Company or if the Company ceases or demonstrates an intention to cease to carry on its business; (ii) the Company becomes or acknowledges that it is insolvent, makes a voluntary assignment under the *Bankruptcy and Insolvency Act* or files a proposal under the *Bankruptcy and Insolvency Act* or seeks protection under the *Companies' Creditors Arrangement Act,* or any other debt moratorium or restructuring legislation; (iii) proceedings are commenced against the Company under the *Bankruptcy and Insolvency Act* or any similar legislation; **(iv)** any execution, sequestration, extent, distress or analogous process shall be levied upon any part of the Mortgaged Property, unless the process is in good faith disputed and the Holder is given security to pay in full the amount claimed; or **(v)** any person holding an encumbrance, lien or charge on any of the Mortgaged Property having a material value, takes steps to enforce same; and (e) if the Secured Obligations set out in section 4(c) of the Purchase and Sale Agreement have been satisfied then if any one of: **(i)** a receiver and/or manager, liquidator, trustee, administrator or any other person with like powers for all or any part of the assets of the Company shall be appointed, or if an order is made or a resolution passed for the winding up, dissolution or liquidation of the Company or if the Company ceases or demonstrates an intention to cease to carry on its business; **(ii)** the Company becomes or acknowledges that it is insolvent, makes a voluntary assignment under the *Bankruptcy and Insolvency Act* or files a proposal under the *Bankruptcy and Insolvency Act* or seeks protection under the *Companies' Creditors Arrangement Act,* or any other debt moratorium or restructuring legislation; **(iii)** proceedings are commenced against the Company under the *Bankruptcy and Insolvency Act* or any simil ar legislation; **(iv)** any execution, sequestration, extent, distress or analogous process shall be levied upon any part of the Mortgaged Property, unless the process is in good faith disputed and the Holder is given security to pay in full the amount claimed; or **(v)** any person holding an encumbrance, lien or charge on any of the Mortgaged Property having a material value, takes steps to enforce same, and thereafter Holder receives notice of or otherwise becomes aware of any person taking steps to sell all or any part of the Property or the Additional Property.

"Mortgaged Property" wherever used herein means and includes all the undertakings and other properties and assets, present and future, of the Company expressed herein or in any instruments supplemental hereto to be, or intended to be, mortgaged, pledged or charged or made the subject of a security interest under this Debenture.

"Permitted Encumbrances" means: **(a)** liens for taxes, assessments or governmental charges or levies not at the time due and delinquent or the validity of which is being contested in good faith by the Company; **(b)** undetermined or inchoate liens and charges incidental to current construction or current operations which have not been filed against the Company or which relate to obligations not due or delinquent; **(c)** the right reserved to or vested in any governmental or public authority by any lease, license, franchise, grant, permit or statutory provision to terminate any lease, license, franchise, grant or permit, or to require annual or other periodic payments as a condition of the continuance thereof; **(d)** the encumbrance resulting from the deposit of cash or obligations as security when the Company is required to do so by governmental or other pu blic authority or by normal business practice in connection with contracts, licenses or tenders or similar matters in the ordinary course of business and for the purpose of carrying on the same or to secure worker's compensation, surety or appeal bonds or to secure costs of litigation when required by law; **(e)** security given to a

public utility or any governmental or public authority when required in connection with the operations of the Company; **(f)** easements, rights of way, servitudes or other similar rights in lands granted to or taken by other persons which in the aggregate do not materially impair the usefulness in the business of the Company of the lands subject to such easements, rights or servitudes; **(g)** the reservations, limitations, provisos and conditions expressed in any original grant from the Crown; **(h)** any encumbrances consented to in writing as a Permitted Encumbrance by the Holder; and **(i)** the Royalty Agreement.

"Proceeds" means all present and after acquired goods, chattel paper, money, securities, documents of title, instruments, intangibles or other property of the Company derived, directly or indirectly, from any dealing with any of the Mortgaged Property or proceeds of Mortgaged Property.

"Products" means all right, title and interest of the Company now held or hereafter acquired in and to all ores, minerals and mineral resources produced from any of the Property and the Additional Property.

"Property" means all right, title and interest of the Company now held or hereafter acquired in and to the mining leases described in Schedule "A" hereto, including without limitation any amendments, supplements, renewals and replacements of such mining leases.

"Purchase and Sale Agreement" means the purchase and sale agreement effective **July 16, 2002** among the Company and the Holder.

"Royalty" means the production royalties granted pursuant to the Royalty Agreement.

"Royalty Agreement" means the royalty agreement effective **July 26, 2002** made among the Company and the Holder.

"Secured Obligations" means all indebtedness and liability, present and future, direct or indirect, absolute or contingent, of the Company to the Holder under sections 4(b) and 4(c) of the Purchase and Sale Agreement, subject to sections 4(d) and 4(e) of the Purchase and Sale Agreement, and section 9 of the Royalty Agreement, subject to section 4(d) of the Purchase and Sale Agreement.

TO HAVE AND TO HOLD the same unto and to the use and benefit of the Holder for the uses and purposes and with the powers and authority and subject to the terms and conditions set forth in this Debenture.

IN WITNESS WHEREOF this Debenture has been duly executed by the Company effective as of the date first written above.

SEABRIDGE GOLD INC.

By:

Title:

Date:

Its Authorized Representative **[SEAL]**

SCHEDULE "A" TO THE PURCHASE AND SALE AGREEMENT
(Description of the "Property")

The following Mining Leases issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada

Lease Number	Issued Date	Acres
3016 (1st Renewal)	23-Oct-2001 (signed 10-1-01)	702.00
3158	25-Jul-1984 (signed 1-21-85)	1,376.00
3159	25-Jul-1984 (signed 1-21-85)	534.00
3160	25-Jul-1984 (signed 1-21-85)	1,878.00
3161	25-Jul-1984 (signed 1-21-85)	1,135.00
3219	9-Jul-1986 (signed 7-2-87)	168.10
3221	16-Jun-1986 (signed 11-Aug-87)	584.00
3222	24-Jun-1987 (signed 11-Aug-87)	907.00
3223	23-Jun-1987 (signed 11-Aug-87)	1,214.00
3228	30-Jun-1987 (signed 8-Apr-88)	2,357.00
3229	30-Jun-1987 (signed 8-Apr-88)	1,585.00
3230	30-Jun-1987 (signed 21-Apr-88)	518.00
3251	30-Jun-1987 (signed 22-Jun-88)	1,159.00
3357	26-Apr-1990 (signed 13-Dec-91)	1,890.00
3361	26-Apr-1990 (signed 13-Dec-91)	2,034.00
3791	9-Sep-1998 (signed 3-Oct-99)	80.20
3792	9-Sep-1998 (signed 3-Oct-1999)	57.00
TOTAL	***	**18,178.30**

SCHEDULE "D" TO THE PURCHASE AND SALE AGREEMENT
(the "Assignment of Mining Leases")

ASSIGNMENT OF MINING LEASES
(With a Company Seal)

Newmont Canada Limited, a body corporate, incorporated under the laws of the Province of Ontario, whose address is 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, Canada M4R 1K8, being the holder of 100% of the Mining Lease numbers described on Schedule "A", in consideration of the sum of $10.00, payment of which is hereby acknowledged by Newmont Canada Limited, hereby transfers 100% of the Mining Lease Numbers described on Schedule "A" unto **Seabridge Gold Inc.,** a body corporate, incorporated under the laws of the Province of British Columbia, whose address is 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1J3, and holder of Prospector's License

The Post Address of Seabridge Gold Inc. is: Seabridge

Gold Inc.

172 King Street East, 3rd Floor
Toronto, Ontario M5A 1 J3 CANADA
Phone 416-367-9292
Fax 416-367-2711

Dated **July 26, 2002**

NEWMONT CANADA LIMITED

By:

Title:

Date:

Its Authorized Representative

[SEAL]

Encl. CAD$425.00 (CAD$25.00 per Mining Lease)

SCHEDULE "A" TO THE ASSIGNMENT OF MINING LEASES

The following Mining Leases issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada

Lease Number	Issued Date	Acres
3016 (1st Renewal)	23-Oct-2001 (signed 10-1-01)	702.00
3158	25-Jul-1984 (signed 1-21-85)	1,376.00
3159	25-Jul-1984 (signed 1-21-85)	534.00
3160	25-Jul-1984 (signed 1-21-85)	1,878.00
3161	25-Jul-1984 (signed 1-21-85)	1,135.00
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3229	30-Jun-1987 (signed 8-Apr-88)	1,585.00
3230	30-Jun-1987 (signed 21-Apr-88)	518.00
3251	30-Jun-1987 (signed 22-Jun-88)	1,159.00
3357	26-Apr-1990 (signed 13-Dec-91)	1,890.00
3361	26-Apr-1990 (signed 13-Dec-91)	2,034.00
3791	9-Sep-1998 (signed 3-Oct-99)	80.20
3792	9-Sep-1998 (signed 3-Oct-1999)	57.00
TOTAL	***	**18,178.30**

SCHEDULE "B" TO THE INSTRUMENT OF DELIVERY
(the "Total Royalty Agreement")

TOTAL ROYALTY AGREEMENT

(Includes termination of the Tundra Joint Venture Operating Agreement
and the establishment of a Net Smelter Returns Production Royalty)

THIS TOTAL ROYALTY AGREEMENT ("Agreement") effective **July 26, 2002** (the "Effective Date") **BETWEEN:**

TOTAL RESOURCES (CANADA) LIMITED, a corporation incorporated under the federal laws of Canada under the Canadian Business Corporations Act

Suite 810, 202 6th Avenue S.W.
Calgary, Alberta, Canada T2P 2R9
Facsimile: 403.571.7595

(hereinafter **"TOTAL")** and

5073 N.W.T. LIMITED, a corporation incorporated under the laws of the Northwest Territories, whose address is 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1J3, Facsimile: 416.367.2711

(hereinafter **"BUYER")**

RECITALS

WHEREAS pursuant to that certain Tundra Joint Venture Operating Agreement dated January 1, 1982 by and between Noranda Exploration Company, Limited (No Personal Liability) (predecessor to NEWMONT) and Getty Canadian Metals, Limited (predecessor to Total Resources (Canada) Limited) ("TOTAL") (the "Joint Venture Agreement") in respect of the exploration, development and operation of the Tundra Property in the Courageous Lake area of the Northwest Territories, Canada (the "Joint Venture"), more particularly described on attached Schedule "A" (the "Property"), NEWMONT owned an undivided fifty one (51%) interest in and to the Property and the Joint Venture Agreement and TOTAL owned an undivided forty nine percent (49%) interest in and to the Property and the Joint Venture Agreement;

AND WHEREAS on 07/04/86 Getty Canadian Metals, Limited assigned to Getty Resources Limited all of its interest in and to the Property and the Joint Venture Agreement, and on 07/07/86 Getty Resources Limited assigned to GRL Acquisition Ltd. all of its interest in and to the Property and the Joint Venture Agreement, and on 07/09/86 GRL Acquisition Ltd. and Getty Resources Limited were amalgamated into Getty Resources Limited, and on 10/07/88 Getty Resources Limited was amalgamated into Total Energold Corporation, and on 08/31/91 Total Energold Corporation assigned to Total Erickson Resources Ltd. all of its interest in and to the Property and the Joint Venture Agreement, and on 10/23/92 Total Erickson Resources Ltd. assigned to **Total Resources (Canada) Limited** all of its interest in and to the Property and the Joint Venture Agreement;

AND WHEREAS on 05/01/91 Noranda Exploration Company, Limited (No Personal Liability) assigned to Hemlo Gold Mines Inc. all of its interest in and to the Property and the Joint Venture Agreement, and on 07/19/96 Hemlo Gold Mines Inc. was amalgamated with Battle Mountain Gold Company, Hemlo Gold Mines Inc. became a subsidiary of Battle Mountain Gold Company, and Hemlo Gold Mines Inc. changed its name to Battle Mountain Canada Ltd., and on 02/19/01 Battle Mountain Canada Ltd. changed its name to **Newmont Canada Limited;**

AND WHEREAS pursuant to the terms and conditions of that certain "Purchase and Sale Agreement" dated effective **July 16, 2002** with respect to the Property, **(a)** NEWMONT and TOTAL have sold,

transferred and assigned to BUYER all of their right, title, interest and obligations in and to the Property; **(b)** BUYER has purchased all of the NEWMONT and TOTAL's right, title, interest and obligations in and to the Property, **(c)** NEWMONT and TOTAL have terminated the Joint Venture and the Joint Venture Agreement in such a manner as to provide for each of NEWMONT and TOTAL to receive a perpetual production royalty on 100% of the Property and the Area of Interest, **(d)** Seabridge Gold inc. ("SEABRIDGE") paid to TOTAL a Cash Payment before assigning its rights in the Property to its wholly owned subsidiary, and **(e)** BUYER has **(i)** agreed to grant to TOTAL a Royalty, and **(ii)** agreed to pay to TOTAL certain Additional Cash Payments under certain conditions, the details of which are set out in the Purchase and Sale Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSETH that for and in consideration of the premises and the covenants and conditions herein set forth and set forth in the Purchase and Sale Agreement and the Security Agreement, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows.

1. Purchase and Sale. Effective on the Effective Date **(a)** TOTAL has sold, transferred and assigned to BUYER all of its right, title, interest and obligations in and to the Property; and **(b)** BUYER has purchased all of TOTAL's right, title, interest and obligations in and to the Property, subject to the terms and conditions of this Agreement. Commencing from and after the Effective Date BUYER has agreed to bear solely for its own account all costs and obligations pertaining to or associated with the Property or within the Area of Interest.

2. Joint Venture Agreement Terminated. Effective on the Effective Date, NEWMONT and TOTAL have terminated the Joint Venture and the Joint Venture Agreement in such a manner as to provide for TOTAL to receive Additional Cash Payments and the perpetual Royalty on 100% of the Property and the Area of Interest described herein.

3. Purchase Price. As consideration for the purchase and sale of the Property, **(a)** SEABRIDGE has, on the Effective Date, paid to TOTAL a cash payment of One Million Two Hundred Twenty Five Thousand United States Dollars (US$1,225,000), free and clear of any taxes ("Cash Payment") before assigning its rights in the Property to its wholly-owned subsidiary; and **(b)** BUYER has executed and delivered to TOTAL this Agreement setting out the terms of a ninety eight hundredths of one percent (0.98%) net smelter returns production royalty in respect of any sale or other disposition of all metal ore, minerals and mineral substances, or concentrates produced and sold from the Property or from any other property within the Area of Interest, to be paid as described in this Agreement (the "Royalty"); and **(c)** BUYER has additionally under the Purchase and Sale Agreement agreed to **(i)** pay to TOTAL a further sum of Seven Hundred Thirty Five Thousand United States Dollars (US$735,000), free and clear of any taxes within sixty (60) days following the date on which the London Bullion Market, Afternoon Fix, spot price of gold closes at or above US$360 per ounce the for tenth (10th) consecutive reporting day; and **(ii)** pay to TOTAL a further sum of Seven Hundred Thirty Five Thousand United States Dollars (US$735,000), free and clear of any taxes within sixty (60) days following the date on which the London Bullion Market, Afternoon Fix, spot price of gold closes at or above US$400 per ounce for the tenth (10th) consecutive reporting day, provided, however, BUYER has agreed to pay to TOTAL the balance of the Additional Cash Payments specified in **section 3(c)** within sixty (60) days following the date that BUYER (or any Affiliate or successor or assignee of it) makes a decision to develop a commercial mining operation on or with respect t o the Property or within the Area of Interest (the "Additional Cash Payments") **(section 3(a), section 3(b) and section 3(c),** collectively, the "Purchase Price"). **(d)** Should default be made in any Royalty payment when due under **section 9** hereof and such default still exists ten (10) days following notice of non-payment, then the entire unpaid balance under **section 9** shall become immediately due and all unpaid amounts shall bear interest at the rate of fifteen (15) percent per annum commencing from and after such payment due date until paid. **(e)** The Parties have agreed that should default be made in either of the Additional Cash Payments when due under the Purchase and Sale Agreement and such default still exists ten (10) days following notice of non-payment, then the entire unpaid balance of the Additional Cash Payments due under the Purchase and Sale Agreement shall become immediately due and all unpaid amounts shall be ar interest at the rate of fifteen percent (15%) per annum commencing from and after such payment due date until paid.

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1. Registration on Title. The Parties agree that following the Effective Date **(a)** BUYER shall immediately register title to the Property in BUYER's name by filing the Assignment of Mining Leases; and **(b)** TOTAL may register or record against title to the Property such form of notice, caution or other documents (including, without limitation, a copy of the Purchase and Sale Agreement, this Agreement, and the Security Agreement) as it considers appropriate to secure payment from time to time and protect TOTAL's right to receive the Additional Cash Payments and the Royalty hereunder. All Parties hereto hereby consent to such registering or recording and agree to co-operate with such Party to accomplish the same.

2. Area of Interest. If at any time BUYER or any Affiliate or successor or assignee of it stakes, applies for, and obtains or otherwise acquires, directly or indirectly, any right to or interest in any mining claim, license, lease, grant, concession, permit, patent, or other mineral property or other rights or interests located wholly or partly within the Area of Interest, such rights or interests shall thereafter become part of the Property. In the event BUYER or any Affiliate or any successor or assign of it surrenders, allows to lapse or otherwise terminates its interest in any portion or all the Property or within the Area of Interest and within a period of five (5) years from the date of such surrender, lapse or other termination, reacquires a direct or indirect interest in respect of the land covered by the former Property or within the Area of Interest, then the Roya lty shall apply to such interest so acquired; provided, however, if any rights or interests so acquired within the Area of Interest already bears a royalty obligation to a non-Affiliate third party, then the Royalty payable to TOTAL with respect to such rights or interests so acquired shall be reduced by Forty-Nine percent (49%) of the amount of such royalty obligation, provided, however, TOTAL's Royalty shall in no event be less than a forty-nine one hundredths of one percent (0.49%) net smelter returns production royalty. BUYER shall give written notice to TOTAL within ten (10) days of any acquisition or reacquisition within the Area of Interest. The "Area of Interest" shall comprise all land and minerals or other rights or interests lying within an area comprised of lines drawn two (2) kilometers from and parallel to all exterior boundaries of the Property.

3. Term. The Additional Cash Payments payable under the Purchase and Sale Agreement and the Royalty created hereby shall be perpetual, it being the intent of the Parties hereto that, to the extent allowed by law, the Additional Cash Payments and the Royalty shall constitute a vested interest in and a covenant running with the land affecting the Property (and within the Area of Interest) and all successions thereof whether created privately or through governmental action and shall inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors and assigns so long as BUYER or any successor or assign of it holds any rights or interests in the Property or within the Area of Interest. In the event a court of competent jurisdiction determines that any right, power or interest of any Party under this Agreement would violate the rule a gainst perpetuities, then such right, power or interest shall terminate at the expiration of 20 years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the Effective Date of this Agreement. This Agreement shall not be terminated solely as a result of a violation of the rule against perpetuities.

4. Payments to TOTAL. All payments to TOTAL pursuant to this Agreement shall be made by BUYER to TOTAL. Payments to NEWMONT pursuant to the Purchase and Sale Agreement shall be made pursuant to a separate royalty agreement.

5. Assumption of Liabilities; Indemnifications by BUYER. Under the Purchase and Sale Agreement BUYER has agreed to assume all right, title, interest and liabilities of TOTAL in, to and under the Property, the Joint Venture and the Joint Venture Agreement, including but not limited to any and all environmental liabilities. Accordingly, BUYER shall be responsible for all costs, fines, damages, judgments, penalties or responsibilities (environmental and otherwise) in connection with its ownership and use of the Property and for any and all work performed in and on the Property, whether arising prior to or subsequent to the Closing Date. Under the Purchase and Sale Agreement BUYER has agreed to indemnify and save harmless TOTAL from any loss, cost or liability (including reasonable legal fees) arising from a claim against TOTAL in respect of: **(a)** any failure by BUYER to timely and fully perform all reclamation, restoration, waste disposal or other closure obligations required by governmental authorities in respect of all activities on the Property, whether arising prior to or subsequent to the Closing Date; **(b)** any failure or omission by BUYER which results in a

violation of or liability under any present or future applicable federal, provincial or local environmental laws, statutes, rules, regulations, permits, ordinances, certificates, licenses and other regulatory requirements, policies or guidelines in respect of all activities on the Property, whether arising prior to or subsequent to the Closing Date; and (c) any claims by third parties against TOTAL in respect of property damage or injury or death to persons arising out of the activities on or with respect to the Property whether arising prior to or subsequent to the Closing Date.

9. Royalty Calculations and Payments. BUYER shall pay TOTAL a perpetual production royalty of ninety eight hundredths of one percent (0.98%) of "Net Smelter Returns" from the sale or other disposition of all metal ore, minerals and mineral substances, or concentrates produced therefrom (including, without limitation metals, precious metals, base metals, industrial minerals, gems, diamonds, commercially valuable rock, aggregate, clays and diatomaceous earth, hydrocarbons, and oil and gas, and other minerals which are mined, excavated, extracted or otherwise recovered) ("Minerals") produced and sold from the Property or within the Area of Interest, provided such rights or interests are held or acquired by BUYER or an Affiliate or a successor or assign of it, regardless of whether the rights or interests in and to such Minerals are included in the Mining Leases, determined in accordance with t he provisions set forth in this section and, if applicable, **section 12** hereof. **(a)** For Precious Metals. Net Smelter Returns, in the case of gold, silver, and platinum group metals ("Precious Metals"), shall be determined by multiplying **(i)** the gross number of troy ounces of Precious Metals contained in the production from the Property during the preceding calendar month ("Monthly Production") delivered to the smelter, refiner, processor, purchaser or other recipient of such production, or an insurer as a result of casualty to such production (collectively, "Payor"), by **(ii)** for gold, the average of the London Bullion Market, Afternoon Fix, spot prices for the preceding calendar month (the "Applicable Spot Price") and for all other Precious Metals, the average of the New York Commodities Exchange final spot prices for the preceding calendar month for the particular Minerals for which the price is being determined, and subtractin g from the product of **(i)** and **(ii)** only the following if actually incurred: **(1)** charges imposed by the Payor for refining bullion from doré or concentrates of Precious Metals ("Beneficiated Precious Metals") produced by BUYER's final mill or other final processing plant; however, charges imposed by the Payor for smelting or refining of raw or crushed ore containing Precious Metals or other preliminarily processed Precious Metals shall not be subtracted in determining Net Smelter Returns; **(2)** penalty substance, assaying, and sampling charges imposed by the Payor for refining Beneficiated Precious Metals contained in such production; and **(3)** charges and costs, if any, for transportation and insurance of Beneficiated Precious Metals from BUYER's final mill or other final processing plant to places where such Beneficiated Precious Metals are smelted, refined and/or sold or otherwise disposed of.

In the event the refining of bullion from the Beneficiated Precious Metals contained in such production is carried out in custom toll facilities owned or controlled, in whole or in part, by BUYER, which facilities were not constructed solely for the purpose of refining Beneficiated Precious Metals or Other Minerals from the Property, then charges, costs and penalties for such refining shall mean the amount BUYER would have incurred if such refining were carried out at facilities not

owned or controlled by BUYER then offering comparable services for comparable products on prevailing terms, but in no event greater than actual costs incurred by BUYER with respect to such refining. In the event BUYER receives insurance proceeds for loss of production of Precious Metals, BUYER shall pay to TOTALthe Production Royalty percentage of any such insurance proceeds which are received by BUYER for such lo ss of production.

(b) For Other Minerals. Net Smelter Returns, in the case of all Minerals other than Precious Metals and the beneficiated products thereof ("Other Minerals"), shall be determined by multiplying **(i)** the gross amount of the particular Other Mineral contained in the Monthly Production delivered to the Payor during the preceding calendar month by **(ii)** the average of the New York Commodities Exchange final daily spot prices for the preceding calendar month of the appropriate Other Mineral, and subtracting from the product of (i) and (ii) only the following if actually incurred. **(1)** charges imposed by the Payor for smelting, refining or processing Other Minerals contained in such production, but excluding any and all charges and costs related to BUYER's mills or other processing plants constructed for the purpose of milling or processing Other Minerals, i n whole or in part; **(2)** penalty substance, assaying, and sampling charges imposed by the Payor for smelting, refining, or processing Other Minerals contained in such production, but excluding any and all charges and costs

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of or related to BUYER's mills or other processing plants constructed for the purpose of milling or processing Other Minerals, in whole or in part; and **(3)** charges and costs, if any, for transportation and insurance of Other Minerals and the beneficiated products thereof from BUYER's final mill or other final processing plant to places where such Beneficiated Precious Metals are smelted, refined and/or sold or otherwise disposed of. If for any reason the New York Commodities Exchange does not report spot pricing for a particular Other Mineral, then the Parties shall mutually agree upon an appropriate pricing entity or mechanism that accurately reflects the market value of any such Other Mineral.

In the event smelting, refining, or processing of Other Minerals are carried out in custom toll facilities owned or controlled, in whole or in part, by BUYER, which facilities were not constructed solely for the purpose of milling or processing Other Minerals from the Property, then charges, costs and penalties for such smelting, refining or processing shall mean the amount BUYER would have incurred if such smelting, refining or processing were carried out at facilities not owned or controlled by BUYER then offering comparable services for comparable products on prevailing terms, but in no event greater than actual costs incurred by BUYER with respect to such smelting and refining. In the event BUYER receives insurance proceeds for loss of production of Other Minerals, BUYER shall pay to NEWMONT the Production Royalty percentage of any such insurance proceeds which are received by BUYER for such loss of production.

(c) Payments of Royalty In Cash or In Kind. Production Royalty payments shall be made to NEWMONT as follows:

(i) Royalty In Kind. TOTAL may elect to receive its Production Royalty on Precious Metals from the Property "in cash" or "in kind" as refined bullion. The elections may be exercised once per year on a calendar year basis during the life of production from the Property. Notice of election to receive the following year's Production Royalty for Precious Metals in cash or "in kind" shall be made in writing by TOTAL and delivered to BUYER on or before November 1 of each year. In the event no written election is made, the Production Royalty for Precious Metals will continue to be paid to TOTAL as it its then being paid. As of the date of this Agreement, TOTAL elects to receive its Production Royalty on Precious Metals "in kind". Royalties on Other Minerals shall not be payable "in kind". **(1)** If TOTAL elects to receive its Produc tion Royalty for Precious Metals in "in kind", TOTAL shall open a bullion storage account at each refinery or mint designated by BUYER as a possible recipient of refined bullion in which TOTAL owns an interest. TOTAL shall be solely responsible for all costs and liabilities associated with maintenance of such account or accounts, and BUYER shall not be required to bear any additional expense with respect to such "in-kind" payments. **(2)** Production Royalty will be paid by the deposit of refined bullion into TOTAL's account. On or before the 25th day of each calendar month following a calendar month during which production and sale or other disposition occurred, BUYER shall deliver written instructions to the mint or refinery, with a copy to TOTAL directing the mint or refinery to deliver refined bullion due to TOTAL in respect of the Production Royalty, by crediting to TOTAL's account the number of ounces of refined bullion for which Production Royalty is due; provided, how ever, that the words "other disposition" as used in this Agreement shall not include processing, milling, beneficiation or refining losses of Precious Metals. The number of ounces of refined bullion to be credited will be based upon TOTAL's share of the previous month's production and sale or other disposition as calculated pursuant to the commingling provisions of **section 9(f)** hereof. **(3)** Production Royalty payable "in kind" on silver or platinum group metals shall be converted to the gold equivalent of such silver or platinum group metals by using the average monthly spot prices for Precious Metals described in **section 9(a)** hereof. **(4)** Title to refined bullion delivered to TOTAL under this Agreement shall pass to TOTAL at the time such bullion is credited to TOTAL at the mint or refinery. **(5)** TOTAL agrees to hold harmless BUYER from any liability imposed as a result of the election of TOTAL to receive Production Royalty "in kind& quot; and from any losses incurred as a result of TOTAL's trading and hedging activities. TOTAL assumes all responsibility for any shortages which occur as a result of TOTAL's anticipation of credits to its account in advance of an actual deposit or credit to its account by a refiner or mint. **(6)** When royalties are paid in "in kind", they will not reflect the costs deductible in calculating "Net Smelter Returns" under this Agreement. Within thirty (30) days of the receipt of a statement showing charges incurred by BUYER for transportation, smelting or other deductible costs, TOTAL shall remit to BUYER full payment for such charges. If TOTAL does not pay such charges when due, BUYER shall have the

right, at its election, with TOTAL's consent, such consent not to be unreasonably withheld, to deduct the gold equivalent of such charges from the ounces of gold bullion to be credited to TOTAL in the following month.

(i) In Cash. If TOTAL elects to receive its Production Royalty for Precious Metals in cash, and as to Production Royalty payable on Other Minerals, payments shall be payable on or before the twenty-fifth (25th) day of the month following the calendar month in which the minerals subject to the Production Royalty were shipped to the Payor by BUYER. For purposes of calculating the cash amount due to TOTAL, Precious Metals and Other Minerals will be deemed to have been sold or otherwise disposed of at the time refined production from the Property is delivered, made available, or credited to BUYER by a mint or refiner. The price used for calculating the cash amount due for Production Royalty on Precious Metals or Other Minerals shall be determined in accordance with **section 9(a)** and **section 9(b)** as applicable. BUYER shall make each Production Royalty payment to be paid in cash by delivery of a check payable to TOTAL and delivering such check to TOTAL at the address listed in this Agreement, or to such other address as TOTAL may direct or by direct bank deposit to TOTAI.'s account as TOTAL shall designate. Should default be made in any cash payment when due for Production Royalty and such default still exists ten (10) days following notice of non-payment, then all unpaid amounts shall become immediately due and shall bear interest at the rate of fifteen percent (15%) per annum commencing from and after such payment due date until paid.

(ii) Detailed Statement. All Production Royalty payments or credits shall be accompanied by a detailed statement explaining the calculation thereof together with any available settlement sheets from the Payor.

(a) Monthly Reconciliation. **(i)** On or before the twenty-fifth (25^{th}) day of the month, BUYER shall make an interim settlement based on the information then available of such Production Royalty for the prior calendar month, either in cash or in kind, whichever is applicable, by paying **(1)** not less than one hundred percent (100%) of the anticipated final settlement of Precious Metals "in kind" Production Royalty payments and **(2)** not less than ninety-five percent (95%) of the anticipated final settlement of cash Production Royalty payments. **(ii)** The parties recognize that a period of time exists between the production of ore, the production of dare or concentrates from ore, the production of refined or finished product from dare or concentrates, and the receipt of Payor's statements for refined or finished product. As a result, t he payment of Production Royalty will not coincide exactly with the actual amount of refined or finished product produced from the Property for the previous month. BUYER will provide final reconciliation promptly after settlement is reached with the Payor for all lots sold or subject to other disposition in any particular month. **(iii)** In the event that TOTAL has been underpaid for any provisional payment (whether in cash or "in kind"), BUYER shall pay the difference in cash by check and not "in kind" with such payment being made at the time of the final reconciliation. If TOTAL has been overpaid in the previous calendar quarter, TOTAL shall make a payment to BUYER of the difference by check. Reconciliation payments shall be made on the same basis as used for 'the payment in cash pursuant to **section 9(c)(ii)** hereof.

(b) Hedging Transactions. All profits and losses resulting from BUYER's sales of Precious Metals or Other Minerals, or BUYER's engaging in any commodity futures trading, option trading, or metals trading, or any combination thereof, and any other hedging transactions including trading transactions designed to avoid losses and obtain possible gains due to metal price fluctuations (collectively, "hedging transactions") are specifically excluded from Production Royalty calculations pursuant to this Agreement. All hedging transactions by BUYER and all profits or losses associated therewith, if any, shall be solely for BUYER's account. The Production Royalty payable on Precious Metals or Other Minerals subject to hedging transactions shall be determined as follows: **(i)** Affecting Precious Metals. The amount of Production Royalty to be paid on all Precious Metals subject to hedging transactions by BUYER shall be determined in the same manner as provided in **section 9(a),** with the understanding and agreement that the average monthly spot price shall be for the calendar month preceding the calendar month during which Precious Metals subject to hedging transactions are shipped by BUYER to the Payor. **(ii)** Affecting Other Minerals. The amount of Production Royalty to be paid on all Other Minerals subject to hedging transactions by BUYER shall be determined in the same manner as provided in **section 9(b),** with the understanding and agreement that the average

(c)

monthly spot price shall be for the calendar month preceding the calendar month during which Other Minerals subject to hedging transactions are shipped by BUYER to the Payor.

(a) Commingling. BUYER shall have the right to commingle Precious Metals and Other Minerals from the Property with minerals from other properties. Before any Precious Metals or Other Minerals produced from the Property are commingled with minerals from other properties, the Precious Metals or Other Minerals produced from the Property shall be measured and sampled in accordance with sound mining and metallurgical practices for moisture, metal, commercial minerals and other appropriate content, applied on a consistent basis. Representative samples of the Precious Metals or Other Minerals shall be retained by BUYER and assays (including moisture and penalty substances) and other appropriate analyses of these samples shall be made before commingling to determine gross metal content of Precious Metals or gross metal or mineral content of Other Minerals. BUYER shall retain such analyses for a reasonable amount of time, but not less than twenty four (24) months, after receipt by TOTAL of the Production Royalty paid with respect to such commingled Minerals from the Property, and shall retain such samples taken from the Property for not less than thirty (30) days after collection.

(b) No Obligation to Mine. BUYER shall have sole discretion to determine the extent of its mining of the Property and the time or the times for beginning, continuing or resuming mining operations with respect thereto. BUYER shall have no obligation to TOTAL or otherwise to mine any of the Property, nor shall it have any obligation to diligently pursue production from the Property.

10. Reporting, Audits, Inspections, Tours, Confidentiality and Press Releases.

(a) Reporting. No later than March 1 of each year, BUYER shall provide to TOTAL with an annual report of activities and operations conducted with respect to the Property during the preceding calendar year, and from time to time such additional information as TOTAL may reasonably request. Such annual report shall include details of: **(i)** the preceding year's activities with respect to the Property; **(ii)** ore reserve data for the calendar year just ended; and **(iii)** estimates of anticipated production and estimated remaining ore reserves with respect to proposed activities for the Property for the current calendar year. In addition, not more frequently than semi-annually, TOTAL shall have the right, upon reasonable notice to BUYER, to inspect and copy all books, records, technical data, information and materials (the "Data") pertaining to BUYER's acti vities with respect to the Property; provided that such inspections shall not unreasonably interfere with BUYER's activities with respect to the Property. BUYER makes no representations or warranties to TOTAL concerning any of the Data or any information contained in the annual reports, and TOTAL agrees that if it elects to rely on any such Data or information, it does so at its sole risk.

(b) Right to Audit. TOTAL shall have the right to audit the books and records pertaining to production from the Property and contest payments of Production Royalty for twenty four (24) months after receipt by TOTAL of the payments to which such books and records pertain. Such payments shall be deemed conclusively correct unless TOTAL objects to them in writing within twenty-four (24) months after receipt thereof.

(c) Inspection. TOTAL shall have the right, upon reasonable notice, to inspect the facilities associated with the Property. Such inspection shall be at the sole risk of TOTAL and TOTAL shall indemnify BUYER from any liability caused by TOTAL's exercise of inspection rights.

(d) Investor Tours. TOTAL shall have the right, upon reasonable notice and not more frequently than twice annually each, to conduct an investor tour of the facilities associated with the Property, subject to the control and supervision of BUYER. Such investors tours shall be at the sole risk of TOTAL and its invitees, and TOTAL shall indemnify BUYER from any liability caused by TOTAL's exercise of investors tour rights.

(e) Confidentiality. TOTAL shall not, without the prior written consent of BUYER, which shall not be unreasonably withheld, knowingly disclose to any third party data or information obtained pursuant to this Agreement which is not generally available to the public; provided, however, TOTAL may disclose data or information so obtained without the consent of BUYER: **(i)** if required for compliance with

laws, rules, regulations or orders of a governmental agency or stock exchange; **(ii)** to any of TOTAL's consultants or advisors; **(iii)** to any third party to whom TOTAL, in good faith, anticipates selling or assigning TOTAL's interest in the Property; and **(iv)** to a prospective lender, provided that such consultants, third parties or lenders first sign a confidentiality agreement; or **(v)** to a third party to which a party or its parent company contemplates a transfer to, or a merger, amalgamation or other corporate reorganization with. The foregoing restrictions shall not apply to the disclosure to an Affiliate.

(f) Press Releases. A Party desiring to make a disclosure, statement or press release concerning this Agreement or the Purchase and Sale Agreement shall first consult with the other Party prior to making such disclosure, statement or press release, and the Parties shall use all reasonable efforts, acting expediently and in good faith, to agree upon a text for such statement or press release which is satisfactory to all Parties. Subject to its rights and obligations under **section 10(e),** TOTAL shall not issue any press release containing technical information relating the Property except upon giving BUYER two (2) clays advance written notice of the contents thereof, and TOTAL shall make any reasonable changes to such proposed press release as such changes may be timely requested by BUYER, provided, however, the TOTAL may include in any press release without notice any information previously reported by BUYER or TOTAL. A Party shall not, without the consent of the other Parties, issue any press release that implies or infers that the non-issuing Party endorses or joins the issuing Party in statements or representations contained in any press release.

1. Compliance with Law. BUYER shall at all times comply with all applicable federal, provincial, and local laws, statutes, rules, regulations, permits, ordinances, certificates, licenses and other regulatory requirements, policies and guidelines relating to operations and activities on or with respect to the Property; provided, however, BUYER shall have

the right to contest any of the same if such contest does not jeopardize the Property or TOTAL 's rights thereto or under this Agreement.

2. Tailings and Residues. All tailings, residues, waste rock, spoiled leach materials, and other materials (collectively "Materials") resulting from BUYER's operations and activities on the Property shall be the sole property of BUYER, but shall remain subject to the Production Royalty should the Materials be processed or reprocessed, as the case may be, in the future and result in the production and sale or other disposition of Precious Metals or Other Minerals. Notwithstanding the foregoing, BUYER shall have the right to dispose of Materials from the Property on or off of the Property and to commingle the same with materials from other properties. In the event Materials from the Property are processed or reprocessed, as the case may be, and regardless of where such processing or reprocessing occurs, the Production Royalty payable thereon shall be determined on a p ro rata basis as determined by using the best engineering and technical practices then available.

3. General Provisions.

(a) Amendment. This Agreement may be amended, modified or supplemented only by a written agreement signed by each Party.

(b) Waiver of Rights. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

(c) Applicable Law. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario, Canada and the federal laws of Canada applicable therein.

(d) Dispute Resolution. **(a)** Any dispute, controversy or claim arising out of, in relation to or in connection with this Agreement, including any dispute as to the validity, interpretation, enforceability or breach of this Agreement, shall be exclusively and finally settled by binding arbitration before a single qualified arbitrator appointed upon the unanimous agreement of all Parties and conducted in accordance with the Arbitration Act, 1991 (Ontario). The arbitrator shall be knowledgeable about the

matter being arbitrated. The decision rendered by the arbitrator may be entered into any court. Each Party shall pay their own fees and expenses (and shall pay their own attorneys' fees and expenses) related to the arbitration, regardless of how the arbitrated issue is decided. The Parties covenant that they shall conduct all aspects of such arbitration having regard at all times to minimizing the cost and expediting the final resolution of such arbitration. Arbitration shall be conducted in English, in Toronto, Canada. **(b)** If, for the purposes of obtaining judgment in any court in Canada, it becomes necessary to convert into Canadian dollars ("Judgment Currency") an amount due in United States dollars hereunder ("Original Currency") then the conversion shall be made at the Rate of Exchange prevailing on the business day before the day on which the judgment is given. If there is a change in the Rate of Exchange prevailing between the business day before the day on which the judgment is due, the paying Party will pay such additional amounts (if any, but in any event not a lesser amount) as may be necessary to ensure that the amount paid in the Judgment Currency when converted at the Rate of Exchange prevailing on the date of payment will produce the amount then due under this Agreement in the Original Currency and such additional amount shall bear interest, from the date same become due, at the rate of fifteen percent (15%) per annum. "Rate of Exchange" means the spot rate at which the Party who is the payee is able on the relevant date to purchase Original Currency with Judgment Currency and includes any premium and costs of exchange payable.

(a) Currency. Unless specified otherwise, all statements of or references to dollar amounts in this Agreement are to lawful money of the United States of America.

(b) No Joint Venture, Mininq Partnership, Commercial Partnership. This Agreement shall not be construed to create, expressly or by implication, a joint venture, mining partnership, commercial partnership, or other partnership relationship between or among BUYER andTOTAL.

(c) Time. Time is of the essence of each provision of this Agreement.

(d) Definitions. In this Agreement and the Schedules attached to this Agreement the following terms shall have the following meanings:

"Additional Cash Payments" means the payments described in **section 3(c).**

"Affiliate" shall have the meaning ascribed to that term by the Canada Business Corporations Act on the date hereof.

"Applicable Spot Price" means as described in **section 9(a).**

"Area of Interest" means the area described in **section 5.**

"Assignment of Mining Leases" means the assignment provided for in **section 4.** **"Beneficiated**

Precious Metals" means as described in **section 9(a).**

"Business Day" means any calendar day other than a Saturday or Sunday or any statutory holiday or civic holiday in the Province of Ontario.

"BUYER" shall include all of BUYER's successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Property.

"Cash Payment" means the payment described in **section 3(a).**

"Data" means as described in **section 10(a).**

"Effective Date" means the date specified on the top of page one of this Agreement. **"hedging**

transactions" means as described in **section 9(e).**

"Joint Venture Agreement" has the meaning ascribed to that term in the Recitals above.

"Joint Venture" 'means the interests held by NEWMONT and TOTAL with respect to the Property pursuant to the Joint Venture Agreement.

"Judgement Currency" means Canada currency. **"Materials"**

means as described in **section 12.** **"Minerals"** means as

described in **section 9.**

"Mining Leases'" means the following seventeen (17) Mining Leases (together with any renewal or replacement Mining Leases) ML3016, ML3158, ML3159, ML3160, ML3161, ML3219, ML3221, ML3222, ML3223, ML3228, ML3229, ML3230, ML3251, ML3357, ML3361, ML3791 and ML3792 issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada, which, as of the Effective Date, comprises the Property.

"Monthly Production" means as described in **section 9.** **"Other**

Mineral(s)" means as described in **section 9(b).** **"Parties"** means

TOTAL and BUYER collectively.

"Party" means either of the Parties individually.

"Payor" means as described in **section 9(a).**

"Precious Metals" means as described in **section 9(a).**

"Property" means all right, title and interest of the TOTAL now held or hereinafter acquired in and to the Mining Leases described in attached Schedule "A" including without limitation any amendments, supplements, renewals and replacements of such Mining Leases.

"Purchase and Sale Agreement" means that certain agreement dated effective **July 16, 2002** pursuant to which the Parties agreed to the purchase and sale of the Property.

"Purchase Price" means the consideration stipulated in **section 3.**

"Rate of Exchange" means the spot rate at which TOTAL is able on the relevant date to purchase Original Currency with Judgment Currency and includes any premium and costs of exchange payable.

"Royalty" (or **"Production Royalty")** means the net smelter returns royalty stipulated in **section 3. "Royalty**

Agreement" means this Agreement.

"Security Agreement" means the agreements provided for in **section 4,** which, for purposes of this Agreement shall include but shall not be limited to **(a)** an "Instrument of Delivery", and **(b)** a "Debenture".

"TOTAL" shall include all of TOTAL's successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Property.

"Transmission" means as described in **section 13(i).**

(a) Notices. **(i)** Any notice, demand or other communication (in this section, a "notice") required or permitted to be given or made hereunder shall be in writing and shall be sufficiently given or made if: **(1)** delivered in person during normal business hours of the recipient on a Business Day and left with a receptionist or other responsible employee of the recipient at the applicable address first set forth in this Agreement; or **(2)** sent by facsimile transmission (a "Transmission") during normal business hours on a Business Day charges prepaid and confirmed by regular mail at the address first set forth in this Agreement; and **(ii)** each notice sent in accordance with this section shall be deemed to have been received: **(1)** on the day it was delivered; or on the same day that it was sent by fax transmission, or **(2)** on the first Business Day thereafter if the day on which it was sent by fax transmission was not a Business Day. The notice addresses for the Parties are set out on page one of this Agreement. Any Party may change its address for notice by giving notice to the other Parties in accordance with this section.

(b) Assignment. **(a)** If BUYER desires to option, joint-venture, assign, transfer, convey or otherwise dispose of its rights and interests in and to the Property or within the Area of Interest, BUYER shall promptly notify TOTAL of its intentions in order that TOTAL may consider the possible acquisition from BUYER a portion or all of BUYER's interest in the Property. **(b)** Except as otherwise provided herein, BUYER may assign, transfer, convey or otherwise dispose of its rights and interests under this Agreement; provided, however, any option, joint-venture, assignment, transfer, conveyance or other disposition by BUYER of its rights and interests in or with respect to the Property or this Agreement shall be void unless the proposed assignee has first agreed in writing with TOTAL to observe and be bound by all of the provisions of this Agreement with respect to the ri ghts, interests and obligations being assigned to or assumed by the assignee in the place and stead of BUYER and BUYER, only subsequent to the signing of a definitive agreement as between TOTAL and such assignee, shall BUYER be relieved or discharged from the Purchase and Sale Agreement and this Royalty Agreement in respect thereof. Any rights, interests or obligations of BUYER in or with respect to the Purchase and Sale Agreement, the Property or this Royalty Agreement which are not assigned or assumed in accordance with the foregoing will be several and not joint rights, interests or obligations of BUYER and BUYER shall not be relieved or discharged from the Purchase and Sale Agreement and this Royalty Agreement in respect thereof and TOTAL may continue to look to BUYER for performance with respect thereto. **(c)** TOTAL shall have the unrestricted right, in its sole and absolute discretion, to assign, transfer, convey, or relinquish any of its rights or interests with respect to the Property, including the Royalty at any time.

(c) Maintenance of the Property. BUYER shall pay all governmental taxes, duties or other payments, make any minimum investments required by law, perform all acts and comply with all obligations under applicable law required to maintain the Property (excluding those portions of the Property previously abandoned by it as provided in this section) in good standing. At any time and from time to time, BUYER may elect to abandon any part or parts of the Property by giving notice to TOTAL of such election not less than thirty (30) days prior to the proposed date of abandonment. The notice shall identify the Mining Leases (or other interests acquired within the Area of Interest) which are proposed to be abandoned. Upon expiry of such thirty (30) day period, BUYER's obligations hereunder in respect of such abandoned interests shall terminate and thereafter the term "Property" as used in this Agreement will apply to those interests comprising the Property which have not been abandoned by BUYER. If requested by TOTAL BUYER shall execute documents transferring to TOTAL title to any part or parts of the Property which BUYER is abandoning, provided, however, if NEWMONT also requests such transfer BUYER shall transfer a Forty-Nine percent (49%) interest in such title to TOTAL. In the event that BUYER gives notice that it intends to abandon the balance of the Property held by it then, subject to **section 5** hereof, upon expiry

of the thirty (30) day period BUYER's obligations to make either of the Additional Cash Payments not due before expiry of such thirty (30) day period shall terminate.

(I) Further Assurances. The parties promptly shall execute all such further instruments and documents and do all such further actions as may be necessary to effectuate the purposes of this Agreement.

(a) Entire Agreement. This Agreement together with the corresponding Purchase and Sale Agreement and the Closing Documents constitute the entire agreement among the Parties with respect to the subject matter hereof.

(b) English Language. The Parties hereto expressly declare that they require this Agreement, and all documents and notices relating thereto, to be drafted and written solely in the English language. Les Parties déclarent expressément qu'elles exigent que ce contrat, ainsi que tous les documents et avis s[l]y rapportant, soient rédigés et écrits exclusivement en anglais.

(c) Counterparts. This Agreement may be executed in any number of counterparts, and it shall not be necessary that the signatures of all Parties be contained on any counterpart. Each counterpart shall be deemed an original, but all counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF the Parties hereto have duly executed this Agreement effective as of the date first written above.

TOTAL RESOURCES (CANADA) LIMITED By:

Title:

Its Authorized Rep[r]esentative

Date:

[SEAL]

5073 N.W.T. LIMITED

By:

Title:

Date: *Its*

Authorized Representative

[SEAL]

SCHEDULE "A" TO THE ROYALTY AGREEMENT

(Description of the "Property")

The following Mining Leases issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada.

Lease Number	Issued Date	Acres
3016 (1st Renewal)	23-Oct-2001 (signed 1-Oct-01)	702.00
3158	25-Jul-1984 (signed 21-Jan-85)	1,376.00
3159	25-Jul-1984 (signed 21-Jan-85)	534.00
3160	25-Jul-1984 (signed 21-Jan-85)	1,878.00
3161	25-Jul-1984 (signed 21-Jan-85)	1,135.00
3219	9-Jul-1986 (signed 2-Jul-87)	168.10
3221	16-Jun-1986 (signed 11-Aug-87)	584.00
3222	24-Jun-1987 (signed 11-Aug-87)	907.00
3223	23-Jun-1987 (signed 11-Aug-87)	1,214.00
3228	30-Jun-1987 (signed 8-Apr-88)	2,357.00
3229	30-Jun-1987 (signed 8-Apr-88)	1,585.00
3230	30-Jun-1987 (signed 21-Apr-88)	518.00
3251	30-Jun-1987 (signed 22-Jun-88)	1,159.00
3357	26-Apr-1990 (signed 13-Dec-91)	1,890.00
3361	26-Apr-1990 (signed 13-Dec-91)	2,034.00
3791	9-Sep-1998 (signed 3-Oct-99)	80.20
3792	9-Sep-1998 (signed 3-Oct-1999)	57.00
TOTAL	***	**18,178.30**

DEBENTURE

Dated for reference **July 26, 2002.**

5073 N.W.T. LIMITED, a company incorporated under the laws of the Northwest Territories, whose address is 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1J3

(the "Company")

Demand Debenture **US$21,420,000.00**

1. For value received the Company will on demand pay to **NEWMONT CANADA LIMITED,** whose address is 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, Canada M4R 1 K8 (the "Holder") or at such other place or places as the Holder may from time to time direct, the principal sum of Twenty One Million Four Hundred Twenty Thousand United States Dollars (US$21,420,000) together with interest thereon at a rate of fifteen percent (15%) per annum.

2. Subject to the exception as to leaseholds set out in **section 3** hereof, as security for payment of the principal sum, interest, interest on overdue interest and other monies from time to time owing hereunder and for the performance and

observance of all the Company's obligations and covenants hereof the Company hereby grants, mortgages, charges, pledges, assigns and conveys as and by way of a fixed and specific mortgage, pledge and charge to and in favor of the Holder and grants to the Holder a security interest in the Property, the Additional Property, the Products and the Proceeds.

3. The last day of any term created by any lease of real property or agreement therefor is hereby excepted out of the charge created by this Debenture but the Company shall stand possessed of a reversion thereof remaining upon trust for the Holder to assign and dispose thereof as the Holder shall direct.

4. Any notice required to be given in connection with this Debenture shall be given in accordance with the provisions for notices set out in the **Newmont Royalty Agreement.**

5. This Debenture has been issued and delivered by the Company to the Holder pursuant to an Instrument of Delivery effective **July 26, 2002,** which Instrument of Delivery contains various restrictions more particularly set out therein on the rights of the Holder with respect to this Debenture, including without limitation restrictions on the amount to be claimed hereunder and restrictions on the ability to demand payment hereunder. To the extent any such provisions of the Instrument of Delivery modify or conflict with the provisions of this Debenture, the provisions of the Instrument of Delivery shall govern. Pursuant to the Instrument of Delivery, the interest of the Holder in this Debenture may only be assigned as part of an assignment of the interest of the Holder in the Instrument of Delivery and the Secured Obligations.

6. This Debenture is issued subject to and with the benefit of the following conditions, each and all of which form part of this Debenture.

CONDITIONS TO DEBENTURE

1. The Company warrants and represents to the Holder that: **(a)** this Debenture is issued in accordance with resolutions of the Directors of the Company and all other matters and things have been done and performed so as to authorize and make the execution, creation and issuance of this Debenture legal and valid and in accordance with the requirements of the laws relating to the

Company and all other statutes and laws in that behalf; **(b)** as of **July 26, 2002** the Company has not taken any action or made any agreement which would cause title to the Mortgaged Property not to be free from all security interests, mortgages, pledges, liens, charges and encumbrances whatsoever, except Permitted Encumbrances, and (c) its chief executive office is situate at 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1J3

1. The Company hereby covenants and agrees with the Holder that it will defend the Company's title to the Mortgaged Property against the claims and demands of all persons, will observe and perform all covenants, terms and conditions upon or under which any of the Mortgaged Property is secured, held or leased and will pay or cause to be paid as or before they become due all rents and other sums payable pursuant to any lease or any charge of or affecting any of the Mortgaged Property.

2. Except as otherwise specifically permitted by this Debenture or the **Newmont Royalty Agreement,** the Company shall not without the prior written consent of the Holder: **(a)** grant, create, assume or permit to exist any security interest, mortgage, pledge, charge, assignment, lien or other encumbrance, except Permitted Encumbrances, whether fixed or floating, upon the whole or any part of the Mortgaged Property; **(b)** allow any taxes, rates, levies or assessments, ordinary or extraordinary government fees or duties lawfully levied, assessed or imposed upon the Mortgaged Property to remain unpaid; **(c)** allow any debts and obligations to laborers, workers, employees, workers' compensation boards or others to remain unpaid if the same, if unpaid, would have priority over the security hereby created or any part thereof; **(d)** sell, lease or otherwise dispose of any of the Mortgaged Property, provided that, so long as no Event of Default has occurred and is continuing, the Company may sell, lease or otherwise dispose of Products, and use the Proceeds of such sale, lease or disposition, in the ordinary course of business, free of the security hereof; **(e)** change its name or the location of its chief executive office without giving 30 days prior written notice to the Holder; or **(f)** merge, amalgamate or enter into any other transaction whereby all of its property and assets could become vested in another person (provided that the Holder shall not unreasonably withhold its consent to such merger, amalgamation or transaction so long as it is satisfied, acting reasonably,

that the successor arising from such merger, amalgamation or transaction is bound by the terms hereof and of the Secured Obligations and that the enforceability or priority of this Debenture and the security hereof will not be adversely affected).

3. The Company shall at all times during the currency of this Debenture: **(a)** maintain and keep in proper order, repair and condition the Mortgaged Property and allow the Holder to inspect the Mortgaged Property at all reasonable times; and **(b)** advise the Holder forthwith of any acquisition by the Company of any Additional Property.

4. (a) The principal sum, interest and other monies hereby secured shall become due and payable and the security hereby constituted shall become enforceable upon demand by the Holder or, unless waived by the Holder, upon the occurrence of an Event of Default. **(b)** The Holder may waive any breach of any of the provisions contained in this Debenture or any default by the Company in the observance or performance of any covenant, condition or obligation required to be observed or performed by it under the terms of this Debenture. No waiver, consent, act or omission by the Holder shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default or the rights resulting therefrom and no waiver or consent by the Holder shall bind the Holder unless it is in writing. The inspection or approval by the Holder of any document or matter or thing done by the Company shall not Ibe deemed to be a warranty or holding out of the adequacy, effectiveness, validity or binding effect of such document, matter or thing or a waiver of the Company's obligation.

5. At any time after the security hereby constituted has become enforceable, the Holder shall have the right and power: **(a)** to enter, take possession of, collect, get in and use all or any part or parts of the

Mortgaged Property with power to exclude the Company and its respective agents and servants therefrom and for such purpose to take any proceedings in the name of the Company or otherwise; **(b)** to preserve, maintain and repair the Mortgaged Property and make such replacements thereof and additions thereto as the Holder shall deem judicious; **(c)** either before or after entry to sell and dispose of or lease the Mortgaged Property, either as a whole or in parts, by public or private sale, and also to rescind or vary any contract of sale that was entered into and resell with or under any of the powers conferred hereunder and adjourn any sale from time to time and execute and deliver to the purchaser or purchasers of the whole or any part of the Mortgaged Property a sufficient deed or deeds therefor, the Holder being herein constituted the irrevocable attorney of the Company to sell the Mortgaged Property and to execute a deed or deeds and a sale made as aforesaid shall perpetually bar, both at law and in equity, the Company and all other persons from claiming the whole or any part of the Mortgaged Property. Subject to the claims of third parties, the proceeds of sale shall be applied firstly in payment of the principal sum hereof, interest accrued hereunder and all other monies owing hereunder, as allocated by the Holder, any surplus shall be paid to the Company.

1. At any time after the security hereby constituted has become enforceable the Holder may appoint by writing a receiver or receiver-manager (herein called the "Receiver") of the Mortgaged Property and may from time to time remove any Receiver so appointed and appoint another in his stead. The Receiver shall have power: **(a)** to take possession of and to collect and get in and use the Mortgaged Property and for those purposes to enter the Mortgaged Property and to act, in respect of the Mortgaged Property only, in the name of the Company or otherwise as the Receiver considers necessary; **(b)** to carry on or concur in carrying on the business of the Company, in respect of the Mortgaged Property only, and to employ and discharge any persons in respect thereof upon the terms and at the remuneration the Receiver considers proper; **(c)** to keep in repair the Mort gaged Property and to do all necessary things to carry on the business of the Company, in respect of the Mortgaged Property only, and to protect the Mortgaged Property; **(d)** to make any arrangement or compromise, in respect of the Mortgaged Property only, which the Receiver considers expedient in the interests of the Holder; **(e)** to borrow money to maintain the whole or any part of the Mortgaged Property; **(f)** to sell or lease or concur in the selling or leasing of the whole or any part of the Mortgaged Property; in exercising the Receiver's foregoing power to sell or lease the Mortgaged Property the Receiver may in his absolute discretion **(i)** sell the whole or part of the Mortgaged Property at public auction, by public or private tender, or by private sale; **(ii)** effect a sale or lease by conveying in the name of or on behalf of the Company or otherwise; **(iii)** make any stipulation as to title or conveyance or commencement of title; **(iv)** rescind or vary any contra ct of sale or lease; **(v)** resell or release without being answerable for any loss occasioned thereby; **(vi)** sell on terms as to credit as shall appear to be most advantageous to the Receiver and if a sale is on credit the Receiver shall not be accountable for any monies until actually received; **(vii)** make any arrangements or compromises which the Receiver shall think expedient; and for the purposes aforesaid the Company hereby empowers the Receiver so appointed as its attorney to

execute deeds, contracts, agreements or other documents on its behalf, in respect of the Mortgaged Property only, in any place under the Receiver's seal and the same shall bind the Company and have the same effect as if such deeds were under the Company's common seal.

2. No purchaser at any sale purporting to be made by the Receiver pursuant to the aforesaid power shall be bound to inquire whether any notice required hereunder has been given, or as to the necessity or expediency of the sale or the stipulations subject to which it is made, or otherwise as to the propriety of the sale or regularity of its proceedings, or be affected by notice that no default has been made or continues, or notice that the sale is otherwise unnecessary, improper or irregular, and despite any impropriety or irregularity, or notice thereof to any purchaser, the sale as regards that purchaser shall be, deemed to be within the aforesaid powers and be valid accordingly and the

remedy, if any, of the Company in respect of any impropriety or irregularity whatsoever in any sale by the Receiver shall be in damages only.

1. The net profit of the business and the net proceeds of any disposal of the Mortgaged Property shall be applied by the Receiver subject to the claims of third parties, firstly in payment of the principal sum hereof, interest accrued hereunder and all other monies owing hereunder, as allocated by the Holder, and any surplus shall be paid to the Company.

2. The Receiver shall not be liable for any loss unless it is caused by the Receiver's own negligence or willful default. The Receiver shall be considered to be the agent of the Company and the Company shall be solely responsible for the Receiver's acts, defaults and remuneration.

3. The Holder may but shall not be obliged to pay and satisfy any monies or do any acts or things which the Company is required to do hereunder or under any security collateral hereto upon the Company's failure to do so and the amount so paid or the costs and expenses so incurred and all costs, fees or commissions in connection with the collection of monies due hereunder or enforcement of the security hereby granted may be paid and satisfied from any unadvanced portion of the monies to be advanced hereunder or otherwise and any amount paid by the Holder shall be repayable forthwith and shall bear interest at the rate provided for interest on the principal sum and shall be secured by the charges herein contained; provided however that so long as the validity of any tax, lien or fine is in good faith contested by the Company, the Holder shall not pay the same if the Company shall satisfy the Holder and, if required, furnish security satisfactory to the Holder, that such contestation will involve no forfeiture of any part of the Mortgaged Property.

4. This Debenture and the charges hereby created shall be and remain valid and continuing security for the indebtedness and liability of the Company to the Holder hereunder.

5. This Debenture is in addition to and not in substitution for any other security which the Holder now or from time to time may hold or take from the Company. Neither the taking of any judgment nor the exercise of any power of seizure or sale shall operate to extinguish the obligation of the Company to pay the principal, interest and other monies secured by this Debenture and shall not operate as a merger of any covenant in this Debenture, and the acceptance of any payment or alternate security shall not constitute or create a novation, and the taking of a judgment or judgments under a covenant herein contained shall not operate as a merger of those covenants or affect the Holder's right to interest under this Debenture. All rights and remedies of the Holder hereunder shall be cumulative and no remedy herein conferred or renewed is intended to be exclusive but shall be in addition to every other remedy given hereunder.

6. The Company shall forthwith and from time to time do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered or make all reasonable efforts to obtain all and every such further acts, deeds, mortgages, assignments, transfers, consents, waivers, assurances or indentures supplemental hereto as the Holder shall reasonably require for the better assuring, mortgaging, assigning and confirming unto or vesting in the Holder all and singular the Mortgaged Property charged or intended so to be or which the Company may hereafter become bound to mortgage and charge in favor of the Holder or for the better accomplishing and effectuating the intention of this Debenture.

7. Without limitation of the provisions of **condition 14** hereof: **(a)** in the event the Company shall acquire legal title to any of the Additional Property, the Company shall, at the request of the Holder, execute and deliver all such documents and do

all such things as may be required to permit registration of the security hereof in any office of public record with respect to such Additional

Property; and **(b)** in the event that a person other than the Company shall hold legal title to any of the Additional Property for the benefit of the Company, the Company shall deliver to such person such notice or other evidence of the interest of the Holder in the Mortgaged Property, and obtain and deliver to the Holder such acknowledgements by such person of such interest of the Holder, as the Holder may reasonably require.

1. This Debenture shall be construed in accordance with the laws of the Northwest Territories of Canada.

2. Time shall be of the essence of this Debenture.

3. If a provision of this Debenture is wholly or partially invalid, at the option of the Holder, this Debenture shall be interpreted as if the invalid portion had not been a part thereof.

4. As specified in **section 5** of this Debenture, assignment of this Debenture is limited, as more particularly provided in the Instrument of Delivery. This Debenture and all of its provisions shall enure to the benefit of the: Holder, its successors and assigns, and shall be binding upon the Company and its successors and assigns. The expression the "Holder" as used herein shall include the Holder's assigns whether immediate or derivative.

5. In this Debenture the following terms shall have the following meanings:

"Additional Property" means all of the Company's presently owned or hereafter acquired right, title and interest in and to any mining claim, license, lease, grant, concession, permit, patent or other mineral property or other rights or interest located wholly or partly within the Area of Interest.

"Area of Interest" means all land and minerals or other rights or interests lying within an area comprised of lines drawn two (2) kilometers from and parallel to all exterior boundaries of the Property.

"Event of Default" means any one of the following events: **(a)** if a default is made by the Company in paying any of the Secured Obligations to the Holder when due and such default is not remedied within thirty (30) days; **(b)** if a default is made by the Company in performance or observance of any other term of this Debenture and, if such default is capable of remedy, is not remedied within thirty (30) days of notice thereof by the Holder to the Company; **(c)** if any representation or warranty of the Company contained in this Debenture is found to be untrue in any material adverse respect; **(d)** if the Secured Obligations set out in section 4(c) of the Purchase and Sale Agreement have not been satisfied then if any one of: **(i)** a receiver and/or manager, liquidator, trustee, administrator or any other person with like powers for all or any part of the assets of the Company shall be appointed, or if an order is made or a resolution passed for the winding up, dissolution or liquidation of the Company or if the Company ceases or demonstrates an intention to cease to carry on its business; **(ii)** the Company becomes or acknowledges that it is insolvent, makes a voluntary assignment under the *Bankruptcy and Insolvency Act* or files a proposal under the *Bankruptcy and Insolvency Act* or seeks protection under the *Companies' Creditors Arrangement Act,* or any other debt moratorium or restructuring legislation; **(iii)** proceedings are commenced against the Company under the *Bankruptcy and Insolvency Act* or any similar legislation; **(iv)** any execution, sequestration, extent, distress or analogous process shall be levied upon any part of the Mortgaged Property, unless the process is in good faith disputed and the Holder is given security to pay in full the amount claimed; or **(v)** any person holding an encumbrance, lie n or charge on any of the Mortgaged Property having a material value, takes steps to enforce same; and **(e)** if the Secured Obligations set out in section 4(c) of the Purchase and Sale Agreement have been satisfied then if any one of: **(i)** a receiver and/or manager,

liquidator, trustee, administrator or any other person with like powers for all or any part of the assets of the Company shall be appointed, or if an order is made or a resolution passed for the winding up, dissolution or liquidation of the Company or if the Company ceases or demonstrates an intention to cease to carry on its business; **(ii)** the Company becomes or

acknowledges that it is insolvent, makes a voluntary assignment under the *Bankruptcy and Insolvency Act* or files a proposal under the *Bankruptcy and Insolvency Act* or seeks protection under the *Companies' Creditors Arrangement Act,* or any other debt moratorium or restructuring legislation; **(iii)** proceedings are commenced against the Company under the *Bankruptcy and Insolvency Act* or any similar legislation; **(iv)** any execution, sequestration, extent, distress or analogous process shall be levied upon any part of the Mortgaged Property, unless the process is in good faith disputed and the Holder is given security to pay in full the amount claimed; or **(v)** any person holding an encumbrance, lien or charge on any of the Mortgaged Property having a material value, takes steps to enforce same, and thereafter Holder receives notice of or otherwise becomes aware of any person taking steps to sell all or any part of the Property or the Additional Property.

"Mortgaged Property" wherever used herein means and includes all the undertakings and other properties and assets, present and future, of the Company expressed herein or in any instruments supplemental hereto to be, or intended to be, mortgaged, pledged or charged or made the subject of a security interest under this Debenture.

"Newmont Royalty Agreement" means the royalty agreement effective **July 26, 2002 made** between the Company and the Holder.

"Permitted Encumbrances" means: **(a)** liens for taxes, assessments or governmental charges or levies not at the time due and delinquent or the validity of which is being contested in good faith by the Company; **(b)** undetermined or inchoate liens and charges incidental to current construction or current operations which have not been filed against the Company or which relate to obligations not due or delinquent; (c) the right reserved to or vested in any governmental or public authority by any lease, license, franchise, grant, permit or statutory provision to terminate any lease, license, franchise, grant or permit, or to require annual or other periodic payments as a condition of the continuance thereof; **(d)** the encumbrance resulting from the deposit of cash or obligations as security when the Company is required to do so by governmental or other public authority or by normal business practice in connection with contracts, licenses or tenders or similar matters in the ordinary course of business and for the purpose of carrying on the same or to secure worker's compensation, surety or appeal bonds or to secure costs of litigation when required by law; **(e)** security given to a public utility or any governmental or public authority when required in connection with the operations of the Company; (f) easements, rights of way, servitudes or other similar rights in lands granted to or taken by other persons which in the aggregate do not materially impair the usefulness in the business of the Company of the lands subject to such easements, rights or servitudes; (g) the reservations, limitations, provisos and conditions expressed in any original grant from the Crown; (h) any encumbrances consented to in writing as a Permitted Encumbrance by the Holder; (i) the Newmont Royalty Agreement:; **Q)** the Total Royalty Agreement effective July 26, 2002 made between the Company and Total Resourc es (Canada) Limited **("Total"); and (k)** the Debenture dated July 26, 2002 between the Company and Total under which the Company has granted security for its obligations to Total under the Purchase and Sale Agreement and the Total Royalty Agreement..

"Proceeds" means all present and after acquired goods, chattel paper, money, securities, documents of title, instruments, intangibles or other property of the Company derived, directly or indirectly, from any dealing with any of the Mortgaged Property or proceeds of Mortgaged Property.

"Products" means all right, title and interest of the Company now held or hereafter acquired in and to all ores, minerals and mineral resources produced from any of the Property and the Additional Property.

"Property" means all right, title and interest of the Company now held or hereafter acquired in and to the mining leases described in Schedule "A" hereto, including without limitation any amendments, supplements, renewals and replacements of such mining leases.

"Purchase and Sale Agreement" means the purchase and sale agreement effective **July 16, 2002** among the Company and the Holder.

"Royalty" means the production royalties granted pursuant to the **Newmont Royalty Agreement.**

"Secured Obligations" means all indebtedness and liability, present and future, direct or indirect, absolute or contingent, of the Company to the Holder under sections 4(b) and 4(c) of the Purchase and Sale Agreement, subject to sections 4(d) and 4(e) of the Purchase and Sale Agreement, and section 9 of the **Newmont Royalty Agreement,** subject to section 4(d) of the Purchase and Sale Agreement.

TO HAVE AND TO HOLD the same unto and to the use and benefit of the Holder for the uses and purposes and with the powers and authority and subject to the terms and conditions set forth in this Debenture.

IN WITNESS WHEREOF this Debenture has been duly executed by the Company effective as of the date first written above.

5073 N.W.T. LIMITED

By: /s/
Title: President

Date: July 26, 2002
Its Authorized Representative **[SEAL]**

SCHEDULE "A" TO THE DEBENTURE

The following Mining Leases issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada

Lease Number	Issued Date	Acres
3016 (1st Renewal)	23-Oct-2001 (signed 1-Oct-01)	702.00
3158	25-Jul-1984 (signed 21-Jan-85)	1,376.00
3159	25-Jul-1984 (signed 21-Jan-85)	534.00
3160	25-Jul-1984 (signed 21-Jan-85)	1,878.00
3161	25-Jul-1984 (signed 21-Jan-85)	1,135.00
3219	9-Jul-1986 (signed 2-Jul-87)	168.10
3221	16-Jun-1986 (signed 11-Aug-87)	584.00
3222	24-Jun-1987 (signed 11-Aug-87)	907.00
3223	23-Jun-1987 (signed 11-Aug-87)	1,214.00
3228	30-Jun-1987 (signed 8-Apr-88)	2,357.00
3229	30-Jun-1987 (signed 8-Apr-88)	1,585.00
3230	30-Jun-1987 (signed 21-Apr-88)	518.00
3251	30-Jun-1987 (signed 22-Jun-88)	1,159.00
3357	26-Apr-1990 (signed 13-Dec-91)	1,890.00

3361	26-Apr-1990 (signed 13-Dec-91)	2,034.00
3791	9-Sep-1998 (signed 3-Oct-99)	80.20
3792	9-Sep-1998 (signed 3-Oct-99)	57.00
TOTAL	***	**18,178.30**

DEBENTURE Dated for

reference **July 26, 2002.**

5073 N.W.T. LIMITED, a company incorporated under the laws of the Northwest Territories, whose address is 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1J3
(the "Company")

Demand Debenture **US$20,580,000.00**

1. For value received the Company will on demand pay to **TOTAL RESOURCES (CANADA) LIMITED,** whose address is Suite 810, 202 6th Avenue S.W., Calgary, Alberta, Canada T2P 2R9 (the "Holder") or at such other place or places as the Holder may from time to time direct, the principal sum of Twenty Million Five Hundred Eighty Thousand United States Dollars (US$20,580,000.00) together with interest thereon at a rate of fifteen percent (15%) per annum.

2. Subject to the exception as to leaseholds set out in **section 3** hereof, as security for payment of the principal sum, interest, interest on overdue interest and other monies from time to time owing hereunder and for the performance and observance of all the Company's obligations and covenants hereof the Company hereby grants, mortgages, charges, pledges, assigns and

conveys as and by way of a fixed and :specific mortgage, pledge and charge to and in favor of the Holder and grants to the Holder a security interest in the Property, the Additional Property, the Products and the Proceeds.

3. The last day of any term created by any lease of real property or agreement therefor is hereby excepted out of the charge created by this Debenture but the Company shall stand possessed of a reversion thereof remaining upon trust for the Holder to assign and dispose thereof as the Holder shall direct.

4. Any notice required to be given in connection with this Debenture shall be given in accordance with the provisions for notices set out in the **Total Royalty Agreement.**

5. This Debenture has been issued and delivered by the Company to the Holder pursuant to an Instrument of Delivery effective **July 26, 2002,** which Instrument of Delivery contains various restrictions more particularly set out therein on the rights of the Holder with respect to this Debenture, including without limitation restrictions on the amount to be claimed hereunder and restrictions on the ability to demand payment hereunder. To the extent any such provisions of the Instrument of Delivery modify or conflict with the provisions of this Debenture, the provisions of the Instrument of Delivery shall govern. Pursuant to the Instrument of Delivery, the interest of the Holder in this Debenture may only be assigned as part of an assignment of the interest of the Holder in the Instrument of Delivery and the Secured Obligations.

6. This Debenture is issued subject to and with the benefit of the following conditions, each and all of which form part of this Debenture.

CONDITIONS TO DEBENTURE

1. The Company warrants and represents to the Holder that: **(a)** this Debenture is issued in accordance with resolutions of the Directors of the Company and all other matters and things have been done and performed so as to authorize and make the execution, creation and issuance of this Debenture legal arid valid and in accordance with the requirements of the laws relating to the

Company and all other statutes and laws in that behalf; **(b)** as of **July 26, 2002** the Company has not taken any action or made any agreement which would cause title to the Mortgaged Property not to be free from all security interests, mortgages, pledges, liens, charges and encumbrances whatsoever, except Permitted Encumbrances, and (c) its chief executive office is situate at 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1J3

1. The Company hereby covenants and agrees with the Holder that it will defend the Company's title to the Mortgaged Property against the claims and demands of all persons, will observe and perform all covenants, terms and conditions upon or under which any of the Mortgaged Property is secured, held or leased and will pay or cause to be paid as or before they become due all rents and other sums payable pursuant to any lease or any charge of or affecting any of the Mortgaged Property.

2. Except as otherwise specifically permitted by this Debenture or the **Total Royalty Agreement,** the Company shall not without the prior written consent of the Holder: **(a)** grant, create, assume or permit to exist any security interest, mortgage, pledge, charge, assignment, lien or other encumbrance, except Permitted Encumbrances, whether fixed or floating, upon the whole or any part of the Mortgaged Property; **(b)** allow any taxes, rates, levies or assessments, ordinary or extraordinary government fees or duties lawfully levied, assessed or imposed upon the Mortgaged Property to remain unpaid; **(c)** allow any debts and obligations to laborers, workers, employees, workers' compensation boards or others to remain unpaid if the same, if unpaid, would have priority over the security hereby created or any part thereof; **(d)** sell, lease or otherwise dispose of any of the Mortgaged Property, provided that, so long as no Event of Default has occurred and is continuing, the Company may sell, lease or otherwise dispose of Products, and use the Proceeds of such sale, lease or disposition, in the ordinary course of business, free of the security hereof; **(e)** change its name or the location of its chief executive office without giving 30 days prior written notice to the Holder; or **(f)** merge, amalgamate or enter into any other transaction whereby all of its property and assets could become vested in another person (provided that the Holder shall not unreasonably withhold its consent to such merger, amalgamation or transaction so long as it is satisfied, acting reasonably, that the successor arising

from such merger, amalgamation or transaction is bound by the terms hereof and of the Secured Obligations and that the enforceability or priority of this Debenture and the security hereof will not be adversely affected).

3. The Company shall at all times during the currency of this Debenture: **(a)** maintain and keep in proper order, repair and condition the Mortgaged Property and allow the Holder to inspect the Mortgaged Property at all reasonable times; and **(b)** advise the Holder forthwith of any acquisition by the Company of any Additional Property.

4. (a) The principal sum, interest and other monies hereby secured shall become due and payable and the security hereby constituted shall become enforceable upon demand by the Holder or, unless waived by the Holder, upon the occurrence of an Event of Default. **(b)** The Holder may waive any breach of any of the provisions contained in this Debenture or any default by the Company in the observance or performance of any covenant, condition or obligation required to be observed or performed by it under the terms of this Debenture. No waiver, consent, act or omission by the Holder shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default or the rights resulting therefrom and no waiver or consent by the Holder shall bind the Holder unless it is in writing. The inspection or approval by the Holder of any document or matter or thing done by the Company shall not be deemed to be a warranty or holding out of the adequacy, effectiveness, validity or binding effect of such document, matter or thing or a waiver of the Company's obligation.

5. At any time after the security hereby constituted has become enforceable, the Holder shall have the right and power: **(a)** to enter, take possession of, collect, get in and use all or any part or parts of the

Mortgaged Property with power to exclude the Company and its respective agents and servants therefrom and for such purpose to take any proceedings in the name of the Company or otherwise; **(b)** to preserve, maintain and repair the Mortgaged Property and make such replacements thereof and additions thereto as the Holder shall deem judicious; **(c)** either before or after entry to sell and dispose of or lease the Mortgaged Property, either as a whole or in parts, by public or private sale, and also to rescind or vary any contract of sale that was entered into and resell with or under any of the powers conferred hereunder and adjourn any sale from time to time and execute and deliver to the purchaser or purchasers of the whole or any part of the Mortgaged Property a sufficient deed or deeds therefor, the Holder being herein constituted the irrevocable attorney of the Company to sell the Mortgaged Property and to execute a deed or deeds and a sale made as aforesaid shall perpetually bar, both at law and in equity, the Company and all other persons from claiming the whole or any part of the Mortgaged Property. Subject to the claims of third parties, the proceeds of sale shall be applied firstly in payment of the principal sum hereof, interest accrued hereunder and all other monies owing hereunder, as allocated by the Holder, any surplus shall be paid to the Company.

1. At any time after the security hereby constituted has become enforceable the Holder may appoint by writing a receiver or receiver-manager (herein called the "Receiver") of the Mortgaged Property and may from time to time remove any Receiver so appointed and appoint another in his stead. The Receiver shall have power: **(a)** to take possession of and to collect and get in and use the Mortgaged Property and for those purposes to enter the Mortgaged Property and to act, in respect of the Mortgaged Property only, in the name of the Company or otherwise as the Receiver considers necessary; **(b)** to carry on or concur in carrying on the business of the Company, in respect of the Mortgaged Property only, and to employ and discharge any persons in respect thereof upon the terms and at the remuneration the Receiver considers proper; **(c)** to keep in repair the Mortgaged Property and to do all necessary things to carry on the business of the Company, in respect of the Mortgaged Property only, and to protect the Mortgaged Property; **(d)** to make any arrangement or compromise, in respect of the Mortgaged Property only, which the Receiver considers expedient in the interests of the Holder; **(e)** to borrow money to maintain the whole or any part of the Mortgaged Property; **(f)** to sell or lease or concur in the selling or leasing of the whole or any part of the Mortgaged Property; in exercising the Receiver's foregoing power to sell or lease the Mortgaged Property the Receiver may in his absolute discretion **(i)** sell the whole or part of the Mortgaged Property at public auction, by public or private tender, or by private sale; **(ii)** effect a sale or lease by conveying in the name of or on behalf of the Company or otherwise; **(iii)** make any stipulation as to title or conveyance or commencement of title; **(iv)** rescind or vary any contract of sale or leas e; **(v)** resell or release without being answerable for any loss occasioned thereby; **(vi)** sell on terms as to credit as shall appear to be most advantageous to the Receiver and if a sale is on credit the Receiver shall not be accountable for any monies until actually received; **(vii)** make any arrangements or compromises which the Receiver shall think expedient; and for the purposes aforesaid the Company hereby empowers the Receiver so appointed as its attorney to execute deeds, contracts, agreements or other documents on its behalf, in respect of the Mortgaged Property only, in any place under the

Receiver's seal and the same shall bind the Company and have the same effect as if such deeds were under the Company's common seal.

2. No purchaser at any sale purporting to be made by the Receiver pursuant to the aforesaid power shall be bound to inquire whether any notice required hereunder has been given, or as to the necessity or expediency of the sale or the stipulations subject to which it is made, or otherwise as to the propriety of the sale or regularity of its proceedings, or be affected by notice that no default has been made or continues, or notice that the sale is otherwise unnecessary, improper or irregular, and despite any impropriety or irregularity, or notice thereof to any purchaser, the sale as regards that purchaser shall be deemed to be within the aforesaid powers and be valid accordingly and the

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remedy, if any, of the Company in respect of any impropriety or irregularity whatsoever in any sale by the Receiver shall be in damages only.

1. The net profit of the business and the net proceeds of any disposal of the Mortgaged Property shall be applied by the Receiver subject to the claims of third parties, firstly in payment of the principal sum hereof, interest accrued hereunder and all other monies owing hereunder, as allocated by the Holder, and any surplus shall be paid to the Company.

2. The Receiver shall not be liable for any loss unless it is caused by the Receiver's own negligence or willful default. The Receiver shall be considered to be the agent of the Company and the Company shall be solely responsible for the Receiver's acts, defaults and remuneration.

3. The Holder may but shall not be obliged to pay and satisfy any monies or do any acts or things which the Company is required to do hereunder or under any security collateral hereto upon the Company's failure to do so and the amount so paid or the costs and expenses so incurred and all costs, fees or commissions in connection with the collection of monies due hereunder or enforcement of the security hereby granted may be paid and satisfied from any unadvanced portion of the monies to be advanced hereunder or otherwise and any amount paid by the Holder shall be repayable forthwith and shall bear interest at the rate provided for interest on the principal sum and shall be secured by the changes herein contained; provided however that so long as the validity of any tax, lien or fine is in good faith contested by the Company, the Holder shall not pay the same if the Company shall sati sfy the Holder and, if required, furnish security satisfactory to the Holder, that such contestation will involve no forfeiture of any part of the Mortgaged Property.

4. This Debenture and the charges hereby created shall be and remain valid and continuing security for the indebtedness and liability of the Company to the Holder hereunder.

5. This Debenture is in addition to and not in substitution for any other security which the Holder now or from time to time may hold or take from the Company. Neither the taking of any judgment nor the exercise of any power of seizure or sale shall operate to extinguish the obligation of the Company to pay the principal, interest and other monies secured by this Debenture and shall not operate as a merger of any covenant in this Debenture, and the acceptance of any payment or alternate security shall not constitute or create a novation, and the taking of a judgment or judgments under a covenant herein contained shall not operate as a merger of those covenants or affect the Holder's right to interest under this Debenture. All rights and remedies of the Holder hereunder shall be cumulative and no remedy herein conferred or renewed is intended to be exclusive but shall be in additio n to every other remedy given hereunder.

6. The Company shall forthwith and from time to time do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered or make all reasonable efforts to obtain all and every such further acts, deeds, mortgages, assignments, transfers, consents, waivers, assurances or indentures supplemental hereto as the Holder shall reasonably require for the better assuring, mortgaging, assigning and confirming unto or vesting in the Holder all and singular the Mortgaged Property charged or intended so to be or which the Company may hereafter become bound to mortgage and charge in favor of the Holder or for the better accomplishing and effectuating the intention of this Debenture.

7. Without limitation of the provisions of **condition 14** hereof: **(a)** in the event the Company shall acquire legal title to any of the Additional Property, the Company shall, at the request of the Holder, execute and deliver all such documents and do all such things as may be required to permit registration of the security hereof in any office of public record with respect to such Additional

Property; and **(b)** in the event that a person other than the Company shall hold legal title to any of the Additional Property for the benefit of the Company, the Company shall deliver to such person such notice or other evidence of the interest of the Holder in the Mortgaged Property, and obtain and deliver to the Holder such acknowledgements by such person of such interest of the Holder, as the Holder may reasonably require.

1. This Debenture shall be construed in accordance with the laws of the Northwest Territories of Canada.

2. Time shall be of the essence of this Debenture.

3. If a provision of this Debenture is wholly or partially invalid, at the option of the Holder, this Debenture shall be interpreted as if the invalid portion had not been a part thereof.

4. As specified in **section 5** of this Debenture, assignment of this Debenture is limited, as more particularly provided in the Instrument of Delivery. This Debenture and all of its provisions shall enure to the benefit of the Holder, its successors and assigns, and shall be binding upon the Company and its successors and assigns. The expression the "Holder" as used herein shall include the Holder's assigns whether immediate or derivative.

5. In this Debenture the following terms shall have the following meanings:

"Additional Property" means all of the Company's presently owned or hereafter acquired right, title and interest in and to any mining claim, license, lease, grant, concession, permit, patent or other mineral property or other rights or interest located wholly or partly within the Area of Interest.

"Area of Interest" means all land and minerals or other rights or interests lying within an area comprised of lines drawn two (2) kilometers from and parallel to all exterior boundaries of the Property.

"Event of Default" means any one of the following events: **(a)** if a default is made by the Company in paying any of the Secured Obligations to the Holder when due and such default is not remedied within thirty (30) days; **(b)** if a default is made by the Company in performance or observance of any other term of this Debenture and, if such default is capable of remedy, is not remedied within thirty (30) days of notice thereof by the Holder to the Company; **(c)** if any representation or warranty of the Company contained in this Debenture is found to be untrue in any material adverse respect; **(d)** if the Secured Obligations set out in section 4(c) of the Purchase and Sale Agreement have not been satisfied then if any one of: **(i)** a receiver and/or manager, liquidator, trustee, administrator or any other person with like powers for all or any part of the assets of the C ompany shall be appointed, or if an order is made or a resolution passed for the winding up, dissolution or liquidation of the Company or if the Company ceases or demonstrates an intention to cease to carry on its business; **(ii)** the Company becomes or acknowledges that it is insolvent, makes a voluntary assignment under the *Bankruptcy and Insolvency Act* or files a proposal under the *Bankruptcy and Insolvency Act* or seeks protection under the *Companies' Creditors Arrangement Act,* or any other debt moratorium or restructuring legislation; **(iii)** proceedings are commenced against the Company under the *Bankruptcy and Insolvency Act* or any similar legislation; **(iv)** any execution, sequestration, extent, distress or analogous process shall be levied upon any part of the Mortgaged Property, unless the process is in good faith disputed and the Holder is given security to pay in full the amount claimed; or **(v)** any person holding an encumbrance, lien or charge on a ny of the Mortgaged Property having a material value, takes steps to enforce same; and **(e)** if the Secured Obligations set out in section 4(c) of the Purchase and Sale Agreement have been satisfied then if any one of: **(i)** a receiver and/or manager,

liquidator, trustee, administrator or any other person with like powers for all or any part of the assets of the Company shall be appointed, or if an order is made or a resolution passed for the winding up, dissolution or liquidation of the Company or if the Company ceases or demonstrates an intention to cease to carry on its business; **(ii)** the Company becomes or acknowledges that it is insolvent, makes a voluntary assignment under the *Bankruptcy and Insolvency Act* or files a proposal under the *Bankruptcy and Insolvency Act* or seeks protection under the *Companies' Creditors Arrangement Act,* or any other debt moratorium or restructuring legislation; **(iii)** proceedings are commenced against the Company under the *Bankruptcy and Insolvency Act* or any similar legislation; **(iv)** any execution, sequestration, extent, distress or analogous process shall b e levied upon any part of the Mortgaged Property, unless the process is in good faith disputed and the Holder is given security to pay in full the amount claimed; or **(v)** any person holding an encumbrance, lien or charge on any of the Mortgaged

Property having a material value, takes steps to enforce same, and thereafter Holder receives notice of or otherwise becomes aware of any person taking steps to sell all or any part of the Property or the Additional Property.

"Mortgaged Property" wherever used herein means and includes all the undertakings and other properties and assets, present and future, of the Company expressed herein or in any instruments supplemental hereto to be, or intended to be, mortgaged, pledged or charged or made the subject of a security interest under this Debenture.

"Permitted Encumbrances" means: **(a)** liens for taxes, assessments or governmental charges or levies not at the time due and delinquent or the validity of which is being contested in good faith by the Company; **(b)** undetermined or inchoate liens and charges incidental to current construction or current operations which have not been filed against the Company or which relate to obligations not due or delinquent; **(c)** the right reserved to or vested in any governmental or public authority by any lease, license, franchise, grant, permit or statutory provision to terminate any lease, license, franchise, grant or permit, or to require annual or other periodic payments as a condition of the continuance thereof; **(d)** the encumbrance resulting from the deposit of cash or obligations as security when the Company is required to do so by governmental or other public authority or by normal b usiness practice in connection with contracts, licenses or tenders or similar matters in the ordinary course of business and for the purpose of carrying on the same or to secure worker's compensation, surety or appeal bonds or to secure costs of litigation when required by law; **(e)** security given to a public utility or any governmental or public authority when required in connection with the operations of the Company; **(f)** easements, rights of way, servitudes or other similar rights in lands granted to or taken by other persons which in the aggregate do not materially impair the usefulness in the business of the Company of the lands subject to such easements, rights or servitudes; **(g)** the reservations, limitations, provisos and conditions expressed in any original grant from the Crown; **(h)** any encumbrances consented to in writing as a Permitted Encumbrance by the Holder; and **(i)** the Total Royalty Agreement; **(j)** the Newmont Royalty Agreement effective July 26, 2002 mad e between the Company and Newmont Canada Limited **("Newmont");** and **(k)** the Debenture dated July 26, 2002 between the Company and Newmont under which the Company has granted security for its obligations to Newmont under the Purchase and Sale Agreement and the Newmont Royalty Agreement..

"Proceeds" means all present and after acquired goods, chattel paper, money, securities, documents of title, instruments, intangibles or other property of the Company derived, directly or indirectly, from any dealing with any of the Mortgaged Property or proceeds of Mortgaged Property.

"Products" means all right, title and interest of the Company now held or hereafter acquired in and to all ores, minerals and mineral resources produced from any of the Property and the Additional Property.

"Property" means all right, title and interest of the Company now held or hereafter acquired in and to the mining leases described in Schedule "A" hereto, including without limitation any amendments, supplements, renewals and replacements of such mining leases.

"Purchase and Sale Agreement" means the purchase and sale agreement effective **July 16, 2002** among the Company and the Holder.

"Royalty" means the production royalties granted pursuant to the **Total Royalty Agreement.**

"Secured Obligations" means all indebtedness and liability, present and future, direct or indirect, absolute or contingent, of the Company to the Holder under sections 4(b) and 4(c) of the Purchase and Sale Agreement, subject to sections 4(d) and 4(e) of the Purchase and Sale Agreement, and section 9 of the **Total Royalty Agreement,** subject to section 4(d) of the Purchase and Sale Agreement.

"Total Royalty Agreement" means the royalty agreement effective **July 26, 2002** made between the Company and the Holder.

TO HAVE AND TO HOLD the same unto and to the use and benefit of the Holder for the uses and purposes and with the powers and authority and subject to the terms and conditions set forth in this Debenture.

IN WITNESS WHEREOF this Debenture has been duly executed by the Company effective as of the date first written above.

5073 N.W.T. LIMITED

By: /s/

Title: President

Date: July 26, 2002

Its Authorized Representative

[SEAL]

SCHEDULE "A" TO THE DEBENTURE

The following Mining Leases issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada

Lease Number	Issued Date	Acres
3016 (1S, Renewal)	23-Oct-2001 (signed 1-Oct-01)	702.00
3158	25-Jul-1984 (signed 21-Jan-85)	1,376.00
3159	25-Jul-1984 (signed 21-Jan-85)	534.00
3160	25-Jul-1984 (signed 21-Jan-85)	1,878.00
3161	25-Jul-1984 (signed 21-Jan-85)	1,135.00
3219	9-Jul-1986 (signed 2-Jul-87)	168.10
3221	16-Jun-1986 (signed 11-Aug-87)	584.00
3222	24-Jun-1987 (signed 11-Aug-87)	907.00
3223	23-Jun-1987 (signed 11-Aug-87)	1,214.00
3228	30-Jun-1987 (signed 8-Apr-88)	2,357.00
3229	30-Jun-1987 (signed 8-Apr-88)	1,585.00
3230	30-Jun-1987 (signed 21-Apr-88)	518.00
3251	30-Jun-1987 (signed 22-Jun-88)	1,159.00
3357	26-Apr-1990 (signed 13-Dec-91)	1,890.00
3361	26-Apr-1990 (signed 13-Dec-91)	2,034.00
3791	9-Sep-1998 (signed 3-Oct-99)	80.20
3792	9-Sep-1998 (signed 3-Oct-99)	57.00
TOTAL	***	**18,178.30**

ASSIGNMENT OF MINING LEASES

(With a Company Seal)

Newmont Canada Limited, a body corporate, incorporated under the laws of the Province of Ontario, whose address is 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, Canada M4R 1K8, being the holder of 100% of the Mining Lease numbers described on Schedule "A", in consideration of the sum of $10.00, payment of which is hereby acknowledged by Newmont Canada Limited, hereby transfers 100% of the Mining Lease Numbers described on Schedule "A" unto **5073 N.W.T. Limited,** a body corporate, incorporated under the laws of the Northwest Territories, whose address is 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1J3, and holder of Prospector's License N32559.

The Post Address of 5073 N.W.T. Limited is: 5073 N.W.T.

Limited

172 King Street East, 3rd Floor
Toronto, Ontario M5A 1J3 CANADA
Phone 416-367-9292
Fax 416-367-2711

Dated **July 26, 2002**

NEWMONT CANADA LIMITED

By:

Title:

Date:

Its Authorized Representative

[SEAL]

Encl. CAD$425.00 (CAD$25

SCHEDULE "A" TO THE ASSIGNMENT OF MINING LEASES

The following Mining Leases issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada

Lease Number	Issued Date	Acres
3016 (1st Renewal)	23-Oct-2001 (signed 10-1-01)	702.00
3158	25-Jul-1984 (signed 1-21-85)	1,376.00
3159	25-Jul-1984 (signed 1-21-85)	534.00
3160	25-Jul-1984 (signed 1-21-85)	1,878.00
3161	25-Jul-1984 (signed 1-21-85)	1,135.00
3219	9-Jul-1986 (signed 7-2-87)	168.10
3221	16-Jun-1986 (signed 11-Aug-87)	584.00
3222	24-Jun-1987 (signed 11-Aug-87)	907.00
3223	23-Jun-1987 (signed 11-Aug-87)	1,214.00
3228	30-Jun-1987 (signed 8-Apr-88)	2,357.00
3229	30-Jun-1987 (signed 8-Apr-88)	1,585.00
3230	30-Jun-1987 (signed 21-Apr-88)	518.00
3251	30-Jun-1987 (signed 22-Jun-88)	1,159.00
3357	26-Apr-1990 (signed 13-Dec-91)	1,890.00
3361	26-Apr-1990 (signed 13-Dec-91)	2,034.00
3791	9-Sep-1998 (signed 3-Oct-99)	80.20

3792	9-Sep-1998 (signed 3-Oct-1999)	57.00
TOTAL	***	**18,178.30**

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT ("Agreement") effective **July 26, 2002** (the "Effective Date")

AMONG:

NEWMONT CANADA LIMITED, a corporation incorporated under the laws of the Province of Ontario, whose address is 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, Canada M4R 1K8, Facsimile: 416.488.6598

(hereinafter **"NEVVMONT")**

and

TOTAL RESOURCES (CANADA) LIMITED, a corporation incorporated under the federal laws of Canada under the Canadian Business Corporations Act, whose address is Suite 810, 202 6th Avenue S.W., Calgary Alberta, Canada T2P 2R9, Facsimile: 403.571.7595

(hereinafter **"TOTAL")**

(NEWMONT and TOTAL, collectively hereinafter **"SELLERS")**

and

SEABRIDGE GOLD INC., a corporation incorporated under the laws of the Province of British Columbia, whose address is 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1 J3, Facsimile: 416.367.2711

(hereinafter **"SEABRIDGE")**

and

5073 N.W.T. LIMITED., a corporation incorporated under the laws of the Northwest Territories, whose address is 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1J3, Facsimile: 416.367.2711

(hereinafter **"NWTCo")**

RECITALS

WHEREAS pursuant to that certain Tundra Joint Venture Operating Agreement dated January 1, 1982 by and between Noranda Exploration Company, Limited (No Personal Liability) (predecessor to Newmont) and Getty Canadian Metals, Limited (predecessor to Total) (the "Joint Venture Agreement") in respect of the exploration, development and operation of the Tundra Property in the Courageous Lake area of the Northwest Territories, Canada (the "Joint Venture"), more particularly described on attached Schedule "A" (the "Property"), NEWMONT owned an undivided fifty one (51%) interest in and to the Property and the Joint Venture Agreement and TOTAL owned an undivided forty nine percent (49%) interest in and to the Property and the Joint Venture Agreement;

AND WHEREAS on 07/04/86 Getty Canadian Metals, Limited assigned to Getty Resources Limited all of its interest in and to the Property and the Joint Venture Agreement, and on 07/07/86 Getty Resources Limited assigned to GRL Acquisition Ltd. all of its interest in and to the Property and the Joint Venture Agreement, and on 07/09/86 GRL Acquisition Ltd. and Getty Resources Limited were amalgamated into Getty Resources Limited, and on 10/07/88 Getty Resources Limited was amalgamated into Total Energold Corporation, and on 08/31/91 Total Energold Corporation assigned to Total Erickson Resources Ltd. all of its interest in and to the Property and the Joint Venture Agreement, and on 10/23/92 Total Erickson Resources Ltd. assigned to **Total Resources (Canada) Limited** all of its interest in and to the Property and the Joint Venture Agreement ;

AND WHEREAS on 05/01/91 Noranda Exploration Company, Limited (No Personal Liability) assigned to Hemlo Gold Mines Inc. all of its interest in and to the Property and the Joint Venture Agreement, and on 07/19/96 Hemlo Gold Mines Inc. was amalgamated with Battle Mountain Gold Company, Hlemlo Gold Mines Inc. became a subsidiary of Battle Mountain Gold Company, and Hemlo Gold Mines Inc. changed its name to Battle Mountain Canada Ltd., and on 02/19/01 Battle Mountain Canada Ltd. changed its name to **Newmont Canada Limited;**

AND WHEREAS pursuant to the terms and conditions of that certain "Purchase and Sale Agreement" dated effective **July 16, 2002** with respect to the Property, **(a)** Newmont and Total (the "SELLERS") have sold, transferred and assigned to SEABRIDGE all of their right, title, interest and obligations in and to the Property; **(b)** SEABRIDGE has purchased all of the SELLERS' right, title, interest and obligations in and to the Property, **(c)** the SELLERS have agreed to terminate the Joint Venture and the Joint Venture Agreement in such a manner as to provide for the SELLERS to receive a perpetual production royalty on 100% of the Property and the Area of Interest, and **(d)** SEABRIDGE has **(i)** paid to the SELLERS a Cash Payment of US$2,500,000, **(ii)** agreed to grant to the SELLERS a Royalty, and **(iii)** agreed to pay to the SELLERS certain Additional Cash Payments under certain conditions, the details of which are set out in the Purchase and Sale Agreement.

AND WHEREAS SEABRIDGE, having delivered to the SELLERS checks totalling US$2,500,000, would like to assign all of its rights and interest in the Property subject to all its obligations under the Purchase and Sale Agreement, to its wholly owned subsidiary NWTCo and in connection therewith: **(a)** NWTCo will agree to assume all of SEABRIDGE's obligations under the Purchase and Sale Agreement, including the execution and delivery of the Royalty Agreement, the Instrument of Delivery and the Debenture and the performance of the terms thereof; and **(b)** SEABRIDGE will enter into Guarantee Agreements in the forms attached hereto as Schedule "B" and Schedule "C" under which it guarantees the obligations of NWTCo under the Purchase and Sale Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSETH that for and in consideration of the premises and the covenants and conditions herein set forth and set forth in the Guarantee Agreements, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows.

1. Assignment of Interest. Effective on the Effective Date **(a)** SEABRIDGE hereby sells, transfers and assigns to NWTCo all of its right, title, interest and obligations in and to the Property and the Purchase and Sale Agreement and all of SEABRIDGE'S rights, benefits and privileges relating thereto; and **(b)** NWTCo hereby purchases all of SELLERS' right, title, interest and obligations in and to the Property, the Purchase and Sale Agreement and all of

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SEABRIDGE'S rights, benefits and privileges relating thereto, subject to the terms and conditions of this Agreement.

1. Purchase Price. As consideration for the purchase and sale of the Property, all of SEABRIDGE's right, title, interest and obligations in and to the Property and the Purchase and Sale Agreement and all of SEABRIDGE'S rights, benefits and privileges relating thereto, NWTCo **(a)** shall issue to SEABRIDGE 50 shares of NWTCo; **(b)** hereby assumes all of SEABRIDGE's covenants, obligations and liabilities in respect of the Property under the Purchase and Sale Agreement, including the execution and delivery of the Royalty Agreements, the Instruments of Delivery and the Debentures and the performance of the terms thereof; and **(c)** hereby agrees with the SELLERS to observe and be bound by all of the provisions of the Purchase and Sale Agreement and the Royalty Agreement in the place and stead of SEABRIDGE.

2. Confirmation of Intent. SEABRIDGE and NWTCo hereby confirm that it their intent that the foregoing provisions will have the same legal effect as though NWTCo had entered into the Purchase and Sale Agreement and paid the SELLERS US$2,500,000 in the place of SEABRIDGE and thereby held the rights, subject to the obligations, of Seabridge as a result thereof, except as set out in **section 4** hereof.

3. Representations of NWTCo. NWTCo hereby makes the representations and warranties made by SEABRIDGE in the Purchase and Sale Agreement except that such representations shall be deemed to be with respect to itself (where it is stated to be made in respect of Seabridge) and this Assignment Agreement (where it is stated to be made in respect of the Purchase and Sale Agreement).

4. Consent of SELLERS. Subject to SEABRIDGE entering into the Guarantee Agreements with the SELLERS in the forms attached hereto as Schedules "B" amd "C" and NWTCo executing and delivering the Royalty Agreements, the Instruments of Delivery and the Debentures, the SELLERS hereby consent to this assignment of SEABRIDGE's rights and interest in the Property and the Purchase and Sale Agreement and agree that this Agreement satisfies the condition set out in **section 23(b)** of the Purchase and Sale Agreement in respect of obtaining the agreement of the assignee to certain matters.

5. Direction Regarding Assignment of Mining Leases. Seabridge and NWTCo hereby direct the SELLERS to prepare, execute and deliver at Closing an Assignment of Mining Lease in the form attached to the Purchase and Sale Agreement as Schedule "D" except that it shall designate NWTCo instead of SEABRIDGE as the assignee and include NWTCo's propector's license number, being **N32559.**

6. Section 85(1) Election. SEABRIDGE and NWTCo hereby agree to file an election pursuant to section 85(1) of the *Income Tax Act* (Canada) wherein SEABRIDGE and NWTCo will agree that the elected amount in respect of the transfer of the Property, all of SEABRIDGE's right, title, interest and obligations in and to the Property and the Purchase and Sale Agreement and all of SEABRIDGE'S rights, benefits and privileges relating thereto, will be $1.00.

7. General Provisions.

(a) Amendment. This Agreement may be amended, modified or supplemented only by a written agreement signed by each Party.

(a) Applicable Law. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario, Canada and the federal laws of Canada applicable therein.

(b) Notices. For the purposes of giving NWTCo notices under the terms of the Purchase and Sale Agreement, such notice shall be given in the manner specified, and with the effect specified, in the Purchase and Sale Agreement except that such

notices shall be given at the applicable address first set forth in this Agreement, or if sent by facsimile transmission, at the address first set forth in this Agreement.

(c) Further Assurances. The parties promptly shall execute all such further instruments and documents and do all such further actions as may be necessary to effectuate the purposes of this Agreement.

(d) English Language. The Parties hereto expressly declare that they require this Agreement, and all documents and notices relating thereto, to be drafted and written solely in the English language. Les Parties déclarent expressément qu'elles exigent que ce contrat, ainsi que tous les documents et avis s'y rapportant, soient rédigés et écrits exclusivement en anglais.

(e) Counterparts. This Agreement may be executed in any number of counterparts, and it shall not be necessary that the signatures of all Parties be contained on any counterpart. Each counterpart shall be deemed an original, but all counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF the Parties hereto have duly executed this Agreement effective as of the date first written above.

NEWMONT CANADA LIMITED

By: /s/

Title: Vice President

Date: 7 - 22 - 02

Its Authorized Representative

[SEAL]

TOTAL RESOURCES (CANADA) LIMITED

By: /s/
Title: Director

Date: 26 July ' 02

Its Authorized Representative

[SEAL]

SEABRIDGE GOLD INC.

By: /s/
Title: President & CEO

Date: July 26, 2002

Its Authorized Representative

[SEAL]

5073 N.W.T. Limited

By: /s/
Title: President & CEO

Date: July 26, 2002

Its Authorized Representative

SCHEDULE "A" TO THE ASSIGNMENT AND ASSUMPTION AGREEMENT

(Description of the "Property")

The following Mining Leases issued by Her Majesty the Queen, as represented by the Minister of the Department of Indian Affairs and Northern Development, Northwest Territories, Canada.

Lease Number	Issued Date	Acres
3016 (1st Renewal)	23-Oct-2001 (signed 1-Oct-01)	702.00
3158	25-Jul-1984 (signed 21-Jan-85)	1,376.00
3159	25-Jul-1984 (signed 21-Jan-85)	534.00
3160	25-Jul-1984 (signed 21-Jan-85)	1,878.00
3161	25-Jul-1984 (signed 21-Jan-85)	1,135.00
3219	9-Jul-1986 (signed 2-Jul-87)	168.10
3221	16-Jun-1986 (signed 11-Aug-87)	584.00
3222	24-Jun-1987 (signed 11-Aug-87)	907.00
3223	23-Jun-1987 (signed 11-Aug-87)	1,214.00
3228	30-Jun-1987 (signed 8-Apr-88)	2,357.00
3229	30-Jun-1987 (signed 8-Apr-88)	1,585.00
3230	30-Jun-1987 (signed 21-Apr-88)	518.00
3251	30-Jun-1987 (signed 22-Jun-88)	1,159.00
3357	26-Apr-1990 (signed 13-Dec-91)	1,890.00
3361	26-Apr-1990 (signed 13-Dec-91)	2,034.00
3791	9-Sep-1998 (signed 3-Oct-99)	80.20
3792	9-Sep-1998 (signed 3-Oct-99)	57.00
TOTAL	***	**18,178.30**

SCHEDULE "B" TO THE ASSIGNMENT AND ASSUMPTION AGREEMENT

(the "Guarantee Agreement")
(Newmont)

GUARANTEE AGREEMENT
SEABRIDGE GOLD INC.

This Guarantee, Agreement ("Guarantee") dated July 26, 2002 (the "Effective Date") is made by

SEABRIDGE GOLD INC., a corporation incorporated under the laws of the Province of British Columbia, whose address is 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1 J3

(hereinafter the "Guarantor") to and in favor of

NEWMONT CANADA LIMITED, a corporation incorporated under the laws of the Province of Ontario, whose address is 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, Canada M4R 1K8

(hereinafter the "Creditor")

NOW THEREFORE, in consideration of the sum of $10.00 in lawful money of Canada now paid by the Creditor to the Guarantor and of other good and valuable consideration the receipt and sufficiency of which the Guarantor hereby acknowledges, the Guarantor hereby agrees as follows:

1. **DEFINITIONS**

1.1. Other Definitions. In this Guarantee, the following words and terms shall have the following meanings:

(a) **"E3ankruptcy Legislation"** means the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) and any other bankruptcy, insolvency or debt moratorium legislation in effect from time to time;

(b) **"Guarantee"** means this Guarantee Agreement, as the same may be amended, supplemented, restated or replaced from time to time.

(c) **"Guaranteed Obligations"** means that term as defined in Section 2.1 below;

(d) **"Instrument of Delivery"** means the instrument of delivery dated effective July 26, 2002 pursuant to which the Obligant delivered to the Creditor a debenture in the principal amount of US$21,420,000;

(e) **"Obligant"** means "5073 N.W.T. Limited", a Northwest Territories corporation;

(f) **"Secured Obligations"** means the Secured Obligations, as that term is defined in the Instrument of Delivery, owing from time to time by the Obligant to the Creditor.

2. **GUARANTEE**

2.1. Guarantee. The Guarantor hereby irrevocably and unconditionally guarantees the due and punctual payment to the Creditor, of all of the Secured Obligations, and any and all out-of-pocket expenses (including counsel fees and disbursements on a solicitor and own client basis) incurred by the Creditor in enforcing any of its rights under this Guarantee (all of the Secured Obligations and such expenses being hereinafter collectively referred to as the **"Guaranteed Obligations").**

2.2. Liability. Subject to section 2.3 hereof, the Guarantor guarantees that the Guaranteed Obligations will be paid to the Creditor, and performed, strictly in accordance with their terms and conditions, that the Guarantor shall be liable as principal debtor and not solely as surety with respect to the payment of the Guaranteed Obligations and that the liability of the Guarantor under this Guarantee shall be absolute and unconditional irrespective of: **(a)** the lack of validity or enforceability of any terms of the Secured Obligations by virtue of any Bankruptcy Legislation; **(b)** any contest of the Obligant or any other person as to the amount of the Guaranteed Obligations or the validity or enforceability of any terms of the Secured Obligations or the priority of any security granted to the Creditor by the

Obligant or any other person; **(c)** any loss, or loss of value of, any secu rity granted to the Creditor; (d)any defense, counter-claim or right of set-off available to the Obligant or any other person; **(e)** any extension of the time or times for payment, renewals or extensions of the Guaranteed Obligations or any other indulgences which the Creditor may grant to the Obligant or any other person or any other amendment to, or alteration or renewal of, the Secured Obligations or any of the Guaranteed Obligations, including, without limitation, any increase or decrease in the interest rate applicable thereto, or any portion thereof; **(f)** any dealings with the security or any other guarantees which the Creditor holds or may hold pursuant to the terms and conditions of the Secured Obligations, including the taking, giving up, releasing, discharging or exchange of securities, the variation or realization thereof, the waiver or subordination thereof, the failure or decision not to perfect any security, the accepting of compositions and the granting of releases and discharges; (g) the sale, assignment or transfer of or granting of one or rnore participations in all or any part of the Guaranteed Obligations or any of the benefits of this Guarantee; **(h)** any invalidity, non-perfection or unenforceability of any security held by the Creditor or any irregularity or defect in the manner or procedure by which the Creditor realizes on such security; and **(i)** any other circumstances which might otherwise constitute a defense available to, or a discharge of, the Guarantor, the Obligant or any other person in respect of the Guaranteed Obligations or this Guarantee.

2.3 Limitation. Notwithstanding anything to the contrary contained in this Guarantee, the liability of the Guarantor under this Guarantee shall be limited as follows: **(a)** the Guarantor shall have the benefit of any defense, counterclaim or set-off available to the Obligani: with respect to any of the Secured Obligations, save and except for any defense, counterclaim or set-off arising solely by virtue of Bankruptcy Legislation, and **(b)** in the event that, pursuant to applicable Bankruptcy Legislation, the Obligant is discharged from any of the Secured Obligations, the Guarantor shall have no liability hereunder in respect of such Secured Obligations except to the extent that such Secured Obligations were due and payable by the Obligant immediately prior to such discharge.

3. ENFORCEMENT

3.1. Remedies. The Creditor need not seek or exhaust its recourse against the Obligant or any other person or realize on any security it may hold in respect of the Guaranteed Obligations before being entitled to payment under this Guarantee. Should the Creditor elect to realize on any security it may hold, either before, concurrently with or after demand for payment under this Guarantee, the Guarantor shall not have a right of discussion or division.

3.2. Impairment of Security. Subject to section 2.3, any loss of or in respect of any security received by the Creditor from the Obligant or any other person shall not discharge *pro tanto* or limit or lessen the liability of the Guarantor under this Guarantee.

3.3. Amount of Guaranteed Obligations. Any account settled or stated by or among the Creditor and the Obligant or if any such account has not been settled or stated immediately before demand for payment under this Guarantee, any account stated by the Creditor shall, in the absence of manifest mathematical error, be accepted by the Guarantor as *prima* facie evidence of the amount of the Guaranteed Obligations which is due by the Obligant to the Creditor or remains unpaid by the Obligant to the Creditor as the case may be.

3.4. Payment on Demand. The obligation of the Guarantor to pay any amount of the Guaranteed Obligations when due and all other amounts due and payable by it to the Creditor under this Guarantee shall arise, and the Guarantor shall make such payments, immediately after demand for same is made in writing to it. The liability of the Guarantor shall bear interest from the date of such demand at the rate of 15% per annum.

3.5. No Prejudice to Creditor. The Creditor shall not be prejudiced in any way in the right to enforce any provision of this Guarantee by any act or failure to act on the part of the Obligant or the Creditor. The Creditor may, at any time and from time to time, in such manner as it may determine is expedient, without any consent of, or notice to, the Guarantor, and without impairing or releasing the obligations of the Guarantor: **(a)** change 1:he manner, place or terms of payment or change or extend the time of payment of, or renew or alter, the Guaranteed Obligations;

(b) renew, determine, vary or increase any credit or credit facilities to, or the terms or conditions in respect of any transaction with, the Obligant or any other person; **(c)** release, compound or vary the liability of the Obligant or any other person liable in any manner under or in respect of the Guaranteed Oblig ations; **(d)** exercise or enforce or refrain from exercising or enforcing any right or security against the Obligant the Guarantor or any other person; and **(e)** apply any sums from time to time received to the Guaranteed Obligations. In its dealings with the Obligant, the Creditor need not enquire into the authority or power of any person purporting to act for or on behalf of the Obligant.

3.6. No Subrogation. Notwithstanding any other provision of this Guarantee, the Guarantor irrevocably waives, until payment in full of the Guaranteed Obligations, any claim, remedy or other right which it may now have or hereafter acquire against the Obligant that arises from the existence, payment, performance or enforcement of the Guarantor's obligation under this Guarantee, including any right of subrogation, reimbursement, exoneration, indemnification or any right to participate in any claim or remedy of the Creditor against the Obligant or any collateral which the Creditor now has or hereafter acquires, whether or not such claim, remedy or other right is reduced to judgment or is

liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured, and whether or not such claim, remedy or other right arises in equity or under contract, statute or common law.

3.7. No Set-off. To the fullest extent permitted by law, but subject to section 2.3, the Guarantor shall make all payments under this Guarantee without regard to any defense, counter-claim or right of set-off available to it.

3.8. Changes in the Obligant. Any change or changes in the name of or reorganization (whether by way of reconstruction, consolidation, amalgamation, merger, transfer, sale, lease or otherwise) or any change in partners of the Obligant, if applicable, shall not affect or in any way limit or lessen the liability of the Guarantor under this Guarantee.

3.9. Continuing Guarantee. Subject to section 2.3, this Guarantee shall be a continuing Guarantee, shall extend to all present and future Guaranteed Obligations, shall apply to and secure the ultimate balance of the Guaranteed Obligations due or remaining due to the Creditor, and shall be binding as a continuing obligation of the Guarantor until the Creditor releases the Guarantor upon payment of the Guaranteed Obligations in full. This Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by the Creditor upon the insolvency, bankruptcy or reorganization of the Obligant or otherwise, all as though such payment had not been made.

3.10. Supplemental Security. This Guarantee is in addition and without prejudice to and supplemental to all other guarantees and securities held or which may hereafter be held by the Creditor.

4. GENERAL

4.1. Notices, etc. Any notice, direction or other communication to be given under this Guarantee shall, except as otherwise permitted hereunder, be in writing and given in the same manner as provided in the documents evidencing the Secured Obligations, with any communication to the Guarantor to be given to the Guarantor at the relevant address specified for the Obligant.

4.2. Gender and Number. Any reference in this Guarantee to gender shall include all genders and words importing the singular number only shall include the plural and vice versa.

4.3 Headings, etc. The provision of a table of contents, the division of this Guarantee into articles and sections and the insertion of headings are for convenient reference only and are not to affect the interpretation of this Guarantee.

4.4. Successors and Assigns. This Guarantee shall be binding upon the Guarantor and its successors, and shall enure to the benefit of the Creditor and its respective successors and assigns.

4.5. Entire Agreement. This Guarantee embodies all the agreements between the Guarantor and the Creditor which may limit the obligations of the Guarantor under this Guarantee and the Creditor shall not be bound by any representation or promise made by any person relative thereto which is not embodied herein; and it is specifically agreed that

the Creditor shall not be bound by any representations or promises made by the Obligant to the Guarantor. Possession of this Guarantee by the Creditor shall be conclusive evidence against the Guarantor that the Guarantee was not delivered in escrow or pursuant to any condition or agreement that it should not be effective until any condition precedent or subsequent has been satisfied or complied with.

4.6. Acknowlledgement of Guarantor. The Guarantor acknowledges that: **(a)** the Creditor would not have entered into any of the transactions or documents relating to the transactions with the Obligant contemplated therein without this Guarantee; and **(b)** the transactions giving rise to the Guaranteed Obligations in connection with which this Guarantee is granted are of substantial benefit to the Guarantor.

4.7. Severability. Any provision of this Guarantee which is or becomes prohibited or unenforceable in any relevant jurisdiction shall not invalidate or impair the remaining provisions hereof which shall, to the maximum extent permitted by law, be deemed severable from such prohibited or unenforceable provision and any such prohibition or unenforceability in any such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

4.8. Governinq Law. This Guarantee shall be governed by and interpreted and enforced in accordance with the laws of the Northwest Territories and the laws of Canada applicable therein.

4.9. Reference Date. This Guarantee may be referred to as the Guarantee made by the Guarantor in favor of the Creditor as of the Effective Date notwithstanding the actual date of execution hereof.

IN WITNESS WHEREOF the Guarantor has caused this Guarantee to be executed by its duly authorized signatory.

SEABRIDGE GOLD INC.

By:_

Title:

Date:

Authorized Representative

[SEAL]

SCHEDULE "C" TO THE ASSIGNMENT AND ASSUMPTION AGREEMENT

(the "Guarantee Agreement")
(Total)

Page 8 Seabridge-5073 NWT Assignment and Assumption Agreement July 19, 2002.2

GUARANTEE AGREEMENT
SEABRIDGE GOLD INC.

This Guarantee Agreement ("Guarantee") dated July 26, 2002 (the "Effective Date") is made by

SEABRIDGE GOLD INC., a corporation incorporated under the laws of the Province of British Columbia, whose address is 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1J3

(hereinafter the "Guarantor") to and in favor of

TOTAL RESOURCES (CANADA) LIMITED, a corporation incorporated under the federal laws of Canada under the Canadian Business Corporations Act, whose address is Suite 810, 202 6th Avenue S.W., Calgary Alberta, Canada T2P 2R9

(hereinafter the "Creditor")

NOW THEREFORE, in consideration of the sum of $10.00 in lawful money of Canada now paid by the Creditor to the Guarantor and of other good and valuable consideration the receipt and sufficiency of which the Guarantor hereby acknowledges, the Guarantor hereby agrees as follows:

1. **DEFINITIONS**

1.1. Other Definitions. In this Guarantee, the following words and terms shall have the following meanings:

(a) **"Bankruptcy Legislation"** means the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) and any other bankruptcy, insolvency or debt moratorium legislation in effect from time to time;

(b) **"Guarantee"** means this Guarantee Agreement, as the same may be amended, supplemented, restated or replaced from time to time.

(c) **"Guaranteed Obligations"** means that term as defined in Section 2.1 below;

(d) **"Instrument of Delivery"** means the instrument of delivery dated effective July 26, 2002 pursuant to which the Obligant delivered to the Creditor a debenture in the principal amount of US$20,580,000;

(e) **"Obligant"** means "5073 N.W.T. Limited", a Northwest Territories corporation;

(f) **"Secured Obligations"** means the Secured Obligations, as that term is defined in the Instrument of Delivery, owing from time to time by the Obligant to the Creditor.

2. **GUARANTEE**

2.1. Guarantee. The Guarantor hereby irrevocably and unconditionally guarantees the due and punctual payment to the Creditor, of all of the Secured Obligations, and any and all out-of-pocket expenses (including counsel fees and disbursements on a solicitor and own client basis) incurred by the Creditor in enforcing any of its rights under this Guarantee (all of the Secured Obligations and such expenses being hereinafter collectively referred to as the **"Guaranteed Obligations").**

2.2. Liability. Subject to section 2.3 hereof, the Guarantor guarantees that the Guaranteed Obligations will be paid to the Creditor, and performed, strictly in accordance with their terms and conditions, that the Guarantor shall be liable as principal debtor and not solely as surety with respect to the payment of the Guaranteed Obligations and that the liability of the Guarantor under this Guarantee shall be absolute and unconditional irrespective of: **(a)** the lack of validity or enforceability of any terms of the Secured Obligations by virtue of any Bankruptcy Legislation; **(b)** any contest of the Obligant or any other person as to the amount of the Guaranteed Obligations or the validity or enforceability of any terms of the Secured Obligations or the priority of any security granted to the Creditor by the Obligant or any other person; **(c)** any loss, or loss of value of, any security granted to the C reditor; (d)any defence, counter-claim or right of set-off available to the Obligant or any other person; **(e)** any extension of the time or times for payment, renewals or extensions of the Guaranteed Obligations or any other indulgences which the Creditor may grant to the Obligant or any other person or any other amendment to, or alteration or renewal of, the Secured Obligations or any of the Guaranteed Obligations, including, without limitation, any increase or decrease in

the interest rate applicable thereto, or any portion thereof; **(f)** any dealings with the security or any other guarantees which the Creditor holds or may hold pursuant to the terms and conditions of the Secured Obligations, including the taking, giving up, releasing, discharging or exchange of securities, the variation or realization thereof, the waiver or subordination thereof, the failure or decision not to perfect any security, the accepting of compositions and the granting of releases and discharges; **(g)** the sale, a ssignment or transfer of or granting of one or more participations in all or any part of the Guaranteed Obligations or any of the benefits of this Guarantee; **(h)** any invalidity, non-perfection or unenforceability of any security held by the Creditor or any irregularity or defect in the manner or procedure by which the Creditor realizes on such security; and **(i)** any other circumstances which might otherwise constitute a defence available to, or a discharge of, the Guarantor, the Obligant or any other person in respect of the Guaranteed Obligations or this Guarantee.

2.3 Limitation. Notwithstanding anything to the contrary contained in this Guarantee, the liability of the Guarantor under this Guarantee shall be limited as follows: **(a)** the Guarantor shall have the benefit of any defence. counterclaim or set-off available to the Obligant with respect to any of the Secured Obligations, save and except for any defence, counterclaim or set-off arising solely by virtue of Bankruptcy Legislation; and **(b)** in the event that, pursuant to applicable Bankruptcy Legislation, the Obligant is discharged from any of the Secured Obligations, the Guarantor shall have no liability hereunder in respect of such Secured Obligations except to the extent that such Secured Obligations were due and payable by the Obligant immediately prior to such discharge.

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3. ENFORCEMENT

3.1. Remedies. The Creditor need not seek or exhaust its recourse against the Obligant or any other person or realize on any security it may hold in respect of the Guaranteed Obligations before being entitled to payment under this Guarantee. Should the Creditor elect to realize on any security it may hold, either before, concurrently with or after demand for payment under this Guarantee, the Guarantor shall not have a right of discussion or division.

3.2. Impairment of Security. Subject to section 2.3, any loss of or in respect of any security received by the Creditor from the Obligant or any other person shall not discharge *pro tanto* or limit or lessen the liability of the Guarantor under this Guarantee.

3.3. Amount of Guaranteed Obligations. Any account settled or stated by or among the Creditor and the Obligant or if any such account has not been settled or stated immediately before demand for payment under this Guarantee, any account stated by the Creditor shall, in the absence of manifest mathematical error, be accepted by the Guarantor as *prima* facie evidence of the amount of the Guaranteed Obligations which is due by the Obligant to the Creditor or remains unpaid by the Obligant to the Creditor as the case may be.

3.4. Payment on Demand. The obligation of the Guarantor to pay any amount of the Guaranteed Obligations when due and all other amounts due and payable by it to the Creditor under this Guarantee shall arise, and the Guarantor shall make such payments, immediately after demand for same is made in writing to it. The liability of the Guarantor shall bear interest from the date of such demand at the rate of 15% per annum.

3.5. No Prejudice to Creditor. The Creditor shall not be prejudiced in any way in the right to enforce any provision of this Guarantee by any act or failure to act on the part of the Obligant or the Creditor. The Creditor may, at any time and from time to time, in such manner as it may determine is expedient, without any consent of, or notice to, the Guarantor, and without impairing or releasing the obligations of the Guarantor: **(a)** change the manner, place or terms of payment or change or extend the time of payment of, or renew or alter, the Guaranteed Obligations; **(b)** renew, determine, vary or increase any credit or credit facilities to, or the terms or conditions in respect of any transaction with, the Obligant or any other person; **(c)** release, compound or vary the liability of the Obligant or any other person liable in any manner under or in respect of the Guaranteed Obligations; **(d)** exercise or enforce or refrain from exercising or enforcing any right or security against the Obligant the Guarantor or any other person; and **(e)** apply any sums from time to time received to the Guaranteed Obligations. In its dealings with the Obligant,

the Creditor need not enquire into the authority or power of any person purporting to act for or on behalf of the Obligant.

3.6. No Subrogation. Notwithstanding any other provision of this Guarantee, the Guarantor irrevocably waives, until payment in full of the Guaranteed Obligations, any claim, remedy or other right which it may now have or hereafter acquire against the Obligant that arises from the existence, payment, performance or enforcement of the Guarantor's obligation under this Guarantee, including any right of subrogation, reimbursement, exoneration, indemnification or any right to participate in any claim or remedy of the Creditor against the Obligant or any collateral which the Creditor now has or hereafter acquires, whether or not such claim, remedy or other right is reduced to judgment or is

liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured, and whether or not such claim, remedy or other right arises in equity or under contract, statute or common law.

3.7. No Set-off. To the fullest extent permitted by law, but subject to section 2.3, the Guarantor shall make all payments under this Guarantee without regard to any defense, counter-claim or right of set-off available to it.

3.8. Changes in the Obligant. Any change or changes in the name of or reorganization (whether by way of reconstruction, consolidation, amalgamation, merger, transfer, sale, lease or otherwise) or any change in partners of the Obligant, if applicable, shall not affect or in any way limit or lessen the liability of the Guarantor under this Guarantee.

3.9. Continuing Guarantee. Subject to section 2.3, this Guarantee shall be a continuing Guarantee, shall extend to all present and future Guaranteed Obligations, shall apply to and secure the ultimate balance of the Guaranteed Obligations due or remaining due to the Creditor, and shall be binding as a continuing obligation of the Guarantor until the Creditor releases the Guarantor upon payment of the Guaranteed Obligations in full. This Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by the Creditor upon the insolvency, bankruptcy or reorganization of the Obligant or otherwise, all as though such payment had not been made.

3.10. Supplemental Security. This Guarantee is in addition and without prejudice to and supplemental to all other guarantees and securities held or which may hereafter be held by the Creditor.

4. GENERAL

4.1. Notices, etc. Any notice, direction or other communication to be given under this Guarantee shall, except as otherwise permitted hereunder, be in writing and given in the same manner as provided in the documents evidencing the Secured Obligations, with any communication to the Guarantor to be given to the Guarantor at the relevant address specified for the Obligant.

4.2. Gender and Number. Any reference in this Guarantee to gender shall include all genders and words importing the singular number only shall include the plural and vice versa.

4.3. Headings, etc. The provision of a table of contents, the division of this Guarantee into articles and sections and the insertion of headings are for convenient reference only and are not to affect the interpretation of this Guarantee.

4.4. Successors and Assigns. This Guarantee shall be binding upon the Guarantor and its successors, and shall enure to the benefit of the Creditor and its respective successors and assigns.

4.5. Entire Agreement. This Guarantee embodies all the agreements between the Guarantor and the Creditor which may limit the obligations of the Guarantor under this Guarantee and the Creditor shall not be bound by any representation or promise made by any person relative thereto which is not embodied herein; and it is specifically agreed that

the Creditor shall not be bound by any representations or promises made by the Obligant to the Guarantor. Possession of this Guarantee by the Creditor shall be conclusive evidence against the Guarantor that the Guarantee was not delivered in escrow or pursuant to any condition or agreement that it should not be effective until any condition precedent or subsequent has been satisfied or complied with.

4.6. Acknowledgement of Guarantor. The Guarantor acknowledges that: **(a)** the Creditor would not have entered into any of the transactions or documents relating to the transactions with the Obligant contemplated therein without this Guarantee; and **(b)** the transactions giving rise to the Guaranteed Obligations in connection with which this Guarantee is granted are of substantial benefit to the Guarantor.

4.7. Severability. Any provision of this Guarantee which is or becomes prohibited or unenforceable in any relevant jurisdiction shall not invalidate or impair the remaining provisions hereof which shall, to the maximum extent permitted by law, be deemed severable from such prohibited or unenforceable provision and any such prohibition or unenforceability in any such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

4.8. Governinq Law. This Guarantee shall be governed by and interpreted and enforced in accordance with the laws of the Northwest Territories and the laws of Canada applicable therein.

4.9. Reference Date. This Guarantee may be referred to as the Guarantee made by the Guarantor in favor of the Creditor as of the Effective Date notwithstanding the actual date of execution hereof.

IN WITNESS WHEREOF the Guarantor has caused this Guarantee to be executed by its duly authorized signatory.

SEABRIDGE GOLD INC. By:

Title:

Date:

Its Authorized Representative **[SEAL]**

GUARANTEE AGREEMENT
SEABRIDGE GOLD INC.

This Guarantee Agreement ("Guarantee") dated

July 26, 2002 (the "Effective Date") is made by

SEABRIDGE GOLD INC., a corporation incorporated under the laws of the Province of British Columbia, whose address is 172 King Street East, 3rd Floor, Toronto, Ontario, Canada M5A 1J3

(hereinafter the "Guarantor") to and in favor of

NEWMONT CANADA LIMITED, a corporation incorporated under the laws of the Province of Ontario, whose address is 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, Canada M4R 1 K8

(hereinafter the "Creditor")

NOW THEREFORE, in consideration of the sum of $10.00 in lawful money of Canada now paid by the Creditor to the Guarantor and of other good and valuable consideration the receipt and sufficiency of which the Guarantor hereby acknowledges, the Guarantor hereby agrees as follows:

1. **DEFINITIONS**

1.1. Other Definitions. In this Guarantee, the following words and terms shall have the following meanings:

(a) **"Iankruptcy Legislation"** means the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) and any other bankruptcy, insolvency or debt moratorium legislation in effect from time to time;

(b) **"Guarantee"** means this Guarantee Agreement, as the same may be amended, supplemented, restated or replaced from time to time.

(c) **"Guaranteed Obligations"** means that term as defined in Section 2.1 below;

(d) **"Instrument of Delivery"** means the instrument of delivery dated effective July 26, 2002 pursuant to which the Obligant delivered to the Creditor a debenture in the principal amount of US$21,420,000;

(e) **"Obligant"** means "5073 N.W.T. Limited", a Northwest Territories corporation;

(f) **"Secured Obligations"** means the Secured Obligations, as that term is defined in the Instrument of Delivery, owing from time to time by the Obligant to the Creditor.

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2. **GUARANTEE**

2.1. Guarantee. The Guarantor hereby irrevocably and unconditionally guarantees the due and punctual payment to the Creditor, of all of the Secured Obligations, and any and all out-of-pocket expenses (including counsel fees and disbursements on a solicitor and own client basis) incurred by the Creditor in enforcing any of its rights under this Guarantee (all of the Secured Obligations and such expenses being hereinafter collectively referred to as the **"Guaranteed Obligations").**

2.2. Liability. Subject to section 2.3 hereof, the Guarantor guarantees that the Guaranteed Obligations will be paid to the Creditor, and performed, strictly in accordance with their terms and conditions, that the Guarantor shall be liable as principal debtor and not solely as surety with respect to the payment of the Guaranteed Obligations and that the liability of the Guarantor under this Guarantee shall be absolute and unconditional irrespective of: **(a)** the lack of validity or enforceability of any terms of the Secured Obligations by virtue of any Bankruptcy Legislation; **(b)** any contest of the Obligant or any other person as to the amount of the Guaranteed Obligations or the validity or enforceability of any terms of the Secured Obligations or the priority of any security granted to the Creditor by the Obligant or any other person; **(c)** any loss, or loss of value of, any secu rity granted to the Creditor; (d)any defense,

counter-claim or right of set-off available to the Obligant or any other person; **(e)** any extension of the time or times for payment, renewals or extensions of the Guaranteed Obligations or any other indulgences which the Creditor may grant to the Obligant or any other person or any other amendment to, or alteration or renewal of, the Secured Obligations or any of the Guaranteed Obligations, including, without limitation, any increase or decrease in the interest rate applicable thereto, or any portion thereof; **(f)** any dealings with the security or any other guarantees which the Creditor holds or may hold pursuant to the terms and conditions of the Secured Obligations, including the taking, giving up, releasing, discharging or exchange of securities, the variation or realization thereof, the waiver or subordination thereof, the failure or decision not to perfect any security, the accepting of compositions and the granting of releases and discharges; (g) the sale, assignment or transfer of or granting of one or more participations in all or any part of the Guaranteed Obligations or any of the benefits of this Guarantee; **(h)** any invalidity, non-perfection or unenforceability of any security held by the Creditor or any irregularity or defect in the manner or procedure by which the Creditor realizes on such security; and **(i)** any other circumstances which might otherwise constitute a defense available to, or a discharge of, the Guarantor, the Obligant or any other person in respect of the Guaranteed Obligations or this Guarantee.

2.3 Limitation Notwithstanding anything to the contrary contained in this Guarantee, the liability of the Guarantor under this Guarantee shall be limited as follows: **(a)** the Guarantor shall have the benefit of any defense, counterclaim or set-off available to the Obligant with respect to any of the Secured Obligations, save and except for any defense, counterclaim or set-off arising solely by virtue of Bankruptcy Legislation, and **(b)** in the event that, pursuant to applicable Bankruptcy Legislation, the Obligant is discharged from any of the Secured Obligations, the Guarantor shall have no liability hereunder in respect of such Secured Obligations except to the extent that such Secured Obligations were due and payable by the Obligant immediately prior to such discharge.

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3. ENFORCEMENT

3.1. Remedies. The Creditor need not seek or exhaust its recourse against the Obligant or any other person or realize on any security it may hold in respect of the Guaranteed Obligations before being entitled to payment under this Guarantee. Should the Creditor elect to realize on any security it may hold, either before, concurrently with or after demand for payment under this Guarantee, the Guarantor shall not have a right of discussion or division.

3.2. Impairment of Security. Subject to section 2.3, any loss of or in respect of any security received by the Creditor from the Obligant or any other person shall not discharge *pro tanto* or limit or lessen the liability of the Guarantor under this Guarantee.

3.3. Amount of Guaranteed Obligations. Any account settled or stated by or among the Creditor and the Obligant or if any such account has not been settled or stated immediately before demand for payment under this Guarantee, any account stated by the Creditor shall, in the absence of manifest mathematical error, be accepted by the Guarantor as *prima facie* evidence of the amount of the Guaranteed Obligations which is due by the Obligant to the Creditor or remains unpaid by the Obligant to the Creditor as the case may be.

3.4. Payment on Demand. The obligation of the Guarantor to pay any amount of the Guaranteed Obligations when due and all other amounts due and payable by it to the Creditor under this Guarantee shall arise, and the Guarantor shall make such payments, immediately after demand for same is made in writing to it. The liability of the Guarantor shall bear interest from the date of such demand at the rate of 15% per annum.

3.5. No Prejudice to Creditor. The Creditor shall not be prejudiced in any way in the right to enforce any provision of this Guarantee by any act or failure to act on the part of the Obligant or the Creditor. The Creditor may, at any time and from time to time, in such manner as it may determine is expedient, without any consent of, or notice to, the Guarantor, and without impairing or releasing the obligations of the Guarantor: **(a)** change the manner, place or terms of payment or change or extend the time of payment of, or renew or alter, the Guaranteed Obligations;

(b) renew, determine, vary or increase any credit or credit facilities to, or the terms or conditions in respect of any transaction with, the Obligant or any other person; **(c)** release, compound or vary the liability of the Obligant or any other person liable in any manner under or in respect of the Guaranteed Obliga tions; **(d)** exercise or enforce or refrain from exercising or enforcing any right or security against the Obligant the Guarantor or any other person; and **(e)** apply any sums from time to time received to the Guaranteed Obligations. In its dealings with the Obligant, the Creditor need not enquire into the authority or power of any person purporting to act for or on behalf of the Obligant.

3.6. No Subrogation. Notwithstanding any other provision of this Guarantee, the Guarantor irrevocably waives, until payment in full of the Guaranteed Obligations, any claim, remedy or other right which it may now have or hereafter acquire against the Obligant that arises from the existence, payment, performance or enforcement of the Guarantor's obligation under this Guarantee, including any right of subrogation, reimbursement, exoneration, indemnification or any right to participate in any claim or remedy of the Creditor against the Obligant or any collateral which the Creditor now has or hereafter acquires, whether or not such claim, remedy or other right is reduced to judgment or is

liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured, and whether or not such claim, remedy or other right arises in equity or under contract, statute or common law.

3.7. No Set-off. To the fullest extent permitted by law, but subject to section 2.3, the Guarantor shall make all payments under this Guarantee without regard to any defense, counter-claim or right of set-off available to it.

3.8. Changes in the Obligant. Any change or changes in the name of or reorganization (whether' by way of reconstruction, consolidation, amalgamation, merger, transfer, sale, lease or otherwise) or any change in partners of the Obligant, if applicable, shall not affect or in any way limit or lessen the liability of the Guarantor under this Guarantee.

3.9. Continuing Guarantee. Subject to section 2.3, this Guarantee shall be a continuing Guarantee, shall extend to all present and future Guaranteed Obligations, shall apply to and secure the ultimate balance of the Guaranteed Obligations due or remaining due to the Creditor, and shall be binding as a continuing obligation of the Guarantor until the Creditor releases the Guarantor upon payment of the Guaranteed Obligations in full. This Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by the Creditor upon the insolvency, bankruptcy or reorganization of the Obligant or otherwise, all as though such payment had not been made.

3.10. Supplemental Security. This Guarantee is in addition and without prejudice to and supplemental to all other guarantees and securities held or which may hereafter be held by the Creditor.

4. GENERAL

4.1. Notices. etc. Any notice, direction or other communication to be given under this Guarantee shall, except as otherwise permitted hereunder, be in writing and given in the same manner as provided in the documents evidencing the Secured Obligations, with any communication to the Guarantor to be given to the Guarantor at the relevant address specified for the Obligant.

4.2. Gender and Number. Any reference in this Guarantee to gender shall include all genders and words importing the singular number only shall include the plural and vice versa.

4.3. Headings, etc. The provision of a table of contents, the division of this Guarantee into articles and sections and the insertion of headings are for convenient reference only and are not to affect the interpretation of this Guarantee.

4.4. Successors and Assigns. This Guarantee shall be binding upon the Guarantor and its successors, and shall enure to the benefit of the Creditor and its respective successors and assigns.

4.5. Entire Aqreement. This Guarantee embodies all the agreements between the Guarantor and the Creditor which may limit the obligations of the Guarantor under this Guarantee and the Creditor shall not be bound by any representation or promise made by any person relative thereto which is not embodied herein; and it is specifically agreed that

the Creditor shall not be bound by any representations or promises made by the Obligant to the Guarantor. Possession of this Guarantee by the Creditor shall be conclusive evidence against the Guarantor that the Guarantee was not delivered in escrow or pursuant to any condition or agreement that it should not be effective until any condition precedent or subsequent has been satisfied or complied with.

4.6. Acknowledgement of Guarantor. The Guarantor acknowledges that: **(a)** the Creditor would not have entered into any of the transactions or documents relating to the transactions with the Obligant contemplated therein without this Guarantee; and **(b)** the transactions giving rise to the Guaranteed Obligations in connection with which this Guarantee is granted are of substantial benefit to the Guarantor.

4.7. Severability. Any provision of this Guarantee which is or becomes prohibited or unenforceable in any relevant jurisdiction shall not invalidate or impair the remaining provisions hereof which shall, to the maximum extent permitted by law, be deemed severable from such prohibited or unenforceable provision and any such prohibition or unenforceability in any such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

4.8. Governing Law. This Guarantee shall be governed by and interpreted and enforced in accordance with the laws of the Northwest Territories and the laws of Canada applicable therein.

4.9. Reference Date. This Guarantee may be referred to as the Guarantee made by the Guarantor in favor of the Creditor as of the Effective Date notwithstanding the actual date of execution hereof.

IN WITNESS WHEREOF the Guarantor has caused this Guarantee to be executed by its duly authorized signatory.

SEABRIDGE GOLD INC.

By: /s/

Title: President & CEO

Date: July 26, 2002

Its Authorized Representative **[SEAL]**

GUARANTEE AGREEMENT
SEABRIDGE GOLD INC.

This Guarantee Agreement ("Guarantee") dated July 26, 2002 (the "Effective Date")

is made by

SEABRIDGE GOLD INC., a corporation incorporated under the laws of the Province of British Columbia, whose address is 172 King Street East, 3' Floor, Toronto, Ontario, Canada M5A 1 J3

(hereinafter the "Guarantor") to and in favor of

TOTAL RESOURCES (CANADA) LIMITED, a corporation incorporated under the federal laws of Canada under the Canadian Business Corporations Act, whose address is Suite 810, 202 6th Avenue S.W., Calgary Alberta, Canada T2P 2R9

(hereinafter the "Creditor")

NOW THEREFORE, in consideration of the sum of $10.00 in lawful money of Canada now paid by the Creditor to the Guarantor and of other good and valuable consideration the receipt and sufficiency of which the Guarantor hereby acknowledges, the Guarantor hereby agrees as follows:

1. **DEFINITIONS**

1.1. Other Definitions. In this Guarantee, the following words and terms shall have the following meanings:

(a) **"Bankruptcy Legislation"** means the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) and any other bankruptcy, insolvency or debt moratorium legislation in effect from time to time;

(b) **"Guarantee"** means this Guarantee Agreement, as the same may be amended, supplemented, restated or replaced from time to time.

(c) **"Guaranteed Obligations"** means that term as defined in Section 2.1 below;

(d) **"Instrument of Delivery"** means the instrument of delivery dated effective July 26, 2002 pursuant to which the Obligant delivered to the Creditor a debenture in the principal amount of US$20,580,000;

(e) **"Obligant"** means "5073 N.W.T. Limited", a Northwest Territories corporation;

(f) **"Secured Obligations"** means the Secured Obligations, as that term is defined in the Instrument of Delivery, owing from time to time by the Obligant to the Creditor.

2. **GUARANTEE**

2.1. Guarantee. The Guarantor hereby irrevocably and unconditionally guarantees the due and punctual payment to the Creditor, of all of the Secured Obligations, and any and all out-of-pocket expenses (including counsel fees and disbursements on a solicitor and own client basis) incurred by the Creditor in enforcing any of its rights under this Guarantee (all of the Secured Obligations and such expenses being hereinafter collectively referred to as the **"Guaranteed Obligations").**

2.2. Liability. Subject to section 2.3 hereof, the Guarantor guarantees that the Guaranteed Obligations will be paid to the Creditor, and performed, strictly in accordance with their terms and conditions, that the Guarantor shall be liable as principal debtor and not solely as surety with respect to the payment of the Guaranteed Obligations and that the liability of the Guarantor under this Guarantee shall be absolute and unconditional irrespective of: **(a)** the lack of validity or enforceability of any terms of the Secured Obligations by virtue of any Bankruptcy Legislation; **(b)** any contest of the Obligant or any other person as to the amount of the Guaranteed Obligations or the validity or

enforceability of any terms of the Secured Obligations or the priority of any security granted to the Creditor by the Obligant or any other person; **(c)** any loss, or loss of value of, any secu rity granted to the Creditor; (d)any defence, counter-claim or right of set-off available to the Obligant or any other person; **(e)** any extension of the time or times for payment, renewals or extensions of the Guaranteed Obligations or any other indulgences which the Creditor may grant to the Obligant or any other person or any other amendment to, or alteration or renewal of, the Secured Obligations or any of the Guaranteed Obligations, including, without limitation, any increase or decrease in the interest rate applicable thereto, or any portion thereof; **(f)** any dealings with the security or any other guarantees which the Creditor holds or may hold pursuant to the terms and conditions of the Secured Obligations, including the taking, giving up, releasing, discharging or exchange of securities, the variation or realization thereof, the waiver or subordination thereof, the failure or decision not to perfect any security, the accepting of compositions and the granting of releases and discharges; (g) the sale, assignment or transfer of or granting of one or more participations in all or any part of the Guaranteed Obligations or any of the benefits of this Guarantee; **(h)** any invalidity, non-perfection or unenforceability of any security held by the Creditor or any irregularity or defect in the manner or procedure by which the Creditor realizes on such security; and (i) any other circumstances which might otherwise constitute a defence available to, or a discharge of, the Guarantor, the Obligant or any other person in respect of the Guaranteed Obligations or this Guarantee.

2.3 Limitation. Notwithstanding anything to the contrary contained in this Guarantee, the liability of the Guarantor under this Guarantee shall be limited as follows: **(a)** the Guarantor shall have the benefit of any defence, counterclaim or set-off available to the Obligant with respect to any of the Secured Obligations, save and except for any defence, counterclaim or set-off arising solely by virtue of Bankruptcy Legislation; and **(b)** in the event that, pursuant to applicable Bankruptcy Legislation, the Obligant is discharged from any of the Secured Obligations, the Guarantor shall have no liability hereunder in respect of such Secured Obligations except to the extent that such Secured Obligations were due and payable by the Obligant immediately prior to such discharge.

3. ENFORCEMENT

3.1. Remedies. The Creditor need not seek or exhaust its recourse against the Obligant or any other person or realize on any security it may hold in respect of the Guaranteed Obligations before being entitled to payment under this Guarantee. Should the Creditor elect to realize on any security it may hold, either before, concurrently with or after demand for payment under this Guarantee, the Guarantor shall not have a right of discussion or division.

3.2. Impairment of Security. Subject to section 2.3, any loss of or in respect of any security received! by the Creditor from the Obligant or any other person shall not discharge *pro tanto* or limit or lessen the liability of the Guarantor under this Guarantee.

3.3. Amount of Guaranteed Obligations. Any account settled or stated by or among the Creditor and the Obligant or if any such account has not been settled or stated immediately before demand for payment under this Guarantee, any account stated by the Creditor shall, in the absence of manifest mathematical error, be accepted by the Guarantor as *prima facie* evidence of the amount of the Guaranteed Obligations which is due by the Obligant to the Creditor or remains unpaid by the Obligant to the Creditor as the case may be.

3.4. Payment on Demand. The obligation of the Guarantor to pay any amount of the Guaranteed Obligations when due and all other amounts due and payable by it to the Creditor under this Guarantee shall arise, and the Guarantor shall make such payments, immediately after demand for same is made in writing to it. The liability of the Guarantor shall bear interest from the date of such demand at the rate of 15% per annum.

3.5. No Prejudice to Creditor. The Creditor shall not be prejudiced in any way in the right to enforce any provision of this Guarantee by any act or failure to act on the part of the Obligant or the Creditor. The Creditor may, at any time and from time to time, in such manner as it may determine is expedient, without any consent of, or notice to, the Guarantor, and without impairing or releasing the obligations of the Guarantor: **(a)** change the manner, place

or terms of payment or change or extend the time of payment of, or renew or alter, the Guaranteed Obligations; **(b)** renew, determine, vary or increase any credit or credit facilities to, or the terms or conditions in respect of any transaction with, the Obligant or any other person; **(c)** release, compound or vary the liability of the Obligant or any other person liable in any manner under or in respect of the Guaranteed Obliga tions; **(d)** exercise or enforce or refrain from exercising or enforcing any right or security against the Obligant the Guarantor or any other person; and **(e)** apply any sums from time to time received to the Guaranteed Obligations. In its dealings with the Obligant, the Creditor need not enquire into the authority or power of any person purporting to act for or on behalf of the Obligant.

3.6. No Subrogation. Notwithstanding any other provision of this Guarantee, the Guarantor irrevocably waives, until payment in full of the Guaranteed Obligations, any claim, remedy or other right which it may now have or hereafter acquire against the Obligant that arises from the existence, payment, performance or enforcement of the Guarantor's obligation under this Guarantee, including any right of subrogation, reimbursement, exoneration, indemnification or any right to participate in any claim or remedy of the Creditor against the Obligant or any collateral which the Creditor now has or hereafter acquires, whether or not such claim, remedy or other right is reduced to judgment or is liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured, and whether or not such claim, remedy or other right arises in

equity or under contract, statute or common law.

3.7. No Set-off. To the fullest extent permitted by law, but subject to section 2.3, the Guarantor shall make all payments under this Guarantee without regard to any defense, counter-claim or right of set-off available to it.

3.8. Changes in the Obligant. Any change or changes in the name of or reorganization (whether by way of reconstruction, consolidation, amalgamation, merger, transfer, sale, lease or otherwise) or any change in partners of the Obligant, if applicable, shall not affect or in any way limit or lessen the liability of the Guarantor under this Guarantee.

3.9. Continuing Guarantee. Subject to section 2.3, this Guarantee shall be a continuing Guarantee, shall extend to all present and future Guaranteed Obligations, shall apply to and secure the ultimate balance of the Guaranteed Obligations due or remaining due to the Creditor, and shall be binding as a continuing obligation of the Guarantor until the Creditor releases the Guarantor upon payment of the Guaranteed Obligations in full. This Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by the Creditor upon the insolvency, bankruptcy or reorganization of the Obligant or otherwise, all as though such payment had not been made.

3.10. Supplemental Security. This Guarantee is in addition and without prejudice to and supplemental to all other guarantees and securities held or which may hereafter be held by the Creditor.

4. GENERAL

4.1. Notices, etc. Any notice, direction or other communication to be given under this Guarantee shall, except as otherwise permitted hereunder, be in writing and given in the same manner as provided in the documents evidencing the Secured Obligations, with any communication to the Guarantor to be given to the Guarantor at the relevant address specified for the Obligant.

4.2. Gender and Number. Any reference in this Guarantee to gender shall include all enders and words importing the singular number only shall include the plural and vice versa.

4.3. Headings, etc. The provision of a table of contents, the division of this Guarantee into articles and sections and the insertion of headings are for convenient reference only and are not to affect the interpretation of this Guarantee.

4.4. Successors and Assigns. This Guarantee shall be binding upon the Guarantor and its successors, and shall enure to the benefit of the Creditor and its respective successors and assigns.

4.5. Entire Agreement. This Guarantee embodies all the agreements between the Guarantor and the Creditor which may limit the obligations of the Guarantor under this Guarantee and the Creditor shall not be bound by any representation or promise made by any person relative thereto which is not embodied herein; and it is specifically agreed that the Creditor shall not be bound by any representations or promises made by the Obligant to the Guarantor. Possession of this Guarantee by the Creditor shall be

conclusive evidence against the Guarantor that the Guarantee was not delivered in escrow or pursuant to any condition or agreement that it should not be effective until any condition precedent or subsequent has been satisfied or complied with.

4.6. Acknowledgement of Guarantor. The Guarantor acknowledges that: **(a)** the Creditor would not have entered into any of the transactions or documents relating to the transactions with the Obligant contemplated therein without this Guarantee; and **(b)** the transactions giving rise to the Guaranteed Obligations in connection with which this Guarantee is granted are of substantial benefit to the Guarantor.

4.7. Severability. Any provision of this Guarantee which is or becomes prohibited or unenforceable in any relevant jurisdiction shall not invalidate or impair the remaining provisions hereof which shall, to the maximum extent permitted by law, be deemed severable from such prohibited or unenforceable provision and any such prohibition or unenforceability in any such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

4.8. Governinq Law. This Guarantee shall be governed by and interpreted and enforced in accordance with the laws of the Northwest Territories and the laws of Canada applicable therein.

4.9. Reference Date. This Guarantee may be referred to as the Guarantee made by the Guarantor in favor of the Creditor as of the Effective Date notwithstanding the actual date of execution hereof.

IN WITNESS WHEREOF the Guarantor has caused this Guarantee to be executed by its duly authorized signatory.

SEABRIDGE GOLD INC.

By: /s/

Title: President & CEO

Date: July 26, 2002

Its Authorized Representative

[SEAL]