

SEABRIDGE GOLD INC  
Form 20-F  
March 23, 2006  
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 20-F**

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

OR

XX ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934 for the fiscal year ended December  
31, 2005

OR

— TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

OR

— SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report \_\_\_\_\_

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 0-50657

Seabridge Gold Inc.

(Exact name of Registrant as specified in its charter)

Canada

(Jurisdiction of incorporation or organization)

172 King Street East, 3<sup>rd</sup> 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.

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Stock, no par value	American Stock Exchange
Common Stock, no par value	TSX Venture Exchange

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

N/A

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. None

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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: 32,106,685

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act

Yes  No

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If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer  Accelerate filer  Non-accelerated filer

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes  No

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

<b>To Convert from Metric</b>	<b>To Imperial</b>	<b>Multiply by</b>
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 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, or economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

**Proven Reserves:** Reserves for which the 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 shape, depth, and mineral content of reserves are well established. **Proven 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, or 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, Measured or Indicated Mineral Resource, demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, or 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 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.

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**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 to 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.



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**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** - 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 ( $\text{FeS}_2$ ), the most common naturally occurring sulphide mineral.

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

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**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.

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**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.

Table of Contents**Part I****Item 1. Identity of Directors, Senior Management and Advisers****A. Directors and Senior Management**

Table No. 1  
Company Directors and Senior Officers  
As of March 15, 2006

<u>Name</u>	<u>Position</u>	<u>Business Address</u>
James Anthony	Chairman and Director	172 King Street East, 3 <sup>rd</sup> Floor, Toronto, Ontario M5A 1J3 Canada
Rudi Fronk	President, Chief Executive Officer and Director	172 King Street East, 3 <sup>rd</sup> Floor, Toronto, Ontario M5A 1J3 Canada
Frederick Banfield	Director	3544 E. Fort Lowell, Tucson, Arizona 85716
William Calhoun	Director	P.O. Box 90 Silverton, Idaho 83867
Thomas Dawson	Director	736 O'Connor Drive Toronto, Ontario M4C 3A9 Canada
Henry Fenig	Director	Suite 250, BCE Place, 181 Bay Street, Toronto, Ontario M5J 2T3 Canada
Louis J. Fox	Director	3200 North Ocean Blvd, #2410 Fort Lauderdale, Florida 33308
Eliseo Gonzalez-Urien	Director	10911 Corp Ranch Rd. Ashland, Oregon 95720
William Threlkeld	Senior Vice President	172 King Street East, 3 <sup>rd</sup> Floor, Toronto, Ontario M5A 1J3 Canada



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Roderick Chisholm	Chief Financial Officer and Corporate Secretary	172 King Street East, 3 <sup>rd</sup> Floor, Toronto, Ontario M5A 1J3 Canada
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**B. Advisers**

Not Applicable

**C. Auditors**

The Company's auditor is KPMG LLP, Chartered Accountants, of Suite 3300 Commerce Court West, Toronto, Ontario, Canada. KPMG was initially appointed on June 4, 2002 for the fiscal year ending December 31, 2002.

**Item 2. Offer Statistics and Expected Timetable**

Not Applicable

**Item 3. Key Information**

As used within this Annual Report, the terms "Seabridge", "the Company", "Issuer" and "Registrant" refer collectively to Seabridge Gold Inc, and depending on the context, its predecessors, subsidiaries and affiliates.

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

**A. Selected Financial Data**

The selected financial data of the Company for the Years Ended December 31, 2005, December 31, 2004 and December 31, 2003 was derived from the financial statements audited by KPMG LLP, Chartered Accountants, as indicated in its audit report which is included elsewhere in this Annual Report. The selected financial data for the years ended December 31, 2002 and December 31, 2001 was derived from the audited financial statements of the Company which are not included in this Report.

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

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.



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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)

	Year Ended 12/31/05	Year Ended 12/31/04	Year Ended 12/31/03	Year Ended 12/31/02	Year Ended 12/31/01
Interest Income	\$ 135	\$ 83	\$ 107	\$ 85	\$ 24
Net Loss	\$ 1,157	\$ 1,226	\$ 1,338	\$ 1,630	\$ 456
Net Loss Per Share	\$ 0.04	\$ 0.04	\$ 0.05	\$ 0.10	\$ 0.04
Dividends Per Share	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Weighted Average Shares (000)	30,682	28,876	26,191	16,212	12,600
Working Capital	\$ 10,603	\$ 4,220	\$ 1,886	\$ 3,819	\$ 2,582
Mineral Properties	\$ 24,395	\$ 20,999	\$ 16,635	\$ 9,018	\$ 2,977
Long-Term Debt	\$ 0	\$ 0	\$ 0	\$ 828	\$ 2,009
Shareholder's Equity	\$ 35,385	\$ 25,703	\$ 19,154	\$ 12,052	\$ 3,781
Total Assets	\$ 37,085	\$ 27,172	\$ 22,869	\$ 14,143	\$ 6,977
US GAAP Net Loss	\$ 5,127	\$ 6,671	\$ 5,255	\$ 3,236	\$ 1,697
US GAAP Loss Per Share	\$ 0.17	\$ 0.23	\$ 0.20	\$ 0.20	\$ 0.13
US GAAP Weighted Average Shares (000)	30,682	28,876	26,191	16,212	12,600
US GAAP Equity	\$ 19,727	\$ 13,616	\$ 12,132	\$ 9,044	\$ 2,379
US GAAP Total Assets	\$ 21,848	\$ 15,287	\$ 15,756	\$ 11,026	\$ 5,575
US GAAP Mineral Properties	\$ 9,159	\$ 9,113	\$ 9,522	\$ 5,901	\$ 1,576

In this Annual Report, 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 31<sup>st</sup>, 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 12 most recent fiscal quarters, 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 Canadian dollars required under that formula to buy one U.S. Dollar. The average rate means the average of the exchange rates on the last day of each month during the period.

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Table No. 3  
Canadian Dollar/US Dollar

	Average	High	Low	Close
Year Ended 12/31/05	\$ 1.21	\$ 1.27	\$ 1.15	\$ 1.17
Year Ended 12/31/04	\$ 1.30	\$ 1.39	\$ 1.18	\$ 1.20
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
Three Months Ended 12/31/05	\$ 1.17	\$ 1.19	\$ 1.15	\$ 1.17
Three Months Ended 9/30/05	\$ 1.19	\$ 1.24	\$ 1.16	\$ 1.16
Three Months Ended 6/30/05	\$ 1.24	\$ 1.27	\$ 1.21	\$ 1.23
Three Months Ended 3/31/05	\$ 1.23	\$ 1.23	\$ 1.20	\$ 1.21
Three Months Ended 12/31/04	\$ 1.22	\$ 1.27	\$ 1.18	\$ 1.20
Three Months Ended 9/30/04	\$ 1.31	\$ 1.33	\$ 1.26	\$ 1.31
Three Months Ended 6/30/04	\$ 1.36	\$ 1.39	\$ 1.31	\$ 1.34
Three Months Ended 3/31/04	\$ 1.32	\$ 1.34	\$ 1.27	\$ 1.31
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

**B. Capitalization and Indebtedness**

Not applicable

**C. Reasons for the Offer and Use of Proceeds**

Not applicable

**D. 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 a Negative Effect on the Company's Operations**

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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 also 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 capital.

**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 which could adversely affect operations and may result in liabilities.

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 these 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**

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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 competes 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 controls, 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 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.

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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 \$1,406,734 in reclamation liabilities for its properties. \$1,000,000 has 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.

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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 Oregon.

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 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 or 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, 2005,

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the Company historical net loss totals (\$18,509,113). 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 majority 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, i.e. 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 (i.e., 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

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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 markets for trading the Company's common shares in Canada and the United States, 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 officers/directors. The Company does not carry any "Key Man" Life Insurance.

### **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



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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 the Company is classified as a PFIC, whether or not the Company distributes any amounts to its shareholders. U.S. investors should consult with their tax advisors for advice as to the U.S. tax consequences of an investment in the Common Stock.

### **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.

### **Forward Looking Statements**

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

Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause

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

**Item 4. Information on the Company**

**DESCRIPTION OF BUSINESS**

**Introduction**

The Company's executive office is located at:  
172 King Street East, 3<sup>rd</sup> Floor, Toronto, Ontario M5A 1J3 Canada  
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 3<sup>rd</sup> floor of a building located at 172 King Street East, Toronto, Ontario, Canada. The original sublease was effective January 21, 1999 and expired February 28, 2004. The sublease was renewed commencing March 1, 2004 and expires February 28, 2009. The initial rent was for \$4,265 per month, and is adjusted annually based upon a building cost operating adjustment. Current monthly rent is approximately \$3,900.

The Company's fiscal year ends December 31<sup>st</sup>.

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

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, 2005, the end of the most recent fiscal year, there were 32,106,685 common shares issued and outstanding and no preferred shares issued and outstanding.

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**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. On October 31, 2002 the Company also continued from British Columbia into Canadian Federal jurisdiction under the Canada Business Corporations Act.

The Company presently has three active subsidiaries: Seabridge Gold Corporation, a Nevada corporation; Pacific Intermountain Gold Inc., a Nevada corporation; and 5073 N.W.T. Limited, a company incorporated under the laws of the Northwest Territories of Canada. The following diagram illustrates the current inter-corporate relationship between the Company and its material subsidiaries:

- (1)The Company's 100% interest in the Kerr-Sulphurets property is subject to the terms of an option agreement with Noranda Inc. under which Falconbridge Inc. can earn up to a 65% interest in the property. See "Narrative Description of the Business - Kerr Sulphurets Project - Summary".
- (2)The Company's 100% interest in the Quartz Mountain project is subject to the terms of an option agreement with Quincy Energy Corp. under which Quincy can earn up to a 62.5% interest in the property.

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Currently, the Company conducts operations in both Canada and the United States. As of December 31, 2005, the Company's non-current assets were located as follows:

United States:	\$ 8,073,361
Canada:	\$ 18,115,037

**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, the Company initiated a corporate strategy based on its belief that the then depressed gold market offered significant upside potential. In October 1999, a new Board and senior management team possessing the required technical and financial skills to implement the new strategy were put in place. The new corporate direction was to acquire gold mining assets, including developed resources and shutdown or suspended projects, which had been made available by depressed gold prices and a lack of capital and which were uneconomic at the current gold price. The Company observed that projects that previously commanded significant market capitalization when gold prices were higher were becoming available at fractions of their previous valuations. The success of this new strategy was dependent on a return to higher gold prices. From October 1999 through June 2002 the Company acquired eight North American based gold projects which collectively contain substantial gold resources.

With the recent improvement in gold prices, the Company has commenced engineering studies and exploration activities on several of its projects. In addition, the Company has entered into joint venture agreements on some of its projects where partners will be conducting exploration activities.

In February 2000, the Company 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 it had entered into an agreement with Noranda Inc. (now named Falconbridge Limited) whereupon Falconbridge can earn a 50% interest in the project by spending \$6,000,000 on exploration at the project within 6 years. Falconbridge can earn an additional 15% interest by funding all costs to complete a feasibility study. If, after earning its 50%

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interest, Falconbridge elects not to proceed with a feasibility study, Seabridge has the option to acquire Falconbridge's interest for \$3,000,000. After having earned its 50% interest, Falconbridge 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. Through December 31, 2005, Falconbridge has expended approximately \$2.3 million towards its initial earn-in requirement.

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 granted Platoro a sliding 3-5% NSR on precious metals produced and a 3.5% NSR from all other metals produced. 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. In February 2005, Romarco terminated its interest in Hog Ranch and the property reverted to the Company.

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 October 2003 the Company granted Quincy Resources Inc. (now known as Quincy Energy Corp.) an option to earn a 50% interest in the Quartz Mountain gold project, excluding the existing gold resources. Under certain conditions Quincy can increase its interest to 62.5%.

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 2003, the Company commissioned SRK to undertake an engineering study on the Red Mountain project. The SRK study was completed in August 2003.

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

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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 was due to Newmont and Total when the price of gold exceeds US\$400 for 10 consecutive days. This final payment was made in February 2004. In 2004, an additional property was optioned in the area ("Red 25"). Under the terms of the agreement, the Company paid \$50,000 on closing and is required to make option payments of \$50,000 on each of the first two anniversary dates and subsequently \$100,000 per year. In addition, the property may be purchased at any time for \$1,250,000 with any option payments being credited against the purchase price. From 2003 through 2005, the Company completed significant exploration activities at the project including core drilling. In September 2005 an independent engineering study was completed on the project.

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. In July 2004, the Company acquired a 100% interest in PIGCO by forgiving debt of approximately \$65,000 and agreeing to pay 10% or any sale of PIGCO projects to third parties. The Company intends to explore some of the acquired properties itself and form joint ventures to explore the remainder.

## 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 the Company 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

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Company has obtained all material 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.

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The individual mineral properties are described below.

**Courageous Lake Project**

The Courageous Lake project is a gold project covering approximately 67,000 acres located in the Northwest Territories, Canada. Seabridge has a 100% interest in the project, subject to a 2% NSR on certain portions 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 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.



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### **How Acquired**

In May 2002, Seabridge 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 and agreed that it would be liable to make two (2) further payments of US\$1.5 million, each subject to the price of gold passing certain thresholds, for a 100% interest in the property. A further US\$1.5 million was paid to Newmont/Total in April 2003 as a result of the spot price of gold closing above US\$360 per ounce for 10 consecutive days, which occurred in February 2003. A further US\$1.5 million was payable to Newmont/Total 60 days after the spot price of gold closes at or above US\$400 per ounce. This final payment was made in February 2004. The purchase by Seabridge closed on July 31, 2002. Upon acquiring the Courageous Lake project, Seabridge assigned its right thereto to its wholly owned subsidiary, 5073 N.W.T. Ltd. The obligations of 5073 N.W.T. Ltd. under the agreement, including the payment of the royalty, is secured by a debenture under which the vendors have been granted a security interest in the Courageous Lake property. Subsequent to this acquisition, Seabridge staked contiguous open ground totaling an additional 48,905 acres in 42 mining claims of which a portion is subject to the terms of the purchase agreement, including the 2% royalty. In 2004, an additional property was optioned in the area ("Red 25"). Under the terms of the agreement, the Company paid \$50,000 on closing and is required to make option payments of \$50,000 on each of the first two anniversary dates and subsequently \$100,000 per year. In addition, the property may be purchased at any time for \$1,250,000 with any option payments being credited against the purchase price.

### **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.

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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 drilling 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

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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.

Seabridge began to collect environmental data at their Courageous Lake, NWT property in 2003. The data collection was designed and implemented by EBA Engineering Consultants Ltd. To date the data includes archaeology, fisheries, water quality, hydrology and wildlife. The environmental program in 2004 and 2005 included water quality, hydrology and wildlife. The results are summarized below.

*Wildlife:*

**Caribou:** Four aerial caribou surveys were flown (September and November 2004, and July and September 2005). The results indicated that the general area of the property is used by baren ground caribou during both the southward migration in the fall and the northward migration in the spring. No caribou were noted in the area during the winter months and limited numbers in the summer months. The southward migration appears to occur between August and October and the northward migration between April and June.

**Grizzly Bear:** Aerial and ground surveys were conducted in 2004 and 2005 to document grizzly and wolf dens occurring within the study area. Over the two years twelve bears were sighted; in 2004 a single adult, one female with one cub, and one female with three cubs seven grizzly bears, two new dens, and three old bear dens and in 2005 one female with two cubs, one large adult male, and one adult of unknown sex were documented. Over the same period dens observed included two used the previous winter and four old dens.

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Wolves: Observations of wolves, wolf activity, and wolf dens documented one active den, one inactive den site and 24 observations of wolf sign in 2004; two additional old wolf dens and two adult wolves were observed in 2005.

### *Hydrology*

During the summer and fall of 2005 a hydrometric survey of Matthews Creek was conducted. The maximum-recorded discharge of 1.2 m<sup>3</sup>/s for Matthews Creek occurred on June 24, 2005 and a minimum flow of 0.2 m<sup>3</sup>/s was recorded on September 22, 2005 just prior to the creek freezing over. The instrumentation installed recorded flow continuously for the period.

### *Water Quality*

Four water quality, sampling stations were located on Matthews Lake, one station at Courageous Lake, and one on Matthews Creek and were sampled twice during the open water season in both 2004 and 2005. Samples were analyzed for total and dissolved ultra-low metals (both total and dissolved), low-level nutrients, routine water, and cyanide as well as temperature, conductivity and dissolved oxygen. In general, the physical and chemical water quality parameters in the area of the Courageous project are generally pristine. Some impacts of the abandoned Tundra mine on Matthews Lake, could be noted in the concentrations of aluminum, cadmium, copper, and mercury.

### *2006 Program*

The environmental field program in 2006 will concentrate on documenting the hydrology of Matthews Creek. A detailed design of the environmental data collection program to support the application to the McKenzie Valley Land and Water Board for development licenses and permits will also be completed.

## **Current and Planned Work**

In late 2002, Seabridge engaged a group of independent consulting firms to undertake an engineering study for Courageous Lake. During 2003, preliminary reports were completed on key mining and metallurgical issues relating to the project. In January 2004, Seabridge authorized the independent consultants to upgrade capital and operating cost estimates in its Courageous Lake study to pre-feasibility levels to better define the economics of the project. As a result of a 2004 drilling program, the Company commissioned a new independent resource estimate for the FAT deposit which was completed in December 2004 and was incorporated into the engineering study. The engineering study was completed in September 2005 and the results are presented below.

During a 2003 summer exploration program, Seabridge successfully identified 12 gold targets at Courageous Lake with characteristics similar to the existing FAT zone at the project. The Company also identified significant drill core from previous owners of these targets which had not been assayed. The drill core, an estimated 110,000 meters, was retained on the property but never evaluated for bulk mineable potential. From September

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through December of 2003, Seabridge conducted a program to evaluate and prioritize these 12 targets by sampling and assaying available core. The results from this program confirmed that nine of the 12 targets have the potential to host bulk mineable deposits similar to FAT. Of these nine targets, four have been consolidated into what is now called the Salmita Zone and five have been consolidated into what is now called the Tundra Zone. A 10,000-meter core drill program was conducted by Seabridge during 2004 that focused on testing the Salmita and Tundra Zones as well as the potential strike extension of the FAT zone and the FAT hanging wall zone.

In 2004, drill testing of selected priority targets was undertaken by the Company. The program was conceived in 2 stages, initial testing for strataform gold concentrations similar to the FAT Deposit and sectional drilling for potential resource additions. The initial program intended to test 3 target areas, Olsen Lake, Walsh Lake and the South FAT Extension. Ground conditions precluded a test of the Walsh Lake target, but the other targets were tested. Results from the initial stage of the program lead Seabridge to initiate sectional drilling on the South FAT Extension. The South FAT Extension was a projection of the previous resource model where little work had been completed. Surface and initial drilling results indicated that 300 meters of strike could be added to the FAT Deposit with the completion of sectional drilling. The second stage of the 2004 program completed the sectional drilling on 50-meter section lines across these 300 meters of strike.

A 7,500 meter core drill program was completed by the Company during 2005 designed to test for the north and south strike extensions of the FAT. The program demonstrated the potential to extend the FAT deposit by an additional 850 meters to the south and a further 600 meters to the north.

In September 2005, an engineering study (classified as a Preliminary Assessment under National Instrument 43-101 in Canada) for the Courageous Lake project was completed by TJS Mining-Met Services Inc. (TJS), Roscoe Postle Associates Inc. (RPA) and EBA Engineering Consultants Limited (EBA) (TJS, RPA and EBA collectively, the "Project Consultants"). The Preliminary Assessment is dated September 7, 2005 and is entitled "Seabridge Gold Inc., Courageous Lake Project, Preliminary Technical Assessment". The independent consultants concluded that given the resource size, location and grade, a year round, open-pit bulk mineable operation with on-site processing is the most suitable development scenario. A base case scenario was developed for the project incorporating a 25,000 tonne per day operation (9.0 million tonne per year throughput) resulting in a projected 8.5 year operation with average annual production of 545,000 ounces of gold.

Work on the Courageous Lake project is ongoing to evaluate modifications which could improve project economics. The opportunities identified are as follows:

- Tailings options - further testwork may prove out paste tailings as an option which may reduce the tailings footprint, tailings capital and operating costs.
- All-weather road - providing an all-weather road to the site would have a large positive impact on the project. Such a road is being considered by the various levels

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of government. There would be a significant reduction in on-site storage requirements, especially fuel oil and lime.

· Power generation sharing - providing a network to share power between the mines in the area. There are three mines in the area that potentially could share power generating facilities and costs.

· Mine life extensions - the potential extension of mine life could have a positive material impact on the project's pre-tax net cash flow. The independent consultants have recommended additional exploration to follow-up on 2005's exploration results.

The Company estimates its annual holding costs of the Courageous Lake Project to be \$186,000 with \$136,000 of these costs paid to the Department of Indian Affairs and Northern Development, Northwest Territories and the remaining \$50,000 as an option payment on the Red 25 claim payable to Bathurst Inlet Developments (1984) Ltd.

**Mineral Resources**

Over the period of previous exploration at Courageous Lake, several resource estimates have been prepared. The most detailed historic estimates were conducted by Noranda in 1990 at the conclusion of its underground exploration program, by Placer Dome in 1999 at the conclusion of its exploration program and by Resource Modeling Inc. (an independent consulting firm based in Tuscon, Arizona) in July 2002 as part of the Company's due diligence when it acquired the project from Newmont and Total.

In December 2004, RMI completed a new resource model for Courageous Lake, incorporating the results from the Company's 2004 exploration program. The study provided resource estimates at various cut-off grades. In September, 2005 an engineering study was completed for the project which indicated that a 0.83 gram per tonne cut-off grade was appropriate for the deposit. Using its own estimation parameters and a cut-off grade of 0.83 grams of gold per tonne, RMI calculated resources for the project as follows:

Courageous Lake Gold Resources at 0.83 grams per tonne cut-off:

Measured		Indicated	
Tonnes	Grade Ounces	Tonnes	Grade Ounces
(000's)	(g/T)	(000's)	(g/T)
3,378	2.55	277	47,002
		2.28	3,445

**Cautionary Note to U.S. Investors concerning estimates of Measured and Indicated Resources**

This section uses the terms "measured resources", "indicated resources" and "inferred 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**

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**cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves.**

Courageous Lake Gold Inferred Resources at 0.83 grams per tonne cut-off

Inferred		
Tonnes	Grade	Ounces
(000's)	(g/T)	(000's)
77,442	2.10	5,229

**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.**

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.

The resource model constructed for the Courageous Lake deposit incorporates data from 449 holes drilled by Seabridge, Noranda and Placer Dome totaling 115,649 meters. Block model gold grades in the Courageous Lake resource model were estimated using an inverse distance weighting interpolation procedure.

**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,



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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.

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### **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.

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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 drill holes. 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, Colorado ("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 is permissible 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 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

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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**

During 2006, the Company plans to conduct a program to re-examine the economic potential for both the open pit and underground development scenarios at Grassy Mountain and choose the appropriate path for future work.

Holding costs of the property are currently approximately US\$98,000 annually broken down as follows:

- a) US\$20,000 paid to the United States Bureau of Land Management and Malheur County, Oregon;
- b) US\$35,000 paid to Sherry & Yates, a Montana Corporation, as an annual advance royalty, escalating by US\$5,000 per year to a maximum of US\$60,000;
- c) US\$33,000 paid to the Bishop family of Vale, Oregon;
- d) Approximately US\$10,000 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.

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### **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 Company 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.

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 by 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, volcanoclastic 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

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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 structures 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 volcanoclastic 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 lithochemical 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.

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formed a joint venture, and optioned the adjoining Sulphurets Property from Granduc and explored several zones, including conducting diamond drilling.

In 1989, fieldwork 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. (now known as Falconbridge Limited) whereupon Falconbridge may earn an interest in the project. The agreement allows Falconbridge to earn a 50% interest in the project by spending \$6,000,000 on exploration within 6 years. Falconbridge may earn a further 15% by funding all costs to complete a feasibility study on the project. If, after earning its 50% interest, Falconbridge elects not to proceed with a feasibility study, Seabridge has the option to acquire Falconbridge's interest for \$3,000,000. After having earned its 50% interest, Falconbridge 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.



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During 2003 and 2004, Falconbridge conducted field programs at Kerr-Sulphurets designed to explore outside the known deposits in order to expand the known resources. The programs consisted of mapping, rock and soil sampling, and IP surveys. The size of mineralized zones at Iron Cap, Mitchell and Main Copper were expanded into areas of recent glacier retreat which were not accessible by Placer Dome.

During 2005, Falconbridge completed a summer drill program consisting of 16 widely-spaced core drill holes totaling 4,092 meters designed to test six targets situated outside the resources previously defined for the Kerr and Sulphurets deposits. Gold-copper mineralization was encountered at all six targets, with the Iron Cap and West Mitchell zones yielding the most encouraging results.

## **Red Mountain Project**

The Red Mountain Project is a 20,175 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 to 15 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.

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### **How Acquired**

Effective December 31, 2001, the Company 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 Company 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 has 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. During 2003 Seabridge purchased additional claims at Red Mountain totaling 1,145 hectares.

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 20<sup>th</sup> 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

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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.

Table of Contents**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

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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 Grade  
(000s) (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 is 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

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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**

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.

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 currently be approximately \$215,000 broken down as follows:

- a) \$130,000 to the British Columbia Ministry of Energy and Mines

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- 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 \$20,000 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 Energy Corp. (formerly Quincy Resources Inc.), 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**



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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).

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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 (exercised in 2003); 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 (now known as Quincy Energy Corp.) 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 (completed)
By October 15, 2005	\$250,000 (completed)
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

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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

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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 and 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 not satisfy Newmont's investment criteria and was

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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, Colorado ("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 is permissible 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 for 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

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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**

During 2004, Quincy completed approximately 4,000 meters of core drilling at the property designed to test for higher grade feeder zones. Quincy plans to conduct additional drilling in 2005. Annual holding costs at the project are approximately US\$10,000 primarily paid to the U.S. Bureau of Land Management.

### **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. Platoro will be paid a further US\$250,000 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.

Commencing on the 4<sup>th</sup> 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.

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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. In February 2005 Romarco terminated its rights under the agreement and the property reverted back to the Company.

### **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 lacustrine 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

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In 2004 Romarco completed two phases of drilling at Hog Ranch. The initial phase of drilling consisted of a total of 725 meters in three rotary-reverse circulation drill holes that were designed to begin testing bonanza gold vein targets below and around the previously mined Geib Pit. One of the holes intersected 21.3 meters averaging 5.23 grams of gold per tonne. Included in this intercept were two 1.5-meter high-grade intercepts which assayed 28.7 grams of gold per tonne and 17.2 grams of gold per tonne respectively. Romarco 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 Company 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 mining 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**

Romarco's second phase of drilling consisted of approximately 1,400 meters in six diamond drill core holes. The purpose of the program was to begin testing bonanza gold vein targets below and around the previously mined Geib and Krista Pits and to try to expand on the significant mineralization encountered in Romarco initial phase of drilling. The highlight of the second phase program was 1.5-meter intercept that assayed 15.3 grams of gold per tonne. In February 2005 Romarco terminated its rights under the agreement and the property reverted back to the Company.

There is no immediate exploration planned at Hog Ranch for the current year. Current holding costs at Hog Ranch are estimated to be US\$47,000 per year including \$34,500 in payments to the US Bureau of Land Management and Washoe County, Nevada, and an annual advanced royalty payment of US\$12,500 to Platoro West Inc. The annual advanced royalty payment to Platoro increases by US\$2,500 per year to a maximum of US\$20,000 per year.

### **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%



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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.

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**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

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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.

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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 Ray rock Resources Inc.) leased the FWG properties and conducted additional exploration activities, including RC drilling. In 1999 Glamis Gold acquired Ray rock 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**

There is no immediate 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\$40,000, with US\$25,000 paid to Platoro West as an annual advance royalty and US\$15,000 paid to the US Bureau of Land Management and to Esmeralda County, Nevada.

### **Pacific Intermountain Gold Corporation Projects**

The Company currently owns a 100% 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 Company’s ownership interest in PIGCO is subject to a 10% net profits interest held by a previous minority shareholder in PIGCO.

**All of PIGCO’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 1,800 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\$250,000 plus an additional US\$99,500 in underlying lease payments.

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Seabridge intends to seek joint-venture partners to carry out exploration on the majority of PIGCO's staked lands. However, Seabridge intends to maintain certain properties for its own exploration portfolio and conduct work on these properties in the future. Seabridge plans to drill test the Four-Mile Basin project and Golden Arrow project during 2006.

**Item 4A. Unresolved Staff Comments**

Not applicable

**Item 5. Operating and Financial Review and Prospects**

**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 #11 to its audited annual financial statements for the year ended December 31, 2005. The value of the U.S. Dollar in relationship to the Canadian Dollar was \$1.17 as of December 31, 2005.

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**

**Year Ended December 31, 2005 Compared to Year Ended December 31, 2004**

The Net Loss for the year ended December 31, 2005 totaled \$1,157,000 or \$0.04 per share compared to \$1,226,000, or \$0.04 per share for the year ended December 31, 2004. The loss in 2005 was reduced by \$821,000 (2004 - \$575,000) in income tax recovery largely relating to the Company renouncing the Canadian Exploration Expenses to the investors of the flow-through financings completed in 2004 and 2003, respectively. Also in 2004, Pacific Intermountain Gold Inc. ("PIGCO") a subsidiary of the Company sold shares which it had received on optioning out a mineral property resulting in a gain of \$75,000 offset by \$19,000 representing the minority interest in the gain. Corporate and general expenses were slightly lower in 2005 compared to 2004 as additional expenses in 2004 were incurred related to the listing of the Company's shares on the American Stock Exchange and investor relations activity offset by slightly higher management fees in 2005. In 2005 stock option compensation expense was \$361,000 compared to \$115,000 in 2004. Approximately \$332,000 of the 2005 amount relates to the recognition of

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compensation expense for the two-tiered options to management. The expense is for reaching the \$6 and \$9 share price vesting requirements with the consequent vesting of 500,000 of the 750,000 stock options outstanding.

**Year Ended December 31, 2004 Compared to Year Ended December 31, 2003**

The Net Loss for the year ended December 31, 2004 totaled \$1,226,000 or \$0.04 per share compared to \$1,338,000, or \$0.05 per share for the year ended December 31, 2003. The loss in 2004 was reduced by a \$575,000 income tax recovery largely relating to the recognition of the Company's tax assets after renouncing the Canadian Exploration Expenses to the investors of the flow-through financings completed in 2003. Also in 2004, PIGCO sold shares which it had received on optioning out a mineral property resulting in a gain of \$75,000 offset by \$19,000 representing the minority interest in the gain. Corporate and general expenses increased by \$867,000 in 2004 over 2003. Approximately 39% of this increase was due to increased investor relations activities including listing on the American Stock Exchange and investor communications. Approximately 27% of the increase in corporate and general expenses was due to higher salaries and benefits for senior personnel and the hiring of a Chief Financial Officer. A further 15% of the increase reflects a full year of directors' fees which the Company commenced paying in mid 2003 as well as the introduction of a comprehensive directors and officers liability insurance policy. About 12% of the increase was due to the recognition of the accretion for costs of reclamation liabilities. Finally, about 6% of the increase was due to higher costs of regulatory compliance, principally accounting and legal fees required by changes in regulations. In 2003, the Company wrote off the Tobin Basin exploration project in Nevada amounting to \$342,000 due to unsuccessful exploration results.

**Liquidity and Capital Resources**

The ability of the Company to successfully acquire additional advanced-stage gold projects or to advance the projects already acquired is conditional on its ability to secure financing when required. The Company proposes to meet any additional cash requirements through equity financings. In light of the continually changing financial markets, there is no assurance that new funding will be available at the times required or desired by the Company.

**Year Ended December 31, 2005**

The Company's working capital position, at December 31, 2005, was \$10,603,000 an increase of \$6,383,000 compared to \$4,220,000 at the prior year-end. Included in working capital, in 2005, was \$4,028,000 (2004 - \$1,170,000) in cash from flow-through share financings which will be used in 2006 for exploration at the Courageous Lake property. In 2005, the Company completed two flow-through financings, in February 500,000 common shares were issued at \$4.25 each and in December 435,000 common shares were issued at \$7.25 each. In addition, a private placement of 1 million shares at \$5 each was completed with the Company's largest shareholder. Also in 2005, the Company received cash of \$863,000 from the exercise of warrants and \$361,000 from the

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exercise of options. In 2005, total financings received were \$11,299,000 compared to \$8,241,000 in 2004.

Cash and short-term deposits at December 31, 2005 were \$6,165,000, up from \$2,788,000 at December 31, 2004. In addition to the stated cash and short-term deposits, the Company had \$4,028,000 in cash from flow-through share financings which will be used in 2006 for exploration at the Courageous Lake property. Operations activities used \$1,220,000 in 2005 compared to \$1,764,000 in the prior year due to increased corporate activities in 2004 including listing the Company on the American Stock Exchange. Cash expenditures on Mineral Interests including the capital assets were \$3,843,000 comparable to the \$6,714,000 cash expenditures in 2004.

## **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, 2005, particularly Note #11, Reconciliation to United States Generally Accepted Accounting Principles, 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, the amount of the deposits and interest rates.

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.

Under United States GAAP when flow-through shares are issued, the proceeds are allocated between the issue of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the existing shares and the amount that the investor pays for the shares. The shareholders' equity is reduced and a liability is recognized for this difference which amounted to \$202,000 for the flow-through shares issued in 2004 (2003 - \$97,200). The liability is reversed when the tax benefits are renounced and a deferred tax liability recognized at that time. Income tax expense is the

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difference between the amount of the deferred tax liability and the liability recognized on issuance.

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 11 to the 2005 audited financial statements. The value of the Canadian Dollar in relationship to the US Dollar was \$1.17 as of December 31, 2005.

**Research and Development**

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

**PART E: Off Balance Sheet Disclosure**

**Not Applicable**

**PART F: Contractual Obligations**

On-going contractual obligations of the Company are limited to property holding costs and reclamation liabilities. Although property holding costs are at the discretion of the Company, if payments are not made the Company will lose their rights to the project. Table No. 4 provides details of the Company's future contractual obligations which are required to be satisfied in order to keep its projects in good standing.

Table No. 4  
Contractual Obligations (\$000's)

	Total	Payments due by period			
		2006	2007-9	20010-11	After 2011
Mineral interests	9,270	1,195	3,969	2,738	1,372
Reclamation liabilities	1,407	-	-	-	1,407
	10,677	1,195	3,969	2,738	2,779

Amounts shown for mineral interests include option payments and mineral lease payments that are required to maintain the Company's interest in the mineral projects.



Table of Contents**Item 6. Directors, Senior Management and Employees**

Table No. 5 lists as of March 15, 2006 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, Eliseo Gonzalez-Urien and Louis Fox, all of whom are citizens of the United States. Rudi Fronk is a citizen of both Canada and the United States.

Table No. 5  
Directors

Name	Age	Date First Elected/Appointed
James Anthony	58	October 1999
Rudi Fronk	47	October 1999
Frederick Banfield (1,3)	63	October 1999
William Calhoun (1,2,3)	73	February 2000
Thomas Dawson (1,3)	69	January 2006
Henry Fenig (2,3)	60	November 2001
Louis Fox (2,3)	63	January 2000
Eliseo Gonzalez-Urien (3)	65	January 2006

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

Table No. 6 lists, as of March 15, 2006 the names of the Executive Officers of the Company. The Executive Officers serve at the pleasure of the Board of Directors. Mr. Threlkeld is a citizen of the United States. Mr. Chisholm is a citizen of Canada. Mr. Fronk is a citizen of both Canada and the United States.

Table No. 6  
Executive Officers

Name	Position	Age	Date of Appointment
Rudi Fronk	President	47	October 1999
William Threlkeld	Senior Vice President	51	November 2001
Roderick Chisholm	Secretary and CFO	56	August 2004

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

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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 was 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 over 20 years experience in the gold industry, 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 Advisory Committee of Idaho College of Mines; and numerous other civil and professional organizations. Mr. Calhoun has a Bachelor of Science degree in Mining/Geology from the University of Texas. Mr. Calhoun spends less than 10% of his time on Seabridge business.

Thomas Dawson has been a Chartered Accountant since 1961. He is a retired senior audit and accounting partner with 40 years of experience at Deloitte & Touche LLP, Chartered Accountants. Mr. Dawson currently serves as a Director and Chief Financial Officer of Arizona Star Resource Corp. He received his B.Comm. from Loyola College (now Concordia University), Canada, in 1959. Mr. Dawson is also a director of SouthernEra

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Diamonds Inc., WFI Industries Ltd., Energy Split Corp. and Anvil Mining Limited. Mr. Dawson spends less than 10% of his time on Seabridge 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.

Eliseo Gonzalez-Urien has over 30 years of experience in the mining industry. From 1989 through 2001 Mr. Gonzalez-Urien held various executive positions with Placer Dome Inc. including Senior Vice President of the parent company and President of Placer Dome Exploration Inc. During this period he was charged with ultimate responsibility for Placer Dome's worldwide exploration activities. Prior to Placer Dome, Mr. Gonzalez-Urien held senior positions with BHP-Utah Inc. and Noranda. He holds a degree in Geology from the University of Santiago, Chile, followed by post graduate studies in Geology at the University of California, Berkley. Mr. Gonzalez-Urien 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.

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Roderick Chisholm was appointed Secretary of Seabridge in June 2003 and Chief Financial Officer of Seabridge in August 2004. Since 1981, Mr. Chisholm has been a financial officer and corporate secretary of a number of Canadian junior exploration companies. Prior thereto he was an audit manager with Deloitte & Touche LLP, Chartered Accountants. Mr. Chisholm is a Chartered Accountant and spends approximately 70% of his time on Seabridge business.

Other than as set forth below, 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. Mr. Chisholm served as Secretary-Treasurer of Canuc Resources Corp. (CDN-OTC: CANC) in 2000 when a cease trade order was issued halting all trading of the common shares of Canuc due to failure to file financial statements. The cease trade order remains in effect as of the date hereof.

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, approved by its shareholders, for the granting of incentive stock options. 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.

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

Name	Year	Salary	Options Granted	O t h e r
			(1)	Compensation
Rudi Fronk, President, CEO and Director	2005	\$250,000	Nil	\$7,750
	2004	\$250,000	Nil	\$43,269
	2003	\$180,000	Nil	\$14,348 (2)
James Anthony, Chairman	2005	Nil	Nil	\$120,000
	2004	Nil	Nil	\$132,500
	2003	Nil	Nil	\$60,000
F r e d e r i c k Banfield, Director	2005	Nil	Nil	US\$20,000
	2004	Nil	Nil	US\$15,000
	2003	Nil	Nil	US\$7,500
William Calhoun, Director	2005	Nil	Nil	US\$20,000
	2004	Nil	Nil	US\$15,000
	2003	Nil	65,000	US\$7,500
Vahid Fathi (3), Director	2005	Nil	Nil	US\$20,000
	2004	Nil	Nil	US\$15,000
	2003	Nil	Nil	US\$7,500
Henry Fenig, Director	2005	Nil	Nil	US\$20,000
	2004	Nil	Nil	US\$15,000
	2003	Nil	Nil	US\$7,500
Louis Fox, Director	2005	Nil	Nil	US\$20,000
	2004	Nil	Nil	US\$15,000
	2003	Nil	Nil	US\$7,500
R o d e r i c k Chisholm Secretary and CFO	2005	Nil	Nil	\$145,000
	2004		115,000	\$106,000
	2003		15,000	\$43,360
W i l l i a m Threlkeld, Senior VP	2005	\$160,000	50,000	\$29,200
	2004	\$156,000	Nil	Nil
	2003	\$107,000	Nil	Nil

(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 reimbursed to Mr. Fronk by the Corporation and in 2004 also includes a \$25,000 bonus.

(3) Mr. Fathi resigned as a director in January 2006.

No funds were set aside or accrued by the Company during Fiscal 2005 to provide pension, retirement or similar benefits for Directors or Executive Officers.

**Staffing**

The Company currently has 4 employees and 3 executive officers.



Table of Contents**Share Ownership**

The Company's shares are publicly held. The Company is not controlled by another corporation as described below.

Table No. 8 lists, as of March 15, 2006, Directors and Executive Officers who beneficially own the Company's voting securities and the amount of the Company'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)	1,438,125	4.39%
Common	Rudi Fronk (2)	1,627,000	4.94%
Common	Frederick Banfield (3)	245,000	0.76%
Common	William Calhoun (4)	208,334	0.65%
Common	Thomas Dawson (5)	64,400	0.20%
Common	Henry Fenig (6)	180,000	0.56%
Common	Louis Fox (7)	339,000	1.05%
Common	Eliseo Gonzalez-Urien (8)	75,000	0.23%
Common	William Threlkeld (9)	390,000	1.20%
Common	Roderick Chisholm (10)	146,000	0.45%
<b>Total Directors/Officers (11)</b>		<b>4,712,859</b>	<b>13.54%</b>

(1) Of these shares 333,334 represent currently exercisable share purchase options; 66,666 represent share purchase options subject to certain vesting requirements; 125,000 represent share purchase options subject to shareholder approval and certain vesting requirements; and 438,334 shares are held indirectly.

(2) Of these shares 430,334 represent currently exercisable share purchase options; 66,666 represent share purchase options subject to certain vesting requirements; and 250,000 represent share purchase options subject to shareholder approval and certain vesting requirements.

(3) Of these shares 75,000 represent currently exercisable share purchase options and 100,000 represent share purchase options subject to shareholder approval and certain vesting requirements.

(4) Of these shares 65,000 represent currently exercisable share purchase options and 100,000 represent share purchase options subject to shareholder approval and certain vesting requirements.

(5) Of these shares 50,000 represent share purchase options subject to shareholder approval and certain vesting requirements and 11,400 are held indirectly.

(6) Of these shares 80,000 represent currently exercisable share purchase options and 100,000 represent share purchase options subject to shareholder approval and certain vesting requirements.

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- (7) Of these shares 25,000 represent currently exercisable share purchase options and 100,000 represent share purchase options subject to shareholder approval and certain vesting requirements.
- (8) Of these shares 50,000 represent share purchase options subject to shareholder approval and certain vesting requirements.
- (9) Of these shares, 266,667 represent currently exercisable share purchase options and 83,333 represent share purchase options subject to certain vesting requirements.
- (10) Of these shares, 106,667 represent currently exercisable share purchase options and 33,333 represent share purchase options subject to certain vesting requirements.
- (11) See notes (1) through (10)

Percent of Class number is based on 32,211,685 shares outstanding as of March 15, 2006 and Stock options held by each beneficial holder.

Based upon information provided by the Company's transfer agent, as of March 15, 2006, approximately 7.5 % of the Company's common shares were held of record by US residents.

**Board Practices**

**Mandate of the Board**

The Company's Board of directors is responsible for the supervision of the management of the Company's business and affairs. Under its governing statute (the Canada Business Corporations Act), the Board is required to carry out its duties with a view to the best interests of the Company. The Board specifically recognizes its responsibility for the following areas:

- (a) representing the interests of the shareholders in all significant decisions affecting the Company and ensuring that shareholders are kept informed of developments affecting their Company;
- (b) reviewing and approving corporate objectives, goals and strategies with a view to enhancing shareholder value;
- (c) reviewing and approving the Company's operating plans and monitoring performance;
- (d) reviewing significant operational and financial issues as they arise and providing direction to management on these matters;
- (e) acting diligently to ensure that the Company fulfils its legal and regulatory requirements;
- (f) evaluating the effectiveness of senior management and establishing their compensation; and



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(g) evaluating whether or not directors receive the information they require to perform their duties as directors.

The frequency of the meetings of the Board of directors as well as the nature of agenda items change depending upon the state of the Company's affairs and in light of opportunities or risks which the Company faces.

### **Composition of the Board**

The TSE Report recommends that a Board of directors be constituted with a majority of individuals who qualify as "unrelated directors". The TSE Report defines an "unrelated director" as a director who is independent of management and free from any interest and any business or other relationship, which could, or could reasonably be perceived to, materially interfere with that director's ability to act with a view to the best interest of the Company, other than an interest arising from shareholding. The Company does not have a "significant" shareholder, defined in the TSE Report as a shareholder with the ability to exercise a majority of votes for the election of directors.

The directors have examined the relevant definitions in the TSE Report and have individually considered their respective interests in and relationship with the Company. As a consequence, the Board has concluded that five of the Board's present eight members are "unrelated" within the meaning of the TSE Report: Frederick A. Banfield; William Calhoun; Thomas C. Dawson; Henry Fenig and Louis J. Fox. The Corporate Governance Committee is responsible for reviewing and recommending a suitable approach for the Company to assess director performance.

The Board considers eight directors to be an appropriate size for the Board at the current time. The Board believes that the inclusion of the President and Chief Executive Officer, Rudi P. Fronk, on the Company's Board of directors is useful to the effective governance of the Company. Each director brings to the Board a specific area of expertise which is instrumental in creating a Board which is able to implement the Company's strategy effectively.

At present, in addition to those matters which must by law be approved by the Board, management seeks Board approval for any transaction which is out of the ordinary course of business or could be considered to be material to the business of the Company.

### **Committees**

The Board has assigned specific governance responsibilities to three committees. A description of the mandate of each committee follows:

#### Audit Committee

The following constitutes the Charter of the Audit Committee.

The Audit Committee of Seabridge is a committee of the Board composed entirely of three outside and unrelated directors. Its overall goal is to ensure that the Company adopts and follows a policy of full, plain, true and timely disclosure of material financial

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information to its stakeholders. It reviews all material matters affecting the risks and financial well being of the Company and is a key part of the Corporate Governance system. The Committee is mandated to satisfy the requirements of the Canada Business Corporations Act.

The Audit Committee meets at a minimum, quarterly and on such other occasions as required. The auditors are invited to attend the meetings called to discuss the annual audit plan and the final review of the year-end financial statements. At least annually, the Committee meets with the auditors to review management's performance relating to financial reporting matters.

Specifically, the Committee:

- (a) reviews the annual statements of the Company and makes recommendations to the Board with respect to these statements,
- (b) reviews the quarterly financial statements and makes recommendations to the Board regarding these financial statements,
- (c) reviews and approves financial information in all prospectuses, offering circulars, and similar documents,
- (d) oversees the adequacy and accuracy of the Company's financial disclosure policies and obligations,
- (e) reviews significant accounting policies and estimates,
- (f) monitors the Company's internal controls, financial systems and procedures, and management information systems,
- (g) oversees management's reporting on internal control,
- (h) meets with the Company's auditors to review management's financial stewardship and to review their recommendations to management, and
- (i) recommends the appointment of auditors and reviews the terms of the audit engagement and the appropriateness of the proposed fee,
- (j) reviews through discussions or by way of a formal document the plan followed for the annual audit with the auditors and management,
- (k) evaluates the performance of the auditors,
- (l) confirms the independence of auditors,
- (m) establishes procedures for the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls or auditing matters, and
- (n) establishes procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

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### Corporate Governance Committee

The Corporate Governance Committee is presently composed of all five “un-related” and outside directors. This Committee has prepared and obtained approval by the Board of written policies on Fair Disclosure, Insider Trading and Conflict of Interest. Reporting to the full Board of Directors, this Committee is mandated to:

1. Prepare and recommend to the Board on an annual basis, proposed goals for the Company and its CEO and a mandate for the CEO;
2. Ensure that the Board is adequately informed of developments and issues within the Company such that it is able to fulfill its duties and responsibilities;
3. Ensure that the Board reviews and approves all major corporate decisions which could reasonably be expected to affect shareholder value;
4. Assess the effectiveness of the Board as a whole, of each of the directors and of each committee of directors and consider the impact that the number of directors has on effectiveness of the Board.
5. Conduct an annual discussion among non-management directors on the role and effectiveness of independent directors;
6. Ensure that each Board Committee has a clear, written mandate and is performing diligently the tasks necessary to limit Board liability;
7. Oversee the administration of the Company’s Fair Disclosure Policy and Insider Trading Policy;
8. Oversee an annual review of each director’s business interests in accordance with the Company’s Conflict of Interest Policy to ascertain which conflicts might exist with respect to the interests of Seabridge and how such conflicts, if any, are to be managed so as to ensure the independence of directors and to protect the interests of Seabridge and its shareholders;
9. Review disclosure of corporate governance matters to ensure that shareholders are adequately informed of the Board’s procedures for governance on their behalf.

### Compensation Committee

The Compensation Committee is presently composed of three directors, all of which are outside and unrelated directors. Reporting to the full Board of Directors, this Committee is mandated to:

1. On an annual basis, review the total compensation of the President and Vice President(s) against their performance, mandates and goals and make recommendations on their compensation to the Board;
2. Review, approve and recommend to the Board for confirmation all grants of options to all directors and employees; ensure the proper administration of the Company’s options program in conformity with the Company’s Option Plan;

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3. Review on an annual basis the Company's overall hiring and compensation practices with reference to industry norms.

None of the members of the Committee have any indebtedness to the Company or any of its subsidiaries nor have they any material interest, or have any associates or affiliates which have any material interest, direct or indirect, in any actual or proposed transaction in the last financial year which has materially affected or would materially affect the Company or any of its subsidiaries.

The compensation of the Company's executive officers is determined by the Board of Directors upon recommendations made by the Committee. The Committee met twice during the last financial year. The Company's executive compensation program consists of an annual base salary and a longer-term component consisting of stock options, however the Committee may also recommend a bonus for management or its directors in the future.

**Item 7. Major Shareholders and Related Party Transactions**

As of March 15, 2006, Pan Atlantic Bank and Trust Ltd. owned 6,129,652 shares of the Company representing 19.0% of the outstanding shares of the Company. In addition, as of March 15, 2006 principals of, and funds managed by, the Friedberg Mercantile Group Ltd. owned 1,093,400 shares of the Company representing 3.4% of the outstanding shares of the Company. Pan Atlantic Bank and Trust Ltd. is ultimately beneficially owned and controlled by Albert D. Friedberg and members of his immediate family. Albert D. Friedberg is the President and a director of Friedberg Mercantile Group Ltd. Henry Fenig, a Director of the Company, is CFO and Vice President of Friedberg Mercantile Group Ltd. The Company is not aware of any other person/company who beneficially owns 5% or more of the Company's voting securities.

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

There are no arrangements known to the Company, the operation of which as of a subsequent date, could result in a change of control of the Company.

**INTEREST OF MANAGEMENT IN CERTAIN TRANSACTIONS**

During the fiscal year ended December 31, 2005, Mintec, Inc., a private company controlled by Fred Banfield, a Director of Seabridge, was paid \$39,400 for technical services provided by his company related to the mineral properties. These technical services were for consulting and 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.

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Pan Atlantic Bank and Trust Ltd. has been an investor in two convertible debt offerings and two 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 Annual Report. The audit report of KPMG LLP, Chartered Accountants, is included herein immediately preceding the financial statements and schedules.

There have been no undisclosed significant changes of financial condition since the most recent financial statements dated December 31, 2005.

**Item 9. The Offer and Listing**

**A. Offer and Listing Details**

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.

The Company's common shares began trading on the American Stock Exchange in the United States in April 2004. The current stock symbol is "SA".

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 12 fiscal quarters and the last five fiscal years. The Company's common shares commenced trading on the American Stock Exchange on April 20, 2004 and the corresponding trading information is shown in Table No. 9.

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Table No. 9  
Common Share Trading Activity

	TSX Venture Exchange ("SEA") (Canadian Dollars)				American Stock Exchange ("SA") (United States Dollars)			
	Volume	High	Low	Close	Volume	High	Low	Close
February 2006	439,240	\$ 10.50	\$ 7.80	\$ 8.66	3,182,700	\$ 9.52	\$ 6.80	\$ 7.64
January 2006	1,224,174	\$ 11.75	\$ 9.60	\$ 10.80	4,971,300	\$ 10.13	\$ 8.51	\$ 9.50
3 Months Ended								
31-Dec-05	1,744,743	\$ 12.00	\$ 5.57	\$ 11.01	11,781,343	\$ 10.49	\$ 4.60	\$ 9.40
3 Months Ended								
30-Sep-05	1,641,935	\$ 7.05	\$ 2.99	\$ 7.05	8,615,235	\$ 6.08	\$ 2.47	\$ 5.99
3 Months Ended								
30-Jun-05	1,339,578	\$ 3.30	\$ 2.40	\$				