

# **SEABRIDGE GOLD INC.**

## **UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**AS AT SEPTEMBER 30, 2024**

**SEABRIDGE GOLD INC.****Interim Condensed Consolidated Statements of Financial Position**

(Expressed in thousands of Canadian dollars)

(Unaudited)

	Note	September 30, 2024	December 31, 2023
<b>Assets</b>			
Current assets			
Cash and cash equivalents		\$ 51,162	\$ 82,438
Amounts receivable and prepaid expenses	3	7,863	7,763
Investment in marketable securities	4	5,069	3,750
		<b>64,094</b>	93,951
Non-current assets			
Investment in associate	4	972	1,247
Long-term receivables and other assets	5	119,947	105,947
Mineral interests, property and equipment	6	1,220,438	1,128,464
Reclamation deposits	8	22,269	21,350
		<b>1,363,626</b>	1,257,008
<b>Total assets</b>		<b>\$ 1,427,720</b>	\$ 1,350,959
<b>Liabilities and shareholders' equity</b>			
Current liabilities			
Accounts payable and accrued liabilities	7	\$ 18,383	\$ 32,734
Flow-through share premium	10	5,709	5,543
Lease obligations		349	373
Provision for reclamation liabilities	8	3,629	759
		<b>28,070</b>	39,409
Non-current liabilities			
Secured note liabilities	9	506,891	573,888
Deferred income tax liabilities		26,048	-
Lease obligations		364	1,063
Provision for reclamation liabilities	8	3,493	6,676
		<b>536,796</b>	581,627
<b>Total liabilities</b>		<b>564,866</b>	621,036
<b>Shareholders' equity</b>	10	<b>862,854</b>	729,923
<b>Total liabilities and shareholders' equity</b>		<b>\$ 1,427,720</b>	\$ 1,350,959

Subsequent events (Notes 10 and 12), commitments and contingencies (Note 16)

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

**SEABRIDGE GOLD INC.**

**Interim Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)**

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

(Unaudited)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2024	2023	2024	2023
Remeasurement gain (loss) on secured notes	9	\$ (42,035)	\$ 11,742	\$ 40,720	\$ 10,375
Corporate and administrative expenses	13	(4,000)	(3,729)	(13,446)	(11,598)
Other income - flow-through shares	10	3,844	2,596	6,197	4,112
Foreign exchange gain (loss)		5,474	(11,105)	(13,178)	(5,407)
Finance costs, interest expense and other losses		(321)	(174)	(485)	(2,318)
Interest income		896	1,728	2,521	3,227
<b>Earnings (loss) before income taxes</b>		<b>(36,142)</b>	1,058	<b>22,329</b>	(1,609)
Income tax recovery (expense)		8,591	(6,350)	(12,812)	(5,482)
<b>Net earnings (loss) for the period</b>		<b>\$ (27,551)</b>	\$ (5,292)	<b>\$ 9,517</b>	\$ (7,091)

**Other comprehensive income (loss)**

**Items that will not be reclassified to net income or loss**

Remeasurement of secured notes	9	\$ 15,521	\$ (32,063)	\$ 49,600	\$ (30,936)
Change in fair value of marketable securities	4	566	(65)	1,319	(184)
Tax impact		(4,267)	3,665	(13,568)	3,378
<b>Total other comprehensive income (loss)</b>		<b>11,820</b>	(28,463)	<b>37,351</b>	(27,742)
<b>Comprehensive income (loss) for the period</b>		<b>\$ (15,731)</b>	\$ (33,755)	<b>\$46,868</b>	\$ (34,833)

Weighted average number of common shares outstanding

Basic	10	89,588,695	83,484,693	87,983,955	82,499,543
Diluted	10	89,588,695	83,484,693	88,516,410	82,499,543

Earnings (loss) per common share

Basic	10	\$ (0.31)	\$ (0.06)	\$ 0.11	\$ (0.09)
Diluted	10	\$ (0.31)	\$ (0.06)	\$ 0.11	\$ (0.09)

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

**SEABRIDGE GOLD INC.**

**Interim Condensed Consolidated Statements of Changes in Shareholders' Equity**

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

(Unaudited)

	Number of Shares	Share Capital	Stock-based Compensation	Contributed Surplus	Deficit	Accumulated Other Comprehensive Gain (Loss)	Total Equity
<b>As at December 31, 2023</b>	<b>86,108,019</b>	<b>\$ 934,608</b>	<b>\$ 3,400</b>	<b>\$ 39,484</b>	<b>\$ (186,643)</b>	<b>\$ (60,926)</b>	<b>\$ 729,923</b>
Share issuance - At-The-Market offering	2,750,609	56,569	-	-	-	-	56,569
Share issuance - Interest expense paid in shares	776,519	14,921	-	-	-	-	14,921
Share issuance - Private placement	575,000	11,609	-	-	-	-	11,609
Share issuance - Options exercised	50,000	1,302	(416)	-	-	-	886
Share issuance - RSUs vested	126,133	2,060	(2,060)	-	-	-	-
Share issuance - Other	5,000	105	-	-	-	-	105
Share issuance costs	-	(1,240)	-	-	-	-	(1,240)
Deferred tax on share issuance costs	-	333	-	-	-	-	333
Stock-based compensation	-	-	2,880	-	-	-	2,880
Other comprehensive income	-	-	-	-	-	37,351	37,351
Net earnings for the period	-	-	-	-	9,517	-	9,517
<b>As at September 30, 2024</b>	<b>90,391,280</b>	<b>\$ 1,020,267</b>	<b>\$ 3,804</b>	<b>\$ 39,484</b>	<b>\$ (177,126)</b>	<b>\$ (23,575)</b>	<b>\$ 862,854</b>
As at December 31, 2022	81,339,012	\$ 856,462	\$ 4,655	\$ 36,160	\$ (157,377)	\$ 633	\$ 740,533
Share issuance - At-The-Market offering	1,569,995	28,279	-	-	-	-	28,279
Share issuance - Interest expense paid in shares	977,745	14,761	-	-	-	-	14,761
Share issuance - RSUs vested	30,000	630	(630)	-	-	-	-
Share issuance costs	-	(1,180)	-	-	-	-	(1,180)
Deferred tax on share issuance costs	-	313	-	-	-	-	313
Stock-based compensation	-	-	2,493	-	-	-	2,493
Other comprehensive loss	-	-	-	-	-	(27,741)	(27,741)
Net loss for the period	-	-	-	-	(7,090)	-	(7,090)
As at September 30, 2023	83,916,752	\$ 899,265	\$ 6,518	\$ 36,160	\$ (164,467)	\$ (27,108)	\$ 750,368

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

**SEABRIDGE GOLD INC.**
**Interim Condensed Consolidated Statements of Cash Flows**

(Expressed in thousands of Canadian dollars)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
<b>Operating Activities</b>				
Net earnings (loss)	\$ (27,551)	\$ (5,292)	\$9,517	\$(7,091)
Adjustment for non-cash items:				
Remeasurement loss (gain) on secured notes	42,035	(11,742)	(40,720)	(10,375)
Unrealized foreign exchange loss (gain)	(5,974)	12,018	13,377	5,736
Other income – flow-through shares	(3,844)	(2,596)	(6,197)	(4,112)
Stock-based compensation	833	766	2,880	2,493
Income tax expense (recovery)	(8,591)	6,350	12,812	5,482
Other non-cash items (Note 11)	756	(561)	368	(6)
Adjustment for cash items:				
Environmental rehabilitation disbursements	(329)	(1,924)	(499)	(2,794)
Changes in working capital items:				
Amounts receivable and prepaid expenses	720	(363)	(2,948)	(2,338)
Accounts payable and accrued liabilities	551	(1,912)	(10)	(1,191)
<b>Net cash from (used in) operating activities</b>	<b>(1,394)</b>	<b>(5,256)</b>	<b>(11,420)</b>	<b>(14,196)</b>
<b>Investing Activities</b>				
Mineral interests, property and equipment	(28,046)	(73,742)	(78,598)	(166,495)
Long-term receivables	(14,000)	(24)	(14,000)	(43,674)
Redemption of short-term deposits	-	60,030	-	141,762
Investment in short-term deposits	-	(70,121)	-	(70,164)
Investment in reclamation deposits	-	201	(919)	(339)
<b>Net cash used in investing activities</b>	<b>(42,046)</b>	<b>(83,656)</b>	<b>(93,517)</b>	<b>(138,910)</b>
<b>Financing Activities</b>				
Secured notes	-	-	-	198,825
Share issuance net of costs	24,100	4,754	73,303	27,099
Exercise of options	-	-	886	-
Payment of lease liabilities	(398)	(206)	(723)	(460)
<b>Net cash from financing activities</b>	<b>23,702</b>	<b>4,548</b>	<b>73,466</b>	<b>225,464</b>
Effects of exchange rate fluctuation on cash and cash equivalents	(409)	684	195	454
<b>Net increase (decrease) in cash and cash equivalents during the period</b>	<b>(20,147)</b>	<b>(83,680)</b>	<b>(31,276)</b>	<b>72,812</b>
Cash and cash equivalents, beginning of the period	71,309	202,642	82,438	46,150
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 51,162</b>	<b>\$ 118,962</b>	<b>\$ 51,162</b>	<b>\$ 118,962</b>

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

## **SEABRIDGE GOLD INC.**

### **Notes to the interim condensed consolidated financial statements**

As at and for the nine months ended September 30, 2024 and 2023

*(Amounts in notes and in tables are in millions of Canadian dollars, except where otherwise indicated) (Unaudited)*

#### **1. Reporting entity**

Seabridge Gold Inc. is comprised of Seabridge Gold Inc. ("Seabridge" or the "Company") and its subsidiaries, KSM Mining ULC, Seabridge Gold (NWT) Inc., Seabridge Gold (Yukon) Inc., Seabridge Gold Corp., SnipGold Corp. and Snowstorm Exploration (LLC), and is a Company engaged in acquiring, exploring, and advancing mineral properties, with an emphasis on gold resources, located in Canada and the United States of America. The Company was incorporated under the laws of British Columbia, Canada on September 14, 1979 and continued under the laws of Canada on October 31, 2002. Its common shares are listed on the Toronto Stock Exchange trading under the symbol "SEA" and on the New York Stock Exchange under the symbol "SA". The Company is domiciled in Canada and the address of its registered office is 10th Floor, 595 Howe Street, Vancouver, British Columbia, Canada V6C 2T5 and the address of its corporate office is 106 Front Street East, 4th Floor, Toronto, Ontario, Canada M5A 1E1.

#### **2. Basis of preparation**

##### **A. Statement of compliance**

These unaudited interim condensed consolidated financial statements ("consolidated interim financial statements") were prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"), using accounting policies consistent with those used by the Company in preparing the annual consolidated financial statements as at and for the year ended December 31, 2023 and should be read in conjunction with the Company's annual consolidated financial statements as at and for the year ended December 31, 2023. They do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements. These consolidated interim financial statements were authorized for issue by the Company's board of directors on November 13, 2024.

##### **B. Amended IFRS standard effective January 1, 2024**

- (i) On January 23, 2020 and October 31, 2022, the IASB issued amendments to IAS 1 to clarify that the classification of liabilities as current or non-current should be based on rights that exist at the end of the reporting period and that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. For liabilities with covenants, the amendments clarify that only covenants with which an entity is required to comply on or before the reporting date affect the classification as current or non-current.
- (ii) On September 22, 2022, the IASB issued amendments to IFRS 16 to add subsequent measurement requirements for sale and leaseback transactions, particularly those with variable lease payments. The amendments require the seller-lessee to subsequently measure lease liabilities in a way such that it does not recognize any gain or loss relating to the right of use it retains.

- (iii) On May 25, 2023, the IASB issued amendments to IAS 7 requiring entities to provide qualitative and quantitative information about their supplier finance arrangements. In connection with the amendments to IAS 7, the IASB also issued amendments to IFRS 7 requiring entities to disclose whether they have accessed, or have access to, supplier finance arrangements that would provide the entity with extended payment terms or the suppliers with early payment terms.

The Company applied the above amendments to its consolidated interim financial statements for the annual reporting period beginning on January 1, 2024. The application of these amendments did not have an impact on the Company's consolidated interim financial statements.

### C. Recent Accounting Pronouncements Issued Not Yet Adopted

- (i) On April 9, 2024, the IASB issued IFRS 18 "Presentation and Disclosure in the Financial Statements" ("IFRS 18") replacing IAS 1. IFRS 18 introduces categories and defined subtotals in the statement of profit or loss, disclosures on management-defined performance measures, and requirements to improve the aggregation and disaggregation of information in the financial statements. As a result of IFRS 18, amendments to IAS 7 were also issued to require that entities use the operating profit subtotal as the starting point for the indirect method of reporting cash flows from operating activities and also to remove presentation alternatives for interest and dividends paid and received. Similarly, amendments to IAS 33 "Earnings per Share" were issued to permit disclosure of additional earnings per share figures using any other component of the statement of profit or loss, provided the numerator is a total or subtotal defined under IFRS 18. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively, with early adoption permitted. The Company is currently assessing the impact of the standard on its financial statements.
- (ii) On May 30, 2024, the IASB issued narrow scope amendments to IFRS 9 "Financial Instruments" and IFRS 7. The amendments include the clarification of the date of initial recognition or derecognition of financial liabilities, including financial liabilities that are settled in cash using an electronic payment system. The amendments also introduce additional disclosure requirements to enhance transparency regarding investments in equity instruments designated at FVOCI and financial instruments with contingent features. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is currently assessing the impact of the amendments on its financial statements.

### 3. Amounts receivable and prepaid expenses

(\$000s)	<b>September 30, 2024</b>	December 31, 2023
HST	<b>1,741</b>	4,493
Prepaid expenses and other receivables	<b>6,122</b>	3,270
	<b>7,863</b>	7,763

#### 4. Investments

(\$000s)	January 1, 2024	Fair value through other comprehensive income (loss)	Loss of associate	Additions	September 30, 2024
<b>Current assets:</b>					
Investments in marketable securities	3,750	1,319	-	-	5,069
<b>Non-current assets:</b>					
Investment in associate	1,247	-	(275)	-	972

(\$000s)	January 1, 2023	Fair value through other comprehensive income (loss)	Loss of associate	Additions	December 31, 2023
<b>Current assets:</b>					
Investments in marketable securities	3,696	54	-	-	3,750
<b>Non-current assets:</b>					
Investment in associate	1,389	-	(208)	66 <sup>1</sup>	1,247

1) In 2023, the Company received 151,855 common shares of Paramount for payment of interest on the secured convertible note receivable accrued between July 1, 2022 and December 27, 2023 when the note was repaid.

The Company holds a 4.2% (December 31, 2023 – 4.7%) interest in Paramount which is classified as investment in associate and accounted for using the equity method on the basis that the Company has the ability to exert significant influence through its representation on Paramount's board of directors. During the nine months ended September 30, 2024, the Company recorded its proportionate share of Paramount's net loss of \$0.3 million (2023 – \$0.2 million) within finance costs, interest expense and other income on the interim condensed consolidated statements of operations and comprehensive income (loss). As at September 30 2024, the carrying value of the Company's investment in Paramount was \$1.0 million (December 31, 2023 - \$1.2 million).

#### 5. Long-term receivables and prepaid expenses

(\$000s)	September 30, 2024	December 31, 2023
BC Hydro <sup>1</sup>	106,720	92,720
Canadian Exploration Expenses <sup>2</sup>	9,361	9,361
British Columbia Mineral Exploration Tax Credit <sup>3</sup>	3,866	3,866
	<b>119,947</b>	<b>105,947</b>

1) In 2022, the Company entered into a Facilities Agreement with British Columbia Hydro and Power Authority ("BC Hydro") covering the design and construction of facilities by BC Hydro to supply construction phase hydro-sourced electricity to the KSM Project. Pursuant to signing the Facilities Agreement the Company has made \$106.7 million prepayments inclusive of \$14.0 million which was accrued during the second quarter of 2024 and paid during the current quarter.

- 2) As previously disclosed in the Company's prior years financial statements, in 2019 the Company received a notice from the Canada Revenue Agency ("CRA") that it proposed to reduce the amount of expenditures reported as Canadian Exploration Expenses ("CEE") for the three-year period ended December 31, 2016. The Company has funded certain of its exploration expenditures, from time-to-time, with the proceeds from the issuance of flow-through shares and renounced, to subscribers, the expenditures which it determined to be CEE. The notice disputes the eligibility of certain types of expenditures previously audited and approved as CEE by the CRA. The Company strongly disagrees with the notice and responded to the CRA auditors with additional information for their consideration. In 2020, the CRA auditors responded to the Company's submission and, although accepting additional expenditures as CEE, reiterated that their position remains largely unchanged and subsequently issued reassessments to the Company reflecting the additional CEE expenditures accepted and \$2.3 million of Part XII.6 tax owing. The CRA has reassessed certain investors who subscribed for the flow-through shares, reducing CEE deductions. Notices of objection to the Company's and investors' reassessments have been filed for all those that have been received and will be appealed to the courts, should the notices of objection be denied. The Company has indemnified the investors that subscribed for the flow-through shares and that have been reassessed by depositing the amount of their reassessments, including interest charges, into the accounts of the reassessed investors with the Receiver General in return for such investors agreement to object to their respective reassessments and to repay the Company any refund of the amount deposited on their behalf upon resolution of the Company's appeal. During 2021, 2022 and 2023, the Company deposited \$9.4 million into the accounts of certain investors with the Receiver General. The deposits made have been recorded as long-term receivables on the statement of financial position as at September 30, 2024. The potential tax indemnification to the investors is estimated to be \$10.8 million, plus \$3.5 million potential interest. No provision has been recorded related to the tax, potential interest, nor the potential indemnity as the Company and its advisors do not consider it probable that there will ultimately be an amount payable.
- 3) During 2016, upon the completion of an audit of the application by tax authorities of the British Columbia Mineral Exploration Tax Credit ("BCMETS") program, the Company was reassessed \$3.6 million, including accrued interest for expenditures that the tax authority has categorized as not qualifying for the BCMETS program. The Company recorded a \$3.6 million provision within non-trade payables and accrued expenses on the consolidated statements of financial position as at December 31, 2016 with a corresponding increase in mineral interests. In 2017 the Company filed an objection to the reassessment with the appeals division of the tax authorities and paid one-half of the accrued balance to the Receiver General and reduced the provision by \$1.8 million. In 2019, the Company received a decision from the appeals division that the Company's objection was denied, and the Company filed a Notice of Appeal with the British Columbia Supreme Court. The Attorney General of Canada replied to the facts and arguments in the Company's Notice of Appeal and stated its position that the Company's expenditures did not qualify for the BCMETS program. During the first quarter of 2023, the Company completed the discovery process with the Department of Justice that included settling an agreed statement of facts. The Company presented its case in the BC Supreme Court during the current quarter. Based on the facts and circumstances of the Company's objection and its arguments made in court, the Company concludes that it is more likely than not that it will be successful in its objection. As at September 30, 2024, the Company has paid \$1.6 million to the Receiver General, and the CRA has withheld \$2.3 million of HST credits due to the Company that would fully cover the residual balance, including interest, should the Company be unsuccessful in its challenge. The amount recorded in long-term receivables as of September 30, 2024 of \$3.9 million includes the initial reassessment of \$3.6 million, plus accrued interest.

## 6. Mineral Interests, Property and Equipment

(\$000s)	Mineral interests	Construction in progress	Property & equipment	Right-of-use assets <sup>1</sup>	Total
<b>Cost</b>					
As at January 1, 2023	687,074	121,201	72,404	2,437	883,116
Additions	69,732	178,764	1,187	781	250,464
Transfers	-	(101,899)	101,899	-	-
As at December 31, 2023	756,806	198,066	175,490	3,218	1,133,580
Additions	<b>36,883</b>	<b>57,994</b>	-	<b>90</b>	<b>94,967</b>
Disposals <sup>3</sup>	-	-	-	(1,316)	(1,316)
<b>As at September 30, 2024</b>	<b>793,689</b>	<b>256,060</b>	<b>175,490</b>	<b>1,992</b>	<b>1,227,231</b>
<b>Accumulated Depreciation</b>					
As at January 1, 2023	-	-	1,070	549	1,619
Depreciation expense <sup>2</sup>	-	-	2,517	980	3,497
As at December 31, 2023	-	-	3,587	1,529	5,116
Depreciation expense <sup>2</sup>	-	-	<b>1,948</b>	<b>697</b>	<b>2,645</b>
Disposals <sup>3</sup>	-	-	-	(968)	(968)
<b>As at September 30, 2024</b>	-	-	<b>5,535</b>	<b>1,258</b>	<b>6,793</b>
<b>Net Book Value</b>					
As at December 31, 2023	756,806	198,066	171,903	1,689	1,128,464
<b>As at September 30, 2024</b>	<b>793,689</b>	<b>256,060</b>	<b>169,955</b>	<b>734</b>	<b>1,220,438</b>

- 1) Right-of-use assets consist of property and equipment related to assets leased and accounted for under IFRS 16
- 2) Depreciation expense related to camps, equipment, and right-of-use assets associated with the KSM construction is capitalized to construction in progress
- 3) Disposals relate to equipment lease cancellations at KSM.

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

(\$000s)	Nine months ended September 30, 2024				
	Mineral interests	Construction in progress	Property & equipment	Right-of-use assets	Total Additions
<b>Additions</b>					
KSM additions <sup>1</sup>	<b>10,528</b>	<b>57,994</b>	-	<b>90</b>	<b>68,612</b>
Courageous Lake	<b>752</b>	-	-	-	<b>752</b>
Iskut	<b>15,294</b>	-	-	-	<b>15,294</b>
Snowstorm	<b>742</b>	-	-	-	<b>742</b>
3 Aces	<b>9,567</b>	-	-	-	<b>9,567</b>
	<b>36,883</b>	<b>57,994</b>	-	<b>90</b>	<b>94,967</b>

(\$000s)	Year ended December 31, 2023				Total Additions
	Mineral interests	Construction in progress	Property & equipment	Right-of-use assets	
Additions					
KSM additions <sup>1</sup>	40,490	178,764	1,187	781	221,222
Courageous Lake	3,520	-	-	-	3,520
Iskut	14,174	-	-	-	14,174
Snowstorm	4,897	-	-	-	4,897
3 Aces	6,651	-	-	-	6,651
Total	69,732	76,865	103,086	781	250,464

1) The KSM construction in progress additions includes \$24.3 million of capitalized borrowing costs (year ended December 31, 2023 - \$19.4 million). The capitalized costs were net of \$0.5 million (2023 - \$6.9 million) of interest income earned on the residual balance of the borrowed funds which is reported within the investment in mineral interests, property and equipment line on the consolidated statements of cash flows.

Included in the capitalized exploration expenditures were certain lease payments and project holding costs.

## 7. Accounts payable and accrued liabilities

(\$000s)	September 30, 2024	December 31, 2023
Trade payables	11,631	27,302
Non-trade payables and accrued expenses	6,752	5,432
	18,383	32,734

## 8. Provision for reclamation liabilities

(\$000s)	September 30, 2024	December 31, 2023
Beginning of the period	7,435	10,846
Disbursements	(499)	(3,664)
Accretion	186	253
End of the period	7,122	7,435
Provision for reclamation liabilities – current	3,629	759
Provision for reclamation liabilities – long-term	3,493	6,676
	7,122	7,435

The estimate of the provision for reclamation obligations as at September 30, 2024 was calculated using the estimated discounted cash flows of future reclamation costs of \$7.2 million (December 31, 2023 - \$7.4 million) and the expected timing of cash flow payments required to settle the obligations between the current year and 2026. As at September 30, 2024, the undiscounted future cash outflows are estimated at \$7.6 million (December 31, 2023 - \$8.1 million). The nominal discount rate used to calculate the present value of the reclamation obligations was 2.9% at September 30, 2024 (December 31, 2023 - 3.9%). During the nine months ended September 30, 2024, reclamation disbursements amounted to \$0.5 million (2023 - \$3.7 million).

As at September 30, 2024, the Company has placed a total of \$22.3 million (December 31, 2023 - \$21.4 million) on deposit with financial institutions or with government regulators that are pledged as security against reclamation liabilities. The deposits are recorded on the consolidated statements of financial position as reclamation deposits. As at September 30, 2024 and December 31, 2023, the Company had \$10.0 million of uncollateralized surety bonds, issued pursuant to arrangements with an insurance company, in support of environmental closure costs obligations, related to the KSM Project.

## 9. Secured Note liabilities

### i. 2022 Secured Note

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

- When the 2022 Secured Note matures, the Investors will use all of the principal amount repaid on maturity to purchase a 60% gross silver royalty (the "Silver Royalty"). Maturity occurs upon the first to occur of:
  - a) Commercial production being achieved at KSM; and
  - b) Either on March 24, 2032, the 10-year anniversary, or if the Environmental Assessment Certificate ("EAC") expires and the Investors do not exercise their right to put the 2022 Secured Note to the Company, on March 24, 2035, the 13-year anniversary of the issue date of the 2022 Secured Note.
- Prior to its maturity, the 2022 Secured Note bears interest at 6.5% per annum, payable quarterly in arrears. The Company can elect to satisfy interest payments in cash or by delivering common shares.
- The Company has the option to buyback 50% of the Silver Royalty, once exchanged, on or before 3 years after commercial production has been achieved, for an amount that provides the Investors a minimum guaranteed annualized return.
- If project financing to develop, construct and place KSM into commercial production is not in place by March 24, 2027, the Investors can put the 2022 Secured Note back to the Company for US\$232.5 million, with the Company able to satisfy such amount in cash or by delivering common shares at its option. This right expires once such project financing is in place. If the Investors exercise this put right, the Investors' right to purchase the Silver Royalty terminates.
- If KSM's EAC expires at anytime while the 2022 Secured Note is outstanding, the Investors can put the 2022 Secured Note back to the Company for US\$247.5 million at any time over the following nine months, with the Company able to satisfy such amount in cash or by delivering common shares at its option. If the Investors exercise this put right, the Investors' right to purchase the Silver Royalty terminates.
- If commercial production is not achieved at KSM prior to March 24, 2032, the Silver Royalty payable to the Investors will increase to a 75% gross silver royalty (if the EAC expires during the term of the 2022 Secured Note and the corresponding put right is not exercised by the Investors, this uplift will occur at the thirteenth anniversary from closing).
- No amount payable shall be paid in common shares if, after the payment, any of the Investors would own more than 9.9% of the Company's outstanding shares.
- The Company's obligations under the 2022 Secured Note are secured by a charge over all of the assets of KSMCo and a limited recourse guarantee from the Company secured by a pledge of the shares of KSMCo.

On July 26, 2024, KSM received the “Substantially Started” designation from the BC government. This designation affirms the validity of the EAC for the life of the KSM Project.

To satisfy the interest payment on the 2022 Secured Note, during 2024, the Company issued 776,519 common shares in respect of the interest incurred during nine months ended September 30, 2024 (year ended December 31, 2023 - 1,285,178 common shares).

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

The 2022 Secured Note was recognized at its estimated fair value at initial recognition of \$282.3 million (US\$225 million) using a discounted cash flow model with a Monte Carlo simulation. This incorporated several scenarios and probabilities of the EAC expiring, achieving commercial production and securing project financing, silver prices forecast from quoted forward price, and the discount rates. During the nine months ended September 30, 2024, the fair value of the 2022 Secured Note decreased, and the Company recorded a \$28.5 million gain (year ended December 31, 2023 - \$30.8 million loss) on the remeasurement.

During the second quarter of 2024, the Company re-estimated the timelines for achieving key milestones for commercial production. The following inputs and assumptions were used in the determination of fair value:

Inputs and assumptions	September 30, 2024	December 31, 2023
Forecast silver production in thousands of ounces	166,144	166,144
Long term silver price as at September 30, 2031	US\$37.05	US\$28.62
Risk-free rate	4.1%	4.0%
Credit spread	3.7%	4.0%
Share price volatility	60%	60%
Silver royalty discount factor	10.8%	9.2%

The carrying amount for the 2022 Secured Note is as follows:

(\$000s)	September 30, 2024	December 31, 2023
Fair value beginning of the period	294,363	263,541
Change in fair value loss (gain) through profit and loss	(12,972)	3,096
Change in fair value loss (gain) through other comprehensive income (loss)	(22,222)	34,830
Foreign currency translation loss (gain)	6,742	(7,104)
Total change in fair value	(28,452)	30,822
Fair value end of the period	265,911	294,363

#### Sensitivity Analysis:

For the fair value of the 2022 Secured Note, reasonably possible changes at the reporting date to one of the significant inputs, holding other inputs constant, would have the following effects:

Key Inputs	Inter-relationship between significant inputs and fair value measurement	Increase (decrease) (millions)
<b>Key observable inputs</b>		
	The estimated fair value would increase (decrease) if:	
• Silver price forward curve	• Future silver prices were 10% higher	\$13.9
	• Future silver prices were 10% lower	(\$14.1)
• Discount rates	• Discount rates were 1% higher	(\$25.0)
	• Discount rates were 1% lower	\$29.5
<b>Key unobservable inputs</b>		
• Forecasted silver production	• Silver production indicated silver ounces were 10% higher	\$13.9
	• Silver production indicated silver ounces were 10% lower	(\$14.1)

## ii. 2023 Secured Note

On May 11, 2023, the Company announced that it, through its wholly-owned subsidiary, KSM Mining ULC (“KSMCo”), had agreed to the principal terms of a royalty agreement under which Sprott Resource Streaming and Royalty Corp. (“Sprott”) would pay KSMCo US\$150 million and KSMCo would grant Sprott up to 1.2% net smelter royalty (“NSR”) on the KSM Project. Thereafter, the Company and Sprott agreed to restructure the proposed transaction as the sale of a secured note and, on June 28, 2023, the Company and KSMCo, signed a definitive agreement to sell a secured note (“2023 Secured Note”) that is to be exchanged at maturity for a net smelter returns royalty (the “NSR”) on its 100% owned KSM Project (“KSM”) to Sprott for US\$150 million. The transaction closed on June 29, 2023. The key terms of the 2023 Secured Note include:

- When the 2023 Secured Note matures, Sprott will use all of the principal amount repaid on maturity to purchase a 1% NSR, subject to adjustment of the amount as described below. Maturity occurs upon the first to occur of:
  - a) Commercial production being achieved at KSM; and
  - b) Either on March 24, 2032 or, if the Environmental Assessment Certificate (“EAC”) expires and the Investors do not exercise their right to put the 2023 Secured Note to the Company, on March 24, 2035.
- Prior to its maturity, the 2023 Secured Note bears interest at 6.5% per annum, payable quarterly in arrears. However, payment of quarterly interest due on or before June 29, 2025 (the “Deferred Interest”) will be deferred and the Deferred Interest plus interest accrued on it (the “Interest Deferral Amount”) is payable in a lump sum on or before December 29, 2025.
- KSMCo can pay the Interest Deferral Amount (US\$21.5M) in cash or Seabridge common shares or KSMCo can elect to increase the size of the NSR to be sold to Sprott on the Maturity Date from a 1% NSR to a 1.2% NSR (the “Royalty Increase Election”).
- The Company can elect to satisfy quarterly interest payments, including the Deferral Amount due, by paying in cash or Seabridge common shares. The requirement to make quarterly interest payments expires on the maturity date.
- No amount payable shall be paid in common shares if, after the payment, Sprott would own more than 9.9% of the Company’s outstanding shares.

- If commercial production is not achieved at the KSM Project prior to March 24, 2032, the size of the NSR to be sold to Sprott on the Maturity Date will increase to 1.25% if KSMCo paid the Interest Deferral Amount in cash or shares, or to 1.5% if KSMCo made the Royalty Increase Election (the applicable increase being the “Production Delay Increase”).
- The Company has the option to purchase the NSR amount down (after the NSR is sold to Sprott) to a 0.5% NSR (or to 0.625% if the Production Delay Increase occurred) on or before three years after commercial production has been achieved, for an amount that provides Sprott a minimum guaranteed annualized return.
- If project financing to develop, construct and place KSM into commercial production is not in place by March 24, 2027, Sprott can put the 2023 Secured Note back to the Company for:
  - a) if the Company is obligated to sell Sprott a 1% NSR on the Maturity Date at the time, US\$155 million plus accrued and unpaid interest, or
  - b) if the Company is obligated to sell Sprott a 1.2% or 1.5% NSR on the Maturity Date at the time, US\$180 million plus accrued and unpaid interest.

This Sprott put right expires once such project financing is in place. If Sprott exercises this put right, Sprott’s right to purchase the NSR terminates.

- If KSM’s EAC expires at anytime while the 2023 Secured Note is outstanding, Sprott can put the 2023 Secured Note back to the Company at any time over the following nine months for:
  - a) if the Company is obligated to sell Sprott a 1% NSR on the Maturity Date at the time, US\$165 million plus accrued and unpaid interest, or
  - b) if the Company is obligated to sell Sprott a 1.2% NSR on the Maturity Date at the time, US\$186.5 million plus accrued and unpaid interest.

If Sprott exercises this put right, Sprott’s right to purchase the NSR terminates.

- The Company can elect to satisfy payments due on Sprott’s exercise of either of its put rights in cash or by delivering common shares.
- No amount payable shall be paid in common shares if, after the payment, Sprott would own more than 9.9% of the Company’s outstanding shares.
- The Company’s obligations under the 2023 Secured Note are secured by a charge over all of the assets of KSMCo and a limited recourse guarantee from the Company secured by a pledge of the shares of KSMCo.

On July 26, 2024, KSM received the Substantially Started designation from the BC government. This designation affirms the validity of the EAC for the life of the KSM Project.

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

The 2023 Secured Note was recognized at its estimated fair value at initial recognition of \$198.8 million (US\$150 million) using a discounted cash flow model with a Monte Carlo simulation. This incorporated several scenarios and probabilities of the EAC expiring, achieving commercial production and securing project financing, metal prices forecast and discount rates. During the nine months ended September 30, 2024, the fair value of the 2023 Secured Note decreased, and the Company recorded a \$38.5 million gain (year ended December 31, 2023 - \$80.7 million loss) on the remeasurement.

During the second quarter of 2024, the Company re-estimated the timelines for achieving key milestones for commercial production. The following inputs and assumptions were used in the determination of fair value:

Inputs and assumptions	September 30, 2024	December 31, 2023
Forecast NSR:		
Gold in thousands of ounces	<b>10,500</b>	10,500
Silver in thousands of ounces	<b>29,876</b>	29,876
Copper in millions of pounds	<b>19,322</b>	19,322
Molybdenum in millions of pounds	<b>152</b>	152
Long term metal price as at September 30, 2031		
Gold per ounce	<b>US\$3,078.09</b>	US\$2,553.60
Silver per ounce	<b>US\$37.06</b>	US\$28.62
Copper per pound	<b>US\$4.71</b>	US\$4.08
Molybdenum per pound	<b>US\$27.63</b>	US\$24.89
Risk-free rate	<b>4.1%</b>	4.0%
Credit spread	<b>3.7%</b>	4.0%
Share price volatility	<b>60%</b>	60%
NSR discount factor	<b>10.8%</b>	9.2%

The carrying amount for the 2023 Secured Note is as follows:

(\$000s)	September 30, 2024	December 31, 2023
Fair value beginning of the period	<b>279,525</b>	198,825
Change in fair value loss (gain) through profit and loss	<b>(17,801)</b>	33,182
Change in fair value loss (gain) through other comprehensive income (loss)	<b>(27,378)</b>	49,563
Foreign currency translation loss (gain)	<b>6,633</b>	(2,045)
Total change in fair value	<b>(38,546)</b>	80,700
Fair value end of the period	<b>240,979</b>	279,525

## Sensitivity Analysis:

For the fair value of the 2023 Secured Note, reasonably possible changes at the reporting date to one of the significant inputs, holding other inputs constant, would have the following effects:

Key Inputs	Inter-relationship between significant inputs and fair value measurement	Increase (decrease) (millions)
<b>Key observable inputs</b>	The estimated fair value would increase (decrease) if:	
• Metals price forward curve	• Future metal prices were 10% higher	\$16.1
	• Future metal prices were 10% lower	(\$16.4)
• Discount rates	• Discount rates were 1% higher	(\$30.2)
	• Discount rates were 1% lower	\$36.5
<b>Key unobservable inputs</b>		
• Forecasted metal production	• Metal production indicated volumes were 10% higher	\$15.6
	• Metal production indicated volumes were 10% lower	(\$15.8)

## 10. Shareholders' equity

The Company is authorized to issue an unlimited number of preferred shares and common shares with no par value. No preferred shares have been issued or were outstanding at September 30, 2024 or December 31, 2023.

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

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during 2024. The Company considers its capital to be share capital, stock-based compensation, contributed surplus and deficit. The Company is not subject to externally imposed capital requirements.

### a) Equity financings

During the first quarter of 2021, the Company entered into an agreement with two securities dealers, for an At-The-Market ("ATM") offering program, entitling the Company, at its discretion, and from time to time, to sell up to US\$75 million in value of common shares of the Company. This program was in effect until the Company's US\$775 million Shelf Registration Statement, that expired in December 2022, was replaced with a new US\$750 million Shelf Registration Statement the same month. During the first quarter of 2023, a US\$100 million prospectus supplement was filed and the program was renewed. In the first quarter of 2023, the Company entered into a new agreement with two securities dealers, for an ATM offering program, entitling the Company, at its discretion, and from time to time, to sell up to US\$100 million in value of common shares of the Company. This program can be in effect until the Company's US\$750 million Shelf Registration Statement expires in 2025.

In 2023, the Company issued 2,516,839 shares, at an average selling price of \$17.36 per share, for net proceeds of \$42.8 million under the Company's At-The-Market offering. During nine months ended September 30, 2024, the Company issued 2,750,609 shares, at an average selling price of \$20.57 per share, for net proceeds of \$55.4 million under the Company's At-The-Market offering. As at September 30, 2024, US\$26.0 million was available under the ATM. Subsequent to the quarter end, the Company issued 583,940 shares, at an average selling price of \$24.87 per share, for net proceeds of \$14.2 million under the Company's At-The-Market offering.

On June 5, 2024, the Company issued a total of 575,000 flow-through common shares at an average \$31.26 per common share for aggregate gross proceeds of \$18.0 million. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement was December 31, 2024. At the time of issuance of the flow-through shares, \$6.4 million premium was recognized as a liability on the interim condensed consolidated statements of financial position. During the current quarter, the Company incurred \$1.8 million of qualifying exploration expenditures and \$0.7 million of the premium was recognized through other income on the consolidated statements of operations and comprehensive income (loss).

Subsequent to the quarter end on October 22, 2024, the Company issued a total of 80,500 flow-through common shares at an average \$31.08 per common share for aggregate gross proceeds of \$2.5 million. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement was December 31, 2024. At the time of issuance of the flow-through shares, \$0.2 million premium was recognized as a liability on the interim condensed consolidated statements of financial position.

In December 2023, the Company issued a total of 875,150 flow-through common shares at an average \$22.34 per common share for aggregate gross proceeds of \$19.6 million. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement was December 31, 2023. At the time of issuance of the flow-through shares, \$5.5 million premium was recognized as a liability on the consolidated statements of financial position. During the nine months ended September 30, 2024, the Company incurred \$19.6 million of qualifying exploration expenditures and the \$5.5 million of the premium was recognized through other income on the consolidated statements of operations and comprehensive income (loss).

In December 2022, the Company issued a total of 675,400 flow-through common shares at an average \$22.24 per common share for aggregate gross proceeds of \$15.0 million. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement was December 31, 2022. At the time of issuance of the flow-through shares, \$4.2 million premium was recognized as a liability on the consolidated statements of financial position. During the year ended December 31, 2023, the Company incurred \$15.0 million of qualifying exploration expenditures and the \$4.2 million premium was recognized through other income on the consolidated statements of operations and comprehensive income (loss).

**b) Stock options and restricted share units**

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

Stock option and RSU transactions were as follows:

	Options			RSUs		Total
	Number of Options	Weighted Average Exercise Price (\$)	Amortized Value of options (\$000s)	Number of RSUs	Amortized Value of RSUs (\$000s)	Stock-based Compensation (\$000s)
<b>Outstanding January 1, 2024</b>	<b>50,000</b>	<b>17.72</b>	<b>416</b>	<b>697,726</b>	<b>2,984</b>	<b>3,400</b>
Exercised option or vested RSU	(50,000)	17.72	(416)	(126,133)	(2,060)	(2,476)
Amortized value of stock-based compensation	-	-	-	-	2,880	2,880
<b>Outstanding at September 30, 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>571,593</b>	<b>3,804</b>	<b>3,804</b>

<b>Exercisable at September 30, 2024</b>	<b>-</b>
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	Options			RSUs		Total
	Number of Options	Weighted Average Exercise Price (\$)	Amortized Value of options (\$000s)	Number of RSUs	Amortized Value of RSUs (\$000s)	Stock-based Compensation (\$000s)
Outstanding at January 1, 2023	477,500	15.85	4,117	345,266	538	4,655
Granted	-	-	-	399,300	144	144
Exercised option or vested RSU	(50,000)	15.46	(460)	(41,840)	(823)	(1,283)
Options surrendered for cash	(273,500)	15.46	(2,355)	-	-	(2,355)
Expired	(104,000)	16.17	(886)	(5,000)	(33)	(919)
Amortized value of stock-based compensation	-	-	-	-	3,158	3,158
Outstanding at December 31, 2023	50,000	17.72	416	697,726	2,984	3,400

Exercisable at December 31, 2023	50,000
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In December 2023, 273,500 options, with exercise price of \$15.46 per option, were surrendered for cash at the weighted average rate of \$0.18 cash payment per option. During the second quarter of 2024, the remaining 50,000 outstanding share options with an exercise price of \$17.72 were exercised and were exchanged for common shares of the Company.

In December 2023, 379,300 RSUs were granted to the Board members, members of senior management, and to other employees of the Company. Of those, 277,500 was granted to senior management, with vesting dependent on certain corporate objectives including the completion of a bankable feasibility study at KSM, and the Company's share price outperforming certain market benchmarks. The fair value of RSUs granted with vesting dependent on market conditions was valued using a Monte-Carlo simulation. The fair value of total RSU grants, of \$4.6 million, was estimated as at the grant date to be amortized over the expected service period of the grants. The expected service period ranges from one year to three years from the date of the grant and is dependent on the corporate objectives being met.

In December 2022, 310,266 RSUs were granted to the Board members, members of senior management, and to other employees of the Company. Of those, 232,266 was granted to senior management, with vesting dependent on certain corporate objectives including the Company submitting its formal application to the regulator for the KSM Project to be designated as Substantially Started, notification from the regulator that the KSM Project has been designated as Substantially Started, and announcement of KSM joint venture agreement, or other transformative transaction affecting the ownership and control of KSM. The fair value of the total RSU grants, of \$5.1 million, was estimated as at the grant date to be amortized over the expected service period of the grants. The expected service period ranges from nine months to three years from the date of the grant and is dependent on the corporate objectives being met. During first quarter of 2024, upon the Company submitting its formal application to regulators for the KSM Project to be designated as Substantially Started, 58,066 RSUs vested and were exchanged for common shares of the Company. During the current quarter, and upon the Company receiving the Substantially Started designation for the KSM Project, further 58,067 RSUs vested and were exchanged for common shares of the Company.

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

Basic and diluted net income (loss) attributable to common shareholders of the Company for the three and nine months ended September 30, 2024 was \$27.6 million net loss and \$9.5 million net income, respectively (three and nine months ended September 30, 2023 - \$5.3 million and \$7.1 million net loss, respectively).

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

(Number of common shares)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Basic weighted average shares outstanding	<b>89,588,695</b>	83,484,693	<b>87,983,955</b>	82,499,543
Weighted average shares dilution adjustments:				
Stock options <sup>1</sup>	-	-	-	-
RSUs	-	-	<b>532,455</b>	-
Diluted weighted average shares outstanding	<b>89,588,695</b>	83,484,693	<b>88,516,410</b>	82,499,543
Weighted average shares dilution exclusions: <sup>2</sup>				
Stock options <sup>1</sup>	-	1,574	-	31,220
RSUs	<b>537,133</b>	142,679	-	154,675

- 1) Dilutive stock options were determined using the Company's average share price for the period. For the three and nine months ended September 30, 2023, the average share price used was \$15.9 and \$16.96, respectively.
- 2) Excluded in the diluted weighted average number of common shares outstanding as their exercise or settlement would be anti-dilutive in the loss per share calculation.

## 11. Cash flow items

Adjustment for other non-cash items within operating activities:

(\$000s)	Notes	Three months ended		Nine months ended	
		September 30, 2024	2023	September 30, 2024	2023
Equity loss of associate	4	250	45	275	165
Unrealized gain on convertible notes receivable		-	-	-	37
Accrued interest income on convertible notes receivable		-	(21)	-	(41)
Depreciation	6	34	34	102	99
Finance costs, net		63	65	186	188
Effects of exchange rate fluctuation on cash and cash equivalents		409	(684)	(195)	(454)
		756	(561)	368	(6)

## 12. Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value.

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts, volatility measurements used to value option contracts and observable credit default swap spreads to adjust for credit risk where appropriate), or inputs that are derived principally from or corroborated by observable market data or other means.

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

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

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

(\$000s)	September 30, 2024				Total Fair Value
	Carrying Amount	Level 1	Level 2	Level 3	
<b>Assets</b>					
Investment in marketable securities	5,069	5,069	-	-	5,069
<b>Liabilities</b>					
Secured note liabilities	506,891	-	-	506,891	506,891

(\$000s)	December 31, 2023				Total Fair Value
	Carrying Amount	Level 1	Level 2	Level 3	
<b>Assets</b>					
Investment in marketable securities	3,750	3,750	-	-	3,750
<b>Liabilities</b>					
Secured note liabilities	573,888	-	-	573,888	573,888

The carrying value of cash and cash equivalents, amounts receivable, long-term receivables and accounts payable and accrued liabilities approximate their fair values due to their short-term maturities.

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

#### *Credit Risk*

The Company's credit risk is primarily attributable to receivables included in amounts receivable and prepaid expenses. The Company has no significant concentration of credit risk arising from operations. Management believes that the risk of loss with respect to financial instruments included in amounts receivable and prepaid expenses is remote.

#### *Liquidity Risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As discussed in Note 16, the Company signed an amendment to the Facilities Agreement with BC Hydro for additional payments of \$14 million, paid in July 2024, and \$40 million, due in December 2024. As the Company does not generate cash inflows from operations, the Company is dependent upon external sources of financing to fund its exploration projects and on-going activities, and will exercise discretion as needed with respect to proceeding with certain planned expenditures, including additional payments pursuant to the Facilities Agreement with BC Hydro (refer to Note 16). The Company has in place an At-the-Market offering that allows the issuance of up to US\$100 million of its common shares and has been an effective source of funding. During the nine months ended September 30, 2024, the Company raised \$55.4 million (year ended December 31, 2023 - \$42.8 million). Subsequent to the quarter end, the Company raised additional \$14.2 million through its At-the-Market offering. The Company intends to fully utilize the remaining US\$26.0 million of the At-the-Market offering currently in place. The Company believes that with this additional financing and other options that are within the Company's control, it will have sufficient liquidity to continue its operations and meet its obligations for the next twelve months. When required, the Company will seek

additional sources of cash to cover its proposed exploration and development programs at its key projects, in the form of equity financing or from the sale of non-core assets.

As at September 30, 2024, the Company had cash and cash equivalents of \$51.2 million (December 31, 2023 - \$82.4 million) for settlement of current financial liabilities of \$22.0 million (December 31, 2023 - \$33.5 million). Except for the secured note liabilities and the reclamation obligations, the Company's financial liabilities primarily have contractual maturities of 30 days and are subject to normal trade terms. The Company's ability to fund its operations and capital expenditures and other obligations as they become due is dependent upon market conditions.

The following table details the Company's expected remaining contractual cash flow requirements for its financial liabilities on repayment or maturity periods. The amounts presented are based on the contractual undiscounted cash flows and may not agree with the carrying amounts in the interim condensed consolidated statements of financial position.

(\$000s)	<b>Less than 1 year</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>Greater than 5 years</b>	<b>Total</b>
2022 Secured Note including interest	19,780	39,560	39,560	167,012	<b>265,912</b>
2023 Secured Note including interest	-	48,859	26,374	165,746	<b>240,979</b>
Flow-through share expenditures	-	16,125	-	-	<b>16,125</b>
Lease obligation	263	1,109	881	454	<b>2,707</b>
	<b>20,043</b>	<b>105,653</b>	<b>66,815</b>	<b>333,212</b>	<b>525,723</b>

### *Market Risk*

#### *(a) Interest Rate Risk*

Interest rate risk is the risk that the future cash flows of a financial instrument or its fair value will fluctuate because of changes in market interest rates. The secured note liabilities (Note 9) bear interest at a fixed rate of 6.5% per annum. The Company's current policy is to invest excess cash in Canadian bank guaranteed notes (short-term deposits). The short-term deposits can be cashed in at any time and can be reinvested if interest rates rise.

#### *(b) Foreign Currency Risk*

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian and US dollars. The secured note liability and the related interest payments are denominated in US dollars. The Company has the option to pay the interest either in cash or in shares. The Company also funds certain operations, exploration and administrative expenses in the United States on a cash call basis using US dollar cash on hand or converted from its Canadian dollar cash. Management believes the foreign exchange risk derived from currency conversions is not significant to its operations and has not entered into any foreign exchange hedges. As at September 30, 2024, the Company had cash and cash equivalents, investment in associate, reclamation deposits, accounts payable and secured notes that are in US dollars.

#### *(c) Investment Risk*

The Company has investments in other publicly listed exploration companies which are included in investments. These shares were received as option payments on certain exploration properties the Company owns or has sold. In addition, the Company holds \$5.0 million in a gold exchange traded receipt that is recorded on the

interim condensed consolidated statements of financial position in investments. The risk on these investments is significant due to the nature of the investment but the amounts are not significant to the Company.

### 13. Corporate and administrative expenses

(\$000s)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Employee compensation	1,300	1,320	4,658	4,405
Stock-based compensation	833	766	2,880	2,493
Professional fees	1,214	886	3,129	1,822
Other general and administrative	653	757	2,779	2,878
	<b>4,000</b>	<b>3,729</b>	<b>13,446</b>	<b>11,598</b>

### 14. Related party disclosures

During the nine months ended September 30, 2024 and 2023, there were no payments to related parties other than compensation paid to key management personnel. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 15. Income taxes

As previously disclosed in the Company's prior years financial statements, in 2019 the Company received a notice from the CRA that it proposed to reduce the amount of expenditures reported as Canadian Exploration Expenses (CEE) for the three-year period ended December 31, 2016. The Company has funded certain of its exploration expenditures, from time-to-time, with the proceeds from the issuance of flow-through shares and renounced, to subscribers, the expenditures which it determined to be CEE. The notice disputes the eligibility of certain types of expenditures previously audited and approved as CEE by the CRA. The Company strongly disagrees with the notice and responded to the CRA auditors with additional information for their consideration. In 2020, the CRA auditors responded to the Company's submission and, although accepting additional expenditures as CEE, reiterated that their position remains largely unchanged and subsequently issued reassessments to the Company reflecting the additional CEE expenditures accepted and \$2.3 million of Part XII.6 tax owing. The Company has been made aware that the CRA has reassessed certain investors who subscribed for the flow-through shares, reducing CEE deductions. Notice of objections to the Company's and investors' reassessments have been filed for all those that have been received and will be appealed to the courts, should the notice of objections be denied. The Company has indemnified the investors that subscribed for the flow-through shares and that have been reassessed by depositing the amount of their reassessments, including interest charges, into the accounts of the reassessed investors with the Receiver General in return for such investors agreement to object to their respective reassessments and to repay the Company any refund of the amount deposited on their behalf upon resolution of the Company's appeal. During 2021 and 2022, the Company deposited \$9.3 million into the accounts of certain investors with the Receiver General. The deposits made have been recorded as long-term receivables on the statement of financial position. The potential tax indemnification to the investors is estimated to be \$10.8 million, plus \$3.5 million potential interest. No provision has been recorded related to the tax, potential interest, nor the potential indemnity as the Company and its advisors do not consider it probable that there will ultimately be an amount payable.

## 16. Commitments and contingencies

(\$000s)	Total	Payments due by years			
		2024	2025-26	2027-28	2029-30
2022 Secured Note – interest	123,625	4,945	39,560	39,560	39,560
2023 Secured Note – interest	101,607	-	48,859	26,374	26,374
Capital expenditure obligations	20,210	20,210	-	-	-
Flow-through share expenditures	16,125	-	16,125	-	-
Mineral interests	7,530	-	1,634	2,510	3,386
Lease obligation	2,707	263	1,109	881	454
	<b>271,804</b>	<b>25,418</b>	<b>107,287</b>	<b>69,325</b>	<b>69,774</b>

In 2022, the Company entered into a Facilities Agreement with BC Hydro covering the design and construction of facilities by BC Hydro to supply construction phase hydro-sourced electricity to the KSM Project. The Facilities Agreement was amended in first quarter of 2024.

The cost to complete the construction is estimated to be \$32.9 million of which the Company had paid \$24.9 million to BC Hydro as at December 31, 2023, and the remaining balance was paid during the first quarter of 2024. In addition, the Facilities Agreement requires \$59.8 million in security or cash from the Company for BC Hydro system reinforcement which is required to make the power available of which the Company had paid \$57.1 million to BC Hydro as at December 31, 2023, and the remaining balance was paid during the first quarter of 2024. The \$59.8 million system reinforcement security will be forgiven annually, typically over a period of less than 8 years, based on project power consumption. On March 21, 2024, the Company signed an amendment to the Facilities Agreement with BC Hydro for additional payments scheduled for \$14.0 million in July 2024 and \$40.0 million in December 2024. As at September 30, 2024, prepayments to complete the design and construction amounted to \$106.7 million inclusive of \$14.0 million which was accrued during the second quarter of 2024 and paid during the current quarter.

Prior to its maturity, the 2022 Secured Note bears interest at 6.5%, or US\$14.6 million per annum, payable quarterly in arrears. The Company can elect to satisfy interest payments in cash or by delivering common shares.

Prior to its maturity, the 2023 Secured Note bears interest at 6.5% or US\$9.8 million per annum, payable quarterly in arrears. Payment of quarterly interest due from the closing date to the second anniversary is deferred and US\$21.5 million must be paid on or before 30 months after the closing date. Ongoing quarterly interest can be satisfied by way of cash, common shares or increasing the NSR percentage from 1 to 1.2%. Refer to Note 9 for details on the secured note liabilities.