

SEABRIDGE GOLD INC.

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2023 and 2022**

Management's Responsibility for Financial Statements

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

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

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

The Audit Committee is appointed by the Board of Directors and all of its members are non-management directors. The Audit Committee meets periodically with management and the external auditors to discuss internal controls, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. The Audit Committee also reviews the consolidated financial statements, management's discussion and analysis, the external auditors' reports, examines the fees and expenses for audit services, and considers the engagement or reappointment of the external auditors. The Audit Committee reports its findings to the Board of Directors for its consideration when approving the consolidated financial statements for issuance to the shareholders. KPMG LLP, the external auditors, have full and free access to the Audit Committee.



Rudi P. Fronk
Chairman & CEO
March 27, 2024



Christopher J. Reynolds
Vice President, Finance and Chief Financial Officer
March 27, 2024



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Report of Independent Registered Public Accounting Firm

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

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Seabridge Gold Inc. (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity, and cash flows for each of the years then ended, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for each of the years then ended, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 27, 2024, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

Critical Audit Matter

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

Valuation of secured note liabilities

As discussed in Note 4(ii) to the consolidated financial statements, the Company measures the fair value of its secured note liabilities using a discounted cash flow model with a Monte Carlo simulation. Key assumptions into the models include future precious and base metals prices, discount rates, forecasted metals production, and probabilities of Environmental Assessment Certificate (“EAC”) expiry, achieving commercial production and securing project financing.

Changes to these inputs and assumptions could have a significant impact on the measurement of the secured note liabilities. There is significant estimation uncertainty with respect to the application of the key assumptions in determining the fair value of the secured note liabilities. As discussed in Note 12 to the consolidated financial statements, the fair value of the Company’s 2022 secured note liability at December 31, 2023 was \$294,363 thousand, the fair value of the Company’s 2023 secured note liability at inception was \$198,825 thousand and the fair value at December 31, 2023 was \$279,525 thousand.

We identified the determination of the fair value of the secured note liabilities as a critical audit matter. Significant auditor judgment was required to assess the fair value of the secured note liabilities and to assess certain key assumptions of future precious and base metals prices, discount rates, and forecasted metals production used to determine the fair values.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of a certain internal control over the Company’s process to determine the fair values of the secured note liabilities. This included a control over the development and selection of the significant assumptions. We compared forecasted metals production to the Company’s previously filed technical report. We involved valuation professionals with specialized skills and knowledge who assisted in:

- evaluating the estimated future metals prices by performing an independent recalculation using data obtained from third party estimates and sources;
- evaluating the discount rate by comparing the Company’s assumption to information derived from publicly available third-party sources.

/s/ KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

We have served as the Company’s auditor since 2002.

Toronto, Canada
March 27, 2024



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Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control Over Financial Reporting

We have audited Seabridge Gold Inc.'s (the Company) internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of December 31, 2023 and 2022, the related consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity, and cash flows for each of the years then ended, and the related notes (collectively, the consolidated financial statements), and our report dated March 27, 2024 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, appearing under the heading Internal Control over Financial Reporting in Management's Discussion and Analysis for the year ended December 31, 2023. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the

company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

March 27, 2024

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

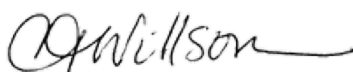
(Expressed in thousands of Canadian dollars)

	Note	December 31, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents	5	\$ 82,438	\$ 46,150
Short-term deposits	5	-	81,690
Amounts receivable and prepaid expenses	6	7,763	8,220
Investment in marketable securities	7	3,750	3,696
Convertible notes receivable		-	631
		93,951	140,387
Non-current assets			
Investment in associate	7	1,247	1,389
Long-term receivables and other assets	8	105,947	51,703
Mineral interests, property and equipment	9	1,128,464	881,497
Reclamation deposits	11	21,350	20,643
		1,257,008	955,232
Total assets		\$ 1,350,959	\$ 1,095,619
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	10	\$ 32,734	\$ 42,956
Flow-through share premium	13	5,543	4,183
Lease obligations		373	511
Provision for reclamation liabilities	11	759	4,343
		39,409	51,993
Non-current liabilities			
Secured note liabilities	12	573,888	263,541
Deferred income tax liabilities	18	-	31,934
Lease obligations		1,063	1,115
Provision for reclamation liabilities	11	6,676	6,503
		581,627	303,093
Total liabilities		621,036	355,086
Shareholders' equity	13	729,923	740,533
Total liabilities and shareholders' equity		\$ 1,350,959	\$ 1,095,619

Subsequent events (Notes 8, 13, and 19), commitments and contingencies (Note 19)

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

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


Rudi P. Fronk
Director

Carol Willson
Director**SEABRIDGE GOLD INC.**

Consolidated Statements of Operations and Comprehensive Income (Loss)

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

	Note	Year ended December 31,	
		2023	2022
Remeasurement of secured notes	12	\$ (29,690)	\$ 36,967
Corporate and administrative expenses	16	(17,441)	(16,090)
Impairment of investment in associate	7	-	(873)
Equity loss of associate	7	(208)	(207)
Other income - flow-through shares	13	4,183	1,366
Environmental rehabilitation expense	11	-	(6,722)
Unrealized loss on convertible notes receivable	7	(88)	(16)
Foreign exchange gain (loss)		9,282	(12,874)
Finance costs and other		(2,204)	(3,471)
Interest income (expense)		(1,795)	2,794
Earnings (loss) before income taxes		(37,961)	874
Income tax recovery (expense)	18	8,695	(8,268)
Net loss for the year		\$ (29,266)	\$ (7,394)

Other comprehensive income (loss)**Items that will not be reclassified to net income or loss**

Remeasurement of secured notes		\$ (84,393)	\$ 2,912
Change in fair value of marketable securities		54	329
Tax impact		22,780	(831)
Total other comprehensive income (loss)		(61,559)	2,410
Comprehensive loss for the year		\$ (90,825)	\$ (4,984)

Weighted average number of common shares outstanding

Basic	13	83,001,989	80,058,861
Diluted	13	83,001,989	80,058,861
Loss per common share			
Basic	13	\$ (0.35)	\$ (0.09)
Diluted	13	\$ (0.35)	\$ (0.09)

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

SEABRIDGE GOLD INC.
Consolidated Statements of Changes in Shareholders' Equity

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

	Number of Shares	Share Capital	Warrants	Stock-based Compensation	Contributed Surplus	Deficit	Accumulated Other Comprehensive Gain (Loss)	Total Equity
As at December 31, 2022	81,339,012	\$ 856,462	\$ -	\$ 4,655	\$ 36,160	\$ (157,377)	\$ 633	\$ 740,533
Share issuance - At-The-Market offering	2,516,839	43,681	-	-	-	-	-	43,681
Share issuance - Interest expense paid in shares	1,285,178	19,737	-	-	-	-	-	19,737
Share issuance - Private placement	875,150	14,011	-	-	-	-	-	14,011
Share issuance - Options exercised	50,000	1,150	-	(2,815)	2,438	-	-	773
Share issuance - RSUs vested	41,840	823	-	(823)	-	-	-	-
Share issuance costs	-	(1,715)	-	-	-	-	-	(1,715)
Deferred tax on share issuance costs	-	459	-	-	-	-	-	459
Stock-based compensation	-	-	-	3,269	-	-	-	3,269
Expired options	-	-	-	(886)	886	-	-	-
Other comprehensive loss	-	-	-	-	-	-	(61,559)	(61,559)
Net loss for the year	-	-	-	-	-	(29,266)	-	(29,266)
As at December 31, 2023	86,108,019	\$ 934,608	\$ -	\$ 3,400	\$ 39,484	\$ (186,643)	\$ (60,926)	\$ 729,923
As at December 31, 2021	78,975,349	\$ 809,269	\$ -	\$ 8,697	\$ 36,126	\$ (149,983)	\$ (1,776)	\$ 702,333
Share issuance - At-The-Market offering	998,629	22,793	-	-	-	-	-	22,793
Share issuance - Private placement	675,400	10,840	-	-	-	-	-	10,840
Share issuance - Options exercised	540,834	11,295	-	(3,974)	-	-	-	7,321
Share issuance - RSUs vested	148,800	3,172	-	(3,172)	-	-	-	-
Share issuance costs	-	(1,237)	-	-	-	-	-	(1,237)
Deferred tax on share issuance costs	-	330	-	-	-	-	-	330
Stock-based compensation	-	-	-	3,138	-	-	-	3,138
Expired options	-	-	-	(34)	34	-	-	-
Other comprehensive income	-	-	-	-	-	-	2,409	2,409
Net loss for the year	-	-	-	-	-	(7,394)	-	(7,394)
As at December 31, 2022	81,339,012	\$ 856,462	\$ -	\$ 4,655	\$ 36,160	\$ (157,377)	\$ 633	\$ 740,533

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

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

(Expressed in thousands of Canadian dollars)

	Year ended December 31,	
	2023	2022
Operating Activities		
Net loss	\$ (29,266)	\$ (7,394)
Adjustment for non-cash items:		
Remeasurement loss (gain) on secured notes	29,690	(36,967)
Environmental rehabilitation expense	-	6,722
Stock-based compensation	3,269	3,138
Other income - flow-through shares	(4,183)	(1,366)
Income tax (recovery) expense	(8,695)	8,268
Unrealized foreign exchange (gain) loss	(9,150)	21,158
Other non-cash items	362	(2,044)
Adjustment for cash items:		
Environmental rehabilitation disbursements	(3,664)	(4,499)
Changes in working capital items:		
Amounts receivable and prepaid expenses	457	(845)
Accounts payable and accrued liabilities	(357)	541
Net cash used in operating activities	(21,537)	(13,288)
Investing Activities		
Mineral interests, property and equipment	(230,162)	(177,991)
Redemption of short-term deposits	151,854	349,378
Investment in short-term deposits	(70,164)	(401,825)
Long-term receivables and other assets	(54,244)	(30,545)
Interest paid	-	(14,735)
Redemption of convertible notes receivable	528	-
Investment in security deposits	(707)	(5,412)
Net cash used in investing activities	(202,895)	(281,130)
Financing Activities		
Secured notes	198,825	282,263
Share issuance net of costs	61,519	36,579
Exercise of options	773	7,321
Payment of lease liabilities	(666)	(334)
Net cash from financing activities	260,451	325,829
Effects of exchange rate fluctuation on cash and cash equivalents	269	3,216
Net increase in cash and cash equivalents during the year	36,288	34,627
Cash and cash equivalents, beginning of the year	46,150	11,523
Cash and cash equivalents, end of the year	\$ 82,438	\$ 46,150

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

SEABRIDGE GOLD INC.
Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

1. Reporting entity

Seabridge Gold Inc. is comprised of Seabridge Gold Inc. ("Seabridge" or the "Company") and its subsidiaries, KSM Mining ULC, Seabridge Gold (NWT) Inc., Seabridge Gold (Yukon) Inc., Seabridge Gold Corp., SnipGold Corp. and Snowstorm Exploration (LLC), and is a Company engaged in the acquisition and exploration of gold properties located in North America. The Company was incorporated under the laws of British Columbia, Canada on September 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, the address of its registered office is 10th Floor, 595 Howe Street, Vancouver, British Columbia, Canada V6C 2T5 and the address of its corporate office is 106 Front Street East, 4th Floor, Toronto, Ontario, Canada M5A 1E1.

2. Basis of preparation

A. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements were authorized for issuance by the Board of Directors of the Company on March 27, 2024.

B. Basis of consolidation

(i) Subsidiaries

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

Business acquisitions are accounted for using the acquisition method whereby acquired assets and liabilities are recorded at fair value as of the date of acquisition with the excess of the purchase consideration over such fair value being recorded as goodwill and allocated to cash generating units. Non-controlling interest in an acquisition may be measured at either fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's net identifiable assets.

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

Where a business combination is achieved in stages, previously held non-controlling equity interests in the acquiree are re-measured at acquisition-date fair value and any resulting gain or loss is recognized in the consolidated statement of operations and comprehensive income (loss) or other comprehensive income, as appropriate. Acquisition related costs are expensed during the period in which they are incurred, except for the cost of debt or equity instruments issued in relation to the acquisition which is included in the carrying amount of the related instrument. Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business

combination, they may be adjusted retrospectively during the measurement period. However, the measurement period will not exceed one year from the acquisition date.

(ii) Associates

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

3. Summary of material accounting policies

The material accounting policy information used in the preparation of these consolidated financial statements is described below.

A. Basis of measurement

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

B. Translation of foreign currencies

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

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

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

C. Mineral interests, property and equipment

(i) Mineral interests

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

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

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

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

(ii) Construction in progress

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

(iii) Equipment

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

(iv) Capitalized borrowing costs

Borrowing costs are capitalized and allocated specifically to qualifying assets when funds have been borrowed, either to specifically finance a project or for general borrowings during the period of construction. Qualifying assets are assets that require a significant amount of time to get ready for their intended use, including projects that are in the development or construction stages. Capitalization of borrowing costs ceases when such assets are ready for their intended use.

D. Depreciation

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

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

E. Leasing arrangements

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

F. Impairment of non-financial assets

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

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

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

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

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

G. Reclamation liabilities

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation incorporating risks specific to the obligation using a pre-tax rate that reflects current market assessments of the

time value of money. When estimates of obligations are revised, the present value of the changes in obligations is recorded in the period by a change in the obligation amount and a corresponding adjustment to the carrying amount of the related property. For locations where mining activities have ceased, the changes to obligations are charged directly to the consolidated statements of operations and comprehensive income (loss).

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

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

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

H. Income taxes

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

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

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

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

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

I. Stock-based compensation options and restricted share units ("RSUs")

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

The factors affecting stock-based compensation include estimates of when stock options might be exercised, share price volatility and the assessment of the probability and timing of those instruments that have non-market performance vesting criteria. The timing for exercise of options is out of the Company's control and will depend upon a variety of factors, including the market value of the Company's shares and financial objectives of the share-based instrument holders. The Company uses historical data to determine volatility in accordance with appropriate fair value methodology. However, the future volatility is uncertain, and models share their limitations.

J. Flow-through shares

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

K. Net earnings (loss) per common share

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

L. Financial instruments

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

Non-derivative financial instruments

Non-derivative financial instruments are recognized initially at fair value plus attributable transaction costs, where applicable for financial instruments not classified as fair value through profit or loss ("FVTPL").

Subsequent to initial recognition, non-derivative financial instruments are classified and measured as described below.

Financial assets at FVTPL

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

Financial assets at amortized cost

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

Financial assets at fair value through other comprehensive income

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

Non-derivative financial liabilities

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

Secured note liabilities

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

M. Accounting pronouncements

New accounting standards and interpretations issued and effective:

IAS 1 - Presentation of financial statements: disclosure of material accounting policy information

On January 1, 2023, the Company adopted amendments to IAS 1 that requires companies to disclose material accounting policies instead of significant accounting policies. The adoption of these amendments resulted in certain changes to the Company's accounting policy disclosures. The Company's material accounting policies are disclosed in Note 3 – Summary of material accounting policies herein.

IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

In February 2021, the IASB issued Definition of Accounting Estimates, which made amendments to IAS 8. The amendments replaced the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Accounting estimates are developed if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in an accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to

develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the current period's Consolidated Statements of Operations and Comprehensive Income, or the Consolidated Statements of Operations and Comprehensive Income of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods. The amendments apply for annual periods beginning on or after January 1, 2023 and early adoption was permitted. The Company adopted the amendments effective January 1, 2023. The application of these amendments did not have a material impact on the Company's consolidated financial statements.

IAS 12 - Deferred Tax

In May 2021, the IASB issued Deferred Tax related to Assets and Liabilities Arising from a Single Transaction which amended IAS 12, Income Taxes ("IAS 12"). Prior to the amendments, IAS 12 contained a recognition exemption whereby deferred income tax assets and liabilities were not recognized for temporary differences arising on initial recognition of assets and liabilities, other than in business combinations, that affect neither accounting nor taxable income. The amendments narrowed the scope of the recognition exemption in IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The Company applied the amendments to IAS 12 to its consolidated financial statements for the annual reporting period beginning on January 1, 2023. The application of these amendments did not have an impact on the Company's consolidated financial statements.

IAS 12 - International Tax Reform - Pillar Two Model Rules

On May 23, 2023, the IASB issued amendments to IAS 12 which introduce a temporary exception from accounting for deferred taxes arising from the implementation of the Organization for Economic Co-operation and Development ("OECD") Pillar Two model rules. The amendments provide relief from recognizing deferred taxes related to the OECD Pillar two income taxes as well as any related disclosure. The Company has applied the exception immediately upon issuance of the amendment and retrospectively in accordance with IAS 8 for the 2023 fiscal year.

Accounting pronouncements issued but not yet effective:

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. The Company will adopt the amendments to IAS 1 effective January 1, 2024. These amendments are not expected to have a significant impact on the Company's statement of financial position on the date of adoption.

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. The amendments are effective on January 1, 2024 and are not expected to have a significant impact on the Company's financial statements.

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. These amendments are effective on January 1, 2024, and are not expected to have a significant impact on the Company's financial statements.

On August 15, 2023, the IASB issued amendments to IAS 21 to specify how to assess whether a currency is exchangeable and how to determine the exchange rate when it is not exchangeable. The amendments specify that a currency is exchangeable when it can be exchanged through market or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and the specified purpose. For non-exchangeable currencies, an entity is required to estimate the spot exchange rate as the rate that would have applied to an orderly exchange transaction between market participants at the measurement date under prevailing economic conditions. The amendments are effective on January 1, 2025 and are not expected to have a significant impact on the Company's financial statements.

4. Critical accounting judgments and estimation uncertainty

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and the application of the Company's accounting policies, which are described in Note 3. Management believes that the estimates used in the preparation of the consolidated financial statements are reasonable; however, actual results could differ from those estimates. The key areas of significant judgments, estimates and assumptions are discussed below.

(i) Critical accounting judgments

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

Impairment of mineral interests, property and equipment

Mineral interests are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. When an indication of impairment exists, and the carrying amount of the mineral interest exceeds its estimated recoverable amount, the carrying value is written down to the recoverable amount and the loss is recognized in the statement of operations and comprehensive income (loss). Judgment is required to determine whether there are indications that the carrying amount of an exploration project is unlikely to be recovered in full from the successful development or the sale of the project.

(ii) Key sources of estimation uncertainty

Mineral reserves and resources

Mineral reserves and resources have been estimated by qualified persons as defined in accordance with Canadian Securities Administrators' National Instrument 43-101 Standards of Disclosure for Mineral Projects requirements. Mineral reserve and resource estimates include numerous uncertainties and depend heavily on geological interpretations and statistical inferences drawn from drilling and other data, and require estimates of the future price for the commodity and the future cost of operations. The mineral reserve and resource estimates

are subject to uncertainty and actual results may vary from these estimates. Results from drilling, testing and production, as well as material changes in metal prices and operating costs subsequent to the date of an estimate, may justify revision of such estimate.

A number of accounting estimates, as described in the relevant accounting policy notes, are impacted by the mineral reserve and resource estimates:

- Mineral properties and determination of technical feasibility and commercial viability. The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether future economic benefits may be realized, which are based on assumptions about future events and circumstances
- Impairment analysis of non-financial assets
- Estimates of timing of cash outlays for asset retirement obligations, and
- The valuation of the secured note liabilities

Mineral properties

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

Reclamation Liabilities

Provisions for reclamation require the use of estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at each project site, as well as the timing of the reclamation activities and estimated discount rate. The Company assesses and revises its reclamation provision on a periodic basis or when new material information becomes available. Adjustments to the estimated amount and timing of future reclamation cash flows are a normal occurrence in light of the significant judgments and estimates involved.

Actual costs incurred may differ from those amounts estimated. Changes in future costs could materially impact the estimate of reclamation provision. The provision represents management's best estimate of the present value of the future reclamation and remediation costs based on environmental disturbances as at the reporting date. A change in any, or a combination of, the key assumptions used to determine the provisions, could have a material impact on the carrying value of the provisions.

Secured note liabilities

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

5. Cash and cash equivalents and short-term deposits

(\$000s)	December 31, 2023	December 31, 2022
Cash and cash equivalents	82,438	46,150
Short-term deposits	-	81,690
	82,438	127,840

All of the cash and cash equivalents are held in a Canadian Schedule I bank. Short-term deposits consist of Canadian Schedule I bank guaranteed deposits and are cashable in whole or in part with interest at any time to maturity.

6. Amounts receivable and prepaid expenses

(\$000s)	December 31, 2023	December 31, 2022
HST	4,493	4,247
Prepaid expenses and other receivables	3,270	3,973
	7,763	8,220

7. Investments

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

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

(a) 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. In 2022, the Company received 55,322 common shares of Paramount for payment of interest on the secured convertible note receivable accrued between July 1, 2021 and June 30, 2022.

(b) During the second quarter of 2022, the Company concluded that the fair value of its investment in Paramount, determined based on the closing share price on June 30, 2022, had declined significantly and recorded an impairment of \$0.9 million in the consolidated statements of operations and comprehensive income (loss).

The Company holds a 4.7% (December 31, 2022 – 5.6%) 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 2023, the Company recorded its proportionate share of Paramount's net loss of \$0.2 million (2022 – \$0.2 million) within equity loss of associate on the consolidated statements of operations and comprehensive income (loss). As at December 31 2023, the carrying value of the Company's investment in Paramount was \$1.2 million (December 31, 2022 - \$1.4 million).

8. Long-term receivables and prepaid expenses

(\$000s)	December 31, 2023	December 31, 2022
BC Hydro ¹	92,720	38,500
Canadian Exploration Expenses ²	9,361	9,337
British Columbia Mineral Exploration Tax Credit ³	3,866	3,866
	105,947	51,703

- 1) During the first quarter in 2023, the Company paid \$43.6 million (as at December 31, 2022, \$38.5 million) to British Columbia Hydro and Power Authority ("BC Hydro") as advance payment made pursuant to the Company signing a Facilities Agreement with BC Hydro covering the design and construction of facilities to supply hydro-sourced electricity to the KSM project. Prepayments to complete the design and construction amounted to \$92.7 million inclusive of \$10.6 million which was accrued as at December 31, 2023, and paid subsequent to December 31, 2023.
- 2) 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 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 as at December 31, 2023. The potential tax indemnification to the investors is estimated to be \$10.8 million, plus \$3.3 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 ("BCMETC") program, the Company was reassessed \$3.6 million, including accrued interest for expenditures that the tax authority has categorized as not qualifying for the BCMETC program. The Company recorded a \$3.6 million provision within non-trade payables and accrued expenses on the consolidated statements of financial position as at December 31, 2016 with a corresponding increase in mineral interests. In 2017 the Company filed an objection to the reassessment with the appeals division of the tax authorities and paid one-half of the accrued balance to the Receiver General and reduced the provision by \$1.8 million. In 2019, the Company received a decision from the appeals division that the Company's objection was denied, and the Company filed a Notice of Appeal with the British Columbia Supreme Court. The Attorney General of Canada replied to the facts and arguments in the Company's Notice of Appeal and stated its position that the Company's expenditures did not qualify for the BCMETC program. During the first quarter of 2023, the Company completed discovery process with the Department of Justice and will continue to move the appeal process forward, including settling an agreed statement of facts. The Company will defend its case in courts in the third quarter of 2024. Based on the facts and circumstances of the Company's objection, the Company concludes that it is more likely than not that it will be successful in its objection. As at December 31, 2023, the Company has paid \$1.6 million to the Receiver General, and the Canada Revenue Agency (CRA) has withheld \$2.3 million of HST credits due to the Company that would fully cover the residual balance, including interest, should the Company be unsuccessful in its challenge. The amount recorded in long-term receivables as of December 31, 2023 of \$3.9 million includes the initial reassessment of \$3.6 million, plus accrued interest.

9. Mineral Interests, Property and Equipment

(\$000s)	Mineral interests	Construction in progress	Property & equipment	Right-of-use assets	Total
Cost					
As at January 1, 2022	632,005	27,061	3,080	407	662,553
Additions	55,069	158,728	4,736	2,030	220,563
Transfers <i>adjusted</i> ²	-	(64,588)	64,588	-	-
As at December 31, 2022 <i>adjusted</i> ²	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
Accumulated Depreciation					
As at January 1, 2022	-	-	117	157	274
Depreciation expense	-	-	953	392	1,345
As at December 31, 2022	-	-	1,070	549	1,619
Depreciation expense ¹	-	-	2,517	980	3,497
As at December 31, 2023	-	-	3,587	1,529	5,116
Net Book Value					
As at December 31, 2022	687,074	121,201	71,334	1,888	881,497
As at December 31, 2023	756,806	198,066	171,903	1,689	1,128,464

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

2) Additions in the prior year financial statements were net of \$38.4 transfers from construction in progress to property and equipment additions. Additionally, during 2023, \$26.1 million of costs were determined to have been ready for use in 2022 and were reclassified from construction in progress to property and equipment to correct for this.

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

(\$000s)	January 1, 2023	Year ended December 31, 2023					December 31, 2023
		Mineral interests	Construction in progress	Property & equipment	Right-of- use assets	Total Additions	
Additions							
KSM additions ¹	707,190	40,490	178,764	1,187	781	221,222	928,412
KSM transfers		-	(101,899)	101,899	-	-	-
Courageous Lake	77,999	3,520	-	-	-	3,520	81,519
Iskut	49,904	14,174	-	-	-	14,174	64,078
Snowstorm	34,562	4,897	-	-	-	4,897	39,459
3 Aces	12,079	6,651	-	-	-	6,651	18,730
Grassy Mountain	771	-	-	-	-	-	771
Corporate	611	-	-	-	-	-	611
Total	883,116	69,732	76,865	103,086	781	250,464	1,133,580

		Year ended December 31, 2022					
(\$000s)	January 1, 2022	Mineral interests	Construction in progress	Property & equipment	Right-of-use assets	Total Additions	December 31, 2022
Additions							
KSM additions ¹	502,015	39,985	158,728	4,736	1,726	205,175	707,190
KSM transfers <i>adjusted</i> ²	-	-	(64,588)	64,588	-	-	-
Courageous Lake	77,176	823	-	-	-	823	77,999
Iskut	41,779	8,125	-	-	-	8,125	49,904
Snowstorm	31,471	3,091	-	-	-	3,091	34,562
3 Aces	9,034	3,045	-	-	-	3,045	12,079
Grassy Mountain	771	-	-	-	-	-	771
Corporate	307	-	-	-	304	304	611
Total <i>adjusted</i> ²	662,553	55,069	94,140	69,324	2,030	220,563	883,116

- 1) In 2023, Construction in progress additions at KSM included \$19.4 million of capitalized borrowing costs (2022 - \$14.7 million).
- 2) Additions in the prior year financial statements were net of \$38.4 transfers from construction in progress to property and equipment additions. Additionally, during 2023, \$26.1 million of costs were determined to have been ready for use in 2022 and were reclassified from construction in progress to property and equipment to correct for this.

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

a) KSM

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

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

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

Additions to construction in progress consisted of \$156.9 million (2022 - \$104.6 million) of KSM assets under construction costs, \$19.4 million (2022 - \$14.7) of capitalized borrowing costs related to the secured note liabilities interest expense, and \$2.5 million (2022 - \$0.9 million) of capitalized depreciation expense. In 2023, \$128.0 million was transferred from construction in progress to property and equipment (2022 - \$38.4 million).

b) Courageous Lake

In 2002, the Company purchased a 100% interest in the Courageous Lake gold project from Newmont Canada Limited and Total Resources (Canada) Limited. The Courageous Lake gold project consists of mining leases located in Northwest Territories of Canada.

c) Iskut

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

d) Snowstorm

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

e) 3 Aces

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

f) Grassy Mountain

In 2013, the Company sold 100% of its interest in the Grassy Mountain Project with a net book value of \$0.8 million retained within mineral properties, related to the option to either receive, at the discretion of the Company, a 10% net profits interest royalty or a \$10 million cash payment. Settlement is due four months after the later of: the day that the Company receives a feasibility study on the project; and the day that the Company is notified that permitting and bonding for the mine is in place. The current owner of the Grassy Mountain Project is Paramount who completed a feasibility study in 2020 but they have not notified the Company that permitting and bonding for the mine is in place.

10. Accounts payable and accrued liabilities

(\$000s)	December 31, 2023	December 31, 2022
Trade payables	27,302	15,686
Non-trade payables and accrued expenses	5,431	27,270
	32,733	42,956

11. Provision for reclamation liabilities

(\$000s)	December 31, 2023	December 31, 2022
Beginning of the period	10,846	8,442
Disbursements	(3,664)	(4,519)
Environmental rehabilitation expense	-	6,851
Accretion	253	72
End of the period	7,435	10,846
Provision for reclamation liabilities – current	759	4,343
Provision for reclamation liabilities – long-term	6,676	6,503
	7,435	10,846

The estimate of the provision for reclamation obligations, as at December 31, 2023, was calculated using the estimated discounted cash flows of future reclamation costs of \$7.4 million (December 31, 2022 - \$10.8 million) and the expected timing of cash flow payments required to settle the obligations between 2024 and 2026. As at December 31, 2023, the undiscounted future cash outflows are estimated at \$8.1 million (December 31, 2022 - \$11.5 million) primarily over the next three years. The nominal discount rate used to calculate the present value of the reclamation obligations was 3.9% at December 31, 2023 (December 31, 2022 - 4.07%). For the year ended December 31, 2023, reclamation disbursements amounted to \$3.7 million (2022 - \$4.5 million).

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

In 2023, the Company placed \$0.7 million on deposit as security for the reclamation obligations at KSM and 3 Aces. In 2022, the Company placed \$5.4 million on deposit as security for the reclamation obligations at KSM. As at December 31, 2023, the Company has placed a total of \$21.4 million (December 31, 2022 - \$20.6 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 December 31, 2023, the Company had \$10.0 million (December 31, 2022, \$7.9 million) of uncollateralized surety bond, issued pursuant to arrangements with an insurance company, in support of environmental closure costs obligations related to the KSM project.

12. Secured Note 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.

To satisfy the interest payment on the 2022 Secured Note, during 2023, the Company issued 1,285,178 common shares, in respect of the interest incurred during year ended December 31, 2023 (2022 - 977,745 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 Company entered into the loan commitment within the scope of IFRS 9 'Financial Instruments' on February 25, 2022 related to the 2022 Secured Note, as at that date, the Company and the Investors were committed under pre-specified terms and conditions to complete the transaction. The loan commitment was initially recognized at a fair value of US\$225 million. Upon funding of the 2022 Secured Note on March 24, 2022, the loan commitment was settled with no gain or loss recognized.

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 five year quoted forward price, and the discount rates. During the year ended December 31, 2023, the fair value of the 2022 Secured Note increased, and the Company recorded a \$30.8 million loss (year ended December 31, 2022 - \$18.7 million gain) on the remeasurement.

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

Inputs and assumptions	December 31, 2023	December 31, 2022
Forecast silver production in thousands of ounces	166,144	166,144
Five year quoted future silver price	US\$28.62	US\$29.38
Risk-free rate	4.0%	3.4%
Credit spread	4.0%	5.3%
Share price volatility	60%	60%
Silver royalty discount factor	9.2%	8.6%

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

(\$000s)	December 31, 2023	December 31, 2022
Fair value beginning of the period (or on issuance)	263,541	282,263
Change in fair value (gain) loss through profit and loss	3,096	(36,967)
Change in fair value (gain) loss through other comprehensive income (loss)	34,830	(2,912)
Foreign currency translation (gain) loss	(7,104)	21,157
Total change in fair value	30,822	(18,722)
Fair value end of the period	294,363	263,541

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)
Key observable inputs	The estimated fair value would increase (decrease) if:	
• Silver price forward curve	• Future silver prices were 10% higher	\$16.7
	• Future silver prices were 10% lower	(\$16.9)
• Discount rates	• Discount rates were 1% higher	(\$25.6)
	• Discount rates were 1% lower	\$30.0
Key unobservable inputs		
• Forecasted silver production	• Silver production indicated silver ounces were 10% higher	\$16.7
	• Silver production indicated silver ounces were 10% lower	(\$16.9)

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.

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. As at December 31, 2023 and since inception, the fair value of the 2023 Secured Note increased, and the Company recorded a \$80.7 million loss on the remeasurement.

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

Inputs and assumptions	December 31, 2023	June 29, 2023
Forecast NSR:		
Gold in thousands of ounces	10,500	10,500
Silver in thousands of ounces	29,876	29,876
Copper in millions of pounds	19,322	19,322
Molybdenum in millions of pounds	152	152
Five year quoted future metal price		
Gold per ounce	US\$2,553.60	US\$2,346.82
Silver per ounce	US\$28.62	US\$27.48
Copper per pound	US\$4.08	US\$3.65
Molybdenum per pound	US\$24.89	US\$29.26
Risk-free rate	4.0%	3.9%
Credit spread	4.0%	5.4%
Share price volatility	60%	60%
NSR royalty discount factor	9.2%	9.1%

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

(\$000s)	December 31, 2023
Fair value at inception	198,825
Change in fair value (gain) loss through profit and loss	33,182
Change in fair value (gain) loss through other comprehensive income (loss)	49,563
Foreign currency translation (gain) loss	(2,045)
Total change in fair value	80,700
Fair value end of the period	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)
Key observable inputs	The estimated fair value would increase (decrease) if:	
• Metals price forward curve	• Future metal prices were 10% higher	\$20.7
	• Future metal prices were 10% lower	(\$20.9)
• Discount rates	• Discount rates were 1% higher	(\$34.4)
	• Discount rates were 1% lower	\$42.1
Key unobservable inputs		
• Forecasted metal production	• Metal production indicated volumes were 10% higher	\$19.7
	• Metal production indicated volumes were 10% lower	(\$20.1)

13. Shareholders' equity

The Company is authorized to issue an unlimited number of preferred shares and common shares with no par value. No preferred shares have been issued or were outstanding at December 31, 2023 or December 31, 2022.

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 2023. The Company considers its capital to be share capital, stock-based compensation, warrants, contributed surplus and deficit. The Company is not subject to externally imposed capital requirements.

a) Equity financings

During the first quarter of 2021, the Company entered into an agreement with two securities dealers, for an At-The-Market offering program, entitling the Company, at its discretion, and from time to time, to sell up to US\$75 million in value of common shares of the Company. This program was in effect until the Company's US\$775 million Shelf Registration Statement, that expired in December 2022, was replaced with a new US\$750 million the same month. 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 At-The-Market offering program, entitling the Company, at its discretion, and from time to time, to sell up to US\$100 million in value of common shares of the Company. This program can be in effect until the Company's US\$750 million Shelf Registration Statement expires in 2025. 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. As at December 31, 2023, US\$67.6 million is available under the ATM. Subsequent to the quarter end, the Company issued 682,686 shares, at an average selling price of \$16.50 per share, for net proceeds of \$11.0 million under the Company's At-The-Market offering. In 2022, the Company issued 998,629 shares, at an average selling price of \$22.82 per share, for net proceeds of \$22.3 million under the Company's At-The-Market offering.

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.

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)
Outstanding 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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	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, 2022	1,023,334	14.61	8,125	173,800	572	8,697
Granted	-	-	-	320,266	187	187
Exercised option or vested RSU	(540,834)	13.54	(3,974)	(148,800)	(3,172)	(7,146)
Expired	(5,000)	13.14	(34)	-	-	(34)
Amortized value of stock-based compensation	-	-	-	-	2,951	2,951
Outstanding at December 31, 2022	477,500	15.85	4,117	345,266	538	4,655

Exercisable at December 31, 2022	477,500
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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. As at December 31, 2023, there were 50,000 outstanding share options, with an exercise prices of \$17.72, expiring in June 2024.

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. Subsequent to year end in January 2024, upon the Company submitting its formal application to the regulator for the KSM Project to be designated as "substantially started", 58,067 RSUs vested and were exchanged for common shares of the Company.

In December 2021, 123,800 RSUs were granted to the Board members, members of senior management, and to other employees of the Company. The fair value of the grants, of \$2.6 million, was estimated as at the grant date to be amortized over the expected service period of the grants. The expected service period of approximately four months from the date of the grant was dependent on certain corporate objectives being met.

c) Basic and diluted net income loss per common share

Basic and diluted net loss attributable to common shareholders of the Company for the year ended December 31, 2023 was \$29.3 million (2022 - \$7.4 million net loss).

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 loss per common share for the following periods:

(\$000s)	December 31, 2023	December 31, 2022
Weighted average number of common shares outstanding	83,001,989	80,058,861
Weighted average shares dilution adjustments: ¹		
Stock options	-	-
RSUs	-	-
Diluted weighted average shares outstanding	83,001,989	80,058,861

1) Excluded in the diluted weighted average number of common shares outstanding as their exercise or settlement would be anti-dilutive in the earnings per share calculation.

14. Cash flow items

Adjustment for other non-cash items within operating activities:

(\$000s)		Year Ended	
		December 31, 2023	December 31, 2022
	Notes		
Impairment of investment in associate	7	-	873
Equity loss of associate	7	208	207
Loss (gain) on convertible notes receivable	-	103	(25)
Interest income earned on convertible notes receivable	-	(66)	(39)
Depreciation	9	132	84
Finance costs, net	-	254	72
Effects of exchange rate fluctuation on cash and cash equivalents	-	(269)	(3,216)
		362	(2,044)

15. Fair value of financial assets and liabilities

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

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

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

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

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

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

December 31, 2023

(\$000s)	Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Assets					
Cash and cash equivalents	82,438	82,438	-	-	82,438
Amounts receivable	5,019	5,019	-	-	5,019
Investment in marketable securities	3,749	3,749	-	-	3,749
Long-term receivables	13,227	13,227	-	-	13,227
	104,433	104,433	-	-	104,433
Liabilities					
Accounts payable and accrued liabilities	32,733	32,733	-	-	32,733
Secured note liabilities	573,888	-	-	573,888	573,888
	606,621	32,733	-	573,888	606,621

(\$000s)	December 31, 2022				Total Fair Value
	Carrying Amount	Level 1	Level 2	Level 3	
Assets					
Cash and cash equivalents	46,150	46,150	-	-	46,150
Short-term deposits	81,690	81,690	-	-	81,690
Amounts receivable	6,260	6,260	-	-	6,260
Investment in marketable securities	3,696	3,696	-	-	3,696
Convertible notes receivable	631	-	-	631	631
Long-term receivables	13,203	13,203	-	-	13,203
	151,630	150,999	-	631	151,630
Liabilities					
Accounts payable and accrued liabilities	42,956	42,956	-	-	42,956
Secured note liabilities	263,541	-	-	263,541	263,541
	306,497	42,956	-	263,541	306,497

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

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

Credit Risk

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

Liquidity Risk

The Company's ability to fund its operations and capital expenditures and other obligations as they become due is dependent upon market conditions. The Company has in place an At-the-Market offering that allows for the issuance of up to US\$100 million of its common shares and has been an effective source of funding. In 2023, the Company raised \$42.8 million, and as at December 31, 2023, has room for an additional US\$67.6 million under its

At-the-Market offering. The Company intends to fully utilize the At-the-Market offering currently in place and believes that with this it will have sufficient liquidity to continue its operations and meet its obligations for the next twelve months. 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, including proceeding with additional payments pursuant to the Facilities Agreement with BC Hydro (refer to Note 19). 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.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2023, the Company had cash and cash equivalents of \$82.4 million (December 31, 2022 - cash and cash equivalents of \$46.2 million and short-term deposits of \$81.7 million) for settlement of current financial liabilities of \$33.5 million (December 31, 2022 - \$47.3 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 Consolidated Statements of Financial Position.

(\$000s)	Less than 1 year	1-3 years	3-5 years	Greater than 5 years	Total
2022 Secured Note including interest	19,368	38,736	38,736	197,523	294,363
2023 Secured Note including interest	-	47,840	25,824	205,860	279,524
Flow-through share expenditures	19,554	-	-	-	19,554
Lease obligation	905	337	150	249	1,641
	39,827	86,913	64,710	403,632	595,082

As the Company does not generate cash inflows from operations, and is dependent upon external sources of financing to fund its exploration projects and on-going activities. If required, the Company will seek additional sources of cash to cover its proposed exploration and development programs at its key projects, in the form of equity financing and from the sale of non-core assets. Refer to Note 12 for details on equity financing.

Market Risk

(a) Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument or its fair value will fluctuate because of changes in market interest rates. The secured note liabilities (Note 12) 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 December 31, 2023, the Company had cash and cash equivalents, investment in associate, convertible notes receivable, loan receivable, reclamation deposits, accounts payable, accrued liabilities 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 \$3.7 million in a gold exchange traded receipt that is recorded on the consolidated statements of financial position in investments. The risk on these investments is significant due to the nature of the investment but the amounts are not significant to the Company.

16. Corporate and administrative expenses

(\$000s)	2023	2022
Employee compensation	7,165	7,479
Stock-based compensation	3,318	3,138
Professional fees	3,011	2,591
Other general and administrative	3,948	2,882
	17,442	16,090

17. Related party disclosures

Compensation to key management personnel of the Company:

(\$000s)	2023	2022
Compensation of directors:		
Directors' fees	734	560
Stock-based compensation	435	675
	1,169	1,235
Compensation of key management personnel:		
Salaries and benefits and consulting fees	7,632	7,892
Stock-based compensation	2,511	2,026
	10,143	9,918
	11,312	11,153

During year ended December 31, 2023 and 2022, there were no payments to related parties other than compensation paid to key management personnel. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

18. Income taxes

(\$000s)	2023	2022
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Deferred tax expense (recovery)	(8,695)	8,268
	(8,695)	8,268

Tax expense (recovery) recognized in other comprehensive income or directly in equity

(\$000s)	2023	2022
Financing costs - recognized in statement of equity	(459)	(330)
Revaluation of the secured note liabilities – recognized in OCI	(22,780)	831
	(23,239)	501

In 2023, the Company recognized income tax recovery of \$8.7 million, primarily due to the deferred tax asset arising from the loss recognized on remeasurement of the fair value of the secured note liabilities, and the losses in the period. The income tax recovery was partially offset by income tax expense arising from the renouncement of expenditures related to the December 2022 flow-through shares issued which are capitalized for accounting purposes. The income tax impact of the revaluation of the secured note liabilities that was recorded through other comprehensive income (loss) during 2023, of \$22.8 million, was also recorded through other comprehensive income (loss).

(a) Rate Reconciliation

The provision for income taxes differs from the amount that would have resulted by applying the combined Canadian Federal and Provincial statutory income tax rates of 26.75% (2022 - 26.68%).

(\$000s)	2023	2022
Earnings (loss) before income taxes	(37,960)	874
	26.75%	26.68%
Income tax calculated using statutory rates	(10,153)	233
Non-deductible/(non-taxable) items	(1,512)	2,280
Difference in foreign tax rates	(25)	103
Change in deferred tax rates	(134)	(116)
Movement in tax benefits not recognized	(985)	2,996
Impact of true-up of prior year balances	180	124
Renouncement of flow-through expenditures	4,018	2,525
Other	(84)	123
Income tax (recovery) expense	(8,695)	8,268

(b) Deferred Income Tax

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

(\$000s)	December 31, 2023	December 31, 2022
Deferred income tax assets:		
Property and equipment	1,253	565
Provision for reclamation liabilities	1,406	1,235
Financing costs	2,383	2,487
Non-capital loss carryforwards	46,571	38,255
Secured note liabilities	21,814	(10,766)
Deferred income tax liabilities:		
Mineral interests	(73,428)	(63,710)
Net deferred income tax liabilities	-	(31,934)

(c) Unrecognized Deferred Tax Assets

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

(\$000s)	December 31, 2023	December 31, 2022
Marketable securities	130	137
Loss carryforwards	1,712	834
Investment tax credits	1,481	1,481
Foreign tax credits	268	268
Mineral properties	351	437
Provision for reclamation liabilities	-	1,091
Other	1,576	-

Deferred tax has not been recognized on the deductible temporary difference of \$1.9 million (2022 - \$2.1 million) relating to investments in subsidiaries as these amounts will not be distributed in the foreseeable future.

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

(d) Income Tax Attributes

As at December 31, 2023, the Company had the following income tax attributes to carry forward.

	(\$000s)	Expiry date
Canadian non-capital losses	178,403	2043
Canadian capital losses	2,574	Indefinite
Canadian tax basis of mineral interest	462,381	Indefinite
US non-capital losses	528	2043
US tax basis of mineral interest	27,707	Indefinite

19. Commitments and contingencies

(\$000s)	Total	Payments due by years			
		2024	2025-26	2027-28	2029-30
2022 Secured Note – interest	135,576	19,368	38,736	38,736	38,736
2023 Secured Note – interest	99,488	-	47,840	25,824	25,824
Capital expenditure obligations	18,434	18,434	-	-	-
Flow-through share expenditures	19,554	19,554	-	-	-
Mineral interests	7,967	758	1,527	2,403	3,279
Lease obligation	1,542	905	337	150	150
	282,561	59,019	88,440	67,113	67,989

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

The cost to complete the construction is estimated to be \$32.9 million of which the Company has paid \$24.9 million to BC Hydro and the remaining balance was paid subsequent to the year end. 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 has paid \$57.1 million to BC Hydro and the remaining balance was paid subsequent to the year end. 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. Prepayments to complete the design and construction amounted to \$92.7 million inclusive of \$10.6 million, accrued as at December 31, 2023, paid subsequent to December 31, 2023. On March 21, 2024, the Company signed an amendment to the Facilities Agreement with BC Hydro for additional payments that are scheduled for \$14.0 million in July 2024 and \$40.0 million in December 2024 (refer to Note 15).

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 12 for details on the secured note liabilities.