

SEABRIDGE GOLD

December 22, 2015

Via Email

Editor of Sit News
Ketchikan, Alaska

Dear Editor:

Re: Clarifications to the letter written by Mr. Fredrick Olsen of the United Tribal Transboundary Mining Work Group (UTTMWG)

Seabridge Gold wishes to take this opportunity to correct a few misconceptions contained in the above referenced letter published on Monday, December 21, 2015. It is unfortunate these factual errors continue to be perpetuated by those individuals and organizations who oppose mining activities in Canada.

By including reference to the KSM Project, which is owned by Seabridge Gold, and by comparing our project to Mount Polley in his letter, Mr. Olsen has strongly implied that KSM has a tailings management facility (TMF) located on a transboundary river which is in danger of failing due to inherent design flaws. This is simply incorrect.

The proposed TMF for the KSM Project is located within the upper reaches of the Bell Irving River system which drains into the Nass River and ultimately to the Pacific Ocean. The Bell Irving river system is situated entirely within Canada and does not enter US territory or waters. It is true the mineral deposits are situated on a tributary of the Unuk River which flows into the US, however, this water is already impacted by the naturally occurring erosion of the Mitchell deposit, resulting in high copper, zinc, and iron concentrations in water. The operation of the KSM Project and its associated water management system will not affect the overall water quality within the Unuk River.

The selected tailings management design for the KSM Project is the best available tailings technology (BATT) to account for the site specific characteristics present in northwestern BC and is designed to promote both physical and chemical stability of the waste material. All potential tailings disposal methods including dry stack and wet disposal methods were reviewed and assessed as a requirement of the recently completed independent Environmental Assessment (EA) process for the project. Specifically, the KSM tailing management facility (TMF) design differs from the Mount Polley design in the following ways:

- The KSM TMF, unlike Mount Polley, underwent a comprehensive environmental assessment process and the TMF design was changed to reflect input from local First Nations and regulators;
- The KSM TMF is located in a confining valley with cross valley dams situated at each end, while Mount Polley's TMF is confined by a long ring dam around three sides;
- KSM dams will consist of simple cyclone sand dams at a 3:1 slope with 1 km of dry beaches between the water and the dam, thus minimizing the impact of water within the impoundments while the TMF at Mount Polley consisted of a rock fill dam with a steeper incline and a pond of water situated against the dam at the time of the incident;
- At KSM, the process and TMF design allows for discharge from the TMF, thus preventing a buildup of surplus water within the TMF. At Mount Polley at the time of the incident, minor discharge was allowed but a permit to discharge the large accumulated volume of surplus water had not yet been received; and,
- Seabridge selected a 30 day flood event as the design basis for the facility which will result in 12 m of freeboard (the height from the water level to the top of the dam) within the TMF. Mount Polley selected a shorter term flood storage event which resulted in a lower freeboard.

We disagree with Mr. Olsen's assertion that the proposed Memorandum of Understanding (MOU) between Alaska and British Columbia is an inflexible document not capable of representing Alaskan interests and ignores the presence of indigenous governments on both sides of the international border. The KSM Project and its recently completed EA process offer a good example of how the proposed MOU will work and highlights the close cooperation and collaboration between the Alaskan and BC governments in the assessment of projects situated in close proximity to the Alaskan border.

Seabridge worked extensively, and continues to work, with Alaskan State and US Federal regulators (EPA, DOI, NOAA, Fish and Wildlife Service, Department of Natural Resources, Department of Environmental Conservation), having more than 85 different meetings and interactions with these regulators through the EA process to learn and address the concerns of Alaskans since 2008. In addition, Seabridge hosted a public meeting in Ketchikan and held several meetings with Tribal, village and NGO organizations based in Alaska, including Rivers Without Borders, and Southeast Alaska Conservation Council during the EA review to listen to their concerns and to answer questions regarding the KSM Project. Both the independent Canadian Federal and Provincial regulators subsequently determined KSM will not have an impact on US waters. In response to concerns raised during the EA process, including those of Alaskan residents, Seabridge agreed to changes to the Project's design that will add more than \$300 million to the costs of building KSM. Alaskan and US regulators are looking after the interests of its citizens and ultimately concluded that "four of the same resource managers and specialists who reviewed Alaskan mines have examined KSM's plan. They found no significant issues with the application", as reported in a 2014 *Juneau Empire* article.

Seabridge has also worked diligently with Canadian Treaty and First Nations (as the project is located within Canada) over the past eight years to address their concerns and has developed respectful and meaningful relationships with the groups in close proximity to KSM. We signed a

Benefits Agreement with the Nisga'a Nation in June of 2014; we have an Environmental Agreement with the Gitanyow First Nation also signed in 2104; we received a letter of support from the Gitxsan Hereditary Chiefs' office during the environmental assessment review; and we addressed the environmental and social concerns of the Tahltan as stated within the report submitted by the Tahltan Heritage, Resources, Environmental Assessment Team (THREAT), which is on file at the BC Environmental Assessment Office.

I feel it is important to reiterate that, for Seabridge Gold, protection of the environment, in both Canada and in the US, is a guiding principle behind the design of the KSM Project. Our company has put the KSM project through extensive environmental and technical evaluations by independent experts to ensure its operation will not cause harm to the surrounding environment, including waterways and fish, and has worked closely with Alaskans to ensure that your concerns were acknowledged and addressed. This principle is further highlighted by the statements of the independent Canadian Environment Assessment Agency who stated in their Comprehensive Study Report on KSM that "The Agency has concluded that no significant adverse impacts on water quality, water quantity, fish, or human health are expected on the Alaskan side of the Unuk River."

We look forward to continuing to provide timely and factual information on the KSM to Alaskan residents as the development of KSM proceeds.

Thank you for correcting the record and Happy Holidays.

Yours truly,

A handwritten signature in blue ink, appearing to read "R. Brent Murphy". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

R. Brent Murphy
Vice President, Environmental Affairs
Seabridge Gold

RBM/...