



October 31, 2023

File: 14675-35

Ref: 119697

Bruce Scott
Sr Vice President, General Counsel
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Dear Mr. Scott:

Re: MMO Position on the Mitchell Treaty Tunnel Area associated with the KSM Mine (M-245) and Treaty Creek Exploration Project (MX-1-438)

I am following up with you on the letter I provided on September 6, 2023, regarding the concerns raised by Tudor Gold Corp. (Tudor) with respect to the Mitchell Treaty Tunnel and Treaty Creek Saddle Area (herein referred to as the MTT Area) associated with the KSM Mine (M-245), which is owned by KSM Mining ULC, a subsidiary of Seabridge Gold Inc. (Seabridge).

The Major Mine Office (MMO) has concluded its internal review of this issue and has reviewed all submissions provided by both Seabridge and Tudor to date. Therefore, as outlined in my last letter, I can clarify MMO's position on this matter.

MMO's Understanding:

- A License of Occupation (LoO) was issued by the Province under the *Land Act* (now administered by the Ministry of Water, Land and Resource Stewardship) on September 27, 2014, to Seabridge Gold Inc. (Seabridge) for the area that encompasses the MTT Area.
- The LoO was assigned to KSM Mining ULC by Seabridge on October 3, 2018.
- The LoO requires that a *Mines Act* permit be obtained by Seabridge prior to being authorized to undertake construction within the MTT Area.
- The partial construction of the MTT Area was approved under *Mines Act* Permit MX-1-571, on September 26, 2014. The authorized activities included clearing, grubbing, and soil

salvage of the MTT laydown area, the construction of the MTT Portal Pad, and the construction of the MTT up to and including the first cross-cut plus escape way at the Mitchell Operating Camp.

- Identical MTT Area construction activities were included in amendments to MX-1-571 in 2018, and 2020. The same construction activities were included in the May 17, 2022 amalgamated M-245 Permit, which replaced, amongst other MX permits, MX-1-571.
- The geographic location of the MTT Area was included in a previous multi-year area based (MYAB) map included in a previous MX authorization. These do not serve the same purpose as the permitted mine area (PMA) mine boundaries that are authorized under M permits. To date, the MTT Area has not been included in the M-245 PMA.
- Tudor is authorized to conduct a multi-year area-based exploration program under *Mines Act* Permit MX-1-438 within an area that overlaps a portion of the MTT Area. MX-1-438 was last amended on July 8, 2020, and its completion date is March 31, 2025. The approved exploration program includes a higher and lower elevation camp disturbance area, a geophysical survey line, 270 surface drill sites, a helicopter staging area, seven trench and test pit sites and 5.05 km of exploration trails.

MMO's Position:

The following outlines MMO's position on both the existing M-245 authorization for the MTT Area and the application to amend the M-245 Permit to authorization the full MTT Area, which Seabridge has indicated they plan to submit in the near future:

- A LoO can authorize the construction of underground infrastructure, such as a subsurface tunnel.
- The LoO grants Seabridge the ability to use and occupy the land associated with the MTT Area.
- A *Mines Act* permit authorizes a person to undertake an activity that would otherwise be prohibited under the Act.
- A *Mines Act* permit can authorize surface and/or subsurface works within an area where the mineral title is held by a third party.
- Currently, the M-245 *Mines Act* permit grants Seabridge the ability to undertake the following activities associated with the MTT Area:
 - clearing, grubbing, and soil salvage of the MTT laydown area;
 - construction of the MTT Portal Pad; and

- the construction and operation of the MTT up to and including the first cross-cut plus escape way at the Mitchell Operating Camp.
- Without the LoO, Seabridge would not be authorized to use or occupy the MTT Area within Tudor's mineral claims, regardless of whether the M-245 Permit authorizes the construction and operation of the MTT Area.
- The Chief Permitting Officer can decide to authorize the construction and operation of additional portions or the entire MTT under the M-245 Permit, if applied for by Seabridge.
- The Chief Permitting Officer is not obligated to authorize the remaining portions of the MTT Area because a portion was previously authorized. Each decision is considered independently.
- In any decision on the MTT Area within Tudor's mineral tenure, the Chief Permitting Officer would consider the potential impacts to Tudor.
- The potential economic viability of Tudor's mineral tenure would not be a key factor in any decision by the Chief Permitting Officer.
- Regardless of the decision on the MTT Area, the Chief Permitting Officer has authorized Tudor to undertake activities within their mineral tenure areas under MX-1-438 and could authorize additional activities in the future. In any decision the Chief Permitting Officer would consider the potential impacts to Seabridge.

If Seabridge chooses to apply for amendment to M-245 within the MTT Area, we do not foresee that any resulting statutory decision made by the Chief Permitting Officer would resolve Seabridge and Tudor's dispute regarding the priority of the property rights granted by their LoO and mineral claims, respectively. Ideally, Seabridge and Tudor will continue to work together to find a mutually acceptable resolution among yourselves.

Conclusion

If you have any questions or would like to discuss any of the information provided above, please do not hesitate to contact me at your earliest convenience.

Sincerely,



Sean Shaw, Ph.D., P.Geo.
A/Executive Director and Deputy Chief Permitting Officer

cc: Brent Murphy, Sr. VP Environmental Affairs, Seabridge

Elizabeth Miller, VP Environment and Social Responsibility, Seabridge

Lowell Constable, A/Chief Permitting Officer, EMLI

Teresa Morris, Project Director, MMO

Kelsey Norlund, A/Director Technical Operations, MMO