

# Seabridge Gold Inc.

## NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual General and Special Meeting of the shareholders of SEABRIDGE GOLD INC. (herein called the "Corporation") will be held at 172 King Street East, Suite 300, Toronto, Ontario, M5A 1J3, Canada on Wednesday, June 11, 2003 at the hour of 10:00 a.m. (Toronto time) for the following purposes:

1. to receive and consider the Report of the Directors, and the audited financial statements of the Corporation for the year ended December 31, 2002 and the auditors' reports thereon;
2. to appoint the auditors for the ensuing year;
3. to authorize the directors to fix the remuneration to be paid to the auditor;
4. to fix the number of Directors of the Corporation for the ensuing year at seven (7);
5. to elect Directors for the ensuing year;
6. to consider and, if thought fit, to pass an ordinary resolution approving the implementation by the Corporation of a stock option plan for the Corporation, subject to regulatory acceptances, as more fully set forth in the management proxy circular accompanying this Notice;
7. to approve By-Laws No. 1 and No. 2 of the Corporation; and
8. to transact such other business as may properly come before the Meeting.

The accompanying management proxy circular provides additional information relating to the matters to be dealt with at the meeting and is deemed to form part of this notice.

If you are unable to attend the meeting in person, please complete, sign and date the enclosed form of proxy and return the same within the time and to the location set out in the form of proxy accompanying this notice.

DATED at Toronto, Ontario this 5<sup>th</sup> day of May, 2003.

**BY ORDER OF THE BOARD OF DIRECTORS**

(sgd) "*Rudi P. Fronk*"  
President and CEO

# Seabridge Gold Inc.

## MANAGEMENT PROXY CIRCULAR

(As at May 1, 2003, except as indicated)

This management proxy circular is furnished in connection with the solicitation of proxies by the management of Seabridge Gold Inc. (the "Corporation") for use at the Annual General and Special Meeting (the "Meeting") of the Corporation to be held on June 11, 2003 and at any adjournments thereof. The solicitation will be conducted by mail and may be supplemented by telephone or other personal contact to be made without special compensation by officers and employees of the Corporation or by agents retained and compensated for that purpose. The cost of solicitation will be borne by the Corporation.

### APPOINTMENT OF PROXYHOLDER

A duly completed form of proxy will constitute the person(s) named in the enclosed form of proxy as the shareholder's proxyholder. The persons whose names are printed in the enclosed form of proxy for the Meeting are officers or directors of the Corporation (the "Management Proxyholders").

**A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.**

### VOTING BY PROXY

Common shares of the Corporation (the "Shares") represented by properly executed proxies in the accompanying form will be voted or withheld from voting on each respective matter in accordance with the instructions of the member (the "shareholder") on any ballot that may be called for.

**If no choice is specified and one of the Management Proxyholders is appointed by a shareholder as proxyholder, such person will vote in favour of the matters proposed at the Meeting and for all other matters proposed by management at the Meeting.**

**The enclosed form of proxy also confers discretionary authority upon the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting.** At the date of this Management Proxy Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

### COMPLETION AND RETURN OF PROXY

Completed forms of proxy must be received at the office of Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, Canada or Fax 1-866-249-7775 not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

### NON-REGISTERED HOLDERS

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Corporation are "non-registered" shareholders because the Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Shares.** More particularly, a person is not a registered shareholder in respect of Shares which are held on behalf of that person (the "Non-Registered Holder") but which are registered either: (a) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited ("CDS")) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice of Meeting, this

Management Proxy Circular and the Proxy (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and **deliver it to the Corporation** as provided above; or
- (b) more typically, be given a voting instruction form **which is not signed by the Intermediary**, and which, when properly completed and signed by the Non-Registered Holder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a "proxy authorization form") which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar-code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Shares which they beneficially own. Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the Management Proxyholders and insert the Non-Registered Holder's name in the blank space provided. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

#### **REVOCABILITY OF PROXY**

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing, including a proxy bearing a later date, executed by the registered shareholder or by his attorney authorized in writing or, if the registered shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The instrument revoking the proxy must be deposited at the registered office of the Corporation, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. **Only registered shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must, at least 7 days before the Meeting, arrange for their respective Intermediaries to revoke the proxy on their behalf.**

#### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Corporation is authorized to issue 100,000,000 common shares without par value, of which 25,536,185 common shares are issued and outstanding. The holders of common shares are entitled to one vote for each common share held. Holders of common shares of record at the close of business on the record date, May 1, 2003, will be entitled to receive notice of and vote at the meeting. The Corporation has only one class of shares.

Each ordinary resolution to be voted on at the Meeting must be passed by a simple majority (50%) of the votes cast on the resolution. Each special resolution to be voted on at the Meeting must be passed by 75% of the votes cast on the resolution. All resolutions to be passed at the Meeting require a 50% majority to pass.

To the knowledge of the directors and senior officers of the Corporation as of May 1, 2003 the only entities or persons that own, directly or indirectly, or exercises control or direction over shares carrying more than 10% of the voting rights attached to all shares of the Company are Pan Atlantic Bank and Trust Limited which owns 4,752,652 shares representing 18.6% of the outstanding shares of the Corporation and funds under the control of Friedberg Mercantile Group which own 1,148,000

shares, representing 4.5%. Pan Atlantic Bank and Trust Ltd. and Friedberg Mercantile Group are ultimately beneficially owned and controlled by Albert D. Friedberg and members of his immediate family.

## ELECTION OF DIRECTORS

The directors of the Corporation are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Shareholder approval will be sought to fix the number of directors of the Corporation at seven (7).

The Corporation does not have an executive committee. The Corporation is required to have an audit committee. Members of this committee, and other committees of the Board, are as set out below.

Management of the Corporation proposes to nominate each of the following persons for election as a director. Information concerning such persons, as furnished by the individual nominees, is as follows:

Name, Municipality of Residence and Position	Principal Occupation or employment and, if not a previously elected director, occupation during the past 5 years	Previous Service as a Director	Number of Common Shares beneficially owned or, directly or indirectly, Controlled <sup>(4)</sup>
<b>James S. Anthony</b> <sup>(3)</sup> Toronto, Ontario Chairman of the Board <sup>(6)</sup>	President, Suma Investments Inc., a private investment company since 1986.	Since October 1999	399,791 directly 318,334 indirectly
<b>A. Frederick Banfield</b> <sup>(2), (3)</sup> Tucson, Arizona	President, Mintec Inc., a consulting and software company providing services to the minerals industry, since 1970.	Since October 1999	70,000
<b>William M. Calhoun</b> <sup>(2)</sup> Silverton, Idaho	President, W.M. Calhoun Inc., since 1983, a minerals industry consulting company.	Since February 2000	13,334
<b>Vahid Fathi</b> <sup>(1), (2),</sup> Naperville, Illinois	Director, Stock Research at Morningstar. 1997 to 1999 Director and Senior Mining Analyst at ABN Amro, Inc.	Since December 1999	141,667
<b>Henry Z. Fenig</b> <sup>(1), (5)</sup> Toronto, Ontario	Senior Administrative Officer, Chief Financial Officer and Director, Friedberg Mercantile Group, an investment dealer, futures commission merchant and portfolio manager since 1983.	Since November 2001	Nil
<b>Louis J. Fox</b> <sup>(1), (3)</sup> Taconic, Connecticut	Private Businessman. From 1984 to 1999, a Senior Vice President of Gerald Metals, Inc.	Since January, 2000	142,333
<b>Rudi P. Fronk</b> Oakville, Ontario President and CEO	President and CEO, Seabridge Gold Inc.	Since October 1999	800,000

(1) Member of the Audit committee.

(2) Member of the Compensation Committee

(3) Member of the Corporate Governance Committee

(4) Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at May 1, 2003, based upon information furnished to the Corporation by individual directors. Unless otherwise indicated, such shares are held directly.

- (5) Mr. Fenig is an officer of the Friedberg Mercantile Group which at May 1, 2003 owned 1,148,000 common shares of the Corporation. The Friedberg Mercantile Group is controlled by Albert D. Friedberg and members of his immediate family. See above under heading Voting Shares and Principal Holders Thereof.
- (6) The position of Chairman is non-executive; the primary responsibilities are those of Lead Director as set out in the Dey Commission Report on Corporate Governance prepared for the TSX.

## EXECUTIVE COMPENSATION

The following table (presented in accordance with the rules ("the Rules") made under the Securities Act (British Columbia)) sets forth all annual and long term compensation for services in all capacities to the Corporation and its subsidiaries for the three most recently completed financial years (to the extent required by the Rules) in respect of each of the individuals comprised of the Chief Executive Officer as at December 31, 2002 and the other four most highly compensated executive officers of the Corporation as at December 31, 2002 whose individual total compensation for the most recently completed financial year exceeded \$100,000 and any individual who would have satisfied these criteria but for the fact that individual was not serving as such an officer at the end of the most recently completed financial year (collectively "the Named Executive Officers").

**Summary Compensation Table**

Name and Principal Position	Year	Annual Compensation			Long Term Compensation			All other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Securities Under Option/SAR's granted (#)	Restricted Shares or Restricted Share Units (\$)	LTIP Payouts (\$)	
Rudi P. Fronk President and CEO	2002	\$150,000	Nil	\$17,234 <sup>(1)</sup>	250,000/Nil	Nil	Nil	Nil
	2001	\$120,000	Nil	Nil	300,000/Nil	Nil	Nil	Nil
	2000	\$120,000	Nil	Nil	280,000/Nil	Nil	Nil	Nil

- (1) Other Annual Compensation is comprised of certain educational expenses reimbursed to Mr. Fronk by the Corporation.

### Long Term Incentive Plan (LTIP) Awards

The Corporation does not have a LTIP, pursuant to which cash or non-cash compensation intended to serve as an incentive for performance (whereby performance is measured by reference to financial performance or the price of the Corporation's securities), was paid or distributed to the Named Executive Officer(s) during the most recently completed financial year.

### Option/Stock Appreciation Rights ("SAR") Grants during the most recently completed Financial Year

The following table (presented in accordance with the Rules) sets forth stock options granted during the most recently completed financial year to each of the Named Executive Officers.

Name	Securities Under Options/SAR's Granted (#)	% of Total Options/SAR's Granted to Employees in Fiscal Year	Exercise or Base Price <sup>(1)</sup> (\$/Security)	Market Value of Securities Underlying Options/SAR's on Date of Grant (\$/Security)	Expiration Date
Rudi P. Fronk	50,000	4.6%	\$2.90	\$2.90	July 1, 2007
Rudi P. Fronk	200,000 <sup>(2)</sup>	18.3%	\$2.20	\$2.20	August 19, 2007

- (1) The exercise price of stock options is determined by the Board of Directors, in accordance with TSX Venture Exchange policies.
- (2) In August 2002, the Corporation announced a new stock option plan for directors and senior management. New option grants to directors and senior management are subject to a two-tiered vesting policy designed to better align option compensation with the interests of shareholders. Pursuant to this new policy, in August 2002 the Board granted Mr. Fronk 200,000 options in lieu of market rate salary. This option grant requires a \$6.00 share price for 10 successive days for the first third to vest, a \$9.00 share price for the second third and a \$12.00 share price for the final third. Once the share price has met the first test, the Corporation's share price performance must exceed the TSX Gold Index by more than 20% over the preceding six months or these options will be cancelled.

**Aggregated Options/SAR Exercises in Last Financial Year  
and Financial Year-End Option/SAR Values**

The following table (presented in accordance with the Rules) sets forth details of all exercises of stock options during the most recently completed financial year by each of the Named Executive Officer and directors of the Corporation, and as of December 31, 2002, the number of unexercised options held by the Named Executive Officer and directors, and the value of unexercised in-the-money options on an aggregated basis. The Named Executive Officer and directors did not exercise any options in respect of the Corporation's shares during the most recently completed financial year, other than as listed below:

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options/SAR's at December 31, 2002 (#) Exercisable/Unexercisable <sup>(1)</sup>	Value of Unexercised In-the-Money Options/SAR's at December 31, 2002 (\$) Exercisable/Unexercisable
Rudi P. Fronk	20,000	\$39,000	300,000/200,000	\$422,960/\$238,000
	30,000	\$55,500		
James S. Anthony	35,000	\$68,250	200,000/200,000	\$697,000/\$238,000
	15,000	\$27,750		

- (1) In August 2002, the Corporation announced a new stock option plan for directors and senior management. New option grants to directors and senior management are subject to a two-tiered vesting policy designed to better align option compensation with the interests of shareholders. Pursuant to this new policy, in August 2002 the Board granted Messrs. Fronk and Anthony 200,000 options each. These option grants require a \$6.00 share price for 10 successive days for the first third to vest, a \$9.00 share price for the second third and a \$12.00 share price for the final third. Once the share price has met the first test, the Corporation's share price performance must exceed the TSX Gold Index by more than 20% over the preceding six months or these options will be cancelled.

**Termination of Employment, Changes in Responsibility and Employment Contracts**

The President of the Corporation is currently paid a salary of \$15,000 per month. If employment is terminated after a change of control of the Corporation, the president is entitled to a severance package consisting of 12 months salary.

Except as disclosed above, the Corporation and its subsidiaries have no compensatory plan or arrangement in respect of compensation received or that may be received by the Named Executive Officers in the Corporation's most recently completed or current financial year to compensate such executive officers in the event of the termination of employment (resignation, retirement, change of control) or in the event of a change in responsibilities following a change in control, where in respect of the Named Executive Officer the value of such compensation exceeds \$100,000.

**Compensation of Directors**

The Corporation has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Corporation or its subsidiaries for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultants or experts during the most recently completed financial year or subsequently, up to and including the date of this Management Proxy Circular, other than as disclosed in Related Party Transactions in the Notes to the Fiscal Year 2002 Audited Financial Statements. In connection with the \$31,600 in technical services provided to the Corporation by a private company controlled by a director, the Board followed its written Conflict of Interest Policy as follows: Management obtained information on the market value of the services to be provided which demonstrated the reasonableness of the director's proposal; the Board reviewed and approved the proposed contract in the absence of the conflicted director. During 2002, the Corporation paid its non-executive Chairman \$40,000 to serve as Lead Director responsible for corporate governance matters.

The Corporation is asking shareholders to approve the implementation of a formal stock option plan. At the current time, the Corporation does not have a formalized stock option plan for the granting of incentive stock options to the officers, employees and directors. However, the Corporation did grant stock options to its directors during the most recently completed financial year. The purpose of granting such options is to assist the Corporation in compensating, attracting, retaining and motivating the directors of the Corporation and to closely align the personal interests of such persons to that of the shareholders.

The following table sets forth information concerning individual grants of options to purchase securities of the Corporation made during the most recently completed financial year to the directors of the Corporation (excluding the Named Executive Officers):

Name of Director and Position as at Financial Year-End	Securities Under Options Granted (#) <sup>(1)</sup>	% of Total Options Granted to All Employees in the Financial Year	Exercise or Base Price (\$/Securities) <sup>(2)</sup>	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Date of Grant	Expiration Date
James S. Anthony	50,000	4.6%	\$2.90	\$2.90	July 2, 2002	July 1, 2007
James S. Anthony	200,000 <sup>(3)</sup>	18.3%	\$2.20	\$2.20	Aug 20, 2002	Aug 19, 2007
A. Frederick Banfield	25,000	2.3%	\$2.90	\$2.90	Aug 20, 2002	Aug 19, 2007
Louis J. Fox	25,000	2.3%	\$2.90	\$2.90	Aug 20, 2002	Aug 19, 2007
Henry Z. Fenig	30,000	2.7%	\$2.90	\$2.90	Aug 20, 2002	Aug 19, 2007
Vahid Fathi	30,000	2.7%	\$2.90	\$2.90	Aug 20, 2002	Aug 19, 2007
William M. Calhoun	40,000	3.7%	\$2.63	\$3.10	May 31, 2002	May 30, 2007
William M. Calhoun	25,000	2.3%	\$2.90	\$2.90	Aug 20, 2002	Aug 19, 2007

(1) The options generally become exercisable on the date of grant, subject to regulatory and shareholder approval.

(2) The exercise price of stock options is determined by the Board of Directors, in accordance with TSX Venture Exchange policies.

(3) In August 2002 the Corporation announced a new stock option plan for directors and senior management. New option grants to directors and senior management are subject to a two-tiered vesting policy designed to better align option compensation with the interests of shareholders. Pursuant to this new policy, in August 2002 the Board granted Mr. Anthony 200,000 options. This option grant requires a \$6.00 share price for 10 successive days for the first third to vest, a \$9.00 share price for the second third and a \$12.00 share price for the final third. Once the share price has met the first test, the Corporation's share price performance must exceed the TSX Gold Index by more than 20% over the preceding six months or these options will be cancelled.

#### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Toronto Stock Exchange Committee on Corporate Governance in Canada has issued a report, (the "TSE Report"), setting out a series of guidelines for effective corporate governance. These guidelines deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance. The TSE requires that each listed Corporation disclose on an annual basis its approach to corporate governance. The Corporation's approach to corporate governance is described below.

Although it is listed on the TSX Venture Exchange, Seabridge has elected to meet these guidelines because of the board's wish to meet the highest standards of corporate governance.

#### MANDATE OF THE BOARD

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

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

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

## COMPOSITION OF THE BOARD

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

The directors have examined the relevant definitions in the TSE Report and have individually considered their respective interests in and relationship with the Corporation. As a consequence, the board has concluded that six of the board's present seven members are "unrelated" within the meaning of the TSE Report: James S. Anthony; Frederick A. Banfield; William Calhoun; Dr. Vahid Fathi; Henry Fenig; and Louis J. Fox. The Corporate Governance Committee is responsible for reviewing and recommending a suitable approach for the Corporation to assess director performance.

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

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

### *Committees*

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

#### *Audit Committee*

The Audit Committee of Seabridge is a committee of the Board composed entirely of outside and unrelated directors (three in all). Its overall goal is to ensure that the Corporation adopts and follows a policy of full, plain, true and timely disclosure of material financial information to its stakeholders. It reviews all material matters affecting the risks and financial well being of the Corporation and is a key part of the Corporate Governance system. During 2002, this Committee initiated a policy of expensing all stock option grants. The Committee is mandated to satisfy the requirements of the Canada Business Corporations Act.

Specifically, the Committee:

- (a) reviews the annual statements of the Corporation and makes recommendations to the Board with respect to these statements,
- (b) reviews and approves the quarterly financial statements,
- (c) reviews and approves all prospectuses, offering circulars, and similar documents,
- (d) oversees the adequacy and accuracy of the Corporation's financial disclosure policies and obligations,
- (e) reviews significant accounting policies and estimates,
- (f) monitors the Corporation's internal controls, financial systems and procedures, and management information systems,
- (g) oversees management's reporting on internal control,
- (h) meets with the Corporation's auditors to review management's financial stewardship and to review their recommendations to management, and
- (i) recommends the appointment of auditors and reviews the terms of the audit engagement and the appropriateness of the proposed fee,
- (j) reviews the plan for the annual audit with the auditors and management,
- (k) evaluates the performance of the auditors

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

#### *Corporate Governance Committee*

The Corporate Governance Committee is presently composed of three directors, all of which are outside and unrelated directors. During 2002, this Committee prepared and obtained approval by the Board of written policies on Fair Disclosure, Insider Trading and Conflict of Interest. Reporting to the full Board of Directors, this Committee is mandated to:

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

#### *Compensation and Human Resources Committee*

The Compensation Committee is presently composed of three directors, all of which are outside and unrelated directors. During 2002 this Committee developed and obtained Board approval of the two-tiered vesting requirements for insider options. Reporting to the full Board of Directors, this Committee is mandated to:

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

#### **RESPONSE TO SHAREHOLDERS**

The Corporation communicates regularly with its shareholders and maintains a website at [www.seabridgegold.net](http://www.seabridgegold.net). Management is available to shareholders to respond to questions and concerns on a prompt basis. The board believes that management's communications with shareholders, and the avenues available for shareholders and others interested in the Corporation to have their inquiries about the Corporation answered, are responsive and effective.

If you have issues, questions or comments which you would like to have considered by your directors at the Annual Meeting of shareholders please advise us at: The Secretary, Seabridge Gold Inc., 172 King Street East, Suite 300, Toronto, Ontario M5A 1J3, Canada, [info@seabridgegold.net](mailto:info@seabridgegold.net) or by fax 416-367-2711.

## **EXPECTATIONS OF MANAGEMENT**

The board's access to information relating to the operations of the Corporation, through the membership on the board of directors of a key member of management and, as necessary, the attendance by other members of management at the request of the board, are key elements to the effective and informed functioning of the board of the Corporation.

The board is directly involved in setting and approving goals and plans and monitoring performance. This process establishes clear expectations of management and accountability for results. The board expects the Corporation's management to take the initiative in identifying opportunities and risks affecting the Corporation's business and finding ways to deal with these opportunities and risks for the benefit of the Corporation. The board is confident that the Corporation's management responds ably to this expectation.

## **INDEBTEDNESS TO CORPORATION OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS**

There is no indebtedness of any director, executive officer, senior officer, proposed nominee for election as a director or associate of them, to or guaranteed or supported by the Corporation or any of its subsidiaries either pursuant to an employee stock purchase program of the Corporation or otherwise, during the most recently completed financial year.

## **INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS**

No insider or proposed nominee for election as a director of the Corporation and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's last completed financial year or in any proposed transaction which in either such case has materially affected or will materially affect the Corporation.

## **APPOINTMENT OF AUDITORS**

Shareholders will be asked to vote on the appointment of KPMG LLP, Chartered Accountants, of Suite 3300 Commerce Court West, Toronto, Ontario, as Auditors of the Corporation for the ensuing year at a remuneration to be fixed by the Directors. On April 24, 2002, G. Ross McDonald, Chartered Accountant, was asked to resign as Auditors and the Directors, by resolution, appointed KPMG LLP, Chartered Accountants, effective April 24, 2002, as the Auditors of the Corporation. Shareholders are asked to approve the appointment of KPMG LLP, Chartered Accountants, as the Auditors of the Corporation for the ensuing year.

## **MANAGEMENT CONTRACTS**

No management functions of the Corporation are performed to any substantial degree by a person other than the directors or senior officers of the Corporation.

## **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Except as set out herein, no director or senior officer of the Corporation or any proposed nominee of management of the Corporation for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any substantial interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the meeting.

## **PARTICULARS OF OTHER MATTERS TO BE ACTED UPON**

### **Adoption of Stock Option Plan**

The Corporation's Board of Directors is sensitive to the concerns of shareholders with respect to the grant of stock options to insiders, namely that they can prove to be a significant but unreported expense to the Corporation and they may provide substantial, short-term windfall profits to insiders due to market conditions unrelated to the Corporation's success. Therefore, in 2002, the Board of Directors adopted new policies to make the grant of stock options more accountable and fairer to shareholders. First, the Corporation voluntarily elected to expense its option grants in its financial statements beginning January 1, 2002. Secondly, in August 2002 the Corporation adopted a vesting policy with respect to insider options to ensure that these options are not exercisable unless the Corporation's shareholders have achieved significant returns exceeding those of the industry. New insider options are now subject to a two-tier vesting policy with the first test being the attainment of a specific share price. Once the share price has met the first test, the Corporation's share price performance must exceed the TSX Gold Index by more than 20% over the preceding six months or these options will be cancelled.

In August 2002, the TSX Venture Exchange adopted a new stock option policy which requires all listed companies to implement a stock option plan at their next annual general meeting. Accordingly, the Board of Directors of the Corporation adopted a new stock option plan (the "Stock Option Plan") effective May 2, 2003, subject to acceptance by the TSX Venture Exchange (the "Exchange") and the shareholders of the Corporation. The purpose of the Stock Option Plan is to allow the Corporation to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of the Corporation. The granting of such options is intended to align the interests of such persons with that of the shareholders. Options will be exercisable over periods of up to 5 years (not the 10 years permitted by the Exchange) as determined by the Board of Directors of the Corporation and are required to have an exercise price no less than the closing market price of the Corporation's shares prevailing on the day that the option is granted (not at a discount of up to 25% as permitted by the Exchange). Pursuant to the Stock Option Plan, the Board of Directors may from time to time authorize the issue of options to directors, officers, employees and consultants of the Corporation and its subsidiaries or employees of companies providing management or consulting services to the Corporation or its subsidiaries. The maximum number of common shares which may be issued pursuant to options granted under the Stock Option Plan and all of the Corporation's other previously established or proposed share compensation arrangements is 2,800,000 shares in the capital of the Corporation, being approximately 10% of the Corporation's outstanding common shares on a fully diluted basis. In addition, the number of shares which may be reserved for issuance:

- (a) to all optionees under the Stock Option Plan in aggregate shall not exceed 10% of the issued shares of the Corporation on the date of grant; and
- (b) to any one individual may not exceed:
  - (i) 5% of the issued shares on a yearly basis; and
  - (ii) 2% of the issued shares on a yearly basis if the optionee is engaged in investor relations activities or is a consultant.

As of May 1, 2003 there were 1,905,000 outstanding stock options of the Corporation, in respect of which every share issued on exercise thereof will be deducted from the maximum number of shares which may be issued pursuant to options granted under the Stock Option Plan.

The Stock Option Plan does not contemplate that all options will be subject to the two-tiered vesting policy described in the Corporation's news release of August 19, 2002, since it was only intended that such terms apply to the officers and directors of the Corporation. The Board of Directors may, at their discretion, impose vesting requirements for any stock option grant under the Stock Option Plan, subject to policies of the TSX Venture Exchange.

The Stock Option Plan provides that if a change of control, as defined therein, occurs, all shares subject to option shall immediately become vested and may thereupon be exercised in whole or in part by the option holder.

The full text of the Stock Option Plan is included as Appendix A to this document.

**Unless such authority is withheld, the persons name in the enclosed Proxy will vote for all of the resolutions in respect of the proposed Stock Option Plan.**

At the meeting shareholders will be asked to pass a resolution in the following form:

BE IT RESOLVED, as an ordinary resolution, that the Corporation do approve the adoption of a stock option plan (the "Plan") pursuant to which the directors may, from time to time, grant stock options to directors, officers, employees and consultants of the Corporation and its subsidiaries in the form tabled at the meeting, including:

- (a) the reservation, allotment and issue of up to 2,800,000 common shares in the capital of the Corporation under the Plan (or such additional number of shares as may be approved from time to time by shareholders of the Corporation) and all of the Corporation's other previously established or proposed share compensation arrangements;
- (b) a limit on the grant of options under the Plan and under all other previously established share compensation arrangements which involves:
  - (i) the reservation to all optionees in aggregate of a maximum of 10% of the issued shares of the Corporation on the date of grant; and

- (ii) the reservation to any one optionee of a maximum of 5% of the issued shares of the Corporation, or 2% of the issued shares if the optionee is a consultant or is engaged in investor relations activities, on the date of grant.

#### **APPROVAL OF BY-LAWS**

At the last annual general meeting of the Corporation, the Shareholders approved the continuance of the Corporation under the *Canada Business Corporations Act*. On October 31, 2002 the Corporation was continued under the *Canada Business Corporations Act*. Effective on the date of the continuance, the directors adopted new By-Laws for the Corporation. The Board must obtain Shareholder approval to such By-Laws at the Meeting or they will lapse. Accordingly, the Corporation will be seeking shareholder approval, by ordinary resolution, to By-Law No. 1 and By-Law No. 2 of the Corporation. A copy of By-Laws No. 1 and No. 2 may be viewed at the offices of the Corporation during business hours at any time prior to the date of the Meeting.

#### **OTHER MATTERS**

Management of the Corporation is not aware of any other matter to come before the meeting other than as set forth in the notice of meeting. If any other matter properly comes before the meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

DATED this 5<sup>th</sup> day of May, 2003.

**Seabridge Gold Inc.**

(sgd) “*Rudi P. Fronk*”  
President and CEO

**APPENDIX A**  
**to the Management Proxy Circular of Seabridge Gold Inc.**  
**STOCK OPTION PLAN**

**1. PURPOSE OF THE PLAN**

The Corporation hereby establishes a stock option plan for directors, senior officers Employees, Management Company Employees and Consultants (as such terms are defined below) of the Corporation and its subsidiaries (collectively "Eligible Persons"), to be known as the "Seabridge Gold Inc. Stock Option Plan" (the "Plan"). The purpose of the Plan is to give to Eligible Persons, as additional compensation, the opportunity to participate in the success of the Corporation by granting to such individuals options, exercisable over periods of up to five years as determined by the board of directors of the Corporation, to buy shares of the Corporation at a price not less than the Market Price prevailing on the date the option is granted less applicable discount, if any, permitted by the policies of the Exchanges and approved by the Board.

**2. DEFINITIONS**

In this Plan, the following terms shall have the following meanings:

- 2.1 **"Associate"** means an "Associate" as defined in the Exchange Policies.
- 2.2 **"Board"** means the Board of Directors of the Corporation.
- 2.3 **"Change of Control"** means the acquisition by any person or by any person and all Joint Actors, whether directly or indirectly, of voting securities (as defined in the Securities Act) of the Corporation, which, when added to all other voting securities of the Corporation at the time held by such person or by such person and a Joint Actor, totals for the first time not less than fifty percent (50%) of the outstanding voting securities of the Corporation or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board of Directors of the Corporation.
- 2.4 **"Consultant"** means a "Consultant" as defined in the TSX Policies.
- 2.5 **"Consultant Company"** means a "Consultant Company" as defined in the TSX Policies.
- 2.6 **"Corporation"** means Seabridge Gold Inc. and its successors.
- 2.7 **"Disability"** means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:
- (a) being employed or engaged by the Corporation, its subsidiaries or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Corporation or its subsidiaries; or
  - (b) acting as a director or officer of the Corporation or its subsidiaries.
- 2.8 **"Distribution"** means a "Distribution" as defined in the TSX Policies.
- 2.9 **"Eligible Persons"** has the meaning given to that term in paragraph 1 hereof.
- 2.10 **"Employee"** means an "Employee" as defined in the TSX Policies.
- 2.11 **"Exchanges"** means the TSX Venture Exchange and, if applicable, any other stock exchange on which the Shares are listed.
- 2.12 **"Expiry Date"** means the date set by the Board under section 3.1 of the Plan, as the last date on which an Option may be exercised.
- 2.13 **"Grant Date"** means the date specified in an Option Agreement as the date on which an Option is granted.
- 2.14 **"Insider"** means an "Insider" as defined in the TSX Policies, other than a person who is an insider solely by virtue of being a director or senior officer of a subsidiary of the Corporation.
- 2.15 **"Investor Relations Activities"** means "Investor Relations Activities" as defined in the TSX Policies.

- 2.16 **"Joint Actor"** means a person acting "jointly or in concert with" another person as that phrase is interpreted in section 96 of the Securities Act.
- 2.17 **"Management Company Employee"** means a "Management Company Employee" as defined in the TSX Policies.
- 2.18 **"Market Price"** of Shares at any Grant Date means the last closing price per Share on the trading day immediately preceding the day on which the Corporation announces the grant of the option or, if the grant is not announced, on the Grant Date, or if the Shares are not listed on any stock exchange, "Market Price" of Shares means the price per Share on the over-the-counter market determined by dividing the aggregate sale price of the Shares sold by the total number of such Shares so sold on the applicable market for the last day prior to the Grant Date.
- 2.19 **"Option"** means an option to purchase Shares granted pursuant to this Plan.
- 2.20 **"Option Agreement"** means an agreement, in the form attached hereto as Schedule "A", whereby the Corporation grants to an Optionee an Option.
- 2.21 **"Optionee"** means each of the Eligible Persons granted an Option pursuant to this Plan and their heirs, executors and administrators.
- 2.22 **"Option Price"** means the price per Share specified in an Option Agreement, adjusted from time to time in accordance with the provisions of section 5.
- 2.23 **"Option Shares"** means the aggregate number of Shares which an Optionee may purchase under an Option.
- 2.24 **"Plan"** means this Seabridge Gold Inc. Stock Option Plan.
- 2.25 **"Shares"** means the common shares in the capital of the Corporation as constituted on the Grant Date provided that, in the event of any adjustment pursuant to section 5, "Shares" shall thereafter mean the shares or other property resulting from the events giving rise to the adjustment.
- 2.26 **"Securities Act"** means the Securities Act, R.S.B.C. 1996, c.418, as amended, as at the date hereof.
- 2.27 **"TSX Policies"** means the policies included in the TSX Venture Exchange Corporate Finance Manual and "TSX Policy" means any one of them.
- 2.28 **"Unissued Option Shares"** means the number of Shares, at a particular time, which have been reserved for issuance upon the exercise of an Option but which have not been issued, as adjusted from time to time in accordance with the provisions of section 5, such adjustments to be cumulative.
- 2.29 **"Vested"** means that an Option has become exercisable in respect of a number of Option Shares by the Optionee pursuant to the terms of the Option Agreement.

### **3. GRANT OF OPTIONS**

#### **3.1 Option Terms**

The Board may from time to time authorize the issue of Options to Eligible Persons. The Option Price under each Option shall be not less than the Market Price on the Grant Date. The Expiry Date for each Option shall be set by the Board at the time of issue of the Option and shall not be more than five years after the Grant Date. Options shall not be assignable (or transferable) by the Optionee.

#### **3.2 Limits of Shares Issueable on Exercise of Options**

The maximum number of Shares which may be issuable pursuant to options granted under the Plan and all of the Corporation's other previously established or proposed share compensation arrangements shall be 2,800,000 Shares or such additional amount as may be approved from time to time by the shareholders of the Corporation. The number of Shares reserved for issuance under the Plan and all of the Corporation's other previously established or proposed share compensation arrangements:

- (a) in aggregate shall not exceed 10% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis; and

- (b) to any one Optionee within a 12 month period shall not exceed 5% of the total number of issued and outstanding shares on the Grant Date on a non-diluted basis.

The number of Shares which may be issuable under the Plan and all of the Corporation's other previously established or proposed share compensation arrangements, within a one-year period:

- (a) to any one Optionee, shall not exceed 5% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis;
- (b) to any one Consultant shall not exceed 2% in the aggregate of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis; and
- (c) to all Eligible Persons who undertake Investor Relations Activities shall not exceed 2% in the aggregate of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis.

### **3.3 Option Agreements**

Each Option shall be confirmed by the execution of an Option Agreement. Each Optionee shall have the option to purchase from the Corporation the Option Shares at the time and in the manner set out in the Plan and in the Option Agreement applicable to that Optionee. For stock options to Employees, Consultants, Consultant Companies or Management Company Employees, the Corporation is representing herein and in the applicable Stock Option Agreement that the Optionee is a bona fide Employee, Consultant, Consultant Company or Management Company Employee, as the case may be, of the Corporation or its subsidiary. The execution of an Option Agreement shall constitute conclusive evidence that it has been completed in compliance with this Plan.

## **4. EXERCISE OF OPTION**

### **4.1 When Options May be Exercised**

Subject to sections 4.3 and 4.4, an Option may be exercised to purchase any number of Shares up to the number of Vested Unissued Option Shares at any time after the Grant Date up to 4:00 p.m. local time on the Expiry Date and shall not be exercisable thereafter.

### **4.2 Manner of Exercise**

The Option shall be exercisable by delivering to the Corporation a notice specifying the number of Shares in respect of which the Option is exercised together with payment in full of the Option Price for each such Share. Upon notice and payment there will be a binding contract for the issue of the Shares in respect of which the Option is exercised, upon and subject to the provisions of the Plan. Delivery of the Optionee's cheque payable to the Corporation in the amount of the Option Price shall constitute payment of the Option Price unless the cheque is not honoured upon presentation in which case the Option shall not have been validly exercised.

### **4.3 Vesting of Option Shares**

The Directors, subject to the policies of the TSX Venture Exchange, may determine and impose terms upon which each Option shall become Vested in respect of Option Shares. Current policies of the TSX Venture Exchange provide that minimum vesting requirements shall be 25% of the Option upon TSX Venture Exchange approval and 12 1/2% every quarter thereafter.

### **4.4 Termination of Employment**

If an Optionee ceases to be an Eligible Person, his or her Option shall be exercisable as follows:

- (a) Death or Disability

If the Optionee ceases to be an Eligible Person, due to his or her death or Disability or, in the case of an Optionee that is a company, the death or Disability of the person who provides management or consulting services to the Corporation or to any entity controlled by the Corporation, the Option then held by the Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of:

- (i) 365 days after the date of death or Disability; and
  - (ii) the Expiry Date;
- (b) Termination For Cause

If the Optionee, or in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person as a result of termination for cause, as that term is interpreted by the courts of the jurisdiction in which the Optionee, or, in the case of a Management Company Employee or a Consultant Company, of the Optionee's employer, is employed or engaged; any outstanding Option held by such Optionee on the date of such termination, whether in respect of Option Shares that are Vested or not, shall be cancelled as of that date.

(c) Early Retirement, Voluntary Resignation or Termination Other than For Cause

If the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person due to his or her retirement at the request of his or her employer earlier than the normal retirement date under the Corporation's retirement policy then in force, or due to his or her termination by the Corporation other than for cause, or due to his or her voluntary resignation, the Option then held by the Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of the Expiry Date and the date which is 90 days (30 days if the Optionee was engaged in Investor Relations Activities) after the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person.

For greater certainty, an Option that had not become Vested in respect of certain Unissued Option Shares at the time that the relevant event referred to in this paragraph 4.4 occurred, shall not be or become vested or exercisable in respect of such Unissued Option Shares and shall be cancelled

#### **4.5 Effect of a Take-Over Bid**

If a *bona fide* offer (an "Offer") for Shares is made to the Optionee or to shareholders of the Corporation generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Corporation, within the meaning of subsection 1(1) of the Securities Act, the Corporation shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon all Option Shares subject to such Option will become Vested and the Option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Option Shares received upon such exercise, pursuant to the Offer. However, if:

- (a) the Offer is not completed within the time specified therein; or
- (b) all of the Option Shares tendered by the Optionee pursuant to the Offer are not taken up or paid for by the offeror in respect thereof,

then the Option Shares received upon such exercise, or in the case of clause (b) above, the Option Shares that are not taken up and paid for, may be returned by the Optionee to the Corporation and reinstated as authorized but unissued Shares and with respect to such returned Option Shares, the Option shall be reinstated as if it had not been exercised and the terms upon which such Option Shares were to become Vested pursuant to paragraph 4.3 shall be reinstated. If any Option Shares are returned to the Corporation under this paragraph 4.5, the Corporation shall immediately refund the exercise price to the Optionee for such Option Shares.

#### **4.6 Acceleration of Expiry Date**

If at any time when an Option granted under the Plan remains unexercised with respect to any Unissued Option Shares, an Offer is made by an offeror, the Directors may, upon notifying each Optionee of full particulars of the Offer, declare all Option Shares issuable upon the exercise of Options granted under the Plan, Vested, and declare that the Expiry Date for the exercise of all unexercised Options granted under the Plan is accelerated so that all Options will either be exercised or will expire prior to the date upon which Shares must be tendered pursuant to the Offer. The Directors shall give each Optionee as much notice as possible of the acceleration of the Options under this section, except that not less than 5 business days and not more than 35 days notice is required.

#### **4.7 Effect of a Change of Control**

If a Change of Control occurs, all Option Shares subject to each outstanding Option will become Vested, whereupon such Option may be exercised in whole or in part by the Optionee.

#### **4.8 Exclusion From Severance Allowance, Retirement Allowance or Termination Settlement**

If the Optionee, or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, retires, resigns or is terminated from employment or engagement with the Corporation or any subsidiary of the Corporation, the loss or limitation, if any, pursuant to the Option Agreement with respect to the right to purchase Option Shares which were not Vested at that time

or which, if Vested, were cancelled, shall not give rise to any right to damages and shall not be included in the calculation of nor form any part of any severance allowance, retiring allowance or termination settlement of any kind whatsoever in respect of such Optionee.

#### **4.9 Shares Not Acquired**

Any Unissued Option Shares not acquired by an Optionee under an Option which has expired may be made the subject of a further Option pursuant to the provisions of the Plan.

### **5. ADJUSTMENT OF OPTION PRICE AND NUMBER OF OPTION SHARES**

#### **5.1 Share Reorganization**

Whenever the Corporation issues Shares to all or substantially all holders of Shares by way of a stock dividend or other distribution, or subdivides all outstanding Shares into a greater number of Shares, or combines or consolidates all outstanding Shares into a lesser number of Shares (each of such events being herein called a "Share Reorganization") then effective immediately after the record date for such dividend or other distribution or the effective date of such subdivision, combination or consolidation, for each Option:

- (a) the Option Price will be adjusted to a price per Share which is the product of:
  - (i) the Option Price in effect immediately before that effective date or record date; and
  - (ii) a fraction, the numerator of which is the total number of Shares outstanding on that effective date or record date before giving effect to the Share Reorganization, and the denominator of which is the total number of Shares that are or would be outstanding immediately after such effective date or record date after giving effect to the Share Reorganization; and
- (b) the number of Unissued Option Shares will be adjusted by multiplying (i) the number of Unissued Option Shares immediately before such effective date or record date by (ii) a fraction which is the reciprocal of the fraction described in subsection (a)(ii).

#### **5.2 Special Distribution**

Subject to the prior approval of the Exchanges, whenever the Corporation issues by way of a dividend or otherwise distributes to all or substantially all holders of Shares;

- (a) shares of the Corporation, other than the Shares;
- (b) evidences of indebtedness;
- (c) any cash or other assets, excluding cash dividends (other than cash dividends which the Board of Directors of the Corporation has determined to be outside the normal course); or
- (d) rights, options or warrants;

then to the extent that such dividend or distribution does not constitute a Share Reorganization (any of such non-excluded events being herein called a "Special Distribution"), and effective immediately after the record date at which holders of Shares are determined for purposes of the Special Distribution, for each Option the Option Price will be reduced, and the number of Unissued Option Shares will be correspondingly increased, by such amount, if any, as is determined by the Board in its sole and unfettered discretion to be appropriate in order to properly reflect any diminution in value of the Option Shares as a result of such Special Distribution.

#### **5.3 Corporate Organization**

Whenever there is:

- (a) a reclassification of outstanding Shares, a change of Shares into other shares or securities, or any other capital reorganization of the Corporation, other than as described in sections 5.1 or 5.2;
- (b) a consolidation, merger or amalgamation of the Corporation with or into another corporation resulting in a reclassification of outstanding Shares into other shares or securities or a change of Shares into other shares or securities; or

- (c) a transaction whereby all or substantially all of the Corporation's undertaking and assets become the property of another corporation;

(any such event being herein called a "Corporate Reorganization") the Optionee will have an option to purchase (at the times, for the consideration, and subject to the terms and conditions set out in the Plan) and will accept on the exercise of such option, in lieu of the Unissued Option Shares which he would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that he would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, he had been the holder of all Unissued Option Shares or if appropriate, as otherwise determined by the Directors.

#### **5.4 Determination of Option Price and Number of Unissued Option Shares**

If any questions arise at any time with respect to the Option Price or number of Unissued Option Shares deliverable upon exercise of an Option following a Share Reorganization, Special Distribution or Corporate Reorganization, such questions shall be conclusively determined by the Corporation's auditor, or, if they decline to so act, any other firm of Chartered Accountants in Vancouver, British Columbia, that the Directors may designate and who will have access to all appropriate records and such determination will be binding upon the Corporation and all Optionees.

#### **5.5 Regulatory Approval**

Any adjustment to the Option Price or the number of Unissued Option Shares purchasable under the Plan pursuant to the operation of any one of paragraphs 5.1, 5.2 or 5.3 is subject to the approval of the Exchanges and any other governmental authority having jurisdiction.

### **6. MISCELLANEOUS**

#### **6.1 Right to Employment**

Neither this Plan nor any of the provisions hereof shall confer upon any Optionee any right with respect to employment or continued employment with the Corporation or any subsidiary of the Corporation or interfere in any way with the right of the Corporation or any subsidiary of the Corporation to terminate such employment.

#### **6.2 Necessary Approvals**

The Plan shall be effective only upon the approval of the shareholders of the Corporation given by way of an ordinary resolution. Any Options granted under this Plan prior to such approval shall only be exercised upon the receipt of such approval. Disinterested shareholder approval (as required by the Exchanges) will be obtained for any reduction in the exercise price of any Option granted under this Plan if the Optionee is an Insider of the Corporation at the time of the proposed amendment. The obligation of the Corporation to sell and deliver Shares in accordance with the Plan is subject to the approval of the Exchanges and any governmental authority having jurisdiction. If any Shares cannot be issued to any Optionee for any reason, including, without limitation, the failure to obtain such approval, then the obligation of the Corporation to issue such Shares shall terminate and any Option Price paid by an Optionee to the Corporation shall be immediately refunded to the Optionee by the Corporation.

#### **6.3 Administration of the Plan**

The Directors shall, without limitation, have full and final authority in their discretion, but subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations deemed necessary or advisable in respect of the Plan. Except as set forth in section 5.4, the interpretation and construction of any provision of the Plan by the Directors shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Corporation and all costs in respect thereof shall be paid by the Corporation.

#### **6.4 Income Taxes**

As a condition of and prior to participation in the Plan any Optionee shall on request authorize the Corporation in writing to withhold from any remuneration otherwise payable to him or her any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of his or her participation in the Plan.

#### **6.5 Amendments to the Plan**

The Directors may from time to time, subject to applicable law and to the prior approval, if required, of the Exchanges or any other regulatory body having authority over the Corporation or the Plan, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or of any Option granted under the Plan and the Option Agreement relating thereto, provided that no such

amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any Option previously granted to an Optionee under the Plan without the consent of that Optionee. Any amendments to the Plan or options granted thereunder will be subject to the approval of the shareholders.

**6.6 Form of Notice**

A notice given to the Corporation shall be in writing, signed by the Optionee and delivered to the head business office of the Corporation.

**6.7 No Representation or Warranty**

The Corporation makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

**6.8 Compliance with Applicable Law**

If any provision of the Plan or any Option Agreement contravenes any law or any order, policy, by-law or regulation of any regulatory body or Exchange having authority over the Corporation or the Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

**6.9 No Assignment**

No Optionee may assign any of his or her rights under the Plan or any option granted thereunder.

**6.10 Rights of Optionees**

An Optionee shall have no rights whatsoever as a shareholder of the Corporation in respect of any of the Unissued Option Shares (including, without limitation, voting rights or any right to receive dividends, warrants or rights under any rights offering).

**6.11 Conflict**

In the event of any conflict between the provisions of this Plan and an Option Agreement, the provisions of this Plan shall govern.

**6.12 Governing Law**

The Plan and each Option Agreement issued pursuant to the Plan shall be governed by the laws of the province of British Columbia.

**6.13 Time of Essence**

Time is of the essence of this Plan and of each Option Agreement. No extension of time will be deemed to be or to operate as a waiver of the essentiality of time.

**6.14 Entire Agreement**

This Plan and the Option Agreement sets out the entire agreement between the Corporation and the Optionees relative to the subject matter hereof and supersedes all prior agreements, undertakings and understandings, whether oral or written.

**Approved by the Board of Directors on May 2, 2003**

SCHEDULE "A"



STOCK OPTION PLAN

OPTION AGREEMENT

*Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this agreement and any securities issued upon exercise thereof may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until ●, 200● four months and one day after the date of grant.*

This Option Agreement is entered into between Seabridge Gold Inc. ("the Corporation") and the Optionee named below pursuant to the Seabridge Gold Inc. Stock Option Plan (the "Plan"), a copy of which is attached hereto, and confirms that:

1. on ●, 200● (the "Grant Date");
2. ● (the "Optionee");
3. was granted the option (the "Option") to purchase ● ●Common● Shares (the "Option Shares") of the Corporation;
4. for the price (the "Option Price") of \$● per share;
5. which shall be exercisable ("Vested") as to ●;
6. terminating on the ●, 200● (the "Expiry Date");

all on the terms and subject to the conditions set out in the Plan. For greater certainty, once Option Shares have become Vested, they continue to be exercisable until the termination or cancellation thereof as provided in this Option Agreement and the Plan.

By signing this Option Agreement, the Optionee acknowledges that the Optionee has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the ● day of ●, 200●.



\_\_\_\_\_  
OPTIONEE

Per: \_\_\_\_\_  
Authorized Signatory