

# Seabridge Gold Inc. (TSX:SEA, NYSE:SA)

## Site Visit: Ploughing Ahead at Snowstorm

Site Visit  
October 18, 2019

(Currency is C\$ unless noted otherwise)

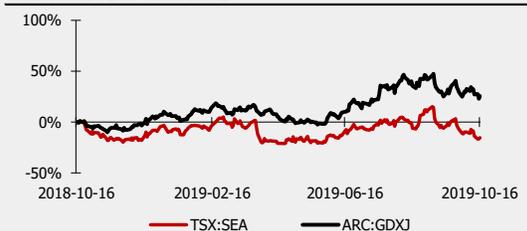
Closing Price (\$/sh)	\$15.97
Net Asset Value Per Share (\$/sh)	\$61.37
Fair Value Estimate (\$/sh)	\$49
52 Week Low / High (\$/sh)	\$14.74 / \$21.98
P/NAV	0.26x

CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	64.2	67.2
Market Capitalization (\$M)		\$1,024.6
Enterprise Value (\$M)		\$1,010.0
Estimated Cash Balance Cash (\$M)		\$14.8
Debt At Year End		\$0.0

### STOCK CHART



### RELATIVE PERFORMANCE



NET ASSET VALUE	(\$M)	(\$/Sh)
KSM, BC (100% Ownership)	\$5,745.3	\$72.21
Taxes	(\$1,529.9)	(\$19.23)
Other Assets	\$280.3	\$3.52
Corporate adjustments	\$387.2	\$4.87
<b>Total NAV</b>	<b>\$4,882.9</b>	<b>\$61.37</b>

RELATIVE VALUATION	EV/lb CuEq	P/NAV
Explorer/Developer Peers*	US\$39	0.43x
Seabridge Gold (Consensus)	US\$4	0.43x
<b>Seabridge Gold (RCKS Est.)</b>	<b>US\$4</b>	<b>0.26x</b>

### MAJOR SHAREHOLDERS

Management (4.52%), Pan Atlantic Bank and Trus. (20.21%), FCMI Parent Co. (6.1%), Van Eck Associates Corpora. (4.63%), Russell Investment Managem. (2.82%), Van Den Berg Management I., (2.15%), FMR LLC (2.11%)

DISCLOSURE CODE: 2, 4

(Please refer to the disclosures listed on the back page)

Source: RCKS estimates, Company Information, Capital IQ

### Company Description

Seabridge Gold Inc., a development stage company, together with its subsidiaries, engages in the acquisition and exploration of gold properties located in North America. The company also explores for copper and silver ores. It holds a 100% interest in various North American gold resource projects. The company's principal assets are the Kerr-Sulphurets-Mitchell and Iskut properties located near Stewart, British Columbia, Canada, as well as the Courageous Lake gold project located in Canada's Northwest Territories.

### Impact: Mildly Positive

We recently visited Seabridge's Snowstorm property in Nevada. We were impressed with the potential this early stage project offers shareholders as it is situated within a prolific gold trend with several world class mines (i.e. Twin Creeks, Turquoise Ridge, etc.). Seabridge has been steadily advancing the project and we expect initial exploration results (drilling, plus geophysics) to be announced before year-end. In our view, a discovery made at Snowstorm is likely to be coveted by its neighbor to the south (ABX/NEM). **While Snowstorm is at an early stage, it appears to be very prospective and we expect it to add additional exploration sizzle to Seabridge as results are released.**

### Highlights:

- **All the right ingredients for a major discovery.** A key highlight of our site visit was that Snowstorm, with Seabridge exploring it has all the right ingredients to be a major discovery. The project is located at the intersection of multiple major Nevada trends (Figure 1) within 10km of +40Moz of resources (Figures 2-6). Additionally, the company has identified the right structural setting (Figure 7) and the right host rocks (Figure 8) to make a Carlin style gold discovery.
- **"Baking this kind of cake" takes time.** While there has been US\$20M of work done by prior operators, Seabridge's team, who have significant experience in the area, took a step back and completed additional geophysics and surface work to identify three targets (Figures 9, 10 & 11). We expect the company to spend ~US\$5M per year over the next four years at Snowstorm, depending on success.
- **First wave of results expected later this year with more to follow.** We expect the company to release initial results from Snowstorm later this year, which should overflow into 2020. In our view, success from initial results is what would allow Seabridge to vector into a discovery; leading to follow-up drilling. Because this is one of four major assets in the Seabridge portfolio (KSM, Iskut, Courageous Lake & Snowstorm), it has the luxury of taking a methodical approach as we expect a KSM (potential JV) and an expanded exploration program at Iskut in 2020 to be the focus.

### Valuation:

**Increasing our in-situ value for Snowstorm results in our fair value to modestly increase.** We have increased our fair value estimate for Seabridge to \$49/sh (was \$48/sh) as result of a modest increase to our in-situ value for Snowstorm (was US\$10M, now US\$20M) and rolling our model forward a quarter. Our target is based on 0.70x our NAVPS<sub>5%</sub> estimate of C\$61.37/sh (was C\$60.55/sh) While Snowstorm is an exciting early stage exploration project, we believe the main driver to re-rate the stock to our fair value estimate is the announcement of a JV for KSM. **Upcoming catalysts include:** 1) JV Agreement for KSM, 2) Exploration results from Snowstorm (Q4/19), 3) 2019 Exploration update from Iskut (Q4/19) and 4) 2019 Exploration update from KSM (Q4/19).

## Financial and Operating Summary: Seabridge Gold Inc.

### FINANCIAL DATA

Ticker	TSX:SEA
Current Price (C\$/sh)	C\$15.97
52 Week Low / High (C\$/sh)	\$14.74 / \$21.98
Shares Outstanding (M)	64.2
Market Capitalization (C\$M)	\$1,024.8
Cash & Cash Equivalents (C\$M)	\$14.8
Total Debt (C\$M)	\$0.0
Enterprise Value (C\$M)	\$1,010.0

### FINANCIAL DATA

#### Capital Structure

	Shares Millions
Shares Outstanding	64.2
Options	3.0
Warrants	0.0
Fully Diluted Shares	67.2

#### Ownership (February 2019)

	Shares O/S (M)	% O/S
Management	2.1	4.5%
Pan Atlantic Bank and Trust Limited, Asset Management Arm	13.0	20.2%
FCMI Parent Co.	3.1	6.1%
Van Eck Associates Corporation	3.0	4.6%
Russell Investment Management, LLC	1.8	2.8%
Van Den Berg Management I, Inc.	1.4	2.1%
FMR LLC	1.4	2.1%

#### Financial Summary (C\$)

Fiscal Year-end June 30	2018E	2019E	2020E	2021E	2022E	2023E
Shares Outstanding (M)	61.7	64.2	76.7	76.7	76.7	76.7
EPS	(0.34)	(0.29)	(0.30)	(0.30)	(0.24)	(0.15)
CFPS	(0.15)	(0.28)	(0.49)	(0.62)	(0.73)	(0.73)
P/CF	(105.8)x	(56.6)x	(32.5)x	(25.9)x	(21.9)x	(21.9)x

#### Income Statement (C\$M)

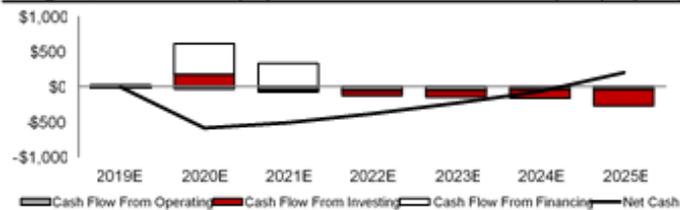
	2018E	2019E	2020E	2021E	2022E	2023E
Revenue	0.0	0.0	0.0	0.0	0.0	0.0
Operating Expenses	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
General & Admin	16.5	19.2	18.6	18.6	18.6	18.6
General Exploration	0.0	7.5	20.0	20.0	20.0	20.0
Net Income	(19.9)	(20.1)	(33.0)	(47.4)	(56.0)	(56.0)

#### Balance Sheet (C\$M)

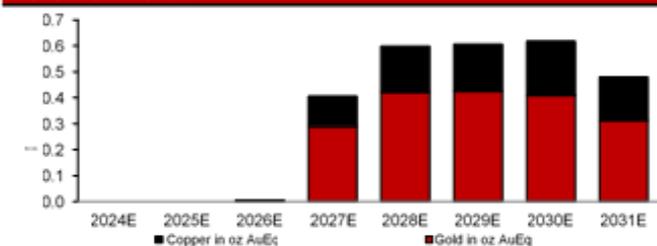
	2018E	2019E	2020E	2021E	2022E	2023E
Cash & Equivalents	2.9	6.6	588.0	841.1	714.6	565.0
Debt	0.0	0.0	0.0	328.8	328.8	328.8

#### Cash Flow (C\$M)

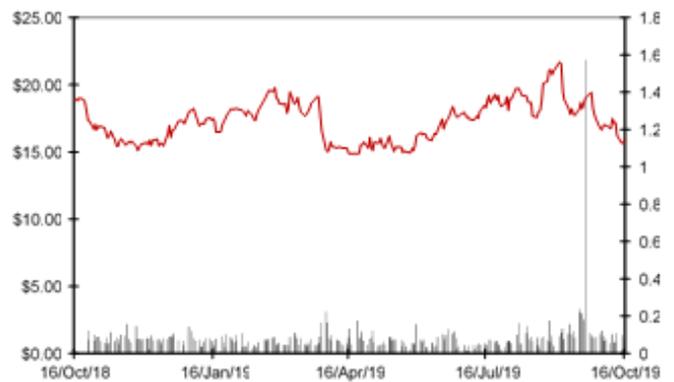
	2018E	2019E	2020E	2021E	2022E	2023E
Operating CF	(9.4)	(19.4)	(33.0)	(47.4)	(56.0)	(56.0)
Investing CF	(42.6)	(3.3)	171.4	(28.4)	(70.4)	(93.6)
Financing CF	50.9	26.3	443.0	328.8	0.0	0.0
Change in Cash	(1.1)	3.7	581.4	253.0	(126.5)	(149.6)



### PRODUCTION PROFILE



### STOCK CHART



### TECHNICAL ASSUMPTIONS

	2018E	2019E	2020E	2021E	2022E	2023E
Gold Price (US\$/oz)	\$ 1,278	\$ 1,399	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
Silver Price (US\$/oz)	\$ 16.53	\$ 16.38	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00
Copper Price (US\$/lb)	\$ 2.99	\$ 2.80	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
Canadian : US\$ fx rate	\$ 0.77	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75

PROJECT	MEASURED & INDICATED Moz AuEq	INFERRED Moz AuEq	TOTAL Moz AuEq
KSM	86.4	119.5	205.8
Courageous Lake	8.0	3.9	11.9
Iskul	3.5	0.1	3.6
Global Resource	97.8	123.5	221.3

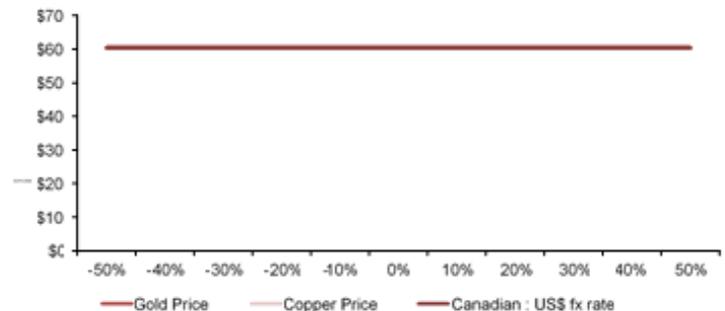
### NET ASSET VALUE

	Discount Rate	(C\$M)	(C\$/Sh)
KSM, BC (100% Ownership)	5%	\$ 5,745	\$ 72.21
Taxes	5%	\$ (1,530)	\$ (19.23)
Other Assets	in-situ	\$ 280	\$ 3.52
Corporate adjustments	5%	\$ 387	\$ 4.87
<b>Total NAV</b>		<b>\$ 4,883</b>	<b>\$ 61.37</b>

### COMPARABLES

Company	Ticker	Price C\$	MC C\$M	US\$ EV/ AuEq	NAVPS C\$	P/NAV
NovaGold Resources Inc	TSX:NG	\$8.14	\$2,716	\$47	\$11.57	0.70x
SolGold plc (RCKS Est.)	LSE:SOLG	\$0.34	\$628	\$7	\$1.47	0.23x
Osisko Mining Inc	TSX:OSK	\$3.04	\$844	\$185	\$3.99	0.76x
Regulus Resources Inc.	TSXV:REG	\$1.32	\$120	\$7	\$3.38	0.39x
Victoria Gold Corp	TSXV:VIT	\$0.45	\$388	\$94	\$0.76	0.60x
Nevada Copper Corp.	TSX:NCU	\$0.21	\$156	\$4	\$1.05	0.20x
<b>Average</b>				<b>\$57</b>		<b>0.48x</b>
Seabridge Gold (Consensus)	NYSE:SA	\$15.97	\$1,025	\$4	\$36.88	0.43x
Seabridge Gold (RCKS Est.)	TSX:SEA	\$15.97	\$1,025	\$4	\$61.37	0.26x

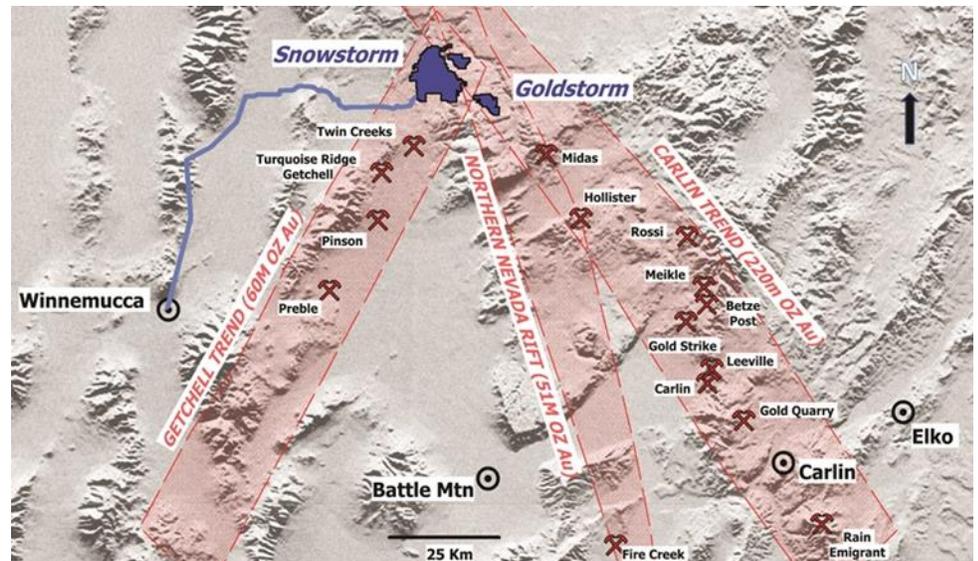
### NAVPS SENSITIVITIES



**The right location.** The Snowstorm and Goldstorm projects are at the intersection of three major Nevada gold trends (Figure 1) where +300M oz Au have been discovered (Figure 1). Additionally, the project is only 6.5km from Nevada Gold Mine's (Newmont/Barrick Nevada JV – Figure 2) massive Twin Creeks mine (Figures 3 & 4) and very high-grade Turquoise Ridge mine (Figures 5 & 6). Because of the existing nearby mines, the property is accessible by gravel road and has nearby power and water.

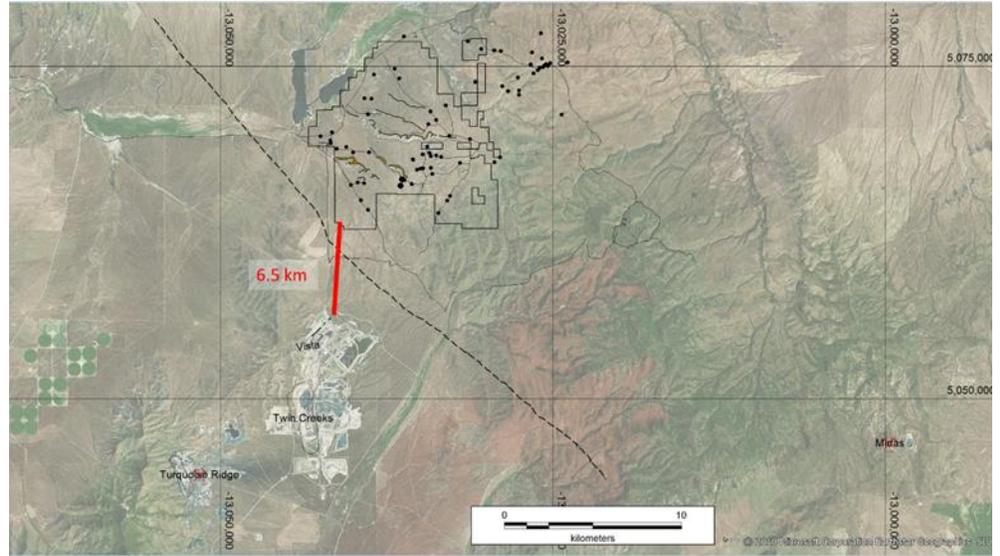
Besides, previously being held privately, the main reason this project was not owned by Newmont or Barrick and discovery has not been made is because it is a blind target. In Figure 2, the prospective geology for a Getchell type deposit is under a tertiary volcanic sequence of rocks. While this provides an additional challenge, it has also created the opportunity for a major discovery.

**Figure 1: Snowstorm is at the Intersection of Several Major Gold Trend.**



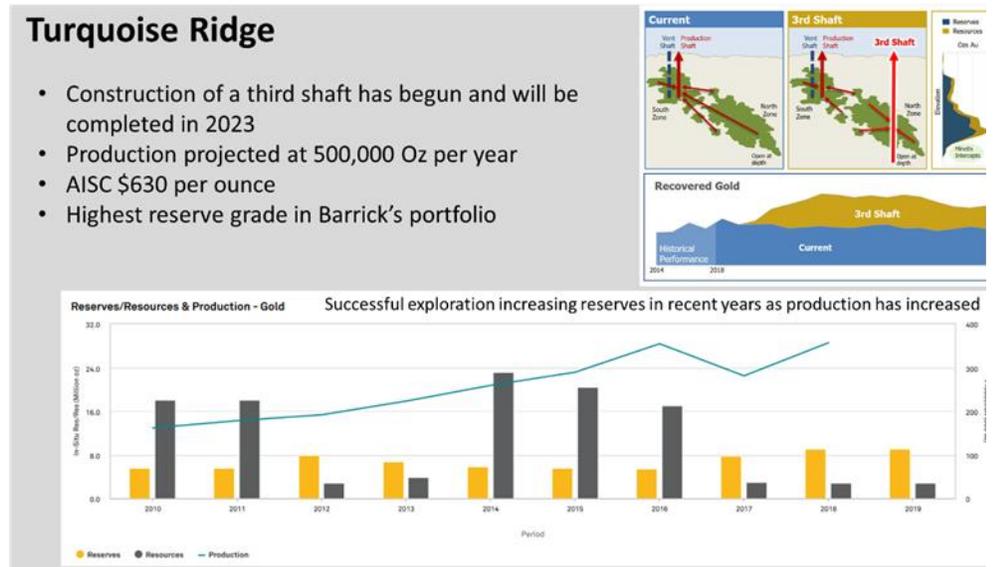
Source: Company Report

**Figure 2: Just 6.5km from Twin Creeks but Undercover**



Source: Company Reports

**Figure 3: Turquoise Ridge - +10Moz at +25g/t Au**



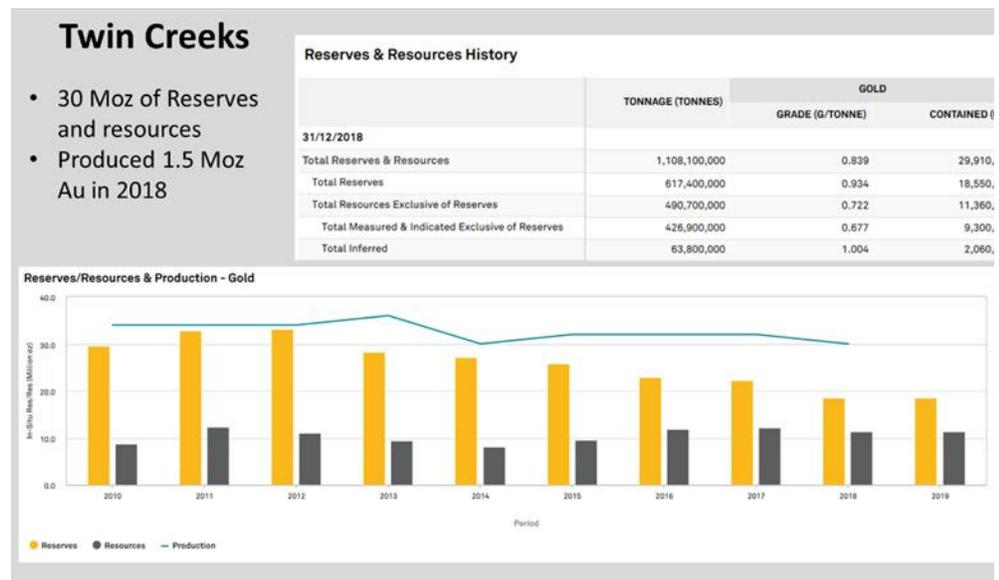
Source: Company Report, S&P Global Mineral Intelligence

**Figure 4: Shaft at Turquoise Ridge from road to Snowstorm**



Source: Red Cloud

**Figure 5: Shaft at Turquoise Ridge from road to Snowstorm**



Source: Red Cloud Estimates, Company Reports, S&P Global Market intelligence

**Figure 6: Shaft at Turquoise Ridge from road to Snowstorm**



Source: Red Cloud

**The right team, taking a systematic approach.** To date, about US\$20M has been spent on the project and while this has generated a lot of baseline data, the prior operator's approach was not systematic. Seabridge's very experienced team has taken the time to review this work, completed additional geophysics and surface sampling. The team are successful explorers and specifically William E. Threlkeld (VP Exploration) and Eliseo Gonzalez-Urien (Director) worked at Placer Dome, when it acquired Getchell (Turquoise Ridge) and were responsible for Placer's initial drilling at the project.

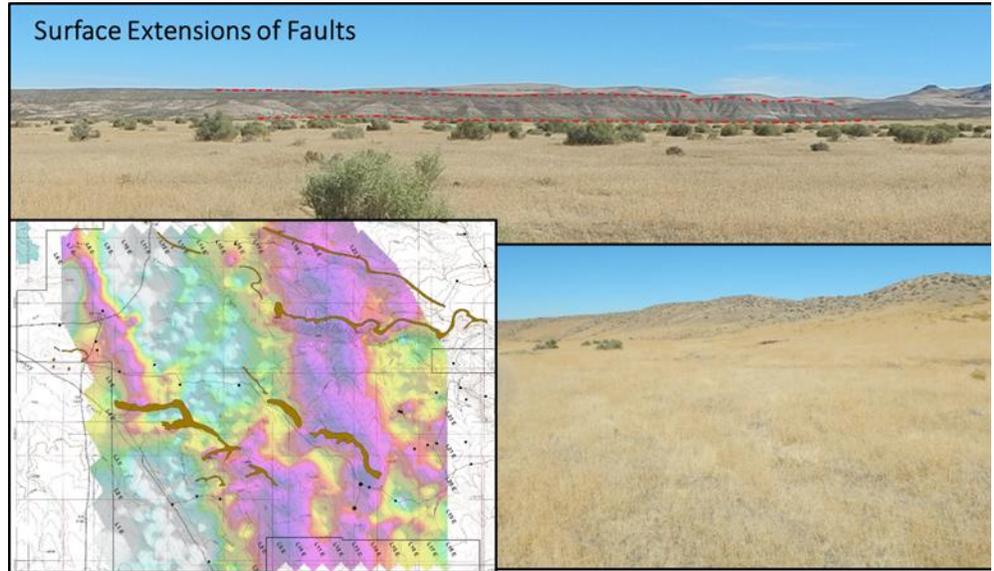
**The right rocks.** The work to date, has been able to identify the larger regional structures (Figure 7) and drill has identified the right host rocks (Figure 8). This year's (four holes) and next year's drilling is focused on discovering the fluid traps necessary to form a deposit. The company has identified three initial targets that it plans to test with the initial four holes and 2020 drilling:

1. The first is the extension of the Fiberline fault, which also hosts the neighboring Twin Creeks deposit (Figure 9)
2. Fold Hinge with similar characteristics to Twin Creeks (Figure 10)
3. Low Resistivity Feature Adjacent to a Major Structure similar to Turquoise Ridge (Figure 11)

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## Figure 7: Identified Major Structures

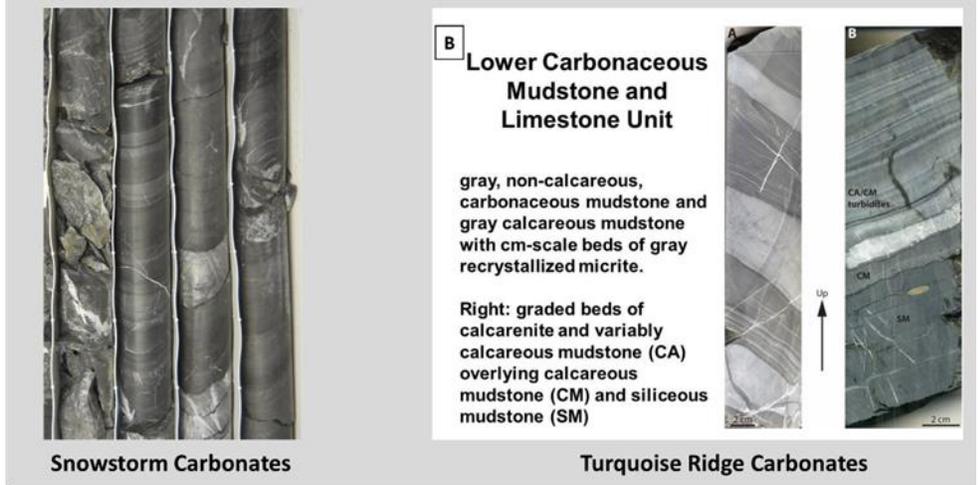
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Source: Company Reports

**Figure 8: Similar Carbonate Alteration to Turquoise Ridge**

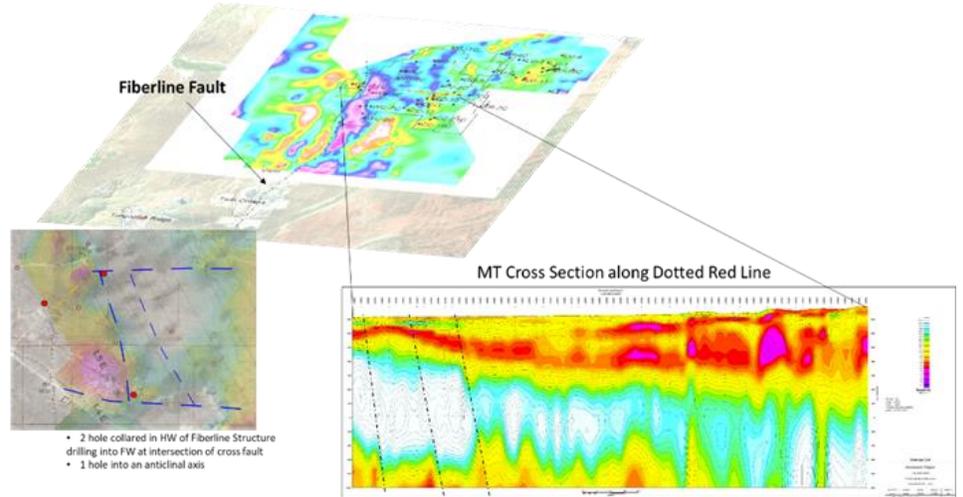
**Lithological Comparison to Turquoise Ridge**



Source: Company Reports

**Figure 9: Target 1 – Fiberline Fault Extension**

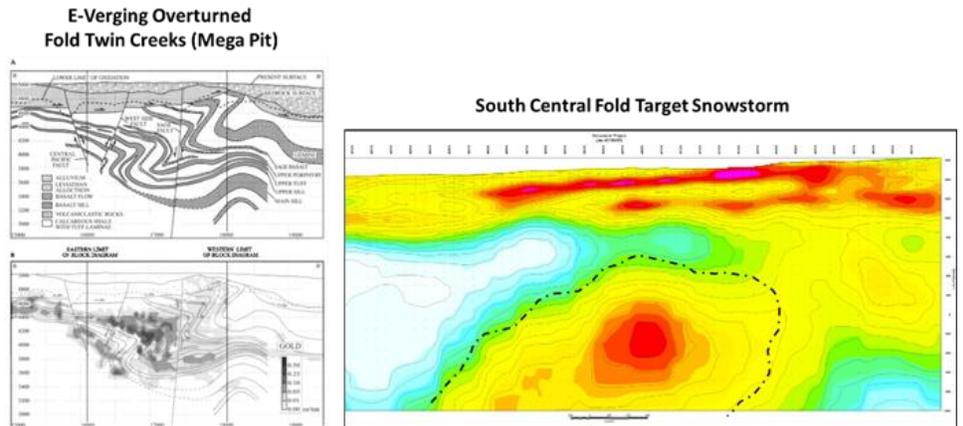
**Target 1: Extension of the Fiberline Fault – North Target**



Source: Company Reports

**Figure 10: Target 2 – Fold Hinge**

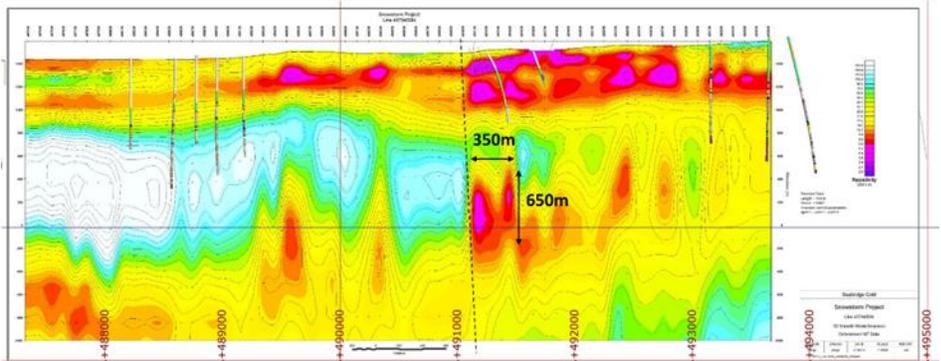
**Target 2: Fold Hinge of East Verging Overturned Anticline –South Target**



Source: Company Reports

**Figure 11: Target 3 – Resistivity Low Adjacent Major Structure**

**Target 3: Low Resistivity Feature Adjacent to Major Structure**



High Resistivity broken by major subvertical structure with large Low Resistivity anomaly in the hanging wall. Similar structural and geophysical signature to Turquoise Ridge.

Source: Company Reports

**Unlocking the puzzle takes time.** Discovering an economic Carlin deposit takes time. When adding in the complication of it being under cover, it likely means it will take more time than what is otherwise “normal” to make a discovery. However, with the potential for a multi-million-ounce discovery, good infrastructure and a neighbor that is likely to covet anything you discover, the potential prize is worth the time, effort and money.

**First results expected before year-end, but they won’t be the last.** We expected first results to be released before year-end; however, considering the early stage in exploration process, a true discovery hole is unlikely. However, we would be very encouraged by a result that could allow Seabridge to vector into a discovery late next year. We expect Seabridge to spend ~US\$5M/year for the next four years on the project to properly test Snowstorm.

**Figure 12: Drilling at Snowstorm (October 2019)**



Source: Company Reports

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Company Name	Ticker Symbol	Disclosures
Seabridge Gold Inc.	TSX:SEA	2,4

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*This is an updated report from the one previously published on October 18, 2019.*