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Feb. 23/06

## 2002 PROJECT BUDGET SUMMARY WESTERN CANADA REGION

**PROJECT:** Kerr-Sulphurets

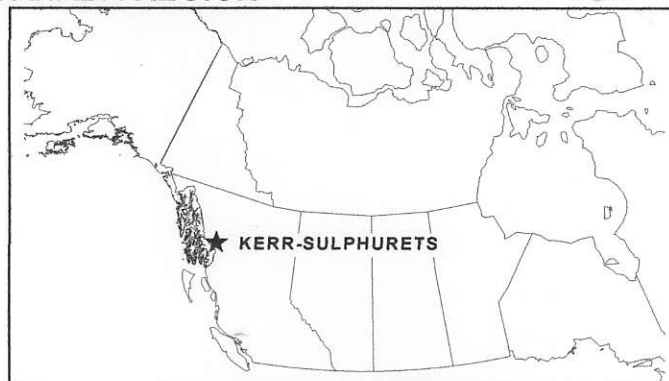
**COMMODITY:** Cu -Au

**LOCATION:** Northwest British Columbia

**TRT:** 400,000,000 tonnes 1% Cu equiv.

**MODEL:** Grasberg

**PROPOSED BUDGET:** \$1,260,000



FIXED COSTS		VARIABLE COSTS							Total
Labour & Benefits	Leases	Labour	Land	Geophy	Geochem	Geology	Drilling	Misc.	
100000		100000	25000	100000	25000	25000	875000	10000	1260000

### INTRODUCTION

The Kerr-Sulphside property is a copper-gold porphyry prospect located approximately 15 km southeast of the Eskay Creek mine in northwest B.C. The exploration history of the area began in the 1960's, with brief programs by Newmont, Granduc, Phelps Dodge, and the Meridian Syndicate, all focused towards gold. The Sulphurets zone was first drilled by Esso Minerals in 1969; Kerr was first drilled by Western Canadian Mining Corporation in 1988. Total expenditures by both companies was about \$4,000,000. In 1989, a 100% interest in the Kerr deposit was purchased by Placer Dome for \$11,000,000, and in the following year they acquired the adjacent Sulphurets property. They spent an estimated \$5,000,000 in exploration. In 2000, Seabridge resources acquired a 100% interest from Placer Dome by issuing 500,000 Seabridge shares, 500,000 share purchase warrants exercisable by Placer Dome at \$2.00 per share for 2 years, and a 1% NSR, capped at \$4,500,000.

The property is located in the rugged coastal mountains of northwest B.C., an area of heavy snowfall and abundant glaciers. The elevation ranges from about 600 to 1700 meters, and the vegetation from heavily forested to alpine. Due to the heavy silt content and acidity produced by active leaching, the salmon population of local rivers is minimal.

### GEOLOGICAL SETTING

The property is underlain by Triassic and Jurassic volcanics that have been intruded by a series of late Jurassic monzonite porphyries. A large hydrothermal alteration system is associated with the intrusions. A zone of intense phyllic alteration (quartz-sericite-pyrite) covers an area of over 35 square kilometers and forms intense gossanous exposures. Within this zone, numerous areas with >1000 ppm copper and >300 ppb gold have been identified by litho-geochemical sampling.

### SIGNIFICANT RESULTS

At the Kerr deposit, mineralization is hosted by intensely sheared to brecciated and phyllic altered volcanics. Almost all oxide and supergene mineralization has been eroded, and the bulk of mineralization is primary, dominantly chalcopyrite. Based on polygonal calculations, Placer Dome estimated a geological resource of 140.8 million tonnes grading 0.75% Cu and 0.36 g/t Au, using on a cut-off of 0.4% Cu for the Kerr deposit. The northern, southern, and depth extents of the deposit have not yet been defined. The potassic core, which could be expected to host the best and most continuous mineralization, has yet to be identified.

In addition, the Sulphside deposit, located approximately 2 km north, hosts similar altered and brecciated volcanics that are extensively mineralized. This zone contains an estimated geological resource of 54.8 million tonnes grading 0.32% Cu and 1.02 g/t Au. It is also open at depth and along strike. Similarly, there exists the potential of finding a potassic core.

1959 1935 stated as showing  
Big showing  
by Bruce Johnston  
x Cu  
part suit  
holes  
1961

early

To date, a total of 28,469 meters of diamond drilling in 155 holes has been completed on the Kerr deposit, and 12,083 meters in 60 holes on the adjacent Sulphside deposit. Both zones were drilled at approximately 50 meters spacings. No drilling has been undertaken since 1992.

A few holes have been completed on two other zones, Mitchell and Iron Cap, on the north half of the property. At the Mitchell zone, drill intersections up to 0.25% Cu and 0.68 g/t Au over 190.5 meters have been obtained. At the Iron Cap, there are intersections up to 0.27% Cu and 0.51 g/t Au over 157 meters. Neither zone has been delineated.

The eastern portion of the alteration system is outside of the Seabridge option from Placer Dome, and is currently held by Newhawk Gold Mines. Here, the exploration to date has identified a few small, structurally controlled zones of gold rich and copper poor deposits, including Snowfield (7,000,000 tonnes of 2.8 g/t Au) and the West zone (750,000 tonnes of 15.4 g/t Au).

Almost all of the previous operators concentrated their efforts on the best exposed areas of alteration and mineralization, which form large, spectacular gossans. There are large areas of untested, partially covered alteration, with excellent potential for additional discoveries.

In terms of grade this is probably the best undeveloped, under-explored Cu-Au porphyry prospect in B.C. within a reasonable distance of existing infrastructure. The project is challenged by high snowfall and tough terrain, however it is only 15 kilometers from the Eskay Creek mine road. The LRMP (land and resources management plan) process has been completed for this area, and the property does not lie in any proposed parks or special management zones. The original N'isshga land claim included the property, but the negotiated agreement covers a much smaller area and now excludes it. There are no overlapping land claims in this area, attributable to the fact that rivers in this area do not support a significant salmon population and were not settled by any first nations.

## **OBJECTIVES**

It is proposed to option the property pending suitable terms. The exploration program would entail prioritizing targets and drilling to enhance and refine our geological understanding. Because of the large areal extent and preliminary nature of the current database, it is anticipated that this program will be followed by a more extensive and comprehensive drill program to test the existence of a +400,000,000 tonne orebody grading 1% Cu equivalent.

## **PROPOSED WORK PROGRAM, 2002**

Compilation of existing work (see attached sketches) indicates several features with promising geological, geochemical, and geophysical signatures within the extensive Kerr-Sulphside alteration system that could be drill tested in 2002. The sketches indicate twelve of these target zones. Prior to drilling, these and other areas will require refining and prioritizing using detailed geology, prospecting, geochemistry, and geophysics to confirm the presence of favorable indicators, alteration and structural settings.

At the Kerr deposit, mineralization is open to the north and south. Untested chargeability anomalies, with resistivities somewhat higher than that detected in the central portions of the deposit, could reflect mineralization in different lithologies, possibly intrusive versus the volcanic-sediment host rocks.

Between the Kerr and Sulphurets deposit, the airborne magnetic map indicates a large, annular feature with a positive magnetic core. This may represent a stock with potential for more continuous mineralization. Testing of both the center and periphery of the feature is necessary. Immediately west of this target, a smaller, though similar magnetic feature was previously drilled. However, the holes were not assayed for copper, even though gold values as high as 1.15 g/t over 92 meters were obtained. If this core cannot be located and sampled for copper, a new hole is required.

Further north, between the Sulphurets and Mitchell zone, two magnetic features stand out, both within areas having greater than 1000 ppm copper in rock chip samples. The south feature is a large positive magnetic feature, and the north is an anomalously low magnetic area. These are located in altered rocks on the upper panel of the interpreted west dipping thrust that overlies Kerr and Sulphurets.

At the Mitchell zone, a large positive magnetic feature between existing drillholes is an obvious potential mineralized stock. Likewise, similar large positive magnetic features north of Mitchell Creek remain to be drill tested. Areas near the Iron Cap zone from which copper oxide stained streams and seeps are sourced will clearly need to be scrutinized.

The existing camp has deteriorated and is unusable. A new tent camp with plywood floors would be established near the same site. Access to the site would be by helicopter, with the Eskay Creek mine road used as a staging area, about 16 kilometers by air. Tents and camp equipment would be leased with the option to apply lease costs to purchase. Reclaiming the old campsite and removing metal trash would cost on the order of \$75,000, however, considerable economy could be made utilizing back hauls when the new camp is mobed in.

The accompanying unit costs on the budget sheet incorporate helicopter and camp charges for all work.

2002		Commodity:					
Region:	Western Canada						
Project :	Kerr-Sulphide	copper, gold					
Project # :	new						
		Original	Revised				
		Budget	During	Current	Revised		Unit
		Period 1	2002	Revision	Budget	Units	Cost
9030	Cash/Option Payments				0		#DIV/0!
9031	Government Payments	25,000			25,000	1	25,000
9032	Claim Staking/Acquisitn				0		#DIV/0!
9033	Legal Surveys/Fees				0		#DIV/0!
9052	Linecutting	25,000			25,000	50	500
9053	Mag	25,000			25,000	50	500
9054	VLF				0		#DIV/0!
9055	HLEM				0		#DIV/0!
9056	Gravity				0		#DIV/0!
9057	IP	100,000			100,000	20	5,000
9059	Airborne Geophysics				0		#DIV/0!
9060	Hyperspectral				0		#DIV/0!
9061	Landsat				0		#DIV/0!
9062	TDEM				0		#DIV/0!
9065	Seismic				0		#DIV/0!
9070	Geology	150,000			150,000	200	750
9090	Silts				0		#DIV/0!
9091	Soils				0		#DIV/0!
9092	Rock Geochem	50,000			50,000	500	100
9094	Tills/Pan Concentrates				0		#DIV/0!
9105	Trenching				0		#DIV/0!
9110	Other Drilling				0		#DIV/0!
9111	Diamond Drilling	875,000			875,000	3,500	250
9112	Reclamation				0		#DIV/0!
9114	Borehole Geophysics				0		#DIV/0!
9116	Borehole Orientation				0		#DIV/0!
9117	Environmental Permits				0		#DIV/0!
9118	Road Access				0		#DIV/0!
9120	Research				0		#DIV/0!
9190	Technical Studies	10,000			10,000	2	5,000
9200	Subsidies				0		
9900	JV Overhead				0		
	Variable Labor				0		
	Fixed Labour				0		
	Total	1,260,000	0	0	1,260,000		