

# SEABRIDGE GOLD FINDING GOLD



FOCUS



TEAMWORK

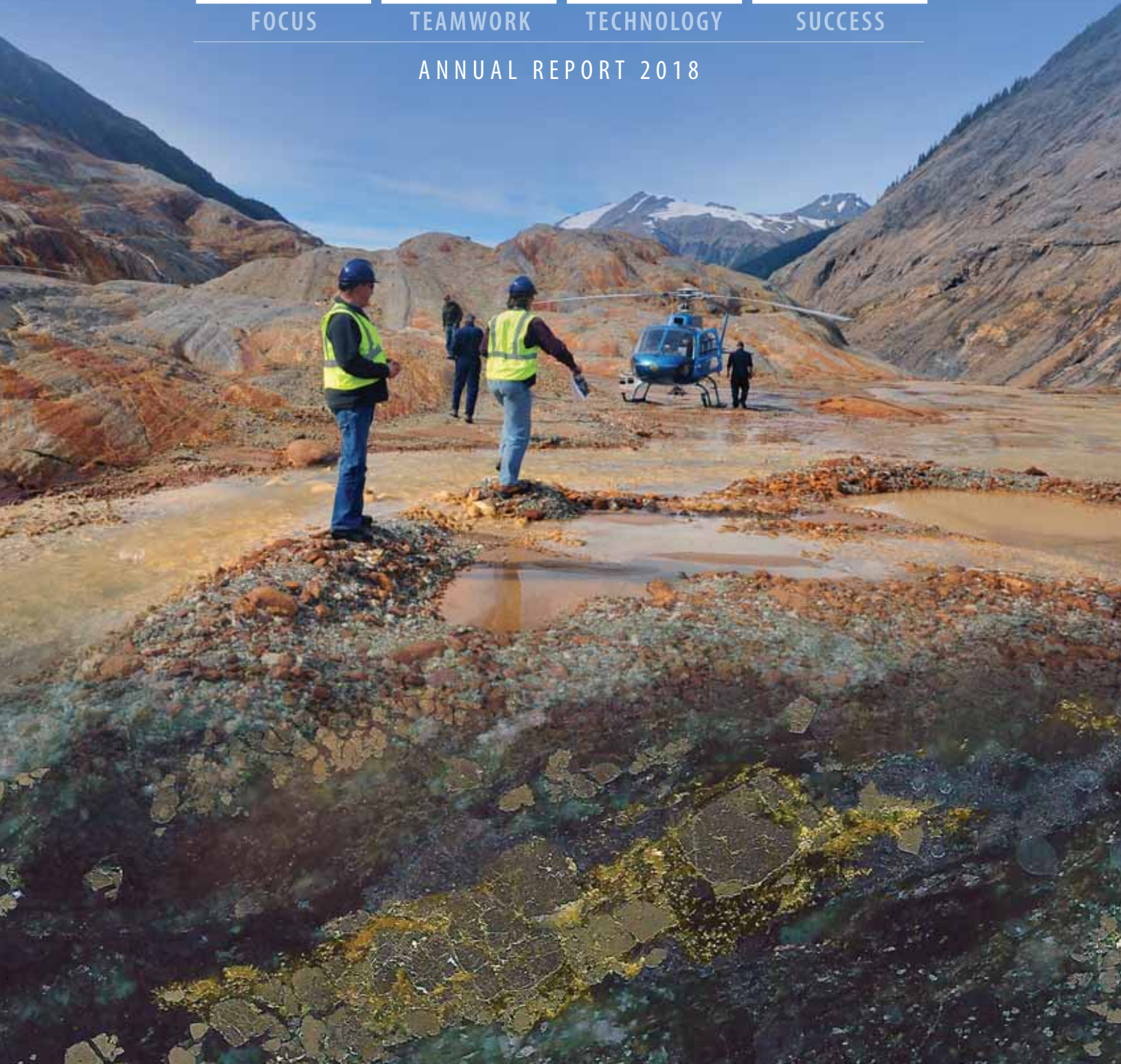


TECHNOLOGY

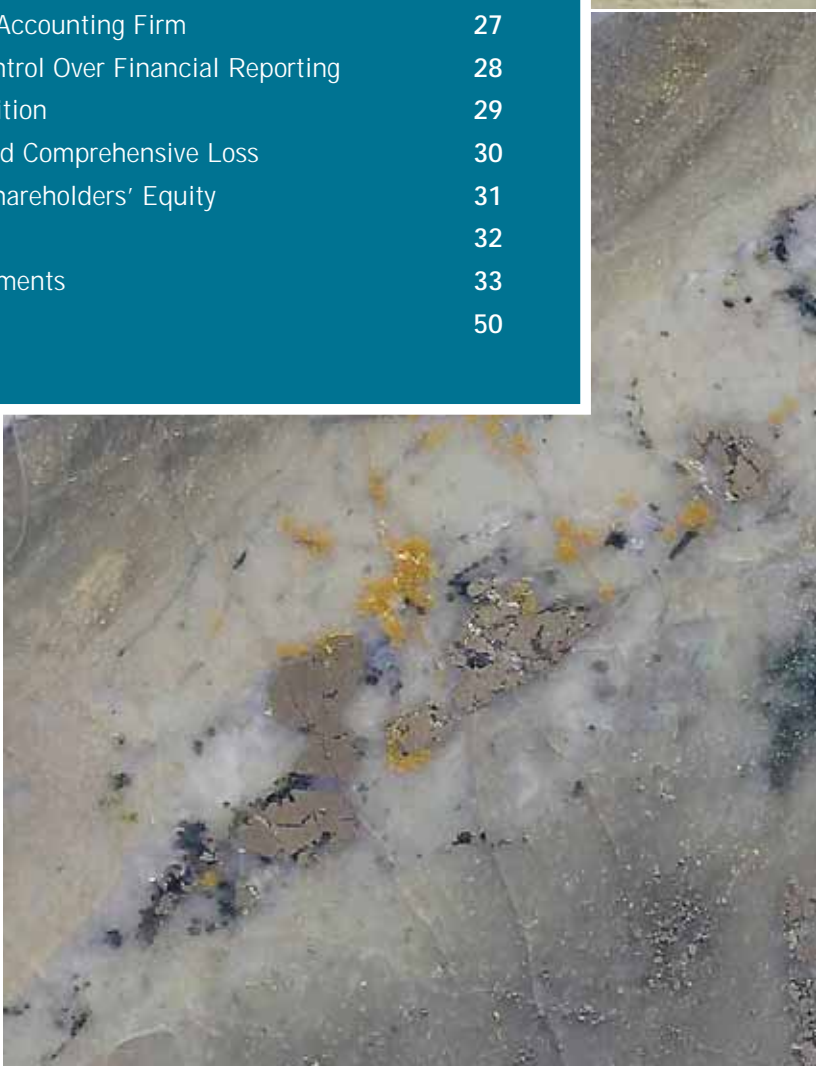
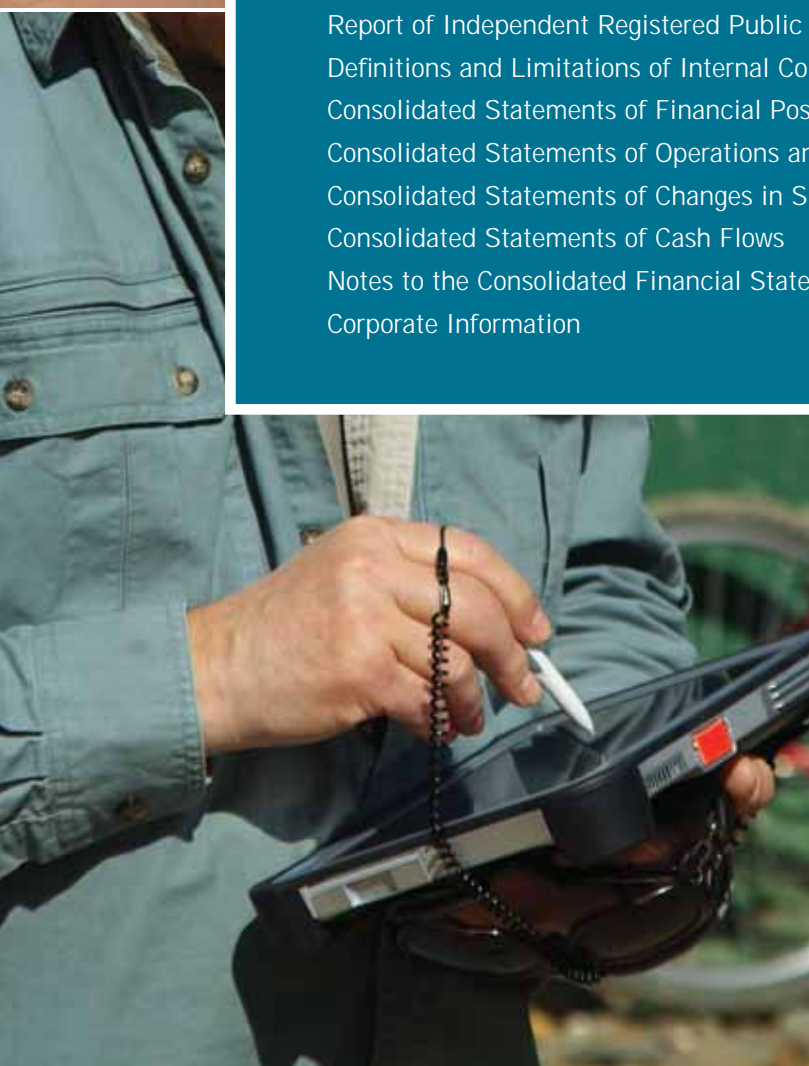


SUCCESS

ANNUAL REPORT 2018







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Seabridge Gold's resource base of gold, copper and silver is one of the world's largest. Our principal projects are located in Canada. Our objective is to grow resource and reserve ownership per share. Our risk-reducing strategy: acquire North American deposits; expand them through exploration; move them to reserves through engineering; and sell or joint venture them to established producers for mine construction and operation.

**Stock Exchange Trading Symbols**

"SEA" on Toronto Stock Exchange

"SA" on New York Stock Exchange

**Annual General Meeting of Shareholders**

Wednesday, June 26, 2019

4:30 p.m. EDT

The Albany Club, 91 King Street East,  
Toronto, Ontario M5C 1G3, Canada



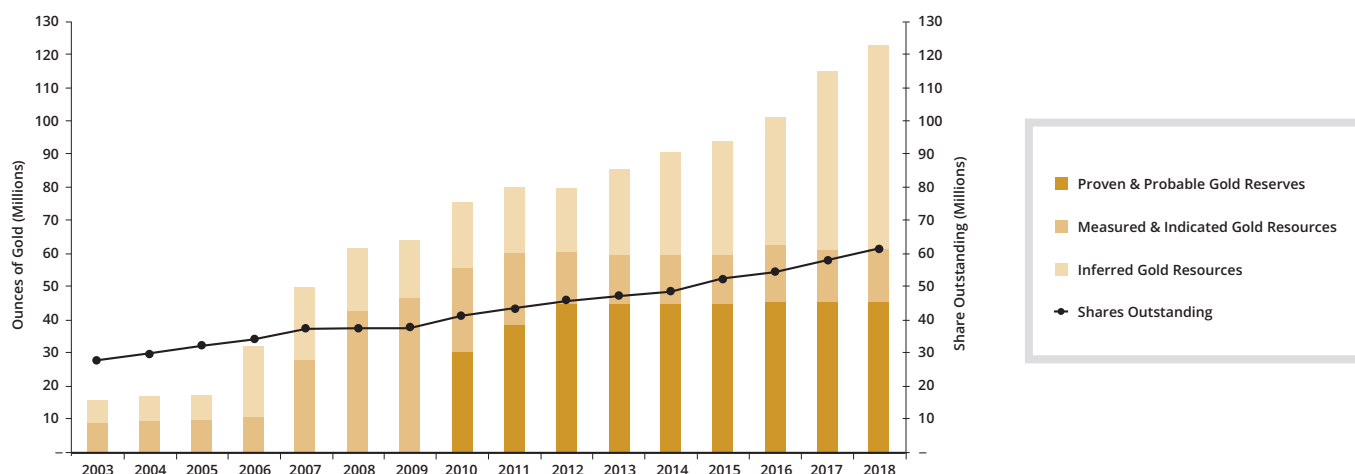
## Forward-Looking Statements

We are making statements and providing information about our expectations for the future which are considered to be forward-looking information or forward-looking statements under Canadian and United States securities laws. These include statements regarding future plans, the proposed production scenarios in respect of our principal projects, anticipated exploration results at our projects and our view of the gold market. We are presenting this information to help you understand management's current views of our future prospects, and it may not be appropriate for other purposes. We will not necessarily update this information unless we are required to by securities laws. This information is based on a number of material assumptions, and is subject to a number of material risks, which are discussed in our annual MD&A contained in this document under the headings "Forward-Looking Statements" and "Risks and Uncertainties". We also refer shareholders to the more comprehensive discussion of forward-looking information in our Annual Information Form filed on SEDAR at [www.sedar.com](http://www.sedar.com) and our Annual Report on Form 40-F filed on EDGAR at [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml).

## Report to Shareholders

This coming October marks the 20th anniversary since the formation of Seabridge. From day one, our goal was to create the industry's best leverage play to a rising gold price. Our view back in 1999 was that the gold price would go substantially higher than the \$260 per ounce price at the time and clearly it has. To deliver outsized investor returns, our primary corporate objective was to grow ounces in the ground faster than shares outstanding. As the following chart demonstrates, we have been extremely successful in delivering on this self-imposed mandate.

### SHARES VS OUNCES



Source: Company data. Data as of December 31, 2018.

Note: For a breakdown of Seabridge's mineral reserves and resources by project, tonnes and grade, please visit <http://seabridgegold.net/resources.php>

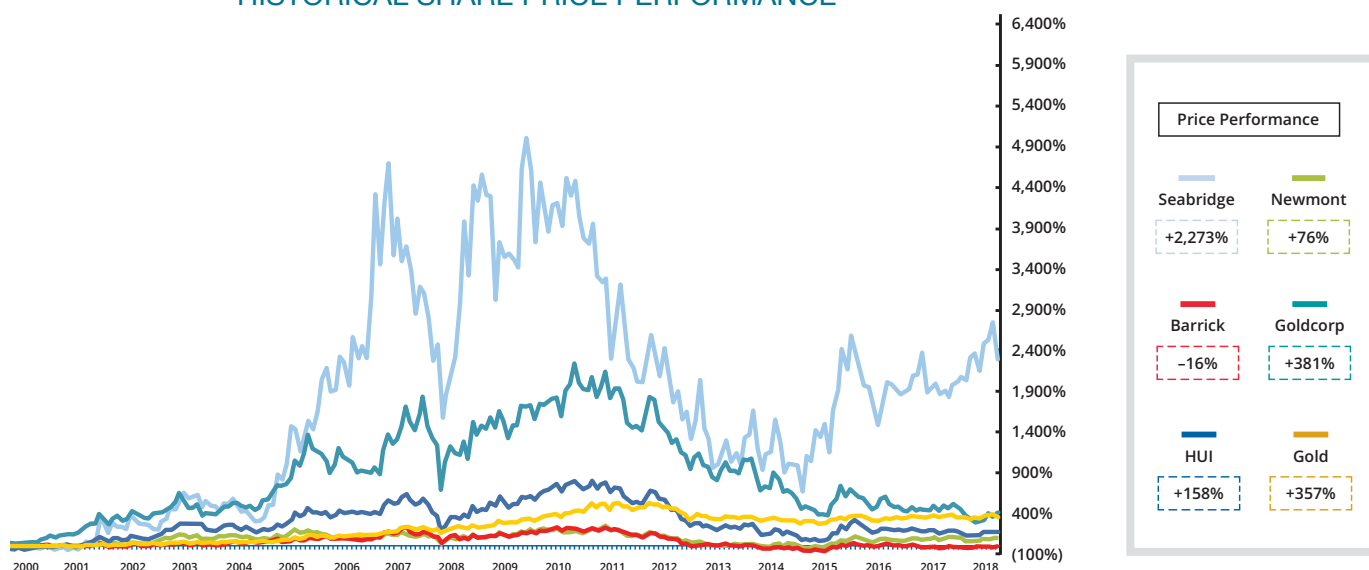


Reserves and Resources  
Continue to Grow Faster  
than Shares Outstanding



In a rising gold market,  
Seabridge is a stock to own...

## HISTORICAL SHARE PRICE PERFORMANCE



Source: Company and index data

Note: Price Performance represents performance over time from January 2000 through March 2019.

Our belief was that if we were successful in our mandate, our share price would outperform the price of gold and other gold related investments. Investors buy gold stocks with the expectation that, in a rising gold price environment, gold equities should outperform the metal. Otherwise, just buy gold instead of gold equities thereby eliminating the operational, jurisdictional and other risks associated with owning stocks. As the above chart illustrates, over the long haul, owning Seabridge shares has delivered on the leverage to the gold price that we targeted.

Over the past 20 years, Seabridge common shares are up approximately 2,270% compared to 357% for the gold price, meaning that on average our share price has outperformed gold by more than six to one. Over the same time, some of the better known gold companies have actually underperformed the price of gold. On average, each 10% increase in the gold price has resulted in a better than 60% increase in Seabridge's share price.

Perhaps a more important question for our shareholders is how did we perform relative to gold and other gold equities in the past year? During 2018 the price of gold was down approximately 1% while the GDX and GDXJ were down 9.2% and 11.5%, respectively. In comparison, during the same time period, our share price was up 17.1%. As shown in the above chart, usually in a flat to down-trending gold price environment, our share price underperforms gold and other gold equities. This was not the case in 2018. Our explanation is that the market is finally recognizing how successful we have been in finding gold, especially when compared to other gold companies.

Data collected by S&P Global Market Intelligence shows that during the 1990s, the gold industry on average found 1.4 ounces of gold for every ounce produced, thereby effectively replacing what was produced even after allowing for metallurgical recoveries. In the next decade, the gold industry's exploration success was cut in half with discoveries of only 70% of the amount produced. Over the past 10 years this trend worsened with the industry finding on average only 30% of what it



produced. The end result is that the major gold companies are now required to purchase gold reserves if they want to replace what they mine each year. This is exactly the environment that Seabridge was created for. We have the gold, and the majors need it.

The theme of this year's annual report is *Finding Gold*. The simple truth is that the industry is not finding gold at the rate it needs to. We are. To tell the story on why we have been so successful in our exploration results, we have included an interview with our Senior Vice President of Exploration, Bill Threlkeld. I hope you enjoy it.

### Report Card on 2018 Objectives:

We begin each year with a set of clear objectives focused on enhancing shareholder value. At year end, our Board of Directors evaluates how we performed against these objectives. Last year's annual report set out eight objectives, of which seven were achieved. Here is a recap:

- **Complete a joint venture agreement on the KSM Project with a suitable partner on terms advantageous to Seabridge.**

Potential partner interest in KSM continued throughout 2018 with Seabridge turning down another joint venture proposal that fell short of our expectations. We continue to believe that terms are far more important than timing and remain confident that our patience will eventually be rewarded. For the first time in many years, the major mining companies are beginning to focus on their future, recognizing that new projects will be required just to maintain current production and reserve levels. Over the past twelve months, two major gold companies have secured gold/copper projects in the vicinity of KSM. Newmont's acquisition of a 50% interest in Galore Creek for up to US\$275 million and Newcrest's recently announced intention to purchase a 70% interest in the Red Chris mine for US\$806 million not only demonstrate the industry's need for new projects, but also puts a spotlight on the Golden Triangle in British Columbia, Canada, the home to KSM.

We think the recent resource update at Iron Cap may be the key to getting our kind of deal. Exploration success at Iron Cap has, we believe, the potential to substantially improve the economics of an already robust project which remains the largest undeveloped gold/copper project in the world (as measured by gold reserves). In our view, KSM stands alone among the world's undeveloped gold/copper projects in terms of size, jurisdiction, projected economics and permit approvals. While higher gold and/or copper prices may be needed to secure a partner under the terms we are seeking, the scarcity of opportunities like KSM coupled with the need of the major gold producers to replace reserves may be the catalyst for a transaction. We continue to engage with prospective partners who need projects like KSM and have the technical and financial resources to build and operate.

- ✓ **Continue to strengthen our social license by responding effectively to the needs and concerns of Treaty and First Nations and local communities.**

In 2018, we continued to strengthen the Company's social license by employing local people and engaging local contractors at the Company's projects. During the year, we employed indigenous personnel for 854 person days of work at the KSM Project and 403 person days of work at the Iskut Project. We continue to use companies that have joint ventures with one or both of the Tahltan Nation and the Nisga'a Nation as camp contractors, environmental contractors, helicopter operations and support, logistics and expediting, geotechnician services, equipment and labour. We also directed environmental monitoring contracts to Gitanyow and Tahltan businesses. In our dealings with these contractors, we emphasize that we expect them to maximize their employment of indigenous personnel from the area when staffing their crews.

Last year, forest fires raged in Tahltan territory and Seabridge reacted quickly by contributing fire fighting equipment, food and supplies to the community and the assistance of our Community Liaison, Taryn Cutler, who is of Tahltan heritage, to coordinate relief efforts for the Tahltan Nation.



In 2018 the Company continued its initiatives to support local communities by administering a bursary program that provided a total of \$100,000 to 71 local students, sponsoring community events in the towns and aboriginal communities in the region for \$80,000 and participating in nine different community job fairs and mining conferences/forums.

In September, KSM's Independent Geotechnical Review Board issued reports #2 and #3, which were shared with the First Nations and other stakeholders, including the Province of British Columbia and the State of Alaska, demonstrating once again our commitment to working transparently. In November, we issued a report summarizing all of the existing baseline environmental data we collected for the KSM Project within the Unuk River Drainage Basin, the transboundary river flowing from BC to Alaska. This effort addressed the erroneous belief within Alaska that baseline data did not exist for the Unuk River Basin. We also continued proactive communications with all our stakeholders to provide project updates, a summary of our environmental programs and to answer questions.

- ✓ **Drilling at Iron Cap to explore for additional higher grade material further down dip from 2017s outstanding results.**

During 2018, Seabridge completed a 26,700 meter drill program at KSM, including 14 holes totaling approximately 16,000 meters at Iron Cap, one of KSM's four large gold/copper porphyry deposits. Due to its higher grade and its proximity to the MTT, Iron Cap could potentially improve KSM's economics by mining it before the Kerr deposit. The 2018 program successfully tested and expanded the down plunge projection of the Iron Cap core zone, assessed the distribution of post-mineral intrusions on the south end of the Iron Cap deposit, and obtained data for the re-alignment of the proposed MTT to avoid conflicts with mining operations.

The recently updated, independent resource estimate for Iron Cap added 0.46 million ounces of gold and 177 million pounds of copper in the indicated category plus 7.45 million ounces of gold and 4.0 billion pounds of copper in the inferred category. Iron Cap now joins Mitchell and Kerr as another deposit at KSM with over two billion tonnes of resources. (See reserve/resource table on page 14-15 for details).

- ✓ **Drill test up to seven new targets at Courageous Lake that have the potential to deliver higher-grade material than we currently report in reserves.**

A 2018 winter drill program at Courageous Lake was undertaken to test up to seven targets reporting historical gold occurrences to determine which ones had sufficient grade, strike and width within 200 meters of surface to potentially replicate the Walsh Lake Deposit. Walsh Lake, discovered in 2012, has a near surface inferred resource of 482,000 ounces of gold (4.6 million tonnes grading 3.24 g/T). Metallurgical testing has demonstrated that the Walsh Lake material is free-milling with cyanide recoveries as high as 95%. Seabridge



sees the potential for making the Courageous Lake Project more economic at current gold prices by mining higher-grade, free-milling satellite deposits like Walsh Lake in addition to the 6.5 million ounces of refractory gold reserves in the much larger Felsic-Ash-Tuff (FAT) deposit.

In 2018, drilling was completed on six of these targets, totaling 5,722 meters. Positive results were encountered in four of the six targets, with two of them, the Olsen and Marsh Pond targets, having potential for near-term resource additions consistent with the Walsh Lake deposit.

- ✓ **Further drilling on the Quartz Rise target at Iskut to vector towards the source of the high grade mineralization found in 2017.**

The objective for the Iskut Project in 2018 was to test our model of the Quartz Rise Lithocap and evaluate its potential for hosting an intermediate sulfidation epithermal deposit, assuming that the lithocap was at the top of the system while the source porphyry mineralization would be present at depths of 3 to 6 km below the surface. The 2018 program included 2,700 meters of core drilling.

Last year's program reached four unexpected conclusions, which essentially negated the epithermal target concept and replaced it with another. The conclusions: (i) the Quartz Rise lithocap is an eroded remnant of a much larger system that hosted high-grade epithermal veins that were reduced to glacial till; (ii) intrusive rocks of Jurassic age similar to the KSM mineral system were confirmed within and below the Quartz Rise lithocap; (iii) porphyry mineralization was identified as clasts within a hydrothermal eruptive breccia, indicating that the porphyry mineral system is preserved below the remnant lithocap at much shallower depth than first thought; and (iv) the potential porphyry source is accessible to surface exploration because favorable topography provides access into the deeper parts of the system. Future exploration at Iskut will focus on the porphyry opportunity.

- ✓ **Define drill targets at our newly-acquired Snowstorm Project using geophysical survey tools.**

Our work last year at Snowstorm, Seabridge's newest project located in Nevada, focused on developing a structural and stratigraphic model for a Twin Creeks/Turquoise Ridge-style gold target and a recommended drill plan to test the model in 2019. We compiled existing data and collected data of our own using both traditional and pioneering tools.

Work in 2018 focused on the western side of the property in close proximity to the operating Twin Creeks and Turquoise Ridge mines (part of the newly formed Barrick-Newmont Nevada JV) where historical exploration identified host stratigraphy for Osgood Mountain-type deposits. Historical work provided several targeting parameters, including drill holes that confirmed permeable host stratigraphy while surface geochemistry contains discrete areas of gold and pathfinder elements. A geophysical survey provided regional structural trends and hyperspectral imaging of drill core provided initial vectors for fluid flow within the host stratigraphy.

Review and interpretation of the geophysical and geochemical data has provided convincing evidence supporting a possible Twin Creeks/Turquoise Ridge-style system on the property. Overlaying anomalous geochemical zones with prospective structural trends, we have identified drill targets with multiple lines of evidence. Additional geological mapping, geochemical sampling and integration of magnetotelluric geophysical surveys will be undertaken to prioritize drill targets for testing in 2019.

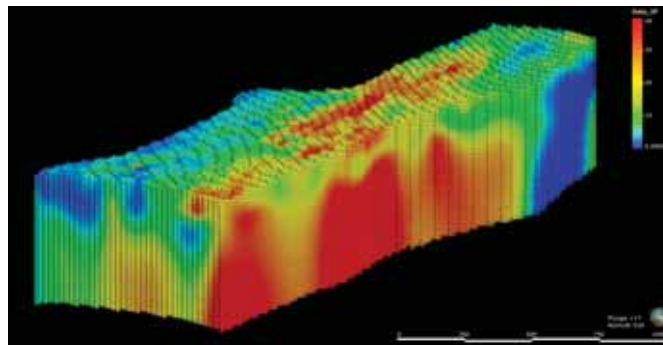
- ✓ **Continue advancing the Johnny Mountain reclamation and closure plan in cooperation with the Tahltan Nation and B.C. regulators.**

In 2018, reclamation and closure efforts were in full swing at the former Johnny Mountain Mine, completing year one of an approved five-year closure plan. The reclamation program focused on safety, environmental compliance and meeting the obligations outlined in the approved Closure and Reclamation Plan on file with the British Columbia Government. Material in non-compliant historical waste burial sites was moved to the expanded, approved landfill for proper disposal. Five old mine openings were sealed. Hydrocarbon-contaminated soil was treated by bio-remediation techniques. Spilled ore concentrate was removed from the old mill floor and transported to the existing Tailings Management Facility for disposal.

Work was conducted with frequent and transparent dialogue with the Tahltan First Nation and government regulators. The Tahltan Central Government and Tahltan Nation Development Corporation (TNDC) continue to be strong supporters of the project, with many Tahltan Joint Venture partners being engaged directly in the work.

- ✓ **Increase gold ownership per common share by way of accretive resource additions from acquisitions and/or continued exploration at KSM.**

For 20 years now, enhancing shareholder ownership of gold resources remains a governing principle for Seabridge and 2018 marked another successful year in achieving this self-imposed discipline. From 2018 drilling at Iron Cap, we added 0.46 million ounces of gold and 177 million pounds of copper in the indicated resource category, and 7.5 million ounces of gold and 4.2 billion pounds of copper in the inferred category. In 2018, our shares outstanding increased by approximately 3.6 million shares resulting from new financings to fund our programs plus other share issuances.





## Now for 2019...

Our primary objective continues to be to complete a joint venture agreement on the KSM Project with a suitable partner on terms advantageous to Seabridge. Our goal in a joint venture is to: (1) retain a significant interest in a producing mine; (2) minimize our capital exposure; and (3) ensure that our partner must build a mine to keep its interest.

We continue to believe that due to the size and complexity of the KSM Project, the number of potential partners is limited to fewer than 10 major gold and base metal companies. We believe that the programs we have initiated at KSM over the past several years have significantly improved the quality of the project. We continue to believe that due to its size, location, economics and permit status, KSM represents one of the most compelling development opportunities on the planet. We believe that **our patience will reap rewards for the shareholders** who have stayed the course.

### HERE ARE EIGHT OTHER OBJECTIVES WE HAVE SET FOR 2019:

1. Continue to strengthen our social license by responding effectively to the needs and concerns of Treaty and First Nations and local communities.
2. Execute an initial drill test at Snowstorm targeting a Getchell/Twin Creeks style deposit.
3. Evaluate the potential for blind new porphyry targets at KSM that would enhance the "blue sky" value of the project.
4. Confirm a potential porphyry deposit below the Quartz Rise lithocap at Iskut and define drill targets.
5. Continue the reclamation and closure of the Johnny Mountain mine in cooperation with the Tahltan Nation and B.C. regulators.
6. Evaluate the potential of incorporating the Iron Cap deposit earlier in the KSM mine plan to further improve project economics.
7. Determine if there is a more robust project at Courageous Lake than the one envisaged in the 2012 PFS.
8. Increase gold ownership per common share by way of accretive resource additions from acquisitions and/or continued exploration at our Projects.



As we have written in our recent gold market flashes (see <http://seabridgegold.net/case4gold.php>), we continue to believe that higher gold prices are in store in the coming years. If you believe that the price of gold could or will go higher, ownership of Seabridge shares has historically been a good investment. We see no reason why Seabridge's relative outperformance to gold and other gold equities in a rising gold market should not continue.

We still believe the best is yet to come.

On Behalf of the Board of Directors,

**Rudi P. Fronk**  
**Chairman and Chief Executive Officer**  
April 9, 2019





AN INTERVIEW WITH BILL THRELKELD, SENIOR VICE-PRESIDENT, EXPLORATION

# FINDING GOLD





## Finding Gold

**Q: A big part of the Seabridge narrative is that you have had far more success exploring for gold than the industry. How do you support this assertion?**

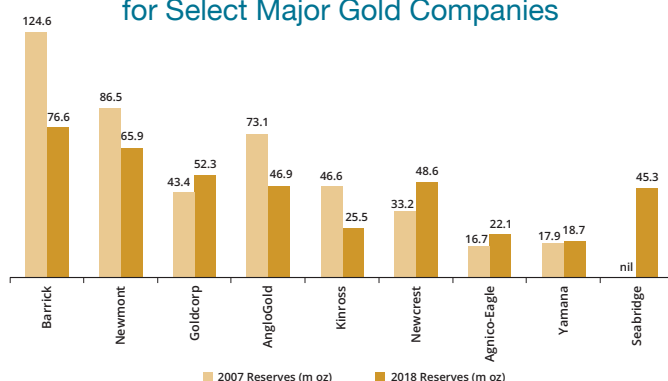
**BT:** It's in the numbers and it's consistent over time. Since 2005, when we started to explore aggressively, Seabridge has added a total of 52.2 million ounces of measured and indicated gold resources and another 53.4 million ounces of inferred at KSM and Courageous Lake. You can look it up in our reserve and resources table to get the tonnages and grades. I can't find any other company that has beaten this performance.

Take a look at how the reserves of the majors have dropped over the last decade. These companies have been forced to replenish their resources and reserves through acquisitions which have been much more expensive per ounce than exploration. Investors see that these deals have typically resulted in massive share dilution and debt, which is one of the main reasons why our industry has failed to generate acceptable shareholder returns. That's why we view exploration as our key value-added.

**Q: OK, but a lot of what you have added is inferred.**

**BT:** True, but you have to take our drilling history into account. Every time we have set out to convert inferred to indicated, we have met with success. That's how we got to the reserves that enabled us to permit KSM. At KSM and Courageous Lake, we have drilled 247,700 meters of core since 2005 in 22 programs, adjusting each program to what we learned in the previous one. This iterative approach means we get better every year. It's slower but it optimizes dollars spent and improves our results. As a general rule, the faster you explore, the less successful you will be or the more it will cost you.

2007 Reserves vs. 2018 Reserves  
for Select Major Gold Companies



Source: S&P Global Market Intelligence, Seabridge Gold Inc., Company Reports

**Q: Is that the reason for your success?**

**BT:** It's one of them. I'd say the most important factor in our performance is focus. It starts with having an objective that imposes discipline. Our aim, every year, is to add gold resources on a per share basis and we have met it consistently since 2005. The whole point is to increase the amount of gold we hold on behalf of our shareholders. This is a measuring stick that brings the exploration team, corporate leadership and shareholders onto the same page. You would be amazed how this accountability focuses the mind.

This objective results in us concentrating efforts on a handful of large programs where there is real potential for size and quality. We don't bother with targets that aren't likely to get big. Eliminate projects that can't be permitted or mined profitably because they just waste scarce exploration resources. And focus on drilling. We use all the tools that are available but actually holding mineralized drill core in your hand is better than any other data source. Then proceed iteratively, adding one bit of understanding to another.

**Q: That sounds logical.**

**BT:** It's the scientific method so, yes, it's very logical but you would be surprised how little focus we see in many of the projects we have evaluated. Too many smaller companies try for quick results and don't want to miss anything so they don't take the time to identify and concentrate on the best targets. Their goals are poorly defined so they can't easily evaluate what they find.

Or there is the big company approach of approving a program and evaluating it once it is done, even if the first few holes tell you that it's not likely to work. If it's budgeted, you carry on. They may do things right but they may not be doing the right things.

For us, exploration is a business supported by science. A key part of being focussed is having your best minds totally engaged in every step of the program and being willing and empowered to change it up as soon as the results tell you to. Of course, that means you have to spend the time upfront to establish clear objectives for every hole you drill so you have context you can evaluate results against.

Majors' Gold Reserves  
are Declining



**Q: Having your best minds available to your projects all the time seems like the right idea. You can't hang out at head office.**

**BT:** Our exploration team doesn't even have an office. We have a core group of senior explorationists who are on the ground when the projects are active. Every piece of data, every observation, gets looked at by an experienced person and many times it's more than one. We really depend on group review and best idea wins. Hierarchy is the enemy of the best idea.

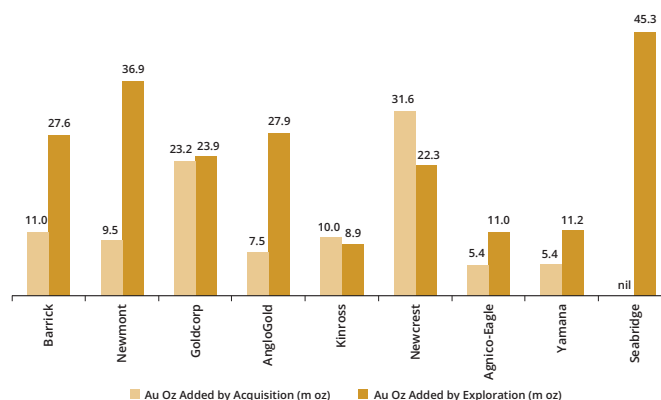
Decision-making authority is devolved to the people closest to the data. They can change or kill part or all of a program. This decentralized approach is tough for most companies, it requires lots of trust in people, commitment to your goals and lots of experience. One reason why smaller companies find more gold than the seniors is they have fewer opportunities so they concentrate their financial resources and their best people on their best projects.

**Q: What about the role of technology?**

**BT:** Gold exploration is generally perceived as a hide-bound business but geologic understanding continues to advance and there are lots of new technologies inside and outside the industry to evaluate, probably because it is getting harder to find new, large economic deposits. Our team is easily seduced by science and we love to try out the latest gizmos, some of which have been really helpful at very little cost. For example, we are making good use of short wave infrared spectrometry (SWIR) on our Snowstorm project in Nevada. Several of the students that have worked with us brought some of these tools to our attention and helped integrate their application into our work flow. We have had very good results from SWIR on most of our projects.

**Seabridge Best in Class  
in Finding Reserves**

**Gold Reserves Added by  
Acquisition vs. Exploration from 2008 - 2017**



Source: S&P Global Market Intelligence, Seabridge Gold Inc.



## Cheaper to Find Reserves Than Buy Them

### Q: What does it do?

**BT:** SWIR uses infrared radiation to identify fine grained minerals, mostly types of clay, which typically have very nondescript visual characteristics. This has two benefits. First, it helps us standardize mineral identification rather than depending on more subjective human observation. This is very useful in a new project where we have lots of historical data but it's been logged and categorized by different geologists over time in an uncoordinated way. Second, we think SWIR information will help us define the parts of the mineral system we are testing and vector our efforts to the fluid and temperature environments that are likely to host the best mineralized zones. It's making all of us dig deep into our mineral chemistry, but it's very rewarding when you see the connection between understanding and success.

### Q: What about geophysics?

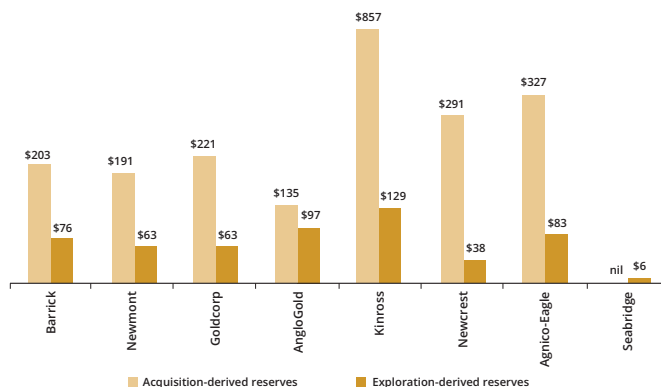
**BT:** We have had great success with magnetotelluric surveys, so called MT. In 2012, we began to consider very expensive deep drilling at Kerr to expand the deposit and improve the grade. After evaluating several electrical geophysical methods, we found that MT, using natural field sources, was our best option for surveying the rugged terrain at KSM. The system provided us with a 3D resistivity model of the property and confirmed the vertical continuity of the Kerr deposit. Drill testing the model yielded an enormous increase in the size and grade of the Kerr deposit.

The penetration depths of MT and the resolution of the data have brought this technology into regular use on our projects. We have now completed surveys at Iskut and Snowstorm. At Iskut, the MT data suggests the presence of a deeper porphyry system and follow-up work now leads us to believe that this system is shallow enough to be drilled from surface. The Snowstorm survey gave us good responses to deep seated structures that we expect to include in this year's drill program.

### Q: What happens if you do a joint venture deal on KSM? That's been the biggest focus of your exploration efforts in the last few years.

**BT:** We have taken KSM as far as it needs to go as an exploration project. There are over 7 billion tonnes of resources, enough to get anybody started. When the deal is done, we will lose control and the focus will shift to building a mine. We think that Iskut and Snowstorm can generate the same kind of success we have had at KSM, not to mention the potential we see at Courageous Lake to find new deposits on our 52 kilometer long greenstone belt. We have lots to work on and our opportunities are tremendously exciting.

## Cost Per Gold Ounce of Reserve Acquisition vs. Exploration from 2008 - 2017



Source: S&P Global Market Intelligence, Seabridge Gold Inc.



## SEABRIDGE BOLD

# Mineral Reserves and Resources

March 2019

The following tables provide a breakdown of Seabridge's most recent National Instrument 43-101 compliant estimates of mineral reserves and resources by project. Seabridge notes that mineral resources that are not mineral reserves do not have demonstrated economic viability.

### Proven and Probable Mineral Reserves

Project	Zone	Reserve Category	Tonnes (millions)	Average Grades				Contained Metal			
				Gold (gpt)	Copper (%)	Silver (gpt)	Moly (ppm)	Gold (million ounces)	Copper (million pounds)	Silver (million ounces)	Moly (million pounds)
KSM	Mitchell	Proven	460	0.68	0.17	3.1	59.2	10.1	1,767	45	60
		Probable	934	0.58	0.16	3.1	50.2	17.4	3,325	95	104
	Iron Cap	Probable	224	0.49	0.20	3.6	13.0	3.5	983	26	6
	Sulphurets	Probable	304	0.59	0.22	0.8	51.6	5.8	1,495	8	35
	Kerr	Probable	276	0.22	0.43	1.0	3.4	2.0	2,586	9	2
KSM Totals		Proven	460	0.68	0.17	3.1	59.2	10.1	1,767	45	60
		Probable	1,738	0.51	0.22	2.5	38.2	28.7	8,388	138	147
		Total	2,198	0.55	0.21	2.6	42.6	38.8	10,155	183	207
Courageous Lake		Proven	12	2.41	n/a	n/a	n/a	1.0	n/a	n/a	n/a
		Probable	79	2.17				5.5			
		Total	91	2.20				6.5			
Seabridge Totals								45.3	10,155	183	207

### Mineral Resources (Includes Mineral Reserves as stated above)

Project	Cut-off Grade (gpt)	Tonnes (000)	Measured Resources							
			Gold		Copper		Silver		Molybdenum	
			Grade (gpt)	Ounces (000)	Grade (%)	Pounds (millions)	Grade (gpt)	Ounces (000)	Grade (ppm)	Pounds (millions)
KSM: Mitchell	C\$9/16 NSR	750,100	0.63	15,127	0.17	2,844	3.2	77,399	58	96
Bronson Slope	C\$9 NSR	84,150	0.42	1,140	0.15	280	2.2	6,010	n/a	n/a
Courageous Lake	0.83	13,401	2.53	1,090	n/a	n/a	n/a	n/a	n/a	n/a
Quartz Mountain*	0.34	3,480	0.98	110	n/a	n/a	n/a	n/a	n/a	n/a
<b>Total Measured Resources</b>			17,467		3,124		83,409		96	

\* As of December 31, 2018 the Quartz Mountain Project was subject to an option agreement under which a 100% interest in the project may be acquired from Seabridge by the optionee.

Note: United States investors are cautioned that the requirements and terminology of NI 43-101 differ significantly from the requirements of the SEC, including Industry Guide 7 under the US Securities Act of 1933. Accordingly, the Issuer's disclosures regarding mineralization may not be comparable to similar information disclosed by companies subject to the SEC's Industry Guide 7. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.





			Indicated Resources							
Project	Cut-off Grade (gpt)	Tonnes (000)	Gold		Copper		Silver		Molybdenum	
			Grade (gpt)	Ounces (000)	Grade (%)	Pounds (millions)	Grade (gpt)	Ounces (000)	Grade (ppm)	Pounds (millions)
<b>KSM:</b>										
Mitchell	C\$9 NSR Pits	1,044,600	0.57	19,183	0.16	3,794	3.0	101,654	58	134
Sulphurets		381,600	0.58	7,116	0.21	1,766	0.8	9,815	48	40
Kerr	C\$16 NSR UG	378,400	0.22	2,692	0.41	3,445	1.1	13,909	5	4
Iron Cap		422,600	0.41	5,576	0.23	2,051	4.6	62,559	41	38
<b>KSM Total</b>		2,227,200	0.48	34,567	0.23	11,056	2.6	187,937	52	216
Bronson Slope	C\$9 NSR	102,740	0.31	1,020	0.10	222	2.2	7,160	n/a	n/a
Courageous Lake	0.83	93,914	2.28	6,884	n/a	n/a	n/a	n/a	n/a	n/a
Quartz Mountain*	0.34	54,330	0.91	1,591	n/a	n/a	n/a	n/a	n/a	n/a
<b>Total Indicated Resources</b>			44,062		11,278		195,097		216	

			Measured plus Indicated Resources							
Project	Cut-off Grade (gpt)	Tonnes (000)	Gold		Copper		Silver		Molybdenum	
			Grade (gpt)	Ounces (000)	Grade (%)	Pounds (millions)	Grade (gpt)	Ounces (000)	Grade (ppm)	Pounds (millions)
<b>KSM:</b>										
Mitchell	C\$9 NSR Pits	1,794,700	0.60	34,310	0.16	6,638	3.1	179,053	58	230
Sulphurets		381,600	0.58	7,116	0.21	1,766	0.8	9,815	48	40
Kerr	C\$16 NSR UG	378,400	0.22	2,692	0.41	3,445	1.1	13,909	5	4
Iron Cap		422,600	0.41	5,576	0.22	2,051	4.6	62,559	41	38
<b>KSM Total</b>		2,977,300	0.52	49,694	0.21	13,900	2.8	265,336	54	312
Bronson Slope	C\$9 NSR	186,890	0.36	2,160	0.12	502	2.2	13,170	n/a	n/a
Courageous Lake	0.83	107,315	2.31	7,974	n/a	n/a	n/a	n/a	n/a	n/a
Quartz Mountain*	0.34	57,810	0.92	1,701	n/a	n/a	n/a	n/a	n/a	n/a
<b>Total Measured plus Indicated Resources</b>			61,529		14,402		278,506		312	

			Inferred Resources							
Project	Cut-off Grade (gpt)	Tonnes (000)	Gold		Copper		Silver		Molybdenum	
			Grade (gpt)	Ounces (000)	Grade (%)	Pounds (millions)	Grade (gpt)	Ounces (000)	Grade (ppm)	Pounds (millions)
<b>KSM:</b>										
Mitchell	C\$9 NSR Pits	478,400	0.38	6,414	0.10	1,232	3.0	48,723	55	55
Sulphurets		182,300	0.46	2,696	0.14	563	1.3	7,619	28	11
Kerr	C\$16 NSR UG	2,001,500	0.31	19,746	0.41	17,672	2.1	133,689	23	103
Iron Cap		1,898,800	0.45	27,474	0.30	12,556	2.6	158,741	30	126
<b>KSM Total</b>		4,561,000	0.38	56,330	0.32	32,023	2.4	348,772	32	295
<b>Courageous Lake:</b>										
FAT Deposit	0.83	48,963	2.18	3,432	n/a	n/a	n/a	n/a	n/a	n/a
Walsh Lake	0.60	4,624	3.24	482	n/a	n/a	n/a	n/a	n/a	n/a
Quartz Mountain*	0.34	44,800	0.72	1,043	n/a	n/a	n/a	n/a	n/a	n/a
<b>Total Inferred Resources</b>			61,287		32,023		348,772		295	



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ENGAGED IN THE  
ACQUISITION AND  
EXPLORATION OF  
GOLD PROPERTIES  
LOCATED IN  
NORTH AMERICA

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PROVIDING ITS SHAREHOLDERS  
WITH EXCEPTIONAL LEVERAGE TO  
A RISING GOLD PRICE







# Management's Discussion And Analysis

For the year ended December 31, 2018

The following is a discussion of the results of operations and financial condition of Seabridge Gold Inc. and its subsidiary companies for the years ended December 31, 2018 and 2017. This report is dated March 25, 2019 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2018 and 2017, the Company's Annual Information Form filed on SEDAR at [www.sedar.com](http://www.sedar.com), and the Annual Report on Form 40-F filed on EDGAR at [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml). Other corporate documents are also available on SEDAR and EDGAR as well as the Company's website [www.seabridgegold.net](http://www.seabridgegold.net). As the Company has no operating project at this time, its ability to carry out its business plan rests with its ability to sell projects or to secure equity and other financings. All amounts contained in this document are stated in Canadian dollars unless otherwise disclosed.

The consolidated financial statements for the year ended December 31, 2018 and the comparative year ended December 31, 2017 have been prepared by the Company in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

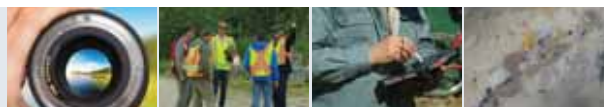
## Company Overview

Seabridge Gold Inc. is a company engaged in the acquisition and exploration of gold properties located in North America. The Company's objective is to provide its shareholders with exceptional leverage to a rising gold price. The Company's business plan is to increase its gold ounces in the ground but not to go into production on its own. The Company will either sell projects or participate in joint ventures towards production with major mining companies. During the period 1999 through 2002, when the price of gold was lower than it is today, Seabridge acquired 100% interest in eight advanced-stage gold projects situated in North America. Seabridge's principal projects include the KSM property located in British Columbia and the Courageous Lake property located in the Northwest Territories. In 2016, the Company acquired 100% of the common shares of SnipGold Corp. ("SnipGold") and its 100% owned Iskut Project and the adjacent claims within the KSP Project all in British Columbia. In 2017, the Company purchased 100% of Snowstorm Exploration LLC and its Snowstorm Project in Nevada. Seabridge's common shares trade in Canada on the Toronto Stock Exchange under the symbol "SEA" and in the United States on the New York Stock Exchange under the symbol "SA".

## Selected Annual Information

Summary Operating Results (\$000s – except per share amounts)	2018	2017	2016
Corporate and administrative expenses	(12,370)	(13,673)	(9,679)
Environmental rehabilitation expense	(7,439)	(2,056)	-
Other income - flow-through shares	6,312	5,374	4,321
Gain on disposition of mineral interests	-	2,183	-
Impairment of investment in associate	(1,336)	-	-
Equity loss of associate	(160)	(107)	-
Impairment of investments in marketable securities	-	(680)	-
Gain on investments in marketable securities	-	719	866
Income taxes expense	(4,967)	(2,164)	(2,974)
Other	20	117	177
Net loss	(19,940)	(10,287)	(7,289)
Basic loss per share	(0.34)	(0.18)	(0.14)
Diluted loss per share	(0.34)	(0.18)	(0.14)

Summary Statements of Financial Position (\$000s)	2018	2017	2016
Current assets	24,473	20,160	11,168
Non-current assets	398,987	362,748	326,817
Total assets	423,460	382,908	337,985
Current liabilities	6,502	6,191	5,721
Non-current liabilities	30,403	21,079	20,906
Equity	386,555	355,638	311,358
Total liabilities and equity	423,460	382,908	337,985



## Results of Operations, 2018 Compared to 2017

The Company incurred a \$19.9 million net loss for the year ended December 31, 2018 or \$0.34 per share compared to a net loss of \$10.3 million or \$0.18 per share for the year in 2017.

Corporate and administrative expenses, including stock-based compensation, environmental rehabilitation costs and impairment of investment in associate were the most significant items contributing to losses in fiscal 2018. In 2017, corporate and administrative expenses, including stock-based compensation, environmental rehabilitation costs and impairments of investments in marketable securities were the most significant items contributing to losses. In 2018 and 2017 other income reported for flow-through shares offset some of these expenses. In 2017, the Company also recognized gains on the disposition of mineral interests and investments in marketable securities. These and other items are discussed further below.

Corporate and administrative expenses for 2018 were \$12.4 million, down \$1.3 million or 10% from prior year mainly due to a \$2.3 million or 31% decrease in stock-based compensation. Stock-based compensation decreased from \$7.5 million in 2017 to \$5.2 million in the current year. The current year expense of \$5.2 million was

largely a result of the grant date fair value of stock option expense of \$4.3 million and the remainder related to the grant date fair value of restricted share units. The higher expenses in the comparative period were mainly due to the effect of expensing the grant date fair value of a higher number of options in that year compared to the current year.

Cash compensation for 2018 was \$4.0 million, up \$0.6 million or 17% from the prior year reflecting bonus compensation earned in 2018 by certain senior management personnel that was based on the attainment of previously defined corporate objectives. Cash compensation is not expected to vary significantly from current levels as no significant additions to staffing levels are anticipated. Stock-based compensation is also expected to remain at current levels as the fair value of the 2018, 2017 and 2016 grants of options and RSU is being recognized through the consolidated statements of operations and comprehensive loss.

The Company's stock-based compensation expenses related to stock options and restricted share units are illustrated on the following tables:

Options granted	Number of options	Exercise price (\$)	Grant date fair value (\$000s)	Expensed prior to 2017 (\$000s)	Expensed in 2017 (\$000s)	Expensed in 2018 (\$000s)	Remaining balance to be expensed (\$000s)
December 21, 2015	365,000	11.13	1,959	1,756	203	-	-
March 24, 2016	100,000	13.52	684	493	165	26	-
August 11, 2016	50,000	17.14	438	114	235	89	-
December 19, 2016	890,833	10.45	6,159	149	5,356	469	185
December 14, 2017	605,000	13.14	4,303	-	210	3,321	772
October 11, 2018	50,000	16.94	421	-	-	96	325
December 12, 2018	568,000	15.46	4,280	-	-	276	4,004
				2,512	6,169	4,277	5,286

RSUs granted	Number of RSUs	Grant date fair value (\$000s)	Cancelled prior to 2017 (\$000s)	Expensed prior to 2017 (\$000s)	Expensed in 2017 (\$000s)	Expensed in 2018 (\$000s)	Remaining balance to be expensed (\$000s)
December 19, 2013	235,000	2,267	24	2,243	-	-	-
December 9, 2014	272,500	2,624	-	2,624	-	-	-
December 31, 2015	94,000	1,046	-	1,046	-	-	-
December 19, 2016	125,500	1,311	-	98	1,213	-	-
December 14, 2017	65,000	854	-	-	136	718	-
December 12, 2018	68,000	1,051	-	-	-	183	868
			24	6,011	1,349	901	868





Other corporate and administrative costs in the current year were higher than the comparable year of 2017. The professional fees increased by \$0.5 million from \$0.9 million in 2017 to \$1.4 million in 2018. The increase was mainly due to the fees paid to the consulting firms assisting the Company in seeking potential joint venture partners. The Company does not anticipate significant increases in general and administrative costs for 2019.

In 2018, the Company recognized \$6.3 million of other income related to recognizing the remaining balance of the flow-through share premium recorded on a financing completed in April 2017 and recognizing the full flow-through share premium recorded on financings completed in December 2017 and May 2018 (discussed below). In the comparative year, the Company recognized other income of \$5.4 million related to the flow-through share premium recorded on the financing completed in April 2017.

In 2018, the Company charged \$7.4 million (2017 - \$2.1 million) of environmental rehabilitation expense to the consolidated statements of operations and comprehensive loss related to the remediation and closure planning of the Johnny Mountain Mine site. The 2018 charge was related to the filing of a Johnny Mountain Mine reclamation report in British Columbia. The report estimates the full closure at approximately \$9.1 million with costs expected to be incurred over five years. Significant costs include estimates of the closure of all adits and vent raises, removal of the mill and buildings, treatment of landfills and surface water management as well as ongoing logistics, freight and fuel costs. During 2018, the Company incurred \$2.0 million of environmental rehabilitation expenditures that were recorded as a reduction to the provision for reclamation liabilities on the consolidated statements of financial position as at December 31, 2018. Current year spending entailed the demolition of portals and sealing of vent raises, the relocation of certain waste burial sites, overall drainage work and the cleaning and clearing of the mill for future dismantling. In 2017, the Company incurred \$2.1 million of expenditures on general site cleanup and performing work on the annual filing to the British Columbia Ministry of Energy, Mines and Petroleum Resources. These expenditures were charged to the consolidated statements of operations and comprehensive loss in that year.

In 2017, IDM Mining Ltd. exercised its option to acquire the Red Mountain Project and the Company derecognized approximately \$1.0 million of accrued reclamation liabilities recorded in connection with the Red Mountain Project. The Company released a reclamation deposit of \$1.0 million into cash and according to underlying purchase agreements made a third-party payment of \$0.3 million. The derecognition of the reclamation liability net with the third-party payment resulted in a \$0.8 million gain on the statement of operations and comprehensive loss. Also in 2017, the Company disposed of its leasehold interest in the Castle-Black Rock Project and received 1,500,000 common shares of Columbus Gold Corp., with a fair value of \$1.4 million, as payment. All historical costs related to Castle-Black Rock had been recovered or impaired in prior years and there was no carrying value recorded for the project at the time of receipt of the

payment. The fair value of the common shares received was recorded as a gain on the disposition of mineral interests on the statement of operations and comprehensive loss. The Company did not dispose of any mineral interests in 2018.

The Company holds one investment in an associate that is accounted for on the equity basis. In 2018, the Company recognized \$0.2 million loss in the associate (2017 - \$0.1 million loss). In 2018, the Company determined that the recoverability of the investment in associate was impaired and recorded a \$1.3 million charge to the consolidated statements of operations and comprehensive loss. No impairments related to investment in associate were recorded in 2017.

The Company holds investments in marketable securities including common shares of several mining companies that were received as consideration for optioned mineral properties, and other short-term investments including one gold exchange traded receipt. In 2018, the Company recognized a \$0.6 million reduction in the fair value of these investments that was recorded within comprehensive loss on the consolidated statements of operations and comprehensive loss.

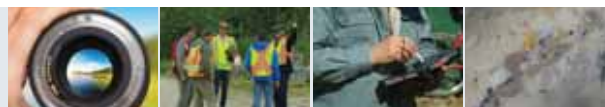
During 2017, the Company received common shares of two mining companies in return for the disposition of mineral properties. The Company determined that the recoverability of the investments was impaired and recorded a \$0.7 million expense to the consolidated statements of operations and comprehensive loss. During 2017 the Company disposed of a portion of its holdings in two investments and recorded a gain of \$0.7 million on the consolidated statements of operations and comprehensive loss.

In 2018, the Company recognized income tax expense of \$5.0 million (2017 - \$2.2 million) reflecting the increase in deferred tax liabilities arising from exploration expenditures, which are capitalized for accounting purposes but are renounced for tax purposes, as well as current tax arising from the sale of non-core mineral interests. The renounced expenditures relate to the flow-through share issuances in April 2017, December 2017 and May 2018. The tax expense is partially offset by the tax recovery resulting from the loss in the current year.

## Results of Operations, 2017 Compared to 2016

The Company incurred a \$10.3 million net loss for the year ended December 31, 2017 or \$0.18 per share compared to a net loss of \$7.3 million or \$0.14 per share for the year in 2016.

Corporate and administrative expenses, including stock-based compensation, environmental rehabilitation costs and impairments of investments were the most significant items contributing to losses in fiscal 2017. In 2016, the loss was mainly attributable to administrative expenses. In 2017 other income reported for flow-through shares offset some of these expenses and the Company also recognized gains on the disposition of mineral interests and investments. In 2016, the expenses were mainly offset by other income reported for flow-through shares and gains on investments. These and other items are discussed further below.



In 2017, corporate and administrative expenses increased by \$4.0 million or 41%, from \$9.7 million in 2016 to \$13.7 million in 2017. The increase was mainly due to an increase in stock-based compensation expense of 105%, from \$3.7 million in 2016 to \$7.5 million in 2017. The 2017 expense of \$7.5 million was largely a result of the grant date fair value of stock option expense of \$6.2 million and the remainder related to the grant date fair value of restricted share units. The increase was mainly due to the effect of expensing the grant date fair value of a higher number of options over a shorter vesting period in 2017 versus the comparative year in 2016. An additional expense was incurred in

2017 on options granted to the Board of Directors in 2016 that received shareholder approval in 2017. The fair value of those options was re-estimated at the time of shareholder approval and, as the market value of the Company's shares had increased from the grant date, so did the estimated fair value of the options.

Cash compensation remained relatively constant between 2017 and 2016 as corporate, non-project related staffing levels remained consistent between the two years.

## Quarterly Information

Selected financial information for the last eight quarters ending December 31, 2018 is as follows: (unaudited)

Quarterly operating results (\$000s)	4th Quarter Ended December 31, 2018	3rd Quarter Ended September 30, 2018	2nd Quarter Ended June 30, 2018	1st Quarter Ended March 31, 2018
Revenue	-	-	-	-
Loss for period	(4,030)	(2,831)	(2,403)	(10,676)
Basic loss per share	(0.07)	(0.05)	(0.04)	(0.18)
Diluted loss per share	(0.07)	(0.05)	(0.04)	(0.18)

Quarterly operating results (\$000s)	4th Quarter Ended December 31, 2017	3rd Quarter Ended September 30, 2017	2nd Quarter Ended June 30, 2017	1st Quarter Ended March 31, 2017
Revenue	-	-	-	-
Loss for period	(5,206)	(1,535)	(1,715)	(1,831)
Basic loss per share	(0.09)	(0.03)	(0.03)	(0.03)
Diluted loss per share	(0.09)	(0.03)	(0.03)	(0.03)

In the fourth quarter of 2018, loss for the period included bonus remuneration related to the Company attaining certain corporate objectives, and stock-based compensation expense related to stock options and RSUs granted in the quarter. In the first quarter of 2018, the loss for the period included a significant increase in the provision for environmental rehabilitation and closure of the Johnny Mountain mine. The loss in the fourth quarter of 2017 included significant environmental rehabilitation costs, administrative costs related to bonus remuneration, additional stock-based compensation for year-end option and RSU awards and increased deferred tax expense. In the other three quarters of 2017, the Company incurred less deferred tax expense than in the current year, and therefore, had lower net losses. Majority of those losses, comprised mainly of administrative expenses, were offset by varying income related to the flow-through share premiums.

## Mineral Interest Activities

During 2018 the Company added an aggregate of \$37.2 million of expenditures and acquisition costs that were attributed to mineral interests. Cash expenditures associated with KSM, Iskut, Courageous Lake and Snowstorm Projects amounted to \$37.1 million with KSM representing 75%, Courageous Lake 11%, Iskut 10% and the remainder for Snowstorm.

Spending at KSM in the current year was \$28.0 million. The Company commenced an exploration program in the second fiscal quarter that was completed in the fourth quarter. 20,341 meters of diamond core drilling was completed in 18 holes during the program and culminated in the Company announcing an updated independent mineral resource estimate for the Iron Cap deposit subsequent to the year-end. The update added 0.46 million ounces of gold and 177 million pounds of copper in the indicated resource category plus 7.45 million ounces of gold and 4.0 billion pounds of copper in the inferred resource category. The program allowed for the expansion of the mineralized system along the hanging wall of the previous interpretation and also confirmed that the deposit continues down dip and to the northwest.





The Company also continued to work on the site of what will become a year-round camp at KSM to support ongoing exploration. The work entailed small scale logging on approximately nine hectares of timber in the Mitchell Valley.

At Courageous Lake, the Company completed a planned winter drilling program using two core rigs entailing 7,200 meters of drilling over 36 holes and was designed as an initial drill test of seven targets reporting historical gold occurrences to determine which ones had sufficient grade, strike and width within 200 meters of surface to potentially replicate the Walsh Lake Deposit. The program successfully identified two new gold zones, Olsen and Marsh Pond, with widths and grades suggesting they could make a contribution to project resources. The program also found two other target zones that, with additional work, could potentially contribute to the resource base. Spending at Courageous Lake in the current year was \$4.1 million.

At the Iskut Project, an exploration program commenced in the second quarter and continued through to the fourth fiscal quarter. The objective of the program was to focus on testing for high-grade epithermal precious metal occurrences associated with the uppermost portion of a porphyry mineral system. Drilling tested the dip projection of high-grade surface samples in an area hosting magnetic anomalies. Results confirmed that much of the Quartz Rise lithocap had been eroded, leaving little opportunity for a sizeable high-grade epithermal occurrence in this area. However, the discovery of a diatreme in two holes confirmed that a porphyry source for the lithocap is nearby. Diatremes are commonly found above and adjacent to porphyry mineral systems which are their source of heat and fluids. Extensive review of the available data indicates the source for the diatreme is south and southwest of Quartz Rise, where glacial erosion has exposed rocks deeper in the mineralizing system. This erosional window provides the opportunity to explore the porphyry system with much shorter drill holes and from a lower elevation.

The Company spent \$1.3 million at its Snowstorm Project in Nevada completing a targeted exploration program that was designed to define drill targets.

## Liquidity and Capital Resources

The Company's working capital position, excluding the flow-through share premium, at December 31, 2018, was \$18.8 million, compared to the \$16.2 million at December 31, 2017. Cash and short-term deposits at December 31, 2018 totaled \$20.0 million compared to the \$16.1 million at December 31, 2017. Cash resources have increased mainly due to three financings completed in 2018, and options exercised, raising gross proceeds of \$50.9 million as further described below. The Company, however, incurred significant exploration costs at its core projects, environmental rehabilitation costs at Johnny Mountain and corporate and administrative costs, reducing the cash balances. In the year ended December 31, 2018, the Company received \$9.3 million upon the exercise of 777,704 options and subsequent to December 31, 2018, the Company received \$3.3 million upon the exercise of 320,475 options.

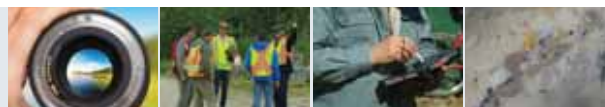
In December 2018, the Company issued 250,000 flow-through common shares at \$20.50 per share for aggregate gross proceeds of \$5.1 million. Proceeds of this financing will be used to fund the 2019 KSM and Iskut programs. The Company is committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. A \$0.8 million premium was recognized as a liability on the consolidated statements of financial position with the balance recorded as share capital.

In November 2018, the Company closed a non-brokered private placement of one million common shares at a price of \$14.00 per share for gross proceeds of \$14.0 million. As part of the private placement agreement, the Company also granted an option to increase the size of the private placement by an additional 250,000 common shares exercisable until December 24, 2018. The 250,000 options were fully exercised on December 14, 2018 at the price of \$14.00 per share, for additional gross proceeds of \$3.5 million.

In May 2018, the Company closed a flow-through financing and issued 1,150,000 flow-through common shares at \$17.16 per share for gross proceeds of \$19.7 million. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement was December 31, 2018. A \$4.1 million premium was recognized as liability on the consolidated statements of financial position with the balance recorded as share capital. During the period from May 2018 through December 31, 2018, the \$19.7 million of qualifying exploration expenditures were fully incurred and the \$4.1 million premium was fully recognized through other income on the consolidated statements of operations and comprehensive loss.

In December 2017, the Company issued 200,000 flow-through common shares at \$16.72 per share for aggregate gross proceeds of \$3.3 million. Proceeds of this financing were used to fund the 2018 Courageous Lake winter drill program and follow up of the results. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. A \$0.6 million premium was recognized as liability on the consolidated statements of financial position with the balance recorded as share capital. During 2018 the \$3.3 million qualifying exploration expenditures were fully incurred and the premium was fully recognized through other income on the consolidated statements of operations and comprehensive loss.

Also, in April and May 2017, the Company closed two financings for gross proceeds of \$37.7 million. The first financing was a public offering of 1,100,000 common shares at a price of \$14.30 per common share raising gross proceeds of \$15.7 million. The second was a financing whereby a syndicate of underwriters purchased 1,100,000 flow-through common shares at a price of \$20.00 per share for gross proceeds of \$22.0 million. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent



value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement was December 31, 2017. At the time of issuance of the flow-through shares, a \$7.0 million premium was recognized as a liability on the consolidated statements of financial position with the balance recorded as share capital. Based on the qualifying expenditures incurred, \$1.6 million was amortized in 2018 (2017 - \$5.4 million) through other income on the consolidated statements of operations and comprehensive loss.

During 2018, operating activities, including working capital adjustments, used \$9.4 million cash compared to \$10.1 million cash used by the operating activities in 2017. The decrease in the year-over-year basis was largely attributed to a \$1.8 million deposit that the Company made with tax authorities in 2017, partially offset by \$0.6 million increase in cash compensation and \$0.6 million increase in professional fees. The deposit with tax authorities was made along with an objection to a reassessment of 2010 and 2011 refunds received under the British Columbia Mineral Exploration Tax Credit program. Subsequent to the year-end, the Company was informed that the appeals division of the Canada Revenue Agency (CRA) rejected the

Company's objection and the balance of the re-assessment, according to the CRA, remains payable. The Company continues to record the remaining balance within accounts payable and accrued liabilities on the consolidated statements of financial position as at December 31, 2018 while it decides whether or not to file a claim within the court system. The operating activities in the near-term are not expected to deviate significantly from the current year.

Also in 2018, the Company purchased 320,000 units of an investment in an associate for US\$1.25 per unit. Each unit consists of one common share and one warrant to purchase one-half of a common share of the associate. Each warrant has a two-year term and is exercisable at US\$1.30 within the first year and \$1.50 in the following year.

The Company will continue its objective of advancing its major gold projects, KSM and Courageous Lake, and to further explore the Iskut and Snowstorm Projects to either sell or enter into joint venture arrangements with major mining companies. The Company also continues to dispose of certain non-core mineral interest assets in Canada and the U.S.A. as well as various investments deemed no longer strategic to the Company.

## Contractual Obligations

The Company has the following commitments:

(\$000s)	Total	Payments due by years			
		2019	2020-21	2022-23	2024-25
Mineral interests	6,767	681	1,362	2,091	2,633
Flow-through share expenditures	5,125	5,125	-	-	-
Business premises operating lease	247	119	110	18	-
	12,139	5,925	1,472	2,109	2,633

## Outlook

In 2019, the Company will complete an exploration program at KSM evaluating the potential for blind porphyry targets that could enhance the value of the project. In the past, several potential blind targets have been recognized, but were not mature enough to prioritize for drilling. The 2019 program will entail a deep penetrating geophysical survey west of the current deposits to refine the targets.

At Iskut, the Company will carry out an exploration program to complete target identification and recommend drilling on a potential porphyry deposit below the Quartz Rise lithocap. The program will concentrate on completing a geophysical survey to identify the upper reaches of an interpreted intrusive body that is imaged as an intense chargeability anomaly. In conjunction, surface mapping and sampling to define the exposed margins of the porphyry system will be conducted in unexplored areas. In addition to the exploration work at Iskut, the Company will continue with the 2019 portion of the reclamation and closure activities at the Johnny Mountain mine site.

At Snowstorm, the Company plans to conduct an exploration program to complete the prioritization of drill targets and execute an initial drill program. Field work to date has identified several well-developed structures with robust geochemical anomalies.

The Company continues to evaluate the results of the 2018 exploration and drill program at Courageous Lake and will evaluate the merits of various future work programs. Future plans may entail additional follow-up drilling and other exploration activities.

## Internal Controls Over Financial Reporting

The Company's management under the supervision of the Chief Executive Officer and Chief Financial Officer are responsible for designing adequate internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management is responsible for establishing





and maintaining adequate internal controls over financial reporting. Management evaluated the effectiveness of the Company's internal controls over financial reporting as of December 31, 2018 based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation of the internal controls at December 31, 2018, management has concluded that the Company's internal controls and procedures are appropriately designed and operating effectively. The registered public accounting firm that audited the Company's consolidated financial statements has issued their attestation report on management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2018.

### Changes to Internal Controls Over Financial Reporting

There was no change in the Company's internal controls over financial reporting that occurred during the period beginning on October 1, 2018 and ended on December 31, 2018 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

### Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified in the rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company is accumulated and communicated to management as appropriate, to allow timely decisions regarding required disclosure. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the design of the disclosure controls and procedures as of December 31, 2018, that they are appropriately designed and effective.

### Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any internal controls over financial reporting and disclosure controls and procedures, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

### Shares Issued and Outstanding

At March 25, 2019, the issued and outstanding common shares of the Company totaled 61,653,047. In addition, there were 3,136,506 stock options, 68,000 RSUs and 500,000 warrants outstanding. Assuming the conversion of all of these instruments outstanding, there would be 65,357,553 common shares issued and outstanding.

### Related Party Transactions

During 2018, other than compensation paid to key management personnel, a private company controlled by an officer was paid \$200,400 (2017 - \$200,400) for legal services rendered. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### Subsequent Event

Subsequent to the year end the Company received a notice from the Canada Revenue Agency (CRA) that it proposes to reduce the amount of expenditures reported, by the Company, as Canadian Exploration Expenses (CEE) for the three-year period ended December 31, 2016. The notice disputes the eligibility of certain types of expenditures previously audited and approved as CEE by CRA.

As background, the Company has funded certain of its exploration expenditures, from time-to-time, with the proceeds of issuance of flow-through shares and renounced, to subscribers, the expenditures which it determined to be CEE. The eligibility of certain expenditures as CEE and therefore for renunciation by the Company has been audited by the CRA and resulted in the notice. The CRA has delayed the issuance of any reassessments and invited the Company to submit additional information for the CRA to consider. The Company will respond to the notice in the second quarter of 2019.

The Company believes the CRA's interpretation of the applicable legislation is inconsistent with previous audits and narrows the scope of eligible CEE as defined in the applicable legislation. The Company intends to challenge the CRA's interpretation vigorously, and, if necessary, proceed to litigation on the issue. Although the Company believes it will ultimately prevail on the merits, if the Company is not successful in its challenge, there is a risk the Company could be subject to additional tax and be liable to indemnify investors whose tax liabilities increase under reassessments of amounts renounced as ineligible. The amount of such potential liability has been estimated to be approximately \$2.2 million of additional tax for the Company and \$11.8 million to indemnify investors.



## Changes in Accounting Standards Implemented or Not Yet Adopted

### Accounting standards recently adopted

IFRS 9, Financial instruments, introduced new requirements for classification and measurement of financial assets, additional changes to financial liabilities and a new general hedge accounting standard. The mandatory effective date is for annual periods beginning on or after January 1, 2018 and the Company applied IFRS 9 on the effective date. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities except for equity securities as described below.

The Company designated its equity securities as financial assets at fair value through other comprehensive income ("FVTOCI") and are recorded initially at fair value. Subsequent changes in fair value will be recognized in other comprehensive income (loss) only and will not be transferred into income (loss) upon disposition. As a result of this change, the Company reclassified \$2.3 million of impairment losses recognized in prior years on certain equity securities which continued to be owned by the Company at January 1, 2018 from opening deficit to accumulated other comprehensive income (loss) on January 1, 2018. As a result of adopting IFRS 9, the net change in fair value of the equity securities, including realized and unrealized gains and losses, if any, is now presented as an item that will not be reclassified subsequently to net earnings in the consolidated statements of comprehensive loss. Realized gains and losses on securities derecognized prior to January 1, 2018 have not been restated in comparative periods. As the Company does not have any hedges, the revised approach to hedge accounting had no effect on the financial statements.

IFRS 15, Revenue from contracts with customers ("IFRS 15") replaced IAS 18 Revenue, IAS 11 Construction contracts, and some revenue-related interpretations. The new standard was applied on January 1, 2018. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue at either a point in time or over time. The model features a five-step analysis of transactions to determine when and how much revenue should be recognized. New estimates and judgmental thresholds were introduced, which may affect the amount and/or timing of revenue recognized. The application of the new standard had no impact on the consolidated financial statements as at December 31, 2018.

IFRS 2, Share-based payments amendments ("Amendments to IFRS 2"). The Amendments to IFRS 2 clarify the classification and measurement of share-based payments for cash-settled share-based payment transactions and or for share-based payment transactions

with net settlement features for withholding tax obligations and or for any modifications to the terms and conditions of a share-based payment transaction that changes its classification from cash-settled to equity-settled. The Company adopted the amendments on January 1, 2018.

### New accounting standards not yet adopted

Effective January 1, 2019, IFRS 16 Leases ("IFRS 16") will replace IAS 17 Leases. The new standard requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted, provided the new revenue standard, IFRS 15 has been applied or is applied at the same date as IFRS 16. The Company will apply IFRS 16 on the effective date. The Company has evaluated the impact of the changes to its financial statements based on the characteristics of leases in place before the effective date and the expected impact on the Company's balance sheet on January 1, 2019 is the recognition of a lease liability of \$0.3 million and right-of-use assets also of \$0.3 million. The liability was determined as the present value of the Company's unavoidable lease payments, discounted at the Company's incremental borrowing rate of 11.09%. The expected profit & loss impact is recognition of interest expense associated with this lease liability, accrued at the incremental borrowing rate, and amortization of the corresponding right-of-use assets over their remaining lease terms of 8.25 years and 1.17 years. The majority of the Company's leases are of a short-term nature, for which the Company will apply exemptions available under IFRS 16.

### Critical Accounting Estimates

Critical accounting estimates used in the preparation of the consolidated financial statements include the Company's estimate of recoverable value of its mineral properties and related deferred exploration expenditures, the value of stock-based compensation, asset retirement obligations, deferred income tax, and potential tax contingencies. All of these estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The factors affecting stock-based compensation include estimates of when stock options and compensation warrants might be exercised and the stock price volatility. The timing for exercise of options is out of the Company's control and will depend upon a variety of factors, including the market value of the Company's shares and financial objectives of the stock-based instrument holders. The Company used historical data to determine volatility. However, the future volatility is uncertain.





The recoverability of the carrying value of mineral properties and associated deferred exploration expenses is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is dependent on a number of factors including environmental, legal and political risks, the existence of economically recoverable reserves, the ability of the Company and its subsidiaries to obtain necessary financing to complete the development, and future profitable production or the proceeds of disposition thereof.

The provision for asset retirement obligations is the best estimate of the present value of the future costs of reclaiming the environment that has been subject to disturbance through exploration activities or historical mining activities. The Company uses assumptions and evaluates technical conditions for each project that have inherent uncertainties, including changes to laws and practices and to changes in the status of the site from time-to-time. The timing and cost of the rehabilitation is also subject to uncertainty. These changes, if any, are recorded on the consolidated statements of financial position as incurred.

The Company has net assets in Canada and the United States and files corporate tax returns in each. Deferred tax liabilities are estimated for tax that may become payable in the future. Future payments could be materially different from our estimated deferred tax liabilities. We have deferred tax assets related to non-capital losses and other deductible temporary differences. Deferred tax assets are only recognized to the degree that it shelters tax liabilities or when it is probable that we will have enough taxable income in the future to recover them.

## Risks and Uncertainties

*The risks and uncertainties are discussed within the Company's most recent Annual Information Form filed on SEDAR at [www.sedar.com](http://www.sedar.com), and the Annual Report on Form 40-F filed on EDGAR at [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml).*

## Forward Looking Statements

The consolidated financial statements and management's discussion and analysis and any other materials included with them, contain certain forward-looking statements relating but not limited to the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, estimates, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates and expected changes to them, estimates of future production and related financial analysis, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results.

Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.



## Management's Responsibility for Financial Statements

The accompanying consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Financial statements include certain amounts based on estimates and judgments. When an alternative method exists under IFRS, management has chosen a policy it deems most appropriate in the circumstances in order to ensure that the consolidated financial statements are presented fairly, in all material respects, in accordance with IFRS.

The Company maintains adequate systems of internal controls. Such systems are designed to provide reasonable assurance that transactions are properly authorized and recorded, the Company's assets are appropriately accounted for and adequately safeguarded and that the financial information is relevant and reliable.

The Board of Directors of the Company is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements and the accompanying management's discussion and analysis. The Board of Directors carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Directors and all of its members are non-management directors. The Audit Committee meets periodically with management and the external auditors to discuss internal controls, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. The Audit Committee also reviews the consolidated financial statements, management's discussion and analysis, the

external auditors' report, examines the fees and expenses for audit services, and considers the engagement or reappointment of the external auditors. The Audit Committee reports its findings to the Board of Directors for its consideration when approving the consolidated financial statements for issuance to the shareholders. KPMG LLP, the external auditors, have full and free access to the Audit Committee.

**Rudi P. Fronk**  
*Chairman & CEO*  
March 25, 2019

**Christopher J. Reynolds**  
*Vice President, Finance and Chief Financial Officer*  
March 25, 2019



# Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Seabridge Gold Inc.:

## Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Seabridge Gold Inc. (the Company) as of December 31, 2018 and 2017, the related consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for each of the years then ended, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and its cash flows for each of the years then ended, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 25, 2019 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

## Change in Accounting Principle

As discussed in the note 3 to the consolidated financial statements, the Company has changed its accounting policy for financial instruments as of January 1, 2018 due to the adoption of IFRS 9 - Financial Instruments.

## Basis for Opinion

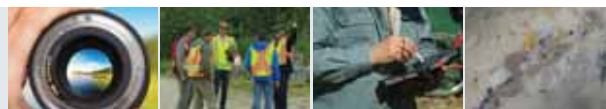
These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Chartered Professional Accountants,  
Licensed Public Accountants**

We have served as the Company's auditor since 2002.  
Toronto, Canada  
March 25, 2019





# Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Seabridge Gold Inc.:

## Opinion on Internal Control Over Financial Reporting

We have audited Seabridge Gold Inc.'s (the Company) internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of December 31, 2018 and 2017, the related consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for each of the years then ended, and the related notes (collectively, the consolidated financial statements), and our report dated March 25, 2019 expressed an unqualified opinion on those consolidated financial statements.

## Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, appearing under the heading Internal Control over Financial Reporting in Management's Discussion and Analysis for the year ended December 31, 2018. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our

audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

## Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Chartered Professional Accountants,  
Licensed Public Accountants**  
Toronto, Canada  
March 25, 2019



# Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

	Notes	December 31, 2018	December 31, 2017
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	\$ 2,928	\$ 4,049
Short-term deposits	4	17,068	12,056
Amounts receivable and prepaid expenses	5	1,619	622
Investment in marketable securities	6	2,858	3,433
		24,473	20,160
<b>Non-current assets</b>			
Investment in associate	6	2,460	3,428
Mineral interests	7, 8	395,304	358,135
Reclamation deposits	9	1,223	1,185
		398,987	362,748
<b>Total assets</b>		<b>423,460</b>	<b>382,908</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	8	4,749	3,961
Flow-through share premium	10	798	2,230
Provision for reclamation liabilities	9	955	-
		6,502	6,191
<b>Non-current liabilities</b>			
Deferred income tax liabilities	14	23,289	18,598
Provision for reclamation liabilities	9	7,114	2,481
		30,403	21,079
<b>Total liabilities</b>		<b>36,905</b>	<b>27,270</b>
<b>Shareholders' equity</b>	10	<b>386,555</b>	<b>355,638</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 423,460</b>	<b>\$ 382,908</b>

Commitments (Note 15)

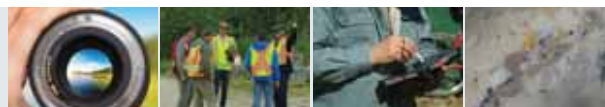
Subsequent events (Notes 6, 8, 10 and 14)

The accompanying notes form an integral part of these consolidated financial statements.

These financial statements were approved by the Board of Directors and were signed on its behalf:

**Rudi P. Fronk**  
Director

**Richard C. Kraus**  
Director



# Consolidated Statements of Operations and Comprehensive Loss

(Expressed in thousands of Canadian dollars except common share and per common share amounts)

	Notes	Year Ended December 31, 2018	Year Ended December 31, 2017
Corporate and administrative expenses	12	\$ (12,370)	\$ (13,673)
Environmental rehabilitation expense	9	(7,439)	(2,056)
Other income - flow-through shares	10	6,312	5,374
Gain on disposition of mineral interests	7	-	2,183
Impairment of investment in associate	6	(1,336)	-
Equity loss of associate	6	(160)	(107)
Impairment of investments in marketable securities	6	-	(680)
Gain on investments in marketable securities	6	-	719
Interest income		164	149
Finance and other expenses		(144)	(32)
<b>Loss before income taxes</b>		<b>(14,973)</b>	<b>(8,123)</b>
Income tax expense	14	(4,967)	(2,164)
<b>Loss for the period</b>		<b>\$ (19,940)</b>	<b>\$ (10,287)</b>
<b>Other comprehensive income (loss), net of income taxes</b>			
<b>Items that may be reclassified to net income or loss</b>			
Reclassification of previously deferred gains on marketable securities	6	-	(331)
Unrealized gain on marketable securities	6	-	233
		-	(98)
<b>Items that will not be reclassified to net income or loss</b>			
Change in fair value of marketable securities	6	(577)	-
<b>Total other comprehensive loss</b>		<b>(577)</b>	<b>(98)</b>
<b>Comprehensive loss for the year</b>		<b>\$ (20,517)</b>	<b>\$ (10,385)</b>
<b>Basic and diluted net loss per common share</b>			
	10	\$ (0.34)	\$ (0.18)
<b>Basic and diluted weighted average number of common shares outstanding</b>	10	<b>59,104,624</b>	<b>56,428,233</b>

The accompanying notes form an integral part of these consolidated financial statements.



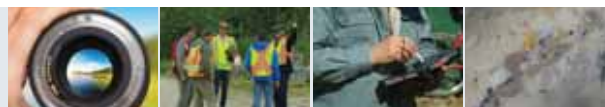


# Consolidated Statements of Changes in Shareholders' Equity

(Expressed in thousands of Canadian dollars except number of shares)

	Number of shares	Share capital	Warrants	Stock-based compensation	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total equity
As at December 31, 2017	57,677,118	\$ 405,930	\$ 3,275	\$ 16,549	\$ 36,040	\$ (106,651)	\$ 495	\$ 355,638
Adjustment on initial application of IFRS 9 (Note 3)	-	-	-	-	-	2,268	(2,268)	-
Share issuance	2,650,000	37,479	-	-	-	-	-	37,479
Share issuance costs	-	(763)	-	-	-	-	-	(763)
Deferred tax on share issuance costs	-	204	-	-	-	-	-	204
Stock-based compensation	-	-	-	5,178	-	-	-	5,178
Exercise of options	777,704	12,713	-	(3,377)	-	-	-	9,336
Shares - Restricted Share Units	127,750	1,510	-	(1,510)	-	-	-	-
Other comprehensive loss	-	-	-	-	-	-	(577)	(577)
Net loss for the year	-	-	-	-	-	(19,940)	-	(19,940)
<b>As at December 31, 2018</b>	<b>61,232,572</b>	<b>\$ 457,073</b>	<b>\$ 3,275</b>	<b>\$ 16,840</b>	<b>\$ 36,040</b>	<b>\$ (124,323)</b>	<b>\$ (2,350)</b>	<b>\$ 386,555</b>
As at January 1, 2017	54,321,797	\$ 360,650	-	\$ 14,751	\$ 31,728	\$ (96,364)	\$ 593	\$ 311,358
Share issuance	2,400,000	33,470	-	-	-	-	-	33,470
Share issuance costs	-	(2,660)	-	-	-	-	-	(2,660)
Deferred tax on share issuance costs	-	709	-	-	-	-	-	709
Stock-based compensation	-	-	-	7,518	-	-	-	7,518
Share issuance - acquisition of Snowstorm	700,000	10,073	-	-	-	-	-	10,073
Warrant issuance - acquisition of Snowstorm	-	-	3,275	-	-	-	-	3,275
Exercise of options	190,984	3,002	-	(737)	-	-	-	2,265
Exercise of warrants	1,587	30	-	(15)	-	-	-	15
Expired options	-	-	-	(4,312)	4,312	-	-	-
Shares - Restricted Share Units	62,750	656	-	(656)	-	-	-	-
Other comprehensive loss	-	-	-	-	-	-	(98)	(98)
Net loss for the year	-	-	-	-	-	(10,287)	-	(10,287)
<b>As at December 31, 2017</b>	<b>57,677,118</b>	<b>\$ 405,930</b>	<b>\$ 3,275</b>	<b>\$ 16,549</b>	<b>\$ 36,040</b>	<b>\$ (106,651)</b>	<b>\$ 495</b>	<b>\$ 355,638</b>

The accompanying notes form an integral part of these consolidated financial statements.



# Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

	Year Ended December 31, 2018	Year Ended December 31, 2017
<b>Operating Activities</b>		
Net loss	\$ (19,940)	\$ (10,287)
Adjustment for non-cash items:		
Stock-based compensation	5,178	7,518
Provision for environmental rehabilitation	7,439	-
Gain on disposition of mineral interests	-	(2,183)
Other income - flow-through shares	(6,312)	(5,374)
Income tax expense	4,967	2,164
Impairment of investment in associate	1,336	-
Equity loss of associate	160	107
Gain on investments	-	(719)
Impairment of investments	-	680
Finance and other expenses	166	32
Adjustment for cash items:		
Environmental rehabilitation disbursements	(2,022)	-
Changes in working capital items:		
Amounts receivable and prepaid expenses	(997)	15
Accounts payable and accrued liabilities	947	(2,094)
Net cash used in operating activities before income taxes paid	(9,078)	(10,141)
Income taxes paid	(328)	-
<b>Net cash used in operating activities</b>	<b>(9,406)</b>	<b>(10,141)</b>
<b>Investing Activities</b>		
Mineral interests	(37,068)	(21,916)
Acquisition of Snowstorm Exploration LLC	-	(979)
Investment of short-term deposits	(28,000)	(28,000)
Redemption of short-term deposits	22,988	22,064
Investment in associate	(530)	(1,638)
Redemption (investment) of reclamation deposits	(38)	892
Cash proceeds from sale of investments	-	1,426
<b>Net cash used in investing activities</b>	<b>(42,648)</b>	<b>(28,151)</b>
<b>Financing Activities</b>		
Share issuance	41,596	38,414
Exercise of options	9,336	2,281
<b>Net cash from financial activities</b>	<b>50,932</b>	<b>40,695</b>
<b>Net (decrease) increase in cash and cash equivalents during the year</b>	<b>(1,122)</b>	<b>2,403</b>
Cash and cash equivalents, beginning of the year	4,049	1,646
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 2,928</b>	<b>\$ 4,049</b>

The accompanying notes form an integral part of these consolidated financial statements.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2018 and 2017

## 1. Reporting entity

Seabridge Gold Inc. is comprised of Seabridge Gold Inc. ("Seabridge" or the "Company") and its subsidiaries (Seabridge Gold (NWT) Inc., Seabridge Gold Corp., SnipGold Corp. and Snowstorm Exploration LLC) and is a company engaged in the acquisition and exploration of gold properties located in North America. The Company was incorporated under the laws of British Columbia, Canada on September 4, 1979 and continued under the laws of Canada on October 31, 2002. Its common shares are listed on the Toronto Stock Exchange trading under the symbol "SEA" and on the New York Stock Exchange under the symbol "SA". The Company is domiciled in Canada, the address of its registered office is 10th Floor, 595 Howe Street, Vancouver, British Columbia, Canada V6C 2T5 and the address of its corporate office is 106 Front Street East, 4th Floor, Toronto, Ontario, Canada M5A 1E1.

## 2. Basis of preparation

### A. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements were authorized for issuance by the Board of Directors of the Company on March 25, 2019.

### B. Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities over which the Company has control. Control over an entity exists when the Company is exposed or has rights to returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date on which control ceases.

Business acquisitions are accounted for using the acquisition method whereby acquired assets and liabilities are recorded at fair value as of the date of acquisition with the excess of the purchase consideration over such fair value being recorded as goodwill and allocated to cash generating units. Non-controlling interest in an acquisition may be measured at either fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's net identifiable assets.

If the fair value of the net assets acquired exceeds the purchase consideration, the difference is recognized immediately as a gain in the consolidated statement of operations and comprehensive loss.

Where a business combination is achieved in stages, previously held non-controlling equity interests in the acquiree are re-measured at acquisition-date fair value and any resulting gain or loss is recognized in the consolidated statement of operations and comprehensive loss or other comprehensive income, as appropriate. Acquisition related costs are expensed during the period in which they are incurred, except for the cost of debt or equity instruments issued in relation to the acquisition which is included in the carrying amount of the related instrument. Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will not exceed one year from the acquisition date.

#### (ii) Associates

An associate is an entity over which the Company has significant influence but not control nor joint control. Significant influence is presumed to exist where the Company has between 20% and 50% of the voting rights but can also arise where the Company has less than 20% if influence is exerted over policy decisions that affect the entity. The Company's share of the net assets and net income or loss of associates is accounted for in the consolidated financial statements using the equity method of accounting.

## 3. Significant accounting policies

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

### A. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except certain financial instruments described in note L, which are measured at fair value.

### B. Translation of foreign currencies

These consolidated financial statements are presented in Canadian dollars, which is the Company's, and each of its subsidiaries', functional currency.

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions or





valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the consolidated statement of operations and comprehensive loss.

Monetary assets and liabilities of the Company denominated in a foreign currency are translated into Canadian dollars at the rate of exchange at the statement of financial position date. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average exchange rates prevailing during the period. Exchange gains and losses are included in the determination of profit or loss for the year.

### C. Critical accounting judgments and estimation uncertainty

In applying the Company's accounting policies in conformity with IFRS, management is required to make judgments, estimates and assumptions about the carrying amounts of certain assets and liabilities. These estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

#### (i) Critical accounting judgments

The following are the critical judgments that the Company has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements (refer to appropriate accounting policies for details).

##### *Mineral reserves and resources*

To calculate reserves and resources, the Company uses assumptions and evaluates technical, economic and geological conditions for each ore body. Measured grade of the ore and geotechnical considerations can have a significant effect on the carrying value of mineral properties and therefore the recoverability of costs. Future market prices for gold and copper and other commodities are also factored into valuation models. Changes to these factors can affect the recoverability of mineral properties and impairment.

##### *Impairment of assets*

When the Company has judged that an indication of impairment exists, such as a significant or prolonged decline in the fair value of an investment in marketable securities or an indication that the carrying amount of the mineral interest exceeds its estimated recoverable amount, the investment value or carrying value is written down to fair value or recoverable amount and the loss is recognized in the statement of operations and comprehensive loss.

##### *Asset retirement obligations*

When the Company has judged that a constructive or legal obligation exists for reclamation and rehabilitation activities on mineral claims disturbed, an estimate of future costs is recognized as an expense on the statement of operations and comprehensive loss.

#### (ii) Key sources of estimation uncertainty

##### *Mineral properties*

The recoverability of the carrying value of mineral properties and associated deferred exploration expenses is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is dependent on a number of factors including environmental, legal and political risks, the existence of economically recoverable reserves, the ability of the Company and its subsidiaries to obtain necessary financing to complete the development, and future profitable production or the proceeds of disposition thereof.

##### *Asset retirement obligations*

The provision for asset retirement obligations is the best estimate of the present value of the future costs of reclaiming the environment that has been subject to disturbance through exploration activities or historical mining activities. The Company uses assumptions and evaluates technical conditions for each project that have inherent uncertainties, including changes to laws and practices and changes in the status of the site from time-to-time. The timing and cost of the rehabilitation is also subject to uncertainty. These changes, if any, are recorded on the statement of financial position as incurred.

##### *Share based payments*

The factors affecting stock-based compensation include estimates of when stock options and restricted share units might be exercised and share price volatility. The timing for exercise of options is out of the Company's control and will depend upon a variety of factors, including the market value of the Company's shares and financial objectives of the share-based instrument holders. The Company uses historical data to determine volatility in accordance with appropriate fair value methodology. However, the future volatility is uncertain, and the model has its limitations.

##### *Deferred Income taxes*

The Company has operations in Canada and the United States and files corporate tax returns in each. Deferred tax liabilities are estimated for tax that may become payable in the future. Future payments could be materially different from our estimated deferred tax liabilities. We have deferred tax assets related to non-capital losses and other deductible temporary differences. Deferred tax assets are only recognized to the degree that it shelters tax liabilities or when it is probable that there will be sufficient taxable income in the future to recover them.



## D. Mineral interests

Mineral resource properties are carried at cost. The Company considers exploration and development costs and expenditures to have the characteristics of property and equipment and, as such, the Company capitalizes all exploration costs, which include license acquisition costs, advance royalties, holding costs, field exploration and field supervisory costs and all costs associated with exploration and evaluation activities relating to specific properties as incurred, until those properties are determined to be economically viable for mineral production. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to activities in a particular area of interest. The fair value of any recoveries from the disposition or optioning of a mineral property is credited to the carrying value of mineral properties.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of operating as intended by management.

The actual recoverable value of capitalized expenditures for mineral properties and deferred exploration costs will be contingent upon the discovery of economically viable reserves and the Company's financial ability at that time to fully exploit these properties or determine a suitable plan of disposition.

When a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment, reclassified to development properties, and then amortized over the life of the reserves associated with the area of interest once mining operations have commenced.

## E. Impairment and reversal of impairment

### (i) Financial assets

Financial assets measured at amortized cost are reviewed for impairment at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence, that can be estimated reliably, indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment charge in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

A prior period impairment charge is reviewed for possible reversal of impairment whenever an event or change in circumstance indicates the impairment may have reversed. If it has been determined that the impairment has reversed, the carrying amount of the asset is

increased to its recoverable amount to a maximum of the carrying amount that would have been determined had no impairment charge been recognized in prior periods. Impairment charge reversals are recognized in the Consolidated Statement of Operations and Comprehensive Loss.

### (ii) Non-financial assets

The carrying value of the Company's mineral interests is assessed for impairment when indicators of such impairment exist. Indicators may include: the loss of the right to explore in the area; the Company deciding not to continue exploring or incur substantial additional expenditures on the project; or it is determined that the carrying amount of the project is unlikely to be recovered by its development or sale. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated to determine the extent of the impairment loss, if any. The recoverable amount is determined as the higher of the fair value less costs of disposal for the asset and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Impairment is determined on an asset by asset basis, whenever possible. If it is not possible to determine impairment on an individual asset basis, then impairment is considered on the basis of a cash generating unit ("CGU"). CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or other group of assets.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is charged immediately to comprehensive loss within the statement of operations and comprehensive loss so as to reduce the carrying amount to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of operations and comprehensive loss.



## F. Reclamation liabilities

Provisions for environmental restoration are recognized when: (i) the Company has a present legal or constructive obligation as a result of past exploration, development or production events; (ii) it is probable that an outflow of resources will be required to settle the obligation; (iii) and the amount can be reliably estimated. Provisions do not include obligations which are expected to arise from future disturbance.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation incorporating risks specific to the obligation using a pre-tax rate that reflects current market assessments of the time value of money. When estimates of obligations are revised, the present value of the changes in obligations is recorded in the period by a change in the obligation amount and a corresponding adjustment to the mineral interest asset.

The amortization or 'unwinding' of the discount applied in establishing the net present value of provisions due to the passage of time is charged to the statement of operations and comprehensive loss in each accounting period.

The ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in ore reserves or production rates. As a result, there could be significant adjustments to the provisions for restoration and environmental cleanup, which would affect future financial results.

Funds on deposit with third parties provided as security for future reclamation costs are included in reclamation deposits on the statement of financial position.

## G. Income taxes

Income tax expense comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is not recognized for the following temporary differences:

the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future where the timing of the reversal of the temporary differences can be controlled by the parent. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill which is not deductible for tax purposes.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Company has certain non-monetary assets and liabilities for which the tax reporting currency is different from its functional currency. Any translation gains or losses on the remeasurement of these items at current exchange rates versus historic exchange rates that give rise to a temporary difference is recorded as a deferred tax asset or liability.

## H. Stock-based compensation (options and restricted share units)

The Company applies the fair value method for stock-based compensation and other stock-based payments. The fair value of options is valued using the Black-Scholes option-pricing model and other models for the two-tiered options and restricted share units as may be appropriate. The grant date fair value of stock-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date (Note 10). The Company reviews estimated forfeitures of options on an ongoing basis.

## I. Flow-through shares

The Company finances a portion of its exploration activities through the issuance of flow-through common shares. The tax deductibility of qualifying expenditures is transferred to the investor purchasing the shares. Consideration for the transferred deductibility of the qualifying expenditures is often paid through a premium price over the market price of the Company's shares. The Company reports this premium as a liability on the statement of financial position and the balance is reported as share capital. At each reporting period, and as qualifying expenditures have been incurred, the liability is reduced on a proportionate basis and income is recognized in the statement of operations and comprehensive loss.





## J. Net profit (loss) per common share

Basic profit (loss) per common share is computed based on the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings per share which assumes that stock options and RSUs with an exercise price lower than the average quoted market price were exercised at the later of the beginning of the year, or time of issue. Stock options with an exercise price greater than the average quoted market price of the common shares and RSUs are not included in the calculation of diluted profit per share as the effect is anti-dilutive.

## K. Financial instruments

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments. A financial asset is derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset or when cash flows expire. A financial liability is derecognized when the obligation specified in the contract is discharged, canceled or expired. Certain financial instruments are recorded at fair value in the consolidated statement of financial position. Refer to note 11 on fair value measurements.

### *Non-derivative financial instruments*

Non-derivative financial instruments are recognized initially at fair value plus attributable transaction costs, where applicable for financial instruments not classified as fair value through profit or loss. Subsequent to initial recognition, non-derivative financial instruments are classified and measured as described below.

### *Financial assets at fair value through profit or loss*

Cash and cash equivalents and short-term deposits are classified as financial assets at fair value through profit or loss and are measured at fair value. Cash equivalents are short-term deposits with maturities of up to 90 days at the date of purchase. Short-term deposits consist of investments with maturities from 91 days to one year at the date of purchase.

### *Financial assets at amortized cost*

Trade and other receivables are classified as measured at amortized cost using the effective interest rate method, less impairment losses, if any.

### *Financial assets at fair value through other comprehensive income*

The Company's investments in equity marketable securities are designated as financial assets at fair value through other comprehensive income and are recorded at fair value on the trade date with directly attributable transaction costs included in the recorded amount. Subsequent changes in fair value are recognized in other comprehensive income.

### *Non-derivative financial liabilities*

Accounts payable and accrued liabilities are accounted for at amortized cost, using the effective interest rate method.

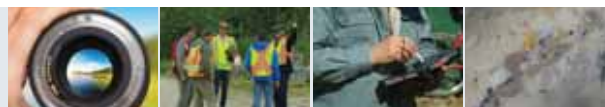
## L. Accounting pronouncements

### **(i) New and amended standards and interpretations issued and effective**

IFRS 9, Financial instruments, introduced new requirements for the classification and measurement of financial assets, additional changes to financial liabilities and a new general hedge accounting standard. The mandatory effective date is for annual periods beginning on or after January 1, 2018 and the Company applied IFRS 9 on the effective date. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities except for investments in equity securities as described below. The Company designated its investment in equity securities as financial assets at fair value through other comprehensive income ("FVTOCI") and are recorded initially at fair value. Subsequent changes in fair value will be recognized in other comprehensive income (loss) only and will not be transferred into income (loss) upon disposition. As a result of this change, the Company reclassified \$2.3 million of impairment losses recognized in prior years on certain equity securities which continue to be owned by the Company as at January 1, 2018 from opening deficit to accumulated other comprehensive income (loss) on January 1, 2018. As a result of adopting IFRS 9, the net change in fair value of the equity securities, including realized and unrealized gains and losses, if any, is now presented as an item that will not be reclassified subsequently to net earnings in the consolidated statements of comprehensive income (loss). Realized gains and losses on securities derecognized prior to January 1, 2018 have not been restated in comparative periods. As the Company does not have any hedges, the revised approach to hedge accounting had no effect on the financial statements.

IFRS 9 introduced a single, forward-looking ECL model for assessing impairment of financial assets. The application of the ECL model had minimal impact on the consolidated financial statements of the Company as the credit risk related to the financial assets of the Company is low and historically, the Company has no trade receivables from customers. Therefore, no allowance for expected credit loss has been recorded by the Company at December 31, 2018.

IFRS 15, Revenue from contracts with customers ("IFRS 15") replaced IAS 18 Revenue, IAS 11 Construction contracts, and some revenue-related interpretations. The new standard was applied on January 1, 2018. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue at either a point in time or over time. The model features a five-step analysis of transactions to determine when and how much revenue should be recognized. New estimates and judgmental thresholds were introduced, which may affect the amount and/or timing of revenue recognized. The application of the new standard had no impact on the consolidated financial statements as at December 31, 2018.



IFRS 2, Share-based payments amendments (“Amendments to IFRS 2”). The Amendments to IFRS 2 clarify the classification and measurement of share-based payments for cash-settled share-based payment transactions and for share-based payment transactions with net settlement features for withholding tax obligations and for any modifications to the terms and conditions of a share-based payment transaction that changes its classification from cash-settled to equity-settled. The Company adopted the amendments on January 1, 2018 and had no impact on the consolidated financial statements as at December 31, 2018.

**(ii) Recent accounting pronouncements issued but not yet effective:**

IFRS 16, effective January 1, 2019, Leases (“IFRS 16”) will replace IAS 17 Leases. The new standard requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted, provided the new revenue standard, IFRS 15 has been applied or is applied at the same date as IFRS 16. The Company will apply IFRS 16 on the effective date. The Company has evaluated the impact of the changes to its financial statements based on the characteristics of leases in place before the effective date and the expected impact on the Company’s balance sheet on January 1, 2019 is the recognition of a lease liability of \$0.3 million and right-of-use assets also of \$0.3 million. The liability was determined as the present value of the Company’s unavoidable lease payments, discounted at the Company’s incremental borrowing rate of 11.09%. The expected profit and loss impact is recognition of interest expense associated with this lease liability, accrued at the incremental borrowing rate, and amortization of the corresponding right-of-use assets over their remaining lease terms. The majority of the Company’s leases are of a short-term nature, for which the Company will apply exemptions available under IFRS 16.

IFRIC Interpretation 23, Uncertainty Over Income Tax Treatments (“IFRIC Interpretation 23”) The interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The interpretation is applicable for periods beginning on or after January 1, 2019. Under this interpretation, the key test is whether it is probable that the tax authorities will accept a chosen tax treatment. If it is probable, then the amount recorded in the consolidated financial statements must be the same as the treatment in the tax return. If it is not probable, then the amount recorded in the consolidated financial

statements would be different than in the tax return and would be measured as either the most likely amount or the expected value. The interpretation also requires companies to reassess the judgments and estimates applied if facts and circumstances change because of examination or actions by tax authorities, following changes in tax rules or when a tax authority’s right to challenge a treatment expires. The Company intends to adopt the interpretation in its consolidated financial statements for the period beginning on January 1, 2019. The Company does not expect the adoption of this interpretation to impact the Company’s consolidated financial statements.

#### 4. Cash and cash equivalents and short-term deposits

(\$000s)	December 31, 2018	December 31, 2017
Cash and cash equivalents	2,928	4,049
Short-term deposits	17,068	12,056
	19,996	16,105

All of the cash and cash equivalents are held in a Canadian Schedule I bank. Short-term deposits consist of Canadian Schedule I bank guaranteed deposits and are cashable in whole or in part with interest at any time to maturity.

#### 5. Amounts receivable and prepaid expenses

(\$000s)	December 31, 2018	December 31, 2017
HST	1,196	265
Prepaid expenses and other receivables	423	357
	1,619	622



## 6. Investments

(\$000s)	January 1, 2018	Dispositions	Fair value through other comprehensive loss	Loss of associates	Impairment	Additions	Other comprehensive loss	December 31, 2018
<b>Current assets:</b>								
Investment in marketable securities	3,435	-	(577)	-	-	-	-	2,858
<b>Non-current assets:</b>								
Investment in associate	3,426	-	-	(160)	(1,336)	530	-	2,460

(\$000s)	January 1, 2017	Dispositions	Gain on disposition	Loss of associates	Impairment	Additions	Other compre- hensive loss	December 31, 2017
<b>Current assets:</b>								
Investment in marketable securities	2,767	(1,426)	718	-	(680)	2,154	(98)	3,435
Investment in associate	1,894	-	-	(106)	-	1,638	-	3,426

The Company holds common shares of several mining companies that were received as consideration for optioned mineral properties and other short-term investments, including one gold exchange traded receipt. These financial assets are recorded at fair value of \$2.9 million (December 31, 2017 - \$3.4 million) on the consolidated statements of financial position.

During 2017 the Company received common shares of two mining companies in return for the disposition of mineral properties. These common shares had a fair value of \$2.2 million at the time of receipt. Since the time of receipt, these investments were impaired, and a \$0.7 million expense was recorded on the consolidated statements of operations and comprehensive loss. During 2017 the Company disposed of a portion of its holdings in two investments and recorded a gain of \$0.7 million on the consolidated statements of operations and comprehensive loss. During 2018 the Company revalued its holdings in its investments and recorded a fair value reduction of \$0.6 million on the statements of comprehensive loss.

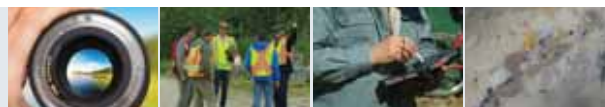
Investment in associate relates to Paramount Gold Nevada Corp. ("Paramount"). As at December 31, 2018, the Company holds 8.53% (December 31, 2017 - 8.03%) interest in Paramount for which it accounts using the equity method on the basis that the Company has the ability to exert significant influence through its representation on Paramount's board of directors. During 2018 the Company recorded its proportionate share of Paramount's net loss of \$0.2 million (2017 - \$0.1 million) within equity loss of associate on the consolidated

statements of operations and comprehensive loss. During 2018 the Company reviewed the recoverability of the investment in Paramount and recorded an impairment of \$1.3 million (2017 - nil) on the consolidated statements of operations and comprehensive loss. As at December 31, 2018, the carrying value of the Company's investment in Paramount was \$2.5 million (December 31, 2017 - \$3.4 million).

During 2017 the Company purchased 883,200 common shares and 51,600 warrants of Paramount for \$1.6 million. Each warrant allowed the Company to purchase one common share of Paramount for US\$2.00 per share until February 14, 2018 and allows for the same purchase at US\$2.25 within the period February 15, 2018 to February 13, 2019, when they expire. In the first quarter of 2018, the option to purchase the common shares at US\$2.00 lapsed and the Company did not purchase additional shares. In the third quarter of 2018, the Company purchased 320,000 units of the associate for US\$1.25 per unit. Each unit consists of one common share and one warrant to purchase one-half of a common share of Paramount. Each warrant has a two-year term and is exercisable at US\$1.30 in the first twelve months and US\$1.50 in the following twelve months.

Subsequent to the year ended December 31, 2018, the warrants to purchase 51,600 common shares at US\$2.25 per share were repriced by Paramount to US\$0.93 per share and the Company exercised these warrants in addition to warrants to purchase 28,600 shares, transferred to the Company at no additional cost, from parties not wishing to exercise.





## 7. Mineral Interests

Mineral interest expenditures on projects are considered as exploration and evaluation and their related costs consist of the following:

(\$000s)	Balance January 1, 2018	Expenditures / Acquisitions 2018	Recoveries 2018	Balance December 31, 2018
KSM	248,561	28,025	-	276,586
Courageous Lake	69,587	4,060	-	73,647
Iskut	25,221	3,810	-	29,031
Snowstorm	13,995	1,274	-	15,269
Grassy Mountain	771	-	-	771
	<b>358,135</b>	<b>37,169</b>	<b>-</b>	<b>395,304</b>

(\$000s)	Balance January 1, 2017	Expenditures / Acquisitions 2017	Recoveries 2017	Balance December 31, 2017
KSM	233,662	14,899	-	248,561
Courageous Lake	68,702	885	-	69,587
Iskut	19,795	7,311	(1,885)	25,221
Snowstorm	-	13,995	-	13,995
Grassy Mountain	771	-	-	771
	<b>322,930</b>	<b>37,090</b>	<b>(1,885)</b>	<b>358,135</b>

Continued exploration of the Company's mineral properties is subject to certain lease payments, project holding costs, rental fees and filing fees.

### KSM (Kerr-Sulphurets-Mitchell)

In 2001, the Company purchased a 100% interest in contiguous claim blocks in the Skeena Mining Division, British Columbia. The vendor maintains a 1% net smelter royalty interest on the project, subject to maximum aggregate royalty payments of \$4.5 million. The Company is obligated to purchase the net smelter royalty interest for the price of \$4.5 million in the event that a positive feasibility study demonstrates a 10% or higher internal rate of return after tax and financing costs.

In July 2009, the Company agreed to acquire various mineral claims immediately adjacent to the KSM property for further exploration and possible mine infrastructure use. The terms of the agreement required the Company to pay \$1 million in cash, issue 75,000 shares and pay advance royalties of \$100,000 per year for 10 years commencing on closing of the agreement. The acquired claims are subject to a 4.5% net smelter royalty from which the advance royalties are deductible.

In 2011 and 2012, the Company completed agreements granting a third party an option to acquire a 2% net smelter royalty on all gold and silver production sales from KSM for a payment equal to the lesser of \$160 million or US\$200 million. The option is exercisable for a period of 60 days following the announcement of receipt of all material approvals and permits, full project financing and certain other conditions for the KSM Project.

### A. Courageous Lake

In 2002, the Company purchased a 100% interest in the Courageous Lake gold project from Newmont Canada Limited and Total Resources (Canada) Limited for US\$2.5 million. The Courageous Lake gold project consists of mining leases located in Northwest Territories of Canada.

### B. Iskut

On June 21, 2016, the Company purchased 100% of the common shares of SnipGold Corp. ("SnipGold") which owns the Iskut Project, located in northwestern British Columbia.

In 2017, the Company entered into an agreement with Colorado Resources Ltd. ("Colorado") whereby Colorado agreed to purchase SnipGold's 49% interest in the KSP Project ("KSP") which adjoins the Iskut Project. The transaction resulted in Colorado owning a 100% interest in the KSP Project upon the payment to the Company of \$1.0 million in cash, 2,000,000 Colorado common shares, with a fair value of \$0.8 million, and a 2% net smelter return ("NSR") on the property. Half of the NSR can be repurchased at any time for \$2.0 million. The Company obtained its interest in the KSP Project as part of its acquisition of SnipGold Corp. in June 2016. At the time of the SnipGold acquisition, the KSP Project was subject to an exploration earn-in agreement in favour of Colorado as operator. In May 2017, Colorado earned a 51% interest in KSP with the payment of \$0.1 million. The disposition was recorded as a derecognition of the carrying value of KSP within mineral interests on the consolidated statements of financial position.



### C. Snowstorm

On June 7, 2017, the Company purchased 100% of the common shares of Snowstorm Exploration LLC ("Snowstorm") which owns the Snowstorm Project, located in northern Nevada. On the acquisition date, the Company issued 700,000 common shares, with a fair value of \$14.39 per share and 500,000 common share purchase warrants with a fair value of \$6.55 per common share purchase warrant for a combined fair value of \$13.3 million. The common share purchase warrants are exercisable for four years from the date of acquisition, at \$15.65 per share. In addition, the Company has agreed to make a conditional cash payment of US\$2.5 million if exploration activities at the Snowstorm Project result in defining a minimum of five million ounces of gold resources compliant with National Instrument 43-101 and a further cash payment of US\$5.0 million on the delineation of an additional five million ounces of gold resources. The Company incurred \$1.0 million of acquisition costs. Based on the relative fair values of the net assets acquired, \$14 million was added to mineral interests on the consolidated statements of financial position.

### D. Other Nevada Projects

In 2017, the Company disposed of its leasehold interest in the Castle-Black Rock Project and received 1,500,000 common shares of Columbus Gold Corp., with a fair value of \$1.4 million. All historical costs related to the Castle-Black Rock Project had been recovered or impaired in years prior to 2017 and there was no carrying value recorded for the project at the time of receipt of the payment. As such, the fair value of the common shares received was recorded as a gain on the disposition of mineral interests on the consolidated statements of operations and comprehensive loss in 2017.

### E. Grassy Mountain

In 2000, the Company acquired an option on a 100% interest in mineral claims located in Malheur County, Oregon, USA. In March 2003, the Company complete the acquisition of the property.

During the period 2011 through 2016, the Company entered into various transactions which transferred the ownership of the Grassy Mountain mineral claims to Paramount, with the Company ultimately having the right to either delivery of a National Instrument 43-101 compliant feasibility study on the project, subsequent to the 10% net profits interest or pay the Company \$10 million in cash, at the sole election of the Company by Paramount.

### F. Other mineral properties

#### (i) Red Mountain

In 2001, the Company purchased a 100% interest in an array of assets associated with mineral claims in the Skeena Mining Division, British Columbia, together with related project data and drill core, an owned office building and a leased warehouse, various mining equipment on the project site, and a mineral exploration permit which was associated with a cash reclamation deposit of \$1 million.

In 2014, the Company entered into an agreement with IDM Mining Ltd. ("IDM") to option the Red Mountain Project.

Upon commencing commercial production IDM must pay the Company an additional \$1.5 million and either an additional \$4 million or sell to the Company up to 50,000 ounces of gold at a pre-determined price.

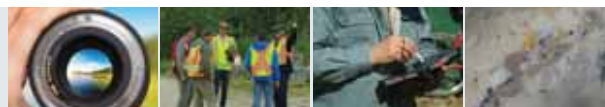
In 2017, IDM exercised its option to acquire the Red Mountain Project and the Company derecognized approximately \$1.0 million of accrued reclamation liabilities. The Company released a reclamation deposit of \$1.0 million into cash and pursuant to purchase agreements, made a third-party payment of \$0.3 million. The derecognition of the reclamation liability net with the third-party payment resulted in a \$0.8 million gain on the consolidated statements of operations and comprehensive loss.

#### (ii) Quartz Mountain

In 2001, the Company purchased a 100% interest in mineral claims in Lake County, Oregon. The vendor retained a 1% net smelter royalty interest on unpatented claims acquired and a 0.5% net smelter royalty interest was granted to an unrelated party as a finder's fee.

In 2011, subject to an agreement between the Company and Orsa Ventures Corp. ("Orsa") the Company granted Orsa the exclusive option to earn a 100% interest in the Quartz Mountain gold property and all of Seabridge's undivided 50% beneficial joint venture interest in an adjacent peripheral property. The agreement stipulated that Orsa would pay the Company \$0.5 million on or before the fifth day following regulatory approval of the option agreement and make staged payments of \$5 million in cash or common shares of Orsa, at the discretion of the Company. In 2013, Alamos Gold Inc. ("Alamos") acquired Orsa and its option to acquire Quartz Mountain and the Company received the next staged payment of \$2 million from Alamos. There is no carrying value recorded for Quartz Mountain as all historical acquisition and exploration costs have been fully recovered through option payments and other recoveries.

Upon the completion of a feasibility study, Alamos must pay the Company \$3 million and either an additional \$15 million or provide a 2% net smelter return royalty on production at Quartz Mountain, at the option of the Company.



## 8. Accounts payable and accrued liabilities

(\$000s)	December 31, 2018	December 31, 2017
Trade payables	2,360	1,773
Trade and other payables due to related parties	112	74
Non-trade payables and accrued expenses	2,277	2,114
	<b>4,749</b>	<b>3,961</b>

In 2014 and 2015, the Company received \$8.5 million related to the application for refund under the British Columbia Mineral Exploration Tax Credit program, for spending in 2010 and 2011. During 2016, upon the completion of an audit of the application by tax authorities, the Company was assessed \$3.6 million, including accrued interest, for expenditures related to the application that the tax authority has categorized as not applicable to the recovery program within the British Columbia Income Tax Act. The Company recorded a \$3.6 million provision within non-trade payables and accrued expenses on the consolidated statements of financial position as at December 31, 2016, with a corresponding increase to mineral interests. In 2017 the Company filed an objection to the reassessment and paid one-half of the accrued balance while the objection is reviewed. Subsequent to the year end, the Company received a decision from the appeals division that the objection was denied, and the Company expects to be reassessed for the balance. The Company intends to vigorously defend its position within Canadian courts.

## 9. Provision for reclamation liabilities

(\$000s)	December 31, 2018	December 31, 2017
Beginning of the period	2,481	3,510
Revised Johnny Mountain Mine closure	7,439	-
Derecognition of Red Mountain	-	(1,039)
Disbursements	(2,021)	-
Accretion	170	10
End of the period	<b>8,069</b>	<b>2,481</b>
Provision for reclamation liabilities - current	955	-
Provision for reclamation liabilities - long-term	7,114	2,481
	<b>8,069</b>	<b>2,481</b>

The Company's policy on reclamation liabilities is described in Note 3. Although the ultimate costs to be incurred are uncertain, the Company's estimates are based on independent studies or agreements with the respective government body for each project using current restoration standards and techniques.

The estimate of the provision for reclamation obligation, as at December 31, 2018, was calculated using the total estimated cash flows of \$8.1 million (December 31, 2017 - \$2.5 million) required to settle estimated obligations and expected timing of cash flow payments required to settle the obligations between 2019 and 2026. As at December 31, 2018, the undiscounted future cash outflows are estimated at \$8.5 million (December 31, 2017 - \$2.5 million) primarily over the next four years. The discount rate used to calculate the present value of the reclamation obligations was 2.0% at December 31, 2018 (1.6% - December 31, 2017). The Company has placed a total of \$1.2 million (December 31, 2017 - \$1.2 million) on deposit with financial institutions that are pledged as security against the reclamation liability.

In 2018, the Company filed an updated reclamation and closure plan for the Johnny Mountain mine site and charged \$7.4 million (2017 - \$2.1 million) of rehabilitation expenses to the consolidated statements of operations and comprehensive loss. The Johnny Mountain Mine site was acquired, along with the Iskut Project, during the SnipGold acquisition in 2016. Expenditures are expected to be incurred between 2018 and 2022 and include the estimated costs for the closure of all adits and vent raises, removal of the mill and buildings, treatment of landfills and surface water management as well as ongoing logistics, freight and fuel costs. For year ended December 31, 2018, reclamation disbursements amounted to \$2.0 million (December 31, 2017 - nil).

## 10. Shareholders' equity

The Company is authorized to issue an unlimited number of preferred shares and common shares with no par value. No preferred shares have been issued or were outstanding at December 31, 2018 or December 31, 2017.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties that would be accretive and meaningful to the Company. The Company is not subject to externally imposed capital requirements.





Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during 2018. The Company considers its capital to be share capital, stock-based compensation, contributed surplus and deficit.

#### A. Equity financings

In December 2018, the Company closed a non-brokered private placement flow-through financing and issued 250,000 common shares at \$20.50 per share for gross proceeds of \$5.1 million. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement was December 31, 2018. As at December 31, 2018, the Company has a commitment of \$5.1 million related to this financing. At the time of issuance of the flow-through shares, and as at December 31, 2018, a \$0.8 million premium was recognized as a liability on the consolidated statements of financial position.

In November 2018, the Company closed a non-brokered private placement of one million common shares, at a price of \$14.00 per share, for gross proceeds of \$14.0 million. As part of the private placement agreement, the Company also granted an option to increase the size of the private placement by an additional 250,000 common shares exercisable until December 24, 2018. The 250,000 options were fully exercised on December 14, 2018 at a price of \$14.00 per share, for gross proceeds of \$3.5 million.

In May 2018, the Company closed a flow-through financing and issued 1,150,000 common shares at \$17.16 per share for gross proceeds of \$19.7 million. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement was December 31, 2018. At the time of issuance of the flow-through shares, a \$4.1 million premium was recognized as a liability on the consolidated statements of financial position with the balance recorded as share capital. Since the closing of the financing and to the end of 2018, based on qualifying expenditures incurred, the full \$4.1 million premium was recognized through other income on the consolidated statements of operations and comprehensive loss.

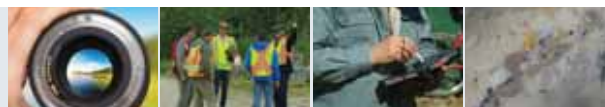
In December 2017, the Company issued 200,000 flow-through common shares at a price of \$16.72 per share for aggregate gross proceeds of \$3.3 million. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent

value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement was December 31, 2017. At the time of issuance of the flow-through shares, a \$0.6 million premium was recognized as a liability on the consolidated statements of financial position with the balance recorded as share capital. Since the closing of the financing and to the end of 2018, based on qualifying expenditures incurred, the full \$0.6 million premium was recognized through other income on the consolidated statements of operations and comprehensive loss.

In April 2017, the Company completed two equity financings. For the first financing, the Company issued 1,100,000 common shares at a price of \$14.30 per share for aggregate gross proceeds of \$15.7 million. For the second financing, the Company issued 1,100,000 flow-through common shares at a price of \$20.00 per share for aggregate gross proceeds of \$22.0 million. Share issuance costs of \$2.7 million were incurred in relation to the two offerings and have been included in equity. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement was December 31, 2017. At the time of issuance of the flow-through shares, a \$7.0 million premium was recognized as a liability on the consolidated statements of financial position with the balance recorded as share capital. At each reporting period, as qualifying expenditures are incurred, the liability is being reduced on a proportionate basis and income is being recognized on the consolidated statements of operations and comprehensive loss. Since the closing of the financing and to the end of 2018, based on qualifying expenditures incurred, the full \$7.0 million premium was recognized through other income on the consolidated statements of operations and comprehensive loss. Of the \$7.0 million, \$1.6 million was recognized during the year ended December 31, 2018 (December 31, 2017 - \$5.4 million).

#### B. Acquisitions – shares, warrants and options issuances

In June 2017, the Company acquired all of the issued and outstanding shares of Snowstorm Exploration LLC. in exchange for the issuance of 700,000 common shares and 500,000 common share purchase warrants exercisable for four years at \$15.65 per share. In addition, Seabridge has agreed to pay the vendor (i) a conditional cash payment of US\$2.5 million if exploration activities at Snowstorm result in defining a minimum of five million ounces of gold resources compliant with National Instrument 43-101; and (ii) a further cash payment of US\$5.0 million on the delineation of an additional five million ounces of gold resources. The fair value of the common share purchase warrants was estimated on the date of acquisition using a Black-Scholes option pricing model with the following assumptions: dividend yield 0%; expected volatility 62%; risk-free rate of return 0.87%; and expected life of four years.



### C. Stock options and restricted share units

The Company provides compensation to directors and employees in the form of stock options and a Restricted Share Units ("RSU"s).

Pursuant to the Share Option Plan, the Board of Directors has the authority to grant options, and to establish the exercise price and life of the option at the time each option is granted, at a price not less

than the closing price of the common shares on the Toronto Stock Exchange on the date of the grant of such option and for a period not exceeding five years. All exercised options are settled in equity.

Pursuant to the Company's RSU Plan, the Board of Directors has the authority to grant RSUs, and to establish terms of the RSUs including the vesting criteria and the life of the RSU. The life of the RSU is not to exceed two years.

Stock option and RSU transactions were as follows:

	Options			RSUs		Total
	Number of options	Weighted average exercise price (\$)	Amortized value of options (\$000s)	Number of RSUs	Amortized value of RSUs (\$000s)	Stock-based compensation (\$000s)
<b>Outstanding January 1, 2018</b>	3,618,509	11.34	15,758	127,750	791	16,549
Granted	618,000	15.58	372	68,000	183	555
Exercised option or vested RSU	(777,704)	12.00	(3,377)	(127,750)	(1,510)	(4,887)
Amortized value of stock-based compensation	-	-	3,904	-	719	4,623
<b>Outstanding at December 31, 2018</b>	<b>3,458,805</b>	<b>11.95</b>	<b>16,657</b>	<b>68,000</b>	<b>183</b>	<b>16,840</b>
<b>Exercisable at December 31, 2018</b>	<b>1,208,306</b>					

	Options			RSUs		Total
	Number of options	Weighted average exercise price (\$)	Amortized value of options (\$000s)	Number of RSUs	Amortized value of RSUs (\$000s)	Stock-based compensation (\$000s)
<b>Outstanding January 1, 2017</b>	3,701,595	11.76	14,653	125,500	98	14,751
Granted	605,000	13.14	-	65,000	136	136
Exercised option or vested RSU	(190,984)	11.87	(752)	(62,750)	(656)	(1,408)
Expired	(497,102)	16.47	(4,312)	-	-	(4,312)
Amortized value of stock-based compensation	-	-	6,169	-	1,213	7,382
<b>Outstanding at December 31, 2017</b>	<b>3,618,509</b>	<b>11.34</b>	<b>15,758</b>	<b>127,750</b>	<b>791</b>	<b>16,549</b>
<b>Exercisable at December 31, 2017</b>	<b>1,721,287</b>					



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The outstanding share options at December 31, 2018 expire at various dates between March 2019 and December 2022. A summary of options outstanding, their remaining life and exercise prices as at December 31, 2018 is as follows:

Options Outstanding		Options Exercisable	
Exercise price	Number outstanding	Remaining contractual life	Number Exercisable
\$10.36	350,000	3 months	350,000
\$9.72	50,000	6 months	50,000
\$9.00	425,000	1 year 6 months	-
\$11.13	325,000	2 years	325,000
\$13.52	100,000	2 years 3 months	100,000
\$17.16	50,000	2 years 5 months	-
\$17.14	50,000	2 years 8 months	50,000
\$10.45	859,165	3 years	204,999
\$13.14	605,000	4 years	101,667
\$16.94	50,000	4 years 10 months	-
\$15.46	568,000	5 years	-
\$6.30	26,640	3 months to 2 years 2 months	26,640
	3,458,805		1,208,306

During the year ended December 31, 2018, 777,704 options were exercised for proceeds of \$9.3 million and 127,750 RSUs vested. In total, 905,454 common shares were issued.

In October 2018, 50,000 five-year options with an exercise price of \$16.94, to purchase common shares of the Company, with a fair value, at the date of the grant, of \$0.4 million, were granted to a new member of the Board of Directors. Vesting of these options is subject to the Company entering into a major transaction on one of the Company's two core exploration properties or other transformative transaction. The fair value of these options is being amortized over the service life of the options.

In December 2018, 568,000 five-year options with an exercise price of \$15.46, to purchase common shares of the Company, with a fair value, at the date of the grant, of \$4.3 million, were granted. Of these, 408,000 options were granted to Board members that are subject to shareholder approval. At the end of the second quarter of 2019, and if approved by shareholders, the fair value will be re-estimated. 150,000 options were granted to members of senior management. Vesting of the options to the Board members and senior management is subject to the Company entering into a major transaction on one of the Company's two core assets or other transformative transaction. The remaining 10,000 options were granted to a member of management and vest over a three-year period. The fair value of these options is being amortized over the service life of the options.

In December 2017, 605,000 five-year options with an exercise price of \$13.14, to purchase common shares of the Company, with a fair value, at the date of the grant, of \$4.1 million, were granted to members of the Board of Directors and management. Of these, 300,000 options were

granted to Board members that were subject to shareholder approval. At the end of the second quarter of 2018, and upon the approval of shareholders, the fair value was re-estimated. Vesting of these options is subject to the Company entering into a major transaction on one of the Company's two core assets or other transformative transaction. The remaining 305,000 options were granted to members of management and vest over a three-year period. The fair value of these options is being amortized over the service life of the options.

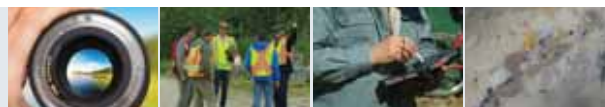
The fair value of the options granted is estimated on the dates of grant using a Black-Scholes option-pricing model with the following assumptions:

	2018	2017
Dividend yield	Nil	Nil
Expected volatility	55 - 57%	59 - 62%
Risk-free rate of return	1.93 - 2.38%	1.2 - 1.7%
Expected life of options	4.5 - 5 years	4.5 - 5 years

In 2018, the Board granted 68,000 RSUs to members of management. The fair value of the grants, of \$1.1 million, was estimated as at the grant date and is being amortized over the expected service period of the grants. The expected service period of three and a half months from the date of the grant is dependent on certain corporate objectives being met. In 2018, 127,750 RSUs vested and were exchanged for common shares of the Company.

Subsequent to December 31, 2018, 320,475 options were exercised for proceeds of \$ 3.3 million.





#### D. Basic and diluted net loss per common share

For the years ended December 31, 2018 and 2017, basic and diluted net loss per common share are computed by dividing the net loss for the period by the weighted average number of common shares outstanding for the year. The potential effect of stock options, RSUs and warrants has been excluded from the calculation of diluted loss per common share as the effect would be anti-dilutive. At December 31, 2018 there was a total of 3,458,805 stock options and 68,000 RSUs outstanding (December 31, 2017 – 3,618,509 and 127,750, respectively).

### 11. Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value.

**Level 1:** Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts, volatility measurements used to value option contracts and observable credit default swap spreads to adjust for credit risk where appropriate), or inputs that are derived principally from or corroborated by observable market data or other means.

**Level 3:** Inputs are unobservable (supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The Company's financial assets and liabilities as at December 31, 2018 and December 31, 2017 are cash and cash equivalents, short-term deposits, accounts receivable, marketable securities, and accounts payable and accrued liabilities. Other than investments, the carrying values approximate their fair values due to the immediate or short-term maturity of these financial instruments and are classified as a Level 1 measurement. The Company's equity investments are measured at fair value based on quoted market prices and are classified as a level 1 measurement.

The Company's financial risk exposures and the impact on the Company's financial instruments are summarized below:

#### *Credit Risk*

The Company's credit risk is primarily attributable to short-term deposits, and receivables included in amounts receivable and prepaid expenses. The Company has no significant concentration of credit risk arising from operations. Short-term deposits consist of Canadian Schedule I bank guaranteed notes, with terms up to one year but are cashable in whole or in part with interest at any time to maturity, for which management believes the risk of loss to be remote. Management believes that the risk of loss with respect to financial instruments included in amounts receivable and prepaid expenses to be remote.

#### *Liquidity Risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2018, the Company had a cash and cash equivalents of \$2.9 million and short-term deposits of \$17.1 million (2017 - \$4.0 million and \$12.1 million, respectively) for settlement of current financial liabilities of \$4.7 million (2017 - \$4.0 million). In May 2018, the Company closed a flow-through financing and issued 1,150,000 common shares at \$17.16 per share for gross proceeds of \$19.7 million. In November 2018, the Company closed a non-brokered private placement of one million common shares, at a price of \$14.00 per share, for gross proceeds of \$14.0 million. As part of the private placement agreement, the Company also granted an option to increase the size of the private placement by an additional 250,000 common shares exercisable until December 24, 2018. The 250,000 options were fully exercised on December 14, 2018 at a price of \$14.00 per share, for gross proceeds of \$3.5 million.

Also, in December 2018, the Company closed a flow-through financing and issued 250,000 common shares at \$20.50 per share for gross proceeds of \$5.1 million.

As the Company does not generate cash inflows from operations, the Company is dependent upon external sources of financing to fund its exploration projects and on-going activities. If required, the Company will seek additional sources of cash in 2019 to cover its proposed exploration and development programs at its key projects, in the form of equity financings and from the sale of non-core assets. The short-term deposits consist of Canadian Schedule I bank guaranteed deposits and are cashable in whole or in part with interest at any time to maturity. The Company's financial liabilities primarily have contractual maturities of 30 days and are subject to normal trade terms. The Company's ability to fund its operations and capital expenditures and other obligations as they become due is dependent upon market conditions.



In addition, as at December 31, 2018, the Company had commitments of \$5.9 million required to be paid in 2019, including \$0.7 million to maintain its mineral property claims in good standing. If required, the Company will seek additional sources of cash, in 2019 to cover its proposed exploration and development programs at its key projects, in the form of equity financings and from the sale of non-core assets. The short-term deposits consist of Canadian Schedule I bank guaranteed deposits and are cashable in whole or in part with interest at any time to maturity. The Company's financial liabilities primarily have contractual maturities of 30 days and are subject to normal trade terms. The Company's ability to fund its operations and capital expenditures and other obligations as they become due is dependent upon market conditions.

#### Market Risk

##### A. Interest rate risk

The Company has no interest-bearing debt. The Company's current policy is to invest excess cash in Canadian bank guaranteed notes (short-term deposits). The short-term deposits can be cashed in at any time and can be reinvested if interest rates rise.

##### B. Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian and US dollars. The Company funds certain operations, exploration and administrative expenses in the United States on a cash call basis using US dollar currency converted from its Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is not significant to its operations and therefore does not hedge its foreign exchange risk. As at December 31, 2018, the Company holds \$0.8 million of cash and cash equivalents and \$0.1 million of accounts payable and accrued liabilities denominated in US dollar.

##### C. Investment risk

The Company has investments in other publicly listed exploration companies which are included in investments. These shares were received as option payments on certain exploration properties the Company owns. In addition, the Company holds \$2.5 million in a gold exchange traded receipt that is recorded on the consolidated statements of financial position in investments. The risk on these investments is significant due to the nature of the investment but the amounts are not significant to the Company.

## 12. Corporate and administrative expenses

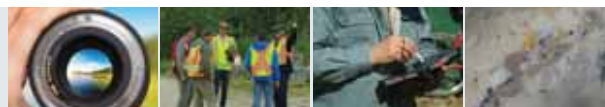
(\$000s)	2018	2017
Employee compensation	3,990	3,423
Stock-based compensation	5,178	7,518
Professional fees	1,430	872
Other general and administrative	1,772	1,860
	<b>12,370</b>	<b>13,673</b>

## 13. Related party disclosures

Compensation to key management personnel of the Company:

(\$000s)	2018	2017
<b>Compensation of directors:</b>		
Directors fees	342	329
Stock-based compensation	707	1,024
	<b>1,049</b>	<b>1,353</b>
<b>Compensation of key management personnel:</b>		
Salaries and consulting fees	4,416	3,712
Stock-based compensation	3,453	4,817
	<b>7,869</b>	<b>8,529</b>
	<b>8,918</b>	<b>9,882</b>

During 2018, other than compensation paid to key management personnel, a private company controlled by an officer was paid \$200,400 (2017 - \$200,400) for legal services rendered. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.



## 14. Income taxes

(\$000s)	2018	2017
Current tax expense	72	252
Deferred tax expense	4,895	1,912
	4,967	2,164
<hr/>		
(\$000s)	2018	2017
Share issuance costs	204	709

In 2018, the Company recognized income tax expense of \$5.0 million (2017 - \$2.2 million) primarily related to a deferred tax expense arising due to the renouncement of expenditures related to 2016, 2017 and 2018 flow-through shares which are capitalized for accounting purposes, offset by a deferred tax recovery arising from the losses in the current year.

### A. Rate reconciliation

The provision for income taxes differs from the amount that would have resulted by applying the combined Canadian Federal, Ontario, British Columbia and Northwest Territories statutory income tax rates of 26.70% (2017 - 26.29%).

(\$000s)	2018	2017
Loss before income taxes	(14,973)	(8,123)
	26.70%	26.29%
Tax expense calculated using statutory rates	(3,998)	(2,136)
Non-deductible items	(298)	568
Difference in foreign tax rates	50	35
Change in deferred tax rates	2	736
Movement in tax benefits not recognized	1,752	(1,437)
Renouncement of flow-through expenditures	7,538	4,429
Other	(79)	(31)
Income tax expense	4,967	2,164

### B. Deferred income tax

The following table summarizes the significant components of deferred income tax assets and liabilities:

(\$000s)	December 31, 2018	December 31, 2017
<b>Deferred tax assets</b>		
Property and equipment	65	65
Provision for reclamation liabilities	70	69
Financing costs	818	991
Non-capital loss carryforwards	22,547	19,532
<b>Deferred tax liabilities</b>		
Mineral interests	(46,789)	(39,254)
	(23,289)	(18,598)

### C. Unrecognized Deferred Tax Assets

The Company has not recognized deferred income tax assets in respect of the following tax effected deductible temporary differences:

(\$000s)	December 31, 2018	December 31, 2017
Marketable securities	352	276
Loss carryforwards	874	974
Investment tax credits	1,481	1,481
Foreign tax credits	268	268
Mineral properties	215	203
Provision for reclamation liabilities	1,507	-

Deferred tax has not been recognized on the deductible temporary difference of \$4.0 million (2017 - \$5.5 million) relating to investments in subsidiaries as these amounts will not be distributed in the foreseeable future.

The tax losses not recognized expire as per the amount and years noted below. The deductible temporary differences do not expire under the current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit would be available against which the Company can utilize the benefits there from.





#### D. Income tax attributes

As at December 31, 2018, the Company had the following income tax attributes to carry forward.

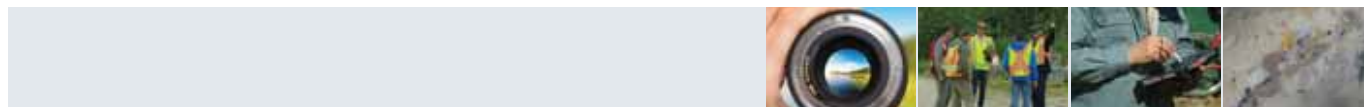
	(\$000s)	Expiry date
Canadian non-capital losses	84,979	2038
Canadian capital losses	1,811	Indefinite
Canadian tax basis of mineral interest	189,717	Indefinite
U.S. non-capital losses	288	2038
U.S. capital losses	1,758	2023
U.S. tax basis of mineral interest	2,974	Indefinite

Subsequent to the year end the Company received a notice from the Canada Revenue Agency (CRA) that it proposes to reduce the amount

of expenditures reported, as Canadian Exploration Expenses (CEE) for the three-year period ended December 31, 2016. The Company has funded certain of its exploration expenditures, from time-to-time, with the proceeds of issuance of flow-through shares and renounced, to subscribers, the expenditures which it determined to be CEE. The notice disputes the eligibility of certain types of expenditures previously audited and approved as CEE by the CRA. The Company strongly disagrees with the notice from the CRA and will be responding to the CRA within the second quarter of 2019. Should the CRA not agree with the Company's position, as filed, the Company and the subscribers of the flow-through shares could be re-assessed additional tax. The Company indemnified the investors that subscribed for the flow-through shares in their flow-through share subscription agreements. Any such reassessment can be appealed to the courts. Given the details in the notice, the potential additional tax to the Company is estimated to be \$2.2 million and the potential indemnification to the investors is estimated to be \$11.8 million. No provision has been recorded related to the potential tax nor the potential indemnity as the Company does not consider it probable that there will be an amount payable related to expenditures which the Company determined to be CEE.

## 15. Commitments

(\$000s)	Payments due by years				
	Total	2019	2020-21	2022-23	2024-25
Mineral interests	6,767	681	1,362	2,091	2,633
Flow-through share expenditures	5,125	5,125	-	-	-
Business premises operating lease	247	119	110	18	-
	12,139	5,925	1,472	2,109	2,633



# Corporate Information

## DIRECTORS

**Rudi P. Fronk**  
*Chairman of the Board*

**A. Frederick Banfield**

**Eliseo Gonzalez-Urien**

**Richard C. Kraus**

**Jay S. Layman**

**Clement A. Pelletier**

**John W. Sabine**

**Gary A. Sugar**

## OFFICERS

**Rudi P. Fronk**  
*Chief Executive Officer*

**Jay S. Layman**  
*President and Chief Operating Officer*

**William E. Threlkeld**  
*Senior Vice President, Exploration*

**Peter D. Williams**  
*Senior Vice President, Technical Services*

**Christopher J. Reynolds**  
*Vice President, Finance and Chief Financial Officer*

**R. Brent Murphy**  
*Vice President,  
Environmental Affairs*

**C. Bruce Scott**  
*Vice President,  
General Council and Corporate Secretary*

**Michael G. Skurski**  
*Vice President, Technical Services*

**Gloria M. Trujillo**  
*Assistant Corporate Secretary*

## STOCK EXCHANGE LISTINGS

Toronto Stock Exchange, symbol "SEA"  
New York Stock Exchange, symbol "SA"  
CUSIP Number 811916105

## HEAD OFFICE

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## INVESTOR RELATIONS

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info@seabridgegold.net

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International Direct Dial: 514 982 7555

**Computershare Investor Services Inc.**  
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USA

Toll free (North America): 1 800 564 6253  
International Direct Dial: 514 982 7555

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FOCUS



TEAMWORK



TECHNOLOGY



SUCCESS



# SEABRIDGE GOLD

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