

ACTING SUSTAINABLY

ANNUAL REPORT 2017

Reclaiming the Impact of Legacy Mining in Tahltan Territory

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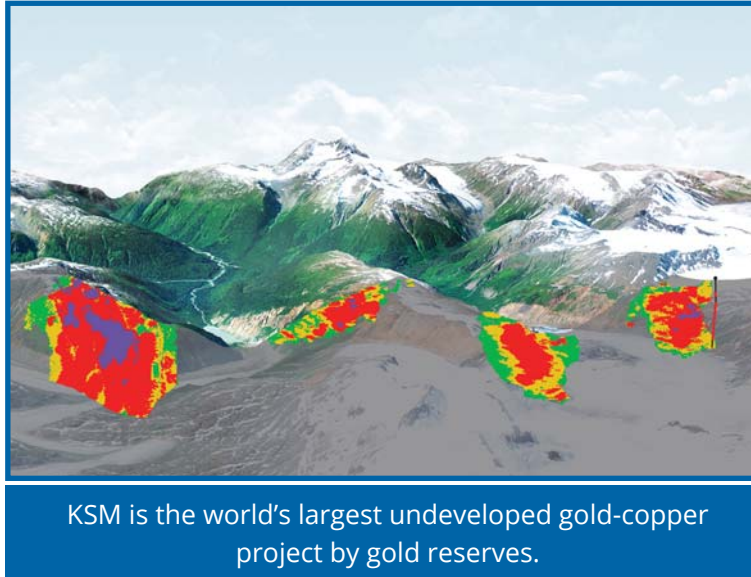
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Forward-Looking Statements

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 and our Annual Report on Form 40-F filed on EDGAR at www.sec.gov/edgar.shtml.

Testing the Tailings Management
Facility at the Johnny Mountain Mine



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 27, 2018
4:30 p.m. EDT

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

Report to Shareholders

As we have written in our recent gold market commentary (see <http://seabridgegold.net/case4gold.php>), we believe the bear market in gold that began in 2012 has finally come to an end. The price of gold is now approximately 25% higher than its 2015 bear market low of \$1045 per ounce. In 2017, the price of gold rose 13% while the GDX and GDXJ gold share ETFs increased by 11% and 8%, respectively. Over the same period, Seabridge shares rose 39%, outperforming both gold and most gold equities.

Our success achieving outsized returns for our shareholders in a rising gold market is based on our unique founding strategy of growing our resource base faster than shares outstanding. In our view, the main reason to own shares in a gold company is to obtain leverage to the gold price. As you will see in the *Loading the Bases* section later in this report, 2017 was one of our best years ever when it comes to gold resource additions per share. This corporate discipline over the past 18 years has enabled us to develop one of the world's largest inventories of gold reserves and resources with remarkably little share dilution. We fully expect to continue to outperform other gold equities as the gold price rises.

In our 2015 Annual Report, we focused on the theme of "Turning Cash into Gold", highlighting our understanding of the unique role gold plays in our financial system and the impact this understanding has had on our corporate strategy that distinguishes us from other gold companies. Last year's annual report theme was "*KSM: Bigger and Better*" which put a spot light on the two primary skills that we use to add value: targeted exploration and smart project design. The theme for this year's report is *Acting Sustainably*, focusing on the social and environmental obligations we have met and have committed to meet in the future.

Report Card on 2017 Objectives:

As in years past, we begin each year with a set of clear, published objectives designed to enhance shareholder value. At year end, our Board of Directors evaluates how we performed against these objectives. Last year's annual report set out seven objectives. Here's how we did:

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

Potential partner interest in KSM reached new highs this past year, culminating in two proposals from major companies which we did not accept. As their reserves fall and their exploration results disappoint, the larger mining companies are finally starting to address their growing need to acquire new projects. A number of companies remain seriously engaged in due diligence and discussions continue.

There is no doubt that the drilling results from this past summer at Iron Cap make KSM a better project today than it was last year. Also, prospective partners are becoming more able to transact due to higher copper and gold prices and strengthening balance sheets.

Furthermore, the population of competing projects has contracted significantly as much of the world becomes increasingly inhospitable to mining and property rights. These factors should set the stage for an acceptable KSM transaction in the not too distant future. In our view, KSM now stands alone among the world's undeveloped gold/copper projects in terms of size, jurisdiction, projected economics and permit approvals. We only get to do this once, so terms trump timing. Meanwhile, we continue to improve the Project.

- **Continue to strengthen our social licence by entering into further agreements with Treaty and First Nations and local communities in response to their needs and concerns. Earning social licence is never completed ... it is an ongoing obligation.**

Strengthen social licence

Our first priority is to provide work for local people and training where needed. Last year, we employed aboriginals for 1287 person days of work at the KSM and Iskut Projects. We continue to use companies that have joint ventures with the Tahltan or Nisga'a Nation as camp contractors and environmental contractors, for helicopter support and for logistics and expediting. We expect contractors to maximize their indigenous employment from the area and this year our personnel stepped in on occasion to support First Nation workers and resolve job performance issues. Our efforts to direct environmental monitoring contracts to Gitanyow businesses were more successful in 2017.

The clean-up effort at the Johnny Mountain Mine has had a significant positive impact on our relationship with the Tahltan Nation. See the description of this program in the *Sustainable Development* section of this report. This work has helped to solidify our reputation as a responsible operator. We have implemented quarterly meetings with the Tahltan to discuss upcoming work at Iskut and to plan how to increase Tahltan participation.

Concluding an Impact Benefits Agreement (IBA) with the Tahltan Nation remained a primary focus this year. Significant effort has gone into refining contracting terms and formulating a robust relationship management structure for the IBA, including commitments on social and cultural matters. A second round of Tahltan community meetings was held in late October and early November on the proposed terms of the IBA. We had personnel presenting at 11 of these meetings and the initial feedback has been generally positive. The key is to listen to concerns and be flexible in our approach in order to address concerns and build trust.

Alaskan tribes and ENGOs are continuing their campaign to oppose mining in northwestern British Columbia and we continue to correct misinformation including periodic briefings of both Alaskan and U.S. Federal government officials, along with hosting



Drilling at Iron Cap in 2017 intersected KSM's best ever grades.

Alaskan regulators at the KSM site and Johnny Mountain Mine. The Company also successfully defended the comprehensiveness and appropriateness of its environmental assessment process in response to allegations of failure to meet the OECD *Guidelines for Multinational Enterprises* as submitted by a Southeast Alaska ENGO.

In 2017 the Company continued its initiatives to support local communities by administering a bursary program that provided \$130,000 towards local education spread across 60 students and by participating in seven different community job fairs and mining conferences/forums. The Company also continues to keep local communities informed of project status and news through direct mail of 14,000 newsletters and contributions of articles three times per year to the Tahltan newsletter. The office in Smithers, which is responsible for these initiatives, offers an important point of contact for people in the region, fielding numerous calls and visits as well as finding local workers and suppliers.

The success of our efforts to advance our social licence was evidenced in 2017 by the grant of KSM's Schedule II Amendment allowing us to discharge water from the Tailings Management Facility (TMF) and the Tahltan Nation's willingness to accept our proposed Bronson connector road to the Iskut Project through their traditional territory.

- **Drilling at Iron Cap to explore for its down dip extension and to understand the surprise 2016 discovery of a new high-grade near-surface zone.**

Exploring Iron Cap

Wow! We did not expect to hit a home run but we did...discovering a central core zone with the best metal values found to date at KSM... and our geologic model suggests it's likely going to get much bigger. In one season, we more than doubled the deposit's contained gold and tripled its contained copper.

A total of 10,383 metres of diamond core drilling was completed in 11 holes in last year's program. All 11 holes returned wide zones of significant grade. The later holes in the program exhibited the best results including IC-17-72 that intersected 858 metres of continuous mineralization grading 0.86 grams per tonne gold (g/T) and 0.51% copper. The earlier drilling suggested improving gold and copper grades trending to the west and the program was accordingly reoriented in that direction in mid stride. The success of last year's drilling indicates that Iron Cap is approaching parity in size with Mitchell and Kerr, but with zones of considerably higher metal values. We now see the early development of Iron Cap as a high priority for further study due to its grade, location and size. Revising the project's mine plan to reflect this thinking will likely have a major impact on KSM's projected economics.

- **Complete a drill program at our newly acquired Iskut Project, focusing on the high-grade gold potential at the Quartz Rise target.**

Drilling at Iskut

The Quartz Rise target is an entirely new opportunity that grew out of our understanding of porphyry systems such as KSM. The concept is called a lithocap which is found at the top of a porphyry system where acidic fluids associated with epithermal precious metals deposit their load while altering and destroying the surrounding rocks. At KSM, the lithocaps were likely eroded or displaced, perhaps accounting for the next door Pretium high-grade Brucejack mine. At Iskut, we think the mineralizing system is still in place, making the unexplored lithocap near the top of Johnny Mountain an interesting conceptual target. The former Johnny Mountain high-grade mine appears to be part of this lithocap feature.

We completed our first exploration program on the Quartz Rise target at the Iskut Project this past summer. Ten core holes were completed totaling 4,459 metres. 2017 drilling found evidence of a gold-bearing intermediate sulfidation epithermal system beneath



Tahltan Geotech drills monitoring wells to test water quality.

the Quartz Rise lithocap as anticipated. Intercepts included 1.5 meters grading 8.26 g/T gold in QR-17-01 and 1.5 metres grading 74.1 g/T gold in QR-17-07. Sampling of a cliff face north of Quartz Rise returned very high grades ranging from 1.49 to 125.3 g/T gold. An economic source for these gold concentrations was not found in the 2017 drilling but the data acquired in this year's program has defined a target which could account for these high-grade results. A second exploration program is being planned for this year to pursue this target.

- In cooperation with the Tahltan and B.C. regulators, begin implementation of the Johnny Mountain reclamation and closure plan, a small underground historic mine located on the Iskut Project.

Johnny Mountain reclamation

One of the black marks against our industry is the number of old mine sites that were never properly reclaimed and closed. When we acquired the Iskut property in 2016, we knew we were getting one of these relics, the old Johnny Mountain Mine, located in an otherwise pristine natural setting in traditional Tahltan Nation territory. The site had many unmet needs from old chemical and fuel dumps to a less than ideal tailings facility. When we made the decision to acquire the project, we also decided that we (not the government or past operators) would voluntarily clean up this site to the standards of today, at our expense, even though we were not responsible for the mess.

In early 2017, Seabridge staff prepared a Johnny Mountain Project Execution Plan which outlined reclamation objectives for 2017 and identified our site goals for a thorough site reclamation and closure to be completed from 2017 to 2024. Please see the *Sustainable Development* section of this report for details on the work accomplished during 2017 as well as plans going forward.

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

More gold per share

We have been pursuing this self-imposed aim since we formed Seabridge in October 1999. 2017 marked another successful year in offsetting equity dilution with accretion to gold ounces. From 2017 drilling at Iron Cap, we added over 15 million inferred resource ounces of gold while losing 600 thousand ounces of indicated resources due to tighter grade shell boundaries. In 2017, our shares outstanding increased by 3.36 million shares for new financings to fund our programs, acquisitions of new projects and other share issuances. For more information on this key objective, please see the *Loading the Bases* section of this report.

Now for 2018...

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 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.

Due to the size and complexity of the KSM Project, we think the landscape of potential partners is limited to no more than 10 major gold and base metal companies. We believe that our ability to attract a partner for KSM on terms acceptable to Seabridge has improved significantly over the past several years and, in the end, our patience will reap rewards for the shareholders that have stayed the course.

We have set seven more objectives for 2018 including:

1. Continue to strengthen our social licence by responding effectively to the needs and concerns of Treaty and First Nations and local communities.
2. Add more resources by drilling the Iron Cap Deposit further down dip. Last year's results point to the potential of better grades below and west of where we have drilled so far;
3. 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 (see The Next One section later in this report);
4. Further drilling on the Quartz Rise target at Iskut to vector towards the source of the high-grade mineralization found in 2017;
5. Define drill targets at our newly-acquired Snowstorm Project using geophysical survey tools;
6. Continue advancing the Johnny Mountain reclamation and closure plan in cooperation with the Tahltan Nation and B.C. regulators; and
7. Increase gold ownership per common share by way of accretive resource additions from acquisitions and/or continued exploration at our Projects.

Our programs are carefully designed to enhance the value of our assets in anticipation of the time when the current bubble in financial assets ends and there is an accompanying re-valuation of gold. We firmly believe the best is yet to come.

On Behalf of the Board of Directors,



Rudi P. Fronk
Chairman and Chief Executive Officer
April 4, 2018



Our future includes the Snowstorm Project, an outstanding gold exploration opportunity in northern Nevada.

SUSTAINABLE DEVELOPMENT:

Now and for the Future

What is sustainable development? The Brundtland Report, entitled *Our Common Future*, defines it this way: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

This definition of sustainability is an explicit call to respect the future. At Seabridge, the future is very much on our minds. Our KSM Project currently has a planned life of more than 50 years once production begins and our exploration successes suggest that an even longer life is likely.

The design of KSM exhibits our commitment to sustainability for the long term. KSM has been carefully conceived to minimize environmental risks during operation and afterwards. For example, the design of our Tailings Management Facility conforms to the standards of BATT (Best Available Tailings Technology). We are one of the first companies in British Columbia to incorporate a separate lined cell for potentially acid-generating tailings. We have appointed an Independent Geotechnical Review Board comprised of highly qualified international experts to review our water management and dam designs and to provide oversight and advice on construction, operations and closure. Their fully independent reports are made public.

But sustainability also has a dimension in the present. Communities have current developmental needs. Smaller, local communities need access to education, training and employment to maintain their vitality and integrity. A profitable 50 year project fails if it does not also support a thriving local human environment. And what is our responsibility for correcting the abuses of the past? In our definition of sustainability, should we not also take a role in addressing the unsustainable practices that have already depleted our common inheritance?

Cleaning Up Johnny Mountain

Two years ago, Seabridge acquired the Iskut Property which is within the traditional territory of the Tahltan Nation, one of the main aboriginal communities we have partnered with at KSM. We knew at the time that Iskut came with a legacy of poor mining practices. We decided going in that we would take on the remediation of the old Johnny Mountain Mine and the Bronson Slope Airstrip, both of which had been abandoned with no regard for the environment.

Historically, the Johnny Mountain underground gold mine operated for 24 months from 1988 to 1990 and again for a short period during the summer of 1993. The owner left behind a processing plant, an airstrip at the mine site, 3.5 km of underground workings, an 11.5 hectare flooded tailings impoundment, discarded equipment, hazardous waste and several small waste rock dumps. The Bronson Slope Airstrip 15 km from the mine site was utilized in support of this operation, with little regard for its impact on the environment.

Initial clean-up began in 2016. Our first priority was to comply with existing B.C. Government authorizations and also assess some urgent issues. Working closely with the Tahltan, we initiated a \$1.5 million remediation program that included general cleanup of the Bronson Slope Airstrip, a dam safety review (which indicated that the existing tailings management facility was in good condition), and an aquatic impact monitoring program which established that seepage from the mine was not damaging sensitive downstream fish habitats in the Craig and Iskut rivers.

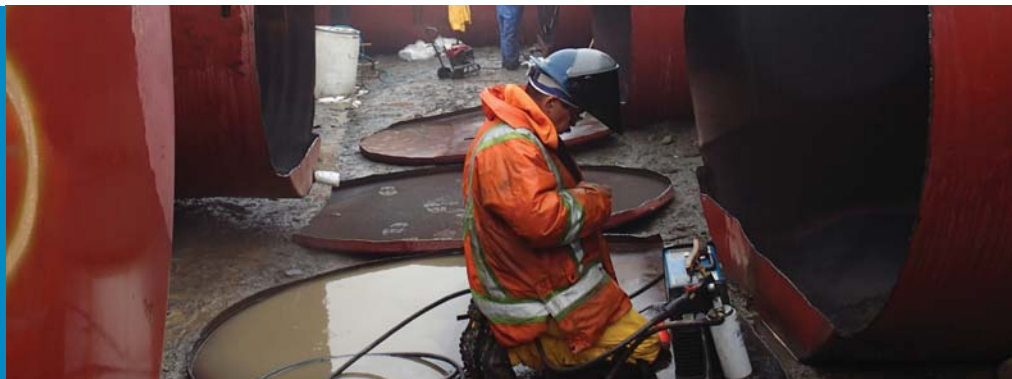
Reclamation of an old mine site operated by someone else needs lots of research that often turns up unexpected problems. In 2017, we initiated studies required to develop a full reclamation program to be implemented over the next five to seven years. To understand the water and soil conditions at Johnny Mountain, a detailed investigation and sampling program was implemented. With the assistance of Tahltech Geotech and Tahltan workers, more than 50 groundwater wells were drilled, allowing groundwater samples to be taken and analyzed. Surface water samples were also collected across the project site. We engaged consultants to sink test pits around the project site to better understand soil contamination. All this information will be used to develop the reclamation program.

At the same time, we continued to restore the mine site last year by covering all open underground portals and vent raises and dismantling the abandoned fuel tank farm. There were 23 fuel tanks each with a capacity of 7,000 gallons (31,700 litres) and one gas tank with the capacity of 100,000 gallons. All fuel tanks were cleaned out, cut up, dismantled and stored on site for future disposal.

Progress was also made on the old mill building. Hazardous materials including unknown chemical bottles, 4,150 pounds of asbestos tiles and mercury light ballasts were shipped offsite to a licensed hazardous waste disposal facility. At the Tailings Management Facility, vibrating wire piezometers were installed to monitor dam stability. The dam was also reinforced with fill material and packed down.

A large component of the work at Iskut has been carried out by Tahltan contractors employing Tahltan workers.

A Tahltan Nation
Development Corp.
employee cuts up old fuel
tanks for disposal.





Our cycling team gets ready for the 2017 Tour de Telegraph in support of the Tahltan community.

Sustainable Communities

Much of the well-being of a community rests on volunteer organizations and local institutions. Our role is to recognize their needs and support them. In northwestern British Columbia, we made targeted donations to organizations such as the Buckley Valley Health Center and Hospital Foundation, the District of Stewart (ambulance funding), the Dease Lake Graduating Class (in support of a trip to Europe), and the Rotary Club of Terrace (the development of a splash park). In all, we contributed \$93,000 to these initiatives. Our employees also volunteered their time and expertise to help local social programs.

Our commitment to local education continued for the sixth year with a total of \$130,000 in grants to aspiring individual professionals from communities throughout northwestern British Columbia.

Our aim is to encourage and support the education of the next generation of community leaders.

Our Smithers office team continued its community outreach by participating in five business expos throughout northwestern British Columbia and the annual Roundup Expo in Vancouver. Seabridge personnel also reached out to the Indigenous communities with an interest in our Courageous Lake Project throughout last year, in support of our land use permit renewal which was successfully obtained in October 2017.

Our CEO, COO and members of the Smithers office took part in the 2017 Tour de Telegraph, a grueling annual bicycle ride from Dease Lake to Telegraph, B.C., in support of local Tahltan community initiatives. Not many of us finished.

Some Recognition for Seabridge

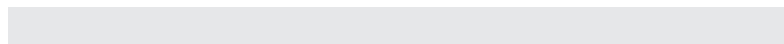
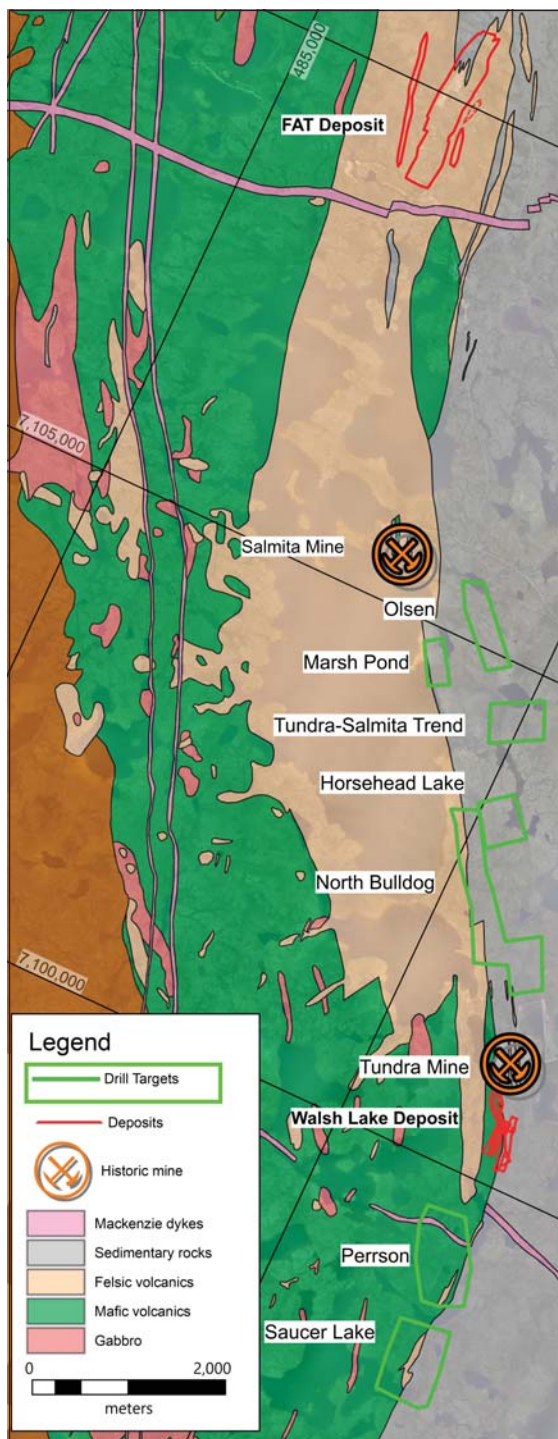
In 2017 our Environmental Team received the 2017 Robert R. Hedley Award presented annually by the Association for Mineral Exploration in B.C. to a member company for significant contributions or advances in environmental management and/or social responsibility. The award specifically recognized the contributions of Seabridge's Brent Murphy, Vice President of Environmental Affairs, and Elizabeth Miller, Manager of Environmental Affairs, who are leading the Company's sustainable development program for its KSM Project. This program has pioneered community engagement, local development and environmental initiatives which were instrumental in obtaining approval of the project's Environmental Assessment and have been widely recognized by representatives of the industry and the B.C. government.

"Seabridge is committed to responsible and sustainable operations now and in the future in all communities in which we operate".



THE NEXT ONE:

Courageous Lake



KSM has been an enormous exploration success since 2006, which tends to overshadow another big win by Seabridge in Canada's North West Territories... Courageous Lake. It's already one of the largest gold deposits in Canada, thanks to our past efforts, and it's the next focus for our exploration team.

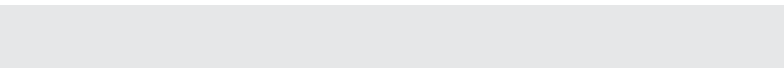
Seabridge has three prime gold exploration plays on base. At first base is Snowstorm, a huge Nevada project at the intersection of three of Nevada's most prolific gold belts. Snowstorm was acquired in 2017 and is at the early stage of its evolution. On second base is our Iskut Project where we believe we are zeroing in on a high-grade epithermal gold system just 30 kilometers from KSM in northwestern British Columbia, Canada. At third base is Courageous Lake with proven and probable reserves...the next one we intend to bring home.

The original focus at Courageous Lake was the FAT deposit (short for Felsic-Ash-Tuff). Our drilling grew the deposit to a measured and indicated resource of more than 107 million tonnes of 2.31 g/T gold (7.97 million ounces) and an inferred resource of nearly 49 million tonnes of 2.18 g/T gold (3.43 million ounces). A 2012 Preliminary Feasibility Study (PFS) recognized a proven and probable reserve of 91 million tonnes of 2.20 g/T gold containing 6.5 million ounces of gold in a single, large open pit. That's an excellent grade for an open pit deposit.

However, Courageous Lake has two major challenges. First, the location is remote and the most cost-effective transportation is by way of an ice road which operates only in late winter. This issue adds operating and capital costs. Second, the ore is refractory, requiring significant processing to liberate the gold. The recovery process includes conventional flotation, pressure oxidation of the flotation concentrate and cyanidation. Recoveries are high, averaging 89%, and the process is energy-efficient, but the added capital costs negatively impact economics.

The PFS estimated operating costs of US\$780 per ounce produced and total costs including all capital of US\$1,123 per ounce. These numbers do not currently justify proceeding.

One solution would be a gold price of \$1,500 or better but this is not in our control. Better transportation options are under study by government including all-weather road access but these proposals are years away and also not under Seabridge control. How do we get Courageous Lake all the way home? It seems that exploration may offer a cost-effective solution.



Exploring for the Right Stuff

In 2012, our exploration team discovered Walsh Lake, an inferred resource of 4.6 million tonnes of 3.24 g/T gold (482 thousand ounces) at shallow depth and just a few miles from the FAT deposit. The breakthrough here is that the gold is free-milling, not refractory, with up to 95% recoveries from low-cost conventional milling. The Walsh Lake deposit could be mined prior to installing the expensive components of the processing plant required for the refractory FAT deposit. This order of development could have significant economic benefits for the Courageous Lake Project not only by extending mine life but also by generating cash flow to pay for some of the capital costs as the FAT deposit ramps up.

One solution for near-term success at Courageous Lake is therefore to find more Walsh Lake mineralization, so our team got to work. A regional geophysical survey identified a stratigraphic break in the Walsh Lake area that appeared to account for the deposit and also lined up with the strike extension of the past-producing high-grade Tundra Mine. Historical drill intersections of gold along this break were then located. Next, we aggressively covered the stratigraphic break with ground geophysical surveys which identified seven zones with characteristics similar to Walsh Lake. And in February 2018, we began to drill test these targets along the Walsh Lake trend. Can we ultimately double the Walsh Lake-style resource for three years of early, low-cost production? That should make a big difference.



Winter drilling at Courageous Lake is challenging with temperatures of -50°C .

Capitalizing on the Dollar

Meanwhile, Courageous Lake is benefiting from changes in currency markets.

Seabridge annually “stress tests” its mineral reserves and resources to see if they need to be restated as the economic environment changes. Although the gold price is a little lower than it was in 2012, when the PFS was prepared, the Canadian dollar is substantially weaker. The financial model in the 2012 PFS assumed that the Canadian dollar was 98 cents US which was then the appropriate exchange rate. All Canadian dollar costs were converted to US dollars at that rate. Today, the Canadian dollar is 78 cents US, representing a decrease of about 20.4%, which has a major positive impact on the economics of the project. The sensitivity analysis presented in the PFS shows that, if everything else remains the same, a decrease of approximately 20% in the exchange rate would

cause the pre-tax net present value (NPV) of Courageous Lake (at a 5% discount rate) to increase by a factor of approximately three times and the pre-tax internal rate of return (IRR) would approach 15%, which, within the industry, has frequently been considered sufficient to support an investment decision.

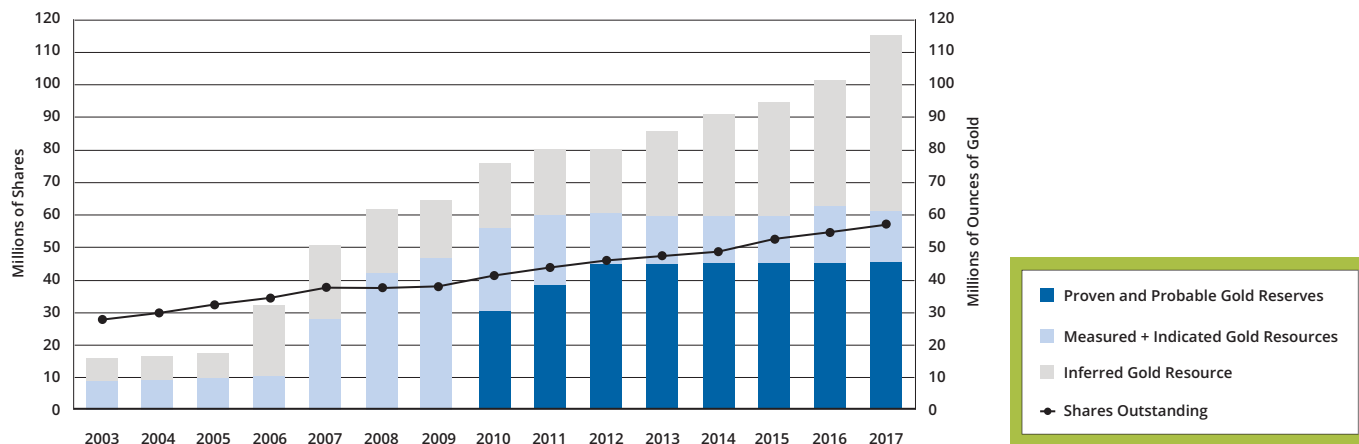
We haven’t generated new estimates of capital and operating costs. However, we do track the price movements for key costs. For Courageous Lake, two of the most important cost items are diesel fuel and labour rates. The PFS uses three-year trailing average prices. Diesel prices and construction labour rates, expressed in US dollars, have fallen markedly since 2012. The decrease in Canadian hourly labour rates is primarily due to reduced demand resulting from the scale-back in oil sands projects in western Canada and the lower exchange rate.

Loading The Bases

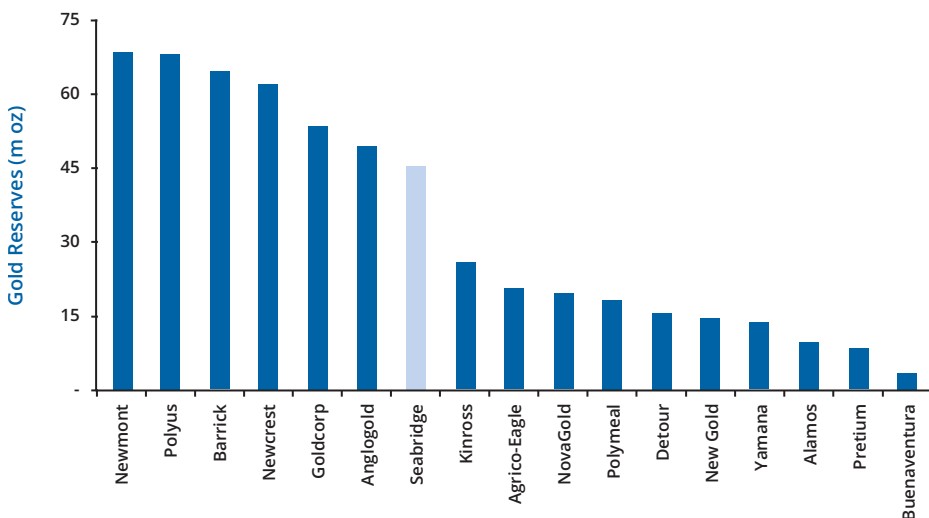
To use a baseball analogy, Seabridge has loaded the bases. When gold makes its next big move, we think Seabridge is positioned to deliver a grand slam.

No other public company we know has added as many ounces of gold resources as Seabridge over the past 12 years. What is more, we added these ounces while issuing far fewer shares. The result is that Seabridge offers the best leverage to a rising gold price of anyone in the business by holding more resource ounces of gold per share. This is exactly what we set out to accomplish when we started Seabridge back in 1999.

Here is the proof.



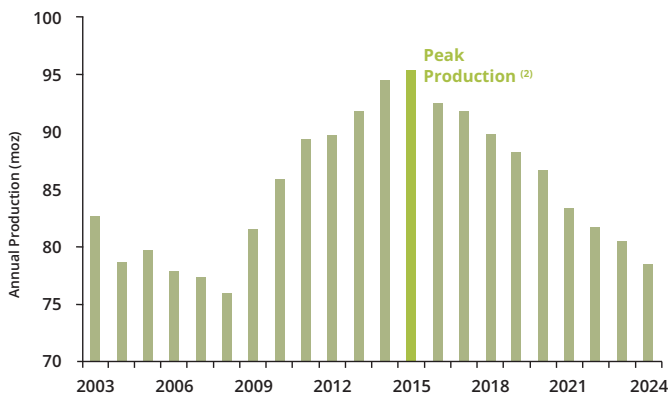
The result of this performance is that Seabridge ranks seventh among the world's largest gold companies measured by reserves, as the graph below shows:



Source: Publicly available company data

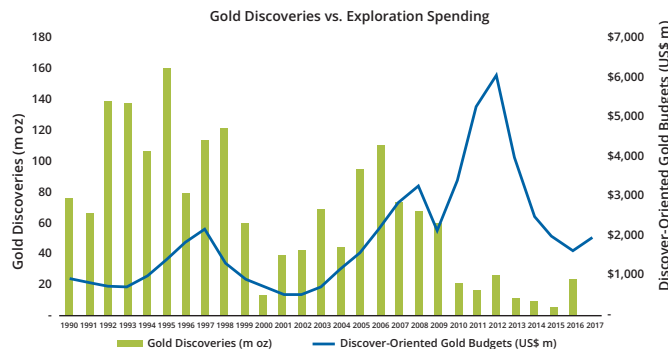
What is gold in the ground worth? One answer is to be found in the projected economics of a Preliminary Feasibility Study. In the Preliminary Feasibility section of our 2016 KSM Technical Report*, the Project reports a NPV (discounted at 5%) of US\$3.3 billion and total cost of gold production of US\$673 per ounce (including all capital) using \$1,230 gold and \$2.75 copper. The Technical Report also contains a revised mine plan in a Preliminary Economic Assessment (PEA) that incorporates the newer discoveries at Deep Kerr and Iron Cap. The PEA reports a NPV (also at a 5% discount rate) of US\$6.1 billion while lowering total costs of gold production to US\$358 per ounce, using the same metal prices. Gold producers have historically traded at a premium to their NPVs.

Another answer to the question of value is to be found in the market for projects. Gold is only now emerging from an extended bear market which has forced gold companies to consolidate and reduce debt. During this period, the market value of gold in the ground has been depressed. We think this is about to change. The gold industry worldwide has a problem. Annual production has peaked and is now declining.



Source: Consensus estimate. Includes CPM Group, GFMS and Metal Focus

The main reason for this decline is that exploration has been failing. The industry has not been able to replace its production. S&P Global Market Intelligence, the pre-eminent source for data on industry exploration, estimates that the industry is currently finding only about 30% of its production.

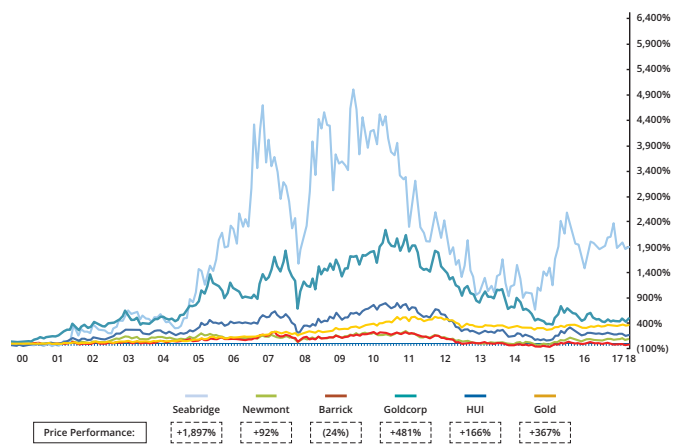


Source: S&P Global Market Intelligence

Furthermore, the cost of finding new ounces has soared. In an April 2017 research report, Paradigm Capital, Inc. estimates that finding costs for new discoveries have increased from \$11 per ounce of gold in 1990-1999 to \$147 per ounce in 2010-2015. This rapid increase in replacement costs underscores the significance and potential value of large undeveloped gold deposits.

Our point here is a simple one. Seabridge has had immense success finding economic ounces of gold. We think these ounces, and our skill in finding them, are going to be much more valuable in the future.

Seabridge has already demonstrated that it provides superior returns in a rising gold market environment, as shown in the following graph:



Could gold enter a new bull market and exceed its prior highs? We think so. The record price achieved in 2011 reflected investor perceptions of rising financial risks following the global financial crisis of 2008 and the Eurozone debt crisis in 2011. In our view, risks are rising again. We believe that financial assets – stocks and bonds – are now in a bubble created by central bank policies designed to inflate the system out of the last crisis. When this bubble finally comes to an end, we expect that investors will once again flee to the safety and reliability of gold.

Disclaimer: This information is provided for information purposes only; it is not investment advice. Neither Seabridge nor its personnel are registered or qualified to act as investment advisors. We recommend that readers seek professional advice before making investment decisions.

* See the details of our 2016 Technical Report at <http://seabridgegold.net/News/Article/630/>.

Mineral Reserves and Resources

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 (g/T)	Copper (%)	Silver (g/T)	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	224	0.49	0.20	3.6	13.0	3.5	983	26	6	
	Sulphurets	304	0.59	0.22	0.8	51.6	5.8	1,495	8	35	
	Kerr	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 (g/T)	Tonnes (000)	MEASURED RESOURCES							
			Gold		Copper		Silver		Molybdenum	
			Grade (g/T)	Ounces (000)	Grade (%)	Pounds (millions)	Grade (g/T)	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
Total Measured Resources				17,467		3,124		83,409		96

* As of December 31, 2017 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.

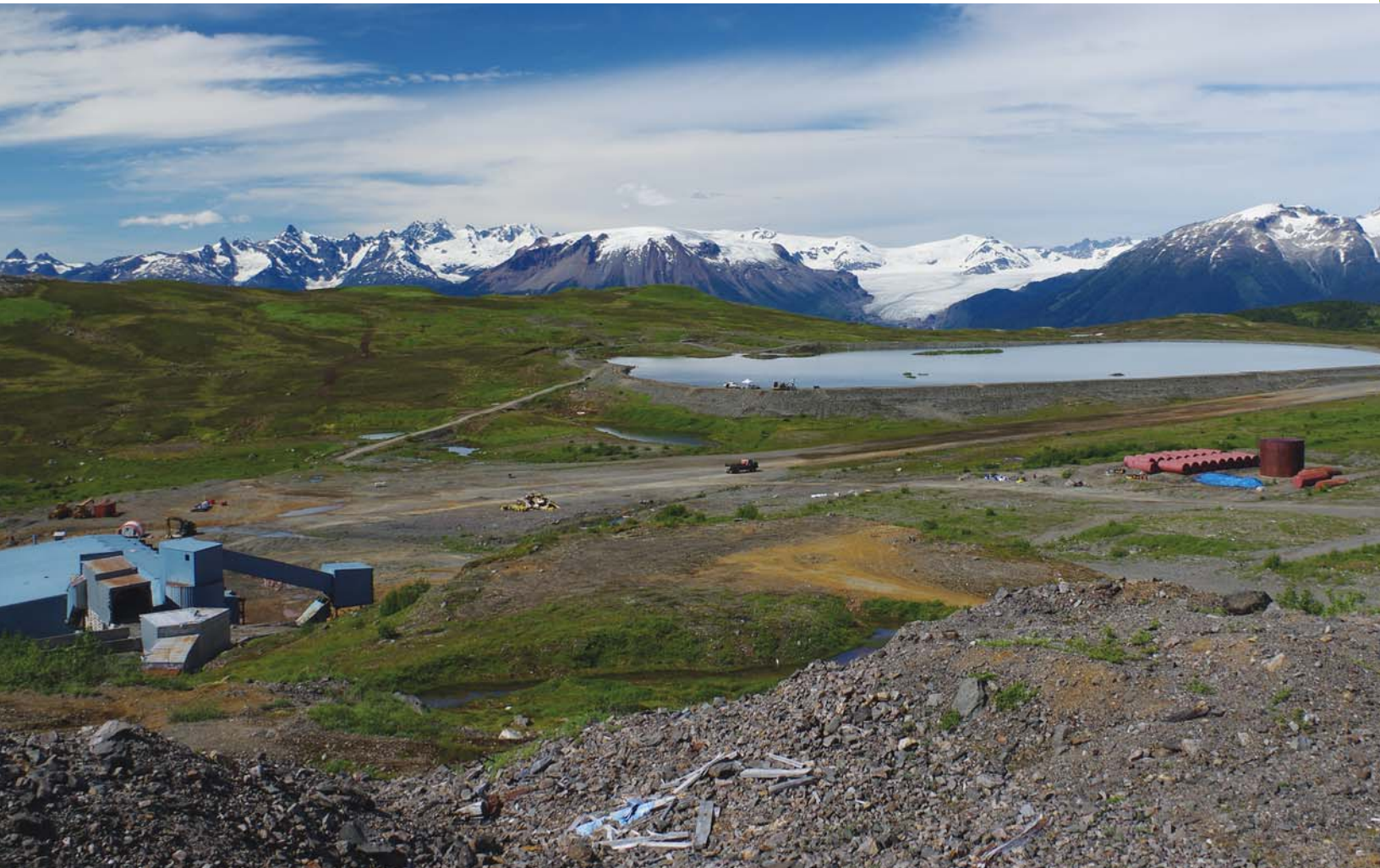
INDICATED RESOURCES										
Project	Cut-Off Grade (g/T)	Tonnes (000)	Gold		Copper		Silver		Molybdenum	
			Grade (g/T)	Ounces (000)	Grade (%)	Pounds (millions)	Grade (g/T)	Ounces (000)	Grade (ppm)	Pounds (millions)
KSM:										
Mitchell Sulphurets	C\$9 NSR Pits	1,044,600	0.57	19,183	0.16	3,794	3.0	101,654	58	134
Kerr Iron Cap		C\$16 NSR UG	378,400	0.22	2,692	0.41	3,445	1.1	13,909	5
Kerr Iron Cap	C\$16 NSR UG	369,800	0.43	5,112	0.23	1,874	4.2	49,931	48	39
KSM Total		2,174,400	0.49	34,103	0.23	10,879	2.5	175,309	53	217
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
Total Indicated Resources				43,598		10,985		182,712		189

MEASURED PLUS INDICATED RESOURCES										
Project	Cut-Off Grade (g/T)	Tonnes (000)	Gold		Copper		Silver		Molybdenum	
			Grade (g/T)	Ounces (000)	Grade (%)	Pounds (millions)	Grade (g/T)	Ounces (000)	Grade (ppm)	Pounds (millions)
KSM:										
Mitchell Sulphurets	C\$9 NSR Pits	1,794,700	0.60	34,310	0.16	6,638	3.1	179,053	58	230
Kerr Iron Cap		C\$16 NSR UG	378,400	0.22	2,692	0.41	3,445	1.1	13,909	5
Kerr Iron Cap	C\$16 NSR UG	369,800	0.43	5,112	0.23	1,874	4.2	49,931	48	39
KSM Total		2,924,500	0.52	49,230	0.21	13,723	2.7	252,708	55	313
Bronson Slope	C\$9 NSR	186,890	0.36	2,160	0.12	503	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
Total Measured plus Indicated Resources				61,065		14,226		265,878		313

INFERRED RESOURCES										
Project	Cut-Off Grade (g/T)	Tonnes (000)	Gold		Copper		Silver		Molybdenum	
			Grade (g/T)	Ounces (000)	Grade (%)	Pounds (millions)	Grade (g/T)	Ounces (000)	Grade (ppm)	Pounds (millions)
KSM:										
Mitchell Sulphurets	C\$9 NSR Pits	478,400	0.38	6,414	0.10	1,232	3.0	48,723	55	55
Kerr Iron Cap		C\$16 NSR UG	182,300	0.46	2,696	0.14	563	1.3	7,619	28
Kerr Iron Cap	C\$16 NSR UG	2,001,500	0.31	19,746	0.41	17,672	2.1	133,689	23	103
Kerr Iron Cap		1,297,400	0.48	20,023	0.30	8,579	2.9	120,970	34	97
KSM Total	3,959,600	0.38	48,879	0.32	28,046	2.4	311,001	34	266	
Courageous Lake:										
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
Total Inferred Resources				53,836		28,046		311,001		186



Reclaiming the Impact of Legacy Mining in Tahltan Territory



Management's Discussion And Analysis

For the year ended December 31, 2017

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, 2017 and 2016. This report is dated March 19, 2018 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2017, and the Company's Annual Information Form filed on SEDAR at www.sedar.com. Other corporate documents are also available on SEDAR and EDGAR as well as the Company's website 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, 2017 and the comparative year ended December 31, 2016 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% interests in eight advanced-stage gold projects situated in North America. Seabridge's principal projects include the KSM (Kerr-Sulphurets-Mitchell) 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)	2017	2016	2015
Corporate and administrative costs	(13,673)	(9,679)	(9,410)
Environmental rehabilitation costs	(2,056)	-	-
Other income – flow-through shares	5,374	4,321	2,907
Gain on investments	612	866	266
Gain on disposition of mineral properties	2,183	-	1,000
Impairment of mineral interests	-	-	(350)
Impairment of investments	(680)	-	(891)
Income taxes	(2,164)	(2,974)	(2,700)
Other	117	177	112
Net loss	(10,287)	(7,289)	(9,066)
Basic loss per share	(0.18)	(0.14)	(0.18)
Diluted loss per share	(0.18)	(0.14)	(0.18)

Summary statements of financial position (\$000s)	2017	2016	2015
Current assets	23,588	13,064	20,134
Non-current assets	359,320	324,921	280,393
Total assets	382,908	337,985	300,527
Current liabilities	6,191	5,721	2,373
Non-current liabilities	21,079	20,906	16,170
Equity	355,638	311,358	281,984
Total liabilities and equity	382,908	337,985	300,527

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 to \$13.7 million from \$9.7 million in 2016, representing a 41% increase. The increase was mainly due to an increase in stock-based compensation which increased 105% from \$3.7 million, in 2016, to \$7.5 million in the current year. The current year 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 is mainly due to the effect of expensing the grant date fair value of a higher number of

options over a shorter vesting period, in the current year, 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 has remained relatively constant over the current versus comparative reporting year as corporate, non-project related staffing levels have remained consistent between the current year and comparative year. Cash compensation is not expected to vary significantly from current levels as no significant additions to staffing levels are anticipated. Stock-based compensation, however, is expected to continue to show a high expense until the fair value of the December 2017 and 2016 grants of options and restricted share units (RSU) have been fully recognized through the consolidated statement 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 2015 (\$000s)	Expensed in 2015 (\$000s)	Expensed in 2016 (\$000s)	Expensed in 2017 (\$000s)	Remaining balance to be expensed (\$000s)
March 3, 2013	705,000	12.60	2,577	2,561	16	-	-	-
June 5, 2013	100,000	12.91	724	618	106	-	-	-
April 27, 2015	475,000	9.00	1,414	-	895	519	-	-
December 21, 2015	365,000	11.13	1,959	-	803	953	203	-
March 24, 2016	100,000	13.52	684	-	-	493	165	26
May 13, 2016	50,000	17.16	499	-	-	499	-	-
August 11, 2016	50,000	17.14	438	-	-	114	235	89
December 19, 2016	890,833	10.45	6,159	-	-	149	5,356	654
December 14, 2017	605,000	13.14	4,084	-	-	-	210	3,874
					1,820	2,727	6,169	4,643

RSUs granted	Number of RSUs	Grant date fair value (\$000s)	Expensed prior to 2015 (\$000s)	Cancelled in 2015 (\$000s)	Expensed in 2015 (\$000s)	Expensed in 2016 (\$000s)	Expensed in 2017 (\$000s)	Remaining balance to be expensed (\$000s)
December 19, 2013	235,000	2,267	2,167	(24)	124	-	-	-
December 9, 2014	272,500	2,624	1,099	-	1,184	341	-	-
December 31, 2015	94,000	1,046	-	-	542	504	-	-
December 19, 2016	125,500	1,311	-	-	-	98	1,213	-
December 14, 2017	65,000	854	-	-	-	-	136	718
			3,266	(24)	1,850	943	1,349	718

Other corporate and administrative costs in the current year were marginally higher than the comparable year of 2016. Although the Company acquired Snowstorm Exploration LLC (discussed below) in 2017 it did not add significantly to the administrative burden. The Company does not anticipate significant increases in general and administrative costs for 2018.

The Company recognized \$5.4 million of other income in 2017 related to the flow-through share premium recorded on a financing completed in April 2017 (discussed below). In the comparative year, the Company recognized other income of \$4.3 million related to recognizing the remaining balance, on December 31, 2015, of the flow-through share premium on a financing completed in April 2015, and recognizing the full flow-through share premium originally recorded on a May 2016 flow-through financing.

In 2017, IDM Mining (IDM) 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 2016.

In 2017, the Company charged \$2.1 million of rehabilitation costs to the statement of operations and comprehensive loss related to the remediation and closure planning of the Johnny Mountain Mine site, contained within the Iskut property. Costs included site cleanup and work being performed on an annual filing to the British Columbia Ministry of Energy, Mines and Petroleum Resources. There were no comparable expenses recorded in the comparative year of 2016.

The Company holds investments in 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 available-for-sale financial assets are recorded at fair value on the statements of financial position. In 2017, the Company recognized a \$0.6 million (2016 - \$0.9 million) net gain on investments. The gain is derived from the recognition of a gain on the disposition of one investment of \$0.7 million with a net loss of \$0.1 million recorded as an investment in an associate, and accounted for on the equity basis. In 2017, the Company determined that the recoverability of two of its available-for-sale investments were impaired and recorded a \$0.7 million charge to the statement of operations and comprehensive loss. No impairments related to investments were recorded in 2016.

In 2017, the Company recognized income tax expense of \$2.2 million (2016 - \$3.0 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 issuance in April 2017. The tax expense is partially offset by the tax recovery resulting from the loss in the current year.

Results of Operations 2016 Compared to 2015

The Company incurred a \$7.3 million net loss for the year ended December 31, 2016 or \$0.14 per share compared to a net loss of \$9.1 million or \$0.18 per share in 2015.

Corporate and administrative expenses, including stock-based compensation, were the most significant items contributing to losses in both fiscal 2016 and 2015 years. In 2015, impairments of investments and mineral interests contributed to losses in that year, but no comparable impairments were recognized in 2016. Offsetting expenses in both years were gains recorded on the Company's investments and the recognition of other income relating to flow-through share premiums. These items are discussed further below.

In 2016, corporate and administrative expenses increased marginally from \$9.4 million in 2015 to \$9.7 million in that year, representing a 3% increase. Cash compensation decreased by 3% from \$3.5 million in 2015, to \$3.3 million in 2016, reflecting a net of increases in annual salaries and an offsetting decrease in bonus compensation. Stock-based compensation increased less than 1% in 2016 over 2015; however the 2016 expense of \$3.7 million was largely a result of stock options (\$2.7 million) and the remainder related to restricted share units. In 2015, the expense related to an even split of \$1.8 million each of stock option and restricted share unit costs. Corporate, non-project related staffing levels remained consistent between the fiscal years, as did the level of stock option and restricted share unit compensation awarded to management.

Other corporate and administrative costs increased marginally in 2016 over 2015 as the Company continued to source a joint venture partner for KSM. Professional fees paid to advisors increased marginally (4%) and general and administrative costs increased 23%, from \$1.4 million to \$1.7 million as the Company absorbed the acquisition of SnipGold into its operations.

The Company recognized \$4.3 million of other income in 2016 (2015 - \$2.9 million) related to the recovery of flow-through share premiums recorded on financings completed in April 2015 and May 2016. In April 2015, the Company issued 1,610,000 flow-through common shares and in May 2016, the Company issued 500,000 flow-through shares both at premium prices to the market value of the Company's shares at the time of issuance. Based on qualifying expenditures made in 2016, \$1 million of the remaining premium as at December 31, 2015, for the April 2015 financing and the full \$3.3 million premium related to the May 2016 financing was recorded as income. In 2015, similar recoveries were recorded for a flow-through financing completed in 2014 and the April 2015 financing.

In 2016, the Company recognized a \$0.9 million (2015 - \$0.3 million) net gain on investments it held. The gain was derived from the recognition of a gain on the disposition of one investment of \$0.3 million (2015 - \$28,000) and the \$0.6 million net gain recorded on an investment in an associate, accounted for on the equity basis.

In 2015, the Company recorded the receipt of \$1 million as a payment on an option IDM Mining had on the Company's Red Mountain Project. As all historical acquisition and exploration costs for the project had been fully recovered through previous option payments and other recoveries, the receipt was recorded as a gain on the disposition of mineral interests in that year. No comparable payments were received in 2016. During 2016, IDM notified the Company of its intent to fully exercise the option on the Red Mountain Project and upon the execution and closing of the option exercise in 2017, the mineral interests were transferred to IDM.

In 2015, the Company determined that the recoverability of some of its available-for-sale investments was impaired and recorded a \$0.9 million charge to the statement of operations and comprehensive loss. No impairments related to investments were recorded in 2016.

Also in 2015 the Company was notified that the remaining option on one of its projects in Nevada would be foregone. The Company determined that the recoverability of the carrying costs, at that time, was impaired and recorded an impairment loss equal to the remaining carrying cost of \$0.4 million. No impairments to mineral interests were recognized in 2016.

In 2016, the Company recognized income tax expense of \$3.0 million (2015 - \$2.7 million) primarily related to a deferred tax expense arising due to the renoucement of expenditures related to 2015 and 2016 flow through shares which are capitalized for accounting purposes, offset partially by a deferred tax recovery arising from the loss in the current year.

Quarterly Information

Selected financial information for the last eight quarters ended December 31, 2017 is as follows: (unaudited)

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)

Quarterly operating results (\$000s)	4th Quarter ended December 31, 2016	3rd Quarter ended September 30, 2016	2nd Quarter ended June 30, 2016	1st Quarter ended March 31, 2016
Revenue	-	-	-	-
Loss for period	(2,598)	(300)	(1,917)	(2,474)
Basic loss per share	(0.05)	(0.01)	(0.04)	(0.05)
Diluted loss per share	(0.05)	(0.01)	(0.04)	(0.05)

The larger loss for the fourth quarter of 2017 includes significant environmental rehabilitation costs, administrative costs related to bonus remuneration and additional stock-based compensation for year-end option and RSU awards as well as increased deferred tax expense. The first and second quarters of 2017 are comparable to the comparative quarters in 2016 as the majority of the current and comparable losses comprised administrative expenses offset by varying income related to the flow-through share premiums. In the third quarter of 2016, the Company recorded significant other income related to flow-through shares relative to the expenses incurred in that quarter.

Mineral Interest Activities

During 2017 the Company added an aggregate of \$37.1 million of expenditures and acquisition costs that were attributed to mineral interests. Cash expenditures associated with KSM, Iskut and Courageous Lake projects amounted to \$21.9 million with KSM representing 68%, Iskut 28% and the remainder for Courageous Lake.

In June 2017, the Company acquired 100% of the common shares of Snowstorm Exploration LLC. and its 100% owned Snowstorm Project. The purchase price and associated costs of the Snowstorm acquisition amounted to \$14.3 million with \$13.3 million ascribed to the fair value of the Company's common shares and warrants

issued and \$1.0 million of cash expenditures. The total cost of the acquisition of \$14.3 million has been allocated to the relative fair values of the assets acquired and liabilities assumed according to the following table:

Assets acquired (\$000s)	
Current assets	2
Mineral interests	13,988
Reclamation deposits	337
	14,327
Consideration paid (000s)	
Share issuance	10,073
Warrants	3,275
Acquisition costs	979
	14,327

The Company completed the acquisition by purchasing all of the outstanding shares of Snowstorm Exploration LLC, the private company in exchange for issuing 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 vendors (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 Snowstorm property consists of 700 mining claims and 5,800 acres of fee lands. The Company also staked an additional 260 claims totaling 5,200 acres that are contiguous to the claims purchased. The Snowstorm acquisition also includes an extensive package of data generated by previous operators. Although potential targets are hidden under Tertiary cover, the existing data supports the project's significant exploration potential. Geological and geochemical evaluations of Snowstorm have documented hydrothermal alteration zones consistent with large Northern Nevada deposit types. Geophysical surveys have confirmed the structural settings which host large Northern Nevada deposit types. Limited drilling has demonstrated that some of the target areas are at a depth amenable to surface exploration and resource delineation. Snowstorm is contiguous and on strike with several large, successful gold producers. A limited exploration program was performed in 2017 at Snowstorm and costs incurred to December 31, 2017 are minimal.

The other significant additions to mineral interests were the expenditures made at KSM and Iskut.

At the KSM Project, the Company incurred \$14.9 million of costs in 2017 while reporting the updated mineral resource estimate for Deep Kerr and while executing the 2017 exploration and drilling program at Iron Cap. The resource update at Deep Kerr represented an increase of 3.0 million ounces of gold and 2.1 billion pounds of copper over the previous estimate. The new Deep Kerr inferred resource totals 1.92 billion tonnes grading 0.41% copper and 0.31 g/T gold (containing 19.0 million ounces of gold and 17.3 billion pounds of copper) constrained by conceptual block cave shapes. The 2017 exploration program objective was to follow-up and confirm the findings of the 2016 program at Iron Cap, investigating the down plunge extension of Iron Cap's higher-grade core and to follow-up on the discovery of, what was then, a previously unknown deposit. Drilling has confirmed that the new discovery is in fact a continuation of the Iron Cap deposit and indicates that mineralization at Iron Cap is approaching parity with Kerr and Mitchell in volume but with zones of considerably higher metal values. An updated resource estimate for Iron Cap was completed in February 2018. Further study to determine the merits of earlier development of Iron Cap will be priority due to its grade, location and size. Revising the project's mine plan in this way may have a positive impact on KSM's projected economics.

Also in 2017, the Government of Canada issued to the Company a regulatory amendment to Schedule 2 of the Metal Mining Effluent Regulations (MMER) under the Fisheries Act for KSM. Receipt of this amendment represents a significant permitting milestone for KSM, equivalent in many ways to the Company's receipt of environmental assessment approvals from the Provincial and Federal Governments in 2014. The regulatory amendment, which required a change in Canadian law, approves the construction of KSM's tailings management facility (TMF) subject to strict bonding and fishery habit compensation requirements which were identified during the three year amendment review process. The TMF will store the project's ore-processing by-products in order to minimize environmental impacts downstream.

The Company incurred \$7.3 million of costs in 2017 at its Iskut project both evaluating the results of the 2016 multi-pronged exploration program and conducting the 2017 exploration program. The exploration program was designed to test a graben feature discovered during surface work on a lithocap at the Quartz Rise site. The drilling found evidence of a gold-bearing intermediate sulfidation epithermal system beneath the lithocap. Intercepts included 1.5 metres grading 8.26 g/T gold in one hole and 1.5 metres grading 74.1 g/T gold in another. Sampling of a cliff face north of Quartz Rise returned very high grades ranging from 1.49 to 125.3 g/T gold. An economic source for these gold concentrations was not found in the 2017 program but the data acquired has identified a target which could account for these high-grade results. A second exploration program is being planned for 2018.

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 that adjoined the Iskut Project. The transaction resulted in Colorado owning a 100% interest in the KSP Project upon 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 a 100% 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 2017, the Company incurred \$0.9 million of costs at Courageous Lake completing a relatively small geophysical survey, plan for a winter 2018 exploration program and costs to maintain the project in good standing. Limited resources have been allocated to the project in recent years as the Company focused on advancing KSM and completing the exploration program at Iskut. Costs related to exploration can vary significantly versus recent years as the Company plans and executes its drilling and exploration programs based on results from previous programs.

Liquidity and Capital Resources

The Company's approach to managing liquidity and capital resources is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company has no operating projects at this time and as such, its ability to carry out its business objectives of advancing its major gold projects, KSM and Courageous Lake, and to further explore the Iskut project, rests with its ability to sell projects, investments or to secure equity and other sources of financings.

The Company's working capital position, excluding the flow-through share premium, at December 31, 2017, was \$19.6 million, significantly higher than \$7.3 million at December 31, 2016. Cash and short-term deposits at December 31, 2017 totaled \$16.1 million versus \$7.8 million at December 31, 2016. At December 31, 2017, the Company has remaining expenditures of \$8.5 million to be made in connection with its flow-through share commitments and other commitments of \$0.8 million which are expected to be paid in the year ending December 31, 2018, and accounts payable and accrued liabilities of \$4.0 million (December 31, 2016 – \$5.7 million). Cash resources have increased mainly due to three financings completed in 2017 raising gross proceeds of \$41 million and further described below. The Company also incurred corporate and administrative costs and exploration and evaluation costs for KSM and Iskut and incurred costs for the acquisition of Snowstorm Exploration LLC. In the year ended December 31, 2017, the Company also received \$2.3 million upon the exercise of options and \$1.4 million on the disposition of investments. Subsequent to December 31, 2017, 530,200 options were exercised and \$6.7 million was received.

In December 2017, The Company issued 200,000 flow-through common shares at a price of \$16.72 per flow-through share for aggregate gross proceeds of \$3.3 million. Proceeds of this financing will be used to fund the 2018 Courageous Lake winter drill program. 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 a liability on the statement of financial position with the balance recorded as share capital.

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 flow-through common share for gross proceeds of \$22 million. The Company has 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 will be December 31, 2017. At the time of issuance of the flow-through shares, a \$7 million premium was recognized as a liability on the statement of financial position with the balance recorded as share capital. At each reporting period, as qualifying expenditures are incurred, the liability will be reduced on a proportionate basis and income will be recognized on the statement of operations and comprehensive loss. Since the closing of the financing and to the end of 2017, based on qualifying expenditures incurred, \$5.4 million was recognized through other income on the statement of operations and comprehensive loss.

During 2017, operating activities, including working capital adjustments, used \$10.1 million compared to \$5.2 million used by operating activities in 2016. The increase in the year-over-year basis was largely attributed to the \$2.1 million environmental rehabilitation spending at the Johnny Mountain mine site and the \$1.8 million payment made to Canadian tax authorities while filing the objection to an assessment further described below. Operating activities in the near-term are not expected to deviate significantly from the current year.

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. In 2016 the Company was informed that, upon completion of an audit of the expenditures related to the application by tax authorities, a portion of the expenditure has been re-characterized

as ineligible in respect of the program and a re-assessment of \$3.6 million, including interest, was delivered to the Company. In 2017, the Company filed an objection to the categorization of these costs and paid \$1.8 million, required by tax authorities while the objection is being reviewed. It is anticipated that the objection will be reviewed in 2018. The balance of the re-assessment is recorded within accounts payable and accrued liabilities on the statement of financial position as at December 31, 2017.

The Company will continue its objective of advancing its major gold projects, KSM and Courageous Lake, and to further explore the Iskut Project 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			
		2018	2019-20	2021-22	2023-24
Mineral interests	4,996	687	982	1,075	2,253
Flow-through share expenditures	8,496	8,496	-	-	-
Business premises operating lease	720	144	288	288	-
	14,212	9,327	1,270	1,363	2,253

Outlook

In 2018, the Company will complete an exploration and drilling program at Courageous Lake that commenced subsequent to the year-end. The Company also plans to conduct an exploration and drilling program at Iskut commencing in the second quarter of 2018. In addition to the exploration and drilling work the Company will continue with rehabilitation activities at the Johnny Mountain site. A small, preliminary exploration program is also planned at the Company's new Snowstorm Project. The Company is evaluating various work programs for KSM and plans may entail additional follow-up drilling and other exploration activities, in addition to continuing to pursue a joint venture partner for the project.

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, 2017 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, 2017, 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, 2017.

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, 2017 and ended on December 31, 2017 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, 2017, 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 19, 2018, the issued and outstanding common shares of the Company totaled 58,272,318. In addition, there were 3,078,309 stock options, 62,750 RSUs and 500,000 warrants outstanding. Assuming the conversion of all of these instruments outstanding, there would be 61,913,377 common shares issued and outstanding.

Related Party Transactions

During 2017, other than compensation paid to key management personnel, a private company controlled by an officer was paid \$200,400 (2016 - \$192,600) 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.

Changes in Accounting Standards Not Yet Adopted

New standards and amendments to standards and interpretations that are relevant to the Company and effective for annual periods beginning on or after January 1, 2018, that have not been applied in preparing the December 31, 2017 consolidated financial statements are:

IFRS 9, Financial instruments (IFRS 9) introduces 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. The Company will apply IFRS 9 on the effective date. The Company expects to record a reclassification, within shareholders' equity, reducing deficit and increasing accumulated other comprehensive income by \$2.3 million related to the accumulated impairments recorded on investments it held at December 31, 2017. The Company expects the revised approach to hedge accounting to have no effect on the financial statements.

IFRS 15, Revenue from contracts with customers (IFRS 15) will replace IAS 18 Revenue, IAS 11 Construction contracts, and some revenue-related interpretations. The new standard is effective for annual periods beginning on or after 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 Company has evaluated the impact of the adoption of IFRS 15 and does not expect its adoption will have a material impact on the financial statements as the Company does not currently generate any revenues from operations.

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 plans to apply IFRS 16 on the effective date. The Company is currently evaluating the impact of the changes to its financial statements based on the characteristics of any leases in place before the effective date expects to report additional details on the anticipated impact, if any, in subsequent periods.

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 or for share-based payment transactions with net settlement features for withholding tax obligations 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 effective date of the amendments is January 1, 2018 and the Company intends to adopt the amendments on the effective date. The Company does not expect the amendments to have a material impact on the financial statements based on current stock-based payment practices but will continue to evaluate the amendments based on any changes to settlement practices.

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 and deferred income tax. 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 statement of financial position as incurred.

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 when it is probable that there will be sufficient 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.

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 regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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 19, 2018



Christopher J. Reynolds
Vice President, Finance and Chief Financial Officer
March 19, 2018

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 financial statements of Seabridge Gold Inc. (the "Entity"), which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and the related notes, comprising a summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2017 and December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on Internal Control Over Financial Reporting

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Entity's internal control over financial reporting as of December 31, 2017, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 19, 2018 expressed an unqualified (unmodified) opinion on the effectiveness of the Entity's internal control over financial reporting.

Basis for Opinion

A – Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

B – Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing

standards and the standards of the Public Company Accounting Oversight Board (United States) (PCAOB). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to error or fraud. Those standards also require that we comply with ethical requirements, including independence. We are required to be independent with respect to the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We are a public accounting firm registered with the PCAOB.

An audit includes performing procedures to assess the risks of material misstatements of the consolidated financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included obtaining and examining, on a test basis, audit evidence regarding the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies and principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a reasonable basis for our audit opinion.



Chartered Professional Accountants, Licensed Public Accountants

We have served as the Entity's auditor since 2002.
Toronto, Canada
March 19, 2018

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 "Entity") internal control over financial reporting as of December 31, 2017, based on the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the Entity maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Report on the Consolidated Financial Statements

We also have audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements of the Company, which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and the related notes, comprising a summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements"), and our report dated March 19, 2018 expressed an unmodified (unqualified) opinion on those consolidated financial statements.

Basis for Opinion

The Entity'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, included under the heading Internal Controls Over Financial Reporting in Management's Discussion and Analysis for the year ended December 31, 2017. Our responsibility is to express an opinion on the Entity'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 Entity in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB and in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.

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 19, 2018

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

	Note	December 31, 2017	December 31, 2016
Assets			
Current assets			
Cash and cash equivalents	4	4,049	1,646
Short-term deposits	4	12,056	6,120
Amounts receivable and prepaid expenses	5	622	637
Investments	6	6,861	4,661
		23,588	13,064
Non-current assets			
Mineral interests	7, 8	358,135	322,930
Reclamation deposits	9	1,185	1,991
Total non-current assets		359,320	324,921
Total assets		382,908	337,985
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	8	3,961	5,721
Flow-through share premium	10	2,230	-
		6,191	5,721
Non-current liabilities			
Deferred income tax liabilities	14	18,598	17,396
Provision for reclamation liabilities	9	2,481	3,510
Total non-current liabilities		21,079	20,906
Total liabilities		27,270	26,627
Shareholders' equity	10	355,638	311,358
Total liabilities and shareholders' equity		382,908	337,985

Commitments (Note 15)

Subsequent events (Note 6 and 10)

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)

	Note	2017	2016
Corporate and administrative expenses	12	(13,673)	(9,679)
Other income – flow-through shares	10	5,374	4,321
Gain on disposition of mineral interests	7	2,183	-
Environmental rehabilitation costs	9	(2,056)	-
Gain on investments	6	612	866
Impairment of investments	6	(680)	-
Interest income		149	149
Finance expense (income) and other expense (income)		(32)	28
Loss before income taxes		(8,123)	(4,315)
Income tax expense	14	(2,164)	(2,974)
Loss for the year		(10,287)	(7,289)
Other comprehensive income (loss), net of income taxes			
Items that may be reclassified subsequently to profit or loss:			
Reclassification of previously deferred gains on available-for-sale investments	6	(331)	(278)
Unrealized gain on available-for-sale investments	6	234	734
Total other comprehensive income (loss)		(98)	456
Comprehensive loss for the year		(10,385)	(6,833)
Basic and diluted net loss per common share		(0.18)	(0.14)
Basic and diluted weighted average number of common shares outstanding		56,428,233	53,328,938

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	Total equity
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)
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 – RSUs	62,750	656	-	(656)	-	-	-	-
Deferred tax	-	709	-	-	-	-	-	709
Other comprehensive loss	-	-	-	-	-	-	(98)	(98)
Net loss for the year	-	-	-	-	-	(10,287)	-	(10,287)
As at December 31, 2017	57,677,118	405,930	3,275	16,549	36,040	(106,651)	495	355,638
As at January 1, 2016	52,139,626	325,624	-	22,591	22,707	(89,075)	137	281,984
Share issuance	1,000,000	17,400	-	-	-	-	-	17,400
Share issuance – acquisition of SnipGold Corp.	695,277	12,452	-	-	-	-	-	12,452
Share issuance costs	-	(1,597)	-	-	-	-	-	(1,597)
Stock-based compensation	-	-	-	3,670	-	-	-	3,670
Stock-based compensation and warrants – acquisition of SnipGold	-	-	-	619	-	-	-	619
Exercise of options	303,644	4,517	-	(1,273)	-	-	-	3,244
Expired options	-	-	-	(9,021)	9,021	-	-	-
Shares – RSUs	183,250	1,835	-	(1,835)	-	-	-	-
Deferred tax	-	419	-	-	-	-	-	419
Other comprehensive income	-	-	-	-	-	-	456	456
Net loss for the year	-	-	-	-	-	(7,289)	-	(7,289)
As at December 31, 2016	54,321,797	360,650	-	14,751	31,728	(96,364)	593	311,358

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

Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

	2017	2016
Operating Activities		
Net loss	(10,287)	(7,289)
Items not affecting cash:		
Stock-based compensation	7,518	3,670
Gain on disposition of mineral interests	(2,183)	-
Other income - flow-through shares	(5,374)	(4,321)
Income tax expense	2,164	2,974
Gain on investments	(612)	(866)
Impairment of investments	680	-
Finance expense (income) and other expense (income)	32	(33)
Changes in non-cash working capital items:		
Amounts receivable and prepaid expenses	15	(3)
Accounts payable and accrued liabilities	(2,094)	690
Net cash used in operating activities	(10,141)	(5,178)
Investing Activities		
Mineral interests	(21,916)	(24,070)
Acquisition of SnipGold Corp.	-	(1,602)
Acquisition of Snowstorm Exploration LLC	(979)	-
Investment of short-term deposits	(28,000)	(18,000)
Investment in associate	(1,638)	-
Redemption of reclamation deposits	892	-
Redemption of short-term deposits	22,064	26,420
Cash proceeds from sale of investments	1,426	700
Net cash used in investing activities	(28,151)	(16,552)
Financing Activities		
Issue of share capital (net of costs)	38,414	22,386
Exercise of options and warrants	2,281	-
Net cash from financing activities	40,695	22,386
Net increase in cash and cash equivalents during the year	2,403	656
Cash and cash equivalents, beginning of the year	1,646	990
Cash and cash equivalents, end of the year	4,049	1,646

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017 and 2016

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. Statement of compliance and basis of presentation

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 19, 2018.

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 for available-for-sale financial instruments, which are measured at fair value.

(b) Basis of consolidation – 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 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. 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.

(c) Associates

An associate is an entity over which the Company has significant influence but not control and one that is neither a subsidiary nor an interest in a joint arrangement. 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.

(d) Translation of foreign currencies

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

(e) 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).

(a) 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 thereto.

(b) 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 available-for-sale investment or mineral interests, the investment or carrying value is written down to fair value and the loss is recognized in the statement of operations and comprehensive loss.

(c) Asset retirement obligations

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

(ii) Key sources of estimation uncertainty**(a) 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.

(b) 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 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 statement of financial position as incurred.

(c) 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.

(d) 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 when it is probable that there will be sufficient taxable income in the future to recover them.

(f) Cash and cash equivalents and short-term deposits

Cash and cash equivalents and short-term deposits consist of balances with banks and investments in money market instruments. These instruments are carried at fair value through profit or loss. Cash and cash equivalents consist of investments 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.

(g) Investments

Investments in marketable securities accounted for as available-for-sale securities are recorded at fair value. The fair values of the investments are determined based on the closing prices reported on recognized securities exchanges and over-the-counter markets. Such individual market values do not necessarily represent the realizable value of the total holding of any security, which may be more or less than that indicated by market quotations. Increases or decreases in the market value of investments are recorded in other comprehensive income net of related income taxes. When there has been a loss in the value of an investment in marketable securities that is determined to be significant or prolonged, the investment is written down and the loss is recorded in the statement of operations and comprehensive loss.

(h) 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 licence 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 commercial operations.

The actual recovery 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.

(i) Property and equipment

Property and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The cost of property and equipment comprises its purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated closure and restoration costs associated with the asset. Depreciation is provided using the straight-line method at an annual rate of 20% from the date of acquisition. Residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Changes to the estimated residual values or useful lives are accounted for prospectively.

(j) Impairment of non-financial assets

The carrying value of the Company's mineral interests is assessed for impairment when indicators of such impairment exist. 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 to sell 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.

(k) 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 any additional 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 clean-up, 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.

(l) 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 substantially 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. 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.

(m) 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 do 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.

(n) 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.

(o) 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.

(p) Financial assets and liabilities

Financial assets within the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

The Company's financial instruments are comprised of the following:

Financial assets:	Classification:
Cash and cash equivalents	Fair value through profit or loss
Short-term deposits	Fair value through profit or loss
Amounts receivable	Loans and receivables
Investments	Available-for-sale
Financial liabilities:	Classification:
Accounts payable and other liabilities	Other financial liabilities

(i) Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as fair value through profit or loss.

(ii) Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit or loss or available for sale. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the consolidated statement of operations and comprehensive loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

(iii) Available-for-sale investments:

Financial assets classified as available-for-sale are measured at fair value, with changes in fair values recognized in other comprehensive income, except when there is objective evidence that the asset is impaired, at which point the cumulative loss that had been previously recognized in other comprehensive income is recognized within the consolidated statement of operations and comprehensive loss.

(iv) Fair value:

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.

(v) Impairment of financial assets:

Financial assets are assessed for indicators of impairment at each financial reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the instrument have been impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In the case of an impairment loss reversal being recorded for available-for-sale marketable securities, the reversal is recorded in other comprehensive income.

(q) New accounting standards

On January 19, 2016, the IASB issued Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12). The amendments apply retrospectively for annual periods beginning on or after January 1, 2017 and have been implemented as of that date. The amendments clarify that the existence of a deductible temporary difference depends only on a comparison of the carrying value of an asset and its tax base at the end of the reporting period. It is not affected by possible future changes in the carrying value or expected recovery of the asset. The amendments also clarify the methodology to be used to determine future taxable profits while assessing the utilization of deductible temporary differences. The implementation of this amendment did not have a material impact on the Company's financial statements.

(r) New accounting standards not yet adopted

New standards and amendments to standards that have been issued and that are relevant to the Company and are not yet effective and have therefore not been applied in preparing these consolidated financial statements are:

IFRS 9, Financial instruments (IFRS 9) introduces 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. The Company will apply IFRS 9 on the effective date. The Company expects to record a reclassification, within shareholders' equity, reducing deficit and increasing accumulated other comprehensive income by \$2.3 million related to the accumulated impairments recorded on investments it held at December 31, 2017. The Company expects the revised approach to hedge accounting to have no effect on the financial statements.

IFRS 15, Revenue from contracts with customers (IFRS 15) will replace IAS 18 Revenue, IAS 11 Construction contracts, and some revenue-related interpretations. The new standard is effective for annual periods beginning on or after 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 Company has evaluated the impact of the adoption of IFRS 15 and does not expect its adoption will have a material impact on the financial statements.

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 plans to apply IFRS 16 on the effective date. The Company is currently evaluating the impact of the changes to its financial statements based on the characteristics of any leases in place before the effective date expects to report additional details on the anticipated impact, if any, in subsequent periods.

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 or for share-based payment transactions with net settlement features for withholding tax obligations 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 effective date of the amendments is January 1, 2018 and the Company intends to adopt the amendments on the effective date. The Company does not expect the amendments to have a material impact on the financial statements based on current stock-based payment practices.

4. Cash and cash equivalents and short-term deposits

(\$000s)	December 31, 2017	December 31, 2016
Cash and cash equivalents	4,049	1,646
Short-term deposits	12,056	6,120
	16,105	7,766

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, 2017	December 31, 2016
HST	265	250
Prepaid expenses and other receivables	357	387
	622	637

6. Investments

(\$000s)	January 1, 2017	Dispositions	Gain on disposition	Loss of associates	Impairment	Additions	Other comprehensive loss	December 31, 2017
Available-for-sale investments	2,765	(1,426)	718	-	(680)	2,154	(98)	3,433
Investment in associate	1,896	-	-	(106)	-	1,638	-	3,428
	4,661	(1,426)	718	(106)	(680)	3,792	(98)	6,861

(\$000s)	January 1, 2016	Dispositions	Gain on disposition	Gain of associates	Impairment	Additions	Other comprehensive income	December 31, 2016
Available-for-sale investments	2,731	(700)	278	-	-	-	456	2,765
Investment in associate	1,308	-	-	588	-	-	-	1,896
	4,039	(700)	278	588	-	-	456	4,661

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 available-for-sale financial assets are recorded at fair value of \$3.4 million (2016 - \$2.8 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 statement 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 statement of operations and comprehensive loss.

During the year ended December 31, 2017, the Company recorded its proportionate share of the net loss of an investment in an associate accounted for on the equity basis of \$0.1 million (2016 - \$0.6 million income) within loss on investments on the consolidated statement of operations and comprehensive loss. During 2017, the Company purchased 883,200 common shares and 51,600 warrants of the associate for \$1.6 million. Each warrant allowed the Company to purchase one common share of the associate 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. Subsequent to December 31, 2017, the option to purchase the common shares at US\$2.00 lapsed and the Company did not purchase additional shares. At December 31, 2017 the carrying value of the Company's investment in the associate was \$3.4 million (2016 - \$1.9 million) on the statement of financial position.

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, 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
	322,930	37,090	(1,885)	358,135

(\$000s)	Balance, January 1, 2016	Expenditures / Acquisitions 2016	Recoveries 2016	Balance, December 31, 2016
KSM	209,929	23,733	-	233,662
Courageous Lake	68,098	604	-	68,702
Iskut	-	19,795	-	19,795
Grassy Mountain	771	-	-	771
	278,798	44,132	-	322,930

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

a) 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 2002, the Company optioned the KSM property to Noranda Inc. (which subsequently became Falconbridge Limited and then Xstrata plc. – now Glencore plc) which could earn up to a 65% interest by incurring exploration expenditures and funding the cost of a feasibility study. In April 2006, the Company reacquired the exploration rights to the KSM property from Falconbridge. On closing of the formal agreement in August 2006, the Company issued Falconbridge 200,000 common shares of the Company with a deemed value of \$3,140,000 excluding share issue costs. The Company also issued 2 million warrants to purchase common

shares of the Company with an exercise price of \$13.50 each. The 2,000,000 warrants were exercised in 2007 and proceeds of \$27,000,000 were received by the Company.

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 property is subject to a 4.5% net smelter royalty from which the advance royalties are deductible. The purchase agreement closed in September 2009, with the payment of \$1 million in cash, the issuance of 75,000 shares valued at \$2,442,750 and the payment of the first year's \$100,000 advance royalty.

In February 2011, the Company acquired a 100% interest in adjacent mineral claims mainly for mine infrastructure purposes for a cash payment of \$675,000, subject to a 2% net smelter returns royalty on these adjacent claims.

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.

In 2013, the Company applied for \$4.4 million of refundable provincial tax credits related to exploration expenditures incurred in 2010 at KSM. The recovery was credited to mineral properties in 2013 and the Company collected the funds during 2014. Similarly, in 2014, the Company applied for \$4.1 million of refundable provincial tax credits related to exploration expenditures incurred in 2011 at KSM and the recovery was credited to mineral properties in 2014 and in 2015 the Company collected the funds.

In 2014, approval of an environmental assessment application, submitted to provincial and federal regulators in 2013 was obtained.

In 2015, \$18 million of expenditures were incurred on the KSM project as the Company finalized the analysis of the resource update on Deep Kerr and Iron Cap Lower Zone from the 2014 exploration drilling and executed the 2015 exploration and drilling program.

In 2016, the Company charged \$23.7 million to mineral interests while completing its 2016 exploration program and completing and filing a National Instrument 43-101 Technical Report that included an updated Preliminary Feasibility Study and a new Preliminary Economic Assessment. Included in the total is \$3.6 million in respect of refundable provincial tax credits as described in Note 8.

In 2017, the Company incurred \$14.9 million of exploration expenditures related to the KSM Project while conducting the 2017 drilling and exploration program.

b) 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.

In 2004, an additional property was optioned in the area. Under the terms of the agreement, the Company paid \$50,000 on closing and was required to make option payments of \$50,000 on each of the first two anniversary dates and subsequently \$100,000 per year up to a total of \$1,250,000. The Company has made \$1,150,000

in payments and will make the final annual payments in 2017. The property may be purchased outright at any time with the accelerated payment of the remaining balance.

In each of 2015 and 2016, the Company incurred \$0.6 million of exploration and other costs completing a limited exploration program while the Company continued its primary focus on exploration programs at KSM in 2015 and KSM and Iskut in 2016.

The Company conducted a small geophysical study at Courageous Lake in 2017 and combined with other carrying costs has incurred approximately \$0.9 million of costs.

c) 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. On the acquisition date, the Company issued 695,277 common shares, 54,968 stock options and 1,587 warrants with a combined fair value of \$13.1 million. The Company also incurred \$1.7 million of acquisition costs. Based on the relative fair values of the net assets acquired, \$16.4 million was attributed to mineral interests on the the statement of financial position. Since the acquisition date, the Company commenced and substantially completed an exploration program at Iskut spending approximately \$3.4 million on the project. A full description of the allocation of purchase price of SnipGold is contained in Note 10. The Company incurred \$7.3 million of exploration costs in 2017.

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 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 has been recorded as a derecognition of the carrying value of KSP within mineral interests on the consolidated statement of financial position.

d) 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 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 also 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 statement of financial position. A full description of the allocation of purchase price of Snowstorm is contained in Note 10(b).

e) Other Nevada Projects

In the first quarter of 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 the Castle Black Rock Project 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. As such, the fair value of the common shares received has been recorded as a gain on the disposition of mineral interests on the consolidated statement of operations and comprehensive loss.

f) Grassy Mountain

In 2000, the Company acquired an option on a 100% interest in mineral claims located in Malheur County, Oregon, USA. During 2002, the Company paid US\$50,000 in option payments. On December 23, 2002, the agreement was amended and the Company made a further option payment of US\$300,000 and in March 2003 acquired the property for a payment of US\$600,000.

In April 2011, the Company announced that an agreement had been reached to option the Grassy Mountain Project to Calico Resources Corp. (Calico) which was subsequently amended in 2013. In the original agreement, in order to exercise the option, Calico was to issue to the Company (i) two million of its common shares following TSX Venture Exchange approval; (ii) four million of its common shares at the first anniversary, and (iii) eight million of its shares when the project has received the principal mining and environmental

permits necessary for the construction and operation of a mine. The Company received the first two million common shares of Calico in 2011 and a value of \$740,000 was recorded as a reduction to the carrying value of the mineral properties. In February 2013, the agreement was amended to allow for an accelerated exercise of the option and Calico issued 6,433,000 common shares and 4,567,000 special warrants to acquire a 100% interest in the Grassy Mountain Project. Each special warrant was exercisable to acquire one common share of Calico for no additional consideration. The fair value of the shares and special warrants reduced the carrying value of the mineral properties at the time of receipt of the securities. During 2013 and 2014, the Company elected to convert all of the special warrants into common shares. Following the derecognition of the Grassy Mountain net assets, in 2013, a value of \$771,000 has been retained within mineral properties.

In July 2016, Calico was acquired by Paramount Gold Nevada Corp. (Paramount) through a plan of arrangement. In addition to the shares and special warrants received as consideration for the Grassy Mountain Project, after the delivery of a National Instrument 43-101 compliant feasibility study on the project, Paramount must either grant the Company a 10% net profits interest or pay the Company \$10 million in cash, at the sole election of the Company.

g) 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.

The Company assumed all liabilities associated with the assets acquired, including all environmental liabilities, all ongoing licensing obligations and ongoing leasehold obligations including net smelter royalty obligations on certain mineral claims ranging from 2.0% to 6.5% as well as an annual minimum royalty payment of \$50,000.

In 2014, the Company entered into an agreement with IDM Mining (IDM) to option the Red Mountain Project. In order to exercise its option, IDM paid the Company \$1 million in 2014 and another \$1 million in 2015. IDM also issued to the Company 4,955,500 common shares, the fair value of which was \$1.5 million, and was recorded in investments on the statement of financial position. IDM is also obligated to spend \$7.5 million on the Red Mountain Project over a three year period. At the time of the receipt of the cash and shares mentioned above,

there was no carrying value recorded for Red Mountain, as all historical acquisition and exploration costs had been fully recovered through option payments and other recoveries and as such, the \$1 million received in 2015 and the combined value of the cash and shares of \$2.5 million received in 2014 has been recorded on the statement of operations and comprehensive loss as a gain on the disposition of mineral properties in the respective years.

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 statement 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, 2017	December 31, 2016
Trade payables	1,773	1,637
Trade and other payables due to related parties	74	148
Non-trade payables and accrued expenses	2,114	3,936
	3,961	5,721

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. The Company recorded a \$3.6 million provision within accounts payable and accrued liabilities on the consolidated statement 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.

9. Provision for reclamation liabilities

(\$000s)	December 31, 2017	December 31, 2016
Beginning of the year	3,510	1,329
Acquisition of SnipGold (Note 10)	-	2,224
Derecognition of Red Mountain	(1,039)	-
Accretion	10	19
Current year adjustment	-	(62)
End of the year	2,481	3,510

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 asset retirement obligations, as at December 31, 2017, was calculated using the total estimated cash flows, of \$2.5 million

(December 31, 2016 – \$3.5 million) required to settle estimated obligations and expected timing of cash flow payments required to settle the obligations between 2017 and 2026. The discount rate used to calculate the present value of the reclamation obligations was 1.6% at December 31, 2017 (1.7% – December 31, 2016). In 2017, the Company derecognized approximately \$1.0 million of accrued reclamation liabilities related to the Red Mountain Project (see Note 7). The Company has placed a total of \$1.2 million (December 31, 2016 – \$2.0 million) on deposit with financial institutions that are pledged as security against the reclamation liability.

In 2017, the Company charged \$2.1 million of rehabilitation costs to the consolidated statement of operations and comprehensive loss related to the remediation and closure planning of the Johnny Mountain Mine site contained within the Iskut property in British Columbia. Costs included site clean-up and work being performed on an annual filing to the British Columbia Ministry of Energy, Mines and Petroleum Resources.

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, 2017 or December 31, 2016.

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 2017. The Company considers its capital to be share capital, stock based compensation, contributed surplus and deficit.

a) Equity financings

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 C\$14.30 per common 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 flow-through share for aggregate gross proceeds of \$22 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 million premium was recognized as a liability on the statement 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 statement of operations and comprehensive loss. Since the closing of the financing and to the end of 2017, based on qualifying expenditures incurred, \$5.4 million was recognized through other income on the consolidated statement of operations and comprehensive loss.

In December 2017, the Company issued 200,000 flow-through common shares at a price of \$16.72 per flow-through 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 statement of financial position with the balance recorded as share capital.

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 Company also incurred \$1.0 million of acquisition costs. The fair value of the total consideration at the closing date of the acquisition and additional costs totaling \$14.3 million has been allocated to the fair value of the assets acquired. All financial assets acquired and financial liabilities assumed were recorded at fair value. 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.

Assets acquired (\$000s)	
Current assets	2
Mineral interests	13,988
Reclamation deposits	337
	14,327
Consideration paid (000s)	
Share issuance	10,073
Warrants	3,275
Acquisition costs	979
	14,327

In 2016, the Company acquired all of the issued and outstanding common shares of SnipGold by way of a statutory plan of arrangement under the Business Corporations Act (British Columbia). Pursuant to the arrangement agreement, holders of SnipGold common shares received 1/63rd of a common share of the Company in exchange for 1 SnipGold common share held. 695,277 common shares of the Company were issued to existing SnipGold shareholders. The Company also issued 54,968 stock options and 1,587 warrants to existing SnipGold holders of similar securities. The fair value of the shares, stock options and warrants was \$13.1 million. The Company also incurred \$1.7 million of acquisition costs. The total purchase price of \$14.8 million has been allocated to the assets acquired and the liabilities assumed based on the fair value of the total consideration at the closing date of the acquisition. All financial assets acquired and financial liabilities assumed were recorded at fair value.

Assets acquired and liabilities assumed (\$000s)	
Current assets	566
Mineral interests	16,441
Current liabilities	(8)
Provision for reclamation liabilities	(2,224)
	14,775
Consideration paid (000s)	
Share issuance	12,452
Options and warrants	619
Acquisition costs	1,704
	14,775

c) Stock options and restricted share units

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

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
		Weighted average exercise price (\$)	Amortized value of options (\$000s)		Amortized value of RSUs (\$000s)	Stock-based compensation (\$000s)
Outstanding January 1, 2017	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 granted in prior years	-	-	6,169	-	1,213	7,382
Outstanding December 31, 2017	3,618,509	11.34	15,758	127,750	791	16,549
Exercisable at December 31, 2017	1,721,287					

		Options		RSUs		Total
		Weighted average exercise price (\$)	Amortized value of options (\$000s)		Amortized value of RSUs (\$000s)	Stock-based compensation (\$000s)
Outstanding January 1, 2016	3,585,000	14.15	21,602	183,250	989	22,591
Granted	1,145,801	12.04	1,873	125,500	98	1,971
Exercised option or vested RSU	(303,644)	10.68	(1,273)	(183,250)	(1,835)	(3,108)
Expired	(725,562)	24.41	(9,021)	-	-	(9,021)
Amortized value of stock-based compensation granted in prior years	-	-	1,472	-	846	2,318
Outstanding December 31, 2016	3,701,595	11.76	14,653	125,500	98	14,751
Exercisable at December 31, 2016	2,115,762					

The outstanding share options at December 31, 2017 expire at various dates between March 2018 and December 2022. A summary of options outstanding, their remaining life and exercise prices as at December 31, 2017 is as follows:

Options outstanding		Options exercisable	
Exercise price	Number outstanding	Remaining contractual life	Number exercisable
\$12.60	530,000	2 months	530,000
\$12.61	100,000	6 months	100,000
\$8.00	50,000	1 year	50,000
\$10.36	400,000	1 year 3 months	400,000
\$9.72	50,000	1 year 6 months	50,000
\$9.00	425,000	2 years 4 months	-
\$11.13	350,000	3 years	360,000
\$13.52	100,000	3 years	66,666
\$17.16	50,000	3 years 5 months	16,667
\$17.14	50,000	3 years 8 months	-
\$10.45	865,833	4 years	105,278
\$13.14	605,000	5 years	-
\$6.30	42,676	1 year 1 month to 3 years 3 months	42,676
	3,618,509		1,721,287

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 and are subject to shareholder approval at which time the fair value will be 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.

In March 2016, 100,000 five-year options, with an exercise price of \$13.52 and in August 2016, 50,000 options, with an exercise price of \$17.14, to purchase common shares of the Company were granted to members of management. The options had a fair value, at the grant date, of \$0.7 million and \$0.4 million, respectively and vest over a two-year period.

In May 2016, 50,000 five-year options, with an exercise price of \$17.16, to purchase common shares of the Company were granted to a new director of the Company. The options had a fair value of \$0.5 million and vest upon the Company entering into a major transaction on one of the Company's two core assets or other transformative transaction.

In December 2016, 890,833 five-year options with an exercise price of \$10.45, to purchase common shares of the Company, with a fair value, at the date of the grant, of \$4.9 million, were granted to members of the Board of Directors and management. The 575,000 options granted to board members were subject to shareholder approval which was obtained on June 27, 2017 at which time 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 315,833 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.

Also in 2016, in conjunction with the acquisition of SnipGold, 54,968 stock options and 1,587 warrants with a combined fair value, at the date of the grant, of \$0.6 million and has been included in the costs of the net assets acquired.

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:

	2017	2016
Dividend yield	Nil	Nil
Expected volatility	59-62%	44-73%
Risk-free rate of return	1.2-1.7%	0.5-1.2%
Expected life of options	4.5-5 years	2 months-5 years

In 2016, the Board granted 125,500 RSUs to members of management. The fair value of the grants, of \$1.3 million, was estimated as at the grant date and is being amortized over the expected service period of the grants. The expected service periods vary from three to eleven months from the date of the grant depending on certain corporate objectives being met. In 2016, 183,250 RSUs vested and were exchanged for common shares of the Company. Subsequent to December 31, 2016, 61,250 RSUs, of the 125,500 RSUs outstanding at the time, vested and were exchanged for common shares of the Company.

Subsequent to December 31, 2017, 530,200 options were exercised for proceeds of \$6.7 million and 65,000 RSUs vested. In total, 595,200 common shares were issued.

d) Basic and diluted net loss per common shares

For the years ended December 31, 2017 and 2016 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 period. 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, 2017 there was a total of 3,618,509 stock options and 127,750 RSUs outstanding (December 31, 2016 – 3,828,682 and 125,500, 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, 2017 and December 31, 2016 are cash and cash equivalents, short-term deposits, amounts receivable, available-for-sale investments, 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. The Company's available-for-sale 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, 2017, the Company had a cash and cash equivalents of \$4 million and short-term deposits of \$12.1 million (2016 – \$1.6 million and \$6.1 million, respectively) for settlement of current financial liabilities of \$4 million (2016 – \$5.7 million). In addition, as at December 31, 2017, the Company had commitments of \$9.3 million required to be paid in 2018, including \$0.7 million to maintain its mineral property claims in good standing. If required, the Company will seek additional sources of cash in 2018 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, 2017 the Company had no foreign currency denominated financial instruments.

(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 units of a gold exchange traded receipt that is recorded on the statement of financial position in investments. The risk on these investments is significant due to the nature of the investment.

12. Corporate and administrative expenses

(\$000s)	2017	2016
Employee compensation	3,423	3,344
Stock-based compensation	7,518	3,670
Professional fees	872	929
Other general and administrative	1,860	1,736
	13,673	9,679

13. Related party disclosures**Compensation to key management personnel of the Company:**

(\$000s)	2017	2016
Compensation of directors:		
Directors fees	329	369
Services	-	71
Stock-based compensation	1,024	693
	1,353	1,133
Compensation of key management personnel:		
Salaries and consulting fees	3,712	3,398
Stock-based compensation	4,817	2,838
	8,529	6,236
Total remuneration of key management personnel	9,882	7,369

During 2017, other than compensation paid to key management personnel, a private company controlled by an officer was paid \$200,400 (2016 - \$192,600) for legal services rendered. During the year ended December 31, 2016, a private company previously controlled by a director of the Company was paid \$71,000 for technical services provided by the company. 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)	2017	2016
Current tax expense	252	-
Deferred tax expense	1,912	2,977
	2,164	2,977
Tax recovery recognized directly in equity		
(\$000s)	2017	2016
Financing costs	709	420

In 2017, the Company recognized income tax expense of \$2.2 million (2016 - \$3.0 million) primarily related to a deferred tax expense arising due to the renouncement of expenditures related to 2016 and 2017 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 26.29% (2016 - 26.33%).

(\$000s)	2017	2016
Loss before income taxes	(8,123)	(4,315)
	26.29%	26.33%
Tax recovery calculated using statutory rates	(2,136)	(1,136)
Non-deductible items	568	(170)
Difference in foreign tax rates	35	47
Rate differential	736	21
Tax benefits not recognized	(1,437)	(1,141)
Impact of true-up of prior year balances	-	311
Impact of current year renouncements	4,429	5,027
Other	(31)	17
Income tax expense	2,164	2,977

(b) Deferred income tax

The following table summarizes the components of deferred income tax.

(\$000s)	December 31, 2017	December 31, 2016
Deferred tax assets		
Property and equipment	65	64
Provision for reclamation liabilities	69	339
Financing costs	991	667
Non-capital loss carryforwards	19,532	15,731
Deferred tax liabilities		
Mineral interests	(39,254)	(34,196)
	(18,598)	(17,395)

(c) Unrecognized deferred tax assets

Deferred income tax assets have not been recognized in respect of the following tax effected deductible temporary differences.

(\$000s)	December 31, 2017	December 31, 2016
Investments in subsidiaries	5,534	5,029
Marketable securities	276	624
Loss carryforwards	974	2,108
Investment tax credit	1,481	1,481
Foreign tax credit	268	16
Mineral properties	203	435

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 therefrom.

(d) Income tax attributes

As at December 31, 2017, the Company had the following income tax attributes to carry forward.

	Amount (\$000s)	Expiry date
Canadian non-capital losses	74,608	2037
Canadian capital losses	1,742	Indefinite
Canadian tax basis of mineral interest	182,057	Indefinite
US non-capital losses	237	2037
US capital losses	1,192	2022
US tax basis of mineral interest	1,564	Indefinite

15. Commitments

(\$000s)	Payments due by years				
	Total	2018	2019-20	2021-22	2023-24
Mineral interests	4,996	687	982	1,075	2,253
Flow-through share expenditures	8,496	8,496	-	-	-
Business premises operating lease	720	144	288	288	-
	14,212	9,327	1,270	1,363	2,253

Corporate Information

DIRECTORS

Rudi P. Fronk
Chairman of the Board

A. Frederick Banfield

Eliseo Gonzalez-Urien

Richard C. Kraus

Jay S. Layman

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

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

R. Brent Murphy
Vice President, Environmental Affairs

C. Bruce Scott
Vice President, Corporate Affairs and Corporate Secretary

Peter D. Williams
Senior Vice President, Technical Services

Gloria M. Trujillo
Assistant Corporate Secretary

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