

SEABRIDGE GOLD INC.

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2018 and 2017**

Management's Responsibility for Financial Statements

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

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

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

The Audit Committee is appointed by the Board of Directors and all of its members are non-management directors. The Audit Committee meets periodically with management and the external auditors to discuss internal controls, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. The Audit Committee also reviews the consolidated financial statements, management's discussion and analysis, the external auditors' report, examines the fees and expenses for audit services, and considers the engagement or reappointment of the external auditors. The Audit Committee reports its findings to the Board of Directors for its consideration when approving the consolidated financial statements for issuance to the shareholders. KPMG LLP, the external auditors, have full and free access to the Audit Committee.



Rudi P. Fronk
Chairman & CEO
March 25, 2019



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



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Report of Independent Registered Public Accounting Firm

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

Opinion on the Consolidated Financial Statements

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

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

Change in Accounting Principle

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

Basis for Opinion

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



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

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. A horizontal line is drawn underneath the signature, extending from the left side of the 'K' towards the right.

Chartered Professional Accountants, Licensed Public Accountants
We have served as the Company's auditor since 2002.

Toronto, Canada
March 25, 2019



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Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control Over Financial Reporting

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

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

Basis for Opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.



Definition and Limitations of Internal Control Over Financial Reporting

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

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

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

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

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

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

Commitments (Note 15)

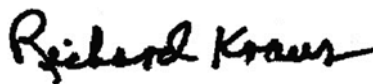
Subsequent events (Notes 6, 8, 10 and 14)

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

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



Rudi P. Fronk
Director



Richard C. Kraus
Director

SEABRIDGE GOLD INC.**Consolidated Statements of Operations and Comprehensive Loss**

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

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

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

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

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

SEABRIDGE GOLD INC.**Consolidated Statements of Cash Flows**

(Expressed in thousands of Canadian dollars)

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

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

SEABRIDGE GOLD INC.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

1. Reporting entity

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

2. Basis of preparation

A. Statement of compliance

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

B. Basis of consolidation

(i) Subsidiaries

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

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

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

Where a business combination is achieved in stages, previously held non-controlling equity interests in the acquiree are re-measured at acquisition-date fair value and any resulting gain or loss is recognized in the consolidated statement of operations and comprehensive loss or other comprehensive income, as appropriate. Acquisition related costs are expensed during the period in which they are incurred, except for the cost of debt or equity instruments issued in relation to the acquisition which is included in the carrying amount of the related instrument. Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be

adjusted retrospectively in subsequent periods. However, the measurement period will not exceed one year from the acquisition date.

(ii) Associates

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

3. Significant accounting policies

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

A. Basis of measurement

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

B. Translation of foreign currencies

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

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the consolidated statement of operations and comprehensive loss.

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

C. Critical accounting judgments and estimation uncertainty

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

(i) Critical accounting judgments

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

Mineral reserves and resources

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

Impairment of assets

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

Asset retirement obligations

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

(ii) Key sources of estimation uncertainty

Mineral properties

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

Asset retirement obligations

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

Share based payments

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

Deferred Income taxes

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

D. Mineral interests

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

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

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

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

E. Impairment and reversal of impairment

(i) Financial assets

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

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

A prior period impairment charge is reviewed for possible reversal of impairment whenever an event or change in circumstance indicates the impairment may have reversed. If it has been determined that the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount to a maximum of the carrying amount that would have been determined had no impairment charge been recognized in prior periods.

Impairment charge reversals are recognized in the Consolidated Statement of Operations and Comprehensive Loss.

(ii) Non-financial assets

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

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

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

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

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

F. Reclamation liabilities

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

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

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

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

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

G. Income taxes

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

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

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is not recognized for the following temporary differences; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future where the timing of the reversal of the temporary differences can be controlled by the parent. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill which is not deductible for tax purposes.

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

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

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

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

such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date (Note 10). The Company reviews estimated forfeitures of options on an ongoing basis.

I. Flow-through shares

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

J. Net profit (loss) per common share

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

K. Financial instruments

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

Non-derivative financial instruments

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

Financial assets at fair value through profit or loss

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

Financial assets at amortized cost

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

Financial assets at fair value through other comprehensive income

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

Non-derivative financial liabilities

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

L. Accounting pronouncements

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

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

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

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

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

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

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

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

IFRIC Interpretation 23, Uncertainty over Income Tax Treatments (“IFRIC Interpretation 23”) The interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The interpretation is applicable for periods beginning on or after January 1, 2019. Under this interpretation, the key test is whether it is probable that the tax authorities will accept a chosen tax treatment. If it is probable, then the amount recorded in the consolidated financial statements must be the same as the treatment in the tax return. If it is not probable, then the amount recorded in the consolidated financial statements would be different than in the tax return and would be measured as either the most likely amount or the expected value. The interpretation also requires companies to reassess the judgments and estimates applied if facts and circumstances change because of examination or actions by tax authorities, following changes in tax rules or when a tax authority’s right to challenge a treatment expires. The Company intends to adopt the interpretation in its consolidated financial statements for the period beginning on January 1, 2019. The Company does not expect the adoption of this interpretation to impact the Company’s consolidated financial statements.

4. Cash and cash equivalents and short-term deposits

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

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

5. Amounts receivable and prepaid expenses

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

6. Investments

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

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

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

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

Investment in associate relates to Paramount Gold Nevada Corp ("Paramount"). As at December 31, 2018, the Company holds 8.53% (December 31, 2017 – 8.03%) interest in Paramount for which it accounts using the equity method on the basis that the Company has the ability to exert significant influence through its representation on Paramount's board of directors. During 2018 the Company recorded its proportionate share of Paramount's net loss of \$0.2 million (2017 – \$0.1 million) within equity loss of associate on the consolidated statements of operations and comprehensive loss. During 2018 the Company reviewed the recoverability of the investment in Paramount and recorded an impairment of \$1.3 million (2017 – nil) on the consolidated statements of operations and comprehensive

loss. As at December 31, 2018, the carrying value of the Company's investment in Paramount was \$2.5 million (December 31, 2017 - \$3.4 million).

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

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

7. Mineral Interests

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

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

(\$000s)	Expenditures /			Balance December 31, 2017
	Balance January 1, 2017	Acquisitions 2017	Recoveries 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

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

KSM (Kerr-Sulphurets-Mitchell)

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

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

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

a) Courageous Lake

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

b) Iskut

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

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

c) Snowstorm

On June 7, 2017, the Company purchased 100% of the common shares of Snowstorm Exploration LLC (“Snowstorm”) which owns the Snowstorm Project, located in northern Nevada. On the acquisition date, the Company issued 700,000 common shares, with a fair value of \$14.39 per share and 500,000 common share purchase warrants with a fair value of \$6.55 per common share purchase warrant for a combined fair value of \$13.3 million. The common share purchase warrants are exercisable for four years from the date of acquisition, at \$15.65 per share. In addition, the Company has agreed to make a conditional cash payment of US\$2.5 million

if exploration activities at the Snowstorm Project result in defining a minimum of five million ounces of gold resources compliant with National Instrument 43-101 and a further cash payment of US\$5.0 million on the delineation of an additional five million ounces of gold resources. The Company incurred \$1.0 million of acquisition costs. Based on the relative fair values of the net assets acquired, \$14 million was added to mineral interests on the consolidated statements of financial position.

d) Other Nevada Projects

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

e) Grassy Mountain

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

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

f) Other mineral properties

i) Red Mountain

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

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

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

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

(ii) Quartz Mountain

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

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

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

8. Accounts payable and accrued liabilities

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

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

9. Provision for reclamation liabilities

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

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

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

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

10. Shareholders' equity

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

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

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for

administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties that would be accretive and meaningful to the Company. The Company is not subject to externally imposed capital requirements.

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

a) **Equity financings**

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

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

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

In December 2017, the Company issued 200,000 flow-through common shares at a price of \$16.72 per share for aggregate gross proceeds of \$3.3 million. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement was December 31, 2017. At the time of issuance of the flow-through shares, a \$0.6 million premium was recognized as a liability on the consolidated statements of financial position with the balance recorded as share capital. Since the closing of the financing and to the end of 2018, based on qualifying expenditures incurred, the full \$0.6 million premium was recognized through other income on the consolidated statements of operations and comprehensive loss.

In April 2017, the Company completed two equity financings. For the first financing, the Company issued 1,100,000 common shares at a price of \$14.30 per share for aggregate gross proceeds of \$15.7 million. For the second financing, the Company issued 1,100,000 flow-through common shares at a price of \$20.00 per share

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

b) Acquisitions – shares, warrants and options issuances

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

c) Stock options and Restricted share units

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

Pursuant to the Share Option Plan, the Board of Directors has the authority to grant options, and to establish the exercise price and life of the option at the time each option is granted, at a price not less than the closing price of the common shares on the Toronto Stock Exchange on the date of the grant of such option and for a period not exceeding five years. All exercised options are settled in equity.

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

Stock option and RSU transactions were as follows:

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

Exercisable at December 31, 2018	1,208,306
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	Options			RSUs		Total
	Number of Options	Weighted Average Exercise Price (\$)	Amortized Value of options (\$000s)	Number of RSUs	Amortized Value of RSUs (\$000s)	Stock-based Compensation (\$000s)
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	-	-	6,169	-	1,213	7,382
Outstanding at December 31, 2017	3,618,509	11.34	15,758	127,750	791	16,549

Exercisable at December 31, 2017	1,721,287
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The outstanding share options at December 31, 2018 expire at various dates between March 2019 and December 2022. A summary of options outstanding, their remaining life and exercise prices as at December 31, 2018 is as follows:

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

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

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

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

In December 2017, 605,000 five-year options with an exercise price of \$13.14, to purchase common shares of the Company, with a fair value, at the date of the grant, of \$4.1 million, were granted to members of the Board of Directors and management. Of these, 300,000 options were granted to board members that were subject to shareholder approval. At the end of the second quarter of 2018, and upon the approval of shareholders the fair value was re-estimated. Vesting of these options is subject to the Company entering into a major transaction on one of the Company's two core assets or other transformative transaction. The remaining 305,000 options were granted to members of management and vest over a three-year period. The fair value of these options is being amortized over the service life of the options.

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

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

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

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

d) **Basic and diluted net loss per common share**

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

11. Fair value of financial assets and liabilities

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

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

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

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

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

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

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

Credit Risk

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

Liquidity Risk

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

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

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

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

Market Risk

(a) Interest Rate Risk

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

(b) *Foreign Currency Risk*

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

(c) *Investment Risk*

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

12. Corporate and administrative expenses

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

13. Related party disclosures

Compensation to key management personnel of the Company:

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

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

14. Income taxes

(\$000s)	2018	2017
Current tax expense	72	252
Deferred tax expense	4,895	1,912
	4,967	2,164

(\$000s)	2018	2017
Share issuance costs	204	709

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

(a) Rate Reconciliation

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

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

(b) Deferred Income Tax

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

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

(c) Unrecognized Deferred Tax Assets

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

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

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

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

(d) Income Tax Attributes

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

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

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

15. Commitments

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