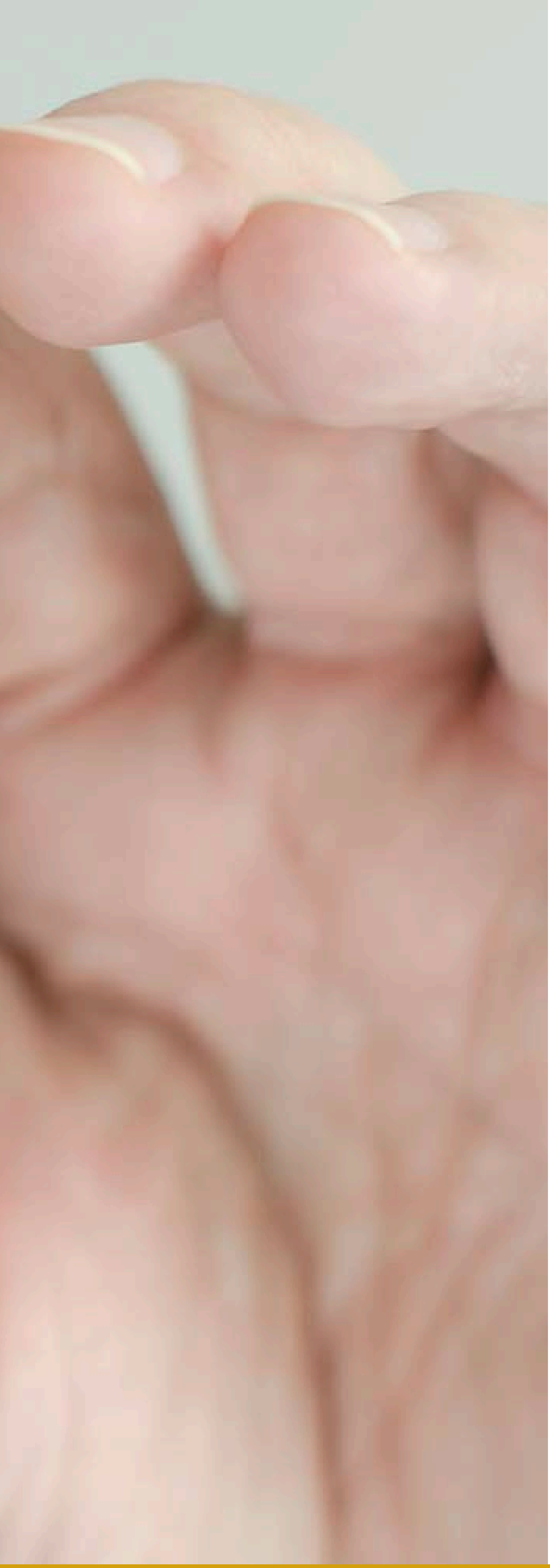
TURNING CASH INTO GOLD

ANNUAL REPORT 2015

SEABRIDGE GOLD

SEABRIDGE GOLD'S RESOURCE BASE OF GOLD, COPPER AND SILVER IS ONE OF THE WORLD'S LARGEST

Our principal projects are located in Canada. Our objective is to grow resource and reserve ownership per share. Our risk-reducing strategy: acquire North American deposits; expand them through exploration; move them to reserves through engineering; and sell or joint venture them to established producers for mine construction and operation.



SEABRIDGE GOLD

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STOCK EXCHANGE TRADING SYMBOLS

"SEA" on Toronto Stock Exchange
"SA" on New York Stock Exchange

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Wednesday, June 29, 2016
4:30 p.m. EDT
The Albany Club
91 King Street East
Toronto, Ontario M5C 1G3
Canada

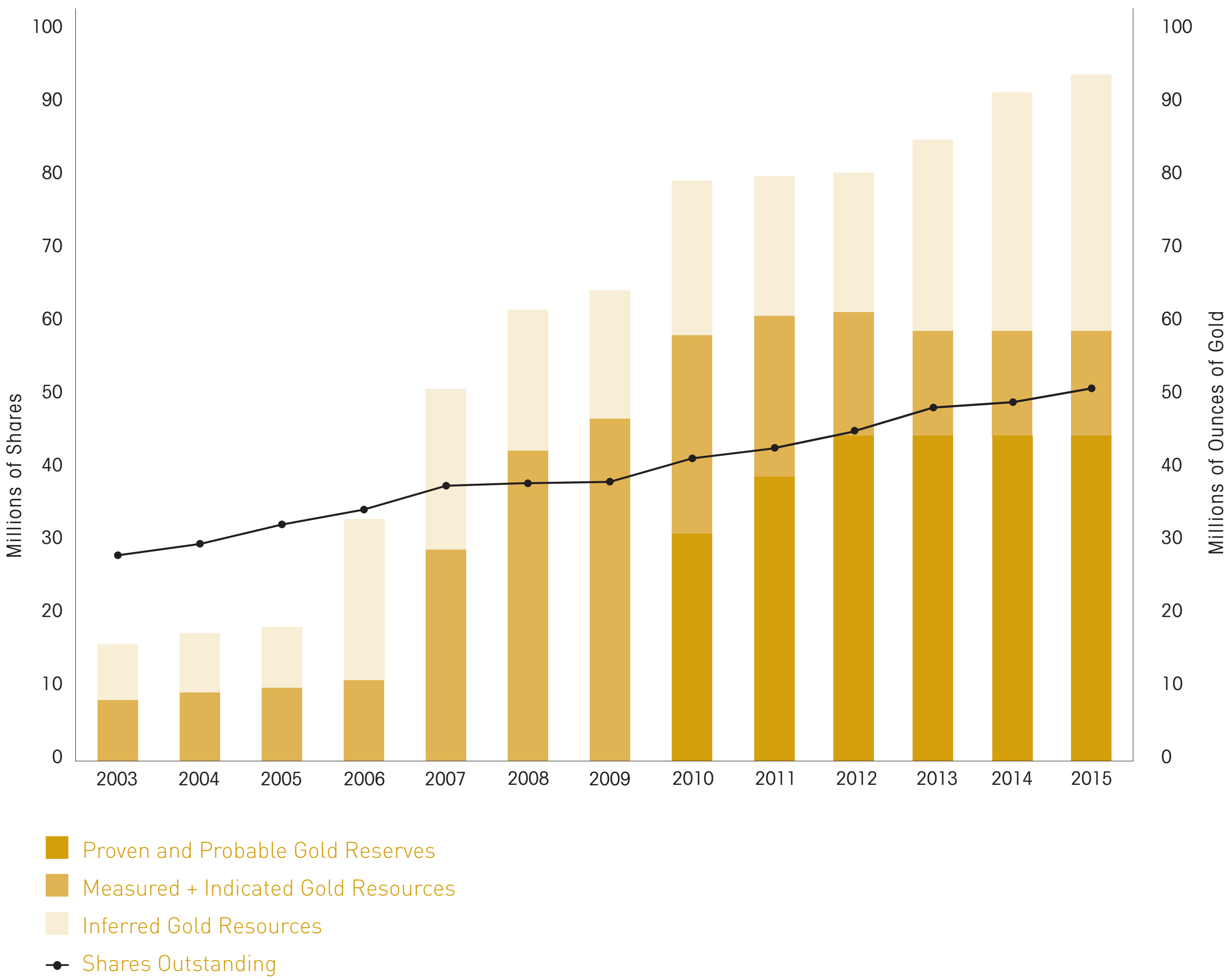
FORWARD–LOOKING STATEMENTS

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

CHIEF EXECUTIVE OFFICER'S REPORT TO SHAREHOLDERS

2015 was another difficult year for our industry. Multi-year share price lows were set for nearly every gold and base metal company including Seabridge. Nonetheless, in anticipation of an eventual turn in metals markets, Seabridge continued with its unique strategy of improving shareholder leverage to gold by continuing to grow its gold resource base faster than shares outstanding. As illustrated in the following graph, this corporate discipline over the past 17 years has allowed us to develop one of the world's largest inventories of gold reserves and resources with remarkably little share dilution.

GOLD RESERVES AND RESOURCES CONTINUE TO GROW FASTER THAN SHARES OUTSTANDING



Note: In the above graph, the share information for 2015 does not include the 1.8 million common share financing completed in Q4 2015 as the proceeds from this dilution will be spent during 2016 on further resource and reserve expansions.

In last year's annual report, we took a different approach from previous years. Our exploration, engineering and permitting teams spoke directly of their work and their critical accomplishments during the year. We heard from many shareholders who appreciated getting reports from the people on the front lines. In this year's report, we have once again taken a different approach, highlighting our understanding of the unique role gold plays in our financial system and the impact this understanding has had on our corporate strategy, a strategy that has made us different from other gold companies. The theme of this year's report is Turning Cash into Gold. I hope you find my interview that follows this brief report to be useful, as well as the articles on the gold market.

REPORT CARD ON 2015 OBJECTIVES:

As always, we start the year with a set of clear, published objectives designed to enhance shareholder value. At year-end, our board evaluates how we performed against these objectives. Last year's annual report set out six objectives:

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

  As of now, this key corporate objective has not been met. 2015 proved to be a productive year as six more major companies executed confidentiality agreements on KSM and conducted due diligence on the project. We were successful in satisfying each of these companies on the technical merits of our project. The impressive new developments at Deep Kerr were especially relevant in this process. However, as the year progressed it became clear to us that increasingly challenging market conditions for gold and copper would make it difficult to achieve joint venture terms acceptable to Seabridge, so we did not commence formal negotiations. For us, terms are more important than timing. We only get to do this once.

  With technical evaluations out of the way, we believe the stage has been set for a successful transaction when market conditions improve. In the meantime, we will continue to improve the quality of KSM through additional engineering and exploration focused on the higher grade material we have found over the past several years.

- **Test for a potential high-grade core zone underneath Mitchell, KSM's largest deposit**

  This objective was met. During the 2015 KSM drill program, three core holes (including 1 daughter hole) totaling 3,972 meters were drilled to test for a potential high-grade core zone underneath Mitchell. The size and orientation of the drill intercepts support the potential for an expansion of the block cave operation planned for Mitchell. Selected Mitchell drill results from the 2015 program include hole M-15-130's 174 meters of 0.55 g/t gold and 0.28% copper and M-15-131's 167 meters of 0.81 g/t gold and 0.25% copper. The mineralogy and textures from this drill core suggest that we are approaching a zone of higher-temperature and fluid flow that may offer even better grades than those encountered, but there is evidence of faulting which needs to be analyzed before we undertake further drilling on this target.

- **Continue to expand resources at both Deep Kerr and the Iron Cap Lower Zone, focusing on grades that are significantly higher than KSM's reserve grade**

  This objective was met. A total of 6,344 meters in 5 core holes (including 3 daughter holes) successfully expanded the known dimensions of Deep Kerr. Due to the success achieved at Deep Kerr, Seabridge elected to focus there and not undertake additional drilling in 2015 at the Iron Cap Lower Zone.

  The five drill holes completed into the west part of the Deep Kerr deposit were designed to establish dip continuity of the high-grade west limb of Deep Kerr. Selected Deep Kerr drill results from the 2015 program included hole M-15-49's 483 meters of 0.43 g/t gold and 0.56% copper and M-15-49A's 340 meters of 0.53 g/t gold and 0.60% copper. Results show that the mineralized envelope of the west limb extends more than 450 meters along strike. Down dip, the zone shows continuity of an additional

400 meters with grades and widths improving at depth. The shape of this zone continues to be highly favorable to underground bulk mining as it grows in size. The zone remains open along strike and at depth. A further drill program is under consideration.

- **Undertake additional engineering studies at Deep Kerr and the Iron Cap Lower zone to define the preliminary economics of bringing these higher grade deposits into KSM's production profile**
  This objective has been achieved. During 2015, further engineering studies were conducted on the Deep Kerr and Iron Cap Lower Zone to ascertain the preliminary economics that could be achieved by bringing these new zones into KSM's production plan. Substituting higher grade underground block cave production from the Deep Kerr and Iron Cap Lower Zone for other lower-grade or higher-cost ore could substantially improve KSM's 2012 Preliminary Feasibility Study ("PFS") production scenario. Potential economic gains could be realized from more efficient and higher grade production and environmental benefits could include a reduction in surface disturbance, waste rock, water management and treatment requirements. These advantages may be possible without significantly changing, and possibly reducing, the project infrastructure already approved in the environmental assessment process. Preliminary work suggests a significant reduction in waste rock and improvements in capital efficiency, IRRs, NPVs and capital payback.

- **Update the 2012 KSM Preliminary Feasibility Study by incorporating current metal prices and revised capital and operating costs**
  This objective was not met. With the success of the 2015 drill program at Deep Kerr, coupled with the requirements of NI-43-101, we elected to delay completion of the updated PFS to allow us to incorporate Preliminary Economic Assessment ("PEA") level analysis for Deep Kerr and the Iron Cap Lower Zone into the updated PFS. Work is now underway on this update and it should be completed in mid-2016.

- **Increase gold ownership per common share with expanded resource estimates for KSM**
  This objective was realized. In April 2015, we issued 1.6 million flow-through shares ($16.4 million in proceeds priced at a 27% premium to the then market price of our shares) to fund the 2015 exploration program at KSM. As a result of the 2015 drill program, inferred resources at Deep Kerr increased by 3.2 million ounces of gold and 2.1 billion pounds of copper, more than offsetting the equity dilution suffered to fund the 2015 program. Resources at Deep Kerr now stand at 1.01 billion tonnes grading 0.35 g/t gold (11.3 million ounces of gold) and 0.53% copper (11.8 billion pounds of copper).

And for 2016...

Our primary objective continues to be to complete a joint venture agreement on the KSM project with a suitable partner on terms advantageous to Seabridge. This objective is mostly not under our control. Due to the size and complexity of the KSM project, we think the landscape of potential partners is limited to no more than 10 major gold and base metal companies, many of which have suffered serious balance sheet and share price weakness. Market conditions and industry confidence are key factors affecting the achievement of this objective.

Industry cash flows now appear to be on the rise and balance sheets are being repaired, in part by asset sales. Capital costs finally appear to be trending downward. Commitments to major new projects are not yet being made but several prospective partners have recently announced their intention to consider new opportunities as their reserve and resource bases shrink. We believe priority will be given to permitted projects in safe jurisdictions with long lives. There are few if any projects that meet these key criteria better than KSM.

We have established six additional value-enhancing objectives for 2016 which are not dependent on market conditions including:

1. Continue to strengthen our social license by entering into further agreements with Treaty and First Nations and local communities in response to their needs and concerns;

2. Complete an updated Preliminary Feasibility Study for KSM incorporating current metal prices and revised capital and operating costs;

3. Within the updated KSM Preliminary Feasibility Study, develop a Preliminary Economic Assessment for Deep Kerr and Lower Iron Cap to show the potential of bringing these higher grade deposits into KSM's production profile;

4. Obtain permits to construct an exploration adit into the Deep Kerr deposit from the valley floor. This would significantly decrease the costs associated with transforming Deep Kerr's inferred resources to proven and probable reserves;

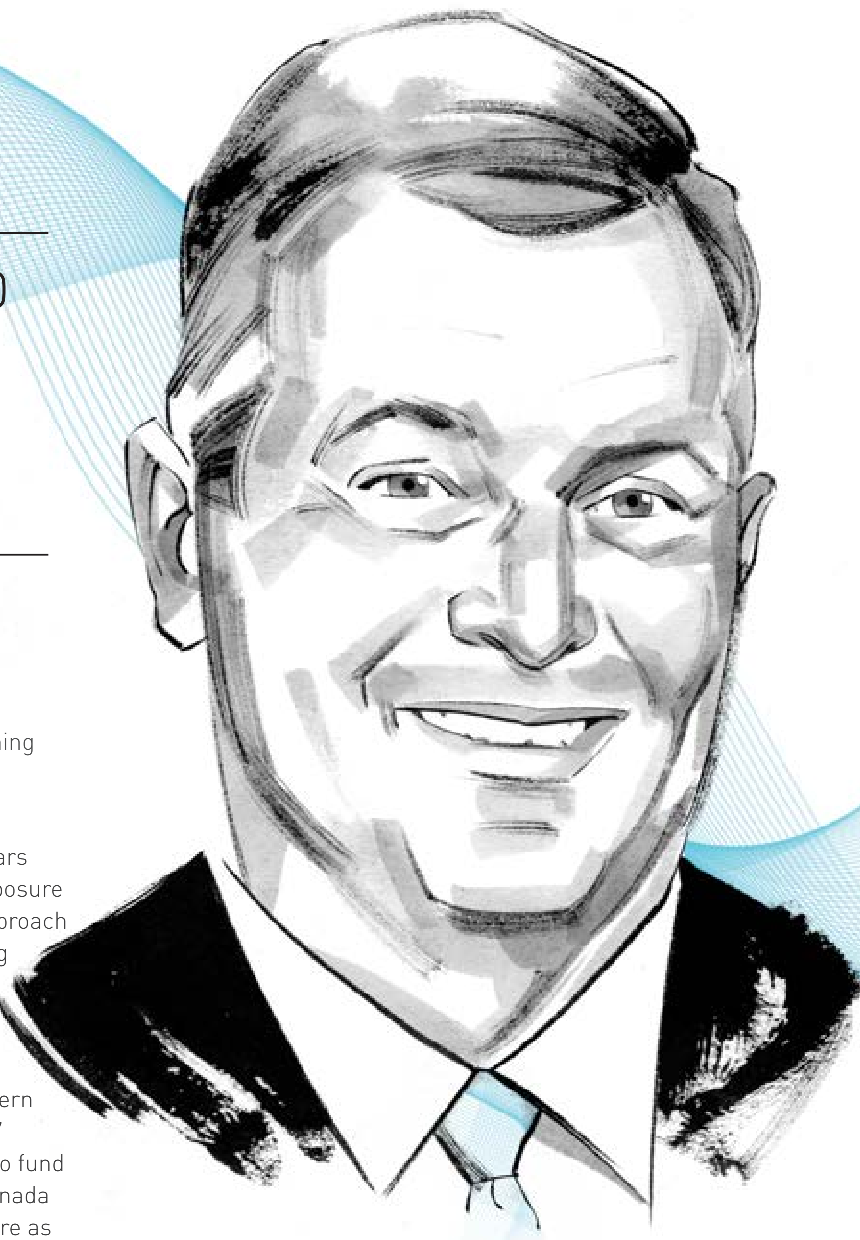
5. Take advantage of the current depressed market for junior exploration companies to acquire new North American projects that would be immediately accretive to Seabridge in terms of ounces of gold resources per share while also providing substantial new exploration upside; and

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

We approach every year with optimism, knowing there is work ahead of us that can enhance the value of our assets. This year is no exception. What is different this year is that we think we have the wind at our backs. We believe the bear market in gold is finally over. If we are right, this should prove to be a very good year for our shareholders.

On Behalf of the Board of Directors,

Rudi P. Fronk
Chairman and Chief Executive Officer
April 15, 2016



AN INTERVIEW WITH

Seabridge Gold's CEO **Rudi Fronk**: Corporate Strategy and the Role of Gold

Q: The theme for this year's annual report is "Turning Cash into Gold". Isn't this essentially Seabridge's corporate strategy?

Fronk: It is. When we founded the Company 17 years ago, it was to give our shareholders maximum exposure to the gold price. That meant taking a different approach to the business. If you look at what the gold mining industry is doing, they are turning what we believe to be a superior form of money — gold — into an inferior one — the dollar.

At Seabridge, we like to think of ourselves as modern alchemists turning cash into gold. Over the last 17 years, we have used cash from our shareholders to fund acquisitions and exploration of gold projects in Canada with the aim of increasing gold ownership per share as measured by our ounces of gold resources and reserves in the ground relative to our shares outstanding. We think there is a place for this strategy among those shareholders who value gold ownership over cash flow.

Q: You now have more than 59 million ounces of gold resources in the measured and indicated categories and nearly 35 million ounces of gold resources classified as inferred.

Fronk: That's right. And 45 million of those ounces are reserves, with much more to come. Meanwhile, we only have 52 million shares outstanding. Gold ownership per share has grown every year since our inception. I think you will find that every other public gold company has reduced its gold ownership on a per share basis over the same period.

Q: Why does the rest of the gold industry do everything in reverse?

Fronk: Well, first of all, because they are focused on their next income statement. There is an instant market for gold at the quoted world price and they can always sell it. That's a real luxury. Not all minerals and metals have that marketability.

Second, senior gold mining executives are almost always engineers or accountants. They understand the hard facts of quantifying production and managing costs — estimating ore grades, recovery rates, reagent consumption and fuel prices — and all that stuff is ultimately expressed in dollars. You really can't shut in production when the gold price falls so you have to become very adept at managing costs, which is a tremendous skill. As a result, they are required to live in a dollar world.

I was trained as an engineer and that's how I was taught. Engineers are very good at taking big issues and reducing them to details that can be measured and controlled. Big "soft" economic issues that are harder to quantify and control can elude them.

As soon as I completed my degree in mining engineering, I started studying economics and finance because that's the arena where things are valued. To run a gold mine, you need the engineering mindset but to understand its value, you need to understand money. Because in the gold business, our product is an alternative form of money. Many people in our business grew up in the base metals industry which is much larger and generally more technically advanced than gold mining. Base metals are commodities and that's the way most gold mining executives think of gold. They don't think of gold as money.

Q: How did you arrive at your strategy of growing gold ownership per share?

Fronk: Our strategy came from two fundamental insights. The first insight was that the valuation of financial assets such as stocks and bonds relative to gold was unreasonably high due to inflationary monetary policies. These things go in cycles. In the 1970s, hard assets were overvalued against financial assets. Then, over the next 23 years we got the reverse.

We formed Seabridge at the height of enthusiasm for financial assets. The day we launched, in late 1999, it took 44 ounces of gold to buy the Dow...the highest ever. Since then the ratio has gone as low as 6. It's now about 15 but we would not be surprised if it gets to a ratio of 1 to 1 yet again, as it has done twice in the last hundred years, the last time in 1980 when the Dow and gold crossed with gold at $850. We believe we now are in a time when gold is increasingly needed to protect wealth.

Second, it is extremely difficult to find gold that is economic to develop. Gold is a store of wealth, the best there is, because of that scarcity. Cash you can get anywhere, you can even print it, but not gold. We decided to make this scarcity value our competitive advantage by focusing on gold ownership.

As gold potentially becomes more important as an investment, our industry is struggling. Reserves are on the decline. Discovery rates are falling. New projects are smaller and lower grade than the ones that are being depleted. Some producers have been high-grading their deposits to stay in business and meet their debt obligations, a strategy that destroys reserves. These factors support the future value of our strategy.

If gold ownership per share is your chosen metric, then you probably can't build and operate mines, which was a decision we made at the very beginning. Producers have to sell their gold to pay for its extraction. Then, they have to go out and spend enormous dollars to acquire, engineer and permit new projects to stay in business. The result is that the equity and debt dilution of their shareholders has been extraordinary. Studies show that over the past ten years, common shares outstanding of the 10 largest gold mining companies have more than doubled, while their net debt has increased by about 40 fold. Our largest shareholder likes to say that the biggest risk in owning gold stocks is dilution. That's the difficulty of being a miner. So we decided to maximize gold ownership per share rather than be a miner.

We formed Seabridge at the height of enthusiasm for financial assets

Q: But you are preparing your projects to become producing mines. Won't you then face the same dilution issues as the rest of the industry?

Fronk: We will face the same challenges but we have had 17 years to develop strategies to avoid excessive dilution of our gold ownership.

It's clear that gold in the ground, which is what we have now, is worth much less than gold in the hand. To realize the full value of our reserves, they will have to be mined and the costs of building and operating a mine will reduce our gold ownership. We expect to enter into joint ventures with large, experienced producers who will take on most of the costs of financing to production in return for a share of the project. This approach is designed to limit equity and debt dilution but it will cost us a significant portion of our reserves.

We think the loss of leverage to the gold price from taking on a partner will be more than offset by the substantially higher value given to ounces that have become reserves of a producing mine and this higher per ounce value should be reflected in our share price. Production should also generate a return in gold, which can be distributed to shareholders as a dividend in physical form.

The two keys to maintaining our exceptional gold ownership per share over time are exploration and acquisitions. Most miners give very little priority to exploration and they generally aren't very good at it. Producers are typically not entrepreneurial enterprises where creative exploration is encouraged. We have a really good engineering and permitting team that has added enormous value to our asset base but our core competency remains exploration. When we acquired our current projects, exploration upside was always the key criterion.

We have demonstrated the discipline to buy assets at the right time, when most of our industry is being forced to reduce debt by selling the projects they have overpaid for at the top of the market

We believe we can replace the ounces mined at our projects from low-cost exploration. We have proven that over the last 17 years. And we have carefully focused our efforts on acquiring and exploring district scale projects where there is an outstanding opportunity to grow. At KSM, we believe that there is enormous remaining exploration potential to be shared with our partner. You can also see this upside at our Courageous Lake project which consists of an entire 53 kilometer long greenstone belt.

While valuations remain at historically low levels, you can also expect us to acquire more projects based on our confidence that we can find economic ounces at a low cost. We have demonstrated the discipline to buy assets at the right time, when most of our industry is being forced to reduce debt by selling the projects they have acquired near the top of the market. We bought our existing projects near the bottom of the last gold cycle and we expect to do the same in the current depressed market.

Q: What is your sense of the current monetary system and where it is headed?

Fronk: As you know, money has three functions — a medium of exchange, a unit of account and a store of value. The dollar does a great job of acting as a medium of exchange worldwide, although its volatility is certainly a source of anxiety for corporate earnings, commercial trade and investment. The problem is the other two, because over time the dollar continually loses value against real things. Since the forming of the Federal Reserve, the central bank of fiat, the dollar's purchasing power has dropped by about 97%.

Furthermore, the U.S. authorities have politicized the dollar — it is being used to prop up borrowers at the expense of savers, to aid the banks and Wall Street. It is being printed to fund a bloated Federal Government which, therefore, does not need to live within its means. Below-market rates of interest elevate financial assets by encouraging speculation, but at the expense of real investment and real economic growth.

As a political tool of government, I think the dollar cannot be trusted to preserve wealth. That is the role of gold. You can keep the dollar for its usefulness as a medium of exchange and meanwhile you can go on your own gold standard to protect your wealth. Seabridge represents a leveraged way of pursuing that strategy.

Now, I know that most people think that history doesn't mean anything anymore. We are told that we are in a new era where the old rules no longer apply. But we should all note that at the end of World War II, nearly half of the world's currencies went to zero. Gold did not.

I'm not predicting a new world war. But I note that the global debt market now has about $225 trillion outstanding while equities total about $75 trillion. So, we have about $300 trillion in financial claims against a global GDP of about $75 trillion. How is that going to work out? Lots of people are going to lose value. Meanwhile, there is about $7 trillion in above ground gold to back these claims, which are really liabilities, not assets. As the only asset that backs itself, I think gold is going much higher.

Q: This is not the common view.

Fronk: No, most of us are absorbed in the minutiae of daily life. You need to look up and see how the world works. You need to look behind the government data and the easy answers. People don't want to face unpleasant truths. Most investors have been making money, measured in dollars, and if you have been holding financial liabilities as if they are assets, you have been rewarded in dollars. Who wants to know that these profits may prove to be less than real? There is a ton of propaganda that you have to fight your way through and most people are just too busy doing their day-to-day stuff.

GOLD OUTPERFORMED EVERY OTHER ASSET CLASS

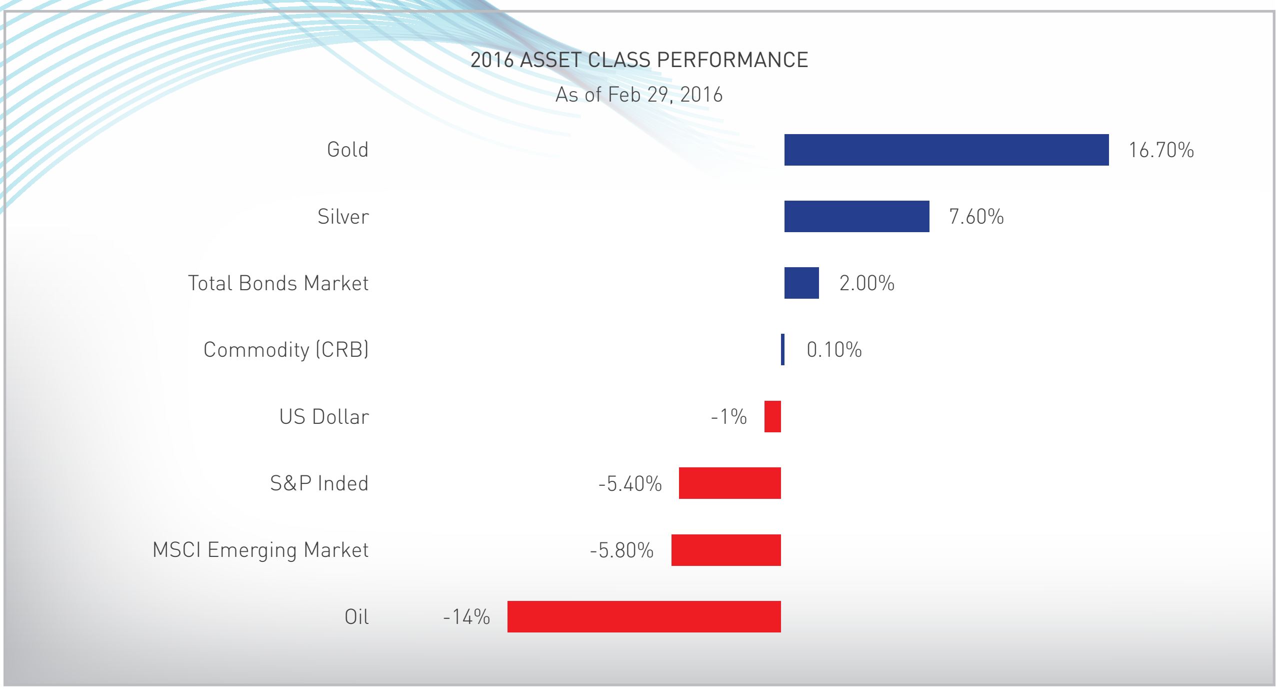
The bear argument on gold depends on a strong U.S. economic recovery, a credible Fed and rising short-term interest rates. The market is losing confidence in all three. Where is the recovery the Fed has promised? And what has happened to the normalization in interest rates that the Fed keeps telling us is just around the corner? Jim Grant makes the point that the gold price is the inverse of confidence in central bankers. From that perspective, the Fed is gold's best friend because they are doing a fine job of demonstrating that they have no idea what they are doing.

Q: In the meantime, your share price is well below its highs of 2011 despite success growing resources and reserves.

Fronk: It's all about investor sentiment. Gold is not yet in favor. Financial assets still are. The gold price is a teeter-totter with the stock market on the other end from gold. As long as perceived risks are low, stocks will go up at the expense of gold. When it goes the other way, I believe gold in the ground will rapidly increase in value. As a gold investor, you have to be patient and wait for the shift in sentiment. When it comes, I think you will be rewarded. We are very patient here at Seabridge.

Seabridge is a leveraged play on gold so we tend to exceed the industry averages both to the upside and to the downside, just as you would expect. As you know, gold went up nearly 650% from the low in 1999 to the high in 2011. Gold outperformed every other asset class. Gold stocks went up 1,575% from bottom to top, which is pretty nice leverage to the gold price. Seabridge beat the gold stock averages by rising 3,500%.

Industry valuations right now are based on the cash flow from producing reserves. The option value imputed to gold in the ground is next to nothing. That's what happens at the bottom of the cycle. I believe gold is now on the way up. In our opinion, the next bull market in gold has begun, and if that's the case, I believe you will be well rewarded by owning shares of Seabridge.



No Way to run a Country

It is generally accepted by politicians and economists that you can't compare government finances with household budgeting. We ask, why not? Both are financial units that have revenues, bills to pay and convenient places to borrow money. The main difference is eight zeros. The consequence of that difference in zeros is that the ordinary person can no longer assimilate the numbers, they are too big to make sense of, which is just what the politicians and economists want. If your eyes glaze over, they have won.

Here are the current numbers for the U.S. Federal Government:

Annual Federal Tax Revenue:	$3,309,149,000,000
Annual Federal Expenditures:	$3,798,706,000,000
Current Year Deficit:	$489,566,000,000
National Debt:	$19,155,214,000,000

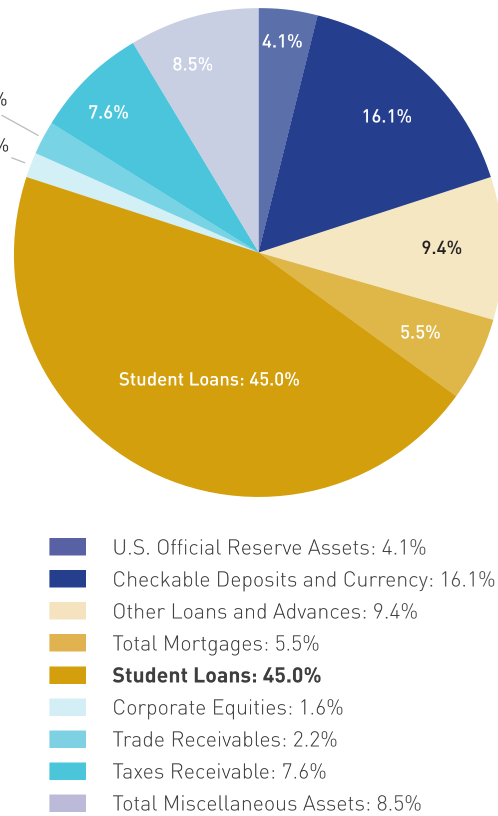
Now let's remove those eight zeros and pretend it's a household budget:

Annual Family Income:	$33,091
Annual Family Spending:	$37,798
New Debt on the Credit Card:	$4,896
Outstanding Bank Debt:	$191,552

Given these numbers, why do you have confidence in the value of the US dollar? Because, you might say, it's backed by the US Government, the most powerful institution on earth, with the biggest military and the most powerful economy.

As a household, you have to be able to back your current liabilities with current assets. Show me the current assets backing the dollar. Show me the money, as they say. Let's look at the U.S. Federal Government's financial assets, as calculated by Doug Short of ***Advisor Perspectives***, see pie chart entitled, "***Federal Government Total Financial Assets***."

FEDERAL GOVERNMENT TOTAL FINANCIAL ASSETS



Source: Financial Accounts of the United States for Q4 2015

Your dollar is not primarily backed by U.S. Official Reserve Assets (gold officially valued on the balance sheet at $11 billion but really worth about $320 billion at market) or taxes receivable from the world's best economy. That dollar in your wallet is for the most part backed, in current asset terms, by student loans owed in large part by unemployed kids living in their parents' basements.

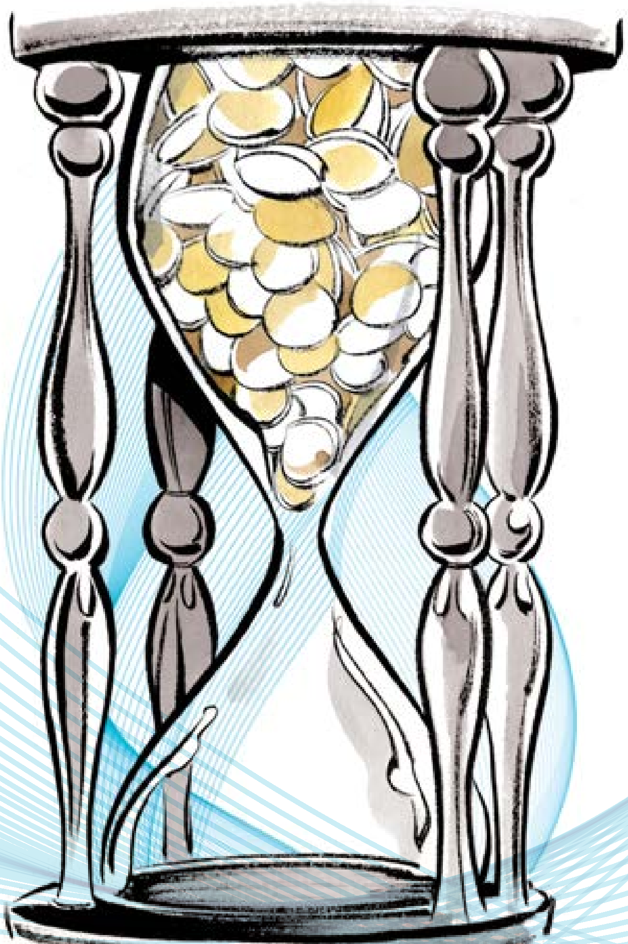
Now, you may want to argue this point. After all, tax revenues come in every day, year after year. Consider the value of this income stream, you might say. But then you must also consider the net present value of unfunded future liabilities, which is at least $80 Trillion (with a T) or more depending on the discount rate and other assumptions you use. Boston University's Laurence Kotlikoff, the reigning expert on U.S. liabilities, recently estimated the net present value of these liabilities at about $200 Trillion.

Of course, one big difference between a household and the U.S. Treasury is that the Treasury essentially has a captive bank (the Federal Reserve) with monopoly power to create the currency of the land, which means that regular credit criteria don't apply. The unfortunate end result is that the U.S. Treasury can get into far more trouble than a household.

The U.S. dollar is what we call a faith-based currency. Oddly enough, you can still trade dollars for gold, so why would you not take the opportunity to do some of that?

Peak Gold? **Bad** Idea

Recently, a number of analysts and senior gold company executives have adopted the idea of peak gold. By this they appear to mean that gold production capacity will soon peak and then decline, just as the market seemed to think would happen to oil a couple of years ago.



The concept of peak gold is another example of the conventional thinking that gold is a commodity. It is not. For a commodity such as copper or oil, peak production may have meaning. Commodities have limited above-ground supply because they are constantly being consumed. If production capacity falls while demand remains strong, there is not much slack and the market will soon begin to anticipate a possible shortage, leading to a higher price to clear the market.

Gold has an above ground supply that is verging on six billion ounces — almost all the gold ever mined. It is highly improbable that there will ever be less gold available for sale than there is today. If the gold mining industry suddenly were to stop production entirely, the impact on the gold price would, in our view, be minimal except perhaps for a short-term psychological reaction, never mind if annual production were to fall by a few percentage points from some theoretical peak.

Mine production increases the existing above ground gold supply by about 1.4% per year. By comparison, the London market trades the world's total annual gold production about every four days. The rate of production is essentially irrelevant.

The best and highest use of gold is in a vault as real wealth

Nor will there ever be a shortage of gold. Any conceivable demand for gold can and will be met, with price being the mechanism bringing supply and demand together.

While we are at the business of debunking commodity analysis, it should be noted that gold appears to be a so-called Giffen Good, named after the economist Robert Giffen. Contrary to economic law, demand for gold rises with the price, unlike other goods, once again because gold is not consumed. Gold has a marginal utility of one. The second gold coin brings just as much immediate satisfaction as the first, unlike ice cream cones or steak dinners.

Finally, the best and highest use of gold is in a vault as real wealth. If gold were to develop important alternative uses, there would be less of it and, in our opinion, that would also result in a much lower price. Industrial uses would commoditize gold and subject it to the laws of economic substitution similar to silver. The market's gold-to-silver price ratio has been declining for hundreds of years precisely because silver has industrial uses which have grown over time, partially eclipsing its monetary value.

A final word on peak production: It has been predicted for any number of commodities since at least the time of Malthus and it hasn't been true yet. The long term price trend for commodities in real terms has been down for centuries because humans keep getting more efficient at producing them.

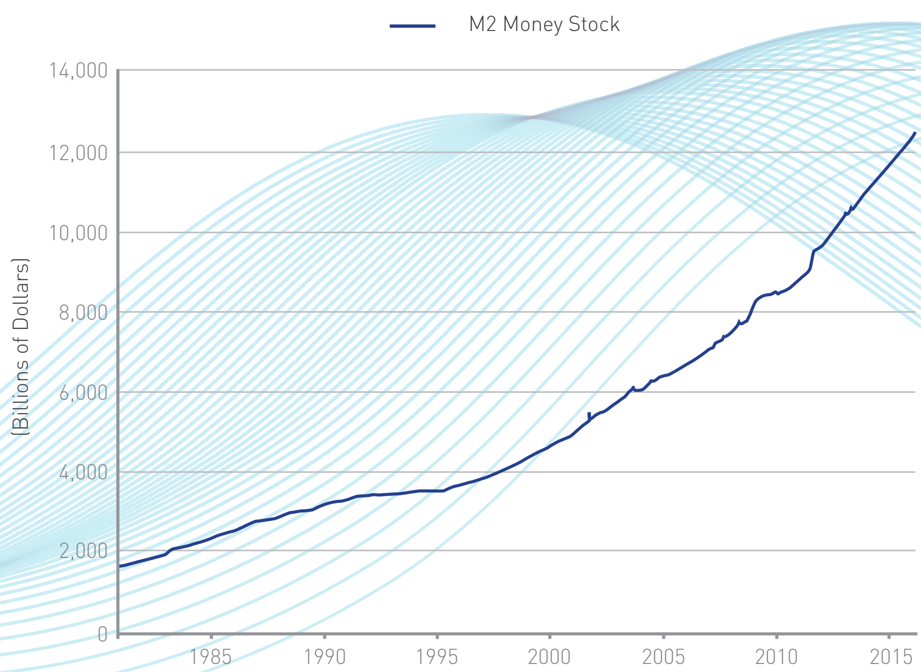
WEIGHTS, MEASURES & other Constants

WE ALL KNOW WHAT A METER OR A YARD IS. A KILO (OR A POUND) IS ALSO STANDARDIZED AND KNOWN. A MINUTE IS THE SAME ANYWHERE ON EARTH.

Why do we not have a standard measure for value? Until recently, we did — an ounce of gold. It was the measure of wealth all over the globe for thousands of years. Remarkably, it is still accepted everywhere and it still has the same value world-wide. But gold is no longer used as a measure of wealth, a standard of value, having been pushed to the side in favour of paper money issued by the state and mandated as the currency for all transactions.

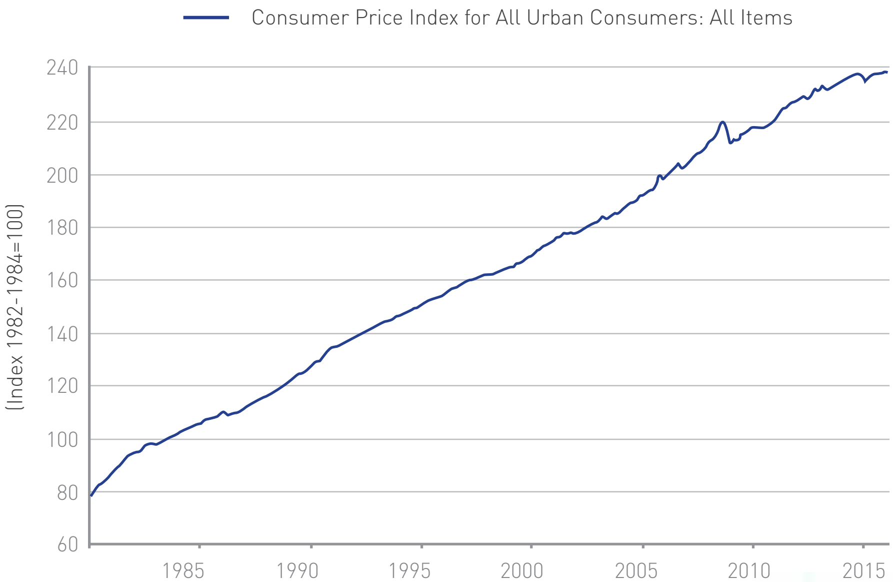
We have no problem with the state issuing currency, such as the dollar, for the settlement of transactions. But society has unwisely decided to use this transactional currency to measure and store wealth. **WHY UNWISE?** Because dollars are a political creation and there is no reliable constraint on creating more of them. Dollars are used by the state and central banks to achieve their objectives, such as stimulating the economy, bailing out foolish debtors, running deficits, influencing exchange rates and encouraging certain behaviours over others, which are incompatible with the preservation of savings and wealth.

Should you store your wealth in a currency whose supply grows exponentially, like this?



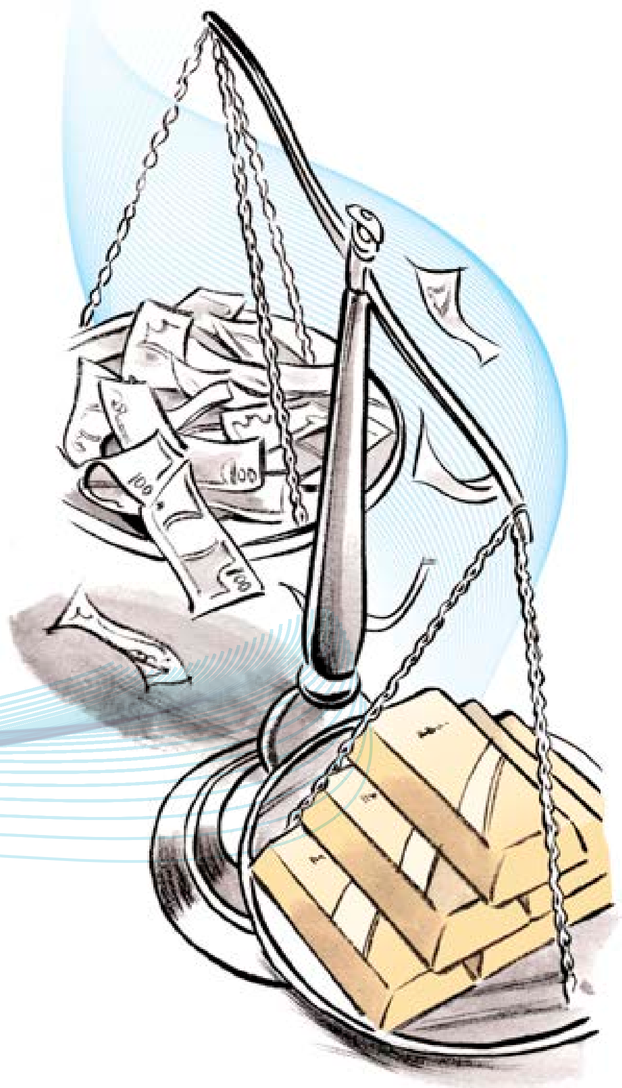
Source: Board of Governors of the Federal System (U.S.)
research.stlouisfed.org

Do you think it is a good idea to store your savings in a currency that suffers ongoing loss of purchasing power like this (below)?



Source: U.S. Bureau of Labor Statistics
research.stlouisfed.org

A DOLLAR IS NOT A DOLLAR OVER TIME



The proof that dollars are not a good storage medium for wealth is to be found in this simple thought experiment. One of the most important uses for wealth is to live in retirement. How much money did you need to retire on in 1970? Perhaps U.S.$300,000? At a 7% risk-free interest rate, you would have had the then princely annual income of $21,000. Today, you may need an income of U.S.$60,000 to enjoy the same lifestyle. How much wealth do you need to generate that income at a 2% risk-free interest rate? That would be U.S.$3 million. So, 46 years later, you need 10 times more capital to retire in the same manner. Or you can take a lot more risk by investing in higher-yield debt, which many are now forced to do.

This little exercise shows you how poor dollars are as a preserver of real wealth. A dollar is not a dollar over time. We believe that the amount of money needed for retirement is a better measure of monetary debasement than M2 or the CPI. Incidentally, if you had bought U.S.$300,000 of gold in 1970, you would have acquired 8,571 ounces which are worth today more than U.S.$10 million. Has gold gone up or has the dollar gone down? We think the latter.

At Seabridge, we measure our corporate worth in ounces of gold, not dollars. We measure our progress on behalf of shareholders in ounces of gold resources and reserves per share. We suggest gold may also be the right way to measure your own wealth. In our view, we require a constant for measuring wealth just as we need constant weights and measures for the things we buy. It keeps us honest.

MINERAL RESERVES AND RESOURCES

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

PROVEN AND PROBABLE MINERAL RESERVES

				AVERAGE GRADES				CONTAINED METAL			
Project	Zone	Reserve Category	Tonnes (millions)	Gold (g/t)	Copper (%)	Silver (g/t)	Moly (ppm)	Gold (million ounces)	Copper (million pounds)	Silver (million ounces)	Moly (million pounds)
KSM	Mitchell	Proven	476	0.67	0.17	3.05	60.9	10.3	1,798	47	64
		Probable	935	0.57	0.16	3.11	50.7	17.2	3,296	93	104
	Iron Cap	Probable	193	0.45	0.20	5.32	21.5	2.8	834	33	9
	Sulphurets	Probable	318	0.59	0.22	0.79	50.6	6.0	1,535	8	35
	Kerr	Probable	242	0.24	0.45	1.2	0.0	1.9	2,425	9	0
KSM Totals		Proven	476	0.67	0.17	3.05	60.9	10.3	1,798	47	64
		Probable	1,688	0.51	0.22	2.65	40.1	27.9	8,090	144	149
		Total	**2,164**	**0.55**	**0.21**	**2.74**	**44.7**	**38.2**	**9,888**	**191**	**213**
Courageous Lake		Proven	12	2.41				1.0			
		Probable	79	2.17	n/a	n/a	n/a	5.5	n/a	n/a	n/a
		Total	**91**	**2.20**				**6.5**			
Seabridge Totals								**44.7**	**9,888**	**191**	**213**

MINERAL RESOURCES (Includes Mineral Reserves as Stated Above)

			MEASURED RESOURCES							
			Gold		Copper		Silver		Molybdenum	
Project	Cut-Off Grade (g/t)	Tonnes (000)	Grade (g/t)	Ounces (000)	Grade (%)	Pounds (millions)	Grade (g/t)	Ounces (000)	Grade (ppm)	Pounds (millions)
KSM: Mitchell	0.5 Gold Equiv.	724,000	0.65	15,130	0.18	2,872	3.2	74,487	56	89.4
Courageous Lake	0.83	13,401	2.53	1,090	n/a	n/a	n/a	n/a	n/a	n/a
Quartz Mountain*	0.34	3,480	0.98	110	n/a	n/a	n/a	n/a	n/a	n/a
Red Mountain*	1.00	1,260	8.01	324	n/a	n/a	n/a	n/a	n/a	n/a
Castle/Black Rock*	0.25	4,120	0.57	75	n/a	n/a	n/a	n/a	n/a	n/a
Total Measured Resources				**16,729**		**2,872**		**74,487**		**89.4**

* As of December 31, 2015 each of the Red Mountain, Quartz Mountain and Castle/Black Rock projects were subject to options agreements under which a 100% interest in each such project may be acquired from Seabridge by the optionee.

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

INDICATED RESOURCES

Project	Cut-Off Grade (g/t)	Tonnes (000)	Gold Grade (g/t)	Gold Ounces (000)	Copper Grade (%)	Copper Pounds (millions)	Silver Grade (g/t)	Silver Ounces (000)	Molybdenum Grade (ppm)	Molybdenum Pounds (millions)
KSM:										
Mitchell		1,052,900	0.58	19,634	0.16	3,713	3.1	104,940	59	136.9
Sulphurets	0.5	370,900	0.59	7,036	0.21	1,717	0.8	9,540	49	40.1
Kerr	Gold	270,400	0.24	2,086	0.46	2,741	1.1	9,563	n/a	n/a
Iron Cap	Equiv	361,700	0.44	5,117	0.21	1,674	5.4	62,796	47	37.5
KSM Total		2,055,900	0.51	33,873	0.22	9,845	2.8	186,838	54	214.5
Courageous Lake	0.83	93,914	2.28	6,884	n/a	n/a	n/a	n/a	n/a	n/a
Quartz Mountain*	0.34	54,330	0.91	1,591	n/a	n/a	n/a	n/a	n/a	n/a
Red Mountain*	1.00	340	7.04	76	n/a	n/a	n/a	n/a	n/a	n/a
Castle/Black Rock*	0.25	8,260	0.53	140	n/a	n/a	n/a	n/a	n/a	n/a
Total Indicated Resources				**42,564**		**9,845**		**186,838**		**214.5**

MEASURED PLUS INDICATED RESOURCES

Project	Cut-Off Grade (g/t)	Tonnes (000)	Gold Grade (g/t)	Gold Ounces (000)	Copper Grade (%)	Copper Pounds (millions)	Silver Grade (g/t)	Silver Ounces (000)	Molybdenum Grade (ppm)	Molybdenum Pounds (millions)
KSM:										
Mitchell		1,776,900	0.61	34,764	0.17	6,585	3.1	179,426	58	226.3
Sulphurets	0.5	370,900	0.59	7,036	0.21	1,717	0.8	9,540	49	40.1
Kerr	Gold	270,400	0.24	2,086	0.46	2,741	1.1	9,563	n/a	n/a
Iron Cap	Equiv	361,700	0.44	5,117	0.21	1,674	5.4	62,796	47	37.5
KSM Total		2,779,900	0.55	49,003	0.21	12,717	2.9	261,325	55	303.8
Courageous Lake	0.83	107,315	2.31	7,974	n/a	n/a	n/a	n/a	n/a	n/a
Quartz Mountain*	0.34	57,810	0.92	1,701	n/a	n/a	n/a	n/a	n/a	n/a
Red Mountain*	1.00	1,600	7.78	400	n/a	n/a	n/a	n/a	n/a	n/a
Castle/Black Rock*	0.25	12,380	0.54	215	n/a	n/a	n/a	n/a	n/a	n/a
Total Measured Plus Indicated Resources				**59,293**		**12,717**		**261,325**		**303.8**

INFERRED RESOURCES

Project	Cut-Off Grade (g/t)	Tonnes (000)	Gold Grade (g/t)	Gold Ounces (000)	Copper Grade (%)	Copper Pounds (millions)	Silver Grade (g/t)	Silver Ounces (000)	Molybdenum Grade (ppm)	Molybdenum Pounds (millions)
KSM:										
Mitchell		567,800	0.44	8,032	0.14	1,752	3.4	62,068	51	63.8
Sulphurets	0.5	177,100	0.50	2,847	0.15	585	1.2	6,833	30	11.7
Kerr	Gold	85,000	0.24	656	0.28	525	0.9	2,460	n/a	n/a
Iron Cap	Equiv	297,300	0.36	3,441	0.20	1,310	3.9	37,278	60	39.3
KSM Total		1,127,200	0.41	14,976	0.17	4,172	3.0	108,638	50	114.8
Deep Kerr	C$24 NSR	1,008,200	0.35	11,345	0.53	11,777	2.0	64,829	27	60.0
Iron Cap Lower Zone	U.S.$20 NSR	163,800	0.59	3,124	0.27	961	4.2	22,120	15	5.3
Courageous Lake:										
FAT Deposit	0.83	48,963	2.18	3,432	n/a	n/a	n/a	n/a	n/a	n/a
Walsh Lake	0.60	4,624	3.24	482	n/a	n/a	n/a	n/a	n/a	n/a
Quartz Mountain*	0.34	44,800	0.72	1,043	n/a	n/a	n/a	n/a	n/a	n/a
Red Mountain*	1.00	2,079	3.71	248	n/a	n/a	n/a	n/a	n/a	n/a
Castle/Black Rock*	0.25	7,950	0.37	93	n/a	n/a	n/a	n/a	n/a	n/a
Total Inferred Resources				**31,577**		**14,457**		**177,624**		**167.2**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion of the results of operations and financial condition of Seabridge Gold Inc. and its subsidiary companies for the years ended December 31, 2015 and 2014. This report is dated March 24, 2016 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2015 and 2014, the Company's Annual Information Form filed on SEDAR at www.sedar.com, and the Annual Report on Form 40-F filed on EDGAR at www.sec.gov/edgar.shtml. Other corporate documents are also available on SEDAR and EDGAR as well as the Company's website www.seabridgegold.net. As the Company has no operating project at this time, its ability to carry out its business plan rests with its ability to sell projects or to secure equity and other financings. All amounts contained in this document are stated in Canadian dollars unless otherwise disclosed.

The accompanying consolidated financial statements for the year ended December 31, 2015 and the comparative year ended December 31, 2014 have been prepared by the Company in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

COMPANY OVERVIEW

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

SELECTED ANNUAL INFORMATION

SUMMARY OPERATING RESULTS

($000's except per share amounts)	2015	2014	2013
Corporate and administrative costs	(9,410)	(14,091)	(11,831)
Other income - flow-through shares	2,907	7,489	6,256
Gain on disposition of mineral properties	1,000	2,489	2,006
Impairment of mineral properties	(350)	(2,437)	–
Impairment of investments	(891)	(1,236)	(4,579)
Income taxes	(2,700)	(5,899)	(5,960)
Other	378	662	459
Net loss	(9,066)	(13,023)	(13,649)
Basic loss per share	(0.18)	(0.27)	(0.30)
Diluted loss per share	(0.18)	(0.27)	(0.30)

SUMMARY BALANCE SHEETS ($000's)	2015	2014	2013
Current assets	20,134	16,282	33,390
Non-current assets	280,393	262,074	236,987
Total assets	300,527	278,356	270,377
Current liabilities	2,373	4,743	8,481
Non-current liabilities	16,170	13,779	8,141
Equity	281,984	259,834	253,755
Total liabilities and equity	300,527	278,356	270,377

RESULTS OF OPERATIONS

The net loss for the year ended December 31, 2015 was $9.1 million or $0.18 per share compared to a net loss of $13 million or $0.27 per share for 2014.

In both 2015 and 2014, the most significant expenses contributing to net loss were corporate and administrative costs, and in particular, stock-based compensation. Impairment of investments and mineral properties and income taxes also contributed to the loss but to a lesser degree in 2015 than in the comparative year. Offsetting some of these expenses were the recognition of gains on the disposition of mineral properties and other income relating to the amortization of flow-through share premiums, obtained in financings completed in 2014 and the current year. These items are discussed further, below.

In 2015, corporate and administrative expenses decreased significantly from $14.1 million in 2014 to $9.4 million in the current year representing a 33% decline. The majority of the decline resulted from a $6.0 million (62%) decrease in non-cash, stock-based compensation. The fair value of stock options, granted in 2014, and restricted share units (RSU), granted at the end of 2013 and in 2014, were amortized over a shorter service period and the majority of those costs were recognized in 2014, prior to the start of the current fiscal year, resulting in a higher expense in the comparative year. Cash compensation, however, increased from $2.5 million in 2014, to $3.5 million or 40% in the current year, reflecting the award of bonuses to management and the impact of a strengthened U.S. versus the Canadian dollar on U.S. denominated salaries. Other corporate and administrative costs increased marginally over the comparative year as the Company continued to source a joint venture partner for KSM. Stock-based compensation is not expected to increase in 2016 as the fair value of unamortized stock-based compensation as at December 31, 2015 is $2.5 million.

The following tables illustrate the Company's stock option and RSU grants positions:

OPTIONS GRANTED

($000's except number of options and exercise prices)

	Number of options	Exercise price	Grant date fair value	Expensed prior to 2014	Expensed in 2014	Expensed in 2015	Remaining balance to be expensed
December 20, 2010	950,000	29.75	12,363	12,082	281	–	–
June 29, 2011	50,000	27.39	583	459	124	–	–
June 27, 2012	100,000	14.70	839	703	136	–	–
September 11, 2012	180,000	17.32	1,749	1,345	404	–	–
December 12, 2012	165,000	17.52	1,487	1,019	468	–	–
March 3, 2013	705,000	12.60	2,577	1,226	1,335	16	–
June 5, 2013	100,000	12.91	724	257	361	106	–
December 19, 2013	50,000	8.00	239	9	230	–	–
March 24, 2014	700,000	10.36	2,959	–	2,959	–	–
June 24, 2014	50,000	9.72	223	–	223	–	–
April 27, 2015	475,000	9.00	1,414	–	–	895	519
December 21, 2015	365,000	11.13	1,959	–	–	803	1,156
					6,521	1,820	1,675

RSUs GRANTED

(000's except number of RSUs)

	Number of RSUs	Grant date fair value	Expensed in 2013	Expensed in 2014	Cancelled in 2015	Expensed in 2015	Remaining balance to be expensed
December 19, 2013	235,000	2,267	84	2,059	(24)	100	–
December 9, 2014	272,500	2,624	–	1,099	–	1,184	341
December 31, 2015	94,000	1,046	–	–	–	542	504
		5,937	84	3,158	(24)	1,826	845

The Company implemented the RSU Plan in late 2013 and has granted a total of 601,500 RSUs to certain non-director, key management personnel. Pursuant to that 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, which is not to exceed two years. The RSUs are exchanged for shares of the Company upon the vesting criteria being met. The fair value of the grants, of $5.9 million, was estimated as each grant date. The expected service periods vary from one to eighteen months depending on the corporate objectives that have or are to be met.

The Company entered into an agreement with IDM Mining ("IDM") in 2014 to option the Company's Red Mountain Project. As part of that agreement, IDM has paid the Company $2 million in cash and 4,955,500 common shares of IDM, the fair value of which was $2.5 million. $1 million and the shares were received in 2014 and $1 million was received in 2015. The receipt of cash and shares has been recorded as a gain on the disposition of mineral properties in the year of receipt, as all historical acquisition and exploration costs for the project had been fully recovered through previous option payments and other recoveries. In addition to the initial payments of cash and shares, IDM is obligated to spend $7.5 million on the Red Mountain Project between 2014 and 2017.

In 2015, the Company recorded $2.9 million of other income (2014 - $7.5 million), related to two private placements of flow-through shares it completed in 2014 and 2015. In 2014 the Company issued 1,150,000 flow-through common shares, at $12.00 per share, raising gross proceeds of $13.8 million. The purchase price represented a 29% premium over the market price of the Company's shares on that date. The premium calculated at the time of the financing, of $3.1 million, was recognized as a liability on the statement of financial position and the balance was recorded as share capital. In 2015, the Company issued 1,610,000 flow-through common shares, at $10.17 per share, raising gross proceeds of $16.4 million at a 22% premium over the market price. The premium calculated at the time of this financing, of $3 million, was recognized as a liability on the statement of financial position and the balance was recorded as share capital. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the two financings and transfer the deductibility of the expenses to the purchasers of the flow-through shares. The effective date of the renouncement for the 2014 financing was December 31, 2014 and December 31, 2015 for the financing completed in 2015. Based on qualifying expenditures made in 2015, $2.9 million of other income has been recognized in the current year. Of the $2.9 million, $0.9 million related to the remaining premium from the 2014 financing and $2 million related to the amortization of the 2015 premium.

The balance of the premium related to the financing completed in 2015, of $1 million, recorded as a liability on the statement of financial position as at December 31, 2015, will be amortized as the Company incurs qualifying expenditures in 2016.

In 2015 the Company was notified that the remaining option on one of its projects in Nevada, Castle Black Rock, would be foregone. The Company determined that the recoverability of the carrying costs was impaired and charged the statement of operations with the remaining carrying cost of $0.4 million. The Company charged the statement of operations with an impairment of $2.4 million in 2014, related to its Nevada Projects. At December 31, 2015, the Company no longer has any capitalized mineral property value related to these projects.

The Company holds investments in common shares of several mining companies that were received as consideration for optioned mineral properties, and other short-term investments, including one gold exchange traded receipt. These available for sale financial assets are recorded at fair value on the statements of financial position. In 2015, the Company determined that the recoverability of some of its available for sale investments were impaired and recorded a $0.9 million (2014 - $1.2 million) charge to the statement of operations.

Due to the significant influence the Company can exert, through representation on the board of directors and share ownership of one investment the Company holds, it is classified as an associate and accounted for using the equity method. In 2015 the Company recognized a $0.2 million gain (2014 - $0.6 million loss) on the statement of operations for its proportionate share of gains of the associate.

In 2015, the Company recognized income tax expense of $2.7 million (2014 - $5.9 million) primarily related to a deferred tax expense arising due to the renouncement of expenditures related to 2014 and 2015 flow-through shares which are capitalized for accounting purposes, offset partially by a deferred tax recovery arising from the loss in the current year.

QUARTERLY INFORMATION

Selected financial information for the last eight quarters ending December 31, 2015 is as follows (unaudited):

Quarterly operating results ($000's)	**4th Quarter ended December 31, 2015**	**3rd Quarter ended September 30, 2015**	**2nd Quarter ended June 30, 2015**	**1st Quarter ended March 31, 2015**
Revenue	–	–	–	–
Loss for period	(2,373)	(2,629)	(1,590)	(2,474)
Basic loss per share	(0.05)	(0.05)	(0.03)	(0.05)
Diluted loss per share	(0.05)	(0.05)	(0.03)	(0.05)

Quarterly operating results ($000's)	**4th Quarter ended December 31, 2014**	**3rd Quarter ended September 30, 2014**	**2nd Quarter ended June 30, 2014**	**1st Quarter ended March 31, 2014**
Revenue	–	–	–	–
Loss for period	(3,972)	(2,834)	(3,775)	(2,442)
Basic loss per share	(0.08)	(0.06)	(0.08)	(0.05)
Diluted loss per share	(0.08)	(0.06)	(0.08)	(0.05)

Significant activities in 2015 included: evaluating the results of the 2014 exploration and drill program at KSM; establishing and supporting an independent geotechnical review board ("IGRB") to review and consider the project's tailings management facility and water storage dam; completing a pilot plant evaluation of a new process for the removal of selenium from waters from KSM; and completing the 2015 exploration and drilling program at KSM.

MINERAL INTEREST ACTIVITIES

During the year ended December 31, 2015, the Company incurred an aggregate of $18.6 million of expenditures related to its mineral interests compared to $31.7 million in 2014.

In both the current and comparative year, the majority of the expenditures were incurred on the KSM project where the Company incurred $18 million of costs (2014 - $30.9 million). Current year spending included drilling, conducting water treatment pilot plant studies and coordinating the work of the IGRB.

Results from the 2014 KSM drill program, analyzed in early 2015, and the 2015 exploration program advanced the project significantly. The 2015 exploration program focused on drilling to confirm the continuity of the mineralized zone below the inferred resources at Deep Kerr Deposit and to drill test the plunge projection of the higher grade central zone of the Mitchell Deposit. Eight drill holes were completed totalling 10,741 meters.

The 2015 drill results confirmed a major expansion of the Deep Kerr Deposit and culminated in an updated independent mineral resource estimate, reported subsequent to December 31, 2015. The resource estimate points to an inferred resource of 1.01 billion tonnes grading 0.53% copper and 0.35 g/t gold (11.3 million ounces of gold and 11.8 billion pounds of copper). The large, continuous zone appears to be amenable to block cave mining.

Drill results from 2015 also pointed toward a sizeable expansion of the Mitchell Deposit at depth. The size and orientation of the drill intercepts support the potential for an expansion of the cost-effective block cave operation planned for the reserves above the intercepts. The results yielded intercepts of 174 m averaging 0.55 g/t gold and 0.28% copper more than 200 m to the southwest of another intercept of 167 m averaging 0.81 g/t gold and 0.25% copper, which appears to be evidence of an extension of the Mitchell central zone. The mineralogy and textures from drill core suggests a zone of higher-temperature and fluid flow which might indicate that better grades may be in the vicinity but results also showed evidence of faulting which requires further analysis before further drilling is undertaken.

At Courageous Lake, the Company incurred $0.6 million (2014 - $0.9 million) of costs completing analysis of drill target identification, from earlier ground magnetic and very low frequency electromagnetic surveys, as well as costs to maintain the project in good standing. Limited work is planned for 2016 at Courageous Lake as the Company continues to focuses on advancing the KSM Project.

LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital position, at December 31, 2015, was $17.8 million, up from $11.5 million at December 31, 2014. Excluding the flow-through share premium, working capital amounted to $18.7 million at December 31, 2015 and $12.5 million at December 31, 2014. Cash and short-term deposits at December 31, 2015 totaled $15.5 million versus $6.3 million at December 31, 2014. In 2015, the Company closed two financings. A flow-through private placement financing was completed in the second quarter raising gross proceeds of $16.4 million and a non-brokered private placement financing raising gross proceeds of $14.6 million was completed in the fourth quarter. Both financings significantly increased cash and short-term deposits and the Company's overall working capital.

On April 7, 2015 the Company issued 1,610,000 flow-through common shares, at $10.17 per share, raising gross proceeds of $16.4 million. The purchase price represented a 22% premium over the market price of the Company's shares on that date. Share issuance costs of $1.0 million were incurred in relation to the offering. The Company has committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the financings and transfer the deductibility to the purchasers of the flow-through shares. As at December 31, 2015, the Company has a remaining commitment to spend $5.5 million, in 2016, on qualifying expenditures.

On October 30, 2015, the Company issued 1,800,000 common shares of the Company, through a non-brokered private placement, at a price of $8.10 per share raising gross proceeds of $14.6 million.

In 2015, the Company collected $4.1 million of refundable provincial tax credits related to exploration expenditures incurred in 2011 at KSM.

On July 22, 2014 the Company issued 1,150,000 flow-through common shares, at $12.00 per share, raising gross proceeds of $13.8 million. The purchase price represented a 29% premium over the market price of the Company's shares on that date. The Company has committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the financings and transfer the deductibility to the purchasers of the flow-through shares. During 2014 and 2015 the Company incurred the full $13.8 million of qualifying expenditures against the commitment.

During the year ended December 31, 2015, operating activities, including working capital adjustments, used $7.4 million compared to $4.3 million used by operating activities in 2014. Operating activities in the near-term are not expected to deviate significantly from current levels. Expenditures on mineral interests of $18.6 million excluding recoveries are down from the $31 million spent in 2014 when the Company carried out an extensive exploration and drilling program. In both 2015 and 2014, $1.0 million was received in cash as partial consideration for optioned mineral properties. Also showing a year-over-year variance, the Company raised $0.3 million on the disposition of certain investments versus $2.1 million in the comparative year.

The Company will continue to advance its two major gold projects, KSM and Courageous Lake, in order to either sell them or joint venture them towards production with major mining companies.

Contractual Obligations ($000's)

		Payments due by years			
	Total	**2016**	**2017-18**	**2019-20**	**After 2020**
Mineral interests	7,987	793	2,186	2,404	2,604
Flow-through expenditures	5,451	5,451	–	–	–
Business premises operating lease	187	132	55	–	–
	13,625	6,376	2,241	2,404	2,604

Amounts shown for mineral interests include option payments and mineral lease payments that are required to maintain the Company's interest in the mineral projects.

OUTLOOK

For 2016 the Company will conduct a further exploration program at KSM that will entail analysis of previous drilling including re-logging to enhance the current resource models and to support on-going engineering and environmental studies. Pending further study of exploration results, the Company will establish whether a 2016 drill program is warranted at KSM. The Company also plans to update the 2012 pre-feasibility study in mid-2016 and to continue permitting activities. Recent drilling results from Deep Kerr Deposit and Mitchell Deposit and in particular its copper mineralization has enhanced the potential to attract the interest of major mining companies to enter into a joint venture arrangement that would allow the Company to move the project closer toward production. While the Company continues to focus on KSM in 2016, limited exploration is planned for the Courageous Lake project.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's management under the supervision of the Chief Executive Officer and Chief Financial Officer are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management is responsible for establishing and maintaining adequate internal controls over financial reporting. Management evaluated the effectiveness of the Company's internal controls over financial reporting as of December 31, 2015 using the COSO Internal Control Integrated Framework (2013). Based on that evaluation of the internal controls at December 31, 2015, management has concluded that the Company's internal controls and procedures are appropriately designed and operating effectively. The registered public accounting firm that audited the Company's consolidated financial statements have issued their attestation report on management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2015.

CHANGES TO INTERNAL CONTROLS OVER FINANCIAL REPORTING

There was no change in the Company's internal controls over financial reporting that occurred between October 1 to December 31, 2015 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures have been designed to provide reasonable assurance that all relevant information required to be disclosed by the Company is accumulated and communicated to senior management as appropriate to allow timely decisions regarding required disclosure. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the design and operating effectiveness of the disclosure controls and procedures as of December 31, 2015, are appropriately designed and operating effectively. These disclosure controls and procedures provide reasonable assurance that material information is made known to them by others within the Company.

LIMITATIONS OF CONTROLS AND PROCEDURES

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

SHARES ISSUED AND OUTSTANDING

At March 24, 2016, the issued and outstanding common shares of the Company totaled 52,139,626. In addition, there were 3,585,000 stock options granted and 183,250 RSUs outstanding. Assuming the exercise of all outstanding options and RSUs, there would be 55,907,876 common shares issued and outstanding.

RELATED PARTY TRANSACTIONS

The following is a listing of compensation to key management personnel of the Company:

($000's)	2015	2014
Compensation of directors:		
Directors' fees	363	316
Services	113	86
Stock-based compensation	283	2,375
	759	2,777
Compensation of key management personnel:		
Salaries and consulting fees	3,107	2,170
Stock-based compensation	2,138	4,816
	5,245	6,986
Total remuneration of directors and key management personnel	6,004	9,763

CHANGES IN ACCOUNTING STANDARDS NOT YET ADOPTED

New standards and amendments to standards and interpretations that are relevant to the Company and effective for annual periods beginning on or after January 1, 2016, that have not been applied in preparing these financial statements are:

IAS 1, Presentation of Financial Statements ("IAS 1") introduces amendments to improve presentation and disclosure in financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016. The Company intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2016. The Company does not expect the amendments to have a material impact on the financial statements.

IFRS 9, Financial Instruments ("IFRS 9") introduces new requirements for classification and measurement of financial assets, additional changes to financial liabilities and a new general hedge accounting standard. The mandatory effective date is for annual periods beginning on or after January 1, 2018. Early adoption is permitted and the new standard must be applied retrospectively, with some exceptions. The Company does not expect the standard will have a material impact on the financial statements upon adoption.

Amendments to IFRS 11, Joint Operations ("IFRS 11") requires business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business and apply prospectively for annual periods beginning on or after January 1, 2016. The Company will adopt the amendments to IFRS 11 in its financial statements for the annual period beginning on January 1, 2016. The Company does not expect the amendments to have a material impact on the financial statements.

IFRS 15, Revenue From Contracts with Customers ("IFRS 15") will replace IAS 18 Revenue, IAS 11 Construction contracts, and some revenue-related interpretations. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue at either a point in time or over time. The model features a five-step analysis of transactions to determine when and how much revenue should be recognized. New estimates and judgmental thresholds were introduced, which may affect the amount and/or timing of revenue recognized. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2018. The Company does not expect the standard will have a material impact on the financial statements upon adoption.

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets state that revenue-based methods of depreciation cannot be used for property, plant and equipment and the amendments in IAS 38 introduce the supposition that the use of revenue-based amortization methods for intangible assets is inappropriate. The Company will adopt the amendments to IAS 16 and IAS 38 in its financial statements for the annual period beginning on January 1, 2016. The Company does not expect the amendments will have a material impact on the financial statements upon adoption.

CRITICAL ACCOUNTING ESTIMATES

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

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

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

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

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

RISKS AND UNCERTAINTIES

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

FORWARD LOOKING STATEMENTS

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

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

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

Rudi P. Fronk
Chairman and Chief Executive Officer
March 24, 2016

Christopher J. Reynolds
Vice President, Finance and Chief Financial Officer
March 24, 2016

INDEPENDENT AUDITORS' REPORT OF REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated financial statements of Seabridge Gold Inc., which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014, the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years ended December 31, 2015 and December 31, 2014, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Seabridge Gold Inc. as at December 31, 2015 and December 31, 2014, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other Matter

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Seabridge Gold Inc.'s internal control over financial reporting as of December 31, 2015, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 24, 2016 expressed an unmodified (unqualified) opinion on the effectiveness of Seabridge Gold Inc.'s internal control over financial reporting.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
March 24, 2016
Toronto, Canada

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

We have audited Seabridge Gold Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Seabridge Gold Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included under the heading Internal Controls over Financial Reporting in Management's Discussion and Analysis for the year ended December 31, 2015. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 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.

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.

In our opinion, Seabridge Gold Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of financial position of Seabridge Gold Inc. as of December 31, 2015 and December 31, 2014, and the related consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years ended December 31, 2015 and December 31, 2014, and our report dated March 24, 2016 expressed an unmodified (unqualified) opinion on those consolidated financial statements.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
March 24, 2016
Toronto, Canada

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in thousands of Canadian dollars)

	December 31, 2015	December 31, 2014
Assets		
Current assets		
Cash and cash equivalents (Note 4)	990	256
Short-term deposits (Note 4)	14,540	6,037
Amounts receivable and prepaid expenses (Note 5)	565	5,092
Investments (Note 6)	4,039	4,897
	20,134	16,282
Non-current assets		
Mineral interests (Note 7)	278,798	260,521
Reclamation deposits (Note 9)	1,595	1,553
Total non-current assets	280,393	262,074
Total assets	300,527	278,356
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	1,392	3,737
Taxes payable	-	65
Flow-through share premium (Note 10)	981	941
	2,373	4,743
Non-current liabilities		
Deferred income tax liabilities (Note 14)	14,841	12,430
Provision for reclamation liabilities (Note 9)	1,329	1,349
Total non-current liabilities	16,170	13,779
Total liabilities	18,543	18,522
Shareholders' equity (Note 10)	281,984	259,834
Total liabilities and shareholders' equity	300,527	278,356

Commitments (Note 15)

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

Jay S. Layman
Director

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

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

	2015	2014
Corporate and administrative expenses (Note 12)	(9,410)	(14,091)
Gain on disposition of mineral properties (Note 7)	1,000	2,489
Other income - flow-through shares (Note 10)	2,907	7,489
Impairment of mineral interests (Note 7)	(350)	(2,437)
Impairment of investments (Note 6)	(891)	(1,236)
Other gains on investments (Note 6)	266	517
Interest income	101	190
Finance expense and other	(20)	(20)
Foreign exchange gain (loss)	31	(25)
Loss before income taxes	(6,366)	(7,124)
Income tax expense (Note 14)	(2,700)	(5,899)
Loss for the year	(9,066)	(13,023)
Other comprehensive loss, net of income taxes:		
Reclassification of previously deferred gains on available for sale investments	-	(1,272)
Items that may subsequently be reclassified to profit or loss:		
Unrealized gain on available for sale investments (Note 6)	97	166
Total other comprehensive gain (loss)	97	(1,106)
Comprehensive loss for the year	(8,969)	(14,129)
Basic and diluted net loss per Common Share	(0.18)	(0.27)
Basic weighted average number of common shares outstanding	49,825,270	47,655,513

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

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

	Shares	Share capital	Stock-based compensation	Contributed surplus	Deficit	Accumulated other comprehensive income	Total equity
As at January 1, 2015	48,438,876	295,545	29,197	15,061	(80,009)	40	259,834
Share issuance	3,437,500	28,284	–	–	–	–	28,284
Share issuance costs	–	(1,101)	–	–	–	–	(1,101)
Stock-based compensation	–	–	3,647	–	–	–	3,647
Shares - RSUs	263,250	2,607	(2,607)	–	–	–	–
Expired options	–	–	(7,646)	7,646	–	–	–
Deferred tax	–	289	–	–	–	–	289
Other comprehensive gain	–	–	–	–	–	97	97
Net loss for the year	–	–	–	–	(9,066)	–	(9,066)
As at December 31, 2015	**52,139,626**	**325,624**	**22,591**	**22,707**	**(89,075)**	**137**	**281,984**
As at January 1, 2014	47,081,376	283,544	26,818	9,233	(66,986)	1,146	253,755
Share issuance	1,205,000	11,205	–	–	–	–	11,205
Share issuance costs	–	(919)	–	–	–	–	(919)
Stock-based compensation	–	–	9,679	–	–	–	9,679
Shares - RSUs	152,500	1,472	(1,472)	–	–	–	–
Expired options	–	–	(455)	455	–	–	–
Cancelled options	–	–	(5,373)	5,373	–	–	–
Deferred tax	–	243	–	–	–	–	243
Other comprehensive loss	–	–	–	–	–	(1,106)	(1,106)
Net loss for the year	–	–	–	–	(13,023)	–	(13,023)
As at December 31, 2014	48,438,876	295,545	29,197	15,061	(80,009)	40	259,834

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of Canadian dollars)

	2015	2014
Operating activities		
Net loss	(9,066)	(13,023)
Items not affecting cash:		
Impairment of mineral interest	350	2,437
Gain on disposition of mineral properties	(1,000)	(2,489)
Stock-based compensation	3,647	9,679
Other income – flow-through shares	(2,907)	(7,489)
Impairment of investments	891	1,236
Other gain on investments	(300)	(517)
Income tax expense	2,700	5,899
Finance expense and other	20	20
Taxes paid	(58)	(1,219)
Changes in non-cash working capital items:		
Amounts receivable and prepaid expenses	408	(253)
Accounts payable and accrued liabilities	(2,111)	1,465
Net cash used in operating activities	(7,426)	(4,254)
Investing activities		
Mineral interests	(18,602)	(30,988)
Mineral exploration tax credits	4,119	4,435
Purchase of short-term deposits	(30,000)	(12,000)
Redemption of short-term deposits	21,497	26,054
Disposition of mineral interests	1,000	1,000
Cash proceeds from sale of investments	294	2,065
Net cash used in investing activities	(21,692)	(9,434)
Financing activities		
Issue of share capital (net of transaction costs)	29,852	12,881
Net increase (decrease) in cash and cash equivalents during the year	734	(807)
Cash and cash equivalents, beginning of the year	256	1,063
Cash and cash equivalents, end of the year	990	256

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2015 and 2014

1. REPORTING ENTITY

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements were authorized for issuance by the Board of Directors of the Company on March 24, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for available for sale financial assets, other assets at fair value through profit and loss and stock based compensation, which are measured at fair value.

(b) Basis of consolidation - Subsidiaries

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

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

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

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

(c) Associates

An associate is an entity over which the Company has significant influence but not control and one that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is presumed to exist where the Company has between 20% and 50% of the voting rights, but can also arise where the Company has less than 20% if influence is exerted over policy decisions that affect the entity. The Company's share of the net assets and net income or loss of associates is accounted for in the consolidated financial statements using the equity method of accounting.

(d) Translation of foreign currencies

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

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses 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.

(e) Critical accounting judgments and estimation uncertainty

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

(i) CRITICAL ACCOUNTING JUDGMENTS

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

(a) Mineral reserves and resources

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

(b) Impairment of assets

When there has been a decline in the fair value of an investment in marketable securities that the Company has judged to be significant or prolonged, the investment is written down to fair value and the loss is recognized in the statement of operations and comprehensive loss. For mineral properties, should the Company decide to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment at that time.

(ii) KEY SOURCES OF ESTIMATION UNCERTAINTY

(a) Mineral properties

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

(b) Asset retirement obligations

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

(c) Share-based payments

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

(d) Deferred income taxes

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

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

Cash and cash equivalents and short-term deposits consist of balances with banks and investments in money market instruments. These instruments are carried at fair value through profit or loss. Cash and cash equivalents consist of investments with maturities of up to 90 days at the date of purchase. Short-term deposits consist of investments with maturities from 91 days to one year at the date of purchase.

(g) Investments

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

(h) Mineral interests

Mineral resource properties are carried at cost. The Company considers exploration and development costs and expenditures to have the characteristics of property, plant 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 commercial operations.

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

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

(i) Property and equipment

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

(j) Impairment of non-financial assets

The carrying value of the Company's mineral interests is assessed for impairment when indicators of such impairment exist. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated to determine the extent of the impairment loss, if any. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

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

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

(k) Reclamation liabilities

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

Costs are estimated on the basis of a formal report and are subject to regular review.

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.

(l) Income taxes

Income tax expense comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

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

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

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

(m) Stock-based compensation (options and restricted share units)

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

(n) Flow-through shares

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

(o) Net profit (loss) per common share

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

(p) Financial assets and liabilities

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

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

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

(i) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

(ii) LOANS AND RECEIVABLES

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

(iii) AVAILABLE FOR SALE INVESTMENTS

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

(iv) FAIR VALUE

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

(v) IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

(q) New accounting standards not yet adopted

New standards and amendments to standards that are relevant to the Company and effective for annual periods beginning on or after January 1, 2016, that have not been applied in preparing these consolidated financial statements are:

IAS 1, ***Presentation of Financial Statements ("IAS 1")*** introduces amendments to improve presentation and disclosure in financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016. The Company intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2016. The Company does not expect the amendments to have a material impact on the financial statements.

IFRS 9, ***Financial Instruments ("IFRS 9")*** introduces new requirements for classification and measurement of financial assets, additional changes to financial liabilities and a new general hedge accounting standard. The mandatory effective date is for annual periods beginning on or after January 1, 2018. Early adoption is permitted and the new standard must be applied retrospectively, with some exceptions. The Company does not expect the standard will have a material impact on the financial statements upon adoption.

Amendments to IFRS 11, ***Joint Operations ("IFRS 11")*** requires business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business and apply prospectively for annual periods beginning on or after January 1, 2016. The Company will adopt the amendments to IFRS 11 in its financial statements for the annual period beginning on January 1, 2016. The Company does not expect the amendments to have a material impact on the financial statements.

IFRS 15, ***Revenue From Contracts with Customers ("IFRS 15")*** will replace IAS 18 Revenue, IAS 11 Construction contracts, and some revenue-related interpretations. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue at either a point in time or over time. The model features a five-step analysis of transactions to determine when and how much revenue should be recognized. New estimates and judgmental thresholds were introduced, which may affect the amount and/or timing of revenue recognized. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2018. The Company does not expect the standard will have a material impact on the financial statements upon adoption.

Amendments to IAS 16 ***Property, Plant and Equipment and IAS 38*** Intangible Assets state that revenue-based methods of depreciation cannot be used for property, plant and equipment and the amendments in IAS 38 introduce the supposition that the use of revenue-based amortization methods for intangible assets is inappropriate. The Company will adopt the amendments to IAS 16 and IAS 38 in its financial statements for the annual period beginning on January 1, 2016. The Company does not expect the amendments will have a material impact on the financial statements upon adoption.

4. CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS

($000's)	December 31, 2015	December 31, 2014
Cash and cash equivalents	990	256
Short-term deposits	14,540	6,037
	15,530	6,293

Short-term deposits consist of Canadian Schedule I bank guaranteed notes with terms from 91 days up to one year but are cashable in whole or in part with interest at any time to maturity. All of the cash and cash equivalents are held in a Canadian Schedule I bank.

5. AMOUNTS RECEIVABLE AND PREPAID EXPENSES

($000's)	December 31, 2015	December 31, 2014
Provincial tax credits	-	4,246
HST	249	389
Prepaid expenses	316	229
Other receivables	-	228
	565	5,092

6. INVESTMENTS

($000's)	January 1, 2015	Acqui-sitions	Dispo-sitions	Gain on Disposition	Gain (loss) of associates	Impair-ment	Compre-hensive gain	Dec 31, 2015
Available-for-sale investments	3,246	-	(294)	28	-	(346)	97	2,731
Investments in associates	1,651	-	-	-	202	(545)	-	1,308
	4,897	-	(294)	28	202	(891)	97	4,039

($000's)	January 1, 2014	Acqui-sitions	Dispo-sitions	Gain on Reclas-sification	Gain (loss) of associates	Impair-ment	Compre-hensive loss	Dec 31, 2014
Available-for-sale investments	5,179	1,581	(2,082)	1,144	(403)	(1,067)	(1,106)	3,246
Investments in associates	1,924	103	-	-	(207)	(169)	-	1,651
	7,103	1,684	(2,082)	1,144	(610)	(1,236)	(1,106)	4,897

The Company holds common shares of several mining companies that were received as consideration for optioned mineral properties and other short-term investments, including one gold exchange traded receipt. These available-for-sale financial assets are recorded at fair value of $2.7 million (2014 - $3.2 million) on the statements of financial position. The Company disposed of $0.3 million of these investments during 2015 and recognized a marginal gain. Also in 2015, the Company determined that the recoverability of some of its remaining available-for-sale investments was impaired and recorded a $0.3 million (2014 - $1.1 million) charge to the statement of operations and comprehensive loss.

The Company holds one investment in an associate that is accounted for on the equity basis. During the year ended December 31, 2015, the Company recorded its proportionate share of the net income of the associate of $0.2 million (2014 – $0.2 million loss) within other gains on investments on the statement of operations and comprehensive income and, at December 31, 2015, after recognizing an impairment to the recoverability of the investment of $0.5 million (2014 - $0.2 million), carried the investment at $1.3 million on the statement of financial position.

The Company had previously accounted for the investment at fair value as it was classified as an available-for-sale asset. During 2014, the Company obtained significant influence over this investment and on reclassification from available-for-sale to associate the Company recognized a gain of $0.6 million on the statement of operations and comprehensive loss. The gain was comprised of $1.3 million of deferred gains, previously recognized in accumulated other comprehensive income and $0.7 million loss in the first fiscal quarter of 2014, representing the change in fair value of the investment during the period, prior to obtaining significant influence.

7. MINERAL INTERESTS

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

($000's)	**Balance, January 1, 2015**	**Expenditures 2015**	**Recoveries 2015**	**Impairment 2015**	**Balance, December 31, 2015**
KSM	191,929	18,000	–	–	209,929
Courageous Lake	67,471	627	–	–	68,098
Nevada Projects	350	–	–	(350)	-
Grassy Mountain	771	–	–	–	771
	260,521	18,627	–	(350)	278,798

($000's)	Balance, January 1, 2014	Expenditures 2014	Recoveries 2014	Impairment 2014	Balance, December 31, 2014
KSM	165,196	30,852	(4,119)	–	191,929
Courageous Lake	66,585	886	–	–	67,471
Nevada Projects	2,882	–	(95)	(2,437)	350
Grassy Mountain	771	–	–	–	771
	235,434	31,738	(4,214)	(2,437)	260,521

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

a) KSM (Kerr-Sulphurets-Mitchell)

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

In 2002, the Company optioned the KSM property to Noranda Inc. (which subsequently became Falconbridge Limited and then Xstrata plc.- now Glencore plc) which could earn up to a 65% interest by incurring exploration expenditures and funding the cost of a feasibility study. In April 2006, the Company reacquired the exploration rights to the KSM property from Falconbridge. On closing of the formal agreement in August 2006, the Company issued Falconbridge 200,000 common shares of the Company with a deemed value of $3,140,000 excluding share issue costs. The Company also issued 2 million warrants to purchase common shares of the Company with an exercise price of $13.50 each. The 2,000,000 warrants were exercised in 2007 and proceeds of $27,000,000 were received by the Company.

In July 2009, the Company agreed to acquire various mineral claims immediately adjacent to the KSM property for further exploration and possible mine infrastructure use. The terms of the agreement required the Company to pay $1 million in cash, issue 75,000 shares and pay advance royalties of $100,000 per year for 10 years commencing on closing of the agreement. The property is subject to a 4.5% net smelter royalty from which the advance royalties are deductible. The purchase agreement closed in September 2009, with the payment of $1 million in cash, the issuance of 75,000 shares valued at $2,442,750 and the payment of the first year's $100,000 advance royalty.

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

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

In 2014, approval of an environmental assessment application, submitted to provincial and federal regulators in 2013 was obtained. Also in 2014, the Company applied for $4.1 million of refundable provincial tax credits related to exploration expenditures incurred in 2011 at KSM and the recovery was credited to mineral properties and a corresponding receivable was recognized on the December 31, 2014 statement of financial position. In 2015 the Company collected the funds.

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

b) Courageous Lake

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

In 2004, an additional property was optioned in the area. Under the terms of the agreement, the Company paid $50,000 on closing and was required to make option payments of $50,000 on each of the first two anniversary dates and subsequently $100,000 per year up to a total of $1,250,000. The Company has made $950,000 in payments and is committed to make three additional annual payments until 2017. The property may be purchased outright at any time with the accelerated payment of the remaining balance.

In 2015, the Company incurred $0.6 million of exploration and other costs completing a limited exploration program while the Company continues its primary focus on exploration programs at KSM.

c) Grassy Mountain

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

In April 2011, the Company announced that an agreement had been reached to option the Grassy Mountain project to Calico Resources Corp. ("Calico") which was subsequently amended in 2013. In the original agreement, in order to exercise the option, Calico was to issue to the Company (i) two million of its common shares following TSX Venture Exchange approval; (ii) four million of its common shares at the first anniversary, and (iii) eight million of its shares when the project has received the principal mining and environmental permits necessary for the construction and operation of a mine. The Company received the first two million common shares of Calico in 2011 and a value of $740,000 was recorded as a reduction to the carrying value of the mineral properties. In February 2013, the agreement was amended to allow for an accelerated exercise of the option and Calico issued 6,433,000 common shares and 4,567,000 special warrants to acquire a 100% interest in the Grassy Mountain project. Each special warrant was exercisable to acquire one common share of Calico for no additional consideration. The fair value of the shares and special warrants reduced the carrying value of the mineral properties at the time of receipt of the securities. During 2013 and 2014, the Company elected to convert all of the special warrants into common shares.

In addition to the shares and special warrants received as consideration, after the delivery of a National Instrument 43-101 compliant feasibility study on the project, Calico must either grant the Company a 10% net profits interest or pay the Company $10 million in cash, at the sole election of the Company. Following the de-recognition of the Grassy Mountain net assets, in 2013, a value of $771,000 has been retained within mineral properties.

d) Nevada Projects

In June 2011, the Company entered into an agreement letter of intent with Golden Predator Corp. pursuant to which the Company and Golden Predator Corp., would contribute a portfolio of mineral properties into a new private company called Wolfpack Gold Corp. ("Wolfpack"). The transaction was closed on June 26, 2012 and certain properties were transferred to Wolfpack, from the Company, while others were optioned. In total, 5,506,500 shares of Wolfpack were received as consideration for the optioned and transferred properties.

In 2014, the Company was notified that the option to purchase Four Mile Basin and Liberty Springs would be discontinued. The Company decided not to continue to carry the maintenance costs of these claims and determined that the recoverability of the carrying costs was impaired and charged the statement of operations $2.4 million in that year. Similarly, in the current year, the Company was notified that the remaining option on Castle Black Rock would be discontinued and the Company fully impaired the remaining carrying cost of the Nevada projects.

e) 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 is associated with a cash reclamation deposit of $1 million.

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

In 2014, the Company entered into an agreement with IDM Mining ("IDM") to option the Red Mountain Project. In order to exercise its option, IDM paid the Company $1 million in 2014 and another $1 million in 2015. IDM also issued to the Company 4,955,500 common shares, the fair value of which was $1.5 million, and was recorded in investments on the statement of financial position. IDM is also obligated to spend $7.5 million on the Red Mountain Project over a three-year period. At the time of the receipt of the cash and shares mentioned above, there was no carrying value recorded for Red Mountain, as all historical acquisition and exploration costs had been fully recovered through option payments and other recoveries and as such, the $1 million received in 2015 and the combined value of the cash and shares of $2.5 million received in 2014 has been recorded on the statement of operations and comprehensive loss as a gain on the disposition of mineral properties in the respective years.

(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

($000's)	December 31, 2015	December 31, 2014
Trade payables	1,104	3,545
Trade and other payables due to related parties	88	56
Non-trade payables and accrued expenses	200	136
	1,392	3,737

9. PROVISION FOR RECLAMATION LIABILITIES

($000's)	December 31, 2015	December 31, 2014
Beginning of the year	1,349	1,349
Accretion	18	17
Current year adjustment	(38)	(17)
End of the year	1,329	1,349

The Company's policy on providing for reclamation obligations 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 related government body for each project using current restoration standards and techniques. The estimate of the asset retirement obligations, as at December 31, 2015, was calculated using the total estimated undiscounted cash flows, of $1.5 million (December 31, 2014 - $1.5 million) required to settle estimated obligations and expected timing of cash flow payments required to settle the obligations in 2024. The discount rate used to calculate the present value of the reclamation obligations was 1.4% at December 31, 2015 (1.25% - December 31, 2014). The Company has placed a total of $1.6 million (December 31, 2014 - $1.6 million) on deposit with financial institutions that are pledged as security against the reclamation provision.

10. SHAREHOLDERS' EQUITY

($000's)	December 31, 2015	December 31, 2014
Share capital	325,624	295,545
Stock based compensation	22,591	29,197
Contributed surplus	22,707	15,061
Deficit	(89,075)	(80,009)
Accumulated other comprehensive income	137	40
	281,984	259,834

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, 2015 and December 31, 2014.

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 the year ended December 31, 2015. The Company considers its capital to be share capital, stock based compensation, contributed surplus and deficit.

On October 30, 2015, the Company issued 1,800,000 common shares of the Company, through a non-brokered private placement, at a price of $8.10 per share raising gross proceeds of $14.6 million.

On April 7, 2015 the Company issued 1,610,000 flow-through common shares, at $10.17 per share, raising gross proceeds of $16.4 million. The purchase price represented a 22% premium over the market price of the Company's shares on that date. Share issuance costs of $1.0 million were incurred in relation to the offering and have been included in equity. The Company has committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the financings and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement is December 31, 2015. The $2.9 million premium has been recognized as a liability on the statement of financial position and the balance was recorded as share capital. At each reporting period, and as qualifying expenditures are incurred, the liability is reduced on a proportionate basis and income is recognized on the statement of operations and comprehensive income. In the period April 8, 2015 to December 31, 2015, $2.0 million of the premium was recognized through other income on the statement of operations and comprehensive income for the proportionate amount of qualifying expenditures made relative to the $16.4 million commitment.

On July 22, 2014 the Company issued 1,150,000 flow-through common shares, at $12.00 per share, raising gross proceeds of $13.8 million. The purchase price represented a 29% premium over the market price of the Company's shares on that date. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the financings and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement of these expenditures was December 31, 2014. The full premium of $3.1 million was initially recognized as a liability on the statement of financial position and the balance was recorded as share capital. At each reporting period, and as qualifying expenditures were incurred, the liability was being reduced on a proportionate basis and income was recognized on the statement of operations and comprehensive loss. In the period July 22, 2014 to December 31, 2014 $2.2 million of the premium was recognized through other income on the statement of operations for the proportionate amount of qualifying expenditures made relative to the $13.8 million commitment. The remaining $0.9 million liability was amortized and recorded as income on the statement of operations and comprehensive loss in 2015 based on qualifying expenditures in the current year. Share issuance costs of $0.9 million were incurred in 2014 in relation to the offering and have been included in equity.

On December 10, 2013 the Company issued 1,500,000 flow-through common shares, at $11.17 per share, raising gross proceeds of $16.8 million. The purchase price represented a 46.6% premium over the market price of the Company's shares on that date. The Company has renounced its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the financing and has transferred the deductibility to the purchasers of the flow-through shares. The premium of $5.3 million was initially recognized as a liability on the statement of financial position and the balance was recorded as share capital. At each reporting period, and as qualifying expenditures were incurred, the liability was reduced on a proportionate basis and income is recognized on the statement of operations and comprehensive loss. Share issuance costs of $1.1 million were incurred in 2013 in relation to the offering and have been included in equity. The Company incurred the full $16.8 million of qualifying expenditures in 2014 and the premium has been fully amortized through the statement of operations and comprehensive loss.

The Company provides compensation to directors and employees in the form of stock options and a Restricted Share Units ("RSU"), plan implemented in 2013.

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	Weighted average exercise price ($)	Amortized value of options ($000's)	RSUs	Amortized value of RSUs ($000's)	Stock-based compensation ($000's)
Outstanding January 1, 2015	3,240,000	17.62	27,427	355,000	1,770	29,197
Granted	840,000	9.93	1,698	94,000	1,826	3,524
Exercised option or vested RSU	–	9.90	–	(263,250)	(2,583)	(2,583)
Cancelled	–	9.63	–	(2,500)	(24)	(24)
Expired	(495,000)	29.75	(7,646)	–	–	(7,646)
Amortized value of stock based compensation granted in prior years	–	–	123	–	–	123
Outstanding December 31, 2015	**3,585,000**	**14.15**	**21,602**	**183,250**	**989**	**22,591**
Exercisable at December 31, 2015	**2,888,333**					

	Options	Weighted average exercise price ($)	Amortized value of options ($000's)	RSUs	Amortized value of RSUs ($000's)	Stock-based compensation ($000's)
Outstanding January 1, 2014	2,925,000	21.11	26,734	235,000	84	26,818
Granted	750,000	10.32	3,181	272,500	1,099	4,280
Exercised option or vested RSU	–	–	–	(152,500)	(1,472)	(1,472)
Cancelled	(400,000)	28.98	(5,373)			(5,373)
Expired	(35,000)	23.02	(455)	–	–	(455)
Amortized value of stock based	–	–	–	–	–	–
compensation granted in prior years	–	–	3,340	–	2,059	5,399
Outstanding December 31, 2014	**3,240,000**	**17.62**	**27,427**	**355,000**	**1,770**	**29,197**
Exercisable at December 31, 2014	**3,046,666**			–		

The outstanding share options at December 31, 2015 expire at various dates between March 2016 and December 2020. A summary of options outstanding, their remaining life and exercise prices as at December 31, 2015 is as follows:

Exercise price	Number outstanding	Remaining contractual life	Number Exercisable
$30.42	150,000	3 months	150,000
$21.98	545,000	11 months	545,000
$21.54	10,000	1 year 2 months	10,000
$14.70	100,000	1 year 6 months	100,000
$17.32	180,000	1 year 8 months	180,000
$17.52	155,000	1 year 11 months	155,000
$12.60	705,000	2 years 2 months	705,000
$12.91	100,000	2 years 5 months	100,000
$8.00	50,000	3 years	50,000
$10.36	700,000	3 years 3 months	700,000
$9.72	50,000	3 years 6 months	50,000
$9.00	475,000	4 years 4 months	-
$11.13	365,000	5 years	143,333
	3,585,000		**2,888,333**

In April 2015, 475,000 five-year options to purchase common shares of the Company, with a fair value of $1.4 million, were granted to members of the Board of Directors. These options have an exercise price of $9.00 and were subject to shareholder approval which was obtained in June 2015. Vesting of these options is subject to the Company entering into a major transaction on one of the Company's two core assets. The fair value of these options is being amortized over the service life of the options.

In December 2015, 365,000 five-year options, with an exercise price of $11.13, to purchase common shares of the Company were granted to members of management. These options had a fair value of $2 million. Of the total granted, 235,000 options vest over a two-year period. Of the remaining 130,000 options, one half of them vested on December 31, 2015 and the second half will vest upon the Company entering into a major transaction on one of the Company's two core assets.

In the quarter ended March 31, 2014, 700,000 five-year options were granted to seven directors of the Company at an exercise price of $10.36 and a fair value of $3.52 per option. The exercise price represented a 20% premium to market at the time of the grant. This grant was approved by shareholders in June 2014 and the vesting was subject to the earlier of a major transaction on one of the Company's two core assets or receipt of environmental assessment and environmental impact statement certificates for the KSM project. In the second quarter of 2014, 50,000 options were granted to a director of the Company with an exercise price of $9.72 and a fair value of $4.45 per option. The fair value of these options was amortized over the service life of the options.

In 2014, 400,000 options that were granted in 2010 and 2011 were cancelled. All of the fair value attributed to these options had been expensed prior to the time of cancellation.

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

	2015	2014
Dividend yield	Nil	Nil
Expected volatility	51 - 57%	52%
Risk-free rate of return	0.7 - 1%	1.6 - 1.7%
Expected life of options	5 years	4.75 - 5 years

The Board granted 235,000 RSUs in 2013 to non-director members of senior management. The RSU Plan along with the 2013 grants were subject to regulatory and shareholder approval. Shareholder and regulatory approvals were obtained in 2014. The fair value of the grants, of $2.3 million, was estimated at the date all regulatory approvals were obtained and were amortized over the service periods that varied from six to eighteen months from the date of the grant, depending on certain corporate objectives being met.

In 2014, the Board granted 272,500 RSUs to non-director members of senior management. The fair value of the grants, of $2.6 million, was estimated as at the grant date and is being amortized over the expected service period of the grants. The expected service periods vary from one to fourteen months from the date of the grant depending on certain corporate objectives being met. During 2014, 152,500 RSUs fully vested and were exchanged for shares of the Company.

In 2015, the Board granted 94,000 RSUs to members of management. The fair value of the grants, of $1.0 million, was estimated as at the grant date and is being amortized over the expected service period of the grants. The expected service periods vary from one to nine months from the date of the grant depending on certain corporate objectives being met. In 2015, 263,250 RSUs vested and were exchanged for common shares of the Company.

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, 2015 and December 31, 2014 are cash and cash equivalents, short-term deposits, amounts receivable, available-for-sale investments, and accounts payable and accrued liabilities. Other than investments, the carrying values approximate their fair values due to the immediate or short-term maturity of these financial instruments and are classified as a Level 1 measurement. The Company's available-for-sale investments are measured at fair value based on quoted market prices and are classified as a level 1 measurement.

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

Credit Risk

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

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2015, the Company had a cash and cash equivalents and short-term deposits balance of $15.5 million (2014 - $6.3 million) for settlement of current liabilities of $1.4 million, excluding the flow-through share premium. The Company is committed to spend $5.5 million on qualifying exploration expenditures in fulfillment of the April 15, 2015 flow-through financing and will incur $0.8 million to maintain its mineral property claims in good standing. The short-term deposits are various guaranteed accounts and are redeemable, in whole or in part, with interest at any time. All of the Company's current financial liabilities 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 Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. 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 U.S. dollars. The Company funds certain operations, exploration and administrative expenses in the United States on a cash call basis using U.S. 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, 2015 the Company had no foreign currency denominated financial instruments.

(c) Investment Risk

The Company has investments in other publicly listed exploration companies which are included in investments. These shares were received as option payments on certain exploration properties the Company owns. In addition, the Company holds $2.2 million in a gold exchange traded receipt that is recorded on the statement of financial position in investments. The risk on these investments is significant due to the nature of the investment but the amounts are not significant to the Company.

12. CORPORATE AND ADMINISTRATIVE EXPENSES

($000's)	2015	2014
Employee compensation	3,459	2,509
Stock-based compensation	3,647	9,679
Professional fees	897	734
General and administrative	1,407	1,169
	9,410	14,091

13. RELATED PARTY DISCLOSURES

Compensation to key management personnel of the Company:

($000's)	2015	2014
Compensation of directors:		
Directors' fees	363	316
Services	113	86
Stock-based compensation	283	2,375
	759	2,777
Compensation of key management personnel:		
Salaries and consulting fees	3,107	2,170
Stock-based compensation	2,138	4,816
	5,245	6,986
Total remuneration of directors and key management personnel	6,004	9,763

14. INCOME TAXES

($000's)	2015	2014
Current tax expense	11	18
Deferred tax expense	2,689	5,881
	2,700	5,899

Tax recovery recognized directly in equity

($000's)	2015	2014
Financing costs	289	243

In 2015, the Company recognized income tax expense of $2.7 million (2014 - $5.9 million) primarily related to a deferred tax expense arising due to the renouncement of expenditures related to 2014 and 2015 flow-through shares which are capitalized for accounting purposes, offset partially by a deferred tax recovery arising from the losses in the current year and 2014.

Rate reconciliation

The provision for income tax differs from the amount that would have resulted by applying the combined Federal and Ontario and Northwest Territories statutory income tax rates of 26.29% (2014 - 26.44%)

($000's)	2015	2014
Loss before income taxes	(6,366)	(7,124)
	26.29%	*26.44%*
Tax recovery calculated using statutory rates	(1,674)	(1,884)
Non-deductible items	198	570
Difference in foreign tax rates	(37)	(303)
Change in deferred tax rates	(65)	(33)
Movement in tax benefits not recognized	(191)	527
Branch tax	11	16
Renouncement of flow-through expenditures	4,027	6,972
Prior period adjustment	427	37
Other	3	(3)
Income tax expense	2,700	5,899

Deferred income tax

The following table summarizes the components of deferred income tax:

($000's)	December 31, 2015	December 31, 2014
Deferred tax assets		
Property and equipment	63	63
Provision for reclamation liabilities	349	362
Financing costs	583	664
Non-capital loss carryforwards	13,200	10,728
Deferred tax liabilities		
Mineral interests	(29,036)	(24,247)
	(14,841)	(12,430)

Unrecognized deferred tax assets

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

($000's)	December 31, 2015	December 31, 2014
Investment in subsidiaries	4,422	4,847
Marketable securities	1,360	1,598
Loss carry forwards	735	451
Investment tax credits	1,481	1,898
Foreign tax credits	16	16
Mineral properties	454	357

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.

Income tax attributes

As at December 31, 2015, the Company had the following Canadian income tax attributes to carry forward:

	Amount (000's)	Expiry date
Canadian non-capital losses	51,339	2035
Canadian capital losses	885	Indefinite
Canadian tax basis of mineral interest	168,054	Indefinite
U.S. non-capital losses	160	2035
U.S. captial losses	758	2020
U.S. tax basis of mineral interest	1,725	Indefinite

15. COMMITMENTS

		Payments due by period			
($000's)	Total	2016	2017-18	2019-20	After 2020
Mineral interests	7,987	793	2,186	2,404	2,604
Flow-through expenditures	5,451	5,451	–	–	–
Business premises operating lease	187	132	55	–	–
	13,625	6,376	2,241	2,404	2,604

The Company is committed to spend $5.5 million in 2016 on qualifying exploration expenditures in fulfillment of agreements with subscribers of 1,610,000 flow-through shares issued in April 2015 (see note 10).

CORPORATE INFORMATION

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D. Scott Barr

Eliseo Gonzalez-Urien

Richard C. Kraus

Jay S. Layman

John W. Sabine

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Chief Executive Officer

Jay S. Layman
President and Chief Operating Officer

William E. Threlkeld
Senior Vice President, Exploration

Peter D. Williams
Senior Vice President, Technical Services

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

R. Brent Murphy
Vice President, Environmental Affairs

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

Gloria M. Trujillo
Assistant Corporate Secretary

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