

Seabridge Gold Inc.

Report to Shareholders Quarter Ended June 30, 2012

Recent Highlights

- Proven and probable gold reserves increase to 44.7 million ounces placing Seabridge among gold majors
- Updated Preliminary Feasibility Study completed for KSM...next step, submit formal permit application
- Initial Preliminary Feasibility Study for Courageous Lake defines economic project at current gold price
- Exploration activities underway at KSM and Courageous Lake
- Senior management changes announced

Proven and Probable Gold Reserves Now Stand at 44.7 Million Ounces!

Seabridge's business plan from inception has been to grow gold resources and reserves while minimizing equity dilution. During the past three months, Preliminary Feasibility Studies ("PFS") were completed on the Company's two core projects – Courageous Lake and KSM. With an estimated 6.5 million ounces of newly defined proven and probable reserves at Courageous Lake, combined with the 38.2 million ounces of gold reserves estimated at KSM, Seabridge now reports total proven and probable gold reserves of 44.7 million ounces. Not only does this rank Seabridge among the top ten companies in the world with respect to gold reserves, but with only 43.4 million common shares outstanding, **Seabridge provides its shareholders with more than one ounce of gold reserves per common share outstanding.** Furthermore, this entire reserve base is located in Canada, one of the safest and most mining-friendly jurisdictions in the world. The following table provides details of the Company's reserve base:

Proven and Probable Reserves

Project	Zone	Reserve Category	Tonnes (millions)	Average Grades				Contained Metal			
				Gold (gpt)	Copper (%)	Silver (gpt)	Moly (ppm)	Gold (million ounces)	Copper (million pounds)	Silver (million ounces)	Moly (million pounds)
KSM	Mitchell	Proven	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	193	0.45	0.20	5.32	21.5	2.8	834	33	9	
	Sulphurets	318	0.59	0.22	0.79	50.6	6.0	1,535	8	35	
	Kerr	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

First Courageous Lake PFS Yields Positive Economic Results

In July, Seabridge announced the results of its first National Instrument 43-101 compliant PFS for its 100%-owned Courageous Lake project located in Canada's Northwest Territories. The study demonstrates that Courageous Lake is an economic project at the current gold price while also offering substantial leverage to higher gold prices.

The Courageous Lake PFS is based on a single open-pit mining operation with on-site processing. A base case scenario was developed for the project incorporating an estimated 91.1 million tonnes of proven and probable reserves at an estimated average grade of 2.20 grams of gold per tonne feeding a 17,500 tonnes per day operation (6.1 million tonnes per year annual average throughput). This yields a projected 15 year operation with average estimated annual production of 385,000 ounces of gold at a projected life of mine average cash operating cost of US\$780 per ounce recovered (US\$674 in years one through five). Start-up capital costs for the project are estimated at US\$1.52 billion, including a contingency of US\$187 million.

At a gold price of US\$1,384 per ounce (the three year trailing average gold price at July 3, 2012), the base case has an estimated US\$1.5 billion pre-tax net cash flow, a US\$303 million net present value at a 5% discount rate and an internal rate of return of 7.3%. This base case is consistent with the requirements of securities regulators. At a gold price of US\$1,618 (the spot price on July 3, 2012), the estimated total pre-tax net cash flow nearly doubles that of the base case to US\$2.8 billion, the net present value at a 5% discount rate more than triples to US\$1.1 billion and the internal rate of return increases to 12.5%. To demonstrate the

leverage to gold price, an alternative case was run using last year's gold price high of \$1,925 per ounce which yielded a pre-tax net cash flow of \$4.5 billion, a net present value at a 5% discount rate of \$2.1 billion and an internal rate of return of 18.7%.

The PFS also identified several opportunities that could significantly improve the overall project economics. First, the current design incorporates a combination of diesel and wind generated power resulting in a projected power generation cost of Cdn\$0.184 per kilowatt hour which is nearly 40% lower than power generation by diesel fuel alone. Seabridge is evaluating nearby potential hydro-electric sources which would also provide reliable, sustainable and lower-cost clean energy source and significantly reduce the requirement for diesel fuel at the site. Secondly, access to the project under the current design is by winter road which is limited to less than three months per year. It is during this period that almost all of the project's supplies are transported to site. The Tibbitt to Contwoyto Winter Road Joint Venture proposes extending the winter road seasonal use by at least another month with a 150 km extension from the permanent road access at Tibbitt Lake to Lockhart camp. While this would result in some reduction in both operating and capital costs for Courageous Lake, an all-season access road from the Bathhurst Inlet would provide considerably more benefit to Courageous Lake economics. Seabridge will continue to investigate these options as the project moves forward.

Updated PFS for KSM to Provide Basis for Formal Permit Application Expected Later This Year

In May, Seabridge announced the results of an updated National Instrument 43-101 compliant PFS for its 100% owned KSM project located in northern British Columbia, Canada. The updated PFS improves on the design from the PFS completed in 2011.

Since completion of the 2011 PFS, Seabridge continues to host frequent working group sessions with federal and provincial regulators, aboriginal groups and their technical consultants to review the project in detail. In general, public feedback on the project has been positive and feedback from this engagement process has been used to make the following design changes which have been incorporated in the new PFS:

- A combined open pit and underground block cave mining scenario for the Mitchell deposit and underground panel caving for the Iron Cap deposit. These changes substantially reduce the project's strip ratio from 2.7 to 1.5, eliminating approximately 2.3 billion tonnes of waste rock stripping and storage and significantly reducing environmental impact.
- Revised project access routes from Highway 37 to reflect feedback from the Nisga'a Nation and First Nations.
- Relocation of the fine crushing and grinding facilities from the Mitchell plant site to the Treaty site and, therefore, conveying ore through the Mitchell-Treaty tunnel instead of via a slurry transport system.
- Lining a portion of the tailings management facility for carbon-in-leach sulphide tailings which have been processed with cyanide. Although such a lining is not required under existing regulations, Seabridge has chosen to design its tailings management facility to the standards of the International Cyanide Management Code to accommodate feedback from Treaty and First Nations, regulators and stakeholders addressing potential environmental impacts. Most major international gold mining companies voluntarily adhere to this Code.
- Engineering for the tailings management facility and project water management has been completed to a Feasibility level as required by regulators for the Environmental Assessment.

Seabridge's aim from the beginning has been to put forward an Environmental Impact Statement that reflects extensive input from aboriginal communities, the public and the coordinated prior involvement of both provincial and federal regulators. This process has anticipated and addressed many of the possible concerns about KSM before applying for permits. Analysis of development alternatives is a key component of the Canadian environmental assessment process. Accordingly, based on feedback and dialogue with the regulators, Treaty and First Nations and potential joint venture partners, this updated PFS will provide the basis of our formal application for permits which we expect to file in this year's 4th quarter."

In addition to the above noted design changes, the 2012 PFS also incorporates updated capital and operating cost estimates and metal price assumptions within the context of the current environment. Although initial capital costs and unit operating costs have increased over the 2011 study (13% and 3% respectively), base case economic projections from this year's PFS are superior to the 2011 study due to increasing throughput by 10,000 tonnes per day to 130,000 and higher three-year average metal prices. Some comparisons are as follows:

- Net project cash flow (pre-tax) has increased by 25% to \$20.3 billion.
- Net present value at a 5% discount rate (pre-tax) has increased by 74% to \$4.5 billion
- Internal rate of return (pre-tax) has increased by 25% to 11.5%.
- Payback has been reduced by six months to 6.2 years or 11% of the project's 55 year mine life.
- Life of mine average cash costs per ounce of gold produced (after by-product credits) are now estimated at US\$148, down significantly from last year's estimate of \$231 per ounce.

The updated PFS envisages a combined open-pit/underground block caving mining operation that is scheduled to operate for 55 years. During the initial 25 years of mine life, all ore will be mined by open pit methods with the mill scheduled to operate at an average of 130,000 metric tonnes per day (tpd). As mining at the Mitchell deposit switches to block caving in year 26, daily production will decline to an average of approximately 90,000 tpd over the remaining 30 years of mine life. Over the entire 55 year mine life, ore will be fed to a flotation mill which would produce a combined gold/copper/silver concentrate for transport by truck to the nearby deep-water sea port at Stewart, B.C. for shipment to a Pacific Rim smelter. Extensive metallurgical testing confirms that KSM can produce a clean concentrate with an average copper grade of 25%, making it readily saleable. A separate molybdenum concentrate and gold-silver dore would be produced at the KSM processing facility.

Exploration Commences at KSM and Courageous Lake – Looking for Something New!

Exploration programs are now in full-swing at both KSM and Courageous Lake. While recent programs at both projects have focused on increasing and upgrading mineral resources at existing deposits, this year's programs at Courageous Lake and KSM will be looking for new deposits.

At KSM, Seabridge is now beginning to explore for a potential large, high-grade core similar to other world-class systems such as Ok Tedi, Bingham Canyon and Grasberg. During 2012 the Company plans to drill 11 deep holes on four distinct targets totaling about 7,500 meters. A growing body of evidence now suggests that such a core remains to be discovered on the KSM claims at a reasonable depth and that it was the source not only of the Kerr, Sulphurets, Mitchell and Iron Cap porphyry zones but also the neighboring Snowfields and Brucejack deposits. Porphyry cores are formed under higher temperature and pressure conditions in deeper parts of the system. They typically contain copper-rich minerals such as bornite or chalcocite and yield copper and gold grades at multiples of KSM's reserves. World-class gold-copper porphyry districts usually exhibit links between the deeper, magmatic source ores upwards through transitional volcanic-hosted porphyry and skarn zones to vein and replacement deposit systems. The six deposits in the area of KSM display this vertically evolutionary relationship. Furthermore, all four porphyry zones at KSM remain open at depth, with geological signatures that vector downwards towards higher temperature and pressure conditions.

At Courageous Lake, the 2012 exploration program is focused on finding a second major gold deposit along Seabridge's 53 kilometer-long Matthews Lake Greenstone Belt to supplement the existing multi-million ounce FAT deposit. The program consists of 12,500 meters of core drilling plus detailed air borne magnetic and electromagnetic geophysical surveys over the thickest part of the belt. The Matthew's Lake Greenstone Belt remains one of the world's most under-explored Greenstone Belt which once hosted two high-grade underground gold mines and has gold occurrences all along its length. Seabridge's geologists believe the potential exists to find additional higher-grade deposits along the belt as well as larger, open pit deposits similar in style to the existing FAT deposit.

Although Seabridge's geologists are optimistic about the potential success of this year's programs at KSM and Courageous Lake, they are realistic that it may take several iterations of these programs to discover new deposits. Results from the 2012 programs at KSM and Courageous Lake are expected to be released by the end of the 3rd Quarter.

Senior Management Changes

In June, Seabridge announced that Rudi Fronk, its President and CEO since 1999, had assumed the position of Chairman and CEO. Jay Layman was elected as a Director of the Company and was named President while retaining his title of Chief Operating Officer. James Anthony, who served as Chairman of Seabridge since 2002, was appointed Chairman of the Corporate Governance Committee with primary responsibility for ensuring the independence and effectiveness of the Board of Directors. These changes reflect the evolution of Seabridge's two core assets which now require an increase in the technical leadership of the Company. Prior to joining Seabridge, Mr. Layman held senior engineering positions at Newmont Mining with his last role there being Vice President responsible for global technical services. For the past 15 months, he has managed Seabridge's Preliminary Feasibility Studies at KSM and Courageous Lake where his talents have contributed to significant improvements in design. The Board decided that these achievements merited his election to the Board and promotion to the position of President.

The Gold Market

Please note that the following information expresses the views and opinions of Seabridge Gold management and it is not intended as investment advice. Seabridge Gold is not licensed as an investment advisor.

Since 2002 we have argued in these pages that: (1) the world's developed economies were floating on an historic sea of credit which was mimicking an economic boom; (2) the credit bubble would burst; (3) the result would not be a deflationary bust because central bank policy would be to expand the money supply and weaken currencies rather than allow a pandemic of defaults; and (4) financial assets and fiat currencies would suffer a crippling loss of confidence, making gold the best performing asset of the next decade or more.

We were early, but gold rewarded us while we waited. Our first three predictions came to pass by early 2009 but we were surprised by the resilience of the financial system (or is it blind inertia?). Confidence in the dollar remains a cornerstone of the system, faith in a US economic recovery has persisted, Treasuries remain the safe haven of choice and the Federal Reserve's

balance sheet has stabilized after a massive run up in 2008-11. Gold has therefore responded with a nearly one year long correction which, we believe, is about to end with a bang.

The world economy is now clearly slowing down and recessions appear to be imminent in the developed economies. If this oncoming recession was due to deleveraging ...the necessary corrective for a world smothered in debt...the slowdown would at least have some benefit. But overall debt levels have continued to rise despite all the talk about austerity in Europe and a higher savings rate in the U.S. Fiscal discipline is as elusive as ever, with fiscal cliffs looming not only in America but also throughout Europe, as tax revenues fall faster than spending reductions.

The central banks of Japan, Britain and Switzerland have voted for inflation of the money supply to weaken their currencies and promote 'growth', especially exports. China has long been on this same path with its dollar peg. We now expect to see the Federal Reserve and the European Central Bank (ECB) jump into the fray with both feet, unleashing a tidal wave of new, unsterilized money creation. The argument now being advanced for such a move is that it is a growth strategy, based on the wrong theory that more money stimulates the economy, enabling it to outgrow the debt burden. Also, governments will likely be blamed for making the money printing necessary because they did not exercise fiscal discipline. However, we believe the real motive will be to avoid default on sovereign and secured corporate debt, thereby saving the banking and financial system one more time by propping up the nominal value of next-to-worthless assets. As we have long predicted, decisions are being made in favor of inflation, negative real interest rates (financial repression) and rampant speculation – decisions that are opposed to default, deflation and the real value of savings.

Clear Messages

On August 1, 2012, the Federal Reserve's Open Market Committee reported on its latest monetary policy deliberations and, at first glance, the FOMC appeared to have done nothing new other than further downgrade the U.S. economy. However, there was a key difference in how the FOMC ended its statement.

Back in June, the FOMC statement read:

The Committee is prepared to take further action as appropriate to promote a stronger economic recovery and sustained improvement in labor market conditions in a context of price stability.

The August 1 statement read:

The Committee will closely monitor incoming information on economic and financial developments and will provide additional accommodation as needed to promote a stronger economic recovery and sustained improvement in labor market conditions in a context of price stability.

In our view, this language of "will provide" strongly implies future action. In short, this seems to us to be a promise to take action, perhaps as soon as the FOMC's September meeting, if the economy and labour market do not improve significantly. We expect more, unsterilized Quantitative Easing (QE).

We have been treated to a great many silly statements about plans to address the credit crisis in Europe. They have all turned out to be lacking in reality for one key reason...Germany did not agree. The ECB's statement of August 2, 2012 is different because this time Germany does agree. Agree to what?

- The ECB has a mandate to undertake QE. The ECB is able to buy sovereign debt under its existing mandate in order to repair the monetary policy transmission mechanism.
- The sovereign whose debt is to be purchased must first enter into an agreement with the European Stability Mechanism (ESM, successor to the EFSF) requiring measures to reduce deficits.

The ECB's statement of August 2 said in part: *"The Governing Council extensively discussed the policy options to address the severe malfunctioning in the price formation process in the bond markets of euro area countries. Exceptionally high risk premia are observed in government bond prices in several countries and financial fragmentation hinders the effective working of monetary policy. Risk premia that are related to fears of the reversibility of the euro are unacceptable, and they need to be addressed in a fundamental manner. The euro is irreversible.*

"The adherence of governments to their commitments and the fulfillment by the EFSF/ESM of their role are necessary conditions. The Governing Council, within its mandate to maintain price stability over the medium term and in observance of its independence in determining monetary policy, may undertake outright open market operations of a size adequate to reach its objective. In this context, the concerns of private investors about seniority will be addressed. Furthermore, the Governing Council may consider undertaking further non-standard monetary policy measures according to what is required to repair monetary policy transmission. Over the coming weeks, we will design the appropriate modalities for such policy measures."

The meaning seems clear. The ECB intends to proceed with QE (termed “outright open market operations”) and will do so by buying government bonds. Not only that, other “non-standard measures” that have not yet been tried may be adopted as well, all in the name of “repairing monetary policy transmission”...getting the ECB back in the game of manipulating interest rates. Before the ECB intervenes, the countries concerned will have to ask the ESM for help. This in turn implies that the countries concerned will have to relinquish some of their fiscal sovereignty. The ESM is still to be ratified by the German parliament which is why this new program has not yet been implemented. Ratification has been scheduled for September, 2012.

On August 6, 2012 the Financial Times reported that “the European Central Bank is acting within its mandate when considering further government bond purchases, a spokesman for the German government said on Monday. ‘The government has no doubts that everything the ECB does is within its mandate,’ German government Spokesman Georg Streiter said during a press conference, adding that the government approves of the ECB’s crisis actions.”

Skeptics will declare that, German approval notwithstanding, we have heard this all before...we will believe the money-printing when it happens. Under the ECB’s poorly reported (secretive?) Emergency Lending Assistance program (ELA), euros are already being printed off balance sheet by national central banks with the approval of the ECB, to support the poorest credit risks. According to figures compiled by Citigroup, Ireland has made constant use of this facility since 2008 with the Irish central bank printing between €40 and €60 billion since 2010. Most recently, Greece has also resorted to the ELA to the tune of about €55 billion...a completely different use of the facility than the one originally intended. In our view, there can be no mistaking the direction of the ECB.

This Is Going to Be Big

As already noted, the rationale being advanced for QE is to promote growth but we see the real motive as saving the financial system...the debt markets and the banks. The fulcrum is the sovereign debt market which must be defended at all costs if the financial system is to survive in something like its current form. So, how much are we talking about here? Hang on to your hats.

According to the PFG Group, a U.S.-based financial advisory, the 10 most indebted nations currently owe \$31.3 trillion and “**nearly 50% of the total outstanding debt of the world's top 10 debtor nations needs to be rolled over by the end of 2015.**” (see <http://www.financialsense.com>). Financial markets are currently focused on Spain and Italy but while Italy has a debt-to-GDP ratio of 120%, Japan takes the top spot with 208%; and while Italy currently has a budget deficit to GDP ratio of -3.9%, the US is far worse at -8.1%. As the chart below shows, this is a global problem.

Top 10 Countries with Most Outstanding Debt (USD)

Year	Amount of Debt Maturing (Mil. USD)	% of Total Outstanding Debt Maturing	Cumulative Debt Maturing (Mil. USD)	Cumulative Debt Maturing as a % of Total Outstanding
2012	\$5,432,223	17%	\$5,432,223	17%
2013	\$4,044,191	13%	\$9,476,414	30%
2014	\$3,286,996	10%	\$12,763,410	41%
2015	\$2,589,984	8%	\$15,353,394	49%
2016	\$2,570,104	8%	\$17,923,498	57%
2017	\$1,993,450	6%	\$19,916,948	64%
2018	\$1,326,780	4%	\$21,243,728	68%
2019	\$1,414,421	5%	\$22,658,149	72%
2020	\$1,362,626	4%	\$24,020,775	77%
2021	\$1,352,443	4%	\$25,373,218	81%
2022	\$750,489	2%	\$26,123,707	83%
2023+	\$5,208,203	17%	\$31,331,910	100%
Total	\$31,331,910			

Source: Bloomberg, PFS Group

More than US\$ 15 trillion of sovereign debt has to be rolled over from 2012 through 2015, never mind the trillions of dollars in new borrowings required by sovereigns (deficits continue), banks and corporations. We believe there is simply too much debt maturing over the next couple of years for capital markets to absorb without pushing up rates and crowding out private investment. Commercial banks, especially those in Europe, are already loaded up with sovereign debt and need to reduce their leverage. In our view, it is highly likely we will see QE on a global scale. Central banks will need to step up as buyers of last resort to help suppress interest rates and keep debt servicing costs low.

As serious as the roll-over problem is now, as indicated by the above chart, it grows worse by the day. Many sovereign issuers are aggressively reducing the average duration of their outstandings to bring down interest costs. Many of the roll-overs in this table will be for short terms, therefore needing to be rolled again in the near future. The ECB has also indicated that its planned bond purchases will focus on the short end of the curve.

Is There an End Game?

Not anytime soon. At some point, the consequences of money-printing will become evident and we believe it will come to an end, accompanied by an increased likelihood of serial defaults. Paper is only as good as the entity behind it making the promise. In this hyper-connected world, *paper is only as good as the entities owing money to the entity making the promise*. As we saw in 2008, the innovations of shadow banking and the derivatives system have intermeshed the balance sheets of companies to a never-before-seen extent. One failure like Lehman Brothers can trigger a counter-party cascade that threatens the entire system.

In our view, gold will perform very well in a period of aggressive central bank balance sheet expansion. But as the one asset that backs itself and has no counter-party risk, gold may have its greatest value when the music stops. If you own debt-based assets at that point, you may be lucky enough to get a government bailout or a payout from a bankruptcy court. But gold investors won't need either and gold companies will offer their shareholders the advantage of holding the world's most reliable asset on their behalf.

Financial Results

During the three month period ended June 30, 2012 Seabridge posted a net loss of \$2.3 million (\$0.05 per share) compared to a loss of \$7.3 million (\$0.18 per share) for the same period last year. During the 2nd quarter, Seabridge invested \$12.2 million in mineral interests, primarily at KSM and Courageous Lake, compared to \$9.7 million during the same period last year. At June 30, 2012, net working capital was \$39.3 million compared to \$57 million at December 31, 2011.

On Behalf of the Board of Directors,



Rudi P. Fronk
Chairman and Chief Executive Officer
Toronto, Canada
August 10, 2012

SEABRIDGE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2012**

SEABRIDGE GOLD INC.

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 three and six months ended June 30, 2012 and 2011. This report is dated August 14, 2012 and should be read in conjunction with the unaudited consolidated financial statements for the same period and the Management's Discussion and Analysis included with the audited consolidated financial statements for the year ended December 31, 2011. The Company also published an 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 both for the year ended December 31, 2011. 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.

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 is designed 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 Courageous Lake property located in the Northwest Territories and the KSM (Kerr-Sulphurets-Mitchell) property located in British Columbia. 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".

Results of Operations

The Company incurred a net loss for the three months ended June 30, 2012 of \$2.3 million or \$0.05 per share compared to a net loss of \$7.3 million or \$0.18 per share in the comparative period ended June 30, 2011. On a six-month basis, the Company reported a net loss of \$4.2 million (\$0.10 per share) in the current year versus \$12.4 million (\$0.30 per share) in the corresponding 2011 period.

The decreased loss recognized in the current quarter, and on a year-to-date basis, was due to a number of factors including the recording of \$2.4 million of income, in the current quarter and \$3.8 million on a year-to-date basis, related to the amortization of the flow-through share premium set up at the end of the previous fiscal year and the reduction in charges related to stock-based compensation.

The flow-through premium was set up in December 2011 reflecting the premium investors paid for the Company's issuance of \$27.4 million of flow-through shares that month. As the Company did not complete a flow-through financing in 2010, no comparable income was recognized in the three or six month periods of 2011. The remaining balance of the flow-through premium, of \$1.5 million as at June 30, 2012, will be recognized in income as the Company incurs exploration expenditures on KSM and Courageous Lake. With planned exploration expenditures, it is expected that the remaining balance of the premium will be fully recognized through income in the third fiscal quarter of this year.

Charges to the statement of operations in the current quarter for stock-based compensation were reduced to \$3.8 million in the current quarter from \$6.2 million in the comparable quarter of 2011. Although the reduction in the current charge is significant, the charge included \$1.5 million related to the voluntary relinquishment of 100,000 options held by the Chairman of the Board and 200,000 options by the Chief Executive Officer. Under the International Financial Reporting Standards, the amortization of the remaining, unamortized fair value of those options is accelerated, and immediately charged to the statement of operations and resulted in a significant current period expense for options which have, in

fact, been cancelled. In the comparable period of 2011, the \$6.2 million charge to the statement of operations for stock-based compensation included the grant date fair value recognition of 515,000 options granted to senior management and directors in 2008 and 550,000 options granted to senior management and directors in 2010.

Charges for Corporate and administrative expenses, other than stock-based compensation, have increased marginally in the current three month and six month periods over respective periods in 2011. The Company has increased staffing levels over the last twelve months commensurate with required engineering and environmental work while management prepares for permit applications for KSM as well as the preparation and completion of an updated pre-feasibility study at KSM and an initial pre-feasibility study for Courageous Lake. General and administrative costs are not expected to increase significantly over current spending levels.

In the current quarter, due to a significant and prolonged reduction in value of certain investments the Company holds in junior resource companies, management concluded that the recoverability of those investments was impaired and the statement of operations was charged \$579,000 for the related impairment loss.

The Company recognized a gain on the finalization of an option agreement for its Red Mountain project. Banks Island Gold Ltd. paid the Company \$550,000 and issued 4,000,000 shares for an option to purchase the project. The value of cash and shares, that were valued at \$2.8 million, was recorded as a recovery against the carrying value of the mineral properties of \$2.6 million and the excess was recorded as a gain on disposition of mineral properties.

The fair value of the shares, combined with the cash received was greater than the carrying value for the property and \$684,000 has been recorded as a gain on the statement of operations.

The Company recognized comparable interest income in the current and prior year's second quarter as, throughout the two periods, approximately the same amount of cash and short-term investments were held in its treasury. Current quarter income has dropped from the first quarter of 2012 as the Company has expended cash on the KSM and Courageous Lake projects. Yields on short-term interest bearing investments are comparable year over year. As it is unlikely that interest rates will significantly increase in the near term and as cash balances diminish through spending on exploration and studies, interest income levels should drop in the coming quarters.

The Company recorded negligible foreign exchange gains and losses in the current three and six month periods as US and Canadian dollar exchange rates have held close to parity in the last twelve months.

Quarterly Information

Selected financial information for the second quarter of 2012 and each of the previous seven fiscal quarters:

Quarterly operating results (\$000's, except per share amounts)	2nd Quarter Ended June 30, 2012	1st Quarter Ended March 31, 2012	4 th Quarter Ended December 31, 2011	3 rd Quarter Ended September 30, 2011
Revenue	-	-	-	-
Profit (Loss) for period	(2,283)	(1,921)	(5,335)	(3,706)
Basic profit (loss) per share	(0.05)	(0.04)	(0.12)	(0.09)
Diluted profit (loss) per share	(0.05)	(0.04)	(0.12)	(0.09)

Quarterly operating results (\$000's, except per share amounts)	2nd Quarter Ended June 30, 2011	1st Quarter Ended March 31, 2011	4 th Quarter Ended December 31, 2010	3 rd Quarter Ended September 30, 2010
Revenue	-	-	-	-
Profit (Loss) for period	(7,298)	(3,759)	5,594	(717)
Basic profit (loss) per share	(0.18)	(0.09)	0.14	(0.02)
Diluted profit (loss) per share	(0.18)	(0.09)	0.14	(0.02)

The profit for the fourth quarter of 2010 was due to the \$10.2 million profit from the sale of the residual interests in the Noche Buena project in Mexico net of related income taxes of \$3.1 million.

Mineral Interest Activities

During the three months ended June 30, 2012, the Company incurred expenditures of \$12.2 million on mineral interests compared to \$9.7 million in the comparable 2011 period.

In the second quarter of 2012, \$7.2 million was spent on KSM. Engineering, environmental and metallurgical work concluded on the recently announced updated pre-feasibility study that incorporated significant design changes and updated capital and operating cost estimates. The study points to project pre-tax cash flow increasing to \$20.1 billion, net present value, at a 5% discount rate, increasing to \$4.4 billion, and an internal rate of return of 11.5%. The life-of-mine average cash costs per ounce of gold produced (after by-product credits) were reported as US\$148, with project payback reducing to 6.2 years. In addition, work continued in the current quarter readying documentation to be included in permit applications expected to be submitted by the end of 2012. The KSM exploration camp was fully operational at the end of the current quarter and exploration drilling commenced, adding to the current quarter spending.

At Courageous Lake, \$5.0 million of costs were incurred related to the completion of the project's first pre-feasibility study ("PFS"), results of which were announced in July 2012. The PFS envisions a single open-pit mining operation with on-site processing with an estimated 91.1 million tonnes of proven and probable reserves at an estimated average grade of 2.20 grams of gold per tonne, feeding a 17,500 tonnes per day operation, with 6.1 million tonnes per year annual average throughput. The project has an estimated 15 year life with average estimated annual production of 385,000 ounces of gold at a projected life of mine average cash operating cost of US\$780 per ounce recovered. Start-up capital costs for the project are estimated at US\$1.52 billion, including a contingency of US\$187 million. At a gold price of US\$1,384 per ounce this scenario has an estimated US\$1.5 billion pre-tax net cash flow, a US\$303 million net present value at a 5% discount rate and an internal rate of return of 7.3%.

In addition, drilling continued in the second quarter on the 12,500 meters of planned core drilling with the objective of finding a second major gold deposit along the 100% owned 52-kilometer-long Matthews Lake Greenstone Belt.

Liquidity and Capital Resources

The Company's working capital position, at June 30, 2012, excluding the flow-through share premium, was \$39.3 million down from \$57.0 million at December 31, 2011. Cash and cash equivalents, short-term deposits and bank overdraft at June 30, 2012 totalled \$35.4 million. At the end of 2011, the Company closed a \$27.4 million flow-through financing increasing cash to \$54.3 million. Cash resources have decreased by approximately \$19 million as the company has advanced the KSM and Courageous Lake projects.

During the three months ended June 30, 2012, operating activities, including working capital adjustments provided \$0.2 million compared to \$3.7 million provided in the comparable quarter of 2011. Expenditures on mineral interests increased in the current quarter to \$12.6 million over the comparable period of 2011 when \$9.7 million was spent on the projects.

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.

In the current quarter the Company continued to dispose of its non-core assets in Canada and the United States and final agreements for the optioning of Red Mountain Project in B.C. and the miscellaneous Nevada properties were finalized. The Company received \$450,000 in cash from Banks Island Gold Ltd. in addition to 4,000,000 of their common shares for the option to purchase the Company's 100% interest in the Red Mountain Project. The Company had previously received \$100,000 on the execution of the letter of intent. The Company also concluded agreements to transfer various Nevada based properties to Wolfpack Gold Inc., a private company, in the current quarter and received 5,506,500 of their common shares (net of shares distributed, under agreement, to a former owner of Pacific Intermountain Gold Inc.). Wolfpack Gold Inc. is expected to file a prospectus and complete a financing in the near-term and its shares are expected to trade publicly shortly thereafter.

Shares in Banks Island Gold Ltd. and Wolfpack Gold Inc. and other junior resource companies will be subject to market fluctuations and current values may not reflect the recoveries the Company may realize with future dispositions of the securities.

Outlook

During 2012, the Company plans to prepare and submit permit applications for its KSM project and is in the midst of completing a deep drilling program to discover a high-grade gold-copper core at the site. At Courageous Lake, the Company will continue its exploration program including the search for a second major gold deposit along the Matthews Lake Greenstone Belt. In addition to the mineral property activity, the Company will continue to study strategic alternatives for its projects and the Company as a whole.

Internal Controls Over Financial Reporting ("ICFR")

There were no changes in the Company's ICFR that occurred during the period beginning on April 1, 2012 and ending on June 30, 2012 that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

Shares Issued and Outstanding

At August 14, 2012, the issued and outstanding common shares of the Company totalled 43,451,885. In addition, there were 2,303,300 stock options granted and outstanding (of which 1,225,000 were not exercisable). Assuming the exercise of all outstanding options, there would be 45,755,185 common shares issued and outstanding.

Related Party Transactions

During the six months ended June 30, 2012, a private company controlled by a director of the Company was paid \$87,000 (2011- \$18,000) for technical services provided by his company related to mineral

properties; a private company controlled by the former Chairman of the Board was paid \$288,000 (2011 - \$112,000) for corporate consulting fees for services rendered as Chairman and included a one-time payment of \$175,000 for termination upon relinquishing his role as Chairman, as set out in his employment contract; and a third director was paid \$8,000 (2011 - \$8,000) for geological consulting. A private company controlled by an officer appointed on January 1, 2012 was compensated \$130,000 in the same period for legal services rendered. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Risks and Uncertainties

The following discussion on risks and uncertainties should be read in conjunction with documentation contained in 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.

Metal Prices

Factors beyond the control of the Company affect the price and marketability of any gold or other minerals discovered. Metal prices have fluctuated widely, particularly in recent years and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, faith in paper currencies, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted. However, as the Company is highly leveraged to the price of gold, fluctuations in the gold price should have an even greater impact on the price of the Company's shares.

Uncertainty of Mineral Resources and Mineral Reserves

The Company reports mineral resources and mineral reserves in accordance with the requirements of Canadian securities laws, which differ from the requirements of U.S. securities laws. Mineral resources and mineral reserves have been prepared in accordance with the Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining and Metallurgy and Petroleum Classification System. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. These standards differ significantly from the requirements of the SEC, including Industry Guide 7 under the US Securities Act of 1933.

The statements of mineral resources and mineral reserves disclosed by the Company are estimates only and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Such estimates necessarily include presumptions of continuity of mineralization which may not actually be present. Market fluctuations and the prices of metals may render mineral resources and mineral reserves uneconomic. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

The Company's mineral projects are in various stages of development, and only the Company's KSM project contains mineral reserves. The Company's ability to put these properties into production will be dependent upon the results of further drilling and evaluation. There is no certainty that expenditure made in the exploration of the Company's mineral properties will result in identification of commercially recoverable quantities of ore or that ore reserves will be mined or processed profitably. The mineral resources and mineral reserves have been determined and valued based on assumed mineral prices, cut-off grades and operating costs that may prove to be inaccurate. Extended declines in market prices for minerals may render portions of the Company's mineralization as uneconomic and result in reduced reported mineralization. Greater assurance will require completion of final comprehensive feasibility studies and, possibly, further associated exploration and other work that concludes a potential mine at each of these projects is likely to be economic, but such studies remain subject to the same risks and uncertainties.

Exploration and Development Risks

The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, none of the Company's properties have a known body of commercial ore. Major expenses may be required to establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current development programs planned by the Company will result in a profitable commercial mining operation. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, land slides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. The Company has limited experience in the development and operation of mines and in the construction of facilities required to bring mines into production. The Company has relied and may continue to rely upon consultants for development and operating expertise. The economics of developing mineral properties are affected by many factors including the cost of operations, variations of the grade of ore mined and fluctuations in the price of minerals produced. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production. Although precautions to minimize risk will be taken, processing operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

Mineral Deposits and Production Costs

Mineral deposits and production costs are affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of any ore ultimately mined may differ from that indicated by drilling results. Short-term factors relating to ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. There can be no assurance that any gold, copper or other minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale heap leaching.

Currency Exchange Rate Fluctuation

The minerals present in the Company's projects are sold in U.S. dollars and therefore projected revenue of its projects is in U.S. dollars. The Company's material properties are located in Canada and therefore its projected expenses for developing its projects are in Canadian dollars. The prefeasibility report and preliminary assessments on the KSM and Courageous Lake projects use a U.S. dollar value for all projected expenses by converting projected Canadian dollar expenses into U.S. dollars. To the extent the actual Canadian dollar to U.S. dollar exchange rate is less than or more than these estimates, the profitability of the projects will be more than or less than that estimated in the preliminary assessments, respectively (if the other assumptions are realized).

Financing Risks

The Company has limited financial resources, has no operating cash flow and has no assurance that sufficient funding will be available to it for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. The exploration of the Company's mineral properties is, therefore, dependent upon the Company's ability to obtain financing through the sale of projects, joint venturing of projects, or equity financing or other means. Such sources of financing may not be available on acceptable terms, if at all. Failure to obtain such financing may result in delay or indefinite postponement of exploration work on the Company's mineral properties, as well as the possible loss of such properties. Any transaction involving the issuance of previously authorized but unissued shares of common or preferred stock, or securities convertible into common stock, could result in dilution, possibly substantial, to present and prospective holders of common stock. These financings may be on terms less favorable to the Company than those obtained previously. The Company has stated that its business plan is to increase gold ounces in the ground but not to go into production on its own.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other

reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Competition

The mineral industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees.

Environmental and other Regulatory Requirements

The Company's potential mining and processing operations and exploration activities are subject to various laws and regulations governing land use, the protection of the environment, prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, mine safety and other matters. Such operations and exploration activities are also subject to substantial regulation under these laws by governmental agencies and may require that the Company obtain permits from various governmental agencies. Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. The Company believes it is in substantial compliance with all material laws and regulations which currently apply to its activities. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake.

Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, are necessary prior to operation of properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

To the best of the Company's knowledge, the Company is operating in compliance with all applicable environmental regulations.

Political Risk

Properties in which the Company has, or may acquire, an interest are, or may be, located in areas of Canada or the United States which may be of particular interest or sensitivity to one or more interest groups, including aboriginal groups claiming title to land. The Company's material properties are in British Columbia and the Northwest Territories of Canada and are in areas with a First Nations presence. Consequently, mineral exploration and mining activities in those areas may be affected in varying degrees by political uncertainty, expropriations of property and changes in applicable government policies and regulation such as tax laws, business laws, environmental laws, native land claims entitlements or procedures and mining laws, affecting the Company's business in those areas. Any changes in regulations or shifts in political conditions are beyond the control or influence of the Company and may adversely affect its business, or if significant enough, may result in the impairment or loss of mineral concessions or other mineral rights, or may make it impossible to continue its mineral exploration and

mining activities. In many cases mine construction and commencement of mining activities is only possible with the consent of the local First Nations group and many companies have secured such consent by committing to take measures to limit the adverse impact to, and ensure some of the economic benefits of the construction and mining activity will be enjoyed by, the local First Nations group.

Limited Operating History: Losses

The Company to date has limited experience in mining or processing of metals. The Company has experienced, on a consolidated basis, losses in most years of its operations. All activities have been of an exploration and development nature. There can be no assurance that the Company will generate profits in the future.

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, reclamation liabilities and the value of stock-based compensation. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

Provisions for environmental restoration are calculated at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates of ultimate costs of environmental remediation obligations, the timing of the costs and discount rates could significantly affect financial results.

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 in accordance with the Black-Scholes model. However, the future volatility is uncertain and the model has its limitations.

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.

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.

SEABRIDGE GOLD INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2012
(Unaudited)**

MANAGEMENT'S COMMENTS ON UNAUDITED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of Seabridge Gold Inc. for the three and six months ended June 30, 2012 have been prepared by management and approved by the Board of Directors of the Company.

SEABRIDGE GOLD INC.
Condensed Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

(Unaudited)

	Note	June 30, 2012	December 31, 2011
Assets			
Current assets			
Cash and cash equivalents	3	-	7,063
Short-term deposits	3	36,055	47,241
Amounts receivable and prepaid expenses		1,870	1,232
Marketable securities		8,281	4,372
		46,206	59,908
Non-current assets			
Mineral interests	4	182,178	167,211
Reclamation deposits		1,588	1,588
Property and equipment		7	12
Total non-current assets		183,773	168,811
Total assets		229,979	228,719
Liabilities and shareholders' equity			
Current liabilities			
Bank overdraft	3	665	-
Accounts payable and accrued liabilities		6,263	2,934
Flow-through share premium		1,468	5,260
		8,396	8,194
Non-current liabilities			
Income taxes payable		27	78
Deferred income tax liabilities		777	1,122
Provision for reclamation liabilities		1,977	1,963
Total non-current liabilities		2,781	3,163
Total liabilities		11,177	11,357
Shareholders' equity	5	218,802	217,362
Total liabilities and shareholders' equity		229,979	228,719

The accompanying notes form an integral part of these condensed consolidated financial statements.
 Subsequent event (Note 9)

These financial statements were approved by the Board of Directors and authorized for issue on August 9, 2012 and were signed on its behalf:



Rudi P. Fronk
 Director



James S. Anthony
 Director

SEABRIDGE GOLD INC.**Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income***(Expressed in thousands of Canadian dollars except common share and per common share amounts)*

(Unaudited)

		Three months ended June 30		Six months ended June 30	
	Note	2012	2011	2012	2011
Corporate and administrative expenses	6	(5,136)	(7,377)	(8,732)	(12,322)
Unrealized loss on convertible debenture		-	(28)	-	(341)
Impairment of marketable securities	7	(579)	-	(579)	-
Gain on disposition of mineral property	4	684	-	684	-
Interest income		114	135	288	267
Finance expense		(7)	(7)	(14)	(13)
Other income - flow-through shares		2,382	-	3,792	-
Foreign exchange (loss) gain		1	(4)	(10)	3
Loss before income taxes		(2,541)	(7,281)	(4,571)	(12,406)
Income tax recovery (expenses)		258	(17)	367	8
Loss for the period		(2,283)	(7,298)	(4,204)	(12,398)
Other comprehensive loss, net of income taxes:					
Unrecognized gain (loss) on financial assets, net		(435)	138	(778)	(128)
Comprehensive loss for the period		(2,718)	(7,160)	(4,982)	(12,526)
Basic and diluted net loss per Common Share		(0.05)	(0.18)	(0.10)	(0.30)
Basic weighted-average number of common shares outstanding		43,451,885	41,378,130	43,450,237	41,350,054

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

SEABRIDGE GOLD INC.**Condensed Consolidated Statements of Changes in Shareholders' Equity***(Expressed in thousands of Canadian dollars)*

(Unaudited)

	Share Capital	Stock Options	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total Equity
As at January 1, 2012	239,662	18,291	327	(40,828)	(90)	217,362
Shares - exercise of options	411	(148)	-	-	-	263
Stock-based compensation	-	6,232	-	-	-	6,232
Cancelled options	-	(3,033)	3,033	-	-	-
Share issuance costs	(73)	-	-	-	-	(73)
Other comprehensive loss	-	-	-	-	(778)	(778)
Net loss	-	-	-	(4,204)	-	(4,204)
As at June 30, 2012	240,000	21,342	3,360	(45,032)	(868)	218,802
As at January 1, 2011	188,385	5,028	283	(20,730)	847	173,813
Shares - exercise of options	4,973	(1,446)	-	-	-	3,527
Option expired	-	(44)	44	-	-	-
Private placement	25,476	-	-	-	-	25,476
Stock-based compensation	-	10,092	-	-	-	10,092
Other comprehensive loss	-	-	-	-	(128)	(128)
Net loss	-	-	-	(12,398)	-	(12,398)
As at June 30, 2011	218,834	13,630	327	(33,128)	719	200,382

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

SEABRIDGE GOLD INC.

Condensed Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

(Unaudited)

	Three months ended June 30		Six months ended June 30	
	2012	2011	2,012	2011
Operating Activities				
Net loss	(2,283)	(7,298)	(4,204)	(12,398)
Items not affecting cash:				
Unrealized loss on convertible debenture	-	28	-	341
Impairment of marketable securities	579	-	579	-
Gain on disposition of mineral property	(684)	-	(684)	-
Stock-based compensation	3,764	6,241	6,232	10,092
Accretion of convertible debenture	-	(24)	-	(47)
Accretion of reclamation liabilities	7	7	14	13
Depreciation	5	7	13	16
Other income - flow-through shares	(2,382)	-	(3,792)	-
Income taxes	(258)	17	(367)	(8)
Changes in non-cash working capital items				
Amounts receivable and prepaid expenses	(767)	(443)	(638)	2,198
Accounts payable and accrued liabilities	1,606	3,108	3,329	2,433
Changes in income taxes payable	(51)	(31)	(51)	(45)
Net cash provided by operating activities	(464)	1,612	431	2,595
Investing Activities				
Mineral interests	(12,172)	(9,729)	(20,395)	(16,620)
Short-term investments and reclamation deposits	(4,837)	(32,303)	11,186	(29,590)
Long-term guaranteed investment	-	11,000	-	11,000
Purchase of fixed assets	-	-	(8)	-
Cash proceeds from property recoveries	466	-	869	6
Net cash used in investing activities	(16,543)	(31,032)	(8,348)	(35,204)
Financing Activities				
Issue of share capital	-	29,652	189	32,916
Net increase in cash during the period	(17,007)	232	(7,728)	307
Cash and cash equivalents and bank overdraft , beginning of period	16,342	1,119	7,063	1,044
Cash and cash equivalents and bank overdraft, end of the period	(665)	1,351	(665)	1,351

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

SEABRIDGE GOLD INC.

Notes to the Condensed Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2012 and 2011

(Unaudited)

1. Reporting entity

Seabridge Gold Inc. is comprised of Seabridge Gold Inc. and its subsidiaries and is a development stage 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 interim condensed consolidated financial statements were prepared using the same accounting policies and methods as those described in our consolidated financial statements for the year ended December 31, 2011. These interim financial statements are prepared in compliance with International Accounting Standard 34, Interim Financial Reporting (IAS 34). Accordingly, certain information and disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards have been omitted or condensed. These interim condensed consolidated financial statements should be read in conjunction with our consolidated financial statements for the year ended December 31, 2011.

3. Cash and cash equivalents, short-term deposits and bank overdraft

<u>(\$000's)</u>	<u>June 30, 2012</u>	<u>December 31, 2011</u>
Cash and cash equivalents	-	7,063
Bank overdraft	(665)	-
Short-term deposits	36,055	47,241
	35,390	54,304

All of cash and cash equivalents and bank overdraft are held in a Canadian Schedule I bank. 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.

4. Mineral interests

Mineral interest expenditures on projects are considered as exploration and evaluation. All of the projects have been evaluated for impairment and their related costs consist of the following:

(\$000's)	Balance, January 1, 2012	Expenditures 2012	Recoveries 2012	Balance, June 30, 2012
KSM	110,458	11,539	(302)	121,695
Courageous Lake	45,255	8,843	-	54,098
Pacific Intermountain Gold	4,281	1	(1,400)	2,882
Grassy Mountain	3,359	-	-	3,359
Red Mountain	2,654	12	(2,666)	-
Quartz Mountain	369	-	(225)	144
Castle Black Rock	293	-	(293)	-
Other Nevada projects	542	-	(542)	-
	<u>167,211</u>	<u>20,395</u>	<u>(5,428)</u>	<u>182,178</u>

(\$000's)	Balance, January 1, 2011	Expenditures 2011	Recoveries 2011	Balance, December 31, 2011
KSM	86,782	27,589	(3,913)	110,458
Courageous Lake	32,028	13,227	-	45,255
Pacific Intermountain Gold	4,182	146	(47)	4,281
Grassy Mountain	4,029	70	(740)	3,359
Red Mountain	2,411	243	-	2,654
Quartz Mountain	480	13	(124)	369
Castle Black Rock	282	11	-	293
Other Nevada projects	536	6	-	542
	<u>130,730</u>	<u>41,305</u>	<u>(4,824)</u>	<u>167,211</u>

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 property to Noranda Inc. (which subsequently became Falconbridge Limited and then Xstrata 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 in British Columbia, Canada from Falconbridge Limited. 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 on these specific claims, 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 June 16, 2011, the Company completed an agreement granting a third party an option to acquire a 1.25% net smelter royalty on all gold and silver production sales from KSM for a payment equal to the lesser of \$100 million or US\$125 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. The option was conditional on the optionee subscribing for \$30 million of the Company's shares at a premium to market of 15%. The financing was completed on June 29, 2011. The 15% premium derived from the option agreement for the NSR, was determined to be \$3.9 million (\$3.84 per share for 1,019,000 shares) which was recorded as a credit to mineral properties on the statement of financial position. The optionee also has an option to purchase an additional \$18 million of the Company's shares until December 2012 at a 15% premium to the market price of the shares at the time of issuance. Should the optionee subscribe for the additional shares, the Company will enter into an agreement to grant an additional 0.75% net smelter royalty on all gold and silver production sales from KSM for a payment equal to the lesser of \$60 million or US\$75 million.

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 US\$2.5 million. The Courageous Lake gold project consists of mining leases located in Northwest Territories of Canada.

In 2004, an additional property was optioned in the area. Under the terms of the agreement, the Company paid \$50,000 on closing and was required to make option payments of \$50,000 on each of the first two anniversary dates and subsequently \$100,000 per year. In addition, the property may be purchased at any time for \$1,250,000 with all option payments being credited against the purchase price.

c) Pacific Intermountain Gold Corporation

During 2002, the Company and an unrelated party incorporated Pacific Intermountain Gold Corporation ("PIGCO"). The Company funded PIGCO's share capital of \$755,000 and received a 75% interest. The other party provided the exclusive use of an exploration database and received a 25% interest. In July 2004, the Company acquired the 25% interest in PIGCO which it did not own by forgiving debt of approximately \$65,000 and agreeing to pay 10% of the proceeds of any sale of projects to third parties.

In 2011, the Company announced its intention to transfer certain PIGCO and Other Nevada mineral properties to a newly created company called Wolfpack Gold Corp. ("Wolfpack"). In the current quarter, agreements were finalized and certain properties were transferred to Wolfpack while others were optioned. In total, 4,666,500 shares of Wolfpack were received as consideration for the optioned and transferred properties. The fair value of those shares has been recorded as a

recovery of the carrying value of Pacific Intermountain Gold and Other Nevada mineral properties as at June 30, 2012. As Wolfpack and the Company have common members of the Board of Directors and senior management personnel, the two companies are deemed related parties.

d) **Grassy Mountain**

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

In April 2011, the Company announced that an agreement had been reached to option the Grassy Mountain project to Calico Resources Corp. ("Calico"). To exercise the option, Calico must 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. In addition, after the delivery of a National Instrument 43-101 ("NI 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. The Company received the first two million common shares of Calico in 2011 and a value of \$740,000 has been recorded as a credit to the carrying value of the mineral properties.

e) **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 the current quarter, the Company entered into an agreement with Banks Island Gold Ltd. to option its 100% interest in the Red Mountain Project. To exercise the option, Banks Island Gold must: (i) pay the Company \$100,000 on the execution of the letter of intent (ii) pay \$450,000 in cash and issue 4,000,000 of its common shares upon execution of the definitive option agreement; (iii) pay the Company a further \$450,000 in cash on or before December 15, 2012; (iv) pay the Company a further \$1,500,000 in cash on or before August 3, 2013; and (v) pay the Company a final \$9,500,000 in cash on or before February 3, 2015. The Company received \$100,000, in the first fiscal quarter of 2012, upon the signing of the letter of intent, which was recorded as a recovery against the carrying value of the mineral properties in the quarter ended March 31, 2012. In June 2012, the definitive option agreement was signed and the Company received \$450,000 in cash and 4,000,000 Banks Island Gold Ltd. common shares that were valued at \$2.8 million. The value of cash and shares was recorded as a recovery against the carrying value of the mineral properties of \$2.6 million and the excess was recorded as a gain on disposition of mineral properties on the statement of operations for the three months ended June 30, 2012.

f) **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 May 2009, the Company completed an option agreement on a peripheral claim portion of the Quartz Mountain property. To earn a 50% interest in that portion of the project, the optionee completed \$500,000 in exploration expenditures by December 31, 2010 and issued 200,000 shares to the Company (50,000 shares were received in 2010 and the remaining 150,000 shares were received in February 2011). The amounts received are shown as recoveries against the carrying value of the mineral interest. The optionee has the right to increase its percentage holdings to 70% by funding and completing a feasibility study within three years.

In 2011, subject to an agreement between the Company and Orsa Ventures Corp. ("Orsa") the Company has granted Orsa the exclusive option to earn a 100% interest in the main Quartz Mountain gold property and all of Seabridge's undivided 50% beneficial joint venture interest in the adjacent peripheral property mentioned above. 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 will make staged payments of \$5 million in cash or shares of Orsa, at the discretion of the Company and, upon the delivery of a feasibility study, pay the Company \$15 million or provide a 2% net smelter return on production at Quartz Mountain. In the current quarter, the agreement was amended allowing Orsa to pay the Company 1.5 million shares of Orsa instead of \$0.5 million on or before the fifth day following regulatory approval of the option agreement. All other terms of the original agreement remain the same. In the current quarter, the Company received the 1.5 million shares of Orsa and \$225,000 has been recorded as a recovery of the carrying value of the property.

g) **Castle Black Rock**

The Company entered into a mining lease agreement dated August 15, 2000, and amended on August 1, 2001, with respect to mineral claims located in Esmeralda County, Nevada, USA. In 2002, the Company paid US\$17,500 and in 2003, US\$25,000 in advance royalties and is required to pay further advance royalties of US\$25,000 each August 15 thereafter and to pay a production royalty, varying with the price of gold, of 3% to 5%, and a 3.5% royalty on gross proceeds from other metals produced. The Company has the right to purchase 50% of the production royalty for US\$1.8 million.

The Castle Black Rock property has been optioned to Wolfpack along with other properties within the PIGCO assets mentioned above. In the current quarter the Company received 840,000 shares of Wolfpack. The value of those shares has been recorded as a recovery of the carrying value of the mineral properties as at June 30, 2012.

5. Shareholders' equity

Share capital	Shares	Amount (\$000's)
As at January 1, 2012	43,426,885	239,662
Exercise of stock options	25,000	411
Cost of raising capital	-	(73)
As at June 30, 2012	43,451,885	240,000
As at January 1, 2011	41,055,185	188,385
Exercise of stock options	325,000	3,527
Value of stock option exercised	-	1,446
Private placement	1,019,000	25,476
As at June 30, 2011	42,399,185	218,834

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.

As at June 30, 2012, the Company had 2,563,300 options to purchase common shares outstanding. A summary of option transactions and exercisable options for the period ended June 30, 2012 is as follows:

	Options	Weighted Average Exercise Price	Value of options (\$000's)
Outstanding January 1, 2012	2,763,300	24.19	18,291
Granted	125,000	16.07	97
Exercised	(25,000)	10.54	(148)
Cancelled	(300,000)	29.75	(3,033)
Value of 2010 and 2011 options vested	-	-	6,135
Outstanding June 30, 2012	2,563,300	23.28	21,342
Exercisable at June 30, 2012	1,258,300		

	Options	Weighted-average exercise price	Value of options (\$000's)
Outstanding January 1, 2011	2,171,000	\$21.67	5,028
Granted	400,000	29.23	964
Exercised	(325,000)	10.85	(1,446)
Expired	(5,000)	29.75	(44)
Value of options granted in prior years	-	-	9,128
Outstanding June 30, 2011	2,241,000	\$24.43	13,630

In the current quarter, 300,000 options were voluntarily relinquished by two directors of the Company. The amortization of the remaining fair value of those options of \$1.5 million has been accelerated and fully charged to the statement of operations in the current quarter.

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

	Six Months Ended June 30,	
	2012	2011
Dividend yield	Nil	Nil
Expected volatility	68%	66%
Risk free rate of return	1.25%	2.61%
Expected life of options	5 years	5 years

6. Corporate and administrative expenses

(\$000's)	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Employee expenses	776	210	1,366	767
Stock-based compensation	3,764	6,241	6,232	10,092
Professional fees	179	242	242	319
General and administrative	417	684	892	1,144
	5,136	7,377	8,732	12,322

7. Impairment of Marketable Securities

In the current quarter, due to a significant and prolonged reduction in value of certain investments it holds in junior resource companies, the Company has recorded a charge to the statement of operations of \$579,000.

8. Related Party Disclosures

During the six months ended June 30, 2012, a private company controlled by a director of the Company was paid \$87,000 (2011- \$18,000) for technical services provided by his company related to mineral properties; a private company controlled by the former Chairman of the Board was paid \$288,000 (2011 - \$112,000) for corporate consulting fees for services rendered and included a one-time payment of \$175,000 for termination upon relinquishing his role as Chairman; and a third director was paid \$8,000 (2011 - \$8,000) for geological consulting. A private company controlled by an officer appointed on January 1, 2012 was compensated \$130,000 in the same period for legal services rendered. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. As at June 30, 2012 and 2011, there were no outstanding liabilities to related parties.

9. Subsequent Event

On August 8, 2012, 260,000 options to purchase common shares of the Company expired unexercised.