SEABRIDGE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2018

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 months ended March 31, 2018 and 2017. This report is dated May 14, 2018 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2017 and the Company's Annual Information Form filed on SEDAR at www.sedar.com. Other corporate documents are also available on SEDAR and EDGAR as well as the Company's website www.seabridgegold.net. As the Company has no operating projects 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 interim condensed consolidated financial statements for the three months ended March 31, 2018 and the comparative period ended March 31, 2017 have been prepared by the Company in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Company Overview

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

Results of Operations

The Company incurred a $10.7 million net loss for the three months ended March 31, 2018 or $0.18 per share compared to a net loss of $1.8 million or $0.03 per share for the comparative period ended March 31, 2017.

Environmental rehabilitation costs and corporate and administrative expenses, including stock-based compensation were the most significant items contributing to losses in the current quarter ended March 31, 2018. Other income reported for flow-through shares offset some of these expenses in the current quarter. These and other items are discussed further below.

For the three months ended March 31, 2018, corporate and administrative expenses of $3.7 million were incurred and is comparable to $3.7 million reported in the comparative 2017 period. Cash compensation increased by 18% from $0.8 million in the first quarter of 2017 to $1.0 million in the current quarter reflecting bonus compensation, earned in the current quarter, by certain senior management personnel that was based on the attainment of previously defined corporate objectives. Corporate, non-project related staffing levels have remained consistent between the current period and comparative period. Cash compensation is not expected to vary significantly from current levels as no significant additions to staffing levels are currently anticipated. Stock-based compensation was comparable between the current and comparative quarters and are expected to remain comparable over the next few quarters.

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

Options granted	Number of options	Exercise price ($)	Grant date fair value ($000s)	Expensed prior to 2017 ($000s)	Expensed in 2017 ($000s)	Expensed in 2018 ($000s)	Remaining balance to be expensed ($000s)
December 21, 2015	365,000	11.13	1,959	1,756	203	-	-
March 24, 2016	100,000	13.52	684	493	165	26	-
August 11, 2016	50,000	17.14	438	114	235	36	53
December 19, 2016	890,833	10.45	6,159	149	5,356	118	536
December 14, 2017	605,000	13.14	4,084	-	210	1,106	2,768
				2,512	6,169	1,286	3,357

RSUs granted	Number of RSUs	Grant date fair value ($000s)	Cancelled prior to 2017 ($000s)	Expensed prior to 2017 ($000s)	Expensed in 2017 ($000s)	Expensed in 2018 ($000s)	Remaining balance to be expensed ($000s)
December 19, 2013	235,000	2,267	24	2,243	-	-	-
December 9, 2014	272,500	2,624	-	2,624	-	-	-
December 31, 2015	94,000	1,046	-	1,046	-	-	-
December 19, 2016	125,500	1,311	-	98	1,213	-	-
December 14, 2017	65,000	854	-	-	136	719	-
			24	6,011	1,349	719	-

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

The Company recognized $0.8 million of other income in the first quarter of 2018 related to the flow-through share premium recorded on financings completed in April and December 2017 (discussed below). No other income was recognized for the comparative period of 2017.

In the first quarter of 2018, the Company charged $7.4 million of rehabilitation costs to the statement of operations and comprehensive loss related to the filing of a Johnny Mountain Mine reclamation report in British Columbia. The report estimates the full closure at approximately $9.1 million with costs expected to be incurred over five years. Significant costs include estimates of the closure of all adits and vent raises, removal of the mill and buildings, treatment of landfills and surface water management as well as ongoing logistics, freight and fuel costs. There were no comparable costs recorded in the comparative period of 2017.

In 2017 the Company disposed of its leasehold interest in the Castle Black Rock Project and received 1,500,000 common shares of Columbus Gold Corp., with a fair value of $1.4 million, as payment. All historical costs related to Castle Black Rock had been previously recovered in prior years and there was no carrying value recorded for the project at the time of receipt of the payment. The fair value of the common shares received was recorded as a gain on the disposition of mineral interests on the statement of operations and comprehensive loss in 2017. The Company did not dispose of any mineral interests in the first quarter of 2018.

The Company holds equity 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. The Company also holds one investment in an associate that is accounted for on the equity basis. In the first quarter of 2018, the company recognized $40,000 of losses in the associate. In the comparable quarter of 2017, in addition to the $31,000 of losses in the associate, the Company also recognized a gain on the disposition of one investment of $0.7 million.

In the first quarter of 2018, the Company recognized income tax expense of $0.3 million (2017 - $0.2 million) reflecting the decrease in deferred tax liabilities arising from exploration expenditures, which are capitalized for accounting purposes but are renounced for tax purposes. The renounced expenditures relate to the flow-through share issuance in April and December of 2017. The tax expense is partially offset by the tax recovery resulting from the loss in the current period.

Quarterly Information

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

Quarterly operating results ($000s)	1st Quarter Ended March 31, 2018	4th Quarter Ended December 31, 2017	3nd Quarter Ended September 30, 2017	2nd Quarter Ended June 30, 2017
Revenue	-	-	-	-
Loss for period	(10,676)	(5,206)	(1,535)	(1,715)
Basic loss per share	(0.18)	(0.09)	(0.03)	(0.03)
Diluted loss per share	(0.18)	(0.09)	(0.03)	(0.03)

Quarterly operating results ($000s)	1st Quarter Ended March 31, 2017	4th Quarter Ended December 31, 2016	3rd Quarter Ended September 30, 2016	2nd Quarter Ended June 30, 2016
Revenue	-	-	-	-
Loss for period	(1,831)	(2,598)	(300)	(1,917)
Basic loss per share	(0.03)	(0.05)	(0.01)	(0.04)
Diluted loss per share	(0.03)	(0.05)	(0.01)	(0.04)

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

Mineral Interest Activities

In the first quarter of 2018 the Company added an aggregate of $4.3 million of expenditures that were attributed to mineral interests. Cash expenditures were made at KSM (47%), Courageous Lake (41%) and the remainder for Iskut and Snowstorm.

Based on the drilling program completed in 2017, the Company updated its mineral resource estimate for the Iron Cap deposit. Iron Cap is one of four large gold/copper porphyry deposits within the KSM Project. The updated resource estimate incorporated all drilling completed to 2016 plus 10,383 meters of diamond core drilling completed in 2017. The update increased both the size of the resource and the grade and could take a more prominent place in eventual mine planning and has the potential to improve project economics.

Also in the current quarter, the Company commenced preparatory work on the site of what will become a year-round camp at KSM to support ongoing exploration at the site. The work entailed small scale logging on approximately nine hectares of timber in the Mitchell Valley. The site could also facilitate prompt commencement of much larger work programs that would be required to advance any development of the project, once a joint venture partner is obtained.

At Courageous Lake, the Company commenced a planned winter drilling program using two core rigs entailing 7,200 meters of drilling over 36 holes. The program is designed to test seven separate targets along a geophysical and stratigraphic break that hosts the Walsh Lake Deposit which the Company discovered in 2012.

Limited work was carried out at the Iskut Project or the Snowstorm Project in the current quarter. A drilling program is planned for Iskut and KSM, commencing in the second quarter of 2018.

Liquidity and Capital Resources and Subsequent Event

The Company's working capital position, excluding the flow-through share premium, at March 31, 2018, was $18.3 million, down from $19.6 million at December 31, 2017. Cash and short-term deposits at March 31, 2018 totaled $17 million versus $16.1 million at December 31, 2017. Cash resources, including cash and cash equivalents and short-term deposits, have increased due to the exercise of 530,200 options in the current quarter for proceeds of $6.7 million. The Company however, incurred exploration costs at KSM and Courageous Lake in addition to corporate and administrative costs reducing cash balances.

Subsequent to March 31, 2018, the Company closed a flow-through financing and issued 1,150,000 common shares at $17.16 per common share for gross proceeds of $19.7 million. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement will be December 31, 2018.

In December 2017, the Company issued 200,000 flow-through common shares at a price of $16.72 per flow-through share for aggregate gross proceeds of $3.3 million. Proceeds of this financing are being used to fund the 2018 Courageous Lake winter drill program. The Company has a remaining commitment related to this financing of $1.9 million.

Also in April and May 2017, the Company closed two financings for gross proceeds of $37.7 million. The first financing was a public offering of 1,100,000 common shares at a price of $14.30 per common share raising gross proceeds of $15.7 million. The second was a financing whereby a syndicate of underwriters purchased 1,100,000 flow-through common shares at a price of $20.00 per flow-through common share for gross proceeds of $22 million. As at March 31, 2018, the Company has a commitment of $3.5 million remaining to spend on qualifying expenditures.

During the current quarter, operating activities, including working capital adjustments, used $1.9 million compared to $3.7 million used by operating activities in the comparative quarter in 2017. In the first quarter of 2017, the Company deposited $1.8 million with tax authorities along with an objection to a reassessment of 2010 and 2011 refunds received under the British Columbia Mineral Exploration Tax Credit program. It is anticipated that the objection will be reviewed in 2018. The balance of the re-assessment remains recorded within accounts payable and accrued liabilities on the statement of financial position as at March 31, 2018. Operating activities in the near-term are not expected to deviate significantly from the current quarter.

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

Outlook

In 2018, the Company will complete the exploration and drilling program it commenced at Courageous Lake and will commence exploration and drilling programs at both KSM and Iskut. In addition to that work at Iskut, the Company will commence the 2018 portion of the rehabilitation plan at the Johnny Mountain site. A small, preliminary exploration program is also planned at the Company's new Snowstorm Project.

For KSM, the Company will conduct an exploration program that will follow up on the results of the 2017 drilling at Iron Cap as well as continue to pursue a joint venture partner for the project.

For Iskut, the Company's exploration objective is to complete the testing of the current understanding of the Quartz Rise lithocap and evaluate the potential for discovery of an epithermal deposit.

Internal Controls Over Financial Reporting

The Company's management under the supervision of the Chief Executive Officer and Chief Financial Officer are responsible for designing adequate internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management is responsible for establishing and maintaining adequate internal controls over financial reporting. The control framework used is Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Changes to Internal Controls Over Financial Reporting

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

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified in the rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company is accumulated and communicated to management as appropriate, to allow timely decisions regarding required disclosure. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the design of the disclosure controls and procedures as of March 31, 2018, that they are appropriately designed and effective and that since the December 31, 2017 evaluation, there have been no material changes to the Company's disclosure controls and procedures.

Limitations of controls and procedures

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

Shares Issued and Outstanding

At May 14, 2018, the issued and outstanding common shares of the Company totaled 59,422,318. In addition, there were 3,088,309 stock options, 62,750 RSUs and 500,000 warrants outstanding. Assuming the conversion of all of these instruments outstanding, there would be 63,073,377 common shares issued and outstanding.

Related Party Transactions

During the three months ended March 31, 2018, other than compensation paid to key management personnel, a private company controlled by an officer was paid $50,100 (2017 - $50,100) for legal services rendered. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Changes in Accounting Standards Implemented or Not Yet Adopted

Accounting standards recently adopted

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

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

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

IFRS 2, Share-based payments amendments (“Amendments to IFRS 2”). The Amendments to IFRS 2 clarify the classification and measurement of share-based payments for cash-settled share-based payment transactions and or for share-based payment transactions with net settlement features for withholding tax obligations and or for any modifications to the terms and conditions of a share-based payment transaction that changes its classification from cash-settled to equity-settled. The Company adopted the amendments on January 1, 2018.

New accounting standards not yet adopted

IFRS 16, Leases (“IFRS 16”) will replace IAS 17 Leases. The new standard requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted, provided the new revenue standard, IFRS 15 has been applied or is applied at the same date as IFRS 16. The Company plans to apply IFRS 16 on the effective date. The Company will evaluate the impact of the changes to its financial statements based on the characteristics of any leases in place before the effective date and expects to report additional details on the anticipated impact, if any, in subsequent periods.

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 it shelters tax liabilities or when it is probable that we will have enough taxable income in the future to recover them.

Risks and Uncertainties

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

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

SEABRIDGE GOLD INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2018

SEABRIDGE GOLD INC.

Interim Condensed Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

	Note	March 31, 2018	December 31, 2017
Assets			
Current assets			
Cash and cash equivalents	4	4,819	4,049
Short-term deposits	4	12,144	12,056
Amounts receivable and prepaid expenses	5	1,003	622
Investments	6	6,448	6,861
		24,414	23,588
Non-current assets			
Mineral interests	7, 8	362,444	358,135
Reclamation deposits	9	1,200	1,185
Total non-current assets		363,644	359,320
Total assets		388,058	382,908
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	8	4,602	3,961
Flow-through share premium	10	1,455	2,230
Provision for reclamation liabilities	9	1,519	-
		7,576	6,191
Non-current liabilities			
Deferred income tax liabilities	14	18,894	18,598
Provision for reclamation liabilities	9	8,312	2,481
Total non-current liabilities		27,206	21,079
Total liabilities		34,782	27,270
Shareholders' equity	10	353,276	355,638
Total liabilities and shareholders' equity		388,058	382,908

Subsequent events *(Note 10 and 11)*

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

SEABRIDGE GOLD INC.

Interim Condensed Consolidated Statements of Operations and Comprehensive Loss

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

	Note	Three months ended March 31 2018	2017
Corporate and administrative expenses	**12**	**(3,676)**	(3,746)
Other income - flow-through shares	**10**	**775**	-
Gain on disposition of mineral interests	**7**	**-**	1,395
Environmental rehabilitation expense	**9**	**(7,445)**	-
Gain on investments	**6**	**-**	726
Equity loss of associate	**6**	**(40)**	(31)
Interest income		**29**	15
Finance expense and other income		**(23)**	(16)
Loss before income taxes		**(10,380)**	(1,657)
Income tax expense	**14**	**(296)**	(174)
Loss for the period		**(10,676)**	(1,831)
Other comprehensive income (loss), net of income taxes			
Items that may be reclassified subsequently to net income or loss:			
Reclassification of previously deferred gains on equity investments	**6**	**-**	(331)
Unrealized gain on equity investments	**6**	**-**	162
		-	(169)
Items that will not be reclassified subsequently to net income or loss:			
Loss on equity investments	**6**	**(373)**	-
Total other comprehensive loss		**(373)**	(169)
Comprehensive loss for the period		**(11,049)**	(2,000)
Basic and diluted net loss per common share		**(0.18)**	(0.03)
Basic and diluted weighted average number of common shares outstanding		**57,897,200**	54,347,229

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

SEABRIDGE GOLD INC.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

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

	Number of Shares	Share Capital	Warrants	Stock-based Compensation	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income (loss)	Total Equity
As at December 31, 2017	**57,677,118**	**405,930**	**3,275**	**16,549**	**36,040**	**(106,651)**	**495**	**355,638**
Adjustment on initial application of IFRS 9 - as restated (Note 3)	**-**	**-**	**-**	**-**	**-**	**2,268**	**(2,268)**	**-**
Stock-based compensation	**-**	**-**	**-**	**2,005**	**-**	**-**	**-**	**2,005**
Exercise of options	**530,200**	**8,518**	**-**	**(1,836)**	**-**	**-**	**-**	**6,682**
Shares - Restricted Share Units	**65,000**	**854**	**-**	**(854)**	**-**	**-**	**-**	**-**
Other comprehensive loss	**-**	**-**	**-**	**-**	**-**	**-**	**(373)**	**(373)**
Net loss for the period	**-**	**-**	**-**	**-**	**-**	**(10,676)**	**-**	**(10,676)**
As at March 31, 2018	**58,272,318**	**415,302**	**3,275**	**15,864**	**36,040**	**(115,059)**	**(2,146)**	**353,276**
As at January 1, 2017	54,321,797	360,650	-	14,751	31,728	(96,364)	593	311,358
Stock-based compensation	-	-	-	2,081	-	-	-	2,081
Exercised options	75,984	1,223	-	(272)	-	-	-	951
Expired options	-	-	-	(122)	122	-	-	-
Shares - Restricted Share Units	62,750	656	-	(656)	-	-	-	-
Other comprehensive loss	-	-	-	-	-	-	(169)	(169)
Net loss for the period	-	-	-	-	-	(1,831)	-	(1,831)
As at March 31, 2017	54,460,531	362,529	-	15,782	31,850	(98,195)	424	312,390

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

SEABRIDGE GOLD INC.

Interim Condensed Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

	Three months ended March 31	
	2018	2017
Operating Activities		
Net loss	**(10,676)**	(1,831)
Items not affecting cash:		
Stock-based compensation	**2,005**	2,081
Environmental rehabilitation expense	**7,348**	-
Other income - flow-though shares	**(775)**	-
Income tax expense	**296**	174
Gain on investments	**-**	(726)
Equity loss of associate	**40**	31
Gain on disposition of mineral properties	**-**	(1,395)
Finance expense and other income	**23**	16
Changes in non-cash working capital items:		
Amounts receivable and prepaid expenses	**(381)**	171
Accounts payable and accrued liabilities	**269**	(2,229)
Net cash used in operating activities	**(1,851)**	(3,708)
Investing Activities		
Mineral interests	**(4,046)**	(2,395)
Redemption (investment) of reclamation deposits	**(15)**	147
Redemption of short-term deposits	**-**	4,525
Cash proceeds from sale of investments	**-**	859
Net cash sourced (used) in investing activities	**(4,061)**	3,136
Financing Activities		
Exercise of options	**6,682**	952
Net cash from financing activities	**6,682**	952
Net increase in cash and cash equivalents during the period	**770**	380
Cash and cash equivalents, beginning of the period	**4,049**	1,646
Cash and cash equivalents, end of the period	**4,819**	2,026

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

1. Reporting entity

Seabridge Gold Inc. is comprised of Seabridge Gold Inc. ("Seabridge" or the "Company") and its subsidiaries (Seabridge Gold (NWT) Inc., Seabridge Gold Corp., SnipGold Corp. and Snowstorm Exploration LLC) are 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 the consolidated financial statements for the year ended December 31, 2017 except for the adoption of IFRS 9 Financial Instruments (IFRS 9), IFRS 15 Revenue from Contracts with Customers (IFRS 15) and amendments to IFRS 2 Share-based payments (IFRS 2) which were adopted on January 1, 2018. The change in accounting policies are also expected to be reflected in the Company's consolidated financial statements as at and for the year ending December 31, 2018.

These interim condensed 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 the consolidated financial statements for the year ended December 31, 2017.

3. New accounting standards

a) Accounting standards recently adopted

New standards and amendments to standards that have been adopted in preparing these interim condensed consolidated financial statements are:

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

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

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

IFRS 2, Share-based payments amendments ("Amendments to IFRS 2"). The Amendments to IFRS 2 clarify the classification and measurement of share-based payments for cash-settled share-based payment transactions and or for share-based payment transactions with net settlement features for withholding tax obligations and or for any modifications to the terms and conditions of a share-based payment transaction that changes its classification from cash-settled to equity-settled. The Company adopted the amendments on January 1, 2018.

b) **New accounting standards not yet adopted**

IFRS 16, Leases ("IFRS 16") will replace IAS 17 Leases. The new standard requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted, provided the new revenue standard, IFRS 15 has been applied or is applied at the same date as IFRS 16. The Company plans to apply IFRS 16 on the effective date. The Company will evaluate the impact of the changes to its financial statements based on the characteristics of any leases in place before the effective date and expects to report additional details on the anticipated impact, if any, in subsequent periods.

4. Cash and cash equivalents and short-term deposits

($000s)	**March 31, 2018**	December 31, 2017
Cash and cash equivalents	**4,819**	4,049
Short-term deposits	**12,144**	12,056
	16,963	16,105

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

5. Amounts receivable and prepaid expenses

($000s)	**March 31, 2018**	December 31, 2017
HST	**226**	265
Prepaid expenses and other receivables	**777**	357
	1,003	622

6. Investments

($000s)	**January 1, 2018**	**Dispositions**	**Fair value through other comprehensive loss**	**Loss of associates**	**Additions**	**March 31, 2018**
Equity investments	**3,433**	**-**	**(373)**	**-**	**-**	**3,060**
Investment in associate	**3,428**	**.**	**-**	**(40)**	**-**	**3,388**
	6,861	**-**	**(373)**	**(40)**	**-**	**6,448**

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

The Company holds common shares of several mining companies that were received as consideration for optioned mineral properties and other short-term investments, including one gold exchange traded receipt. These financial assets are recorded at fair value of $3.1 million (December 31, 2017 - $3.4 million) on the interim condensed consolidated statement of financial position. During 2017 the Company received common shares of two mining companies in return for the disposition of mineral properties. These common shares had a fair value of $2.2 million at the time of receipt. In 2017 a $0.7 million expense was recorded on the consolidated statement of operations and comprehensive loss to reflect an impairment to those investments. At March 31, 2018 the Company revalued its holdings in its investments and recorded a fair value reduction of $0.4 million on the statement of comprehensive loss.

During the three months ended March 31, 2018, the Company recorded its proportionate share of the net loss of an investment in an associate accounted for on the equity basis of $0.04 million (March 31, 2017 – $0.03 million) within equity loss of associate on the interim condensed consolidated statement of operations and comprehensive loss. During 2017, the Company purchased 883,200 common shares and 51,600 warrants of the associate for $1.6 million. Each warrant allowed the Company to purchase one common share of the associate for US$2.00 per share until February 14, 2018 and allows for the same purchase at US$2.25 within the period February 15, 2018 to February 13, 2019, when they expire. In the first quarter of 2018, the option to purchase the common shares at US$2.00 lapsed and the Company did not purchase additional shares. At March 31, 2018 the carrying value of the Company's investment in the associate was $3.4 million (December 31, 2017 - $3.4 million) on the statement of financial position.

7. Mineral Interests

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

($000s)	Balance, January 1, 2018	Expenditures / Acquisitions 2018	Recoveries 2018	Balance, March 31, 2018
KSM	**248,561**	**2,005**	**-**	**250,566**
Courageous Lake	**69,587**	**1,831**	**-**	**71,418**
Iskut	**25,221**	**280**	**-**	**25,501**
Snowstorm	**13,995**	**193**	**-**	**14,188**
Grassy Mountain	**771**	**-**	**-**	**771**
	358,135	**4,309**	**-**	**362,444**

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

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

In February 2011, the Company acquired a 100% interest in adjacent mineral claims mainly for mine infrastructure purposes for a cash payment of $675,000, subject to a 2% net smelter returns royalty on these adjacent claims. In 2011 and 2012, the Company completed agreements granting a third party an option to acquire a 2% net smelter royalty on all gold and silver production sales from KSM for a payment equal to the lesser of $160 million or US$200 million. The option is exercisable for a period of 60 days following the announcement of receipt of all material approvals and permits, full project financing and certain other conditions for the KSM Project.

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 up to a total of $1,250,000. The Company has made $1,150,000 in payments and will make the final annual payments in 2017. The property may be purchased outright at any time with the accelerated payment of the remaining balance.

c) **Iskut**

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

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

d) **Snowstorm**

On June 7, 2017, the Company purchased 100% of the common shares of Snowstorm Exploration LLC ("Snowstorm") which owns the Snowstorm Project, located in northern Nevada. On the acquisition date, the Company issued 700,000 common shares, with a fair value of $14.39 per share and 500,000 common share purchase warrants with a fair value of $6.55 per common share purchase warrant for a combined fair value of $13.3 million. The common share purchase warrants are exercisable for four years from the date of acquisition, at $15.65 per share. In addition the Company has agreed to make a conditional cash payment of US$2.5 million if exploration activities at the Snowstorm Project result in defining a minimum of five million ounces of gold resources compliant with National Instrument 43-101 and a further cash payment of US$5.0 million on the delineation of an additional five million ounces of gold resources. The Company incurred $1.0 million of acquisition costs. Based on the relative fair values of the net assets acquired, $14 million was added to mineral interests on the statement of financial position. A full description of the allocation of purchase price of Snowstorm is contained in note 10(b).

e) **Other Nevada Projects**

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

f) **Grassy Mountain**

In 2000, the Company acquired an option on a 100% interest in mineral claims located in Malheur County, Oregon, USA.

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

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

8. Accounts payable and accrued liabilities

($000s)	**March 31, 2018**	December 31, 2017
Trade payables	**2,207**	1,773
Trade and other payables due to related parties	**58**	74
Non-trade payables and accrued expenses	**2,337**	2,114
	4,602	3,961

In 2014 and 2015, the Company received $8.5 million related to the application for refund under the British Columbia Mineral Exploration Tax Credit program, for spending in 2010 and 2011. During 2016, upon the completion of an audit of the application by tax authorities, the Company was assessed $3.6 million, including accrued interest, for expenditures related to the application that the tax authority has categorized as not applicable to the recovery program. The Company recorded a $3.6 million provision within non-trade payables and accrued expenses on the consolidated statement of financial position as at December 31, 2016, with a corresponding increase to mineral interests. In 2017 the Company filed an objection to the reassessment and paid one-half of the accrued balance while the objection is reviewed.

9. Provision for reclamation liabilities

($000s)	**March 31, 2018**	December 31, 2017
Beginning of the period	**2,481**	3,510
Revised Johnny Mountain Mine closure	**7,348**	-
Derecognition of Red Mountain	**-**	(1,039)
Accretion	**2**	10
End of the period	**9,831**	2,481
Provision for reclamation liabilities - current	**1,519**	-
Provision for reclamation liabilities - long-term	**8,312**	2,481
	9,831	2,481

The Company estimates reclamation liabilities based on independent studies or agreements with goverment bodies for each project, using current restoration standards and techniques. The ultimate cost to be incurred, however, is uncertain. The March 31, 2018 estimate of future rehabilitation costs expected to be incurred between 2018 and 2027 has been discounted at 2% (December 31, 2017 – 1.6%). The Company has placed a total of $1.2 million (December 31, 2017 - $1.2 million) on deposit with financial institutions that are pledged as security against the reclamation liability.

At the end of March 2018, the Company filed an updated reclamation and closure plan for the Johnny Mountain mine site, contained within the Iskut Project and charged $7.3 million of rehabilitation expenditures to the interim condensed consolidated statement of operations and comprehensive loss. Expenditures are expected to be incurred over the next five years and include the estimated costs for the closure of all adits and vent raises, removal of the mill and buildings, treatment of landfills and surface water management as well as ongoing logistics, freight and fuel costs. Undiscounted future cash outflows are estimated at $10.2 million over the five years.

10. Shareholders' equity

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

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

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three months ended March 31, 2018. The Company considers its capital to be share capital, stock based compensation, contributed surplus and deficit.

a) **Equity financings**

In April 2017, the Company completed two equity financings. For the first financing, the Company issued 1,100,000 common shares at a price of C$14.30 per common share for aggregate gross proceeds of $15.7 million. For the second financing, the Company issued 1,100,000 flow-through common shares at a price of $20.00 per flow-through share for aggregate gross proceeds of $22 million. Share issuance costs of $2.7 million were incurred in relation to the two offerings and have been included in equity. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement was December 31, 2017. At the time of issuance of the flow-through shares, a $7 million premium was recognized as a liability on the statement of financial position with the balance recorded as share capital. At each reporting period, as qualifying expenditures are incurred, the liability is being reduced on a proportionate basis and income is being recognized on the statement of operations and comprehensive loss. Since the closing of the financing and to March 31, 2018, based on qualifying expenditures incurred, $5.9 million was recognized through other income on the consolidated statement of operations and comprehensive loss.

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

Subsequent to the quarter end, the Company closed a flow-through financing and issued 1,150,000 at $17.16 per common share for gross proceeds of $19.7 million. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement will be December 31, 2018.

b) **Acquistions – shares, warrants and options issuances**

In June 2017, the Company acquired all of the issued and outstanding shares of Snowstorm Exploration LLC. in exchange for the issuance of 700,000 common shares and 500,000 common share purchase warrants exercisable for four years at $15.65 per share. In addition, Seabridge has agreed to pay the vendor (i) a conditional cash payment of US$2.5 million if exploration activities at Snowstorm result in defining a minimum of five million ounces of gold resources compliant with National Instrument 43-101; and (ii) a further cash payment of US$5.0 million on the delineation of an additional five million ounces of gold resources. The Company also incurred $1.0 million of acquisition costs. The fair value of the total consideration at the closing date of the acquisition and additional costs totaling $14.3 million has been allocated to the fair value of the assets acquired. All financial assets acquired and financial liabilities assumed were recorded at fair value. The fair value of the common share purchase warrants was estimated on the date of acquisition using a Black Scholes option pricing model with the following assumptions: dividend yield 0%; expected volatility 62%, risk-free rate of return 0.87%; and expected life of four years.

c) **Stock options and Restricted share units**

The Company provides compensation to directors and employees in the form of stock options and RSUs.

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

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

Stock option and RSU transactions were as follows:

	Options			RSUs		Total
		Weighted Average Exercise Price ($)	Amortized Value of options ($000s)		Amortized Value of RSUs ($000s)	Stock-based Compensation ($000s)
Outstanding January 1, 2018	3,618,509	11.34	15,758	127,750	791	16,549
Exercised option or vested RSU	(530,200)	12.60	(1,836)	(65,000)	(854)	(2,690)
Amortized value of stock based compensation	-	-	1,286	-	719	2,005
Outstanding March 31, 2018	3,088,309	11.13	15,208	62,750	656	15,864
Exercisable at March 31, 2018	1,214,420					

	Options			RSUs		Total
		Weighted Average Exercise Price ($)	Amortized Value of options ($000s)		Amortized Value of RSUs ($000s)	Stock-based Compensation ($000s)
Outstanding January 1, 2017	3,701,595	11.76	14,653	125,500	98	14,751
Granted	605,000	13.14	-	65,000	136	136
Exercised option or vested RSU	(190,984)	11.87	(752)	(62,750)	(656)	(1,408)
Expired	(497,102)	16.47	(4,312)	-	-	(4,312)
Amortized value of stock based compensation	-	-	6,169	-	1,213	7,382
Outstanding December 31, 2017	3,618,509	11.34	15,758	127,750	791	16,549
Exercisable at December 31, 2017	1,214,420					

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

	Options Outstanding		**Options Exercisable**
Exercise price	**Number outstanding**	**Remaining contractual life**	**Number Exercisable**
$12.91	99,800	3 months	99,800
$8.00	50,000	9 months	50,000
$10.36	400,000	1 year	400,000
$9.72	50,000	1 year 6 months	50,000
$9.00	425,000	2 years 1 months	-
$11.13	350,000	2 years 9 months	350,000
$13.52	100,000	2 years 9 months	100,000
$17.16	50,000	3 years 2 months	16,666
$17.14	50,000	3 years 5 months	-
$10.45	865,833	3 years 9 months	105,278
$13.14	605,000	4 years 9 months	-
$6.30	42,676	10 months to 3 years	42,676
	3,088,309		1,214,420

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

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

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

In December 2016, 890,833 five-year options with an exercise price of $10.45, to purchase common shares of the Company, with a fair value, at the date of the grant, of $4.9 million, were granted to members of the Board of Directors and management. The 575,000 options granted to board members were subject to shareholder approval which was obtained on June 27, 2017 at which time the fair value was re-estimated. Vesting of these options is subject to the Company entering into a major transaction on one of the Company's two core assets or other transformative transaction. The remaining 315,833 options were granted to members of management and vest over a three year period. The fair value of these options is being amortized over the service life of the options.

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

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

For the three months ended March 31, 2018 and 2017 basic and diluted net loss per common share are computed by dividing the net loss for the period by the weighted average number of common shares outstanding for the period. The potential effect of stock options, RSUs and warrants has been excluded from the calculation of diluted loss per common share as the effect would be anti-dilutive. At March 31, 2018 there was a total of 3,088,309 stock options and 62,750 RSUs outstanding (December 31, 2017 – 3,618,509 and 127,750 respectively).

In the three months ended March 31, 2018, 530,200 options were exercised for proceeds of $6.7 million and 65,000 RSUs vested. In total, 595,200 commons shares were issued.

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 March 31, 2018 and December 31, 2017 are cash and cash equivalents, short-term deposits, amounts receivable, equity 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 equity investments are measured at fair value based on quoted market prices and are classified as a level 1 measurement.

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

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

Liquidity Risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2018, the Company had a cash and cash equivalents of $4.8 million and short-term deposits of $12.1 million (December 31, 2017 - $4 million and $12.1 million, respectively) for settlement of current financial liabilities of $6.1 million (December 31, 2017 - $4 million). Subsequent to the quarter-end, the Company closed a flow-through financing and issued 1,150,000 at $17.16 per common share for gross proceeds of $19.7 million. If required, the Company will seek additional sources of cash in 2018 to cover its proposed exploration and development programs at its key projects, in the form of equity financings and from the sale of non-core assets. The short-term deposits consist of Canadian Schedule I bank guaranteed deposits and are cashable in whole or in part with interest at any time to maturity The Company's financial liabilities primarily have contractual maturities of 30 days and are subject to normal trade terms. The Company's ability to fund its operations and capital expenditures and other obligations as they become due is dependent upon market conditions.

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

(b) Foreign Currency Risk
The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian and US dollars. The Company funds certain operations, exploration and administrative expenses in the United States on a cash call basis using US dollar currency converted from its Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is not significant to its operations and therefore does not hedge its foreign exchange risk. As at March 31, 2018 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 $2.4 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

	Three months ended March 31	
($000s)	**2018**	2017
Employee compensation	**989**	838
Stock-based compensation	**2,005**	2,081
Professional fees	**151**	253
Other general and administrative	**531**	574
	3,676	3,746

13. Related party disclosures

During the three months ended March 31, 2018, other than compensation paid to key management personnel, a private company controlled by an officer was paid $50,100 (2017 - $50,100) for legal services rendered. The transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

14. Income taxes

In the current quarter, the Company recognized income tax expense of $0.3 million (2017 - $0.2 million) primarily related to a deferred tax expense arising due to the renouncement of expenditures related to 2017 flow-through shares issued which are capitalized for accounting purposes, offset by a deferred tax recovery arising from the losses in the current quarter.