

An aerial photograph of a rugged, mountainous landscape. A prominent, bright blue mineral vein, likely malachite, runs diagonally from the upper left towards the lower center of the frame. The surrounding terrain is composed of dark, jagged rock formations interspersed with patches of brownish soil and sparse green vegetation. The overall scene conveys a sense of natural resource extraction in a remote, mountainous area.

SEABRIDGE GOLD

Annual Report 2009

From Resources to Reserves

Corporate Overview

Seabridge Gold Inc. is designed to provide its shareholders with exceptional leverage to a rising gold price. From 1999 through 2002, when the gold price was lower, Seabridge acquired nine North American projects with substantial gold resources, including Courageous Lake and KSM. Subsequent exploration by Seabridge has significantly expanded its acquired gold resource base.

Seabridge considers each of its common shares to represent an indirect ownership interest in its reserves and resources. Our aim is to increase the value of this ownership interest by growing reserves and resources faster than shares outstanding. Project acquisitions, exploration and engineering programs are carefully designed and monitored to ensure that equity dilution required to fund these activities is more than offset by additional reserves and resources.

Seabridge is pursuing three value-enhancing strategies. First, the Company continues to search for gold projects in North America which would be accretive in terms of gold resources. Second, Seabridge funds exploration and engineering work considered likely to expand resources and upgrade them to reserves. Third, Seabridge sells or partners its projects when they reach the production stage, to limit risk and share dilution.

Stock Exchange Trading Symbols

“SEA” on Toronto Stock Exchange

“SA” on NYSE Amex

Annual General Meeting of Shareholders

Tuesday, June 29, 2010

4:30 p.m. EDT

The Albany Club

91 King Street East

Toronto, Ontario M5C 1G3

Canada

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Forward-Looking Statements

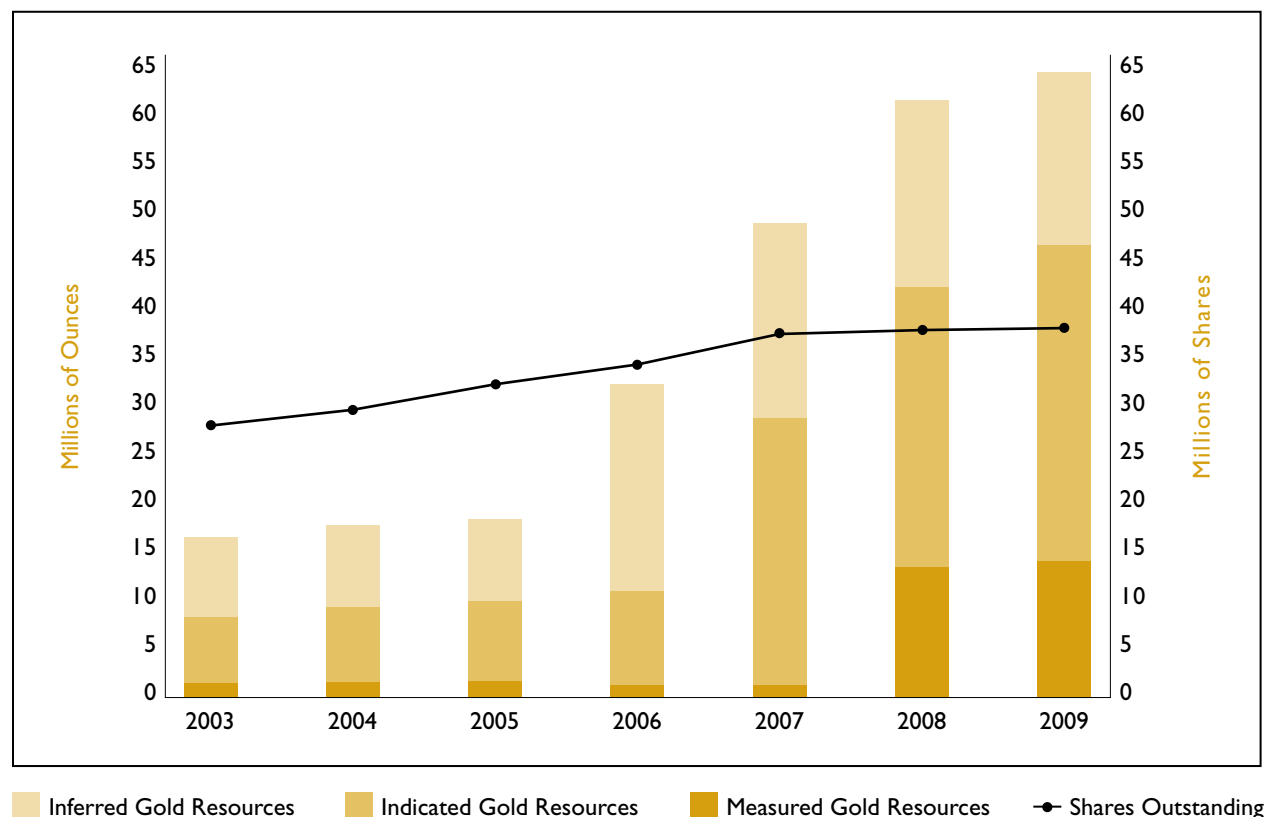
We are making statements and providing information about our expectations for the future which are considered to be forward-looking information or forward-looking statements under Canadian and United States securities laws. These include statements regarding the proposed production scenarios in respect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

Report to Shareholders for 2009

In our view, 2009 marked the most important transition in your Company's 10+ year history – completing the work necessary on our KSM project to convert most of its measured and indicated mineral resources to proven and probable reserves. In March 2010, the results of an independent Preliminary Feasibility Study were announced on our 100% owned KSM project located in British Columbia, Canada which defined the largest gold reserve in Canada, and one of the largest in the world.

2009 also marked another successful year in improving our shareholders' leverage to the gold price as we, once again, increased measured and indicated gold resources more than shares outstanding. Over the past six years, measured and indicated gold resources have grown by over 431% while our shares outstanding have increased by only 36.3% – nearly a 12 to 1 ratio.

Measured and Indicated Gold Resources Have Grown Nearly 12 Times Faster Than Shares Outstanding



Subsequent to year end, Seabridge completed an equity financing which resulted in the issuance of a further 2,875,000 common shares. We believe that this equity dilution will be more than offset by additional reserves and resources from the programs which will be funded by this financing in 2010.

2009 also witnessed the return to share price appreciation following the tumultuous global meltdown of gold equities experienced in 2008. During 2009, Seabridge's share price increased by 86% in U.S. dollar terms and by 61% in Canadian dollars.

KSM – Now Host to the Largest Gold Reserve in Canada: 30.2 Million Ounces of Gold, 7.0 Billion Pounds of Copper, 133 Million Ounces of Silver and 210 Million Pounds of Molybdenum (see table below for details)

The Preliminary Feasibility Study (“PFS”) for KSM projects an extraordinary mine life of more than 35 years with estimated cash operating costs (after silver and base metal credits) well below the current average of the major gold producers. Estimated capital costs are in line with those of comparable, large-scale, undeveloped gold-copper projects and KSM has the advantage of being located in Canada, a lower-risk jurisdiction.

The PFS envisages a large tonnage open-pit mining operation at 120,000 metric tonnes per day of ore fed to a flotation mill which is projected to produce a combined gold/copper/silver concentrate for transport by truck to the nearby deep-water sea port at Stewart, British Columbia. A separate molybdenum concentrate and gold-silver dore would also be produced at the processing facility.

Mineral reserves for the KSM project were estimated using a gold price of US\$850 per ounce and a copper price of US\$2.25 per pound and are stated as follows:

KSM Proven and Probable Reserves

Zone	Reserve Category	Tonnes (millions)	In Situ Average Grades				Contained Metal			
			Gold (gpt)	Copper (%)	Silver (gpt)	Molybdenum (ppm)	Gold (million ounces)	Copper (million pounds)	Silver (million ounces)	Molybdenum (million pounds)
Mitchell	Proven	570.6	0.64	0.17	2.95	58.0	11.7	2,101	54.1	73.0
	Probable	764.8	0.59	0.16	2.93	62.3	14.5	2,722	72.0	105.0
	Total	1,335.4	0.61	0.16	2.93	60.4	26.3	4,823	126.1	178.0
Sulphurets	Probable	142.2	0.61	0.28	0.44	101.8	2.8	883	2.0	31.9
Kerr	Probable	125.1	0.28	0.48	1.26	Nil	1.1	1,319	5.1	Nil
Totals	Proven	570.6	0.64	0.17	2.95	58.0	11.7	2,101	54.1	73.0
	Probable	1,032.1	0.56	0.22	2.38	60.2	18.4	4,924	79.1	137.0
	Total	1,602.7	0.59	0.20	2.58	59.4	30.2	7,024	133.1	209.9

At a production rate of 120,000 tonnes per day, annual throughput for the mill is estimated at 43.8 million tonnes. With 1.60 billion tonnes of proven and probable reserves, KSM's mine life is estimated at approximately 37 years. Production would begin at the Mitchell deposit, to be augmented by Kerr and then Sulphurets. The PFS mining plan is significantly improved over the 2009 KSM Preliminary Assessment; the mill feed is increased by approximately 25% and US\$160 million in pre-production stripping expenses have been eliminated.

At Mitchell, there is a near-surface higher grade gold zone that would allow for gold production in the first five years substantially above the mine life average. This higher grade gold zone would significantly reduce the project's payback period to approximately 6.9 years for the Base Case (see below for Base Case details). A payback period representing less than 20% of mine life is considered highly favorable. Metal production for the first five years compared to life of mine average production is estimated as follows:

Average Annual Metal Production

	Years 1–5 Average	Life of Mine Average
Average Grades:		
Gold (grams per tonne)	0.80	0.59
Copper (%)	0.19	0.20
Silver (grams per tonne)	2.62	2.58
Molybdenum (parts per million)	54.2	59.4
Annual Production:		
Gold (ounces)	878,000	634,000
Copper (pounds)	149 million	158 million
Silver (ounces)	2.7 million	2.6 million
Molybdenum (pounds)	1.7 million	2.1 million

Start-up capital costs (including contingencies of US\$394 million) are estimated at US\$3.37 billion, approximately 9% above the start-up capital cost estimate from the July 2009 KSM Preliminary Assessment. Start-up capital costs are higher due to the increase in mine size which requires additional mine waste rock placement and storage as well as associated water diversions, storage dams and water treatment facilities. Additional capital has also been allocated for on-site energy recovery plants to generate power from planned water diversions, process solutions and slurries. A total of five on-site small energy recovery plants would provide green power to the site and the B.C. Hydro grid. Increased capital has also been allocated for offsite concentrate storage and handling facilities.

Average mine, process and G&A operating costs over the project's life (including waste mining and on-site power credits) are estimated at US\$11.66 per tonne milled (before silver and base metal credits). Estimated unit operating costs are up approximately 10% from the 2009 Preliminary Assessment due primarily to the higher strip ratio required to accommodate the 25% increase in tonnes of ore mined over the project life.

A Base Case economic evaluation was undertaken incorporating historical three-year trailing averages for metal prices as of March 15, 2010. This approach is consistent with the guidance of the United States Securities and Exchange Commission, is accepted by the Ontario Securities Commission and is industry standard. An Alternate Case was also constructed using more conservative copper and silver metal prices and a slightly higher gold price. Finally, a Spot Price Case was prepared using March, 2010 spot metal prices. The pre-tax economic results in U.S. dollars for all three cases are as follows:

Projected Economic Results

	Base Case	Alternate Case	Spot Price Case
Metal Prices:			
Gold (\$/ounce)	878	900	1100
Copper (\$/pound)	2.95	2.25	3.25
Silver (\$/ounce)	14.59	14.00	17.00
Molybdenum (\$/pound)	16.50	16.50	16.50
Net Cash Flow	\$ 11.7 billion	\$ 8.3 billion	\$ 18.6 billion
NPV @ 5% Discount Rate	\$ 2.9 billion	\$ 1.6 billion	\$ 5.6 billion
IRR (%)	11.4	8.8	16.5
Payback Period (years)	6.9	8.5	4.4
Operating Costs Per Ounce of Gold Produced (life of mine)	144	313	68
Total Costs Per Ounce of Gold Produced (includes all capital)	373	541	297
US\$/Cdn\$ Exchange Rate	0.92	0.92	0.92

Note: Operating and total costs per ounce of gold are after silver and base metal credits. Total costs per ounce include all start-up capital, sustaining capital and reclamation/closure costs.

The PFS was prepared by Wardrop Engineering Inc., a Tetra Tech Company, and incorporates the work of a number of industry-leading consulting firms. These firms and their Qualified Persons (as defined under National Instrument 43-101) are independent of Seabridge. These firms and Qualified Persons and their responsibilities are set forth in the Company's news release of March 31, 2010. For more information on the PFS, see the Executive Summary at www.seabridgegold.net/KSM-PFS.pdf.

Courageous Lake: A Second Major Asset Is Re-activated

The Courageous Lake project consists of 27,263 hectares (67,366 acres) covering 53 kilometers (33 miles) of a greenstone belt in Canada's Northwest Territories, including the two kilometer long FAT deposit which has estimated gold resources as set out below (see news release of February 28, 2007 for details):

Courageous Lake Estimated Gold Resources at 0.83 Gram Per Tonne Cutoff

Measured			Indicated			Inferred		
Tonnes (000's)	Grade (g/T)	Ounces (000's)	Tonnes (000's)	Grade (g/T)	Ounces (000's)	Tonnes (000's)	Grade (g/T)	Ounces (000's)
6,293	2.92	591	53,020	2.14	3,648	93,720	1.98	5,966

In March 2008, Seabridge released the results of a Preliminary Assessment (see news release dated March 10, 2008) in which the independent consultants concluded that an open-pit mining operation, with on-site processing, is the most suitable development scenario for the Courageous Lake project. A Base Case scenario was developed proposing a 25,000 tonne per day operation (9.125 million tonnes per year throughput) resulting in a projected 11.6 year operation with average estimated annual production of 500,500 ounces of gold at an estimated life of mine average cash operating cost of US\$435 per ounce recovered. The Base Case scenario utilized measured, indicated and inferred resources in the mine plan. Initial capital costs for the project were estimated at US\$848 million, including a contingency of US\$111 million. The total cost of gold production (including cash operating costs and total capital costs over the life of the mine) was estimated at US\$590 per ounce.

Seabridge notes that the Courageous Lake Preliminary Assessment incorporated inferred mineral resources which are considered too geologically speculative to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Therefore, Seabridge advises that there can be no certainty that the estimates contained in the Preliminary Assessment will be realized.

At a gold price of US\$690 per ounce, the Base Case cumulative pre-tax net cash flow over the life of the project was estimated at US\$500 million. At a gold price of US\$800 per ounce, the cumulative pre-tax net cash flow over the life of the project was estimated at US\$ 1.13 billion. We believe that at current gold prices, Courageous Lake could add significant value to Seabridge. We therefore intend to update the Preliminary Assessment in early 2011, with the objective of completing a Preliminary Feasibility Study in early 2012.

The program planned for 2010 includes environmental and permitting work, engineering and metallurgical testing and geotechnical, environmental and definition drilling. Seabridge's recent equity financing was undertaken in part to fund this program. Approximately 18,000 meters of diamond drilling is planned in 40 holes which will target about half of the inferred resource.

The overall Preliminary Assessment was coordinated by T.J. Smolik of TJS Mining-Met Services Inc. and incorporated the work of independent Qualified Persons at several consulting firms. These independent Qualified Persons are set forth in the news release of March 10, 2008.

Objectives for 2009: We Score Six Out of Six!

In last year's annual report, six objectives were set for 2009. The first objective was to update the 2008 KSM Preliminary Assessment incorporating the new resource estimates and updated capital and operating costs. In July 2009, the results of an updated Preliminary Assessment were announced showing a 10% reduction in capital costs, an 11% reduction in operating costs and overall improved economics compared to the 2008 study.

The second objective for 2009 was to conduct additional drilling at KSM to convert remaining in-pit inferred resources to the measured and indicated categories. During 2009, a 14,000 meter drill program at KSM successfully increased measured and indicated gold resources by 4.4 million ounces with most of this increase coming from previously defined in-pit inferred resources (see table on page 4 for tonnes and grade details).

The third objective was to undertake additional engineering work at KSM, allowing for a Preliminary Feasibility Study to be completed in early 2010. Additional engineering was completed and the results of the PFS were announced in March 2010.

The fourth objective was to complete the second year of a projected three-year permit process at KSM. During 2009, Seabridge completed the second year of base-line data collection at KSM and received its Section 11 Order from the BC Environmental Assessment Office setting out the scope of the Environmental Assessment (“EA”) required for final permitting, procedures and methods governing the EA and instructing which Treaty Nations and First Nations the B.C. Government would be required to consult during this review.

The fifth objective was to undertake additional engineering work at Courageous Lake, including mine planning and power studies, to help lower projected capital and operating costs. During 2009, wind towers were installed at Courageous Lake designed to collect data to assess the potential for wind power. In addition, Seabridge commenced work on evaluating a nearby potential source of hydro-power. The Company plans to work with local Aboriginal organizations to assess this opportunity for green power. Mine studies were also completed during 2009, confirming that open-pit methods would be the most suitable mining option.

The final objective was to continue the sales process of non-core assets. During 2009, the sale of our Hog Ranch project proceeded, with the final payments expected to be received in April 2010. Letters of Intent to sell our Red Mountain Project and our remaining portfolio of Nevada assets were terminated as the acquiring companies were not able to raise the funds necessary to complete the transactions. In December 2009, a new agreement was executed to sell our remaining Nevada portfolio which is expected to close in May 2010. Remaining non-core assets to be sold are Grassy Mountain, Quartz Mountain and Red Mountain.

Objectives for 2010: Continue to Advance KSM and Courageous Lake Towards Final Feasibility to Facilitate Their Sale or Joint Venture With a Major Mining Company

In March 2010, Seabridge completed a financing of US\$65 million to fund activities at its core projects and to ensure continued availability of working capital. Seabridge’s focus for 2010 is to continue to enhance the value of its two core projects (KSM and Courageous Lake) by advancing them towards final feasibility. Our objectives for 2010 are as follows:

- Conduct additional definition drilling at KSM to convert more of the existing mineral resources to proven and probable reserves. Opportunities exist at the Kerr, Sulphurets and Mitchell zones. The objective of the 2010 program is to increase reserves by 2 to 3 million ounces of gold. Additions to reserves should enhance KSM’s value.
- Commence resource definition drilling at KSM’s Iron Cap zone where drilling by previous operators identified the potential for a fourth large deposit at KSM. Seabridge’s geologists believe that the Iron Cap zone has the potential to host an additional 250 to 500 million tonnes of mineralized material at grades similar to the Mitchell zone. Additions to mineral resources from Iron Cap are expected to offset the 2,875,000 shares of equity dilution from the recently completed financing.
- Complete for submission KSM’s Environmental Assessment Application for review by the federal and provincial regulatory authorities, Treaty Nations, Aboriginal organizations and the general public. The closer a project is to final permits, the more valuable the project typically is to a partner or an acquiring company as risks and lead times to production have been reduced.
- Undertake additional independent engineering work at KSM with the goal of completing an updated PFS in early 2011. The updated PFS could include engineering improvements and additions to reserves.
- Re-commence drilling activities at Courageous Lake designed to upgrade inferred resources to measured and indicated. Only measured and indicated resources can become proven and probable reserves.
- Undertake additional engineering and permitting work at Courageous Lake leading to an updated Preliminary Assessment in the first quarter of 2011.
- Continue the sales process of non-core assets. Remaining non-core projects include Grassy Mountain, Quartz Mountain and Red Mountain.

The Gold Market

In our Shareholder Reports, we have been saying for a decade that the price of gold is inversely related to investor confidence in paper assets – fiat currencies, stocks and bonds. As confidence in these paper claims declines, the relative value of physical gold tends to rise.

Essentially, there are two processes which undermine the perceived security and value of paper assets – debasement and default. Debasement is the effect of creating too many paper claims – the growing quantity undermines their quality – especially money and debt. Default is the repudiation of these claims by the issuer.

A cursory review of the headlines confirms that the risks of debasement and default are on the rise. Sovereign liabilities are being created at a feverish pitch throughout the developed world, to pay for economic stimulus as well as bailouts of the financial system, the housing market and major industrial firms, to finance vastly increased transfers to individuals to offset the impact of recession and borrowings to cover falling tax revenues. Unless the basic laws of economics can be repealed, the enormous increase in the quantity of sovereign liabilities must begin to erode their price, increase the risk of default and raise interest rates. For the moment, perceptions of heightened risk have focused on weaker credits on the periphery of the world's financial system such as Dubai and Greece. However, the larger developed economies are also at risk.

Société Générale recently put together an analysis of on-balance-sheet debt (already issued) and off-balance-sheet debt (that will be incurred to meet current commitments for social security, etc.) as a percentage of GDP. They confirm that the Greek government is not the only one to be technically insolvent. U.S. and France have total obligations more than five times their GDP while Germany and U.K. are at four times.

Thus far, investors have been relatively undisturbed by the facts, reminiscent of the early days of the subprime mortgage crisis. But a report issued in April 2010 by the Bank of International Settlements entitled “The Future of Public Debt” confronts this complacency directly: “The question is when markets will start putting pressure on governments, not if. When will investors start demanding a much higher compensation for holding large amounts of public debt? In some countries, unstable debt dynamics – in which higher debt levels lead to higher interest rates, which then lead to even higher debt levels – are already clearly on the horizon.”

In earlier reports, we have called this debt issue the “funding crisis”. The market seems to be placing it in the distant future, but for the U.S. it may be much sooner than most of us think. It is estimated that 44% of U.S. federal debt must be rolled over this year, in addition to new issuance. In total, the U.S. Treasury must finance in excess of US\$3.5 trillion this fiscal year. This enormous issuance will apparently not be helped by quantitative easing, which the Federal Reserve stopped on March 31, 2010. We believe that last year's US\$1.6 trillion in deficit financing probably could not have succeeded without US\$1.75 trillion in liquidity added by the Federal Reserve's quantitative easing programs.

Despite the wider evidence, debt and currency markets have been focused on Greece and the euro has been the loser. For much of the past year, gold has traded with the euro and against the U.S. dollar. This relationship may have been weakened somewhat in recent weeks but the fact is that gold has faced strong headwinds in dollar terms, trading well below its December 2009 high even as it has set one record high after another in euros, yen and pounds. Optimism about the U.S. economy and market anticipation of Federal Reserve tightening, despite very clear communication from the Fed to the contrary, have also held the U.S. dollar gold price in check. Gold is not going to achieve its bull market potential, in our view, until it breaks to new highs against the dollar, which remains the world's dominant reserve and trading currency.

We believe that gold may not be very far from achieving new dollar highs. First, the U.S. economy is not outperforming its peers. As the current year unfolds, we believe the evidence will demonstrate that the U.S. economy is lagging much of the rest of the world as unemployment remains high, state and local governments encounter more budget difficulties and prime mortgage defaults accelerate, deepening the housing crisis. We do not see tightening by the Federal Reserve this year; in fact, we see a resumption of quantitative easing, with the most significant reason not high unemployment or Treasury financing needs, as important as they are, but rather private credit contraction.

The private sector is deleveraging. To offset this development, the public sector is leveraging up and the Federal Reserve is increasing its balance sheet. With contractions in bank credit, very slow to negative growth in the popular measures of money supply and very low levels of consumer price inflation as currently reported by government, we see lots of incentive for the Federal Reserve to increase system liquidity while the Treasury may well be forced into further spending to support the economy.

The year-over-year change in U.S. private sector credit outstanding is in negative territory for the first time in nearly 60 years of Federal Reserve data. This credit contraction is accelerating, based upon fourth quarter 2009 data. M2 money supply growth (a measure we think is flawed but which the Federal Reserve says it relies on) is near the lowest level in 15 years. Despite a tripling of the Federal Reserve balance sheet to more than US\$2.3 trillion since 2008, year-over-year M2 is up only US\$40 billion. Given these facts, we believe it is most unlikely that there will be any moves by the Federal Reserve or the Treasury to reduce liquidity or impose real austerity on public sector spending, both of which would probably strengthen the dollar. Debasement is the clear direction of public policy. In our view, a new U.S. dollar record high for gold can be expected this year, with the possibility of much higher prices as the sovereign debt crisis unfolds and comes closer to home.

On Behalf of the Board of Directors,

A handwritten signature in dark ink, appearing to read 'Rudi P. Fronk', with a stylized, cursive script.

Rudi P. Fronk
President and Chief Executive Officer
April 23, 2010

Mineral Reserves and Resources

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

KSM Proven and Probable Reserves

Zone	Reserve Category	Tonnes (millions)	In Situ Average Grades				Contained Metal			
			Gold (gpt)	Copper (%)	Silver (gpt)	Molybdenum (ppm)	Gold (million ounces)	Copper (million pounds)	Silver (million ounces)	Molybdenum (million pounds)
Mitchell	Proven	570.6	0.64	0.17	2.95	58.0	11.7	2,101	54.1	73.0
	Probable	764.8	0.59	0.16	2.93	62.3	14.5	2,722	72.0	105.0
	Total	1,335.4	0.61	0.16	2.93	60.4	26.3	4,823	126.1	178.0
Sulphurets	Probable	142.2	0.61	0.28	0.44	101.8	2.8	883	2.0	31.9
Kerr	Probable	125.1	0.28	0.48	1.26	Nil	1.1	1,319	5.1	Nil
Totals	Proven	570.6	0.64	0.17	2.95	58.0	11.7	2,101	54.1	73.0
	Probable	1,032.1	0.56	0.22	2.38	60.2	18.4	4,924	79.1	137.0
	Total	1,602.7	0.59	0.20	2.58	59.4	30.2	7,024	133.1	209.9

Mineral Resources (Includes Mineral Reserves as Stated Above)

Project	Cut-Off Grade (g/T)	Measured				Indicated				Inferred						
		Tonnes (000's)	Gold Grade (g/T)	Gold (000's ozs)	Copper Grade (%)	Copper (million lbs)	Tonnes (000's)	Gold Grade (g/T)	Gold (000's ozs)	Copper Grade (%)	Copper (million lbs)	Tonnes (000's)	Gold Grade (g/T)	Gold (000's ozs)	Copper Grade (%)	Copper (million lbs)
KSM																
Mitchell	0.5	659,700	0.64	13,574	0.17	2,472	1,080,900	0.58	20,156	0.17	4,050	537,000	0.44	7,597	0.14	1,657
Sulphurets	Gold	—	—	—	—	—	159,000	0.63	3,221	0.28	981	144,000	0.50	2,317	0.16	511
Kerr	Equiv.	—	—	—	—	—	237,500	0.26	1,985	0.48	2,513	76,100	0.20	489	0.30	503
KSM Total	—	659,700	0.64	13,574	0.17	2,472	1,477,400	0.53	25,362	0.23	7,544	757,100	0.43	10,403	0.16	2,671
Courageous Lake	0.83	6,293	2.92	591	—	—	53,020	2.14	3,648	—	—	93,720	1.98	5,966	—	—
Grassy Mountain	0.55	—	—	—	—	—	18,657	1.54	924	—	—	1,722	1.10	61	—	—
Quartz Mountain	0.34	3,480	0.98	110	—	—	54,330	0.91	1,591	—	—	44,800	0.72	1,043	—	—
Red Mountain	1.00	1,260	8.01	324	—	—	340	7.041	76	—	—	2,079	3.71	248	—	—
Castle/Black Rock	0.25	4,120	0.57	75	—	—	8,260	0.53	140	—	—	7,950	0.37	93	—	—

For detailed disclosure including news release links, please see our website at www.seabridgegold.net/resources.php.

Management's Discussion and Analysis

The following is a discussion of the results of operations and financial condition of Seabridge Gold Inc. and its subsidiary companies for the years ended December 31, 2009, 2008 and 2007. This report is dated March 18, 2010 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2009, 2008 and 2007, the Company's Annual Information Form filed on SEDAR at www.sedar.com, and the Annual Report on Form 40-F filed on EDGAR at www.sec.gov/edgar.shtml. Other corporate documents are also available on SEDAR and EDGAR as well as the Company's website www.seabridgegold.net. As the Company has no operating project at this time, its ability to carry out its business plan rests with its ability to sell projects or to secure equity and other financings. All amounts contained in this document are stated in Canadian dollars unless otherwise disclosed.

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. Subsequently, the Company acquired a 100% interest in the Noche Buena project in Mexico. As the price of gold has moved higher over the past several years, Seabridge has commenced exploration activities and engineering studies at several of its projects. The Company sold the Noche Buena project for US\$25 million (\$30,842,000) in December 2008. 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 NYSE Amex stock exchange under the symbol "SA".

Selected Annual Information

Summary operating results (\$)	2009	2008	2007
Interest income	478,000	621,000	823,000
Gain on sale of Noche Buena project	—	19,891,000	—
Operating costs	5,067,000	5,216,000	6,984,000
Profit (Loss)	(4,678,000)	10,290,000	(5,542,000)
Basic Profit (Loss) per share	(0.12)	0.28	(0.15)
Diluted Profit (Loss) per share	(0.12)	0.27	(0.15)

Summary balance sheets (\$)	2009	2008	2007
Current assets	10,550,000	39,323,000	25,698,000
Mineral interests	91,214,000	69,029,000	62,668,000
Total assets	103,401,000	109,802,000	89,862,000
Total long-term liabilities	2,393,000	1,999,000	2,436,000

Results of Operations

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

The net loss for the year ended December 31, 2009 was \$4,678,000 or \$0.12 per share compared to a net profit of \$10,290,000 or \$0.28 per share for 2008. In December 2008, the Company sold the Noche Buena project for gross proceeds of US\$25 million (\$30,842,000) and recorded a net gain of \$19,891,000 before income taxes of \$5,593,000. In 2009, the Company recorded income tax expense of \$171,000 compared to a 2008 income tax expense of \$5,593,000 net of an income tax recovery amounting to \$587,000. The 2009 amount was calculated to recognize the difference in unused income tax pools between the federal and Ontario provincial balances as the province moved to a combined federal regime. The 2008 recovery amount relates to the renouncing of Canadian Exploration Expenses to the investors of flow-through financings. The Company's interest income from cash investments was down in 2009, at \$478,000 compared with \$621,000 in 2008 with lower cash balances to invest and lower interest rates. Corporate and general expenses were lower in 2009 compared to 2008, due to stock option expenses being \$371,000 less along with other smaller expense reductions. In 2008, the Company reported a gain on foreign exchange of \$378,000 compared to a loss in 2009 of \$18,000 as the US dollar and Mexican peso moved favourably compared to the Canadian dollar in 2008 when there were significant transactions in those currencies.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

The net profit for the year ended December 31, 2008 was \$10,290,000 or \$0.28 per share compared to a net loss of \$5,542,000 or \$0.15 per share for 2007. In December 2008, the Company sold the Noche Buena project for gross proceeds of US\$25 million (\$30,842,000) and recorded a net gain of \$19,891,000 before income taxes of \$5,593,000. For both years, income tax recoveries (\$587,000 in 2008 and \$620,000 in 2007) were reported relating to the renouncing of Canadian Exploration Expenses to the investors of flow-through financings. The Company's interest income from cash investments was down in 2008, at \$621,000 compared with \$823,000 in 2007 with lower cash balances to invest and lower interest rates. Corporate and general expenses were lower in 2008 compared to 2007, as stock option expenses were \$1,852,000 compared to \$2,830,000 and bonus grants were higher in 2007. In 2008, the Company reported a gain on foreign exchange of \$378,000 compared to a loss in 2007 of \$296,000 as the US dollar and Mexican peso moved favourably compared to the Canadian dollar when there were significant transactions in those currencies.

Quarterly Information

Selected financial information for each of the last eight quarters ended December 31, 2009 is as follows (unaudited):

	4th Quarter Ended December 31, 2009	3rd Quarter Ended September 30, 2009	2nd Quarter Ended June 30, 2009	1st Quarter Ended March 31, 2009
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Profit (Loss) for period	\$ (1,269,000)	\$ (1,135,000)	\$ (1,278,000)	\$ (997,000)
Basic Profit (Loss) per share	\$ (0.03)	\$ (0.03)	\$ (0.03)	\$ (0.03)
Diluted Profit (Loss) per share	\$ (0.03)	\$ (0.03)	\$ (0.03)	\$ (0.03)

	4th Quarter Ended December 31, 2008	3rd Quarter Ended September 30, 2008	2nd Quarter Ended June 30, 2008	1st Quarter Ended March 31, 2008
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Profit (Loss) for period	\$ 13,396,000	\$ (895,000)	\$ (1,305,000)	\$ (906,000)
Basic Profit (Loss) per share	\$ 0.35	\$ (0.02)	\$ (0.03)	\$ (0.02)
Diluted Profit (Loss) per share	\$ 0.34	\$ (0.02)	\$ (0.03)	\$ (0.02)

The significant profit for the fourth quarter of 2008 was due to the \$19.9 million gain from the sale of the Noche Buena project in Mexico net of an income tax provision of \$5.6 million.

Mineral Interest Activities

During the year ended December 31, 2009, the Company incurred expenditures of \$23,178,000 on mineral interests compared to \$14,789,000 in the year ended December 31, 2008. In 2009, expenditures were mainly for the continued exploration drilling program and engineering, environmental and metallurgical studies at the KSM project. In 2009, the Company released an updated Preliminary Assessment on the KSM project and the 2009 drilling resulted in new mineral resources being announced in early 2010.

The Company also had recoveries of cash and shares amounting to \$992,000 in 2009 compared to \$14,000 in 2008. In 2008, the Company also had a gain of \$19,891,000 before income taxes from the sale of the Noche Buena project. The recoveries in 2009 were from the optioning of the Hog Ranch project and initial payments on the possible sale of the Nevada properties including Castle Black Rock.

During 2010, a pre-feasibility study will be completed for the KSM project by early in the second quarter and drilling and engineering and environmental studies will continue. At Courageous Lake, the Company will undertake a drilling program to upgrade and expand resources and commence studies with the intention of upgrading the project potentially to the pre-feasibility stage.

Liquidity and Capital Resources

In March 2010, the Company completed a base shelf prospectus financing in the United States and Canada and raised gross proceeds of US\$65,837,500 through the issuance of 2,875,000 common shares. During 2010, the Company plans to 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 addition, it is in the process of selling off its other properties. At December 31, 2009, the Company's working capital position was \$9.1 million which along with the 2010 financing will allow the Company to continue its major development plans and continue ongoing operating activities for several years.

Year Ended December 31, 2009

The Company's working capital position, at December 31, 2009, was \$9,128,000 down from \$30,628,000 at the end of 2008. In 2009, the Company received \$967,000 from the exercise of stock options. Cash in 2009 was used for expenditures on exploration principally the KSM project and for corporate and administrative expenses.

Cash and short-term deposits at December 31, 2009 totalled \$9,287,000 down from \$38,995,000 at December 31, 2008. Operating activities used \$8,533,000 in 2009, including the payment of \$5,326,000 in Mexican income taxes, compared to \$2,552,000 in the prior year, while cash expenditures on mineral interests were \$21,667,000 compared to \$14,706,000 cash expenditures in 2008.

Contractual Obligations (\$,000)

	Payments due by Period				
	Total	2010	2011-13	2014-15	After 2015
Mineral interests	9,626	1,196	4,138	2,861	1,431
Reclamation liabilities	2,256	—	288	—	1,968
Business premises operating lease	264	113	151	—	—
	12,146	1,309	4,577	2,861	3,399

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

Outlook

During 2010, the Company plans to 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 addition, it will continue to sell off its other properties while at the same time ensuring that funding is available for its project development plans, holding costs and corporate requirements.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to management, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), on a timely basis so that appropriate decisions can be made regarding public disclosure. As at December 31, 2009, the Company's management, with the participation of the CEO and CFO, has evaluated the effectiveness of the Company's disclosure controls and procedures as defined in National Instrument 52-109 of the Canadian Securities Administrators and has concluded that such controls and procedures are effective.

Internal Controls Over Financial Reporting

The Company's management, under the supervision of the CEO and the CFO, are responsible for establishing and maintaining the Company's internal controls over financial reporting. Management conducted an evaluation of internal controls over financial reporting based on the framework established in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal controls over financial reporting were effective as at December 31, 2009.

Shares Issued and Outstanding

At March 18, 2010, the issued and outstanding common shares of the Company totalled 40,535,185. In addition, there were 1,751,000 stock options granted and outstanding (of which 595,000 were unexercisable). On a fully diluted basis there would be 42,286,185 common shares issued and outstanding.

Related Party Transactions

During the year ended December 31, 2009, a private company controlled by a director of the Company was paid \$39,000 (2008 – \$14,800) for technical services provided by his company related to mineral properties; a private company controlled by a second director was paid \$200,000 (2008 – \$250,000) for corporate consulting services rendered; and a third director was paid \$18,200 (2008 – \$16,600) for geological consulting. 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 Policies

The Company has adopted the following new accounting policies for the 2009 year as issued by the Canadian Institute of Chartered Accountants (“CICA”):

Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064 Goodwill and Intangible Assets which is required to be adopted for fiscal years beginning on or after October 1, 2008. This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets subsequent to their initial recognition by profit-oriented enterprises. The adoption of this new standard did not have a material effect on the financial statements.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

On January 20, 2009, the Canadian Accounting Standards Board (“AcSB”) issued EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities which was adopted retrospectively, without restatement. This EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of EIC-173 did not have a material effect on the financial statements.

Mining Exploration Costs

On March 27, 2009, the AcSB issued EIC-174, Mining Exploration Costs which provides guidance to mining enterprises related to the measurement of exploration costs and the conditions that a mining enterprise should consider when determining the need to perform an impairment review of such costs. The accounting treatments provided in EIC-174 have been applied in the preparation of the financial statements and did not have an impact on the valuation of the Company’s mineral properties.

Changes in Accounting Standards Not Yet Adopted

International Financial Reporting Standards (“IFRS”)

In February 2008, the Canadian Institute of Chartered Accountants announced that GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards (“IFRS”) for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The standard also requires that comparative figures for 2010 be based on IFRS. As at December 31, 2009 the Company has begun assessing the adoption of IFRS for 2011, and the identification of the new standards and their impact on financial reporting. Management has analyzed existing financial reporting, prepared a preliminary assessment of the potential impact the new standards will have on the Company and developed a changeover plan. The Company believes that the accounting for impairment of assets, foreign exchange, exploration costs, asset retirement obligations, stock-based compensation and income taxes under IFRS may be different than Canadian GAAP, and may impact the financial statements. The Company has not yet determined the full financial impact of the transition to IFRS. In addition, the Company anticipates a significant increase in disclosure requirements under IFRS and such requirements are also being evaluated along with the necessary system changes required to gather, process and review such disclosure.

Business Combinations, Consolidated Financial Statements, Non-controlling Interests

The CICA issued Handbook Sections 1582 Business Combinations, 1601 Consolidated Financial Statements and 1602 Non-controlling Interests all of which are effective for years beginning on or after January 1, 2011. These Handbook Sections replace 1581 Business Combinations and 1600 Consolidated Financial Statements and establish a new Section for accounting for non-controlling interest in subsidiaries. The Company is currently evaluating the impact of these new standards.

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

The statements of mineral resources 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 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, but in no case do any projects contain mineral reserves. Until they are categorized as "mineral reserves", the known mineralization at these projects is not determined to be able to be mined economically. 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. 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 preliminary assessments on the Courageous Lake and KSM Projects use a U.S. dollar value for all projected expenses by converting projected Canadian dollar expenses into U.S. dollars at the exchange rate of CDN\$1 = US\$0.92. To the extent the actual Canadian dollar to U.S. dollar exchange rate is less than or more than this amount, 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.

Foreign Operations

The Company presently has interests in certain properties located in the United States and in Mexico. Foreign properties, operations and investments may be adversely affected by local political and economic developments, including exchange controls, currency fluctuations, changes in taxation laws or policies as well as by laws and policies of the United States, Mexico and Canada affecting foreign trade, investment and taxation.

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 as well as the value of stock-based compensation. Both 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 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

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

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

Management's Report

The management of Seabridge Gold Inc. is responsible for the preparation of the consolidated financial statements as well as the financial and other information contained in the Annual Report, Annual Information Form and Annual Report on Form 40-F. Management maintains an internal control system in order to provide reasonable assurance as to the reliability of financial information and the safeguarding of assets.

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada and necessarily include amounts determined in accordance with estimates and judgments made by management. KPMG LLP, the external auditors, express their opinion on the consolidated financial statements in the annual report.

The Board of Directors, through the Audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control.

The consolidated financial statements of the Company have been approved by the Board of Directors.



Rudi P. Fronk
President & CEO
March 18, 2010



Roderick Chisholm
Chief Financial Officer
March 18, 2010

Auditors' Report to the Shareholders

We have audited the consolidated balance sheets of Seabridge Gold Inc. as at December 31, 2009 and 2008 and the consolidated statements of operations and deficit, comprehensive loss, accumulated other comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2009 in accordance with Canadian generally accepted accounting principles.



Chartered Accountants, Licensed Public Accountants
Toronto, Canada
March 18, 2010

Consolidated Balance Sheets

December 31, 2009 and 2008

(in Canadian dollars)

	2009	2008
Assets		
Current Assets		
Cash and cash equivalents (Note 3)	\$ 285,280	\$ 8,098,982
Short-term deposits (Note 3)	9,002,158	30,895,622
Amounts receivable and prepaid expenses	465,579	237,894
Marketable securities	797,368	90,758
	10,550,385	39,323,256
Mineral Interests (Note 4)	91,214,373	69,028,974
Reclamation Deposits (Note 5)	1,551,915	1,324,400
Property and Equipment	84,597	124,930
	\$ 103,401,270	\$ 109,801,560
Liabilities		
Current Liabilities		
Accounts payable and accruals	\$ 1,375,746	\$ 3,368,963
Income taxes payable (Note 9 and 4(i))	34,000	5,326,034
	1,409,746	8,694,997
Long-term income taxes payable (Note 9)	137,000	—
Provision for reclamation liabilities (Note 5)	2,256,293	1,998,988
	3,803,039	10,693,985
Shareholders' Equity (Note 6)		
Share Capital	114,027,129	110,220,772
Stock Options	7,012,025	6,033,805
Contributed Surplus	126,015	19,500
Deficit	(21,739,778)	(17,061,209)
Accumulated Other Comprehensive Income (Loss)	172,840	(105,293)
	99,598,231	99,107,575
	\$ 103,401,270	\$ 109,801,560

Commitments (Note 10)

Subsequent Events (Note 4(d) and 11)

See accompanying notes to consolidated financial statements

On Behalf of the Board of Directors



Rudi P. Fronk
Director



James S. Anthony
Director

Consolidated Statements of Operations and Deficit

For the Years Ended December 31, 2009, 2008 and 2007

(in Canadian dollars)

	2009	2008	2007
Expenditures			
Corporate and general expenses	\$ (5,049,583)	\$ (5,594,818)	\$ (6,688,504)
Gain on sale of Noche Buena project	—	19,891,071	—
Interest income	477,813	621,099	822,563
Gain on sale of marketable securities	163,625	—	—
Write-down of investment (Note 4(c))	(81,830)	—	—
Foreign exchange (gains) losses	(17,594)	378,325	(295,843)
Income (Loss) Before Income Taxes	(4,507,569)	15,295,677	(6,161,784)
Income tax (expense) recovery (Notes 6(a)(ii) and 9)	(171,000)	(5,005,989)	620,000
Net (Loss) Profit for Year	(4,678,569)	10,289,688	(5,541,784)
Deficit, Beginning of Year	(17,061,209)	(27,350,897)	(21,809,113)
Deficit, End of Year	\$ (21,739,778)	\$ (17,061,209)	\$ (27,350,897)
Profit (Loss) per Share – Basic	\$ (0.12)	\$ 0.28	\$ (0.15)
Profit (Loss) per Share – Diluted (Note 2(k))	\$ (0.12)	\$ 0.27	\$ (0.15)
Weighted Average Number of Shares Outstanding – Basic	37,485,977	37,327,201	35,991,034
Weighted Average Number of Shares Outstanding – Diluted	37,485,977	37,867,620	35,991,034

Consolidated Statements of Comprehensive Loss

For the Years Ended December 31, 2009, 2008 and 2007

(in Canadian dollars)

	2009	2008	2007
Net (Loss) Profit for Year	\$ (4,678,569)	\$ 10,289,688	\$ (5,541,784)
Other Comprehensive Income (Loss)			
Reclassification of losses in net profit for year	106,130	—	—
Unrecognized gains (losses) on financial assets	172,003	(164,112)	58,819
Comprehensive (Loss) Profit	\$ (4,400,436)	\$ 10,125,576	\$ (5,482,965)

Consolidated Statements of Accumulated Other Comprehensive Income

For the Years Ended December 31, 2009, 2008 and 2007

(in Canadian dollars)

	2009	2008	2007
Balance, Beginning of Year	\$ (105,293)	\$ (58,819)	\$ —
Other Comprehensive Income (Loss)	278,133	164,112	(58,819)
Balance, End of Year	\$ 172,840	\$ 105,293	\$ (58,819)

See accompanying notes to consolidated financial statements

Consolidated Statements of Cash Flows

For the Years Ended December, 2009, 2008 and 2007

(in Canadian dollars)

	2009	2008	2007
Cash Used for Operations			
Net profit (loss) for year	\$ (4,678,569)	\$ 10,289,688	\$ (5,541,784)
Items not involving cash			
Gain on sale of Noche Buena project	—	(19,891,071)	—
Gain on sale of marketable securities	(163,625)	—	—
Write-down of marketable securities	81,830	—	—
Stock option compensation	1,481,466	1,852,004	2,830,270
Unrealized foreign exchange gains	—	(266,524)	—
Accretion (Note 5)	172,105	158,713	145,665
Amortization	39,349	40,754	24,761
Income taxes (recoveries)	171,000	(586,562)	(620,000)
Changes in non-cash working capital items			
Amounts receivable and prepaid expenses	(127,685)	182,175	(327,520)
Accounts payable and accruals	(182,549)	76,063	138,540
Income taxes payable	(5,326,034)	5,592,558	—
	(8,532,712)	(2,552,202)	(3,350,068)
Investing Activities			
Mineral interests	(21,666,928)	(14,706,219)	(8,350,885)
Proceeds on sale of Noche Buena project	—	30,842,488	—
Short-term deposits	21,893,464	(19,338,129)	(11,557,493)
Marketable securities	(224,932)	—	—
Reclamation deposits	(249,470)	(19,229)	(200,000)
Property and equipment	—	9,000	(174,339)
	(247,866)	(3,212,089)	(20,282,717)
Financing Activities			
Issue of share capital and warrants	966,876	383,126	31,327,426
Net Cash (Used for) Provided	(7,813,702)	(5,381,165)	7,694,641
Cash and Cash Equivalents, Beginning of Year	8,098,982	13,480,147	5,785,506
Cash and Cash Equivalents, End of Year	\$ 285,280	\$ 8,098,982	\$ 13,480,147
Supplementary Non-cash Investing Activities			
Shares Issued for Mineral Property Acquisition	\$ 2,442,749	—	—
Changes in Liabilities in Mineral Interests	\$ 1,910,668	\$ 94,251	\$ 1,054,875
Unpaid Commissions on Sale of Noche Buena	\$ —	\$ 2,505,647	\$ —

See accompanying notes to consolidated financial statements

Notes to Consolidated Financial Statements

At December 31, 2009 and 2008 and For the Years Ended December 31, 2009, 2008 and 2007

(in Canadian dollars, except where noted)

1. Nature of Operations

The Company is engaged in the acquisition, exploration and development of mineral properties. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The ability of the Company to carry out its business plan rests with its ability to continue to secure equity financings and/or the sale or joint venture of its properties.

2. Summary of Significant Accounting Policies

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada.

The consolidated financial statements have, in management's opinion, been properly prepared within the framework of the significant accounting policies summarized below:

a) Principles of Consolidation

These consolidated financial statements include the accounts of Seabridge Gold Inc. and its wholly-owned subsidiaries, Seabridge Gold Corp., a company incorporated under the laws of the State of Nevada, USA, 5073 N.W.T. Limited, a company incorporated under the laws of the Northwest Territories of Canada; Pacific Intermountain Gold Inc. ("PIGCO"), a company incorporated under the laws of the State of Nevada, USA and Minera Seabridge Gold SA de CV, a company incorporated in Mexico in 2006 to hold the Noche Buena project. The Mexican company and project were sold in December 2008. All significant inter-company transactions and balances have been eliminated.

b) Mineral Interests

Direct property acquisition costs, advance royalties, holding costs, field exploration and field supervisory costs relating to specific properties are deferred until the properties are brought into production, at which time, they will be amortized on a unit of production basis, or until the properties are abandoned, sold or considered to be impaired in value, at which time an appropriate charge will be made. The recovery of costs of mining claims and deferred exploration is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development and future profitable production or proceeds from disposition of such properties.

The Emerging Issues Committee of the CICA issued EIC-174 – "Mining Exploration Costs" which interprets how Accounting Guideline No. 11 entitled Enterprises in the Development Stage – (AcG-11) affects mining companies with respect to the deferral of exploration costs. EIC-174 refers to CICA Handbook Section 3061 "Property, Plant and Equipment", paragraph 21, which states that for a mining property, the cost of the asset includes exploration costs if the enterprise considers that such costs have the characteristics of property, plant and equipment. EIC-126 then states that a mining enterprise that has not established mineral reserves objectively, and therefore does not have a basis for preparing a projection of the estimated cash flow from the property, is not precluded from considering the exploration costs to have the characteristics of property, plant and equipment. EIC-174 also provides additional guidance for mining exploration enterprises on when an impairment test is required.

The Company reviews its mineral interests for impairment whenever events or changes in circumstances indicate that the carrying amount of the mineral interest may not be recoverable. The net recoverable amount is based on estimates of undiscounted future net cash flows expected to be recovered from specific assets through use or future disposition.

The Company considers that exploration costs have the characteristics of property, plant and equipment, and, accordingly, defers such costs.

c) Asset Retirement Obligations

The Company recognizes the fair value of liabilities for asset retirement obligations in the period in which they occur and/or in which a reasonable estimate of such costs can be made using the total undiscounted cash flows required to settle estimated obligations, estimated expected timing of cash flow payments required to settle the obligations and estimated credit-adjusted risk-free discount rates and inflation rates (see Note 5).

d) Stock-based Compensation

The Company applies the fair value method for stock-based compensation and other stock-based payments. Options are valued using the Black Scholes option-pricing model and other models for the two-tiered options as may be appropriate. The resulting value is charged against income over the anticipated vesting period of the option (see Note 6(b)). The Company reviews estimated forfeitures of options on an ongoing basis.

e) Property and Equipment

Property and Equipment are carried at cost less accumulated amortization. Amortization is provided using the straight-line method at an annual rate of 20% from the date of acquisition.

f) Cash and Short-term Deposits

Cash and short-term investments consist of balances with banks and investments in money market instruments. These investments are carried at fair value. Cash and cash equivalents consist of investments with maturities of up to 90 days at the date of purchase. Short-term deposits consist of investments with maturities greater than 90 days at the date of purchase.

g) Marketable Securities

Short-term investments in marketable securities accounted for as available for sale securities are recorded at market value, which is also considered fair value. The market values of investments are determined based on the closing prices reported on recognized securities exchanges and over-the-counter markets. Such individual market values do not necessarily represent the realizable value of the total holding of any security, which may be more or less than that indicated by market quotations. When there has been a loss in the value of an investment in marketable securities that is determined to be other than a temporary decline, the investment is written down to recognize the loss.

h) Flow-through Shares

The Company financed a portion of its exploration and development activities through the issue of flow-through shares. Under the terms of these share issues, the tax attributes of the related expenditures are renounced to subscribers. When the renunciation is made, the tax value of the renunciation is recorded as a liability and charged against share capital. Where the Company has a valuation allowance, which reduces future income tax assets, the valuation allowance is reduced and an income tax recovery is recorded in the statement of operations.

i) Translation of Foreign Currencies

The functional currency of the Company and its subsidiaries is considered to be the Canadian dollar. Foreign currency transactions entered into by the Company and financial statements of integrated foreign operations are translated using the temporal method. Under this method, monetary assets and liabilities are translated at year-end rates of exchange, non-monetary assets and liabilities are translated at historic rates of exchange and statement of operations items are translated at average exchange rates prevailing during the year. Exchange gains and losses on foreign currency transactions and foreign currency denominated balances are included in the statement of operations.

j) Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax bases (temporary differences). Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are expected to reverse. The effect on future income tax assets and liabilities of a change in tax rates enacted is included in operations in the period in which the change is enacted or substantively enacted. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

k) Loss Per Share

Basic (profit) loss per share of common stock is computed based on the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings per share which assumes that stock options with an exercise price lower than the average quoted market price were exercised at the later of the beginning of the year, or time of issue. Stock options with an exercise price greater than the average quoted market price of the common shares are not included in the calculation of diluted profit per share as the effect is anti-dilutive. There were 305,000 options which were not included in the diluted profit per share as they would be anti-dilutive. As the Company incurred net losses for the years ended December 31, 2009 and 2007, all outstanding options and warrants have been excluded from the calculation of diluted loss per share for those years. The diluted weighted average number of common shares for the year ended December 31, 2008 was as follows:

Basic weighted average number of common shares outstanding for 2008	37,327,201
Incremental number of common shares on assumed exercise of stock options	540,419
Weighted average number of common shares used for diluted profit per share	37,867,620

l) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported year. The most significant estimates relate to the carrying values of exploration properties, accrued liabilities and contingencies, valuation of stock options and calculations of future income tax assets. Actual results could be materially different from those estimates.

m) Changes in Accounting Policies

The Company has adopted the following new accounting policies for the 2009 year as issued by the Canadian Institute of Chartered Accountants ("CICA"):

Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064 Goodwill and Intangible Assets which is required to be adopted for fiscal years beginning on or after October 1, 2008. This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets subsequent to their initial recognition by profit-oriented enterprises. The adoption of this new standard did not have a material effect on the financial statements.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

On January 20, 2009, the Canadian Accounting Standards Board ("AcSB") issued EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities which was adopted retrospectively, without restatement. This EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of EIC-173 did not have a material effect on the financial statements.

Mining Exploration Costs

On March 27, 2009, the AcSB issued EIC-174, Mining Exploration Costs which provides guidance to mining enterprises related to the measurement of exploration costs and the conditions that a mining enterprise should consider when determining the need to perform an impairment review of such costs. The accounting treatments provided in EIC-174 have been applied in the preparation of the financial statements and did not have an impact on the valuation of the Company's mineral properties.

Financial Instruments - Disclosures

In June 2009, the CICA amended Section 3862, "Financial Instruments - Disclosures", to include enhanced disclosures on liquidity risk of financial instruments and new disclosures on fair value measurements of financial instruments. Refer to Note 8 for the additional disclosures.

n) Changes in Accounting Policies Not Yet Adopted

Business Combinations, Consolidated Financial Statements, Non-controlling Interests

The CICA issued Handbook Sections 1582 Business Combinations, 1601 Consolidated Financial Statements and 1602 Non-controlling Interests all of which are effective for years beginning on or after January 1, 2011. These Handbook Sections replace 1581 Business Combinations and 1600 Consolidated Financial Statements and establish a new Section for accounting for non-controlling interest in subsidiaries. The Company is currently evaluating the impact of these new standards.

3. Cash and Cash Equivalents and Short-term Deposits

	2009	2008
Cash	\$ 285,280	\$ 8,098,982
Canadian bank guaranteed notes	9,002,158	30,895,622
	9,287,438	38,994,604
Short-term deposits	(9,002,158)	(30,895,622)
Cash and cash equivalents	\$ 285,280	\$ 8,098,982

Short-term deposits consist of Canadian Schedule 1 bank guaranteed notes with a term of one year to December 2010. The short-term deposits amounting to \$9,002,158 held at December 31, 2009 were issued for a one year period in December 2009 but are cashable in whole or in part with interest at any time to maturity. All of the cash is held in a Canadian Schedule 1 bank.

4. Mineral Interests

Expenditures made on account of mineral interests by the Company were as follows:

Property and Expense	Balance,	2009		Balance,
	December 31, 2008	Expenditures	Recoveries	December 31, 2009
Courageous Lake				
Acquisition costs	\$ 8,502,305	\$ 100,000	\$ —	\$ 8,602,305
Deferred exploration	13,405,841	396,114	—	13,801,955
	21,908,146	496,114	—	22,404,260
Castle Black Rock				
Acquisition costs	140,426	—	(140,426)	—
Deferred exploration	375,669	45,988	(180,016)	241,641
	516,095	45,988	(320,442)	241,641
Grassy Mountain				
Acquisition costs	2,261,299	—	—	2,261,299
Deferred exploration	1,207,500	137,418	—	1,344,918
	3,468,799	137,418	—	3,606,217
Hog Ranch				
Acquisition costs	443,838	—	(443,838)	—
Deferred exploration	833,480	2,479	(156,162)	679,797
	1,277,318	2,479	(600,000)	679,797
KSM				
Acquisition costs	15,306,546	3,442,750	—	18,749,296
Deferred exploration	20,833,703	18,268,596	—	39,102,299
	36,140,249	21,711,346	—	57,851,595
Quartz Mountain				
Acquisition costs	357,139	—	(21,750)	335,389
Deferred exploration	94,258	14,152	—	108,410
	451,397	14,152	(21,750)	443,799
Red Mountain				
Acquisition costs	82,090	—	(50,000)	32,090
Deferred exploration	1,324,690	185,984	—	1,510,674
	1,406,780	185,984	(50,000)	1,542,764
Pacific Intermountain Gold Corp.				
Acquisition costs	—	—	—	—
Deferred exploration	3,448,080	511,743	—	3,959,823
	3,448,080	511,743	—	3,959,823
Other Nevada Projects				
Acquisition costs	20,000	—	—	20,000
Deferred exploration	392,110	72,367	—	464,477
	412,110	72,367	—	484,477
Total				
Acquisition costs	27,113,643	3,542,750	(650,014)	30,000,379
Deferred exploration	41,915,331	19,634,841	(336,178)	61,213,994
Total Mineral Interests	\$ 69,028,974	\$ 23,177,591	\$ (992,192)	\$ 91,214,373

Property and Expense	Balance, December 31, 2007	2008		Balance, December 31, 2008
		Expenditures	Recoveries	
Courageous Lake				
Acquisition costs	\$ 8,402,305	\$ 100,000	\$ —	\$ 8,502,305
Deferred exploration	12,688,309	717,532	—	13,405,841
	21,090,614	817,532	—	21,908,146
Castle Black Rock				
Acquisition costs	140,426	—	—	140,426
Deferred exploration	332,135	43,534	—	375,669
	472,561	43,534	—	516,095
Grassy Mountain				
Acquisition costs	2,261,299	—	—	2,261,299
Deferred exploration	1,100,279	107,221	—	1,207,500
	3,361,578	107,221	—	3,468,799
Hog Ranch				
Acquisition costs	443,838	—	—	443,838
Deferred exploration	762,498	70,982	—	833,480
	1,206,336	70,982	—	1,277,318
KSM				
Acquisition costs	15,306,546	—	—	15,306,546
Deferred exploration	10,008,860	10,824,843	—	20,833,703
	25,315,406	10,824,843	—	36,140,249
Quartz Mountain				
Acquisition costs	357,139	—	—	357,139
Deferred exploration	94,258	—	—	94,258
	451,397	—	—	451,397
Red Mountain				
Acquisition costs	82,090	—	—	82,090
Deferred exploration	1,028,530	296,160	—	1,324,690
	1,110,620	296,160	—	1,406,780
Pacific Intermountain Gold Corp.				
Acquisition costs	—	—	—	—
Deferred exploration	3,000,032	462,223	(14,175)	3,448,080
	3,000,032	462,223	(14,175)	3,448,080
Other Nevada Projects				
Acquisition costs	20,000	—	—	20,000
Deferred exploration	322,925	69,185	—	392,110
	342,925	69,185	—	412,110
Noche Buena, Mexico				
Acquisition costs	4,888,270	1,820,609	(6,708,879)	—
Deferred exploration	1,428,111	276,482	(1,704,593)	—
	6,316,381	2,097,091	(8,413,472)	—
Total				
Acquisition costs	31,901,913	1,920,609	(6,708,879)	27,113,643
Deferred exploration	30,765,937	12,868,162	(1,718,768)	41,915,331
Total Mineral Interests	\$ 62,667,850	\$ 14,788,771	\$ (8,427,647)	\$ 69,028,974

Property and Expense	Balance, December 31, 2006	2007		Balance, December 31, 2007
		Expenditures	Recoveries	
Courageous Lake				
Acquisition costs	\$ 8,302,305	\$ 100,000	\$ —	\$ 8,402,305
Deferred exploration	12,072,797	615,512	—	12,688,309
	20,375,102	715,512	—	21,090,614
Castle Black Rock				
Acquisition costs	140,426	—	—	140,426
Deferred exploration	289,198	42,937	—	332,135
	429,624	42,937	—	472,561
Grassy Mountain				
Acquisition costs	2,261,299	—	—	2,261,299
Deferred exploration	986,741	113,538	—	1,100,279
	3,248,040	113,538	—	3,361,578
Hog Ranch				
Acquisition costs	443,838	—	—	443,838
Deferred exploration	700,888	61,610	—	762,498
	1,144,726	61,610	—	1,206,336
KSM				
Acquisition costs	15,061,208	245,338	—	15,306,546
Deferred exploration	3,717,826	6,291,034	—	10,008,860
	18,779,034	6,536,372	—	25,315,406
Quartz Mountain				
Acquisition costs	357,139	—	—	357,139
Deferred exploration	85,348	8,910	—	94,258
	442,487	8,910	—	451,397
Red Mountain				
Acquisition costs	82,090	—	—	82,090
Deferred exploration	859,180	169,350	—	1,028,530
	941,270	169,350	—	1,110,620
Pacific Intermountain Gold Corp.				
Acquisition costs	—	—	—	—
Deferred exploration	2,488,602	556,261	(44,831)	3,000,032
	2,488,602	556,261	(44,831)	3,000,032
Other Nevada Projects				
Acquisition costs	20,000	—	—	20,000
Deferred exploration	254,602	68,323	—	322,925
	274,602	68,323	—	342,925
Noche Buena, Mexico				
Acquisition costs	4,888,270	—	—	4,888,270
Deferred exploration	250,423	1,177,688	—	1,428,111
	5,138,693	1,177,688	—	6,316,381
Total				
Acquisition costs	31,556,575	345,338	—	31,901,913
Deferred exploration	21,705,605	9,105,163	(44,831)	30,765,937
Total Mineral Interests	\$ 53,262,180	\$ 9,450,501	\$ (44,831)	\$ 62,667,850

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

a) Courageous Lake

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

The Vendors were granted a 2% net smelter royalty interest in the project. In addition, the Company agreed to pay the Vendors US\$1.5 million when the spot price of gold closed at or above US\$360 per ounce for 10 consecutive days (paid in March 2003), and pay the Vendors US\$1.5 million when the spot price of gold closed at or above US\$400 per ounce or a production decision was made at Courageous Lake, whichever occurred earlier (paid in February 2004).

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.

b) 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.

In March 2009, the Company signed a letter of intent to sell the Castle Black-Rock and its early-stage Nevada properties including the Pacific Intermountain properties to Cortez Resources Corp. In April 2009, Cortez paid the Company \$20,000 which permitted them a 60-day period to complete a formal agreement which required a further payment of US\$2.9 million in cash and the issuance of 10 million shares of Cortez on closing. In July 2009, the terms of the agreement were amended and the proposed closing of the transaction was changed to September 30, 2009 and subsequently to November 27, 2009. The revised agreement terms required the following on closing: payment of US\$2.9 million in cash, issuance of 5 million shares of Cortez, and issuance of a \$1.25 million 3 year, non-interest bearing convertible debenture. In addition, as consideration for the amendments, Cortez paid an additional US\$80,000 and agreed to fund property maintenance costs through November 27, 2009 of approximately US\$500,000 if the agreement closes. The agreement failed to close in November 2009.

In December 2009, the Company signed a letter of intent to sell the same properties as stated above to Constitution Mining Corp. ("Constitution"). The agreement is now scheduled to close at the end of March 2010. The terms of the agreement called for Constitution to pay cash of US\$3 million, issue three million shares and issue a US\$1 million two-year convertible debenture.

The cash payments consisted of US\$200,000 paid on signing the letter of intent, US\$800,000 on closing the agreement, US\$1,000,000 one month after closing and US\$1,000,000 on the first anniversary which would be secured by an 8% promissory note. The share issuances are due as to one million shares on closing and a further two million shares at the earlier of their finding a gold resource of at least one million ounces and three years after the closing. The convertible debenture bears interest at 8% and can be repaid by Constitution at any time prior to maturity by paying US\$1,250,000. At maturity, the balance outstanding may be converted in shares of Constitution, at Seabridge's option, based on a US\$1.00 per share conversion.

c) 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.

d) Hog Ranch

In 2000, the Company entered into a mining lease agreement for mineral claims located in Washoe County, Nevada. Advance royalties were established at US\$15,000 payable on November 15, 2006; US\$17,500 on November 15, 2007; and US\$20,000 on November 15, 2008 and, each November 15 thereafter. A production royalty is payable varying with the price of gold, ranging from 3% to 5%, plus a 3.5% royalty on the gross proceeds from other metals. 40% of the production royalty may be purchased by the Company for US\$2 million.

In February 2009, the Company signed a letter for an option of the Hog Ranch property to Icon Industries Ltd. ("ICON"). The terms of the agreement required ICON to issue one million common shares to the Company, pay \$500,000 on closing and to issue a further one million common shares and pay a further \$525,000 within 12 months of the agreement being accepted by the TSX Venture Exchange. In April 2009, the option agreement was closed and acceptance by the TSX Venture Exchange was received. ICON issued the first one million shares and paid the \$500,000 and these amounts have been credited against mineral interest costs. The Company will record the additional consideration when received and will offset it against the mineral property at that time.

e) 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 at \$13.50 each. The warrants were to become exercisable five years from the date each new ounce of gold resources was declared (up to 2 million ounces of gold) for work undertaken on the property through the year 2010. At closing of the formal agreement in August 2006 the fair value of warrants was estimated at \$11,436,000 using a Black-Scholes option-pricing model, using a volatility of 60%, interest rate of 4% and expected life of 1.5 years. Falconbridge also had a right of first refusal should the Company desire to sell all or any portion of its interest therein. The 2,000,000 warrants were exercised in May and June 2007 and proceeds of \$27,000,000 were received by the Company.

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

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 part of the Quartz Mountain property. To earn a 50% interest in the project, the optionee must complete \$500,000 in exploration expenditures by December 31, 2010 and issue 200,000 shares to the Company over the period of which 50,000 shares have been issued to date. The optionee has the right to increase its percentage holdings to 70% by funding and completing a feasibility study within three years.

g) 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 array of 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 June 2009, the Company signed a letter of intent to sell the Red Mountain project for \$7 million in cash and a three-year \$5 million 3% convertible debenture. In connection with this agreement, the Company would also recoup its \$1 million reclamation deposit on closing, which was expected by September 30, 2009 and was subsequently amended to October 31, 2009. In October 2009, the agreement was cancelled as the proposed purchaser was unable to raise the required funds.

h) 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.

Please see b) Castle Black Rock project above for letter of intent to sell these properties.

i) Noche Buena, Mexico

In April 2006, the Company acquired 100% interest in the Noche Buena gold project in the Sonora district of Mexico for US\$4,350,000 in cash. In February 2008, the Company acquired the surface rights encompassing the Noche Buena property in Mexico for US\$1,780,000.

In December 2008, the Company sold the project for US\$25 million (\$30,842,000) in cash less a commission to the Company's agent of \$2,538,000. A further US\$5 million is payable by the purchaser upon commencement of commercial production from the property and a 1.5% net smelter royalty is payable on all production of gold sold for US\$800 per ounce or greater. In connection with the sale, the Company accrued income taxes payable amounting to \$5,326,000 (approximately 60 million Mexican pesos) to the government of Mexico as at December 31, 2008.

5. Reclamation Deposits and Provisions for Reclamation Liabilities

The reclamation deposits consist of short-term investments or cash deposits held as security for either the governments in Canada or the United States to cover estimated reclamation liabilities on various exploration properties.

The balance in the provision for reclamation liabilities is as follows:

	Amount
Balance at December 31, 2007	\$ 1,849,475
Additional reclamation liability	(9,200)
Accretion	158,713
Balance at December 31, 2008	1,998,988
Reduction of reclamation liability – net	85,200
Accretion	172,105
Balance at December 31, 2009	\$ 2,256,293

The fair value of the asset retirement obligations was calculated using the total undiscounted cash flows required to settle estimated obligations (estimated to be \$5,082,000), expected timing of cash flow payments required to settle the obligations between 2010 and 2020, credit-adjusted risk-free discount rates of 7.9% to 8.76% and an inflation rate of 2.0%.

6. Shareholders' Equity

a) Share Capital

	Shares	Amount
Authorized		
Unlimited number of common shares without par value		
Unlimited number of preference shares (none issued)		
Issued – Common shares		
Balance, December 31, 2006	34,090,685	\$ 66,774,637
Issued during year		
For cash, exercise of stock options	1,207,200	4,327,426
For cash, exercise of share purchase warrants (Note 4(e))	2,000,000	27,000,000
Value of warrants and stock options exercised	–	12,840,972
Renunciation of flow-through share value (ii)	–	(1,206,562)
	3,207,200	42,961,836
Balance, December 31, 2007	37,297,885	109,736,473
Issued during year		
For cash, exercise of stock options	50,800	383,126
Value of stock options exercised	–	101,173
	50,800	484,299
Balance, December 31, 2008	37,348,685	110,220,772
Issued during year		
For cash, exercise of stock options	175,000	966,876
Purchase of mineral property (Note 4 e))	75,000	2,442,749
Value of stock options exercised	–	396,732
	250,000	3,806,357
Balance, December 31, 2009	37,598,685	\$ 114,027,129

(i) In January 2007, the Company renounced \$3,656,250 in Canadian Exploration Expenses to investors of flow-through shares in 2006. The tax value of these renunciations has been recorded as a future tax liability and charged against share capital.

Capital Management

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.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2009.

The Company is not subject to externally imposed capital requirements.

b) Stock Options Outstanding

The Company provides compensation to directors, employees and consultants in the form of stock options. Option grants to directors and senior management prior to 2008 are subject to a two-tiered vesting policy. Option grants to directors and senior management in 2008 only vest when the Company enters into a significant transaction involving either its interest in the Courageous Lake project or the KSM project or the acquisition of a majority interest in the Company. These vesting provisions were designed to better align option compensation with the interests of shareholders. Grants to other employees and consultants do not have these provisions but generally vest immediately or in one year.

The two-tier option grants required a certain share price above the grant date price for 10 successive days for the first third to vest, a higher share price for the second third to vest and a further higher share price for the final third to vest. Once the share price has met the first test, the Company's share price performance must have exceeded the S&P/TSX Global Gold Index by more than 20% over the preceding six months or these options would be cancelled.

The Board has granted the following two-tiered options:

Date of Grant	Number	Exercise Price	Share Price Vesting	Year Vested
August 2002	600,000	\$ 2.20	\$ 6, \$ 9, \$ 12	2005 and 2006
August 2004	100,000	\$ 3.37	\$ 6, \$ 9, \$ 12	2005 and 2006
January 2005	50,000	\$ 4.00	\$ 6, \$ 9, \$ 12	2005 and 2006
January 2006	875,000	\$ 10.56	\$ 15, \$ 18, \$ 21	2006 and 2007
August 2007	120,000	\$ 29.60	\$ 34, \$ 37, \$ 40	40,000 in 2008

The weighted average grant date fair value of the 55,000 options granted during 2009 which were not subject to directors and management vesting provisions described above was \$24.78 (2008 - \$15.05, 2007 - \$9.73). The grant of these 55,000 options resulted in compensation costs totaling \$579,190 compared to 190,000 options resulting in compensation of \$1,253,690 during 2008 and 200,000 options resulting in compensation costs totaling \$1,945,640 during 2007. 25,000 of the 2009 options will vest over the period March 2009 to March 2010 and consequently \$526,163 of the total compensation expense of the 2009 grants was expensed in 2009 and \$53,027 will be expensed in 2010. The fair value of the options granted is estimated on the dates of grant using a Black-Scholes option-pricing model with the following assumptions:

	2009	2008	2007
Dividend yield	Nil	Nil	Nil
Expected volatility	76%	64%	55%
Risk free rate of return	1.5%	2.2%	4.3%
Expected life of options	2.8 years	4.1 years	2.7 years

The weighted average grant date fair value of the 120,000 two-tiered options granted during 2007 and approved by shareholders in June 2008 was \$7.63. The fair value of the options granted was estimated on the date of grant using a Monte Carlo simulation and a binomial option-pricing model to consider the two-tier vesting probabilities using the following assumptions:

Dividend yield	Nil
Expected volatility	61%
Risk free rate of return	3.4%
Expected life of options	4.1 years

The estimated fair value of the 120,000 two-tiered options granted in 2007 amounted to \$915,160. In 2008, after the options were approved by shareholders and recorded as granted, the \$34 per share vesting requirement had been met. During 2009 \$138,076 (2008 – \$418,084) of this amount was expensed and the balance of \$359,000 will be expensed over the remaining vesting period.

A summary of the status of the plans at December 31, 2009 and changes during the years are presented below:

	Shares	Weighted Average Exercise Price	Amount
Outstanding, December 31, 2006	2,185,500	\$ 5.93	\$ 2,857,676
Granted	200,000	25.29	948,448
Exercised	(1,207,200)	(3.58)	(1,404,973)
Value of 2006 options vested	–	–	1,881,823
Outstanding, December 31, 2007	1,178,300	11.62	4,282,974
Granted to employees and consultants	190,000	15.05	436,463
Granted to directors and management	635,000	14.14	418,084
Exercised	(50,800)	(7.54)	(101,173)
Value of 2007 options vested	–	–	997,457
Outstanding, December 31, 2008	1,952,500	12.88	6,033,805
Granted to employees and consultants	55,000	24.78	614,143
Exercised	(175,000)	(5.53)	(396,732)
Expired	(20,000)	(25.10)	(106,515)
Value of 2008 options vested	–	–	867,324
Outstanding, December 31, 2009	1,812,500	\$ 13.60	\$ 7,012,025

Number of Shares	Options Vested	Option Price Per Share	Expiry Date
57,500	57,500	\$ 4.00	January 11, 2010
20,000	20,000	\$ 9.50	December 20, 2010
725,000	725,000	\$ 10.56	January 4, 2011
30,000	30,000	\$ 13.77	January 17, 2012
260,000	180,000	\$ 29.60	August 8, 2012
30,000	30,000	\$ 26.64	March 3, 2013
635,000	120,000	\$ 10.54	December 4, 2013
25,000	–	\$ 21.88	March 4, 2014
15,000	15,000	\$ 28.70	April 1, 2010
15,000	15,000	\$ 25.70	November 30, 2010
1,812,500	1,192,500	\$ 13.60	

c) Share Purchase Warrants

The Company's movement in share purchase warrants is as follows:

	Number of Warrants	Amount
Balance at December 31, 2006	2,000,000	\$ 11,436,000
Exercised	(2,000,000)	(11,436,000)
Balance at December 31, 2007, 2008 and 2009	–	\$ –

7. Related Party Transactions

- a) During the year, a private company controlled by a director of the Company was paid \$39,000 (2008 – \$14,800, 2007 – \$33,300) for technical services provided by his company related to the mineral properties.
- b) During the year, a private company controlled by a second director was paid \$200,000 (2008 – \$250,000, 2007 – \$360,000) for consulting services rendered.
- c) During the year, a third director was paid \$18,200 (2008 – \$16,600, 2007 – \$17,300) for geological consulting services.

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.

8. Financial Instruments

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 investments included in cash and cash equivalents 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. Financial instruments included in amounts receivable and prepaid expenses consist of goods and services tax due from the Federal Government of Canada. Management believes that the risk of loss with respect to financial instruments included in amounts receivable and prepaid expenses to be remote. The Company also has investments in other publicly listed exploration companies which are included in marketable securities. These shares were received as part of option payments on certain exploration properties the Company owns. The credit risk on these investments is significant due to the nature of the business but the amounts are not significant to the Company.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2009, the Company had cash balances of \$285,000 (December 31, 2008 – \$8,099,000) to settle current liabilities of \$1,410,000 (December 31, 2008 – \$8,695,000). At December 31, 2009, the Company also had bank-guaranteed short-term deposits of \$9,002,000 (2008 – \$30,896,000) which mature in December 2010, but are cashable in whole or in part with interest at any time to maturity. All of the Company's financial liabilities have contractual maturities of 30 days and are subject to normal trade terms.

Market Risk

(a) Interest Rate Risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in Canadian bank guaranteed notes. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian, US dollars and Mexican pesos. 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. In December 2008, the Company sold the Mexican property Noche Buena at a profit which attracted income taxes payable in Mexican pesos. The income taxes were paid in January 2009 and there is no further exposure to the Mexican peso currency. 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.

Sensitivity Analysis

The Company has designated its cash and cash equivalents and short term deposits as held-for-trading, which are measured at fair value. Financial instruments included in amounts receivable and prepaid expenses are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

As at December 31, 2009, the carrying and fair value amounts of the Company's financial instruments are the same.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a year:

- (i) Short term deposits are re-invested each 30 days to one year. The investments held at December 31, 2009 are one-year notes but are cashable in whole or in part with interest at any time to maturity. Sensitivity to a plus or minus 0.25% change in rates would affect net loss by \$23,000 on an annualized basis.
- (ii) At December 31, 2009, the Company had net current liabilities in US dollars of \$123,000, which with a 10% change in exchange rates, would affect net income by \$12,000.
- (iii) Price risk is remote since the Company is not a producing entity.

Fair Value Estimation

During 2009, CICA Handbook Section 3862, Financial Instruments – Disclosures, was amended to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data

The Company's financial assets measured at fair value, as at December 31, 2009 which include cash and cash equivalents, short-term deposits and marketable securities are classified as Level 1.

9. Income Taxes

Income (taxes) recoveries vary from the amounts that would be computed by applying the basic federal and provincial income tax rates aggregating to 33% (2008 – 33.5%, 2007 – 36.12%) as follows:

	2009	2008	2007
Statutory rate applied to (profit) loss for year	\$ 1,487,498	\$ (5,124,052)	\$ 2,225,636
Non-deductible items	(492,000)	(700,000)	(1,026,000)
Tax on harmonization of federal/Ontario tax pools	(171,000)	–	–
Non-taxable portion of gain on sale of Noche Buena	–	3,331,754	–
Difference in foreign tax rate	–	(2,260,445)	–
Loss not tax benefited	–	(253,246)	–
Valuation allowance	(995,498)	–	(1,199,636)
Reduction in valuation allowance	–	–	620,000
	\$ (171,000)	\$ (5,005,989)	\$ 620,000

Significant components of the Company's future tax assets and liabilities are as follows:

	2009	2008
Future income tax assets (liabilities)		
Mineral interests	\$ (3,785,000)	\$ (3,068,000)
Property and equipment	47,000	36,000
Share issue costs	9,000	32,000
Non capital losses	4,209,000	3,637,000
Provision for reclamation liabilities	602,000	565,000
Tax on harmonization of federal/Ontario tax pools	171,000	—
Unrealized capital losses	—	31,000
	1,253,000	1,233,000
Valuation allowance	(1,253,000)	(1,233,000)
Future income tax liabilities, net	\$ —	\$ —

A future tax asset of approximately \$2,940,000 (2008 – \$3,218,000) in one Canadian entity has been offset with a future tax liability in another Canadian entity on the basis that management has undertaken to carry out tax planning measures when required.

The Company has accumulated non-capital losses for Canadian tax purposes of approximately \$13,579,000 which expire in various years to 2029 as follows:

2010	\$ 707,000
2014	943,000
2015	1,092,000
2026	2,140,000
2027	3,160,000
2028	2,746,000
2029	2,791,000
	\$ 13,579,000

The tax value of the non-capital losses is included in the future tax assets above.

10. Commitments

The Company is committed to payments for an operating lease for business premises as follows:

2010	\$ 113,000
2011	\$ 113,000
2012	\$ 38,000

11. Subsequent Events

(a) In March 2010, the Company completed a base shelf prospectus financing with the issuance of 2,875,000 common shares at US\$22.90 each for gross proceeds of US\$65,837,500. The Company paid commissions to the underwriters of US\$4,279,438 and incurred additional expenses of approximately \$642,000.

(b) Subsequent to December 31, 2009, 61,500 stock options were exercised for proceeds to the Company of \$272,160.

Corporate Information

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William M. Calhoun

Thomas C. Dawson

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