

SEABRIDGE GOLD INC.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2018**

its foreign exchange risk. As at September 30, 2018 the Company had no foreign currency denominated financial instruments.

(c) Investment Risk

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

12. Corporate and administrative expenses

(\$000s)	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Employee compensation	713	670	2,419	2,235
Stock-based compensation	947	2,345	4,226	5,912
Professional fees	394	133	878	549
Other general and administrative	310	423	1,368	1,486
	2,364	3,571	8,891	10,182

13. Related party disclosures

During the nine months ended September 30, 2018, other than compensation paid to key management personnel, a private company controlled by an officer was paid \$0.15 million (2017 - \$0.15 million) for legal services rendered. During the current quarter the same private company controlled by the officer was paid \$50,000 (2017 - \$50,000). The transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

14. Income taxes

In the nine months ended September 30, 2018, the Company recognized income tax expense of \$4.9 million (2017 - \$0.4 million) reflecting the deferred tax liabilities arising from exploration expenditures, which are capitalized for accounting purposes but are renounced for tax purposes as well as current tax arising from the sale of non-core mineral interests. The renounced expenditures relate to the flow-through share issuance in April 2017, December 2017 and May 2018. The tax expense is partially offset by the tax recovery resulting from the loss in the current nine-month period. In the three months ended September 30, 2018, the Company recognized income tax expense of \$3.4 million (2017 - \$0.1 million recovery) reflecting the current quarter's capitalized versus renounced treatment of exploration expenditures. The tax expense is partially offset by the tax recovery resulting from the loss in the current three-month period.

15. Subsequent event

Subsequent to the quarter-end, the Company announced that it has agreed to issue one million common shares, through a non-brokered private placement, at a price of \$14.00 per share, for gross proceeds of \$14 million. The private placement is expected to close on or about November 23, 2018 and is subject to customary closing conditions. The Company has granted the private placees an option to increase the size of the private placement by an additional 250,000 common shares, exercisable until December 24, 2018, at the same price.