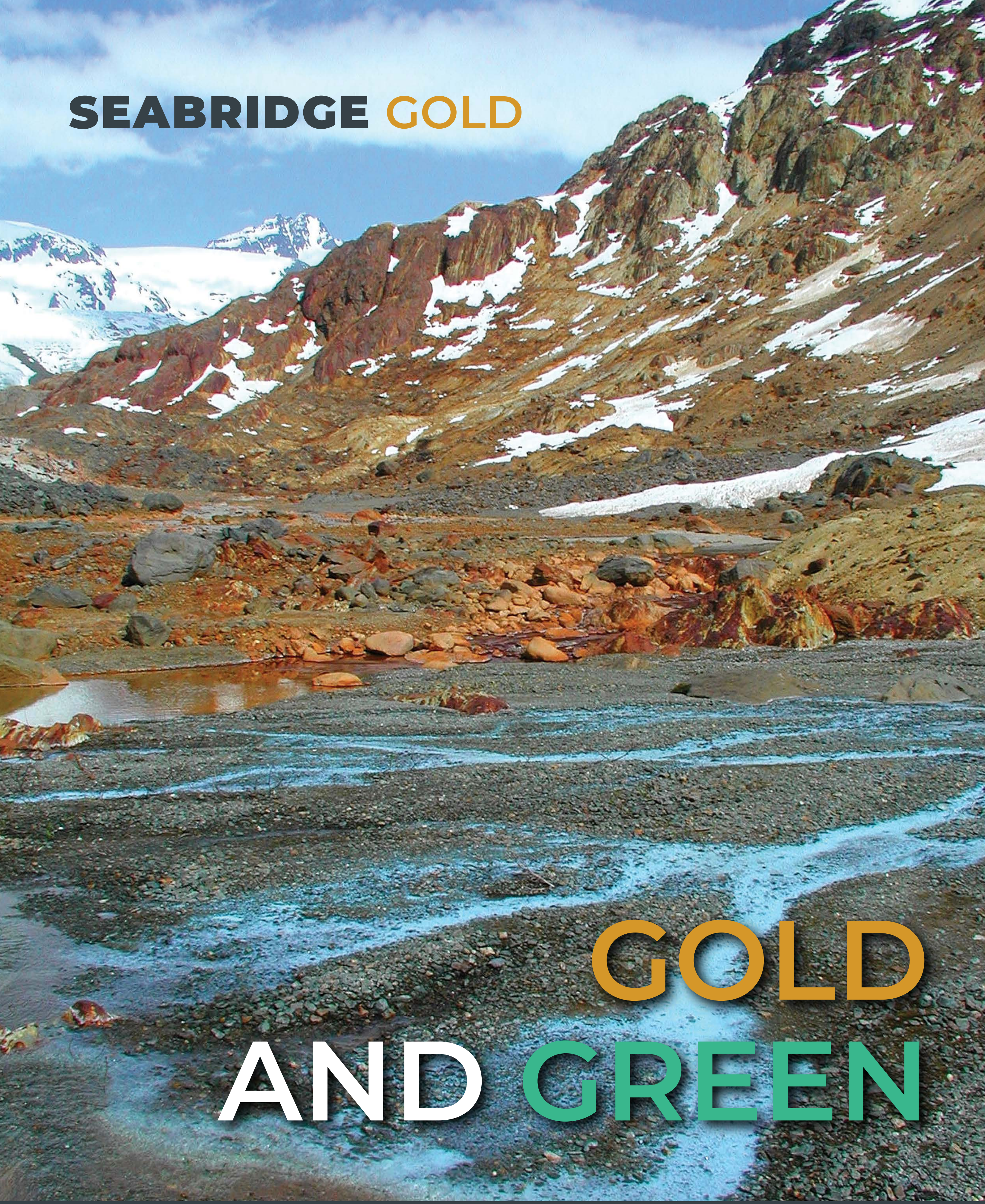


ANNUAL REPORT 2020

Corporate Overview

Seabridge Gold's resource base of gold, copper and silver is one of the world's largest. Our principal projects are located in Canada. Our objective is to grow resource and reserve ownership per share. Our risk-reducing strategy: acquire North American deposits; expand them through exploration; move them to reserves through engineering; and sell or joint venture them to established producers for mine construction and operation.

Contents

Cover Photo: Copper leaching naturally from KSM

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 future plans and the timing of them, the proposed production scenarios in respect of our principal projects, anticipated exploration results at our projects and our view of the gold and copper market and financial markets generally. The purpose of these statements is to help the reader understand management's current views of our future prospects and is not intended for other purposes. This information will not necessarily be updated unless required 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 Management's Discussion and Analysis 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.

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

Annual General Meeting of Shareholders
Thursday, June 24, 2021
4:30 p.m. EDT

Virtual AGM
https://agm.issuerdirect.com/sea

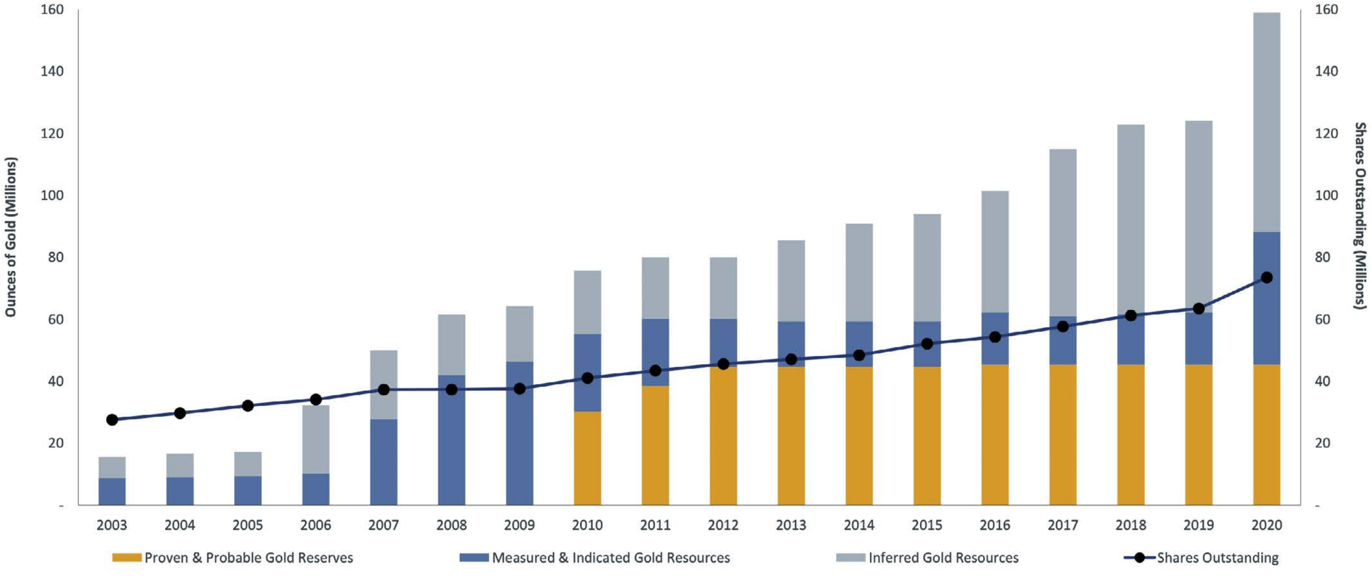
CEO's Report to Shareholders

In last year's annual report, we laid out the reasons we believed another bull market in gold was beginning. Our views on rising gold prices were centered on global debt levels and a coming recession that would result in central banks implementing aggressive monetization. At the time, the full impact of COVID-19 on the global economic and financial system was unknown, however, the policies we expected were implemented by central banks right on cue.

The price of gold began 2020 at approximately US$1,514 per ounce and by early August was trading above US$2,000 for the first time in history. At the time, many market players were forecasting even higher gold prices but by year end gold had settled back to US$1,887 per ounce and many forecasters had turned bearish. We think the arguments we made last year on why gold will go higher remain valid. Furthermore, monetary policy has entered a new and more dangerous phase.

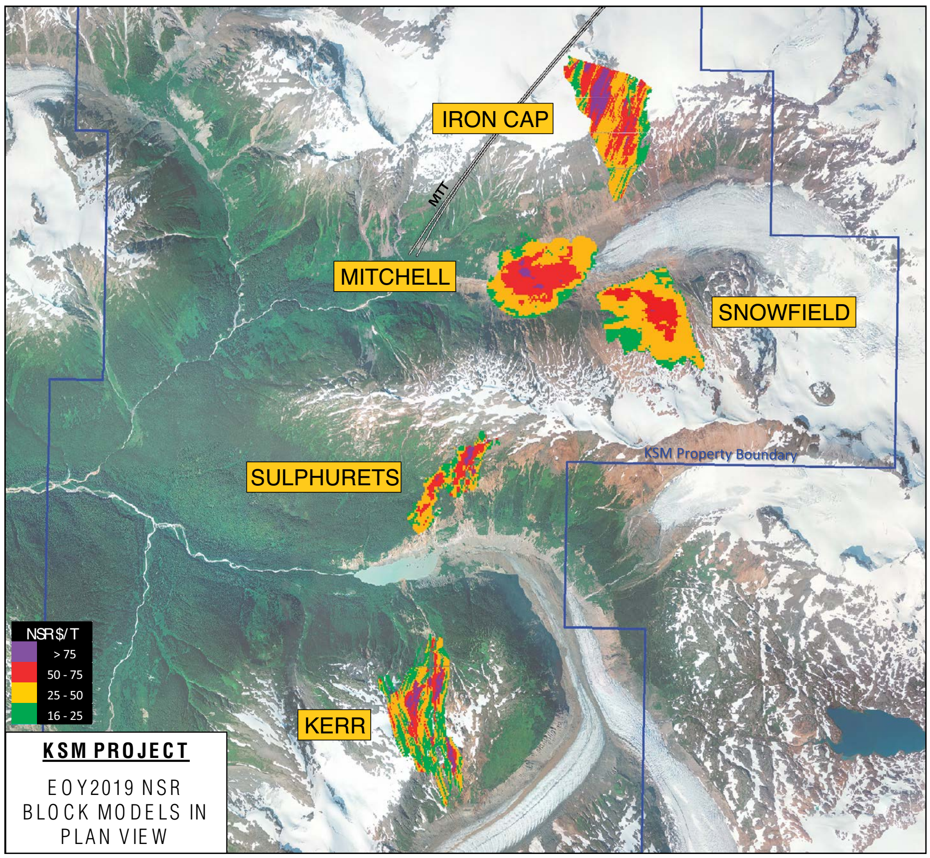
Government transfer payments have accounted for as much as 31% of personal income in recent months thanks to stimulus payments reaching nearly 25% of GDP. Enormous deficits, funded largely by the Federal Reserve, have generated huge increases in money supply and have begun to provoke signs of higher inflation. Interest rates at the long end of the curve have been rising fast and neither the Treasury nor the economy can handle higher rates. The Federal Reserve argues that rising inflation and yields will be transitory but we think we are headed back to the 70s and a powerful move higher in gold.

For the past two decades, Seabridge has focused on building the industry's best leverage to the gold price by growing ounces in the ground faster than our shares outstanding. No other gold company comes close to Seabridge in terms of gold reserves or gold resources per common share outstanding. As shown in the chart below, from 2003 to 2020, Seabridge's gold resources have grown by **915%** during a period when shares outstanding increased by only **167%**.



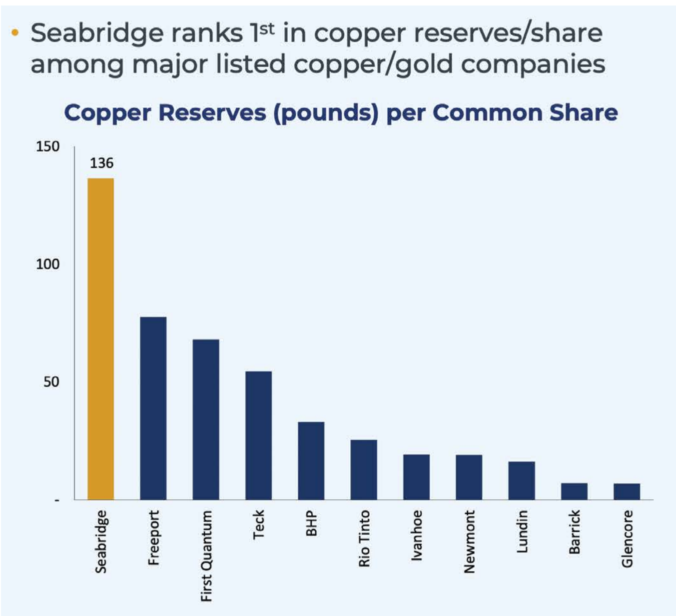
Our gold-focused strategy has resulted in Seabridge's common shares significantly outperforming gold and other gold equities over the past 20 years. Last year was no different. In 2020, Seabridge's share price increased by approximately 53%, outperforming the GDX (+23%), the GDXJ (+28%) and the gold price (+25%) over the same time period.

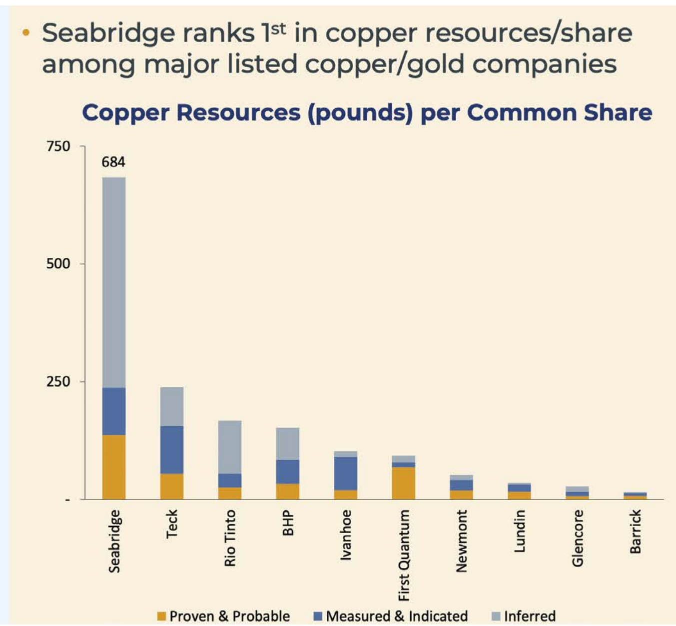
The acquisition of the Snowfield Property in December, made 2020 one of our best years ever for offsetting equity dilution with accretion in gold resources. Snowfield is located in the same valley that hosts KSM's Mitchell and Iron Cap deposits. To pay the US$100 million acquisition price, Seabridge arranged a bought-deal equity financing consisting of 6.1 million shares. In return, Snowfield delivered 25.9 million ounces of gold in the measured and indicated category and a further 9.0 million ounces in the inferred category as well as substantial copper resources. To put it another way, Seabridge was able to purchase Snowfield's in-the-ground gold resources for approximately US$3 per ounce.



Work is already underway to integrate Snowfield into a new KSM mine plan. We believe a large portion of the Snowfield mineral resource could be exploited, potentially improving KSM's internal rate of return and net present value projections as well as shortening the payback period of initial capital. This coming season, we plan to collect the additional data that is necessary to complete a new Preliminary Feasibility Study ("PFS") for KSM which includes Snowfield. We believe this new PFS will increase project reserves and improve capital efficiency by extending the life of open pit mining, thereby allowing us to delay the capital-intensive development of underground block-cave mining until later in the project life. The expected improvements to KSM as a result of the acquisition of Snowfield are already generating new interest with potential joint venture partners.

However, Seabridge is not just about gold. In addition to our extensive gold reserves and resources, Seabridge has also amassed, at KSM, one of the world's largest inventories of copper. Since completion of the 2016 PFS, copper resources at KSM have grown by over 33 billion pounds with most of this growth coming from exploration success at the Deep Kerr and Iron Cap deposits. Not only is KSM the world's largest undeveloped gold project, but it also ranks as one of the world's largest undeveloped copper projects. As the charts below show, Seabridge provides far more copper reserves and resources per share than most of the world's largest operating copper/gold producers.





Source: company data. Data as of March 31, 2021
Note: companies shown include North America's largest copper companies and selected copper project development companies

Last year's annual report theme was ***"Enhancing KSM"***. At the time we had just completed a new review of KSM that included an alternative mine plan capturing some of the higher grade copper resources added since 2016. The results were extremely positive for the project.

The theme for this year's annual report is ***"Gold and Green"***. The world's new "green revolution" is predicated on reducing the use of fossil fuels and their related emissions and increasing new green energy use. Copper, also known as the green metal, will play an important part in this transition. To tell the story on why copper demand is expected to grow in the coming years, and how KSM could play a role in the new green initiative, we have included an interview with our President and Chief Operating Officer, Jay Layman. I hope you enjoy it.

As in years past, the following section provides a self-graded report card on how we did against the corporate objectives set for the past year, as well as the new objectives set for the current year.

We are very enthusiastic about Seabridge's positioning right now. We believe that current market conditions provide the economic incentives for a major mining company to meet our terms for a joint venture at KSM. In the meantime, we believe our shareholders will benefit from our significant exposure to copper in a world that increasingly needs more of it as well as our industry-leading leverage to gold.

On Behalf of the Board of Directors,

Rudi P. Fronk
Chairman and Chief Executive Officer
April 19, 2021

Our 2020 Corporate Report Card and Our 2021 Objectives

Reporting on Last Year

We begin each year with a set of clear objectives focused on enhancing shareholder value. At year end, our Board of Directors evaluates how we performed against these objectives. Last year's annual report set out seven objectives, six of which were achieved. Here is a recap:

OBJECTIVE #1: Complete a joint venture agreement on the KSM Project with a suitable partner on terms advantageous to Seabridge.

In early 2020, joint venture discussions were taking place with a number of interested parties, with an expectation that a joint venture proposal from a "syndicate" would be delivered early in the second quarter. Unfortunately, shortly after the onslaught of the COVID-19 pandemic in March, we were informed by the interested parties that their plans needed to be put on hold.

Improving copper and gold prices along with the acquisition of Snowfield have made KSM an even more attractive project. Parties with which we have had discussions in the past, as well as new parties, are reviewing information on the Snowfield/KSM opportunity and we anticipate joint venture negotiations arising from these reviews.

While we work towards a joint venture deal that meets our objectives, we will continue to improve the quality of the project by integrating the Snowfield Property into the greater KSM Project in a new PFS which we believe will further enhance the project's already robust economics.

We have stated many times that we only get to do this once and, in our view, joint venture terms are far more important than timing. Our goal in a joint venture is to maintain a meaningful interest in KSM while minimizing our capital contributions. We believe that our patience will be rewarded.

As of now, this objective has not been met.

OBJECTIVE #2: Continue to strengthen our social license by responding effectively to the needs and concerns of Treaty and First Nations and local communities.

Despite the limitations imposed by COVID-19, we were able to continue advancing our social license. Our focus was local engagement to respond to local needs.

KSM

- This year's educational funding supported 68 students in NW BC, from Smithers, Terrace, Telkwa, Witset, Stewart, Dease Lake and Prince Rupert. In addition, a $25,000 donation and support for further government funding helped the Gitanyow Hereditary Chiefs Office establish the Gitanyow Education and Training Institute.

- We supported a number of Northwest BC community groups in Smithers, Terrace, Stewart, Dease Lake, Telegraph Creek, Iskut, Gitwinkshilkw, Hazelton, Witset and Gitanyow. Some highlighted programs included the Stewart Community Connections Society, outdoor recreation programs in Smithers and Terrace, and a child development center.

- In these same communities, we assisted local communities with COVID-19 preparedness donating food, masks, cleaning supplies and hand sanitizers. Donations were also made to the NW BC Crisis Centre and Society of Domestic Peace.

- Seabridge participated in career fairs in Gitanyow and Hazelton and hosted the Roundup reception for suppliers, contractors, and Indigenous leadership teams in early 2020 (pre-COVID).

- KSM COVID-19 protocols were developed and implemented with the Tahltan Central Government.

- The size and scope of KSM work programs were downsized to comply with COVID-19 protocols and protect our Indigenous neighbors.

- Employment statistics:
  - o KSM Camp- On average, 34 people were in camp, including 21 BC residents and 4 Indigenous persons.

  - o Iskut Camp- On average, 38 people were in camp, including 37 BC residents and 7 Indigenous persons.

- Seabridge organized its annual environmental monitoring program workshop to keep regulators and local Indigenous communities apprised of our environmental monitoring and exploration programs.

Courageous Lake

- Seabridge obtained renewal of its Class A Land Use Permit (required for exploration work).

- We received an initial Class A Water License that allows for more than 3 drill rigs to operate at the site, increasing operational flexibility and efficiency.

- These permits were obtained with the full support of the local Indigenous communities including the Yk Dene and TliCho.

- We completed a Yk Dene Traditional Use Study for the Courageous Lake Area.

- Seabridge completed and released its 2019 Wildlife Use Report to local Indigenous groups and regulatory authorities. This is an annual voluntary program designed to mitigate concerns about the impact of exploration activity on caribou.

- We voluntarily suspended 2020 work programs to address community concerns regarding potential spread of COVID-19.

This objective was accomplished.

OBJECTIVE #3: Execute our 2nd drill program at Snowstorm, continuing to target a Getchell/Twin Creeks style deposit.

Our 2nd drill program at Snowstorm in Nevada commenced in September and was completed in April 2021. The program was an exercise in patience. The pace of drilling was slow due to difficult access in inclement weather, high water pressures in some of the stratigraphy and self-imposed restrictions around COVID-19 concerns.

The 2020 program was designed to advance the project to the next stage by testing magnetotelluric (MT) structures for the presence of gold-bearing fluids in the rocks. These types of structures host major gold deposits to the south. The four-hole drill program was successful. Two holes tested a shallow dipping geophysical target near multiple converging northeast and northwest trending fault zones. A third angled hole was designed to cross a northeast structure and test the same shallow dipping geophysical target. The fourth hole tested a large low resistivity anomaly, hanging wall to the shallow dipping geophysical response and into the core of an interpreted fold.

The holes targeting the low angle MT anomaly encountered intensely altered intermediate intrusive rocks. These intrusive rocks and wall rocks footwall to the intrusions are sheared and contain abundant silica introduction. Associated with the sheared and altered zones are gold, arsenic and silver concentrations one to two orders of magnitude above background intensities. Shearing and alteration in these rocks indicate that this target represents a thrust fault within the Paleozoic stratigraphy that acted as a pathway for gold-bearing fluids.

Snowstorm was acquired because we thought it was an excellent opportunity for the discovery of a Getchell-style high grade gold deposit. These occurrences are challenging to find as they are hidden under younger volcanic cover. Our 2019 program confirmed that Snowstorm has the right stratigraphy and a continuation of the Getchell structural setting. The 2020 program met its objective of finding a gold-bearing feeder system hosted within similar rocks and structural setting as the Turquoise Ridge and Twin Creek mines, located southwest of Snowstorm on the Getchell Trend.

Additional drilling is planned for 2021 to attempt to vector towards gold occurrences analogous to other Getchell deposits.

This objective was accomplished.

OBJECTIVE #4: Conduct an initial drill test for a gold/copper porphyry deposit below the Quartz Rise lithocap at Iskut.

The 2020 program at Iskut was completed in September. The program was designed to test geophysical anomalies below the Quartz Rise lithocap that is host to a diatreme pipe containing gold-copper mineralized vein fragments. A total of 8,961 meters of core drilling was completed in 11 holes. Results were consistent with the alteration halo from a large porphyry system. Mineralized intervals of 0.62% copper over 31.8 meters and 158 meters grading 0.16 g/T gold and 0.16% copper were intersected, indicating that drilling to date is in the outer halo of a gold-copper porphyry. The next step is to vector to the heart of that system which may still exist at greater depth. Analysis of the intrusive rocks, trace element geochemistry, alteration mineralogy, structural and deformation settings is ongoing to refine targets.

This objective was accomplished.

OBJECTIVE #5: Continue the reclamation and closure of the Johnny Mountain Mine in cooperation with the Tahltan Nation and BC regulators

COVID-19 restricted certain planned field activities at Johnny Mountain in 2020. Early in the year, Seabridge developed and implemented the necessary COVID-19 protocols with the Tahltan Central Government which dictated the field work that could be undertaken.

Work proceeds on rehabilitating an abandoned mine.

During 2020 we were able to complete the second year of the ongoing regional aquatic effects monitoring program. Additionally, we were able to conduct our required field sampling and reporting requirements under our existing permits. We also continued our longer-term monitoring programs to ensure the stability of the tailings management facility.

In cooperation with the Tahltan Nation, we published a joint technical paper with the BC Technical and Research Committee on Reclamation, detailing reclamation work at the Johnny Mountain Mine. Finally, we developed a joint Tahltan Nation-Seabridge Gold video on the Johnny Mountain Mine Reclamation Program for educational purposes.

Although hindered by the impacts of COVID-19, critical work did continue, and this objective was accomplished.

OBJECTIVE #6: Assemble all of the historic data generated at 3 Aces into a 3-D model and identify targets to drill in 2021.

Structural and drill hole data have been integrated into a database. These initial results indicate two sub-parallel zones with potential for resource development. Seabridge's exploration team, working with consultants who were active previously on the project, has built a preliminary 3-D model utilizing all previously generated data. The preliminary 3-D model has identified drill targets that we plan to drill in 2021.

This objective was accomplished.

Surface mineralization at 3 Aces grading better than 1 oz. of gold per tonne.

OBJECTIVE #7: Increase gold ownership per common share by way of accretive resource additions from acquisitions and/or continued exploration at our projects.

We ended 2019 with 63.5 million shares outstanding and 62.3 million ounces of gold in the measured and indicated categories plus 61.8 million ounces in the inferred category. Thus, at the end of 2019 we reported 1.95 ounces of gold per share.

To fund our 2020 activities, we issued 10.7 million shares comprised of:

(i) 1,440,000 shares in a hard dollar, non-brokered financing;

(ii) 345,000 shares in a flow through financing to fund the Iskut drill program;

(iii) 300,000 common shares to Golden Predator for the acquisition of 3 Aces;

(iv) 390,153 shares in option exercises;

(v) 139,600 shares in RSUs vesting to employees;

(vi) 1,327,046 shares through our at-the-market financing facility; plus

(vii) 6,710,000 shares, principally to fund the acquisition of Snowfield.

To offset the total 2020 dilution of 10.7 million shares, we needed to add approximately 20.8 million ounces of new gold resources to maintain our 1.95 ounces per share.

The acquisition of Snowfield provided 25.9 million ounces of gold in the measured and indicated categories plus an addition 9.0 million ounces of gold in the inferred category. Thus, with 88.2 million ounces of gold in the measured and indicated categories plus 70.8 million in the inferred category, we ended 2020 with 2.14 ounces of gold per share, an increase of approximately 10% from 2019.

This objective was accomplished.

Now for 2021...

Our primary objective continues to be to complete a joint venture agreement on the KSM Project with a suitable partner on terms advantageous to Seabridge. Our goal in a joint venture is to: (1) retain a significant interest in a producing mine; (2) minimize our capital exposure; and (3) ensure that our partner must build a mine in order to keep its interest.

Due to the size and complexity of the KSM Project, the number of potential partners is probably limited to fewer than 10 major gold and base metal companies. The combination of KSM's size, location, economics and permit status represent one of the most compelling development opportunities on the planet. We believe that current gold and copper price expectations coupled with the addition of Snowfield to the project's development plans will enhance KSM's compelling economics and strengthen our hand in negotiations. Finally, the market is starting to wake up to the fact that major mining companies are depleting their reserves faster than they are replacing them and new projects are needed just to sustain current production levels. We firmly believe our patience will reap rewards for shareholders who stay the course.

Here are seven other objectives we have set for 2021:

1. Continue to strengthen our social license by responding effectively to the needs and concerns of Treaty and First Nations and local communities.
2. Collect all the data necessary to be in a position to complete an updated Preliminary Feasibility Study incorporating Snowfield into the greater KSM Project;
3. Execute our 3rd drill program at Snowstorm, continuing to target a Getchell/Twin Creeks style deposit;
4. Conduct a follow-up drill test at Iskut for a gold/copper porphyry deposit below the gold and copper mineralization discovered in the 2020 program;
5. Continue the reclamation and closure of the Johnny Mountain Mine in cooperation with the Tahltan Nation and BC regulators;
6. Commence field activities at 3 Aces including geophysical surveys, drill hole relogging and surface confirmation of structural interpretation to be followed by an initial drill program to confirm our geologic model; and
7. Increase gold ownership per common share by way of accretive resource additions from acquisitions and/or continued exploration at our projects.

It remains to be seen what limitations COVID-19 may impose on our planned 2021 programs. However, our goal remains to continue to add shareholder value this year and, in the years, ahead.

A New Precious Metal Emerges: Copper

An interview with Jay Layman, Seabridge President and Chief Operating Officer

Q: Seabridge is known as a gold company but really you are equally a copper company. KSM has about 17.1 billion pounds of measured and indicated copper resources plus an additional 33.2 billion pounds in the inferred category. How important is the copper in your planning?

Layman: Copper is why KSM works so well economically. We have found an absolutely amazing amount of economic copper—about 684 pounds per share if you consolidate all categories of resources. There aren't any copper companies that can match that.

At current metal prices, we can actually produce gold at a negative cost per ounce after taking account of the copper credits. Or you can go the other way and produce copper at a negative cost by taking gold as a byproduct. The abundance of both metals makes KSM equally attractive to copper and gold companies as potential joint venture partners.

Q: Copper is now thought of as the green metal because of its importance in electrification which is critical to a zero-carbon world. Copper is attracting a lot of investor attention as a sustainable metal that conforms to a lot of ESG objectives.

Layman: That's right. The changes needed to meet the Paris Accord targets for zero carbon emissions are radical and profound. The demand for copper is going to go through the roof, making KSM increasingly valuable. We are on the way to electrifying everything.

Electric vehicles are just the beginning. Other developments that demand more copper are 5G wireless networks, smart buildings and homes, the internet of things and smart cities. Everything is connecting to everything else, and the connector is copper. In 2018, we had 1.7 billion interconnected devices. By 2024, that will grow to about 4 billion devices. It's coming at us very fast.

Q: What's this mean in terms of demand growth?

Layman: The numbers are pretty shocking. Let's look at vehicles. Gas powered vehicles use about 55 pounds of copper on average. Hybrids use twice that at around 110 pounds. BEVs, which have zero emissions, weigh in at 165 pounds while FCEVs - that's fuel cell vehicles - use 200 pounds of copper. Developed countries are mandating that carmakers have to produce these zero emission vehicles. Most major carmakers are planning to produce nothing else.

What's all this mean? In 2020, vehicle production used 4.4 million metric tonnes of copper. By 2030, they will need an estimated 8.1 million metric tonnes—almost twice as much.

Q: What's the supply side look like?

Layman: We are facing an acute shortage of copper going forward. We see a likely deficit of 6.3 million tonnes per year by 2030 and a cumulative 28.9 million tonne deficit for the period from 2021-2030.

It's not just soaring demand. Mining capacity is projected to fall an average of 4% per year during this same 10-year period. We are going to need at least 1.2 million tonnes of new capacity each and every year to satisfy demand and it's very hard to see this much coming online in the short term. Obviously KSM is needed and many more projects as well. New projects now have lower grade than in the past so capital requirements are going to rise substantially and it usually takes a decade or more from discovery to start-up for new copper projects so there is no quick fix.

Q: Why is production falling?

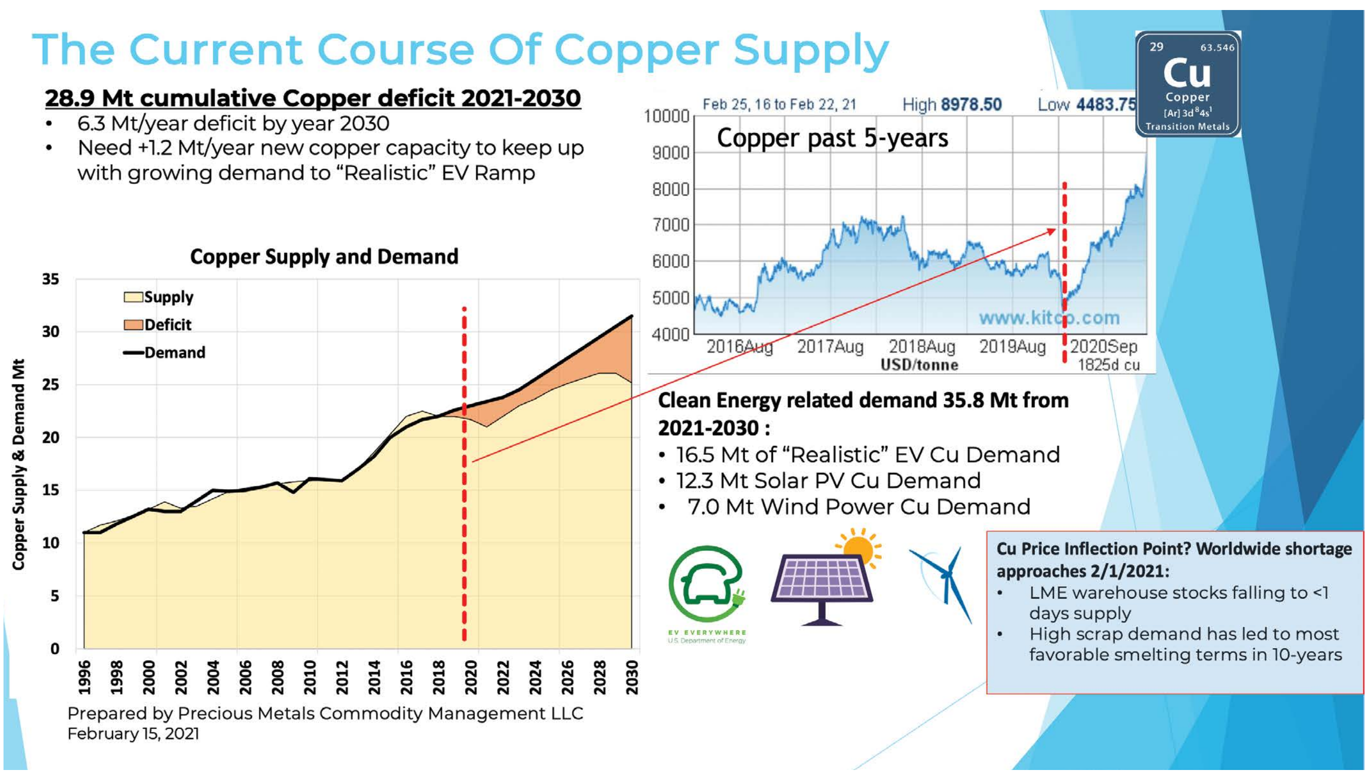
Layman: We have had years of under-investment in the so-called old economy - commodities and heavy industry - due to a decade of lower prices and poor returns. Local opposition to new projects and delays in permitting have contributed to the shortfall in supply. Technology has attracted more investment dollars and mining has had to struggle to accommodate ESG mandates that have taken center stage in capital markets. COVID-19 hasn't helped either. Deals that might have resulted in new project opportunities didn't happen.

You are beginning to see some experts predicting a $10 plus copper price this decade. The industry will likely need it to bring on lower grade deposits and meet demand. We think the recovery in commodity prices will actually signal the start of a much longer structural bull market for many commodities. What this means is that approved projects like KSM located in safe jurisdictions are going to be revalued higher.

> "We have found an absolutely amazing amount of economic copper—about 684 pounds per share if you consolidate all categories of resources. There aren't any copper companies that can match that."

Q: Life is going to be fun again for the mining business.

Layman: We think so. The green revolution is first and foremost a revolution in the metals business. The opportunities are really exciting for companies like ours.



Mineral Reserves and Resources

December 2020

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

Proven and Probable Mineral Reserves

				Average Grades				Contained Metal			
Project	**Zone**	**Reserve Category**	**Tonnes (millions)**	**Gold (gpt)**	**Copper (%)**	**Silver (gpt)**	**Moly (ppm)**	**Gold (million ounces)**	**Copper (million pounds)**	**Silver (million ounces)**	**Moly (million pounds)**
KSM	Mitchell	Proven	460	0.68	0.17	3.1	59.2	10.1	1,767	45	60
		Probable	934	0.58	0.16	3.1	50.2	17.4	3,325	95	104
	Iron Cap	Probable	224	0.49	0.20	3.6	13.0	3.5	983	26	6
	Sulphurets	Probable	304	0.59	0.22	0.8	51.6	5.8	1,495	8	35
	Kerr	Probable	276	0.22	0.43	1.0	3.4	2.0	2,586	9	2
KSM Totals		Proven	460	0.68	0.17	3.1	59.2	10.1	1,767	45	60
		Probable	1,738	0.51	0.22	2.5	38.2	28.7	8,388	138	147
		Total	**2,198**	**0.55**	**0.21**	**2.6**	**42.6**	**38.8**	**10,155**	**183**	**207**
Courageous Lake		Proven	12	2.41				1.0			
		Probable	79	2.17	n/a	n/a	n/a	5.5	n/a	n/a	n/a
		Total	**91**	**2.20**				**6.5**			
Seabridge Totals								**45.3**	**10,155**	**183**	**207**

Mineral Resources (Includes Mineral Reserves as stated above)

			Measured Resources							
			Gold		Copper		Silver		Molybdenum	
Project	**Cut Off Grade (g/t)**	**Tonnes (000)**	**Grade (g/t)**	**Ounces (000)**	**Grade (%)**	**Pounds (millions)**	**Grade (g/t)**	**Ounces (000)**	**Grade (ppm)**	**Pounds (millions)**
KSM: Mitchell	C$9/16 NSR	750,000	0.63	15,125	0.17	2,844	3.2	77,374	58	96
Snowfield	0.30	189,800	0.82	4,983	0.09	380	1.7	10,332	97	41
Bronson Slope	C$9 NSR	84,150	0.42	1,140	0.15	280	2.2	6,010	n/a	n/a
Courageous Lake	0.83	13,401	2.53	1,090	n/a	n/a	n/a	n/a	n/a	n/a
Quartz Mountain*	0.34	3,480	0.98	110	n/a	n/a	n/a	n/a	n/a	n/a
Total Measured Resources				22,448		3,504		93,716		137

			Indicated Resources							
			Gold		Copper		Silver		Molybdenum	
Project	Cut Off Grade (g/t)	Tonnes (000)	Grade (g/t)	Ounces (000)	Grade (%)	Pounds (millions)	Grade (g/t)	Ounces (000)	Grade (ppm)	Pounds (millions)
KSM:										
Mitchell	C$9 NSR Pits	1,045,000	0.57	19,191	0.16	3,795	3.0	101,709	58	134
Sulphurets		446,000	0.55	7,887	0.21	2,064	1.0	14,339	53	52
Kerr	C$16 NSR UG	374,000	0.22	2,660	0.41	3,405	1.1	13,744	5	4
Iron Cap		423,000	0.41	5,576	0.22	2,051	4.6	62,559	41	38
KSM Total		2,288,000	0.48	35,314	0.22	11,315	2.6	192,351	45	228
Snowfield	0.30	1,180,300	0.55	20,934	0.10	2,600	1.7	65,444	84	217
Bronson Slope	C$9 NSR	102,740	0.31	1,020	0.10	222	2.2	7,160	n/a	n/a
Courageous Lake	0.83	93,914	2.28	6,884	n/a	n/a	n/a	n/a	n/a	n/a
Quartz Mountain*	0.34	54,330	0.91	1,591	n/a	n/a	n/a	n/a	n/a	n/a
Total Indicated Resources				65,743		14,137		264,955		445

			Measured plus Indicated Resources							
			Gold		Copper		Silver		Molybdenum	
Project	Cut Off Grade (g/t)	Tonnes (000)	Grade (g/t)	Ounces (000)	Grade (%)	Pounds (millions)	Grade (g/t)	Ounces (000)	Grade (ppm)	Pounds (millions)
KSM:										
Mitchell	C$9 NSR Pits	1,795,000	0.59	34,316	0.17	6,639	3.1	179,083	58	230
Sulphurets		446,000	0.55	7,887	0.21	2,064	1.0	14,339	53	52
Kerr	C$16 NSR UG	370,000	0.22	2,660	0.41	3,405	1.1	13,744	5	4
Iron Cap		423,000	0.41	5,576	0.22	2,051	4.6	62,559	41	38
KSM Total		3,038,000	0.52	50,439	0.21	14,159	2.8	269,725	48	324
Snowfield	0.30	1,370,100	0.59	25,917	0.10	2,980	1.7	75,776	86	258
Bronson Slope	C$9 NSR	186,890	0.36	2,160	0.12	502	2.2	13,170	n/a	n/a
Courageous Lake	0.83	107,315	2.31	7,974	n/a	n/a	n/a	n/a	n/a	n/a
Quartz Mountain*	0.34	57,810	0.92	1,701	n/a	n/a	n/a	n/a	n/a	n/a
Total Measured plus Indicated Resources				88,191		17,641		358,671		582

			Inferred Resources							
			Gold		Copper		Silver		Molybdenum	
Project	Cut Off Grade (g/t)	Tonnes (000)	Grade (g/t)	Ounces (000)	Grade (%)	Pounds (millions)	Grade (g/t)	Ounces (000)	Grade (ppm)	Pounds (millions)
KSM:										
Mitchell	C$9 NSR Pits	478,000	0.42	6,406	0.12	1,230	3.2	48,676	52	55
Sulphurets		223,000	0.44	3,155	0.13	639	1.3	9,320	30	15
Kerr	C$16 NSR UG	1,999,000	0.31	19,823	0.40	17,720	1.8	114,431	23	103
Iron Cap		1,899,000	0.45	27,474	0.30	12,556	2.6	158,741	30	126
KSM Total		4,599,000	0.38	56,858	0.32	32,145	2.4	331,168	29	299
Snowfield	0.30	833,200	0.34	9,029	0.06	1,100	1.9	50,964	70	128
Courageous Lake:										
FAT Deposit	0.83	48,963	2.18	3,432	n/a	n/a	n/a	n/a	n/a	n/a
Walsh Lake	0.60	4,624	3.24	482	n/a	n/a	n/a	n/a	n/a	n/a
Quartz Mountain*	0.34	44,800	0.72	1,043	n/a	n/a	n/a	n/a	n/a	n/a
Total Inferred Resources				70,844		33,245		382,132		427

** As of December, 2020 the Quartz Mountain project was subject to an option agreement under which a 100% interest in the project may be acquired from Seabridge by the optionee.*

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

Management's Discussion And Analysis

For the year ended December 31, 2020

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, 2020 and 2019. This report is dated March 23, 2021 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2020 and 2019, 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.com. As the Company has no operating project at this time, its ability to carry out its business plan rests with its ability to sell projects or to secure equity and other financings. All amounts contained in this document are stated in Canadian dollars unless otherwise disclosed.

The consolidated financial statements for the year ended December 31, 2020 and the comparative year ended December 31, 2019 have been prepared by the Company in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Company Overview

Seabridge Gold Inc. is a company engaged in the acquisition and exploration of gold properties located in North America. The Company's objective is to provide its shareholders with exceptional leverage to a rising gold price. The Company's business plan is to increase its gold ounces in the ground but not to go into production on its own. The Company will either sell projects or participate in joint ventures towards production with major mining companies. Since inception in 1999, Seabridge has acquired interests in numerous advanced-stage gold projects situated in North America and its principal projects include the KSM property located in British Columbia and the Courageous Lake property located in the Northwest Territories. In 2016, the Company acquired 100% of the common shares of SnipGold Corp. ("SnipGold") and its 100% owned Iskut Project and both in British Columbia. In 2017, the Company purchased 100% of Snowstorm Exploration LLC and its Snowstorm Project in Nevada. In 2020, the Company purchased 100% interest in the 3 Aces gold project in Yukon and acquired the Snowfield property adjacent to the KSM Project in British Columbia. Seabridge's common shares trade in Canada on the Toronto Stock Exchange under the symbol "SEA" and in the United States on the New York Stock Exchange under the symbol "SA".

Selected Annual Information

Summary operating results ($000s – except per share amounts)	2020	2019	2018
Corporate and administrative expenses	**$ (16,530)**	$ (13,340)	$ (12,370)
Environmental rehabilitation expense	**-**	-	(7,439)
Other income - flow-through shares	**1,676**	1,218	6,312
Impairment of investment in associate	**-**	-	(1,336)
Equity loss of associate	**(187)**	(200)	(160)
Interest income	**114**	279	164
Income taxes recovery (expense)	**800**	697	(4,967)
Finance expense and other	**(815)**	(267)	(144)
Net loss	**$ (14,942)**	$ (11,613)	$ (19,940)
Basic loss per share	**$ (0.23)**	$ (0.19)	$ (0.34)
Diluted loss per share	**$ (0.23)**	$ (0.19)	$ (0.34)

Summary statements of financial position ($000s)	2020	2019	2018
Current assets	**$ 46,229**	$ 19,213	$ 24,473
Non-current assets	**601,588**	430,159	398,987
Total assets	**$ 647,817**	$ 449,372	$ 423,460
Current liabilities	**$ 10,194**	$ 6,690	$ 6,502
Non-current liabilities	**22,905**	27,659	30,403
Equity	**614,718**	415,023	386,555
Total liabilities and equity	**$ 647,817**	$ 449,372	$ 423,460

Results of Operations, 2020 Compared to 2019

The Company incurred $14.9 million net loss or $0.23 per share for the year ended December 31, 2020 compared to a net loss of $11.6 million or $0.19 per share for the year ended December 31, 2019.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization, which continues to cause significant financial market and social dislocation. In response, the Company implemented measures to safeguard the health and well-being of its employees, contractors, consultants, and community members. Regarding human resources, the Company conducted the majority of its Canadian operations with Canadian personnel and US based operations with US personnel. No operations were ceased or closed and no disruptions to supply channels were encountered. The outbreak has not materially impacted the Company's operations, financial condition or financial performance, but it has caused it to reduce the scale of certain programs at KSM and the closure of the Johnny Mountain Mine and has hindered the pace of advancement at those projects.

Corporate and administrative expenses, including stock-based compensation, were the most significant items contributing to losses in fiscal 2020 and 2019. In 2020 and 2019 other income reported for flow-through shares offset some of these expenses. These and other items are discussed further below.

Corporate and administrative expenses for 2020 were $16.5 million, up $3.2 million or 24% from prior year mainly due to $3.4 million increase in stock-based compensation and $0.2 million increase in cash compensation. The increase in stock-based compensation expense was primarily due to the recognition of the fair value of non-market performance options granted between 2015 and 2019 that were vested in late 2020.

Cash compensation for 2020 was $4.8 million, up $0.2 million or 4% from the prior year. The increase was mainly due to higher headcount. Cash compensation is expected to remain stable or increase marginally given the growth in project and corporate activity in the Company.

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

			($000s)					
Options granted	**Exercise price ($)**	**Number of options**	**Grant date fair value**	**Cancelled prior to 2019**	**Expensed prior to 2019**	**Expensed in 2019**	**Expensed in 2020**	**Balance to be expensed**
June 24, 2015	9.00	475,000	5,774	149	1,266	-	4,359	-
March 24, 2016	13.52	100,000	684	-	684	-	-	-
August 11, 2016	17.14	50,000	438	-	438	-	-	-
December 19, 2016	10.45	890,833	6,254	94	5,974	186	-	-
December 14, 2017	13.14	605,000	4,303	-	3,529	556	218	-
October 11, 2018	16.94	50,000	421	-	96	238	87	-
December 12, 2018	15.46	568,000	4,719	-	276	3,107	1,328	8
June 26, 2019	17.72	50,000	416	-	-	168	248	-
				243	**12,263**	**4,255**	**6,240**	**8**

		($000s)				
RSUs granted	**Number of RSUs**	**Grant date fair value**	**Expensed prior to 2019**	**Expensed in 2019**	**Expensed in 2020**	**Balance to be expensed**
December 14, 2017	65,000	854	854	-	-	-
December 12, 2018	68,000	1,051	183	868	-	-
December 12, 2019	139,600	2,351	-	274	2,077	-
December 16, 2020	135,450	3,413	-	-	487	2,926
			1,037	**1,142**	**2,564**	**2,926**

The Company has, since 2019, refocused the compensation practices away from issuing a combination of stock options and RSUs to only issuing RSUs with shorter terms and service periods.

On June 25, 2020, shareholders resolved to approve that 425,000 options that were granted to the directors of the Company in 2015 and due to expire in April 2020, be extended for one year. The fair value of the extension was determined to be $4.4 million. In December 2020, upon acquisition of the Snowfield property (discussed below) the performance condition for these options, amongst other grants made between 2016 and 2019, was met and management adjusted the estimated vesting period to that date and a total of $6.0 million of fair value was expensed through the statement of operations and comprehensive loss.

In 2020, 139,600 RSUs fully vested to the holders upon the Company attaining pre-established vesting conditions and $2.1 million of fair value was expensed through the statement of operations and comprehensive loss. The estimated vesting period for 135,450 RSUs granted in mid-December 2020 was determined to be four months and the remaining $2.9 million of the full $3.4 million fair value will be charged to the statement of operations and comprehensive loss in 2021.

Professional fees remained steady at $1.1 million in 2020. Professional fees in both the current and comparative years relate to fees paid to consulting firms assisting the Company in seeking potential joint venture partners, completing corporate reorganizations and defending the Company on its challenges from the Canada Revenue Agency (the "CRA"). Other general and administrative costs decreased by $0.4 million from $2.2 million in 2019 to $1.8 million in the current year. General and administrative costs, including corporate travel for investor relations and meetings, were significantly curtailed due to the COVID-19 pandemic restrictions. Savings, however, were somewhat offset by rising regulatory and stock exchange listing fees. The Company would expect travel and accommodation costs to rise in 2021, should pandemic restrictions be lessened but not yet to the level of costs incurred in 2019.

In 2020, the Company recorded $1.7 million of other income related to recognizing the flow-through share premium recorded on financing completed in September 2019 and June 2020 (discussed below). In the comparative year, the Company recorded $1.2 million of other income related to recognizing the flow-through share premium recorded on financing completed in December 2018 and September 2019 (discussed below).

In 2018, the Company submitted a reclamation report with the British Columbia Minister of Mines pointing to a full closure cost of the Johnny Mountain Mine (purchased in 2016 with the Iskut Project) at approximately $9.1 million and a plan to incur the costs over approximately five years. Significant costs include estimates for the closure of all adits and vent raises, removal of the mill and buildings, treatment of landfills and surface water management as well as ongoing logistics, freight and fuel costs. All costs incurred in the current and comparative periods associated with these activities have been charged to the provision for reclamation liabilities on the consolidated statement of financial position.

In 2020, the Company incurred $0.8 million of environmental rehabilitation expenditures (2019 - $1.3 million) that were recorded as a reduction to the provision for reclamation liabilities on the consolidated statements of financial position. Planned spending in 2020 was reduced due to camp restrictions related to COVID-19, and related to water impoundment strengthening, site monitoring and analysis. The 2019 work entailed the demolition of portals and sealing of vent raises, the relocation of certain waste burial sites, overall drainage work and the cleaning and clearing of the mill for future dismantling.

The Company holds common shares of several mining companies that were received as consideration for optioned mineral properties and other short-term investments, including one gold exchange traded receipt. In 2020, the Company recognized an increase in fair value of investments, net of income taxes of $0.7 million. During the comparative year, the Company recognized an increase in fair value of investments, net of income taxes of $0.3 million. The change in the fair value of these investments was recorded within comprehensive loss on the consolidated statements of operations and comprehensive loss.

The Company holds one investment in an associate that is accounted for on the equity basis. In 2020, the Company recognized $0.2 million (2019 – $0.2 million) loss in the associate.

In 2020, the Company recognized income tax recovery of $0.8 million resulting from the losses incurred during the period. The tax recovery was partially offset by the deferred tax expense arising from exploration expenditures related to the September 2019 and June 2020 flow-through shares issued, that were capitalized for accounting purposes but were renounced to investors for tax purposes. In 2019, the Company recognized income tax recovery of $0.7 million as losses incurred during that period outweighed the renounced exploration expenditures related to the 2019 and 2018 flow-through financings.

Results of Operations, 2019 Compared to 2018

The Company incurred $11.6 million net loss or $0.19 per share for the year ended December 31, 2019 compared to a net loss of a $19.9 million or $0.34 per share for the year ended December 31, 2018.

Corporate and administrative expenses, including stock-based compensation, were the most significant items contributing to losses in fiscal 2019. In 2018, corporate and administrative expenses, including stock-based compensation, environmental rehabilitation costs and impairments of investment in associate were the most significant items contributing to losses. In 2019 and 2018 other income reported for flow-through shares offset some of these expenses.

Corporate and administrative expenses for 2019 were $13.3 million, up $1.0 million or 8% from 2018 mainly due to $0.6 million increase in cash compensation and $0.2 million increase in stock-based compensation. Stock-based compensation overall remained unchanged at $5.4 million in 2019 compared to $5.2 million in 2018. Cash compensation for 2019 was $4.6 million, up $0.6 million or 15% from 2018. The increase was mainly due to higher headcount.

Total professional fees decreased by $0.3 million from $1.4 million in 2018 to $1.1 million in 2019. Higher professional fees in 2018 was mainly related to the fees paid to consulting firms assisting the Company in seeking potential joint venture partners and corporate reorganization. Other general and administrative costs increased by $0.4 million from $1.8 million in 2018 to $2.2 million in 2019. The increase was mainly related to investor relations costs, listing fees, and travel and conferences costs.

In 2018, the Company charged $7.4 million of rehabilitation expenses to the statement of operations and comprehensive loss related to the filing of a Johnny Mountain Mine reclamation report in British Columbia and the charge was added to the provision for reclamation liabilities on the statement of financial position.

In 2019, the Company recorded $1.2 million of other income related to recognizing the flow-through share premium recorded on financing completed in December 2018 and September 2019. In 2018, the Company recognized other income of $6.3 million related to the flow-through share premium recorded on larger financings completed in 2017 and 2018.

Quarterly Information

Selected financial information for the last eight quarters ending December 31, 2020 is as follows:

(in thousands of Canadian dollars, except per share amounts)	2020				2019			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenue	**-**	**-**	**-**	**-**	-	-	-	-
Loss for period	**(12,653)**	**4,977**	**(4,068)**	**(3,198)**	(2,963)	(2,526)	(2,036)	(4,088)
Basic loss per share	**(0.18)**	**0.07**	**(0.06)**	**(0.05)**	(0.05)	(0.04)	(0.03)	(0.07)
Diluted loss per share	**(0.18)**	**0.07**	**(0.06)**	**(0.05)**	(0.05)	(0.04)	(0.03)	(0.07)

In the third quarter 2020, net income included a $4.9 million reversal of stock-based compensation expense, related to non-market condition, performance vesting stock options granted in the years 2015 to 2019, that was previously recognized through the statement of operations and comprehensive loss. The reversal reflected a revised estimated vesting period of those options. In the fourth quarter 2020, that vesting period was re-estimated to reflect the purchase of the Snowfield property from Pretium Resources Inc. for $127.5 million. The purchase, discussed below, added 25.9 million ounces of gold and 3.0 billion pounds of copper in the measured and indicated categories of resources and alone increased the measured and indicated gold ounces at KSM by 51% and by 28% for copper. The estimated service period for these stock options, including those whose fair value was reversed in the previous quarter, was reset to the Snowfield property acquisition date, and $8.6 million stock-based compensation expense was recognized through the statement of operations and comprehensive loss in the fourth quarter.

In the first and second quarters of 2020, the loss for the period also included higher stock-based compensation expense compared to other quarters as it included a $1.2 million and $0.8 million, respectively, of charges related to amortization of RSUs granted in December 2019 that were vested during the second quarter of 2020. In the first quarter 2019, the loss for the period included higher stock-based compensation expense compared to other quarters as it included a $0.9 million charge related to amortization of RSUs granted in December 2018 and vested and fully expensed during the quarter.

Mineral Interest Activities

In 2020, the Company added an aggregate of $165.8 million of expenditures that were attributed to mineral interests. Of the $165.8 million expenditures, $127.5 million was related to the acquisition of the Snowfield property adjacent to the Company's KSM Project, and $6.6 million was related to the fair value of common shares issued to acquire the 3 Aces gold project. The remaining cash expenditures of $31.3 million were made at KSM (63%), Iskut (18%), Snowstorm (14%), Courageous Lake (3%), and 3 Aces (2%).

At KSM in 2020, the Company executed geotechnical and exploration drilling programs at the project. The programs commenced in the second quarter and field work was completed in late October. The objective of the geotechnical drilling program was to test the condition of the rocks along the proposed route of the Mitchell Treaty Tunnels, a proposed key infrastructure component of the project. The exploration program included drilling in an area previously untested. Results of the geotechnical work and drilling will be analyzed in 2021 and may form the basis of plans for follow-up work.

In mid-2020, the Company placed $5.2 million on deposit with a financial institution pledged as security for the Fish Habitat Offsetting Plans obligation at KSM. Of the $5.2 million, $3.3 million is related to the construction phase of the plans. The remaining $1.9 million is related to monitoring phase that is currently expected to commence in 2022 and continue for 10 years. Subject to approval by the Department of Fisheries and Oceans, the security deposits can be released at the end of the construction and monitoring phases of the plan.

In December 2020, the Company closed the transaction acquiring a 100% interest in the Snowfield property from Pretium Resources Inc. for a US$100 million ($127.5 million) cash payment, a 1.5% net smelter royalty on Snowfield property production, and a future contingent payment of US$20 million of which, US$15 million can be credited against future royalty payments. The US$20 million is payable following the earlier of (i) commencement of commercial production from Snowfield property, and (ii) announcement by the Company of a bankable feasibility study which includes production of reserves from the Snowfield property. The $127.5 million fair value of the cash paid was recorded in mineral interests on the statement of financial position. The property is immediately adjacent to KSM and its addition significantly transforms the KSM Project increasing measured and indicated gold ounces of KSM by 51% and 28% for copper and enables new development opportunities for KSM which could have a positive impact on the overall project economics.

In 2020 at Iskut, the Company conducted an exploration program that was designed based on the results of the exploration work conducted in 2019. The 2019 program entailed the use of deep penetrating geophysical techniques to define potential drill targets and the evaluation of those results culminated in the Company planning an initial drill test for a gold/copper porphyry deposit below the Quartz Rise lithocap. Drilling results will be analyzed for possible follow-up in 2021. In addition to this exploration work at Iskut, the Company carried out a scaled back program to continue the reclamation and closure activities at the Johnny Mountain mine site. The Company incurred $0.8 million of costs that were charged to the provision for reclamation liabilities.

At Snowstorm, the Company commenced its 2020 exploration program that was planned based on the results of the first drill program and ground geophysical studies, completed in 2019, that refined the targets for the current year program. The drilling program continues subsequent to the year end with completion expected at the end of the first quarter or early in the second quarter of 2021. The results of this program will be evaluated and analyzed in 2021.

In June 2020, the Company acquired a 100% interest in the 3 Aces gold project in the Yukon, Canada from Golden Predator Mining Corp. The Company issued 300,000 common shares valued, on the issue date, at $6.6 million. Should the project attain certain milestones, the Company will potentially pay an additional $2.25 million. During the remaining quarters since acquisition, management commenced planning the next steps for the evaluation and exploration of the project and completed some necessary repairs to the exploration camp on site for potential use in 2021.

The Company has been evaluating the best path forward at Courageous Lake. Options include securing a joint venture partner, the sale of all or a portion of the project, updating the 2012 PFS with a smaller initial project or conducting additional exploration outside the area of known reserves and resources. Current period work has focused on a high-level study of a smaller project and footprint than envisaged in the 2012 PFS.

In response to the pandemic, the Company has implemented measures to safeguard the health and well-being of its employees, contractors, consultants, and community members. Many of the Company's employees worked remotely prior to the pandemic, but through the last three quarters of 2020 all employees have been working remotely during ongoing periods of lockdown. The Company has reduced the scope of some of the work programs at its projects that it had originally planned for 2020 in order to observe social distancing and implement preventative actions at exploration camps. Although these measures limited the number of personnel accommodated at the camps, the impact on the effectiveness of the programs was minimal for 2020. The Company has continued to move forward with its exploration and development work at Iskut, Snowstorm and 3 Aces projects but reduced certain programs at KSM and reclamation activities at the Johnny Mountain Mine. The Company's engagement with potential joint venture partners, or potential acquirors of KSM or Courageous Lake did diminish somewhat in 2020 as major mining companies have focused on addressing the needs of their existing operations as a result of the pandemic.

The Company continues to have full access to its properties in Canada and the United States and has managed to adequately staff its camps for planned programs. The Company has not experienced problems with obtaining the supplies needed for its work programs. The Company has instituted and will continue to implement operational and monitoring protocols to ensure the health and safety of its employees and stakeholders, which follow the advice of local governments and health authorities where it operates. The Company plans work programs on an annual basis and adjusts its plans to the conditions it faces for funding and executing programs as it plans and operates its work programs. It fully expects to be able to continue operating most of its programs on this basis going forward, as required, and anticipates that the pandemic will continue to have minimal impact on its exploration activities.

Liquidity and Capital Resources

The Company's working capital position at December 31, 2020, was $36.0 million, up from $12.5 million at December 31, 2019. Included in current liabilities at December 31, 2020 is $2.3 million of flow-through premium liability which is a non-cash item (December 31, 2019 - $0.1 million) and will be reduced as flow-through expenditures are incurred. Increase in cash resources, including cash and cash equivalents and short-term deposits, was the net result of cash raised through financings (discussed below) and the exercise of options, offset by cash used in acquisitions, environmental and exploration projects, and corporate and administrative costs. In 2020, the Company received $4.3 million upon the exercise of 390,153 stock options. Subsequent to the year end, the Company received $3.9 million upon exercise of 354,668 stock options. As outlined below, in 2020, the Company was successful in raising $200 million in net proceeds with the issuance of common shares through various financings and upon the exercise of stock options. This compares to $31.5 million in 2019, prior to the COVID-19 pandemic. The Company is confident in its ability to continue to finance its operations when required, through similar equity issuances and the exercise of stock options and warrants. The Company did not rely on any local, regional, or national government assistance, in 2020, to fund any of its operations.

During the fourth quarter of 2019, the Company entered into an agreement with two securities dealers, for an At-The-Market offering program, entitling the Company, at its discretion, and from time to time, to sell up to US$40 million in value of common shares of the Company. During 2020, the Company issued 1,327,046 shares, at an average selling price of $21.94 per share, for net proceeds of $28.5 million under Company's At-The-Market offering. During the fourth quarter of 2019, the Company issued 231,084 shares, at an average selling price of $17.58 per share, for net proceeds of $4.0 million under the offering.

Subsequent to the year end, the Company entered into a new agreement with two securities dealers, for an At-The-Market offering program, entitling the Company, at its discretion, and from time to time, to sell up to US$75 million in value of common shares of the Company. This program can be in effect until the Company's current US$775 million Shelf Registration Statement expires in January 2023. Subsequent to the year end, the Company issued 290,170 shares, at an average selling price of $23.78 per share, for net proceeds of $6.8 million under Company's At-The-Market offering.

On December 4, 2020, the Company entered into an agreement to sell, on a bought deal basis, 6,100,000 common shares of the Company, at US$17.25 per common share, for gross proceeds of US$105 million. As part of the agreement, the Company granted an option to the underwriters to sell up to an additional 610,000 common shares of the Company, at a price of US$17.25 per common share, for gross proceeds of US$10.5 million. The financing closed on December 9, 2020, and the underwriters fully exercised their option to purchase the additional common shares. In aggregate, 6,710,000 common shares were issued, at a price of US$17.25 per common share, for gross proceeds of US$115.7 million. In excess of 90% of the intended use of the net proceeds of this financing was to purchase the Snowfield property. The balance was to be utilized in operations and for general working capital purposes. The acquisition of Snowfield was completed prior to year-end and residual funds not utilized for the acquisition, including acquisition costs, will be used for working capital and operations in 2021.

In June 2020, the Company issued 345,000 flow-through common shares at $32.94 per common share for aggregate gross proceeds of $11.4 million. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement was December 31, 2020. In accordance with draft legislation released on December 16, 2020 in relation to the COVID-19 pandemic, a 12-month extension has been proposed to the normal timelines in which the qualifying exploration expenditures should be incurred. At the time of issuance of the flow-through shares, $3.9 million premium was recognized as a liability on the consolidated statements of financial position. During 2020, the Company incurred $4.7 million of qualifying exploration expenditures and $1.6 million of the premium was recognized through other income on the consolidated statements of operations and comprehensive loss. The intended use of the gross proceeds of this financing was to incur exploration costs in British Columbia. Of the $11.4 million raised, $6.7 million remains to be spent and will be used for exploration purposes at either or both of its KSM and Iskut projects in 2021.

In April 2020, the Company closed a non-brokered private placement of 1.2 million common shares, at a price of $11.75 per common share, for gross proceeds of $14.1 million. As part of the private placement agreement, the Company granted an option to increase the size of the private placement by an additional 240,000 common shares exercisable until May 15, 2020. The 240,000 options were fully exercised on May 6, 2020 at a price of $11.75 per share, for gross proceeds of $2.8 million. The intended use of the net proceeds of this financing was for operations including working capital, and if require, to deposit funds with the Receiver General on behalf of flow through investors that have been or will be reassessed based on the audit of flow-through expenditures incurred in 2014 to 2016, discussed below. Within 2020, no deposits have been made on the investors' behalf. However, subsequent to the year-end deposits of $2.4 million has been made. It is anticipated that additional deposits will be made in 2021 but the timing is uncertain.

During the third quarter of 2019, the Company issued 100,000 flow-through common shares at $24.64 per common share for aggregate gross proceeds of $2.5 million. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement was December 31, 2019. At the time of issuance of the flow-through shares, $0.5 million premium was recognized as a liability on the consolidated statements of financial position. During 2019, the Company incurred $2.0 million of qualifying exploration expenditures and $0.4 million of the premium was recognized through other income on the consolidated statements of operations and comprehensive loss. During 2020, the Company incurred another $0.5 million of qualifying exploration expenditures and the remaining $0.1 million premium was recognized through other income on the consolidated statements of operations and comprehensive loss. The intended use of the gross proceeds of this financing was to incur exploration costs in British Columbia. All of the $2.5 million has been spent on exploration purposes at both KSM and Iskut projects.

In December 2018, the Company issued 250,000 flow-through common shares at $20.50 per share for aggregate gross proceeds of $5.1 million. Proceeds of this financing were used to fund the 2019 KSM and Iskut programs. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement was December 31, 2018. At the time of issuance of the flow-through shares, $0.8 million premium was recognized as a liability on the consolidated statements of financial position with the balance recorded as share capital. During 2019, $5.1 million of qualifying exploration expenditures were incurred and the entire $0.8 million premium was recognized through other income on the consolidated statement of operations and comprehensive loss. The intended use of the gross proceeds of this financing was to incur exploration costs in British Columbia. All of the $5.1 million has been spent on exploration purposes at either KSM or Iskut.

In August 2019, the Company closed a private placement of 1.2 million common shares, at a price of $17.02 per common share, for gross proceeds of $20.4 million. The intended use of the proceeds of this financing was for general working capital purposes. All of the proceeds of this financing have been utilized in operations and working capital in 2019 and into 2020.

During 2020, operating activities, including working capital adjustments, used $10.5 million cash compared to $10.9 million cash used by operating activities in 2019. The decrease in the year-over-year basis was mainly related to $0.5 million decrease in environmental rehabilitation disbursements, $0.4 million decrease in general and administrative expenses and $0.4 million decrease in cash used in working capital, partially offset by $0.6 million foreign exchange loss. Lower general and administrative expenses in 2020 was mainly related to lower travel and conference costs due to the COVID-19 restrictions. Operating activities in the near-term are not expected to deviate significantly from the current year.

As reported in the Company's 2018 and 2019 annual financial statements, in early 2019 the Company received a notice from the CRA that it proposed to reduce the amount of expenditures reported, as Canadian Exploration Expenses (CEE) for the three-year period ended December 31, 2016. The Company has funded certain of its exploration expenditures, from time-to-time, with the proceeds from the issuance of flow-through shares and renounced, to subscribers, the expenditures which it determined to be CEE. The notice disputes the eligibility of certain types of expenditures previously audited and approved as CEE by the CRA. The Company strongly disagrees with the notice and responded to the CRA auditors with additional information for their consideration. In January 2020, the CRA auditors responded to the Company's submission and, although accepting additional expenditures as CEE, reiterated that their position remains largely unchanged and subsequently issued reassessments to the Company reflecting the additional CEE expenditures accepted and $2.3 million of Part XII.6 tax owing. During the second quarter in 2020, the Company filed an objection to the Part XII.6 tax owing and is awaiting a response. Based on these reassessments, the Company anticipates that the CRA will reassess investors with reduced CEE deductions. The Company's and investors' reassessments can be appealed to the courts. The Company has indemnified the investors that subscribed for the flow-through shares. The potential tax indemnification to the investors is estimated to be $11.0 million. Accrued interest on the potential estimated tax is estimated at $2.2 million. No provision has been recorded related to the tax nor the potential indemnity as the Company and its advisors do not consider it probable that there will ultimately be an amount payable. Subsequent to the year end, $2.4 million was deposited with the Receiver General, on behalf of certain investors in return for their agreement to object to their respective assessments and agreement to repay the Company with any and all recoveries upon the successful resolution of the Company's successful appeal.

During 2016, upon the completion of an audit of the application by tax authorities of the British Columbia Mineral Exploration Tax Credit ("BCMETC") program, the Company was reassessed $3.6 million, including accrued interest, for expenditures that the tax authority has categorized as not qualifying for the BCMETC program. The Company recorded a $3.6 million provision within non-trade payables and accrued expenses on the consolidated statements of financial position as at December 31, 2016, with a corresponding increase to mineral interests. In 2017 the Company filed an objection to the reassessment with the appeals division of the tax authorities and paid one-half of the accrued balance while the objection is reviewed. In early 2019, the Company received a decision from the appeals division that the Company's objection was denied, and the Company filed a notice of appeal with the British Columbia Supreme Court. The Attorney General of Canada replied to the facts and arguments in the Company's Notice of Appeal and stated its position that the Company's expenditures did not qualify for the BCMETC program. The Company is now in the discovery process with the Department of Justice and will continue to move the appeal process forward as expeditiously as possible. The Company intends to continue to fully defend its position. The Canada Revenue Agency (CRA) has withheld HST refunds due to the Company that would fully cover the residual balance, including interest, should the Company be unsuccessful in its challenge.

The Company will continue its objective of advancing its major gold projects, KSM and Courageous Lake, and to further explore the Iskut, Snowstorm and 3 Aces projects to either sell or enter into joint venture arrangements with major mining companies. Given what seems to be a growing demand for metals streams and royalty interests, the Company will also determine the merits of disposing of options it holds on non-core net profits interests and net smelter returns.

Contractual Obligations

The Company has the following commitments:

		Payments due by years			
($000s)	**Total**	**2021**	**2022-23**	**2024-25**	**2026-27**
Mineral interests	10,975	1,098	2,877	3,497	3,503
Flow-through share expenditures	6,699	6,699	-	-	-
	17,674	**7,797**	**2,877**	**3,497**	**3,503**

Outlook

As mentioned above, the COVID-19 pandemic has not materially impacted the Company's operations, financial condition or financial performance, but it has caused it to reduce the scale of certain programs and has hindered, and may continue to hinder, the pace of advancement at the affected projects. The Company was able to carry out the 2020 exploration and monitoring programs at its projects safely and within the constraints and measures implemented and the pandemic had no material impact to the results of operations. Based on its experience in 2020, the Company expects that the pandemic will again not have a material impact on the results of operations. Although the capital markets are relatively volatile, the Company does not foresee limitations to access to capital on acceptable terms. No disruptions to supply chains are anticipated nor are any delays to project activity.

The pandemic has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to business globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. Working closely with the health authorities and with its business partners, the Company developed effective procedures for operating safely in the current global health crisis.

With the increase in the price of gold since the start of the pandemic, the Company has enjoyed favourable capital markets and has continued to raise funds under its ATM offering of common shares and its financial condition has not been adversely impacted by the pandemic. As a company without revenue from operations, its financial performance has not been impacted by the pandemic. The Company will continue to monitor developments of the pandemic and continuously assess the pandemic's potential further impact on the Company's operations and business.

In 2021 at KSM, the Company's objective is to integrate Snowfield into KSM's development plans. Drilling and metallurgical work will be completed on the Snowfield deposit to complete the work required to advance a new PFS that integrates Snowfield into the overall KSM Project. The Company has commenced work on a new PFS which is expected to be completed over the next 12 months.

The Company will also be completing substantial work ensuring that KSM's Environmental Assessment Certificate remains in good standing as well as collecting additional data that will be required for a final feasibility study.

Engineering study work will also be conducted on various, significant, components of the eventual design, including the Treaty Creek Terminal connection to BC Hydro's Northern Transmission Line. As well, additional bonding will be required for BC Hydro and for applications for federal permits related to fish habitat offsetting agreements.

The Company intends to continue its pursuit of a joint venture agreement on the KSM Project with a suitable partner on terms advantageous to the Company, since it does not intend to build or operate the project alone. The KSM Project includes multiple deposits and provides a joint venture partner, or purchaser, flexibility in the design of the project. In accordance with its priorities and risk tolerance, the Company believes that it does not make sense for it to start preparing a feasibility study on the KSM Project on its own. The current KSM PFS includes recommendations on additional work that could be completed to advance the project, including budget estimates. The work that a joint venture partner might choose to complete might include some or all of this recommended work and might include significantly more work, and so the timing and cost for a joint venture partner to conclude the recommended work or a feasibility study is impossible to predict. The Company plans its work to advance the KSM Project on an annual basis, when the results of one year's work have been received and analyzed, planning for the next year begins. When planning its programs, the Company will consider the recommended work in the PFS, but the Company will decide work based on its priorities, the results of its advancement work and the items it believes are best left for a joint venture partner to decide. Plans for each year are typically announced in the second quarter of the year and budgets are established at the beginning of the year.

At Iskut, the Company will continue exploration activities focusing on a potential porphyry deposit below the Quartz Rise lithocap. The 2020 drill campaign confirmed the presence of a favourable mineralized intrusion with the presence of gold and copper. Additional geophysical surveys and two deeper drill holes have been designed to evaluate the potential source of the 2020 findings and should determine whether the porphyry related systems on the property have potential for drill targeting. Environmental work will also continue on the reclamation and closure plan for the Johnny Mountain mine. Work will entail water quality and quantity sampling and analysis, tailings management facility monitoring, relocation of waste rock and general cleanup of certain areas surrounding the mill.

At Snowstorm, the Company plans to complete the drill program commenced in 2020 and undertake a follow-up drill program based on the evaluation of those results.

At the Company's new project, 3 Aces, an exploration program is expected to commence including geophysics and mapping to be followed by an initial drill program focused on high grade mineralized targets.

The Company will also continue to build on its social license at all of its projects and continue dialogue with all stakeholders regarding the Company's corporate responsibility initiatives.

Internal Controls Over Financial Reporting

The Company's management under the supervision of the Chief Executive Officer and Chief Financial Officer are responsible for designing adequate internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management is responsible for establishing and maintaining adequate internal controls over financial reporting. Management evaluated the effectiveness of the Company's internal controls over financial reporting as of December 31, 2020 based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation of the internal controls at December 31, 2020, management has concluded that the Company's internal controls and procedures are appropriately designed and operating effectively. The registered public accounting firm that audited the Company's consolidated financial statements has issued their attestation report on management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2020.

Changes to Internal Controls Over Financial Reporting

There was no change in the Company's internal controls over financial reporting that occurred during the period beginning on October 1, 2020 and ended on December 31, 2020 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified in the rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company is accumulated and communicated to management as appropriate, to allow timely decisions regarding required disclosure. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the design of the disclosure controls and procedures as of December 31, 2020, that they are appropriately designed and effective.

Limitations of Controls and Procedures

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

Shares Issued and Outstanding

At March 23, 2021, the issued and outstanding common shares of the Company totaled 74,807,664. In addition, there were 2,257,023 stock options, 135,450 RSUs and 500,000 warrants outstanding. Assuming the conversion of all of these instruments outstanding, there would be 77,700,137 common shares issued and outstanding.

Related Party Transactions

During year ended December 31, 2020 and 2019, there were no payments to related parties other than compensation paid to key management personnel. 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.

Recent Accounting Pronouncements

Refer to Note 3 (M) in the Company's audited consolidated financial statements for the year ended December 31, 2020.

Critical Accounting Estimates

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

The factors affecting stock-based compensation include estimates of when stock options and compensation warrants might be exercised and the stock price volatility.

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

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

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

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

Risks and Uncertainties

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

Forward Looking Statements

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

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

Management's Responsibility for Financial Statements

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

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

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

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

Rudi P. Fronk
Chairman & CEO
March 23, 2021

Christopher J. Reynolds
Vice President, Finance and Chief Financial Officer
March 23, 2021

Report of Independent Registered Public Accounting Firm

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

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Seabridge Gold Inc. (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for each of the years then ended and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for each of the years then ended, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 23, 2021 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Uncertain Tax Positions

As discussed in Note 3c and 17 to the consolidated financial statements, in 2019 the Company received a notice of re-assessment from the Canadian Revenue Agency (tax authority) that reduces the amount of expenditures reported, as Canadian Exploration Expenses (CEE) for the three-year period ended December 31, 2016. In connection with the issuance of flow-through shares which financed the CEE, the Company has indemnified investors for any disallowed renouncements of CEE. The Company has not recorded any expense related to this uncertain tax position as the Company believes it is probable its tax position will be upheld.

We identified the Company's evaluation of the uncertain tax position related to CEE as a critical audit matter. This critical audit matter required a high degree of auditor judgment to evaluate the Company's interpretation of, and compliance with, the income tax laws and the probability of the ultimate resolution of its CEE filing positions.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's assessment of the uncertain tax positions including controls related to the interpretation of tax law. We involved tax professionals with specialized skills and knowledge who assisted in, evaluating the Company's tax position by:

- inspecting the notice and other correspondence with the tax authority,
- evaluating conclusions obtained by the Company from external counsel,
- evaluating the Company's analysis and conclusions regarding its assertion, which included an assessment of the Company's analysis of tax laws and regulations, and
- performing an independent assessment of the Company's uncertain tax positions based on our understanding and interpretation of tax laws and comparing it to the Company's assessment.

Chartered Professional Accountants,
Licensed Public Accountants
We have served as the Company's auditor since 2002.
Toronto, Canada
March 23, 2021

Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control Over Financial Reporting

We have audited Seabridge Gold Inc.'s (the Company) internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of December 31, 2020 and 2019, the related consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for each of the years then ended and the related notes (collectively, the consolidated financial statements), and our report dated March 23, 2021 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, appearing under the heading Internal Control over Financial Reporting in Management's Discussion and Analysis for the year ended December 31, 2020. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KPMG LLP

Chartered Professional Accountants,
Licensed Public Accountants
Toronto, Canada
March 23, 2021

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

	Note	**December 31, 2020**	December 31, 2019
Assets			
Current assets			
Cash and cash equivalents	4	**$ 17,528**	$ 8,793
Short-term deposits	4	**19,905**	4,114
Amounts receivable and prepaid expenses	5	**4,970**	3,274
Investment in marketable securities	6	**3,826**	3,032
		46,229	19,213
Non-current assets			
Convertible notes receivable	7	**529**	529
Investment in associate	6	**2,611**	2,361
Mineral interests	8	**591,446**	425,671
Right to use asset	9	**235**	271
Reclamation deposits	11	**6,767**	1,327
		601,588	430,159
Total assets		**$ 647,817**	$ 449,372
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	10	**$ 5,377**	$ 4,692
Flow-through share premium	12	**2,276**	92
Lease obligations	9	**41**	46
Provision for reclamation liabilities	11	**2,500**	1,860
		10,194	6,690
Non-current liabilities			
Deferred income tax liabilities	16	**19,034**	22,426
Lease obligations	9	**207**	228
Provision for reclamation liabilities	11	**3,664**	5,005
		22,905	27,659
Total liabilities		**33,099**	34,349
Shareholders' equity	12	**614,718**	415,023
Total liabilities and shareholders' equity		**$ 647,817**	$ 449,372

Subsequent events *(Notes 7, 12 and 17)*, commitments and contingencies *(Note 17)*
The accompanying notes form an integral part of these consolidated financial statements.
These financial statements were approved by the Board of Directors and were signed on its behalf:

Rudi P. Fronk
Director

Richard C. Kraus
Director

Consolidated Statements of Operations and Comprehensive Loss

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

	Note	Year Ended December 31, 2020	Year Ended December 31, 2019
Corporate and administrative expenses	14	**$ (16,530)**	$ (13,340)
Other income - flow-through shares	12	**1,676**	1,218
Equity loss of associate	6	**(187)**	(200)
Interest income		**114**	279
Finance expense and other expense		**(815)**	(267)
Loss before income taxes		**(15,742)**	(12,310)
Income tax recovery	16	**800**	697
Loss for the year		**$ (14,942)**	$ (11,613)
Other comprehensive income (loss)			
Items that will not be reclassified to net income or loss			
Change in fair value of marketable securities, net of income taxes	6	**$ 688**	$ 284
Comprehensive loss for the year		**$ (14,254)**	$ (11,329)
Basic and diluted net loss per common share	12	**$ (0.23)**	$ (0.19)
Basic and diluted weighted average number of common shares outstanding	12	**66,369,942**	62,359,725

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

Consolidated Statements of Changes in Shareholders' Equity

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

	Number of shares	Share capital	Warrants	Stock-based compensation	Contributed surplus	Deficit	Accumulated other comprehensive gain (loss)	Total equity
As at December 31, 2019	**63,510,487**	**$ 494,857**	**$ 3,275**	**$ 18,820**	**$ 36,073**	**$ (135,936)**	**$ (2,066)**	**$ 415,023**
Share issuance – Bought deal	**6,710,000**	**148,192**	**-**	**-**	**-**	**-**	**-**	**148,192**
Share issuance - Private placement	**1,785,000**	**24,424**	**-**	**-**	**-**	**-**	**-**	**24,424**
Share issuance - At-The-Market offering	**1,327,046**	**29,116**	**-**	**-**	**-**	**-**	**-**	**29,116**
Share issuance – Other	**300,000**	**6,564**	**-**	**-**	**-**	**-**	**-**	**6,564**
Share issuance - Options exercised	**390,153**	**6,548**	**-**	**(2,246)**	**-**	**-**	**-**	**4,302**
Share issuance - RSUs vested	**139,600**	**2,351**	**-**	**(2,351)**	**-**	**-**	**-**	**-**
Share issuance costs	**-**	**(10,151)**	**-**	**-**	**-**	**-**	**-**	**(10,151)**
Deferred tax on share issuance costs	**-**	**2,698**	**-**	**-**	**-**	**-**	**-**	**2,698**
Stock-based compensation	**-**	**-**	**-**	**8,804**	**-**	**-**	**-**	**8,804**
Expired options	**-**	**-**	**-**	**(16)**	**16**	**-**	**-**	**-**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**688**	**688**
Net loss for the year	**-**	**-**	**-**	**-**	**-**	**(14,942)**	**-**	**(14,942)**
As at December 31, 2020	**74,162,286**	**$ 704,599**	**$ 3,275**	**$ 23,011**	**$ 36,089**	**$ (150,878)**	**$ (1,378)**	**$ 614,718**
As at December 31, 2018	61,232,572	$ 457,073	$ 3,275	$ 16,840	$ 36,040	$ (124,323)	$ (2,350)	$ 386,555
Share issuance - Private placement	1,300,000	22,376	-	-	-	-	-	22,376
Share issuance - At-The-Market offering	231,084	4,063	-	-	-	-	-	4,063
Share issuance - Other	175,000	3,189	-	-	-	-	-	3,189
Share issuance - Options exercised	503,831	7,561	-	(2,333)	-	-	-	5,228
Share issuance - RSUs vested	68,000	1,051	-	(1,051)	-	-	-	-
Share issuance costs	-	(622)	-	-	-	-	-	(622)
Deferred tax on share issuance costs	-	166	-	-	-	-	-	166
Stock-based compensation	-	-	-	5,397	-	-	-	5,397
Expired options	-	-	-	(33)	33	-	-	-
Other comprehensive income	-	-	-	-	-	-	284	284
Net loss for the year	-	-	-	-	-	(11,613)	-	(11,613)
As at December 31, 2019	63,510,487	$ 494,857	$ 3,275	$ 18,820	$ 36,073	$ (135,936)	$ (2,066)	$ 415,023

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

Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

	Year Ended December 31, 2020	Year Ended December 31, 2019
Operating Activities		
Net loss	**$ (14,942)**	$ (11,613)
Adjustment for non-cash items:		
Stock-based compensation	**8,804**	5,397
Other income - flow-though shares	**(1,676)**	(1,218)
Income tax recovery	**(800)**	697
Equity loss of associate	**187**	200
Finance costs	**110**	122
Depreciation charge on right-of-use assets	**36**	36
Adjustment for cash items:		
Environmental rehabilitation disbursements	**(811)**	(1,325)
Changes in working capital items:		
Amounts receivable and prepaid expenses	**(1,696)**	(1,664)
Accounts payable and accrued liabilities	**266**	(134)
Net cash used in operating activities	**(10,522)**	(10,896)
Investing Activities		
Mineral interests	**(158,795)**	(27,201)
Investment of short-term deposits	**(29,816)**	(18,133)
Redemption of short-term deposits	**14,024**	31,087
Investment in convertible notes receivable	**-**	(529)
Investment in associate	**(437)**	(101)
Investment in reclamation deposits	**(5,440)**	(4)
Cash proceeds from sale of investments	**-**	110
Net cash used in investing activities	**(180,464)**	(14,771)
Financing Activities		
Share issuance net of costs	**195,440**	26,328
Exercise of options	**4,302**	5,228
Payment of lease liabilities	**(21)**	(24)
Net cash from financing activities	**199,721**	31,532
Net increase in cash and cash equivalents during the year	**8,735**	5,865
Cash and cash equivalents, beginning of the year	**8,793**	2,928
Cash and cash equivalents, end of the year	**$ 17,528**	$ 8,793

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020 and 2019

1. Reporting entity

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

2. Basis of preparation

A. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements were authorized for issuance by the Board of Directors of the Company on March 23, 2021.

B. Basis of consolidation

(i) Subsidiaries

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

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

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

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

(ii) Associates

An associate is an entity over which the Company has significant influence but not control nor joint control. Significant influence is presumed to exist where the Company has between 20% and 50% of the voting rights but can also arise where the Company has less than 20% if influence is exerted over policy decisions that affect the entity. The Company's share of the net assets and net income or loss of associates is accounted for in the consolidated financial statements using the equity method of accounting.

3. Significant accounting policies

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

A. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except certain financial instruments described in note “L”, which are measured at fair value.

B. Translation of foreign currencies

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

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the consolidated statement of operations and comprehensive loss.

Monetary assets and liabilities of the Company denominated in a foreign currency are translated into Canadian dollars at the rate of exchange at the statement of financial position date. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average exchange rates prevailing during the period. Exchange gains and losses are included in the determination of profit or loss for the year.

C. Critical accounting judgments and estimation uncertainty

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

(i) Critical accounting judgments

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

Mineral reserves and resources

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

Impairment of assets

When the Company has judged that an indication of impairment exists, such as a significant or prolonged decline in the fair value of an investment in marketable securities or an indication that the carrying amount of the mineral interest exceeds its estimated recoverable amount, the investment value or carrying value is written down to fair value or recoverable amount and the loss is recognized in the statement of operations and comprehensive loss. Also, the Company performs an impairment test if the period for which the Company has the right to explore within the project has expired during the period or will expire in the near future and is not expected to be renewed.

Asset retirement obligations

When the Company has judged that a constructive or legal obligation exists for reclamation and rehabilitation activities on mineral claims disturbed, an estimate of future costs is recognized as an expense on the statement of operations and comprehensive loss.

(ii) Key sources of estimation uncertainty

Mineral properties

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

Asset retirement obligations

The provision for asset retirement obligations is the best estimate of the present value of the future costs of reclaiming the environment that has been subject to disturbance through exploration activities or historical mining activities. The Company uses assumptions and evaluates technical conditions for each project that have inherent uncertainties, including changes to laws and practices and changes in the status of the site from time-to-time. The timing and cost of the rehabilitation is also subject to uncertainty. For the Closed Sites, these changes, if any, and changes in discount rates are charged directly to the consolidated statement of operations and comprehensive loss. The periodic unwinding of the discount is recognized in earnings as accretion expense included in finance costs in the consolidated statement of operations and comprehensive loss.

Share based payments

The factors affecting stock-based compensation include estimates of when stock options and restricted share units might be exercised share price volatility and the assessment of the probability and timing of those instruments that have non-market performance vesting criteria. The timing for exercise of options is out of the Company's control and will depend upon a variety of factors, including the market value of the Company's shares and financial objectives of the share-based instrument holders. The Company uses historical data to determine volatility in accordance with appropriate fair value methodology. However, the future volatility is uncertain, and the model has its limitations.

Deferred Income taxes

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

Contingencies

The Company funds certain of its exploration expenditures, from time-to-time, with the proceeds from the issuance of flow-through shares and renounces, to subscribers, the expenditures which it determines to be Canadian Exploration Expenses ("CEE"). The Canada Revenue Agency ("CRA") has disputed the eligibility of certain types of expenditures within the years 2014 to 2016. The Company strongly disagrees with their position and intends to fully defend the Company's tax filings. No provision has been recorded related to the contingent taxes if the Company does not consider it probable that there will ultimately be an amount payable.

D. Mineral interests

Mineral resource properties are carried at cost. The Company considers exploration and development costs and expenditures to have the characteristics of property and equipment and, as such, the Company capitalizes all exploration costs, which include acquisition costs, advance royalties, holding costs, field exploration and field supervisory costs and all costs associated with exploration and evaluation activities relating to specific properties as incurred, until those properties are determined to be economically viable for mineral production. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to activities in a particular area of interest. The fair value of any recoveries from the disposition or optioning of a mineral property is credited to the carrying value of mineral properties.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of operating as intended by management.

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

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

E. Leasing arrangements

Leases are recognized as a right-of-use ("ROU") asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period. The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

F. Impairment and reversal of impairment

(i) Financial assets

Financial assets measured at amortized cost are reviewed for impairment at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence, that can be estimated reliably, indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment charge in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

A prior period impairment charge is reviewed for possible reversal of impairment whenever an event or change in circumstance indicates the impairment may have reversed. If it has been determined that the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount to a maximum of the carrying amount that would have been determined had no impairment charge been recognized in prior periods. Impairment charge reversals are recognized in the Consolidated Statement of Operations and Comprehensive Loss.

(ii) Non-financial assets

The carrying value of the Company's mineral interests is assessed for impairment when indicators of such impairment exist. Indicators may include the loss of the right to explore in the area; the Company deciding not to continue exploring or incur substantial additional expenditures on the project; or it is determined that the carrying amount of the project is unlikely to be recovered by its development or sale. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated to determine the extent of the impairment loss, if any. The recoverable amount is determined as the higher of the fair value less costs of disposal for the asset and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

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

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

G. Reclamation liabilities

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation incorporating risks specific to the obligation using a pre-tax rate that reflects current market assessments of the time value of money. When estimates of obligations are revised, the present value of the changes in obligations is recorded in the period by a change in the obligation amount and a corresponding adjustment to the mineral interest asset.

The amortization or 'unwinding' of the discount applied in establishing the net present value of provisions due to the passage of time is charged to the statement of operations and comprehensive loss in each accounting period.

The ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in ore reserves or production rates. As a result, there could be significant adjustments to the provisions for restoration and environmental cleanup, which would affect future financial results.

Funds on deposit with third parties provided as security for future reclamation costs are included in reclamation deposits on the statement of financial position.

H. Income taxes

Income tax expense comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

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

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

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

I. Stock-based compensation (options and restricted share units)

The Company applies the fair value method for stock-based compensation and other stock-based payments. The fair value of options is valued using the Black Scholes option-pricing model and other models for the two-tiered options and restricted share units as may be appropriate. The grant date fair value of stock-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date (Note 12). The Company reviews estimated forfeitures of options on an ongoing basis.

J. Flow-through shares

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

K. Net profit (loss) per common share

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

L. Financial instruments

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments. A financial asset is derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset or when cash flows expire. A financial liability is derecognized when the obligation specified in the contract is discharged, canceled or expired. Certain financial instruments are recorded at fair value in the consolidated statement of financial position. Refer to note 13 on fair value measurements.

Non-derivative financial instruments

Non-derivative financial instruments are recognized initially at fair value plus attributable transaction costs, where applicable for financial instruments not classified as fair value through profit or loss. Subsequent to initial recognition, non-derivative financial instruments are classified and measured as described below.

Financial assets at fair value through profit or loss

Cash and cash equivalents and short-term deposits are classified as financial assets at fair value through profit or loss and are measured at fair value. Cash equivalents are short-term deposits with maturities of up to 90 days at the date of purchase. Short-term deposits consist of investments with maturities from 91 days to one year at the date of purchase. Convertible notes receivable are recorded at fair value through profit or loss.

Financial assets at amortized cost

Trade and other receivables and are classified as and measured at amortized cost using the effective interest rate method, less impairment losses, if any.

Financial assets at fair value through other comprehensive income

The Company's investments in equity marketable securities are designated as financial assets at fair value through other comprehensive income and are recorded at fair value on the trade date with directly attributable transaction costs included in the recorded amount. Subsequent changes in fair value are recognized in other comprehensive income.

Non-derivative financial liabilities

Accounts payable and accrued liabilities are accounted for at amortized cost, using the effective interest rate method.

M. Accounting pronouncements

New and amended standards and interpretations issued and effective:

Adoption of Definition of a Business (Amendments to IFRS 3)

The Company has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after January 1, 2020. The amendments were applied to the Company's acquisition of 3 Aces gold project and Snowfield property, where the Company concluded that the acquired set of activities and assets was not a business. Refer to Note 8 for further details.

New accounting standards issued but not yet effective:

Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

The IASB issued an amendment to IAS 16, Property, Plant and Equipment to prohibit the deducting from property, plant and equipment amounts received from selling items produced while preparing an asset for its intended use. Instead, sales proceeds and its related costs must be recognized in profit or loss. The amendment will require companies to distinguish between costs associated with producing and selling items before the item of property, plant and equipment is available for use and costs associated with making the item of property, plant and equipment available for its intended use. The amendment is effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. The amendments apply retrospectively, but only to assets brought to the location and condition necessary for them to be capable of operating in the manner intended on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments. The Company does not expect the adoption of this pronouncement to have a material impact on its consolidated financial statements.

Other pronouncements have been issued by the IASB that are not mandatory for the current period and have not been early adopted. These pronouncements are not expected to have a material impact on the Company's consolidated financial statements upon adoption.

4. Cash and cash equivalents and short-term deposits

($000s)	**December 31, 2020**	December 31, 2019
Cash and cash equivalents	**17,528**	8,793
Short-term deposits	**19,905**	4,114
	37,433	12,907

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

5. Amounts receivable and prepaid expenses

($000s)	**December 31, 2020**	December 31, 2019
HST	**2,793**	2,212
Prepaid expenses and other receivables	**2,177**	1,062
	4,970	3,274

6. Investments

($000s)	January 1, 2020	Disposition	Fair value through other comprehensive loss	Loss of associates	Additions	December 31, 2020
Current assets:						
Investment in marketable securities	**3,032**	**-**	**794**	**-**	**-**	**3,826**
Non-current assets:						
Investment in associate	**2,361**	**-**	**-**	**(187)**	**437**	**2,611**

($000s)	January 1, 2019	Disposition	Fair value through other comprehensive loss	Loss of associates	Additions	December 31, 2019
Current assets:						
Investment in marketable securities	2,858	(110)	(284)	-	-	3,032
Non-current assets:						
Investment in associate	2,460	-	-	(200)	101	2,361

The Company holds common shares of several mining companies that were received as consideration for optioned mineral properties and other short-term investments, including one gold exchange traded receipt. These financial assets are recorded at fair value of $3.8 million (December 31, 2019 - $3.0 million) in the consolidated statements of financial position. At December 31, 2020, the Company revalued its holdings in its investments and recorded a fair value increase of $0.8 million on the statement of comprehensive loss. During 2019, the Company disposed its holdings in one investment with a fair value of $0.1 million.

Investment in associate relates to Paramount Gold Nevada Corp ("Paramount"). As at December 31, 2020, the Company holds 7.42% (December 31, 2019 – 8.16%) interest in Paramount for which it accounts using the equity method on the basis that the Company has the ability to exert significant influence through its representation on Paramount's board of directors. During 2020, the Company recorded its proportionate share of Paramount's net loss of $0.2 million (2019 – $0.2 million) within equity loss of associate on the consolidated statements of operations and comprehensive loss. As at December 31, 2020, the carrying value of the Company's investment in Paramount was $2.6 million (December 31, 2019 - $2.4 million).

In June 2020, the Company participated in a non-brokered registered direct offering and purchased 288,460 common shares of Paramount at US$1.04 per common share for a total of $0.4 million.

7. Convertible notes receivable

In September 2019, the Company participated in a private placement to purchase US$410,000, at face value, of secured convertible notes issued by Paramount. Each convertible note had an issue price of US$975 per US$1,000 face value with a four-year maturity. The Company purchased 410 convertible notes for a total of $0.5 million (US$399,750). The convertible notes bear interest at a rate of 7.5% per annum, payable semi-annually. At any time after the issuance of the convertible notes, the Company can convert all or any portion of the outstanding amount into common shares of Paramount at a price of US$1.00 per common share. The convertible notes receivable are recorded at fair value through profit or loss ("FVTPL"). The fair value of the convertible notes receivable is determined by using the Binomial Option Pricing model.

During 2020, the Company received 25,794 common shares of Paramount for payment of interest on the secured convertible notes accrued between September 2019 and June 2020. Subsequent to December 31, 2020, the Company received 14,236 common shares of Paramount for payment of interest on the secured convertible notes accrued and receivable as at December 31, 2020.

8. Mineral interests

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

($000s)	Balance January 1, 2020	Acquisitions 2020	Expenditures 2020	Balance December 31, 2020
KSM	**296,509**	**127,530**	**20,128**	**444,167**
Courageous Lake	**75,721**	**-**	**801**	**76,522**
Iskut	**32,215**	**-**	**5,734**	**37,949**
Snowstorm	**20,455**	**-**	**4,469**	**24,924**
3 Aces	**-**	**6,564**	**549**	**7,113**
Grassy Mountain	**771**	**-**	**-**	**771**
	425,671	**134,094**	**31,681**	**591,446**

($000s)	Balance January 1, 2019	Acquisitions 2019	Expenditures 2019	Balance December 31, 2019
KSM	276,586	2,662	17,261	296,509
Courageous Lake	73,647	-	2,074	75,721
Iskut	29,031	-	3,184	32,215
Snowstorm	15,269	528	4,658	20,455
Grassy Mountain	771	-	-	771
	395,304	3,190	27,177	425,671

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

a) KSM (Kerr-Sulphurets-Mitchell)

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

In July 2009, the Company agreed to acquire various mineral claims immediately adjacent to the KSM property for further exploration and possible mine infrastructure use. The acquired claims were subject to a 4.5% net smelter royalty. In January 2019, the Company issued 100,000 common shares at $17.30 per common share, for total fair value of $1.7 million, to the holder of the net smelter return royalty on the claims and fully extinguished the royalties on those claims. The total fair value of the common shares was recorded to the mineral interest at KSM Project.

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

During 2019, as part of a cooperative and benefit agreement between the Company and the Tahltan Nation, the Company issued 50,000 common shares with a fair value of $18.63 per common share, for a total fair value of $0.9 million.

In December 2020, the Company purchased the Snowfield property from Pretium Resources Inc. The Snowfield property, located in the same valley that hosts KSM's Mitchell deposit, was purchased for US$100 million ($127.5 million) in cash, a 1.5% net smelter royalty on Snowfield property production, and a conditional payment of US$20 million, payable following the earlier of (i) commencement of commercial production from Snowfield property, and (ii) announcement by the Company of a bankable feasibility study which includes production of reserves from the Snowfield property. US$15 million of the conditional payment can be credited against future royalty payments.

b) Courageous Lake

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

c) Iskut

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

d) Snowstorm

In 2017, the Company purchased 100% of the common shares of Snowstorm Exploration LLC which owns the Snowstorm Project, located in northern Nevada. On the acquisition date, the Company issued 700,000 common shares, with a fair value of $14.39 per share and 500,000 common share purchase warrants with a fair value of $6.55 per common share purchase warrant for a combined fair value of $13.3 million. The common share purchase warrants are exercisable for four years from the date of acquisition, at $15.65 per share. In addition, the Company has agreed to make a conditional cash payment of US$2.5 million if exploration activities at the Snowstorm Project result in defining a minimum of five million ounces of gold resources compliant with National Instrument 43-101 and a further cash payment of US$5.0 million on the delineation of an additional five million ounces of gold resources.

In 2019, the Company purchased the Goldstorm Project in northern Nevada from Mountain View Gold Corp. in exchange for 25,000 common shares of the Company at a fair value of $21.11 per common share for a total fair value of $0.5 million.

e) 3 Aces

In 2020, the Company acquired a 100% interest in the 3 Aces gold project in the Yukon, Canada from Golden Predator Mining Corp. through the issuance of 300,000 common shares valued at $6.6 million. Should the project attain certain milestones, including the confirmation of a National Instrument 43-101 compliant mineral resource of 2.5 million ounces of gold and upon confirmation of an aggregate mineral resource of 5 million ounces of gold, the Company will potentially pay an additional $2.25 million.

f) Grassy Mountain

In 2013, the Company sold 100% of interest in the Grassy Mountain Project with a net book value of $771,000 retained within mineral properties, related to the option to either receive, at the discretion of the Company, a 10% net profits interest royalty or a $10 million cash payment. Settlement is due four months after the later of: the day that the Company receives a feasibility study on the project; and the day that the Company is notified that permitting and bonding for the mine is in place. The current owner of the Grassy Mountain Project is Paramount who completed a feasibility study in 2020 but they have not notified the Company that permitting and bonding for the mine is in place.

9. Leases

($000s)	**Balance January 1, 2020**	**Additions**	**Depreciation**	**Balance December 31, 2020**
Right of use assets	**271**	**-**	**(36)**	**235**

($000s)	Balance December 31, 2018	Adoption of IFRS 16 on January 1, 2019	Depreciation	Balance December 31, 2019
Right of use assets	-	307	(36)	271

($000s)	**December 31, 2020**	December 31, 2019
Current	**41**	46
Non-current	**207**	228
Total discounted lease liability	**248**	274

10. Accounts payable and accrued liabilities

($000s)	**December 31, 2020**	December 31, 2019
Trade payables	**2,466**	2,191
Trade and other payables due to related parties	**57**	61
Non-trade payables and accrued expenses [(a)]	**2,854**	2,440
	5,377	4,692

(a) During 2016, upon the completion of an audit of the application by tax authorities of the British Columbia Mineral Exploration Tax Credit ("BCMETC") program, the Company was reassessed $3.6 million, including accrued interest, for expenditures that the tax authority has categorized as not qualifying for the BCMETC program. The Company recorded a $3.6 million provision within non-trade payables and accrued expenses on the consolidated statements of financial position as at December 31, 2016. In 2017 the Company filed an objection to the reassessment with the appeals division of the tax authorities and paid one-half of the accrued balance while the objection is reviewed. In early 2019, the Company received a decision from the appeals division that the Company's objection was denied, and the Company filed a notice of appeal with the British Columbia Supreme Court. The Attorney General of Canada replied to the facts and arguments in the Company's Notice of Appeal and stated its position that the Company's expenditures did not qualify for the BCMETC program. As at December 31, 2020, the Company is in the discovery process with the Department of Justice and will continue to move the appeal process forward as expeditiously as possible. The Company intends to continue to fully defend its position. As at December 31, 2020, the Canada Revenue Agency (CRA) has withheld $2.0 million of HST credits due to the Company that would fully cover the residual balance, including interest, should the Company be unsuccessful in its challenge.

11. Provision for reclamation liabilities

($000s)	**December 31, 2020**	December 31, 2019
Beginning of the period	**6,865**	8,069
Disbursements	**(811)**	(1,325)
Accretion	**110**	121
End of the period	**6,164**	6,865
Provision for reclamation liabilities - current	**2,500**	1,860
Provision for reclamation liabilities - long-term	**3,664**	5,005
	6,164	6,865

The estimate of the provision for reclamation obligations, as at December 31, 2020, was calculated using the estimated discounted cash flows of future reclamation costs of $6.2 million (December 31, 2019 - $6.9 million) and the expected timing of cash flow payments required to settle the obligations between 2021 and 2026. As at December 31, 2020, the undiscounted future cash outflows are estimated at $6.2 million (December 31, 2019 – $7.0 million) primarily over the next two years. The discount rate used to calculate the present value of the reclamation obligations was 0.2% at December 31, 2020 (1.7% - December 31, 2019). Offsetting the increase in the present value of the liability, for the decreasing discount rate, is a comparable decrease in reported and anticipated inflation rates.

For the year ended December 31, 2020, reclamation disbursements amounted to $0.8 million (2019 - $1.3 million).

In 2020, the Company placed $5.2 million on deposit with a financial institution pledged as security for the Fish Habitat Offsetting Plan obligation at KSM. As at December 31, 2020, the Company has placed a total of $6.8 million (December 31, 2019 - $1.3 million) on deposit with financial institutions or with government regulators that are pledged as security against reclamation liabilities.

12. Shareholders' equity

The Company is authorized to issue an unlimited number of preferred shares and common shares with no par value. No preferred shares have been issued or were outstanding at December 31, 2020 or December 31, 2019.

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.

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 2020. The Company considers its capital to be share capital, stock-based compensation, warrants, contributed surplus and deficit. The Company is not subject to externally imposed capital requirements.

a) Equity financings

During the fourth quarter of 2019, the Company entered into an agreement with two securities dealers, for an At-The-Market offering program, entitling the Company, at its discretion, and from time to time, to sell up to US$40 million in value of common shares of the Company. During 2020, the Company issued 1,327,046 shares, at an average selling price of $21.94 per share, for net proceeds of $28.5 million under Company's At-The-Market offering. During the fourth quarter of 2019, the Company issued 231,084 shares, at an average selling price of $17.58 per share, for net proceeds of $4.0 million under the offering.

Subsequent to the year end, the Company entered into a new agreement with two securities dealers, for an At-The-Market offering program, entitling the Company, at its discretion, and from time to time, to sell up to US$75 million in value of common shares of the Company. This program can be in effect until the Company's current US$775 million Shelf Registration Statement expires in January 2023. Subsequent to the year end, the Company issued 290,170 shares, at an average selling price of $23.78 per share, for net proceeds of $6.8 million under Company's At-The-Market offering.

On December 4, 2020, the Company entered into an agreement to sell, on a bought deal basis, 6,100,000 common shares of the Company, at US$17.25 per common share, for gross proceeds of US$105.0 million. As part of the agreement, the Company granted an option to the underwriters to sell up to an additional 610,000 common shares of the Company, at a price of US$17.25 per common share, for gross proceeds of US$10.5 million. The financing closed on December 9, 2020, and the underwriters fully exercised their option to purchase the additional common shares. In aggregate, 6,710,000 common shares were issued, at a price of US$17.25 per common share, for gross proceeds of US$115.7 million.

In June 2020, the Company issued 345,000 flow-through common shares at $32.94 per common share for aggregate gross proceeds of $11.4 million. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement was December 31, 2020. In accordance with draft legislation released on December 16, 2020 in relation to the COVID-19 pandemic, a 12-month extension has been proposed to the normal timelines in which the qualifying exploration expenditures should be incurred. At the time of issuance of the flow-through shares, $3.9 million premium was recognized as a liability on the consolidated statements of financial position. During 2020, the Company incurred $4.7 million of qualifying exploration expenditures and $1.6 million of the premium was recognized through other income on the consolidated statements of operations and comprehensive loss.

In April 2020, the Company closed a non-brokered private placement of 1.2 million common shares, at a price of $11.75 per common share, for gross proceeds of $14.1 million. As part of the private placement agreement, the Company granted an option to increase the size of the private placement by an additional 240,000 common shares exercisable until May 15, 2020. The 240,000 options were fully exercised on May 6, 2020 at a price of $11.75 per share, for gross proceeds of $2.8 million.

During the third quarter 2019, the Company issued 100,000 flow-through common shares at $24.64 per common share for aggregate gross proceeds of $2.5 million. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement was December 31, 2019. At the time of issuance of the flow-through shares, $0.5 million premium was recognized as a liability on the consolidated statements of financial position. During 2019, the Company incurred $2.0 million of qualifying exploration expenditures and $0.4 million of the premium was recognized through other income on the consolidated statements of operations and comprehensive loss. During 2020, the Company incurred another $0.5 million of qualifying exploration expenditures and the remaining $0.1 million premium was recognized through other income on the consolidated statements of operations and comprehensive loss.

In August 2019, the Company closed a private placement of 1.2 million common shares, at a price of $17.02 per common share, for gross proceeds of $20.4 million.

In December 2018, the Company issued 250,000 flow-through common shares at $20.50 per share for aggregate gross proceeds of $5.1 million. Proceeds of this financing were used to fund the 2019 KSM and Iskut programs. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement was December 31, 2018. At the time of issuance of the flow-through shares, $0.8 million premium was recognized as a liability on the consolidated statements of financial position with the balance recorded as share capital. During 2019, $5.1 million of qualifying exploration expenditures were incurred and the entire $0.8 million premium was recognized through other income on the consolidated statement of operations and comprehensive loss.

b) Warrants

As part of the acquisition agreement of Snowstorm Exploration LLC in June 2017, the Company issued 500,000 common share purchase warrants exercisable for four years at $15.65 per share, which are still outstanding as at December 31, 2020.

c) Stock options and restricted share units

The Company provides compensation to directors and employees in the form of stock options and Restricted Share Units ("RSU"s).

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

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

Stock option and RSU transactions were as follows:

	Options			RSUs		Total
	Number of Options	Weighted Average Exercise Price ($)	Amortized Value of options ($000s)	Number of RSUs	Amortized Value of RSUs ($000s)	Stock-based Compensation ($000s)
Outstanding January 1, 2020	3,003,150	12.32	18,546	139,600	274	18,820
Granted	-	-	-	135,450	487	487
Exercised option or vested RSU	(390,153)	11.03	(2,246)	(139,600)	(2,351)	(4,597)
Expired	(1,309)	6.30	(16)	-	-	(16)
Amortized value of stock-based compensation	-	-	6,240	-	2,077	8,317
Outstanding at December 31, 2020	**2,611,691**	**12.51**	**22,524**	**135,450**	**487**	**23,011**
Exercisable at December 31, 2020	**2,608,357**					

	Options			RSUs		Total
	Number of Options	Weighted Average Exercise Price ($)	Amortized Value of options ($000s)	Number of RSUs	Amortized Value of RSUs ($000s)	Stock-based Compensation ($000s)
Outstanding January 1, 2019	3,458,805	11.95	16,657	68,000	183	16,840
Granted	50,000	17.72	168	139,600	274	442
Exercised option or vested RSU	(503,831)	10.38	(2,333)	(68,000)	(1,051)	(3,384)
Expired	(1,824)	6.30	(33)	-	-	(33)
Amortized value of stock-based compensation	-	-	4,087	-	868	4,955
Outstanding at December 31, 2019	3,003,150	12.32	18,546	139,600	274	18,820
Exercisable at December 31, 2019	911,816					

The outstanding share options at December 31, 2020 expire at various dates between February 2021 and June 2024. A summary of options outstanding, their remaining life and exercise prices as at December 31, 2020 is as follows:

Options outstanding		Options exercisable	
Exercise price	Number outstanding	Remaining contractual life	Number exercisable
$13.52	100,000	3 months	100,000
$9.00	425,000	4 months	425,000
$17.16	50,000	5 months	50,000
$17.14	50,000	5 months	50,000
$10.45	755,833	1 year	755,833
$13.14	560,002	2 years	560,002
$16.94	50,000	2 years 10 months	50,000
$15.46	568,000	3 years	564,666
$17.72	50,000	3 years 6 months	50,000
$6.30	2,856	2 months	2,856
	2,611,691		2,608,357

During the year ended December 31, 2020, 390,153 options were exercised (year ended December 31, 2019, 503,831) for proceeds of $4.3 million (year ended December 31, 2019, $5.2 million) and 139,600 RSUs vested (year ended December 31, 2019, 68,000). In total, 529,753 common shares were issued (year ended December 31, 2019, 571,831). The weighted average share price at the date of exercise of options exercised during the year ended December 31, 2020 was $24.03 (year ended December 31, 2019 – $17.70).

On June 25, 2020, shareholders resolved to approve that 425,000 options that were granted to the directors of the Company in 2015 and due to expire in April 2020, be extended for one year. These options vested in December 2020 upon the acquisition of the Snowfield property. The $4.4 million fair value of the extension was charged to the statement of operations and comprehensive loss at that time, matching the revised estimated service period.

In December 2018, 568,000 five-year options with an exercise price of $15.46, to purchase common shares of the Company, with a grant-date fair value of $4.3 million, were granted. Of these, 408,000 options were granted to board members that were subject to shareholder approval. 150,000 options were granted to members of senior management. The remaining 10,000 options were granted to a member of management and vest over a three-year period. At the end of the second quarter of 2019, shareholders approved the 408,000 options granted to the board members, and the fair value was re-estimated, at the time, resulting in an additional $0.4 million fair value to be recognized over the estimated service period. During the second quarter of 2019, the shareholders also approved the grant of 50,000 five-year options to a new board member, with an exercise price of $17.72 and fair value of $0.4 million. The options granted to board members and senior management vested in December 2020 upon the acquisition of the Snowfield property and $1.6 million of the fair value of these options, not previously expensed, was charged to the statement of operations and comprehensive loss on an accelerated basis to match the change in the estimate of the service period.

In October 2018, 50,000 five-year options with an exercise price of $16.94, to purchase common shares of the Company, with a grant-date fair value of $0.4 million, were granted to a new Board member. These options also vested in December 2020 upon the acquisition of the Snowfield property and $0.1 million of the fair value of these options, not previously expensed, was charged to the statement of operations and comprehensive loss on an accelerated basis, to match the change in the estimated service period.

During 2020, the Company did not grant any new options. The fair value of the options granted in 2019 was estimated on the dates of grant using a Black Scholes option-pricing model with the following assumptions:

	2019
Dividend yield	Nil
Expected volatility	54%
Risk-free rate of return	1.40%
Expected life of options	5 year

In December 2020, the Board granted 135,450 RSUs. Of these, 28,000 RSUs were granted to the board members, 80,300 RSUs were granted to members of senior management, and the remaining 27,150 RSUs were granted to other employees of the Company. The fair value of the grants, of $3.4 million, was estimated as at the grant date will be amortized over the expected service period of the grants. The expected service period of approximately four months from the date of the grant was dependent on certain corporate objectives being met. As at December 31, 2020, $0.5 million of the fair value of the grants was amortized.

In December 2019, the Board granted 139,600 RSUs. Of these, 32,500 RSUs were granted to the board members, 74,200 RSUs were granted to members of senior management, and the remaining 32,900 RSUs were granted to other employees of the Company. The fair value of the grants, of $2.4 million, was estimated as at the grant date to be amortized over the expected service period of the grants. The expected service period of approximately six months from the date of the grant was dependent on certain corporate objectives being met. During the second quarter 2020, all 139,600 RSUs were vested. Of the $2.4 million total fair value of the RSUs, $0.3 million was amortized in December 2019, and the remaining $2.1 million was amortized during first half of 2020.

Subsequent to December 31, 2020, 354,668 options were exercised for proceeds of $3.9 million.

d) Basic and diluted net loss per common share

For the years ended December 31, 2020 and 2019, basic and diluted net loss per common share are computed by dividing the net loss for the period by the weighted average number of common shares outstanding for the year. The potential effect of stock options, RSUs and warrants has been excluded from the calculation of diluted loss per common share as the effect would be anti-dilutive. At December 31, 2020, there was a total of 2,611,691 stock options and 135,450 RSUs outstanding (December 31, 2019 – 3,003,150 and 139,600 respectively).

13. Fair value of financial assets and liabilities

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

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts, volatility measurements used to value option contracts and observable credit default swap spreads to adjust for credit risk where appropriate), or inputs that are derived principally from or corroborated by observable market data or other means.

Level 3: Inputs are unobservable (supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The Company's financial assets and liabilities as at December 31, 2020 and December 31, 2019 are cash and cash equivalents, short-term deposits, accounts receivable, marketable securities, convertible notes receivable and accounts payable. Other than investments and convertible notes receivable, the carrying values approximate their fair values due to the immediate or short-term maturity of these financial instruments and are classified as a Level 1 measurement. The Company's equity investments are measured at fair value based on quoted market prices and are classified as a level 1 measurement. The convertible notes receivable are measured at fair value and are classified as a level 3 measurement.

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

Credit Risk

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

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2020, the Company had a cash and cash equivalents of $17.5 million and short-term deposits of $19.9 million (2019 - $8.8 million and $4.1 million, respectively) for settlement of current financial liabilities of $5.4 million (2019 - $4.7 million). The short-term deposits consist of Canadian Schedule I bank guaranteed deposits and are cashable in whole or in part with interest at any time to maturity. The Company's financial liabilities primarily have contractual maturities of 30 days and are subject to normal trade terms. The Company's ability to fund its operations and capital expenditures and other obligations as they become due is dependent upon market conditions.

As the Company does not generate cash inflows from operations, the Company is dependent upon external sources of financing to fund its exploration projects and on-going activities. If required, the Company will seek additional sources of cash to cover its proposed exploration and development programs at its key projects, in the form of equity financings and from the sale of non-core assets. Refer to note 12 for details on equity financings.

Market Risk

(a) Interest Rate Risk

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

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian and US dollars. The Company funds certain operations, exploration and administrative expenses in the United States on a cash call basis using US dollar cash on hand or converted from its Canadian dollar cash. Management believes the foreign exchange risk derived from currency conversions is not significant to its operations and therefore does not hedge its foreign exchange risk. As at December 31, 2020, $10.1 million of cash and cash equivalents and $0.5 million of accounts payable and accrued liabilities are denominated in US dollars.

(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 or has sold. In addition, the Company holds $3.6 million in a gold exchange traded receipt that is recorded on the consolidated statements 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.

14. Corporate and administrative expenses

($000s)	**2020**	2019
Employee compensation	**4,815**	4,635
Stock-based compensation	**8,804**	5,397
Professional fees	**1,106**	1,105
Other general and administrative	**1,805**	2,203
	16,530	13,340

15. Related party disclosures

Compensation to key management personnel of the Company:

($000s)	**2020**	2019
Compensation of directors:		
Directors fees	**713**	408
Stock-based compensation	**1,609**	1,011
	2,322	1,419
Compensation of key management personnel:		
Salaries and consulting fees	**5,269**	4,892
Stock-based compensation	**5,637**	3,506
	10,906	8,398
	13,228	9,817

During year ended December 31, 2020 and 2019, there were no payments to related parties other than compensation paid to key management personnel. 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.

16. Income taxes

($000s)	**2020**	2019
Deferred tax recovery	**(800)**	(697)
	(800)	(697)

Tax expense (recovery) recognized in other comprehensive income or directly in equity

($000s)	**2020**	2019
Financing costs - recognized in statement of equity	**(2,698)**	(166)
Unrealized gain or loss on marketable securities - recognized in OCI	**106**	-
	(2,592)	(166)

In 2020, the Company recognized income tax recovery of $0.8 million (2019 - income tax recovery of $0.7 million) primarily related to deferred tax recovery arising from the losses in the current year, partially offset by a deferred tax expense arising due to the renouncement of expenditures related to 2019 and 2020 flow-through shares which are capitalized for accounting purposes.

(a) Rate reconciliation

The provision for income taxes differs from the amount that would have resulted by applying the combined Canadian Federal, Ontario, British Columbia, Northwest Territories and Yukon statutory income tax rates of 26.58% (2019 - 26.60%).

($000s)	2020	2019
Loss before income taxes	(15,742)	(12,310)
	26.58%	26.60%
Tax expense calculated Using statutory rates	(4,184)	(3,274)
Non-deductible items	1,897	1,113
Difference in foreign tax rates	10	11
Change in deferred tax rates	1,217	(89)
Movement in tax benefits not recognized	(1,078)	(395)
Impact of true-up of prior year balances	27	-
Renouncement of flow-through expenditures	1,357	1,904
Other	(46)	33
Income tax recovery	(800)	(697)

(b) Deferred income tax

The following table summarizes the significant components of deferred income tax assets and liabilities:

($000s)	December 31, 2020	December 31, 2019
Deferred income tax assets:		
Property and equipment	258	68
Provision for reclamation liabilities	822	70
Financing costs	2,480	622
Non-capital loss carryforwards	28,664	25,347
Deferred income tax liabilities:		
Mineral interests	(51,258)	(48,533)
Net deferred income tax liabilities	(19,034)	(22,426)

(c) Unrecognized deferred tax assets

The company has not recognized deferred income tax assets in respect of the following tax effected deductible temporary differences:

($000s)	December 31, 2020	December 31, 2019
Marketable securities	167	227
Loss carryforwards	742	869
Investment tax credits	1,481	1,481
Foreign tax credits	268	268
Mineral properties	153	200
Provision for reclamation liabilities	241	1,183

Deferred tax has not been recognized on the deductible temporary difference of $3.5 million (2019 - $3.7 million) relating to investments in subsidiaries as these amounts will not be distributed in the foreseeable future.

The tax losses not recognized expire as per the amount and years noted below. The deductible temporary differences do not expire under the current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit would be available against which the Company can utilize the benefits there from.

(d) Income tax attributes

As at December 31, 2020, the Company had the following income tax attributes to carry forward.

	($000s)	Expiry date
Canadian non-capital losses	107,611	2040
Canadian capital losses	2,571	Indefinite
Canadian tax basis of mineral interest	363,263	Indefinite
U.S. non-capital losses	384	2040
U.S. capital losses	1,641	2024
U.S. tax basis of mineral interest	12,329	Indefinite

17. Commitments and contingencies

		Payments due by years			
($000s)	**Total**	**2021**	**2022-23**	**2024-25**	**2026-27**
Mineral interests	10,975	1,098	2,877	3,497	3,503
Flow-through share expenditures	6,699	6,699	-	-	-
	17,674	**7,797**	**2,877**	**3,497**	**3,503**

As reported in the Company's prior year financial statements, in 2019 the Company received a notice from the CRA that it proposed to reduce the amount of expenditures reported, as Canadian Exploration Expenses (CEE) for the three-year period ended December 31, 2016. The Company has funded certain of its exploration expenditures, from time-to-time, with the proceeds from the issuance of flow-through shares and renounced, to subscribers, the expenditures which it determined to be CEE. The notice disputes the eligibility of certain types of expenditures previously audited and approved as CEE by the CRA. The Company strongly disagrees with the notice and responded to the CRA auditors with additional information for their consideration. In 2020, the CRA auditors responded to the Company's submission and, although accepting additional expenditures as CEE, reiterated that their position remains largely unchanged and subsequently issued reassessments to the Company reflecting the additional CEE expenditures accepted and $2.3 million of Part XII.6 tax owing. The Company has been made aware that the CRA has reassessed certain investors who subscribed for flow-through shares in 2013 and will reassess other investors with reduced CEE deductions. The Company's and investors' reassessments will be appealed to the courts. The Company has indemnified the investors that subscribed for the flow-through shares. The potential tax indemnification to the investors is estimated to be $11.0 million, plus $2.2 million potential interest. No provision has been recorded related to the tax, potential interest, nor the potential indemnity as the Company and its advisors do not consider it probable that there will ultimately be an amount payable. Subsequent to the year end, $2.4 million was deposited with the Receiver General, on behalf of certain investors in return for their agreement to object to their respective assessments and agreement to repay the Company with any and all recoveries upon the successful resolution of the Company's successful appeal.

Corporate Information

DIRECTORS

Rudi P. Fronk
Chairman of the Board

A. Frederick Banfield

Eliseo Gonzalez-Urien

Richard C. Kraus

Jay S. Layman

Melanie R. Miller

Clement A. Pelletier

John W. Sabine

Gary A. Sugar

OFFICERS

Rudi P. Fronk
Chief Executive Officer

Jay S. Layman
President and Chief Operating Officer

William E. Threlkeld
Senior Vice President, Exploration

Peter D. Williams
Senior Vice President, Technical Services

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

R. Brent Murphy
Senior Vice President, Environmental Affairs

C. Bruce Scott
Vice President,
General Counsel and Corporate Secretary

Michael G. Skurski
Vice President, Technical Services

Elizabeth Miller
Vice President, Environment and
Social Responsibility

Neggar Shafai
Assistant Corporate Secretary

STOCK EXCHANGE LISTINGS

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New York Stock Exchange, symbol "SA"
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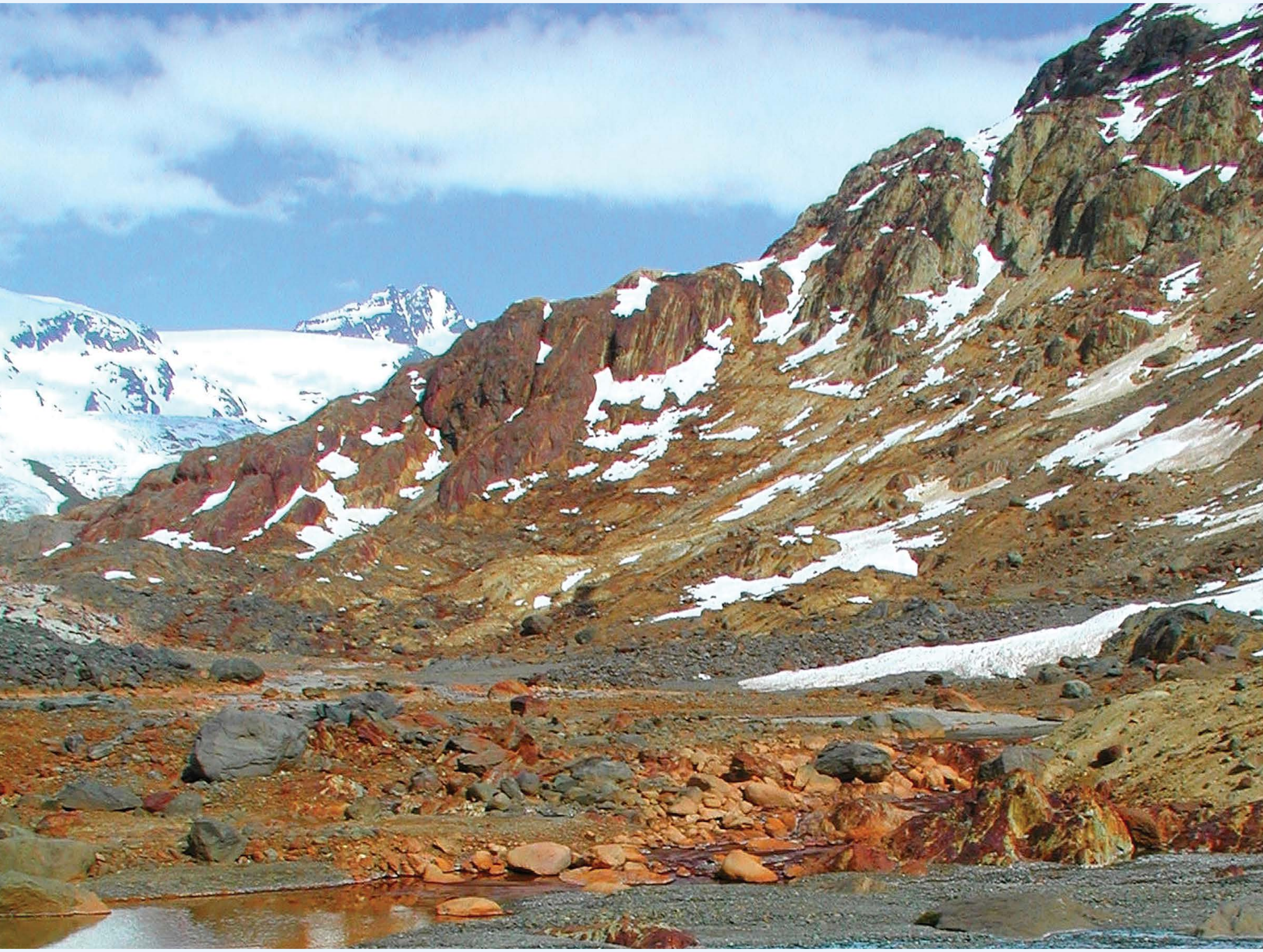

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