

SEABRIDGE GOLD INC.

INTERIM REPORT TO SHAREHOLDERS AND

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND SIX MONTHS

ENDED JUNE 30, 2010

MANAGEMENT'S COMMENTS ON UNAUDITED FINANCIAL STATEMENTS

The accompanying unaudited consolidated financial statements of Seabridge Gold Inc. for the three months and six months ended June 30, 2010 have been prepared by management and approved by the Board of Directors of the Company.

SEABRIDGE GOLD INC.

Report to Shareholders

Three Months Ended June 30, 2010

Recent Highlights

- Drilling, engineering and permitting programs begin at Courageous Lake and KSM
- Drilling at KSM confirms Iron Cap as new large gold-copper deposit with the potential to improve project economics
- Courageous Lake drilling increases confidence in the resource and finds potential expansions

2010 KSM Work Program

The 2010 work program at Seabridge Gold's KSM project located in British Columbia, Canada is now in full swing. The key objectives of this year's program are as follows:

- (1) Additional definition drilling intended to convert more of the existing mineral resources to proven and probable reserves. Opportunities exist at the Kerr, Sulphurets and Mitchell zones. The objective of the 2010 program is to increase reserves by 2 to 3 million ounces of gold.
- (2) Resource definition drilling at the Iron Cap zone where drilling by previous operators identified the potential for a fourth large deposit at KSM. Seabridge's geologists believe that the Iron Cap zone has the potential to host an additional 250 to 500 million tonnes of mineralized material at grades similar to the Mitchell zone.
- (3) Complete for submission, KSM's Environmental Assessment for review by the federal and provincial regulatory authorities, Treaty Nations, Aboriginal organizations and the general public. The closer a project is to final permits, the more valuable the project typically is to a partner or an acquiring company as risks and lead times to production have been reduced.
- (4) Additional independent engineering work at KSM with the goal of completing an updated PFS in early 2011. The updated PFS could include engineering improvements and additional reserves to the extent identified in the program.

The 2010 program is off to a good start (see news release of [July 26, 2010](#)). Results from the first eight holes drilled this year at the Iron Cap target have confirmed a new large potentially bulk minable deposit at KSM which could substantially improve overall project economics. Results to date include wide intercepts of gold, copper and silver grades above the KSM average. The Iron Cap zone is at least 900 meters in strike length, 400 meters wide and up to 350 meters thick and is located immediately adjacent to the Mitchell zone. Infill drilling will now proceed at Iron Cap with the aim of establishing new proven and probable reserves to be included in future mine plans for the project.

Iron Cap appears to have zones of higher grade copper which could be blended with ore from Mitchell to maintain KSM's targeted 0.20% average copper grade to the mill. This average head grade is important because it generates a higher grade concentrate without sacrificing recoveries, which in turn commands better smelter returns and reduces shipping costs. The current mine plan calls for the early development of the more distant Kerr and Sulphurets zones to maintain copper head grades to the mill. Sequencing Iron Cap before Kerr and Sulphurets could have multiple potential benefits including lower operating and capital costs, deferring significant expenditures and extending mine life.

Updated KSM Economics

The March 2010 KSM Preliminary Feasibility Study provided economic projections incorporating spot metal prices and currency exchange rates at the time of the study (around March 2010). Since that time, gold, copper and silver prices have improved while the U.S dollar has weakened slightly against the Canadian dollar. In order to provide our shareholders with the impact of varying commodity prices and currency exchange rates on the KSM project, the following table provides pre-tax economic projections using recent prices and exchange rates (end of July 2010) compared to the base case (three year average prices) and spot case of the March 2010 Preliminary Feasibility Study:

	Base Case	March 2010 Spot Case	July 2010 Spot Case
Net Cash Flow (US\$)	\$11.7 billion	\$18.6 billion	\$19.5 billion
NPV @ 5% (US\$)	\$2.9 billion	\$5.6 billion	\$5.8 billion
IRR (%)	11.4	16.5	16.5
Payback Period (years)	6.9	4.4	4.4
Life of Mine Operating Costs Per Ounce of Gold Produced (US\$)	144	68	100
Total Costs (including all capital) Per Ounce of Gold Produced (US\$)	373	297	340
Metal Prices:			
Gold (US\$/ounce)	878	1100	1180
Copper (US\$/pound)	2.90	3.25	3.30
Silver (US\$/ounce)	14.59	17.00	18.00
Molybdenum (US\$/pound)	16.50	16.50	16.50
US\$/Cdn\$ Exchange Rate	0.92	0.92	0.97

Note: Operating and total costs per ounce of gold are after base metal credits

The table above contains economic estimates which are based upon projections drawn from the KSM Preliminary Feasibility Study ("PFS") released on March 31, 2010. For a greater understanding of the PFS and its assumptions, please see the March 31, 2010 news release (www.seabridgegold.net/news.php) and the PFS Executive Summary (www.seabridgegold.net/KSM-PFS.pdf).

2010 Courageous Lake Work Program

During June, Seabridge commenced a work program to advance its 100% owned Courageous Lake gold project towards a National Instrument 43-101 compliant Preliminary Feasibility Study. The main objective of the 2010 program is to conduct further diamond drilling designed to upgrade a substantial portion of the existing inferred resource at the project to the measured and indicated resource categories. The 2010 program also includes environmental and permitting work, engineering and metallurgical consulting and geotechnical, environmental and definition drilling. Approximately 18,000 meters of diamond drilling is planned in 40 holes which will target about half of the inferred resource.

Results from the first 11 holes have exceeded expectations, increasing confidence in the current resource and potentially expanding it. The results to date point towards success in upgrading inferred resources to higher categories. Mineralization is where it is expected, demonstrating that the Courageous Lake resource model is predictive. Grades are somewhat better than predicted by the model and we are also finding new mineralized zones. Overall, the data suggests that resource ounces and perhaps grade could increase as a result of this program, in addition to upgrading resource categories.

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

Courageous Lake Estimated Gold Resources at 0.83 gram per tonne cutoff

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

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

At a gold price of US\$690 per ounce, the base case cumulative pre-tax net cash flow over the life of the project was estimated at US\$500 million. At a gold price of US\$800 per ounce, the cumulative pre-tax net cash flow over the life of the project was estimated at US\$1.13 billion and at US\$1,000 gold pre-tax cumulative net cash flow was estimated at US\$2.27 billion.

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

The Gold Market

In our view, the next leg up in the gold price is imminent. The deflation scare we have been predicting is now in full bloom, right on schedule. The Keynesian inflationist economists are using this fear to gather support for an expansion of the Federal Reserve balance sheet in the form of further quantitative easing (“QE”). More stimulus spending by the US Treasury is unlikely given the current level of concern about the deficit. But Federal Reserve expansion of the money supply is what the Keynesians believe is necessary to revive a failing economic recovery and most of these economists work for Wall Street or Washington, both of which are intent on preserving the status quo at any cost.

The deflation scare has supported a bear raid on gold which has fallen 7% in price from its all time high in late July 2010. Sentiment on gold is intensely negative. We believe this development is temporary. In our view, the Federal Reserve is about to attack deflation, undermining the dollar and just about every other vehicle for protecting savings and wealth – other than gold.

Let us be clear that deflation is largely an American concern. Much of the developing world is struggling with rising inflation especially the BRIC countries of Brazil, Russia, India and China. These countries attempt to maintain their currencies in a narrow range against the US dollar. As more dollars are created, and as more dollars flow towards these stronger economies, they will be forced to create more of their own currencies to absorb these dollars and prevent major revaluations. Thus, if the Federal Reserve expands its balance sheet as we expect, the US will once again export significant inflation to the rest of the world.

In our view, those who (sincerely) fear deflation are misreading the signs. Is there a real threat of deflation if the Continuous Commodity Index is at a new two year high (which it is)? Is there deflation if central bank reserves are nearly 10% above their 2007 highs? And if there is deflation, would we not expect the US dollar, the world’s reserve currency, to be rising? In fact, the dollar index is down precipitously from its June 7, 2010 high as deflation fears have mounted. Yes, US Treasuries are up in price but is that a signal of deflation or anticipation of more Federal Reserve purchases to come?

In one sense, the reality of the deflationary threat does not matter. The Federal Reserve is going to act on it and defeat deflationary forces real or not. But a misreading of deflation is important in one respect; if there is no real

threat of deflation, as we believe, then new measures from the Federal Reserve could substantially increase financial instability, enhancing what is already a growing role for gold in investor portfolios.

What is the evidence for deflation? Economists point to low consumer price inflation, falling asset prices (particularly residential and commercial real estate) and a large output gap. The output gap is the difference between the economy's potential performance and its current level, a gap which reflects a combination of weak end demand and excess productive capacity. We will examine these deflationary forces in more detail.

First, let's be clear about the current economic situation. We are two years into the collapse of the biggest credit bubble in history. In a credit bubble, asset prices and debt outstanding chase each other higher. Cheap, easy credit, the necessary condition of a bubble, bids up asset prices which in turn provide more collateral for further borrowing. Because interest rates are low in a credit bubble, investors are encouraged to reach for yield by taking on more risk, often more leverage. Investors are encouraged to speculate rather than invest. Savers are encouraged to spend rather than save. Much of the cheap, easy credit goes to support consumption, or poor investments that do not generate a reasonable return. The end result is a series of unstable imbalances. Asset prices, debt levels and leverage are too high. Cash flows and investment income are too low.

When the bubble collapses, prices, debt levels and leverage must come down. Excess capacity needs to be wrung out of the system. Spending needs to slow down and savings need to increase. Debt needs to be restructured and repaid. The reconciliation is painful but necessary. The real problems begin when governments and central banks try to prevent the reconciliation by supporting consumer demand, propping up asset prices and discouraging savings. Clearly, most governments and central banks have been trying their best to re-inflate the bubble and suppress the reconciliation process. In the US, we have had programs to support end consumption such as "cash for clunkers" which have simply added to the deficit without any economic benefit. Similarly, we have had a myriad of programs to keep people in homes they cannot afford and to subsidize new home purchases, never mind the enormous efforts being made to bring mortgage rates down and facilitate more lending. Despite low interest rates engineered by the Federal Reserve to encourage savers not to save, households are consuming less and trying to rebuild their balance sheets. That's where we are today.

Does low consumer price inflation represent a threat to the economy? In the late nineteenth century, America enjoyed the strongest period of economic growth in its history. Substantial investments in new technologies reaped huge productivity gains, real incomes rose and corporate profits went through the roof. During this same period, the general price level fell substantially. The money supply grew more slowly than the economy thanks to the benefits of the gold standard. Savers and wage-earners prospered.

Do falling asset prices mean deflation? We would argue that asset prices are simply finding the correct level where they represent economic value. Yes, this means restructuring and outright default. Restructurings and defaults do not reduce the money supply. Credit availability may be reduced but this is part of the deleveraging process. Credit and money should not be confused; they are not the same thing. In our view, deflation should mean an increase in the comparative value of money due to its relative scarcity and we are not seeing any evidence of money scarcity.

One of the arguments the Federal Reserve is likely to make in favor of new QE is the money supply. M2, the Fed's preferred measure of money, is growing at the slowest rate in 15 years. However, M2 includes money market funds and time deposits which are securities, not money, and must be sold to acquire money. The slowing in M2 is largely the result of a shrinking of these non-money components as savers flee from them due to their low returns. More narrow and exact measures such as True Money Supply, a yardstick prepared by the Von Mises Institute, show continued strong growth in money supply exceeding 10% annually although the growth rate is down in the last six months as QE1 slowed to a halt. There is no evidence to suggest that there isn't sufficient money to support current prices.

As for the output gap, the theory is that we need to see strong economic growth which reduces economic slack and increases end demand to the point where it strains capacity before we can have inflation. This is the reigning economic theory and it is an elegant one. Unfortunately, it fails to explain nearly every major inflation of the past hundred years, most of which occurred during severe economic contractions.

Consider the Weimar Republic's hyperinflation of 1921-3. After WWI, a defeated and demoralized Germany was faced with high unemployment and onerous war reparations to pay. To stimulate the economy and to help pay the vast debts outstanding, the German central bank steadily increased the money supply. For two years, nothing much happened. Due to the uncertain political and economic outlook, German citizens and institutions hoarded their cash.

Then, within a period of few weeks, and without any warning, the population changed its mind. Suddenly, savings no longer made sense and Germans began to spend. They lost faith in their government, their financial system and their currency. Germans decided that it was better to hold real goods rather than money. The output gap had nothing to do with it. Serious inflation is an issue of confidence in money; it is not primarily an economic phenomenon.

The purpose of this narrative is not to compare the Germany of the 1920s to America today. The point is to highlight the extraordinary importance of central bank credibility, especially as the Federal Reserve moves towards its next phase of QE.

In the QE process, the Federal Reserve purchases securities using freshly printed money. In the first wave of QE which began in March 2009 and ended one year later, the Federal Reserve purchased \$1.75 trillion in mortgage securities, agency debt and Treasuries. These purchases were added as assets to the balance sheet while the new dollars were recorded as liabilities. To the extent that these purchases were from commercial banks, the results were not inflationary because the banks had to rebuild their balance sheets and so they kept most of the money as reserves on deposit at the Federal Reserve. However, many purchases were made from private market participants and thus new money entered circulation.

It should be noted that prior to QE, the Federal Reserve had only ever purchased non-Treasury securities when they also had a re-purchase agreement requiring the seller to buy the securities back. In QE, this was not the case. The Federal Reserve became one of the largest owners of residential mortgages and the largest holder of liabilities issued by Fannie Mae and Freddie Mac, two bankrupt government sponsored agencies. Not the sort of investing that increases the perceived strength and credibility of the world's largest and most important central bank. What will QE2 do to further weaken confidence in the Federal Reserve and its currency?

Many of those who argue for deflation point to Europe as another source of the problem. The EU has decided upon a series of austerity measures for its membership which are intended to prevent the restructuring of European sovereign debt. To its credit, the European Central Bank has greatly curtailed its purchases of securities and thrown its weight behind the need for budget cuts to finance debt repayment and improve the credibility of sovereign debt and the Euro. In our view, these well-intentioned efforts will ultimately fail because they require the sacrifice of citizens and their living standards in favor of bondholders.

The time for deflation fears was two years ago when the US dollar soared in response to the initial collapse of the credit bubble and gold fell 30% to less than US\$700 per ounce. The gold price is now telling us to expect inflation and we are confident that the Federal Reserve will succeed in making inflation the biggest risk that investors face. In our view, deflation is most unlikely in a democracy with a fiat monetary system where unlimited money can be created at zero cost. Governor Ben Bernanke has told us (in his now famous November 21, 2002 speech to the National Economists Club) that deflation will not happen here because the Federal Reserve has a printing press. We believe him. Nonetheless, there will also be significant debt restructurings and defaults. Gold remains the best protection against both risks...debasement and default. We expect these risks to become more prominent in the months ahead and we expect a dramatic response from gold.

Financial Results

During the three month period ended June 30, 2010 Seabridge posted a net loss of \$1,644,000 (\$0.04 per share) compared to a loss of \$1,278,000 (\$0.03 per share) for the same period last year. During the 2nd quarter, Seabridge invested \$8,018,000 in mineral interests, primarily at KSM and Courageous Lake, compared to \$3,700,000 during the same period last year. At June 30, 2010, net working capital was \$47,413,000 compared to \$9,140,000 at December 31, 2009. In addition, at June 30, 2010 the Company had \$11,000,000 invested in a two-year Canadian bank guaranteed note at interest rates higher than its shorter term investments. Short and long term investments are held in Canadian dollars.

On Behalf of the Board of Directors,



Rudi P. Fronk
President and Chief Executive Officer
Toronto, Canada
August 6, 2010

Management's Discussion and Analysis

Three Months and Six Months Ended June 30, 2010

This Management's Discussion and Analysis is dated August 3, 2010 and reflects the three month and six month periods ended June 30, 2010 and should be read in conjunction with the interim consolidated financial statements for the same period and the Management's Discussion and Analysis included with the Audited Consolidated Financial Statements for the Year Ended December 31, 2009. The Company also published an Annual Information Form and an Annual Report on Form 40-F filed with the U.S. Securities and Exchange Commission. These documents along with others published by the Company are available on SEDAR at www.sedar.com, on EDGAR at www.sec.gov/edgar.shtml and from the office of the Company. Other corporate documents are also available on SEDAR and EDGAR as well as the Company's website www.seabridgegold.net.

Company Overview

Seabridge Gold Inc. is a development stage company engaged in the acquisition and exploration of gold properties located in North America. The Company is designed to provide its shareholders with exceptional leverage to a rising gold price. The Company's business plan is to increase its gold ounces in the ground but not to go into production on its own. The Company will either sell projects or participate in joint ventures towards production with major mining companies. During the period 1999 through 2002, when the price of gold was lower than it is today, Seabridge acquired 100% interests in eight advanced-stage gold projects situated in North America. Subsequently, the Company acquired a 100% interest in the Noche Buena project in Mexico which was disposed of in 2008 for US\$25 million plus other consideration. As the price of gold has moved higher over the past several years, Seabridge has commenced exploration activities and engineering studies at several of its projects. Seabridge's principal projects include the KSM (Kerr-Sulphurets-Mitchell) property located in British Columbia, Canada and the Courageous Lake property located in the Northwest Territories of Canada. Seabridge's common shares trade in Canada on the Toronto Stock Exchange under the symbol "SEA" and in the United States on the NYSE Amex stock exchange under the symbol "SA".

Results of Operations

For the three month period ended June 30, 2010, the Company reported a net loss of \$1,644,000 or \$0.04 per share compared to \$1,278,000 or \$0.03 per share in the same period of 2009. In the 2010 period, the Company's corporate and general expenditures were higher overall with the payments of \$887,000 in bonuses determined subsequent to the newly calculated mineral reserves at the KSM project, while certain other expenses for professional fees, investor relations and stock option expense were lower compared to the 2009 period.

For the six month period ended June 30, 2010, the Company reported a net loss of \$1,571,000, or \$0.04 per share compared to \$2,275,000 or \$0.06 per share in the same period of 2009. In the 2010 period, the Company's corporate and general expenditures were higher overall with the payments of \$887,000 in bonuses determined subsequent to the newly calculated mineral reserves at the KSM project, while certain other expenses for professional fees, investor relations and stock option expense were lower compared to the 2009 period. Also in the 2010 period, the Company recorded a foreign exchange gain of \$1,169,000 which was principally attributed to foreign exchange gains resulting from converting the funds received from our US dollar equity financing into Canadian dollars. The Company's interest income from cash investments was \$180,000 down from \$312,000 in the same period of 2009 when the Company had larger amounts of cash to invest during the whole period and interest rates were significantly higher.

Quarterly Information

Selected financial information for the first two quarters of 2010 and each of the quarters for fiscal years 2009 and 2008:

			2 nd Quarter Ended June 30, 2010	1 st Quarter Ended March 31, 2010
Revenue			\$ Nil	\$ Nil
Profit (Loss) for period			\$ (1,644,000)	\$ 73
Basic Profit (Loss) per share			\$ (0.04)	\$ -
Diluted Profit (Loss) per share			\$ (0.04)	\$ -

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

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

In Quarter 1 of 2010, the Company recorded a foreign exchange gain of \$1,098,000 which was principally attributed to foreign exchange gains resulting from converting the funds received from our US dollar equity financing into Canadian dollars. The significant profit for the fourth quarter of 2008 was due to the \$19.9 million gain from the sale of the Noche Buena project in Mexico net of an income tax provision of \$5.6 million.

Mineral Interest Activities

For the six month period ended June 30, 2010, the Company incurred expenditures of \$11,785,000 on mineral interests compared to \$5,521,000 in the same period of 2009. The 2010 expenditures were spent at both the KSM project where the Preliminary Feasibility Study was completed and at the Courageous Lake project where drilling and engineering, environmental and metallurgical studies continued with the intention of upgrading the project to the preliminary feasibility stage by early 2012.

During the balance of 2010, at the KSM project, drilling, engineering and environmental studies will continue. At Courageous Lake, the Company's continuing expenditures will be for a drilling program to upgrade and expand resources and commence studies with the intention of upgrading the project to the preliminary feasibility stage by early 2012.

Liquidity and Capital Resources

Working capital at June 30, 2010, was \$47,413,000 compared to \$9,140,000 at December 31, 2009. In addition, the Company has \$11 million invested in a two-year Canadian bank guaranteed note at interest rates higher than the shorter term investments. In March 2010, the Company closed a base shelf prospectus financing of 2,875,000 common shares at US\$22.90 per share for gross proceeds of US\$65,837,500. Cash was used in the six month 2010 period for operating activities in the amount of \$1,644,000 (2009 - \$7,061,000 which included the payment of \$5,326,000 in Mexican income taxes due on the sale of the Noche Buena project) and for mineral interests \$9,393,000 (2009 - \$6,044,000). The Company's cash and investment position is sufficient to provide for planned exploration and ongoing operating activities for several years.

Internal Control Over Financial Reporting ("ICFR")

Nothing occurred during the period beginning on January 1, 2010 and ending on June 30, 2010 that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

Shares Issued and Outstanding

At August 3, 2010, the issued and outstanding common shares of the Company totalled 40,545,185. In addition, there were 1,726,000 stock options granted and outstanding (of which 595,000 were not exercisable). On a fully diluted basis there would be 42,271,185 common shares issued and outstanding.

Related Party Transactions

During the six month period ended June 30, 2010, a private company controlled by a director of the Company was paid \$19,900 (Quarter 2 - \$10,000) (2009 - \$7,200 and \$2,800) for technical services provided by his company related to mineral properties; a private company controlled by a second director was paid \$200,000 (Quarter 2 - \$150,000) (2009 - \$100,000 and \$50,000) for corporate consulting services rendered and a third director was paid \$8,300 (Quarter 2 - \$4,100) (2009 - \$11,200 and \$6,200) for geological consulting services.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Changes in Accounting Standards Not Yet Adopted
International Financial Reporting Standards (“IFRS”)

In February 2008, the Canadian Institute of Chartered Accountants announced that GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards (“IFRS”) for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The standard also requires that comparative figures for 2010 be based on IFRS. The Company has begun assessing the adoption of IFRS for 2011, and the identification of the new standards and their impact on financial reporting. Management has analyzed existing financial reporting, prepared a preliminary assessment of the potential impact the new standards will have on the Company and developed a changeover plan. The Company believes that the accounting for impairment of assets, foreign exchange, exploration costs, asset retirement obligations, stock-based compensation and income taxes under IFRS may be different than Canadian GAAP, and may impact the financial statements. The Company is in the process of determining the full financial impact of the transition to IFRS. In addition, the Company anticipates a significant increase in disclosure requirements under IFRS and such requirements are also being evaluated along with the necessary system changes required to gather, process and review such disclosure. The Company’s plans and project for conversion to IFRS is ongoing and the Company expects that there will be no issues meeting the required timelines for conversion to IFRS.

August 3, 2010

Consolidated Balance Sheets
(Unaudited, 000's of Canadian dollars)

	June 30, 2010	December 31, 2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,387	\$ 285
Short-term deposits	48,950	9,002
Amounts receivable and prepaid expenses	912	466
Marketable securities	827	797
	52,076	10,550
LONG-TERM GUARANTEED INVESTMENT	11,000	-
CONVERTIBLE DEBENTURE (Note 2)	525	-
MINERAL INTERESTS (Note 2)	102,999	91,214
RECLAMATION DEPOSITS	1,549	1,552
PROPERTY AND EQUIPMENT	66	85
	\$ 168,215	\$ 103,401
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accruals	\$ 4,629	\$ 1,376
Income taxes payable	34	34
	4,663	1,410
LONG-TERM INCOME TAXES PAYABLE	88	137
PROVISIONS FOR RECLAMATION LIABILITIES	2,354	2,256
	7,105	3,803
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 3)	177,288	114,027
STOCK OPTIONS (Note 3)	6,802	7,012
CONTRIBUTED SURPLUS	283	126
DEFICIT	(23,311)	(21,740)
ACCUMULATED OTHER COMPREHENSIVE INCOME	48	173
	161,110	99,598
	\$ 168,215	\$ 103,401

Subsequent Event (Note 2)

See accompanying notes to consolidated financial statements

ON BEHALF OF THE BOARD OF DIRECTORS



Rudi P. Fronk
Director



James S. Anthony
Director

SEABRIDGE GOLD INC.

Consolidated Statements of Operations and Deficit

For the Periods Ended June 30, 2010 and 2009

(unaudited, 000's of Canadian dollars, except income per share)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Expenditures				
Corporate and general	\$ 1,854	\$ 1,521	\$ 2,920	\$ 2,697
Interest income	(139)	(145)	(180)	(312)
Gain on sale of marketable securities	-	(115)	-	(115)
Foreign exchange (gains) losses	(71)	17	(1,169)	5
Net Loss for Period	1,644	1,278	1,571	2,275
Deficit, Beginning of Period	21,667	18,059	21,740	17,062
Deficit, End of Period	\$ 23,311	\$ 19,337	\$ 23,311	\$ 19,337
Loss per Share - basic and diluted	\$ 0.04	\$ 0.03	\$ 0.04	\$ 0.06
Weighted Average Number of Shares Outstanding	40,541,852	37,411,185	39,580,183	37,401,185

Consolidated Statements of Comprehensive Loss

For the Periods Ended June 30, 2010 and 2009

(unaudited, 000's of Canadian dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Net Loss for Period	\$ 1,644	\$ 1,278	\$ 1,571	\$ 2,275
Other Comprehensive Loss (Income)				
Reclassification for gains and losses in net loss for period	-	80	-	(72)
Unrecognized gains and losses on marketable securities	52	(51)	125	(50)
Comprehensive Loss	\$ 1,696	\$ 1,307	\$ 1,696	\$ 2,153

Consolidated Statements of Accumulated Other Comprehensive Income

For the Periods Ended June 30, 2010 and 2009

(unaudited, 000's of Canadian dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Balance, Beginning of Period	\$ 100	\$ 46	\$ 173	\$ (105)
Other Comprehensive Income (Loss)	(52)	(29)	(125)	122
Balance, End of Period	\$ 48	\$ 17	\$ 48	\$ 17

SEABRIDGE GOLD INC.
Consolidated Statements of Cash Flows
For the Periods Ended June 30, 2010 and 2009
(unaudited, 000's of Canadian dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Cash Provided from (Used for) Operations				
Net loss for period	\$ (1,644)	\$ (1,278)	\$ (1,571)	\$ (2,275)
Items not involving cash				
Gain on sale of marketable securities	-	(115)	-	(115)
Stock option compensation	35	429	122	716
Accretion	49	43	98	86
Amortization	9	10	18	20
Foreign exchange	-	-	-	-
Income tax recoveries	-	-	-	-
Changes in non-cash working capital items				
Amounts receivable and prepaid expenses	(362)	(114)	(172)	1
Accounts payable and accruals	(819)	89	(90)	(168)
Income taxes payable	(49)	-	(49)	(5,326)
	<u>(2,781)</u>	<u>(936)</u>	<u>(1,644)</u>	<u>(7,061)</u>
Investing Activities				
Mineral interests	(7,453)	(1,904)	(9,392)	(6,044)
Property and equipment	-	-	-	-
Reclamation deposits	-	(249)	-	(249)
Marketable securities increase - net	-	(239)	-	(239)
Short-term deposits	9,924	3,391	(39,948)	5,743
Long-term guaranteed investment	-	-	(11,000)	-
	<u>2,471</u>	<u>999</u>	<u>(60,340)</u>	<u>(789)</u>
Financing Activities				
Issue of share capital (Note 3)	106	95	63,086	526
Net Cash Provided	<u>(204)</u>	<u>158</u>	<u>1,102</u>	<u>(7,324)</u>
Cash and Cash Equivalents, Beginning of Period	<u>1,591</u>	<u>617</u>	<u>285</u>	<u>8,099</u>
Cash and Cash Equivalents, End of Period	<u>\$ 1,387</u>	<u>\$ 775</u>	<u>\$ 1,387</u>	<u>\$ 775</u>
Supplementary Non-cash Investing Activities				
Changes in Accounts Receivables and Liabilities in Mineral Interests	<u>\$ 1,241</u>	<u>\$ 1,886</u>	<u>\$ 3,069</u>	<u>\$ (425)</u>

Notes to the Consolidated Financial Statements
At June 30, 2010
(in Canadian dollars, except where noted)

1. Basis of Presentation

These interim consolidated financial statements of the Company do not include all the disclosures as required under Canadian generally accepted accounting principles for annual financial statements, however, the interim consolidated financial statements, follow the same accounting policies and methods of application as the most recent annual financial statements. The interim consolidated financial statements should be read in conjunction with Seabridge's audited consolidated financial statements for the year ended December 31, 2009.

2. Mineral Interests

Expenditures on projects during the six month period ended June 30, 2010 and 2009 were as follows (000's):

	Balance, Dec. 31, 2009	Expenditures Quarter 1, 2010	Expenditures Quarter 2, 2010	Balance, June 30, 2010
Courageous Lake	\$ 22,404	\$ 206	\$ 2,395	\$ 25,005
KSM	57,851	3,480	6,189	67,520
Castle Black Rock	242	-	10	252
Grassy Mountain	3,606	60	29	3,695
Hog Ranch	680	-	(680)	-
Quartz Mountain	444	-	35	479
Red Mountain	1,543	11	40	1,594
Pacific Intermountain Gold	3,960	10	-	3,970
Other Nevada projects	484	-	-	484
	<u>\$ 91,214</u>	<u>\$ 3,767</u>	<u>\$ 8,018</u>	<u>\$ 102,999</u>

	Balance, Dec. 31, 2008	Expenditures Quarter 1, 2009	Expenditures Quarter 2, 2009	Balance, June 30, 2009
Courageous Lake	\$ 21,908	\$ 34	\$ 227	\$ 22,169
KSM	36,140	1,687	3,711	41,538
Castle Black Rock	516	-	(8)	508
Grassy Mountain	3,469	63	29	3,561
Hog Ranch	1,277	-	(567)	710
Quartz Mountain	452	-	11	463
Red Mountain	1,407	13	17	1,437
Pacific Intermountain Gold	3,448	24	263	3,735
Other Nevada projects	412	-	17	429
	<u>\$ 69,029</u>	<u>\$ 1,821</u>	<u>\$ 3,700</u>	<u>\$ 74,550</u>

Castle Black Rock, Pacific Intermountain Gold and Other Nevada Projects

In December 2009, the Company signed a letter of intent to sell the Castle Black Rock, Pacific Intermountain Gold and Other Nevada projects to Constitution Mining Corp. ("Constitution"). The terms of the agreement called for Constitution to pay cash of US\$3 million, issue three million shares and issue a US\$1 million two-year convertible debenture.

The cash payments consisted of US\$200,000 paid on signing the letter of intent, US\$800,000 on closing the agreement, US\$1,000,000 one month after closing and US\$1,000,000 on the first anniversary which would be secured by an 8% promissory note. The share issuances are due as to one million shares on closing and a further two million shares at the earlier of their finding a gold resource of at least one million ounces and three years after the closing. The convertible debenture bears interest at 8% and can be repaid by Constitution at any time prior to maturity by paying US\$1,250,000. At maturity, the balance outstanding may be converted into shares of Constitution, at Seabridge's option, based on a US\$1.00 per share conversion price. The agreement closing has been delayed until September 30, 2010, and in the interim, Constitution provided subsequent to the period end, US\$302,000 in non-refundable payments to cover property obligations.

Hog Ranch

In April 2009, the Company signed an option agreement with Icon Industries Ltd., now ICN Resources Ltd. ("ICON"). The terms of the agreement required ICON to issue one million common shares to the Company, pay \$500,000 on closing and to issue a further one million common shares and pay a further \$525,000 within 12 months of the agreement being accepted by the TSX Venture Exchange. The acceptance by the TSX Venture Exchange was received and ICON issued the first one million shares and paid the \$500,000. In April 2010, the balance of the one million shares was received and the Company agreed to take back a \$525,000 convertible debenture in place of the cash due. The debenture is for 18 months

with interest at 5% per annum and the principal and accumulated interest is convertible into common shares of ICON at the Company's option at \$0.30 per share. The debenture is secured by the Company's interest in the project.

For reporting purposes the convertible debenture, in the amount of \$525,000 has been allocated between the debenture receivable (\$385,000) and the related conversion option (\$140,000) based on the fair value of the instruments. The fair value of the conversion option was determined using the Black-Scholes option pricing model, the ICON share price and its historical volatility, the conversion price and the expected life of the instruments. The carrying value of the conversion option will be adjusted to fair value at each reporting period and any gain or loss will be recognized in the statement of operations at that time.

3. Share Capital

(a) Common shares were issued during the six month period ended June 30, 2010 as follows:

	<u>Shares</u>	<u>Amount (,000)</u>
Balance, December 31, 2009	37,598,685	\$ 114,027
For cash, prospectus financing (see below)	2,875,000	62,708
For cash, exercise of stock options	71,500	378
Value of options exercised	-	175
Balance, June 30, 2010	<u>40,545,185</u>	<u>\$ 177,288</u>

On March 3, 2010, the Company closed a base shelf prospectus financing of 2,875,000 common shares at US\$22.90 per share for gross proceeds of US\$65,837,500 (CDN\$67,944,300). The agents received commission of 6.5% in cash or CDN\$4,416,000 and other expenses of the financing totalled CDN\$820,000.

(b) Stock Options

A summary of the status of the Company's stock option plan at June 30, 2010 and changes during the period are presented below:

	<u>Shares</u>	<u>Amount</u>
Outstanding, December 31, 2009	1,812,500	\$ 7,012,000
Exercised	(71,500)	(175,000)
Expired	(15,000)	(157,000)
Value of prior years options vested	-	122,000
Outstanding, June 30, 2010	<u>1,726,000</u>	<u>\$ 6,802,000</u>

4. Related Party Transactions

During the six month period ended June 30, 2010, a private company controlled by a director of the Company was paid \$19,900 (Quarter 2 - \$10,000) (2009 - \$7,200 and \$2,800) for technical services provided by his company related to mineral properties; a private company controlled by a second director was paid \$200,000 (Quarter 2 - \$150,000) (2009 - \$100,000 and \$50,000) for corporate consulting services rendered and a third director was paid \$8,300 (Quarter 2 - \$4,100) (2009 - \$11,200 and \$6,200) for geological consulting services.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Forward-Looking Statements

In this Quarterly Report, we are making statements and providing information about our expectations for the future which are considered to be forward-looking information or forward-looking statements under Canadian and United States securities laws. These include statements regarding the expected impact of drill programs on resources and reserves, the proposed production scenarios in respect of our principal projects and economic projections based upon them as well as our view of the gold market. We are presenting this information to help you understand management's current views of our future prospects, and it may not be appropriate for other purposes. We will not necessarily update this information unless we are required to do so 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 MD&A contained in the 2009 Annual Report to Shareholders 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.