



BEACON ROCK RESEARCH

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RESEARCH NOTE

SEABRIDGE GOLD, INC. (NYSE: SA, TSX: SEA, \$25.46)

www.beaconrockresearch.com

Disclosures 1,2,3,4

5956 N.W. 213th, Portland, Oregon 97229

Mike Niehuser, mike@beaconrockresearch.com, 503-307-3188

Two Long-Term Pit Scenarios Emerge for Seabridge's KSM Project

Seabridge Gold, Inc. (AMEX: SA) has received a pit study with two long-term scenarios. In December of 2008, Seabridge received an initial Preliminary Assessment (PA) with an estimated 30-year mine life. The "two scenario" pit study included a 30 and 48-year option with the benefit of drill results completed in 2008 and updated capital and operating costs. The study will be an important component of an updated PA due in July, which should support a Preliminary Feasibility Study scheduled for the first quarter of 2010.

The "two scenario" pit study was prompted by a resource estimate upgrade in March of 2009 which included drilling on the Mitchell Deposit at KSM during 2008. Presently, total drilling completed by Seabridge at the Mitchell Deposit from 2006 to 2008 now includes 102 core holes totaling 40,060 meters of drilling. As we anticipated, the new resource upgraded in-pit Inferred resources and doubled Measured and Indicated resources of the Mitchell Deposit. The increase in size continues to advance the KSM Project to among the world's largest undeveloped gold-copper porphyry deposits.

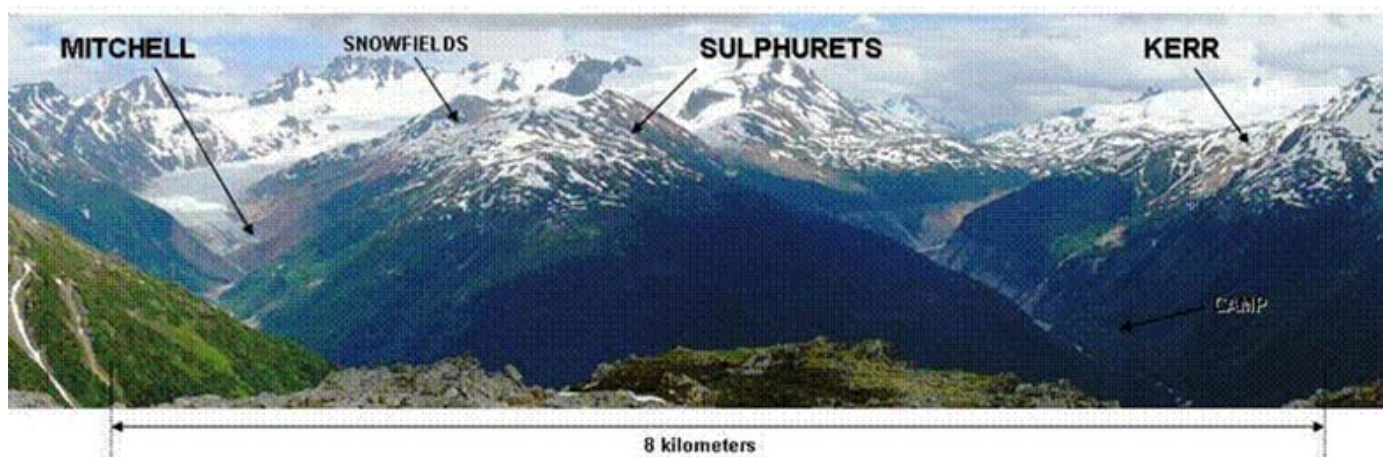


Figure 1 - KSM Project (looking east)
Source: Seabridge

The additional drilling also provided important data to revise the pit wall slope, reduce waste improving economics, and pit optimization. Capital and operating costs were updated, including metal price assumptions (US\$750 per ounce gold, US\$2.00 per pound copper, US\$12.50 per ounce silver, and US\$12.50 per pound molybdenum). This is something we anticipated in earlier reports, as waste within the pit is converted to ore, economics improve, and there is potential that pits are expanded and overlap, both increasing in size and reducing waste, which is in common from separate pits.

KSM Pit Scenario Comparison					
Pit Scenario	Tonnes (000s)	Gold (g/t)	In Situ Grades		
			Copper (%)	Silver (g/t)	Moly (%)
2008 PA	1,412,285	0.60	0.225	2.1	0.0040
30 Year	1,267,702	0.62	0.21	2.2	0.0053
48 Year	2,062,665	0.59	0.193	2.6	0.0057
Pit Scenario	Waste (000s)	Strip Ratio	Gold (mil oz)	Copper (mil lbs)	
2008 PA	2,497,325	1.77	27.2	7,005	
30 Year	2,117,450	1.55	27.1	6,332	
48 Year	5,294,872	2.57	39.0	8,776	

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The scenarios impacted the size of the eventual project and mine life, but as they assume similar development paths and capital payback, they are more useful for envisioning the disposition of the KSM Project in the long run. We believe the primary benefit of the study was to demonstrate the long life of the mine, and though a shorter mine life may be preferred (likely depending on future metal prices and operating costs beyond our visibility), the resource could have a much longer life than previously anticipated.

It is important to recognize that when discounting cash flows, cash received farther in the future have progressively less value in the present. Cash flows have negligible benefit if discounted beyond 30 years. Conversely, a long mine life is very important to major operators that benefit from efficiencies which may be gained by operating mines beyond expected time horizons. Interest by major operators is essential because they would be the only companies of scale capable of bringing KSM into production. While discounted cash flows are of marginal value except for analyst models, major operators looking for long-lived assets are key to monetizing the KSM Project, which is central to our investment theme for Seabridge.

Seabridge is scheduled to produce an updated PA on the KSM Project in July of 2009, utilizing both pit scenarios. They anticipate that the PA will allow upgrading of Inferred resources into the Measured and Indicated category. In addition, they anticipate that the study will lead to completion of a Preliminary Feasibility Study, which should upgrade a portion of these resources to reserves in the first quarter of 2009. We anticipate that by upgrading resource classifications and improving visibility on the projects, economics should be well received by investors.

We believe a good comparable for the Mitchell deposit or the KSM project, prior to the downturn in 2008, would have been the acquisition of 51% of the Cerro Casale project in northern Chile by Barrick Gold Corporation (NYSE: ABX) for \$800 million. Cerro Casale has a gold resource of about 25 million ounces, is in a mining friendly political jurisdiction similar to the KSM project, and has significant construction challenges. In addition, the KSM project appears to compare favorably to the average grade of the resource at Cerro Casale, which is about 0.69 g/t gold and 0.25% copper. Excluding copper, this may suggest an acquisition price of the gold component on a per ounce basis of 51% of Cerro Casale at about \$63 per ounce.

Seabridge’s KSM Project is shaping up to be one of the world’s largest gold-copper porphyry deposits. As the project is advanced with additional studies and development work, it should stand out among other projects attractive for construction and operation by a major mining company. With 61 million ounces of gold resources and total diluted shares of 38.8 million shares, Seabridge is highly leveraged to the price of gold. We are bullish on both gold and copper prices for the near to mid-term and consider shares of Seabridge to be significantly undervalued.



Figure 2 - Mitchell Deposit (looking west)
Source: Analyst

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	Measured				Indicated				Inferred				Total Gold (000s oz.)	Total Copper (mil lbs)	
	Tonnes (000s)	Gold grade (g/t)	Gold (000s oz.)	Copper grade (%)	Tonnes (000s)	Gold grade (g/t)	Gold (000s oz.)	Copper grade (%)	Tonnes (000s)	Gold grade (g/t)	Gold (000s oz.)	Copper grade (%)			Copper (mil lbs)
Mitchell	579,300	0.66	12,292	0.18	930,600	0.62	18,550	0.18	514,900	0.51	8,442	0.14	1,589	39,284	7,579
Sulphurets	579,300	0.66	12,292	0.18	87,300	0.72	2,021	0.27	160,900	0.63	3,259	0.17	603	5,280	1,123
Kerr					225,300	0.23	1,666	0.41	69,900	0.18	405	0.39	601	2,071	2,637
KSM Subtotal	579,300	0.66	12,292	0.18	1,243,200	0.56	22,237	0.23	745,700	0.50	12,106	0.17	2,793	46,635	11,339

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