

SAGE GOLD INC. - MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR 2005 – YEAR ENDED SEPTEMBER 30, 2005

This management discussion and analysis (“MD&A”) of results of operations and financial condition of Sage Gold Inc. (“Sage” or “the Company”)- formerly Sahelian Goldfields Inc.- describes the operating and financial results of the Company for the year ended September 30, 2005 (“fiscal year 2005”). The MD&A supplements, but does not form part of the financial statements of the Company and should be read in conjunction with Sage’s audited consolidated financial statements and related notes for fiscal 2005 and the audited statements for fiscal 2004. The Company prepares and files its financial statements in accordance with Canadian generally accepted accounting principles.

Forward-looking Statements

Some statements contained in this MD&A are forward-looking, and therefore involve uncertainties or risks that could cause actual results to differ materially. Such statements include comments regarding mining and milling operations, mineral resources and the results of mineral exploration programs. Factors that could cause actual results to differ materially include metal price volatility, economic and political events affecting metal supply and demand, fluctuations in mineralization grade, geological, technical, mining or processing problems, future profitability and production. The Company disclaims any obligation to update forward-looking statements. The reader should reference the “Risk Considerations” section.

Date of MD&A

This MD&A was prepared on January 27, 2006.

Overall Performance

Overview of Operations

Sage is a precious and base metals exploration and development Company with properties in Ontario, Quebec (Canada) and Nevada (U.S.A.). The Company’s main focus is to build a precious metals mining Company through exploration and acquisition of advanced development and production opportunities, primarily in the Americas

1) Mineral Properties

<i>Mineral Property</i>	<i>Location</i>	<i>Sage interest</i>	<i>Acres</i>
	Ontario		
Kerrs Properties:			
Kerrs Lease	Kerrs, Chesney Bay Townships	100%, 1 lease (12 claims)	459
Kerrs Property (93 claims)	Kerrs, Chesney Bay and Rayner Lake Townships	100%, 5 claims	1160
Kerrs Campbell Option	Kerrs Township	Option 100%, 1 claim	600
Kerrs NW	Kerrs, Galna and Chesney Bay Townships	100%, 23 claims	10,880
Kerrs Kidston/Dyment Option	Kerrs Township	Option 100%, 1 claim	160
Kerrs – restake of Noranda claims	Kerrs Township	100% 3 claim units	120

511607,511602,511601			
	Quebec		
Chibougamau Barlow 1,	Barlow Township	62.5%, 15 claims	593
Chibougamau Fancamp 2	Fancamp Township	100%, 4 claims	158
Fort Chimo Gold 2	Rougemont	75%, 19 claims	751
Fort Chimo Gold 3	Chute de la Pyrite	75%, 15 claims	593
Malartic 1-96	Cadillac and Malartic Townships	100%, 14 claims	1,438
Dasserat Property	Dasserat Township	100%, 32 claims	3220
	Nevada		
Triple Junction Properties:			
Triple Junction	Carlin-Rain Trend, Elko County	Option 55 or 70%, 36 lode claims	708
Dixie Fork	Carlin-Rain Trend, Elko County	Option 55 or 70%, 31 lode claims	634
Pony Spur Properties:			
Pony Spur	Carlin-Rain Trend , Elko County	Option 100%, 48 lode claims	960
Dike	Carlin-Rain Trend, Elko County	Option 100%, 62 lode claims	1,240
Corridors	Midas Trend, Elko County	Option 100%, 62 lode claims	1,240
Sugarloaf	Midas Trend, Elko County	Option 100%, 32 lode claims	640

2) Acquisitions – Sage did not make any acquisitions in 2005

3) *Exploration Activities*

a) Kerrs Drill Program - Sage conducted a drilling program on the Kerrs property during the period August 1st through November 1st, 2005. The 2005 fall drilling program consisted of 7 holes totalling 3,000 metres following up on the Jam Lake Trend in the vicinity of the Noranda drill holes 87-16 and 88-20 (drilled by Noranda Exploration in 1987 and 1988), as well as targeting specific mobile metal ion (MMI) soil gas and resistivity anomalies. Sage intends to follow up on the fall drill program with a 5,000 metre drill program which commenced in late January 2006.

b) Nevada exploration – Sage conducted a variety of geophysical, geochemical and geological programs on its Nevada properties during 2005. Sage completed gravity and magnetometer surveys on the Sugarloaf and Corridors properties and conducted a soil gas program on the Dike property. The Company also collected 2700 soil samples from the Dike property and completed a 36 element analysis of the samples. Sage also completed a limited sampling program on the Pony Spur property in order to further refine planned drill targets. The Company has proposed drill programs for the Pony Spur and Dike properties and has applied and received drill permits for prospective drill programs. Sage also completed data compilation on the Triple Junction and Dixie Forks properties integrating data generated from previous exploration programs in the area. Westmont Mining Inc. conducted exploration programs in the area between 1988 and 1992 and Cyprus Amax Minerals Company was reported to have completed some exploration work on the Triple Junction property in the 1980s.

c) Other Canadian Properties – Sage completed a magnetometer survey on the Malartic property for assessment purposes. The Company also initiated a review of the assessment data related to the Fancamp, Barlow, Malartic and Ft. Chimo properties.

4) *Financings* a) Flow-through Financing – the Company issued 9,001,667 flow-through shares at \$0.075 per share by way of private placements in 2005.

b) Unit Financing – the Company issued 9,995,506 units at \$0.075 per unit by way of private placements. Each unit consisted of one common share and one half of a share purchase warrant. Each full share purchase warrant entitles the holder to purchase an additional common share of the Company at a price of \$0.10 per share at any time up to 24 months following the closing of the placement.

5) *Corporate* - Shareholders approved at the Company's annual and special meeting on January 14, 2005 the change of the Company's name to Sage Gold Inc. and the consolidation of 25 Sahelian common shares for every one common share of Sage. On February 25, 2005 Sage announced that the name change and share consolidation would become effective March 3, 2005, and that there would be approximately 16.8 million shares outstanding post-consolidation.

6) *Personnel* – Allan Ibbitson resigned as Chief Financial Officer as of July 8, 2005. Bill Love, a consultant to the Company, assumed the role of CFO as of July 8, 2005. There were no other changes in personnel during 2005. Guy Charette and Stuart Lee did not stand for re-election at the annual meeting (January 2005). John Craig was appointed to the board in February 2005 and was replaced by Gary Robertson in July 2005

7) *Subsequent Events* - On November 2, 2005, the Company announced that it had completed its private placement unit financing through the issuance of 1,333,333 units at \$0.075 per share for aggregate proceeds of \$100,000. The Company also sold an additional 466,667 units on the same terms for aggregate proceeds of \$35,000. Each unit consists of one common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at \$0.10 per common share at anytime until November 2, 2007.

The Company also announced that Sage, Atna Resources Ltd. and Atna Resources Inc. (together "Atna") had agreed to amend the option agreement whereby the Company can earn up to 70% interest in the Triple Junction and Dixie Fork exploration properties in Nevada. For the consideration of issuing 500,000 common shares of Sage, Atna has agreed to extend the length of the option by one year to November 30, 2007, and to reduce Sage's total drilling commitment on the properties from 15,000 feet to 10,000 feet.

The Company has granted 140,000 stock options to a consulting geologist and 120,000 stock options to a financial consultant at \$0.075 per share until October 26, 2010. These options were repriced at \$0.10 per share pursuant to the Company's TSXV listing – see below.

On November 8, 2005, the Company announced the results from the recent drill program at the Kerrs Gold Property. The program consisted of 7 holes totaling 3,000 metres following up on the Jam Lake Trend in the vicinity of Noranda drill holes 87-16 and 88-20 (drilled by Noranda Exploration in 1987 and 1988), as well as targeting specific MMI soil gas and resistivity anomalies. The 2005 fall drilling program identified a new significant gold zone – the mafic replacement zone. Significant gold intersections included 32.8g/tonne over 0.18 metres and 7.36g/t over 7.43m (2.97m true width).

The Kerrs gold system is focused in a stratabound shear deformation zone with a strike length of 700 metres, a down-dip length of 500 metres varying in thickness from 30m to 40m and is open to depth and along strike.

Effective December 14, 2005, the Company's common shares began trading on the TSX Venture Exchange under the symbol SGX. The Shares continue to trade on the CNQ under the symbol "SAGE". As a condition of listing on the TSX Venture Exchange, the director, officer, consultant, and employee options that were issued at \$0.075 were repriced up to \$0.10.

On December 29, 2005, the Company closed a non-brokered private placement of 7,905,000 flow-through common shares at Cdn \$0.10 per share for gross proceeds of \$790,500. Sage also agreed to pay \$52,000 in finder's fees and granted to certain finders compensation options to acquire 516,000 common shares of Sage with each Option entitling the holder to purchase one Common Share at \$0.10 per Common Share up to December 29, 2007. The proceeds from the Offering will be used by Sage for exploration on its properties in Ontario and Quebec.

On December 30, 2005, Sage closed a non-brokered private placement of 1,000,000 flow-through common shares at Cdn \$0.14 per Share for gross proceeds of \$140,000.

On January 27, 2006, Sage announced that, pursuant to its 2005 Incentive Stock Option Plan, it has granted 1,290,000 options ("Options") to acquire 1,290,000 common shares ("Shares") of SAGE at an exercise price of \$0.17 per Share to members of management, the board of directors, its employees and consultants of SAGE. The Options will be exercisable for a period of five years from the date of grant.

Selected Annual Information

The following tables set out financial performance highlights for the last four* years and were prepared in accordance with Canadian GAAP.

	2005	2004	2003	2002
Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenses	1,009,308	760,500	69,001	46,518
Net income (loss) (including interest income)	(1,007,122)	(754,917)	(69,001)	6,674,737
Net income (loss) per share	(0.050)	(0.088)	(0.030)	2.879
Cash flow from (used in) operations	(842,120)	(729,185)	(76,053)	0
Cash & cash equivalents, end of period	620,704	991,087	36,776	0
Assets	1,827,644	1,276,596	56,966	0
Long-term liabilities	0	0	0	0
Dividends	0	0	0	0

All Net Income (loss) per share amounts have been adjusted to give effect to the pro forma share consolidation as defined below.

* The Company was formed on October 1, 1997 pursuant to the Business Companies Act (Ontario) by way of Articles of Amalgamation upon the amalgamation of Sahelian Goldfields Ltd. and Sahelian Goldfields Inc. The Company consolidated its shares on a 1 for 25 basis on March 3, 2005 and changed its name to Sage Gold Inc.

Results of Operations

Year ended September, 30, 2005

Sage's operations in fiscal 2005 were focused on exploration and financing, and the Company did not generate any operating revenue. Sage's net loss increased to (\$1,007,122) for 2005 from a loss of (\$754,917) the previous year primarily due to increased general and administrative expenses as well as costs and expenses associated with properties that the Company is no longer considering for acquisition. These higher expenses were partially offset by lower costs related to stock based compensation.

Kerrs - The results of the Kerrs drill program suggest that the mineralized gold zone (the Jam Lake zone) is focused in a stratabound shear deformation zone having a strike length of 700 metres, a down-dip length of 500 metres varying in thickness from 30m to 50m and is open to depth and along strike. Sage intends to continue to explore the Jam Lake zone through continued drilling. Sage spent \$ 384,657 on the Kerrs property in 2005 and plans to spend at least an additional \$700,000 on the Kerrs project in 2006. Further expenditures will be conditional on the results of the Spring 2006 drill program.

Nevada – Sage has completed geological, geophysical and geochemical programs on its Dike and Pony Spur properties. The Company has selected drill targets on both properties and is permitted to conduct drilling activities in 2006. Sage spent \$447,834 on the Pony Spur group of properties (Pony Spur, Dike, Dixie Fork, Sugarloaf and Corridors) in 2005 and \$53,469 on Triple Junction and Dixie Fork properties during the same period. The Company is evaluating the exploration data from the Pony Spur and Dike properties in order to determine if the Company will conduct drill programs on these properties in 2006.

Other Properties – Sage is currently compiling both assessment and proprietary data related to the Company's other Canadian properties – Malartic, Fancamp, Barlow, Rougement, and Pyrite Falls all in Quebec. The data will need to be evaluated prior to any decision regarding potential exploration programs.

Summary of Quarterly Results

	Fourth Quarter Sept. 30, 2005	Third Quarter June 30, 2005	Second Quarter Mar. 31, 2005	First Quarter Dec. 31, 2004
Revenues	\$0	\$0	\$0	\$0
Expenses	373,505	158,035	253,589	212,853
Net income (loss) (including interest income)	(384,830)	(158,035)	(253,274)	(210,983)
Net income (loss) per share	(0.018)	(0.009)	(0.015)	0.013
Cash flow from (used in) operations	(228,202)	(134,196)	(273,963)	(187,651)
Cash & cash equivalents, end of period	620,704	378,182	227,057	662,608
Assets	1,816,319	1,174,962	941,592	1,195,699
Long-term liabilities	0	0	0	0
Dividends	0	0	0	0

	Fourth Quarter Sept. 30, 2004	Third Quarter June 30, 2004	Second Quarter Mar. 31, 2004	First Quarter Dec. 31, 2003
Revenues	\$0	\$0	\$0	\$0
Expenses	302,565	284,667	118,399	54,869
Net income (loss) (including interest income)	(296,982)	(284,667)	(118,399)	(54,869)
Net income (loss) per share	(0.035)	(0.043)	(0.039)	(0.024)

Cash flow from (used in) operations	(115,229)	(214,667)	(342,394)	(56,895)
Cash & cash equivalents, end of period	991,087	982,954	1,253,198	1,320,682
Assets	1,276,595	1,202,674	1,434,006	1,349,157
Long-term liabilities	0	0	0	0
Dividends	0	0	0	0

The Net income (loss) per share has been changed to reflect the one for twenty five share consolidation which occurred in 2005. The increase in total expenses in each subsequent quarter reflects the impact of additional costs associated with financing activities, higher expenses related to reviewing potential property acquisitions, G&A and stock based compensation.

Liquidity

At the end of fiscal 2005 Sage had working capital of \$601,230 (\$960,397 – fiscal year end 2004), and cash & cash equivalents of \$620,704 (\$991,087 – fiscal year end 2004). The working capital amount at the end of 2005 is not sufficient to support the Company's expected operating expenses and projected exploration budget for 2006, which Sage presently anticipates will be in the range \$2.1 million to \$3.0 million Accordingly, the Company secured sufficient flow-through financing (see Subsequent Events – description of flow-through financing in December 2005) to support its planned winter 2006 drill program at the Kerrs property. The Kerrs drill program qualifies as eligible expenditure for flow-through funding. Any additional exploration work on the Canadian properties will primarily be funded through existing flow-through funds. The Company expects to complete additional equity placements in the range of \$1.5 million to \$2.5 million in the second quarter to fund the remaining operating requirements for 2006 and to fund any potential exploration expenditures in Nevada. The actual amount and nature of financing raised will depend on prevailing capital market conditions, and the Company will adjust its operating and exploration budget as necessary in response to unexpected changes in the availability of financing.

Capital Resources

Sage currently does not have any credit facilities with financial institutions, and is not anticipating a profit from operations, therefore it will rely on its ability to obtain equity financing for growth. Management expects that it will be able to raise sufficient capital to further explore and develop its properties and projects next year. The Company raised \$1,269,948 (net of costs) in equity financing in 2005 and approximately \$965,500 (net of costs) in financing in the first quarter of 2006. The Company remains confident that equity financing will continue to be available. However, the Company cannot provide any assurance that equity financing will be available on terms and conditions acceptable to the Company. Refer to "Risk Considerations"

As of year end, Sage had borrowed \$25,000 from its flow-through account to fund non flow-through expenditures. This deficit had risen to approximately \$568,000 as of the date of this MD&A. These funds must be repaid to the flow-through account as the flow-through expenses must be incurred before the end of calendar 2006.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

The Company had the following related party transactions:

	For the Years Ended September 30	
	2005	2004
Administrative and general expenses		
Consulting fees to current and former directors and officers	\$ 241,500	\$193,000
Mineral properties		
Consulting fees to directors and officers	\$ 11,325	\$ 21,500
Deferred costs		
Consulting geologist fees	\$ -	\$ -
Finder fee (Note 4 Consolidated financial statements)	-	15,000
Legal fees to a legal firm whose partner is a former director		
Share issue costs	\$ -	\$ 71,712
General legal services	98,470	69,337
These transactions were recorded at the exchange amount.		
Included in accounts payable are the following amounts due to related parties:		
To directors and officers	\$ 22,813	\$ 31,716
To the legal firm whose partner is a former director	\$ 9,237	\$ 26,396

Fourth Quarter

Sage Gold's expenses and net loss increased in the fourth quarter ended September 30, 2005 compared to the same quarter in fiscal 2004, primarily due to an increase in management and legal fees and an increase in travel and entertainment expenses quarter over quarter. The increase in these expense items is related to an increase in financing activities in the fourth quarter of 2005.

Proposed Transactions

There are no material decisions by the board of directors of the Company with respect to any imminent or proposed transactions that have not been disclosed.

Critical Accounting Estimates

Critical accounting estimates represent estimates that are highly uncertain and for which changes in those estimates could materially impact the financial statements. The following accounting estimates are critical: the measurement of deferred income tax assets and liabilities and assessment of the need to record valuation allowances against those assets; valuation of options; and capitalized mining costs.

Costs relating to the acquisition, exploration and development of non-producing resource properties are capitalized until such time as either economically recoverable reserves are established or the properties are sold or abandoned. Based on the results at the conclusion of each phase of an exploration program, management re-evaluates properties that are not suitable as prospects to determine if future exploration is warranted, and that carrying values are appropriate. The decision to capitalize exploration expenditures and the timing of the recognition that capitalized exploration is unlikely to have future economic benefits can materially affect the reported earnings of the Company.

Summary of Significant Accounting Estimates

The consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada.

Consolidation

During the year, the Company incorporated and consolidated Sage Mining Inc., a wholly-owned US subsidiary. All material interCompany transactions between the Company and its subsidiary have been eliminated in these consolidated financial statements.

Use of estimates

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less.

Mineral properties

All direct costs associated with exploration properties are capitalized as incurred. If the property proceeds to development of a mine, these costs become part of preproduction and development costs of the mine. If a property is abandoned or continued exploration is not deemed appropriate in the foreseeable future, the related costs and expenditures are written off. The amounts capitalized at any time represent costs to be charged to operations in the future and do not necessarily reflect the present or future values of particular properties.

The recoverability of amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the property and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis, all of which are uncertain.

Equipment and related amortization

Office equipment is recorded at cost less accumulated amortization. Amortization is recorded on the declining balance basis at an annual rate of 20%.

Computer equipment is recorded at cost less accumulated amortization. Amortization is recorded on the declining balance basis at an annual rate of 30%.

Stock-based compensation

CICA Handbook Section 3870 requires that compensation cost for option awards to employees be recognized in the consolidated financial statements at fair value for options granted in fiscal years beginning on or after January 1, 2004. The Company, as permitted by CICA Handbook Section 3870, adopted this section prospectively in the prior year for option awards granted on or after October 1, 2003.

Income taxes

Income taxes are calculated using the asset and liability method of tax accounting. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and on unclaimed losses carried forward and are measured using the substantially enacted tax rates that will be in effect when the differences are expected to reverse or losses are expected to be utilized. A valuation allowance is recognized to the extent that the recoverability of future income tax assets is not considered more likely than not.

Loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year, including contingently issuable shares which are included when the conditions necessary for issuance have been met. Diluted loss per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options and warrants, if dilutive. The number of additional shares included in the calculation is based on the treasury stock method for options and warrants.

Financial instruments

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments. The fair values of its financial instruments approximate their carrying values, unless otherwise noted.

Flow-Through Shares

Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective tax rate) thereby reducing share capital.

If a Company has sufficient unused tax losses and deductions ("losses") to offset all or part of the future income tax liabilities and no future income tax assets have been previously recognized on such losses, a portion of such unrecognized losses (losses multiplied by the effective corporate tax rate) is recorded as income up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

Foreign currency translation

Assets and liabilities of integrated foreign subsidiary operations and foreign currency denominated assets and liabilities of Canadian operations are translated into Canadian dollars at exchange rates prevailing at the balance sheet date for monetary items and at exchange rates prevailing at the transaction date for non-monetary items. The revenues and expenses, except amortization, are converted at the average exchange rates for the year. Amortization is converted at the same rate as the related assets. Gains or losses on translation are expensed.

Deferred Costs

Deferred cost relates to expenses incurred with respect to mineral properties that the Company considers for acquisition. Upon completion of the acquisition of the mineral properties, the cost is capitalized to the mineral properties. Should the properties not be acquired the cost will be written off in the period the acquisition prospect is abandoned.

During the year, the Company wrote-off all costs and expenses associated with properties that the Company is no longer considering for acquisition.

Changes in Accounting Policies

There were no changes to accounting policies in the most recent period.

Financial and Other Instruments

The Company has not made use of any hedging or other financial instruments, and is not exposed to significant interest rate nor credit risks arising from its financial instruments.

Risk Considerations

Nature of Mineral Exploration and Development Projects

Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that exploration efforts will continue to be successful. Success in establishing reserves is a result of a number of factors, including the quality of management, the Company's level of geological and technical expertise, the quality of land available for exploration and other factors. Once mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling, to determine the optimal metallurgical process to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities.

Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of resources or reserves. Whether a resource deposit will ultimately be commercially viable depends on a number of factors, including the particular attributes of the deposit such as the deposit's size; its proximity to existing infrastructure; financing costs and the prevailing prices for the applicable resource. Also of key importance are government regulations, including those relating to prices, taxes, royalties, land tenure, land use, the importing and exporting of resource and production plant and equipment, and environmental protection. Development projects have no operating history upon which to base estimates of future cash operating costs. Particularly for development projects, resource estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the ore body, expected recovery rates of minerals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual cash operating costs and economic returns could differ significantly from those estimated for a project before production. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production often can occur.

Sage's business of exploring for mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future, and Sage common shares should be considered speculative.

There can be no assurance that any funding required by the Company will become available to it, and if so, that it will be offered on reasonable terms, or that the Company will be able to secure such funding through third party financing or cost sharing arrangements. Furthermore, there is no assurance that the Company will be able to secure new mineral properties or projects, or that they can be secured on competitive terms.

Disclosure Controls and Procedures

Management has ensured that there are disclosure controls and procedures which provide reasonable assurance that material information relating to the Company is disclosed on a timely basis particularly information relevant to the period in which annual filings are being prepared. Management believes these disclosure controls and procedures have been effective during the fiscal year ended September 30, 2005.

Additional Information

Additional information relating to the Company is available on the Internet at the SEDAR website located at www.sedar.com and at www.sagegoldinc.com.

Additional Disclosure for Venture Issuers without Significant Revenue

The accumulated costs related to Sage's interests in mineral properties are detailed under Note 4 of the Consolidated Financial Statements for fiscal 2005.

Discussion regarding the Company's Share Capital may be found under Note 6 of the Consolidated Financial Statements for fiscal 2005.

Disclosure of Outstanding Share Data

Since December 14, 2005, Sage shares trade have traded on the TSX- Venture Exchange under the symbol "SGX." The Company's shares also continue to trade on the Canadian Trading and Quotation (CNQ) system under the symbol SAGE. The Company is authorized to issue an unlimited number of common shares. There were 35,838,849 common shares issued and outstanding at fiscal year end 2005 and 47,372,961 shares on January 30, 2005

Warrants

The following is continuity of warrants for the years ended September 30, 2005.

- 200,000,000 warrants outstanding with a post-consolidation exercise price of \$1.25 with a term ending March 19, 2009. The warrants can be exercised on the basis of 25 warrants for one common share.
- 1,114,754 warrants outstanding with an exercise price of \$0.10 and an expiry date of June 10, 2007.
- 2,491,500 warrants outstanding with an exercise price of \$0.10 and an expiry date of July 22, 2007.
- 290,000 warrants outstanding with an exercise price of \$0.10 and an expiry date of September 6, 2007.
- 1,101,500 warrants outstanding with an exercise price of \$0.10 and an expiry date of September 26, 2007.

There are a total of 204,997,754 warrants outstanding with a weighted average exercise price of \$0.81. Refer to Note 7 of the Consolidated Financial Statements for fiscal 2005.

Options

There are 4,639,240 options outstanding as of the year ended September 30, 2005. Refer to Note 8 of the Consolidated Financial Statements. This amount includes 3,183,000 options outstanding with directors, officers, consultants and employees and 1,456,240 brokers' options outstanding.

The Company has a Stock Option Plan (the "Plan") to provide incentive for the directors, officers, employees, consultants and service providers of the Company (and its subsidiaries). The maximum number of shares which may be set aside for issuance under the Plan is 10% of the outstanding common shares (3,583,885 common shares as at September 30, 2005 (2004 – 1,647,101 common shares)).