



Sage Gold Inc.

(A Development Stage Company)

**Interim Consolidated Financial Statements
Three and Six Months Ended March 31, 2008**

(Expressed in Canadian Dollars)

(Unaudited)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim consolidated financial statements of Sage Gold Inc. (A Development Stage Company) were prepared by management in accordance with Canadian generally accepted accounting principles. The most significant of these accounting principles have been set out in the September 30, 2007 audited consolidated financial statements. Only changes in accounting policies have been disclosed in these unaudited interim consolidated financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim consolidated financial statements and (ii) the unaudited interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim consolidated financial statements; they must be accompanied by a notice indicating that the consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Sage Gold Inc.
(A Development Stage Company)
Interim Consolidated Balance Sheets
(Expressed in Canadian Dollars)
(Unaudited)

	March 31, 2008	September 30, 2007
Assets		
Current		
Cash and cash equivalents	\$ 318,374	\$ 1,864,572
Short term investments	5,314,396	10,000
Other assets	812,021	162,051
	6,444,791	2,036,623
Investment in mineral exploration company	126,000	126,000
Mineral properties	10,384,398	5,624,593
Equipment, net of accumulated amortization (Note 6)	32,353	11,184
	\$ 16,987,542	\$ 7,798,400
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	\$ 948,999	\$ 315,698
Future income tax liability (Note 7(a))	2,067,004	-
	3,016,003	315,698
Shareholders' equity		
Share capital	14,776,370	8,773,856
Warrants (Note 8)	1,990,148	1,335,307
Contributed surplus	2,552,345	1,241,578
Deficit	(5,347,324)	(3,868,039)
	13,971,539	7,482,702
	\$ 16,987,542	\$ 7,798,400

Going concern (Note 1(b))



The accompanying notes are an integral part of the unaudited interim consolidated financial statements.

Sage Gold Inc.

(A Development Stage Company)

Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007	Six Months Ended March 31, 2008	Six Months Ended March 31, 2007	Cumulative from inception September 15, 2003
Expenses					
General and administrative (Note 14)	\$ 994,897	\$ 351,155	\$ 1,775,737	\$ 630,305	\$ 6,237,699
Amortization	1,581	402	2,619	805	12,542
Write off of mineral properties	-	-	-	-	143,131
	996,478	351,557	1,778,356	631,110	6,393,372
Other income					
Interest received	62,170	-	96,071	2,060	116,108
Net loss before the following	(934,308)	(351,557)	(1,682,285)	(629,050)	(6,277,264)
Future income tax recovery (Note 7(a))	-	442,492	203,000	442,492	998,941
Net (loss) income and comprehensive (loss) income for the period	\$ (934,308)	\$ 90,935	\$ (1,479,285)	\$ (186,558)	\$ (5,278,323)
(Loss) income per common share (Note 11)	\$ (0.01)	\$ 0.00	\$ (0.01)	\$ (0.00)	

Sage Gold Inc.

(A Development Stage Company)

Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Number of Securities	Six Months Ended March 31, 2008 (\$)	Number of Securities	Year Ended September 30, 2007 (\$)	Cumulative from inception September 15, 2003 (\$)
Share capital					
Authorized					
Unlimited number of common shares					
Issued					
Balance at beginning of period	111,182,002	\$ 8,773,856	69,856,244	\$ 5,047,755	\$ (345,068)
Conversion of special warrants	-	-	-	-	2,190,020
Private placements - Flow-through common shares	10,960,000	5,480,000	25,605,425	3,572,660	10,658,285
Private placements - Common shares	5,428,570	760,000	9,286,000	1,039,765	4,886,219
Finder's fees	-	-	300,000	30,000	30,000
Warrants valuation	-	(1,355,959)	-	(911,983)	(2,791,032)
Mineral properties acquisition	1,351,605	333,291	891,973	135,572	737,457
Exercise of warrants	13,705,797	2,576,060	4,233,000	423,300	3,197,022
Exercise of warrants valuation	-	701,118	-	82,177	790,630
Exercise of compensation options	1,008,809	110,905	168,120	16,812	128,117
Exercise of compensation options valuation	-	53,664	-	8,406	62,270
Exercise of broker options	-	-	656,240	49,218	49,218
Exercise of broker options valuation	-	-	-	9,718	9,718
Exercise of stock options	1,535,000	175,900	185,000	18,500	194,400
Exercise of stock options valuation	-	104,289	-	10,091	114,380
Cost of issue - Cash	-	(420,465)	-	(339,579)	(1,532,506)
Cost of issue - Finder's fees	-	-	-	(30,000)	(30,000)
Cost of issue - Compensation options	-	(246,285)	-	(94,556)	(506,815)
Cost of issue - Flow-through renunciation	-	(2,270,004)	-	(294,000)	(3,065,945)
Balance at end of period	145,171,783	\$ 14,776,370	111,182,002	\$ 8,773,856	\$ 14,776,370



The accompanying notes are integral part of the unaudited interim consolidated financial statements.

Sage Gold Inc.

(A Development Stage Company)

Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Number of Securities	Six Months Ended March 31, 2008 (\$)	Number of Securities	Year Ended September 30, 2007 (\$)	Cumulative from inception September 15, 2003 (\$)
Warrants					
Balance at beginning of period	32,772,493	\$ 1,335,307	24,587,829	\$ 515,755	\$ 190,020
Conversion to common shares	-	-	-	-	(190,020)
Warrants granted	11,144,369	1,355,959	12,863,498	911,983	2,791,032
Warrants exercised	(13,705,797)	(701,118)	(4,233,000)	(82,177)	(790,630)
Expired warrants	-	-	(445,834)	(10,254)	(10,254)
Balance at end of period	30,211,065	\$ 1,990,148	32,772,493	\$ 1,335,307	\$ 1,990,148
Contributed surplus					
Balance at beginning of period		\$ 1,241,578		\$ 1,054,542	\$ -
Compensation options granted		246,285		94,556	497,097
Compensation options exercised		(53,664)		(8,406)	(62,270)
Broker options granted		-		-	9,718
Broker options exercised		-		(9,718)	(9,718)
Stock options exercised		(104,289)		(10,091)	(114,380)
Stock options vested		1,222,435		110,441	2,221,644
Expired warrants		-		10,254	10,254
Balance at end of period		\$ 2,552,345		\$ 1,241,578	\$ 2,552,345
Deficit					
Balance at beginning of period		\$ (3,868,039)		\$ (2,941,771)	\$ (69,001)
Net loss for the period		(1,479,285)		(926,268)	(5,278,323)
Balance at end of period		\$ (5,347,324)		\$ (3,868,039)	\$ (5,347,324)
Total Shareholders' equity		\$ 13,971,539		\$ 7,482,702	\$ 13,971,539



The accompanying notes are integral part of the unaudited interim consolidated financial statements.

Sage Gold Inc.
(A Development Stage Company)
Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007	Six Months Ended March 31, 2008	Six Months Ended March 31, 2007	Cumulative from inception September 15, 2003
Cash flows provided by (used in)					
Operating activities					
Net (loss) income for the period	\$ (934,308)	\$ 90,935	\$ (1,479,285)	\$ (186,558)	\$ (5,278,323)
Items not affecting cash:					
Amortization	1,581	402	2,619	805	12,542
Future income tax recovery	-	(442,492)	(203,000)	(442,492)	(998,941)
Stock-based compensation (Note 9)	558,963	20,165	917,584	26,577	1,763,504
Investment in mineral exploration company	-	-	-	-	(126,000)
Write-off of mineral properties	-	-	-	-	143,131
Changes in non-cash working capital balances:					
Change in other assets	(143,261)	149,982	(704,366)	50,246	(861,227)
Change in accounts payable and accrued liabilities	495,479	(267,962)	633,301	(107,414)	668,892
	(21,546)	(448,970)	(833,147)	(658,836)	(4,676,422)
Investing activities					
Redemption (purchase) of short term investments	1,200,000	100,935	(5,250,000)	502,723	(5,260,000)
Deferred costs	-	-	-	-	(36,657)
Additions to mineral properties	(2,571,007)	(42,290)	(4,121,663)	(1,009,255)	(9,280,276)
Additions to equipment	(21,441)	-	(23,788)	-	(46,902)
Proceeds from sale of computer equipment	-	-	-	-	1,100
	(1,392,448)	58,645	(9,395,451)	(506,532)	(14,622,735)
Financing activities					
Issuance of shares, net of costs	928,900	873,370	8,682,400	1,984,685	19,580,755
Net (decrease) increase in cash and cash equivalents during the period	(485,094)	483,045	(1,546,198)	819,317	281,598
Cash and cash equivalents, beginning of the period	803,468	547,074	1,864,572	210,802	36,776
Cash and cash equivalents, end of the period	\$ 318,374	\$ 1,030,119	\$ 318,374	\$ 1,030,119	\$ 318,374

Sage Gold Inc.

(A Development Stage Company)

Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007	Six Months Ended March 31, 2008	Six Months Ended March 31, 2007	Cumulative from inception September 15, 2003
Cash and cash equivalents consist of:					
Cash	\$ 301,745	\$ 1,030,119	\$ 301,745	\$ 1,030,119	\$ 301,745
Cash held in trust	16,629	-	16,629	-	16,629
	\$ 318,374	\$ 1,030,119	\$ 318,374	\$ 1,030,119	\$ 318,374

Supplemental Cash Flow Information (Note 12)

Sage Gold Inc.
(A Development Stage Company)
Interim Consolidated Statements of Mineral Properties
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended March 31, 2008	Restated (Note 16) Three Months Ended March 31, 2007	Six Months Ended March 31, 2008	Restated (Note 16) Six Months Ended March 31, 2007	Cumulative from inception of project
Kerrs Property, Canada					
Opening balance	\$ 1,495,555	\$ 1,599,093	\$ 1,479,543	\$ 1,566,990	\$ -
Property acquisition costs	-	5,218	-	5,218	224,330
Claim management and other property maintenance costs	557	2,922	557	2,922	66,279
Geological consulting and services	8,387	-	24,399	32,981	229,536
Geochemistry	-	-	-	-	34,553
Geophysics	-	-	-	-	28,853
Consulting	-	-	-	-	66,094
Assays and analyses	-	-	-	-	52,356
Travel and accommodation	-	1,482	-	2,354	79,378
Drilling	-	2,100	-	350	870,769
Equipment	-	-	-	-	2,634
Miscellaneous	5,790	-	5,790	-	11,347
Earn-in	(15,000)	(156,674)	(15,000)	(156,674)	(170,840)
Activity during the period	(266)	(144,952)	15,746	(112,849)	1,495,289
Closing balance	\$ 1,495,289	\$ 1,454,141	\$ 1,495,289	\$ 1,454,141	\$ 1,495,289
Malartic Property, Canada					
Opening balance	\$ 16,411	\$ 41,318	\$ 12,711	\$ 34,481	\$ -
Property acquisition costs	-	-	-	-	1,778
Claim management and taxes	11,100	1,553	14,800	1,265	20,129
Geological consulting and services	-	-	-	7,125	26,183
Geophysics	-	-	-	-	9,581
Earn-in	-	(29,326)	-	(29,326)	(30,160)
Activity during the period	11,100	(27,773)	14,800	(20,936)	27,511
Closing balance	\$ 27,511	\$ 13,545	\$ 27,511	\$ 13,545	\$ 27,511

Sage Gold Inc.
(A Development Stage Company)
Interim Consolidated Statements of Mineral Properties
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended March 31, 2008	Restated (Note 16) Three Months Ended March 31, 2007	Six Months Ended March 31, 2008	Restated (Note 16) Six Months Ended March 31, 2007	Cumulative from inception of project
Onaman Property, Canada					
Opening balance	\$ 1,993,401	\$ 1,251,544	\$ 1,476,762	\$ 606,327	\$ -
Property acquisition costs	411,912	-	419,738	-	516,061
Claim management and taxes	1,575	887	1,575	887	3,379
Geological consulting and services	163,009	8,519	276,119	161,466	814,509
Trenching and stripping	112,363	-	277,832	-	277,832
Site preparation	1,483	-	1,483	-	1,483
Geophysics	75,170	1,538	196,922	29,851	291,986
Consulting	24,687	-	24,687	17,436	38,837
Assays and analyses	99,298	-	113,718	43,895	194,839
Travel and accommodation	58,492	12,803	80,103	36,145	181,163
Drilling and linecutting	669,969	-	707,904	348,862	1,081,064
Equipment rental	21,726	110	28,542	17,130	72,240
Field expenses	20,211	-	23,121	-	31,529
Advance	7,942	-	20,584	-	75,442
Other	17,668	12,059	29,816	25,461	98,542
Activity during the period	1,685,505	35,916	2,202,144	681,133	3,678,906
Closing balance	\$ 3,678,906	\$ 1,287,460	\$ 3,678,906	\$ 1,287,460	\$ 3,678,906
Jacobus Property, Canada					
Opening balance	\$ 2,469,199	\$ 371,793	\$ 1,521,186	\$ 103,648	\$ -
Property acquisition costs	25,000	-	25,000	16,863	116,887
Claim management and taxes	613	-	613	-	1,056
Assays and analysis	24,502	5,600	62,411	27,108	119,924
Geological consulting and services	81,733	5,366	239,655	81,195	497,827
Trenching and stripping	54,036	-	54,036	-	54,036
Site preparation	-	-	-	-	146,254
Geophysics	42,389	17,333	138,279	17,333	325,107
Travel and accommodation	(1,437)	2,751	21,539	10,361	65,940
Drilling and linecutting	135,570	2,583	705,712	144,297	1,336,970
Equipment rental	(1,974)	-	10,830	1,091	32,964
Field expenses	18,056	-	34,798	-	86,093
Advance	-	-	-	-	16,800
Other	13,275	217	46,903	3,747	61,104
Activity during the period	391,763	33,850	1,339,776	301,995	2,860,962
Closing balance	\$ 2,860,962	\$ 405,643	\$ 2,860,962	\$ 405,643	\$ 2,860,962



The accompanying notes are an integral part of the unaudited interim consolidated financial statements.

Sage Gold Inc.
(A Development Stage Company)
Interim Consolidated Statements of Mineral Properties
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended March 31, 2008	Restated (Note 16) Three Months Ended March 31, 2007	Six Months Ended March 31, 2008	Restated (Note 16) Six Months Ended March 31, 2007	Cumulative from inception of project
Nicole Property, Canada					
Opening balance	\$ 63,658	\$ -	\$ 63,658	\$ -	\$ -
Property acquisition costs	-	5,000	-	5,000	5,000
Geological consulting and services	-	39,906	-	39,906	58,658
Activity during the period	-	44,906	-	44,906	63,658
Closing balance	\$ 63,658	\$ 44,906	\$ 63,658	\$ 44,906	\$ 63,658
Hopkins Properties, Canada					
Opening balance	\$ -	\$ -	\$ -	\$ -	\$ -
Property acquisition costs	163,685	-	163,685	-	163,685
Claim management and taxes	1,031	-	1,031	-	1,031
Activity during the period	164,716	-	164,716	-	164,716
Closing balance	\$ 164,716	\$ -	\$ 164,716	\$ -	\$ 164,716
Beardmore Geraldton Properties, Canada					
Opening balance	\$ -	\$ -	\$ -	\$ -	\$ -
Property acquisition costs	219,502	-	219,502	-	219,502
Claim management and taxes	1,265	-	1,265	-	1,265
Activity during the period	220,767	-	220,767	-	220,767
Closing balance	\$ 220,767	\$ -	\$ 220,767	\$ -	\$ 220,767
Total Mineral Properties in Canada	\$ 8,511,809	\$ 3,205,695	\$ 8,511,809	\$ 3,205,695	\$ 8,511,809

Sage Gold Inc.
(A Development Stage Company)
Interim Consolidated Statements of Mineral Properties
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended March 31, 2008	Restated (Note 16) Three Months Ended March 31, 2007	Six Months Ended March 31, 2008	Restated (Note 16) Six Months Ended March 31, 2007	Cumulative from inception of project
Triple Junction and Dixie Fork Properties, United States					
Opening balance	\$ 168,365	\$ 84,572	\$ 101,326	\$ 84,572	\$ -
Property acquisition costs	-	-	67,039	-	67,672
Claim management and taxes	-	-	-	-	9,994
Claims staking	-	-	-	-	10,710
Geophysics	-	-	-	-	21,042
Consulting	-	-	-	-	31,840
Travel and accommodation	-	-	-	-	19,581
Miscellaneous	-	-	-	-	7,526
Activity during the period	-	-	67,039	-	168,365
Closing balance	\$ 168,365	\$ 84,572	\$ 168,365	\$ 84,572	\$ 168,365
Pony Spur, Dike, Corridors and Sugarloaf Properties, United States					
Opening balance	\$ 1,082,064	\$ 803,330	\$ 820,467	\$ 722,012	\$ -
Property acquisition costs	-	-	106,633	67,572	494,149
Advances	-	-	-	-	3,488
Geological consulting and services	12,877	-	25,220	1,250	42,808
Geochemistry	-	-	-	-	31,437
Geophysics	32,980	-	73,378	-	238,789
Consulting	-	-	-	1,288	198,838
Travel and accommodation	-	-	6,420	-	29,590
Renewal fees and bond reclamation	-	-	-	8,517	68,680
Assays and analysis	-	-	13,338	(3,059)	13,338
Field expenses	484	-	11,997	-	12,755
Drilling	-	-	54,077	-	54,077
Road repairs	-	-	6,415	-	15,042
Miscellaneous	-	-	10,460	5,750	18,167
Recovery of costs	-	(28,998)	-	(28,998)	(31,059)
Impairment charge - Sugarloaf	-	-	-	-	(61,694)
Activity during the period	46,341	(28,998)	307,938	52,320	1,128,405
Closing balance	\$ 1,128,405	\$ 774,332	\$ 1,128,405	\$ 774,332	\$ 1,128,405

Sage Gold Inc.
(A Development Stage Company)
Interim Consolidated Statements of Mineral Properties
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended March 31, 2008	Restated (Note 16) Three Months Ended March 31, 2007	Six Months Ended March 31, 2008	Restated (Note 16) Six Months Ended March 31, 2007	Cumulative from inception of project
Big Bend Gold Property, United States					
Opening balance	\$ 15,224	\$ 11,461	\$ 13,394	\$ 10,544	\$ -
Property acquisition costs	-	-	-	-	5,732
Renewal fees	-	1,883	1,830	2,800	3,825
Geological consulting and services	-	-	-	-	5,667
Activity during the period	-	1,883	1,830	2,800	15,224
Closing balance	\$ 15,224	\$ 13,344	\$ 15,224	\$ 13,344	\$ 15,224
Gold Hill Property, United States					
Opening balance	\$ 146,472	\$ -	\$ 135,546	\$ -	\$ -
Property acquisition costs	50,940	52,500	50,940	52,500	109,849
Geological consulting and services	61,677	3,250	71,339	3,250	95,638
Assays and analysis	20,572	-	20,572	-	20,572
Drilling	371,766	-	371,766	-	371,766
Travel and accommodation	13,703	-	14,967	-	14,967
Road costs	-	-	-	-	48,257
Advance	45,932	-	45,932	-	49,432
Miscellaneous	1,626	578	1,626	578	2,207
Recovery of costs	(152,093)	-	(152,093)	-	(152,093)
Activity during the period	414,123	56,328	425,049	56,328	560,595
Closing balance	\$ 560,595	\$ 56,328	\$ 560,595	\$ 56,328	\$ 560,595
Total Mineral Properties in United States	\$ 1,872,589	\$ 928,576	\$ 1,872,589	\$ 928,576	\$ 1,872,589
TOTAL	\$ 10,384,398	\$ 4,134,271	\$ 10,384,398	\$ 4,134,271	\$ 10,384,398

Sage Gold Inc.
(A Development Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)
(Unaudited)
Three and Six Months Ended March 31, 2008

1. Nature of Operations and Going Concern

(a) Incorporation, Name Change and Stock Consolidation

Sage Gold Inc. ("Sage" or the "Company") is a public corporation. Since its inception, the business of the Company has consisted of the acquisition, exploration and development of mineral properties. The Company was formed on October 1, 1997 pursuant to the Business Corporations 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 1:25 basis on March 3, 2005 and changed its name to Sage Gold Inc.

(b) Going concern assumption

These unaudited interim consolidated financial statements have been prepared using Canadian generally accepted accounting principles ("Canadian GAAP") applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, as described in the following paragraph. These unaudited interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

The Company is in the development stage and is subject to the risks and challenges similar to other companies in a comparable stage of development. These risks include, but are not limited to, dependence on key individuals, successful development and the ability to secure adequate financing to meet the minimum capital required to successfully complete the project and continue as a going concern. There is no assurance that these initiatives will be successful and as a result there is substantial doubt regarding the going concern assumption.

2. Basis of Presentation and Accounting Policies

The unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated financial statements required by Canadian generally accepted accounting principles for annual consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three and six months ended March 31, 2008 may not necessarily be indicative of the results that may be expected for the year ending September 30, 2008.

The consolidated balance sheet as at September 30, 2007 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for annual consolidated financial statements. The unaudited interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual audited consolidated financial statements for the year ended September 30, 2007, except as noted below. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended September 30, 2007.

Sage Gold Inc.
(A Development Stage Company)
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2. Basis of Presentation and Accounting Policies (Continued)

Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on October 1, 2007.

Capital Disclosures

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company has included disclosures recommended by the new Handbook section in note 3 to these interim consolidated financial statements.

Financial Instruments

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook section in note 4 to these interim consolidated financial statements.

Future Accounting Pronouncements

International Financial Reporting Standards (“IFRS”)

In January 2006, the CICA's Accounting Standards Board (“AcSB”) formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will be required to have prepared, in time for its first quarter 2011 filing, comparative financial statements in accordance with IFRS for the three months ended March 31, 2010.

Goodwill and Intangible Assets

Section 3064, Goodwill and intangible assets, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and expenses during the pre-operating period. As a result of the withdrawal of EIC 27, the Corporation will no longer be able to defer costs and revenues incurred prior to commercial production at new operations. The new standard is effective as of January 1, 2009.

The Company is currently assessing the impact of these new accounting standards on its consolidated financial statements.

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3. Capital Management

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. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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 the six months ended March 31, 2008. Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

4. Financial Risk Factors

The Company's 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 investments and receivables included in other assets. The Company has no significant concentration of credit risk arising from operations. Short-term investments consist of guaranteed investment certificates, which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. Financial instruments included in other assets consist of goods and services tax due from the Federal Government of Canada and receivables from unrelated companies. Management believes that the credit risk concentration with respect to financial instruments included in other assets is 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 March 31, 2008, the Company had cash and cash equivalents and short term investments of \$5,632,770 (September 30, 2007 - \$1,874,572) to settle current liabilities of \$948,999 (September 30, 2007 - \$315,698). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company is also committed to spending approximately \$4,500,000 by December 31, 2008. If the Company does not spend these funds in compliance with the government of Canada flow-through regulations, it may be subject to litigation from various counterparties. The Company intends to fulfill all flow-through commitments with the given time constraints.

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4. Financial Risk Factors (Continued)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in the United States on a cash call basis using US dollar currency converted from its Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Sensitivity analysis

The Company has designated its cash and cash equivalents and short term investments as held-for-trading, which are measured at fair value. Financial instruments included in other assets are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. The Company's investment in a private mineral exploration company is measured at cost as the investment does not have a quoted market price in an active market.

As at March 31, 2008, the carrying and fair value amounts of the Company's financial instruments are the same.

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4. Financial Risk Factors (Continued)

Sensitivity analysis (Continued)

Based on management's knowledge and experience of the financial markets, Sage believes the following movements are "reasonably possible" over a six month period:

Short term investments include deposits at call which are at variable rates. Sensitivity to a plus or minus 1% change in rates would affect net loss by \$26,300.

The Company's investment in a private company is anticipated to be listed on a recognized stock exchange within the next twelve months. Sensitivity to a plus or minus 50% change in the company's expected share price would affect comprehensive income (loss) by \$63,000.

The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of precious metals. There is no assurance that, even as commercial quantities of the precious metals may be produced in the future, a profitable market will exist for them. As of March 31, 2008, the Company was not a producing entity. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

5. Mineral Properties

On a quarterly basis, management of the Company reviews exploration costs to ensure deferred expenditures included only costs and projects that are eligible for capitalization. For a description of the mineral properties, refer to note 3 of the audited consolidated financial statements as at September 30, 2007. Specific changes to mineral properties that occurred from October 1, 2007 to March 31, 2008 are as follows:

(a) Onaman Property

In March 2008, the Company issued 199,608 common shares valued at \$50,940 (US\$50,000) to the vendor as per the option agreement.

(b) Hopkins Properties

On February 12, 2008, the Company signed an option agreement with Albert Hopkins Enterprises Ltd (the "Vendor") to purchase a 100% interest in the Hopkins Properties located in Ontario. The option agreement includes total cash payments of \$250,000 of which \$215,000 has been paid as at March 31, 2008. The Vendor retains a 2% net smelter return ("NSR") from the properties and the Company can repurchase 1/2 of the NSR for \$1,000,000.

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5. Mineral Properties (Continued)

(c) Beardmore Geraldton Properties

On November 26, 2007, Sage acquired options on four additional properties in the Beardmore Geraldton Gold Belt.

- i) Paint Lake Option Agreement: The property consists of leases encompassing 9 mining claims located in the Townships of Irwin and Walters, Ontario. The consideration for earning a 100% ownership interest in the property includes the issuance of a total of 200,000 treasury common shares of Sage (100,000 shares issued and valued at \$41,000) plus total cash payments of \$75,000 (\$25,000 paid). The cash and share disbursements are distributed over a three year period.
- ii) King Solomon's Pillars Option Agreement: The property consists of leases encompassing 18 mining claims located in the Township of Walters, Ontario. The consideration for earning a 100% ownership interest in the property includes the issuance of a total of 180,000 treasury common shares of Sage (80,000 shares issued and valued at \$32,800) and total cash payments of \$60,000 (\$10,000 paid). The cash and share disbursements are distributed over a three year period.
- iii) Missing Link Option Agreement: The property consists of 12 mining claims located in the Townships of Lapierre and Legault, Ontario. The consideration for earning into a 100% ownership interest in the property includes the issuance of a total of 250,000 treasury common shares of Sage (100,000 shares issued and valued at \$41,000) plus total cash payments of \$78,200 (\$25,000 paid). The cash and share disbursements are distributed over a three year period.
- iv) Côté Two Rivers Option Agreement: The property consists of sixty units comprising five claim blocks located in Coughlan and Castlewood Lake areas north of Beardmore Ontario. The option agreement defines that Sage can earn into a 100% ownership interest in the property by making a total of \$85,000 in cash payments (\$20,000 paid) and issuing \$65,000 of share consideration over the first four years of the agreement (40,040 shares issued and valued at \$16,416) and by making a final payment of \$75,000 in a mixture of cash and shares in the fifth year.

(d) Triple Junction and Dixie Fork Properties

On October 26, 2007, the Company announced that it had executed an extension to the Option Agreement with Atna Resources Ltd. and Atna Resources Inc. Under the terms of the Option Agreement, Sage can earn up to a 70% undivided interest in the Property upon the achievement of certain predetermined drilling and feasibility milestones. The term of the Option Agreement has been extended until November 30, 2009. In consideration for the extension of the Option Agreement, Sage issued 350,000 common shares for a total value of \$66,500 to Atna Resources Ltd.

(e) Pony Spur, Dike, Corridors and Sugarloaf Properties

On October 8, 2007, Sage paid US\$40,000 and issued 431,957 common shares for a total value of \$67,385 to complete the option agreements.

(f) Gold Hill Property

In March 2008, the Company issued 50,000 common shares valued at \$17,250 to the vendors as per the option agreement.

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6. Equipment

	Cost	Accumulated Amortization	Net Carrying Amount March 31, 2008
Office equipment	\$ 10,335	\$ 4,815	\$ 5,520
Computer equipment	13,413	4,773	8,640
Vehicle	19,151	958	18,193
	\$ 42,899	\$ 10,546	\$ 32,353

	Cost	Accumulated Amortization	Net Carrying Amount September 30, 2007
Office equipment	\$ 10,335	\$ 4,201	\$ 6,134
Computer equipment	8,776	3,726	5,050
	\$ 19,111	\$ 7,927	\$ 11,184

7. Share Capital

(a) Flow-Through Private Placements

On November 16, 2007, the Company completed a non-brokered private placement of 10,960,000 flow through units at \$0.50 per unit for gross proceeds of \$5,480,000. Each unit consisted of one common share plus one half non flow-through common share purchase warrant. Each common share purchase warrant entitles the holder to purchase an additional one common share at the exercise price of \$0.75 for a term of two years. If the Company's shares trade at or above \$0.95 per share for 21 consecutive trading days, the Company may then accelerate the expiration of the warrants upon not less than 30 days written notice by the Company, and thereafter repurchase any unexercised warrants at \$0.001 per underlying common share.

All shares and warrants issued under the offering were subject to a four month hold period, which expired on March 15, 2008.

The Company paid finders fees of \$311,400 cash together with 830,400 compensation options on the same terms as the subscribers' units.

The fair value of the 5,480,000 warrants and 830,400 compensation options was estimated at \$1,002,840 and \$178,536 respectively using the Black-Scholes option pricing formula with the following assumptions: expected dividend yield - 0%, expected volatility - 120.4%, risk-free interest rate - 3.92% and an expected average life of 2 years.

The issuance of flow-through common shares in fiscal year 2007 and on November 16, 2007 created a future income tax liability and a future income tax recovery of approximately \$2,067,004 and \$203,000 respectively which was allocated as a cost of issuing the flow-through shares for a total amount of \$2,270,004 at the time of renunciation.

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7. Share Capital (Continued)

(b) Non Flow-Through Private Placements

On October 15, 2007, the Company closed a non-brokered private placement financing of 5,428,570 units at \$0.14 per unit for total proceeds of approximately \$760,000. Each unit consisted of one common share and one share purchase warrant exercisable at \$0.19 in year 1 and \$0.25 in year 2. If the closing price of the Company's common shares on the TSX Venture Exchange, or such other stock exchange where the majority of the trading volume occurs, is \$0.28 or higher for a period of a minimum of 21 days, the Company may notify the warrant holders that all unexercised warrants will expire on the 30th day after the date of such notice being given by the Company.

A finders' fee of \$45,600 in cash together with 434,286 compensation options, on the same terms as the subscribers' units, was paid. All securities were subject to a four month hold period which expired on February 16, 2008.

The fair value of the 5,428,570 warrants and 434,286 compensation options was estimated at \$289,886 and \$67,749 respectively using the Black-Scholes option pricing formula with the following assumptions: expected dividend yield - 0%, expected volatility - 108.9%, risk-free interest rate - 4.36% and an expected average life of 2 years.

8. Warrants

The following table shows the continuity of warrants for the period ended March 31, 2008:

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2007	32,772,493	\$ 0.45
Granted	10,908,569	0.47
Granted ⁽¹⁾	235,800	0.20
Exercised	(13,705,797)	0.19
Balance, March 31, 2008	30,211,065	\$ 0.57

⁽¹⁾ 324,000 compensation options at a price of \$0.10 expiring April 13, 2008 and 147,600 compensation options at a price of \$0.10 expiring April 25, 2008 were exercised. These options resulted in the creation of 162,000 and 73,800 warrants with an exercise price of \$0.20 expiring April 13, 2008 and April 25, 2008, respectively. The fair value of these warrants was estimated at \$57,936 and \$5,297 respectively using the Black-Scholes option pricing formula with the following weighted average assumptions: expected dividend yield - 0%, expected volatility - 140% to 176.6%, risk-free interest rate - 3.40% to 4.16% and an expected average life of 3 to 6 months.

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8. Warrants (Continued)

The following are the warrants outstanding at March 31, 2008:

	Number of Warrants	Amount	Exercise Price	Expiry Date
	925,000	\$ 33,300	\$ 0.20	April 13, 2008
	3,768,995	135,684	0.20	April 25, 2008
(1)	8,000,000	-	1.25	March 19, 2009
	937,500	57,188	0.22	March 19, 2009
	150,000	5,700	0.20	March 30, 2009
	3,735,000	313,740	0.18	July 11, 2009
	1,786,000	151,810	0.19	September 1, 2009
	5,428,570	289,886	0.19	October 12, 2009
	5,480,000	1,002,840	0.75	November 14, 2009
	30,211,065	\$ 1,990,148		

(1) The 8,000,000 warrants were initially issued as 200,000,000 warrants in March 2005 and have subsequently been consolidated on a 1:25 basis as noted in Note 1(a).

9. Stock Options

The following table shows the continuity of options for the period ended March 31, 2008:

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2007	10,256,429	\$ 0.14
Granted	6,790,000	0.38
Compensation options granted	1,264,686	0.38
Compensation options exercised	(1,008,809)	0.11
Exercised	(1,535,000)	0.11
Expired/Cancelled	(79,880)	0.10
Balance, March 31, 2008	15,687,426	\$ 0.27

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9. Stock Options (Continued)

During the period ended March 31, 2008, 6,790,000 stock options were granted to members of management, board of directors, employees and consultants of the Company. The following weighted average assumptions were used under the Black-Scholes option-pricing model:

Expected dividend yield	0%
Expected volatility	100%
Risk-free interest rate	3.47%-4.41%
Expected life	5 years

The total stock-based compensation calculated under the fair value method was \$1,808,795. The weighted average fair value of options granted was \$0.27.

The fair value of the stock options, including fair value of stock options granted in previous years, has been allocated as follows:

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007	Six Months Ended March 31, 2008	Six Months Ended March 31, 2007
Directors' and management stock-based compensation	\$ 352,173	\$ 10,269	\$ 631,756	\$ 10,269
Salary costs and benefits	38,530	2,370	69,672	2,370
Investor relations and corporate development	313	1,301	1,198	1,301
Professional fees	167,947	2,212	214,958	2,212
Mineral properties	163,636	2,371	304,851	2,371
Stock-based compensation	-	4,013	-	10,425
	\$ 722,599	\$ 22,536	\$ 1,222,435	\$ 28,948

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9. Stock Options (Continued)

The following table shows the options outstanding at March 31, 2008:

	Number of Options	Amount (vii)	Exercise Price	Expiry Date
Directors & Officers	860,000	\$ 172,646	\$ 0.25	April 26, 2009
Directors & Officers	140,000	28,640	0.25	May 28, 2009
Directors, Officers, Consultants & Employees	1,000,000	54,546	0.10	August 10, 2010
Consultants	25,000	2,000	0.10	October 26, 2010
Management, Directors, Employees & Consultants	1,010,000	131,300	0.17	January 27, 2011
Directors, Officers, Consultants & Employees	2,215,000	237,005	0.14	May 29, 2011
Directors, Officers, Consultants & Employees	910,000	82,810	0.12	March 1, 2012
Consultant	300,000	36,600	0.16	September 27, 2012
Management, Directors, Employees & Consultants	3,055,000	534,625	0.24	October 15, 2012
Management, Directors, Employees & Consultants	2,985,000	1,110,420	0.50	December 13, 2012
Consultant	500,000	128,500	0.50	January 18, 2013
Consultants	250,000	35,250	0.50	February 15, 2010
Subtotal	13,250,000	2,554,342		
Compensation Options (i)	60,000	2,820	0.10	April 13, 2008
Compensation Options (ii)	116,400	5,471	0.10	April 25, 2008
Compensation Options	235,740	15,087	0.14	November 22, 2008
Compensation Options	110,600	9,069	0.12	July 11, 2008
Compensation Options (iii)	500,000	41,000	0.16	March 1, 2009
Compensation Options (iv)	150,000	11,100	0.16	March 19, 2009
Compensation Options (v)	434,286	67,749	0.14	October 12, 2009
Compensation Options (vi)	830,400	178,536	0.50	November 14, 2009
	15,687,426	\$ 2,885,174		

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9. Stock Options (Continued)

- (i) Upon exercise of the 60,000 compensation options, 60,000 common shares and 30,000 warrants will be issued. The warrants have the same terms as disclosed in Note 5(d)(ii) of the audited consolidated financial statements as at September 30, 2007.
- (ii) Upon exercise of the 116,400 compensation options, 116,400 common shares and 58,200 warrants will be issued. The warrants have the same terms as disclosed in Note 5(d)(iii) of the audited consolidated financial statements as at September 30, 2007.
- (iii) Upon exercise of the 500,000 compensation options, 500,000 common shares and 250,000 warrants will be issued. The warrants have the same terms as disclosed in Note 5(c)(v) of the audited consolidated financial statements as at September 30, 2007.
- (iv) Upon exercise of the 150,000 compensation options, 150,000 common shares and 75,000 warrants will be issued. The warrants have the same terms as disclosed in Note 5(c)(vi) of the audited consolidated financial statements as at September 30, 2007.
- (v) Upon exercise of the 434,286 compensation options, 434,286 common shares and 434,286 warrants will be issued. The warrants have the same terms as disclosed in Note 7(b).
- (vi) Upon exercise of the 830,400 compensation options, 830,400 common shares and 415,200 warrants will be issued. The warrants have the same terms as disclosed in Note 7(a).
- (vii) Black-Scholes value for total vested and non-vested options. Of the \$2,554,342, \$633,646 has not yet vested and will be recorded as an expense or capitalized to mineral properties upon vesting.

10. Related Party Transactions

The Company had the following related party transactions:

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007	Six Months Ended March 31, 2008	Six Months Ended March 31, 2007
Administrative and general expenses:				
Management fees to directors and officers	\$ 40,900	\$ 58,500	\$ 113,900	\$ 96,000
Consulting fees to companies owned by officers of the Company	19,650	14,300	46,650	51,500
Directors fees	11,250	11,250	22,500	22,500
Mineral properties:				
Consulting fees to officer	\$ 43,200	\$ 16,125	\$ 76,950	\$ 45,000

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the parties.

Included in accounts payable and accrued liabilities are the following amounts due to related parties:

To directors and officers	\$ 37,549	\$ 72,843	\$ 37,549	\$ 72,843
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11. (Loss) Income Per Share

The following table sets out the computation for basic and diluted loss per share:

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007	Six Months Ended March 31, 2008	Six Months Ended March 31, 2007
Numerator				
(Loss) income for the period	\$ (934,308)	\$ 90,935	\$ (1,479,285)	\$ (186,558)
Denominator				
Weighted average number of common shares outstanding	143,835,198	79,527,918	136,923,266	76,621,694
Basic and diluted (loss) income per share	\$ (0.01)	\$ 0.00	\$ (0.01)	\$ (0.00)

The effect of common share purchase options and warrants on the net (loss) income per share for the three and six months ended March 31, 2008 and 2007 is not reflected as to do so would be anti-dilutive.

12. Supplemental Cash Flow Information

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007	Six Months Ended March 31, 2008	Six Months Ended March 31, 2007
Non-cash financing activities				
Shares issued	\$ (199,406)	\$ (342,225)	\$ (333,291)	\$ (409,797)
Compensation options for private placements	-	-	246,285	29,680
Non-cash investing activities				
Additions to mineral properties	\$ (363,042)	\$ (342,225)	\$ (638,142)	\$ (409,797)

13. Commitment

Subsequent to December 31, 2007, the Company renounced the flow-through offerings that occurred on September 1, 2007, September 19, 2007 and November 16, 2007. Pursuant to the terms of the flow-through share agreements, the Company is in the process of complying with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada) requirements for the look-back rule. The look-back rule requires the Company to incur qualifying exploration expenditures in Canada ("CEE") within 12 months from the effective date of renunciation. As at March 31, 2008, the Company is committed to incurring approximately \$4,500,000 in CEE by December 31, 2008 arising from the flow-through offerings.

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14. General and Administrative

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007	Six Months Ended March 31, 2008	Six Months Ended March 31, 2007	Cumulative from inception September 15, 2003
Directors' and management stock-based compensation	\$ 352,173	\$ 10,269	\$ 631,756	\$ 10,269	\$ 681,458
Professional fees	225,904	62,823	327,423	112,874	1,238,596
Investor relations and corporate development	111,521	44,661	199,331	63,442	432,077
Salary costs and benefits	67,229	39,941	136,595	76,566	530,837
Management fees	40,900	58,500	113,900	96,000	760,135
Travel and entertainment	35,083	21,715	80,018	42,495	378,330
Office supplies	27,828	28,188	71,727	57,132	414,715
Transfer agent fees	25,479	13,566	41,145	19,259	126,907
Advertising and promotion	22,363	17,140	35,583	35,180	240,030
Flow-through tax penalty	20,870	-	20,870	19,494	40,364
Insurance	14,407	6,008	26,872	12,058	104,968
Listing and filing fees	13,965	14,075	19,303	14,220	133,535
Accounting and corporate services	12,827	13,763	28,019	29,460	165,742
Directors fees	11,250	11,250	22,500	22,500	101,250
Telephone	6,828	4,179	12,281	6,574	58,647
Bank service charges	3,383	607	5,737	1,425	14,847
Foreign exchange loss	2,887	457	3,560	932	22,489
Stock-based compensation	-	4,013	-	10,425	767,742
Finance charges	-	-	-	-	2,000
Loss on sale of computer equipment	-	-	-	-	908
Property holding costs	-	-	-	-	21,507
Government fees and taxes	-	-	(883)	-	615
	\$ 994,897	\$ 351,155	\$ 1,775,737	\$ 630,305	\$ 6,237,699

15. Segmented Financial Information

The Company has been directly or indirectly engaged in the exploration of mineral properties in both Canada and the United States.

The Company's operating segments have been identified based on geographic area. There are no revenues in the United States and assets are disclosed in the interim consolidated statements of mineral properties.

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(Unaudited)
Three and Six Months Ended March 31, 2008

16. Restatements

As described in Note 2 of the audited consolidated financial statements as at September 30, 2007, the Company's accounting policy is to capitalize all costs related to the exploration and development of mineral properties. In 2007, the Company restated comparative figures as described below which reflect stock-based compensation costs that should have been capitalized to mineral properties but were previously expensed as general and administrative costs.

The restatements resulted in the following changes to the interim consolidated financial statements.

	As previously stated March 31, 2007	Increase	Restated March 31, 2007
Mineral properties	\$ 3,998,807	\$ 135,464	\$ 4,134,271

17. Comparative Figures

Certain comparative figures have been reclassified to conform with current period financial statement presentation.

18. Subsequent Events

Subsequent to March 31, 2008, total proceeds of \$652,580 were received for the exercise of 283,800 compensation options and 3,113,500 warrants at various exercise prices and expiry dates.

On May 21, 2008, the Company approved the grant of a total of 350,000 options to three consultants. The options vest in equal quarterly instalments over a period of 1 year and may be exercised for a term of 5 years from the date of grant at an exercise price of \$0.25. The options are subject to a statutory hold period of 4 months from the date of grant.