

SAGE GOLD INC. - MANAGEMENT DISCUSSION AND ANALYSIS

SECOND QUARTER ENDED MARCH 31, 2008

This management discussion and analysis ("MD&A") of results of operations and financial condition of Sage Gold Inc. ("Sage" or "the Company") describes the operating and financial results of the Company for the three-month and six-month periods ended March 31, 2008, with comparatives for the same periods a year earlier. 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 three month and six month unaudited interim financial statements and audited consolidated financial statements and related notes for fiscal 2007. The Company prepares and files its financial statements in accordance with Canadian generally accepted accounting principles.

DATE OF MD&A

This MD&A was prepared on May 28, 2008.

OVERALL PERFORMANCE

Overview of Operations

Sage is a precious and base metals exploration and development corporation with properties in North America. The Company's main focus is the exploration of existing properties as well as the acquisition of exploration, development and production properties, primarily in the Americas. The Sage management team and Directors have extensive experience in all aspects of mineral exploration, development, and financing in both senior and junior resource companies.

The Company has an extensive portfolio of precious and base metal properties in Ontario, Quebec, Nevada and Arizona. The main focus in the fiscal second quarter has been on the properties in the Beardmore / Geraldton gold camp area in Ontario, primarily the Jacobus nickel/copper/gold property and the Onaman poly-metallic property, as well as the Gold Hill property in Arizona. The Beardmore / Geraldton gold camp area has attracted several other exploration companies, and the level of claim staking in the area has been extremely active. During the first quarter Sage acquired options on four more properties in the area to expand its land holdings by 5,841 acres. During the second quarter, Sage acquired three more properties aggregating 1,193 acres and staked an additional 51,360 acres in the Onaman Lake area. The Company is continuing to expand its land position into the third quarter through its staking program in the Onaman Lake area. Sage has been operating two drills on the Onaman property, as well as one drill on the Gold Hill project. While some assay results have been reported (refer to www.sagegoldinc.com or Sedar) the majority of these assay results are pending. The Kerrs gold property in the Lake Abitibi Gold Belt region of Ontario was optioned in 2007 to Sheltered Oak Resources and exploration including drilling is expected to commence in calendar Q2 2008.

The Company is conducting an aggressive Canadian exploration program which will be funded by the \$5.48 million flow-through financing completed in the first quarter of fiscal 2008. For the first six months of the fiscal year, Sage has spent \$3,775,788 on the Canadian exploration program, and \$650,721 on its US exploration plans.

The Pony Spur property in Nevada's Southern Carlin Trend was drilled in late October 2007 and one hole out of a planned four hole program has been completed. The Sugarloaf property in the Midas Trend of Northern Nevada is contiguous with a recently announced molybdenum discovery made by Mexivada Mining Corporation. Sage has completed one-half of the 3,000 metre drill program on the Gold Hill property in Arizona, and has now earned a 50% interest in this property.

Mineral Properties

<i>Mineral Property</i>	<i>Location</i>	<i>Sage interest</i>	<i>Acres</i>
	Ontario		
Kerrs Properties			
Kerrs Lease	Kerrs Township (Chesney Bay)	100%	459
Kerrs	Kerrs, Chesney Bay and Rayner Lake, Galna	100%	18,480
Kerrs – Kidston/Dyment	Kerrs Township	Option 100%	160
Onaman	Coughlan & Castlewood Lakes	100%	59,091
	Onaman Lake	100%	378
Jacobus	Kaby and Tyrol Lakes	100%	9,200
Paint Lake Lease	Irwin and Walters Township	Option 100%	344
Missing Link	Lapierre and Legault Townships	Option 100%	3,840
Cote Two Rivers	Coughlan and Castlewood Lakes	Option 100%	2,400
King Solomon's Pillars Lease	Walters Township	Option 100%	697
Dorothea	Dorothea Township	100%	475
Gzowski	Gzowski Township	100%	340

	Quebec		
Chibougamau Barlow	Barlow Township	100%	2,918
Chibougamau Fancamp	Fancamp Township	100%	158
Fort Chimo Gold	Rougemont Township	75%	751
Fort Chimo Gold	Chute de la Pyrite Township	75%	593
Malartic 1-96	Cadillac and Malartic Townships	100%	1,438
Nicole	Barlow Township	Option 100%	1,392

	USA		Acres
Nevada Properties			
Triple Junction	Elko County, Nevada	Option 55 or 70%	708
Dixie Fork	Elko County, Nevada	Option 55 or 70%	634
Pony Spur	Elko County, Nevada	100%	960
Dike	Elko County, Nevada	100%	1,240
Corridors	Elko County, Nevada	100%	1,240
Sugarloaf	Elko County, Nevada	100%	2,040

Arizona Property			
Big Bend	Yavapai County, Arizona	Exploration permit	160
Gold Hill	Maricopa County, Arizona	Option 50%	116

Acquisitions

During the second quarter, Sage purchased a 100% interest in three properties, aggregating 1,630 acres, located in the townships of Dorothea and Gzowski, and in the Onaman Lake area. A remaining property located in the townships of Esquega/Corbiere will be purchased upon completion of the assignment of the lease from the vendor. The agreement calls for cash payments totalling \$250,000, of which \$215,000 was paid prior to March 31, 2008. The vendor retains a 2% net smelter return ("NSR") from the properties and the Company can repurchase ½ of the NSR for \$1,000,000.

Exploration Activities

Ontario, Canada

Onaman - Beardmore / Geraldton Gold Camp

Sage has completed 41 holes of its winter drilling program on the Onaman property in the area of the Lynx # 1 showing.

Highlights to date are:

- Drill hole S08-52 – 3.72 metres (3.2 metres true width) of 8.07% Cu, 6.08 g Au/T and 236 g Ag/ T including 2.72 metres of 10.89% Cu, 8.2 g Au/T and 318.4 g Ag/T.
- Drill hole S08-03 – 2.0 metres (1.5 metres true width) of 4.57% Cu, 1.10 g Au/T and 123.5 g Ag/T including 0.68 metres of 10.75% Cu, 3.06 g Au/T and 258 g Ag/T.

Sage has completed 7,162 metres of drilling on the Lynx and Big M zones.

Selected results from the current drilling are as follows:

Selected Intersections

Drill Hole	From (metres)	To (metres)	Intercept Width (True Widths)	Cu %	Au g/T	Ag g/T
S08-02	100.5	105	4.5 (4.10)	0.99	0.23	27.2
Incl.	100.5	101	0.5	6.16	0.59	121.0
	103	104	1.0	0.71	0.40	12.0
S08-11*	90.0	91.2	1.2 (1.00)	2.97	0.34	56.6
	137	138	1 (0.9)	2.54	0.41	88.0
	157	157.2	0.2	0.37	15.35	1535.0
S08-12	82.5	83.6	1.1 (1.0)	2.17	0.11	63.6
	111	116.7	5.7 (5.23)	1.69	0.10	40.1
Incl.	111	112.7	1.7	4.72	0.27	110.0
S08-33 – Released 2/29/08	106.4	118.5	12.1 (11.8)	3.18	1.3	87.6
Incl.	112	118.5	6.5	5.56	2.3	153.2
S08-39	88.1	89	0.9 (0.83)	2.26	1.97	37.0
S08-40 Released 4/3/08	156.5	166	9.5	1.38	2.28	100.3
Incl.	160	160.8	0.8	1.0	6.2	525.0
S08-41 Released 2/29/08	127.5	139.5	12 (9.5)	0.77	0.46	19.8
Incl.	129	130.5	1.5	2.68	3.54	56.5
S08-42 Released 2/29/08	105.6	122	16.4 (15.9)	0.93	0.76	29.5
Incl.	105.6	107.6	2.00	1.49	0.63	37.5
	112	114.8	2.80	1.20	2.23	52.3
S08-51	28.23	29.47	1.24 (1.05)	2.45	0.06	78.0
S08-52	195	198.72	3.72 (3.2)	8.07	6.08	236.0
Incl.	196	198.72	2.72	10.89	8.2	318.4
S08-53	88.25	88.6	0.35	16.25	1.17	334.0
	93	95.2	2.2 (1.9)	0.94	0.29	19.3
	100.8	103.4	2.6 (2.3)	0.78	4.53	25.9
S08-54	213.2	217	3.8 (3.2)	1.06	0.74	39.4
S08-03	118	120	2.0 (1.5)	4.57	1.10	123.5
Incl.	118.7	119.4	0.68	10.75	3.06	258.0
S08-22	101.25	102	0.75 (0.65)	3.77	0.42	62.0
S08-26	32	33.1	1.1 (1.0)	2.99	0.21	55.7
	36.6	37.10	0.5 (0.4)	3.63	0.57	67.0
	186.5	187.7	1.2 (1.1)	6.49	1.25	234.5
S08-30	134.5	135.4	0.9 (0.7)	2.73	0.18	29.0
	155.5	167	11.5 (10.2)	0.82	0.54	20.3

Incl.	159.5	160.5	1.0	2.24	3.5	74.0
	199	201	2.0 (1.8)	3.24	0.32	65.5
S08-04	39.4	42.6	3.2 (2.4)	1.32	0.21	17.0
S08-06	114.5	115	0.5 (0.44)	1.8	3.41	73.0

* In S08-11 the interval 157-157.2 m includes 6.97% Pb and 7.36% Zn.

Drilling to date has shown that the Lynx # 1 mineralization is continuous from surface to a depth of at least 170 m. The Lynx #1, #2 and #3 zones are connected over a total strike length of 970 metres. The north and south strike zones are open and untested. The southern end of the Lynx area has been tested to a vertical depth of 170 metres; the grade and thickness increasing with the depth.

At the Big M anomaly, trenching and overburden stripping is continuing and several zinc and silver rich float boulders were found. The boulders are from a nearby source, which may represent a zinc- copper core of a volcanogenic massive sulphide system. Visible gold was discovered in surface trenches associated with quartz veins. Sage has completed four holes into the Big M zone.

Jacobus - Beardmore / Geraldton Gold Camp

Sage has completed a winter road into the eastern corner of the Jacobus Property in order to begin exploring for the possible extension of the Golden Mile occurrence reported by Kodiak Exploration Limited. Sage previously reported (January 18, 2008) that airborne magnetometer data suggests that a prominent north western low may reflect a structural or lithological break. Stripping and trenching activity is now underway in this area and a number of quartz veins have been located with associated sulphides.

Sage plans to continue metallurgical testing of the Jacobus Ni-Cu zone and to complete economic modelling of the deposit.

The Onaman and Jacobus exploration projects are being supervised by Exploration Geoscience Associates of Orillia, under the direction of Ulrich Kretschmar, Ph.D, P.Geo (APGO #1160). Dr. Kretschmar has extensive mineral exploration experience in Archean terrain, is a qualified person as defined by NI 43-101 and is responsible for the technical content of this property information.

Nevada USA

Pony Spur

The Pony Spur property is located on the Carlin Trend in Nevada, consisting of 48 lode claims covering 960 acres. Sage has drilled the first hole of this planned four hole program. The gold and silver values returned over the 330 foot wide jasperoid zone range from 30 ppb to 410 ppb and 89 ppb to 3010 ppb respectively.

The Pony Spur property is contiguous to Grandview Gold Inc.'s Pony Creek/Elliot Dome property which hosts a 1.426 million ounce inferred resource (Grandview press release of November 8, 2007). Grandview announced (October 10, 2007) that it had intersected 2.18 grams of gold per tonne (0.64 ounces of gold per short ton) over 36.57 metres (120 ft) on the property.

The Pony Spur exploration project is being supervised by W.A. Hubacheck Consultants Ltd., under the direction of Peter Hubacheck, P. Geo., A.P.G.O., P. Geol., A.P.E.G.G.A. Mr. Hubacheck is a qualified person as defined by NI 43-101 and is responsible for the technical content of this property information.

Arizona USA

Gold Hill

The Company has completed further underground and surface channel sampling on several quartz breccia vein structures hosted in a quartz monzonite intrusive complex at the Gold Hill property located in Maricopa County, Arizona.

The highest grade in the channel samples assays is 78.92 grams of gold per tonne (2.302 ounces per ton) over a width of 0.35 metres (1.15 feet) and the highest grade grab sample is 16.18 grams of gold per tonne (0.472 ounces per ton)..

The following assays are greater than 5.0 grams of gold per tonne (0.15 ounces per ton). All assays are reported on the Sage web site – www.sagegoldinc.com

Sample Number	Au g/T	Au oz/t	True Width – Metres (Feet)
67619	78.92	2.302	0.35 m (1.15 feet)
67620	10.49	0.306	Grab – same location as 67619
67621	12.07	0.352	0.45m (1.48 feet)
67622	33.46	0.976	1.2 m (3.93 feet)
67625	20.13	0.587	1.5 m (4.92 feet)
67629	16.18	0.472	Grab
67705	7.51	0.219	0.44 m (1.44 feet)
67706	12.03	0.351	0.45 m (1.48 feet)
67707	13.3	0.388	0.41 m (1.34 feet)
67594	5.42	0.158	Grab
67618	5.66	0.165	1.5 m (4.92 feet)

Sage has completed ten drill holes and received assays for four of these holes on the property. The Company has completed 6200 feet of its 9,000 foot diamond drill program.

The Gold Hill area encompasses the Main East Vein and the Old Coup vein. The vein systems are related to northwest-southeast trending fault systems that transects the quartz monzonite and the surrounding schists. The Main East vein was developed through a 550 foot haulage level, four additional levels and an underhanded winze that was driven approximately 75 feet (22.87 metres) below the main haulage level. The Old Coup zone is located parallel and 600 feet (183 metres) south of the Main East Vein.

Drill hole GH-08-02 was targeted to test the recently discovered Old Coup zone. The zone occurs at or near the contact between xenoliths and/or intrusive wallrock of slaty schists and the quartz monzonite sill. Mineralization is associated with hematized quartz vein breccias that are present near the southwest contact and also extend into the quartz monzonite. Coarse visible gold was encountered at the 200 foot level in the second hole yielding an intersection of 1.38oz/t(47.31g/T) over 3.2 feet (0.976 metres). This drill hole confirms the lateral extent of the underground sampling of the Old Coup zone where gold values ranging from 0.22oz/t (7.51g/T) to 0.39oz/t (13.3 g/T) occur in channel samples from 120 feet (36.6 metres) to 145 feet (44.22 metres) east of the portal. The zone has been traced through underground channel samples and the intersection in the second drill hole over a strike length of 85.3 feet (26.01 metres).

Subsequent to the end of the second quarter, Sage exercised its option and acquired a 50% interest in the property by having expended U.S. \$250,000 and issuing U.S. \$50,000 worth of common shares. Further exploration expenditures will now be shared equally between Sage and the property vendor.

The Gold Hill exploration project is being supervised by W.A. Hubacheck Consultants Ltd., under the direction of Peter Hubacheck, P. Geo., A.P.G.O., P. Geol., A.P.E.G.G.A. Mr. Hubacheck is a qualified person as defined by NI 43-101 and is responsible for the technical content of this property.

Mineral Properties

Refer to Consolidated Statements of Mineral Properties in the March 31, 2008 unaudited consolidated financial statements for a breakdown of material costs.

Description	Cumulative to September 30, 2007	Additions	Cumulative to March 31, 2008
CANADA			
Kerrs Property (i)	\$ 1,479,543	\$ 15,746	\$ 1,495,289
Malartic (i)	12,711	14,800	27,511
Onaman Property (i)	1,476,762	2,202,144	3,678,906
Jacobus Property (i)	1,521,186	1,339,776	2,860,962
Nicole Property	63,658	-	63,658
Hopkins Properties (iv)	-	164,716	164,716
Beardmore Geraldton Properties (v)	-	220,767	220,767
	<u>4,553,860</u>	<u>3,957,949</u>	<u>8,511,809</u>
UNITED STATES			
Triple Junction and Dixie Fork (i) (iii)	101,326	67,039	168,365
Pony Spur, Dike, and Corridors Properties (i) (ii)	820,467	307,938	1,128,405
Gold Hill Property (i)	135,546	425,049	560,595
Big Bend Gold Property (i)	13,394	1,830	15,224
	<u>1,070,733</u>	<u>801,856</u>	<u>1,872,589</u>
	<u>\$ 5,624,593</u>	<u>\$ 4,759,805</u>	<u>\$ 10,384,398</u>

- (i) For a description of these properties, refer to Note 3 of the audited consolidated financial statements as at September 30, 2007.
- (ii) On October 8, 2007, the Company issued 431,957 common shares valued at \$67,385 (U.S. \$60,000) as part of its obligation to acquire the Pony Spur, Dike and Corridors properties.
- (iii) On October 26, 2007, Sage issued 350,000 common shares valued at \$66,500 as consideration for the extension of the option agreement on the properties through to November 30, 2009.
- (iv) On February 12, 2008, the Company purchased a 100% interest in the Hopkins Properties located in the townships of Dorothea, Gzowski, and in the Onaman Lake area upon cash payment of \$215,000. A further \$35,000 will be due upon completion of the assignment of the lease from the vendor of property in the township of Esquega/Corbiere. Refer to Acquisitions.
- (v) On November 26, 2007, Sage acquired options on four properties in the Beardmore Geraldton Gold Belt. For a description of these properties, refer to Note 5 (c) of the unaudited interim financial statements as at March 31, 2008.

Results of Operations

Three months ended March 31, 2008

Sage's operations in the second quarter of fiscal 2008 were focused on exploration, and the Corporation did not generate any operating revenue. Sage's net loss for the second quarter of fiscal 2008 was \$934,308 compared to a net income of \$90,935 in the three month period ended March 31, 2007, with the loss being primarily due to higher expenses related to directors' and management stock-based compensation (\$352,173 in fiscal 2008; \$10,269 in fiscal 2007), professional fees (\$225,904 in fiscal 2008; \$62,823 in fiscal 2007), investor relations and corporate development (\$111,521 in fiscal 2008; \$44,661 in fiscal 2007), and salary costs and benefits (\$67,229 in fiscal 2008; \$39,941 in fiscal 2007), in addition to a future income tax recovery of \$nil in fiscal 2008 (\$442,492 in fiscal 2007).

The directors' and management stock-based compensation costs relate to an increase in the number of stock options granted to date in the fiscal year (4.46 million in 2008; 800,000 in 2007) along with the changes in the related weighted average valuation assumptions under the Black-Scholes option-pricing model. Professional fees rose primarily due to the allocation of \$167,947 of stock-based compensation relating to stock options awarded to individuals in this group. Investor relations and corporate development expenditures increased by \$66,860 as management advanced the programs initiated in the first quarter of the current year to expand awareness of the Company amongst investors in North America and in Europe. Salary costs and benefits rose primarily due to a \$38,530 cost arising from stock-based compensation in the current quarter for this group. The income tax recovery relates to the timing of the renunciation of the income tax benefits to the holders of the flow through shares.

Summary of Quarterly Results

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

	Second Quarter March 31, 2008	First Quarter Dec. 31, 2007	Fourth Quarter Sept. 30, 2007	Third Quarter June 30, 2007
Expenses	996,478	781,878	294,427	298,316
Net income (loss) (including interest income)	(934,308)	(544,977)	(442,894)	(298,316)
Net income (loss) per share	(0.01)	-	(0.01)	-
Cash flow from (used in) operations	(21,546)	(778,035)	(297,829)	(313,624)
Cash & cash equivalents, end of period	318,374	803,468	1,864,572	746,165
Assets	16,987,542	15,575,466	7,798,400	5,686,507

	Second Quarter March 31, 2007	First Quarter Dec. 31, 2006	Fourth Quarter Sept. 30, 2006	Third Quarter June 30, 2006
Expenses	351,155	279,553	332,838	532,645
Net income (loss) (including interest income)	90,935	(277,493)	(413,264)	(532,645)
Net income (loss) per share	-	-	-	(0.01)
Cash flow from (used in) operations	(448,970)	(209,866)	(61,430)	(560,250)
Cash & cash equivalents, end of period	1,030,119	648,009	713,525	1,204,695
Assets	5,223,714	4,894,828	3,961,938	4,172,829

Six Months ended March 31, 2008

Sage's operations in the first six months of 2008 were focused on exploration and financing, and the Corporation did not generate any operating revenue. Sage's net loss for the six months ended March 31, 2008 was (\$1,479,285) compared with a loss of (\$186,558) for the corresponding six month period the year earlier, with the increased loss being primarily due to higher expenses related to directors' and management stock-based compensation (\$631,756 in fiscal 2008; \$10,269 in fiscal 2007), professional fees (\$327,423 in fiscal 2008; \$112,874 in fiscal 2007), investor relations and corporate development (\$199,331 in fiscal 2008; \$63,442 in fiscal 2007), and salary costs and benefits (\$136,595 in fiscal 2008; \$76,566 in fiscal 2007), in addition to a future income tax recovery of \$203,000 in fiscal 2008 (\$442,492 in fiscal 2007).

The directors' and management stock-based compensation costs relate to an increase in the number of stock options granted to date in the fiscal year (4.46 million in 2008; 800,000 in 2007) along with the changes in the related weighted average valuation assumptions under the Black-Scholes option-pricing model. Professional fees rose primarily due to the allocation of \$214,958 of stock-based compensation relating to stock options awarded to individuals in this group. Investor relations and corporate development expenditures increased by \$135,889 as management initiated programs in the current year to expand awareness of the Company, amongst investors in North America and in Europe. Salary costs and benefits rose primarily due to a \$69,672 cost arising from stock-based compensation in the current period for this group. The income tax recovery relates to the timing of the renunciation of the income tax benefits to the holders of the flow through shares.

Summary of Six Month Results

The following tables set out financial performance highlights for the six month periods ended March 31, 2008 and 2007 and were prepared in accordance with Canadian GAAP.

	Six Months to March 31 2008	Six Months to March 31 2007
Expenses	1,778,356	629,610
Net loss (including interest income)	(1,479,285)	(185,058)
Net income (loss) per share	(0.01)	0.00
Cash flow used in operations	(833,147)	(658,836)
Cash & cash equivalents, end of period	318,374	1,030,119
Assets	16,987,542	5,223,714

LIQUIDITY AND CAPITAL RESOURCES

At the end of the second quarter of fiscal 2008 Sage reported working capital of \$5,495,792 (\$1,040,514 – fiscal 2007), cash & cash equivalents of \$318,374 (\$1,030,119 – fiscal 2007), and short term investments of \$5,314,396 (\$nil – fiscal 2007). Short term investments are cashable Guaranteed Investment Certificates with a major Canadian bank. The Company anticipates that the working capital amount at the end of the second quarter of fiscal 2008, combined with a total of \$652,580 received by the Company subsequent to the end of the first quarter from the exercise of warrants and options, will be sufficient to support the planned drilling programs ongoing in Canada and the U.S., and the related expenses required to manage the Company, through fiscal 2008.

Sage currently does not have credit facilities with financial institutions, and does not anticipate that it will generate revenue from its activities in fiscal 2008; therefore it will rely on its ability to obtain equity financing for operations. The Company raised \$5,819,535 (net of costs) in financing in the first half of fiscal 2008 from new equity issues and \$3,020,900 (net of costs) in new equity financing in the fiscal 2007 year. Management anticipates that it will be able to raise sufficient capital to further explore and develop its properties and carry out its projects in the future. The Company, however, cannot provide any assurance that equity financing will be available on terms and conditions acceptable to the Company. Refer to "Risk Considerations".

During the quarter ended March 31, 2008 the Company granted a total of 750,000 options to acquire common shares of Sage at an exercise price of \$0.50 per common share to consultants of the Company. The options vest over twelve months and are exercisable for a period of five years.

In the same quarter, the Company issued a total of 4,024,333 common shares upon exercise of warrants, 152,000 common shares upon exercise of broker options, and 360,000 common shares upon exercise of stock options, receiving aggregate cash proceeds to the Company of \$1,065,700.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

During the six month period ended March 31, 2008, management and consulting expenses of \$160,550 (fiscal 2007 - \$147,500) were paid to officers or a corporation whose shareholder is a director or officer of the Company.

During the six month period ended March 31, 2008, mineral property expenditures include consulting fees of \$76,950 (fiscal 2007 - \$45,000) paid to an officer of the Company.

Directors fees paid or accrued to independent directors in the first six months of fiscal 2008 amounted to \$22,500 (fiscal 2007 - \$22,500).

All of the above transactions noted above were recorded at the exchange amount.

Included in accounts payable and accrued liabilities as at March 31, 2008 is \$37,549 (March 31, 2007 - \$72,843) owing to these related parties.

PROPOSED TRANSACTIONS

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

DISCLOSURE OF OUTSTANDING SHARE DATA

Since December 14, 2005, Sage shares have traded on the TSX- Venture Exchange under the symbol "SGX." The Corporation is authorized to issue an unlimited number of common shares, and as at the end of the second quarter of fiscal 2008 there were 145,171,783 common shares issued.

As at March 31, 2008, there were 30,211,065 warrants outstanding with a weighted average exercise price of \$0.57 of which 4,693,995 expire in 2008 and 25,517,070 expire in 2009.

The following table sets out the warrants outstanding at March 31, 2008

Number of Options	Black-Scholes Value (\$)	Exercise Price (\$)	Expiry Date
925,000	33,300	0.20	April 13, 2008
3,768,995	135,684	0.20	April 25, 2008
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

As at March 31, 2008, the Company had the following stock options outstanding:

	Number of Options	Black-Scholes Value	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
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	<u>250,000</u>	<u>35,250</u>	0.50	February 15, 2010
Subtotal	13,250,000	2,554,342		

Compensation Options	60,000	2,820	0.10	April 13, 2008
Compensation Options	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	500,000	41,000	0.16	March 1, 2009
Compensation Options	150,000	11,100	0.16	March 19, 2009
Compensation Options	434,286	67,749	0.14	October 12, 2009
Compensation Options	<u>830,400</u>	<u>178,536</u>	0.50	November 14, 2009
	<u>15,687,426</u>	<u>\$ 2,885,174</u>		

COMMITMENTS

a) The Company leases its office space under a lease agreement which expires in February 2011. Remaining lease obligations, under the agreement, by fiscal year, are as follows:

2008	\$ 22,167
2009	46,000
2010	48,333
2011	<u>20,833</u>
	<u>\$137,333</u>

b) Subsequent to December 31, 2007, the Company made the renunciations required by the flow-through offerings that occurred on September 1, 2007 and September 19, 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.

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 one year period and may be exercised for a term of five years from the date of grant at an exercise price of \$0.25 each. The options are subject to a statutory hold period of four months from the date of grant.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) 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.

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 Corporation.

(b) Mineral properties

All direct costs associated with exploration properties are capitalized as incurred. If a property proceeds to development, 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.

(c) Stock-based compensation

The Company has a stock option plan to provide incentive for the directors, officers, employees, consultants and service providers of the Company. The maximum number of shares which may be set aside for issuance under the plan is 10% of the outstanding common shares. The fair value of any stock options granted to eligible parties is recorded as an expense over the vesting period with a corresponding increase recorded to contributed surplus. The fair value of the stock-based compensation is determined using the Black-Scholes option pricing model and management's assumptions. Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

(d) 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.

(e) 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

(f) 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. Included in accounts payable as at March 31, 2008 is \$146,635 (2007 - \$nil) denominated in U.S. dollars.

(g) Changes in Accounting Policies

Financial instruments-recognition and measurement.

Section 3855 of the CICA handbook prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. The section requires that:

- i. All financial assets be measured at fair value on initial recognition and certain financial assets be measured at fair value subsequent to initial recognition.
- ii. All financial liabilities be measured at fair value if they are classified as held for trading purposes. Other financial liabilities are measured at amortized cost using the effective interest method.
- iii. All derivative financial instruments be measured at fair value on the balance sheet, even when they are part of an effective hedging relationship.

(h) 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 the interim consolidated financial statements as at March 31, 2008.

(i) Financial Instruments

Handbook Sections 3862 and 3863 place emphasis on disclosures about the nature and extent of risks arising from financial statements and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook sections in Note 4 to the interim consolidated financial statements as at March 31, 2008.

FINANCIAL INSTRUMENTS

The fair value of cash and cash equivalents, and accounts payable and accrued liabilities approximates their carrying value due to the short-term maturity or to current market rates.

As at March 31, 2008 and September 30, 2007, the Company's exposure to interest rate risk is summarized as follows:

Cash and cash equivalents	Variable interest rate
Accounts payable and accrued liabilities	Non-interest bearing

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 prevailing prices for the applicable minerals. Also of key importance are government regulations, including those related to prices, taxes, royalties, land tenure, land use, the importing and exporting of resources 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 geological 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.

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

Discussion regarding the Company's Share Capital may be found under Note 5 of the Consolidated Financial Statements for fiscal 2007 and in the Consolidated Financial Statements as at March 31, 2008.

FORWARD-LOOKING INFORMATION

Certain information in this MD&A contains management's assessment of the Company's future plans and may constitute "forward-looking information" under applicable securities laws. Such information may involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance, achievements, or opportunities expressed or implied by such forward-looking information. This forward-looking information includes estimates, forecasts and statements as to management's and others' expectations with respect to, among other things, exploration, development and production strategies and the outlook for the Company and the precious metals and base metals exploration and mining industry. When used in this MD&A, such information uses words such as "may", "will", "estimate", "expect", "anticipate", "believe", "intend", "plan", "could" and other similar terminology. This information reflects current expectations regarding future events and operating performance and speaks only as of the date of this MD&A. Forward-looking information involves significant risks and uncertainties, should not be read as a guarantee of future performance or results,

and will not necessarily be an accurate indication of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, but not limited to, the factors discussed under “Risk Considerations”. Although the forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, the Company cannot assure that actual results will be consistent with this forward-looking information. This forward-looking information is made as of the date of this MD&A, and the Company assumes no obligation to update or revise it to reflect new events or circumstances.