



Sage Gold Inc.

(A Development Stage Company)

**Interim Consolidated Financial Statements
Three and Six Months Ended March 31, 2010**

(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, 2009 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 unaudited interim 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, 2010	September 30, 2009
Assets		
Current		
Cash and cash equivalents	\$ 309,418	\$ 545,065
Short-term investments	20,000	1,520,000
Other assets	587,594	172,318
	917,012	2,237,383
Other assets	-	170,753
Investment in mineral exploration company	280,614	67,252
Mineral properties (Note 5)	16,736,025	15,173,600
Property held for sale	-	780,000
Equipment, net of accumulated amortization (Note 6)	70,847	81,917
	\$ 18,004,498	\$ 18,510,905

Liabilities and Shareholders' Equity

Current		
Accounts payable and accrued liabilities	\$ 339,275	\$ 713,001
Future income tax liability	1,574,620	1,373,620
	1,913,895	2,086,621
Shareholders' equity		
Share capital (Note 7)	22,007,953	21,696,268
Warrants (Note 8)	993,296	2,401,622
Contributed surplus	6,034,064	4,204,245
Deficit	(12,819,324)	(11,819,103)
Accumulated other comprehensive loss	(125,386)	(58,748)
	16,090,603	16,424,284
	\$ 18,004,498	\$ 18,510,905

Going concern (Note 1(b))
Commitment (Note 13)
Subsequent Event (Note 17)



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,		Six Months Ended March 31,		Cumulative from inception September 15, 2003
	2010	2009	2010	2009	
Expenses					
General and administrative (Note 14)\$	471,920	\$ 449,238	\$ 988,616	\$ 1,010,019	\$ 10,474,847
Amortization	5,998	3,440	11,995	6,880	53,250
Write-off of mineral properties	-	76,169	-	76,169	3,220,466
Net loss before the following	477,918	528,847	1,000,611	1,093,068	13,748,563
Other income					
Interest received	-	1,894	390	9,945	153,670
Deficit on acquisition	-	-	-	-	(1,750,751)
Net loss before income taxes	(477,918)	(526,953)	(1,000,221)	(1,083,123)	(15,345,644)
Future income tax recovery	-	-	-	-	2,595,321
Net loss for the period	(477,918)	(526,953)	(1,000,221)	(1,083,123)	(12,750,323)
Other comprehensive loss	(53,450)	20,176	(66,638)	(26,900)	(125,386)
Net loss and comprehensive loss for the period	\$ (531,368)	\$ (506,777)	\$ (1,066,859)	\$ (1,110,023)	\$(12,875,709)
Loss per common share (Note 11)	\$ (0.02)	\$ (0.03)	\$ (0.04)	\$ (0.06)	

Interim Consolidated Statements of Deficit

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,		Cumulative from inception September 15, 2003
	2010	2009	2010	2009	
Deficit					
Balance at beginning of period	\$(12,341,406)	\$ (7,228,026)	\$(11,819,103)	\$ (6,671,856)	\$ (69,001)
Net loss for the period	(477,918)	(526,953)	(1,000,221)	(1,083,123)	(12,750,323)
Balance at end of period	\$(12,819,324)	\$ (7,754,979)	\$(12,819,324)	\$ (7,754,979)	\$(12,819,324)



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 Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital	Warrants	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
Balance, October 1, 2008	\$ 15,376,872	\$ 2,224,550	\$ 3,202,117	\$ (25,123)	\$ (6,671,856)	\$ 14,106,560
Private placements - Flow-through common shares	3,450,000	-	-	-	-	3,450,000
Warrants valuation	(538,200)	538,200	-	-	-	-
Mineral properties acquisition	36,222	-	-	-	-	36,222
Cost of issue - Cash	(235,557)	-	-	-	-	(235,557)
Cost of issue - Compensation options	(84,864)	-	84,864	-	-	-
Cost of issue - Flow-through renunciation	(1,000,500)	-	-	-	-	(1,000,500)
Warrants expired	-	(62,888)	62,888	-	-	-
Stock based compensation	-	-	75,227	-	-	75,227
Other comprehensive loss	-	-	-	(26,900)	-	(26,900)
Net loss for the period	-	-	-	-	(1,083,123)	(1,083,123)
Balance, March 31, 2009	\$ 17,003,973	\$ 2,699,862	\$ 3,425,096	\$ (52,023)	\$ (7,754,979)	\$ 15,321,929
Balance, October 1, 2009	\$ 21,696,268	\$ 2,401,622	\$ 4,204,245	\$ (58,748)	\$ (11,819,103)	\$ 16,424,284
Private placements - Flow-through common shares	804,000	-	-	-	-	804,000
Mineral Property acquisition	119,141	-	-	-	-	119,141
Warrants valuation	(294,800)	294,800	-	-	-	-
Cost of issue - Cash	(85,640)	-	-	-	-	(85,640)
Cost of issue - Compensation options	(30,016)	-	30,016	-	-	-
Cost of Issue - Flow-through renunciation	(201,000)	-	-	-	-	(201,000)
Warrants expired	-	(1,703,126)	1,703,126	-	-	-
Stock based compensation	-	-	96,677	-	-	96,677
Other comprehensive loss	-	-	-	(66,638)	-	(66,638)
Net loss for the period	-	-	-	-	(1,000,221)	(1,000,221)
Balance, March 31, 2010	\$ 22,007,953	\$ 993,296	\$ 6,034,064	\$ (125,386)	\$ (12,819,324)	\$ 16,090,603



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,		Six Months Ended March 31,		Cumulative from inception September 15,
	2010	2009	2010	2009	2003
Cash flows provided by (used in)					
Operating activities					
Net loss	\$ (477,918)	\$ (526,953)	\$ (1,000,221)	\$ (1,083,123)	\$(12,750,323)
Items not affecting cash:					
Amortization	5,998	3,440	11,995	6,880	53,250
Future income tax recovery	-	-	-	-	(2,595,321)
Stock-based compensation	44,197	3,893	92,626	57,083	2,526,187
Investment in mineral exploration company	-	-	-	-	(126,000)
Deficit on acquisition	-	-	-	-	1,750,751
Write-off of mineral properties	-	76,169	-	76,169	3,044,762
Changes in non-cash working capital balances:					
Change in other assets	219,801	111,282	255,477	62,206	(82,571)
Change in accounts payable and accrued liabilities	124,124	(82,419)	(373,726)	(246,932)	(232,762)
	(83,798)	(414,588)	(1,013,849)	(1,127,717)	(8,412,027)
Investing activities					
Redemption (purchase) of short term investments	-	900,000	1,500,000	(1,050,000)	(20,000)
Deferred costs	-	-	-	-	(36,657)
Additions to mineral properties	(480,814)	(621,304)	(1,443,284)	(1,304,049)	(19,151,460)
Additions to mineral properties - stock based compensation	2,003	-	4,051	-	626,548
Additions to equipment	-	-	(925)	-	(124,837)
Proceeds from disposition	-	1,661	-	1,661	-
	(478,811)	280,357	59,842	(2,352,388)	(18,706,406)
Financing activities					
Issuance of shares, net of costs	-	-	718,360	3,214,443	24,780,890
Cash proceeds from Puma Acquisition, net of costs	-	-	-	-	2,610,185
	-	-	718,360	3,214,443	27,391,075
Net change in cash and cash equivalents during the period	\$ (562,609)	\$ (134,231)	\$ (235,647)	\$ (265,662)	\$ 272,642

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

	Three Months Ended March 31,		Six Months Ended March 31,		Cumulative from inception September 15,
	2010	2009	2010	2009	2003
Net change in cash and cash equivalents during the period	\$ (562,609)	\$ (134,231)	\$ (235,647)	\$ (265,662)	\$ 272,642
Cash and cash equivalents, beginning of the period	872,027	224,755	545,065	356,186	36,776
Cash and cash equivalents, end of the period	\$ 309,418	\$ 90,524	\$ 309,418	\$ 90,524	\$ 309,418

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,		Six Months Ended March 31,		Cumulative from inception September 15,
	2010	2009	2010	2009	2003
Onaman Property, Canada					
Opening balance	\$ 7,777,626	\$ 7,493,931	\$ 7,728,704	\$ 7,487,566	\$ -
Property acquisition costs	-	-	-	-	561,397
Claim management and other property maintenance costs	1,537	1,552	1,693	1,552	8,071
Geological consulting and services	1,145	60,193	16,305	114,592	1,608,203
Geochemistry and geophysics	30,214	-	39,489	6,658	792,531
Assays and analyses	5,331	1,405	5,331	4,807	398,249
Travel and accommodation	16,340	10,493	18,826	23,289	416,754
Drilling and linecutting	-	-	-	1,251	2,993,192
Trenching and stripping	-	7,892	19,327	7,892	538,798
Equipment rental	-	2,250	-	7,875	152,173
Field expenses	492	-	693	198	84,962
Reports	-	29,131	-	29,131	28,606
Other	1,611	1,077	3,928	5,768	251,360
Reallocation to other Beardmore-Geraldton properties	-	-	-	(82,655)	-
Activity during the period	56,670	113,993	105,592	120,358	7,834,296
Closing balance	\$ 7,834,296	\$ 7,607,924	\$ 7,834,296	\$ 7,607,924	\$ 7,834,296
Jacobus Property, Canada					
Opening balance	\$ 5,368,140	\$ 4,021,604	\$ 5,343,295	\$ 3,574,132	\$ -
Property acquisition costs	-	-	-	-	141,887
Claim management and other property maintenance costs	-	-	-	-	17,792
Geological consulting and services	6,500	18,309	7,308	111,128	1,085,683
Geochemistry and geophysics	25,455	8,078	25,455	8,078	420,970
Assays and analyses	1,317	16,058	6,998	38,639	258,731
Travel and accommodation	5,620	56,724	11,331	90,414	289,723
Drilling and linecutting	-	101,487	-	105,245	1,694,966
Trenching and stripping	-	149,666	9,859	406,584	893,726
Equipment rental	2,000	36,588	3,505	66,817	180,010
Field expenses	-	2,881	547	3,013	138,402
Other	726	56,790	1,460	64,135	287,868
Activity during the period	41,618	446,581	66,463	894,053	5,409,758
Closing balance	\$ 5,409,758	\$ 4,468,185	\$ 5,409,758	\$ 4,468,185	\$ 5,409,758

Sage Gold Inc.

(A Development Stage Company)

Interim Consolidated Statements of Mineral Properties (continued)

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,		Cumulative from inception September 15,
	2010	2009	2010	2009	2003
Beardmore Geraldton Properties, Canada					
Opening balance	\$ 2,711,068	\$ 807,610	\$ 1,831,575	\$ 611,983	\$ -
Property acquisition costs	184,141	117,889	285,141	117,889	642,341
Claim management and other property maintenance costs	2,262	1,265	8,727	1,265	11,257
Geological consulting and services	48,916	9,059	75,148	38,606	432,433
Geochemistry and geophysics	2,000	300	31,313	74,105	263,228
Assays and analyses	18,023	-	119,673	8,731	188,182
Travel and accommodation	13,998	-	29,452	1,628	97,058
Drilling and linecutting	10,114	-	401,453	33,491	611,539
Trenching and stripping	845	2,327	100,130	55,858	488,492
Equipment rental	15,281	-	28,481	(5,106)	61,583
Other	37,720	-	133,275	-	248,255
Activity during the period	333,300	130,840	1,212,793	326,467	3,044,368
Closing balance	\$ 3,044,368	\$ 938,450	\$ 3,044,368	\$ 938,450	\$ 3,044,368
Clavos Project, Canada					
Opening balance	\$ -	\$ -	\$ -	\$ -	\$ -
Project acquisition costs	50,000	-	50,000	-	50,000
Geological consulting and services	1,400	-	1,400	-	1,400
Travel and accommodation	2,698	-	2,698	-	2,698
Equipment rental	220	-	220	-	220
Other	44	-	44	-	44
Activity during the period	54,362	-	54,362	-	54,362
Closing balance	\$ 54,362	\$ -	\$ 54,362	\$ -	\$ 54,362

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

	Three Months Ended March 31,		Six Months Ended March 31,		Cumulative from inception September 15,
	2010	2009	2010	2009	2003
Other Properties					
Opening balance	\$ 279,236	\$ 320,363	\$ 270,026	\$ 285,363	\$ -
Property acquisition costs	-	-	-	35,000	259,923
Claim management and other property maintenance costs	1,704	2,695	1,704	2,695	6,181
Geological consulting and services	-	-	1,250	-	62,809
Assays and analysis	1,208	-	4,393	-	4,393
Other	186	-	4,961	-	12,686
Activity during the period	3,098	2,695	12,308	37,695	345,992
Written off	-	(63,658)	-	(63,658)	(63,658)
Closing balance	\$ 282,334	\$ 259,400	\$ 282,334	\$ 259,400	\$ 282,334
Kerrs Property, Canada (Note 5)					
Opening balance	\$ -	\$ 1,411,490	\$ 780,000	\$ 1,410,748	\$ -
Property acquisition costs	-	12,500	-	12,500	261,830
Claim management and other property maintenance costs	-	1,373	-	1,373	71,598
Geological consulting and services	-	-	-	-	312,613
Geochemistry and geophysics	-	-	-	-	65,636
Assays and analyses	-	-	-	-	55,207
Travel and accommodation	-	-	-	-	101,640
Drilling and linecutting	-	-	-	-	875,079
Other	-	-	-	742	17,267
Earn-in	-	-	-	-	(255,840)
Management fees	-	-	-	-	(30,863)
Activity during the period	-	13,873	-	14,615	1,474,167
Written off	-	-	-	-	(694,167)
Disposal	-	-	(780,000)	-	(780,000)
Closing balance	\$ -	\$ 1,425,363	\$ -	\$ 1,425,363	\$ -

Sage Gold Inc.

(A Development Stage Company)

Interim Consolidated Statements of Mineral Properties (continued)

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,		Cumulative from inception September 15,
	2010	2009	2010	2009	2003
Malartic Property, Canada					
Opening balance	\$ -	\$ 12,511	\$ -	\$ 12,511	\$ -
Property acquisition costs	-	-	-	-	1,778
Claim management and other property maintenance costs	-	-	-	-	20,129
Geological consulting and services	-	-	-	-	26,183
Geochemistry and geophysics	-	-	-	-	9,581
Earn-in	-	-	-	-	(45,160)
Activity during the period	-	-	-	-	12,511
Written off	-	(12,511)	-	(12,511)	(12,511)
Closing balance	\$ -	\$ -	\$ -	\$ -	\$ -
Total Mineral Properties in Canada	\$ 16,625,118	\$ 14,699,322	\$ 16,625,118	\$ 14,699,322	\$ 16,625,118

Sage Gold Inc.

(A Development Stage Company)

Interim Consolidated Statements of Mineral Properties (continued)

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,		Cumulative from inception September 15, 2003
	2010	2009	2010	2009	
Borealis Gold Project, United States					
Opening balance	\$ -	\$ -	\$ -	\$ -	\$ -
Project acquisition costs	105,900	-	105,900	-	105,900
Geochemistry and geophysics	5,007	-	5,007	-	5,007
Activity during the period	110,907	-	110,907	-	110,907
Closing balance	\$ 110,907	\$ -	\$ 110,907	\$ -	\$ 110,907
Pony Spur, Dike, Corridors and Sugarloaf Properties, United States					
Opening balance	\$ -	\$ 842,807	\$ -	\$ 842,031	\$ -
Property acquisition costs	-	-	-	-	520,313
Claim management and other property maintenance costs	-	-	-	-	97,370
Geological consulting and services	-	-	-	776	265,997
Geochemistry and geophysics	-	-	-	-	244,062
Assays and analyses	-	-	-	-	13,338
Travel and accommodation	-	-	-	-	29,590
Drilling and linecutting	-	-	-	-	54,077
Field expenses	-	-	-	-	28,282
Other	-	-	-	-	18,412
Advances	-	-	-	-	3,488
Recovery of costs	-	-	-	-	(31,059)
Impairment charge - Sugarloaf	-	-	-	-	(87,858)
Activity during the period	-	-	-	776	1,156,012
	-	842,807	-	842,807	1,156,012
Written off	-	-	-	-	(1,156,012)
Closing balance	\$ -	\$ 842,807	\$ -	\$ 842,807	\$ -



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 (continued)

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,		Cumulative from inception September 15,
	2010	2009	2010	2009	2003
Gold Hill Property, United States					
Opening balance	\$ -	\$ 985,330	\$ -	\$ 972,793	\$ -
Property acquisition costs	-	-	-	-	109,849
Geological consulting and services	-	-	-	776	117,018
Assays and analyses	-	-	-	320	25,053
Travel and accommodation	-	-	-	-	20,988
Drilling and linecutting	-	-	-	11,441	1,144,739
Other	-	-	-	-	19,621
Road costs	-	-	-	-	48,257
Recovery of costs	-	(48,085)	-	(48,085)	(548,789)
Activity during the period	-	(48,085)	-	(35,548)	936,736
Written off	-	937,245	-	937,245	936,736
	-	-	-	-	(936,736)
Closing balance	\$ -	\$ 937,245	\$ -	\$ 937,245	\$ -
Total Mineral Properties in United States					
	\$ 110,907	\$ 1,780,052	\$ 110,907	\$ 1,780,052	\$ 110,907
TOTAL	\$16,736,025	\$16,479,374	\$16,736,025	\$16,479,374	\$16,736,025

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, 2010

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 changed its name to Sage Gold Inc. on March 3, 2005.

On March 31, 2010, the Company's shareholders approved the share consolidation of the issued and outstanding common shares of the Company on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares (the "Consolidation"). The consolidation was effective May 14, 2010. Any reference to common shares of the Company have been restated to reflect this Consolidation. (Note 7)

As an exploration and development stage company, the Company's income is limited to interest income and other incidental income. The Company continues to be dependent upon its ability to finance its development and exploration programs through financing activities that may include issuance of additional debt or equity securities. The underlying value of the mineral properties is dependent upon the existence and economic recovery of mineral reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to raise long-term financing to complete the development of the properties 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.

(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 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.

As at March 31, 20, the Company reported a loss after tax of \$1,000,221, an accumulated deficit of \$12,819,324 as at that date and has not generated cash flow from operations. 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 applicability of the going concern assumption.

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, 2010

2. Basis of Presentation and Accounting Policies

The unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian GAAP. The preparation of the financial statements is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated financial statements except as noted below. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the notes to the Company's audited consolidated financial statements for the year ended September 30, 2009, since they do not contain all disclosures required by Canadian GAAP for annual financial statements. These unaudited interim consolidated financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

Financial Instruments

During 2009, CICA Handbook Section 3862, Financial Instruments - Disclosures ("Section 3862") was amended to require disclosure about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and;
- Level 3 - Inputs that are not based on observable market data.

This amended standard applies to annual financial statements with fiscal years ending after September 30, 2009. The Company will include these disclosures in its annual financial statements for the year ending September 30, 2010.

Future accounting changes

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. 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 second quarter of fiscal 2012 filing, comparative financial statements in accordance with IFRS for the three months ended March 31, 2011. While the Company has begun assessing the impact of the adoption of IFRS on its consolidated financial statements, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

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, 2010

2. Basis of Presentation and Accounting Policies (Continued)

Future accounting changes (Continued)

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling interests". These new standards will be effective for fiscal years beginning on or after January 1, 2011. Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3, "Business Combinations". Sections 1601 and 1602 together replace section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS-27, "Consolidated and Separate Financial Statements". The Company is in the process of evaluating the requirements of the new standards.

3. Capital Management

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its 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 team to sustain the future development of the business. The Company considers its capital to be equity, which is comprised of share capital, warrants, contributed surplus, deficit and accumulated other comprehensive loss which at March 31, 2010 totaled \$16,090,603 (September 30, 2009 - \$16,424,284).

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 its planned exploration programs and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as required.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

- (i) minimizing discretionary disbursements;
- (ii) focusing financing exploration expenditures on those properties considered to have the best potential; and
- (iii) exploring alternative sources of liquidity.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if the Company thinks there is sufficient 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 appropriate.

The Company is not subject to any capital requirements imposed by a regulator or lending institution. The Company expects that its current capital is sufficient to discharge its liabilities as at March 31, 2010.

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, 2010

4. Financial Instruments

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, short-term investments and receivables included in other assets. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents and short-term investments are held with the Royal Bank of Canada, from which management believes the risk of loss to be minimal. Receivables included in other assets consist of goods and services tax due from the Federal Government of Canada and receivables from unrelated companies. Receivables included in other assets are current as of March 31, 2010. Management believes that the credit risk concentration with respect to receivables included in other assets is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities and interest income earned on its short-term investments. The Company has cash and cash equivalents and short-term investments of \$329,418 (September 30, 2009 - \$2,065,065) to settle current liabilities of \$339,275 (September 30, 2009 - \$713,001). The short-term investments are invested in guaranteed investment certificates held by the Royal Bank of Canada. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

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 incurring approximately \$517,000 in Canadian exploration expenditures by December 31, 2010. The Company intends to fulfill all flow-through commitments by seeking additional capital to increase liquidity.

Market risk

Interest rate risk

Interest rate risk is the impact that changes in interest rates could have on the Company's earnings and liabilities. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in certificates of deposit issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

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, 2010

4. Financial Instruments (Continued)

Market risk (Continued)

Foreign currency risk

Foreign currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasting. 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 manageable and therefore does not hedge its foreign exchange risk.

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

Commodity and equity 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 minerals, individual equity movements, and the stock market in general to determine the appropriate course of action to be taken by the Company.

The Company's investment in a mineral exploration company is subject to fair value fluctuations arising from changes in the equity and commodity markets.

Fair value

The Company has, for accounting purposes, designated its cash and cash equivalents and short-term investments as held-for-trading, which are measured at fair market value. Other assets are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair market value due to their short term nature. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equals fair market value due to its short term nature.

Fair market value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price, if one exists.

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, 2010

4. Financial Instruments (Continued)

Sensitivity analysis

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

- (i) The Company's investment in a mineral exploration company of \$280,614 is subject to fair value fluctuations. As at March 31, 2010, if the fair value of the Company's marketable securities had decreased/increased by 50% with all other variables held constant, comprehensive loss for the six months ended March 31, 2010 would have been approximately \$140,000 higher/lower. Similarly, as at March 31, 2010, reported shareholders' equity would have been approximately \$140,000 lower/higher as a result of a 50% decrease/increase in the fair value of the Company's investment in a mineral exploration company.
- (ii) Commodity price risk could affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market of precious metals. As of March 31, 2010, the Company was not a producing entity. As a result, commodity price risk could affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. 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.

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, 2010

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 6 of the audited consolidated financial statements as at September 30, 2009. Specific changes to mineral properties that occurred from October 1, 2009 to March 31, 2010 are as follows:

(a) Kerrs Property

On December 23, 2009, Sage and Sheltered Oak Resources Inc. ("OAK") jointly announced that OAK had completed a transaction whereby OAK purchased a 100% interest in Sage's unpatented claims and interests in the Larder Lake Mining district in Kerrs Township in the Abitibi Greenstone belt of Ontario.

In consideration thereof, Sage received 2 million common shares of OAK upon closing and \$500,000 in cash (secured by a charge on the Kerrs gold property), to be paid to Sage twelve months following the date of closing of the Purchase Agreement. Sage will receive a 2% Net Smelter Royalty on the Kerrs Gold Property of which 1% can be purchased from Sage by OAK at any time for \$500,000. OAK will also pay Sage an advance royalty payment of \$125,000, payable in five annual installments with the first payment due twenty-four months following the date of closing of the Purchase Agreement.

(b) Clavos Project

On February 9, 2010, the Company entered into an Option Agreement with St. Andrew Goldfields Ltd. ("SAS" or "St. Andrew Goldfields") on the Clavos Project ("Clavos") located in the Timmins Mining District in Northeastern Ontario, within the Abitibi greenstone belt.

Sage has the option to earn a 60% undivided interest in the Clavos project. The Option will be deemed to be fully exercised upon Sage incurring exploration expenditures on the project, issuing shares to St. Andrew Goldfields and making cash payments during the term of the three year Option period as summarized below:

- Sage will issue 50,000 shares (issued) (valued at \$25,000) and make a cash payment of \$25,000 (paid) to SAS upon Exchange approval of the Option Agreement.
- Sage will issue shares having an aggregate market value of \$105,000 and make a cash payment of \$105,000 on the first, second and third anniversaries of the effective date of the Option agreement.
- Sage will incur \$500,000 of expenditures in the first year with \$3,000,000 exploration expenditures for the three year period.

Upon being vested with a 60% interest in the Project, Sage and SAS shall enter into a Joint Venture Agreement and the further development of the Project shall be governed by the Joint Venture Agreement. Without limitation, the Joint Venture Agreement shall provide that, in the event that SAS's interest in the Project is diluted at any time to less than 10%, SAS's interest in the Project will revert to a 2% NSR.

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, 2010

5. Mineral Properties (continued)

(c) Borealis Gold Project

On February 23, 2010 Sage and Gryphon Gold Corporation (“Gryphon”) signed a binding Letter of Intent (“LOI”) pursuant to which Gryphon agreed to grant Sage the right to earn a 50% undivided interest in the Borealis gold project located in the Walker Lane mineral belt of southwest Nevada. The majority of the principal operating permits for the development and production of the oxide resource have been received. Under the LOI, Sage has the option to earn an undivided 50% interest in the Borealis project. The option exercise terms are as follows:

- Sage made a US\$100,000 cash payment concurrent with the LOI.
- Sage agrees to subscribe for US\$200,000 Gryphon units by June 16, 2010 and a further subscription of US\$200,000 by August 16, 2010 based on a subscription price equal to a 5% premium to the 30-day volume weighted average trading price preceding the subscription date, subject to TSX approval. Each unit comprises one common share and one half of a share purchase warrant.
- Sage and Gryphon will enter into a definitive option agreement on or before March 5, 2010, subject to regulatory and other approvals. The Company entered into a definitive option agreement during the quarter ended March 31, 2010.
- The option agreement provides for an option period through December 31, 2010, which was subsequently extended to June 30, 2011, and provides for a Borealis project team to advance the Borealis project during the option period.
- Sage and Gryphon will jointly fund the approved expenditures during the option period, subject to certain exceptions and adjustments.
- Sage will invest US \$9,000,000 as and by way of a capital contribution to the joint venture if Sage elects to exercise its option to acquire its 50% participating interest.
- Sage (together with Gryphon) will arrange project financing.
- Sage will issue to Gryphon common shares of Sage with a value equal to US \$1,000,000, subject to TSX Venture exchange approval, or will make the payment in cash upon exercise of the option.
- Upon the classification of an additional 100,000 ounces of gold reserves as proven and probable, Sage will pay Gryphon a cash payment of US \$1,000,000, and up to an additional US \$1,000,000 for up to an additional 100,000 ounces of gold reserves classified as proven and probable (maximum US \$2,000,000).
- Advisory fees related to this transaction payable by Sage of 200,000 Sage shares and 200,000 two year warrants exercisable to purchase Sage shares at \$0.60 per share subject to regulatory approval.

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, 2010

6. Equipment

	Cost	Accumulated Amortization	Net Carrying Amount March 31, 2010
Office equipment	\$ 14,947	\$ 8,426	\$ 6,521
Computer equipment	13,955	8,421	5,534
Vehicles	92,069	33,277	58,792
	\$ 120,971	\$ 50,124	\$ 70,847

	Cost	Accumulated Amortization	Net Carrying Amount September 30, 2009
Office equipment	\$ 14,947	\$ 7,701	\$ 7,246
Computer equipment	13,030	7,526	5,504
Vehicles	92,069	22,902	69,167
	\$ 120,046	\$ 38,129	\$ 81,917

7. Share Capital

- (a) Authorized
Unlimited number of common shares
- (b) Issued

	Number of Shares	Amount
Balance, September 30, 2009	24,924,958	\$ 21,696,268
Private placement - Flow-through common shares (i)	1,340,000	804,000
Mineral Property acquisition (ii)(iii) (Note 5(b))	243,258	119,141
Warrant valuation (i)	-	(294,800)
Cost of issue - Cash	-	(85,640)
Cost of issue - Compensation options (i)	-	(30,016)
Cost of issue - Flow-through renunciation (i)	-	(201,000)
Balance, March 31, 2010	26,508,216	\$ 22,007,953

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, 2010

7. Share Capital (continued)

- (i) On December 18, 2009, the Company completed a non-brokered private placement of 1,340,000 flow-through units for gross proceeds of \$804,000; each unit consisting of one common share plus one non flow-through common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one additional common share at an exercise price of \$1.00 during the first twelve months from closing, and of \$1.20 for a period of twelve months following the first anniversary date of closing. If the Company's shares trade at or above \$1.80 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.

The Company paid a finder's fee of \$64,920 in cash and issued 107,200 broker warrants pursuant to the offering. The warrants are executable to purchase common share units at a price of \$0.60 per unit. Each common share unit consists of one common share in the capital of the Company and one warrant to purchase common shares on the same terms as the warrants. All shares and warrants issued under the financing are subject to a four month hold period which expires on April 19, 2010.

The fair value of the 1,340,000 warrants and 107,2000 compensation options was estimated at \$294,800 and \$30,016 respectively using the Black-Scholes option pricing formula with the following assumptions:

Expected dividend yield	nil
Expected volatility	115.0% to 117.7%
Risk-free interest rate	1.30% to 1.31%
Expected life	2 years

The Company renounced the exploration expenditures generated by this flow-through financing and is committed to incurring approximately \$517,000 in qualified exploration expenses in Canada by December 31, 2010.

The renunciation of \$804,000 during the quarter created a future income tax liability of approximately \$201,000.

- (ii) On January 6, 2010, 49,758 common shares (valued at \$22,391) were issued relating to the following property payments:
- (1) 32,258 common shares in accordance with the terms of the Cote Two Rivers Option Agreement;
 - (2) 7,500 common shares in accordance with the terms of the Missing Link Option Agreement;
 - (3) 5,000 common shares in accordance with the terms of the Paint Lake Option Agreement; and
 - (4) 5,000 common shares in accordance with the terms of the King Solomon's Pillars Option Agreement.

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, 2010

7. Share Capital (continued)

- (iii) On January 13, 2010, 143,500 common shares (valued at \$71,750) were issued relating to the following property payments:
- (1) 40,000 common shares in accordance with the terms of the King Solomon Pillars Option Agreement;
 - (2) 20,000 common shares in accordance with the terms of the Pauloski Option Agreement;
 - (3) 20,000 common shares in accordance with the terms of the Missing Link Option Agreement;
 - (4) 15,000 common shares in accordance with the terms of the Bearskin Lake Option Agreement;
 - (5) 10,000 common shares in accordance with the terms of the Vincent Lake Option Agreement;
 - (6) 10,000 common shares in accordance with the terms of the Clist Lake Option Agreement;
 - (7) 7,500 common shares in accordance with the terms of the South Rickaby Option Agreement;
 - (8) 6,000 common shares in accordance with the terms of the Spooner Option Agreement;
 - (9) 5,000 common shares in accordance with the terms of the Crooked Green Lake Option Agreement;
 - (10) 5,000 common shares in accordance with the terms of the Final Lake Option Agreement;
 - (11) 5,000 common shares in accordance with the terms of the Crooked Green Creek Option Agreement.
- (iv) On March 31, 2010, the Company's shareholders approved the share consolidation of the issued and outstanding common shares of the Company on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares (the "Consolidation"). The Consolidation came into effect May 14, 2010. As at March 31, 2010 the common shares of the Company have been restated to reflect the Consolidation.

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, 2010

8. Warrants

The following table shows the continuity of warrants for the three and six months ended March 31, 2010:

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2009	2,971,782	\$ 2.80
Granted (Note 7(b)(i))	1,340,000	1.00
Expired	(1,090,857)	(4.71)
Balance, March 31, 2010	3,220,925	\$ 1.43

The following are the warrants outstanding at March 31, 2010 with a weighted average exercise price of \$1.40 each.

Number of Warrants	Black-Scholes Value	Exercise Price	Expiry Date
1,280,000	\$ 499,200	\$ 2.00	October 17, 2010
100,000	39,000	2.00	October 25, 2010
500,925	160,296	1.00	July 15, 2011
1,340,000	294,800	1.00	December 18, 2011
3,220,925	\$ 993,296		

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, 2010

9. Stock Options

The following table shows the continuity of options for the three and six months ended March 31, 2010:

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2009	2,573,119	\$ 2.40
Compensation options granted ⁽¹⁾ (Note 7(b)(i))	107,200	0.60
Expired/Forfeited	(194,969)	(3.62)
Balance, March 31, 2010	2,485,350	\$ 2.23

⁽¹⁾ The weighted average grant date fair value of each compensation option grant was \$0.28.

The fair value of the stock options has been expensed as follows:

	Three Months Ended March 31,		Six Months Ended March 31,		Cumulative from inception September 15,
	2010	2009	2010	2009	2003
Directors' and management stock-based compensation	\$ 18,832	\$ -	\$ 38,083	\$ 24,953	\$ 1,081,489
Salary costs and benefits	4,608	-	9,318	2,712	138,135
Investor relations and corporate development	11,742	3,159	26,994	9,721	103,236
Professional fees	9,015	734	18,231	19,697	435,586
Mineral properties	2,003	2,370	4,051	18,144	626,818
Stock-based compensation	-	-	-	-	366,159
	\$ 46,200	\$ 6,263	\$ 96,677	\$ 75,227	\$ 2,751,423

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, 2010

9. Stock Options (Continued)

The following table shows the options outstanding at March 31, 2010

	Number of Options	Amount	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Expiry Date
Directors, Officers, Consultants & Employees	100,000	54,546	1.00	0.36	August 10, 2010
Consultants	1,500	1,200	1.00	0.57	October 26, 2010
Management, Directors, Employees & Consultants	101,000	131,300	1.70	0.83	January 27, 2011
Directors, Officers & Consultants	72,120	-	10.46	1.05	April 17, 2011
Consultants	120,000	38,400	1.00	1.16	May 28, 2011
Directors, Officers, Consultants & Employees	211,500	226,305	1.40	1.16	May 29, 2011
Directors, Officers, Consultants & Employees	87,500	79,625	1.20	1.92	March 1, 2012
Consultant	30,000	36,600	1.60	2.50	September 27, 2012
Management, Directors, Employees & Consultants	279,500	489,125	2.40	2.55	October 15, 2012
Management, Directors, Employees & Consultants	278,500	1,036,020	5.00	2.71	December 13, 2012
Consultants	35,000	89,950	5.00	2.81	January 18, 2013
Consultants	20,000	35,000	2.50	3.14	May 20, 2013
Directors, Officers & Consultants	126,210	-	1.50	3.50	September 30, 2013
Directors, Officers & Consultants	144,240	-	0.80	3.93	March 3, 2014
Management, Directors, Employees & Consultants	500,000	325,000	1.00	4.36	August 10, 2014
Subtotal	2,107,070	2,543,071			
Compensation Options (i)	201,600	78,624	2.00	0.55	October 17, 2010
Compensation Options (i)	16,000	6,240	2.00	0.57	October 17, 2010
Compensation Options (ii)	53,480	17,114	1.00	1.28	July 10, 2011
Compensation Options (iii)	107,200	30,016	0.60	1.72	December 18, 2011
	2,485,350	\$ 2,675,065		2.42	

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, 2010

9. Stock Options (Continued)

- (i) Upon exercise of the 217,600 compensation options, 217,600 common shares and 108,800 warrants will be issued. The warrants have the same terms as disclosed in Note 8(c)(iii) of the audited consolidated financial statements as at September 30, 2009.
- (ii) Upon exercise of the 53,480 compensation options, 53,480 common shares and 26,740 warrants will be issued. The warrants have the same terms as disclosed in Note 8(d)(ii) of the audited consolidated financial statements as at September 30, 2009.
- (iii) Upon exercise of the 107,200 compensation options, 107,200 common shares and 107,200 warrants will be issued. The warrants have the same terms as disclosed in Note 7(b)(i).

10. Related Party Transactions

The Company had the following related party transactions:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2010	2009	2010	2009
Administrative and general expenses:				
Management fees to directors and officers	\$ 54,250	\$ 54,250	\$ 108,500	\$ 108,500
Consulting fees to companies owned by officers of the Company	37,500	33,000	75,000	60,000
Directors fees	15,000	11,250	30,430	22,500
Mineral properties:				
Consulting fees to officer	\$ -	\$ 11,250	\$ -	\$ 23,715

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.

	March 31, 2010	September 30, 2009
Included in accounts payable and accrued liabilities are the following amounts due to related parties:		
To directors and officers	\$ 81,942	\$ 31,436

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, 2010

11. Loss Per Share

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

	Three Months Ended March 31, 2010		Six Months Ended March 31,	
	2010	2009	2010	2009
Numerator				
Loss for the period	\$ (477,918)	\$ (526,953)	\$ (1,000,221)	\$ (1,083,123)
Denominator				
Average number of common shares outstanding (Note 7(iv))	26,451,345	17,681,973	25,774,582	17,407,249
Basic and diluted loss per share	\$ (0.02)	\$ (0.03)	\$ (0.04)	\$ (0.06)

The effect of common share purchase options and warrants on the net loss per share for the three and six months ended March 31, 2010 and 2009 is not reflected as to do so would be anti-dilutive.

12. Supplemental Cash Flow Information

	Three Months Ended March 31,		Six Months Ended March 31,	
	2010	2009	2010	2009
Non-cash financing activities				
Shares issued	\$ -	\$ (36,222)	\$ -	\$ (36,222)
Agents' compensation for private placement	-	-	30,016	84,864
Non-cash investing activities				
Additions to mineral properties	\$ (119,141)	\$ (2,370)	\$ (119,141)	\$ (18,144)

13. Commitment

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:

2010	24,167
2011	<u>20,833</u>
	<u>45,000</u>

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, 2010

13. Commitment (Continued)

b) 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, 2010, the Company is committed to incurring approximately \$517,000 in CEE by December 31, 2010 arising from the flow-through offerings.

14. General and Administrative Detail

	Three Months Ended March 31,		Six Months Ended March 31,		Cumulative from inception September 15, 2003
	2010	2009	2010	2009	2003
Professional fees ⁽¹⁾	94,078	81,083	273,623	174,719	2,163,221
Investor relations and corporate development ⁽¹⁾	105,534	86,323	172,503	168,159	1,121,044
Salary costs and benefits ⁽¹⁾	58,769	55,104	115,039	115,800	1,027,111
Management fees	54,250	54,250	108,500	108,500	1,185,947
Office supplies	30,718	28,947	66,694	68,447	715,092
Directors' and management stock-based compensation ⁽¹⁾	\$ 18,832	\$ -	\$ 38,083	\$ 24,953	\$ 1,081,489
Transfer agent fees	31,652	25,378	33,704	33,275	221,166
Directors fees	15,000	11,250	30,430	22,500	200,000
Advertising and promotion	8,204	20,611	29,754	22,302	366,037
Accounting and corporate services	7,926	18,009	27,801	37,688	272,960
Insurance	9,901	13,808	23,797	27,212	207,446
Listing and filing fees	13,270	6,707	21,800	29,353	204,447
Travel and entertainment	11,117	21,548	19,884	42,400	552,694
Telephone	8,439	5,635	15,054	11,059	114,012
Bank service charges	1,349	1,481	7,808	3,756	36,976
Flow-through tax penalty	2,661	19,427	4,921	122,845	188,538
Foreign exchange loss (gain)	220	(323)	261	(2,949)	24,935
Stock-based compensation	-	-	-	-	767,742
Property holding costs	-	-	-	-	21,507
Other	-	-	(1,040)	-	2,483
	\$ 471,920	\$ 449,238	\$ 988,616	\$ 1,010,019	\$ 10,474,847

⁽¹⁾ Includes stock based compensation costs as shown in Note 9.

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, 2010

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.

16. Comparative Figures

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

17. Subsequent Event

On May 12, 2010, the one (1) for ten (10) share consolidation of the Company's common shares was approved by the TSX Venture Exchange. The common shares began trading on a consolidated basis on the TSX Venture Exchange on May 14, 2010.