

SAGE GOLD INC. - MANAGEMENT DISCUSSION AND ANALYSIS
THIRD QUARTER ENDED JUNE 30, 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 nine-month periods ended June 30, 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 nine 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 August 27, 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 third quarter has been on the properties in the Beardmore/Geraldton gold camp area in Ontario, primarily the Onaman poly-metallic property and the Jacobus nickel/copper/gold 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. Sage continued to expand its land position in the Beardmore/Geraldton gold camp by staking an additional 47,622 acres in the Onaman Lake area during the third quarter, bringing its year-to-date staking in the area to a total of 99,360 acres. In addition, during fiscal 2008, Sage acquired three properties as well as options on an additional four properties in this area to expand its land holdings by 7,034 acres. In total, Sage now either owns outright or has an option on 124,787 acres in the Beardmore/Geraldton gold camp area. Sage has been actively drilling the Onaman and Gold Hill properties. Assay results received to date have been reported on the corporate website (refer to www.sagegoldinc.com or Sedar).

The Company is conducting an aggressive Canadian exploration program which is primarily being funded by the \$5.48 million flow-through financing completed in the first quarter of fiscal 2008. For the first nine months of the fiscal year, Sage has spent \$6,856,950 on the Canadian exploration program, and \$1,113,247 on its US exploration plans.

Mineral Properties

<i>Mineral Property</i>	<i>Location</i>	<i>Sage interest</i>	<i>Acres</i>
	Ontario		
Kerrs Properties			
Kerrs Lease (a)	Kerrs Township (Chesney Bay)	100%	459
Kerrs (a)	Kerrs, Chesney Bay and Rayner Lake, Galna	100%	18,480
Kerrs – Kidston/Dyment (a)	Kerrs Township	Option 100%	160
Onaman	Onaman Lake	100%	106,360
Onaman Lease	Onaman Lake	100%	731
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%	4,240
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%	1,680

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

(a) In February 2007, Sage entered into a three year option agreement with Sheltered Oak Resources Inc., a private Ontario corporation, ("OAK") whereby OAK may earn a 55% interest in the Kerrs property and a 100% interest in the Chibougamau and Malartic properties.

In order to earn the interest in each property, OAK will pay cash and incur exploration expenditures on each property over the term of the agreement as follows:

Kerrs: \$200,000 in cash plus \$1,800,000 for exploration expenditures.
Chibougamau: \$105,000 in cash plus \$265,000 for exploration expenditures.
Malartic: \$55,000 in cash plus \$150,000 for exploration expenditures.

OAK paid Sage \$60,000 as the first instalment under this agreement on March 6, 2007.

In April 2007, OAK issued Sage 180,000 common shares in the capital of OAK and granted Sage the right to purchase, by way of private placement, 500,000 common shares of OAK at any time within a period of three years at a price of \$1.00 per share from the date on which the common shares are listed for trading on a recognized Stock Exchange.

During the option period Sage shall be the operator responsible for all prospecting, exploration, development and mining operations of the Sage properties and will receive a fee equivalent to 15% of the exploration expenditures.

On August 3, 2007 Sage amended the option agreement referred to in Note 1 with OAK, whereby OAK will pay for all expenses and fees relating to negotiations and studies with respect to the Memorandum of Understanding and Advisory Agreement with The Wahgoshig First Nations Band. All payments made by OAK shall be credited against management fees payable by OAK to Sage, other than those payments made by OAK which qualify as flow-through expenses, which payments will be credited against the required exploration spending by OAK in the option agreement. In addition, Sage agreed to postpone all required payments to Sage from OAK for six months from the dates in the existing option agreement.

On December 1, 2007, a further amendment was agreed to whereby the timing of the future cash payments and related exploration expenditures was postponed for six months. By June 30, 2008 OAK had complied with the amended terms. Payment of the second cash instalment of \$100,000 is due on September 6, 2008.

Exploration Activities

Ontario, Canada

Onaman - Beardmore/Geraldton Gold Camp

Sage has drilled a total of 15,358 metres this year, representing 71 holes, on the 100% owned volcanogenic massive sulphide Lynx deposit. The Lynx zones consist of a main horizon, and up to three parallel horizons in a stratigraphic package which has been traced by drilling, outcrop mapping, airborne and ground geophysical surveys for a strike length in excess of one kilometre. Drilling has shown that three mineralized areas (Lynx #2, #3 and #1, renamed Lynx North, Central and South) are in fact joined. The northern and the southern limits have not been defined. Geophysical and geological data indicate continuity of the mineral-bearing stratigraphy with no major structural disruption apparent over several kilometres both to the north and south.

Highlights to date are:

- All of the 34 most recent drill holes are mineralized with copper intersections varying from 0.75% to 11.36%, silver from 18g/T to 264 g/T and gold from 0.10g/T to 2.39g/T
- Drill intersections vary in width from 1.22 metres to 13.60 metres.
- The Lynx North, Central and South zones are joined.
- Three new parallel zones have been discovered in addition to the main zone.
- An Independent Engineering Firm has been retained.
- Mineralization is open to the south and north and at depth.

Selected results from the current drilling were reported in the August 14, 2008 and May 28, 2008 press releases which can be found on the Company's website (www.sagegoldinc.com).

In addition, Sage is furthering its exploration program on the Big M target, located west of the Lynx horizon on the Onaman property. The Big M target comprises both quartz vein hosted gold occurrences and a volcanogenic massive sulphide exhalative component. The target area has been developed through channel sampling and drilling. The highlights of this work included one channel sample which yielded 5.14 g Au/T over a channel length of 1.0 m and one hole drilled along strike of the channel which returned an intersection of 2.44 g Au/T over 4 m true width in a calcareous felsic crystal tuff. Three further holes were drilled along strike, along a north-south trending contact within a massive pyritic tuff and failed to intersect significant mineralization. Sage has completed geological mapping on the Big M and is evaluating further work on this target.

Jacobus - Beardmore/Geraldton Gold Camp

This 100% owned property lies along strike and directly to the north-west from the Kodiak Exploration Hercules gold veins including the Golden Mile. Winter work included line cutting, a magnetometer survey, channel sampling and prospecting. A limited number of assays have been received to date. Two grab samples were obtained from quartz veins hosted by the Elmhirst intrusion, yielding 30.1 and 47.9 g Au/T respectively, from an area near the eastern property boundary within an overall range of 0.008 g Au/T to 47.93 g Au/T. A grab sample from a second vein located near Hindson Lake, approximately two kilometres west of the eastern vein system, returned 14.8 g Au/T. Further trenching and sampling is ongoing and a drill program is planned for the fall. The extent of the drill program will be determined by the results of the trenching and sampling program.

The southern part of this property hosts a copper - nickel deposit with historical indicated reserves of 937,538 tons grading 0.43% Cu and 0.41% Ni (b). An ongoing geochemical study is designed to evaluate the possibility that the currently outlined disseminated mineralization represents a magmatic conduit from a large body of massive sulphides at depth. Sage completed 4,000 metres of drilling on the Jacobus copper- nickel deposit during the Fall of 2007. Further drilling will be considered once the geochemical study is completed.

Paint Lake - Beardmore/Geraldton Gold Camp

Sage has begun trenching quartz-carbonate-pyrite veins within and sub- parallel to the Paint Lake "Shear" Zone. Grab samples from this year's exploration program have yielded between 4.1 and 10.1 g Au/T. Ongoing trenching and sampling will provide a basis for selecting drill targets. The zone has been traced for 1,500 feet (457 metres) and yielded channel samples of up to 0.54 oz/T (18.51 g Au/T) over 5 feet (1.5 metres) (Ontario Assessment Report #42E12NE0134,1974) (b).

The Sage property is on strike and is contiguous to the Ontex Resources Brookbank gold deposit, which has NI-43-101 compliant inferred and indicated mineral resources. In a July 23, 2008 news release, Ontex cited some of the best drill results ever recorded on their property, which included 17.4 g Au/T (0.51 oz/T) over 21.0 metres (68.9 feet). Their news release also stated that there is potential to increase the resource to both east and west and at depth.

Sage's Paint Lake property boundary is 750 m east and along strike of the Foxear zone of the Brookbank deposit.

King Solomon Pillars - Beardmore/Geraldton Gold Camp

Line-cutting is ongoing in preparation for trenching and channel sampling. Target mineralization consists of gold-bearing quartz-calcite-arsenopyrite-pyrite veins in fine-grained siliceous sediments, with a trend of approximately 70° that strike sub-parallel to an iron formation. Historical work approximately 400 metres east of the Sage property boundary has defined a 2 metre wide system with at least 550 metres of strike length. The best assay in the area was taken approximately 100 metres from the eastern boundary of Sage's claims and contained 1.42 oz/t (49.49 g Au/T) (Ontario Assessment Report #42E12NE0073, 1966) (b).

Missing Link - Beardmore/Geraldton Gold Camp

The Missing Link property is located along strike from the Paint Lake property. Sage has now completed line cutting and will follow up with prospecting, ground geophysics and channel sampling. Past work on the property revealed carbonate-sericite-silica altered metavolcanics with assays as high as 2.6 g Au/T and quartz-arsenopyrite veins with assays as high as 17.9 g Au/T (Ontario Assessment Report #42E11NW0031, 1991) (b).

The Beardmore/Geraldton Gold Camp 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.

Summary

Sage has completed the current drill program on the Lynx deposit and is currently compiling all of the data in preparation for an external review of the resource potential of the property. The Company will continue to develop the Lynx deposit in order to delineate an economic resource of copper, silver and gold and will conduct metallurgical testing of the Lynx mineralized material. The Paint Lake, Solomon Pillars, Missing Link and Jacobus East gold occurrences will be trenched and sampled prior to the fall of 2008 drill program. Sage awaits the results of the geochemical study of the Jacobus copper – nickel deposit to define the next stage of development.

(b) These reported results are historical in nature and were prepared by previous operators. The Company has not completed the work necessary to verify the classification of the mineral resource estimates or previously reported data. The Company is not treating the mineral resource estimates or data as NI 43-101 compliant resources or data verified by a qualified person. The historical estimates and data should not be relied upon.

Arizona USA

Gold Hill

Sage has completed approximately 3,000 metres of drilling on the Gold Hill property. The final assay results are still pending. Sage will evaluate any future drilling on this property once all of the assay data has been received and the drill hole data has been compiled.

In the third 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. Expenditures are now 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., APGO, P. Geol., APEGGA. Mr. Hubacheck is a qualified person as defined by NI 43-101 and is responsible for the technical content of this property information.

Mineral Properties

Refer to Consolidated Statements of Mineral Properties in the June 30, 2008 unaudited consolidated financial statements for a breakdown of material costs.

Description	Cumulative to September 30, 2007	Additions	Cumulative to June 30, 2008
CANADA			
Kerrs Property (i)	\$ 1,479,543	\$ (1,097)	\$ 1,478,446
Malartic (i)	12,711	14,800	27,511
Onaman Property (i)	1,476,762	4,638,518	6,115,280
Jacobus Property (i)	1,521,186	1,599,698	3,120,884
Nicole Property	63,658	-	63,658
Hopkins Properties (iv)	-	178,531	178,531
Beardmore Geraldton Properties (v)	-	426,500	426,500
	<u>4,553,860</u>	<u>6,856,950</u>	<u>11,410,810</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	319,220	1,139,687
Gold Hill Property (i)	135,546	725,158	860,704
Big Bend Gold Property (i)	13,394	1,830	15,224
	<u>1,070,733</u>	<u>1,113,247</u>	<u>2,183,980</u>
	<u>\$ 5,624,593</u>	<u>\$ 7,970,197</u>	<u>\$ 13,594,790</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, Esquega and Corbiere and in the Onaman Lake area for a cash payment of \$215,000. An additional \$35,000 is now due to the vendor upon the completion of the assignment of the lease of the property in the township of Esquega/Corbiere.
- (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 June 30, 2008.

Results of Operations

Three months ended June 30, 2008

Sage's operations in the third quarter of fiscal 2008 were focused on exploration, and the Corporation did not generate any operating revenue. Sage's net loss for the third quarter of fiscal 2008 was \$734,281 compared to a net loss of \$298,316 in the three month period ended June 30, 2007, with the loss being primarily due to higher expenses related to directors' and management stock-based compensation (\$184,466 in fiscal 2008; \$25,879 in fiscal 2007), professional fees (\$163,064 in fiscal 2008; \$38,290 in fiscal 2007), investor relations and corporate development (\$82,266 in fiscal 2008; \$26,910 in fiscal 2007), salary costs and benefits (\$84,530 in fiscal 2008; \$44,632 in fiscal 2007) and travel and entertainment (\$52,495 in fiscal 2008; \$19,165 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 \$93,614 of stock-based compensation relating to stock options awarded to individuals in this group. Investor relations and corporate development expenditures increased by \$55,356 as management continues to further efforts to expand awareness of the Company amongst investors in North America and in Europe. Salary costs and benefits rose primarily due to a \$20,714 cost arising from stock-based compensation in the current quarter for this group. Travel and entertainment costs rose by \$33,330 in 2008 over the same period in 2007 relating primarily to corporate presentations by senior management in both Europe and the U.S.

In summary for the third quarter, stock-based compensation expense totalled \$405,314 for the three months ended June 30, 2008 compared to \$50,689 for the three month period ended June 30, 2007. As this expense is non-cash in nature, actual comparative cash-related expenses rose to \$447,022 in the current quarter from \$252,974 in the prior year's comparative period, while interest income rose to \$25,572 in the current quarter compared to \$nil for the same period in 2007.

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.

	Third Quarter June 30, 2008	Second Quarter March 31, 2007	First Quarter Dec. 31, 2007	Fourth Quarter Sept. 30, 2007
Expenses	759,853	996,478	781,878	294,427
Net income (loss) (including interest income)	(734,281)	(934,308)	(544,977)	(442,894)
Net income (loss) per share	(0.01)	(0.01)	-	(0.01)
Cash flow from (used in) operations	(1,027,051)	(21,546)	(778,035)	(297,829)
Cash & cash equivalents, end of period	189,007	318,374	803,468	1,864,572
Assets	17,110,653	16,987,542	15,575,466	7,798,400

	Third Quarter June 30, 2007	Second Quarter March 31, 2007	First Quarter Dec. 31, 2006	Fourth Quarter Sept. 30, 2006
Expenses	298,316	351,155	279,553	332,838
Net income (loss) (including interest income)	(298,316)	90,935	(277,493)	(413,264)
Net income (loss) per share	-	-	-	-
Cash flow from (used in) operations	(313,624)	(448,970)	(209,866)	(61,430)
Cash & cash equivalents, end of period	746,165	1,030,119	648,009	713,525
Assets	5,686,507	5,223,714	4,894,828	3,961,938

Nine Months ended June 30, 2008

Sage's operations in the first nine months of 2008 were focused on exploration and financing, and the Corporation did not generate any operating revenue. Sage's net loss for the nine months ended June 30, 2008 was (\$2,224,816) compared with a loss of (\$484,874) for the corresponding nine month period the year earlier, with the increased loss being primarily due to higher expenses related to directors' and management stock-based compensation (\$816,222 in fiscal 2008; \$36,148 in fiscal 2007), professional fees (\$490,487 in fiscal 2008; \$151,164 in fiscal 2007), investor relations and corporate development (\$281,597 in fiscal 2008; \$90,352 in fiscal 2007), salary costs and benefits (\$232,375 in fiscal 2008; \$121,198 in fiscal 2007), and travel and entertainment (\$132,513 in fiscal 2008; \$61,660 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 \$308,571 of stock-based compensation relating to stock options awarded to individuals in this group. Investor relations and corporate development expenditures increased by \$191,245 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 \$90,386 cost arising from stock-based compensation in the current period for this group. Travel and entertainment costs increased in line with the increase in the investor relations program as management sought to further corporate awareness in the marketplace.

In summary for the year-to-date period, stock-based compensation expense totalled \$1,627,749 for the nine months ended June 30, 2008 compared to \$79,637 for the nine month period ended June 30, 2007. As this expense is non-cash in nature, actual comparative cash-related expenses rose to \$1,305,175 in the current nine month period from \$856,702 in the prior year's comparative period, while interest income rose to \$121,643 in the current period compared to \$2,060 for the same period in 2007.

Summary of Nine Month Results

The following tables set out financial performance highlights for the nine month periods ended June 30, 2008 and 2007 and were prepared in accordance with Canadian GAAP.

	Nine Months to June 30 2008	Nine Months to June 30 2007
Expenses	2,538,209	929,024
Net loss (including interest income)	(2,213,566)	(484,874)
Net income (loss) per share	(0.02)	0.00
Cash flow used in operations	(1,860,198)	(972,460)
Cash & cash equivalents, end of period	189,007	746,165
Assets	17,110,653	5,686,507

LIQUIDITY AND CAPITAL RESOURCES

At the end of the third quarter of fiscal 2008 Sage reported working capital of \$2,589,912 (\$691,209 – fiscal 2007), cash & cash equivalents of \$189,007 (\$746,165 – fiscal 2007), and short term investments of \$1,950,904 (\$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 third quarter of fiscal 2008 will be sufficient to support the planned drilling programs and the related expenses required to manage the Company through fiscal 2008. Additional financing will be required in fiscal 2009 to execute the Company's exploration and administrative plans.

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 nine month period ended June 30, 2008 from new equity issues and \$4,272,846 (net of costs) in new equity financing in 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 June 30, 2008 the Company granted a total of 350,000 options to acquire common shares of Sage at an exercise price of \$0.25 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 3,276,200 common shares upon exercise of warrants, 296,400 common shares upon exercise of broker options, and 10,000 common shares upon exercise of stock options, receiving aggregate cash proceeds to the Company of \$689,010.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

During the nine month period ended June 30, 2008, management and consulting expenses of \$231,450 (fiscal 2007 - \$222,500) were paid to officers or a corporation whose shareholder is a director or officer of the Company.

During the nine month period ended June 30, 2008, mineral property expenditures include consulting fees of \$98,550 (fiscal 2007 - \$64,250) paid to an officer of the Company.

Directors fees paid or accrued to independent directors in the first nine months of fiscal 2008 amounted to \$33,750 (fiscal 2007 - \$33,750).

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

Included in accounts payable and accrued liabilities as at June 30, 2008 is \$43,917 (June 30, 2007 - \$36,373) 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 third quarter of fiscal 2008 there were 148,754,383 common shares issued.

As at June 30, 2008, there were 25,433,570 warrants outstanding with a weighted average exercise price of \$0.64, all of which expire in 2009.

The following table sets out the warrants outstanding at June 30, 2008

Number of Options	Black-Scholes Value (\$)	Exercise Price (\$)	Expiry Date
		\$	
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
3,651,500	306,726	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 June, 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
Consultants	250,000	35,250	0.50	February 15, 2010
Directors, Officers, Consultants & Employees	1,000,000	54,546	0.10	August 10, 2010
Consultants	15,000	1,200	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	350,000	61,250	0.25	May 20, 2013
Subtotal	13,590,000	2,614,792		

Compensation Options	110,600	9,069	0.12	July 11, 2008
Compensation Options	115,740	7,707	0.14	November 22, 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>15,620,426</u>	<u>\$ 2,929,653</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	\$ 11,084
2009	46,000
2010	48,333
2011	<u>20,833</u>
	<u>\$126,250</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 June 30, 2008, the Company is committed to incurring approximately \$1,700,000 in CEE by December 31, 2008 arising from the flow-through offerings.

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 June 30, 2008 is \$161,990 (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 June 30, 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 June 30, 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 June 30, 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 June 30, 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.