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Sage Gold likes Nevada; Timmins

Three years ago **Sage Gold** (SGX-V) had a market capitalization of about \$40 million. Today the figure stands at about \$6 million but the junior explorer's president and chief executive believes that's about to change with the help of two option agreements it has signed this year on properties in Canada and the United States.

In March Sage Gold signed an option agreement with **Gryphon Gold** (GGN-T) to earn a 50% interest in Borealis, a fully permitted gold project and previous open-pit mining operation about a three hour drive south of Reno in the Walker Line mineral belt of western Nevada.

If all goes according to plan Sage Gold will have a feasibility study completed on Borealis before the end of this year, a bankable feasibility completed early next year, and in production by the end of 2011.

"Getting permitting in Nevada isn't easy and we are fully permitted," Nigel Lees, Sage Gold's president and chief executive, told a group of investment advisors and investors at a luncheon at the Albany Club in Toronto.

Sage Gold's strategy is straightforward. "We thought it might be tough to raise money for a small exploration company so we wanted to acquire near-term production (two years), compliant resources, in good jurisdictions," Lees added.

In a 2009 prefeasibility study, Gryphon Gold reported that the proposed Borealis mine would produce about 247,000 ounces of gold and 741,000 ounces of silver over five primary production years, followed by one year of additional leaching. (The prefeasibility study did not contemplate mining sulfide gold mineralization on the property underlying the oxide gold.)

Sage Gold believes that there is "significant opportunity" to expand both the sulphide and the oxide resource at Borealis.

"When Echo Bay Mines, [the previous operators], hit sulphides, they stopped," Bill Love, a geologist and Sage Gold's vice president of business development said. "But there are tremendous high-grade pods of sulphide material. We are permitted to drive a ramp into the higher grade core."

In their presentation, Sage Gold's management noted that they expect the Borealis deposit to yield 50,000 oz. gold per year but there is the opportunity to expand to 75,000 oz. per year in oxide production.

The Borealis mine site operated from 1981 through 1990 and produced gold from eight open pits. The mined ore contained about 635,000 ounces of gold, of which about 500,000 ounces was recovered through a heap-leach operation.

Under Sage Gold's option agreement, it can earn a 50% stake in Borealis through a \$400,000 private placement in Gryphon Gold and by spending \$9 million in project finance before June 2011. A drill program is underway to expand and upgrade the oxide resource.

Sage Gold estimates capital expenditure will amount to about US\$17.2 million.

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Meanwhile, north of Nevada in northeastern Ontario, Sage Gold signed an option agreement in February with **St. Andrew Goldfields** (SAS-T) to earn a 60% interest for \$3 million in the ground and \$200,000 in cash and shares over three years, in the Clavos property in the Timmins gold camp.

Clavos is 10 km from Apollo Gold's 2,000 tonne-per-day mill and 20 km from **Goldcorp's** (G-T, GG-N) Hoyle Pond mine, which has produced more than 2.4 million oz. gold since 1985 and still operates today.

Clavos has existing infrastructure including an underground ramp access to the 300-metre level, underground levels developed every 25 metres, power to site, a surface ventilation system and fully permitted waste water management. It also has a mining permit valid until 2019. About \$72 million has been spent on Clavos, of which \$46 million went into underground workings.

The deposit was mined briefly between 2005 until August 2006 and again until May 2007.

Scott Wilson RPA prepared a National Instrument 43-101 compliant resource estimate in October 2006. At a cutoff grade of 4 grams gold per tonne, Clavos has measured and indicated resources of 143,000 tonnes grading 8.07 grams gold per tonne for contained gold of 37,100 ounces and inferred resources of 529,000 tonnes grading 6.49 grams gold for 110,300 oz. contained gold. (The resource was not reduced to reflect mining from Oct. 2006-May 2007).

Sage Gold also has exploration properties in the Beardmore-Geraldton gold camp.

At presstime in Toronto Sage Gold was trading at 19¢ per share and has a 52-week trading range of 17¢-75¢ per share. At this time in 2008 Sage Gold was trading at \$1.60 per share.

The company has about 30.4 million shares outstanding.