

Geological Report on the Paint Lake Property
Gold Showing

Thunder Bay Mining Division, Ontario,
Canada

Prepared For:

Sage Gold Inc.
365 Bay Street
Suite 500
Toronto Ontario
Canada
M5H-2V1
Phone: (416) 204-3170

Prepared By:

Ronnie Therriault, M.Sc.
Edmonton, Alberta

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SUMMARY

The Paint Lake Property is situated along a major structural break which separates the Beardmore-Geraldton Belt in the south from the Onaman-Tashota Belt in the north. The boundary is characterized by a 500 m wide ENE trending dextral shear zone with a strike length of over 40 km. The shear is interpreted as a D3 structure which overprints conglomerate, psammite and mafic volcanic rocks. Gold mineralization occurs as somewhat localized but high grade zones associated with sulphidic veins and their related altered and stockworked selvages.

Mineralization on the Paint Lake Property consists of auriferous quartz-ankerite-sulphide veins and their associated chlorite-sericite-ankerite-pyrite altered and stockworked selvages. The veins range in width from sub-cm to 1m while their sulphidized selvages can be significantly wider. The veins are largely controlled by the ENE trending D3 Paint Lake shear zone and associated D3' fabrics oriented at small angles to the primary fabric. NW trending cross shears with dextral movement also hosts mineralized quartz veins. These are interpreted as D3-aged C' accommodation structures, and may prove to be important gold bearing structures both at Paint Lake and at other NW trending gold showings to the north.

The 2008 exploration program conducted by Sage Gold Inc. consisted of mechanical stripping and grab & channel sampling at an historic showing on the Property. Approximately 200 m of strike length have been uncovered over the main mineralized zone. Encouraging results from this early phase of exploration include grab samples up to **15.66 g Au/T** and channel samples up to **4.89 g Au/T over 1.5 m**.

Additional stripping and sampling is warranted on the Paint Lake Property. Geophysics, including ground magnetics, EM and IP, should be completed this winter. Anomalous targets should be followed up with stripping and particular attention should be paid to areas where NW trending structures impinge on the main ENE trending shear. A tentative drill program is proposed, provided the results from the sampling program warrant it.

1.0 PROPERTY DESCRIPTION, LOCATION AND ACCESSIBILITY

The Paint Lake Property (the 'Property') is located approximately 40 km west of Jellicoe and 9 km north of highway 11 on the unpaved 801 highway (Figure 1). The main showing (2008 stripping) is accessible via a gravel road running west of the 801 highway. The Property consists of 9 equally sized patents as described in Table 1. The claims overlie an area of mostly subdued topography with variable amounts of cedar & spruce swamp and old-growth pine forest.

Township	Tenure	Area (ha)	Tenure start date	Tenure end date
Irwin	TB518441	139.843	1991-Jun-01	2012-May-31
Irwin	TB518442	139.843	1991-Jun-01	2012-May-31
Irwin	TB518443	139.843	1991-Jun-01	2012-May-31
Irwin	TB518444	139.843	1991-Jun-01	2012-May-31
Irwin	TB602229	139.843	1991-Jun-01	2012-May-31
Irwin	TB602230	139.843	1991-Jun-01	2012-May-31
Irwin	TB456211	139.843	1991-Jun-01	2012-May-31
Irwin	TB456212	139.843	1991-Jun-01	2012-May-31
Irwin	TB518445	139.843	1991-Jun-01	2012-May-31

Table 1: Paint Lake Property claims status.

2.0 HISTORY

A number of companies have completed exploration programs on and adjacent to the Property as described in Table 2. Figure 2 illustrates the historic drilling that has been completed on the Property. Metalore Resources Ltd. completed nearly 9000 feet of drilling on the Property in 1986 and assay highlights from this program are shown in Table 3. Much of the drilling was situated along strike with the same structure that is currently being investigated by Sage. Historic work has shown that this mineralized zone continues along strike for approximately 500 m and grades up to **0.54 oz/T (18.51 g Au/T)** over 5 feet (1.5 m) (Ontario Assessment Report #42E12NE0134, 1974).

The Paint Lake 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**. Their news release also stated that there is potential to increase the resource to the east, west and at depth. Sage's Paint Lake Property boundary is only 750 m east and along strike of the Foxear zone of the Brookbank deposit.

Date	Company	Work completed	ONTARIO ASSESSMENT REPORT number	Notes
1944	Lake Bearskin Mining Syndicate	Geology, trenching, diamond drilling	42E12NE0151	10 drillholes apx. 700m south of Paint Lake Property. North of Bearskin Lake. No assay results available.
1948	Airways Exploration Ltd.	Diamond drilling	42E12NE0150	Diamond drilling on north part of Paint Lake Property (1 - 136 feet, 2 - 75 feet, 3 - 141 feet, 4 - 96 feet, 5 - 100 feet).
1974	Morehouse-Johnson	Geophysics	42E12NE0136	Ground magnetometer survey.
1974	D.C. Clark	Diamond drilling	42E12NW0096	Three diamond drillholes. Apx. 200 m north of 2008 stripping. (1-B - 60 feet, 2-B - 40 feet, 3-B - 26 feet). No assay results available.
1975	Morehouse-Johnson	Geophysics	42E12NE0134	Electromagnetic and magnetometer survey
1975	D.C. Clark	Diamond drilling	42E12NW0093	Three diamond drillholes (75-1 - 251 feet, 75-2 - 256 feet, 75-3 - 250 feet) 700m west of 2008 stripping
1980	Dome Exploration Ltd.	Geophysics	42E12NE0128	Magnetic and electromagnetic survey
1982	D. Thorsteinson	Diamond drilling	42E12NE0131	Three diamond drillholes (PC-1-82 - 153 feet, PC-2-82 - 172 feet, PC-3-82 - 115 feet). No assay results available.
1983	D. Thorsteinson	Diamond drilling	42E12NE0122	One diamond drillhole (PC-1 - 303 feet). No significant Au values.
1986	Metalore Resources Ltd.	Diamond drilling & Geophysics	42E12NE8341	8883 feet of diamond drilling
1999	Ontex Resources Ltd.	Airborne Geophysics	42E11NW2003	1807 line km of airborne geophysics over and adjacent to Paint Lake Property
2001	Ontex Resources Ltd.	Trenching	42E12NW2020	Trenching completed directly south of Paint Lake Property.

Table 2: Historic exploration on and immediately adjacent to the Paint Lake Property.

Hole Number	Width (m)	Au (g/T)
PC-28W-1	0.15	6.55
PC-28W-1	0.61	0.96
PC-26W-1	0.13	4.46
PC-22W1	0.46	0.89
PC-4W-1	0.41	0.62
PC-550W-1	0.91	5.49
PC-550W-2	0.30	4.11
PC-4W-2	0.38	5.21
PC-4W-2	0.41	4.29
PC-2W-2	0.20	12.69

Table 3: Historic drilling results from the Paint Lake Property.

3.0 GEOLOGY AND MINERALIZATION

The Paint Lake shear zone is an ENE-trending 500 m wide corridor of high strain located toward the boundary of the Beardmore Greenstone Belt. The shear zone extends for over 40 km from the shore of Lake Nipigon to the Jellicoe Fault in the east. It occurs at the contact between a package of conglomerates belonging to the northern sedimentary belt and volcanic rocks of the northern volcanic belt and Onaman-Tashota belt (Lafrance *et al.*, 2004). Sage Gold currently has two groups of claims on this structure – the Paint Lake Property and Missing Link.

Figure 3 (A, B, C) illustrates the primary lithologies on the claims. The polymictic conglomerate consists of clasts ranging from granitoids to crystal rich felsic volcanics to aphanitic mafic volcanics supported in an intermediate epiclastic (mafic volcanic derived) matrix of silt-sand. Variable amounts of deformation and alteration have resulted in stretching of the clasts and alteration of the matrix to chlorite-sericite. Pillowed to massive basaltic volcanics and their volcanoclastic equivalents occur at the main showing and exhibit signs of strong shearing and chlorite-sericite-ankerite alteration.

The primary structure at the showing is an 070 trending dextral shear zone. The shear zone is continuous over the length of the stripping, but variably degrees of shearing have resulted in patchy zones of stronger deformation surrounded by less sheared rock. The more intensely sheared rocks correspond to stronger alteration (predominately ankerite-sericite) and increased veining and associated gold mineralization. A number of other related structures are also present, including D3' fabrics oriented at small angles (clockwise & counterclockwise) to the main S3 fabric. A NW trending set of dextral subshears is interpreted as a C' fabric (Figure 4) – these structures commonly host gold-bearing quartz-ankerite veining and may have implications for gold showings to the north (Golden Mile & Golden Extension).

The primary mineralization target at Paint Lake is shear-hosted auriferous quartz-ankerite-pyrite veins and associated carbonate-silica-pyrite altered and stockworked mafic volcanics (Figure 3). The recently uncovered mineralization at the Paint Lake showing consists of two types: a) gold-bearing quartz-ankerite-pyrite veins which vary in width from sub-cm to 1 m and strike lengths of several tens of metres. The vein system itself has been traced for at least 200 m during the 2008 stripping program; b) Silica-chlorite-sericite-sulphide altered and stockworked mafic volcanic/volcanoclastic rock which can be up to 3 m in width. Medium grained pyrite forms up to 20% of the rock and appear to correlate well with gold values.

4.0 2008 EXPLORATION

Sage has begun stripping the mineralized area within the Paint Lake shear zone. Thus far, approximately 150 m of outcrop have been uncovered and washed. Mineralization intensity is variable but continuous over the stripped areas strike length. Select grab and channel samples from the 2008 exploration program are shown in Tables 4 & 5 and Figure 5. Continued stripping and sampling in the fall will provide a basis for selecting drill targets. Ground geophysics consisting of magnetics, EM and IP are planned for the winter.

Sample Number	Easting	Northing	Au (g/t)
440001	444931	5507506	4.11
440002	444931	5507506	6.31
440003	444990	5507523	7.09
440004	444990	5507523	8.09
440005	444931	5507506	0.58
440006	444926	5507521	0.13
440009	445011	5507529	7.27
440010	445013	5507532	9.13
440010	445013	5507532	10.11
440011	444929	5507506	6.85
440012	444929	5507506	2.25
440013	444929	5507506	4.35
440015	444935	5507504	13.47
440016	444935	5507504	15.66
440017	444935	5507502	7.71
440018	444931	5507502	14.31
440019	444920	5507500	12.44
440020	444920	5507500	12.36
440021	444924	5507502	7.46
440022	444925	5507502	9.97
440030	444936	5507490	2.42
440032	444950	5507506	0.56
440038	444936	5507496	4.62
630153	444906	5507488	0.96
630154	444900	5507488	5.02
630155	444892	5507483	2.25
630155	444892	5507483	2.36

Table 4: 2008 grab sample highlights from the Paint Lake stripping

5.0 INTERPRETATION AND CONCLUSIONS

While the bulk of the mineralization at Paint Lake is controlled by D3 & D3' structures with an approximate ENE trend, related dextral NW trending structures also play a role. It is likely that dilational zones developed in areas where these NW structures impinged on the ENE structures, allowing for the migration of auriferous hydrothermal fluids. The resulting system of NW trending veins would conceivably lead to the development of NW stepping en echelon veins, particularly where ENE shearing is strong. This is an avenue of exploration that has not yet been properly investigated. Importantly, these structures are discernable on airborne magnetic and VLF-EM images (Figure 4).

It appears as if these (same?) NW structures are important hosts to gold mineralization north of the Paint Lake Property at Kodiak's 'Golden Mile' and Sage's 'Golden Extension'. This is a significant advancement in the understanding of the history of the gold mineralization both within the Beardmore-Geraldton belt and the Onaman-Tashota belt to the north. If this interpretation is correct, it ties together the two belts from a structural and economic standpoint and also points toward a young gold mineralization event.

Sample Number	Channel	Length (m)	Au (g/t)
440023	Ch-1-PL-08	0.75	6.44
440024	Ch-2-PL-08	0.80	5.80
440025	Ch-3a-PL-08	0.40	23.09
440026	Ch-3b-PL-08	0.40	0.67
440027	Ch-4-PL-08	1.40	0.60
440028	Ch-5-PL-08	0.30	1.11
440033	Ch-6-PL-08	1.50	4.89
440034	Ch-7-PL-08	0.70	0.39
440035	Ch-7b-PL-08	0.50	6.97
630160	Ch-14-pl-08	0.50	0.54
630161	Ch-14-02-pl-08	1.00	0.65
630165	Ch-16-1-pl-08	0.50	0.25
630166	Ch-16-2-pl-08	0.50	0.37
630167	Ch-16-3-pl-08	1.00	2.47
630168	CH-17-PL-08	0.50	0.68
630169	CH-17-PL-08	0.50	5.03
630170	CH-17-PL-08	0.50	1.67
630171	CH-17-PL-08	0.50	0.41
630172	CH-17-PL-08	0.50	0.62
630173	CH-17-PL-08	0.50	0.89
630184	CH-19-PL-08	0.50	0.48
630185	CH-19-PL-08	0.50	0.25
630186	CH-19-PL-08	0.50	5.30
630194	CH-21-PL-08	0.75	4.04
630195	CH-21-PL-08	0.75	1.87
630196	CH-22-PL-08	0.60	2.10
630197	CH-22-PL-08	0.60	0.47
7428	CH-24-PL-08	0.50	1.51
7435	CH-25-PL-08	0.50	0.54

Table 5: 2008 channel sample highlights from the Paint Lake Property.

6.0 RECOMMENDATIONS

The 2008 stripping and channel sampling program at Paint Lake should continue to the west. Some effort should be made to locate the zone in the east particularly where Metalore intersected

significant gold mineralized zones in drillcore. Ground geophysics (magnetic, EM and IP) should be completed this winter and prospective targets investigated by stripping. In particular, NW structures impinging on ENE structures should be given priority. Based on a reconnaissance-scale test study, soil sampling (ICP/FA, MMI and Enzyme Leach) does not appear to be a particularly useful method for identifying mineralization on the Property.

Prior to drilling, a more detailed study of the structural geology at Paint Lake should be completed. In particular, the paragenesis, host structure and gold content of the different vein sets should be worked out. This will help significantly when designing a drilling program.

7.0 REFERENCES

Lafrance, B., DeWolfe, J., Stott, G. 2004. A structural reappraisal of the Beardmore-Geraldton belt at the southern boundary of the Wabigoon subprovince, Ontario, and implications for gold mineralization.

Ontario Assessment Report # 42E12NE0151 - Lake Bearskin Mining Syndicate (1944)

Ontario Assessment Report # 42E12NE0150 - Airways Exploration Ltd. (1948)

Ontario Assessment Report # 42E12NE0136 - Morehouse-Johnson (1974)

Ontario Assessment Report # 42E12NW0096 - D.C. Clark (1974)

Ontario Assessment Report # 42E12NE0134 - Morehouse-Johnson (1975)

Ontario Assessment Report # 42E12NW0093 - D.C. Clark (1975)

Ontario Assessment Report # 42E12NE0128 - Dome Exploration Ltd. (1980)

Ontario Assessment Report # 42E12NE0131 - D. Thorsteinson (1982)

Ontario Assessment Report # 42E12NE0122 - D. Thorsteinson (1983)

Ontario Assessment Report # 42E12NE8341 - Metalore Resources Ltd. (1986)

Ontario Assessment Report # 42E11NW2003 - Ontex Resources Ltd. (1999)

Ontario Assessment Report # 42E12NW2020 - Ontex Resources Ltd. (2001)

8.0 CERTIFICATION

I, **Ronnie Therriault**, residing 11615 28th Ave Edmonton Alberta T6J-3Z8 hereby certify that:

- 1) I am a consulting mineral exploration geologist, and have been engaged in the geological profession continuously since graduation with particular experience on Archean gold systems.
- 2) I am a graduate of The University of Western Ontario with a B.Sc. (2004) and M.Sc. (2006) in geology.
- 3) My knowledge of the Paint Lake Property of Sage Gold Inc. was acquired from several site visits and a study of publications and information sources described under References of the report to which this certificate is attached.
- 4) I am not aware of any material fact or material change with respect to the Paint Lake Property which is not reflected in this report, the omission to disclose which makes the report misleading;

Dated at Beardmore, Ontario this 20th day of September, 2008.

Ronnie Therriault, M.Sc.

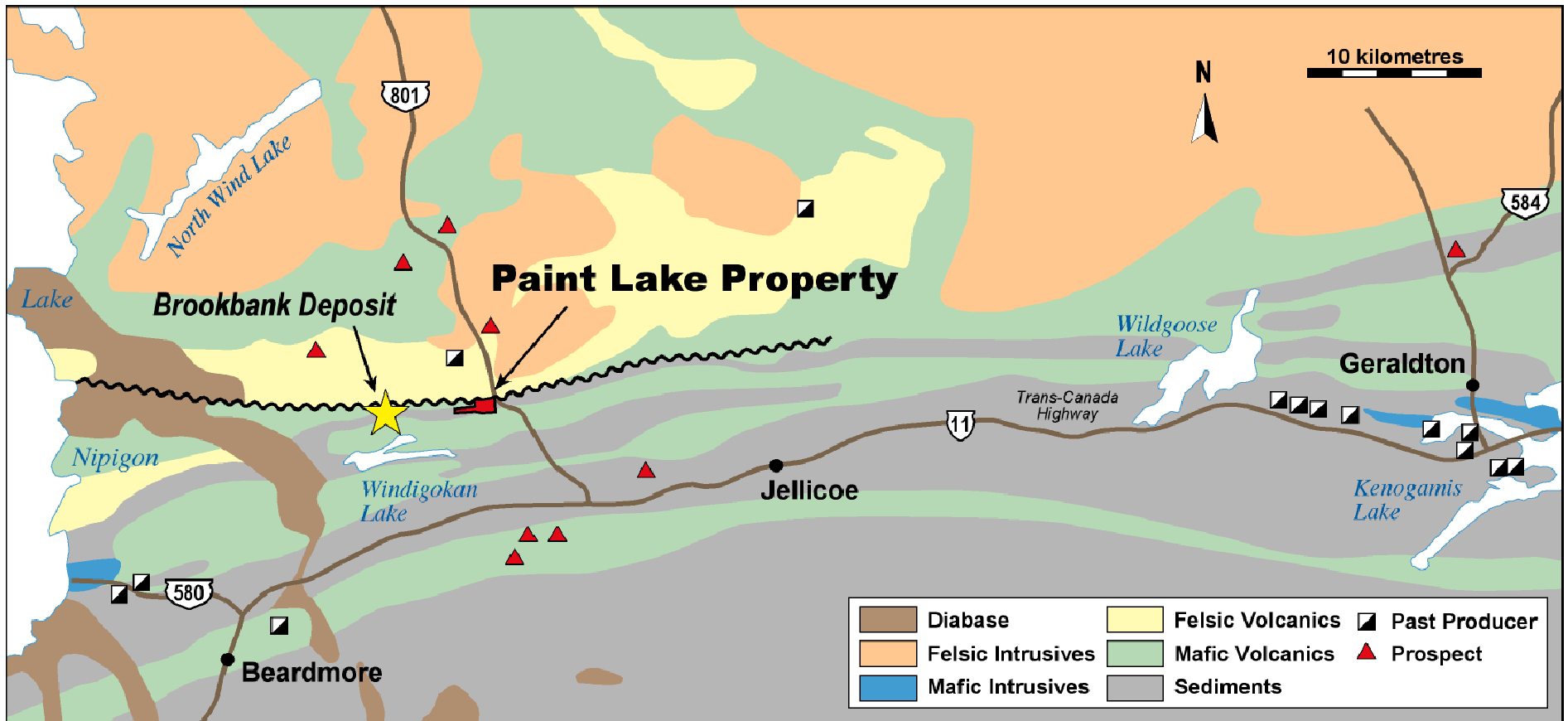


Figure 1: Paint Lake Property location map. Note proximity of Brookbank Deposit.

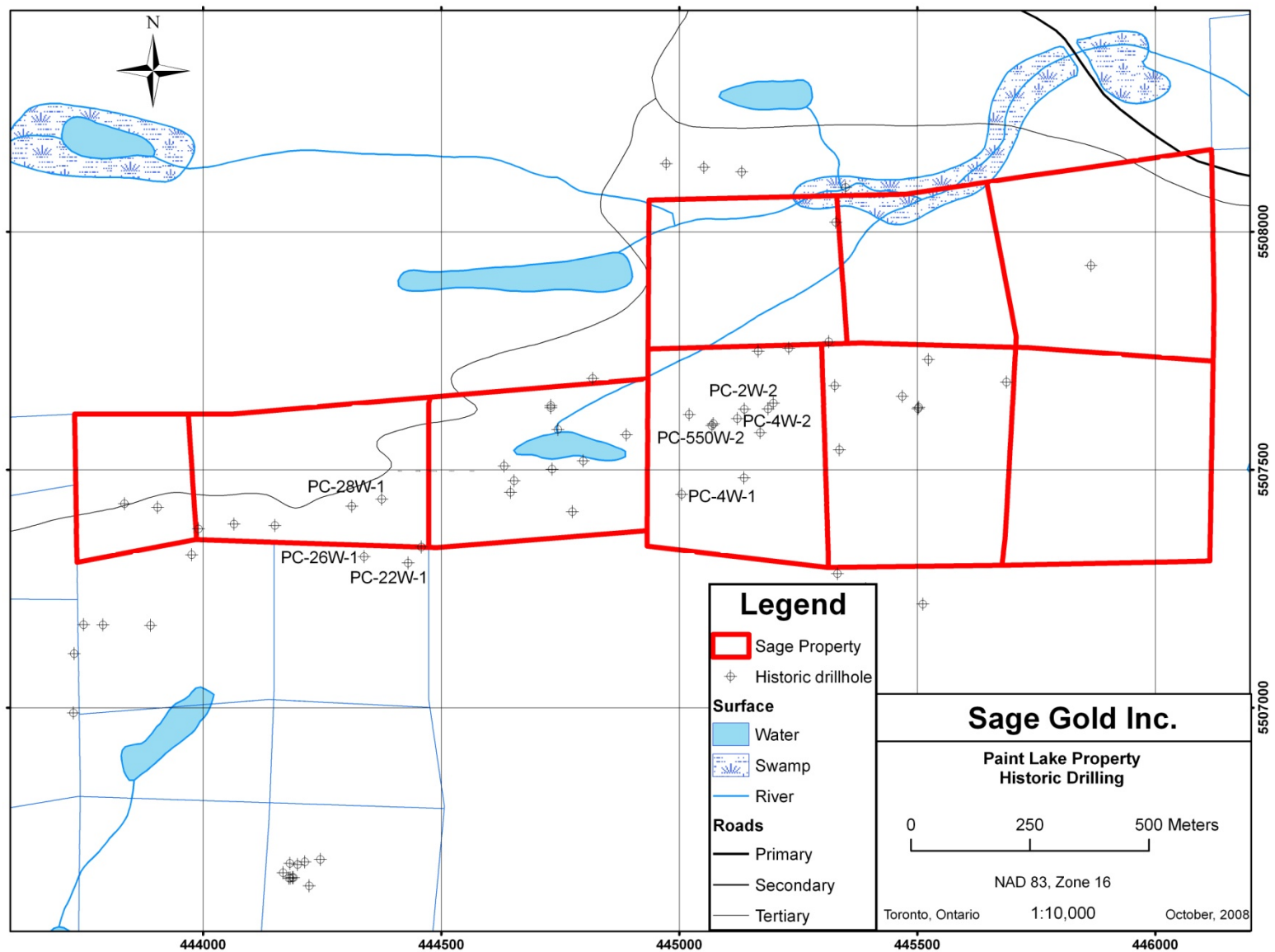
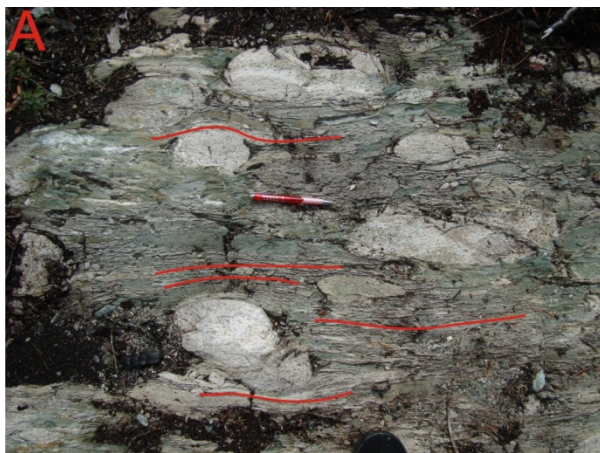


Figure 2: Historic drilling on the Paint Lake Property.



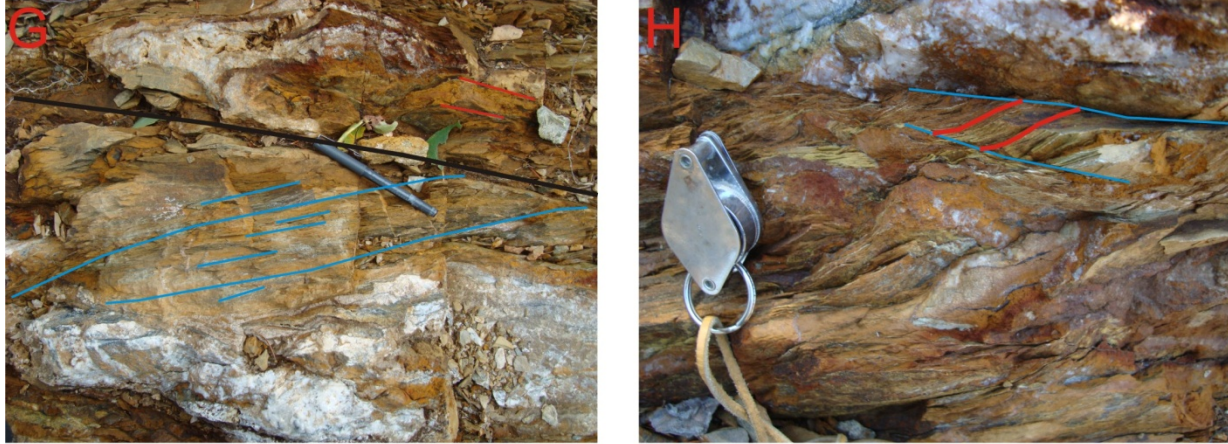


Figure 3: **A)** Polymictic mafic & felsic volcanic and granite derived conglomerate near the contact between the southern contact of the northern sedimentary unit and the northern contact of the northern volcanic unit. Granitic cobble at lower left, quartz-feldspar phyric felsic volcanic cobbles at centre and top, highly stretched mafic volcanic clast at centre left. Red lines are S3 fabric; **B)** Strongly sheared and ankerite-chlorite-sericite altered equivalent of (A). The deformation is related to the Paint Lake shear which occurs between the southern contact of the northern sedimentary unit and the northern contact of an infolded section of the northern volcanic unit at its contact with the Onaman-Tashota belt. Red lines are S3 fabric, blue line is discrete NW trending dextral C' shear; **C)** Highly stretched pillow basalt south of A) and B) – part of the northern volcanic unit. **D)** Relationship between auriferous quartz-ankerite veining (blue outline) and S3 shear fabric (red lines). The vein is oriented counterclockwise of the primary fabric which has a steeper dip in the opposite direction. A channel sample from this vein yielded 23.09 g Au/T over 0.4m; **E)** Quartz-ankerite vein in dextral shear zone oriented at a small clockwise angle to the S3 shear fabric. The S3 fabric gets wrapped into the shear producing an S-type S3' fabric as illustrated in (G) and (H); **F)** Late NW trending S3 cross shear with dextral movement hosting auriferous quartz-ankerite vein. This subshear cuts the main D3 shear at a high clockwise angle. Red lines are S3, blue arrows indicate direction of shearing; **G)** Relationship of fabrics in shear zone described in (E). Black line shows boundary of shear, red lines are the S3 fabric, blue lines illustrate the dextral S3' fabric (S-type fabric) discordant to the shear zone boundary; **H)** Margins of quartz vein shown in E). Discrete dextral shear trending approximately parallel to the vein margins and clockwise of the S3 fabric. Blue lines are the boundaries of the small shear. Red lines are the S-type S3' fabric.

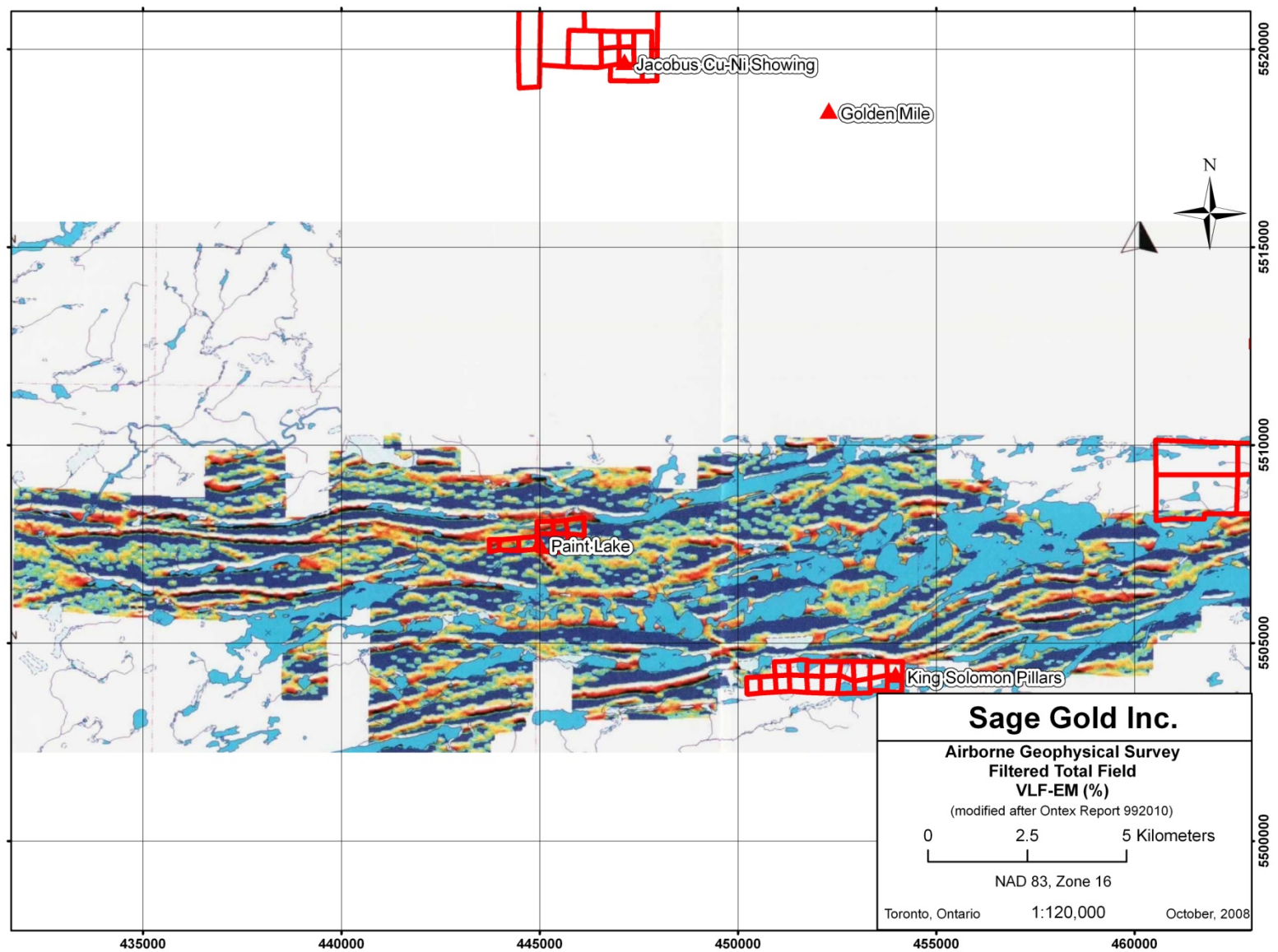


Figure 4: Airborne VLF-EM geophysics illustrating NW trending conductors, particularly at Paint Lake mineralized zone.

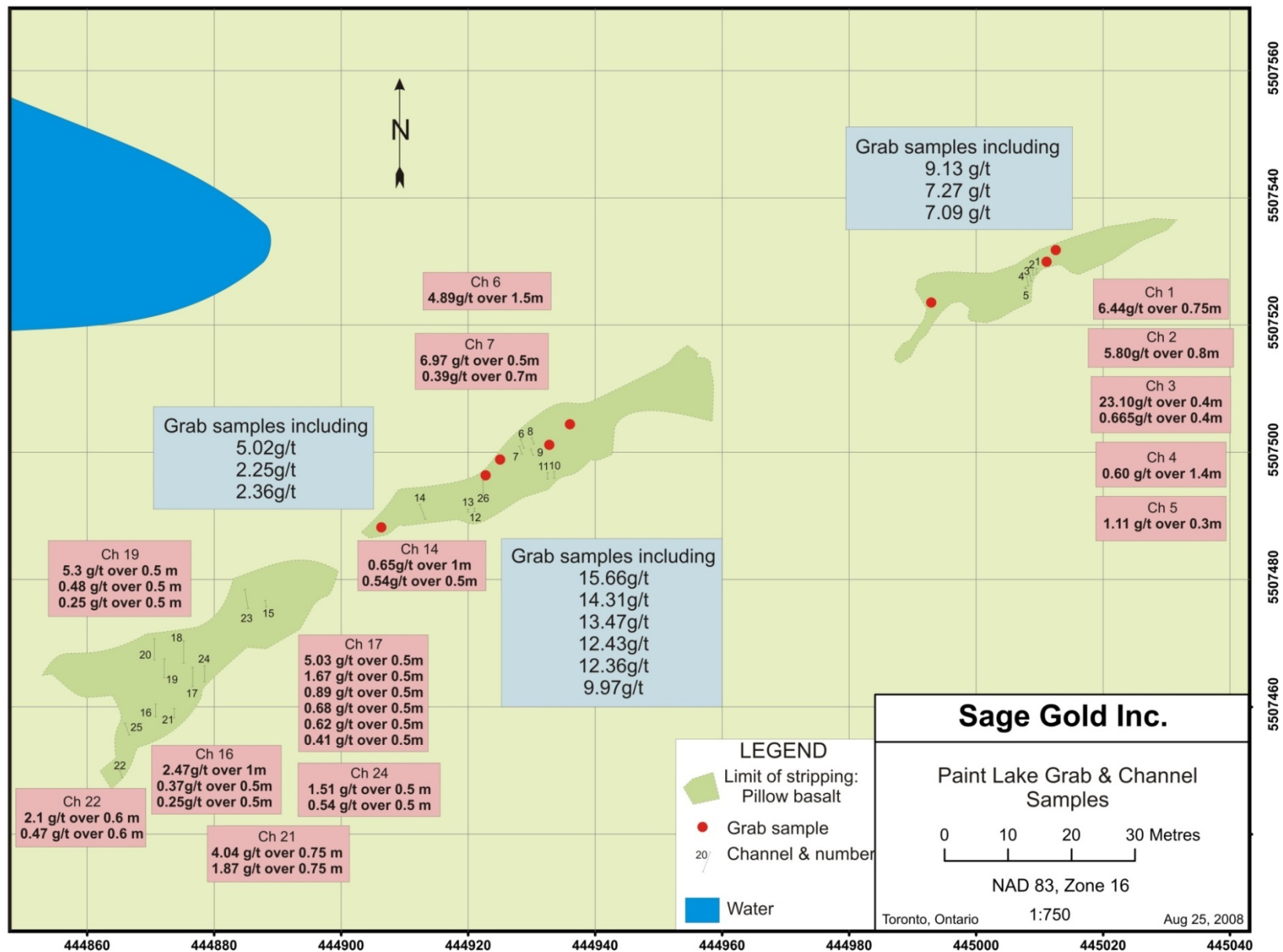


Figure 5: 2008 grab and channel sample highlights, Paint Lake Property.