Technical Report on the Jacobus East Gold Property

Thunder Bay Mining Division, Ontario,
Canada

NTS 42E/13

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1.0 SUMMARY

The Jacobus East Property is located approximately 190 km northeast of the city of Thunder Bay, Ontario on NTS sheet 42E/13 in the Thunder Bay Mining Division. The primary showing on the Property, the Golden Extension Showing, can be readily accessed by travelling approximately 42 km north on the Kinghorn Road and 15 km along a southwest trending bush road. The Property consists of a total of 18 claims which cover an area of approximately 3520 hectares. All of the claims are currently registered under Sage Gold Inc.

During 2008 Sage conducted a prospecting program on the Property directed toward the gold potential of the region. In the fall of 2008 visible gold was discovered in outcrop at approximately 1.5 km east of Hindson Lake. Highly encouraging grab sample results led to an overburden stripping program at what then became known as the Golden Extension Showing. To date, 10 major vein segments (at least seven discrete veins) have been uncovered, in addition to numerous gold mineralized stockwork and sulphidized vein selvedge systems. The Golden Extension Showing is currently the focus of Sage's exploration on the Property.

The Golden Extension Showing is underlain by a mixed and heterogeneous granitoid-mafic volcanic zone along the margins of the Elmhirst Lake Stock. Mineralization at the showing consists of quartz & pyrite +/- chalcopyrite, carbonate, sericite & chlorite veins as well as their altered, sulphidized and sometimes stockworked and sheared selvedges. Much if not most of the gold occurs in a coarse, free state associated with variable amounts of pyrite with lesser chalcopyrite, magnetite and hematite. Individual veins range in width from sub-cm to nearly 2 m trending westnorthwest-eastsoutheast or east-west, however, the vein system appears to have an overall northwest trend. The known system has a discontinuous strike length of 850 m which occurs within a 400 m wide corridor. The system is open in all directions.

Grab samples of up to **259.99 g/t Au** and channel samples including **136.5 g/t Au over 0.5 m** indicate that the vein system is high grade, with much of the gold occurring as coarse visible flecks and blebs associated with pyrite and chalcopyrite. The veins are structurally controlled, occurring largely within chloritic shear zones and bordered by gold bearing alteration envelopes and stockwork zones. Bordering alteration selvedges are commonly mineralized with one 50 cm interval yielding **50.64 g/t Au**.

Based on the favourable geology, high grade channel and grab samples, association with magnetic anomalies and the showings proximity to and along strike position with Kodiak's Golden Mile district, further exploration is warranted. Grab and soil sampling along with mapping of available outcrops and trenched areas are recommended to help refine drill targets for approximately 1000 m of core drilling in a month long program. The cost of such a program is estimated at CDN$429,000.

2.0 INTRODUCTION

This report (the "Report") is written as a Technical Report for the Jacobus East Property (the "Property") and is prepared for Sage Gold Inc. ("Sage"). The Report is written to comply with standards set out in National Instrument 43-101 for the Canadian Securities Administration.

R. Therriault (M.Sc.), Dr. C. Bowdidge (P.Geo) and Dr. U. Kretchmar (P.Geo) were retained between 2008-2009 to carry out an exploration program consisting of prospecting, rock channel cutting

and a ground geophysical survey. Ulrich Kretschmar, a Qualified Person (QP) oversaw the exploration program during 2008 while C. Bowdidge acted as QP during late 2008 and early 2009. R. Therriault was present between 2008 and 2009 and acted under the supervision of both QP's listed above. All three parties have spent a considerable amount of time on the Property examining the geology and directing exploration.

R. L'Heureux (the "current author") of APEX Geoscience Ltd. (APEX) was retained in May of 2009 to supervise and aid in the preparation of this Report. Robert L'Heureux, Master of Science (M.Sc.) and a QP, conducted a site visit to the Property from May 27-29, 2009 reviewing data in the field office and examining the geology and mineralization at in various trenches at Jacobus East.

The purpose of this Report is to describe and interpret information gathered from the Property to date in addition to making sound scientifically based recommendations for future work on the Jacobus East Property. The data used in this Report includes those references listed in the "References" section as well as data gathered during 2008 and early 2009. Information discussed under the 'History' section of this report was gathered from Mackasey and Wallace (1978) and references therein as well as various Ontario assessment reports, while information under the 'Geological Setting' section was derived from Blackburn *et al*., 1991, Blackburn *et al*., 1985, Breaks *et al*., 1978, Clark *et al*., 1981, Lafrance *et al*., 2004 and references therein, Mason and White (1986) and references therein and MacKasey and Wallace (1978) and references therein. Information presented in the 'Adjacent Properties' section was taken from Mason and White (1986) and references therein.

All coordinates presented in the Report are in Universal Transverse Mercator (UTM). The datum used for the projection of these coordinates is the North American Datum 83 (NAD83) in zone 16 of Ontario, Canada.

3.0 RELIANCE ON OTHER EXPERTS

The current author has in writing this Report, used sources of information as listed in the 'References' section. This Report is a compilation of proprietary and publicly available information as well as information obtained by Sage personnel during the 2008 and early 2009 exploration programs on the Property. The government and other geological reports were prepared by a person (or persons) holding post secondary geology or a related university degree(s), prior to the implementation of the standards relating to National Instrument 43-101. The information in those reports is, therefore, assumed to be accurate. Assessment reports were prepared by peoples of various academic backgrounds, however, these reports are not considered materially important to the interpretations, conclusions and recommendations outlined in this Report. The reports which were relied upon are referenced in this Report in the "History", "Geological Setting" and "Adjacent Properties" sections below.

The information available to the author includes but is not limited to various geological maps, geophysical surveys, reports from past exploration and government papers as listed in the 'References' section of this Report. All data gathered between 2008 and early 2009 were also available to the current author during the preparation of this Report. The current author is familiar with Archean aged structurally hosted gold-bearing vein deposits and the methods and techniques that are in general use during exploration for this deposit type.

4.0 PROPERTY DESCRIPTION AND LOCATION

The Jacobus East Property is located approximately 190 kilometres (km) northeast of the city of Thunder Bay, Ontario on National Topographic System (NTS) sheet 42E/13 in the Thunder Bay Mining Division (Figure 1; 2). The Property is situated in Elmhirst, Kaby Lake, and Pifher Townships and the Tyrol Lake area. The primary showing on the Property, the Golden Extension Showing, can be readily accessed by travelling approximately 42 km north on the Kinghorn Road and 15 km along a southwest trending bush road. This road leads directly to the stripped area, which constitutes the outcropping portion of the Golden Extension Showing (Figure 3; 4). The approximate UTM coordinates of the geographic centre of the Property are 445500E, 5522300N.

The claim groups that correspond to the Property and their current status are listed below in Table 1 and shown in Figure 2. The Property consists of a total of 18 claims which cover an area of approximately 3520 hectares. All of the claims are registered under Sage Gold Inc. The Property was staked using a GPS and compass and has not been legally surveyed.

To date, Sage has completed prospecting, line cutting, trenching and a ground geophysical survey on the Property. Trenching has been completed discontinuously over an area of approximately 850 m X 400 m with approximately 900 m of trenching.

In order to operate a prospecting or preliminary exploration program in Ontario, various permits may be required, depending on the exact nature and location of the work. The specific guidelines can be viewed at:

http://www.gov.on.ca/ont/portal/!ut/p/.cmd/cs/.ce/7_0_A/.s/7_0_252/_s.7_0_A/7_0_252/_l/en?docid=STEL01_049810.

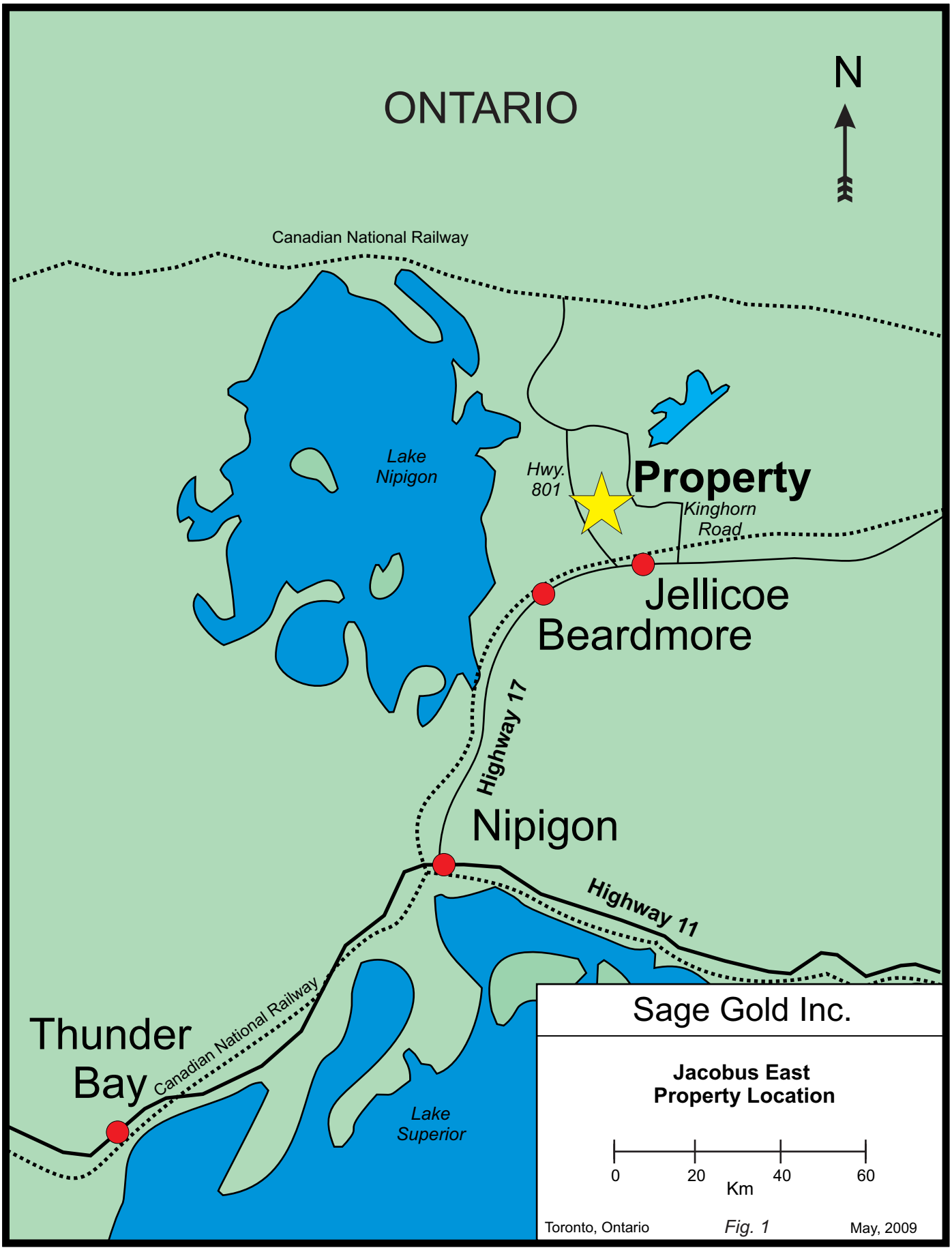
Those permits and land responsibilities that may prove relevant to the recommendations outlined in this Report are summarized below.

Provincial Permits

Provincial permits may be required when Crown land is used for road building, water crossings, tree cutting, burning of materials or approach to a Provincial highway. Some of these permits may require an Environmental Assessment before they are issued. None of these conditions currently apply to the exploration program proposed in this Report for the Property. In late 2008 the reinstallation of a bridge was required to gain better access to the Golden Extension Showing. The proper permits were obtained and the bridge was reinstalled by Sage personnel. Line cutting and trail building have also been completed by Sage personnel throughout 2008-2009. This work does not require provincial permits.

In order to hold the claims that constitute the Property in good standing, the exploration work (or assessment work) must be performed and reported to the Crown for approval within specified time limits. In the first year of recording a mining claim, the holder is not required to complete any assessment work. Subsequent years require $400 of work to be completed per 16 hectare claim unit. Certain types of work are not eligible for assessment work credit as outlined at:

http://www.mndm.gov.on.ca/mines/lands/asgao/articles/aswkcdt_e.asp.


ONTARIO
N
Canadian National Railway
Lake
Nipigon
Hwy.
801
Property
Kinghorn
Road
Jellicoe
Beardmore
Highway 17
Nipigon
Highway 11
Thunder
Bay
Canadian National Railway
Lake
Superior
Sage Gold Inc.
Jacobus East
Property Location
0
20
40
60
Km
Toronto, Ontario
Fig. 1
May, 2009

Surface stripping and trenching must be completed with safety and environmental considerations in mind with care taken when working near water. Stripping of an area in excess of certain thresholds (10,000 square metres (m)) raises the project to an advanced stage. These thresholds are beyond what has been completed thus far on the Property by Sage and what is recommended in this Report.

Exploration diamond drilling may only occur on a valid mining claim. The various workplace safety and health standards that must be met during a drilling project can be obtained through a Ministry of Labour Inspector or at the below websites:

http://www.labour.gov.on.ca/english/hs/index.html
http://www.gov.on.ca/GOPSP/en/graphics/115950.pdf

Sage Gold Inc., in conjunction with Cobra Drilling (Cobra). Cobra has and will continue to provide a safe and healthy work environment for all employees involved in their drilling programs as per the conditions outlined by the Ministry of Labour Inspector. Workplace conditions and job procedures are routinely monitored and inspected by both Sage geologists and Cobra supervisors.

Federal

Federal approvals are required for crossing a watercourse that is designated as navigable, for work near or within waters that are fish habitat and exploration on First Nation Reserve land. These permits are not considered relevant to the exploration project proposed in this Report.

Municipal

Municipal approvals may be required for potential changes in land use and sometimes burning of materials. These approvals are not considered relevant to the exploration program proposed in this Report.

The current author is not aware of any royalties, back-in rights, payments or environmental liabilities to which the Property is subject.

Township	Claim Number	Number of Units	Recording Date	Due Date	Ownership
Elmhirst	TB1195676	2	11/4/1992	11/4/2010	Sage Gold Inc. (100%)
Elmhirst	TB3011513	1	7/25/2005	7/25/2013	Sage Gold Inc. (100%)
Elmhirst	TB3018954	1	9/15/2005	9/15/2013	Sage Gold Inc. (100%)
Kaby Lake	3005556	16	10/20/2006	10/20/2009	Sage Gold Inc. (100%)
Kaby Lake	3005557	16	10/20/2006	10/20/2009	Sage Gold Inc. (100%)
Kaby Lake	3005558	16	10/20/2006	10/20/2009	Sage Gold Inc. (100%)
Kaby Lake	3016079	12	10/20/2006	10/20/2009	Sage Gold Inc. (100%)
Kaby Lake	3016080	16	10/20/2006	10/20/2010	Sage Gold Inc. (100%)
Kaby Lake	3016081	11	10/20/2006	10/20/2010	Sage Gold Inc. (100%)
Kaby Lake	3016168	16	10/20/2006	10/20/2010	Sage Gold Inc. (100%)
Kaby Lake	3016169	12	10/20/2006	10/20/2009	Sage Gold Inc. (100%)
Pifher	3005565	9	10/20/2006	10/20/2009	Sage Gold Inc. (100%)
Tyrol Lake	3005559	16	10/20/2006	10/20/2009	Sage Gold Inc. (100%)
Tyrol Lake	3005560	16	10/20/2006	10/20/2009	Sage Gold Inc. (100%)
Tyrol Lake	3005561	16	10/20/2006	10/20/2009	Sage Gold Inc. (100%)
Tyrol Lake	3005562	12	10/20/2006	10/20/2009	Sage Gold Inc. (100%)
Tyrol Lake	3005563	16	10/20/2006	10/20/2009	Sage Gold Inc. (100%)
Tyrol Lake	3005564	16	10/20/2006	10/20/2009	Sage Gold Inc. (100%)

Table 1: Jacobus East Property claims status

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

Access to the Property is gained via gravel roads which are connected to highway 11. The western part of the Property can be accessed via the 801 highway (Figure 1; 2) while the eastern part of the Property is accessed via the Kinghorn road and a southwest trending bush road which leads to the primary showing (Golden Extension Showing) on the Property.

The topography on the Property is relatively flat with a few northeast trending ridges and valleys differing in elevation by up to 60 m. The average elevation on the Property is 340 m above sea level. Outcrop is not abundant except in areas that have undergone clearcutting.

The Property lies within the central plateau section of the Boreal Forest Region. On the uplands common tree species are jackpine, black spruce, white birch and aspen. Along the river banks aspen, white spruce, balsam fir, black spruce, balsam poplar and white birch are present. Tamarack and black spruce populate the swampy areas. The snow-free season runs from approximately April to October with temperatures as high as 35 degrees Celsius (°C), while the winter season spans from November to March with temperatures as low as -50 °C.

Beardmore, Jellicoe and Geraldton are the most proximal population centres to the Property (Figure 1) and are of sufficient size to provide for most exploration needs on the Property. Samples for geochemistry are sent to laboratories in Thunder Bay for analysis.

6.0 HISTORY

Much of the following text is derived from Mackasey and Wallace (1978).

According to Laird (1936), Robert Bell of the Geological Survey of Canada completed the first geological work in the region in 1869. Additional early work was also conducted by Mclnnes in 1894, Dowling in 1898 and Parks in 1901. The Ontario Bureau of Mines completed studies of the iron ore deposits in the area in 1906 and 1907 (Coleman, 1907; Moore, 1907) while Wilson in 1908 completed fieldwork started by the Federal government (Wilson, 1910). Burrows examined the geology along the railway line in the Beardmore-Nezah area in 1916 for the Ontario Bureau of Mines (Burrows, 1917). The Windigokan Lake area and the railway to the south were mapped in 1917 by the Geological Survey of Canada (Tanton, 1921). Langford later mapped this area in greater detail in 1927 (Langford, 1928) while Bruce (1937), completed a comprehensive report of the geology and mineral deposits in the area. Other, more recent workers in the region include Horwood and Pye (1951), Peach (1951), and Pye (1952). A geological compilation map of the Tashota-Geraldton area was published by the Ontario Department of Mines (Pye *et al.,* 1966). In 1967, Mackasey commenced a mapping program of the townships in the Beardmore-Jellicoe area for the Ontario Department of Mines and Northern Affairs and continued to work in the area throughout the 1970's (Mackasey, 1970a/b, 1971, 1972, 1975, 1976; Mackasey *et al.* 1976a/b).

The region was originally explored for gold during the mid 1920's after a gold discovery near Beardmore in 1925. The first discovery of gold near the Property was made in 1931 on the north shore of Atigogama Lake. This property, which was subsequently named the Orphan Mine, operated from 1934 to 1935. The discovery of gold in Pifher Township during the summer of 1934 sparked a major prospecting and staking rush throughout the area. During this time several gold prospects in the area (particularly to the south of the Property) were discovered and subsequently explored by trenching and diamond drilling. Exploration activity in the area decreased sharply after the rush of 1934. Many of the larger gold deposits were brought into production and remained in operation until the early 1940's. Most of these mines ceased production upon the advent of the Lend-Lease Act in 1941 and the entry of the United States into the Second World War (Horwood and Pye 1951). The Leitch Gold Mine near Beardmore, continued operating until 1965.

Following the Second World War, prospecting for gold began again on a reduced scale but base metal exploration activity increased because of rising prices and newly developed geophysical methods. The first base metal discovery within the map-area was made in 1947 at what is now known as the Jacobus Cu-Ni Showing.

Very little exploration work has been carried out immediately on the Property, however, a considerable amount has been completed to the south of the Property at the Jacobus Cu-Ni showing and at various gold and base metal showings. The reader is directed to Mason and White (1986) and Mackasey and Wallace (1978) for a more detailed account of this exploration. In 1957 geological mapping and geophysical surveys were carried out on the southern part of the Property by the Jacobus Mining Corporation Ltd. (Assessment File Research Imaging # (AFRI#) 42E13SE040). Five diamond drillholes were completed by the Jacobus Mining Corporation Ltd. in that same year on the south-central part of the Property. Results of this program were not available (AFRI # 42E13SE0022). In 1971 an induced polarization survey was carried out on the southern part of the Property by Chesterville Mines Ltd. (AFRI # 42E13SE0062).

7.0 GEOLOGICAL SETTING

7.1 Regional Geology

Wabigoon Subprovince

The Property lies within the Wabigoon subprovince of the Archean aged Superior Province. The Wabigoon subprovince is a 900 km long east-west trending granite-greenstone terrane composed of metavolcanic and lesser metasedimentary rocks that have been intruded by polyphase granitoid batholiths (Blackburn *et al*., 1991). To the north, the subprovince is bound by the Winnipeg River and English River subprovinces, the contact being variably interpreted as intrusive (Breaks *et al*., 1978), faulted (Blackburn *et al*., 1985) and a tectonically modified unconformity (Clark *et al*., 1981). To the south, it is bound by the metasedimentary Quetico subprovince along a structurally complicated fault-shear zone that corresponds to the southern boundary of the Beardmore-Geraldton Belt (BGB). As described by Blackburn *et al.* (1991) the Wabigoon subprovince has been subdivided into three major regions based on structural and lithological elements: 1) the western portion consists of large areas of supracrustal rocks intruded by synvolcanic polyphase batholiths; 2) the central area contains numerous gneiss domes intruded by elliptical batholiths and surrounded by small greenstone belts; 3) the eastern region (the location of the Property) consists of abundant supracrustal rocks intruded by synvolcanic granitoid batholiths.

Beardmore-Geraldton Belt

The following text has been summarized from Lafrance *et al*. (2004) and references therein.

The BGB is a 30 km wide and 180 km long belt composed of alternating slices of tectonically transposed metavolcanic and metasedimentary rocks. The belt is thought to represent a transitional terrane between the granite-greenstone rocks of the Onaman-Tashota Belt (OTB) to the north and Quetico metasedimentary subprovince to the south.

The BGB has been subdivided into six shear-bounded lithological units (Lafrance *et al*., 2004). Three of these are metasedimentary units (Northern, Central and Southern Sedimentary Units (NSU, CSU and SSU)) and three are metavolcanic packages (Northern, Central and Southern Volcanic Units (NVU, CVU and SVU)). Each of these sub-belts has an approximate east-west strike, is steeply dipping and has been metamorphosed to greenschist facies.

The mafic rocks of the three volcanic units differ significantly from each other in volcanology and tectonic setting. Rocks of the SVU consist of strongly deformed north topping massive to pillowed basalts and andesites interlayered with thin sedimentary and volcaniclastic units with a reported "within-plate" geochemical affinity (Shanks, 1993; Tomlinson *et al*., 1996). The CVU contains a greater proportion of pyroclastic rocks and strongly amygdaloidal flows suggestive of shallow water or subaerial volcanism (Kresz and Zayachivsky, 1991). The majority of the rocks in the belt are andesitic to dacitic in composition with a calc-alkaline affinity. Rocks of the NVU consist of massive and pillowed amygdaloidal basalts and andesites with a tholeiitic chemistry (Tomlinson *et al*., 1996). Chemical metasedimentary rocks, including iron formation, can be found in all three mafic belts. The beds are typically 1 - 2 m wide with strike lengths ranging from 100 m to 1 km.

The three sedimentary packages consist of predominately clastic rocks with subordinate chemical metasedimentary rock units. The NSU is a 300 - 800 m thick package dominated by polymictic conglomerate and sandstone (Mackasey, 1975; Mackasey *et al*., 1976). Clast sizes range from pebble to boulder and consist of granitoids, mafic and felsic volcanics, jasper and vein quartz. Rocks of the CSU are thought to be transitional between the NSU and SSU. The 2 km thick sub-belt consists of feldspathic sandstone, siltstone, argillite and iron formation all overlain by a polymictic conglomerate (Lafrance *et al*., 2004). The 3 - 10 km SSU consists of bedded feldspathic sandstone interlayered with polymictic conglomerate, siltstone and argillite. Oxide-facies dominant iron formation is a minor component of the SSU, but is present as magnetite-hematite-jasper units ranging in thickness from 3 - 30 m.

Gold deposits in the BGB are predominately associated with the metasedimentary belts, often located adjacent to iron formation units and east-west trending deformation zones. In the Geraldton region, the Hardrock, McLeod-Cockshutt, Consolidated Mosher, Magnet and Bankfield produced a combined 2.36 million ounces of gold from veins, iron formation and porphyry along the Tombill-Bankfield deformation zone (Mason and White, 1986). In the Beardmore area, the Leitch and Sandhill mines in the SSU produced nearly 900, 000 ounces of gold (Lafrance *et al.,* 2004) from quartz veins controlled by D_3 shear zones and fold axes.

Onaman-Tashota Belt

The following text has been summarized from Mason and White (1986).

The OTB consists of a felsic to mafic metavolcanic (calc-alkaline and tholeiitic) sequence bound to the south by the BGB's northern contact defined by the Paint Lake Deformation Zone. Metavolcanic rocks of the OTB are deformed into arcuate shaped belts related to the emplacement of ovoid granitoid intrusions. Regional structures and stratigraphy exhibit a north and northeasterly strike while late northwest trending structures are common in the southern part of the OTB. Preliminary age determinations suggest that the OTB predates the BGB (Mason and White, 1986 and references therein).

Mafic metavolcanic rocks in the OTB are interbedded with felsic pyroclastic rocks and minor quartz porphyry & rhyolite flows. The mafic metavolcanic rocks consist of massive to foliated, pillowed, porphyritic and amygdaloidal flows, chlorite schist, volcaniclastic tuff & breccia and agglomerate. Felsic metavolcanics consist of rhyolitic to rhyodacitic flows, rhyolite porphyry, crystal tuff, lapilli-tuff, tuff breccia, rhyolitic quartz feldspar porphyry and pyroclastic breccia. Metasedimentary rocks are also present as argillite, wacke, sandstone, conglomerate and minor chemical metasediments in the form of iron formation.

The OTB is host to a number of gold, base metal and nickel-PGE deposits and showings. A brief description of a select few of these occurrences is dealt with under the "Adjacent Properties" section of this Report.

Note that the current author has not been able to verify the data related to past production reported in this section (7.1) of the Report. This data is provided for informational purposes only and should not be relied upon or divulged out of context.

7.2 Property Geology

To date, the Property has not undergone mapping by Sage personnel, thus, the geology discussed below is largely derived from Mackasey and Wallace (1978).

Felsic to intermediate Metavolcanic Rocks

Flows and pyroclastic rocks of felsic to intermediate composition underlie the majority of the Jacobus East Property. The sequence includes massive, amygdaloidal, porphyritic, spherulitic and flow-banded lava, as well as tuff-breccia, bedded tuffs, and sericitic schist derived from the pyroclastic rocks. The pyroclastic rocks are predominant in terms of volume. Mafic agglomerate units and flows occur intercalated with the more felsic rocks but they are relatively uncommon in most of the sequence.

The pyroclastic rocks on the Property vary from coarse pyroclastic breccia to finely laminated ferruginous tuff. Tuff-breccia is the most abundant and widespread pyroclastic rock type commonly grading into lapilli-tuff or crystal tuff with decreasing fragment size or proportion of fragments, and into pyroclastic breccia in some locations with increasing fragment size. The tuff-breccia consists of bomb- and lapilli-sized volcanic fragments up to 30 centimetres (cm) across, in a tuffaceous matrix. The fragments are commonly deformed, elongated parallel to the regional foliation, but in many places they have retained their original angular or subrounded forms. The matrix to the breccia is commonly quite coarsely fragmental – in many rocks crystals and crystal fragments make up from 10 to 50 percent (%) of the matrix.

Crystal tuff and thinly laminated tuff horizons commonly occur between coarser pyroclastic units. In several places fine banded pyroclastic rocks form sequences, on the order of tens of metres, with only a few intercalations of the coarser material. The crystal tuff consists of subhedral crystals and crystal fragments of oligoclase and, less commonly, quartz, in a tuffaceous matrix. The crystals generally range from 2 to 5 millimetres (mm) long, and constitute up to 60 % of the rock. In outcrop it is difficult to distinguish between such crystal tuff and feldspar porphyry flows and minor intrusions. The presence of broken crystals, crystal fragments, bedding and scattered lapilli or bomb-sized fragments are criteria useful in the recognition of these pyroclastic rocks.

Thinly bedded tuffs on the Property are comprised of individual beds from 1 to 10 cm thick, with most beds in the order of 2 to 3 cm thick. Alternate beds exhibit various shades of grey and brown. Some weakly magnetic ferruginous laminae which weather to a rusty brown occur between lighter coloured, more siliceous beds. Most of these fine tuffs have been recrystallized and consist of a fine-grained mixture of quartz, plagioclase, and epidote with abundant chlorite, sericite and biotite flakes forming distinct foliations.

Although subordinate to pyroclastic rocks in abundance, intermediate and felsic flows are common on the Property. Most of the flows are massive, feldspar and feldspar-quartz porphyries which grade into amygdaloidal phases and flow breccias. Outcrops are for the most part light coloured and featureless, and since contacts are rarely observable, some of the rocks classified as flows may be of intrusive origin. Rare pillows are ellipsoidal to irregular in shape, and are not suitable for top determinations. They range up to 1 m in their longer dimension and individual pillows and pillow fragments constitute between 10 and 75 % of the rock. In many of these pillows dark coloured selvages are well developed around the pale weathering pillow interiors and elongated radiating amygdules are common.

Siliceous lavas exhibiting spherulitic nodules and laminar flow-banding also occur on the Property in minor amounts. The two features also occur together in the same rock, with spherulites commonly restricted to individual laminae. More commonly these features occur within separate but adjacent flows. Spherulites range in size from only a few mm to 3 or 4 cm in diameter. On weathered surface they are white and are surrounded by yellow or brown interstitial material. Commonly the centres contain sphalerite, calcite or hematite which weather out leaving small epidote-lined cavities. In most outcrops the spherulites are deformed into an ellipsoidal shape, with long axes parallel to the regional structural trend. They constitute between 10 and 95 % of the rock. The proportion of spherulites varies considerably within each flow both laterally and vertically. Size gradation within individual flows was also noted In the field but the relationship with stratigraphic tops was not established. Although the internal structure of the spherulites cannot be seen in hand specimen, the radial growth of plumose quartz and feldspar is apparent. In some, the radial character has been destroyed, but even where this has occurred the spherulites are distinctly outlined by the coarse matted sericite in the groundmass around them. Quartz appears to be dominant in the spherulites, and variations in its habit produce concentric layering within the structures. The centre is generally formed of fine subhedral quartz crystals partially replaced by carbonate, and the outer fringe, which constitutes about two-thirds of the structure, consists of radiating plumose quartz and feldspar. Amygdules filled with calcite occur rarely within the spherulites and the surrounding sericitic groundmass. Small phenocrysts of potassic feldspar and quartz are abundant, and many transect the spherulite boundaries.

Flow-banded rhyolites consist of red, yellow, or light grey alternating layers commonly from several mm to 3 cm thick. The rocks are microcrystalline aggregates of quartz and feldspar, containing small quartz and feldspar phenocrysts and small amygdules. Colour variation between bands is produced by relatively small amounts of biotite and hematite within the red laminae and sericite or epidote within the yellow and light grey laminae.

Mafic Metavolcanic Rocks

Mafic metavolcanic rocks constitute a minor proportion of the rocks on the Property occurring primarily to the east and northeast. Where primary features can be recognized, massive and amygdaloidal flows are the primary mafic volcanic rock type. These rocks are typically hard, well-jointed and devoid of flow structures, varying from aphanitic to medium-grained and from dark green to light grey. Porphyritic basalts with plagioclase phenocrysts up to 5 mm long are relatively common. Amygdules up to 1 cm occur in many exposures and individual flows. Calcite, chert, quartz, epidote and chlorite are the most common materials filling amygdules. In some outcrops amygdules are zoned with quartz rimming chlorite or calcite and calcite rimming epidote. The more highly schistose rocks have been entirely recrystallized to saussurite, quartz, chlorite, epidote, and carbonate. Apatite, pyrite and Fe-Ti oxides are the most common accessory minerals. Autoclastic volcanic breccias are very common within the mafic volcanic sequence. Most of these appear to be flow-top breccias, in which fragments of massive and scoriaceous lava are scattered throughout an amygdaloidal matrix. The breccias grade into ordinary massive and amygdaloidal flows or agglomeratic rocks both laterally and vertically. The fragments, which form a widely varying proportion of the rock, can be seen easily on weathered surfaces. They generally weather lighter in colour than the matrix, with different surface textures apparent in clean outcrop surfaces. Coarse mafic pyroclastic rocks cannot be readily distinguished from autobrecciated flows, particularly where amygdules or flow features are lacking within the matrix. These features may have been present in the matrix and since destroyed by shearing.

Elmhirst Lake Stock

The Elmhirst Lake Stock occurs in the eastern part of the Property as part of a much larger granodiorite-quartz diorite intrusion. The intrusion is relatively homogeneous, except within its wide contact zones which vary extensively in composition and texture. The northern and northwestern contact of the Elmhirst Lake stock is characterized by numerous small metavolcanic inclusions within the pluton, as well as small granitic intrusions cutting the surrounding rocks. Along the southwestern margin of the stock, the granitoid rocks enclose large metavolcanic areas which may be the remnants of roof pendants. The northern and eastern parts of the intrusion consist of massive, equigranular pink to grey granitoid rock, but the southern and western rocks are commonly porphyritic with abundant andesine phenocrysts.

Pinel Creek Intrusion

Immediately to the south of the Property lies the Pinel Creek Intrusion, a gabbroic sill-like body that is host to the Jacobus Cu-Ni showing. Based on drill hole data, the body strikes at about 070^{o} dipping to the north at 50^{o}. The true thickness of the body is unknown, but Faust (1973) has suggested a minimum thickness of 185 m. The intrusion cuts dacitic and andesitic flows which border it to the north, west, and south while to the east the intrusion is in contact with the granodioritic Elmhirst Lake Stock.

Faust (1973) reported only two lithological phases within the intrusion: a leucocratic gabbro and a "normal" melanocratic gabbro. The leucocratic gabbro is a light brown to grey weathering, medium-grained rock containing 60 to 65 % albitized plagioclase, 30 % amphibole and 5 % quartz. The "normal" melanocratic gabbro has a similar appearance on weathered surfaces but on a fresh surface it is noticeably darker. This rock contains between 40 and 50 % amphibole, 50 % plagioclase and about 5 % quartz. Both varieties of gabbro vary considerably in grain size within the intrusion, averaging about 3 mm.

Faust (1973), because of the presence of the metapyroxenite and anorthositic gabbro layers at the bottom of drill holes, suggested that more mafic and ultramafic rocks may exist below the presently known gabbro layers. He assumes the intrusion to be a differentiated, layered complex of mafic and ultramafic rocks of which only the upper mafic layers are exposed.

Sulphide mineralization in the rocks studied is limited in occurrence to the normal gabbro and is not common in the quartz-rich facies. Disseminated sulphide minerals, interstitial to the silicate minerals, are concentrated in the melanocratic gabbro phase of the intrusion located near the upper contact of the body. The sulphide minerals, mainly pyrrhotite, chalcopyrite, and pentlandite occur together, in that order of abundance, and commonly constitute between 4 and 6 % of the rock within the mineralized zone. Drilling indicates that this zone is cylindrical, dipping to the north at about 45^{o}, roughly parallel to the upper contact of the intrusion, and plunging westward, varying from 7 to 45 m in diameter.

Metamorphism

Most of the rocks on the Property have been metamorphosed to lower greenschist facies and are characterized by metamorphic assemblages such as quartz-albite-chlorite-epidote and quartz-albite epidote-biotite. Talc and actinolite also occur within the mafic metavolcanics.

Contact metamorphism and possible mild metasomatic effects are superimposed on the regional metamorphism around the Elmhirst Lake Stock. Generally the mineralogy is not changed from the quartz, albite, epidote, muscovite, biotite, chlorite, and actinolite assemblages found in the greenschist facies rocks. The most obvious effects of the contact metamorphism are silicification, recrystallization, and (or) feldspathization in the surrounding metavolcanics. Secondary quartz is most readily observed in recrystallized intermediate flows where it occurs interstitially, in veinlets and replacing phenocrysts. Recrystallization and/or feldspathization causes the growth of albitic plagioclase metacrysts in intermediate metavolcanics. The pale yellow to green plagioclase metacrysts give the rocks the appearance of diorite porphyry. Epidotization of plagioclase phenocrysts is most intense in the vicinity of the Elmhirst boundary. The Pinel Creek intrusion studied by Faust (1973) appears to have undergone metamorphism of upper greenschist facies rank characterized by the association epidote-zoisite-actinolite-homblende-chlorite.

Structures

All of the metavolcanics on the Property are affected to some degree by a regional east-west foliation. Schistosity is well developed within the intermediate pyroclastic rocks and mafic flows, generally striking at a low angle to the primary igneous layering and dipping steeply. Flattening of pillows, pyroclastic fragments, amygdules and spherulites parallel to the schistosity is very common.

At least two sets of lineaments occur on the Property, the more common being a northeast trending variety in contrast to northwest trending structures. An inferred north trending fault occurs on the eastern boundary of the Pinel intrusion along its contact with the Elmhirst Stock. No topographic expression of this fault is recognizable on the ground, and only a weak linear feature is visible on air photographs. The northeast trending Pinel Creek fault occurs on the southeastern corner of the Property and appears to show dextral movement. Faults parallel to the Pinel Creek fault and with the same sense of movement occur on the southern part of the Property north of the Pinel structure. East to northwest trending shear zones and associated quartz veins are relatively common on the Property, particularly at the Golden Extension Showing.

8.0 DEPOSIT TYPES

The following section describes a class of gold deposits that is considered most relevant to exploration on the Property. The primary focus of exploration on the Property is for orogenic lode gold, with specific emphasis on the greenstone-hosted quartz-carbonate vein subclass.

The following text relies in part on Moritz (2000) and references therein.

Orogenic lode gold deposits typically occur within intensely altered, deformed and metamorphosed rocks in both volcano-plutonic and sedimentary terranes. They typically occur within or proximal to regional crustal-scale structures which exhibit brittle to ductile deformation. The deposits are normally at greenschist metamorphic facies, however, amphibolite to granulite facies deposits also exist. They are thought to have formed at depths in the crust of 5-10 km.

Structural control over mineralization is present at all scales including brittle faults & ductile shears, extensional structures and fold axes & hinges. These structures are thought to concentrate the auriferous hydrothermal fluids that eventually precipitate as veins, stockwork zones and mineralized & altered vein selvedges. The vein systems are typically steeply dipping and can extend along strike for

many km and to depths of over 1 - 2 km. In most cases the deposits are deformed to some extent suggesting a syn-tectonic mineralization event.

The vein mineralogy consists predominately of quartz with lesser carbonate and sulphides and subsidiary albite, chlorite, sericite and tourmaline. The carbonate minerals are typically ankerite, dolomite or calcite. Gold is intimately associated with the sulphides which consist of pyrite, pyrrhotite, chalcopyrite, galena and sphalerite. Gold:silver ratios typically range from 10:1 to 5:1.

Hydrothermal wallrock alteration in orogenic lode gold deposits has a zoned appearance grading from proximal to distal. Alteration minerals proximal/within the orebody in mafic-intermediate hosted deposits consist of variable amounts of sericite, chlorite, ankerite, sulphides and albite often coincident with stockwork zones. Distal alteration typically consists of chlorite-calcite which in some cases represents or overprints a regional greenschist metamorphic alteration assemblage. The alteration assemblages at the majority of orogenic lode gold deposits overprint the regional metamorphic mineral assemblage suggesting a post-peak metamorphism mineralization event.

The source of the fluids and gold related to orogenic lode gold deposits remains enigmatic. The primary models that have been proposed include: 1) fluids generated from the metamorphic breakdown of hydrous minerals; 2) magmatic fluids derived from tonalite-trondjemite-granodiorite intrusions; 3) granulitization of the lower crust and generation of felsic magmas and associated exsolved fluids; 4) deep circulation of meteoric waters.

Exploration for orogenic lode gold deposits involves the identification of prospective structures and alteration assemblages. Areas of extension/dilation, particularly in secondary or tertiary splays off of major crustal-scale structures are common sites for orogenic gold deposits. High level intrusives (quartz-feldspar porphyry dykes and plugs), Temiskaming-type breaks, felsic volcanic/volcaniclastic rocks, variolitic mafic volcanic pillows and variable enrichments/depletions of the alkali elements are common features proximal to orogenic lode gold systems. Gold is commonly associated with a number of other elements which can include silver, arsenic, tungsten, bismuth, tellurium, copper, lead and zinc. Detailed mapping of alteration distribution and structural features as well as soil sampling programs are often useful for vectoring toward these deposits.

Specific details of the style of mineralization discovered to date on the Property are discussed below under the “Mineralization” section.

9.0 MINERALIZATION

Gold mineralization identified to date on the Property occurs primarily at the Golden Extension Showing. The mineralization consists of quartz & pyrite +/- chalcopyrite, carbonate, sericite & chlorite veins and their altered, sulphidized and sometimes stockworked and sheared selvedges. Much if not most of the gold occurs in a coarse free state associated with variable (trace to 10%) amounts of pyrite and small amounts (trace to 2%) of chalcopyrite and magnetite. Individual veins range in width from sub cm to nearly 2 m trending westnorthwest-eastsoutheast or east-west, however, the vein system appears to have an overall northwest trend (Figure 4). The 2008-2009 stripping program has outlined a system with a discontinuous strike length of approximately 850 m which is roughly 400 m broad. The system is currently open in all directions. Individual veins often pinch and swell along strike likely related to post-mineralization shearing and boudinage. Vein selvedges and some of the shear zones can be several metres wide and are typically strongly deformed and variably altered to sericite-chlorite-hematite-

carbonate-pyrite which habitually yield lower gold values than the veins. Stockwork style mineralization is present at a number of locations proximal to larger veins overprinting the bordering granodiorite or mafic volcanic rocks.

A number of other areas on the Property have been found to contain anomalous gold (Figure 3). These areas also consist of quartz vein hosted gold; however, they have not yet been properly investigated, and so are not dealt with in any detail in this Report.

10.0 EXPLORATION

Prospecting

Prospecting on the Property was conducted during the 2008 and early 2009 field seasons resulting in the collection of approximately 650 samples from across the Property. The gold assay results of this survey are illustrated in Figure 3 while highlights from the program are shown in Table 2. The most anomalous grab samples were taken from the Golden Extension Showing, commonly including samples containing visible gold. Two additional areas with anomalous gold were encountered south of the southwest end of Hindson Lake (Figure 3). Follow-up exploration in these two areas is required. All three areas are characterized by quartz +/- carbonate, sulphides, visible gold, sericite and chlorite veins often with significant alteration envelopes as seen at the Golden Extension Showing.

Stripping and Channel Sampling

A stripping program was carried out at the Golden Extension Showing intermittently between September, 2008 and May, 2009. The stripping work was completed with a backhoe by Beardmore resident Nolan Cox while channel sampling was completed by Beardmore resident Ted Cox, both under the supervision of either Dr. Ulrich Kretschmar (QP) or Dr. Colin Bowdidge (QP). To date, the work has been carried out at specific locations over an area of approximately 850 x 400 m (Figure 4). This work has uncovered a number of veins and stockwork/vein selvedge zones. The precise number of veins is not known due to structural complications, however, ten vein segments have been uncovered which constitute at least seven discrete veins.

Assay results from the channel sampling program are shown below in Table 3. Additional results presented in past Sage news releases can be viewed at: http://www.sagegoldinc.com/site/DesktopDefault.aspx. While the majority of the multi-gram samples are derived from vein material, there are a number of instances where well mineralized alteration selvedges are encountered, including the 50.64 grams per ton (g/t) gold sample from Vein 4 listed below in Table 3.

Sample	Area	Location	Au (g/t)
440216	Golden Extension	Vein 1	95.53
424658	Golden Extension	Vein 1	90.55
614688	Golden Extension	Vein 4	259.99
614677	Golden Extension	Vein 4	235.96
609251	Golden Extension	Vein 6	3.90
614798	Golden Extension	Vein 9	36.23
95023	SW Hindson Lake	-	14.75
424644	SW Hindson Lake	-	1.13

Table 2: Grab sample highlights from the Jacobus East Property

Location	Width (m)	Au (g/t)
Vein 1	0.5	136.50
Vein 1	0.5	81.00
Vein 2	0.3	10.36
Vein 2	0.5	7.09
Vein 4	0.4	93.72
Vein 4	0.5	50.64
Vein 6	0.7	4.97
Vein 9/10	0.3	2.95
Vein 9/10	0.5	2.57

Table 3: Channel sample highlights from the Golden Extension Showing, Jacobus East Property

Ground Magnetic Survey

A ground magnetic survey covering approximately 135 line km is currently underway at the Golden Extension showing on the Property. Both the line cutting and ground geophysical survey are being conducted by Beardmore resident Dan Cox and local crew under the guidance of Dr. Colin Bowdidge (QP). As the survey is not yet completed, the current author has not incorporated any of the preliminary results into this Report.

11.0 DRILLING

The current author is not aware of any drilling conducted by Sage on the Property.

12.0 SAMPLING METHOD AND APPROACH

Channel sample intervals are selected based on the presence of geologic contacts and degree of visible alteration and mineralization in order to obtain as representative a sample as possible. Channel spacing is variable (Figure 4), with more tightly spaced sampling conducted in more prospective looking areas, particularly those with visible gold. After the channel samples are cut and removed, they are placed into plastic bags, labeled, sealed and transported to Sage's field office along Bush Lake west of Jellicoe. The samples are then logged by a geologist and transported to either Activation Laboratories (Actlabs) or Accurassay Laboratories Ltd. (Accurassay) in Thunder Bay. The current author is not aware

of anything in the channel cutting procedure or the sampling methods and approach that could have a negative impact on the quality of the reported assay data. The location and length of all channel and grab samples taken to date on the Property are shown in Figure 4. Channel sampling has been restricted to the Golden Extension Showing which covers an area of approximately 850 X 400 m.

The material sampled during the channel cutting program consisted of structurally controlled quartz-sulphide veins, silica stockworked granodiorite & mafic volcanic rocks and sheared, altered & sulphidized granodiorite & mafic volcanic rocks. Vein widths vary from less than 1 cm to nearly 2 m (apparent width). Altered and sulphidized zones can be several metres wide occurring within shear zones and bordering veins.

Grade distribution and relevant sample results from the channel cutting program were discussed earlier in this Report under the "Exploration" section.

Grab samples were gathered throughout the 2008 and early 2009 field season from various locations on the Property. Representative samples were taken from any area deemed prospective for gold mineralization and subsequently transported to Sage's field office. The samples were logged, bagged, labeled and sealed after which they were transported to Actlabs or Accurassay for analysis. The majority of samples were of quartz veins of various widths and of altered and sulphidized mafic volcanic & intrusive rocks.

13.0 SAMPLE PREPARATION, ANALYSES AND SECURITY

All channel samples taken on the Property are between 3 and 4 cm wide and are cut with a motorized saw to a depth of approximately 5 cm. The channels are cut as close to perpendicular to the strike of the vein as permitted by the rock surface. Samples are taken from the footwall, the vein and the hangingwall. Sample intervals are chosen to ensure a representative sample of the surface mineralization of the vein and wall rock. Assays reported by Sage were completed at both Accurassay and Actlabs in Thunder Bay, Ontario. Accurassay's gold analysis is performed using a 30 g fire assay charge. The fire assay uses lead collection with a silver inquart. The beads are then digested and an atomic absorption or Induced Coupled Plasma (ICP) finish is used. All gold assays that are greater than 10 g/t are re-assayed by fire assay with a gravimetric finish.

In late 2008 a small number of channel samples were sent to Actlabs in Thunder Bay, Ontario where they underwent a similar analytical procedure as those sent to Accurassay. The sample is crushed up to 75 % passing through a 2 mm mesh, split (250 g), and pulverized with hardened steel to at least 85% passing through a 75 micron mesh. Fire assay analysis was conducted on all samples using a 30 g charge while Induced Coupled Plasma with Optical Emission Spectroscopy (ICP/OES) with an aqua regia digest was conducted to determine the concentration of trace elements.

All grab samples taken during prospecting are collected to provide an accurate representation of the mineralization that is present. Grab samples were sent to either Accurassay or Actlabs and underwent the same analytical procedures described above for the channel samples.

After collection, both channel and grab samples are taken to the Sage field office located along Bush Lake west of Jellicoe. The samples are then logged by a capable geologist, sealed in plastic bags, labeled and delivered directly to the laboratory after which Sage personnel no longer have access to the samples. Both laboratories insert standards and conduct duplicate analyses to ensure quality of the final

data – the data is routinely scrutinized by the laboratory and Sage personnel to ensure standard and duplicate analyses fall within acceptable limits of error. Sites returning grab samples with elevated gold values are routinely revisited by Sage personnel for further sampling; these follow-up samples are assayed by one of the two aforementioned labs. Channel samples with elevated gold are commonly followed up by additional, more tightly spaced channel sampling.

Both Actlabs (www.actlabs.com) and Accurassay's (www.accurassay.com) quality system is accredited to international quality standards through the International Organization for Standardization/International Electrotechnical Commission (ISO/IEC) 17025. ISO/IEC 17025 evaluates the quality system and specific analytical methodologies through rigorous testing and routine audits of the laboratory. Both laboratories have also gained CAN-P-1579 accreditation, which is specific to mineral analysis laboratories. Additionally, a stringent chain of protocol is enforced at both laboratories to ensure the security of the received samples.

The current author of this Report believes the sample collection, handling and analysis procedures completed by Sage and the two laboratories discussed above are sufficient to provide accurate and representative assay results. As the exploration program advances, it is suggested that Sage develop their own system/set of standards, blanks and duplicates to provide increased quality assurance of the data.

14.0 DATA VERIFICATION

Sage's channel sample database consists of 815 samples all of which have been taken from the Golden Extension Showing. Standards and duplicate analyses were routinely conducted by the laboratories as discussed under Section 13 of this Report. Channel locations and sample lengths have been verified by either R. Therriault (M.Sc.), Dr. C. Bowdidge (P.Geo) or Dr. U. Kretchmar (P.Geo). When channel samples containing elevated gold are returned from the laboratory, Sage routinely conducts tighter channel sampling in the vicinity in order to verify the results and to obtain a better idea of the strike extent of the auriferous section.

Sage's grab sampling database from the Property consists of 643 samples. Standards and duplicate analyses were routinely conducted by the laboratories as discussed under Section 13 of this Report.

The current author has reviewed select channel and grab samples confirming the location (and length in the case of channel samples) as reported by Sage as well as the analytical certificates for said samples and determined that all data is accurate and complete and that standard industry sampling practices are utilized on the Property.

15.0 ADJACENT PROPERTIES

The current author of this Report has not been able to verify the information set out in this section of the Report. All historical "resources", "reserves" or quoted past production values discussed in this section of the Report were calculated and reported prior to NI 43-101 standards and CIM Standards and Definitions. Furthermore, the current author of this Report acknowledges that the presence of mineralization and/or ore deposits on adjacent properties is not necessarily indicative of similar mineralization or deposits existing on the Jacobus East Property which is the subject of this Report.

There are a number of past producing mines and showings adjacent to the Jacobus East Property. For the purposes of this Report, only those considered most relevant by the current author are discussed below.

Brenbar Mine

The Brenbar Mine is located approximately 13 km southsouthwest of the Golden Extension showing. As described by Mackasey (1975) the area is underlain by east-west trending south dipping tuff breccias, pyroclastic breccias and fine grained intermediate to felsic flows and tuffs. Quartz feldspar porphyry occurs in the northeastern part of the property.

A number of quartz veins have been uncovered at the property, the more important of which occur along an east-west trending ridge within chloritized and sheared tuffs. The shearing, bedding and veining are subparallel to each other, trending in an approximately east-west direction (Laird, 1936). All but three of the veins have this trend – the remaining three have a northerly trend suggesting there may be two sets of vertical fractures controlling the vein system. Laird (1936) notes that there is evidence of folding and suggests that drag folding may play a role in the system.

The majority of the veins are narrow (1 cm to 1 m in width), lens like, follow curved fractures and pinch and swell both along strike and down dip. Most of the veins exhibit a banded or ribboned appearance due to the presence of chlorite or sericite stylolitic fractures parallel to the vein margins.

As described by Laird (1936), mineralization is rather sparse, limited to the veins and consisting of pyrite, galena, sphalerite, chalcopyrite and native gold. The gold is pale in colour occurring as tiny specks and coarse blobs largely associated with galena and sphalerite. It also occurs as fracture fill material in pyrite and along chlorite-sericite stylolitic fractures. Quartz vein selvedges are typically poorly mineralized and show only minimal silica, carbonate, pyrite and sericite alteration. Discrepancies with regard to the production history at the mine are reported by Mason and White (1986) and so, will not be discussed in this Report

Crooked Green Creek Mine

The Crooked Green Creek mine is located approximately 9 km from the Golden Extension Showing. As described by N. Carter and Eccles (1984), the eastern part of the property is underlain by massive to banded felsic metavolcanic flows and tuffs of rhyo-dacitic composition. These are overlain by massive intermediate to mafic flows and minor intrusives. Fine grained crowded feldspar porphyry occurs as irregular masses intruding the older rocks, although they may in part be extrusive. Bedding is observed in the banded rhyolite tuffs displaying a westnorthwest strike dipping moderately to steeply to the north. Major faults on the property strike to the northeast.

Three major mineralized zones occur on the property characterized by quartz veins containing 1 to 20% coarse chalcopyrite, pyrrhotite, sphalerite, pyrite, marcasite and hematite. The veins are typically coarse grained, brecciated and smoky to blue-black in colour. The sulphides are often located in crushed quartz material rinding larger quartz clasts. Gold is commonly in a free state, occurring with pyrrhotite or chalcopyrite.

The primary vein on the property is a sigmoidal eastnortheast trending quartz vein cutting feldspar porphyry hosted in dacite and minor rhyodacite. The vein dips between 45^{o} and 70^{o} to the

south and is 0.3 to 0.6 m wide near an abandoned inclined shaft narrowing to 5 cm further to the west. Multiounce gold and silver values are reported from chip, channel and core sampling from this and other veins on the property (Mason and White, 1986) including 180.38 g/t gold (Au) and 3.0% copper over 50.8 cm in channel samples over 46.3 m. Additionally, a 170 ton bulk sample conducted by Crooked Green Creek Mine Ltd. averaged 51.32 g/t Au, 13.68 g/t silver (Ag) and 1% copper (Cu) (Mason and White, 1984 and references therein).

The Crooked Green Creek mine operated between 1980 to 1984 under the Thunder Bay Joint Venture which comprised Great Western Petroleum Corporation and Anglo-Canadian Mining Corporation. Discrepancies with regard to the production history at the mine occur in Mason and White (1986) and so, will not be discussed in this Report.

Greenoaks Mine

The Greenoaks mine is located approximately 6 km southsouthwest of the Golden Extension Showing. As described by Mackasey and Wallace (1978), the property in underlain by intermediate to felsic metavolcanic rocks including andesite-dacite-rhyolite flows, tuffs, feldspar porphyry, porphyritic rhyolite and intermediate to mafic pyroclastic rocks. To the east, the Elmhirst Lake Stock (granodiorite to quartz diorite) intrudes the metavolcanics rinded by a hybrid metavolcanic-granitoid aureole. Also to the east and northeast lies the Pinel Creek Intrusion, a sill-like body which is thought to be in fault contact with the Elmhirst Lake Stock.

Gold mineralization occurs in quartz veins hosted within ductile shear zones that cut metavolcanic rocks. Four zones have been identified on the property. The most productive of the four consists of a main quartz vein, subsidiary parallel veins, fracture fillings and mineralized porphyritic host rock. The main vein strikes at 115^{o} dipping 80^{o} south to vertical. The vein is host to variable amounts of chalcopyrite, pyrrhotite and sulphide-associated free gold.

The Northern Miner (June 15, 1947) described the main zone as being in the form of a fork, with the handle pointing west and two prongs diverging eastward. Channel sampling at 1.5 m intervals on the main zone indicated a zone 41.8 m long with an average width of 1.1 m, averaging 24.14 g/t Au. Diamond-drilling results indicated the zone to be over 41.1 m in length, with an average core length of 1.6 m and grading 17.51 g/t Au.

The Greenoaks mine operated for only one year (1982) during which Thyssen Mining Construction (Canada) Limited conducted the mining on behalf of Bill Miron. Discrepancies with regard to the production history at the mine occur in Mason and White (1986) and so, will not be discussed in this Report.

Quebec-Sturgeon River Mine

The Quebec-Sturgeon River mine is located approximately 12 km southsouthwest of the Golden Extension Showing. As reported by Mackasey (1975) the area is underlain by intermediate to felsic metavolcanic rocks that have been intruded by granodiorite, mafic dykes, quartz veins and diabase dykes. Fine grained quartz porphyry occurs at the mine site along with irregular tongues and porphyritic, hybrid zones of intrusive rock. Granodiorite and quartz diorite occur to the north and east of the mine site while volcanic tuffs and tuff breccias occur to the northwest.

As noted by Seeber (1973), the main tectonic feature is a dominant northeast-southwest shear pattern that is particularly well developed in the northeast part of the property. Bruce (1936) notes that a few small faults have been found at depth, all of which were interpreted as post mineralization. None of them offset the vein more than a few cm.

As observed by Mackasey (1975), the gold-bearing quartz veins cut all rocks in the mine area with the single exception of a float dyke at depth. Two to three sets of quartz veins have been identified. One set strikes northeast and a second set slightly east of north. In addition to the gold-bearing quartz veins, there are lenses of barren quartz, most of which are only a few cm or so in width and a few m in length. The veins have a roughly banded structure due to the presence of chlorite-sericite rich bands parallel to the vein walls. Work during the 1984-85 field season located fifteen new veins in addition to the sixty-seven veins previously documented on the property.

Metallic minerals form a very small part of the vein filling. In order of abundance these are pyrite, chalcopyrite, sphalerite, gold, and gold telluride. Gold is relatively abundant in some veins occurring as very fine pale coloured particles.

From the time production commenced in April, 1936 to cessation of operations in October of 1942, the mine produced approximately 73,438 ounces of gold with an average recovered grade of 0.51 ounces per ton from 145,123 tons of ore treated. Total silver production reached 15,922 ounces (Mason and White, 1986).

Hercules Property

The Golden Mile area on the Hercules Property is located approximately 5.5 km southeast of the Golden Extension Showing. The property is owned by Kodiak Exploration Ltd. (Kodiak) and consists of a number of vein hosted gold showings. Sage's Golden Extension Showing is believed by many (including the current author of this Report) to be the along strike equivalent of the Golden Mile area.

Kodiak has discovered a series of gold-bearing quartz-carbonate-sulphide veins on their Hercules property that occur over an aggregate strike length of more than 5 km with strong individual veins up to 11 m wide and 1 km long. The veins occur in several subparallel shear zones oriented roughly northwest-southeast. Although the strike length is continuous, individual veins pinch and swell numerous times along strike and at depth.

The following information was gathered from http://www.kodiakexp.com/projects/gold_division/hercules/ on May 16, 2009.

Golden Mile Discovery

As reported on Kodiak's website*: "The Golden Mile is a massive gold-bearing system with a strike extent of at least 4 kilometres and remains open to depth and along strike. 100% of the 70 drillholes to date have intersected gold mineralization, and 41% of grab samples collected along the Golden Mile to date have returned more than 10 g/t Au, confirming the strength and continuity of this prolific gold system. Continuous quartz veining 1 to 3 metres thick has been exposed over a strike length of more than 1000 metres, and visible gold is frequently found on surface and in drill core. Continuous gold mineralization has been traced along strike for 400 m, with an average grade of 20.20 g/t Au over an average width of 3.8 m. This remains open along strike and to depth. Channel highlights within this*

interval include AMX-01: 3.1 m grading 119.63 g/t Au, and 11.6 m grading 32.96 g/t Au; AMX-04: 9.55 m grading 27.04 g/t Au; AMX-07: 4.8 m grading 28.64 g/t Au. Drill holes HR07-09 and HR07-10 drilled successively deeper below channel AMX-01 intersected 0.8 m grading 20.55 g/t Au and 4.0 m grading 6.89 g/t Au respectively, showing the gold mineralization is continuous from surface to a depth of at least 40 m and remains open. Hole HR07-29 graded 54.1 g/t (1.57 oz/t) gold over a mineable width of 2.0 m, including 134.4 g/t (3.9 oz/t) gold over 0.8 m, and drill hole HR07-31 graded 12.64 g/t gold over 1.4 m. Channel sample AMX-16 graded 63.45 g/t gold over 1.0 m and 27.83 g/t gold over 1.6 m in channel cut AMX-09."

"Drill hole highlights from the Central Golden Mile: Hole HR07-65 intersected 2.9 m grading 203 g/t Au (5.92 oz/t); Hole HR07-51 intersected 3.6 m grading 358.56 g/t Au (10.46 oz/t); Hole HR07-50 intersected 4.1 m grading 20.77 g/t Au (0.61 oz/t); and Hole HR07-44 intersected 2.9 m grading 45.25 g/t Au (1.32 oz/t). These drillholes remain open to depth and along strike. In the Far SE Golden Mile, drillhole HR07-29 intersected 2.0 m grading 54.09 g/t Au (1.57 oz/t) and remains open."

Yellow Brick Road Vein

As reported on Kodiak's website*: "The Yellow Brick Road vein is a parallel gold-mineralized system 1 kilometre northeast of the Golden Mile that has been exposed over a strike length of more than 1.2 kilometres. At the south end it includes the WL gold zone, where a high-grade gold-mineralized shoot has been intersected in four drill holes and three surface channel cuts, including an intersection of 15.59 g/t over a true width of 9.7 metres in Hole HR06-03, and 10.37 g/t Au over 8.8 metres in Hole HR06-02. The Penelton gold zone, in the central part of the Yellow Brick Road, has returned assays of 12.46 g/t Au in grab samples, and 8.90 g/t Au over 4.60 in a channel sample. Grab samples up to 5.85 g/t Au and a channel sample assaying 2.60 g/t over 1.51 metres have been obtained from the north end of the Yellow Brick Road.*

Marino Vein

As reported on Kodiak's website*: "The Marino vein is one of a swarm of parallel northwest-trending veins discovered to date in a 3 square kilometre area between the Golden Mile and the Yellow Brick Road. At least nine parallel veins have already been discovered in this area, and many other surface showings remain to be explored. A shallow hole (HR07-16) drilled on the Marino vein intersected 38.47 g/t Au over 1.6 metres, gold mineralization remains open in all directions, and surface channel samples were also gold-mineralized. Multiple geophysically indicated parallel structures within a 30 km area of strong gold potential remain to be explored."*

16.0 MINERAL PROCESSING AND METALLURGICAL TESTING

The current author is not aware of any mineral processing or metallurgical testing conducted on the Property.

17.0 MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

The current author is not aware of any mineral resource or reserve estimates conducted on the Property.

18.0 OTHER RELEVANT DATA AND INFORMATION

The current author is not aware of any additional information that is relevant or necessary to accurately understand or clarify this Technical Report.

19.0 INTERPRETATION AND CONCLUSIONS

Sage's 2008 exploration program was successful in discovering an area (the Golden Extension Showing) containing highly anomalous gold in bedrock values that is a short distance from and along strike with Kodiak's prolific Golden Mile district. The Golden Extension system is characterized by a number of northwest-southeast to east-west trending auriferous vein systems that have been followed along strike for at least 850 m within a 400 m wide corridor. Grab samples of up to 259.99 g/t Au and channel samples including 136.5 g/t Au over 0.5 m indicate that the vein system is high grade, with much of the gold occurring as coarse visible flecks and blebs associated with pyrite and chalcopyrite. The up to 2 m wide veins are structurally controlled, occurring largely within chloritic shear zones and bordered by gold bearing alteration envelopes and stockwork zones.

The bulk of the known vein system is hosted within a hybrid unit at the margin of the Elmhirst Lake Stock, characterized by coarse grained granodiorite/quartz diorite and variably sized clasts and blocks of mafic metavolcanic rock. It is not known if this contact zone has controlled the development of vein-bearing structures as additional auriferous veins have been located in the northwest part of the system outside of the hybrid aureole of the Elmhirst Lake Stock. Additional work will be required to determine the strike extent, corridor width and regional significance of these structures as well as how they related to the granitoid-supracrustal contact. To date, the gold system is open in all directions.

20.0 RECOMMENDATIONS

The Jacobus East Property has produced results which warrant follow-up sampling and mapping leading to the definition of high-priority drill targets. The geological setting, mineralization styles and high grade gold abundances are characteristic of Archean-aged lode gold systems. Early emphasis on establishing drill targets will allow the bulk of sampling and mapping to run concurrently with the drill program. The recommended program (already in progress) will take approximately one month to execute and cost approximately CDN$429,000 (Table 4).

Prospecting

Additional prospecting should be conducted over all areas of the Property that were not prospected during the 2008 campaign. All veins should be sampled and their orientation noted. Initial emphasis should be placed on the contact zone of the Elmhirst Lake Stock and any areas that exhibit northwest-southeast or east-west lineaments identified on airphoto or satellite images as well.

Detailed prospecting should be conducted on the grid completed during the winter of 2009. Emphasis should be placed on ground truthing the geophysical anomalies identified during the 2009 ground geophysical survey while attempting to extend the strike extent of the northwest-southeast and east-west trending systems as far as possible.

Geological Mapping

Detailed geological mapping should be conducted on the grid completed during the winter of 2009. Attention to vein orientation and all other structural elements is critical. A database linking vein orientation & composition with gold content would prove extremely helpful.

Detailed geological mapping of the stripped areas at the Golden Extension Showing should be completed prior to drilling. Emphasis should be placed on the structural elements of the system as it relates to vein orientations, distribution of stockwork systems and lithological boundaries.

All mapping data should immediately be integrated into a GIS system to aid during drillhole planning.

Soil Sampling

A test soil sample study should be conducted to determine the most sensitive method for the detection of gold-in-soil anomalies and to determine if the area is suitable for a soil sample survey given much of the Property has been recently clearcut.

Provided the Property is deemed suitable to a soil survey, a Property-wide reconnaissance survey should be completed followed by more tightly spaced grids in areas showing anomalous gold values. Details regarding line spacing, sample intervals and grid orientation should be discussed and decided upon by Sage geologists after the test sample study has been completed.

Drilling

A Phase 1 1000 m drilling program should be planned and completed after the geological mapping has been accomplished. Details regarding collar positions and orientations should be discussed and decided upon by Sage geologists post geological mapping.

Item				*Total Cost*
Drilling		1000m		$ 220,000
Analytical				
Soil Samples		1500		$ 60,000
Core Samples		400		$ 20,000
Grab Samples		300		$ 12,000
Personnel				$ 75,000
Food/Accomodation				$ 27,000
Transportation/Fuel				$ 15,000
		GRAND TOTAL		$ 429,000

Table 4: Recommended Budget for the 2009 Exploration Program at the Jacobus East Property

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22.0 DATE AND SIGNATURE PAGE

This Technical Report was prepared to NI 43-101 standards by Robert L'Heureux (Qualified Person) and assisted by Ronnie Therriault. The effective date of this report is May 29, 2009.

{signed and sealed}

Robert B. L'Heureux, M.Sc., P.Geol.
APEX Geoscience Ltd.
May 29, 2009

{signed }

Ronnie Therriault, M.Sc.
May 29, 2009

23.0 CERTIFICATION

I, R.B. L'Heureux, of #416, 2098 Blackmud Creek Dr, Edmonton, Alberta, do hereby certify that:

1) I am a consulting geologist with APEX Geoscience Ltd. with an office at #200, 9797 45 Ave, Edmonton, Alberta.
2) I am a graduate of the University of Alberta in 1998 with a B.Sc. and in 2003 with a M.Sc. from the University of Western Ontario, both in Geology.
3) I am a member in good standing of the Association of Professional Engineers, Geologists and Geophysicists of Alberta.
4) I have practiced my profession continuously since 2003.
5) I have read the definition of "qualified person" set out in National Instrument 43-101 and certify that by reason of education, experience, independence and affiliation with a professional association, I meet the requirements of an Independent Qualified Person as defined in National Policy 43-101.
6) I am responsible for, or directly supervised, the writing of the report entitled "Technical Report on the Jacobus East Gold Property Thunder Bay Mining Division, Ontario, Canada" dated May 29, 2009; it is based on a study of the data and literature available on the Jacobus East Property.
7) As of the date of this certificate, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.
8) I am independent of the issuer applying all of the tests in section 1.4 of National Instrument 43-101.
9) I have read National Instrument 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.

Dated this 29th day of May, 2009

{signed and sealed}

Robert B. L'Heureux, M.Sc., P.Geol.
Edmonton, Alberta, Canada

I, R. Therriault, of #120 Banning St, Thunder Bay, Ontario, do hereby certify that:

1) I am an independent consulting geologist residing in Thunder Bay, Ontario.
2) I am a graduate of the University of Western Ontario in 2003 with a B.Sc. and in 2006 with a M.Sc., both in Geology.
3) I have practiced my profession continuously since 2006.
4) I assisted in the writing of the report entitled "Technical Report on the Jacobus East Gold Property Thunder Bay Mining Division, Ontario, Canada" dated May 29, 2009; it is based on a study of the data and literature available on the Jacobus East Property.
5) As of the date of this certificate, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.
6) I am independent of the issuer applying all of the tests in section 1.4 of National Instrument 43-101.
7) I have read National Instrument 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.

Dated this 29th day of May, 2009

{signed}

Ronnie Therriault, M.Sc.
Thunder Bay, Ontario, Canada

Golden Extension
Chemalloy
Jacobus Zone Showing
Greenspar
Kachak - Golden Mile
Lucky Strike
Greenstone
Argonne South
River
Carling Copper
Milestone
Silver Sovereign
Cerro
Barrum Green
Agaura Eagle
Jupiter
Quebec-Surgeon River
Major Surgeon
Brenbar

Legend

- Jacobus East Property
- Contours
- Rivers
- Railway

Areas of interest

- Major Showing
- Mine

Roads

- Primary
- Secondary
- Tertiary

Surface

- Lakes
- Swamp

Geology

- Mafic-ultramafic
- Foliated tonalite
- Diorite-monzonite-granodiorite
- Granodiorite-granite
- Mafic-intermediate metavolcanic
- Felsic-intermediate metavolcanic
- Iron Formation
- Faults
- Dikes

5526000
5524000
5522000
5520000
5518000
5516000
5514000
5512000

436000
438000
440000
442000
444000
446000
448000
450000
452000
454000
456000

Sage Gold Inc.

Jacobus East Property
Property Location and Regional Geology

0 0.25 0.5 0.75 1 Km

NAD 83, Zone 16
1:20,000

Toronto, Ontario — Fig. 2 — May, 2009

Crooked Green Lake
Alma Lake
Calvert Lake
Wedlock Lake
Hindson Lake
Miner Lake
3005561
3005560
3005559
3005556
3005557
3005558
3005564
3005563
3005562
3005565
3016079
3016080
3016168
3016081
3016169
1195676
3018954
3011513
Golden Edmison
Jacobus East Showing
Chemalloy
Greenguy

Legend

- Jacobus East Property
- Contours
- Rivers
- Railway
- Showing

Roads

- Primary
- Secondary
- Tertiary

Surface

- Land
- Lakes
- Swamp

Jacobus East Grab Samples

Au (g/t)

- 0.00 - 0.25
- 0.26 - 0.50
- 0.51 - 1.00
- 1.01 - 5.00
- 5.01 - 10.00
- 10.01 - 25.00
- 25.01 - 259.99

Sage Gold Inc.

Jacobus East Property
Claims Distribution
and
Grab Sample Results

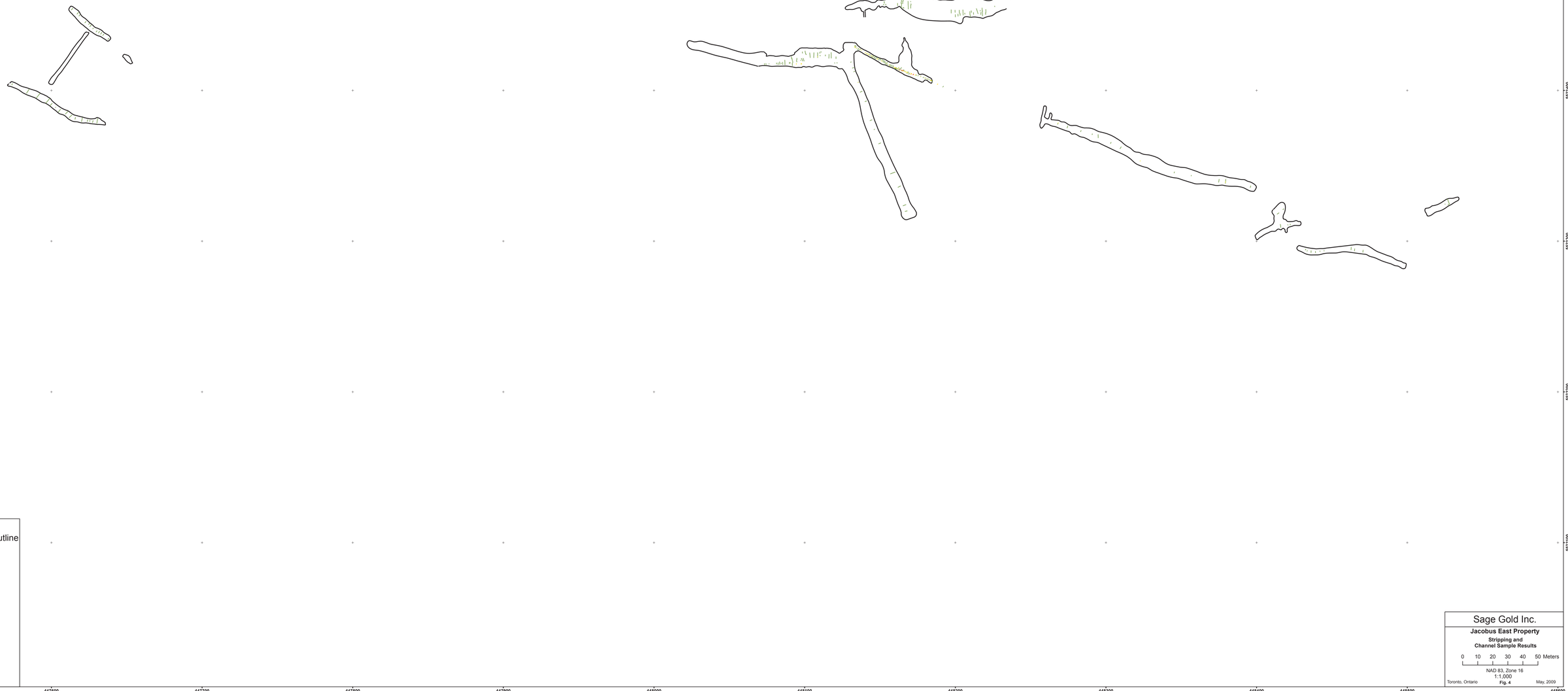
0 0.1 0.2 0.3 0.4 0.5 Km

NAD 83, Zone 16
1:10,000

Toronto, Ontario — **Fig. 3** — May, 2009

442000 444000 446000 448000 450000

5926000 5924000 5922000 5920000 5918000


5523000
5522700
5522600
5522400
5522300
5522200
5522100
447600
447700
447800
447900
448000
448100
448200
448300
448400
448500
448600
Legend
Jacobus stripping outline
Jacobus Channels
Au (g/t)
0.00
0.01 - 0.50
0.51 - 1.00
1.01 - 2.00
2.01 - 5.00
5.01 - 30.00
30.01 - 20.00
20.01 - 30.00
30.01 - 50.00
50.01 - 136.50
Sage Gold Inc.
Jacobus East Property
Stripping and
Channel Sample Results
0 10 20 30 40 50 Meters
NAD 83, Zone 16
1:1,000
Toronto, Ontario
Fig. 4
May, 2009