SAGE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2018

The Company is a reporting issuer under applicable securities legislation in the provinces of British Columbia, Alberta and Ontario and its outstanding Common Shares are listed on the TSX Venture Exchange (the "**Exchange**") under the symbol "**SGX**". During October 2017, the Company changed its fiscal and reporting year-end from September 30 to December 31 to more closely coincide with its industry peers.

The following management's discussion and analysis ("**MD&A**") of the financial condition and results of the operations of Sage Gold Inc. ("**Sage**", or the "**Company**") constitutes management's review of the factors that affected the Company's financial and operating performance for the three month period ended March 31, 2018 ("**first quarter of 2018**"). The comparative period is for the fiscal quarter ended March 31, 2017. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the fifteen month period ended December 31, 2017 and the year ended September 30, 2016, and the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2018, together with the notes thereto ("the **financial statements**"). Results are reported in Canadian dollars, unless otherwise noted. The financial statements and the financial information contained in this MD&A were prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and interpretations of the IFRS Interpretations Committee ("**IFRIC**"). The MD&A is dated July 9, 2018 and is current to that date.

Additional information relating to the Company is available free of charge on the System for Electronic Document Analysis and Retrieval ("**SEDAR"**) website at www.sedar.com or on Sage's website at www.sagegoldinc.com.

Caution Regarding Forward-Looking Statements

The MD&A contains forward-looking information within Canadian securities laws (collectively "**forward looking statements**") concerning the anticipated developments in the Company's operations in future periods, its planned exploration activities, the adequacy of its financial resources and other events or conditions that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Statements concerning mineral reserve and resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed. Any statements that express or involve predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "anticipates", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential" or variations thereof, or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Please also refer to the Risk Factors outlined in this MD&A concerning the Company's business and assumptions.

Forward-looking statements	Assumptions	Risk factors
Potential of Sage's properties to contain economic deposits of precious and base metals	Financing will be available for future exploration and development of Sage's properties; the actual results of Sage's exploration and development activities will be favourable; operating, exploration and development costs will not exceed Sage's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to Sage, and applicable political and economic conditions are favourable to Sage; the price of precious and base metals and applicable interest and exchange rates will be favourable to Sage; no title disputes exist with respect to the Company's properties	Precious and base metals price volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with Sage's expectations; availability of financing for and actual results of Sage's exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff
The Company's ability to meet its working capital needs at the current level for the twelve-month period ending March 31, 2018	The operating and exploration activities of the Company for the twelve months ending March 31, 2018, and the costs associated therewith, will be consistent with Sage's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to Sage; the price of the Company's common shares will recover to prices that will allow the Company to finance.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions; {ability to cure the default under the Gold Prepayment Agreement with Cartesian Royalty Holdings.}
Plans, costs, timing and capital for future exploration and development of Sage's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations	Financing will be available for Sage's exploration and development activities and the results thereof will be favourable; actual operating and exploration costs will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to Sage; the Company will not be adversely affected by market competition; debt and equity markets, exchange and interest rates and other applicable economic and political conditions are favourable to Sage; the price of precious and base metals will be favourable to Sage; no title disputes exist with respect to Sage's properties	Precious and base metals price volatility, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with Sage's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff
Management's outlook regarding future trends	Financing will be available for Sage's exploration and operating activities; the price of precious and base metals will be favourable to Sage	Precious and base metals price volatility; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions
Sensitivity analysis of financial instruments	The future gold price and the U.S. dollar to Canadian dollar exchange rate are favourable to the Company's Gold Prepayment Agreement with CRH. Sage does not have significant exposure to interest rates risks.	Changes in stock markets; changes in debt and equity markets; interest rate and exchange rate fluctuations
Prices and price volatility for precious and base metals	The price of precious and base metals will be favourable; debt and equity markets, interest and exchange rates and other economic factors which may impact the price of precious and base metals will be favourable	Changes in the spot price of precious and base metals; interest rate and exchange rate fluctuations; changes in economic and political conditions; change in the strength or weakness of the U.S. dollar.

Company Overview and Background

Sage is primarily engaged in the exploration for and development of gold in Ontario, Canada. Its main properties are the Clavos gold property near Timmins ("**Clavos**") and the Onaman property ("**Onaman**"), including the Lynx copper, gold, silver deposit and the Headway zinc, lead, silver, gold occurrences in the Beardmore-Geraldton Gold Camp.

Sage began this 2018 fiscal year having completed a number of milestones during the fifteen month period ended December 31, 2017 including:

- November 2016 - secured an $11.5 financing package from Cartesian Royalty Holdings Pte. Ltd. ("CRH") to fund the development and restart of the Clavos Project.
- November 2016 – received notification from the Ministry of Northern Mines and Development ("MNDM" Ontario, that the status of the Clavos Project had been changed from "Inactivity" to "Mine Production and Development".
- Completed the acquisition of the remaining 40% interest in the Clavos Joint Venture from Kirkland Lake Gold Ltd.
- Signed a custom toll milling agreement with Primero Mining Corp. to process up to 200,000 tonnes of mineralized material per year over an estimated 7 year mine life from the Clavos Project at Primero's Black Fox-Stock mill approximately 10 km from Clavos.
- Repaid $2,433,239 owing to Waterton Global Value L.P. under a secured loan agreement.
- Completed significant mine dewatering and development work aimed at putting the Clavos Project back into production.
- October 2017 – completed the first bulk sample mill run of Clavos mineralized material.

Significant Events during the three months ended March 31, 2018

Hard Dollar Financings

Subsequent to December 31, 2017, the Company raised $2,359,695 in financings as follows:

- On January 15, 2018, the Company sold 6,397,226 units at $0.11 per unit for gross proceeds of $703,695;
- On January 18, 2018, the Company sold 3,568,181 units at $0.11 per unit for gross proceeds of $392,500;
- On January 26, 2018, the Company sold 7,298,909 units at $0.11 per unit for gross proceeds of $802,880;
- On February 16, 2018, the Company sold 4,187,453 units at $0.11 per unit for gross proceeds of $460,620; and

(see Liquidity and Capital Resources section for further details of all financings).

Loans Payable and Warrant Exercise

On March 12, 2018, the Company borrowed an additional $400,000 under the outstanding shareholder promissory note and capitalized accrued interest of $145,364 to bring the outstanding principal balance to $1,823,255. The maturity date of the note was also extended from May 9, 2018 to December 12, 2018. In addition, on January 5, 2018, the Company received proceeds of $33,000 from this shareholder through the exercise of 330,000 warrants to purchase common shares at $0.10 per share.

Significant Events Subsequent to March 31, 2018

Hard Dollar Financings

Subsequent to March 31, 2018, the Company raised $137,500 in financings as follows:

- On May 28, 2018, the Company sold 2,500,000 units at $0.055 per unit for gross proceeds of $137,500. Each unit consisted of one common share and one common share purchase warrant with an exercise price of $0.075 for a period of 36 months.

Notice of Default in Respect of Gold prepayment agreement

On May 11, 2018, the Company announced that it had received a Notice of Default from CRH pursuant to the GPA for failure to deliver Refined Gold produced from bulk sample mill runs of Clavos mineralized material in 2018.

In addition, under the terms of the GPA, the Company was supposed to have achieved "Commercial Production", as such term is defined within the GPA, by May 17, 2018. Failure to meet this target also constitutes an Event of Default under the terms of the GPA. Subject to any applicable cure periods, CRH as secured lender is in a position to terminate the GPA and enforce its security over the Clavos Project.

On June 26, 2018, the Company was served with a Notice of Intention to Enforce Security under Section 244 of the Bankruptcy and Insolvency Act on behalf of CRH.

Resignation of Director

On June 28, 2018, Gary Robertson resigned from the Board of Directors of the Company.

Current Status of Clavos Project

The Company has suspended its bulk sampling program following the completion of its most recent mill run. Approximately 5,462 tonnes of mineralized material was processed by the custom mill facility yielding approximately 310 ounces of gold. In total, 33,963 tonnes of mineralized material have been processed from October 2017 to May 2018, yielding approximately 2,164 ounces of gold.

The Company has gained significant insight and knowledge into the Clavos deposit through this bulk sampling program, additional drilling and geological mapping. Under normal circumstances, the Company's next steps would be to complete an updated Mineral Resource estimate and revised mine plan. However, since disclosing that the Company had been served with a Notice of Default by CRH, notifying the Company that it was in default of the GPA, the Company has been unable to raise the capital necessary to complete these necessary steps.

In light of this and the Company's current financial situation, the Company is taking steps to reduce all but critical expenditures. These steps include instructing the Company's mining contractor, who has supplied substantially all the labour at the Clavos Project, to reduce staffing costs to essential care and maintenance personnel only.

Going Concern

The Company's condensed consolidated interim financial statements have been presented on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of the business. In assessing whether or not there are material uncertainties that may lend doubt as to the ability of the Company to continue as a going concern, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, as described in the following paragraph. The condensed consolidated interim financial statements do not reflect the adjustments to the carrying values

of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

The Company is still currently in the exploration and development stage however, it is in the process of transitioning to a producer. It is subject to the significant risks and challenges similar to other companies in a comparable stage of development. These risks include, but are not limited to, dependence on key individuals, successful development of the Project and successful transition to mining operations, the ability to secure adequate financing to provide the minimum capital required to successfully complete the development of the Company's projects, fund start-up working capital and successfully transition to mining operations in order to continue as a going concern. There is no assurance that these initiatives will be successful and, as a result, these uncertainties may cast significant doubt upon the validity of the going concern assumption.

During the three month period ended March 31, 2018, the Company reported a net loss of $2,998,629 and has not generated cash flow from operations. As at March 31, 2018, the Company had negative working capital of $20,835,917. As a result, the Company will require significant additional financing within the short-term in order to meet its liabilities as they come due. In addition, on May 11, 2018, the Company announced that it had received a Notice of Default from CRH pursuant to the GPA for failure to deliver Refined Gold from gold produced from bulk sample mill runs of Clavos mineralized material in 2018. In addition, on June 26, 2018, the Company was served with a Notice of Intention to Enforce Security under Section 244 of the Bankruptcy and Insolvency Act on behalf of CRH.

As a result of these announcements, the price of the Company's common shares has declined which has significantly increased the risk that the Company will not be able to raise sufficient funds through financing initiatives to meet its financial obligations. As a result of the Company's current financial situation, and given that the Company has yet to complete an update to the estimated Mineral Resources at the Clavos Project and update to the corresponding life-of-mine plan, the Company was required to book a write-down in its December 31, 2017 financial statements against the carrying value of mine development and mineral property expenditures of $12,275,416.

Please see note 1 to the financial statements for further details and also refer to the Risk Factors outlined in this MD&A concerning the Company's business and assumptions.

Review of Properties

Clavos Project – 100% Owned by Sage

Background, Change in Status and Consolidation of Ownership

In 2010, Sage optioned the Clavos Property from St. Andrew who had previously invested over $60 million in the Clavos Project, producing limited quantities of gold between 2005 and 2007. Sage formed a joint venture with St. Andrew in August 2012 and became operator of the Project. As noted above, in November 2016, Sage completed the purchase of the remaining 40% of the Clavos JV from Kirkland Lake, successfully had the status of the Project changed by the MNDM from "Inactivity" to "Mine Production and Development" and signed a custom toll milling agreement in order to process mineralized material from the Clavos Property upon the resumption of mining activities. Having received a financing package from CRH and with an objective of bringing the Clavos Project into commercial production, mine dewatering and rehabilitation work at Clavos commenced in early 2017.

Environmental

The Company has been active in upgrading its environment management system and has been working closely with the environmental regulators. Despite this, the Company was issued a $30,000 penalty by the Ministry of the Environment ("MOE") for failure to have a compliant Spill Prevention and Contingency Plan at the Clavos site as at July 31, 2017. The deficiency has been rectified. The penalty, which was accrued in the December 31, 2017 financial statements and was due by May 31, 2018, remains unpaid. The Company completed and submitted an updated Application for an Environmental Compliance Approval for Air and Noise with the MOE. In addition, work is continuing to complete a draft amendment to the mine closure plan for submission to the MNDM.

Mine Development and Bulk Samples

The underground workings were dewatered to the 260mL, representing approximately a 90% stage of completion of dewatering the entire underground infrastructure. In order to access the balance of the underground workings, the Company must bring services below the 200 mL at an estimated cost of approximately $500,000. Mine rehabilitation work was carried out concurrent with the dewatering of the underground workings. Above the 200mL, underground workings are in good operating condition. The Company experienced operational challenges during mine development and start up. The Company was not connected to the local hydro grid until October 2017. As a result, the project timeline was delayed. In addition, Timmins experienced an extremely cold 2018 winter. As a result, frequent mechanical breakdowns and inability to crush due to extreme cold weather was experienced by the Company's contract crusher.

To date, the Company has taken bulk samples from the following:

- 100 mL West within the Footwall ("FW") and Hanging Wall ("HW") mineralized structures;
- 150 mL East within both the HW and FW between historic mined out blocks;
- 150 mL West which included extending 75 meters further west to facilitate access to the FW zone which was not developed by St. Andrew;
- 175 mL historic St. Andrew longhole stope;
- 175 mL East within both the HW and FW; and
- 200 mL East within the FW structure, including mineralized material left by St. Andrew.

The Company has completed seven bulk sample mill runs to date with the results of the 7th pending.

Results from the 7 mill runs covering the period October 2017 to May 2018 are summarized as follows:

	October 2017	Nov. 2017	Dec. 2017	January 2018	March 2018	April 2018	May 2018	Total
Dry tonnes milled	6,058	4,546	3,398	4,270	3,976	6,252	5,462	33,963
Recovery (%)	88.43%	78.53	81.50%	82.60%	87.40%	84.92%	82.52%	84.59%
Grade (g/t Au)	2.76	1.55	1.55	2.13	2.79	3.01	2.15	2.35
Ounces produced	475	177	137	241	311	512	310	2,163

Proceeds received from the sale of gold recovered as part of bulk sample mining activities, is credited against mine development expenditures until commercial production is achieved.

In the three months ended March 31, 2018, expenditures incurred at Clavos are summarized as follows:

Mine Development Expenditures	Three months ended March 31, 2018	Three months ended March 31, 2017
Property, plant and equipment		
Clavos pre-production costs	$ 1,470,472	$ 1,220,477
Mining equipment	36,945	258,786
Total expenditures on PP&E	1,507,417	1,479,233
Exploration expenditures	142,086	331,050
Total Clavos expenditures	$ 1,649,503	$ 1,810,283

The 2013 PEA envisioned initial capital expenditures of approximately $8.2 million in the first year of operation, including approximately $2.6 million in mobile mining equipment. As noted above, the Company netted approximately $7.6 million from the CRH financing before any expenditures on Project working capital, general and administrative expenses, exploration expenditures or otherwise. It was therefore the case that the funding from the CRH financing was insufficient to fully execute the capital requirements of the PEA. In addition, with the PEA being deemed reliable +/-50%, there was no margin of error in the event that actual results differed from the PEA to the downside.

Due to the shortfall in financing, rather than purchasing its mobile equipment fleet, the Company was forced to enter into vendor finance lease programs. As at March 31, 2018 a significant amount remains owing towards the existing property, plant and equipment.

Clavos pre-production costs include the rehabilitation of the Clavos surface and underground infrastructures, mine dewatering, development activities and costs associated with bulk sample mining, net of proceeds for recovered gold.

The 2013 PEA envisioned year 2 capital expenditures of $3.8 million and additional sustaining capital of $2.5 million. The remaining major projects include the completion of a coarse material bin on surface, construction of a surface backfill plant, construction of an underground substation, construction of an underground water handling system, additional ventilation infrastructure and the purchase of additional mobile equipment. The Company does not currently have the funds necessary to complete any of these projects. As such, completion of remaining mine development and capital purchases is entirely contingent on securing additional funding.

In addition to the need for additional funding to complete required development work, the Company has not completed an updated Mineral Resource estimate or an updated life-of-mine plan. As such, the Company was not able to conduct an impairment analysis of the carrying value of mine development costs based on a discounted cash flow model, as is traditionally done. As a result of the risks and uncertainties faced by the Company associated with market conditions and obtaining additional financing necessary to complete further development of the Clavos Project, management decided to write-off $10,904,300 of the carrying value of Clavos pre-production costs and a significant portion of the buildings and site infrastructure and a further $1,371,117 included in mineral properties principally related to the purchase of the 40% interest in the Clavos JV from Kirkland Lake. Once it has been re-established that the Project is technically feasible and commercially viable, supported by an updated Mineral Resource estimate and life-of-mine plan supported by sufficient funding to execute the plan, management will assess the Project's recoverable amount for the purpose of reinstating amounts written off as allowed under IFRS. Until such time, any further mine development expenditures will be expensed as incurred through the statement of operations.

Current Status of Clavos Project

The Company has gained significant insight and knowledge into the Clavos deposit through this bulk sampling program, additional drilling and geological mapping. Under normal circumstances, the

Company's next steps would be to complete an updated Mineral Resource estimate and revised mine plan. However, since disclosing that the Company had been served with a Notice of Default by CRH, notifying the Company that it was in default of the GPA, the Company has been unable to raise the capital necessary to complete these necessary steps.

In light of this and the Company's current financial situation, the Company is taking steps to reduce all but critical expenditures. These steps include instructing the Company's mining contractor, who has supplied substantially all the labour at the Clavos Project, to reduce staffing costs to essential care and maintenance personnel only.

The Company will endeavor to update the Mineral Resource estimate and life-of-mine plan for the Clavos Project. The Company and all of its stakeholders will be best served by the successful implementation of this updated plan.

Exploration and Evaluation Activities

Onaman Property – 100% Owned by Sage

Located just over 3 hours driving distance northeast of Thunder Bay, Ontario and accessible on maintained roads year-round, Onaman hosts several base and precious metal occurrences and significant mineralized zones in what may be a Mattabi-type submarine volcanogenic massive sulfide ("VMS") setting. Sage believes the Onaman VMS system is large in scale, long-lived and complex as evidenced by several, related mineralized zones of different ages and metal composition, and several generations of widespread and often intense hydrothermal mineralization.

Lynx Project

The Lynx project, forming part of the Onaman property, is a polymetallic copper, gold and silver project. The property hosts an NI 43-101 Mineral Resource estimate dated March 31, 2009 comprised of 1,936,000 tonnes at an average grade of 1.44% Cu, 39.6 g/t Ag and 0.58 g/t Au, containing an estimated 61.3 million pounds of copper, 2.24 million ounces of silver and 33,000 ounces of gold in an Inferred category. The estimate is reported at a cut-off grade of 0.5% copper. In addition to the above-mentioned Mineral Resource estimate, there is an additional open-pit Inferred Mineral Resource estimate of 458,000 tonnes at 2.1% Cu, 45.3g/t Ag, 0.70 g/t Au at 1.0% Cu cut-off. The deposit remains open in both directions and at depth.

In addition to the Lynx project, the Company also has a portfolio of exploration properties in the Northwestern Beardmore-Geraldton Gold Camp in Northern Ontario.

Headway Project

Situated roughly 200 meters stratigraphically above Lynx is the Headway deposit, hosting a Historical Resource of 739,400 tonnes averaging 3.15% zinc and 31 g/t Ag. Lead and gold mineralization has also been historically documented. Whereas Headway is hosted mostly in submarine felsic volcanics (tuffs), Lynx is hosted in the underlying mafic flows. The area in between has never been drilled despite mineralization having been documented in isolated outcrops in this low-lying intervening area.

The Grade and tonnage estimates presented above were provided by Goldbrook Ventures Inc. and are historical in nature and were not prepared in accordance with NI 43-101 and have not been verified by a qualified person.

Other Zones

Several other mineralized zones have been historically documented across the property, hosting different combinations of base and precious metals (copper-lead-zinc and silver-gold, respectively) in variable

proportions. None have been fully drilled. Numerous geophysical conductors have been delineated in previous surveys, as well; all but a few remain untested, to date. Additionally, there is a large sulfide-rich zone sitting atop what appears to be a center of shallow submarine felsic volcanism overprinted by zoned and increasingly intense hydrothermal alteration - the "Big Mac" zone, that has been only superficially mapped and drilled; this zone is over 1 km long on surface.

Exploration Expenditures

For the three months ended March 31, 2018, the Company incurred $23,613 in exploration and evaluation expenditures related to Onaman, as compared to $251,753 incurred during the quarter ended March 31, 2017.

2017 Fieldwork

Recent fieldwork and analyses of historical Sage drill core has identified a new and possibly significant VMS target horizon.

Detailed re-logging of core holes drilled during the Headway drilling campaign (see news release dated April 4, 2017) and those drilled into and below the uppermost Big Mac massive pyrite-pyrrhotite sulfide zone by Sage in 2008, has enabled Sage geologists to reconstruct the complete volcano-sedimentary and alteration history and zonation of the Onaman Volcanic Complex ("OVC") as well as identify a previously unrecognized target area. Centrally located within an emergent felsic volcanic sequence, or "felsic center", an interval of weakly mineralized sulfidic mudstone has been identified, indicative of a period of quiescence between periods of active volcanism within which sulfides were deposited in seafloor muds and partly replaced and altered the underlying felsic volcanic rocks. Intersected at a depth of over 100 meters below the swamp-covered surface, both ground and borehole geophysics will be required in order to define this significant horizon and delineate vectors to where more significant volumes of sulfides may lie.

Pending Property Acquisition

On January 18, 2017, Sage announced the signing of an agreement to acquire an important land package (the 'Purchase Agreement') at its Onaman property, located roughly sixty kilometers north of the town of Jellicoe, in northwestern Ontario. The land package, comprising of 43.6 units for a total of 698 hectares, including a combination of both patented and unpatented claims, leased claims and one license of occupation, is to be acquired from Jien Nunavik Mining Exploration Limited ("Jien") upon the fulfilment of certain closing conditions contained in the Purchase Agreement.

The Purchase Agreement includes the following terms:

- The issuance of 1.25 million common shares of Sage to Jien (subject to the approval of the TSX Venture Exchange);
- A $300,000 exploration expenditure commitment by Sage over five years; and
- The granting of a 2% NSR royalty, with an open-ended option to repurchase half of the royalty for cash of $500,000.

At present, this agreement has not yet closed owing to the need to release a security lien imposed on the property by the Quebec government.

Onaman Property – Current Status

The annual advance royalty payment of $25,000 due in May 2018 is currently past due and unpaid. Sage is working with the property vendors to pay the advance royalty through a combination of cash and common shares or exclusively with common shares.

Other Properties

The following is a list of the Company's projects and properties:

Ontario	Location	Sage interest	Hectares
Timmins Gold camp (Clavos)	Timmins Mining District Leases	100%	65
Timmins Gold camp (Clavos)	Timmins Mining District Patents	100%	1540
Timmins Gold camp (Clavos)	Timmins Mining District Unpatented Mining Claims	100%	935
Onaman	Beardmore and Geraldton Mining Claims	100%	3,232
Onaman	Beardmore and Geraldton Leases and Patents	100%	449
Pillars	Beardmore and Geraldton Mining Claims	100%	64
Pillars	Walters Township Mining Lease	100%	72
Pillars	Walters Township Mining Lease	100%	282
Hopkins Purchase	Gzowski Township Mining Patents	100%	137
Hopkins Purchase	Esquega Township Mining Lease	100%	136
Hopkins Purchase	Corbiere Township Mining Lease	100%	41
Clist Lake	Leopard Lake Area Mining Claims	100%	768

Note: The Clavos and Onaman Properties are discussed above.

Pillars Property
The annual advance royalty payment of $25,000 due in January 2018 is currently past due and unpaid. Sage is working with the property vendors to pay the advance royalty through a combination of cash and common shares or exclusively with common shares. In addition, as a result of having previously optioned the property to a third party who allowed the option to lapse, the 2016 advance royalty payment of $25,000 is also owing to the property vendors. The Company has accrued for this amount in the March 31, 2018 condensed consolidated interim financial statements.

Hopkins Purchase
On July 4, 2017, MacDonald Mines Exploration Ltd. ("MacDonald Mines") and Sage announced they had signed a Letter of Intent for MacDonald Mines to purchase Sage's 100% interest in the Soocana Claims, adjacent to the Holdsworth property, in the Esquega and Corbiere Townships of Northern Ontario. The Soocana Claims consist of a contiguous block of 12 claims that cover 437.3 acres. The claims are under a 99-year lease agreement with Josephine Forest Resources Ltd. ("Josephine") that expires on July 31, 2039.

In consideration for the acquisition of the claims, MacDonald Mines is to issue 4,000,000 common shares and 4,000,000 warrants exercisable for three years at $0.30 to Sage and issue a 1% NSR royalty on the property. Closing is subject to TSX Venture Exchange approval and certain other customary closing conditions. To date, this transaction has not closed pending the approval of Josephine to assign the lease agreement to MacDonald Mines. Recent communication with Josephine indicates that they are now ready to complete the transaction.

Clist Lake
The annual advance royalty payment of $5,000 due in January 2018 is currently past due and is unpaid. Sage is working with the property vendors to pay the advance royalty through a combination of cash and common shares or exclusively with common shares.

Qualified Persons

The technical content concerning Clavos contained in this MD&A has been reviewed by Messrs. Bob Ritchie, P. Eng., a consulting engineer, and Peter Hubacheck, P. Geo., a consulting geologist, both of whom are qualified persons as defined in NI 43-101. The technical content concerning Onaman contained in this MD&A has been reviewed by Mr. Avrom E. Howard, MSc, P. Geo., a consulting geologist, who is also a qualified person as defined in NI 43-101.

Off-Balance-Sheet Arrangements

The Company has no off-balance sheet arrangements other than a Gold Supply Agreement with Waterton Global Value L.P. ("Waterton"), whereby Waterton has the option to purchase gold production from the Company's Clavos Project at the lower of the average market price of gold for the 30 trading days immediately prior and the market price of gold on the day immediately prior to the sale, based on the London Bullion Market Association, for up to the greater of 120,000 ounces or the first five years of production.

Selected Quarterly Information

A summary of selected information for each of the eight most recent quarters is as follows:

Three months ended	Total revenue	Net Loss	Loss Per Share[1]
March 31, 2018	$-	$2,998,629	$0.03
December 31, 2017	$-	$7,601,572	$0.10
September 30, 2017	$-	$4,872,469	$0.06
June 30, 2017	$-	$3,897,384	$0.06
March 31, 2017	$-	$4,448,465	$0.07
December 31, 2016	$-	$742,674	$0.02
September 30, 2016	$-	$453,574	$0.02
June 30, 2016	$-	$409,133	$0.01

(1) Basic and diluted loss per share.

Results of Operations

	Three months ended March 31,	
	2018	2017
Operating expenses		
Clavos pre-production	**$ 1,470,472**	$ 1,220,477
Exploration and evaluation	**210,483**	651,130
General and administrative	**492,113**	475,346
Share-based compensation	**91,074**	-
Amortization	**31,230**	18,313
	2,295,372	2,365,266
Other items		
Interest and other (income) and expense	**2,935**	(3,209)
Finance expense	**84,630**	48,000
Accretion interest on CRH financing	**490,420**	602,331
Amortization of deferred loss on CRH financing	**44,331**	-
Mark-to-market loss on CRH financing	**79,495**	1,435,178
Foreign exchange gain	**(8)**	(8)
Bank charges	**1,454**	907
	703,257	2,083,199
Net loss for the period	**$ 2,998,629**	$ 4,448,465

Three months ended March 31, 2018 vs. the three months ended March 31, 2017

The Company recorded a net loss of $2,998,629 for the three months ended March 31, 2018 (the "Current Quarter") or $0.03 per share compared to a net loss of $4,448,465 or $0.07 per share for the three months ended March 31, 2017 (the "Comparative Quarter"). The difference of $1,449,836 is explained in the following paragraphs.

General and administrative expenses were $492,113 during the Current Quarter, an increase of $16,767 from the Comparative Quarter, primarily due to the addition of a couple employees at head office.

Exploration and evaluation costs were $210,483 during the Current Quarter, a decrease of $440,647 from the Comparative Quarter. After receiving funding from the CRH financing in the Comparative Quarter, the Company initiated more extensive exploration activities at Clavos compared to the Current Quarter where the focus had shifted away from exploration and on to development and bulk sample mining.

Share-based compensation costs were $91,074 during the Current Quarter compared to $nil in the Comparative Quarter. No stock options were issued prior to the Comparative Quarter. As such, there was no expense. The expense in the Current Quarter relates to stock options granted in April 2017.

Amortization was $31,230 during the Current Quarter compared to $18,313 in the Comparative Quarter. The increased was the result of a higher depreciable base in 2018.

Finance expense was $84,630 during the Current Quarter compared to $48,000 during the Comparative Quarter, an increase of $36,630. The increase relates to interest on finance leases associated with the mobile equipment at the mine site. .

Changes in other line items from the Comparative Quarter to Current Quarter are not material or are non-cash.

Liquidity and Capital Resources

Cash position

As at March 31, 2018, the Company had cash and of $169,048 compared to $52,221 as at December 31, 2018, or an increase of $116,827.

	Three months ended	
	March 31, 2018	March 31, 2017
Cash flows from operating activities		
Loss for the period	$ (2,998,629)	$ (4,448,465)
Items not affecting cash	717,004	2,103,188
Loss for the period - cash	(2,281,625)	(2,345,277)
Changes in non-cash working capital items	(277,481)	460,686
Net cash flows from operating activities	(2,559,106)	(1,884,591)
Net cash flows from financing activities	2,712,878	2,000,000
Net cash flows from investing activities	(36,945)	(258,786)
Net change in cash during the period	116,827	(143,377)
Cash, beginning of period	52,221	2,788,593
Cash, end of period	**$ 169,048**	$ 2,645,216

Three months ended March 31, 2018 vs. the three months ended March 31, 2017

During the three month period ended March 31, 2018 (the "Current Period"), the Company recorded cash expenses of $2,281,625, a working capital use of $277,481 and the purchase of mining equipment of $36,945 compared to cash expenses of $2,345,277 and investing activities of $258,786 during the period ended March 31, 2017 (the "Comparative Period").

These expenditures were financed by a cash flows from financing activities of $2,712,878 and opening cash balances during the Current Period compared to $460,686 from net change in non-cash working capital and $2,000,000 from a drawdown of the CRH financing facility during the Comparative Period.

Cash Flows From Operating activities

Current Period – three months ended March 31, 2018
Cash expenses during the Current Period were $2,281,625 and relate primarily to $1,470,472 in Clavos pre-production costs, $210,483 in exploration and evaluation, $492,113 in general and administrative costs, $86,084 in finance interest costs and bank charges. In addition to cash flows from financing activities, these expenses were financed largely through $2,712,878 of financing activities.

Comparative Period – three months ended March 31, 2017
By comparison, cash expenses during the Comparative Period were $2,345,277 and relate primarily to $1,220,447 in Clavos pre-production expenditures, $651,130 in exploration and evaluation and advance royalty payments, $475,346 in general and administrative costs and most of the remainder on finance charges. In addition to cash flows from financing activities, the expenses were financed to a lesser degree from an increase in accounts payable and accrued liabilities of $564,647

Cash Flows From Financing activities

The Company received net cash flows from financing activities during the Current Period of $2,712,878 which were used to fund investing activities and the shortfall in operating activities compared to $2,000,000 during the Comparative Period which was predominantly used to fund the shortfall in operating activities and add to cash balances at the end of the period.

Current Period – three months ended March 31, 2018
On March 12, 2018, the Company increased the existing promissory note with a shareholder by $400,000. The same shareholder also exercised warrants at $0.10 per share for gross proceeds of $33,000.

Hard Dollar Financings

On January 15, 2018, the Company closed the first tranche of a non-brokered private placement of 6,397,226 units at $0.11 per unit for gross proceeds of $703,695.

On January 18, 2018, the Company closed the second tranche of a non-brokered private placement of 3,568,181 units at $0.11 per unit for gross proceeds of $392,500.

On January 26, 2018, the Company closed the third tranche of a non-brokered private placement of 7,298,909 units at $0.11 per unit for gross proceeds of $802,880.

On February 16, 2018, the Company closed the fourth and final tranche of a non-brokered private placement of 4,187,453 units at $0.11 per unit for gross proceeds of $460,620.

In each instance each unit consisted of one common share and one common share purchase warrant. Each warrant and finders' warrant entitles the holder to purchase one common share at a price of $0.16 for a period of 24 months from the closing of the respective tranche. Collectively, the Company incurred $129,537 of share issue costs in cash, on these financings.

Comparative Period – Period ended March 31, 2017
During the three months ended March 31, 2017, the Company received $2,000,000 from CRH as the second drawdown of the gold prepayment agreement.

Cash Flows From Investing Activities

The Company spent $36,945 on mining equipment during the Current Period compared to $258,786 during the Comparative Period.

Current Period – Three months ended March 31, 2018
During the Current Period, the Company spent $36,945 on mining equipment at the Clavos Project.

Comparative Period – Three months ended March 31, 2017
During the Comparative Period, the Company spent $117,000 on a staff residence and $141,786 on other property, plant and equipment.

Contractual Obligations

The Company's contractual obligations as of March 31, 2018 are as follows:

	Total	*Less than one year*	*1 – 3 years*	*4 – 5 years*	*Beyond 5 Years*
Accounts payable and accrued liabilities	6,044,420	6,044,420	-	-	-
Loan payable	1,834,645	1,834,645	-	-	-
Finance leases	642,063	642,063	-	-	-
Operating leases	-	-	-	-	-
Commitment to incur eligible Canadian exploration expenditures	4,236,452	4,236,452	-	-	-
Decommissioning liabilities	311,948	-	-	-	311,948
	13,069,528	12,757,580	-	-	311,948

In addition, the Company is committed to sell a minimum of 16,100 ounces of gold and a maximum of 26,000 ounces of gold to CRH under the GPA commencing from December 27, 2017, representing 15% of the gold production from the Clavos Project. This commitment is expected to be satisfied through the life-of-mine gold production from Clavos.

Subsequent to March 31, 2018, the Company was required to deliver approximately 170 ounces of gold to CRH, being 15% of the 2018 gold production from the Clavos property. The Company has delivered 36 of the 170 ounces to CRH. On May 11, 2018, the Company announced that it had received notice from CRH that it was in default of the GPA for its failure to deliver Refined Gold owing to CRH. CRH as a secured lender is in a position to terminate the GPA and enforce its security over the Clavos Project.

The Company anticipates the fulfillment of the above listed contractual obligations (beyond one year) from future gold production from Clavos and/or further financings. At present, the Company's cash balances are insufficient to meet its near term obligations. The Company requires additional financing to meet these obligations. There can be no guarantee that the Company will be successful in raising the funds or completing a strategic transaction that would provide the funds necessary to meet these obligations.

Mining operations are subject to environmental regulations that require companies to reclaim and remediate land disturbed by mining operations. The Company has submitted a closure plan to the appropriate governmental agencies which estimates the nature, extent and costs of reclamation for its Clavos operations. As at March 31, 2018, the Company has recorded a decommissioning liability of $311,948 with respect to Clavos and placed a deposit of $310,924 with the environmental regulatory agencies in respect of its reclamation obligation at the Clavos property.

The Company is required to incur Canadian Exploration qualifying expenditures of $4,236,452 by December 31, 2018 as a result of the flow-through common shares issued in the year 2017 (Note 18.ix-x to the 2017 financial statements). As of March 31, 2018, the Company had met approximately $105,000 of this commitment. The Company does not currently having sufficient funds to meet this obligation and without additional hard dollar financing, will not be able to meet this obligation by the end of 2018.

The Company has committed to the following annual advance royalty payments:

- Clist Lake property - $5,000 (due January 7, 2018)
- Crooked Green Lake property - $5,000 (due January 7, 2018)
- Spooner property - $6,000 (due January 7, 2018)
- Solomon Pillars property - $25,000 (due January 10, 2018)
- Onaman property - $25,000 (due May 11, 2018)

On November 25, 2016, the Company repaid amounts owing to Waterton under a secured loan agreement. Despite the repayment of the Secured Loan, the Company remains party to a Gold Supply Agreement with Waterton, whereby Waterton has the option to purchase gold production from the Clavos Project at the lesser of the average market price of gold for the 30 trading days immediately prior and the market price of gold on the day immediately prior, for up to the greater of 120,000 ounces or for the first five years of production.

Contingent Payments to Management

As at March 31, 2018, the Company was party to certain consulting and employment agreements that contain clauses that require additional total payments of approximately $0.8 million be made upon the occurrence of a change of control. As a triggering event has not occurred, these contingent amounts have not been reflected in these financial statements.

Lease Commitments

During March 2017, the Company entered into a lease to rent office space for the Company's head office in Toronto. The term of the lease commenced on May 1, 2017 for a period of 36 months and expires on April 30, 2020.

In December 2017, the Company entered into a lease to rent a trailer at its Clavos property in Timmins to serve for mine rescue purposes as required by the Ministry of Labour. The initial term is for a one year period.

Commitments			
	2018	2019	2020
Office lease – Toronto	$24,365	$33,615	$ 11,366
Mine rescue trailer - Timmins	$11,760	$ -	$ -

These amounts have been included under operating leases in the table above.

Outlook

Mining is an extremely difficult business which can carry significant risks and offer above average returns. It is always a challenge when a Company seeks to transition from an exploration and development company to a producer. The Company entered 2018 with a vision to accomplish just that, looking to build on the development work completed at the Clavos Project during 2017.

Despite these accomplishments of the preceding year, the successful restart of the Clavos Project was subject to significant risks (in addition see "Risks and Uncertainties"). The decision to fund the Clavos Project by CRH and the decision to move forward with mine rehabilitation and development was based on a Preliminary Economic Assessment that was accurate to +/- 50%, was based solely on estimated Mineral Resources and not on Reserves and following the payment of various amounts including the Waterton secured loan, the purchase of the remaining interest in the Clavos JV from Kirkland and payment of certain fees to CRH, the Company was not left with sufficient funding to execute the development plans as outlined in the PEA. As such, successful transition from exploration and development to producer hinged on the Company being able to raise additional capital beyond the CRH financing and hoping that the PEA was accurate with no margin for error and no funding for start-up working capital.

Given these factors, the Company ended March 31, 2018 with a small cash balance in the bank and its business continued to be financed by large amounts owing to creditors, collectively. During the quarter the Company raised approximately $2.5 million in additional financing. The PEA had also suggested that the Company would be cash flow positive very early in the process of restarting the mine. Unfortunately

delays with having hydro installed caused the Company to incur additional expenditures and delay the start-up of bulk sample mining activities until closer to the winter. The operations then experienced an extremely cold winter which caused machinery breakdowns and significant operational shortfalls in respect to the Company's contract crusher which negatively affected expected cash flows. As a result, the Company suffered operating losses which were funded through equity financings and supplier credit.

The Company is currently in default of the terms of the GPA with CRH and does not have sufficient funds to meet its immediate obligations. The Company is in the process of examining its alternatives with respect to moving the Clavos Project forward and dealing with its financial obligations. There is a significant risk that CRH will terminate the GPA and act on its security package. On June 26, 2018, the Company was served with a Notice of Intention to Enforce Security under Section 244 of the Bankruptcy and Insolvency Act on behalf of CRH. At present, the outcome of these proceedings or the Company's ability to challenge such proceedings is unknown.

Related Party Transactions

Related parties include the Board of Directors, senior management, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at their exchange value. Please also see Note 21 to the condensed consolidated interim financial statements for a list of related party transactions entered into during the three months ended March 31, 2018.

Transactions with related parties during the three months ended March 31, 2018 and 2017 are as follows:

	Three months ended March31,	
	2018	2017
Share based payments to officers	$ 21,544	$ -
Share based payments to directors	$ 31,337	$ -
Fees charged by officers	$ 129,174	$ 118,250
Directors' fees	$ 25,500	$ 21,750

During the period ended March 31, 2018, fees of $92,750 (2017 - $128,750) were invoiced by directors and officers of the Company, and corporations controlled by these directors and officers of the Company relating to reimbursements and consulting services.

During the period ended March 31, 2018, the Company issued nil (2017 – nil) common shares as settlement of accounts payable to certain directors, officers and corporations controlled by these directors and officers.

Amounts due to/from related parties

Included in accounts payable and accrued liabilities at March 31, 2018, is $332,601 (December 31, 2017 - $621,753) due to directors and officers of the Company, and corporations controlled by directors and officers of the Company relating to reimbursements, director fees, and consulting services. These amounts are unsecured, non-interest bearing and are repayable on demand.

The Company has an unsecured promissory note payable to a shareholder of the Company of $1,834,645 as at March 31, 2018 (December 31, 2017 - $1,393,426) (see Note 14). The unsecured promissory note was increased and amended on March 12, 2018 and on January 5, 2018 this shareholder exercised warrants to purchase 330,000 common shares of the Company at $0.10 per share for gross proceeds of $33,000 (see Note 17).

Private placement participation

In the February 16, 2018 private placement (Note 16(b)(iv)) a corporation controlled by a director of the Company, purchased 325,454 units for gross proceeds of $35,800.

Messrs. Nigel Lees and up until recently, Patrick J. Mars, the President and CEO, and Chairman of the Company, respectively are also directors of a public company that is the holder of the Company's unsecured promissory note and a shareholder of the Company (see Note 14 to the financial statements). Mr. Peter Freeman, an independent director of the Company, is also a director of Cabo Drilling Corp., the underground driller for the Company at Clavos. In addition, Mr. Thomas Puppendahl is a principal officer of CRH.

Significant Shareholders

To the knowledge of the directors and senior officers of the Company, there is no other individual or corporation that beneficially owns or exercises control over common shares of the Company, except that CRH Mezzanine Pte. Ltd. owns and controls 10,700,000 (9.7%) of the common shares as at July 9, 2018. CRH also owns and controls 10,700,000 warrants to purchase common shares at $0.1575 per share and 7,800,000 Special Warrants on a restricted basis as at the date of this report (see note 17 to the condensed consolidated interim financial statements).

Proposed Transactions

Other than the proposed transactions with Jien as discussed under "Onaman Property" and MacDonald Mines, as discussed under "Other Properties", the Company does not have any material proposed transactions.

Adoption of New Accounting Standards

The Company has adopted the following amendments to accounting standards, effective January 1, 2018. These changes were made in accordance with the applicable transitional provisions.

IFRS 9 – Financial Instruments

The Company adopted IFRS 9 Financial Instruments ("IFRS 9") which replaced IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") and elected to use the exemption to not restate comparative information for prior periods. IFRS 9 provides a revised model for classification and measurement of financial assets, including a new expected credit loss ("ECL") impairment model. The revised model for classifying financial assets results in classification according to their contractual cash flow characteristics and the business models under which they are held. IFRS 9 introduces a reformed approach to hedge accounting. IFRS 9 also largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

The Company adopted IFRS 9 Financial Instruments on January 1, 2018. The Company has assessed the classification and measurement of its financial assets and financial liabilities under IFRS 9 and summarized the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 in the following table:

	Measurement Categories	
	IAS 39	**IFRS 9**
Cash, Shor-term investment, reclamation deposit	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Finance leases	Amortized cost	Amortized cost
Loan payable	Amortized cost	Amortized cost
CRH financing	Derivatives - FVTPL	FVTPL

All of the Company's financial assets were classified as loans and receivables. The Company did not have any financial assets classified as available-for-sale. As such, the change to IFRS 9 did not have any impact on the carrying value of any of the Company's financial instruments.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

Upon the initial application of IFRS 9, there is no impact to the condensed consolidated interim financial statements as of the date of initial application.

As a result of the adoption of IFRS 9, the Company's accounting policy for financial instruments has been updated as follows:

Financial Instruments

The Company recognizes financial assets and liabilities on the balance sheet when the Company becomes party to the contractual provisions of the instrument. Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss ("FVPL"), directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial instrument has been classified as FVPL, fair value through other comprehensive income ("FVOCI") or amortized cost. Measurement of financial liabilities subsequent to initial recognition depends on whether they are classified as FVPL or amortized cost.

Financial assets and liabilities at FVPL are measured at fair value with changes in fair values recognized in the consolidated statement of operations. Financial assets designated as FVOCI are measured at fair value on the trade date with directly attributable transaction costs included in the recorded amount. Financial assets classified as amortized cost are measured subsequent to initial recognition at amortized cost using the effective interest method. Financial liabilities, other than financial liabilities classified as FVPL, are measured in subsequent periods at amortized cost using the effective interest method.

Cash, short-term investment and reclamation deposit and classified as amortized cost. Accounts payable and accrued liabilities, finance leases and loan payable are classified as and measured at amortized cost.

Impairment of Financial Assets

At each reporting date, the Company measures the loss allowance for the financial assets at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance for the financial asset is measured at an amount equal to twelve months of expected credit losses.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Derecognition of Financial Assets

Financial assets are derecognized when the investments mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVPL or amortized cost, are recognized within other non-operating income. Accumulated gains or losses on financial assets classified as FVOCI remain within accumulated other comprehensive income.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") replaces IAS 18 – Revenue, IAS 11 – Construction Contracts, and some revenue-related interpretations. The standard introduces a single, principles-based, five-step model for the recognition of revenue when control of goods is transferred to the customer. The five steps are: identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to each performance obligation and recognize revenue as each performance obligation is satisfied.

The Company evaluated the effect the standard had on its sales recorded in its consolidated financial statements and determined there is no impact to the timing or amounts of revenue recognized in the consolidated statement of loss and comprehensive loss.

As a result of the adoption of IFRS 15, the Company has changed its accounting policy for revenue recognition as follows:

Metal sales, currently included as a reduction in Clavos pre-production costs, includes sales of gold doré which is generally physically delivered to customers in the period in which it is produced, with the sales price based on prevailing spot market gold prices. The Company recognizes revenue when it transfers control of the gold doré to a customer. Generally, transfer of control occurs when the goods have been delivered to the customer. Payment is received on the date of or within a few days of transfer of control.

Changes in Accounting Standards Not Yet Adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2019 or later periods. Many are not applicable or do not have a significant impact on the Company and have been excluded. The following pronouncements have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"), replacing IAS 17, Leases and its associated interpretive guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted, provided the Company has adopted IFRS 15. The Company is in the process of assessing the impact on the financial statements of this new standard.

IFRIC 23, Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC Interpretation 23, Uncertainty over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred income tax liabilities and

assets in circumstances in which there is uncertainty over income tax treatments. The interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Company intends to adopt the Interpretation in its financial statements for the annual period beginning on January 1, 2019. The Company is in the process of assessing the impact that the new interpretation will have on its consolidated financial statements.

Critical Accounting Estimates

Significant Accounting Judgements and Key Sources of Estimation Uncertainty

In preparing the condensed consolidated interim financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expense. Actual amounts incurred by the Company may differ from these values.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the fifteen months ended December 31, 2017.

FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk, including interest rate, foreign exchange rate and equity and commodity price risk. Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the board of directors. The board of directors also provides regular guidance for overall risk management.

Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to fulfill its contractual payment obligations. The Company's credit risk is primarily attributable to cash, short-term investments, HST receivable and reclamation deposit. The Company has no significant concentration of credit risk arising from operations. Cash and short-term investments are held with reputable financial institutions, from which management believes the risk of loss to be remote. HST receivable consists of harmonized sales tax due from the Federal Government of Canada. The Company's reclamation deposit is held with the Ontario Ministry of Northern Mines and Development. Management believes the risk of loss to be remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. As at March 31, 2018, the Company had cash and short-term investments of $179,048 (December 31, 2017 - $62,221) to settle current liabilities of $21,894,978 (December 31, 2017 - $12,650,102). All of the Company's accounts payable have contractual maturities of 30-45 days or due on demand and are subject to normal trade terms. In order to fund this significant deficiency, the Company requires profitable mining at its Clavos Project and additional debt and/or equity financing. In addition, the Company requires additional funds to fund exploration and ongoing development expenditures and maintain general and administrative expenses over the coming year. Beginning in January 2018, the Company was also obligated to deliver 15% of its gold production from the Clavos Project to CRH in connection with the gold prepayment agreement (see Note 15). The Company regularly evaluates its cash position to maintain liquidity (see Notes 1 and 4 to the condensed consolidated interim financial statements).

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

Interest rate risk

The Company has cash balances and no variable interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term certificates of deposit issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its bank. The Company does not use any derivative instrument to reduce its exposure to interest rate risk. As at March 31, 2018, the Company required the use of its cash to fund ongoing working capital requirements and did not have any investments other than the short-term investment required by its bank to collateralize the Company's credit card with the bank.

Foreign currency risk

The Company's foreign exchange risk arises from transactions denominated in other currencies. The Company operates exclusively in Canada and its functional and reporting currency is the Canadian dollar. The majority of its expenditures are in Canadian dollars. From time to time there may be minor expenditures denominated in United States dollars, exposing the Company to foreign exchange risk based on fluctuations in the exchange rate between the Canadian and United States dollar. The Company's gold sales from its Clavos Project are denominated in United States dollars.

The Company converts the proceeds from gold sales into Canadian dollars immediately following the receipt of those proceeds. As such, the Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk. As at March 31, 2018, the Company held a balance of $383 denominated in U.S. dollars (December 31, 2017 – $57). In addition, CRH may elect to be repaid in United States dollars instead of gold, however since gold is priced in United States dollars and the Company would be holding physical gold, the Company would not be exposed to foreign currency risk. The Company does not use derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Sensitivity analysis

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

(i) The Company's short-term investment of $10,000 carries a fixed interest rate of 0.5%. As such, the Company is not exposed to interest rate risk.

(ii) Commodity price risk could affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market for precious metals. As of March 31, 2018, the Company had yet to determine the technical feasibility and economic viability of the Clavos Project and was continuing to mine bulk samples. As a result, commodity price risk is not currently significant. However, fluctuations in the gold price may affect the ability to complete future equity offerings and

depending on how it affects the price of the Company's stock, may impact the exercise of stock options and warrants. The Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

CATEGORIES OF FINANCIAL INSTRUMENTS

		March 31, 2018		December 31, 2017
Financial assets:				
Loans and receivables				
Current				
Cash	**$**	**169,048**	$	52,221
Short-term investment	**$**	**10,000**	$	10,000
Non-current				
Reclamation deposit	**$**	**310,924**	$	310,157
Financial liabilities:				
Other financial liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**6,044,420**	$	6,146,091
Finance leases	**$**	**642,063**	$	760,338
Loan payable	$	**1,834,645**	$	1,393,426
Derivatives - FVTPL				
CRH financing	**$**	**13,373,850**	$	12,819,602

As at March 31, 2018 and December 31, 2017, the fair value of all of the Company's financial instruments held at amortized cost approximates fair value, due to their short-term nature. Fair value of accounts payable and accrued liabilities and loan payable may be less than the carrying value for some of these instruments given going concern uncertainties described in Note 1. As at March 31, 2018 and December 31, 2017, the CRH financing was held at fair value and is considered to be Level 3 under the fair value hierarchy

Level 3 hierarchy:

The following table presents the changes in fair value measurements of financial instruments classified as level 3 within the fair value hierarchy. These financial instruments are measured at fair value utilizing non-observable inputs. The net change in fair value is recognized in profit or loss within mark to market gain (loss).

CRH financing derivative liability	**March 31, 2018**	December 31, 2017
Opening Balance	$ 25,244,000	$ -
Acquired during the period	-	22,074,383
Accretion interest during the period	490,420	2,936,285
Gold deliveries	(59,997)	-
Change in fair value during the period	79,495	233,332
Ending balance	$ 25,753,918	$ 25,244,000

The valuation technique used is a modified market approach which includes future expected gold production as an unobservable input. As the valuation of derivatives for which market quotations are not readily available are inherently uncertain, the values fluctuate materially within short periods of time and are based on estimates, and determinations of fair value may differ materially from values that would have resulted if a ready market existed for the derivatives.

The value of the CRH Financing derivative liability as at March 31, 2018 was estimated based on the expected future production of gold by the Company. This estimate was made by management based on a preliminary economic assessment. The model is most sensitive to the future expected production of gold (in ounces) by the Company, the expected future price of gold and the expected future exchange rate between United States dollars and Canadian Dollars. As at March 31, 2018 a 5% increase/decrease in any of these inputs while keeping all other inputs constant would result in an increase/decrease in the fair value of the CRH financing derivative liability of $162,788 (December 31, 2017 - $158,481).

This sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of the derivative. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of the derivative. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

Refer to Note 15 for further information regarding the carrying value of the CRH financing derivative liability.

Risk Factors

The Company, and thus the securities of the Company, should be considered a speculative investment due to the high-risk nature of its business which is the acquisition, financing, exploration, development and operation of mining properties, and investors should carefully consider all information relating to the Company.

The Company's business contains significant risk due to the nature of its exploration and development activities. Certain risk factors, including but not limited to those listed below, are related to the mining industry in general while others are specific to Sage. For a discussion of these risk factors, please refer to the MD&A for the fifteen month period ended December 31, 2017, each of which is available at the Company's website www.sagegoldinc.com and on www.sedar.com under the Company's profile.

Share Capital

As at the date of this MD&A, the Company had 110,183,926 issued and outstanding common shares. In addition, the Company has 5,150,000 stock options, 7,800,000 special warrants and 50,291,969 warrants outstanding.

Details concerning the outstanding stock options and special warrants can be found in Notes 18 and 17 respectively, to the condensed consolidated interim financial statements for the three month period ended March 31, 2018.

Details concerning the outstanding warrants, including grants and expiries subsequent to March 31, 2018 can be found in Note 23 to the condensed consolidated interim financial statements for the three month period ended March 31, 2018.

Subsequent Events

Share and warrant issuances

On May 28, 2018 the Company closed the initial tranche of a non-brokered private placement of 2,500,000 units at $0.055 per unit for gross proceeds of $137,500. Each unit consisted of one common share and one common share purchase warrant. The Company also issued 200,000 finders' warrants to certain eligible finders and paid $11,000 in finders' fees in connection with the initial tranche of the financing. Each warrant and finders' warrant entitles the holder to purchase one common share at a price of $0.075 for a period of 24 months until May 28, 2020.

Warrant expiries

On May 11, 2018, warrants to purchase 2,062,500 common shares at a price of $0.10 per share expired unexercised. The fair value of $62,136 was moved from warrant reserve to contributed surplus.

On June 7, 2018, warrants to purchase 1,985,000 common shares at a price of $0.10 per share expired unexercised. The grant date fair value of $39,385 was moved from warrant reserve to contributed surplus.

Gold prepayment agreement

As discussed in Note 15, the Company is party to a gold prepayment agreement with CRH whereby, commencing in January 2018, the Company is required to deliver between 16,100 and 26,000 ounces of gold to CRH.

Subsequent to March 31, 2018, on May 11, 2018, the Company announced that it had received notice from CRH that it was in default of the GPA for its failure to deliver 123 ounces of gold owing to CRH in accordance with the GPA. The period to cure this default under the GPA has expired. As such, CRH as a secured lender is in a position to terminate the GPA and enforce its security over the Clavos Project.

On June 26, 2018, the Company was served with a Notice of Intention to Enforce Security under Section 244 of the Bankruptcy and Insolvency Act on behalf of CRH.

Disclosure of Internal Controls

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that (i) the consolidated financial statements do not contain any incorrect statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements, and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

There have been no changes in the Company's internal controls over financial reporting that occurred during the three months ended March 31, 2018, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Additional Disclosure for Venture Issuers Without Significant Revenue

Exploration and Evaluation Assets or Expenditures

See Note 10 - "Mineral Properties" and Note 11 – "Exploration and Evaluation Expenditures" in the consolidated financial statements for the three month period ended March 31, 2018.

General and Administration Expenses

See Note 19 – "General and Administrative Expenses" in the consolidated financial statements for the three month period ended March 31, 2018.

Additional Information

Additional information relating to Sage Gold Inc.is available on SEDAR at www.sedar.com and from the Company's website at www.sagegoldinc.com or by e-mail at nlees@sagegoldinc.com or by contacting:

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