

TORONTO, ONTARIO--(Marketwired - Aug 8, 2016) - [Sage Gold Inc.](#) (TSX VENTURE:SGX) has made considerable progress in restarting production at the Clavos gold mine site in Timmins, Ontario.

Approximately \$35 million was spent on the Clavos underground infrastructure and the mine was briefly in production from 2005 to 2007. Since acquiring an interest, Sage has spent approximately \$4 million on compilation and analysis of the deposit, including surface exploration drilling, a new 43-101 Resource Study and Preliminary Economic Assessment. Before production can commence the existing mine workings will be dewatered and rehabilitated. The Company will then undertake underground definition and exploration drilling.

Sage is proceeding with advanced negotiations for project financing of Clavos including working capital needs of the Company as well as arrangements with nearby milling facilities for Clavos ore. The company is preparing the necessary documentation to meet all regulatory requirements including filing with the Ministry of Northern Development and Mines a "Notice of a Change of Status" of the Clavos mine site from inactive to active. The change of status will allow Sage to produce up to 700 tonnes per day of mineralized material from the Clavos mine pursuant to the existing Closure plan of 2004 as amended and accepted November 9, 2012.

Nigel Lees, President and CEO commented, "We remain very bullish on the future price of gold. The Clavos gold deposit is one of the few gold deposits in Canada with advanced permits situated in one of the most prolific and active gold camps in Canada. The improved investment environment for precious metal companies and the relatively low capital costs required to place Clavos into production has greatly facilitated the Company's ability to move the project ahead."

The base case for the preliminary economic assessment (PEA) of the Clavos project was published in March 2013 using a gold price of US\$1500 at a time when the exchange ratio was 1:1 with the Canadian dollar. The current gold price in Canadian dollars is over \$1750 per ounce.

Highlights of the PEA published in March 2013;

- NET PRESENT VALUE of \$23.2MM (pre-tax) and \$12.6MM (after-tax) at an 8% discount
- INTERNAL RATE OF RETURN of 71% (pre-tax) and 47% (after-tax) based on US\$1500/oz of gold
- ANNUAL AVERAGE PRODUCTION of approximately 20,000 oz. of gold per year
- Initial CAPEX of \$14.1 million
- 2 YEAR PAYBACK from start of production with 7 year mine life
- Average HEAD GRADE of gold ranging from 6.45 g/t in Year 1 to 4.37g/t in Year 7

Note - assumes an exchange rate of 1:1 of CDN to US Dollar;

- tax rates are based on a blended rate between Sage and SAS (now Kirkland Lake Gold)
- excludes any financing costs
- contingency on capital expenditures of 30%
- CAPEX figures represents 100% of financing

The PEA does not indicate the economic viability of the mineral resource and is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and that there is no certainty that the PEA will be realized. Mineral resources that are not mined reserves do not have demonstrated economic viability.

The PEA on the Clavos deposit was prepared by R. Ritchie P.Eng, an Independent Qualified Person. Mr. Ritchie provided overall responsibility for the technical content related to the Clavos PEA which includes the mining study CAPEX and OPEX cost estimates and conceptual economics.

GEOLOGICAL MODELLING

In preparation for definition and exploration drilling of the existing mine workings following the planned dewatering, Sage has successfully completed a 3D modeling exercise in Datamine which incorporates the entire Clavos database including all drilling, assaying, digitised lithological interpretations and the location of the underground workings. The assay data was differentiated between different lithological units and was decluttered to remove the distortion of higher drill densities in certain parts of the deposit. The purpose of this exercise was to analyze the correlation between gold concentrations, lithological host units and structural controls in the deposit.

The technical content of this news release has been reviewed and approved by Sage's consulting geologist, Peter Hubacheck P.Geo. of Hubacheck Consulting Geologists Inc., who is a qualified person (QP) as defined by NI 43-101.

For further information please refer to our new website www.sagegoldinc.com designed to better inform the shareholders and the

public about the Company.

About Sage Gold

The Company is a mineral exploration and development company which has primary interests in near-term production and exploration properties in Ontario. Its main properties are the Clavos Gold property in Timmins and the 100% owned Lynx copper, gold, silver property and other exploration properties in the Beardmore-Geraldton Gold Camp. Technical reports and information relating to the properties can be obtained from the System for Electronic Document Analysis and Retrieval (SEDAR) website at www.sedar.com and www.sagegoldinc.com.

CAUTIONARY STATEMENT: Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. This news release may contain forward looking information and the Company cautions readers that forward looking information is based on certain assumptions and risk factors that could cause actual results to differ materially from the expectations of the Company included in this news release. This news release includes certain "forward-looking statements", which often, but not always, can be identified by the use of words such as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". These statements are based on information currently available to the Company and the Company provides no assurance that actual results will meet management's expectations. Forward-looking statements include estimates and statements with respect to the Company's future plans, objectives or goals, to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results relating to, among other things, results of exploration, metallurgical processing, project development, reclamation and capital costs of the Company's mineral properties, and the Company's financial condition and prospects, could differ materially from those currently anticipated in such statements for many reasons such as, but are not limited to: failure to identify mineral resources; failure to convert estimated mineral resources to reserves; the preliminary nature of metallurgical test results; delays in obtaining or failures to obtain required governmental, environmental or other project approvals; political risks; uncertainties relating to the availability and costs of financing needed in the future; changes in equity markets, inflation, changes in exchange rates; fluctuations in commodity prices; delays in the development of projects; capital and operating costs varying significantly from estimates and the other risks involved in the mineral exploration and development industry; and those risks set out in the Company's public documents filed on SEDAR.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. Although the Company believes that the assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.

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