

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](http://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](http://www.sedar.com) and [www.sagegoldinc.com](http://www.sagegoldinc.com).

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