SUTTER GOLD MINING INC.
Management's Discussion and Analysis
For the year ended December 31, 2014
(Containing information up to and including April 30, 2014)

This Management's Discussion and Analysis ("MD&A") is an overview of the activities of Sutter Gold Mining Inc. and its subsidiaries (together, "Sutter" or "the Company") for the year ended December 31, 2014. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and accompanied notes for the years ended December 31, 2014 and 2012. Both of these referenced financial statements, the Company's statutory filings, and additional information is available on SEDAR www.sedar.com and on the Company's website www.suttergoldmining.com.

All currency amounts are expressed in US dollars unless otherwise noted. The effective date of the MD&A is April 30, 2015. This MD&A contains statements that constitute "forward-looking statements" and other cautionary notices (Refer to "Forward Looking Statements").

For the years ended December 31, 2014 and 2013 the audited consolidated financial statements were prepared in accordance with International Financial Reporting Standards.

Further information regarding the Company's California mineral resources can be found in the Form 43-101 Technical Report "Technical Report Lincoln-Comet Project, Amador County, California", (the "Technical Report") dated March 31, 2011 prepared, by Mine Development Associates and authored by Independent Qualified Persons Neil B. Prenn, P. Eng., Paul G. Tietz, C.P.G. and Steven Ristorcelli, C.P.G. The Technical Report includes an NI 43-101-compliant mineral resource estimate of the Lincoln-Comet portion of Sutter's Lincoln Mine Project and also includes a Preliminary Economic Assessment (the "PEA") of the Lincoln-Comet resource. The Lincoln-Comet resource estimate in the Technical Report, and hence the PEA, are based on an evaluation of both indicated and inferred mineral resources. Inferred mineral resources are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves, and therefore, there is no certainty the PEA will be realized. Although the Technical Report describes mineralization and summarizes previous resource estimates from other parts of Sutter's contiguous mineral properties in Amador County, California, including the Keystone area and other areas, the resource estimate in the Technical Report is only for the Lincoln-Comet area. The Mineral Resource Estimates were defined according to Canadian Institute of Mining ("CIM") Definitions for Mineral Resources, and are compliant with NI 43-101, Standards of Disclosure for Mineral Projects.

Forward Looking Statements

This report includes forward-looking statements, which involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "estimate", "may", "plans", "will" and similar terms and phrases, including references to assumptions. Such statements may involve, but are not limited to, comments with respect to these forward-looking statements reflect our current expectations regarding future events and operating performance as of the date of this report. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not such results will be achieved. A number of vectors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to: sensitivity to general economic conditions; management changes to our business; competition for personnel and skilled subcontractors; increases in interest rates; availability of and reliance upon specific sources of financing; fluctuations in fuel and other relevant commodity prices; reliance on key personnel, etc. etc.

Although the forward-looking statements contained in this report are based upon what the Company believes to be reasonable assumptions, Sutter cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements reflect management's current beliefs and are based on information currently available to Sutter. They speak only as of the date of this report and reflect current assumptions regarding future events and operations. These assumptions include, without limitations:

The following forward looking statements have been made in this MD&A:

- Plans for development of the Company's Lincoln Mine Project in California;
- Management's estimates and expectations of future activities and results;
- The Company's assumptions and estimates used in its technical report filed on June 16, 2011, as well as the potential resource estimates and interpretations from that technical report;
- Expectations regarding the ability to raise capital;
- Reference to future commodity prices; and ,
- The completion of the transaction between the Company, Tyhee Gold and RMB Australia Holdings Limited (see Subsequent Events).

Business Overview

The following discussion is qualified in its entirety by both the section entitled Risks and Uncertainties and by the Forward-looking Statements provision that follow this outlook section.

Sutter's goal is to excel as a precious metals company specializing in the discovery, definition and development of gold deposits, building mineral resources and advancing projects into valuable assets capable of becoming profitable mining operations. Sutter seeks to achieve this goal by strategically focusing activities and cash expenditures on projects that will enhance shareholder value while maintaining safe work conditions, protecting the environment, and building strong relationships with local communities and other stakeholders.

The Company's primary asset is the Lincoln Mine Project ("Project") and adjacent mineral properties located in the historic Mother Lode District 45 miles southeast of Sacramento, California. The Lincoln Mine Project is situated on a 551-acre block of surface and mineral rights owned in fee or leased from fee owners, in the central part of the 121-mile-long Mother Lode gold belt. The Company's property consists of 3.5 miles of contiguous mineral rights within a 10-mile section of the Mother Lode belt which is credited with historic production of 7.8 million ounces of gold. Historically, the Company's mineral properties in the Mother Lode gold belt had a recorded production of approximately 3.4 million ounces of gold from mines on the property, the majority of which was recovered prior to 1920. Records indicate that these formerly producing mines had documented reserves at the time of their closing that have not been recovered.

Sutter's Board of Directors approved the development of the Lincoln Mine Project, based upon MDA's 2011 Technical Report of the Lincoln-Comet portion of Sutter's Lincoln Mine Project. The Technical Report includes a resource estimate and PEA for the Lincoln-Comet portion of the project includes a resource estimate and PEA for the Lincoln-Comet area of the greater Lincoln Mine Project (see news releases "Sutter Gold Announces Positive Preliminary Economic Assessment for the Lincoln Mine Gold Project" dated May 4, 2011 and "Sutter Gold Announces Positive Production Decision for the Lincoln Mine Gold Project and Agrees to a $20 Million Prepaid Gold Project Finance Facility" dated June 22, 2011).

The PEA is based on a mine plan for a portion of the Project's total resource of approximately 244,800 tons of potentially minable material grading 0.46 ounce per ton ("opt") equivalent to 15.8 grams/ton ("g/t") including mining dilution and losses. The PEA considers an underground mining operation with a 5-year mine life, processing an average of 150 tons per day using conventional gravity and flotation recovery producing 22,300 ounces of gold annually for a total resource extraction of approximately 112,000 ounces. The Lincoln-Comet resource estimate in the Technical Report, and hence the PEA, are based on an evaluation of both indicated and inferred mineral resources. Inferred mineral resources are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves, and therefore, there is no certainty the PEA will be realized.

The Project, when in full operation according to the PEA, would produce approximately 22,300 ounces of gold per year. It is anticipated that mining operations would occur 20 hours each day, 7 days per week, and 350 days per year. Additional opportunities for increasing mine production may be realized through shift scheduling to operate 24 hours per day and/or by adding crews and headings within the mine. Milling operations under the PEA care planned for 24 hours per day, 5 days per week, and 250 days per year. These operational shifts and hours allow flexibility for troubleshooting and maintenance. Also, they create opportunity to increase productivity by merely adding additional operational hours to the milling. The daily mill production call from the mine would be 150 tons (on a seven day per week mine operation), with the mill processing 210 tons per each operating day. The number of stope panels necessary to achieve 150 tons per day would be 8, with contingency allowance suggesting 13 available panels to produce from. With dilution and loss, the expected average mill head grade would be 0.46 ounces per ton gold. Mill recovery was estimated at 96%. Payment for gold in concentrate and dorè was estimated at 85% and 99.75% respectively, of contained gold value at a spot price of $1,100 per ounce. Total direct employment, including contractor staffing, was estimated at 108 persons, during full production. Additional information regarding the PEA mine and mill design specifics is presented below, in the section titled “Company History and Mineral Properties”.

Preproduction development of surface and underground facilities began in October 2011 and proceeded through 2013. Owing to market volatility and subsequent project schedule modification, the Company implemented various management and personnel changes in the third quarter of 2013 (see news release "Sutter Gold Implements Cost Cutting Measures and Provides Development Update" dated July 3, 2013). Approximately one-third of the staff positions at the Lincoln Mine site were eliminated in July 2013 along with the position of Chief Operating Officer. Richard Winters of RMB Resources and a Director since July 2008 was appointed interim President and CEO. Dr. Leanne Baker, who served as President and CEO and Director since November 2011 continues as a member of the Board.

From late 2013 through February 2014 Sutter processed only 1,100 tons of material in the mill due to problems with the design and installation of the mill equipment and thickener. In the first Quarter of 2014 due to unresolved issues with the mill and thickener, the decision was made to temporarily suspend operations at the Lincoln Project in order to conserve resources (see news release “Sutter Gold Mining Provides Project Update and Announces it Will Temporarily Suspend Operations at the Lincoln Mine Project”, dated March 4, 2014). The Project’s ultimate success is very sensitive to market conditions and required additional financing (see section titled “Liquidity and Capital Resources”).

The Company believes there is significant potential for extending the mine life beyond 5 years for the Lincoln-Comet resource envisioned in the PEA. This is based, in part, on a the 2008 Resource Estimate for the Lincoln Mine Project excluding the Lincoln-Comet resource combined with the resource estimate for the Lincoln-Comet resource in the 2011 Technical Report. The Company believes several mineralized zones in the Lincoln-Comet, Keystone and other areas of the Project remain open down plunge and at depth. Sutter's Board of Directors approved a $1.2 million exploration program to further identify mineral resources in the immediate Lincoln and Comet areas (see news release "Sutter Gold Plans Drilling to Expand Resources at its Lincoln Mine Project and Provides Development Update" dated October 13, 2011). Results from the exploration program are encouraging, including the discovery of previously unknown mineralization (see news releases dated January 18, 2012, March 6, 2012, May 1, 2012 and August 16, 2012).

With the completion of the initial mine/mill construction in sight, the Company may look towards the incorporation of additional known mineral resource into an operating mine plan. The design of constructed facilities includes opportunities for expansion and increased capacity. The expansion of operations to include additional potential mineral resources would leverage the existing infrastructure and may allow for the incorporation of additional unknown mineral resources in close proximity, should they exist. Further work towards defining the economic impact of any additional development and infrastructure necessary to incorporate those mineral resources into a subsequent phase of mine operations is necessary prior to any additional disclosure.

Sutter Gold Mining Inc. is a Vancouver, British Columbia company, with a management office in Lakewood, Colorado and its mine office in Sutter Creek, California. The Company's shares trade on the Toronto Stock Exchange – Venture Board (TSX-V) under the symbol "SGM" and on the U.S. Over-the-Counter market (OTCQX) under the symbol "SGMNF".

Selected Annual Financial Information

(Expressed in US Dollars)

	For the year ended December 31,		
	2014	**2013**	**2012**
Operating expenses			
Wages and benefits	1,225,400	1,663,500	2,264,500
Exploration	-	13,200	818,000
Mine and property holding costs	517,100	446,600	771,600
Professional & contract services	423,300	540,8000	877,200
Office & administrative	389,400	496,700	843,800
Share-based payments	(1,500)	10,600	203,000
Depreciation and amortization	416,800	99,700	117,700
Rent and electricity	182,300	223,600	108,500
Feasibility study	-	-	13,200
Sale of assets (gain)/loss	-	(8,000)	
Loss on write-off of assets	-	71,000	-
Loss on foreign exchange	200	7,200	5,600
	3,153,000	3,564,900	6,023,100
Loss from operations	(3,153,000)	(3,564,900)	(6,023,100)
Interest income	400	1,100	3,400
Interest expense	(1,948,700)	(471,300)	(36,400)
Loan transaction fees	(900)	(678,600)	(471,400)
Other income	17,700	7,500	-
Change in fair value of warrant derivative	-	-	-
Mark to market adjustment RMB facility	-	22,646,500	(11,901,400)
	1,931,500	21,505,200	(12,405,800)
Net loss and total comprehensive loss for the year	($5,084,500)	$17,940,300	$(18,428,900)

	As at December 31,		
	2014	**2013**	**2012**
Total assets	$ 25,253,000	$ 24,954,500	$ 18,208,900
Non-current financial liabilities	$ 28,919,900	$ 34,944,200	$ 31,208,000
Cash dividends	$ -	$ -	$ -

Results of Operations for the Years ended December 31, 2014 and 2013

Sutter's net loss for the year ended December 31, 2014 was ($5,084,500) or ($0.04) per common share compared with a net income of $17,940,300 or $0.15 per share during the same period in 2013. The major reason for the decreased income in 2014 was the absence in 2014 of a mark-to-market gain recorded in 2013 on the Company's Rand Merchant Bank Australia Holdings ("RMBAH") prepaid gold facility ("RMBAH Facility"). The Company has designated the RMBAH Facility as a financial liability at fair value through profit or loss as permitted by IAS 39 *Financial Instruments: Recognition and Measurement*. As a result, the Company has recorded a non-cash mark to market gain on this debt of $Nil and $22,646,500 for the years ended December 31, 2014 and 2013, respectively. The mark-to-market gains and losses are the difference between the spot price of repayable gold ounces as at December 23, 2013 and the aggregate of the agreed upfront payment price plus the delivery price. On December 23, 2013 this loan was repaid with a new term facility which is described in the loan section. Interest expense for the year ended December 31, 2014 totaled $1,947,700 compared to $1,680,500 for the same period in 2013. This increase of interest expense was due to the increase of the balance on the senior secured term loan facility throughout 2014.

Operating costs and expenses for the years ended December 31, 2014 and 2013 were $3,153,000 and $3,564,900, respectively. Wages and benefits were decreased to $1,225,400 from $1,663,500 for the years ended December 31, 2014 and 2013, respectively, due to a reduction in employees throughout the first quarter 2014. Professional and contract services were $423,300 for the year ended December 31, 2014, compared with $540,800 for the same period in 2013, due to the fact the project was placed in care and maintenance in the second quarter of 2014. Office and administrative costs decreased $107,300 from $496,700 in 2013 to $389,400 in 2014 due to decreased insurance and communication costs along with decreased travel due to fewer employees. Mine and property holding costs increased by $70,500 and was $517,100 and $446,600 for the years ended December 31, 2014 and 2013, respectively, due to the placement of the project into care and maintenance and the subsequent ceasing of project cost capitalization. Offsetting these decreases was an increase in depreciation of $317,100. Depreciation was $416,800 and $99,700 for the years ended December 31, 2014 and 2013, respectively, as a result of placing the shop staff services building into service at the end of 2013 along with some other assets.

Summary of Quarterly Results, Q1 2013-Q4 2014

Expressed In $	**December 2014**	September 2014	June 2014	March 2014	**December 2013**	September 2013	June 2013	March 2013
Operating revenues	-	-	-	-	**-**	-	-	-
Net income (loss)	**(1,261,500)**	(1,167,700)	(1,528,300)	(1,127,000)	**3,120,500**	(8,351,100)	20,718,000	2,452,900
Basic gain (loss) per share	**(0.01)**	(0.01)	(0.01)	(0.01)	**0.03**	(0.07)	0.17	0.02
Diluted gain (loss) per share	-	-	-	-	**0.03**	-	0.17	0.02

Results of Operations for the Fourth Quarter of 2014 and 2013

Sutter's net loss for the three months ended December 31, 2014 was ($1,261,500) or ($0.01) per common share compared with a net income of $3,883,200 or $0.03 per share during the same period in 2013. The major reason for the decreased income was the absence of a mark-to-market gain recorded on the Company's Rand Merchant Bank Australia Holdings ("RMBAH") prepaid gold facility ("RMBAH Facility"). The Company has designated the RMBAH Facility as a financial liability at fair value through profit or loss as permitted by IAS 39 *Financial Instruments: Recognition and Measurement*. As a result, the Company has recorded a non-cash mark to market gain on this debt of $4,103,600 for the quarter ended December 31, 2013. The mark-to-market gains and losses are the difference between the spot price of repayable gold ounces as at December 31, 2013 and the aggregate of the agreed upfront payment price plus the delivery price. On December 23, 2013 this loan was repaid with a new term facility which is described in the loan section. Interest expense for the quarter ended December 31, 2014 totaled $553,800 compared to $493,400 for the same period in 2013. This increase of interest expense was due to the increase of the balance on the senior secured term loan facility throughout 2014.

Operating costs and expenses for the three months ended December 31, 2014 and 2013 were $717,300 and $761,700, respectively. Wages and benefits were decreased to $151,800 from $237,800 for the quarters ended December 31, 2014 and 2013, respectively, due to a reduction in workforce during the first half of 2014. Professional and contract services were $114,400 for the quarter ended December 31, 2014, compared with $145,400 for the same period in 2013, due to decreased investor relations, environmental, legal and information technology services. Office and administrative costs decreased $33,000 from $98,500 in 2013 to $65,500 in 2013 due to decreased insurance and communication costs along with decreased travel due to fewer employees. Offsetting these decreases was an increase in depreciation. Depreciation was $119,600 and $95,700 for the quarter ended December 31, 2014 and 2013, respectively, as a result of placing the shop staff services building into service at the end of 2013 along with some other assets.

Liquidity and Capital Resources

The following table summarizes the Company's operating; investing and financing cash flow activity for the years ended December 31, 2013, 2012, and 2011:

	For year ended December 31,		
	2014	**2013**	**2012**
Cash used in operating activities	$2,449,100	$5,046,100	$5,706,300
Cash used in investing activities	$961,700	$8,017,500	$13,145,600
Cash provided by financing activities	$3,153,100	$12,204,800	$16,098,600

The Company has generated significant losses since its inception which have resulted in an accumulated deficit of $51,920,200 and $46,835,700 as at December 31, 2014 and 2013, respectively. The current financial and economic marketplace has made access to financing through the equity markets extremely difficult and this has created significant uncertainty as to the Company's ability to fund ongoing operations for the next operating period and to participate in and complete ongoing exploration and development projects. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. The Company has entered into a senior secured term loan facility arrangement with a related party to cover short-term operating capital requirements as well as to further develop the Lincoln Project. As at December 31, 2014, the Company has a working capital deficiency of $13,565,000 compared to a working capital deficit as at December 31, 2013 of $2,302,500. These financial statements do not reflect adjustments to the carrying values of assets and liabilities which may be required should the Company be unable to raise adequate financing or meet current obligations and therefore be unable to continue as a going concern.

The following table summarizes the Company's working capital surplus (deficiency) and cash and cash equivalent balances as at December 31, 2014 and 2013:

	As at December 31, 2014	**As at December 31, 2013**
Working capital (deficiency) surplus	$ (13,565,000)	$ (2,302,500)
Cash	$ 128,700	$ 386,400

The following are the contractual maturities of the Company's financial liabilities as at December 31, 2014:

	December 31, 2014				
	Carrying Amount	Contractual cash flows	1 year or less	2-5 years	More than 5 years
Accounts payable and accrued liabilities	$ 2,402,800	$ 2,402,800	$ 2,402,800	$ -	$ -
Leases payable	$ 67,000	$ 67,000	$ 67,000	$ -	$ -
Notes payable	$ 40,171,600	$ 40,171,600	$11,311,800	$28,859,800	$ -
Other long term liabilities	$ 28,500	$ 28,500	$ -	$ 28,500	$ -
Reclamation liability	$ 31,600	$ 31,600	$ -	$ -	$ 31,600
Mineral leases	$ -	$ 402,800	$ 24,000	$ 110,000	$ 268,800

At December 31, 2014, Sutter had a working capital deficiency of $13,565,000, compared with a working capital deficit of $2,302,500 at December 31, 2013. The main cause of the increase in working capital deficit is the Company's increase in current portion of note payable. As at December 31, 2014 and December 31, 2013, the Company had drawn 40,171,600 and 37,018,500 on the senior secured term loan facility.

Loan Facility

The current and long-term portion of the note payable as at December 31, 2014 and December 31, 2013 are as follows:

	As at December 31, 2014			As at December 31, 2013		
	Current Portion	Long-term Portion	Total	Current Portion	Long-term Portion	Total
RMBAH "SSTLF"	11,311,800	28,859,800	40,171,600	2,221,100	34,797,400	37,018,500
	$ 11,311,800	$ 28,859,800	$ 40,171,600	$ 2,221,100	$ 34,797,400	$ 37,018,500

RMBAH Prepaid Gold Facility ("PPGF")

In June 2011, the Company entered into a PPGF with RMBAH to provide a secured prepaid gold loan in the amount of $20 million. Proceeds were used to repay the existing Loan Facility in the amount of $6.6 million with the residual of the loan being applied to the ongoing cost of the development and construction of the Lincoln Mine project. The PPGF was subject to a 5% loan origination fee which was paid in 2012 upon the Company's first draw down of the bridge loan.

The Company commenced drawing down the facility in July, 2011 and as at December 31, 2012, the full amount of the PPGF facility of $20,000,000 had been drawn down.

Originally the Company would deliver to the lender approximately 50% of the project's estimated monthly gold production subject to a minimum of 1,000 ounces per month beginning at the end of the 13th month from the first month of the draw down. In July 2012, the Company negotiated a new pricing and delivery schedule. Under the new schedule, the Company's gold delivery increased from 53,027 ounces to 54,942 ounces, with the first delivery to be in January 2013 and the last delivery to be in October 2017. Under the new schedule the upfront payment price was decreased from $377 per ounce to $364 per ounce. The delivery price of $942 remained unchanged from the original delivery schedule. The Company did not make its required deliveries in 2013.

The Company recorded cumulative mark to market gains on this debt of $Nil and $22,646,500 respectively as it had designated the PPGF as a financial liability at fair value through profit or loss for the fiscal years ended December 31, 2014 and December 31, 2013. The mark to market gains and (losses) represent the difference between the spot price of repayable gold ounces as at December 23, 2013 and the aggregate of the agreed upfront payment price plus the delivery price. This loan was closed on December 23, 2013 and replaced with the senior secured term loan facility.

The loan was secured by substantially all the assets of the Company.

RMBAH Bridge Loan Facility ("BLF")

On October 18, 2012, the Company completed an additional secured short-term bridge loan in the maximum amount of $12 million from RMBAH and was subject to 5% loan origination fee of available funds ($600,000). This was later amended in May 2013 to increase its available funds to $20 million, resulting in an additional $400,000 loan origination fee. During the years ended December 31, 2014 and 2013, the Company recognized loan amortization expenses of $Nil and $528,600, respectively, related to these loan fees.

Subsequent to the amendment, the BLF was available for monthly drawdowns dependent on meeting certain operating criteria. The BLF had a repayment date of September 30, 2014. The Company was allowed to prepay the BLF without penalty at any time, subject to 5 days' notice and with a minimum prepayment amount of US$250,000. As at December 31, 2014 and December 23, 2013, $Nil and $19,969,300 had been drawn down on the BLF, respectively.

The interest rate on advances from October 12, 2012 to March 31, 2013 was LIBOR plus 11.5% per annum and, from April 1, 2013 to September 30, 2013, was LIBOR plus 15% per annum. Beginning July 1, 2013 the interest rate was amended to Libor plus 10% per annum. Interest was payable monthly in cash in arrears.

During the years ended December 31, 2014 and 2013 the Company paid $Nil and $1,680,500, respectively, in interest expense related to the BLF of which the Company capitalized $Nil and $1,216,100 related to the construction of the Lincoln Mine Project and expensed the remaining $Nil and $464,400 as finance costs. This loan was closed on December 23, 2013 and replaced with the senior secured term loan facility.

The security granted by the Company was consistent with that under the existing PPGF with RMB.

RMBAH Senior Secured Term Loan Facility ("SSTLF")

On December 23, 2013 the Company entered into a new agreement for a SSTLF with RMBAH to replace both the existing PPGF and BLF agreements, as amended and restated.

The existing forward positions associated with the PPGF were closed out at market according to the close out protocol agreed between the Company and RMBAH with the resulting marked-to-market value of the PPGF obligations forming part of the principal amount to be restructured in the SSTLF.

The refinanced amounts were as follows:

- PPGF $17.05 million
- BLF $19.97 million

The total amount available under the SSTLF is $40 million.

The SSTLF will bear interest at Libor plus 5% per annum accrued monthly for 2014 and payable quarterly beginning December 31, 2014 and continuing until repayment of the SSTF.

Scheduled principal repayments of the SSTLF will commence December 31, 2014 on a quarterly basis through March 31, 2018 based on the following percentages of the outstanding SSTLF balance at that time:

Quarter ended December 31, 2014 – 6.0%
Quarters ended March 31, 2015 through December 31, 2016 – 6.5%
Quarters ended March 31, 2017 through June 30, 2017 - 7.5%
Quarters ended September 30, 2017 through March 31, 2018 – 9.0%
Any balance remaining thereafter - payable on March 31, 2018

Mandatory pre-payments of the SSTLF will be made equal to 75% of the available free cash flow after all project and corporate costs, interest and scheduled repayments on a quarterly basis. The SSTF may also be pre-paid by the Company at any time without penalty in part or in whole. Upon commencement of commercial production the Company may enter into gold hedging arrangements with RMBAH at its discretion over a maximum of 60% of forecast production over the term of the SSTF. Per the loan documentation "free cash flow" is calculated as follows:

Cash from Operations
- Less : Scheduled debt repayments during the quarter
Free Cash Flow

Scheduled principal repayments of the SSTLF will commence December 31, 2014 on a quarterly basis through March 31, 2018. Mandatory pre-payments of the SSTLF will be made equal to 75% of the available free cash flow after all project and corporate costs, interest and scheduled repayments on a quarterly basis. The SSTF may also be pre-paid by the Company at any time without penalty in part or in whole. Upon commencement of commercial production the Company may enter into gold hedging arrangements with RMBAH at its discretion over a maximum of 60% of forecast production over the term of the SSTF.

The key benefits of restructuring the PPGF were to crystallize and reduce the obligations of the Company in a transparent manner, with the marked-to-market value at close $2.95 million less than the nominal $20 million borrowed at inception under the PPGF. The close out of the PPGF allows for all future production to be sold at spot rather than at a blend of the $942/oz delivery price under the PPGF and the spot price. This improves expected cash flow for debt service and allows for the consideration of new hedging at a higher price point that would provide a greater degree of downside gold price protection during debt repayment. In addition, the SSTLF reduces the interest rate on funds borrowed under the BLF from Libor plus 10% to Libor plus 5%.

As at December 31, 2014 the Company accrued $2,108,900 in interest related to the SSTLF. The Company expensed $1,947,700 of this accrued interest and expenses the remaining $161,200.

The loan is secured by substantially all of the assets of the Company.

The Company raised $135,500 in equity financing in for the years ended December 31, 2013. However, significant additional funding is required to rectify the working capital deficiency, for ongoing operating expenses, and to complete the development of the mine in order to achieve commercial production.

The Company is attempting to raise these funds through either additional debt financing and/or the sale of equity investments, and/or by attracting a strategic industry partner to provide additional capital to complete the mill construction and the mine development in anticipation of putting the mine into production. There can be no assurance these attempt will be successful.

Mine Under Development

As of December 31, 2014, the cost of the Company's mine under development totaled $26,090,900 offset by accumulated depreciation of $1,125,000. For the years ended December 31, 2014 and 2013, depreciation expense totaled $416,800 and $99,700, respectively. During the year ended December 31, 2014, the Company purchased $971,400 of mine under development compared with $8,022,300 during the same period in 2013. The 2014 decrease additions relate to placing the Lincoln mine project into care and maintenance at the end of the first quarter of 2014.

Below is a summary of the Company's mine under development additions for the year ended December 31, 2014 and 2013:

	Land Improvements (above ground)	Buildings	Equipment and Vehicles	Development Costs (below ground mine)	Total
Cost					
Balance at January 1, 2013	4,707,400	4,752,300	5,121,100	2,961,600	17,542,400
Additions	3,206,100	250,200	1,293,500	3,272,500	8,022,300
Disposals	(6,300)	(87,200)	(351,700)	-	(445,200)
Balance at December 31, 2013	$ 7,907,200	$ 4,915,300	$ 6,062,900	$ 6,234,100	$ 25,119,500
Balance at January 1, 2014	4,907,200	4,915,300	6,062,900	6,234,100	25,119,500
Additions	455,600	5,100	114,200	453,100	1,028,000
Disposals	(6,900)	(5,100)	(44,600)	-	(56,600)
Balance at December 31, 2014	$ 8,355,900	$ 4,915,300	$ 6,132,500	$ 6,687,200	$ 26,090,900

Reclamation Bond

Future reclamation and mine closure costs are the responsibility of the Company and are based on legal and regulatory requirements. The laws and regulations are continually changing and are generally becoming more restrictive. The Company believes it is in compliance with applicable laws and regulations and expects to make future expenditures to comply with these laws and regulations. The current estimated reclamation liability of $31,700 is secured by a $35,000 reclamation bond as at December 31, 2014 which was $30,000 as at December 31, 2013.

Transactions with Related Parties

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions. RMB is also a related party due to its large share ownership and its financing to the Company (see Note 9).

During the years ended December 31, 2014 and 2013, the Company paid no interest to RMB Australia Holdings in respect to the PPGF Loan Facility as outlined in Note 9. The Company paid interest of $nil and $1,680,500 for its 2014 and 2013 BLF bridge loan as outlined in Note 9. In addition, the Company paid loan transaction financing fees in the amount of $400,000 in 2013 in respect to setting up bridge loan and increasing the bridge facilities available funds. During the years ended December 31, 2014 and 2013 the company accrued $2,108,900 and $nil, respectively on the SSTLF Loan Facility outlined in Note 9.

The remuneration of key management personnel of the Company for the year ended December 31, 2014 and 2013 was as follows:

	2014	**2013**
Short-term employee benefits	$ 391,900	$ 777,900
Share based compensation	-	-
	$ 391,900	$ 777,900

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and consist of the Company's directors, the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer.

On July 31, 2013, the Company reached an agreement its former Chief Executive Officer to settle the severance owed with respect to her termination as Chief Executive Officer of the Company. The Company has agreed that the severance will be payable in four installments: (i) USD$83,333 payable in cash immediately; (ii) USD$138,889 to be paid on each of January 15, 2014, January 15, 2015 and January 15, 2016, either in cash or in common shares of the Company. The determination of whether any of the future payments noted above will be made in cash or in shares will be at the sole discretion of the Company. The deemed price of the common shares that may be issued in connection with the above noted installments will be the average closing share price of the Company during the 10 trading days up to and including January 15 of each applicable year, but in any event, no more than 475,000 common shares will be issued (equating a deemed price of approximately $0.30 per share) in each of the three installments.

In January 2014 a share issuance of 475,000 common shares was made.

On March 31, 2014, the Company reached an agreement with its Chief Financial Officer to settle the severance owed with respect to his termination as Chief Financial Officer of the Company. The Company has agreed that the severance will be payable immediately in two installments: (i) USD$83,334 payable in cash immediately; (ii) USD$316,666 was paid in common shares of the Company in April 2014. The deemed price of the common shares that were issued was based on the noon exchange rate for USD to CAD at the Bank of Canada on April 2, 2014. As a consequence, 1,746,641 common shares were issued (equating to a deemed price of approximately $0.20 per share).

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

Significant Accounting Judgments and Estimates

The preparation of these consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based upon historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Sources of estimation uncertainty

Significant assumptions about the future and the other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i. The application of determining the useful lives and residual values of property, plant and equipment are estimates by management based on assumptions about future events. Estimates and assumptions made may change if new information becomes available. New information may become available during the use of these assets that causes the Company to adjust its estimates.
ii. The ability to recover the carrying values of its mine under development are around the fair value less costs to sell and value in use of these assets. Estimates and assumptions made may change if new information becomes available. New information may become available during the use of these assets that causes the Company to adjust its estimates.
iii. The Company uses the Black Scholes pricing model to estimate the fair value of stock options granted and warrants issued. Option pricing models require the input of subjective assumptions including the expected price volatility, interest rates and expected life of the option or warrant granted. Changes in the input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide an accurate single measure of the actual fair value of the Company's stock options granted and warrants.
iv. The determination of the ability of the Company to utilize tax loss carry-forwards to offset future income tax payable requires management to exercise judgment and to make assumptions about the

future performance of the Company. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

v. The ultimate amount of the site restoration and reclamation costs and the mine closure costs that will have to be incurred is uncertain due to the fact that the laws and regulations are continually changing, the uncertainty regarding the extent of the liability, and the magnitude of costs required to discharge this liability. In addition, the timing of the settlement of the obligation is uncertain.

Critical accounting judgments

Significant judgments about the future and the other sources of judgment uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from judgments made, relate to, but are not limited to, the following:

i. The Company uses judgment in determining whether there are facts and circumstances suggesting that the carrying amount of its mine under development may exceed its recoverable amount.

ii. The Company uses judgment in determining its ability to continue as a going concern in order to discharge its current liabilities via raising additional financing.

iii. The Company uses judgment in determining the classification of its RMBAH facility as a financial liability measured at FVTPL.

iv. The Company uses judgment in determining its functional currency. IAS 21, The Effects of Changes in Foreign Exchange Rates ("IAS 21") defines the functional currency as the currency of the primary economic environment in which an entity operates. IAS 21 requires the determination of functional currency to be performed on an entity by entity basis, based on various primary and secondary factors. In identifying the functional currency of the parent and of its subsidiaries and jointly controlled entities, management considered the currency that mainly influences the cost of undertaking the business activities in each jurisdiction in which the Company operates. The Company has determined that its functional currency is the United States Dollar.

Off-Balance Sheet Arrangements

The Company had no off balance sheet arrangements as at December 31, 2014 and 2013.

Financial Instruments

The Company's financial assets and liabilities include cash and cash equivalents, restricted investments, accounts receivable, accounts payable and accrued liabilities, warrants and note payable. The Company is exposed to interest rate risk related to its senior secured term loan facility (see Note 9). The term loan incurs interest based on the 30-day LIBOR rate plus 5.0% during 2013. The Company is not exposed to significant currency, or credit risk arising from its financial instruments. All the Company’s funds are held in accounts at major banks in Canada and the United States. As discussed previously, the Company has designated the RMBAH Facility as a financial liability at fair value through profit or loss. The Company recognizes a mark to market gain or loss on this debt based on the difference between the spot price of repayable gold ounces as at the date of the statement of financial position and the aggregate of the agreed upfront payment price per ounce plus the delivery price per ounce. Therefore the Company is exposed to commodity price risk related to the mark to market gains or losses on the note payable. The Company has accepted this risk and has not tried to mitigate the risk.

The Company's financial instruments carrying amounts and fair values as at December 31, 2014 and 2013 are as follows:

	As at December 31, 2014			**As at December 31, 2013**		
	Current Portion	Long-term Portion	Total	Current Portion	Long-term Portion	Total
RMBAH "SSTLF"	11,311,800	28,859,800	40,171,600	2,221,100	34,797,400	37,018,500
	$ 11,311,800	$ 28,859,800	$ 40,171,600	$ 2,221,100	$ 34,797,400	$ 37,018,500

Outstanding share data

The authorized share capital of the Company consists of an unlimited number of common shares with no par value of which 123,877,007 and 121,655,365 were issued and outstanding as at December 31, 2014 and 2013, respectively. As at December 31, 2014 and 2013 the Company's common share capital was $27,655,000 and $27,262,300, respectively. As at April 30, 2015 the Company had 124,352,007 shares issued and outstanding. (Refer to the Subsequent Events section of this MD&A below). Of the shares outstanding as at December 31, 2014 and 2013, 718,352 were allotted to the Company's former shareholders who may tender their shares in the future (Refer to Note 1 of the audited consolidated financial statements).

On January 15, 2013 the Company completed a second tranche of the non-brokered private placement of 473,301 common share units at a price of $0.30 for proceeds of $135,500.

The Company has authorized an unlimited number of preference shares with no par value. On December 31, 2013, December 31, 2012 and April 30, 2015 the Company had 254,414 Series 1 Convertible Redeemable Preference shares outstanding having a value of $211,200. These shares are convertible at any time by the holder into common shares of the Company on a one for one basis and are redeemable at any time by the Company at a price of C$1 for each share redeemed.

Share Purchase Warrants:
There were no exercises of warrants during the years ended December 31, 2014 and 2013. As at December 31, 2014 and 2013 the Company had no share purchase warrants issued and outstanding.

As at April 30, 2015, the Company had no share purchase warrants issued and outstanding.

Stock Options:

During the years ended December 31, 2014 and 2013, the Company expensed ($1,500) and $10,600, respectively, of share-based payments related to its Employee Share Option Plan.

As at December 31, 2014 and 2013, the Company had 2,859,000 and 4,189,000 stock options outstanding at an exercise price ranging from C$0.18 to C$0.20 and C$0.11 to C$0.20 and with expiry dates ranging from June 1, 2016 to November 11, 2016 and June 9, 2014 to August 20, 2017 respectively. If all the remaining December 31, 2014 outstanding options were to be exercised, the Company's available cash would increase by C$539,445.

The following table summarizes the weighted average exercise price and the weighted average remaining contractual life of the options outstanding and exercisable at December 31, 2013:

Outstanding					Exercisable	
Exercise Price C$	Options Outstanding	Expiry date	Weighted Average Remaining Life (years)	Weighted Average Exercise Price C$	Options Exercisable	Weighted Average Exercise Price C$
$0.18	24,000	June 1, 2016	1.42	$0.18	24,000	$0.18
$0.18	1,275,000	July 19, 2016	1.55	$0.18	1,275,000	$0.18
$0.20	1,500,000	November 1, 2016	1.84	$0.20	1,500,000	$0.20

$0.20	60,000	November 11, 2016	1.87	$0.20	60,000	$0.20
	2,859,000		1.71	$0.19	2,859,000	$0.19

As at April 30, 2015, 2,859,000 stock options were outstanding under the Company's stock option plan for employees, directors, officers and consultants of the Company.

Subsequent Events

The following events occurred subsequent to December 31, 2014:

On January 15, 2015 the Company issued 475,000 common shares to the former Chief Executive Officer in regards to the second installment of severance agreement (see note 16).

Proposed Transactions

Management periodically enters into informal discussions with prospective business partners in the normal course of business. However management does not believe that any of these discussions constitute proposed transactions for the purpose of this report.

Company History and Mineral Properties

The Company was incorporated in the Province of British Columbia on June 7, 1990. Effective December 29, 2004, the Company completed a reverse take-over ("RTO") by acquiring Sutter Gold Mining Company ("SGMC") of Riverton, Wyoming.

Approximately 98.4% of SGMC's shareholders tendered their shares for 43,871,015 common shares of the Company as at September 30, 2013 and December 31, 2012. The Company has allotted another 718,352 common shares for the other 1.6% of SGMC's shareholders to tender their shares in the future.

On June 12, 2008, RMB Resources Ltd. ("RMB"), a trustee for the Telluride Investment Trust, entered into a private agreement to purchase an aggregate of 39,062,072 (49.9%) common shares of the Company from U.S. Energy Corp. ("USE") for an aggregate purchase price of approximately C$5,400,000, in accordance with the terms of a share purchase agreement and subject to certain closing conditions. On August 22, 2008, RMB completed the acquisition. As at September 30, 2014 and December 31, 2013, RMB owned 58,216,820 of the 123,877,007 and 121,182,065 outstanding common shares of the Company, respectively

The Company's principal business activity is the development and consolidation of mineral properties in California and, through a joint venture agreement, exploring mineral properties in Mexico.

Sutter Gold Mine and Lincoln Mine Project, California

Lincoln Mine Project consists of contiguous patented owned and leased properties. Modern exploration of these properties began in the early 1980's with soil geochemical sampling, reverse circulation drilling and diamond core drilling. Significant effort and funding from predecessor entities acquired modern environmental and construction permitting and included initial underground development of a 15-foot wide, 12-foot high decline into the Lincoln and Comet vein zones. Additional permitting, underground development and sampling occurred well into the 1990's. The Company was created specifically as an entity for the continued advancement of the project. A project-wide modern gold resource was defined most recently in 2008 by independent geologist Mark Payne. A subsequent technical report, including an NI 43-101 resource estimate and a Preliminary Economic Assessment focused on the Lincoln-Comet area, a portion of the project-wide resource, and described an initial phase of mining activity at the Project was completed in 2011. The Preliminary Economic Assessment ("PEA"), completed by the independent engineering firm, Mine Development Associates ("MDA") of Reno, NV, USA, indicates positive economic potential for the Lincoln-Comet portion of Sutter's Lincoln Mine Project ("Project") resources. MDA considered an updated indicated and inferred resource of 210,300 tons grading 0.573 ounces per ton ("opt") or 19.6 grams/ton ("g/t") at a 0.22opt (7.5 g/t) cutoff grade containing 120,000 ounces of gold.

Sutter staff and its consultants completed a comprehensive mine design for the Lincoln-Comet deposit utilizing Gemcom Surpac software and the block model resource created by MDA. The narrow-vein nature of the resource dictates the higher cost, but historically proven mining method of cut and fill stoping utilizing jackleg and stoper drills, electric and/or pneumatic slushers supplemented by modern rubber tire load-haul-dump machines and underground haul trucks. Mine levels are designed at 100-foot vertical spacing. Primary access exists through the modern 15-foot wide, 12-foot high Stringbean Alley decline. Secondary access is designed as an 8-foot wide x 8-foot high decline to the 1200 foot level (1200 feet above mean sea level) and an 8-foot wide x 8-foot high decline to the 1300 level. Stope panels are nominally 100 feet long x 100 feet high. All in-vein development is designed at a 3 foot minimum width. Material blasted and slushed in the stopes can be delivered, via muck passes, to levels where the rubber tire equipment can transfer it to chutes accessed by the Stringbean Alley decline. Underground haul trucks deliver the material to a new mill facility located at the surface. Mining and haulage costs are estimated at $207 per ton of processed material. Mining dilution was estimated at 20% of zero grade waste with an additional dilution of 9.3% of material grading 0.20 opt. Ore loss was estimated at 10%. Utilizing a base gold price of $1,100 per ounce and a five-year mine life, the PEA evaluated an initial high-grade scenario for the extraction of the resource at a 0.22 opt cutoff, mining an average of 22,300 ounces per year. A pre-tax cash-flow evaluation indicates an internal rate of return ("IRR") of 20.5% while the net present value at a 5% discount is $8,027,100.

The completed PEA, including the Lincoln-Comet resource estimate by Mine Development Associates of Reno, Nevada, USA was filed on SEDAR and is available on the Company's website.

In the first quarter of 2013, the Company tested the crushing and grinding circuits in the mill. Additional mineral processing commenced in Q4 of 2013 into Q1 of 2014 using approximately 1,100 tons of stockpiled low-grade material from development work commencing in Q3 2012 and ending in Q1 2013, earlier bulk sample campaigns and an additional tons generated during underground development work commencing in Q3 of 2013 and ending in Q1 of 2014. Process and metallurgical consultants were engaged to assess various issues that were encountered during processing and several recommendations have been implemented with respect to changes in the process flow sheet, new equipment and improved operating procedures. Mineral processing continued into the first quarter of 2014. However, weakness in the design and installation of the plant thickener and its failure precluded processing of all materials from the mine development work. The inability to dewater whole tailings on a sustained basis necessitated suspension of milling operations, and hence, commissioning of the mill. On March 4, 2014, the Company decided to temporarily suspend operations at the Lincoln Mine Project.in order to conserve resources while it evaluates more fully, using third-party consultants to address the remaining mineral processing issues (see news release "Sutter Gold Mining Provides Project Update and Announces it Will Temporarily Suspend Operations at the Lincoln Mine Project", dated March 4, 2014).

<u>California Properties</u>

On May 3, 2007, the Company settled a Contingent Stock Purchase Warrant liability with U.S. Energy Corp. by the issuance of a Net Profits Interest royalty ("NPIR") of 5% until an amount of $4.6 million is repaid, and granting a 1% NPIR thereafter. NPIR is defined as the price received from the sale of gold or other mineralized product that is mined, saved and sold, less mining, milling, processing or refining and transportation costs and allowable taxes and royalties. No amounts have been accrued as a liability as at September 30, 2014 and December 31, 2013 as there was no present obligation.

For both years ended December 31, 2014 and 2013 the Company expensed $21,600 in mineral lease payments for the leases detailed below.

<u>Lincoln and Comet Properties</u>

The Lincoln Mine Project has been the subject of considerable modern exploration activity, most of it centering on the Lincoln and Comet ore zones and associated properties ("the Lincoln and Comet Properties") which are adjacent along strike. A total of 101,385 feet of drilling has been completed in 230 diamond drill holes, and modern underground development consists of a 2,850-foot declined ramp with 1,575 feet of horizontal crosscuts, 1,275 feet of horizontal ore development and 250 feet of vertical raise development.

The Comet and Lincoln leases were amended in 2003. Both leases have terms of 30 years, broken down into ten year segments carrying a 4% production royalty or minimum annual payments as described below for the Lincoln and Comet properties. An additional 0.5% net smelter return royalty is held by a consultant to a lessee and was in place prior to the acquisition of the properties and covers all the properties in the Lincoln Mine Project. Lease payments are made at the Company’s option, no accrual is made. The payments have been made through years 11 and 21 for the Lincoln and Comet leases respectively.

Years	Annual Payments	
	Comet	Lincoln
1-10	$ 1,200	$ 2,400
11-20	$ 2,400	$ 4,800
21-30	$ 3,600	$ 7,200
31-40 (10 year option)	$ 4,800	$ 9,600
41-Thereafer (annual option)	$ 4,800	$ 9,600

Eureka Mines

On January 21, 2005, the Company entered into a lease agreement to acquire 132 acres of land immediately adjacent to the Company’s properties in California, called the Eureka Property. The lease term is 30 years, broken down into ten year segments carrying a 4% production royalty or a minimum annual payment. Lease payments are made at the Company’s option and therefore no accrual has been made. All payments have been made through year 11 of the lease.

Years	Annual Payments
1-10	$ 2,400
11-20	$ 3,600
21-30	$ 4,800
31-40 (10 year option)	$ 6,000
41-Thereafer (annual option)	$ 6,000

Keystone Property

Effective August 1, 2003, the Company entered into a lease ("Third Amendment to Mining Lease and Option") with Keystone Mining Corporation. The lease covers certain properties at the Lincoln Mine Project and requires payments of $5,000 per year for the first 10 years of the lease. A royalty of 5% of the net profits on production exists on these properties. The "net profits" will be determined by subtracting from gross mineral revenues an amount equal to 105% of numerous categories of costs and expenses. Lease payments are made at the Company’s option and therefore no accrual has been made. The payments have been made through year 12 of the lease.

Years	Annual Payments
1-10	$ 5,000
11-20	$ 7,000
21-30	$ 10,000

Cecchettini Trust

Effective May 20, 2009, the Company entered into a Mineral Lease Agreement with the Cecchettini Trust. The lease covers 162 acres adjoining and contiguous with existing Sutter Gold Properties and requires annual base lease payments of $5,000 for the first 10 years of the lease. A Production Royalty of 4% of saleable Product produced on these leases will be paid during mining operations. Lease payments are made at the Company’s option and therefore no accrual has been made. The payments have been made through year 6 of the lease.

Fancher Trust
On June 14, 2012, the Company entered into a mineral exploration and purchase option agreement with the Fancher Trust. The agreement covers approximately one mile of strike length, several historic mining claims adjoining and contiguous with the existing Sutter Gold properties.

The agreement also requires annual base option payments of $140,000 over the 5-year option period. The agreement gives the Company mineral exploration rights during the option period. Option payments will apply to the purchase price provided that the Company exercises their option to purchase the property. The Company opted to not renew the purchase option agreement on a going forward basis in the 2nd quarter of 2013.

Ecuador Property - NSR Interest, Portovelo, Ecuador
The Company had a 100% interest in three concessions located in the Portovelo region of southern Ecuador, subject to a 2% net smelter return royalty ("NSR") which was capped at a maximum of $1.0 million on each of two of the concessions. In March 2006, the title of the property was transferred to Dynasty Metals & Mining Inc. ("Dynasty") for 30,000 of Dynasty's common shares which were received by the Company at a deemed value of $20,100 and were sold in fiscal 2006. The Company retains a 2% NSR royalty on the properties, 50% of which may be purchased from the Company for C$500,000.

Mexican Property Baja California, Mexico
On October 26, 2006, the Company entered into an Exclusive Option Agreement with The Alamo Group to acquire a 100% interest (less royalty provisions) in the Santa Teresa mineral concession located in the historic El Alamo gold mining district southeast of Ensenada, Mexico for a maximum of C$500,000 in payments and a minimum of C$100,000 in work commitments. Required cash payments have been reduced to C$280,000 based on the total amount of work commitments completed.

The Company made an initial payment of $13,300 (C$15,000) on signing the Exclusive Option Agreement and issued 111,111 of its shares at a price of C$0.36 on signing the Definitive Agreement on February 7, 2007.

The Alamo Group will retain a 3% net smelter royalty if gold is selling for C$650/ounce or greater and 1.5% if gold is selling for less than C$650/ounce. The Company has the right to purchase one half of the net smelter royalty for C$1 after The Alamo Group has received C$2,000,000 in royalties from commercial operations on the concession.

On March 29, 2007, the Company signed a letter of intent with Premier to jointly explore the Company's Santa Teresa mineral concession. Premier is to earn an initial 50% interest in the project by issuing 100,000 common shares (received) to the Company, completing $1.5 million in exploration and acquisition within two years and reimbursing the Company for all option payments (C$500,000, C$180,000 reimbursed to report date) due to the vendor over four years. Premier has completed conditions to requisite conditions to earn the initial 50% interest in the project. Premier can earn an additional 15% interest in the property (to a 65% interest) by paying a further $500,000 to the Company and conducting an additional $4.0 million in exploration on the property.

The Company has completed its obligations under the option agreement. The Alamo Group has provided written confirmation that the terms of the lease option have been met. The Company continues to work with Premier towards realizing value from this asset.

Risks and Uncertainties

Due to risks and uncertainties, including the risks and uncertainties identified below and elsewhere in this MD&A and the related unaudited condensed interim consolidated financial statements, actual events may differ materially from current expectations.

By its very nature, mineral exploration and development involves a high degree of risk, and considerable expenditures are required to substantiate the commercial viability of a mineral property and then to develop it to profitable production. The Company competes with larger and better financed companies for exploration personnel, contractors and equipment. Increased exploration activity has increased demand for capital, equipment and services. There can be no assurance that the Company can obtain the required capital, equipment and services in a timely or cost effective manner.

The success of the Company will depend on numerous factors, including general economic factors; the obtainment of certain approvals; the availability of development and construction capital; the spot price of gold; preparation and execution of an underground development and mining plan which produces the amounts and grades of ore targeted by the plan; construction of a mill which recovers the percentages of gold estimated by the Company; ongoing delineation of sufficient mineral resources in addition to current estimates to sustain mining operations; absence of delays due to unanticipated underground engineering or production problems; and other factors such as environmental, permitting and other site preparation delays. There is no assurance of favorable determinations of such factors. An unfavorable determination of any one of such factors could significantly delay operations and impair the chances of success for the Company.

All of the Company's short to medium term operating and exploration expenses must be derived from external financing sources. Actual funding requirements may vary from what is planned due to a number of factors including the progress of exploration and development on its current properties. Should changes in equity market conditions, including interest rates, prevent the Company from obtaining additional external financing on economic viable terms, the Company will need to review its mineral property holdings to prioritize project expenditures based on funding availability.

The Company is exposed to price risk with respect to commodity and equity prices. Adverse commodity prices could affect the viability of the mineral property projects or affect the completion of future equity transactions. Adverse movements in the stock market or in individual equity prices could affect equity offerings and the exercise of stock options.

The Company's operations in the United States, Mexico and financing activities in Canada make it subject to foreign currency fluctuations and such fluctuations may materially affect its financial position and results.

A majority of the Company's directors and officers serve as directors and officers of other natural resource companies or institutions. Situations may arise where the directors and/or officers of the Company may be in competition with the Company. Any conflicts of interest will be subject to and governed by the law applicable to directors' and officers' conflicts of interest. In the event that such a conflict of interest arises an independent committee of directors will review and approve such resolution before it goes to the Company's full board of directors. In accordance with applicable laws, the directors and officers of the Company are required to act honestly, in good faith and in the best interests on the Company. In determining whether or not the Company will participate in a particular program or transaction and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Internal Controls over Financial Reporting

In connection with the National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained within the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Additional Information

The Company's web site address is www.suttergoldmining.com. A copy of this MD&A, the audited consolidated financial statements for the year ended December 31, 2013, the audited consolidated financial statements for the year ended December 31, 2012 and related MD&A and other information and public filings are available on the Company's web site or on the SEDAR website at www.sedar.com. The Company is listed on the TSX Venture Exchange with the trading symbol "SGM" and also trades on the OTCQX, the top tier of the US Over-the-Counter (“OTC”) market under the symbol SGMNF.

Disclaimer

The information contained within this discussion, by its very nature, is not a thorough summary of all matters and developments concerning Sutter Gold Mining Inc. The information herein is not a substitute for a detailed investigation or an analysis of any issue related to the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR and on the Company’s website. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein. Further, certain data included in this document may be historical in nature. Consequently, they not have been verified by the Company's technical staff, and therefore they should not be relied upon.