SUTTER GOLD MINING INC.
Management's Discussion and Analysis
For the year ended December 31, 2012
(Containing information up to and including April 2, 2013)

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, 2012. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and accompanied notes for the year ended December 31, 2012 and 2011. 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 2, 2013. 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, 2012 and 2011 the audited consolidated financial statements were prepared in accordance with International Financial Reporting Standards.

Technical information in this MD&A has been reviewed by the Company's Chief Operating Officer, Matt Collins who is a Qualified Person as defined by Canadian National Instrument 43-101 ("NI 43-101"). Further information regarding the Company's California mineral resources can be found in the Form 43-101 Technical Report "Mineral Resource Estimate, Sutter Gold Project, Amador County, California", dated February 5, 2008, by consulting geologist and Independent Qualified Person Mark Payne, P. Geo. Calif. #7076. Resources were defined according to Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definitions for Mineral Resources, and are compliant with NI 43-101, Standards of Disclosure for Mineral Projects.

Business Overview

The following discussion is qualified in its entirety by the section entitled Risks and Uncertainties, the uncertainties described under the section entitled Liquidity and Capital Resources and by the Forward-looking Statements provision that follow this outlook section.

Sutter's strategy 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 these goals by 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 principal assets are the Sutter Gold Mine and Lincoln Project located in the historic Mother Lode District 45 miles southeast of Sacramento, California. The Sutter Gold Mine and Lincoln Project are 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 lies within a 10-mile section of the Mother Lode belt which is credited with historic production of 7.8 million ounces of gold. This property had a recorded production of approximately 3.4 million ounces of gold, essentially all 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 has approved the development of the Lincoln Project, based upon the conclusions of a Preliminary Economic Assessment ("PEA") (refer to the 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 containing 244,800 tons of potentially minable material grading 0.46opt (15.8g/t) including mining dilution and losses. An underground mining operation with a 5-

year mine life is considered, processing 150 tons per day using conventional gravity and flotation recovery technology producing 22,300 ounces of gold annually. Cash operating costs are estimated at $704/ounce produced. Preproduction development began in October 2011.

The Company strongly believes the potential for extending the mine life beyond 5 years exists within the Lincoln-Comet resource. Several mineralized zones in both the Lincoln-Comet and Keystone areas remain open down plunge to the southeast and to depth. Sutter's Board of Directors approved a $1.2 million exploration program in 2012 to further identify mineral resources in the immediate Lincoln and Comet areas (refer to the news release "Sutter Gold Plans Drilling to Expand Resources at its Lincoln Mine Project and Provides Development Update" dated October 13, 2011).

The Company's short range goal is to produce gold from the Lincoln-Comet deposit by initiating state-of-the-art, environmentally compatible mining operations on a modest scale similar to the historic mining in the Mother Lode but with a contemporary understanding of the myriad of issues associated with such endeavors. Engineering, design and economic evaluation has been ongoing for the past two years towards this objective. The Company has employed a core professional staff with direct experience in these types of operations and is identifying, recruiting and hiring additional candidates for the team of people necessary for the operation. The Company continues to evaluate the potential opportunity to further consolidate mineral properties contained within the 10-mile section of the Mother Lode Trend.

Sutter Gold Mining Inc. is a Vancouver, British Columbia-based company, with a management office in Denver, Colorado and with its mine office in Sutter Creek, California. The shares trade on the Toronto Stock Exchange (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, 2012	2011	2010
Operating expenses			
Wages and benefits	2,264,500	1,072,600	773,300
Exploration	818,000	25,400	-
Mine and property holding costs	771,600	702,400	317,500
Professional & contract services	877,200	423,600	214,900
Office & administrative	615,000	384,900	392,000
Travel & entertainment	228,800	122,100	67,800
Share-based payments	203,000	426,000	64,900
Depreciation and amortization	117,700	79,700	59,300
Rent and electricity	108,500	94,900	90,800
Feasibility study	13,200	215,400	765,500
(Gain) loss on sale of assets	-	(33,000)	94,500
Loss on foreign exchange	5,600	1,900	500
	6,023,100	3,515,900	2,841,000
Loss from operations	(6,023,100)	(3,515,900)	(2,841,000)
Interest income	3,400	2,100	800
Interest expense	(36,400)	(431,700)	(655,700)
Loan transaction fees	(471,400)	(32,500)	(108,600)
Other income	-	21,000	32,100
Change in fair value of warrant derivative	-	1,328,000	(1,061,000)
Mark to market adjustment RMB facility	(11,901,400)	(7,794,300)	-
	(12,405,800)	(6,907,400)	(1,792,400)
Net loss and total comprehensive loss for the year	$(18,428,900)	$(10,423,300)	$ (4,633,400)

	As at December 31, 2012	2011	2010
Total assets	$ 18,208,900	$ 6,961,800	$ 1,117,100
Non-current financial liabilities	$ 31,208,000	$ 17,718,400	$ 23,300
Cash dividends	$ -	$ -	$ -

Results of Operations Years ended December 31, 2012 and 2011

Sutter's net loss for the year ended December 31, 2012 was $18,428,900 or $0.16 per common share compared with a net loss of $10,423,300 or $0.10 per share during the same period in 2011. The major reason for the increased loss was increased borrowings on the prepaid gold 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 loss on this debt of $11,901,400 and

$7,794,300 for the years ended December 31, 2012 and 2011, respectively. The mark-to-market losses are the difference between the spot price of repayable gold ounces as at December 31, 2012 and 2011 and the aggregate of the agreed upfront payment price plus the delivery price. In July 2012, the Company obtained a new delivery schedule where 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. Interest expense for the year ended December 31, 2012 totaled $36,400 compared to $431,700 for the same period in 2011. This reduction of interest expense was due to the payout of the balance on the short term loan facility in the third quarter of 2011. The Company obtained the new bridge loan in October 2012, and therefore incurred approximately two months of interest expense on the new loan in 2012.

Operating costs and expenses for the years ended December 31, 2012 and 2011 were $6,023,100 and $3,515,900, respectively. Wages and benefits were increased to $2,264,500 from $1,072,600 for the years ended December 31, 2012 and 2011, respectively, due to additional employees hired in the latter of 2011 and throughout 2012 for construction of the Lincoln Mine Project. The Company incurred $818,000 and $25,400 of exploration costs in 2012 and 2011, respectively, related to the exploration program than began in late fourth quarter 2011. Professional and contract services were $877,200 for the year ended December 31, 2012, compared with $423,600 for the same period in 2011, due to increased investor relations and fundraising activities, environmental, legal and information technology services. Office and administrative costs increased $230,100 from $384,900 in 2011 to $615,000 in 2012 due to increased insurance and communication costs. Offsetting these increases were decreases in share-based based compensation and feasibility study costs. Share-based compensation was $203,000 and $426,000 for the years ended December 31, 2012 and 2011, respectively, as a result of less stock options being issued to employees and directors in 2012. Feasibility decreased from $215,400 in 2011 to $13,200 due to the completion of the Company's technical report in late first quarter of 2011.

Summary of Quarterly Results, Q1 2011-Q4 2012

Expressed In $	**December 2012**	September 2012	June 2012	March 2012	**December 2011**	September 2011	June 2011	March 2011
Operating revenues	**-**	-	-	-	**-**	-	-	-
Net income (loss)	**3,936,400**	(12,541,400)	(3,470,400)	(6,353,500)	**(504,700)**	(9,016,500)	(220,800)	(681,300)
Loss per share	**0.03**	(0.10)	(0.03)	(0.06)	**(0.00)**	(0.09)	(0.00)	(0.01)

<u>Results of Operations for the Fourth Quarter of 2012 and 2011</u>

In the three months ended December 31, 2012, the Company's net income increased by $4,442,100 to $3,936,400 compared with a net loss of $504,700 during the same period in 2011. The major reason for the increased income is due to the mark to market gain of $6,153,500 recorded in the three months ended December 31, 2012 compared to a net gain of $779,000 for the same period in 2011 on the Company's prepaid gold facility described above. For the three months ended December 31, 2012 and 2011, loan fee expense was $471,400 and $0, respectively. The increase in loan fees of $471,400 related to the Company's bridge loan financing costs incurred during the fourth quarter as the Company sought new financing. Interest expense for the three months ended December 31, 2012 was $36,400 compared to $0 for the same period in 2011. This increase of interest expense was due to the Company entering into a new bridge loan with RMBAH in the fourth quarter.

Operating costs and expenses for the three months ended December 31, 2012 and 2011 were $1,709,500 and $1,287,200, respectively. Wages and benefits were increased to $570,100 from $333,100 for the three months ended December 31, 2012 and 2011, respectively, due to additional employees hired in the latter of 2011 and throughout 2012 related to the Lincoln Mine Project. Professional and contract services were $439,300 for the three months ended December 31, 2012, compared with $142,400 for the same period in 2011, due to increased investor relations and fundraising activities, environmental, legal and information technology services. Office and administrative costs increased $168,500 from $164,800 to $333,300 in the fourth quarter of 2012 due to increased insurance and communication costs. Offsetting these increases were decreases in mine and property holdings from $204,400 for the three months ended December 31, 2011 to $129,400 for the three months ended December 31, 2012. The decrease in costs was due to less activity for environmental and permitting and preparing the site for development of the mine including environmental testing and compliance as most permits had been received prior to the fourth quarter of 2012. Also offsetting the increases was a decline in share-based based compensation. Share-based compensation was $41,500 and $302,000 for the three months ended December 31, 2012 and 2011, respectively, as a result of less stock options being issued to employees and directors in 2012.

Liquidity and Capital Resources

The following table summarizes the Company's operating, investing and financing cash flow activity for the years ended December 31, 2012, 2011, and 2010:

		For year ended December 31,	
	2012	**2011**	**2010**
Cash used in operating activities	$5,706,300	$3,281,800	$2,985,200
Cash used in investing activities	$13,145,600	$1,775,300	$ 116,600
Cash provided by financing activities	$16,098,600	$8,596,800	$2,923,800

The Company has generated significant losses since its inception which has resulted in an accumulated deficit of $64,776,000 and $46,347,100 as at December 31, 2012 and 2011, respectively. The current financial and economic marketplace has made access to financing through the equity markets more difficult and this has created uncertainty as to the Company's ability to fund ongoing operations for the next operating period and to participate in 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 bridge loan facility arrangement with a related party to cover short-term operating capital requirements as well as the completion of the Lincoln Project. As at December 31, 2012, the Company has a working capital deficiency of $16,270,300 compared to a working capital surplus as at December 31, 2011 of $1,261,200. 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, 2012 and 2011:

	As at December 31, 2012	**As at December 31, 2011**
Working capital (deficiency) surplus	$ (16,270,300)	$ 1,261,200
Cash	$ 1,245,200	$ 3,998,500

The following are the contractual maturities of the Company's financial liabilities as at December 31, 2012:

	Carrying Amount	Contractual cash flows	1 year or less	2-5 years	More than 5 years
Accounts payable and accrued liabilities	$ 1,764,500	$ 1,764,500	$ 1,764,500	$ -	$ -
Leases payable	$ 67,000	$ 67,000	$ 67,000	$ -	$ -
Notes payable	$ 47,195,700	$47,195,700	$16,011,000	$ 31,184,700	$ -
Reclamation liability	$ 23,300	$ 23,300	$ -	$ -	$ 23,300
Mineral leases	$ -	$ 1,007,200	$ 161,600	$ 538,800	$ 306,800

At December 31, 2012, Sutter had a working capital deficiency of $16,270,300, compared with a working capital surplus of $1,261,200 at December 31, 2011. The main cause of the decrease in working capital is the Company's current portion of note payable and the related mark to market losses. As at December 31, 2012 and December 31, 2011, the Company had drawn $20,000,000 and $11,866,900, respectively, on the RMBAH Facility and had recorded cumulative mark to market losses of $19,695,700 and $7,794,300, respectively. In addition to the RMBAH Facility, the Company closed on a secured short-term bridge loan in the amount of up to $12 million from RMBAH during the fourth quarter of 2012. As at December 31, 2012, the Company had drawn down $7,500,000 on the RMBAH bridge loan. Due to the increased debt balances, the Company's current portion of the note payable and mark to market adjustment increased from $1,966,100 as at December 31, 2011 to $16,011,000 as at December 31, 2012. Cash totaled $1,245,200 at December 31, 2012, compared with $3,998,500 at December 31, 2011. The decrease in cash is due to expenses related to the development of the Lincoln Mine Project. During the years ended December 31, 2012 and 2011, the Company spent $5,706,300 and $3,281,800, respectively, on operating activities. The increase in cash used in operating expenses in 2012 is due to the Company's increased net loss net of the mark to market adjustment. Cash used in investing activities for the years ended December 31, 2012 and 2011 was $13,145,600 and $1,775,300, respectively. The increase in 2012 is due to the Company's construction of the Lincoln Mine Project which commenced in the second quarter of 2011. The Company's cash provided by financing activities increased to $16,098,600 from $8,596,800 during the years ended December 31, 2012 as compared to the same period in 2011 as the result of the Company's borrowings on the RMBAH Facility and RMBAH Bridge Loan in order to continue to fund the construction of the Lincoln Mine Project.

In June 2011, the Company entered into an agreement with RMB Australia Holdings Limited ("RMBAH") to help fund the cost of developing the Lincoln Mine project. RMBAH is related to RMB as both companies are subsidiaries of the FirstRand Group. The project finance facility is a secured prepaid gold loan in the amount of $20 million. The Company commenced drawing down the loan in July 2011 and at December 31, 2012, had drawn down all $20 million. Approximately $6.6 million of the drawdowns to date were used to repay a prior RMBAH short-term loan facility in July 2011. (Refer to Note 9 of the Company's consolidated financial statements for the amount of interest and financing fees paid in respect to this Loan Facility during 2012 and 2011.) The remainder of the loan is being applied to the ongoing cost of the development and construction of the Lincoln Mine project.

The Company has drawn down all of the RMBAH facility as at December 31, 2012 in order to fund the construction and development of the Lincoln Mine Project. Under the original terms, repayment of the RMBAH Facility was required to begin at the end of July 2012, the 13th month from the first month of the draw down. In July 2012, the Company negotiated a new delivery schedule. Under the new schedule, the Company will deliver a total of 54,942 ounces of gold with the first delivery in January, 2013 and the last delivery in October, 2017. Under the agreement, the Company will deliver to the lender approximately 50% of the project's estimated monthly gold production subject to a minimum of 1,000 ounces per month. Total gold production deliverable to RMBAH under the original schedule was limited to 53,027 ounces. The Company has the option of pre-delivering against the facility at its discretion. For the gold delivered as repayment of the prepaid gold facility, the Company will receive $942 per ounce, and it will receive market price for the remainder of the gold sold. The Company has not yet made any deliveries under the terms of the loan and has received waivers for all deliveries due to date.

During the years ended December 31, 2012 and 2011, the Company recorded a mark to market loss on the prepaid gold facility of $11,901,400 and $7,794,300, respectively. The mark to market is calculated as the difference between the spot price of repayable gold ounces as at the date of the Consolidated Statement of Financial Position and the aggregate of the agreed upfront payment price per ounce plus the delivery price. As at December 31, 2012 and 2011, the Company had 54,942 and 31,463 repayable ounces at the spot price of $1,664 and $1,566 per ounce, respectively. The upfront payment price as at December 31, 2012 and 2011 was $364 and $377 per ounce, respectively, and the delivery price as at December 31, 2012 and 2011 was $942 per ounce.

On October 18, 2012, the Company completed a secured short-term credit bridge loan in the maximum amount of $12 million from RMBAH. The bridge loan will be available for draw down until April 2013 with a final repayment date of June 30, 2013. The interest rate on advances from closing to March 31, 2013 will be LIBOR plus 11.5% per annum and, from April 1, 2013 to June 30, 2013, will be LIBOR plus 15% per annum. Interest is payable monthly in cash in arrears. The credit facility is subject to a $600,000 or 5% loan origination fee, which was paid to RMB on the first draw down. The security to be granted by the Company is consistent with that under the existing prepaid gold facility with RMBAH. The Company may prepay the credit facility without penalty at any time, subject to 5 days' notice, any broken period costs and with a minimum prepayment amount of US$250,000.

The current and long-term portion of the RMBAH facility including related mark-to-market losses and RMBAH Bridge Loan as at December 31, 2012 and December 31, 2011 are as follows:

	As at December 31, 2012			As at December 31, 2011		
	Current Portion	Long-term Portion	Total	Current Portion	Long-term Portion	Total
RMBAH Facility	$ 8,511,000	$31,184,700	$39,675,700	$1,966,100	$17,695,100	$19,661,200
RMBAH Bridge Loan	7,500,000	-	7,500,000	-	-	-
	$16,011,000	$31,184,700	$47,195,700	$1,966,100	$17,695,100	$19,661,200

The Company raised $1,017,000 in equity financing in the fourth quarter of 2012. 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 intends 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.

As at December 31, 2012 and 2011, the deficit was $64,776,000 and $46,347,100, respectively. The increase was the result of the net loss of $18,428,900 for the year ended December 31, 2012.

Mine Under Development

As of December 31, 2012, the cost of the Company's mine under development totaled $17,542,400 offset by accumulated depreciation of $982,700. For the years ended December 31, 2012 and 2011, depreciation expense totaled $117,700 and $79,700, respectively. During the year ended December 31, 2012, the Company purchased $13,978,400 of mine under development compared with $2,282,100 during the same period in 2011. The 2012 increased additions relate to the construction of the Lincoln mine project which commenced in the second quarter of 2011.

Below is a summary of the Company's mine under development additions for the year ended December 31, 2012 and 2011:

	Land Improvements	Buildings	Equipment and Vehicles	Mine Development	Total
Cost					
Balance at January 1, 2011	$ 175,100	$ 343,700	$ 763,100	$ -	$ 1,281,900
Additions	562,400	135,400	824,500	759,800	2,282,100
Balance at December 31, 2011	737,500	479,100	1,587,600	759,800	3,564,000
Balance at January 1, 2012	737,500	479,100	1,587,600	759,800	3,564,000
Additions	3,969,900	4,273,200	3,533,500	2,201,800	13,978,400
Balance at December 31, 2012	$ 4,707,400	$ 4,752,300	$ 5,121,100	$ 2,961,600	$ 17,542,400

Reclamation Bond

Future reclamation and mine closure costs will be 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. Current estimated reclamation obligations of $23,300 are secured by a $27,000 reclamation bond as of December 31, 2012 and 2011.

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.

During the years ended December 31, 2012 and 2011, the Company paid interest in the amount of $0 and $246,700, respectively, to RMB Australia Holdings in respect to the Loan Facility. The Company paid interest of $121,500 for its 2012 bridge loan. In addition, the Company paid loan origination fees in the amount of $600,000 in 2012 in respect to setting up bridge loan.

During the year ended December 31, 2012, members of Board of Directors participated in the Company's private placement and purchased 550,000 common shares at $0.30 per share for gross proceeds to the Company of $165,000.

The remuneration of key management personnel of the Company for the years ended December 31, 2012 and 2011 was as follows:

	For the year ended December 31, 2012	2011
Short-term employee compensation and benefits	$ 1,397,600	$ 641,400
Share based compensation	124,200	228,200
	$1,521,800	$ 869,600

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.

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, 2012 and 2011.

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 short term bridge loan (see Note 9). The bridge loan incurs interest based on the 30-day LIBOR rate plus 11.5% during 2012. A 10% increase in the LIBOR rate would have increased the Company's interest expense by the amount of $100,600. 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, 2012 and 2011 are as follows:

	Carrying amount	Fair value	Carrying amount	Fair value
	As at December 31, 2012		As at December 31, 2011	
RMBAH Facility	$39,695,700	$39,695,700	$ 19,661,200	$19,661,200
RMBAH Bridge Loan	$ 7,500,000	$ 7,500,000	$ -	$ -
Unrecognized (losses)/gains	$ -	$ -	$ -	$ -

Outstanding share data

The authorized share capital of the Company consists of an unlimited number of common shares with no par value of which 121,182,065 and 117,517,098 were issued and outstanding as at December 31, 2012 and 2011, respectively. As at December 31, 2012 and 2011 the Company's common share capital was $27,126,800 and $26,017,900, respectively. As at April 2, 2013 the Company had 121,688,699 shares issued and outstanding. (Refer to the Subsequent Events section of this MD&A below). Of the shares outstanding as at December 31, 2012 and 2011, 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 a diluted basis, as at December 31, 2012 and 2011, the Company had 117,334,389 and 108,992,064 shares outstanding, respectively.

On December 14, 2012, the Company completed the first tranche of a non-brokered private placement of 3,389,967 common share units at a price of C$0.30 for proceeds of $1,017,000.

The Company has authorized an unlimited number of preference shares with no par value. On December 31, 2012, December 31, 2011 and April 2, 2013 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 year ended December 31, 2012. During the year ended December 31, 2011, the Company received $1,852,500 in proceeds from the exercise of 12,575,606 warrants. As at December 31, 2012 and 2011 the Company had no share purchase warrants issued and outstanding.

As at April 2, 2013, the Company had no share purchase warrants issued and outstanding.

Stock Options:

During the years ended December 31, 2012 and 2011, the Company expensed $203,000 and $426,000, respectively, of share-based payments related to its Employee Share Option Plan.

During the years ended December 31, 2012 and 2011, the Company received $48,500 and $9,800 in proceeds from the exercise of 275,000 and 74,000 stock options, respectively. The weighted average market price of stock options exercised during the years ended December 31, 2012 and 2011 was C$0.24. As at December 31, 2012 and 2011, the Company had 5,678,000 and 5,709,000 stock options outstanding at an exercise price ranging from C$0.11 to C$0.39 and C$0.11 to C$0.25 and with expiry dates ranging from June 9, 2014 to November 12, 2017 and June 9, 2014 to December 21, 2016, respectively. If all the remaining December 31, 2012 outstanding options were to be exercised, the Company's available cash would increase by C$970,300.

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, 2012:

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$
$0.11	900,000	June 9, 2014	1.44	$0.11	900,000	$0.11
$0.11	500,000	September 7, 2014	1.68	$0.11	500,000	$0.11
$0.11	500,000	September 14, 2014	1.70	$0.11	500,000	$0.11
$0.19	100,000	May 1, 2016	3.33	$0.19	-	$0.19
$0.18	24,000	June 1, 2016	3.42	$0.18	16,000	$0.18
$0.18	1,475,000	July 19, 2016	3.55	$0.18	1,475,000	$0.18
$0.25	240,000	August 1, 2016	3.56	$0.25	160,000	$0.25
$0.20	1,500,000	November 1, 2016	3.84	$0.20	1,500,000	$0.20
$0.20	60,000	November 11, 2016	3.87	$0.20	40,000	$0.20
$0.19	60,000	December 21, 2016	3.98	$0.19	40,000	$0.19
$0.20	69,000	January 3, 2017	4.01	$0.20	23,000	$0.20
$0.28	45,000	March 27, 2017	4.24	$0.28	15,000	$0.28
$0.29	90,000	April 2, 2017	4.25	$0.29	30,000	$0.29
$0.39	25,000	July 11, 2017	4.53	$0.39	25,000	$0.39
$0.37	45,000	August 20, 2017	4.64	$0.37	15,000	$0.37
$0.39	45,000	November 12, 2017	4.87	$0.39	15,000	$0.39
	5,678,000				5,254,000	

As at April 2, 2013, 5,678,000 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, 2012:

On January 4, 2013, the Company announced that the TSX Venture had granted the Company an extension for the completion of its private placement financing, initially announced on October 18, 2012. Subsequently, on January 16, 2013, the Company announced the completion of the second and final tranche of this non-brokered private placement of 506,634 common shares at a price of USD$0.30 per common share for gross proceeds of USD$151,990.

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 December 31, 2011. 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. (Refer to Note 1 of the audited consolidated financial statements).

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 December 31, 2012 and 2011, RMB owned 58,216,820 of the 121,182,065 and 117,517,098 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.

Upon the change of ownership and appointment of new management, corporate offices were relocated to Lakewood, Colorado and independent accounting, financial, communications, payroll and benefits, insurance, and investor relations systems were established that supports the Company's administration, exploration, mine development, and operational activities. Dr. Leanne Baker was appointed President and CEO effective November 1, 2011.

Sutter Gold Mine and Lincoln Project, California

The 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/tonne ("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 x 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.

Utilizing the extensive metallurgical data that exists for the deposit, with emphasis on the lock-cycle test work completed by McClelland Labs in 2009, Paul E. Danio and Associates, LLC completed a metallurgical process flowsheet and mill design. The process flowsheet for the Lincoln-Comet vein system material begins with crushing run-of-mine material stored in bins at the new mill facility to minus 1.5 inches. Crushed material would be conveyed to a fine-ore bin which feeds a rod mill operated in closed circuit. A centrifugal bowl gravity unit would produce a concentrate to be tabled and fused into doré. Conventional flotation utilizing non-toxic reagents would produce a flotation concentrate to be shipped offsite for final processing. Tailings would be dewatered and returned to the stopes as backfill or emplaced at the permitted Surface Fill Unit. Processing costs are estimated at $42 per ton of material. Recovery is estimated at 96% total, with 70% reporting to gravity concentrate and 26% reporting to flotation concentrate.

The completed National Instrument 43-101 compliant technical report, which includes the Preliminary Economic Assessment from Mine Development Associates of Reno, Nevada, USA was filed on SEDAR and is available on the Company's website.

Approval of the Board of Directors was granted to implement the recommendations provided by the technical report and to source funding for the development of the Lincoln Mine Project. Sutter will continue to progress the Lincoln Mine Project as planned, having acquired initial financing, which should fund approximately 70% of total project, in the form of a Gold Facility (see liquidity section above) from its primary lender, RMB Australia Holdings Limited. Bridge financing has been arranged for to fund the project until long-term financing is secured.

In Q3 of 2011, the Company initiated the development of the Lincoln Mine Project pursuant to the recommendations of the NI 43-101 technical study. The construction of the surface facilities is nearing completion, with D.G. Granade, Inc. of Shingle Springs, California acting as the General Contractor. In the first quarter of 2013, the Company successfully tested the crushing and grinding circuits in the mill. The flotation circuit and gravity circuit are scheduled to be tested in March 2013. Complete mineral processing will commence on approximately 1000 tons of stockpiled low-grade material from development and earlier bulk sample campaigns. The entire surface facilities are scheduled to be 100% operational in Q2 of 2013 and will be completed ahead of underground production mining.

Underground pre-production development was completed on the 1300 and 1200 levels by Mark A Suden Mining Construction. The 1100 and 900 levels have begun development, with secondary escape routes and infrastructure necessary to begin mining underway. Some mill-grade material encountered during development has been stockpiled. Raise development between the 1100 and 1200 levels has begun. Phase 2 of the underground pre-production development has been put out to bid among several major and minor western USA mining contractors. Bids are due the second week of March and the company anticipates initiation of Phase 2 underground development in early Q2 of 2013.

The Company commenced MSHA jurisdictional operations in July, 2012. The Company has achieved preproduction gold from mine development activities and is expecting steady-state full commercial production to be reached in late 2013. Having initiated the construction of the surface facilities in Q2 of 2012, the Company is expecting to be completing the construction phase by the end of Q2 of 2013.

The Lincoln Project is subject to local, state and federal permitting requirements administered by over 20 governmental agencies. The Project requires five (5) major operating permits and more than 30 lesser or minor operating permits and approvals. The Company has obtained all five (5) major operating permits. In addition, SGM has obtained all minor operating permits and approvals for the project components constructed to date.

In 2012 Sutter made significant progress with regard to permitting, obtaining all necessary permits for construction of the Lincoln Project as currently planned. In addition, Sutter has obtained all of the operating permits required for startup operations with the exception notifications to close out construction permits issued by the Air Quality Management District and the State Water Resources Control Board and transition to operating permits issued by these same agencies.

Having obtained permits for the project elements and operations included in the initial 5-year mine plan, we have shifted our focus to permit compliance programs and associated reporting requirements. In the near term this includes activities necessary to comply with the Sutter's Conditional Use Permit and others to maintain Sutter's excellent compliance record. As Sutter progresses from the construction phase to operations, the Company will need to work closely with the County and others to close out or terminate certain construction permits and transition to operating permits, where applicable. For example, Sutter will need to request final inspections required to close out all outstanding building and grading permits. Sutter obtained a permit (Authority to Construct) from the Air Quality Management District. This allows for construction and also limited operation of the mill facility. The Company will file, at the appropriate time, an application to obtain a Permit to Operate that will replace the Authority to Construct. Also, the Company may need to file for a separate permit to operate the batch plant that will be used to mix cement with tailings for backfilling stopes with tailings. Additionally, the Company has been working under a General Construction Storm Water Permit issued by the State Water Resources Control Board and administered by the Regional Water Quality Control Board. Sutter has prepared a Notice of Intent, which is needed to conduct industrial activities under the state's General Industrial Storm Water permit. Sutter also will file a Notice of Termination to cease activates under their construction permit.

In the longer term Sutter is looking to options to amend permits to increase operational flexibility and extend mining towards the Keystone group of mines immediately northwest of the Lincoln-Comet ore zones.

California Properties

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 December 31, 2011, December 31, 2010, or January 1, 2010 as there was no present obligation.

Lincoln and Comet Properties
The Sutter Gold Project has been the subject of considerable modern exploration activity, most of it centering on the Lincoln and Comet zones 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.

From 2001 to the end of 2003, the Company renegotiated the principal mineral leases on 205 acres. The new lease terms are 30 years, broken down into ten year segments carrying a 4% production royalty or minimum annual payments as follows for the Lincoln and Comet property. An additional 0.5% net smelter return royalty is held by a consultant to a lessee prior to the acquisition of the properties and covers the same properties in the Lincoln Project. All payments have been made up to date.

Years	Annual Payments	
	Lincoln	Comet
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

In January 2012 Sutter began an exploration drilling program to expand resources at the Lincoln and Comet segments of the Lincoln Mine Project. Partial assay results received to date for the first three drill holes, which were drilled at the southern or Lincoln segment, confirmed the following: 1) Gold mineralization extends upwards close to the surface, 2) The first drill hole, DDH-196, intersected a true width of 30.5 feet grading 0.121 oz./ton Au including 3.9

feet true width at 0.329 oz./ton Au, 3) The second drill hole, DDH-197, intersected a veined zone of 21.1 feet true width with an average grade of 0.328 oz./ton Au, including 7.1 feet true width grading 0.456 oz./ton Au, and 4) The third drill hole, DDH-198, intersected 3.0 feet grading 2.96 oz./ton Au. Drilling in the northern tier of the Lincoln segment yielded significant gold intersections in all six drill holes. The most significant findings are as follows: 1) SGD-67 returned 3.016 ounces per ton (opt) over 1.2 feet core interval and 0.338 opt over 2.0 feet core interval within a 14.2 feet intersection calculating to 2.5 feet true width at a weighted average grade of 0.41 opt Au; 2) SGD-66 returned 0.523 opt Au over a 2.0 feet interval within a 23.0 feet gold mineralized intersection calculating to 11.5 feet true thickness at a weighted average grade of 0.142 opt Au; 3) SGD-64 returned 0.312 opt Au over 3.0 feet core intersection compositing to 0.9 foot true width at 0.312 opt Au; and 4) SGD-62 returned 0.341 opt Au over a core interval of 3.6 feet within a down-hole vein interval of 6.1 feet calculating to 3.9 feet true width at a weighted average of 0.224 opt Au.

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. As of December 31, 2008, 12,000 common shares were issued to the Eureka Property's owner for the first year's payment and the second through fourth years' payments. All payments have been made up to date.

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 Sutter Gold 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. All payments have been made up to date.

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 the 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. The payments have been made and are up to date.

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 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 payments have been made and are up to date.

Ecuador Property - NSR Interest, Portovelo, Ecuador

The Company had an 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. The 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 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.

In January 2008, Premier began the initial 32-hole Phase One drill program at the Santa Teresa Concession in Baja California, Mexico and completed all 32 drill holes by late October 2008 for a total of 7,000 meters (22,800 feet) in the historic and high grade El Alamo District. Drilling results have confirmed the following; 1) Drilling has discovered multiple high-grade veins up to 260 meters along strike from the historic Princessa Gold Mine, whose average production grade exceeded one ounce per ton, 2) Results include multiple intercepts in excess of 34 grams per tonne (about 1.0 ounce per ton) gold between one and three meters within the Princessa structure, 3) Twenty-three significant intercepts with length-weighted average in excess of 35 grams per tonne, and 4) Structures remain open in all directions.

For more information on the drill results, please refer to the news releases available on www.sedar.com.

During the summer of 2008, surface reconnaissance and prospecting confirmed the presence of intense surface alteration blooms coincident with high-grade vein intercepts at depth, and identified several new conceptual drill targets located throughout the Santa Teresa Concession.

In June 2008, Premier announced that it had completed a transaction with Compania Minera Quasaro S.A. de C.V. to purchase the La Victoria Concession for the joint venture. The La Victoria Concession is land-locked within the Santa Teresa Concession and the veins that have been explored in the Phase I program may extend along strike into La Victoria.

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 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 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 ore reserves 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 and financing activities in Canada make it subject to foreign currency fluctuations and such fluctuations may materially affect its financial position and results.

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.

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. Forward looking statements are usually identified by our use of certain terminology or phrases , including “will”, “believes”, “may”, “expects”, “should”, “seeks”, “anticipates”, “intends” and similar terms, or by discussions of strategy or intentions. . Forward-looking statements are statements that are not historical facts, and include but are not limited to, estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to the effectiveness of the Company’s business model; future operations, products and services; the impact of regulatory initiatives on the Company’s operations; the size of and opportunities related to the markets for the Company’s products; general industry and macroeconomic growth rates; expectations related to possible joint and/or strategic ventures and statements regarding future performance.

Forward-looking statements are based upon the beliefs, opinions and estimates of management at the date the statements are made and current expectations at that date. Consequently, as they are used in this MD&A, they are subject to various risks, uncertainties, and unknown factors most of which are difficult to predict and generally beyond the control of the Company. If risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected. Forward looking statements in this document are not a prediction of future events or circumstances, and those future events or circumstances may not occur. Given these uncertainties, users of the information included herein, including investors and prospective investors are cautioned not to place undue reliance on such forward-looking statements. Further, the Company disclaims any obligation or intention to update or to revise any forward-looking statement, whether as a result of new information, of future events, or otherwise except as may be required under applicable securities legislation.

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, 2012, the audited consolidated financial statements for the year ended December 31, 2011 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.