SUTTER GOLD MINING INC.
Management's Discussion and Analysis
For the year ended December 31, 2011
(Containing information up to and including April 13, 2012)

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, 2011. 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, 2011 and 2010. Both of these referenced financial statements, the Company’s statutory filings, and additional information are 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 March 27, 2012. The MD&A contains statements that constitute "forward-looking statements" and other cautionary notices (Refer to "Forward Looking Statements").

The annual audited consolidated financial statements for the year ended December 31, 2010 were prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). The interim financial statements for the quarters ended March 31, 2011, June 30, 2011, and September 30, 2011 were prepared in accordance with IAS 34 under International Financial Reporting Standards (“IFRS”), The year ended December 31, 2011 consolidated financial statements were prepared in accordance with IFRS 1. As prescribed by the CICA Accounting Standards Board, the Company adopted the requirements of IFRS in its financial statements as of January 1, 2011, including the restatement of its opening balance sheet of January 1, 2010, its year ended balance sheet of December 31, 2010 and its subsequent quarter end financial statements. The restatement of the Company’s comparative balances from those previously reported under Canadian GAAP to IFRS is fully explained and reconciled in Note 18 of the Company’s December 31, 2011 consolidated financial statements filed on SEDAR.

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 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 both the section entitled Risks and Uncertainties 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") (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 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 producing 22,300 ounces of gold annually. The initial startup capital requirement is estimated at approximately $20M with working capital of $3.2M. 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 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).

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 end. 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 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, 2011	2010	2009*
Revenues			
Lease revenue	$ 19,200	$ 32,100	$ 33,700
Wages and benefits	1,072,600	773,300	896,600
Mine and property holding costs	702,400	317,500	185,800
Professional & contract services	423,600	214,900	231,500
Office & administrative	384,900	392,000	264,300
Share-based payments	426,000	64,900	115,900
Feasibility study	215,400	765,500	1,096,400
Travel & entertainment	122,100	67,800	59,300
Rent and electricity	94,900	90,800	56,200
Depreciation and amortization	79,700	59,300	49,200
Exploration	25,400	-	-
Tourism	-	-	300
(Gain) loss on sale of assets	(33,000)	94,500	-
Loss on foreign exchange	1,900	500	4,600
	3,515,900	2,841,000	2,960,100
Loss from operations	(3,496,700)	(2,808,900)	(2,926,400)
Interest income	2,100	800	2,700
Interest expense	(431,700)	(655,700)	(40,500)
Loan transaction fees	(32,500)	(108,600)	(385,000)
Other income	1,800	-	-
Change in fair value of warrant derivative	1,328,000	(1,061,000)	-
Mark to market adjustment RMB facility	(7,794,300)	-	-
	(6,926,600)	(1,824,500)	(422,800)
Net loss and comprehensive loss for the period	$(10,423,300)	$ (4,633,400)	$ (3,349,200)

	As at December 31, 2011	2010	2009*
Total assets	$ 6,961,800	$ 1,117,100	$ 2,083,300
Non-current financial liabilities	$ 17,718,400	$ 23,300	$ 23,300
Cash dividends	$ -	$ -	$ -

* The 2009 comparative are reported under Canadian GAAP in effect at the time.

Results of Operations Years ended December 31, 2011 and 2010

Sutter's net loss for the year ended December 31, 2011 was $10,423,300 or $0.10 per common share compared with a net loss of $4,633,400 or $0.05 per share during the same period in 2010. The major reason for the increased loss was the addition of the new prepaid gold facility. This new facility was obtained in June, 2011 and settled the existing debt from 2010. 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 mark to market loss on this debt of

$7,794,300 being the difference between the spot price of repayable gold ounces as at December 31, 2011 and the aggregate of the agreed upfront payment price of $377 per ounce plus the delivery price of $942 per ounce. There was no such adjustment in 2010 for the old loan facility as it was not designated as a financial liability at fair value through profit or loss. Offsetting this loss were warrant derivative gains of $1,328,000 due to the settlement and exercise of all outstanding warrants for the year ended December 31, 2011 as compared to a loss of $1,061,000 due to the change in fair value of the outstanding warrants in the same period of 2010. Interest expense for the year ended December 31, 2011 totaled $431,700 compared to $655,700 for the same period in 2010. This reduction of interest expense was due to the payoff of the balance on the short term loan facility in the third quarter of 2011.

Operating costs and expenses for the years ended December 31, 2011 and 2010 were $3,515,900 and $2,841,000, respectively. Costs incurred for mine and property holdings were $702,400, compared with $317,500 for the comparable period in 2010, due to the increased activity for environmental and permitting and preparing the site for development of the mine including environmental testing and compliance. Professional and contract services were $423,600 for the year ended December 31, 2011, compared with $214,900 for the same period in 2010, due to increased investor relations activities and legal services. Share-based based compensation was $426,000 for the year ended December 31, 2011, due to the issuance of stock options to new and existing employees and directors, compared with $64,900 in 2010. Wages and benefits were $1,072,600 for the year ended December 31, 2011 due to additional employees hired during 2011 and performance related bonuses earned by key management compared with $773,300 for the year ended December 31, 2010. Offsetting these increases was a decrease in feasibility costs due to the completion and release of our technical report in 2011. Feasibility study costs were $215,400 and $765,500 for the years ended December 31, 2011 and 2010, respectively.

Summary of Quarterly Results, Q1 2010-Q4 2011

Expressed In $	**December 2011**	September 2011	June 2011	March 2011	**December 2010**	September 2010	June 2010	March 2010
Operating revenues	**1,000**	6,600	5,800	5,800	**5,000**	14,300	6,000	6,800
Net loss	**(504,700)**	(9,016,500)	(220,800)	(681,300)	**(1,786,700)**	(1,373,000)	(842,300)	(631,400)
Loss per share	**(0.00)**	(0.09)	(0.00)	(0.01)	**(0.02)**	(0.01)	(0.01)	(0.01)

Results of Operations for the Fourth Quarter of 2011 and 2010

In the three months ended December 31, 2011, the Company’s net loss decreased $1,282,000 and totaled $504,700 compared to a net loss of $1,786,700 during the same period in 2010. The major reason for this decreased loss is due to the mark to market gain of $779,000 recorded in the three months ended December 31, 2011 on the Company’s prepaid gold facility described above. In addition to the to mark to market gain on its prepaid gold facility, the Company recognized warrant derivative gains of $884,000 due to the settlement and exercise of all outstanding warrants. Interest expense for the three months ended December 31, 2011 was $0 compared to $187,800 for the same period in 2010. This reduction of interest expense was due to the payoff of the balance on the short term loan facility in the third quarter of 2011.

Results of Operations for the Fourth Quarter of 2011 and 2010 (continued)

Operating costs and expenses for the three months ended December 31, 2011 and 2010 were $1,287,200 and $760,200, respectively. Costs incurred for mine and property holdings were $204,400 for the three months ended December 31, 2011, compared with $71,100 for the comparable period in 2010, due to the increased activity for environmental and permitting and preparing the site for development of the mine including environmental testing and compliance. Professional and contract services were $142,400 for the three months ended December 31, 2011, compared with $8,800 for the same period in 2010, due to increased investor relations activities and legal services. Share-based based compensation was $302,000 for the three months ended December 31, 2011, due to the issuance of stock options to new and existing employees and directors, compared with $2,100 in 2010. Wages and benefits were $333,100 for the three months ended December 31, 2011 due to additional employees hired during 2011 and performance related bonuses earned by key management compared with $198,600 for the three months ended December 31, 2010. Offsetting these increases was a decrease in feasibility costs due to the completion and release of our technical report in 2011. Feasibility study costs were $35,400 and $175,300 for the three months ended December 31, 2011 and 2010, respectively.

Liquidity and Capital Resources

The following are the contractual maturities of the Company's financial liabilities as at December 31, 2011:

	Carrying Amount	Contractual cash flows	1 year or less	2-5 years	More than 5 years
Accounts payable and accrued liabilities	$ 891,500	$ 891,500	$ 891,500	$ -	$ -
Leases payable	$ 67,000	$ 67,000	$ -	$ -	$ 67,000
Note payable	$ 11,866,900	$11,866,900	$ 1,186,700	$ 10,680,200	$ -
Reclamation liability	$ 23,300	$ 23,300			$ 23,300
Mineral leases	$ -	$ 314,800	$ 16,000	$ 76,800	$ 222,000

At December 31, 2011, Sutter had working capital of $1,261,200, compared with a working capital deficiency of $6,096,500 at December 31, 2010. Cash totaled $3,998,500 at December 31, 2011, compared with $458,800 at December 31, 2010. During the year ended December 31, 2011, the Company spent $1,808,300 on property, plant and equipment and $3,281,800 in operating activities, compared with $86,400 and $2,985,200, respectively, in the same period in 2010.

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, 2011, had drawn down $11,866,900 under the facility. Approximately $6.6 million of the drawdowns to date were used to repay a prior RMBAH short-term loan facility that matured on September 30, 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 2010 and 2011.) The remainder of the loan is being applied to the ongoing cost of the development and construction of the Lincoln Mine project.

Sutter intends to draw down the remainder of the facility during the construction and development of the Lincoln Mine project. Repayment of the gold facility is required to begin at the end of July 2012, the 13th month from the first month of the draw down. 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 900 ounces per month. Total gold production deliverable to RMBAH is 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

Liquidity and Capital Resources (Continued)

prepaid gold facility, the Company will receive $942 per ounce, and it will receive market price for the remainder of the gold sold.

In the year ended December 31, 2011, the Company recorded a mark to market loss on the prepaid gold facility of $7,794,300. The mark to market is calculated as the difference between the spot price of repayable gold ounces (31,463 ounces at $1,566 per ounce) as at December 31, 2011 and the aggregate of the agreed upfront payment price of $377 per ounce plus the delivery price of $942 per ounce ($1,319 per ounce).

The Company intends to raise additional funds through either additional debt financing, the sale of equity investments or attracting an industry partner to provide additional capital to complete mill construction and mine development in anticipation of putting the mine into production.

The authorized share capital of the Company consists of an unlimited number of common shares without par value and an unlimited number of preference shares without par value. As at December 31, 2011 the Company's common share capital was $26,017,900, representing 117,517,098 common shares, of which 718,352 were allotted to the Company's former shareholders who tender their shares in the future. At December 31, 2010, common share capital was $24,144,300 representing 105,167,492 common shares, of which 1,190,935 were allotted to former SGMC's shareholder. On a diluted basis, as at December 31, 2011 and 2010, the Company had 123,480,511 and 120,687,407 shares outstanding, respectively. At December 31, 2011 and 2010, the Company also had 254,414 preference shares outstanding, valued at $211,200.

As at December 31, 2011, the Company had 5,709,000 stock options outstanding at an exercise price ranging from C$0.11 to C$0.25 and with expiry dates ranging from June 9, 2014 to December 21, 2016. If all the remaining outstanding options were to be exercised, the Company's available cash would increase by C$946,700.

During the year ended December 31, 2011, the Company received $1,852,500 in proceeds from the exercise of warrants that expired on August 22, 2011. As at December 31, 2011, the Company had no warrants outstanding.

As at December 31, 2011 and 2010, the deficit was $46,347,100 and $35,923,800, respectively. The increase was the result of the net loss of $10,423,300 for the year ended December 31, 2011.

Property, plant and equipment

As of December 31, 2011, the cost of the Company's property, plant and equipment totaled $3,564,000 offset by accumulated depreciation of $865,000. For the years ended December 31, 2011 and 2010, depreciation expense totaled $79,700 and $59,300, respectively. During the year ended December 31, 2011, the Company purchased $1,808,300 of property, plant and equipment compared with $86,400 during the same period in 2010. The 2011 additions relate to the construction of the Lincoln mine project which commenced in the second quarter of 2011.

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, 2011 and 2010.

Transactions with Related Parties

During the years ended December 31, 2011 and 2010 the Company paid interest of $246,700 and $278,200, respectively, related to the Loan Facility as outlined in Note 9 in the Company's audited consolidated financial statements. In addition, the Company paid loan transaction financing fees in the amount of $382,400 in 2010 in respect to setting up the extension of Loan Facility agreement in 2010.

The remuneration of key management personnel of the Company for the years ended December 31, 2011 and 2010 was as follows:

	For the year ended December 31,	
	2011	**2010**
Short-term employee compensation and benefits	$ 641,400	$ 602,300
Share based compensation	228,200	32,200
	$ 869,600	$ 634,500

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 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.

Significant assumptions about the future and 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 estimated useful lives and recoverability of property, plant and equipment which are included in the consolidated statement of financial position and the related depreciation included in the consolidated statement of comprehensive loss for the year ended December 31, 2011;
ii. the risk free interest rate, expected volatility and expected life inputs used in accounting for share purchase option expense and fair value of share purchase warrants in the consolidated statement of comprehensive loss; and
iii. the nil provision for income taxes which is included in the consolidated statements of comprehensive loss and composition of deferred income tax assets and liabilities included in the consolidated statement of financial position at December 31, 2011.

Transition to International Financial Reporting Standards ("IFRS")

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in its consolidated financial statements. In the consolidated financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

The Company's consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of financial statements, IFRS 1, First-Time Adoption of International Financial Reporting Standards ("IFRS 1"). Subject to certain transition elections disclosed below, the Company has consistently applied the same accounting policies in the opening IFRS statement of financial position as at January 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 18 of the consolidated financial statements discloses the impact of the transition to IFRS on the Company's reported consolidated statements of financial position, loss and comprehensive loss, including the nature and effect of significant changes in accounting policies from those used in the financial statements for the year ended December 31, 2010 as previously filed.

The policies applied in the consolidated financial statements are presented in Note 3 of the consolidate financial statements and are based on IFRS issued and outstanding as of March 27, 2012, the date the Board of Directors approved the financial statements.

a) Deferred mineral exploration costs

Historically, the Company records its interests in mineral exploration properties at cost. Exploration expenditures, other than those of a general nature, relating to mineral properties in which an interest is retained are deferred and carried as an asset until the results of the projects are known. If a project is unsuccessful or if exploration has ceased because continuation is not economically feasible, the cost of the property and the related exploration expenditures are written off.

IFRS 6 Exploration and Evaluation of Mineral Resources permits mining companies to retain their existing policies with respect to the capitalization of exploration and evaluation. Under Canadian GAAP all mineral resource properties are carried at cost. Under Canadian GAAP, the Company considered exploration and development costs and expenditures to have the characteristics of property, plant and equipment and, as such, the Company capitalized all exploration costs, including acquisition costs, field exploration and field supervisory costs relating to specific properties as incurred, until those properties were determined to be economically viable for mineral production. After the determination of economic feasibility and at the commencement of pre-production activities these deferred exploration costs were transferred to mining properties and amortized through charges against income derived from mining operations. Under IFRS, the Company has a choice between retaining its prior policies with respect to mineral properties and deferred exploration costs or electing to change its policy retrospectively to expense all pre-feasibility costs.

The Company has decided to change its accounting policy to retrospectively expense all pre-feasibility exploration and evaluation costs.

The effects of this transitional change are as follows: Decrease deferred exploration assets of $806,300 and increase deficit by the same amount as at January 1, 2010.

Transition to International Financial Reporting Standards ("IFRS") (Continued)

b) Loan facility - Transaction costs

On August 12, 2009 the Company entered into a short term loan facility agreement (the "Loan Facility"), which was repaid fully at December 31, 2011. The Loan Facility was denominated in US dollars and had a limit of $4,250,000. Transaction fees in the amount of $385,000 were expensed when incurred under Canadian GAAP.

IAS 39 does not allow a choice of accounting policy for transaction costs – they must be recognized as part of the financial liabilities. Canadian GAAP: Permits a choice.

The Company has reviewed the IAS 39 methodology and has recorded the following adjustments:

January 1, 2010 - Note payable is reduced by $288,800 with a corresponding reduction of deficit;

December 31, 2010 - Note payable is reduced by $185,000 with an increase in interest expense $377,500.

c) Share purchase warrants denominated in Canadian dollars

On August 22, 2008, the Company completed a non-brokered private placement of 25,589,993 units at a price of C$0.11 for proceeds of $2,668,200 (C$2,814,900). Each unit consisted of one common share and one-half of a common share purchase warrant. Each whole warrant entitled the holder to purchase one common share of the Company at a price of C$0.15 per share until August 22, 2010. The fair value of $712,400 was assigned to these warrants using Black-Scholes model.

As at December 31, 2011, there were no warrants outstanding, 12,214,100 were exercised on or before the expiration date of August 22, 2011 and 580,896 expired. As at December 31, 2010 - 12,699,502 warrants were outstanding at an exercise price of C$0.15.

The exercise price of the warrants was fixed in Canadian dollars. The functional currency of the Company is in U.S. dollars and therefore under IFRS the conversion option is considered a derivative as the Company received a variable amount of cash when the warrants were exercised. As a result, the warrants met the definition of a derivative liability under IAS 39 'Financial Instruments: Recognition and Measurement' and were recorded as a financial liability and stated at fair value at each date of the statement of financial position. Under Canadian GAAP, the warrants were accounted for at carrying value as equity.

The effects of this change are as follows:

January 1, 2010 - Increase warrant derivative liability by $267,000, decrease contributed surplus by $712,500 and decrease deficit by $445,500;

December 31, 2010 - Increase warrant derivative liability and increase net loss by $1,061,000.

International Financial Reporting Standards

Effective January 1, 2011 Canadian publicly listed entities were required to prepare their financial statements in accordance with IFRS. Due to the requirement to present comparative financial information, the effective transition date was January 1, 2010. The three months ended March 31, 2011 was the Company's first reporting period under IFRS.

The Company's IFRS conversion team identified three phases to our conversion: (i) Initial diagnostic phase; (ii) Impact analysis, evaluation and solution development phase; and (iii) Implementation and review phase. Post-implementation will continue in future periods, as outlined below.

The following outlines the Company's transition project, IFRS transitional impacts and the on-going impact of IFRS on the financial results. Note 18 to the condensed consolidated financial statements provides more detail on the key Canadian GAAP to IFRS difference, the accounting policy decisions and IFRS 1, First-Time Adoption of International Financial Reporting Standards, optional exemptions for significant or potentially significant areas that have had an impact on the unaudited financial statements on transition to IFRS or may have an impact in future periods.

Transitional Financial Impact

The tables below outline:

a) Adjustments to the Company's equity on adoption of IFRS on January 1, 2010, and December 31, 2010 for comparative purposes.
b) Adjustments to statement of loss for the year ended December 31, 2010.

Reconciliation of equity:
Expressed in US Dollars

	January 1, 2010			December 31, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets						
Current assets						
Cash and cash equivalents	$636,600	$ -	$ 636,600	$ 458,800	$ -	$458,800
Accounts receivable	13,200	-	13,200	7,400	-	7,400
Prepaid expenses	16,200	-	16,200	77,300	-	77,300
	666,000	-	666,000	543,500	-	543,500
Reclemation bond	47,000	-	47,000	77,000	-	77,000
Mineral properties	806,300	(806,300)	-	806,300	(806,300)	-
Property and equipment	564,000	-	564,000	496,600	-	496,600
Total assets	$ 2,083,300	$(806,300)	$ 1,277,000	$ 1,923,400	$(806,300)	$1,117,100
Liabilities and Shareholders' Equity						
Current liabilities						
Accounts payable and accrued liabilities	$151,300	$ -	$ 151,300	$ 297,600	$ -	$297,600
Due to related parties	-	-	-	-	-	-
Leases payable	67,000	-	67,000	67,000	-	67,000
Note payable	2,178,600	(288,800)	1,889,800	5,132,400	(185,000)	4,947,400
Warrant derivative	-	267,000	267,000	-	1,328,000	1,328,000
	2,396,900	(21,800)	2,375,100	5,497,000	1,143,000	6,640,000
Non-current liabilities						
Reclamation liability	23,300	-	23,300	23,300	-	23,300
	2,420,200	(21,800)	2,398,400	5,520,300	1,143,000	6,663,300
Shareholders' Deficiency						
Common shares	23,945,500	-	23,945,500	24,144,300	-	24,144,300
Preference shares	211,200	-	211,200	211,200	-	211,200
Contributed surplus	6,724,800	(712,500)	6,012,300	6,734,600	(712,500)	6,022,100
Deficit	(31,218,400)	(72,000)	(31,290,400)	(34,687,000)	(1,236,800)	(35,923,800)
Total shareholders' deficiency	(336,900)	(784,500)	(1,121,400)	(3,596,900)	(1,949,300)	(5,546,200)
Total liabilities and shareholders' equity	$2,083,300	$(806,300)	$ 1,277,000	$ 1,923,400	$(806,300)	$1,117,100

Reconciliation of loss and comprehensive loss for the year ended December 31, 2010:
Expressed in US Dollars

	The year ended December 31, 2010		
	Canadian GAAP	Effect of Transition to IFRS	IFRS
Continuing operations			
Lease revenue	32,100	-	32,100
Cost of tourism operations	900	-	900
Depreciation	59,300	-	59,300
Mine property holding costs	309,500	-	309,500
Office & miscellaneous	324,200	-	324,200
Feasibility study	765,500	-	765,500
Professional & contract services	290,700	-	290,700
Rent & electricity	90,800	-	90,800
Stock-based compensation	64,900	-	64,900
Travel & entertainment	66,900	-	66,900
Wages & benefits	773,200	-	773,200
	2,745,900	-	2,745,900
Loss from operations	(2,713,800)	-	(2,713,800)
Loss on retirement of assets	(94,500)	-	(94,500)
Gain (loss) on foreign exchange	(500)	-	(500)
Interest income	800	-	800
Interest expense	(278,200)	(377,500)	(655,700)
Loan transaction fees	(382,400)	273,800	(108,600)
Change in fair value of warrant derivative	-	(1,061,000)	(1,061,000)
	(754,800)	(1,164,700)	(1,919,500)
Net loss and comprehensive loss for the period	(3,468,600)	(1,164,700)	(4,633,400)
Net loss per share:			
Basic and diluted loss per share attributable to common shareholders	(0.03)		(0.05)
Weighted average number of common shares outstanding	102,859,682		102,859,682

International Financial Reporting Standards (Continued)

Business Activities and Key Performance Measures

The Company has assessed the impact of the IFRS transition project on our key ratios. The transition did not significantly impact the Company's key ratios.

Information Technology and Systems

The IFRS transition project did not have a significant impact on our information systems for the convergence periods. The Company does not expect significant changes in the post-convergence periods.

Post-Implementation

The post-implementation phase will involve continuous monitoring of changes in IFRS in future periods. The Company notes that the standard-setting bodies that determine IFRS have significant ongoing projects that could impact the IFRS accounting policies that have been selected. In particular, there may be additional new or revised IFRSs or IFRICs in relation to consolidation, joint ventures, financial instruments, hedge accounting, discontinued operations, leases, employee benefits, revenue recognition and stripping costs in the production phase of a surface mine. The International Accounting Standards Board is currently working on an extractive industries project, which could significantly impact the Company's financial statements. The Company has processes in place to ensure that potential changes are monitored and evaluated. The impact of any new IFRSs and IFRIC Interpretations will be evaluated as they are drafted and published.

Off-Balance Sheet Arrangements

The Company had no off balance sheet arrangements as at December 31, 2011 and 2010.

Financial Instruments

The Company's excess cash reserves are held in cash equivalents. The Company had no other financial instruments other than accounts receivable, accounts payable and accrued liabilities, and leases payable as at December 31, 2011 and 2010.

Outstanding share data

The Company has authorized an unlimited number of common shares, with no par value, of which 117,517,098 and 105,167,492 shares are issued and outstanding as at December 31, 2011 and 2010, respectively. In addition, at December 31, 2011 and 2010 the Company has 254,414 Series 1 Convertible Redeemable Preference shares that 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:

As at December 31, 2011 and 2010, nil and 12,699,540 share purchase warrants were issued and outstanding, respectively, at an exercise price of C$0.15.

Stock Options:

As at December 31, 2011 and 2010 5,709,000 and 2,566,000 stock options were outstanding under the Company's stock option plan for employees, directors, officers and consultants of the Company, respectively. These options have an exercise price of C$0.11 - C$0.25 and expire between June 9, 2014 and December 21, 2016.

Subsequent Events

The following events occurred subsequent to December 31, 2011:

On January 4, 2012, the Company began trading on OTCQX, the top tier on the US Over-the-Counter (“OTC”) market under the symbol SGMNF.

On January 18, the Company commenced drilling of the first phase of an exploration drilling program at its Lincoln Project at Sutter Creek, California.

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.

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, 2011 and 2010 and January 1, 2010, RMB owned 58,216,820 (49.57%), 51,832,100 (49.30%), and 51,832,120 (49.90%), respectively, of the outstanding common shares of the Company.

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.

Mining Claims and Feasibility Expenditures

	December 31, 2010	Net Additions/ IFRS write-off	December 31, 2011
Lincoln & Comet Project			
Drilling and underground development	$ 806,300	$ (806,300)	$ -
Feasibility study expenditures	1,982,500	215,400	2,197,900
Total Expenditures	$ 2,788,800	$ (590,900)	$ 2,197,900

Upon adoption of IFRS on January 1, 2010, the Company expensed its drilling and underground development costs through shareholders’ deficit.

Company History and Mineral Properties (Continued)

<u>Sutter Gold Mine and Lincoln Project, California</u>
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 Page 9, below) from its primary lender, RMB Australia Holdings Limited.

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 existing temporary buildings were removed. Significant work has been completed for site preparation, including tree removal and stormwater containment and control. Building permit applications for the Mill Facility and the Staff Services/Shop Building were submitted to the Amador County Building Department and were received on March 1, 2012. A grading permit for the site was submitted to Amador County Public Works. A contract for the surface grading at the site, including the construction of the Waste Rock Pile ("WRP"), the Tailings Processing Area, Parking Area and Entrance Facilities, and the road to the Surface Fill Unit ("SFU") was issued to Doug Veerkamp General Engineering of neighboring El Dorado County, California. This earthwork has been completed to the extent that permits will allow. Contractor qualification has been completed for

Company History and Mineral Properties (Continued)

Sutter Gold Mine and Lincoln Project, California (continued)

the construction of the buildings and for the underground development (mining) contracting. Competitive bidding for the building foundation construction was completed, with SGMC awarding the foundation contract to DG Granade of El Dorado County. Many of the large cost milling equipment and rolling stock items have been acquired and items not already on site are scheduled for delivery by the end of Q1 of 2012. Major equipment purchases are currently being rebuilt or refurbished, as necessary, in anticipation of installation. The Company has obtained building permits in the first quarter of 2012 and has begun construction on the foundation of the mill buildings, with production anticipated to begin in the second half of 2012.

The Lincoln Project is subject to local, state and federal permitting requirements administered by numerous governmental agencies. The Amador County Board of Supervisors issued a mining permit for the Lincoln Project in 1993. In 1998, the permit was modified to allow for mill tailings to be placed in a surface fill unit negating the expense and necessity of a conventional tailings pond facility. The Lincoln Project requires five major operating permits and approvals and numerous other lesser or minor operating permits and approvals. The Company has obtained all five major operating permits. In addition, the Company has obtained all minor operating permits and approvals for the project components constructed to date. The Company continues to implement a strategic and systematic plan, focusing on critical permitting activities necessary to obtain the remaining permits and to bring the mine into production. The Company is preparing current operating parameters for the 1998 mining permit that will reflect advances in technology, reduced operating tonnages and more efficient and economical operating constraints than already allowed under the Project's existing Conditional Use Permit that includes a 1,000 ton per day mine and mill with cyanide circuit.

The Company's approach includes obtaining the remaining permits, including permit revisions or amendments required for an environmentally friendly, smaller-scale operation and concentrate production. Remaining permitting activities needed to bring the Project to production, which will include the use of consultants, and that are expected to be completed in 2012 include the following permitting activities: Wetlands (and related permits); Conditional Use Permit Amendment (if necessary); Amend WDR Order 99-035; Encroachment Permits; Stormwater Permit; Road Maintenance Agreements; Storage Statement; and Amend Diesel Engine Permit.

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.

Company History and Mineral Properties (Continued)

Lincoln and Comet Properties (continued)

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.

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 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 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.

Company History and Mineral Properties (Continued)

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. 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.

Company History and Mineral Properties (Continued)

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 sttments. 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, opinons 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, 2011, the audited consolidated financial statements for the year ended December 31, 2010 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.