SUTTER GOLD MINING INC.
Management's Discussion and Analysis
For the three month period ended September 30, 2011
(Containing information up to and including November 21, 2011)

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 three months ended September 30, 2011. This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and accompanied notes for the period ended September 30, 2011 and the Company's audited consolidated financial statements and accompanied notes for the year ended December 31, 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 November 21, 2011. 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"). 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 March 31, 2011 condensed consolidated unaudited interim 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 entitlied Risks and Uncertainties and by the Forward-looking Statements provisio 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. SGMC'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. SGMC's 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 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 type of operations and is identifying, recruiting and hiring additional candidates for the team of people necessary for the operation. SGMC 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 mine office in Sutter Creek, California. The shares trade on the Toronto Stock Exchange (TSX-V) under the symbol "SGM".

Results of Operations

Three months ended September 30, 2011

Sutter's net loss for the three months ended September 30, 2011 was $9,016,500 or $0.09 per common share compared with a net loss of $1,373,000 or $0.01 per share during the same period in 2010. The major component in the increased loss was the addition of the new prepaid gold facility and the resulting mark to market accounting. The total loss on mark to market adjustment for the three months ended September 30, 2011 was $8,573,300 (2010 – nil). Offsetting this loss was a warrant derivatives gain of $393,200 for the period ended September 30, 2011 as compared to a loss of $448,000 in the same period of 2010. Interest expense for the period ended September 30, 2011 totaled $19,700 compared to $170,900 for the same period in 2010 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 three months ended September 30, 2011 were $791,900, compared with $660,300 for the same period in 2010. Costs incurred for mine and property holdings were $182,500, compared with $63,100 for the comparable period in 2010, due to the increased activity for environmental and permitting and preparing the site for further development. Professional services were $119,000 for the three month period ended September 30, 2011, compared with $69,000 for the same period in 2010, due to increased investor relations activities and legal services. Stock based compensation was $95,800 for the three months ended September 30, 2011, due to issuance of stock options to new and existing employees and directors, compared with $11,900 in the same period of 2010. Following the completion and subsequent release of our technical report in the second quarter of 2011, feasibility study costs were $11,200 in the three month period ended September 30, 2011, compared with $140,400 in the same period in 2010.

Summary of Quarterly and Nine-Month Results

(Expressed in US Dollars) *(Unaudited)*	**For the three months ended September 30,**		**For the nine months ended September 30,**	
	2011	**2010**	**2011**	**2010**
Revenues				
Lease revenue	$ 6,600	$ 14,300	$ 18,200	$ 27,100
Depreciation and amortization	20,300	13,600	51,900	45,700
Feasibility study	11,200	140,400	180,000	590,200
Mine property holding costs	182,500	63,100	498,000	246,400
Office & administrative	79,100	94,300	220,100	246,700
Professional & contract services	119,000	69,000	281,200	206,100
Rent & electricity	27,600	24,200	76,300	64,000
Share-based payments	95,800	11,900	124,000	62,800
Travel & entertainment	20,500	13,600	88,700	43,500
Wages & benefits	235,900	230,200	739,500	574,700
	791,900	660,300	2,259,700	2,080,100
Loss from operations	(785,300)	(646,000)	(2,241,500)	(2,053,000)
Other income	-	-	700	-
Gain on sale of assets	-	-	31,900	-
Gain on foreign exchange	700	300	(900)	(700)
Interest income	500	200	900	600
Interest expense	(19,700)	(170,900)	(431,700)	(467,900)
Loan transaction fees	(32,600)	(108,600)	(32,600)	(108,600)
Change in fair value of warrant derivative	393,200	(448,000)	1,327,900	(217,100)
Mark to market adjustment RMB facility	(8,573,300)	-	(8,573,300)	-
	(8,231,200)	(727,000)	(7,677,100)	(793,700)
Net loss and comprehensive loss for the period	(9,016,500)	(1,373,000)	(9,918,600)	(2,846,700)

Summary of Quarterly Results, Q4 2009-Q2 2011

Expressed In $	**Sep 11**	Jun 11	Mar 11	Dec 10	**Sep 10**	Jun 10	Mar 10	Dec 09*
Operating revenues	**6,600**	5,800	5,800	5,000	**14,300**	6,000	6,800	11,200
Net loss	**(9,016,500)**	(681,300)	(681,300)	(1,786,700)	**(1,373,000)**	(842,300)	(631,400)	(651,300)
Loss per share	**(0.09)**	(0.01)	(0.01)	(0.01)	**(0.01)**	(0.01)	(0.00)	(0.00)

*The data relating to 2009 is unchanged from previous disclosure under Canadian GAAP

Nine months ended September 30, 2011

In the nine months ended September 30, 2011, the Company's net loss totaled $9,918,600 compared to a net loss of $2,846,700 during the same period in 2010. Interest expense for the period ended September 30, 2011 totaled $431,700 compared to $467,900 for the same period in 2010 due to the increased balance on the short term loan facility during 2011 offset by the payoff of the loan in the quarter ended September 30, 2011. The major component in the increased loss was the addition of the new prepaid gold facility enetered into in the third quarter 2011 and the resulting mark to market loss. This mark to market loss adjustment totaled $8,573,300. Offsetting this increased loss was a gain in the warrant liability of $1,327,900 compared to a loss of $217,100 for the same period in 2010.

Operating costs and expenses totaled $2,259,700 for the nine month period ended September 30, 2011, compared with $2,080,100 for the same period in 2010. Contributing factors for the increase were costs incurred for mine and property holding which increased $251,600 for the period ended September 30, 2011 compared to the same period in 2010, due to increased activity for environmental and permitting and preparing the site for further development. Wages and benefits were $739,500, compared with $574,700 in the same period in 2010 due to additional employees hired during the first half of 2011 and performance related bonuses earned by key managment. Travel and entertainment increased $45,200 in the 2011 period compaired to 2010 due to the additional employees hired in 2011, increased travel for trade shows and travel to and from the mine site. Stock based compensation increased by $61,200 for the nine months ending September 30, 2011 compared with the same period in 2010, due to stock options granted to existing employees and directors. Lastly, professional services totaled $281,200 for the nine months ended September 30, 2011, compared with $206,100 for the same period in 2010, due to increased investor relations activity and legal services. Partially offsetting these increases was a decrease of $410,200 in feasibility study costs due to the completion and susquent release of our technical report.

Liquidity and Capital Resources

At September 30, 2011, Sutter had working capital of $4,210,900, compared with a working capital deficiency of $6,096,400 at December 31, 2010. Cash totaled $4,513,000 at September 30, 2011, compared with $458,800 at December 31, 2010. During the nine-month period ended September 30, 2011, the Company spent $1,102,400 on property and equipment and $2,290,200 in operating activities, compared with $68,600 and $2,164,400, 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 (see Note 1) as both companies are members 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

September 30, 2011, had drawn down $10,716,901 under the facility. Approximately $6.6 million of the drawdowns to date were used to repay completely a prior RMBAH short-term loan facility that matured on September 30, 2011. (Refer to Note 8 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 August 2012, the 13th month from the first month of the draw down. Under the agreement, the Company will deliver to the lender 50% of the project's 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 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 quarter ended September 30, 2011, the Company recorded a mark to market loss on the prepaid gold facility of US$8,573,300. The mark to market is calculated as the difference between the spot price of repayable gold ounces (28,414 ounces at $1,620 per ounce) as at September 30, 2011 and the aggregate of the agreed upfront payment price of US$377 per ounce plus the delivery price of US$942 per ounce ($1,319 per ounce).

If required, 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 September 30, 2011, the Company's common share capital was $26,018,000, representing 117,517,098 common shares, of which 718,352 were allotted to former SGMC shareholders who tender their shares in the future. At December 31, 2010, common share capital was $24,144,300 representing 105,167,491 common shares, of which 1,190,935 were allotted to former SGMC's shareholder. On a diluted basis, as at the date of this report the Company had 121,557,811 shares outstanding (December 31, 2010 – 120,687,407). At September 30, 2011, the Company also had 254,414 preference shares outstanding, unchanged from the 2010 year end, valued at $211,200.

As at September 30, 2011, the Company had 3,849,000 stock options outstanding at an exercise price ranging from C$0.11 to C$0.22 and with expiry dates ranging from June 9, 2014 to July 19, 2016. If all the remaining outstanding options were to be exercised, the Company's available cash would increase by C$555,820.

In the period ended September 30, 2011, the Company received $1,852,000 in proceeds from the exercise of warrants that expired on August 22, 2011. As at September 30, 2011, the Company had no warrants outstanding.

As at September 30, 2011, the deficit was $45,842,400 (December 31, 2010: $35,923,800). The increase was the result of the net loss of $9,918,600 for the period ended September 30, 2011.

Property and equipment

As of September 30, 2011, the cost of the Company's property and equipment totaled $2,384,300 offset by accumulated depreciation of $837,100. For the period ended September 30, 2011, depreciation totaled $51,900 (2010 - $45,700).

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 are secured by a $27,000 reclamation bond as of September 30, 2011.

Transactions with Related Parties

During the nine months period ending September 30, 2011 the Company paid $246,700 in interest (for twelve months ending December 31, 2010 - $278,200) in respect to the Loan Facility as outlined in Note 8. 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 of the Company for the nine months ended September 30, 2011 and 2010 was as follows:

	For the nine months ended September 30,	
	2011	**2010**
Aggregate compensation	$ 451,200	$ 426,700
Share based compensation	36,000	34,500
	$ 487,200	$ 461,200

Critical accounting estimates

The preparation of these condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed 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 the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting period end, 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 recoverability of amounts receivable and prepayments which are included in the consolidated interim statement of financial position;
ii. the estimated useful lives of property, plant and equipment which are included in the consolidated interim statement of financial position and the related depreciation included in the consolidated statement of comprehensive loss for the period ended September 30, 2011;
iii. the inputs used in accounting for share purchase option expense and fair value of share purchase warrants in the consolidated interim statement of comprehensive loss; and
iv. the nil provision for income taxes which is included in the consolidated interim statements of comprehensive loss and composition of deferred income tax assets and liabilities included in the consolidated interim statement of financial position at September 30, 2011.

Transition to International Financial Reporting Standards ("IFRS")

The Company's loss is reported in accordance with IAS 34 under International Financial Reporting Standards ("IFRS"). The most significant impact on the loss relates to the accounting for flow-through shares, as follows.

a) Mineral exploration properties

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: 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 costs until guidance that is more definitive is developed in this area. Such guidance is not expected to be issued until after the Company's changeover to IFRS. Canadian GAAP: Under Canadian GAAP all mineral resource properties are carried at cost. Prior to 2011, 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 as well as for all subsequent 2010 quarters.

a) 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 September 30, 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 during the period.

IFRS: IAS 39 does not allow a choice of accounting policy for transaction costs - 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 to deficit;

March 31, 2010 - Note payable is reduced by $192,500 with an increase in financing costs of $96,300;

June 30, 2010 - Note payable is reduced by $96,300 with an increase in financing costs of $192,500;

September 30, 2010 - Note payable is reduced by $277,500 with an increase in financing costs of $285,000;

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

b) 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 September 30, 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.

IFRS: Under IFRS, the exercise price of the warrants was fixed in Canadian dollars. The functional currency of the Company is in U.S. dollars and therefore 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. Canadian GAAP: 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 266,965, decrease contributed surplus by 712,500 and decrease deficit by $445,500;

March 31, 2010 - Decrease warrant derivative liability and decrease net loss by $216,600;

June 30, 2010 - Decrease warrant derivative liability and decrease net loss by $230,900;

September 30, 2010 - Increase warrant derivative liability and increase net loss by $273,750;

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 17 to the condensed consolidated interim 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 at September 30, 2010 and December 31, 2010 for comparative purposes.
b) Adjustments to statement of loss for the nine months ended 2010 and fot the year ended December 31, 2010.

Reconciliation of equity:

	Notes	January 1, 2010 Canadian GAAP	January 1, 2010 Effect of transition to IFRS	January 1, 2010 IFRS	September 30, 2010 Canadian GAAP	September 30, 2010 Effect of transition to IFRS	September 30, 2010 IFRS	December 31, 2010 Canadian GAAP	December 31, 2010 Effect of transition to IFRS	December 31, 2010 IFRS
Assets										
Current assets										
Cash and cash equivalents		636,600	-	636,600	606,000	-	606,000	458,800	-	458,800
Accounts receivable		13,200	-	13,200	12,600	-	12,600	7,400	-	7,400
Prepaid expenses		16,200	-	16,200	39,100	-	39,100	77,300	-	77,300
		666,000	-	666,000	657,700	-	657,700	543,500	-	543,500
Reclemation bond		47,000	-	47,000	47,000	-	47,000	77,000	-	77,000
Mineral properties	*(a)*	806,300	(806,300)	-	806,300	(806,300)	-	806,300	(806,300)	-
Property and equipment		564,000	-	564,000	586,900	-	586,900	496,600	-	496,600
Total assets		2,083,300	(806,300)	1,277,000	2,097,900	(806,300)	1,291,600	1,923,400	(806,300)	1,117,100
Liabilities and Shareholders' Equity										
Current liabilities										
Accounts payable		151,300	-	151,300	252,900	-	252,900	297,600	-	297,600
Due to related parties		-	-	-	-	-	-	-	-	-
Leases payable		67,000	-	67,000	67,000	-	67,000	67,000	-	67,000
Note payable	*(b)*	2,178,600	(288,800)	1,889,800	4,647,200	(277,500)	4,369,700	5,132,400	(185,000)	4,947,400
Warrant derivative	*(c)*	-	267,000	267,000	-	484,000	484,000	-	1,328,000	1,328,000
		2,396,900	(21,800)	2,375,100	4,967,100	206,500	5,173,600	5,497,000	1,143,000	6,640,000
Reclamation liability		23,300	-	23,300	23,300	-	23,300	23,300	-	23,300
		2,420,200	(21,800)	2,398,400	4,990,400	206,500	5,196,900	5,520,300	1,143,000	6,663,300
Shareholders' (Deficiency) Equity										
Common shares		23,945,500	-	23,945,500	23,945,500	-	23,945,500	24,144,300	-	24,144,300
Preference shares		211,200	-	211,200	211,200	-	211,200	211,200	-	211,200
Contributed surplus	*(c)*	6,724,800	(712,500)	6,012,300	6,787,600	(712,500)	6,075,100	6,734,600	(712,500)	6,022,100
Deficit	*(a),(b)&(c)*	(31,218,400)	(72,000)	(31,290,400)	(33,836,800)	(300,300)	(34,137,100)	(34,687,000)	(1,236,800)	(35,923,800)
Total shareholders' (deficiency) equity		(336,900)	(784,500)	(1,121,400)	(2,892,500)	(1,012,800)	(3,905,300)	(3,596,900)	(1,949,300)	(5,546,200)
Total liabilities and equity		2,083,300	(806,300)	1,277,000	2,097,900	(806,300)	1,291,600	1,923,400	(806,300)	1,117,100

Reconciliation of loss and comprehensive loss for the three and nine months period ended September 30, 2010 and the year ended December 31, 2010:

		The three months ended September 30, 2010			The nine months ended September 30, 2010			The year ended December 31, 2010		
	Notes	Canadian GAAP	Effect of Transition to IFRS	IFRS	Canadian GAAP	Effect of Transition to IFRS	IFRS	Canadian GAAP	Effect of Transition to IFRS	IFRS
Continuing operations										
Lease revenue		14,300		14,300	27,100	-	27,100	32,100	-	32,100
Cost of tourism operations		-	-	-	-	-	-	900	-	900
Depreciation		13,600	-	13,600	45,700	-	45,700	59,300	-	59,300
Mine property holding costs		63,100	-	63,100	246,400	-	246,400	309,500	-	309,500
Office & miscellaneous		94,300	-	94,300	246,700	-	246,700	324,200	-	324,200
Feasibility study		140,400	-	140,400	590,200	-	590,200	765,500	-	765,500
Professional & contract services		69,000	-	69,000	206,100	-	206,100	290,700	-	290,700
Rent & electricity		24,200	-	24,200	64,000	-	64,000	90,800	-	90,800
Stock-based compensation		11,900	-	11,900	62,800	-	62,800	64,900	-	64,900
Travel & entertainment		13,600	-	13,600	43,500	-	43,500	66,900	-	66,900
Wages & benefits		230,200	-	230,200	574,700	-	574,700	773,200	-	773,200
		660,300	-	660,300	2,080,100	-	2,080,100	2,745,900	-	2,745,900
Loss from operations		(646,000)		(646,000)	(2,053,000)		(2,053,000)	(2,713,800)	-	(2,713,800)
Loss on retirement of assets		-	-	-	-	-	-	(94,500)	-	(94,500)
Gain (loss) on foreign exchange		300	-	300	(700)	-	(700)	(500)	-	(500)
Interest income		200	-	200	600	-	600	800	-	800
Interest expense	*(b)*	(78,400)	(92,500)	(170,900)	(182,900)	(285,000)	(467,900)	(278,200)	(377,500)	(655,700)
Loan transaction fees	*(b)*	(382,400)	273,800	(108,600)	(382,400)	273,800	(108,600)	(382,400)	273,800	(108,600)
Change in fair value of warrant derivative	*(c)*	-	(448,000)	(448,000)	-	(217,100)	(217,100)	-	(1,061,000)	(1,061,000)
		(460,300)	(266,700)	(727,000)	(565,400)	(228,300)	(793,700)	(754,800)	(1,164,700)	(1,919,500)
Net loss and comprehensive loss for the period		(1,106,300)	(266,700)	(1,372,983)	(2,618,400)	(228,300)	(2,846,700)	(3,468,600)	(1,164,700)	(4,633,400)
Net loss per share: Basic and diluted loss per share attributable to common shareholders		(0.01)		(0.01)	(0.03)		(0.03)	(0.03)		(0.05)
Weighted average number of common shares outstanding		102,597,439		102,597,439	102,597,439		102,597,439	102,859,682		102,859,682

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 September 30, 2011 or December 31, 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, leases payable and amounts due to and from related parties as at September 30, 2011 or December 31, 2010.

Outstanding share data

The Company has authorized an unlimited number of common shares, with no par value, of which 117,517,098 shares are issued and outstanding as of the date of the MD&A (105,167,491 as at December 31, 2010). The Company has 254,414 (254,414 as at December 31, 2011) 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 of the date hereof, nil (12,549,502 as at December 31, 2010) share purchase warrants were issued are outstanding.

Stock Options:

As of the date hereof, 3,849,000 (2,566,000 as at December 31, 2010) stock options were outstanding under the Company's stock option plan for employees, directors, officers and consultants of the Company these options have an exercise price between C$0.11 - C$0.22.

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 of September 30, 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 of September 30, 2011, RMB owned 58,216,820 (49.6%) 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	September 30, 2011
Lincoln & Comet Project			
Drilling and underground development	$ 806,300	$ (806,300)	$ -
Feasibility study	1,982,500	180,000	2,162,500
Total Expenditures	$ 2,788,800	$ (626,300)	$ 2,162,500

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 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 for the 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. 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 begun. Contractor qualification has begun for the construction of the buildings and for the underground development (mining) contracting. Many of the large cost milling equipment and rolling stock items have been acquired and items not already on site are scheduled for delivery in Q1 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 2011 include the following permitting activities: Wetlands (and related permits); Conditional Use Permit Amendment (if necessary); Authority to Construct/Permit to Operate; Amend WDR Order 99-035; Grading/Building Permits; Encroachment Permits; Stormwater Permit; Construction Stormwater Permit; Maintenance Agreements; Storage Statement; Amend Diesel Engine Permit; and Blaster's License.

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

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 years segment 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.

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

In June 2008, Premier announced that it has 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.

Discussions with Premier regarding this project have identified the transfer of title to the concessions from the Alamo Group to Sutter Gold Mining as a critical path item. 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, 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 prevent the Company from obtaining additional external financing, the Company will need to review its mineral property holdings to prioritize project expenditures based on funding availability.

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 Controlls Over Financial Reporting

Changes in Internal Controlls over Financial Reporting ("ICFR")

No changes in the current period of the Company's ICFR that have materially affected or are reasonabley likely to materially affect the Company's ICFR.

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.

Forward-looking statements included or incorporated by reference in this document include statements with respect to:

- The Company notes that if the project is financially justified that the mill and mine could be in production within 12 - 18 months of financing in the outlook section.

- The Company is currently preparing a mine development and production/grace schedule for a feasibility study.
- The Company summarizes possible future finance activities in the outlook section.

Additional Information

The Company's web site address is www.suttergoldmining.com. A copy of this MD&A, the unaudited condensed consolidated interim financial statements for the three months ended September 30, 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".

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, it may not have been verified by the Company's technical staff, and therefore is should not be relied upon.