

SUTTER GOLD MINING INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED JUNE 30, 2009
CONTAINING INFORMATION UP TO AND INCLUDING AUGUST 18, 2009

The following discussion and analysis is management's assessment of the results and financial condition of Sutter Gold Mining, Inc., ("the Company") for the quarter ended June 30, 2009. The reader is encouraged to review the Company's statutory filings on www.sedar.com and on the Company's website www.suttergoldmining.com.

All currency amounts are expressed in US dollars unless otherwise noted.

Technical information in this MD&A has been reviewed by Mark Payne, P. Geo. Calif. #7076.

Business Overview

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 97% of SGMC's shareholders tendered their shares for 43,180,757 common shares of the Company as of December 31, 2008. The Company has allotted another 1,396,610 common shares for the other 3% 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 June 20, 2009, RMB owned 51,832,120 (49.9%) 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.

Mining Claims and Feasibility Expenditures

	December 31, 2008	Net Additions	June 30, 2009
Lincoln & Comet Project			
Drilling and underground development	\$ 806,300	\$ - 0 -	\$ 806,300
Feasibility study	120,600	416,600	537,200
Total Expenditures	<u>\$ 926,900</u>	<u>\$ 416,600</u>	<u>\$ 1,343,500</u>

Sutter Gold Mine and Lincoln Project

The Company's wholly owned subsidiary SGMC owns the Sutter Gold Mine and Lincoln Project that are located in the historic Mother Lode District east 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 45 miles east-southeast of Sacramento, California, 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 production of 7.8 million ounces of gold. SGMC's property had a recorded production of 2,350,000 ounces of gold, essentially all recovered prior to 1920. Records indicate that these formerly producing mines have documented reserves that have not been recovered.

Senior management has been assembled for Sutter Gold Mining's corporate and mine development support. Full time employees have been added where they are updating project cost and schedule estimates while maintaining existing permits and facilities. Key consultants have been retained and are assisting with site design, geologic modeling, metallurgical testing, material characterization, process design, equipment selection and operations planning.

Sutter Gold Mining continues to prepare and analyze geologic modeling and mine planning for resource and economic evaluation. A detailed, mine development and production/grade schedule is being prepared for a feasibility study.

H. C. Osborne and McClelland Labs have conducted and released their final report for metallurgical testing to determine grind size, gravity and flotation recoveries, and reagent requirements for final process flow sheet design, equipment selection and operating cost estimations. Golder Paste Technology Ltd, completed material testing and equipment selection for dewatering, storage, mixing and delivery of process material for surface fill unit and underground paste backfill. Golder Associates Inc. are assisting with material characterization, and design, construction and operating cost estimates for the Surface Fill Unit, Construction Rock Storage and modifications necessary to existing operational permits. Vezer's Industrial Professionals have prepared a preliminary construction cost estimate for the process facility.

A 2008 Mineral Resource estimate for the Sutter Gold Project was completed by Sutter Gold Mining Inc. consulting geologist and Independent Qualified Person Mark Payne, P.Geo. Calif. #7076, and published with all support data as a Technical Report, filed at the website www.sedar.com. Resources were defined according to CIM Definitions for Mineral Resources, and are compliant with NI43-101, Standards of Disclosure for Mineral Projects. The Indicated Mineral Resource base for the Lincoln Project has increased 30 percent from the 2006 Resource estimate, resulting in the upgrade of Inferred Resources to the Indicated category, and discovery of mineralization in new zones. The summary of the updated Indicated and Inferred Resources for the Lincoln Project is available in the February 13, 2008 news release.

The 2008 Indicated Resource estimate represents a 29% increase in ounces and 37% increase in tonnage over the 2006 estimate, with Indicated Resources for the project reported as 612,364 tonnes (673,600 tons) grading 11.3 g/t (0.33 oz/ton) containing 223,044 ounces gold.

Several mineralized zones in both the Lincoln-Comet and Keystone areas remain open down plunge to the southeast and to depth.

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 Company is preparing current operating parameters for the 1998 mining permit that will reflect advances in technology (paste backfill and dry stacked tails), reduced operating tonnages and more efficient and economical operating constraints. The Company will be addressing these various modifications through late 2009 and into 2010 and expects to complete them prior to the start up of the processing facility.

SGMC is evaluating the potential opportunity to further consolidate mineral properties contained within the 10-mile section of the Mother Lode Trend.

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, respectively: \$1,200 and \$2,400 for each of years one to ten; \$2,400 and \$4,800 for each of years eleven through twenty; \$3,600 and \$7,200 for each of years twenty one through thirty; and \$4,800 and \$9,600 for each year thereafter. An additional 0.5% net smelter return royalty is held by a consultant to a lessee prior to the acquisition of the properties, which 0.5% interest covers the same properties in the Lincoln Project. All payments have been made up to date.

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 of \$2,400 for each of years one to ten, \$3,600 for each of years eleven to twenty, \$4,800 for each of years twenty-one to thirty, and \$6,000 for each year after the year thirty-one. 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.

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 224 acres 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.

Cecchetti Trust

Effective May 20, 2009, the Company entered into a Mineral Lease Agreement with the Cecchetti 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

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

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 C\$500,000 in payments and a minimum of C\$100,000 in work commitments.

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 currently being explored in the Phase I program may extend along strike into La Victoria.

Results of Operations

Summary of Quarterly Results

Expressed In \$	Jun 09	Mar 09	Dec 08	Sep 08	Jun 08	Mar 08	Dec 07	Sep 07
Operating revenues	16,500	3,600	13,100	12,300	7,700	7,700	13,700	13,100
Net loss	(717,100)	(676,300)	(1,065,200)	(251,700)	(145,300)	(91,700)	(86,400)	(397,000)
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)

Results of Operations for the Second Quarter of 2009 and 2008

The Company's net loss for the three months ended June 30, 2009, totaled \$717,100 or \$0.01 per share, compared to a net loss of \$145,300 or \$0.00 per share for the three months ended June 30, 2008. During 2009 we recorded a foreign currency exchange loss of \$3,000 (2008 gain - \$1,900) reflecting the value of the US dollar against the Canadian dollar and its effect on the net monetary assets that were denominated in Canadian dollars. The Company did not have a gain on sale of marketable securities recorded in the three months ended June 30, 2009 compared to \$17,400 in 2008.

Operating costs and expenses increased by \$557,900 and totaled \$730,800 for the three months ended June 30, 2009, compared to \$172,900 for the same period in 2008. Contributing factors for the increase were costs incurred for the feasibility study of \$279,900 for the three months ending June 30, 2009 (\$Nil - 2008). The Company had salaries and wages of \$218,500 which increased due to the addition of new employees compared with \$28,500 for the same period in 2008. Land & Holding costs were \$32,300 and \$23,500 for the three months ended June 30, 2009 and 2008 respectively. Office & Miscellaneous expenses increased \$22,900 and totaled \$50,300 for the period 2009, while these expenses totaled \$27,400 for the same period 2008, due to the addition of a second office, new employees and increased activity associated with the mine permitting and feasibility. Travel & Entertainment increased \$22,700 and totaled \$25,100 for the six months ended June 30, 2009, compared to \$2,400 for the same period in 2008 due to the increased activity levels and the addition of new employees.

Revenues during the three months ended June 30, 2009 increased from \$7,700 in 2008 to \$16,500 due to increased tour activity. The Company's interest income decreased by \$900 in 2009, as a result of the continually declining interest rates and bank balances.

Results of Operations for the Six Months Ended June 30, 2009 and 2008

In the six months ended June 30, 2009, the Company's net loss increased by \$1,156,400 and totaled \$1,393,400 compared to a net loss of \$237,000 during the same period in 2008. During 2009 we recorded a foreign currency exchange loss of \$3,700, (2008 - \$5,200) reflecting the value of the US dollar against the Canadian dollar and its effect on the net monetary assets that were denominated in Canadian dollars. The Company did not have a gain on sale of marketable securities recorded in the six months ended June 30, 2009 compared to \$24,300 in 2008. In the period ended 2008, the Company reported a gain of \$22,200 on the optioned property as a result of Premier reimbursing the Company a total of \$72,200 while the Company only paid The Alamo Group \$50,000.

Operating costs and expenses increased by \$1,112,100 and totaled \$1,411,700 for the six months ended June 30, 2009, compared to \$299,600 for the same period in 2008. Contributing factors for the increase were costs incurred for the feasibility study of \$537,200 for the six months ending June 30, 2009 (\$Nil – 2008). The Company had salaries and wages of \$416,300 which increased due to the addition of new employees compared with \$50,500 for the same period in 2008. Land & Holding costs were \$76,100 and \$23,500 for the six months ended June 30, 2009 and 2008 respectively. Office & Miscellaneous expenses increased \$60,400 and totaled \$105,900 for the period 2009, while these expenses totaled \$45,500 for the same period 2008, due to the addition of a second office, new employees and increased activity associated with the mine permitting and feasibility. Travel & Entertainment increased \$28,000 and totaled \$37,100 for the six months ended June 30, 2009, compared to \$9,100 for the same period in 2008 due to the increased activity levels and the addition of new employees. The final contributing factor to the increase was stock based compensation which increased to \$46,200 for the six months ended June 30, 2009 compared with \$14,700 for the same period 2008, due to stock option grants to new employees and to members of the Board of Directors.

Liquidity and Capital Resources

The Company's working capital at June 30, 2009 was \$180,700 versus \$1,544,000 at December 31, 2008. Cash and cash equivalents totaled \$348,400 at June 30, 2009, a decrease of \$1,367,800 from \$1,716,200 at December 31, 2008.

Subsequent to June 30, 2009 the Company has entered into a short term loan facility agreement (the "Loan Facility"). The Loan Facility is denominated in US dollars and has a limit of \$4,250,000. The Loan Facility will be for the purpose of funding agreed development activities at the Lincoln Project in California and corporate expenditures. 7.5% of the Loan Facility amount is payable to the Lender in cash upon execution of the Facility Agreement. The Facility will be available for drawing from the Closing Date of August 11, 2009 to August 1, 2010. The Company will be required to raise additional funds in order to construct a mill, complete mine development and repay the loan facility.

During the six months ended June 30, 2009, the Company spent \$41,000 on property and equipment compared to \$nil for the same period in 2008. For the six months ended June 30, 2009, \$1,326,800 was used in operating activities compared to \$11,200 in 2008.

The authorized share capital of the Company consists of unlimited number of common shares without par value and unlimited number of preference shares without par value. As at June 30, 2009, the Company's share capital remained unchanged from 2008 year end at \$23,945,500 representing 103,872,038 common shares, of which 1,396,610 were allotted to former SGMC's shareholders to tender their shares in the future. The Company also had 254,414 preference shares outstanding as at June 30, 2009 also unchanged from the 2008 year end, valued at \$211,200

As at June 30, 2009 the Company had 6,775,000 stock options outstanding at an exercise price ranging from C\$0.11 to C\$0.35 and expiry dates from April 8, 2010 to June 9, 2014. If all the remaining outstanding options were to be exercised, the Company's available cash would increase by C\$1,413,050.

As at June 30, 2009, the Company had a total of 12,794,994 warrants outstanding with an exercise price of C\$0.15 per share expiring on or before August 22, 2010. If all the remaining warrants outstanding as at the date of this report were exercised, the Company's available cash would increase by C\$1,919,249.

As at the date of this report, the Company had 103,872,038 common shares issued and outstanding of which 1,396,610 common shares were allotted. On a diluted basis the Company had 123,446,447 shares outstanding.

As at June 30, 2009, the deficit was \$29,262,600 (December 31, 2008: \$27,869,200). The increase was the result of the net loss of \$1,393,400 for the six months ended June 30, 2009.

Marketable Securities

As of June 30, 2009 and December 31, 2008, the Company did not own any marketable securities.

Property and equipment

As of June 30, 2009, the cost of the Company's property and equipment totaled \$1,093,800 offset by accumulated depreciation of \$535,300. For the six months ended June 30, 2009, depreciation totaled \$24,900 (2008 - \$24,600).

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 June 30, 2009.

Transactions with Related Parties

During the period ended June 30, 2009, the Company incurred C\$6,250 (2008 - C\$36,365) for accounting, administrative and secretarial fees to a private company controlled by a director. C\$1,250 was owed to this company as at June 30, 2009 (December 31, 2008 - C\$2,100) for the unpaid portion of these amounts.

Effective June 1, 1996, SGMC entered into a Management Agreement with USE, a former partner of the Company, whereby a joint venture between the companies, USECB Joint Venture ("USECB") serves as the manager of the Company's mine development and exploration activities, among other duties, and provides administrative staff and services to the Company. Under the terms of the Management Agreement, USECB is reimbursed for actual costs incurred plus, initially, 10% of allowable costs as defined in the Management Agreement. USECB invoiced SGMC for the six months ended June 30, 2009, and 2008 \$0 and \$23,400, respectively, which included general administration costs, note payments, and lease payments. The Management Agreement may be terminated by the Company at any time with one month's advance notice to USECB.

Subsequent to June 30, 2009 the Company has closed a secured loan facility in the amount of \$4,250,000 with RMB Australia Holdings Limited maturing August 31, 2010. RMB Australia Holdings Limited and RMB are both members of the FirstRand Group. As of June 30, 2009 RMB owned 51,832,120 (49.9%) of the outstanding shares of the Company.

Related party transactions are measured at their exchange amounts as determined by management. The amounts bear no interest and are unsecured with no repayment terms.

Changes in accounting policies

Deferred exploration costs

On March 27, 2009, the Emerging Issues Committee issued EIC-174 Mining Exploration Costs. to the EIC provides additional guidance in light of the potential adverse impact of the current economic and financial turmoil on the carrying value of the deferred exploration costs. The EIC is effective for financial statements issued on or after the date of the date of the EIC. Management applied a market approach in its review using data relating to forward prices, ongoing feasibility studies and management's assessment of the Company's ability to fund ongoing exploration. In management's estimation there has been no impairment to its mineral assets upon the adoption of the new standard.

Goodwill and intangible assets

On January 1, 2009, the Corporation adopted CICA Handbook section 3064 "Goodwill and Intangible Assets", which replaced CICA Handbook section 3062 "Goodwill and Other Intangible Assets" as well as CICA Handbook section 3450 "Research and Development". This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Adoption of this new standard did not have a material impact on the Corporation's financial statements and disclosures.

CICA Sections 1582, 1601, 1602 Business Combinations, Consolidations, and Non-Controlling Interests

In January 2009, the AcSB issued the following Handbook sections: 1582 – Business Combinations, 1601 – Consolidations, and 1602 – Non-Controlling Interests. These new Sections will be applicable to financial statements relating to the Company's interim and fiscal year end beginning on or after January 1, 2011. Early adoption is permitted. The Company does not expect that there will be any material impact upon its adoption of these new sections on its consolidated financial statements.

Internal Controls Over Financial Reporting

Changes in Internal Control Over Financial Reporting ("ICFR")

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

IFRS convergence

In February 2008, the CICA announced that Canadian GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal year. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to the Company's reporting for the first quarter of 2011, for which the current and comparative information will be prepared under IFRS.

The Company has commenced its IFRS conversion project in 2008. The Company's IFRS project consists of three phases – scoping, evaluation and design, and implementation and review. The Company has commenced the scoping phase of the project, which consists of project initiation and awareness, identification of high-level differences between Canadian GAAP and IFRS and project planning and resourcing. The Company has completed a high level scoping exercise and has prepared a preliminary Comparison of financial statement areas that will be impacted by the conversion.

A detailed assessment of the impact of adopting IFRS on our consolidated financial statements, accounting policies, information technology and data systems, internal controls over financial reporting, disclosure controls and procedures, and the various covenants and capital requirements and business activities has not been completed. The impact on such elements will depend on the particular circumstances prevailing at the adoption date and the IFRS accounting policy choices made by the Company. The Company has not completed its quantification of the effects of adopting IFRS. The financial performance and financial position as disclosed in our Canadian GAAP financial statements may be significantly different when presented in accordance with IFRS.

Off-balance sheet arrangements

The company had no off balance sheet arrangements as at June 30, 2009 or December 31, 2008.

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 June 30, 2009 or December 31, 2008.

Outstanding share data

Common Shares:

The Company has authorized an unlimited number of common shares, with no par value, of which 103,872,038 shares are issued and outstanding as of the date hereof. 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 of the date hereof, 12,794,994 share purchase warrants were issued are outstanding.

Employee Stock Options:

As of the date hereof, 6,775,000 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\$0.35.

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.

Outlook

Management of the Company plans the following activities in 2009 to increase liquidity, generate the capital necessary to continue the exploration of the Sutter Gold Mine and the Santa Teresa concession:

- Continue to lease the property to the 3rd party tour operator which partially covers overhead costs.
- Raise sufficient funds through either debt financing, the sale of equity investments or attracting an industry partner to provide sufficient capital to construct a mill and complete mine development in anticipation of putting the mine into production.

Management believes that if it is successful in these endeavors and the project is financially justified that the mill and mine could be in production within 18 months of financing. The spot and long-term price for gold is volatile. These price fluctuations are a risk to the economic performance of the property. There is no assurance that the plans will be accomplished.

Risks and Uncertainties

The success of the Company will depend on numerous factors, including 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 and permitting 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 cash flow must be derived from external financing. Actual funding 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 exploration property holdings to prioritize project expenditures based on funding availability.

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 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.

Disclaimer

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 file on SEDAR (www.SEDAR.com). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

Forward Looking Statements

Except for statements of historical fact, certain information contained herein constitutes forward-looking statements. Forward looking statements are usually identified by our use of certain terminology, including “will”, “believes”, “may”, “expects”, “should”, “seeks”, “anticipates” or “intends” or by discussions of strategy or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results or achievements to be materially different from any future results or achievements expressed or implied by such forward-looking statements. 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 used in this discussion are subject to various risks and uncertainties, 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.