SUTTER GOLD MINING INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008
CONTAINING INFORMATION UP TO AND INCLUDING NOVEMBER 14, 2008

Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Sutter Gold Mining Inc.'s (the "Company") consolidated financial statements. The information provided herein should be read in conjunction with the Company's unaudited interim consolidated financial statements for the period ended September 30, 2008 and audited consolidated financial statements for the year ended December 31, 2007.

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable.

The Company's board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

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.

Overall Performance

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 September 30, 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 September 30, 2008, RMB owned 51,832,120 (49.9%) of the outstanding common shares of the Company.

The Company's principal business activity is the exploration of mineral properties. The Company's Sutter Gold project contains a 3.2 mile segment of the Mother Lode belt from which 10 historic mines produced 2.3 million ounces of gold, and has been the subject of considerable modern exploration activity. Most of it centering on the Lincoln and Comet zones, which are adjacent to each other and together referred to as the Lincoln project.

In October 2008, the Company appointed Clayr Alexander as the new CEO, President and director and Robert J. Hutmacher as the new CFO. Mr. Alexander is responsible for all aspects of the Company's growth and development with the focus on advancing the Sutter Gold project. The Sutter Gold project hosts a current NI 43-101 compliant (February 2008) indicated resource of 673,600 tons grading 0.33 (uncut) ounces of gold per ton (11.3 g/t) for 223,044 contained ounces and an inferred resource of 2.38 million tons grading 0.19 (uncut) ounces of gold per ton (6.6 g/t) for 458,914 contained ounces. Mr. Hutmacher will be responsible for accounting, financial, investor, and human resource reporting and compliance. Mr. Hutmacher will direct and establish the creation of an independent corporate office that will support investor relations, exploration, mine development, and production activities as well as the future growth of the Company.

Mining Claims Expenditures

	December 31, 2006	Net Additions	December 31, 2007	Net Additions	September 30, 2008
Lincoln and Comet Project					
Underground drilling	$ 788,600	$ 17,700	$ 806,300	$ -	$806,300
Total Mining Claims Expenditures	$ 788,600	$ 17,700	$ 806,300	$ -	$806,300

On May 3, 2007, the Company settled the Contingent Stock Purchase Warrant with USE by the issuance of a Net Profits Interest Royalty ("NPIR") of 5% until the total amount of $4.6 million is repaid, and granting a 1% NPIR thereafter. NPIR is defined as the price received from the sale of gold or other mineralized product that is mined, saved and sold, less mining, milling, processing or refining and transportation costs and allowable taxes and royalties, but excluding development costs incurred prior to December 31, 2006.

Sutter Gold Project

The Company's wholly owned subsidiary SGMC owns the Sutter Gold Project that is located in the historic Mother Lode District east of Sacramento, California. The Sutter Gold Project is situated on a contiguous 535-acre block of mining claims 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. This reported gold was recovered from several mines situated on what are now the SGMC claims. Historical exploration expenditures of $22 million have been spent on the project by prior owners to get the project to its current status.

On June 28, 2006, the Company completed an 18,000-foot underground and surface diamond drill program on its advanced stage gold project in the historic Mother Lode, planned and supervised by Mr. Mark Payne, P.Geo.

In the third quarter of 2007, the Company started a Phase 2 surface and underground core drilling program for its Lincoln Project based on the positive results obtained from the 2006-2007 drill program. A 2,100 meter (7,000 ft.) surface drill program of six holes was planned on the Keystone property and one deep exploratory hole of approximately 600 meters (2,000 ft.) was planned from an underground drill station. The expected cost of the program was $700,000. The Company suspended this Phase 2 program in October 2007 to devote more financial resources and management time to the exploration of strategic alternatives to maximize shareholder value.

The Company recently updated the Mineral Resource estimate for the Sutter Gold Project. The 2008 Mineral Resource estimate includes the results from 5,945 meters (19,502 feet) of core drilling completed in 2006-2007, and is the subject of an NI 43-101 compliant Technical Report filed on www.sedar.com. The Indicated Mineral Resource base for the Sutter Gold Project has increased 30% from the 2006 Resource estimate, resulting from the conversion 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 Sutter Gold Project is available in the February 13, 2008 news release.

The 2008 Indicated Mineral Resource estimate represents a 29% increase in ounces and 37% increase in tonnage over the 2006 estimate, with Indicated Resources for all areas of 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.

Several new zones were encountered during the 2006-2007 drill programs, including the Lincoln 10, 20, 28, 31, and 34 veins, a new shoot at the south end of the Lincoln 21 vein, and the Keystone 23, and 25 veins.

Fourteen significant exploration drilling targets have been identified and described in the Technical Report, based upon continued refinement of the structural geologic and exploration models for the Sutter Gold Project during 2007. This finding suggests good potential for continued discoveries and resource replacement as the project matures.

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 NI 43-101, Standards of Disclosure for Mineral Projects.

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 to each other and together referred to as the Lincoln project. A total of 101,385 feet of drilling had been accomplished in 230 diamond drill holes, and modern underground development consisted of a 2,850-foot declined ramp with 2,400 feet of crosscuts plus five raises. The historic gold production was documented in a detailed report completed by Mark Payne, the consulting geologist to Sutter Gold and a qualified person as defined by NI 43-101.

From 2001 to the end of 2003, the Company renegotiated the principal mineral leases with the leasers. 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. The payments have been made up to date.

An underground contractor rebuilt and reinforced the portal of the underground workings, extended and replaced rusted ventilation pipe, re-timbered raises and prepared underground drilling stations to allow for additional exploratory core drilling. On the surface, water control contouring has taken place, on-site haulage ways have been constructed and the area designated for the mill is being excavated and compacted. In June of 2006, an additional raise was cut, exposing visible gold while intersecting a vein which confirmed continuity of the ore in the previously discovered 40 vein. Free gold exposed in this location ranges from small specks to thick foils up to one-eighth inch in long dimension. Assay results received to date for the 40 Vein yielded a weighted average 0.404 ounces per ton gold.

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.

Eureka Mines

On January 21, 2005, the Company entered into a lease agreement to acquire 105 acres of land immediately adjacent to the Company's properties in California, called the Eureka Property. The lease term is 30 years, broken down into ten year segments carrying a 4% production royalty or a minimum annual payment 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 September 30, 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 were 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 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. The payments have been made up to date.

Mexican property

On October 26, 2006, the Company entered into an Exclusive Option Agreement with a subsidiary of The Alamo Group, Inc. ("The Alamo Group") of Scottsdale, Arizona, 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 and on August 7, 2007 a Joint Venture Agreement with Premier Gold Mines Limited ("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 due to the vendor over four years (total of C$500,000; $72,200 was reimbursed resulting in $22,200 being recorded as a gain on the optioned property during the nine months ended September 30, 2008). Premier can earn an additional 15% interest in the property (to a 65% interest) by paying a further $500,000 to the Company, payable in cash or shares, and conducting an additional $4,000,000 in exploration on the property.

In January 2008, Premier began diamond drilling in the historic and high grade El Alamo District of Baja California Norte, Mexico. Premier planned to test the extent, continuity and grade of known gold-bearing vein structures by conducting an initial 16-hole diamond drill program of 3,650 meters on the Santa Teresa Concession. Major Drilling de Mexico, S.A. de C.V., of Hermosillo, Mexico has been contracted for HQ core drilling and has one drill on site.

In June 2008, after review of Phase I drilling results, additional holes were added to the Phase I program to test mineralization further to the southeast along strike and to depth. Through October 2008, thirty-two holes have been completed totaling 7,000 meters. Fire assay results have been received for the first twenty-three holes to date. Phase I drilling was concluded in October 2008 and the results of drilling and surface prospecting are currently being reviewed.

On June 17, 2008, the Company announced the discovery of high-grade gold mineralization, with further high-grade results announced on August 13, 2008 and November 10, 2008. Numerous gold-quartz vein intercepts bearing coarse visible gold were obtained during the 2008 program, and the existence of new high-grade veins at depth in unexplored areas. The results also increase the strike length of the mineralized system at Santa Teresa to approximately 500 meters. 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 I Concession.

In June 2008, Premier announced that it had signed a Memorandum of Understanding 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 I Concession and the veins currently being explored in the Phase I program may extend along strike into La Victoria.

Mineralization remains open to the southeast, as well as at depth, on the Santa Teresa Concession in several veins. To date, approximately 7,000 meters have been drilled in 32 holes in the Phase One program and numerous assays remain pending.

Technical information in this MD&A has been reviewed by Mark Payne.

Results of Operations

Selected Annual Information

	Year ended Dec 31, 2007	**Year ended Dec 31, 2006**	**Year ended Dec 31, 2005**
	$	$	$
Total revenues	41,700	47,500	39,700
Operating costs and expenses	2,247,500	1,992,600	1,559,900
Loss for the year	1,587,500	1,856,700	1,528,600
Loss per share – basic and diluted	0.02	0.03	0.03
Total assets	1,940,100	3,581,400	1,335,300
Total long-term financial liabilities	23,300	6,699,600	6,664,000
Cash dividends accrued	Nil	Nil	Nil

Summary of Quarterly Results

Expressed In $	**Sep 08**	Jun 08	Mar 08	Dec 07	**Sep 07**	Jun 07	Mar 07	Dec 06
Operating revenues	**12,300**	7,700	7,700	13,700	**13,100**	7,200	7,700	17,600
Net loss	**(251,700)**	(145,300)	(91,700)	(86,400)	**(397,000)**	(496,800)	(607,300)	(884,500)
Loss per share	**(0.00)**	(0.00)	(0.00)	(0.00)	**(0.01)**	(0.01)	(0.01)	(0.02)

Results of Operations for the Third Quarter of 2008 and 2007

In the three months ended September 30, 2008, the Company's net loss decreased by $145,300 and totaled $251,700 compared to a net loss of $397,000 during the same period in 2007.

Operating costs and expenses decreased by $267,500 and totaled $298,600 for the third quarter of 2008, compared to $566,100 for the same period in 2007. The significant decrease was due to the Company temporarily suspending the exploration program and delaying other projects to control costs, with exploration of mining properties decreased from $300,600 to $2,200. Other decreases were in professional and contract services by $34,500, wages and benefits by $44,100, and mine and property holding costs by $62,300. Stock-based compensation expenses for the third quarter of 2007 totaled $43,300.

During the period, the Company paid $100,000 of management fees to the former President of the Company (2007 - $Nil).

Operating revenues were comparable for the third quarter of 2008 and 2007, and totaled $12,300 and $13,100, respectively. During the three months ended September 30, 2007, the Company received common shares from Premier for its option of the Mexican property and recognized $139,400 in option proceeds in excess of the resource property and received $17,500 dividend income from USE. The Company did not receive any of these during the three months ended September 30, 2008. The net losses per share were $0.00 in the third quarter of 2008 and $0.01 in 2007.

<u>Results of Operations for the Nine Months Ended September 30, 2008 and 2007</u>

In the nine months ended September 30, 2008, the Company's net loss decreased by $1,012,400 and totaled $488,700 compared to a net loss of $1,501,100 during the same period in 2007.

Operating costs and expenses decreased by $1,102,400 and totaled $598,200 for the nine months ended September 30, 2008, compared to $1,700,600 for the same period in 2007. The significant decrease was due to the Company temporarily suspending the exploration program and delaying other projects to control costs, with exploration of mining properties decreasing from $868,300 to $3,000. Other decreases were mine and property holding costs by $117,100, wages and benefits by $124,500, professional and contract services by $46,000 and travel and entertainment by $18,700. Investor relations fees decreased by $32,000, due to no investor relation firm was engaged in 2008.

During the current period, the Company sold 100,000 common shares of Premier for a gain of $24,300. In addition, 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. In the period ended September 30, 2007, the Company received common shares from Premier for its option of the Mexican property and recognized $139,400 in option proceeds in excess of the resource property and received a $17,500 dividend income from USE.

Operating revenues were comparable for the nine months in 2008 and 2007, and totaled $27,700 and $28,000, respectively. Interest income decreased by $13,100 in 2008. The net losses per share were $0.01 for the nine months ended September 30, 2008 and $0.02 in 2007.

Liquidity and Working Capital

The Company's working capital as at September 30, 2008 was $2,596,500 (December 31, 2007: $431,900). Cash and cash equivalents totaled $2,709,300 at September 30, 2008, an increase of $2,683,000 from $26,300 as at December 31, 2007.

During the nine months ended September 30, 2008, the Company completed a private placement for net proceeds of $2,639,400 and received $221,900 of proceeds from the sale of marketable securities. $172,700 cash was used in operating activities (see also "Results of Operations" section) and $5,600 on purchase of equipment.

With the completion of the recent financing and the change in control, the Company is currently preparing plans and economic studies required to make a production decision. Exploration will continue on the Mexican property in 2008 since it is being funded by Premier.

Marketable Securities

During the period ended September 30, 2008, the Company sold 100,000 of Premier's common shares for a gain of $24,300. As of September 30, 2008, the Company did not own any marketable securities (December 31, 2007 - 100,000 shares of Premier, valued at $244,700); therefore, no unrealized gain was recorded as "Other Comprehensive Income" during the nine months ended September 30, 2008.

Property and equipment

As at September 30, 2008, the cost of the Company's property and equipment totaled $1,011,200 offset by accumulated depreciation of $510,500. For the period ended September 30, 2008, depreciation totaled $32,600 (2007 - $39,400).

Reclamation Bond

Future reclamation and mine closure costs will be the responsibility of the Company and are based on legal and regulatory requirements. The laws and regulations are continually changing and are generally becoming more restrictive. The Company believes it is in compliance with applicable laws and regulations and expects to make future expenditures to comply with these laws and regulations. Current estimated reclamation obligations are secured by a $27,000 reclamation bond as at September 30, 2008.

Capital Resources

The authorized share capital of the Company consists of an unlimited number of common shares without par value and unlimited number of preference shares without par value. As at September 30, 2008, the Company's share capital was $23,942,300 (December 31, 2007 - $22,015,300) representing 103,872,038 (December 31, 2007 – 78,282,045) 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 September 30, 2008 valued at $211,200 (December 31, 2007 - $211,200 representing 254,414 preference shares).

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 consists of one common share and one-half of a common share purchase warrant. Each whole warrant entitles 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. All securities issued under the private placement are subject to a four-month hold period expiring on December 22, 2008. The share issue costs totaled $28,800. Proceeds from the private placement will be used to fund further exploration and analysis of the Sutter Gold Mine in California and for general working capital.

As at September 30, 2008 the Company had 4,465,000 stock options outstanding at an exercise price ranging from C$0.20 to C$0.35 and expiry dates from November 14, 2008 to August 16, 2011. On October 6, 2008, a total 2,200,000 stock options were granted at a price of C$0.11 to a director, officers and an employee of the Company. On November 14, 2008, 40,000 options at C$0.20 expired without being exercised. If all the remaining outstanding options were to be exercised, the Company's available cash would increase by C$1,587,550.

During the nine months ended September 30, 2008, 16,312,000 warrants with exercise prices ranging from C$0.30 to C$0.35 expired and 12,794,994 warrants were issued with an exercise price of C$0.15 expiring on or before August 22, 2010, which, if exercised, would increase the Company's available cash 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 123,546,445 shares outstanding.

As at September 30, 2008, the deficit was $26,804,000 (December 31, 2007: $26,315,300). The increase was the result of the net loss of $488,700 for the nine months ended September 30, 2008. The other comprehensive income totaled $Nil as of September 30, 2008 (December 31, 2007: $47,100).

Transactions with Related Parties

During the period ended September 30, 2008, the Company incurred C$59,900 (2007 – C$54,900) for accounting, administrative and secretarial fees to a private company controlled by a director. $5,600 was owed to this company as at September 30, 2008 (December 31, 2007 - $5,800) for the unpaid portion of these amounts.

During the period ended September 30, 2008, the Company paid $100,000 (2007 – $Nil) of management fees to the former president of the Company.

Effective June 1, 1996, SGMC entered into a Management Agreement with USE, former parent 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 $33,200 and $315,400 for the nine month periods ended September 30, 2008 and 2007, respectively, which included general administration costs, note payments, lease payments and other costs. The Company owed $3,300 to this company as at September 30, 2008 (December 31, 2007 - $Nil) for the unpaid portion of these amounts.

The Management Agreement may be terminated by the Company at any time with one month's advance notice to USECB.

On May 3, 2007, the Company settled its outstanding debt of $2,025,700 (C$2,362,800) with USE by the issuance of 7,621,868 common shares of the Company at C$0.31 per share.

On May 3, 2007, the Company also settled the Contingent Stock Purchase Warrant with USE by the issuance of a Net Profits Interest royalty (see "Mining Claims Expenditures" section).

USE agreed during fiscal 2007 to provide a $1,000,000 line of credit to the Company at 12% annual interest, drawable and repayable at anytime in tranches of $50,000 or more by the Company. The line of credit became due no later than two years from June 20, 2007. It was collateralized by the Company's California properties. USE had the sole option to have the Company repay the debt in cash or the Company's common shares at a 10% discount to the 10 day volume weighted average price ("VWAP") before payment (subject to the TSX Venture Exchange approval). Terms of the credit agreement were negotiated and approved by the independent directors of USE and the Company. As of December 21, 2007, USE had loaned $723,300 to the Company, with an accrued interest of $12,000, totalling $735,300. On December 21, 2007, the Company settled the outstanding debt by delivering 225,000 shares of USE common stock it owned that were valued at the last 5 days VWAP for $4.37 and totaling $983,300, of which $735,300 was used to settle the line of credit. During the nine months ended September 30, 2008, USE repaid the Company $247,600 which was owed at the end of 2007.

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

Subsequent Event

On October 6, 2008, a total 2,200,000 stock options were granted at a price of C$0.11 to a director, officers, and an employee of the Company.

Change in Accounting Policy

On January 1, 2008, the Company adopted the following provisions of the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections. There was no material impact on the Company's financial condition or operating results as a result of the adoption of these new standards:

(a) Section 3862 – Financial Instruments – Disclosures, which replaces Section 3861 and provides expanded disclosure requirements that provide additional detail by financial asset and liability categories.

(b) Section 3863 – Financial Instruments – Presentation, to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows.

(c) Section 1535 – Capital Disclosures, which establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard, the Company will be required to disclose the following:

- qualitative information about its objectives, policies and processes for managing capital;
- summary quantitative data about what it manages as capital;
- whether during the period it complied with any externally imposed capital requirement to which it is subject; and

- when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

(d) Section 1400 – General Standards of Financial Statement Presentation, to include requirements for management to assess and disclose an entity's ability to continue as a going concern.

Financial Instruments and Other Instruments

The Company designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and leases payable are classified as other financial liabilities. Marketable securities are classified as available-for-sale which are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net income.

The Company had no "other comprehensive income" during the period ended September 30, 2008.

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.

International Financial Reporting Standards

On February 13, 2008, the Canadian Accounting Standards Board ("AcSB") confirmed the mandatory changeover date to International Financial Reporting Standards ("IFRS") for Canadian profit-oriented publicly accountable entities ("PAE's") such as the Company.

The AcSB requires that IFRS compliant financial statements be prepared for annual and interim financial statements commencing on or after January 1, 2011. For PAE's with a December 31 year-end, the first unaudited interim financial statements under IFRS will be the quarter ending March 31, 2011, with comparative financial information for the quarter ended March 31, 2010. The first audited annual financial statements will be for the year ending December 31, 2011, with comparative financial information for the year ended December 31, 2010. This also means that all the opening balance sheet adjustments relating to the adoption of IFRS must be reflected in the January 1, 2010 opening balance sheet which will be issued as part of the comparative financial information in the March 31, 2011 unaudited interim financial statements.

The Company intends to adopt these requirements as set out by the AcSB and other regulatory bodies. At this time, the impact of adopting IFRS cannot be reasonably quantified. During 2008, the Company will continue to evaluate the impact of IFRS on the Company, including the early adoption of IFRS for the year ending December 31, 2010. The actual conversion work will occur in 2009 and 2010, in anticipation of the preparation of the January 1, 2010 balance sheet that will be required for comparative purposes for all periods ending in 2011.

Outlook

With the new parent company RMB and the appointment of the new management, the immediate efforts of the Company will include:

- Feasibility studies including completion of a comprehensive geologic data base and models (geologic and grade) in support of detailed mine development and production profile. Confirmatory metallurgical test work for defining a final process flow sheet, equipment selection and construction costing for the processing facility.

Completing required monitoring, waste material handling procedures and final reclamation plans for incorporation into the Company's existing permits.

- Recruitment of remaining senior management, including a COO as well as operating management, and establishment of a standalone corporate office including appropriate information technology and related systems.
- Focused investor relations and marketing efforts to ensure the investment community understands the Company, project feasibility, development plans and the inherent value of the Company's assets.

The Company's longer term plan is to advance the Company as an emerging gold producer. The production opportunity is similar to the historic underground mining of narrow veins that has occurred along the Mother Lode structure and exhibits excellent metallurgy.

Existing permitting is either complete or in its final stages of modification and continues to be well managed by the Sacramento office of Golder Associates. Less than an acre (0.77 acres) has been identified as perennial wetlands and will require a Section 404 wetlands permit under the Clean Water Act. Indication from the US Army Corps of Engineers, responsible for administering Section 404, is for a 9 month permitting process. Final Waste Discharge Requirements (WDR) will be included in the final reclamation design and monitoring plans. Permitting is not expected to negatively impact the project's development schedule.

The final feasibility study will assess developing and mining the resources at a nominal 300 to 500 tons per day processed through a simple gravity separation circuit followed by flotation to produce a gold concentrate that will be shipped for final processing to a Nevada facility. As such, Sutter Gold Mine will be one of the most environmentally responsible and sound mining operations in the Western United States while benefiting the local community and economy. The Company is committed to developing its operations in a socially and environmentally responsible manner.

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.

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.