# Sutter Gold Plans Drilling to Expand Resources at Its Lincoln Mine Project and Provides a Development Update

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VANCOUVER, BRITISH COLUMBIA -- (Marketwire - Oct. 13, 2011) - Sutter Gold Mining Inc. (TSX VENTURE: SGM) ("Sutter or the "Company") is pleased to announce that its Board of Directors have approved an exploration drilling program of 10,255 feet (3,126 meters) at the Company's Lincoln Mine Project located at Sutter Creek, California. The objective of the drilling campaign is to meaningfully expand mineable resources from filling gaps in the current resource model and testing lateral and higher-up extensions of known mineralized zones and structures which could extend the initial mine life significantly beyond the five years indicated in the Project Preliminary Economic Assessment. Plans are to drill approximately thirty well-placed, large-diameter (HQ-size) surface-collared angle core holes covering a strike length of 3,000 feet.

The current development plan is to mine two distinct segments of the known gold mineralization, the northern Comet segment and the southern Lincoln segment, both of which are open at their northern and upper known limits as defined by previous core drilling and sublevel exploration workings. Some of the best gold grades of the Lincoln segment are situated at its northern edge, which past drilling has not closed off. About one-third of the proposed drill holes will probe that parcel of the property with the objective of extending the high-grade zone to the north.

The more northerly Comet segment, defined as that part of the property from portal of the existing mine decline to approximately 100 feet south of the 9 crosscut (1750N - geologic grid, 71,100N - mine grid), has been only sparsely drilled at the northern 1,000 feet of this segment. Past drill holes in this northern zone, all collared at the surface, were inclined to the west so that drill-holes were angled parallel with the major vein system, at a time when it was believed that the gold-bearing vein structural trend was east-dipping. It was not until the decline reached the mineralized Lincoln-Comet vein system in 1989, the main "42 Vein System", that it became apparent that this ore-bearing structure dipped to the west. All planned drill-holes will be inclined to the east to optimally intersect the west-dipping mineralization.

Drill holes will be relatively shallow, averaging slightly less than 350 feet (105 meters) in length. The drilling program is expected to extend indicated gold resources beyond their present limits and to significantly increase the resource base that can be mined from the current mine plan configuration in this central 4000-feet-long portion of the 3.6-mile-long (5.8 kilometer) property held by the Company. Exploration on the remainder of Sutter's properties will be conducted in the future after results obtained from this program are fully evaluated.

Steve Zahony, VP Exploration, commented, "The approved initial drilling program will be the first core drilling on the property since 2007 and is targeted at obvious regions in the resource model and upward extensions of known mineralization that were inadequately tested early on, before the actual dip of the veins was known, and at the gap in the resource model and mine plan between the Lincoln and Comet portions of the deposit where data are lacking. While this exploration will take place in the area of the current mine plan we also have some big picture thinking to do on exploring targets on the main Mother Lode structure to the Melones Fault to the east, especially within the Company's current land package. Regional structures to the west are also being considered as exploration targets. The application of modern, systematic exploration offers the potential of making new discoveries that would be significantly enhanced with an operating mine in the immediate vicinity."

To view Figure 1, please visit the following link: <a href="http://media3.marketwire.com/docs/sgm1013fig1.pdf">http://media3.marketwire.com/docs/sgm1013fig1.pdf</a>

# **Development Update for the Lincoln Mine Project**

Surface construction of the site infrastructure has begun with the removal of the existing temporary multifunction building and relocation of all tools and supplies. The contract for tree removal has been issued to Amador Mechanical Inc., a local contractor that has an excellent history with the company on specialized projects, including the recent building demolition. Doug Veerkamp General Engineering Inc., has been selected via bid process for the site grading, including the construction of the Waste Rock Pile, Tailings

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Processing Area, Entrance Facilities and the road to the Surface Fill Unit.

Previously disclosed September engineering and design milestones have been achieved (see press release of August 18, 2011). Sutter has submitted the application to Amador County for the grading permit necessary to begin the construction of the Tailings Processing Area, Surface Fill Unit access road and Entrance Facilities. The application for building permits for the Staff Services/Shop Building and Mill Facility have been submitted to Amador County. Construction contract documentation remains in progress for the buildings, with a separation of foundation and building contracts due to the approach of the winter rain season and the resulting critical timing for completion of the foundations.

## Sutter's 2011 year-end milestones include the following:

- Completion of Entrance Facilities, including the parking and lay-down areas
- Completion of Staff Services/Shop building foundation
- Initiation of Staff Services/Shop Building erection.
- Completion of Mill Building foundation
- Initiation of mill equipment installation
- Completion and award of underground development contract.
- Initiation of underground development

To date, Sutter has received confirmation letters of interest for the underground development from several of the six pre-qualified underground mining contractors. Closure of invitation to the bidding process will occur October 20, 2011.

#### **About Sutter**

Sutter is a growth-oriented exploration and development company preparing to become a North American gold producer. The Company has two projects: the Lincoln Project located in Amador County, California and the Santa Theresa Project located in the Northern Baja region of Mexico. Currently, the Company's primary focus is the evaluation and development of the Lincoln Project, beginning with the shallow portion of the Lincoln-Comet ore zone of the Lincoln Project, located on the California Mother Lode Gold Belt. The Lincoln-Comet and Keystone zones have a NI 43-101 compliant Indicated Resource estimate (completed in February 2008) of 612,400 tonnes (673,600 tons) grading 11.3 g/t Au (0.33 oz/ton) containing 223,000 ounces of gold and Inferred Resources of 2,161,700 tonnes (2,377,900 tons) grading 6.6 g/t Au (0.19 oz/ton) containing 458,900 ounces of gold.

Sutter currently controls approximately 3.6 miles of the Mother Lode of Amador County, with 90% of the property still unexplored. Potential exists both at depth and along strike of the known mineralized zones on both the footwall and hanging wall. The 120-mile long Mother Lode Gold Belt produced over 13 million ounces of gold historically with 7.9 million ounces originating from the 10-mile long segment between Jackson and Plymouth where the Lincoln Project is strategically located. Properties under the Company's control include seven historic mines with significant historic gold production totaling over 3.5 million ounces or 27% of the historic gold production from the Mother Lode. Historic mines located north and south of the Lincoln Project in the Jackson to Plymouth segment of the Mother Lode success fully mined gold to depths of 4,500 and 6,300 feet, respectively.

In Mexico, Sutter holds the rights to the geologically similar, high-grade El Alamo district of northern Baja, where historic mining to the water table produced mined grades of 30 to 60 g/t gold. Initial exploration with its joint-venture partner, Premier Gold, has demonstrated the extension of high-grade veins.

### ON BEHALF OF THE BOARD OF DIRECTORS:

James Crombie, President, CEO & Director, Sutter Gold Mining Inc.

## Forward-Looking Statements

This news release contains "forward-looking information" under Canadian securities law. Any information that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words such as "expect", "anticipate", "believe", "plans", "estimate", "scheduling", "projected" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved,

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or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking information. Forward-looking information relates to, among other things: the price of silver and gold; the accuracy of mineral resource and mineral reserve estimates; the ability of the Company to finance its operations and capital expenditures; future financial and operating performance including estimates of the Company's revenues and capital expenditures and estimated production.

Forward-looking information is subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking information, including, without limitation, risks relating to: fluctuating commodity prices; calculation of resources, reserves and mineralization and precious and base metal recovery; interpretations and assumptions of mineral resource and mineral reserve estimates; exploration and development programs; feasibility and engineering reports; permits and licenses; title to properties; recent market events and conditions; economic factors affecting the Company; timing, estimated amount, capital and operating expenditures and economic returns of future production; operations and political conditions; environmental risks; and risks and hazards of mining operations. This list is not exhaustive of the factors that may affect any of the Company's forward-looking information. Forward-looking information about the future is inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking information due to a variety of risks, uncertainties and other factors. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, described or intended. Accordingly, readers should not place undue reliance on forward-looking statements or information. The Company's forward-looking information is based on the assumptions, beliefs, expectations and opinions of management as of the date of this press release, and other than as required by applicable securities laws, the Company does not assume any obligation to update forward-looking statements and information if circumstances or management's assumptions, beliefs, expectations or opinions should change, or changes in any other events affecting such statements or information. For the reasons set forth above, investors should not place undue reliance on forward-looking information.

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