

# Sutter Gold Mining Inc. Closes US \$12 Million Secured Short-Term Credit Facility and Announces Non-Brokered Private Placement

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VANCOUVER, BRITISH COLUMBIA -- (Marketwire - Oct. 18, 2012) - [Sutter Gold Mining Inc.](#) (TSX VENTURE:SGM) (OTCQX:SGMNF) ("Sutter" or the "Company") announced today that it has closed on a secured short-term credit facility in the amount of up to US\$12 million ("Facility") with RMB Australia Holdings Limited ("RMB"). The Facility will be used for the completion of construction of the Lincoln Mine Project (the "Project") near Sutter Creek, California and for agreed general corporate purposes.

The Facility is a bridge loan to provide funds required until achievement of positive cash flow from the Project. The Facility will be available for draw down through to April 30, 2013, with a final repayment date of June 30, 2013. The interest rate on advances under the Facility from closing to March 31, 2013 will be LIBOR plus 11.5% per annum and, from April 1, 2013 to June 30, 2013, will be LIBOR plus 15% per annum. Interest will be payable monthly in cash in arrears. The Company may prepay the Facility without penalty at any time, subject to 5 days' notice, any broken period costs and a minimum prepayment amount of US\$250,000.

The Company has, among other things, also undertaken to: (i) close a US\$1 million equity private placement by October 28, 2012; and (ii) raise at least an additional US\$500,000 in capital on a best efforts basis as soon as possible and apply such proceeds raised during the term of the Facility in excess of \$1.5 million to the repayment of the Facility. The equity raise is included in a new non-brokered private placement financing of up to 16,666,667 common shares at a price of US\$0.30 per share for gross proceeds of up to US\$5,000,000 (the "Offering"). The gross proceeds from the Offering will be used for the continued advancement of the Project, general working capital purposes and to repay a portion of the bridge loan. All common shares issued pursuant to the Offering will be subject to a four-month hold period. Completion of the Offering is subject to the approval of the TSX Venture Exchange. The Facility and the Offering replaces the private placement financing previously announced on April 25, 2012.

A Special Committee of the Board of Directors of the Company, comprised solely of independent directors of the Company, was established to review, consider and make recommendations to the Board of Directors of the Company with respect to the Facility. The Special Committee determined that the terms of the Facility were on reasonable commercial terms that are not less advantageous to the Company than if such Facility was obtained from a person dealing at arm's length with the Company and recommended that the Board of Directors approve the Facility.

The Facility will be subject to an arrangement fee of 5% of the Facility, which will be paid to RMB Resources Inc. ("RMB Resources") or RMB on the first draw down of the Facility. The security to be granted by the Company is expected to be consistent with that under the existing prepaid gold facility with RMB, including a first ranking charge over the Project.

The grant of the Facility is a "related party transaction" within the meaning of Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101") and the policies of the TSX Venture Exchange (together, the "Related Party Rules") as a result of the fact that RMB is an affiliate of an entity that owns approximately 49.8% of the issued and outstanding shares of the Company.

An exemption from the Related Party Rules is available in respect of the Facility, for a loan on reasonable commercial terms that is not less advantageous to the issuer than if the loan was obtained from a person dealing at arm's length with the issuer, and the loan, or each advance under the credit facility, as the case may be, is not: (i) convertible, directly or indirectly, into equity or voting securities of the issuer or a subsidiary of the issuer or otherwise participating in nature; and (ii) repayable as to principal or interest, directly or indirectly, in equity or voting securities of the issuer or a subsidiary of the issuer (neither (i) nor (ii) are the case under the Facility). Accordingly, the transaction is exempt from the requirement under the Related Party Rules to obtain a formal valuation and shareholder approval. The Company did not file a material change report more than 21 days before the expected closing of the Facility as details of the Facility were not settled

until shortly before the closing of the Facility.

### **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 4.6 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:**

Dr. Leanne M. Baker, 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, 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.*

*This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.*

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

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