

# Sutter Gold Mining Inc. Provides Project Update and Announces It Will Temporarily Suspend Operations at Lincoln Mine Project

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - Mar 4, 2014) - [Sutter Gold Mining Inc. \(TSX VENTURE:SGM\) \(OTCQX:SGMNF\)](#) ("**Sutter or the "Company"**") provides the following update on the completion of current work programs announced December 23, 2013 with respect to development in the underground and mill at the Lincoln Project in Sutter Creek, California.

## Underground Development

All objectives of the previously announced underground development program have been completed. Additional development completed allows for the initiation of production mining from stope panels between the 900 and 1000 levels and between the 1030 and 1100 levels. This included establishing new secondary egress raises to allow for commencement of production from the initial stope panels, the establishment of ore passes to service the initial stope panel on the 1030 level and stope preparation for mining on the 1030 level. In addition, work was been completed on a detailed mine plan for the initial 12 to 18 months of production from the Comet deposit. The Company is now in the process of costing and optimizing the detailed mine plane in relation to both selective underhand cut and fill mining as well as mechanized cut and fill and/or long hole open stoping methods. This work has put the mine in a position to be able to initiate production mining as further development continues.

## Mill

Approximately 1,000 tons of stockpiled material from development has been processed through the mill. Several bottlenecks in the plant were identified and corrected however weakness in the design and installation of the plant thickener resulted in its failure and precluded achievement of the planned processing of the full 3,500 tons of stockpiles. The inability to dewater tailings necessitated the suspension of milling operations at the end of February. Limited operation of the mill is planned for the purpose of collecting the samples required for mass and metallurgical balances, fines management and tailings characterization for backfill design. Following a review of the processing operations by the Company the following items will be required to be addressed in order for the mill to achieve sustained operations:

- Replacement of the thickener and determination of appropriate approach to dewatering whole tailings;
- Determination of appropriate process sampling equipment and instrumentation, purchase and installation;
- Relocation of the existing jaw crusher to allow for service and sustained operations and installation of a secondary cone crusher to provide a consistent and appropriate feed to the rod mill;
- Construction of a gold room capable of producing dore on-site, completion of the gravity circuit, new furnace and associated items;
- Improved ventilation system for the lab and new ventilation for the gold room; and
- Design and installation of a backfill plant.

It is estimated that in order to correct these issues that an additional investment of \$1.1 to \$1.2 million will be required in order put the mill in a position to operate on a sustained basis at planned production rates. Positively, the ability to produce gold dore has been confirmed from the processing of gravity concentrates at a local mill, which will be taken into account in completing the gravity circuit. The processing of stockpiles and production of both gravity and flotation concentrate has demonstrated total gold recoveries in line with prior metallurgical test work.

## Current Status and Planned Work

Given completion of the planned underground development and the inability to continue processing stockpiles as planned, the decision has been made to place the Project on care and maintenance to conserve resources. As a result, the mining contractor has been demobilized and non-essential personnel, principally mill labor, have been laid off. A work program is being finalized for recommendation and will require approval by the Company's Lender, RMB Australia Holdings Limited, for continued funding. This program anticipates continuing work to complete an optimized mine plan for the initial 12 to 18 months of production from the Comet deposit and update of the life of mine plan as appropriate. It is planned that once completed the mine plan will be provided for independent review and input by a third party engineer. Likewise with the mill, it will be recommended that a third party review be undertaken of the Company's assessment and costing of the remaining elements required to achieve production ready status. Completion of this work will position the Project to move to commercial production pending additional funding.

Rick Winters, interim President and CEO, commented, "It is unfortunate that despite our best efforts we could not overcome the design and installation issues that resulted in the failure to achieve our objective of processing all our stockpiles and completing the mill commissioning. There is no sense operating the mill and incurring additional costs until we have addressed the issues we know preclude efficient commercial processing. This is even more disappointing in respect of the positive work achieved underground, the well behaved nature of the orebody with further development and the positioning of the mine for initial production mining as development continues. The work program we will propose to our Lender, we believe, will define to a high degree of confidence what is needed to put the Project into production. We are all but there and will continue to pursue all alternatives to obtain the funding that will be needed to achieve that end."

### **About Sutter**

Sutter has two projects: the Lincoln Project located in Amador County, on the California Mother Lode Gold Belt, and the Santa Theresa Project located in the Northern Baja region of Mexico. The Company has been focused on the mill construction and underground development of the Lincoln Mine Project, beginning with the shallow portion of the Lincoln-Comet ore zone. The Lincoln-Comet and Keystone zones have a NI 43-101 compliant Indicated Resource estimate (completed in February 2008). Sutter currently controls approximately 3.6 miles of the Mother Lode of Amador County, with 90% of the property still unexplored.

In Mexico, Sutter holds the rights to the geologically similar, high-grade El Alamo district of northern Baja.

### **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: repayment schedule of SSTFL; use of proceeds; benefits of restructuring; and; future financial and operating performance including estimates of the Company's revenues and capital expenditures and estimated production.*

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## Contact

[Sutter Gold Mining Inc.](#)

Robert Hutmacher

Chief Financial Officer

303 238 1438 ext. 22

[bhutmacher@suttergoldmining.com](mailto:bhutmacher@suttergoldmining.com)

[www.suttergoldmining.com](http://www.suttergoldmining.com)

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