

Golden number -- Sutter mine could yield \$42M a year

Mark Anderson, Sacramento Business Journal, 3-12-12

It turns out there is gold in those hills.

Preliminary assays of test bores into the hard rock of Sutter Gold Mining Inc.'s main shaft found gold in every section.

Many sections had very little gold, but a couple of feet of rock here and there found veins.

The mine near Sutter Creek is within a few miles of the historic Lincoln Gold, Kennedy Gold, Comet Gold and Argonaut Gold mines, all of which have been closed since around World War II.

Some 7.8 million ounces of the 13 million ounces that came out of the California Mother Lode mining district came from the seven miles around Sutter Creek in Amador County.

Sutter Gold Mining is looking for the gold that may have been left behind.

The company initially estimated it would have an average yield of 0.46 ounces of gold per ton of rock.

That's a lot of hard rock to mine, crush and sort to find less than a half ounce of gold, but because gold has been worth around \$1,700 per ounce, Sutter is betting the mining will be worth the trouble.

The mine is now starting construction of its \$4.5 million mill and complex.

The mine will operate seven days per week at an estimated rate of 150 tons per day of extraction. The mill will operate five days a week processing 210 tons per day. That means the operation will be milling 1,050 tons of rock per week, which at an estimated yield of 0.46 ounces of gold for each ton, means average production of 483 ounces of gold per week. Using \$1,700 as a base price, that means more than \$42 million in gold per year.

That figure is based on the estimate. And so far early test bore assay results are favorable.

"Our 2012 drilling program is off to a strong start," said Leanne Baker, president of Sutter Gold. "Our exploration team is focusing on near-surface extensions of gold-bearing zone and the underexplored region between the Comet and Lincoln segments of the gold resource. Results from the first three holes suggest initial success on both fronts."

These three test bores are the first in what will be a program of 17 bores this year.

The assay results from those bores showed all of the segments of rock had some gold, but many of them were far below the estimated average of 0.46 ounces per ton. In some 55 feet of bore holes, the amount of gold per ton ranged from 0.009 ounces gold per ton to 0.46 ounces per ton. Then there was the nearly 2-foot section that had 4.317 ounces of gold per ton and another 2-foot section with 1.8 ounces of gold per ton.

The gold in California's mines didn't run out. The economics of gold mining collapsed when the price of gold was set at \$35 per ounce by the government during the Great Depression. Then during World War II, the government limited the use of steel and explosives. Nearly all California mines closed down. And as the price of gold has risen steadily for decades, mining companies have avoided California because it has more environmental controls than other states.

Sutter Gold Mine is a modern mine, originally bored to more than a mile in 1989 with a gradual downward slope. The tunnel — called a decline — is 20 feet high and large enough to accommodate school buses passing each other.