

Gold production soon, says Mother Lode miner

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SUTTER CREEK -- Gold production is expected to start before the end of this quarter, ramping up to full production in the first half of 2013 at the Lincoln Mine Project in Amador County, according to the mine's owner, Sutter Gold Mining Inc. (TSX VENTURE: SGM)(OTCQX: SGMNF) of Vancouver, British Columbia.

"Our mine site has been transformed in the past six months," says Leanne Baker, president and CEO. "The mill building is closed in and equipment is being installed, the shop and staff services building is progressing, and our new sand barn and tailings thickener are under construction. We continue to hire for new positions."

Mark Suden Mining Construction began drilling and blasting in September and as of Oct. 9, the 1,300-level development was more than 30 percent complete at 101 feet from portal to face, the mining company says.

The 1200-level drift development was 25% complete at 91 feet from portal to face. Development at the 1100-level began the same week, with the establishment of a working face at the 1100 cut out in the Stringbean Alley decline. Development of the 900-level is set to begin late in October 2012 whereas the 1000-level development is scheduled to begin in March of 2013.

The mill building is closed in and equipment installation progressing. D.G. Granade Inc. continues to perform on schedule, Sutter Gold says, and has been awarded subsequent contracts for the tailings thickener and sand plant buildings. Russell Mechanical Inc. is currently installing conveyor belts and has completed the coarse ore bin construction.

The first gold pour is expected in December, the company says.

Sutter Gold also says that Stephen Zahony, 70, vice president of exploration and geology, will retire on Oct. 15 but will remain available as a consultant to Sutter. Mr. Zahony led the 2012 exploration drilling project at the Lincoln Project in California's Mother Lode gold belt, which met its three goals -- infill drilling to increase near-term gold resources, exploring the zone between the Lincoln and Comet segments of mineralization, and probing for extensions of gold mineralization north of the Comet resource area toward the Keystone zone.

Sutter Gold controls a contiguous 3.6 mile-long strike length along the trend of the Mother Lode gold system surrounding the project.