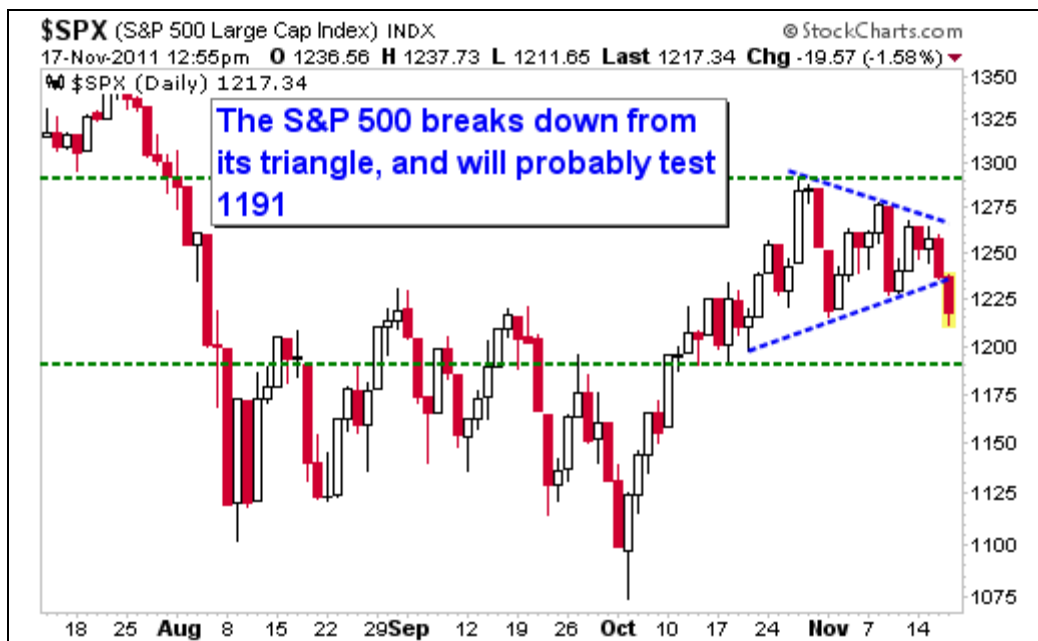


## Rye Patch's Big New Deal

First things first – after cratering in the last hour yesterday, the market fell off a cliff again this afternoon. The exact reason why remains a mystery.

Sure, more investors are coming to the conclusion that the Congressional budget "Super Committee" will be a failure, but that's not really a surprise. Also, Fed member Sandra Pianalto stated that Europe is heading for a recession, but that seems pretty obvious, too.

As I said in the last issue, I'm looking for gold to sell off into options expiration on the 22<sup>nd</sup>; the Super Committee will report failure or success on the 23<sup>rd</sup>. So, we may be on the "Stock Market Slip 'N Slide" until next Wednesday.



[\(Updated chart\)](#)

Looking at this chart, you can see that the S&P 500 seems to be on its way to test the bottom of its range around 1,191. We'll see what happens then.

But remember, this can all change with a policy decision in Europe. In the meantime, there is very good news for one of *Red-Hot Global Resources'* recommended stocks, a stock I have in my personal portfolio – **Rye Patch Gold (TSX:RPM)**.

Yesterday, Rye Patch announced it has entered into a joint venture (JV) agreement with Barrick Gold, U.S. Gold Corp and Magellan Minerals. The JV is on the Patty Project in Eureka County, Nevada.

This is on the same gold trend that hosts Rye Patch's Garden Gate Project, as well as two Barrick projects all within a 10-kilometer radius. The JV was formed so Rye Patch can do exploratory drilling on the Patty Project to find out if it's a worthwhile project.

RPM has the right to earn a 60% interest in the project after spending \$5 million. The Patty Joint Venture has the right to back in, but will have to pay \$5 million in cash back to RPM and spend another \$10 million on the project. If that happens, RPM will carry the 40% interest through production.

Today, I talked to Rye Patch's CEO, Bill Howald, to get the scoop. You'll remember that Bill was Placer Dome's point man in Nevada for years. Bill says that the Patty Project was originally picked by him in 2002 – for Placer Dome. Placer did a number of drill holes and turned up some interesting results, including 100 meters at 0.33 grams of gold per ton.

"That 100 meters is in the same place structurally and geologically as two new Barrick discoveries 10 kilometers to the north," Bill told me.

And Bill says it's also on the same trend as Rye Patch's Garden Gate project.

So what Bill and his Rye Patch team may have here is a project that could be the tip of the iceberg.

Drilling permits will be transferred from Barrick to Rye Patch so they can start drilling on the Patty Project in April 2012, once the snow cover is gone. The company is still pursuing its aggressive drilling programs on its other juicy projects – Wilco and Lincoln Hill.

And remember, Barrick is just one of Rye Patch's big partners. The company also has working partnerships with Newmont and Kinross on its other projects.

"Not too many people in the junior mining space can talk about Newmont, Barrick and Kinross in the same sentence," Bill told me.

What's the end game here? Obviously, Rye Patch wants to prove up enough ounces at Patty – and its other projects – to either sell the company outright or sell its part of the JV for big bucks. I think Bill and his team are just the people to do it.

Rye Patch is trading flat today, a day when gold and silver are getting melted, and many miners are getting smelted. That's some good relative strength. Definitely hold this name.

We'll see if we get the pullback I'm looking for. Stay tuned and stay patient – the next buying opportunity is coming.

Best wishes,

Sean

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