



Rye Patch Gold Executing on 10 Million Ounce Goal

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How many companies can you point to who do what they say they're going to do almost to the letter? Few and far between, as we all know, but in the case of Rye Patch Gold (TSX.V:RPM), it's company policy.

When MidasLetter.com last interviewed Rye Patch CEO Bill Howald, he said the company was building a resource with a target size of 10 million ounces of gold, all within Nevada. At that time, the company's total combined resources was under 2 million ounces gold equivalent, and since then, the company has released an updated 43-101 on the Wilco Project and a new 43-101 on the Jessup Property. The company now has an inventory of nearly 3 million ounces of gold across all categories and 31 million ounces of silver.

"We're still really excited about the Wilco project, especially in an area we call the North Basin," said Howald. "It's a covered circular basin, and we've been mapping and sampling around the edges where we've been getting gold values of between a half gram per tonne up to 5 grams per tonne at the surface in what appears to be oxide mineralization, and its starting to fit with our geologic model of where the gold actually sits in our drillholes."

"We believe we can connect the gold at the surface that we're seeing in the north part of the basin with some of the last holes drilled in our 2008 program, like hole WR-087, which was almost 40 metres of 2.6 grams per tonne. The distance between the surface gold showings and drillhole WR-087 is roughly 750 metres. So we think we can add significantly to the Wilco resource at the North Basin target. We're in the process of permitting for additional drill locations at Wilco, and our plan is to start drilling there again by mid to late August," he said.

The Wilco claims are located in north-central Nevada, approximately 100 miles northeast of Reno near the Colado-Coal Canyon exit on the Interstate 80 freeway. The town of Lovelock (pop. 2000) lies only six miles south. The property is readily accessed by I-80 and the Coal Canyon road which transects the property. Various dirt roads and tracks provide additional access.

Rye Patch is earning a 100% interest in the Wilco project from Newmont Mining (NYSE:NEM) by spending \$3 million in exploration and development on the project by December 2010. Newmont can also elect to regain up to a 70% interest in the project by spending an additional \$20 million in development work.

Rye Patch's other area of primary interest is its Lincoln Hill Project in Humboldt County.

According to Bill Howald:

"The other area we're quite excited about is at Lincoln Hill, where our 2008 program had drill holes that hit some very high gold grades, such as hole 13, which returned 21 metres of 27 grams per tonne with an internal zone of about 8 metres of 75 grams Au per tonne. We've been out mapping and trying to understand what the controls are in the high grade and we've identified 14 areas in surface sampling that appear to have additional potential for high grade within a larger zone of halo gold and silver mineralization. We've received high-grade gold values from surface



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sampling ranging between 5 grams per tonne and 60 grams per tonne. These are from channel samples varying in width from 1 m to 4 metres in length. The high grade zones lie within a more extensive halo zone that starts at the surface and has a drill thickness ranging between 15 and 75 metres. Average gold and gold equivalent grades are in the 1 gram per tone range.”

Rye Patch drilled 2,550 metres in 18 reverse circulation holes on both the Lincoln Hill and Gold Ridge targets in 2008, cutting a multi-ounce gold and silver intersection in hole LR-013. The results included 25 feet grading 2.2 ounces of gold per ton (7.63 metres grading 75.4 grams per tonne) of gold starting at 90 feet (27 metres) down hole.

“What we’re starting to recognize at Wilco and Lincoln Hill and Spring Valley is some similarities between the style of mineralization and some of the higher grades, and the controls on those higher grades,” Howald explained. “If you look at the map, there’s an area about 30 kilometres long by about 5 kilometres wide, and over the last several months, there’s been almost 5 million new ounces of gold announced on that trend, and that’s what we’re calling the Oreana trend.

“We get a call every so often from Barrick Gold (NYSE:ABX) regarding Lincoln Hill. They’re our neighbour next door in a joint venture with Midway Gold, (TSX.V:MDW) and we’re immediately adjacent to that, so there is some interest there.”

The company also issued a 43-101 compliant resource estimate on its Jessup property last month, where gold and silver are open at depth and along strike to the northwest and northeast. The mineralized structures have elevated grades and are open along strike to the northwest and at depth. These oxide targets and extensions have been prioritized for follow up drilling.

“We completed and updated 43-101 report and doubled the resource there from just over 200,000 ounces to 450,000 ounces,” said Howald. “Its still open in several directions, and we’re starting to see how the breccias are controlling higher grade gold and silver which is giving us some interesting targets for follow up. We still feel there is quite a bit of upside potential at Jessup. However, we think our highest grades are going to come out of Lincoln Hill and Wilco, so we’re concentrating on those projects at this point.”

Rye Patch’s progress towards a 10 million ounce resource is certainly ambitious, but given the progress made in just the few months since we spoke to them, does not seem at all unreasonable.

“We now have about 2.7 million ounces of gold, and 31 million ounces of silver,” said Howald. “We’re in the midst of completing our financing, raising upwards of 2 million, the proceeds from which will be directed towards those two projects (Lincoln Hill and Wilco)”.

“If you just look at our drilling to date and our expenditures, you’ll see we’re finding gold at a cost of about a dollar an ounce, and within the 43-101 categories, we’re finding gold at about \$3.50 per ounce, so in view of the upcoming \$2 million program, you can do the math and see how we can envision coming up with another couple of million ounces.”

“We’re sitting at approximately three million ounces now, and if our vision is accurate for this drill program, we could be sitting at closer to 5 million ounces by the end of this year.”