



## Rye Patch Gold Attracts Kinross

By James West

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Rye Patch Gold (TSX.V:RPM) CEO Bill Howald's goal is 10 million ounces of gold. An ambitious target for most juniors, but Rye Patch is well its way. The company recently announced a 43-101 compliant resource estimate on its flagship Wilco project that puts a total of 1.66 million ounces of gold across the measured, indicated and inferred resource categories. It is currently in the process of authoring a 43-101 report for its Jessup property, and expects to generate one for the Lincoln Hill target by the end of 2009.

The company's business model is to become a provider of replacement ounces to majors in the area who are experiencing an overcapacity of production relative to diminishing reserves in the ground.

"We decided we wanted to have a different approach to the junior mining sector, said Bill Howald. "We wanted to have resource ounces in the ground rather than just exploration plays in a certain area or selection of areas. So we had this project (Wilco) and it had some resources on it and we thought that was a good way to get started."

Bill Howald says, "Our goal is to develop 10 million ounces of gold in the ground so that we can be a supplier of ores to major and mid-tier mining companies with processing infrastructure in place. We don't want to be miners. Our expertise is in exploration and discovery."

During his tenure at Placer Dome, Mr. Howald was an integral part of the teams that delivered over 80Mozs of gold resources to the Placer portfolio. A number of these resources are now being mined; these include Pipeline, Turquoise Ridge, and Bald Mountain Mines in Nevada, and Puren in Chile. Others, such as Pueblo Viejo in the Dominican Republic, Donlin Creek in Alaska and Cortez Hills in Nevada, are in the feasibility stage and are heading for production decisions.

Bill's former role as Exploration Manager of North America for Pacer Dome prior to its acquisition by Barrick in 2005 allowed him to develop a broad understanding of the geology in Nevada, and in 2006, he teamed up with Joe Kajszo, who's Nevada Pacific Gold had just been acquired by U.S. Gold.

Prior to that Mr. Kajszo served as Vice President - Exploration for Robert Friedland's Ivanhoe Capital Corp. Ivanhoe's umbrella included a number of public companies such as Venezuela Goldfields (KM 88 in Venezuela), First Dynasty Gold (Fort Knox Mine in Alaska), Diamond Field Resources (Voiseys Bay massive sulfide deposit in Labrador), and African Minerals Corp (Platreef PGM-Cobalt deposit in South Africa). Mr. Kajszo has 26 years of experience in the mining and mineral exploration industry worldwide including direct involvement in projects in Africa, China and North and South America.

The team has developed an overriding theory of the geological characteristics in extending across a stretch of the Nevada countryside they've dubbed the "Oreana" trend.



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According to Bill Howald, "What we're seeing is similarities in mineralization and geological structures across an area stretching from Midway Gold's Spring Valley project in the northeast, where they've recently announced an updated 43-101 estimate that puts 1.8 million ounces of gold across all categories in the resource, to the Colado resource 15 kilometres to the southwest. The trend area measures approximately 15 kilometres long by 6 km wide."

Rye Patch has staked and acquired 78 square kilometers of ground along the trend, which is currently known to contain 5 million ounces of gold with substantial amounts of silver, but Rye Patch believes the trend may contain as much as 20 million ounces of gold.

Rye Patch Gold's three primary targets include:

## 1. Wilco

Rye Patch is earning up to a 100% interest in the 36 square kilometer Wilco project by spending \$3 million on exploration and development by 2010, which then gives Newmont the right to claw back up to 70% by spending an additional \$20 million.

To date Rye Patch has drilled over 19,000 metres of reverse circulation and 900 metres of core, resulting in the previously mentioned 43-101 resource estimate. The Wilco deposit and its nearby Colado are epithermal, low-sulphidation quartz adularia deposits.

The new resource shows an upgrade of a portion of the resource to the measured category, a 72% increase in the indicated gold ounces, and a significant increase in the inferred gold ounces from the previously released (September 06, 2007) resource estimate. The majority of the new ounces are captured in the Section Line discovery located at the Willard mine and within the Colado resource area.

The Wilco project's rich history dates back more than 100 years and includes heap leach extraction by Western States in the early 1990s. Numerous significant gold discoveries have occurred since 1905, and drilling by majors such as Freeport Exploration, Santa Fe and Newmont Mining has defined a number of targets never fully tested.

## 2. Lincoln Hill

The Lincoln Hill project encompasses 1 patented lode claim and 34 unpatented mining claims covering a total of 291 hectares. Rich, gold-bearing quartz was first discovered by prospectors in 1912, and the property was mined sporadically until the 1980's. Despite the existence of extensive underground workings and tailings dumps suggesting copious gold and silver production, the area remained unexplored by modern technologies until Newmont began a program of mapping and geochemical sampling during 2001 and 2002.

Coeur Exploration drilled 7 reverse circulation drill holes in the late 1980's along the upper, eastern portion of the mineralized system. The majority of the drill holes returned anomalous to ore-grade gold-silver mineralization while intersecting significant intervals of silicified and stockwork-veined host rocks. However, the most prospective portion of this extensive mineralized precious metal system with a 1 to 3 million ounce gold-silver target has not been adequately drill tested. The property has a well-developed infrastructure that was established during past mining activities, which includes numerous roads, drill pads and a nearby power line.



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Rye Patch drilled 2,550 meters in 18 RC holes on both the Lincoln Hill and Gold Ridge targets in 2009, 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 starting at 90 feet down hole. In addition, there were numerous significant gold intervals encountered in the program. A second drill program is underway to follow up on LR-013 results. The program will test the high-grade breccias zone along strike and down dip.

### 3. Jessup

The Jessup property, acquired in 2007, came with an historic 43-101 resource estimate of roughly 200,000 ounces across all segments of the resource category. Since then, the company completed a phase 1 drill program consisting of 5,119 metres of reverse circulation drilling across 45 holes.

The program successfully expanded the extent of the known gold mineralization as well as intersected gold in previously untested areas indicating the existence of additional new mineralized zones.

"The company is very pleased with the Jessup drill results and we recognize the gold and silver mineralization at the San Jascinto, and North Jessup deposits is still open. As a result, management anticipates an increase in the resource estimate based on this new drilling. Now comes the task of putting these drill results into our geologic model and creating the updated resource estimate," stated Bill Howald.

The reported gold resource estimate is based on 3-D geologic models that incorporated over 17,000 individual gold and silver assays from 290 drillholes and 36 trenches totalling 106,935 feet. MDA constructed cross sections, spaced 50 to 100 feet apart through the entire resource area and surroundings. Drillhole information, including host lithology, oxidation state, alteration, and gold and silver values, along with the digital topography, was plotted on the cross sections and a 3-D geologic model was constructed.

Rye Patch developed its business model of supplying replacement ounces to majors as a result of the overcapacity of milling and refining infrastructure throughout the state experienced by both Barrick and Newmont.

Newmont in particular has modified its approach to milling gold state-wide by calibrating each of its processing sites to specialize in ores with particular characteristics so that its recovery and processing efficiency are enhanced overall.

Both Newmont and Barrick are shipping ores widely around the state to capitalize on this new approach.

"That's the investors exit strategy," said Bill Howald. "A major or mid-tier will at some point come in and take over one or two of the projects or take over the whole company. I would think if we achieve 10 m ounces of gold in the ground in Nevada that should be very attractive to these large companies.

Sounds like a good plan to some. In May of 2008 Kinross Gold Corp (NYSE:KGC, TSX:K) purchased 5 million shares in the company at \$0.25 a share, giving it a 15% stake.

Learn more about Rye Patch Gold by visiting their web site at <http://www.ryepatchgold.com>.