

Gold Newsletter

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RYE PATCH GOLD

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A dust-up over mining claims has commenced in Nevada, thanks to the ever-vigilant management team at Rye Patch Gold.

The folks at Rye Patch noticed that iconic silver miner **Coeur d'Alene Mines** (CDM.TO; C\$26.09) had failed to pay annual claim maintenance fees on a significant portion of its Rochester Mine and Nevada Packard properties in Nevada.

Rye Patch pounced on the claims, much to the chagrin of Coeur d'Alene (and whomever forgot to pay those fees). CDM is now suing RPM, and vice versa, with each vigorously advancing their rights to the land. But this may not be one of those legal tussles where only the lawyers are the big winners, as the law regarding federal mining claims in the U.S. is well-settled and time-tested.

In short, while anything can happen, it appears at this point that Rye Patch's claims are valid...and quite valuable. RPM president and CEO Bill Howald is stating that part of the Rochester mine open pit and a leach pad are now on Rye Patch property.

On top of this developing story, the company released assays from its Lincoln Hill project, one of three gold projects that Rye Patch holds along the Oreana trend. The drilling confirmed

some potential expansion of the project's various zones, although the gold grades involved were nothing to light the world on fire.

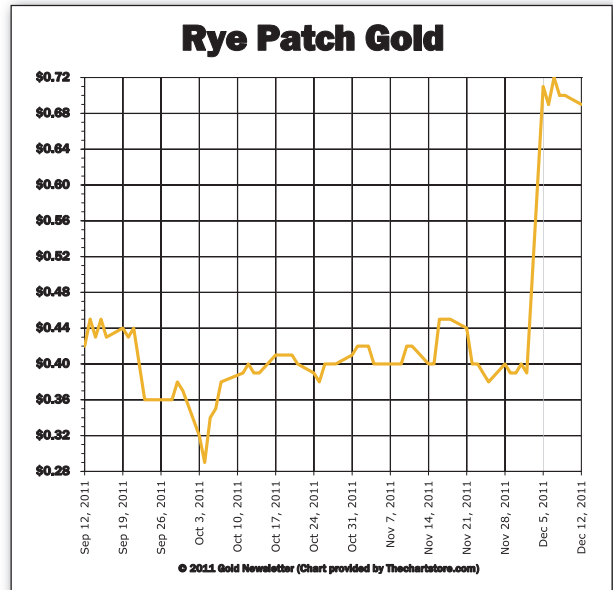
The question for us is, with Rye Patch essentially doubling in price on the news of the legal imbroglio, what should we do? Given the current environment for junior resource stocks, the opportunity to sell now is indeed tempting, and would be a slam dunk if all the company held were the prospects owned before the new claim acquisitions.

But if it turns out that Rye Patch's new claims are valid, then the company is worth considerably more than its current market cap, and would be a buy at these levels.

It's too close to call, so I'll split the difference and make it a hold at this point. As you know, this means you can buy, sell or hold (as can I) according to our own risk preferences and views.

Rye Patch Gold Corp.

Recent Share Price:C\$0.63
Shares Outstanding:124.9 million
Market Cap:C\$78.7 million
Shares Outstanding
Fully Diluted:142.0 million
Market Cap
Fully Diluted:.....C\$89.5 million



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