



Transcript of initial interview with Mr. Bill Howald



President and CEO of Rye Patch Gold Corp



Rye Patch
GOLD CORP.

TSX Venture Exchange: RPM

December 10, 2012

Mr. William (Bill) C. Howald - Mr. Howald is a co-founder of Rye Patch Gold. Prior to joining Rye Patch, he was General Manager of Exploration, United States and Latin America, for Placer Dome Inc. 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. Mr. Howald has 22 years in the international gold exploration and mining industry gained primarily in Nevada, Mexico, and Central and South America.

Smallcaps.us: Welcome everyone and thanks for joining us. We have an exciting Smallcaps.us interview planned for today. We'll be speaking with the President and CEO of Rye Patch Gold Corp, Mr. Bill Howald. Rye Patch is a gold mining and exploration Company with various interesting projects in Nevada. It's listed on the TSX Venture Exchange under ticker symbol RPM. Bill, it's a pleasure to have you with us, and thanks for taking the time to help us get to know your Company better.

Bill Howald: Thanks so much for having me on. I look forward to telling you about Rye Patch and telling the story for your listeners.

Okay. Since this is our first interview, can you tell us what Rye Patch is all about, along with an overview of where your current projects are located?

Sure. The current portfolio projects are located all within the state of Nevada in the United States. As many of your viewers probably know, Nevada is a very mining-friendly jurisdiction. It's got great infrastructure and a very good mining law. We've got two sets of projects. One, along our Oreana Trend, and the second set is along the Cortez Trend. And so what I like to do is think about them as two projects with a large land position in a very good neighbourhood.

Well, thank you. As you just indicated, all your properties are situated in either the Oreana Trend or the Cortez Gold Trend. Starting with Oreana, can you give us some background information on this trend and the characteristics of your properties located there?

The Oreana Trend, I'd like to call our "bird in hand" and that's where all of our resources are. We currently have 2.4 million ounces of measured and indicated, and a little over a million ounces of inferred, all sitting within an open-pit configuration. Those open-pit configurations were done at \$1200 gold and \$20 silver.

As I mentioned, we have quite a large land position along the Oreana Trend with over 100 square kilometers claimed for Rye Patch, and we're currently sitting with five separate areas. But as I said, they're contiguous and make one land position, and then we also have claims in and around the Rochester Silver Mine, so we'll talk a little bit more about that, I'm sure, as the interview develops.

Well that's very interesting. Let's zoom in on each of your properties in the Oreana Trend separately. The first project is called Wilco, and is basically the Company's flagship property. It has an NI 43-101 resource estimate, which was published in June of this year. What can you tell us about this property and its resource estimate?

Wilco is really on the western end of the Oreana Trend and the nice thing about it, it has superior infrastructure with the interstate highway running through a portion of the property, there's a power line across the property, and roughly five miles away or about eight kilometers away is the town of Lovelock. So, there's people power and water I'd like to say.

This is our flagship property with 1.3 million ounces of gold and a little over 10 million ounces of silver in an NI 43-101 measured and

indicated category. And to top that off, those ounces are within an open-pit configuration. So, we're very excited by the robustness of the property. The pit measures roughly 1500 meters by 1100 meters, and the second pit measures 1400 meters by 700 meters, and combined they have a waste to ore strip ratio of about 1.3:1, so that's 1.3 tons of waste to one ton of ore.

And so, it's quite exciting, it's a very low strip ratio, and we see some exploration upside in that we believe we can connect the two pits together, as a kind of a near term exploration program as well as there are a number of resources that fit outside of the open-pit configuration. And we believe if we do some more drilling and some additional metallurgical test work, that we'll be able to bring those resources inside the pit. So, there's some real near-term and medium-term upside at Wilco, along with some other targets that are kind of a longer-term proposition.

Well, that's great. The second property is Lincoln Hill. The resource estimate on that project was also updated in 2012. What were the details there?

We wanted to see how robust the properties were so we did these resources at \$1,200 gold and \$20 silver. And again, the resource was able to pull an open-pit that contained a little over 300,000 ounces of gold and almost 10 million ounces of silver in a measured and indicated category. And that open-pit has a strip ratio of 3.6:1, basically, because Lincoln Hill, as it sounds, you're mining a hill. And again, we've got some near term exploration targets along strike with some parallel zones as well as optimizing the open-pit with some additional drilling to bring some resources that are outside of the pit limit again into that open-pit.

And can you shed some light on the Gold Ridge property as well?

Sure. Gold Ridge is basically the land position between Wilco on the west side and Lincoln Hill on the east side. And there we identified a new zone in 2011. We did a number of drill holes along that zone. The zone is roughly two

kilometers in a north-south direction. And what we're working on now is to take that information and produce a brand new 43-101 report for the Gold Ridge property. So, this would be a new resource in between Wilco and Lincoln Hill. Hopefully, that resource will be out towards, probably the beginning of 2013.

The final property in the Oreana Trend and one that deserves some special attention is Rochester, also called LH claim. Rye Patch is involved in a lawsuit at this moment with Coeur D'Alene Mines over this property. Can you briefly explain what the lawsuit is about?

Sure. It's an interesting development along the Oreana Trend in that there was an operating silver mine that was operated or is being operated by Coeur D'Alene Mines. Back in 2011, Coeur D'Alene Mines failed to make a mandatory payment to the Federal Government for their unpatented lode mining claim.

In the United States, there's an annual fee payable to the U.S. Government on federal lands owned by the government. Here in Nevada, almost all of the land is federal land owned by the United States Government. So, to get a mineral title, you must stake claim and annually you must pay this claim maintenance fee. And if you don't pay it, then your claims are considered null and void, and the land is open for the next person to acquire the land.

Coeur D'Alene failed to make the payments. They didn't know they didn't make the payments for over 90 days. And in fact, within 60 days, Rye Patch staked the land and then notified Coeur D'Alene that it had staked land. And Coeur D'Alene's response was to overstake Rye Patch with another set of claims and that's what propagated the lawsuit. So, we're in a lawsuit with regard to unpatented mining claims. Rye Patch has staked a little over 30 square kilometers of land and it covers a large portion of the Rochester Silver Mine.

Do you believe Rye Patch has a strong case? And when is the court ruling expected?

Well we believe we have a very strong case in that the federal government has sent Coeur D'Alene Mines a set of letters telling them that they didn't pay their claim maintenance fee and that their claims had been forfeited and void, and that the land was open to location. So, we feel very confident that based on the laws of the United States, the regulations of the Bureau of Land Management that we'll prevail in this lawsuit.

The trial was originally scheduled for November of this year and Coeur D'Alene has asked for postponement, which I find quite interesting. As well as Rye Patch has taken some issues up with the Nevada Supreme Court, which the Nevada Supreme Court thought there was enough merit that they put a stay or a postponement or a stoppage on the case. So, right now, we're waiting for the Nevada Supreme Court to rule on our motion with regard to some specific points of the case. And then we're also waiting for the Sixth District Court to rule on a preliminary injunction that's an injunction to stop Coeur D'Alene from accessing the LH claim, and then we've also put in a motion for partial summary judgment. As I mentioned, part of this case or the major point of this case is really, is about the mining laws of the United States, the judge can rule on aspects of the law and as I said, that's what our partial motion for summary judgment is about, was the land open for location based on the mining law. So, that's kind of where the case stands now. The trial is really scheduled or has been rescheduled for September of 2013.

And what work is currently being conducted at Rochester?

Well, earlier this year, we completed a phase-I program drilling on the LH claim with some very successful results. Right now, we're back again with our phase-II program following up in areas where we had some very good success and now we are looking forward to those assays, which should come out in January.

Over to your properties in the Cortez Gold Trend now, in North Central Nevada. Can

you again start by giving us a broad overview of that trend?

I can. This is a very interesting place in Nevada in that since 1991, there's been over 40 million ounces of gold discovered, mined and processed. That's right, "four-zero". It's a very large number. And this is really the place in Nevada where the large ore bodies of the Carlin-style deposits live in Nevada. We have two projects there that cover 65 square kilometers immediately adjacent and surrounded by Barrick Gold.

And the nice thing about our primary project there, called Garden Gate Pass, is that it's within a few kilometers of Barrick's brand new gold discovery. And that discovery, last year, Barrick announced as 7 million ounces of gold, and they've just recently announced that they've doubled the size of the deposits. And so we believe this February of 2013, they'll come out with a new resource, somewhere north of 10 million ounces. And like I said, we're just a few kilometers away from deposit.

We completed a series of geophysics and a phase-I drilling program, and we are currently drilling on Garden Gate Pass as we speak. So, we are following up the results of last year as well as refinement of some of the targets that we had.

Well, as you just mentioned, Rye Patch has two important properties on the Cortez Gold Trend, so Patty and Golden Gate Pass. What would you say makes these properties stand out?

Well, they certainly are along a major gold trend in Nevada and they have the right rocks and the right alteration and we're seeing some gold values in pass drilling. What we're trying to do is give investors the opportunity for wealth creation through a discovery of a brand new deposit. So, we have high hopes here. There are no resources along the Cortez Trend for Rye Patch, but we have high hopes for the targets that we're drilling and what we're seeing today.

So, to wrap up let's look at Rye Patch's properties, can you summarize their points of interest and what their development looks like?

Well sure. Along the Oreana Trend, we have ounces, resources in the ground, that we are de-risking, and that we will push forward into some economics, in a Preliminary Economic Analysis. We'd like to view the Oreana Trend as one large property with multiple ore sources, so that's how our PEA will go forward. We'll look at all of Lincoln Hill, Wilco, and Gold Ridge as one project.

At Cortez, we're striving to make a new discovery there. One of the nice things about Carlin-type deposits that you find in this area, is they tend to cluster. And we know, we have a cluster of deposits developing with Cortez Hills and Gold Rush and we're hopeful that our Garden Gate Pass and Patty property will show similar clustering of deposits.

And then of course, we have the lawsuit with Coeur D'Alene Mines, and I simply see the lawsuit as an option on the Rochester Silver Mine. We still have a number of great projects outside of the lawsuit and some big upside potential at Cortez. And we have to look at the lawsuit as nothing more than just an option.

And what can you tell us about Rye Patch's financing activities and its significant shareholders?

We currently ended the third quarter with \$5 million in the bank. Our share structure is 146 million shares outstanding. It's 155 million shares fully diluted.

Roughly, 50% of the float is held institutionally and by insiders with our two biggest institutional holders being the Sun Valley Master Fund and U.S. Global, which are two US funds. And then we have a series of Canadian funds with Sentry Select and Sprott and the Dynamic Fund along with Kinross Gold holds a significant portion in the company. And so, between those groups and insiders, that's roughly 50% of the float.

And one final question for you, what should we know about the Company's management team and other key people at Rye Patch?

We're very fortunate at Rye Patch on two fronts. One, is our exploration group, these guys have either managed teams or has been associated with teams that have delivered over 80 million ounces of gold to the portfolios of Placer Dome, Barrick, Agnico Eagle, Santa Fe Pacific and some others. So, they're the real guys. They've been very successful in their careers and they continue to be successful through Rye Patch, in that we have 2.4 million ounces of measured and indicated and over a million ounces of inferred in the Rye Patch inventory.

In addition, the management team, Joe Kajszo and myself, we co-founded Rye Patch Gold back in 2006. Joe has had a career, not only in the junior mining market, but also with Robert Friedland in that he was the VP of Exploration for Diamond Field during the Voisey's Bay discovery. He had a small junior company called Nevada Pacific that was purchased by Rob McEwen as part of his Nevada consolidation strategy.

I came out of Placer Dome. I ran the U.S. and Latin-American exploration programs for Placer Dome and also very intimately familiar with all of Placer's operations through the Americas including the Cortez operation. And, you know, Barrick took out Placer Dome as an acquisition at the end of 2005. McEwen took out Nevada Pacific at the end of 2005. Joe and I had a business relationship and so we decided, "What better way to get back in the business and to start our own company?" and that's how Rye Patch Gold was born.

Well, Bill, I'm glad we've been able to get to know Rye Patch better thanks to this interview. So, thank you again for speaking with us, and we'll make sure to continue to follow the Company's progress.

Well I sure appreciate your time and I look forward to talking to you again in the future.

Interview Feedback

We welcome your questions and feedback regarding this interview at: <http://smallcaps.us/nevada-gold-discoveries-move-rye-patch-gold-corp-to-3-million-ounce-category>

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