



# Management Discussion and Analysis

## Date of Report

Rye Patch Gold Corp. ("Rye Patch" or the "Company") is an exploration stage company and is engaged principally in the acquisition and exploration of mineral properties. This Management's Discussion and Analysis ("MD&A") is prepared as of April 27, 2015 and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2014 and supporting notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All currency references are expressed in Canadian dollars unless otherwise specifically indicated.

## Management's Responsibility for Financial Statements

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management also ensures that information used internally or disclosed externally, including the consolidated financial statements and MD&A, is complete and reliable.

## Forward-Looking Statements

This MD&A contains forward-looking statements within the meaning of applicable Canadian securities legislation. Such forward-looking statements concern the Company's anticipated results and developments in the Company's operations in future periods, the price of gold, the estimation of resources, planned exploration and development of its properties, sources of funds, including expected returns from the Rochester Mine 3.4% net smelter returns royalty (the "Rochester Mine Royalty"), plans related to its business and other matters that may occur in the future.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies and include assumptions as to the Company's resource estimates, the price of gold and silver, the continued operation of the Rochester Mine by Coeur Mining, Inc. ("Coeur") in accordance with Coeur's public statements, the achievement of the Rochester Mine production as stated and forecast by Coeur and the uninterrupted payment of the Rochester Mine Royalty. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to:

- Fluctuations in the currency markets such as Canadian dollar and U.S. dollar;
- Fluctuations in the prices of gold and silver and other minerals;
- Changes in government legislation, taxation, controls, regulations and political or economic developments in Canada and the United States;
- Risks associated with mining activities;
- The speculative nature of exploration, including the risk of obtaining necessary licenses and permits, and quantities or grades of mineral resources;
- The nature of mineral exploration and mining and the uncertain commercial viability of certain mineral deposits;
- The Company's lack of operating revenues;
- The Company's ability to obtain necessary financing to fund the development of its mineral properties or the completion of further exploration programs in accordance with its 2015 exploration program; and



- The cash flow projected to be received from the Company's Rochester Mine Royalty as projected in its cash flow model.

This is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company.

Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly, undue reliance should not be put on such statements due to their inherent uncertainty.

## Additional information

Additional information relating to the Company, including the Company's news releases and technical reports, is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.ryepatchgold.com](http://www.ryepatchgold.com).

## Outlook

The Company, through its wholly owned subsidiary Rye Patch Gold US Inc. continues to explore for and develop gold and silver resources in Nevada, United States of America. Following the successful completion of the Company's first Preliminary Economic Analysis ("PEA") on Lincoln Hill and discoveries at the adjoining projects at Gold Ridge and Independence Hill in 2014, the Company will focus on further defining the extent of the Lincoln Hill project through; expansion and infill drilling, metallurgical testing, and advancing the project through permitting and feasibility and onward toward production. The PEA included a conservative \$775 Au oz pit shell to capture the resource used, generating an economically robust project that takes account of a lower gold price environment. The PEA defined a project with a \$64 million NPV5%, IRR of 76% and importantly, manageable capital costs of \$26 million. As the Company de-risks the Lincoln Hill project it anticipates that the project will become incrementally more attractive to potential strategic partners, particularly those currently producing in the region.

Concurrently, the Company will offer "blue-sky" type opportunities for major new discoveries on its Garden Gate Pass and Patty exploration properties on the Cortez trend, contiguous to and on strike with Barrick Gold Corporation's ("Barrick") 15 million ounce Goldrush deposit. Both of these will be drill tested in the first half of 2015.

During the year the Company began receiving payments from its Net Smelter Royalty ("NSR") from production at Coeur's, Rochester Mine in Nevada. Approximately US\$3.7 million was recorded as income during the year with the royalty anticipated to continue into 2019. Whereas many peer companies have been unable to raise funding for their projects without significant dilution to their shareholders, Rye Patch is in a fortunate position that it can advance its projects without further dilution for a substantial period of time.

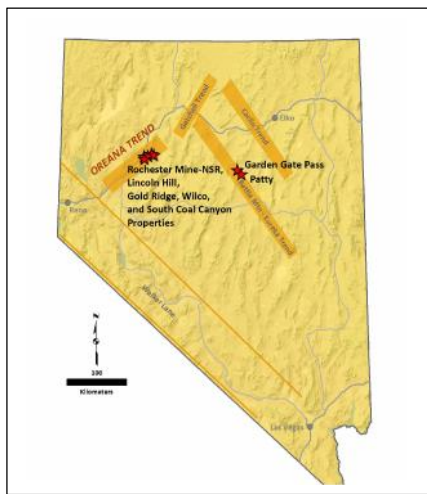
During and subsequent to the year end, the Company continued to add senior mining and corporate expertise, appointing Jonathan Challis, Mining Engineer, to Chairman, and adding Randy Buffington, Civil Engineer and President and CEO of Allied Nevada, as a Director, and Tony Wood, Chartered Accountant, as Chief Financial Officer & VP of Corporate Development.

## Company Overview

### Operations

Rye Patch is an exploration stage company engaged in the acquisition, exploration, and development of gold and silver properties located in the politically stable and mining friendly State of Nevada, United States of America.

William Howald, President & CEO, leads a technical team that has played major roles in the discovery of over 100million ounces of gold, where the resulting mines remain in production today. The Company's objective is to provide its shareholders with exceptional value through carefully considered deployment of its capital, to develop its gold and silver resources and to provide opportunity for the discovery of new deposits within politically safe jurisdictions. The Company's activities are currently focused on two geological trends in Nevada:



#### Oreana Trend

Lincoln Hill Resource project:

- ~ Lincoln Hill, resource
- ~ Gold Ridge, exploration drilling
- ~ Independence Hill, exploration drilling

Wilco Resource project

#### Cortez Trend

- ~ Garden Gate Pass, exploration drilling
- ~ Patty, exploration drilling

During the year, the Company completed its first Preliminary Economic Analysis "PEA" on the Company's 100% owned Lincoln Hill project. The results are summarized below and the ownership details are provided in Note 6 of the consolidated financial statements for the year ended December 31, 2014.

## Lincoln Hill Resource Project – Driving toward production

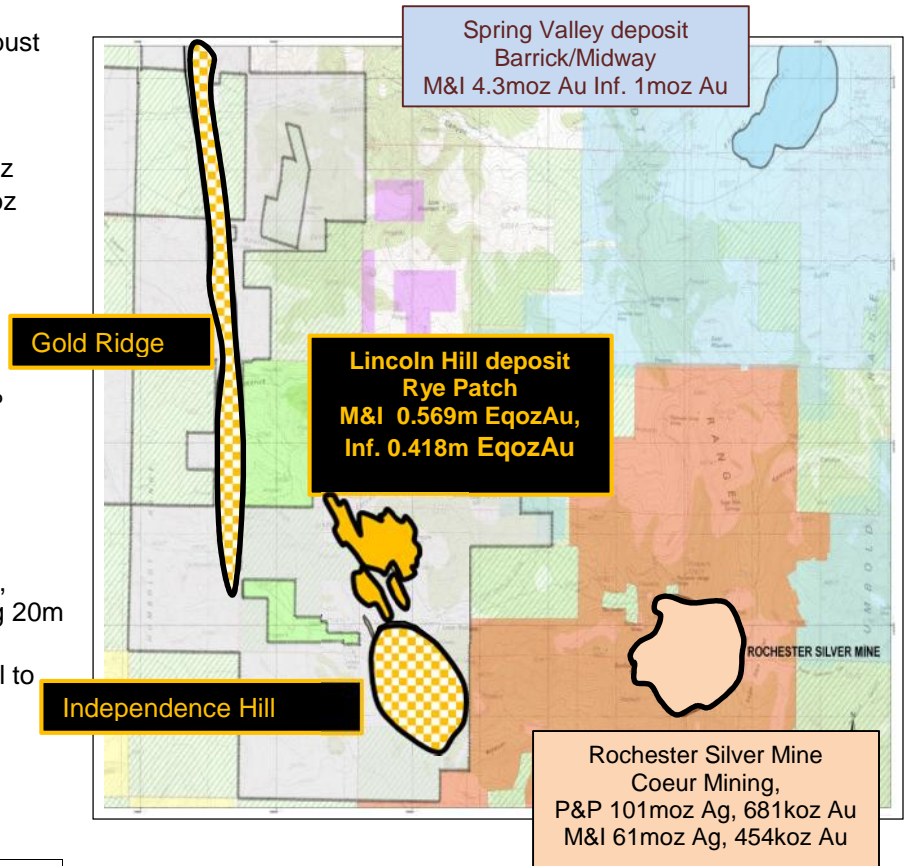
### Preliminary Economic Assessment, May 2014

Simple, modest scale mine demonstrates robust economics:

- ~ NPV(5%) - US\$64.2 million
- ~ 76.5% IRR, using \$1,350 Au oz, \$22 Ag oz
- ~ Pit shell used US\$775 Au oz, \$13.56 Ag oz
- ~ Low capital expenditures - \$26 million.
- ~ Cash cost US\$575 (EqAu oz)
- ~ Full cost US\$758 (EqAu oz)
- ~ Heap leach process easily scalable as project grows.
- ~ ROM with 64% recovery for gold and 57% recovery for silver

Potential for resource expansion:

- ~ Infill and expansion drilling at Lincoln Hill
- ~ Gold Ridge exploration, 4.5 kms of strike, recent drilling 100% successful, including 20m sections over 1.24EqAu oz/tonnes.
- ~ Independence Hill, on trend and proximal to old mine workings, drilling on-going.



**Gold and Silver Price Sensitivity (in US\$)**

Au Price	Ag Price	Pre-Tax NPV (5%)	IRR
\$1,250	\$20	\$51.5	63.7%
\$1,350	\$22	\$64.2	76.5%
\$1,450	\$25	\$78.6	90.7%

The Company cautions that the PEA is preliminary in nature in that it is based on Inferred Mineral Resources which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be characterized as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

## Metallurgy

Metal recoveries used for the 2014 PEA resulted from bottle roll testing of run-of-mine (ROM) material. ROM gold recovery is expected at 64% and silver at 59%. Recovery is expected over two years from date placed on a declining curve. The pad will remain open for two years from the final leach material placed before the final reclamation begins. An important part of the work program for 2015 will consist of column testing with a particular focus on understanding the trade-off between ROM recoveries versus recoveries from crushed material. The metallurgical test program will determine the optimal particle size to maximize the liberation of gold and silver.

## Resource Estimate - National Instrument 43-101 compliant

<b>Lincoln Hill</b> <sup>(2)</sup>	<b>Resource category</b>	<b>Tonnes (X 1,000)</b>	<b>Gold Grade (g/t)</b>	<b>Silver Grade (g/t)</b>	<b>Gold Equivalent Grade (g/t)</b>	<b>Contained Gold Ounces</b>	<b>Contained Silver Ounces</b>	<b>Contained Au &amp; Au Equivalent Ounces</b> <sup>(3)</sup>	<b>Contained Ag &amp; Ag Equivalent Ounces</b> <sup>(3)</sup>
	Measured	4,211	0.43	11.76	0.67	58,000	1,592	58,032	2,901,592
	Indicated	25,100	0.38	10.73	0.60	306,000	8,655,000	479,100	23,955,000
	Inferred	20,822	0.38	15.36	0.69	255,000	8,163,000	418,260	20,913,000
<b>Total M + I Resource</b>		<b>29,311</b>	<b>0.39</b>	<b>10.88</b>	<b>0.61</b>	<b>364,000</b>	<b>8,656,592</b>	<b>537,132</b>	<b>26,856,592</b>
<b>Total Inferred Resource</b>		<b>20,822</b>	<b>0.38</b>	<b>15.36</b>	<b>0.69</b>	<b>255,000</b>	<b>8,163,000</b>	<b>418,260</b>	<b>20,913,000</b>

(1) All resources on 100% basis. Metallurgical recoveries and net smelter returns are assumed to be 100% unless indicated. Conforms to NI43-101 resource definitions;

(2) Based on Rye Patch Gold's July 2, 2014, National Instrument 43-101 Lincoln Hill Preliminary Economic Assessment Technical report (see [www.sedar.com](http://www.sedar.com))

(3) Wilco, Lincoln Hill, and Jessup Resource includes Au equivalent ounces (Aueq.); where Aueq. = (Au g/t) + (Ag g/t / 50); and Ageq. = (Ag g/t) + (Au g/t \* 50).

Mineral resources are not mineral reserves and do not have demonstrated economic viability.

## Adding resources at Lincoln Hill

### Gold Ridge

The property is located 1.5 kilometres to the west of the Lincoln Hill resource. With all drill holes returning mineralization, the 2014 exploration drilling campaign extended mineralization 500 metres northwards, with 4 kilometres remaining untested. The results were provided in a news release dated September 15, 2014, including notable results on holes GR-017 that returned 1.24 g/t AuEq (0.67 g/t Au, 28.5 g/t Ag) over 19.8 metres from the hinge zone of the anticline, and GR-025 that tested the east limb and returned 1.54 g/t AuEq \*1.3 g/t Au, 12.2 g/t Ag) over 10.7 metres, ending in mineralization.

### Independence Hill

The property is located less than 1 kilometre south of the Lincoln Hill resource. Mapping, sampling and drilling in 2014, identified this area as an extension of the Lincoln Hill resource trend and an important new target area. The full drill results can be found in the news release dated November 24, 2014, with notable results on LR-112 that returned 4.18g/t Au and 20.6 g/t Ag over 13.7 metres, including 34.35 g/t Au and 143 g/t Ag over 1.5 metres at the Looney zone. Also, LR-108 returned 0.62 g/t Au and 9.7 g/t Ag over 22.9 metres, including 3.16 g/t Au and 10.2 g/t Ag over 3 metres at the Octopus zone. Once the Company receives its Environmental Assessment later in 2015, drilling will recommence to expand and better quantify the magnitude of these discoveries.

## Environmental Assessment

The Company has applied for an Environmental Assessment (“EA”) for Lincoln Hill Project, covering two priority areas inclusive of 1,977 acres of Bureau of Land Management (“BLM”) land and 672 acres of private lands. The goal of applying for the EA now, receipt targeted for mid-2015, is to enable the Company to complete its in-fill and development drilling program, add more exploration drilling and gather base line data for future permitting.

## Other Projects

### X Claims

The X Claims consist of 40 unpatented lode mining claims staked by Rye Patch Gold US Inc. in January 2012 and September 2014. The project is located between Coeur’s Rochester Mine to the north and the Relief Canyon mine to the south. The X Claims straddle the Black Ridge fault zone which is the known ore controlling structure for the Relief Canyon, Packard, Rochester and Spring Valley mines. Initial mapping and sampling are in progress on this early stage project.

Limited work was completed on the X Claims, and no budget, other than holding costs, was allocated to the project.

## Wilco Resource

The Wilco property is located 160 kilometres Northeast of Reno, Nevada and is the Company’s second resource project on the Oreana Trend. The project is subject to a back-in right by Newmont Mining Corporation. Further ownership details are provided in note 6 of the consolidated financial statements for the year ended December 31, 2014. The project currently contains two gold resources, Section Line and Colado, the subject of the June 2012 resource estimate. The 2014 drilling campaign successfully tested the “Gap” target that lies between Section line and Colado and identified higher grade mineralization. The drill results were provided in the news release dated October 15, 2014. With the Company concentrating its resource development activities on Lincoln Hill during 2015, a major work program is not planned for Wilco, for the coming year.

<b>Wilco <sup>(2)</sup></b>	<b>Resource category</b>	<b>Tonnes (X 1,000)</b>	<b>Gold Grade (g/t)</b>	<b>Silver Grade (g/t)</b>	<b>Gold Equivalent Grade (g/t)</b>	<b>Contained Gold Ounces</b>	<b>Contained Silver Ounces</b>	<b>Contained Au &amp; Ag Equivalent Ounces <sup>(3)</sup></b>	<b>Contained Ag &amp; Ag Equivalent Ounces <sup>(3)</sup></b>
	Measured	25,115	0.41	3.81	0.48	328,000	1,393,000	355,860	17,793,000
	Indicated	89,028	0.33	3.11	0.39	950,000	8,911,000	1,128,220	56,411,000
	Inferred	52,599	0.32	3.61	0.39	541,000	6,100,000	663,000	33,150,000
<b>Total M + I Resource</b>		<b>114,143</b>	<b>0.35</b>	<b>3.26</b>	<b>0.41</b>	<b>1,278,000</b>	<b>10,304,000</b>	<b>1,484,080</b>	<b>74,204,000</b>
<b>Total Inferred Resource</b>		<b>52,599</b>	<b>0.32</b>	<b>3.61</b>	<b>0.39</b>	<b>541,000</b>	<b>6,100,000</b>	<b>663,000</b>	<b>33,150,000</b>

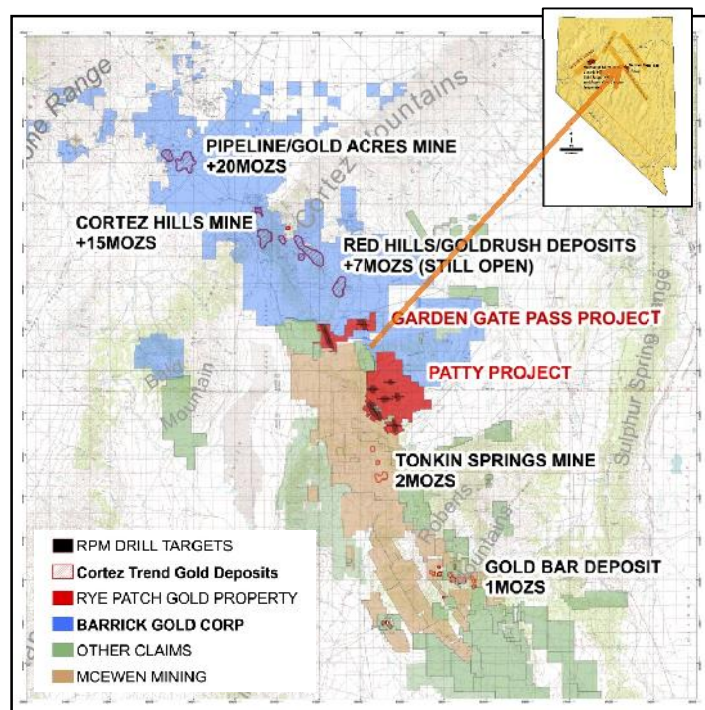
(1) All resources on 100% basis. Metallurgical recoveries and net smelter returns are assumed to be 100% unless indicated. Conforms to NI43-101 resource definitions;

(2) Based on Rye Patch Gold’s September 27, 2012, National Instrument 43-101 Wilco Project Technical report (see [www.sedar.com](http://www.sedar.com))

(3) Wilco, Lincoln Hill, and Jessup Resource includes Au equivalent ounces (Aueq.); where Aueq. = (Au g/t) + (Ag g/t / 50); and Ageq. = (Ag g/t) + (Au g/t \* 50).



## Cortez Trend - World Class Exploration



growing Goldrush deposit.

The Patty project lies to the south and along the same geologic setting as Goldrush. The Cortez drill program will start at Patty and focus on targeting a new discovery. Two priority targets have been identified. The first is the strike extension of the Goldrush geologic setting. Past drilling returned a drill interval consisting of 105 metres, grading 0.3 g/t gold. The overall thickness of the zone is encouraging and is being used to vector new drilling in the Goldrush Anticline target.

The second target, Indian Creek, represents a newly identified parallel structural zone. Geologic mapping has re-interpreted a sedimentary debris-flow breccia deposited along the trace of a major basement fault, a potential ore-controlling feature. This structural architecture provides the optimal setting for a Carlin-type deposit and potential new discovery. The Patty project is the subject of a joint venture with the Company earning in 60% from Barrick and McEwen mines. Further details are provided in note 6 of the consolidated financial statements for the year ended December 31, 2014.

## Finance

### Rochester Mine Royalty

As described in detail in note 4 of the consolidated financial statements for the year ended December 31, 2014, the company and Coeur Rochester Inc. settled a dispute over certain mineral claims and as a result the Company retained a 3.4% Net Smelter Return ("NSR") on production from the Rochester Mine in Nevada. The royalty is capped at approximately 39.4 million silver equivalent ounces. Payment on the royalty commenced January 1, 2014 and is payable quarterly. For 2014 the Company recorded approximately US\$3.7 million in royalty income. It is the Company's intention to fund a large portion of its current and planned operations from the royalty.

### Garden Gate Pass and Patty Projects

The Cortez trend is an exciting exploration area that has tremendous upside potential. Since 1991, over 50 million ounces of gold have been discovered, mined and processed along the trend, with Barrick's 15-plus million ounce Goldrush deposit illustrating the potential and the prize. Our Garden Gate Pass property abuts the Goldrush discovery, and the Patty project sits to the south and in the same geologic environment along the trend. We have been refining the drill targets since 2012 and believe they pose some of the best exploration opportunities along this world-class gold trend.

As a result of reconciling 2012 and 2014 drilling information (see April 29, 2014, news release) with seismic data, the Company has refined its targets, identifying a disrupted zone beneath an anticline structure. The structural architecture on the seismic profile is significant and similar to the published geometry of the Goldrush deposit. The Company will drill test the Garden Gate Pass and Patty properties, pursuing the strike extension of Barrick's



The following table is from public information available in Coeur's Rochester Mines Technical report. The table models an annual production scenario that envisages the royalty being paid through to 2019. Coeur met its production guidance for 2014, with the difference between the amounts paid per the royalty model versus actual payments made being largely due to lower prevailing gold and silver prices during the year. For the first quarter 2015 the company received US\$1.48million in royalty income.

<b>Rochester Mine Royalty Cash Flow Model</b>							<b>Total X1000</b>
<b>Year</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019*</b>	
Tons Ore ('000s)	14,235	15,900	15,900	16,520	16,520	2,215	81,290
Ag Grade (opt)	0.52	0.48	0.48	0.47	0.52	0.43	
Au Grade (opt)	0.002	0.003	0.003	0.004	0.005	0.004	
Recovered Ag Oz ('000s) (61%):	4,515	4,656	4,656	4,736	5,240	581	24,384
Recovered Au Oz ('000s) (92%):	26.2	43.9	43.9	60.8	76.0	8.2	259
Recovered Ageq Oz ('000s)	6,034.5	7,200.8	7,200.8	8,262.3	9,647.7	1,053.8	39,400
Silver Prices:	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	
Gold Prices:	\$1,450	\$1,450	\$1,450	\$1,450	\$1,450	\$1,450	
Silver Revenue (\$'000s):	\$112,884	\$116,388	\$116,388	\$118,407	\$131,004	\$14,525	\$609,595
Gold Revenue (\$'000s):	\$37,979	\$63,632	\$63,632	\$88,151	\$110,188	\$11,819	\$375,401
Total Revenue (\$'000s):	\$150,863	\$180,020	\$180,020	\$206,558	\$241,192	\$26,344	\$984,996
Ag Refining Charge (\$'000s) (\$0.35/oz)	\$1,580	\$1,629	\$1,629	\$1,658	\$1,834	\$203	\$8,534
Au Refining Charge (\$'000s) (\$8/oz)	\$210	\$351	\$351	\$486	\$608	\$65	\$2,071
Total Refining Charges (\$'000s):	\$1,790	\$1,981	\$1,981	\$2,144	\$2,442	\$269	\$10,606
Net Smelter Return (\$'000s):	\$149,073	\$178,039	\$178,039	\$204,414	\$238,750	\$26,076	\$974,391
<b>Rye Patch Gold NSR Royalty (\$'000s) (3.4%):</b>	<b>\$5,068</b>	<b>\$6,053</b>	<b>\$6,053</b>	<b>\$6,950</b>	<b>\$8,118</b>	<b>\$887</b>	<b>\$33,129</b>

- ~ Ore tons, gold and silver grade, and recovered gold and silver ounces are based on information contained in Coeur's Rochester Mine Technical Report dated February 21, 2014 ("Rochester Mine Technical Report")
- ~ Gold and Silver prices are based on Rochester Mine reserve metal price assumptions in the Rochester Mine Technical Report
- ~ Refining charges are industry standard charges paid to a third party refiner based on various published PEAs
- ~ \*2019 production pro-rated for total to reflect 39.4 million recovered ounces of silver equivalent pursuant to the Rye Patch-Coeur June 25, 2013, Settlement Agreement.

## Corporate

During and subsequent to the year end, the Company continued to add requisite experience and expertise to the Board and Executive Management, as the Company enters the development phase at the Lincoln Hill project.

In May 2014, Jonathan Challis, previously a director, was appointed to non-executive Chairman of the Company, replacing Joe Kajszo, who resigned. Mr. Challis has been involved with Rye Patch Gold Corp. since 2007, and has provided oversight and guidance to the Company as one of its directors and brings a strong background in financial, personnel, and corporate governance matters.

In September 2014, the Company appointed Mr. Randy Buffington to the Board of Directors. Mr. Buffington has over 28 years' experience with mining companies in management, operations, engineering and construction, which he attained through his various management positions at globally focused mid-tier and senior mining companies. Mr. Buffington worked as Senior Vice President, Operations at Coeur d'Alene Mines Corporation, Managing Director of the Lumwana copper mine in Zambia for Barrick, General Manager of Goldstrike mine





complex as well as Ruby Hill and Bald Mountain mines in Nevada. Prior to his time at Barrick, Mr. Buffington gained significant experience in Nevada working at Placer Dome Inc.'s Bald Mountain mine, and Cominco American Inc.'s Buckhorn mine. He is currently President and CEO of Allied Nevada and has a Master's degree in Civil Engineering.

In September 2014, the Company appointed Tony Wood as VP Corporate Development and then in March 2015, as CFO & VP Corporate Development. Mr. Wood's executive experience includes oversight of finance and operations of various publicly-traded exploration and development companies.

## Risks and Uncertainties

The Company is a mineral exploration and development company and is exposed to a number of risks and uncertainties that are common to the industry. The following is a summary of certain risk factors which have or are reasonably likely to have an effect on the Company's consolidated financial statements and financial condition. In addition to those stated below, other risks are also discussed elsewhere in this document.

### No Revenues from Operations, Dependence on Rochester Mine NSR

To date, the Company has not recorded any revenues from its operations nor has the Company commenced commercial production on any of its properties. The Company does not have the financial capability to develop its properties into mines or enter into commercial production on its own. The Company's current corporate strategy is to acquire and develop a sizeable portfolio of resource projects with sufficient economic potential in order to leverage a merger, buy-out, joint venture or other transaction with an industry major or other strategic partner (a "Transaction"). The Company expects to continue to incur losses until a Transaction is realized. There can be no assurance that the Company will be successful in entering into any Transaction.

The acquisition, exploration and development of the Company's properties requires the commitment of substantial financial resources. There can be no assurance that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration and development of its properties are added. The amounts and timing of expenditures will depend on the progress of on-going exploration and development, new property acquisitions, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners and other factors, many of which are beyond the Company's control.

The Rochester Mine NSR royalty is a significant source of funds, without which the Company would need to seek alternative funding sources in order to carry out its current work programs. There is no assurance that the Company's cash flow model for the NSR will perform as expected. The Company has no control over production at the Rochester Mine and is wholly dependent on Coeur's continued operation of the Rochester Mine to fund the NSR royalty. Any cessation of production would have a material negative impact on the Company's ability to continue its operations.

### No Proven or Probable Reserves

Currently, Rye Patch Gold US Inc. does not have any proven or probable reserves on any of its properties. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which include: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. If Rye Patch Gold US Inc. is unable to upgrade its resources to proven and probable reserves in sufficient quantities to justify commercial operations, it would make it more difficult for the Company to realize its corporate strategy, and the Company's financial condition and results of operations could be adversely affected.



## Uncertainty of Resource Estimates

Although the mineral resource figures included herein have been carefully prepared, reviewed or verified by independent qualified persons (within the meaning of NI 43-101), these are estimates only and no assurance can be given that any particular level of recovery of gold or silver from resources will in fact be realized or that an identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be economically exploited. Mineral resources which are not mineral reserves do not have demonstrated economic viability. Any material change in the quantity of mineralization, grade or stripping ratio, or the gold or silver price may affect the economic viability of Rye Patch Gold US Inc.'s properties. In addition, there can be no assurance that gold/silver recoveries or other metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. Until mineral resources are actually mined and processed, the quantity of mineral and resource grades must be considered as estimates only.

## Additional Funding Requirements

In order to maintain the Rye Patch Gold US Inc.'s interests in its properties, Rye Patch Gold US Inc. is required to make certain payments to third parties. In addition, future property acquisitions and further exploration on, and development of, Rye Patch Gold US Inc.'s existing mineral resource properties will require additional capital. Rye Patch Gold US Inc. will also require sufficient capital in order to defend its title to mineral properties. In order to meet these obligations, the Company will require additional financing from time to time. There is no guarantee that such funds will be available. The failure to obtain such financing on a timely basis may cause the Company to postpone development plans, alter its corporate strategy, forfeit rights under various agreements or proceedings or reduce or terminate operations. If additional financing is raised through the issuance of equity or convertible debt securities of the Company, the interests of shareholders in the net assets of the Company may be diluted.

## Title to Properties

Approximately 80% of Rye Patch Gold US Inc.'s mineral rights consist of "unpatented" mining claims created and maintained in accordance with the U.S. General Mining Law of 1872. Unpatented mining claims are unique U.S. property interests, and are generally considered to be subject to greater title risk than other real property interests because the validity of unpatented mining claims is often uncertain. This uncertainty arises, in part, out of the complex federal and state laws and regulations that supplement the U.S. General Mining Law of 1872. Also, unpatented mining claims are always subject to possible challenges by third parties or contests by the federal government. The validity of an unpatented mining claim, in terms of both its location and its maintenance, is dependent on strict compliance with a complex body of federal and state statutory and decisional law. In addition, there are few public records that definitively control the issues of validity and ownership of unpatented mining claims.

In recent years, the U.S. Congress has considered a number of proposed amendments to the General Mining Law. Although no such legislation has been adopted to date, there can be no assurance that such legislation will not be adopted in the future. If ever adopted, such legislation could, among other things, impose royalties on production from currently unpatented mining claims located on federal lands. If such legislation is ever adopted, it could have an adverse impact on earnings from the Company's operations, and it could reduce estimates of Rye Patch Gold US Inc.'s present resources and the amount of the Rye Patch Gold US Inc.'s future exploration and development activity on federal lands.

The acquisition of title to resource properties is a very detailed and time-consuming process. Title to, and the area of, resource claims may be disputed and additional amounts may be paid to surface rights owners in connection with any development of mining activity. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to such properties will not be challenged or impaired.



There may be valid challenges to the title of Rye Patch Gold US Inc.'s properties which, if successful, could impair the Company's development and/or operations.

### Acquisition Strategy

As part of the Company's business strategy, it has sought and will continue to seek new mining and development opportunities in the mining industry. In pursuit of such opportunities, it may fail to select appropriate acquisition candidates, negotiate appropriate acquisition terms, conduct sufficient due diligence to determine all related liabilities or to negotiate favourable financing terms. Acquiring additional properties could place increased pressure on the Company's cash flow if such acquisitions involve cash consideration or the assumption of obligations requiring cash payments. The Company may encounter difficulties in transitioning the business, including issues with the integration of the acquired businesses or its personnel, into the Company. The Company cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit its business.

### Exploration and Mining Risks

Resource exploration, development, and operations are highly speculative, characterized by a number of significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate – a combination including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. The Company has relied and may continue to rely upon consultants and others for exploration, development and operating expertise. Substantial expenditures are required to establish mineral reserves through drilling, to develop metallurgical processes to extract the metal from mineral resources and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining.

The Company believes it has carefully evaluated and will continue to carefully evaluate the political and economic environment when considering properties for acquisition. There can be no assurance that additional significant restrictions will not be placed on the Company's properties or its operations. Such restrictions may have a materially adverse effect on the Company's business and results of operation.

### Permits

Although Rye Patch Gold US Inc. currently maintains all required permits in order to carry out its current drilling programs, Rye Patch Gold US Inc. cannot be certain that it will receive the necessary permits on acceptable terms or at all, in order to conduct further exploration and to develop its properties. The failure to obtain such permits, or delays in obtaining such permits, could adversely affect the operations of the Company. Government approvals, approval of indigenous people and permits are currently and may in the future be required in connection with the operations of the Company. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing its operations or from proceeding with planned exploration or development of mineral properties.



### Third Party Discretion

The Wilco Property is the Company's principal exploration project. Successful development of the property will depend, among other things, on the availability of financing for the capital expenditures necessary to develop the property. Pursuant to the terms of the Company's agreement with Newmont, Newmont can earn a 60% interest in the Wilco Property by completing US\$15 million in expenditures on the property by the 8th anniversary of the date that the Company and Newmont enter into a joint venture agreement (at Newmont's election) in respect of the Wilco Property. The Wilco agreement permits Newmont to choose not to form a joint venture with the Company for any reason. If Newmont elects not to form the joint venture, the exploration and development of the Wilco Property could be delayed, and the Company would need to divert capital resources from other projects and/or seek alternative sources of outside capital. Outside capital may not be available on acceptable terms or at all. Internal resources, either alone or together with any available outside capital, may not be adequate to finance the exploration and development of the Wilco Property.

In addition, if Newmont chooses not to form a joint venture with the Company, or elects not to complete the US\$15 million in expenditures within the stipulated time frame, Newmont may cause the Company to purchase all of Newmont's interest in the Wilco Property for the aggregate purchase price of US\$2 million (of which US\$1 million may be payable, at the sole discretion of the Company, in shares of the Company).

If, under the above circumstances, the Company does not have adequate financing to complete the buy-out of Newmont's interest, or to fund further exploration and development of the Wilco Property, its financial condition and results of operations would be adversely affected.

### Regulatory Requirements

Mining operations, development and exploration activities are subject to extensive laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, environmental protection and remediation, protection of endangered and protected species, mine safety, toxic substances and other matters. Changes in these regulations or in their application are beyond the control of the Company and could adversely affect the Company's operations, business and results of operations. Failure to comply with the conditions set out in any permit or failure to comply with the applicable statutes and regulations may result in orders to cease or curtail operations or to install additional equipment. The Company may be required to compensate those suffering loss or damage by reason of its exploration activities.

Although the Company's management believes that Rye Patch Gold US Inc.'s exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

### Environmental Matters

All of Rye Patch Gold US Inc.'s operations are subject to environmental regulations which can make operations expensive or prohibit them altogether. Rye Patch Gold US Inc. is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products that could occur as a result of its mineral exploration and development.

To the extent the Company is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available to it and could have a material adverse effect on the Company. If the Company is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Company. Neither the Company nor Rye Patch Gold US Inc. has purchased insurance for environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration) because it is not generally available at a reasonable price.



All of Rye Patch Gold US Inc.'s exploration and development activities are subject to regulation under one or more of the various state and federal environmental laws and regulations. Many of the regulations require Rye Patch Gold US Inc. to obtain permits for its activities. Rye Patch Gold US Inc. must update and review its permits from time to time, and is subject to environmental impact analyses and public review processes prior to approval of the additional activities. Environmental legislation and regulations are evolving in a manner which will require stricter standards. It is possible that future changes in applicable laws, regulations and permits or changes in their enforcement or regulatory interpretation could have a significant impact on some portion of the Company's business, causing those activities to be economically re-evaluated at that time. Those risks include, but are not limited to, the risk that regulatory authorities may increase bonding requirements beyond the financial capability of the Company or its subsidiaries. Inasmuch as posting of bonding in accordance with regulatory determinations is a condition to the right to operate under all material operating permits, increases in bonding requirements could prevent operations even if the Company and its subsidiaries were in full compliance with all substantive environmental laws.

#### Gold and Silver Price Volatility

The Company's prospects will be significantly affected by changes in the gold and silver prices. Gold and silver prices can fluctuate widely and is affected by numerous factors beyond the Company's control, including industrial and jewellery demand, inflation and expectations with respect to the rate of inflation, the strength of the U.S. dollar and of other currencies, interest rates, gold sales by central banks, forward sales by producers, global or regional political or economic events, global and regional supply and demand, and production and cost levels in major gold-producing regions such as South Africa. In addition, gold and silver prices are sometimes subject to rapid short-term changes because of speculative activities. The supply of gold and silver consists of a combination of new production from mining and existing stocks of bullion and fabricated gold held by governments, public and private financial institutions, industrial organizations and private individuals. As the amounts produced in any single year constitute a small portion of the total potential supply of gold and silver, typical variations in current production do not necessarily have a significant impact on the supply of gold and silver or its price. If gold and silver prices should decline and remain at low market levels for a sustained period, the Company could determine that it is not economically feasible to commence or continue activities.

#### Foreign Currency Risks

The Company uses the Canadian dollar as its measurement and reporting currency, and therefore fluctuations in exchange rates between the Canadian dollar and other currencies may affect the results of operations and financial position of the Company. The Company does not currently have any foreign currency or commercial risk hedges in place. The Company raises a significant portion of its equity financings in Canadian dollars while foreign operations are predominately conducted in US dollars, except local salaries and expenses which are paid in Canadian dollars. Fluctuations in the exchange rates between the Canadian dollar and US dollar may have a favorable or unfavorable impact on the Company's financial condition.

#### Competition

The Company's business is intensely competitive and the Company competes with other mining companies, many of which have greater resources and experience. Competition in the precious metals mining industry is primarily for mineral rich properties which can be developed and can produce economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals, but conduct refining and marketing operations on a world-wide basis. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.





#### Ability to Attract and Retain Qualified Personnel

Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Company's business activity grows, additional key financial, administrative and mining personnel as well as additional operations staff will be required. Although the Company believes it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such success. If the Company is not successful in attracting, training and retaining qualified personnel, the efficiency of operations could be affected.

#### Enforcement of Legal Rights

In the event of a dispute arising at the Company's foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental entity or instrumentality because of the doctrine of sovereign immunity.

#### Insurance

Where considered practical to do so the Company maintains insurance against risks in the operation of its business and in amounts which it believes to be reasonable. Such insurance, however, contains exclusions and limitations on coverage. There can be no assurance that such insurance will continue to be available, will be available at economically acceptable premiums or will be adequate to cover any resulting liability. In some cases, coverage is not available or considered too expensive relative to the perceived risk.

#### Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other natural resource companies or they may have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

In order to limit situations where the directors and officers may be in direct competition with the Company, any acquisition by, any opportunity to acquire an interest made available to, or any director or officer of the Company in any mineral property located within the State of Nevada, USA, must be fully disclosed to the Board and be made available to the Company. Despite the foregoing, conflicts of interest may still arise as a result of the directors and officers of the Company also holding positions as directors or officers of other companies which are in the business of mineral exploration and development.

#### General Economic Conditions

The unprecedented events in global financial markets during the last few years have had a profound effect on the global economy. Many industries, including the gold and silver mining industry, are affected by these market conditions. Some of the key effects of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the



financial markets, interest rates, and tax rates may adversely affect the Company's growth. These factors could have a material adverse effect on the Company's financial condition and financial performance.

#### Current Market Events and Conditions

In recent years, the U.S. credit markets experienced serious disruption due to a deterioration in residential property values, defaults and delinquencies in the residential mortgage market (particularly, sub-prime and non-prime mortgages) and a decline in the credit quality of mortgage backed securities. In 2010 through to 2013, this was compounded by the still emerging sovereign debt crisis in Europe. As a result, general economic conditions have deteriorated, including declining consumer sentiment, increased unemployment, declining economic growth and uncertainty about corporate earnings. These unprecedented disruptions in the credit and financial markets have had a significant material adverse effect on a number of financial institutions and have limited access to capital and credit for many companies. These disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to it or at all.

#### Lack of Dividends

No dividends on the Company's common shares have been paid to date. The Company currently has no earnings and plans to retain its cash resources for the future operation and development of its business. Payment of any future dividends, if any, will be at the discretion of the Board of Directors after taking into account many factors, including the Company's operating results, financial condition, and current and anticipated cash needs.

## Impairment of Long-lived Assets

The Company completed an impairment analysis as at December 31, 2014, which considered the indicators of impairment in accordance with IAS 36, "Impairment of Assets". Management concluded that no impairment charge was required during the year ended December 31, 2014 because:

- There have been no significant changes in the legal factors or climate that affects the value of the properties;
- All property rights remain in good standing;
- There have been no significant changes in the projections for the properties;
- Exploration results continue to be positive; and
- The Company intends to continue its exploration and development plans on its properties.

## Contractual Obligations

There have been no material changes in the Company's contractual obligations during the year that are outside of the ordinary course of the Company's business.

## Results of Operations – Administration

### Selected Information

	For the year ended		
	December 31, 2014	December 31, 2013	December 31, 2012
Royalty income	\$ 4,136,994	\$ -	\$ -
Operating expenses	2,372,382	2,978,927	3,902,275
Interest and miscellaneous income	60,806	68,890	72,633
Net (loss) income	(991,411)	3,986,378	(9,762,483)
Loss and comprehensive (loss) income	(299,769)	4,377,883	(9,864,209)
“(Loss) earnings per share			
- Basic	\$ (0.01)	\$ 0.03	\$ (0.07)
- Diluted	\$ (0.01)	\$ 0.03	\$ (0.07)

<b>As at:</b>	December 31, 2014	December 31, 2013	December 31, 2012
Working capital	\$ 6,411,573	\$ 7,647,506	\$ 1,201,472
Total assets	11,622,922	11,586,773	7,259,939
Total liabilities	479,699	349,468	830,129
Share capital	31,700,768	31,700,768	31,651,264
Deficit	26,225,698	25,234,287	29,220,665

## Summary of Quarterly Results

The following is a summary of the Company's financial results for the past eight quarters:

	Three months ended			
	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Royalty income	\$ 1,286,206	\$ 1,176,883	\$ 1,140,702	\$ 533,203
Interest income and other revenue	28,313	6,532	15,365	10,596
Net income (loss)	43,104	(96,866)	101,601	(1,039,250)
Earning (loss) per share				
- Basic	\$ -	\$ -	\$ -	\$ (0.01)
- Diluted	\$ -	\$ -	\$ -	\$ (0.01)

	Three months ended			
	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Royalty income	\$ -	\$ -	\$ -	\$ -
Interest income and other revenue	11,154	40,883	6,593	10,260
Net loss	(2,337,716)	(2,428,731)	9,358,730	(605,905)
Loss per share				
- Basic	\$ (0.01)	\$ (0.02)	\$ 0.06	\$ -
- Diluted	\$ (0.01)	\$ (0.02)	\$ 0.06	\$ -



The expenses incurred by the Company are typical of junior exploration companies that do not have established mineral reserves. Expenses are not incurred evenly over the quarters as a result of non-recurring activities or events.

#### **For the three months ended December 31, 2014 compared to the three months ended December 31, 2013**

The Company recorded a net income of \$43,104 for the three months ended December 31, 2014; an increase of \$2,380,820, compared to a net loss of \$2,337,716 for the three months ended December 31, 2013.

The increase in net income is primarily the result of the royalty income of \$1,286,206 recognized during the three months ended December 31, 2014 (December 31, 2013 - \$nil) and the decrease in impairment loss during the three months ended December 31, 2014.

Impairment loss for the three months ended December 31, 2013 was \$1,640,541. During the three months ended December 31, 2013, the Company decided to write off the carrying value of the Red Hill Anomaly on the Gold Ridge Property and the Jessup Property. No such impairment was recognized during the three months ended December 31, 2014.

The decrease in net loss is partially offset by the increase in exploration costs of \$360,523 to \$644,000 for the three months ended December 31, 2014, from \$283,477 for the three months ended December 31, 2013.

#### **For the year ended December 31, 2014 compared to the year ended December 31, 2013**

The Company recorded a net loss of \$991,411 for the year ended December 31, 2014; an increase of \$4,977,789, compared to a net income of \$3,986,378 for the year ended December 31, 2013.

During the year ended December 31, 2013, the Company settled the legal dispute with Coeur. As a result of the settlement, the Company recorded a gain on disposal of \$10,202,442 on the Statement of Comprehensive Income (Loss). No such gain was recognized during the year ended December 31, 2014.

The increase in net loss is also due to the increase in exploration costs of \$1,951,707 to \$2,820,532 for the year ended December 31, 2014, from \$868,825 for the year ended December 31, 2013.

The increase in net loss is partially offset by the royalty income of \$4,136,994 recognized during the year ended December 31, 2014 (December 31, 2013 - \$nil) and the decrease in impairment loss, management fees and share-based payments.

Impairment loss for the year ended December 31, 2013 was \$2,430,246. During the year ended December 31, 2013, the Company decided to write off the carrying value of the Red Hill Anomaly on the Gold Ridge Property and the Jessup Property. No such impairment was recognized during the year ended December 31, 2014.

Management fees decreased by \$325,125, to \$617,300 during the year ended December 31, 2014, compared to \$942,425 during the year ended December 31, 2013. This decrease is primarily related to the bonuses paid during the year ended December 31, 2013 which was partially offset by the bonus paid to the CEO of the Company upon the initial royalty income inclusion during the year ended December 31, 2014.

The decrease in share-based payments of \$196,925 for the year ended December 31, 2014 resulted from the decrease in number of options vesting during the year and a corresponding recognition of the related expense.



## Mineral Property Expenditures

The mineral property expenditures for the Company during the years ended December 31, 2014 and 2013 are broken down as follows:

*For the year ended December 31, 2014:*

	Wilco-Newmont Property	Gold Ridge Property	Lincoln Hill Property	Garden Gate Property	Others	Total
<b>Acquisition costs incurred during the period:</b>						
Holding costs	\$ 56,536	\$ 145,710	\$ 26,010	\$ 30,350	\$ 120,876	\$ 379,482
Land status	1,124	1,210	370	200	6,440	9,344
Lease obligations	71,765	-	119,508	66,244	88,326	345,843
Staking costs	-	-	-	-	29,329	29,329
<b>Total acquisition costs for the period</b>	<b>\$ 129,425</b>	<b>\$ 146,920</b>	<b>\$ 145,888</b>	<b>\$ 96,794</b>	<b>\$ 244,971</b>	<b>\$ 763,998</b>
<b>Exploration expenditures charged to operations during the period:</b>						
Assays	\$ 150,539	\$ 18,309	\$ 94,432	\$ 37,684	\$ 2,964	\$ 303,928
Drilling	319,300	67,891	413,002	827,828	51,208	1,679,229
Geochemical	-	-	-	389	-	389
Geological	123,263	46,323	143,575	22,682	96,462	432,305
Geophysical	-	798	-	-	-	798
Legal	1,681	-	-	-	1,967	3,648
Travel and overhead	48,401	5,023	35,991	26,084	19,840	135,339
Wages and salaries	84,449	16,302	80,130	42,748	41,267	264,896
<b>Total exploration expenditures charged to operations during the period</b>	<b>\$ 727,633</b>	<b>\$ 154,646</b>	<b>\$ 767,130</b>	<b>\$ 957,415</b>	<b>\$ 213,708</b>	<b>\$ 2,820,532</b>





For the year ended December 31, 2013:

	Wilco-Newmont Property	Gold Ridge Property	Jessup Property	Lincoln Hill Property	Garden Gate Property	LH Claims	Others	Total
<b>Acquisition costs incurred during the period:</b>								
Holding costs	\$ 47,960	\$ 91,096	\$ 12,101	\$ 25,359	\$ 25,744	\$ -	\$ 101,062	\$ 303,322
Land status	1,192	3,984	1,224	450	611	62	726	8,249
Lease obligations	150,860	-	85,474	127,431	61,788	-	51,490	477,043
Staking costs	-	23,381	-	1,596	7,878	-	-	32,855
Disposal	-	-	-	-	-	(301,558)	-	(301,558)
Impairment	-	(140,317)	(2,289,929)	-	-	-	-	(2,430,246)
<b>Total acquisition costs for the period</b>	<b>\$ 200,012</b>	<b>\$ (21,856)</b>	<b>\$ (2,191,130)</b>	<b>\$ 154,836</b>	<b>\$ 96,021</b>	<b>\$ (301,496)</b>	<b>\$ 153,278</b>	<b>\$ (1,910,335)</b>
<b>Exploration expenditures (recovery) charged to operations during the period:</b>								
Assays	\$ 13,274	\$ 2,012	\$ -	\$ 25,503	\$ 247	\$ 7,128	\$ 30,854	\$ 79,018
Consulting	-	-	-	-	-	1,120	-	1,120
Drilling	4,819	15,121	12,557	7,236	16,668	4,699	1,408	62,508
Geochemical	-	976	-	-	-	-	-	976
Geological	97,564	64,174	-	51,834	16,001	102,940	42,723	375,236
Geophysical	(257)	-	-	-	721	-	5,033	5,497
Legal	1,000	-	1,686	3,631	937	-	-	7,254
Travel and overhead	22,196	6,730	215	8,505	8,427	12,619	19,567	78,259
Wages and salaries	34,509	18,758	1,718	46,213	19,321	71,270	67,168	258,957
<b>Total exploration expenditures charged to operations during the period</b>	<b>\$ 173,105</b>	<b>\$ 107,771</b>	<b>\$ 16,176</b>	<b>\$ 142,922</b>	<b>\$ 62,322</b>	<b>\$ 199,776</b>	<b>\$ 166,753</b>	<b>\$ 868,825</b>



## Liquidity

As of December 31, 2014, the Company had cash and cash equivalents of \$5,499,399 compared to \$7,917,188 as of December 31, 2013. The Company had working capital of \$6,411,573 at December 31, 2014 (December 31, 2013 - \$7,647,506).

During the year ended December 31, 2014, the Company incurred a total of \$763,998 in acquisition and holding costs and incurred \$1,974,215 cash outflow in operating activities which includes \$2,820,532 exploration expenditures spent on its properties, (see "Results of Operations").

During the year ended December 31, 2014, the Company received a net smelter returns ("NSR") production royalty of \$4,136,994 from Coeur Rochester Inc. ("Coeur"), a wholly owned subsidiary of Coeur Mining Inc. The royalty income resulted from the settlement on June 25, 2013 on the disputed LH and OG unpatented lode mining claims at the Rochester Mine between Coeur and the Company.

The Company's current treasury will allow continuing exploration efforts and resource definition work through 2015. If market conditions prevail or improve, the Company will make adjustments to budgets accordingly.

Historically, the Company's capital resources have been limited to the amount raised from the sale of equity. The Company has relied upon the sale of equity securities for cash required for exploration and development purposes, for acquisitions, and to fund the administration of the Company. Since the Company does not expect to generate any revenues in the near future aside from the NSR from Coeur, it will continue to rely primarily upon sales of its equity to raise capital. There can be no assurance that equity financing will always be available to the Company in any amount, on a timely basis or terms acceptable to the Company. Mining exploration is a capital-intensive business and there may be many years between initial exploration and any prospect of revenues. This nature of the mining business increases risks of insufficient capital resources above the risk level of many other businesses.

## Capital Resources

The Company has obligations pursuant to option agreements it has entered into. While the Company has no contractual obligation to satisfy these obligations, it would forfeit any interest it may have earned to that date. Detailed terms of those agreements and the obligations are included in the consolidated financial statements. More specifically, the Company has met its minimum exploration expenditure commitment with respect to the Wilco-Newmont property up to December 31, 2014, and lease to date. In addition, the Company met its minimum exploration expenditure commitment up to December 31, 2014 and its to-date advance royalty payment with respect to the Lincoln Hill property. The Company's other property related commitments are payments to be made in cash and/or shares. The Company has sufficient funds to meet these obligations.

## Disclosure of Outstanding Share Data

### Common Shares

Authorized: unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

	Issued and Outstanding	
	At December 31, 2014	At the date of this MD&A
Common shares	146,446,746	146,446,746



As at December 31, 2014, 4,640,000 share purchase options were outstanding, which would result in 151,086,746 common shares outstanding on a fully diluted basis. As at April 27, 2015, 4,840,000 share purchase options were outstanding, which would result in 151,286,746 common shares outstanding on a fully diluted basis.

## Options and Warrants

As at the date of this MD&A, the Company had options outstanding as follows. There are no warrants outstanding.

<b>Expiry date</b>	<b>Options outstanding</b>	<b>Options exercisable</b>	<b>Exercise price</b>	<b>Weighted average remaining contractual life (in years)</b>
May 25, 2016	440,000	440,000	\$ 0.35	1.08
September 12, 2016	100,000	100,000	0.45	1.38
August 21, 2019	460,000	460,000	0.20	4.32
January 18, 2022	1,480,000	1,480,000	0.60	6.73
July 12, 2023	1,320,000	990,000	0.20	8.21
July 22, 2024	690,000	172,500	0.27	9.24
September 16, 2024	150,000	37,500	0.27	9.39
March 1, 2025	200,000	-	0.15	9.85
	<b>4,840,000</b>	<b>3,680,000</b>		<b>6.85</b>

Each option is exercisable into one common share on payment of the exercise price.

## Transactions with Related Parties

The financial statements include the accounts of Rye Patch Gold Corp. and its subsidiaries as listed in the following table:

<b>Name</b>	<b>Country of Incorporation</b>	<b>Equity Ownership as at</b>	
		<b>December 31, 2014</b>	<b>December 31, 2013</b>
Rye Patch Gold US Inc.	United States of America	100%	100%

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Company and other related parties are disclosed below.

The Company's related parties consist of companies owned directly or indirectly, by directors and key management as follows:

<b>Name</b>	<b>Nature of Transactions</b>
Tanadog Management and Technical Services Inc.	Management fees
Blue Dolphin Enterprises Ltd.	Management fees
Quantum Advisory Partners LLP	Accounting and audit
Koffman Kalef LLP Business Lawyers	Legal fees

The Company incurred the fees and expenses in the normal course of operations in connection with companies owned by directors and key management. Expenses have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties. The Company's related party expenses are as follows:

	<b>For the year ended</b>	
	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Accounting and audit <sup>(1)</sup>	\$ 130,508	\$ 94,380
Legal fees <sup>(2)</sup>	104,982	135,806
Management fees <sup>(3)(4)</sup>	617,300	942,425
Office and administration <sup>(3)</sup>	70,802	62,398
	<b>\$ 923,592</b>	<b>\$ 1,235,009</b>

- (1) The Company paid \$130,508 (December 31, 2013 - \$94,380) for accounting services to Quantum Advisory Partners LLP whose incorporated partner is the Company's Chief Financial Officer. As at December 31, 2014, \$9,828 (December 31, 2013 - \$7,644) was owed to this company.
- (2) The Company paid \$104,982 (December 31, 2013 - \$135,806) for legal and corporate secretary services to Koffman Kalef LLP Business Lawyers in which the Company's Corporate Secretary is a partner. As at December 31, 2014, \$8,447 (December 31, 2013 - \$1,000) was owed to this firm.
- (3) The Company paid \$476,724 (December 31, 2013 - \$528,778) for management fees to Tanadog Management and Technical Services Inc. which is controlled by its President. Included in the management fees was a bonus payment of \$219,144 upon the initial royalty income inclusion. In addition, the Company paid \$70,802 (December 31, 2013 - \$62,398) for administrative services included in office and administrative expenses. As at December 31, 2014, \$39,611 (December 31, 2013 - \$28,544) was owed to this company.

The Company's management services contract is renewable automatically for consecutive one year terms, at US\$160,000 per year. Fees payable on termination of services is 1.5 times the annual rate and fees payable on change of control is 3 times the annual rate.

- (4) The Company paid \$140,576 (December 31, 2013 - \$413,647), which includes \$100,000 in severance payments, in management fees to Blue Dolphin Enterprises Ltd. which is controlled by its former Chairman.

### **Key management personnel compensation**

The remuneration of directors and other members of key management personnel during the years ended December 31, 2014 and 2013 were as follows:

	For the year ended	
	December 31, 2014	December 31, 2013
Salaries and management fees <sup>(1)</sup>	\$ 804,283	\$ 1,184,121
Directors' fees	100,000	200,000
Share-based payments - management <sup>(2)</sup>	81,606	201,775
Share-based payments - directors <sup>(2)</sup>	46,530	73,664
	\$ 1,032,419	\$ 1,659,560

- i. Salaries, fees and directors' fees include consulting fees disclosed in Note 11 in the Company's consolidated financial statements for the year ended December 31, 2014.
- ii. Share-based payments are the fair value of options granted to key management personnel and directors.

## Commitments and contingencies

- a) The Company has commitments under operating leases for its premises in Vancouver, British Columbia, for an approximate minimum annual rent of \$77,152 until September 30, 2016. The Reno office lease was renewed for an additional three years with an option to terminate after one year (May 31, 2015). The monthly rent is US\$5,400 and is adjusted annually by the consumer price index.
- b) As disclosed in Note 6(a) in the Company's consolidated financial statements for the year ended December 31, 2014, if Newmont does not exercise the joint venture option by the 120th day of receipt of a feasibility study from the Company, or elects not to proceed with the joint venture after the joint venture agreement is signed, or fails to complete the Phase 1 Earn-in Expenditures, it will be obligated to sell its interest in the Wilco – Newmont property to the Company for US\$2,000,000, which may be partially payable in shares at the discretion of the Company.
- c) The Company entered into a geologic service contract at US\$650 per day from January 1, 2015 until December 31, 2015.
- d) The Company entered into a geographic information systems service contract at US\$70 per hour from January 1, 2015 until December 31, 2015.
- e) The Company entered into agreements to lease vehicles from a company controlled by its President. The monthly lease payments total US\$4,800 per month with terms of 12 and 36 months.
- f) The Company entered into an investor relations agreement at CHF 4,900 per month from January 1, 2015 until December 31, 2015.

## Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements as at the date of the MD&A.

## Financial instruments and risk management

In accordance with IFRS, financial instruments are classified into one of the five following categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. Cash and cash equivalents are designated as held-for-trading and their carrying value approximates fair value as they are cash or they are readily convertible into cash in the normal course of business. Amounts receivable and reclamation bonds are classified as loans and receivables. Deposits are classified as held-to-maturity. Their carrying values approximate fair values due to their limited time to maturity and ability to convert



them to cash in the normal course of business. Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities. Their carrying values also approximate fair value due to their short term maturities.

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

- Level 1 quoted prices in active markets for identical assets or liabilities;
- Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and
- Level 3 inputs for the asset or liability that are not based upon observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. At December 31, 2014, cash and cash equivalents of \$5,499,399 (December 31, 2013 - \$7,917,188) have been measured and recognized in the consolidated statements of financial position using Level 1 inputs. At December 31, 2014 and 2013, there were no financial assets or liabilities measured and recognized in the consolidated statements of financial position at fair value that would be categorized as Level 2 and 3 in the fair value hierarchy above.

The Company's operations consist of the acquisition, exploration and development of mineral resource properties in North America. The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of being affected by these risks, which may include credit risk, liquidity risk, currency risk, interest rate risk and other price risks. When material, these risks are also reviewed and monitored by the Board of Directors.

a) Credit risk

Counterparty credit risk is the risk that the financial benefits of a contract with a specific counterparty will be lost if the counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by that counterparty, less any amounts owed to the counterparty by the Company where a legal right of offset exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements. The Company manages this risk by only entering into contracts with counterparties who have sufficient financial strength to minimize the risk of a financial default. The Company's cash and cash equivalents are held with large Canadian financial institutions. Accounts receivable consist mostly of refundable excise taxes due from the Federal Government of Canada, royalty receivable and interest receivable. Reclamation bonds are amounts deposited with the Bureau of Land Management of the United States Department of the Interior and the Department of Conservation & Natural Resources of the State of Nevada. As such, the Company considers this risk to be minimal.

i. Trade credit risk

The Company is in the exploration stage and has not yet commenced commercial production. Therefore, the Company is not exposed to significant trade credit risk.

ii. Accounts receivable

The Company's accounts receivable balance consists of excise taxes refundable from the Federal Government of Canada, royalty receivable and interest receivable. The maximum exposure is \$1,325,118 (December 31, 2013 - \$7,250).

iii. Cash and cash equivalents

In order to manage credit and liquidity risk to minimize the likelihood of a loss, the Company invests only in highly rated investment grade instruments that have maturities of three months or less. Monetary limits are also established based on the type of investment, the counterparty and the credit rating

iv. Derivative financial instruments

As at December 31, 2014, the Company had no derivative financial instruments.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements and its exploration and development plans. The annual budget is approved by the Board of Directors. The Company ensures, through the management of its available cash and the issue of shares, that there are sufficient cash balances to meet its short-term business requirements. Accounts payable and accrued liabilities and amounts due to related parties are due on demand.

c) Currency risk

Currency risk is the risk of loss due to fluctuation of foreign exchange rates and the effects of these fluctuations on foreign currency denominated monetary assets and liabilities. The Company's mineral property interests in the United States subject the Company to foreign currency fluctuations which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian dollar and US dollar.

A change in the value of the US dollar by 10% relative to the Canadian dollar would affect the Company's US dollar monetary assets and liabilities by approximately \$440,260 (December 31, 2013 - \$405,989). The Company does not invest in derivatives to mitigate these risks.

d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company limits its exposure to interest rate risk by investing only in short term investments at major Canadian financial institutions. As at December 31, 2014, the Company was not exposed to interest rate risk.

e) Commodity price risk

The ability of the Company to develop its mineral properties and the future profitability of the Company will be directly related to the market price of gold.

## Changes in Accounting Policies

The Company prepared the consolidated financial statements for the year ended December 31, 2014 following the same accounting policies and methods of application as the annual audited consolidated financial statements for the year ended December 31, 2013, as new or amended accounting standards did not impact the Company's consolidated financial statements.

## Future Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2015. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted by the Company and are being evaluated to determine their impact:

- IFRS 2 Share-based Payment: Amended to re-define the definition of “vesting condition”, effective for annual periods beginning on or after July 1, 2014
- IFRS 7 Financial Instruments - Disclosures: Amended to require additional disclosures on transition from IAS 39 to IFRS 9, effective for annual periods beginning on or after January 1, 2015
- IFRS 8 Operating Segments: Amended to provide further clarification on disclosure required for aggregation of segments and reconciliation of segment assets, effective for annual periods beginning on or after July 1, 2014
- IFRS 9 Financial Instruments: New standard that replaced IAS 39 for classification and measurement of financial instruments, effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted.