Rye Patch GOLD CORP.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended December 31, 2014 and 2013

HAY & WATSON | Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Rye Patch Gold Corp.

We have audited the accompanying consolidated financial statements of Rye Patch Gold Corp., which comprise the consolidated statements of financial position as at December 31, 2014 and 2013 and consolidated statements of comprehensive income (loss), changes in shareholders' equity and of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Hay + Watson

Chartered Accountants
Vancouver, British Columbia
April 27, 2015

Rye Patch Gold Corp.

(An exploration stage company)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at		**December 31, 2014**		**December 31, 2013**
ASSETS				
Current assets				
Cash and cash equivalents	$	**5,499,399**	$	7,917,188
Accounts receivable (note 4)		**1,325,118**		7,250
Prepaid expenses		**55,871**		49,909
Deposits		**10,884**		10,650
		6,891,272		7,984,997
Non-current assets				
Property and equipment (note 5)		**40,877**		42,140
Mineral properties (note 6)		**4,424,962**		3,331,196
Reclamation bonds (note 7)		**265,811**		228,440
		4,731,650		3,601,776
TOTAL ASSETS	$	**11,622,922**	$	11,586,773
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	$	**331,122**	$	216,890
Provisions for reclamation (note 8)		**90,691**		83,413
Due to related parties (note 11)		**57,886**		37,188
		479,699		337,491
Non-current liabilities				
Deferred revenue (note 6(a))		-		11,977
TOTAL LIABILITIES		**479,699**		349,468
EQUITY				
Share capital (note 9)		**31,700,768**		31,700,768
Foreign currency translation adjustment		**849,059**		157,417
Reserves		**4,819,094**		4,613,407
Deficit		**(26,225,698)**		(25,234,287)
TOTAL EQUITY		**11,143,223**		11,237,305
TOTAL EQUITY AND LIABILITIES	$	**11,622,922**	$	11,586,773

Continuing operations and going concern (note 1)
Commitments and contingencies (note 12)
Events after the reporting period (note 17)

The accompanying notes are an integral part of these consolidated financial statements.

They are signed on the Company's behalf by:
APPROVED BY THE BOARD:

/s/ Jonathan Challis Director   */s/ William C. Howald* Director

Rye Patch Gold Corp.

(An exploration stage company)

Consolidated Statements of Comprehensive Income (Loss)

(Expressed in Canadian Dollars)

	For the year ended December 31, 2014	December 31, 2013
ROYALTY INCOME (note 4)	**$ 4,136,994**	$ -
MINERAL PROPERTY OPERATIONS		
Exploration costs (note 6)	**2,820,532**	868,825
EXPENSES		
Accounting and audit (note 11)	**209,706**	152,752
Depreciation (note 5)	**16,323**	15,019
Insurance	**31,315**	29,299
Investor relations	**151,267**	220,264
Legal fees (note 11)	**111,916**	204,753
Management fees (note 11)	**617,300**	942,425
Office and administration (note 11)	**402,257**	249,924
Rent	**155,913**	171,014
Share-based payments (note 9)	**205,687**	402,612
Travel	**65,243**	48,985
Transfer agent and filing fees	**49,130**	53,263
Wages and bonuses	**356,325**	488,617
	2,372,382	2,978,927
OTHER INCOME (EXPENSE)		
Interest income	**42,920**	35,982
Other revenue	**17,886**	32,908
Currency exchange gain (loss)	**3,703**	(6,956)
Gain on disposal of mineral properties	**-**	10,202,442
Impairment	**-**	(2,430,246)
	64,509	7,834,130
NET (LOSS) INCOME FOR THE YEAR	**(991,411)**	3,986,378
OTHER COMPREHENSIVE INCOME		
Foreign currency translation adjustment	**691,642**	391,505
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	**$ (299,769)**	$ 4,377,883
Basic (loss) earnings per share for the year attributable to common shareholders (note 10)	**$ (0.01)**	$ 0.03
Diluted (loss) earnings per share for the year attributable to common shareholders (note 10)	**$ (0.01)**	$ 0.03

The accompanying notes are an integral part of these consolidated financial statements.

Rye Patch Gold Corp.

(An exploration stage company)

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Number of shares	Amount	Warrants	Equity settled employee benefits	Agent's options	Total	Foreign currency translation adjustment	Deficit	Total
Balance at December 31, 2012	**146,336,746**	**$ 31,651,264**	**$ 1,875,998**	**$ 2,107,508**	**$ 249,793**	**$ 4,233,299**	**$ (234,088)**	**$ (29,220,665)**	**$ 6,429,810**
Shares issued for									
Exercise of options	110,000	49,504	-	(22,504)	-	(22,504)	-	-	**27,000**
Share-based payments	-	-	-	402,612	-	402,612			**402,612**
Net comprehensive income for the year	-	-	-	-	-	-	391,505	3,986,378	**4,377,883**
Balance at December 31, 2013	**146,446,746**	**31,700,768**	**1,875,998**	**2,487,616**	**249,793**	**4,613,407**	**157,417**	**(25,234,287)**	**11,237,305**
Share-based payments	-	-	-	205,687	-	205,687	-	-	**205,687**
Net comprehensive loss for the year	-	-	-	-	-	-	691,642	(991,411)	**(299,769)**
Balance at December 31, 2014	**146,446,746**	**$ 31,700,768**	**$ 1,875,998**	**$ 2,693,303**	**$ 249,793**	**$ 4,819,094**	**$ 849,059**	**$ (26,225,698)**	**$ 11,143,223**

The accompanying notes are an integral part of these consolidated financial statements.

Rye Patch Gold Corp.

(An exploration stage company)

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

		For the year ended		
		December 31, 2014		December 31, 2013
Cash flows provided from (used by):				
OPERATING ACTIVITIES				
Net (loss) income for the year	**$**	**(991,411)**	$	3,986,378
Adjustments for items not affecting cash:				
Depreciation		16,323		15,019
Unrealized foreign exchange (gain) loss		(3,703)		6,956
Share-based payments		205,687		402,612
Gain on disposal of mineral properties		-		(10,202,442)
Impairment of mineral properties		-		2,430,246
		(773,104)		(3,361,231)
Net changes in non-cash working capital items:				
Accounts receivable		(1,317,868)		80,906
Prepaid expenses		(5,962)		9,573
Deposits		(234)		(183)
Accounts payable and accrued liabilities		114,232		(507,791)
Deferred revenue		(11,977)		6,313
Due to related parties		20,698		15,245
Net cash flows (used in) operating activities		**(1,974,215)**		(3,757,168)
FINANCING ACTIVITIES				
Proceeds from share issuance, net of share issue costs		-		27,000
Net cash flows from financing activities		-		27,000
INVESTING ACTIVITIES				
Purchase of property and equipment		(13,184)		(6,025)
Mineral properties (note 6)		(763,998)		(821,469)
Reclamation bond		(37,371)		61,788
Proceeds of the disposal of mineral properties		-		10,504,000
Net cash flows (used in) from investing activities		**(814,553)**		9,738,294
Effects of currency exchange rate changes on cash and cash equivalents		**370,979**		41,230
Net (decrease) increase in cash and cash equivalents		**(2,417,789)**		6,049,356
Cash and cash equivalents, beginning of year		**7,917,188**		1,867,832
Cash and cash equivalents, end of year	**$**	**5,499,399**	$	7,917,188
Cash and cash equivalents consist of :				
Cash		**3,270,571**		4,087,513
Short-term deposits		**2,228,828**		3,829,675
	$	**5,499,399**	$	7,917,188
Supplementary cash flow information				
Cash paid during the year for interest	**$**	**-**	$	-
Cash paid during the year for income taxes	**$**	**-**	$	-
Interest received	**$**	**42,920**	$	35,982

The accompanying notes are an integral part of these consolidated financial statements.

1. CONTINUING OPERATIONS AND GOING CONCERN

The Company was incorporated under the British Columbia Business Corporations Act on April 13, 2006 and its head office is located at Suite 1740 – 1177 West Hastings Street, Vancouver, British Columbia. The Company is an exploration stage company, and its wholly owned subsidiary, Rye Patch Gold US Inc., is engaged principally in the acquisition and exploration of mineral properties in the State of Nevada, United States of America. The recovery of the Company's investment in its mineral properties is dependent upon the future discovery, development and sale of minerals, and the ability to raise sufficient capital to finance these activities, or the proceeds from the sale of these properties.

These consolidated financial statements have been prepared on the basis that the Company is a going concern. This assumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The ability of the Company to continue as a going concern is dependent on obtaining additional financing through the issuance of debt or common shares. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These consolidated financial statements do not reflect the adjustments or reclassifications that would be necessary if the Company was unable to continue operations.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

These consolidated financial statements were authorized for issue on April 27, 2015 by the directors of the Company.

Statement of compliance to International Financial Reporting Standards

These consolidated financial statements of the Company, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee.

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as available-for-sale or fair value through profit or loss that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

These consolidated financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective or available for adoption on December 31, 2014, the Company's annual reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these consolidated financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the preparation of these consolidated financial statements include, among others, the recoverability of accounts receivable and deferred tax assets, impairment of assets, measurement of share-based payments and valuation of reclamation obligations.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments include the expected economic lives of and the estimated future operating results and net cash flows from mineral properties and property and equipment.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its "subsidiaries"). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The consolidating entities are:

	% of ownership	Jurisdiction	Principal activity
Rye Patch Gold Corp. ("Holdings")	Parent	Canada	Holding company
Rye Patch Gold US Inc.	100%	USA	Exploration company

Inter-company balances and transactions are eliminated in preparing the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Foreign currencies

Determination of functional currency

In determining the functional currency of the Company, the following was considered:

- the currency that mainly influences the cost of labour, materials, service and other costs of exploration and evaluation activities;
- the currency used to maintain the amounts charged by operating activities;
- the currency in which funds from financing activities are generated; and
- the currency in which receipts from operating activities are usually retained.

Functional currency

The consolidated financial statements are presented in Canadian dollars, which are the presentation and the functional currency of the parent entity, Rye Patch Gold Corp. The functional currency of its subsidiary is the US Dollar.

Transactions and balances

Foreign currency transactions are translated into the functional currency of the underlying entity using appropriate monthly weighted average rates of exchange. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange in effect at the end of each reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in income.

Foreign operations

The results of foreign operations are translated to Canadian dollars at an appropriate monthly average rate of exchange during the year and are included in net profit or loss. The assets and liabilities of foreign operations are translated to Canadian dollars at rates of exchange in effect at the end of the period. Gains or losses arising on translation of foreign operation’s assets and liabilities to Canadian dollars at period end are recognized in other comprehensive income as a foreign currency translation adjustment. When a foreign operation is sold, such exchange differences are recognized in the statement of comprehensive income (loss) as part of the gain or loss on sale.

Cash and cash equivalents

Cash and cash equivalents consist of balances on deposit and investments in highly liquid short-term deposits which are readily convertible into known amounts of cash and which are subject to insignificant risks of changes in fair value.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statement of comprehensive income (loss). This category includes cash and cash equivalents.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. This category includes accounts receivable.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the consolidated statement of comprehensive income (loss).

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the consolidated statement of comprehensive income (loss).

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statement of comprehensive income (loss).

Other financial liabilities - This category includes amounts due to related parties and accounts payable and accrued liabilities, all of which are recognized at amortized cost.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Mineral properties

The Company accounts for its mineral property interests by capitalizing the costs of acquisition, by property, and by expensing to operations the costs of exploration. Sale and option proceeds received will be credited against the capitalized acquisition cost of the related interests, with any excess being credited to operations. Gains or losses will not be recognized on the partial sale or disposition of interests, except when a significant disposition of reserves has been made. Future exploration and development costs will be capitalized for a property when the existence of a proven or probable mineral reserve on that property has been established. If commercial production commences, the net capitalized costs will be charged to future operations using the unit-of-production method based on estimated recoverable reserves by property. The net costs related to abandoned properties are written off to operations.

Shares issued as payment for the acquisition of mineral property interests are recorded at the trading value of the shares on a public exchange on the date they are issued.

Property and equipment

Other capital assets are recorded at cost and amortized over their estimated useful lives. The Company records amortization on a declining balance basis for equipment and furniture, and on a straight-line basis for leasehold improvements, at the following annual rates. The amortization rates are reduced by one-half in the years of acquisition and disposal, except in the case of leasehold improvements which are amortized at the full rate.

Computer equipment	45%
Computer software	100%
Office furniture and equipment	20%
Exploration equipment	20%
Leasehold improvements	20%
Vehicle	30%

Impairment of non-current assets

The Company's mineral properties and property and equipment are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in the consolidated statement of comprehensive income (loss). Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the impairment charge for the period.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Exploration and evaluation expenditures

Exploration and evaluation expenditures, inclusive of exploration programs required under option agreements, net of incidental revenues, are recorded in operations in the period incurred, until such time as it has been determined that a property has economically recoverable reserves and a decision to commence commercial production has occurred, in which case subsequent exploration expenditures and the costs incurred to develop a property are capitalized.

Where the Company's exploration and development activities are conducted jointly with others, these consolidated financial statements include only the Company's proportionate interests in these ventures.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Reclamation expenditures

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The operations of the Company have been, and may in the future be, affected by changes in environmental regulations, including those relating to future reclamation and site restoration. The nature of the reclamation activities includes drill hole plugging, earthwork and re-vegetation of the affected exploration sites. The likelihood of new regulations and their overall effect upon the Company are unknown and unpredictable. The Company plans to meet and, if possible, surpass standards set by legislation, by applying technically proven and economically feasible measures.

The Company provides for the costs of future reclamation activities at the time it conducts exploration and evaluation activities and records the present value of the estimated reclamation expenditures required to restore the exploration sites in the year in which the obligation is incurred. When the obligation is recognized, the estimated expenditures are recorded in operations. Changes in estimated reclamation expenditures will be recognized as changes to the corresponding assets and reclamation liability in the year in which they occur.

Revenue recognition

Interest from cash and cash equivalents and royalty income, if applicable, are recorded on an accrual basis when collection is reasonably assured.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Comprehensive income or loss

Other comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources. Comprehensive income comprises net income or loss and other comprehensive income or loss. Financial assets that are classified as available-for-sale will have revaluation gains and losses included in other comprehensive income or loss until the asset is removed from the consolidated statement of financial position. Foreign currency translation differences for foreign subsidiary are included in other comprehensive income or loss.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Share-based payments

The Company grants share purchase options to directors, officers, employees and consultants to purchase common shares. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in the Equity Settled Employee Benefits reserve. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

Earnings or loss per share

The Company presents the basic and diluted earnings or loss per share data for its common shares, calculated by dividing the earnings or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings or loss per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

Income taxes

The Company accounts for income taxes using the asset and liability method on temporary differences between the carrying amounts of assets and liabilities on the consolidated statement of financial position and their corresponding tax values, using enacted or substantially enacted income tax rates at each consolidated statement of financial position date. Deferred assets also result from unused losses and other deductions carried forward. The valuation of deferred tax assets is reviewed on a regular basis and adjusted to the extent that it is not probable that sufficient taxable profit will be available to allow all or a part of the deferred income tax asset to be utilized by use of a valuation allowance to reflect the estimated realizable amount.

3. NEW ACCOUNTING STANDARDS

New standards and interpretations not yet adopted

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.

4. ROYALTY INCOME

On June 25, 2013, the Company and Coeur Rochester Inc., a wholly owned subsidiary of Coeur Mining Inc. (collectively, "Coeur"), reached a settlement on the disputed LH and OG unpatented lode mining claims at the Rochester mine. The Company and Coeur engaged in the legal dispute over title to certain LH and OG unpatented lode mining claims covering portions of the Rochester and Packard mine areas. In settlement of the legal dispute, the Company conveyed all of the disputed LH and OG unpatented lode mining claims (comprising 386 of the 410 LH claims and all three OG claims) to Coeur in return for the following:

- Coeur made a cash payment to the Company in the sum of US Ten Million Dollars (US$10,000,000);
- Coeur granted to Rye Patch Gold US Inc., a production royalty equal to 3.4% of the gross revenue, less refining costs, of gold and silver produced and sold from the Rochester Mine (the "NSR"); and
- Conveyed all of Coeur's right, title and interest in the Blue Bird patented lode mining claim located near Lincoln Hill.

The NSR will be effective as of January 1, 2014 and will terminate after 39.4 million silver equivalent ounces have been produced and sold from the Rochester Mine. Silver equivalent will be determined by converting sales of gold to the equivalent number of ounces of silver based on actual prices of gold and silver at the time of sale. The NSR is non-assignable except to an affiliate controlled by the Company; however, from and after January 1, 2014, the NSR may be assigned (i) in a single-asset transaction, (ii) for cash consideration, (iii) upon at least 30 days' advance notice to Coeur and (iv) to a company whose principal business is the acquisition, holding or management of precious metals production royalties and streams. Coeur shall have a right of first refusal to acquire the NSR on the same terms as any proposed permitted sale of the NSR by the Company.

(Expressed in Canadian Dollars)

4. ROYALTY INCOME (continued)

The NSR will be paid quarterly, and is fully leveraged to the price of gold and silver.

During the year ended December 31, 2014, the Company recorded $4,136,994 (US$3,747,041) as royalty income (December 31, 2013 - $nil).

The accounts receivable balance relating to royalty income as at December 31, 2014 was $1,325,054 (US$ 1,139,635). This amount was received subsequent to December 31, 2014.

5. PROPERTY AND EQUIPMENT

	Computer equipment	Computer software	Exploration equipment	Leasehold improvements	Office furniture and equipment	Total
Cost						
As at December 31, 2013	$ 47,536	$ 7,851	$ 3,622	$ 25,254	$ 83,525	**$ 167,788**
Additions	5,632	7,552	-	-	-	**13,184**
Currency translation adjustment	2,210	1,085	316	-	3,705	**7,316**
Balance as at December 31, 2014	**$ 55,378**	**$ 16,488**	**$ 3,938**	**$ 25,254**	**$ 87,230**	**$ 188,288**
Depreciation						
As at December 31, 2013	$ (36,964)	$ (7,851)	$ (2,013)	$ (21,464)	$ (57,356)	**$ (125,648)**
Charged for the year	(6,134)	(3,776)	(331)	(758)	(5,324)	**(16,323)**
Currency translation adjustment	(1,736)	(885)	(193)	-	(2,626)	**(5,440)**
Balance as at December 31, 2014	**$ (44,834)**	**$ (12,512)**	**$ (2,537)**	**$ (22,222)**	**$ (65,306)**	**$ (147,411)**
Net book value						
As at December 31, 2013	$ 10,572	$ -	$ 1,609	$ 3,790	$ 26,169	$ 42,140
As at December 31, 2014	**$ 10,544**	**$ 3,976**	**$ 1,401**	**$ 3,032**	**$ 21,924**	**$ 40,877**

(Expressed in Canadian Dollars)

5. PROPERTY AND EQUIPMENT (continued)

		Computer equipment		Computer software		Exploration equipment		Leasehold improvements		Office furniture and equipment		Total
Cost												
As at December 31, 2012	$	39,978	$	7,316	$	3,375	$	25,254	$	80,632	**$**	**156,555**
Additions		6,025		-		-		-		-		**6,025**
Currency translation adjustment		1,533		535		247		-		2,893		**5,208**
Balance as at December 31, 2013	**$**	**47,536**	**$**	**7,851**	**$**	**3,622**	**$**	**25,254**	**$**	**83,525**	**$**	**167,788**
Depreciation												
As at December 31, 2012	$	(32,297)	$	(3,657)	$	(1,500)	$	(20,516)	$	(49,125)	**$**	**(107,095)**
Charged for the year		(3,491)		(3,780)		(388)		(948)		(6,412)		**(15,019)**
Currency translation adjustment		(1,176)		(414)		(125)		-		(1,819)		**(3,534)**
Balance as at December 31, 2013	**$**	**(36,964)**	**$**	**(7,851)**	**$**	**(2,013)**	**$**	**(21,464)**	**$**	**(57,356)**	**$**	**(125,648)**
Net book value												
As at December 31, 2012	$	7,681	$	3,659	$	1,875	$	4,738	$	31,507	$	49,460
As at December 31, 2013	**$**	**10,572**	**$**	**-**	**$**	**1,609**	**$**	**3,790**	**$**	**26,169**	**$**	**42,140**

(Expressed in Canadian Dollars)

6. MINERAL PROPERTIES

	Wilco-Newmont Property (Note 6a)	Gold Ridge Property (Note 6b)	Lincoln Hill Property (Note 6c)	Garden Gate Property (Note 6d)	Others (Note 6e)	Total
Acquisition costs						
Cumulative acquisition costs as at December 31, 2013	**$ 1,248,971**	**$ 254,256**	**$ 1,065,860**	**$ 391,572**	**$ 370,537**	**$ 3,331,196**
During the year:						
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**
Total acquisition costs for the year	**129,425**	**146,920**	**145,888**	**96,794**	**244,971**	**763,998**
Foreign currency translation adjustment	**115,839**	**29,984**	**100,738**	**39,303**	**43,904**	**329,768**
Cumulative acquisition costs as at December 31, 2014	**$ 1,494,235**	**$ 431,160**	**$ 1,312,486**	**$ 527,669**	**$ 659,412**	**$ 4,424,962**

(Expressed in Canadian Dollars)

6. MINERAL PROPERTIES (continued)

	Wilco-Newmont Property (Note 6a)	Gold Ridge Property (Note 6b)	Lincoln Hill Property (Note 6c)	Garden Gate Property (Note 6d)	Others (Note 6e)	Total
Exploration expenditures (recovery) charged to operations						
Cumulative exploration expenditures on active properties charged to operations as at December 31, 2013	**$ 5,672,804**	**$ 722,265**	**$ 3,243,981**	**$ 3,569,255**	**$ 4,719,589**	**$ 17,927,894**
During the year:						
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**
Total exploration expenditures charged to operations during the year	**727,633**	**154,646**	**767,130**	**957,415**	**213,708**	**2,820,532**
Cumulative exploration expenditures on active properties charged to operations as at December 31, 2014	**$ 6,400,437**	**$ 876,911**	**$ 4,011,111**	**$ 4,526,670**	**$ 4,933,297**	**$ 20,748,426**

(Expressed in Canadian Dollars)

6. MINERAL PROPERTIES (continued)

	Wilco-Newmont Property (Note 6a)	Gold Ridge Property (Note 6b)	Jessup Property	Lincoln Hill Property (Note 6c)	Garden Gate Property (Note 6d)	LH Claims	Others (Note 6e)	Total
Acquisition costs								
Cumulative acquisition costs as at December 31, 2012	$ 970,385	$ 256,894	$ 2,086,102	$ 843,457	$ 271,990	$ 286,053	$ 196,976	$ 4,911,857
During the year:								
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**
Legal, permits and royalties	-	-	-	-	-	-	-	**-**
Staking costs	-	23,381	-	1,596	7,878	-	-	**32,855**
Disposal	-	-	-	-	-	(301,558)	-	**(301,558)**
Impairment	-	(140,317)	(2,289,929)	-	-	-	-	**(2,430,246)**
Total acquisition costs for the year	**200,012**	**(21,856)**	**(2,191,130)**	**154,836**	**96,021**	**(301,496)**	**153,278**	**(1,910,335)**
Foreign currency translation adjustment	**78,574**	**19,218**	**105,028**	**67,567**	**23,561**	**15,443**	**20,283**	**329,674**
Cumulative acquisition costs as at December 31, 2013	**$ 1,248,971**	**$ 254,256**	**$ -**	**$ 1,065,860**	**$ 391,572**	**$ -**	**$ 370,537**	**$ 3,331,196**

(Expressed in Canadian Dollars)

6. MINERAL PROPERTIES (continued)

	Wilco-Newmont Property (Note 6a)	Gold Ridge Property (Note 6b)	Jessup Property	Lincoln Hill Property (Note 6c)	Garden Gate Property (Note 6d)	LH Claims	Others (Note 6e)	Total
Exploration expenditures charged to operations								
Cumulative exploration expenditures on active properties charged to operations as at December 31, 2012	$ 5,499,699	$ 614,494	$ 803,417	$ 3,101,059	$ 3,506,933	$ 2,341,121	$ 1,192,346	$ 17,059,069
During the year:								
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**
Total exploration expenditures charged to operations during the year	**173,105**	**107,771**	**16,176**	**142,922**	**62,322**	**199,776**	**166,753**	**868,825**
Cumulative exploration expenditures on active properties charged to operations as at December 31, 2013	**$ 5,672,804**	**$ 722,265**	**$ 819,593**	**$ 3,243,981**	**$ 3,569,255**	**$ 2,540,897**	**$ 1,359,099**	**$ 17,927,894**

Included in exploration expenditures are investigative expenditures of approximately $97,800 (2013 - $45,497).

6. MINERAL PROPERTIES (continued)

a) Wilco - Newmont Property

On December 15, 2005, North American Diversified Resources Corporation ("NADR") and Newmont Mining Corporation ("Newmont"), the lessor of the property, entered into a Mining Lease and Sublease agreement (the "Agreement") on the Wilco Property claims in Pershing County, Nevada. On April 20, 2006, NADR assigned its rights and interests under the Agreement to the Company. In consideration of this assignment, the Company issued 4,500,000 shares to NADR and 500,000 shares to a third party identified by NADR. These shares were valued at $500,000. Neither party was related to the Company at the time of the acquisition. The Company also paid NADR US$150,000.

The Company completed its obligations to make minimum exploration expenditures of US $3,000,000 on this property and earned its 100% interest in the property by December 31, 2009.

Beginning on December 15, 2011, the sixth anniversary of the Agreement, and each anniversary date thereafter, the Company is also obligated to pay Newmont, an annual rent of US$84,714 in cash within 30 days of each anniversary date, if at least US$500,000 was not spent on the property in the preceding anniversary year. This annual rent will fluctuate with the Consumer Price Index. In 2014, the Company exceeded the required US$500,000 in exploration expenditure so no rental payment was due to Newmont.

The Company is also obligated to pay the owner of certain mining claims a net smelter return ("NSR") of between 2% and 5% (calculated based on the monthly price of gold), and advanced royalty payments of US$15,000 annually until 2010, and US$20,000 every year thereafter (paid up to date). Newmont may enter into a joint venture agreement with the Company at any time up to the date that is 120 days after the Company delivers a feasibility study to Newmont. If a joint venture commences, Newmont has the option of spending US$15,000,000 on the property by the 8th anniversary date of this agreement (Phase I Earn-In Expenditures). Newmont's initial interest in the joint venture will be 60%, and the Company's interest will be 40%, if Newmont makes the required expenditures. Newmont will earn an additional 10% interest if it notifies the Company within 90 days of completing the Phase 1 Earn-in Expenditures, and by spending an additional US$5,000,000. If a joint venture commences, the Company will not be required to make any further minimum expenditures on the property. If Newmont does not exercise the joint venture option, 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, then Newmont will sell its interest in the property to the Company for US$2,000,000, which may be partially payable in shares of the Company, at the discretion of the Company. Newmont's interest in the property will then be reduced to an NSR of 2% to 5%, calculated on a sliding scale depending on the price of gold at the time of production, in respect of gold, silver and platinum group metals production and a 3.5% NSR in respect of all other mineral production. The Newmont NSR will be offset by any other existing underlying NSRs, to a minimum of 2%. A portion of the property is also subject to a 2% NSR payable to Western States Minerals Corporation.

The Company may terminate the Agreement at any time upon 60 days' notice. Newmont may terminate the Agreement on 60 days' notice if the Company defaults on any of its obligations.

In December 2006, the Company acquired additional mining claims to add to the Wilco-Newmont property, by way of staking. The Company owns 100% of these new claims. In October 2010, the Company staked an additional 6.5 square kilometers along the Oreana trend.

(Expressed in Canadian Dollars)

6. MINERAL PROPERTIES (continued)

a) Wilco - Newmont Property (continued)

On March 21, 2007, the Company signed a letter agreement with H&M Mining, Inc. to lease one of the mining claims in Pershing County, Nevada. The initial lease is for 20 years, subject to the Company's option to extend the lease for a further two 20 year periods. An NSR of 1% to 3%, depending on the price of gold at the time of production, is payable in respect of mineral production. All minimum payments made, and NSRs paid, can be applied to the option purchase price of US$1,000,000. The Company is obligated to make the following minimum payments pursuant to the agreement:

	US$ Amount	
Initial payment	$10,000	Paid
By March 21, 2008	$15,000	Paid
By March 21, 2009	$20,000	Paid
By March 21, 2010	$25,000	Paid
By March 21, 2011	$40,000	Paid
By March 21, 2012 and every year thereafter	$40,000	Paid up to date

On June 30, 2010, the Company entered into a geothermal lease agreement with Wilco Energy LLC, a non-related company, to lease to Wilco Energy LLC the geothermal rights on a portion of the property for US$34,100 (received) as an initial rental payment for 2010-2012 and US$22,400 for 2013 and 2014. Wilco Energy defaulted on their 2014 payment which was due on or before June 30, 2014. Wilco Energy did not cure the default; therefore, the June 30, 2010 Agreement with Wilco Energy has been terminated.

On March 16, 2011, the Company entered into a three year sand and gravel lease agreement with EP Minerals, LLC to lease a portion of the property for exploring for, developing, mining, processing and transporting sand and gravel. The annual rental payments are US$2,000, and the lease is in good standing.

b) Gold Ridge Property

In November 2006 and April 2009, the Company acquired, through staking, an area of lode mining claims in Pershing County, Nevada. The Company owns 100% of these claims.

(Expressed in Canadian Dollars)

6. MINERAL PROPERTIES (continued)

c) Lincoln Hill Property

On November 7, 2007, the Company entered into a Mining Lease agreement with Mountain Gold Exploration, Inc. ("MGE") and Lane Griffin (collectively, the "Lessors") on Lincoln Hill property. The property is comprised of one patented lode claim and unpatented mining claims. The lease is for 20 years, renewable on certain conditions.

The Company is required to make the following advanced royalty payments to the Lessors to be credited towards the Lessors' NSR:

	US$ Amount	Number of shares	
On signing the LOI Agreement	50,000	100,000	Paid and issued
November 2008	60,000	100,000	Paid and issued
November 2009	65,000	100,000	Paid and issued
November 2010	70,000	150,000	Paid and issued
November 2011	75,000	150,000	Paid and issued
November 2012	80,000	150,000	Paid and issued
Each year thereafter	80,000	-	Paid to date

In addition, the Company is required to make the following minimum exploration expenditures:

	US$ Amount	
By November 2008	100,000	Requirement met
By November 2009	200,000	Requirement met
By November 2010	300,000	Requirement met
By November 2011	500,000	Requirement met
By November 2012	1,000,000	Requirement met

The Lessors retain a 4% NSR on the property, 1% of which the Company may purchase for US$1 million during the first seven years of the lease, and an additional 1% NSR which may be purchased for US$3 million during the first 10 years of the lease. The Lessors also reserve the right to explore for and mine certain other minerals on the property.

On September 8, 2009, the Company signed an agreement to acquire additional mining claims in Pershing County, Nevada, subject to a 4% NSR, for a total of US$41,000. The payment was made over four years and completed by September 8, 2013. The NSR royalty can be reduced to 2% by paying US$100,000 for each percentage point to a maximum of 2% for US$200,000.

On October 21, 2011, the Company entered into a lease agreement with Nevada Land and Resource Company, LLC for three parcels of land in Pershing County, Nevada, totalling approximately 2.1 square kilometers for five years ending September 30, 2016. The underlying lease obligations are US$9,500 annually until September 30, 2016. The lease is in good standing.

(Expressed in Canadian Dollars)

6. MINERAL PROPERTIES (continued)

d) Garden Gate Pass Property

On October 1, 2010, the Company acquired the Garden Gate Pass property from Pyramid Lake LLC ("Pyramid Lake"). The project consists of unpatented lode claims and is located 12 kilometres (7 miles) south-southeast of Barrick Gold's Cortez Hills mine and abuts the newly discovered Goldrush deposit.

The Company is required to make the following advanced royalty payments:

	US$ Amount	
Initial payment	40,000	Paid
By October 1, 2011	50,000	Paid
By October 1, 2012	55,000	Paid
By October 1, 2013 and every year to 2017	60,000	Paid
By October 1, 2018 and every year thereafter	100,000	

The Company controls 100% of the property subject to annual advance royalty payments and a 2% NSR payable to Pyramid Lake.

e) Others

Patty Property

On October 18, 2011, the Company entered into an agreement with Barrick Gold, US Gold Corp and Chapleau Resources ("the Patty Joint Venture") for the Patty project located in Eureka County, Nevada. The Patty project consists of 616 unpatented lode claims covering 53.1 square kilometres and is located immediately south of the Company's 100% owned Garden Gate Pass project. Under the terms of this agreement, the Company has the right to earn a 60% undivided interest in the Patty project by spending US$5 million over a five year period, of which the first year's expenditure of US$500,000 is committed. In addition, the Company reimbursed the Patty Joint Venture US$93,120 of lease payments and one half of federal claim rental fees paid by the Patty Joint Venture in 2011.

After completion of the earn-in amount by the Company and within 90 days of this completion, the Patty Joint Venture will have the right to back in to a 60% interest by expending US$15 million over a five year period, of which one-third will be paid in cash to the Company. After the completion of this back-in the Company will control 40% of the mineral property and the mineral property will be carried to production. The Patty Joint Venture is required to spend a minimum of US$500,000 annually on the property until the commencement of production.

The core Damale claims retain a 3% NSR and an annual 1,500 metre drill commitment, except for 2012, which required a 3,300 metre drill commitment that was completed by December 31, 2012. On September 5, 2014, the Barrick Group renegotiated the underlying lease agreement with the Damale group. No changes to the Company's commitments were made; however, a favourable change to the annual 1,500 metre drill commitment was agreed. An annual work requirement of US$125,000 ("Damale work commitment") replaces the annual footage (meterage) drill commitment. The Damale work commitment is to be completed within each calendar year until commercial production is achieved.

Rye Patch Gold US Inc. has completed its first and second year Work Commitment obligation of US$500,000 in 2012 and US$700,000 in 2013. From October 18, 2011, to September 30, 2014, the Company completed US$2,081,442 in expenditures on the Patty project. As a result of permitting delays with the Bureau of Land Management (BLM), the Company was not able to drill on the Patty project in 2014. On November 4, 2014, Rye Patch Gold US Inc. signed a waiver with the Barrick Group to defer the remaining 2014 Work Commitment of US$118,558 to the 2015 Work Commitment obligation.

6. MINERAL PROPERTIES (continued)

e) Others (continued)

South Coal Canyon

In December 2010, the Company acquired, through staking, the South Coal Canyon property in Pershing County, Nevada. The property is an early-stage exploration project located south of Wilco.

X Claims

In January 2012, the Company acquired, through staking, the X Claims property in Pershing County, Nevada. The property is an early-stage exploration project located between Rochester on the north and the Relief mine to the south.

7. RECLAMATION BONDS

As of December 31, 2014, the Company had deposited US$228,615 (December 31, 2013 - US$213,615) as reclamation bonds 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, which are refundable upon fulfillment of reclamation obligations.

8. PROVISIONS FOR RECLAMATION

As at December 31, 2014 and 2013, the present values of the expected future reclamation expenditures relating to exploration and evaluation activities that have occurred to date were $90,691 (US$78,000) and $83,413 (US$78,000), respectively. Future reclamation expenditures are expected to be made within the next one to two years.

9. SHARE CAPITAL AND RESERVES

Authorized share capital

Unlimited number of common shares without par value.

Unlimited number of preferred shares without par value.

Issued share capital

At December 31, 2014, there were 146,446,746 issued and fully paid common shares (December 31, 2013 – 146,446,746).

During the year ended December 31, 2013

- 110,000 options were exercised for proceeds of $27,000. A fair value of $22,504 was transferred to share capital from reserves in connection with this exercise.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES (continued)

Share purchase warrants

During the year ended December 31, 2014

- 2,727,285 warrants with an expiry date of August 20, 2014 expired unexercised.
- 1,000,000 warrants with an expiry date of August 23, 2014 expired unexercised.
- 170,866 warrants with an expiry date of August 28, 2014 expired unexercised.

During the year ended December 31, 2013, no warrants were granted or exercised.

The changes in share purchase warrants during the years ended December 31, 2014 and 2013 were as follows:

	December 31, 2014		December 31, 2013	
	Number outstanding	**Weighted average exercise price**	Number outstanding	Weighted average exercise price
Outstanding, beginning of year	**3,898,151**	**$ 0.75**	3,898,151	$ 0.75
Expired	**(3,898,151)**	**0.75**	-	-
Outstanding, end of year	**-**	**$ -**	3,898,151	$ 0.75

Share purchase options

Effective September 5, 2006, the Company adopted a share purchase option plan. Under this plan, the Company may grant options of up to 10% of its outstanding common shares to its directors, officers, employees and consultants. The exercise price of the share purchase options will be no less than the closing price of the shares on the TSX Venture Exchange (the "Exchange") on the business day immediately before the date of granting of the option, unless the Exchange permits discounts, or allows some other minimum exercise price.

During the year ended December 31, 2014

- 2,150,000 share purchase options granted to an employee and consultants of the Company were cancelled or expired.
- On July 22, 2014, the Company granted share purchase options to its directors, officers, employees and consultants to purchase up to an aggregate of 690,000 common shares of the Company. The share purchase options are exercisable for a term of ten years at an exercise price of $0.27 per common share. Vesting will occur over a period of two years, with an initial 25% of the share purchase options vesting on the sixth month immediately after the date of grant, followed by an additional 25% of the share purchase options every six months thereafter until fully vested.
- On August 21, 2014, the Company extended the expiry date of 300,000 share purchase options which originally expired on August 21, 2014 to December 31, 2014 and 460,000 share purchase options which originally expired on August 21, 2014 to August 21, 2019.
- On September 16, 2014, the Company granted share purchase options to a director to purchase up to an aggregate of 150,000 common shares of the Company. The share purchase options are exercisable for a term of ten years at an exercise price of $0.27 per common share. Vesting will occur over a period of two years, with an initial 25% of the share purchase options vesting on the sixth month immediately after the date of grant, followed by an additional 25% of the share purchase options every six months thereafter until fully vested.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES (continued)

Share purchase options (continued)

During the year ended December 31, 2013

- 110,000 share purchase options were exercised for proceeds of $27,000. Weighted average share price on the dates of exercise was $0.32 per common share.
- 281,250 options granted to an employee and a consultant of the Company expired unexercised. An additional 18,750 share purchase options granted to the employee was forfeited.
- 340,000 share purchase options with expiry date of June 10, 2013 expired unexercised.
- On July 12, 2013, the Company granted 1,670,000 share purchase options with an exercise price of $0.20 to its officers, directors, employees and consultants. The share purchase options are exercisable for a period of ten years. A quarter of the share purchase options granted vest six months from the date of grant and a quarter will vest every six months thereafter.

The changes in share purchase options during the years ended December 31, 2014 and 2013 were as follows:

	December 31, 2014		December 31, 2013	
	Number outstanding	**Weighted average exercise price**	Number outstanding	Weighted average exercise price
Outstanding, beginning of year	**5,950,000**	**$ 0.39**	5,030,000	$ 0.46
Granted	**840,000**	**0.27**	1,670,000	0.20
Exercised	**-**	**-**	(110,000)	0.25
Expired	**(1,950,000)**	**0.43**	(621,250)	0.40
Forfeited	**(200,000)**	**0.20**	(18,750)	0.60
Outstanding, end of year	**4,640,000**	**$ 0.37**	5,950,000	$ 0.39

The following summarizes information about share purchase options outstanding and exercisable at December 31, 2014:

Expiry date	**Options outstanding**	**Options exercisable**	**Exercise price**	**Estimated grant date fair value**	**Weighted average remaining contractual life (in years)**
May 25, 2016	440,000	440,000	$ 0.35	$ 115,808	1.40
September 12, 2016	100,000	100,000	0.45	31,259	1.70
August 21, 2019	460,000	460,000	0.20	92,552	4.64
January 18, 2022	1,480,000	1,480,000	0.60	917,340	7.05
July 12, 2023	1,320,000	660,000	0.20	206,850	8.53
July 22, 2024	690,000	-	0.27	108,598	9.56
September 16, 2024	150,000	-	0.27	22,158	9.72
	4,640,000	**3,140,000**		**$ 1,494,565**	**7.04**

(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES (continued)

Share purchase options (continued)

The estimated fair value of the options granted during the years ended December 31, 2014 and 2013 was calculated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	For the year ended December 31, 2014	For the year ended December 31, 2013
Risk-free interest rate	1.89%	2.19%
Expected annual volatility	89%	94%
Expected life	10.00	10.00
Expected dividend yield	-	-
Weighted average share price	$ 0.19	$ 0.18
Weighted average exercise price	$ 0.27	$ 0.20
Weighted average grant date fair value per option	$ 0.16	$ 0.16

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

During the year ended December 31, 2014, the Company recorded share-based payments expense of $205,687 (December 31, 2013 – $402,612), of which $55,402 (December 31, 2013 - $nil) relates to share purchase options that were extended.

10. LOSS PER SHARE

	For the year ended December 31, 2014	For the year ended December 31, 2013
Basic (loss) earnings per share:		
Net (loss) income for the year	$ (991,411)	$ 3,986,378
Weighted average number of common shares outstanding	146,446,746	146,397,795
Basic (loss) earnings per share:	**$ (0.01)**	**$ 0.03**
Diluted (loss) earnings per share:		
Net (loss) income for the year	$ (991,411)	$ 3,986,378
Weighted average number of common shares outstanding	146,446,746	146,587,084
Diluted (loss) earnings per share:	**$ (0.01)**	**$ 0.03**

The Company's share purchase options and warrants could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share because they are antidilutive for the year ended December 31, 2014.

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS

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

		Equity Ownership as at	
Name	**Country of Incorporation**	**December 31, 2014**	**December 31, 2013**
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:

Name	**Nature of Transactions**
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:

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

(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.

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS (continued)

(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 [1]	**$**	**804,283**	$	1,184,121
Directors' fees		**100,000**		200,000
Share-based payments - management [2]		**81,606**		201,775
Share-based payments - directors [2]		**46,530**		73,664
	$	**1,032,419**	$	1,659,560

i. Salaries and management fees include consulting fees disclosed in Note 11.
ii. Share-based payments are the fair value of options granted to key management personnel and directors.

12. 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$5400 and is adjusted annually by the consumer price index.

b) As disclosed in Note 6(a), 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.

(Expressed in Canadian Dollars)

12. COMMITMENTS AND CONTINGENCIES (continued)

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.

13. OPERATING SEGMENT INFORMATION

The Company operates in one industry segment within two geographical areas, Canada and the state of Nevada in the United States of America. The mineral properties are located solely in the Nevada segment.

The following table shows the assets and liabilities as at December 31, 2014 and 2013 and the net loss for the year ended December 31, 2014 and 2013 attributable to each geographical segment:

		Canada		United States		Total
As at December 31, 2014						
Evaluation and exploration assets	$	-	$	4,424,962	**$**	**4,424,962**
Other assets		2,699,670		4,498,290		**7,197,960**
Liabilities		(95,215)		(384,484)		**(479,699)**
	$	**2,604,455**	**$**	**8,538,768**	**$**	**11,143,223**
As at December 31, 2013						
Evaluation and exploration assets	$	-	$	3,331,196	**$**	**3,331,196**
Other assets		3,951,934		4,303,643		**8,255,577**
Liabilities		(77,136)		(272,332)		**(349,468)**
	$	**3,874,798**	**$**	**7,362,507**	**$**	**11,237,305**
Royalty income:						
For the year ended December 31, 2014	$	-	$	4,136,994	**$**	**4,136,994**
For the year ended December 31, 2013		-		-		**-**
Net income (loss):						
For the year ended December 31, 2014	$	(1,699,370)	$	707,959	**$**	**(991,411)**
For the year ended December 31, 2013		(2,601,700)		6,588,078		**3,986,378**

14. MANAGEMENT OF CAPITAL

The Company's shareholders' equity is considered to be its capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk level.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company expects its current capital resources will be sufficient to carry out its exploration plans and operations through 2015. There are no external restrictions on the Company's capital.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

In accordance with IFRS, financial instruments are classified into one of the five following categories: financial assets and liabilities at fair value through profit and loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. Cash and cash equivalents are classified 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. 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.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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.

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.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet is 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.

(Expressed in Canadian Dollars)

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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.

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.

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.

16. INCOME TAX

The Company's deferred tax assets and liabilities at December 31, 2014 and 2013 are as follows:

		2014		2013
Deferred tax assets				
Equipment	$	17,857	$	16,236
Share issue costs		31,386		50,571
Mineral properties		85,789		925,373
Tax loss carry-forwards		4,154,093		3,663,365
Total deferred tax assets		4,289,125		4,655,545
Valuation allowance		(4,289,125)		(4,655,545)
Net deferred tax assets	$	-	$	-

(Expressed in Canadian Dollars)

16. INCOME TAX (continued)

A reconciliation of the provision for (recovery of) income taxes is as follows:

		2014		2013
(Loss) earnings before income taxes	$	(991,411)	$	3,986,281
Combined Canadian and provincial statutory tax rates		26.00%		25.80%
Income tax (recovery) expense based on combined statutory tax rates		(257,767)		1,028,460
(Increase) decrease in income tax expense (recovery) resulting from:				
Higher effective tax rate in foreign jurisdiction		56,637		540,214
Expenses deductible for tax purposes		(23,334)		(50,408)
Amounts not deducted for tax purposes		1,026,906		1,235,309
Current period losses not recognized		407,234		612,777
Utilization of losses carried forward		(1,209,676)		(3,366,352)
Income tax recovery	$	-	$	-

At December 31, 2014, the Company has non-capital losses for income tax purposes of approximately $14.9 million that may be used to offset future taxable income. These losses, if not utilized, will expire in the following years:

2026	$	72,000
2027	$	732,000
2028	$	1,151,000
2029	$	1,079,000
2030	$	1,268,000
2031	$	1,884,000
2032	$	5,246,000
2033	$	1,884,000
2034	$	1,566,000

17. EVENTS AFTER THE REPORTING PERIOD

Subsequent to December 31, 2014:

a) The Company's wholly owned subsidiary has purchased the surface and mineral estate on private lands adjacent to the Lincoln Hill resource project and surrounding exploration targets located in Pershing County, Nevada.

   Rye Patch Gold US Inc. has entered in to an agreement with New Nevada Resources LLC ("NNR") to purchase the surface and mineral estate on 1,654.75 acres of private land near the Company's Lincoln Hill project. The lands represent strategic areas for the location of infrastructure and facilities to develop the Lincoln Hill resource project, and its surround exploration projects. The Company paid a $500 per acre price for the surface and mineral estate with NNR retaining a net smelter return royalty ranging from 2.125% to 3.5% depending on the parcel. The definitive agreement has been signed and the transaction will close on or before March 31, 2015.

b) The Company appointed Tony Wood as full-time Chief Financial Officer effective March 1, 2015. The Company also announced the grant of incentive share purchase options to Tony Wood to purchase 200,000 common shares of the Company exercisable at $0.15 per share for term of ten years, subject to vesting in accordance with applicable Company policies.

c) The Company announced it has received approval of its plan of operations on the Patty project located in Eureka County, Nevada, along the prolific Cortez gold trend. The plan of operations at Patty and an existing permit at Garden Gate Pass allows for drilling to commence immediately. The drill equipment is gearing up for a combined 5,000-metre campaign.

d) The Company staked a further 180 claims along the Gold Ridge target, 1.5km west of Lincoln Hill, and purchased 23 unpatented lode claims east of the Wilco project, paying approximately $1,087 per claim and granting a 1.5% net smelter returns royalty to the seller.

e) The Company received its first quarterly royalty payment for 2015 of $1,850,000 from its NSR royalty on the Rochester mine.