



Rye Patch
GOLD CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For Three Months Ended March 31, 2017

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements.

Rye Patch Gold Corp.

Condensed Consolidated Interim Statements of Financial Position (Unaudited - Expressed in Canadian Dollars)

<i>As at</i>	March 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 9,810,168	\$ 11,121,286
Accounts receivable (note 6)	1,895,378	2,180,412
Inventory (note 5)	5,316,220	10,744,598
Prepaid expenses and deposits	1,935,815	1,350,409
	18,957,581	25,396,705
Non-current assets		
Inventory (note 5)	821,121	1,138,832
Prepaid expenses and deposits	593,030	2,995,334
Deferred debt issue costs (note 12)	1,353,523	3,640,576
Property, plant and equipment (note 7)	91,732,031	73,709,756
Exploration and evaluation assets	7,384,297	7,267,391
Reclamation bonds	27,483,656	27,748,180
	129,367,658	116,500,069
TOTAL ASSETS	\$ 148,325,239	\$ 141,896,774
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 7,047,963	\$ 8,415,870
Due to related parties (note 14)	3,937	460,557
Current portion of credit facility (note 12)	6,715,995	6,780,635
Loans payable (note 11)	1,437,721	1,179,362
Contingent consideration payable (note 4)	8,157,704	7,963,853
Provisions for reclamation	114,773	115,878
	23,478,093	24,916,155
Non-current liabilities		
Credit facility (note 12)	18,500,642	8,711,009
Provision for reclamation	39,587,679	39,752,690
	58,088,321	48,463,699
TOTAL LIABILITIES	81,566,414	73,379,854
EQUITY		
Share capital (note 9)	82,873,772	82,873,772
Foreign currency translation adjustment	2,441,296	3,194,206
Reserves (note 9)	14,048,419	13,830,393
Deficit	(32,604,662)	(31,381,451)
TOTAL EQUITY	66,758,825	68,516,920
TOTAL EQUITY AND LIABILITIES	\$ 148,325,239	\$ 141,896,774

Events after reporting period (note 18)

The accompanying notes are an integral part of these condensed consolidated interim 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.

Condensed Consolidated Interim Statements of Comprehensive Income (Loss) (Unaudited - Expressed in Canadian Dollars)

	For the three months ended	
	March 31, 2017	March 31, 2016
MINING OPERATIONS		
Revenue	\$ 9,010,024	-
Cost of sales (note 13)	(9,188,958)	-
INCOME (LOSS) FROM MINING OPERATIONS	(178,934)	-
ROYALTY INCOME (note 6)	1,715,273	1,379,854
	1,536,339	1,379,854
EXPENSES		
General and administrative expenses (note 13)	(709,016)	(450,259)
Exploration and evaluation expenses	(70,396)	(464,389)
Write-down of exploration and evaluation assets	-	(871,871)
	(779,412)	(1,786,519)
OTHER INCOME (EXPENSE)		
Interest and other income	165,947	3,279
Interest expense (note 12)	(1,666,999)	-
Change in fair value of contingent consideration (note 4)	(268,496)	-
Accretion expense	(212,943)	-
Currency exchange gain (loss)	2,353	(2,662)
	(1,980,138)	617
	-	-
NET INCOME (LOSS) FOR THE YEAR	(1,223,211)	(406,048)
OTHER COMPREHENSIVE INCOME		
Item that will be reclassified to net income (loss)		
Foreign currency translation adjustment	(752,910)	(666,153)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	\$ (1,976,121)	(1,072,201)
Basic earnings (loss) per share for the year		
attributable to common shareholders	\$ (0.00)	0.00
Diluted earnings (loss) per share for the year		
attributable to common shareholders	\$ (0.00)	0.00
Weighted average number of common shares - basic	387,295,488	143,838,246
Weighted average number of common shares - diluted	387,295,488	143,838,246

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

Rye Patch Gold Corp.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Unaudited - Expressed in Canadian Dollars)

	Share capital		Reserves				Foreign currency translation adjustment		Total
	Number of shares	Amount	Warrants	Equity settled employee benefits	Agent's options	Total		Deficit	
Balance at December 31, 2016	387,295,488	\$ 82,873,772	\$ 9,739,925	\$ 3,840,675	\$ 249,793	\$ 13,830,393	\$ 3,194,206	\$ (31,381,451)	\$ 68,516,920
Share based payments	-	-	-	218,026	-	218,026	-	-	218,026
Net comprehensive income (loss) for the year	-	-	-	-	-	-	(752,910)	(1,223,211)	(1,976,121)
Balance at March 31, 2017	387,295,488	\$ 82,873,772	\$ 9,739,925	\$ 4,058,701	\$ 249,793	\$ 14,048,419	\$ 2,441,296	\$ (32,604,662)	\$ 66,758,825
Balance at December 31, 2015	143,838,246	\$ 31,314,265	\$ 1,875,998	\$ 2,829,261	\$ 249,793	\$ 4,955,052	\$ 2,271,167	\$ (25,936,590)	\$ 12,603,894
Share-based payments	-	-	-	35,980	-	35,980	-	-	35,980
Repurchase of shares	-	-	-	-	-	-	-	-	-
Net comprehensive income for the period	-	-	-	-	-	-	(666,153)	(406,048)	(1,072,201)
Balance at March 31, 2016	143,838,246	\$ 31,314,265	\$ 1,875,998	\$ 2,865,241	\$ 249,793	\$ 4,991,032	\$ 1,605,014	\$ (26,342,638)	\$ 11,567,673

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

Rye Patch Gold Corp.

Condensed Consolidated Interim Statements of Cash Flows (Unaudited - Expressed in Canadian Dollars)

	For the three months ended	
	March 31, 2017	March 31, 2016
Cash flows provided from (used by):		
OPERATING ACTIVITIES		
Net income (loss) for the period	\$ (1,223,211)	\$ (406,048)
Adjustments for items not affecting cash:		
Depreciation	75,420	7,418
Foreign exchange gain	(2,353)	(65,537)
Share-based payments	218,026	35,980
Accretion expense	212,943	-
Amortization of deferred debt issuance costs	947,541	-
Change in fair value of contingent consideration	268,496	-
Write-off of exploration and evaluation assets	-	871,871
	496,862	443,684
Net changes in non-cash working capital items:		
Accounts receivable	259,882	24,757
Inventory	5,555,783	-
Prepaid expenses and deposits	1,971,259	40,692
Accounts payable and accrued liabilities	(488,389)	(211,405)
Due to related parties	(450,559)	(37,402)
Net cash flows from (used in) operating activities	7,344,838	260,326
FINANCING ACTIVITIES		
Proceeds from credit facility	10,775,430	-
Deferred cost related to the credit facility	(25,697)	-
Proceeds from loans	1,200,816	-
Repayment of loans payable	(932,525)	-
Net cash flows used in financing activities	11,018,024	-
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(19,379,461)	(4,709)
Exploration and evaluation expenditures	(185,308)	(57,626)
Reclamation bond	-	-
Net cash flow used in investing activities	(19,564,769)	(62,335)
Effects of currency exchange rate changes on cash and cash equivalents	(109,211)	(144,461)
Net increase (decrease) in cash and cash equivalents	(1,311,118)	53,530
Cash and cash equivalents, beginning of year	11,121,286	3,578,769
Cash and cash equivalents, end of year	\$ 9,810,168	\$ 3,632,299
Cash and cash equivalents consist of:		
Cash	\$ 9,690,281	\$ 2,663,969
Short-term deposits	119,887	968,330
	\$ 9,810,168	\$ 3,632,299

Supplementary cash flow information (note 17)

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

Rye Patch Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements For the three months ended March 31, 2017 (Unaudited - Expressed in Canadian Dollar)

1. NATURE OF OPERATIONS

Rye Patch Gold Corp. (the “Company”) was incorporated under the British Columbia Business Corporations Act on April 13, 2006 and its head office is located at Suite 1500 – 701 West Georgia Street, Vancouver, British Columbia. The Company is principally engaged in the operations, acquisition, exploration and development of mineral properties located in the state of Nevada.

On July 28, 2016, the Company completed its acquisition of Florida Canyon Mining, Inc. (“Florida Canyon”), Standard Gold Mining, Inc. (“Standard Mine”) and RP Dirt, Inc, (collectively the “Florida Canyon Group”). With the acquisition, the Company acquired a producing property, the Florida Canyon Mine, and the existing leach pad of the Standard Mine. The Company holds several other exploration projects in Nevada.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

These financial statements were authorized for issue on May 24, 2017 by the directors of the Company.

Statement of compliance to International Financial Reporting Standards

These condensed consolidated interim financial statements of the Company 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”). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”).

Basis of presentation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2016.

Certain amounts in prior periods have been reclassified to conform to the current period presentation.

These unaudited condensed interim consolidated financial statements follow the same accounting policies and methods of application as the annual audited consolidated financial statements for the year ended December 31, 2016.

Rye Patch Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements For the three months ended March 31, 2017 (Unaudited - Expressed in Canadian Dollar)

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, 2017. Updates which are not applicable or are not consequential to the Company have not been discussed below. The following standards have not yet been adopted by the Company and are being evaluated to determine their impact:

- IFRS 9: New standard addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 replaces the guidance in International Accounting Standard ("IAS") 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("OCI") and FVTPL. There is a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated as FVTPL. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. We are currently evaluating the impact the standard is expected to have on our consolidated financial statements.
- IFRS 15: The IASB has replaced IAS 18, Revenue in its entirety with IFRS 15, Revenue from contracts with customers ("IFRS 15") which is intended to establish a new control-based revenue recognition model and change the basis for deciding whether revenue is to be recognized over time or at a point in time. IFRS 15 is effective for annual periods commencing on or after January 1, 2018. We are currently evaluating the impact the standard is expected to have on our consolidated financial statements.
- IFRS 16: New standard that replaces IAS 17 with a new approach to lease accounting that requires a lessee to recognize assets and liabilities for the rights and obligations created by substantially all leases. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

Rye Patch Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements For the three months ended March 31, 2017 (Unaudited - Expressed in Canadian Dollar)

4. CONTINGENT CONSIDERATION

As part of the acquisition of the Florida Canyon Group, the Company agreed that a portion of the total consideration to be contingent on a future event related to the Florida Canyon Mine. The Company agreed to pay US\$5,000,000 in the form of cash, equity or equity instruments and issue 15,000,000 share purchase warrants 60-days after the Company has reached commercial production at Florida Canyon Mine. The contingent consideration balance is made up of \$6,461,204 (December 31, 2016 - \$6,384,353) for the contingent cash consideration and \$1,696,500 (December 31, 2016 - \$1,579,500) for the contingent warrants.

	March 31, 2017	December 31, 2016
Balance, beginning of period	\$ 7,963,853	\$ -
Fair value upon initial recognition - Cash payment	-	6,053,670
Fair value upon initial recognition - Warrants	-	2,730,000
Change in fair value	268,496	(926,781)
Foreign exchange	(74,645)	106,964
Balance, December 31, 2016	\$ 8,157,704	\$ 7,963,853

The inputs for the valuation of the warrants were as follows:

	March 31, 2017	December 31, 2016
Risk-free interest rate	0.87%	0.51% - 0.84%
Expected annual volatility	88%	88% - 90%
Expected life	2.33	2.57 - 3.00
Expected dividend yield	-	-
Weighted average share price	\$ 0.30	\$ 0.36
Weighted average exercise price	\$ 0.66	\$ 0.66
Grant date fair value per warrant	\$ 0.18	\$ 0.18
Period-end fair value per warrant	\$ 0.11	\$ 0.11

5. INVENTORIES

	March 31, 2017	December 31, 2016
Ore on heap leach pads	\$ 3,756,868	\$ 5,506,496
Dore	767,597	4,978,658
Material and supplies	1,612,876	1,398,276
	\$ 6,137,341	\$ 11,883,430
Non-current portion of ore on heap leach pads	\$ (821,121)	\$ (1,138,832)
Current portion of inventory	\$ 5,316,220	\$ 10,744,598

The cost of the inventory held at its net realizable value was \$Nil (December 31, 2016 - \$13,485,154).

Rye Patch Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements For the three months ended March 31, 2017 (Unaudited - Expressed in Canadian Dollar)

6. 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 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\$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 "Coeur NSR"); and
- Conveyed all of Coeur's right, title and interest in the Blue Bird patented lode mining claim located near Lincoln Hill.

The Coeur NSR was 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 Coeur NSR is assignable to an affiliate controlled by the Company; however, from and after January 1, 2014, the Coeur 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 Coeur NSR on the same terms as any proposed permitted sale of the Coeur NSR by the Company.

During 2015, the Company filed a demand for arbitration in relation to payments received in the first quarter of 2014. The Company believes the payments were deficient by \$313,242. The dispute related to the timing of inclusion of certain ounces in the royalty calculation. However, in May 2017, the Company sold its production royalty back to Coeur for US\$5,000,000. These ounces are now to be included in the calculation of the remainder of the royalty sold to Coeur and are therefore no longer in dispute and the arbitration will be withdrawn. Refer to note 18 for additional details on the sale of the royalty.

During the three months ended March 31, 2017, the Company earned \$1,715,273 (US\$1,295,889) as royalty income (Three months ended March 31, 2016 - \$1,379,854 (US\$1,004,437)), there were approximately 13.6 million ounces (December 31, 2016 - 15.9million ounces) remaining of the royalty.

The account receivable related to royalty income as at March 31, 2017 was \$1,723,403 (US\$1,295,889) (December 31, 2016 - \$1,624,972 (US\$1,210,227)). This amount was received subsequent to March 31, 2017.

Rye Patch Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2017

(Unaudited - Expressed in Canadian Dollar)

7. PROPERTY, PLANT AND EQUIPMENT

	Mineral Interests & Mine Development	Construction In Progress	Buildings	Computer hardware & software	Vehicles, machinery & equipment	Office furniture, equipment & other	Total
Cost							
As at December 31, 2016	\$ 48,578,588	\$ 14,809,757	\$ 173,242	\$ 258,543	\$ 10,696,573	\$ 119,636	\$ 74,636,339
Reclassification	(992,570)	(347,419)	-	-	1,339,989	-	-
Additions	9,578,930	9,535,280	-	-	-	-	19,114,210
Disposals	-	-	-	-	(21,764)	-	(21,764)
Currency translation adjustment	(408,046)	(97,450)	(1,652)	(2,179)	(109,880)	(508)	(619,715)
Balance as at March 31, 2017	\$ 56,756,902	\$ 23,900,168	\$ 171,590	\$ 256,364	\$ 11,904,918	\$ 119,128	\$ 93,109,070
Depreciation							
As at December 31, 2016	\$ -	\$ -	\$ (12,604)	\$ (105,850)	\$ (697,134)	\$ (110,995)	\$ (926,583)
Charged for the year	-	-	(7,455)	(23,117)	(423,160)	(2,580)	(456,312)
Currency translation adjustment	-	-	84	659	4,631	482	5,856
Balance as at March 31, 2017	\$ -	\$ -	\$ (19,975)	\$ (128,308)	\$ (1,115,663)	\$ (113,093)	\$ (1,377,039)
Net book value							
As at March 31, 2017	\$ 56,756,902	\$ 23,900,168	\$ 151,615	\$ 128,056	\$ 10,789,255	\$ 6,035	\$ 91,732,031
	Mineral Interests & Mine Development	Construction In Progress	Buildings	Computer hardware & software	Vehicles, machinery & equipment	Office furniture, equipment & other	Total
Cost							
As at December 31, 2015	\$ -	\$ -	\$ -	\$ 98,756	\$ 32,269	\$ 121,276	\$ 252,301
Acquisition of Florida Canyon Group	39,243,903	79,440	170,274	-	9,937,219	-	49,430,836
Additions	8,589,627	14,576,479	-	161,005	551,265	-	23,878,376
Currency translation adjustment	745,058	153,838	2,968	(1,218)	175,820	(1,640)	1,074,826
Balance as at December 31, 2016	\$ 48,578,588	\$ 14,809,757	\$ 173,242	\$ 258,543	\$ 10,696,573	\$ 119,636	\$ 74,636,339
Depreciation							
As at December 31, 2015	\$ -	\$ -	\$ -	\$ (78,079)	\$ (6,654)	\$ (102,594)	\$ (187,327)
Charged for the year	-	-	(12,410)	(29,155)	(680,245)	(9,599)	(731,409)
Currency translation adjustment	-	-	(194)	1,384	(10,235)	1,198	(7,847)
Balance as at December 31, 2016	\$ -	\$ -	\$ (12,604)	\$ (105,850)	\$ (697,134)	\$ (110,995)	\$ (926,583)
Net book value							
As at December 31, 2016	\$ 48,578,588	\$ 14,809,757	\$ 160,638	\$ 152,693	\$ 9,999,439	\$ 8,641	\$ 73,709,756

During the three months ended March 31, 2017, the Company capitalized \$380,892 (Three months ended March 31, 2016 - \$Nil) in depreciation related to assets used in the development of the mine to mineral Interests and mine development.

Rye Patch Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements For the three months ended March 31, 2017 (Unaudited - Expressed in Canadian Dollar)

8. PROVISIONS FOR RECLAMATION

		March 31, 2017		December 31, 2016
Balance, beginning of year	\$	39,868,568	\$	107,952
Provisions assumed through Florida Canyon Group acquisition		-		37,060,795
Change in estimation		-		1,771,246
Accretion expense		212,943		284,716
Foreign exchange		(379,059)		643,859
Balance, end of year	\$	39,702,452	\$	39,868,568
Current portion of provision for reclamation	\$	114,773	\$	115,878
Non-current portion of provision for reclamation	\$	39,587,679	\$	39,752,690

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 and outstanding share capital

At March 31, 2017, there were 387,295,488 common shares issued and outstanding (December 31, 2016 – 387,295,488).

During the year ended December 31, 2016:

On June 16, 2016, the Company completed a private placement of 223,247,242 subscription receipts for gross proceeds of \$49,114,393. The subscription receipts were held in escrow until such time that the Company closed the acquisition of the Florida Canyon Group. On July 28, 2016, the Company completed the acquisition and the subscription receipts were converted to common shares of the Company on a one-to-one basis. In conjunction with the financing, the Company incurred total share issue costs of \$5,633,352 of which \$2,822,961 related to agent warrants and \$2,810,391 in cash share issue costs.

On closing of the acquisition, the Company also issued 20,000,000 common shares as part of the consideration paid for the Florida Canyon Group. The common shares were recorded at their market value of \$0.40 per common share at the time of issue.

During the year ended December 31, 2016, a total of 210,000 common shares were issued upon exercise of share options for total proceeds of \$46,950. A total of \$31,516 was transferred from reserves to share capital upon exercise of these share options.

Share purchase options

Effective May 28, 2008, as amended on April 6, 2009, 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. Vesting for the share options granted occurs 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.

Rye Patch Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements For the three months ended March 31, 2017 (Unaudited - Expressed in Canadian Dollar)

9. SHARE CAPITAL AND RESERVES (continued)

During the year ended December 31, 2016:

On August 12, 2016, the Company granted 10,000,000 share options to employees, officers, directors and consultants. The share options have an exercise price of \$0.50 per common share and a life of ten years.

On December 14, 2016, the Company granted 300,000 share options to a director of the Company. The share options have an exercise price of \$0.30 per common share and a life of ten years.

The changes in share purchase options during the periods ended March 31, 2017 and December 31, 2016 were as follows:

	March 31, 2017			December 31, 2016	
	Number outstanding	Weighted average exercise price		Number outstanding	Weighted average exercise price
Outstanding, beginning of period	12,825,000	\$ 0.32	Outstanding, beginning of period	5,500,000	\$ 0.32
Granted	-	-	Granted	10,300,000	0.49
Expired	-	-	Expired	(440,000)	0.35
Exercised	-	-	Exercised	(210,000)	0.22
Cancelled	-	-	Cancelled	(125,000)	0.60
Forfeited	(500,000)	0.50	Forfeited	(2,200,000)	0.49
Outstanding, end of period	12,325,000	\$ 0.31	Outstanding, end of period	12,825,000	\$ 0.32

During the three months ended March 31, 2017 the Company recorded share-based payments expense of \$218,026 (Three months ended March 31, 2016 - \$35,980).

The following summarizes information about share purchase options outstanding and exercisable at March 31, 2017:

Expiry date	Options outstanding	Options exercisable	Exercise price	Estimated grant date fair value	Weighted average remaining contractual life (in years)
August 21, 2019	460,000	460,000	0.20	92,552	2.39
January 18, 2022	1,280,000	1,280,000	0.60	870,854	4.81
July 12, 2023	1,150,000	1,150,000	0.20	195,881	6.28
July 22, 2024	485,000	485,000	0.27	93,646	7.32
September 16, 2024	150,000	150,000	0.27	22,158	7.47
March 1, 2025	200,000	200,000	0.15	28,520	7.92
August 28, 2025	900,000	675,000	0.16	141,700	8.42
August 12, 2026	7,400,000	1,850,000	0.50	3,248,000	9.37
December 14, 2026	300,000	-	0.30	70,020	9.71
	12,325,000	6,250,000	0.42	\$ 4,763,331	8.16

Rye Patch Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements For the three months ended March 31, 2017 (Unaudited - Expressed in Canadian Dollar)

9. SHARE CAPITAL AND RESERVES (continued)

Share purchase Warrants

During the year ended December 31, 2016, the Company issued the following share purchase warrants:

- The Company issued 11,162,362 share purchase warrants in conjunction with the equity financing completed on July 28, 2016. The share purchase warrants have an exercise price of \$0.22 and have a life of two years. The share purchase warrants were treated as share issue costs related to the equity financing; and
- On July 28, 2016, in conjunction with the closing of the equity financing and the acquisition of the Florida Canyon Group, the Company also signed a US\$27,000,000 credit facility (Note 18). Upon signing of the credit facility, the Company issued 16,224,545 share purchase warrants with an exercise price of \$0.22 and a life of five years to the lender. The fair value of the share purchase warrants were recorded as costs related to the credit facility.

	Period ended March 31, 2017			Period ended December 31, 2016	
	Number outstanding	Weighted average exercise price		Number outstanding	Weighted average exercise price
Outstanding, beginning of year	27,386,907	\$ 0.22	Outstanding, beginning of period	-	\$ -
Issued	-	-	Issued	27,386,907	0.22
Outstanding, end of year	27,386,907	\$ 0.22	Outstanding, end of period	27,386,907	\$ 0.22

In addition to the warrants issued in 2016, the Company has also contingently agreed to issue warrants in relation to the acquisition of the Florida Canyon Group. Refer to note 4 for additional details.

As at March 31, 2017, the following share purchase warrants are outstanding:

Expiry date	Warrants outstanding	Exercise price	Estimated grant date fair value	Weighted average remaining contractual life (in years)
July 28, 2018	11,162,362	0.22	2,822,961	1.33
July 28, 2021	16,224,545	0.22	5,040,966	4.33
	27,386,907	0.22	\$ 7,863,927	3.10

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2017	December 31, 2016
Accounts payable	\$ 5,288,153	\$ 6,700,407
Accrued liabilities	1,944,379	1,352,761
Interest payable	469,001	276,862
Royalty payable	149,935	85,840
	\$ 7,851,468	\$ 8,415,870

Rye Patch Gold Corp.

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(Unaudited - Expressed in Canadian Dollar)

11. LOANS PAYABLE

Prior to acquisition by the Company, the Florida Canyon Group had entered into agreements with Caterpillar Financial Services ("CAT Loan") and Bank of America Leasing and Capital, LLC ("BALC Loan") in 2012 and 2013 respectively. In 2016, the BALC loan was assumed by ADM-Gold Co., Ltd ("Admiral") and as part of the acquisition of the Florida Canyon Group, the Company agreed to repay that loan over 13 months from the date of close.

CAT Loan

	March 31, 2017	December 31, 2016
Balance, beginning of period	\$ 226,079	\$ -
Florida Canyon Group acquisition	-	513,493
Interest expense	1,836	9,126
Payments - principal and interest	(225,983)	(302,010)
Foreign exchange	(1,930)	5,472
Balance, end of period	\$ -	\$ 226,079

Admiral Loan

	March 31, 2017	December 31, 2016
Balance, beginning of period	\$ 953,283	\$ -
Florida Canyon Group acquisition	-	1,439,392
Interest expense	12,705	31,374
Payments - principal and interest	(321,223)	(534,844)
Foreign exchange	(10,549)	17,361
Balance, end of period	\$ 634,216	\$ 953,283

The loan was recognized at fair value at the time of acquisition and bears an interest rate of 6.07% and is scheduled to be repaid monthly with the final payment to be completed in September 2017. The loan is secured by equipment owned by the Florida Canyon Group.

Premium Funding Loan

	March 31, 2017	December 31, 2016
Balance, beginning of period	\$ -	\$ -
Proceeds from the loan	1,200,816	-
Interest expense	6,055	-
Payments - principal and interest	(405,913)	-
Foreign exchange	2,547	-
Balance, end of period	\$ 803,505	\$ -

During the three months ended March 31, 2017, the Company entered into a loan agreement with Premium Funding Associates, Inc., for \$1,200,816 (US\$906,276) in order to finance Florida Canyon's 2017 insurance policies. The loan is a short-term loan with an annualized interest rate of 3.62% and will be fully repaid in September 2017.

Rye Patch Gold Corp.

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For the three months ended March 31, 2017

(Unaudited - Expressed in Canadian Dollar)

12. CREDIT FACILITY

As at March 31, 2017, US\$22,278,631 (December 31, 2016 - US\$14,178,631) had been drawn down on the credit facility with an additional US\$320,693 (December 31, 2016 - \$Nil) capitalized to the principal balance of the credit facility. The Company drew down the remaining US\$2,721,369 on the credit facility subsequent to period end. The effective interest rates per annum on the funds drawn range from 21% to 36%. The effective interest rate reflects the stated interest rate on credit facility, libor plus 8%, and the amortization of the deferred debt issuance costs. For the three months ended March 31, 2017, stated interest expense on the credit facility was \$618,325 and the amortization of the deferred debt issuance costs was \$947,541. There were no such costs for the three months ended March 31, 2016.

	March 31, 2017	December 31, 2016
Balance, beginning of year	\$ 15,491,644	\$ -
Draw downs, net of transaction costs	8,496,708	14,920,826
Interest capitalized to principal balance	424,478	-
Amortization of transaction costs	947,541	476,852
Foreign exchange	(143,734)	93,966
Balance, end of year	\$ 25,216,637	\$ 15,491,644

In connection with the credit facility, the Company must maintain certain ongoing project ratios and a specific current ratio. As at March 31, 2017, the Company was in compliance with these ratios.

13. COSTS BY NATURE

a) Cost of Sales

	For the three months ended	
	March 31, 2017	March 31, 2016
Direct operating costs	\$ 8,972,300	\$ -
Depreciation	67,431	-
Royalty expense	149,227	-
	\$ 9,188,958	\$ -

b) General and Administrative Expenses

	For the three months ended	
	March 31, 2017	March 31, 2016
Accounting, audit, and tax	\$ 29,400	\$ 19,500
Depreciation	7,988	7,418
Insurance	23,127	17,136
Investor relations	146,182	65,588
Legal fees	25,667	34,128
Management fees	59,256	61,259
Office and administration	55,576	41,308
Rent	21,930	44,784
Share-based payments	218,026	35,980
Travel	8,354	4,532
Transfer agent and filing fees	12,331	11,994
Wages and bonus	101,180	106,632
	\$ 709,017	\$ 450,259

Rye Patch Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements For the three months ended March 31, 2017 (Unaudited - Expressed in Canadian Dollar)

14. RELATED PARTY TRANSACTIONS

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

Name	Country of incorporation	Ownership
Rye Patch Gold US Inc.	United States of America	100%
Rye Patch Mining US Inc.	United States of America	100%
Florida Canyon Mining, Inc.	United States of America	100%
Standard Gold Mining, Inc.	United States of America	100%
RP Dirt, Inc.	United States of America	100%

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation.

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
Koffman Kalef LLP Business Lawyers	Legal fees

The Company incurred 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 amount of consideration established and agreed to by the related parties.

The Company's related party expenses are as follows:

	Three months ended	
	March 31, 2017	March 31, 2016
Legal fees ⁽¹⁾	50,467	34,128
Management fees ⁽²⁾	59,256	61,259
Office and administration ⁽²⁾	12,865	14,923
	\$ 122,588	\$ 110,310

(1) The Company paid legal and corporate secretary service fees to Koffman Kalef LLP Business Lawyers in which the Company's Corporate Secretary is a partner. As at March 31, 2017, \$Nil (December 31, 2016 - \$14,649) was owed to this firm.

(2) The Company paid for management fees to Tanadog Management and Technical Services Inc. which is controlled by the Company's President. The Company's management services contract with Tanadog Management and Technical Services Inc. is renewable automatically for consecutive one year terms, at US\$180,000 per year. Fees payable on termination of services is one and a half times the annual rate and fees payable on change of control is three times the annual rate.

In addition, the Company paid for office and administrative services to the same company. As at March 31, 2017, \$3,937 (December 31, 2016 - \$460,557) was owed to this company.

Rye Patch Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2017

(Unaudited - Expressed in Canadian Dollar)

14. RELATED PARTY TRANSACTIONS

Key management personnel compensation

The remuneration of directors and other members of key management personnel during the three months ended March 31, 2017 and 2016 were as follows:

	Three months ended	
	March 31, 2017	March 31, 2016
Salaries and management fees	\$ 109,254	\$ 86,258
Share-based payments - management ⁽ⁱ⁾	76,761	14,132
Share-based payments - directors ⁽ⁱ⁾	60,636	8,585
	\$ 246,651	\$ 108,975

i. Share-based payments are the fair value of share options granted to key management personnel and directors.

15. OPERATING SEGMENT INFORMATION

The Company operates in one segment, which is the exploration and development of mineral properties. The Company's assets and liabilities are located within two geographical areas, Canada and the state of Nevada in the United States of America. The property, plant and equipment are located solely in the Nevada segment.

The following table shows the assets and liabilities as at March 31, 2017 and December 31, 2016 and the net income (loss) for the three months ended March 31, 2017 and 2016 attributable to each geographical segment:

	Canada	United States	Total
As at March 31, 2017			
Cash	\$ 255,563	\$ 9,554,605	\$ 9,810,168
Inventory	-	6,137,341	6,137,341
Exploration and evaluation assets	-	7,384,297	7,384,297
Property, plant and equipment	5,880	91,726,151	91,732,031
Reclamation bonds	-	27,483,656	27,483,656
Other assets	157,446	5,620,300	5,777,746
Credit Facility	-	(25,216,637)	(25,216,637)
Contingent consideration payable	-	(8,157,704)	(8,157,704)
Provision for reclamation	-	(39,702,452)	(39,702,452)
Other liabilities	(139,163)	(8,350,458)	(8,489,621)
	\$ 279,726	\$ 66,479,099	\$ 66,758,825
As at December 31, 2016			
Cash	\$ 747,040	\$ 10,374,246	\$ 11,121,286
Inventory	-	11,883,430	11,883,430
Exploration and evaluation assets	-	7,267,391	7,267,391
Property, plant and equipment	9,997	73,699,759	73,709,756
Reclamation bonds	-	27,748,180	27,748,180
Other assets	123,356	10,043,375	10,166,731
Credit Facility	-	(15,491,644)	(15,491,644)
Contingent consideration payable	-	(7,963,853)	(7,963,853)
Provision for reclamation	-	(39,868,568)	(39,868,568)
Other liabilities	(709,140)	(9,346,649)	(10,055,789)
	\$ 171,253	\$ 68,345,667	\$ 68,516,920
Net income (loss):			
For the three months ended March 31, 2017	\$ (580,108)	\$ (643,103)	\$ (1,223,211)
For the three months ended March 31, 2016	\$ (366,704)	\$ (39,344)	\$ (406,048)

Rye Patch Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements For the three months ended March 31, 2017 (Unaudited - Expressed in Canadian Dollar)

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value Measurement

Liabilities that are held at fair value are categorized based on a valuation hierarchy which is determined by the following valuation methodology utilized:

<i>Fair value disclosed</i>	Fair value at March 31, 2017			Fair value at December 31, 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Contingent share purchase warrants	\$ -	\$ -	\$ 6,461,204	\$ -	\$ -	\$ 6,384,353
Contingent cash consideration	-	-	1,696,500	-	-	1,579,500
	\$ -	\$ -	\$ 8,157,704	\$ -	\$ -	\$ 7,963,853

There were no transfers in or out of level 3 fair value measurement during the three months ended March 31, 2017.

17. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended	
	March 31, 2017	March 31, 2016
Cash paid during the year for interest	\$ 20,596	\$ -
Cash paid during the year for income taxes	\$ -	\$ -
Interest received	\$ 161,481	\$ 1,666
Accounts payable capitalized to property, plant and equipment	\$ 1,393,452	\$ -
Accretion expense related to the asset retirement obligation	\$ 212,943	\$ -
Amortization related to deferred transactions costs	\$ 947,541	\$ -

18. EVENTS AFTER THE REPORTING PERIOD

Sale of Net Smelter Return Royalty

On May 15, 2017, the Company announced that it had received an election notice from Coeur Rochester, Inc. to purchase the Company's 3.4% net smelter return royalty from the sale of silver and gold processed from the Rochester Mine for US\$5,000,000.

Equity Transactions

In April 2017, the Company issued 250,000 share purchase options with an exercise price of \$0.40 for a term of three years.

In May 2017, the Company issued 1,395,295 common shares upon the exercise of 1,395,295 share purchase warrants. The gross proceeds from the exercise of the share purchase warrants totalled \$306,965.

Credit Facility

In April 2017, the Company completed the final drawn down of its credit facility for US\$2,721,369.