



**Rye Patch**  
GOLD CORP.

*(An Exploration Stage Company)*

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For Six Months Ended June 30, 2016**

**(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 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 in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.**

# Rye Patch Gold Corp.

(An exploration stage company)

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

<i>As at</i>		June 30, 2016		December 31, 2015
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$	2,871,657	\$	3,578,769
Accounts receivable (note 4)		1,492,639		1,349,190
Prepaid expenses		66,941		119,717
Deposits		7,969		29,564
		<b>4,439,206</b>		<b>5,077,240</b>
<b>Non-current assets</b>				
Property and equipment (note 5)		51,672		64,974
Mineral properties (note 6)		6,624,014		7,608,316
Deferred costs		1,249,461		-
Reclamation bonds (note 7)		330,157		353,749
		<b>8,255,304</b>		<b>8,027,039</b>
<b>TOTAL ASSETS</b>	\$	<b>12,694,510</b>	\$	<b>13,104,279</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	\$	346,263	\$	342,308
Provisions for reclamation (note 8)		100,753		107,952
Due to related parties (note 11)		14,759		50,125
<b>TOTAL LIABILITIES</b>		<b>461,775</b>		<b>500,385</b>
<b>EQUITY</b>				
Share capital (note 9)		31,314,265		31,314,265
Foreign currency translation adjustment		1,461,184		2,271,167
Reserves		5,013,651		4,955,052
Deficit		(25,556,365)		(25,936,590)
<b>TOTAL EQUITY</b>		<b>12,232,735</b>		<b>12,603,894</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	\$	<b>12,694,510</b>	\$	<b>13,104,279</b>

*Continuing operations and going concern (note 1)*

*Commitments and contingencies (note 12)*

*Events after reporting period (note 14)*

*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.

(An exploration stage company)

## Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

(Unaudited - Expressed in Canadian Dollars)

	For the three months ended		For the six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<b>ROYALTY INCOME</b> (note 4)	\$ 1,458,709	\$ 1,491,389	\$ 2,838,563	\$ 3,328,073
<b>MINERAL PROPERTY OPERATIONS</b>				
Exploration costs (note 6)	179,030	1,621,238	643,419	2,205,766
<b>EXPENSES</b>				
Accounting and audit (note 11)	115,008	53,447	134,508	99,417
Depreciation (note 5)	7,117	5,603	14,535	11,242
Insurance	11,819	17,743	28,955	25,848
Investor relations	102,403	101,403	167,991	159,657
Legal fees (note 11)	22,379	23,693	56,507	38,575
Management fees (note 11)	57,569	48,519	118,828	98,710
Office and administration (note 11)	62,693	58,802	104,001	195,991
Rent	41,412	47,719	86,196	87,981
Share-based payments (note 9)	22,619	25,418	58,599	62,859
Travel	13,512	14,010	18,044	40,999
Transfer agent and filing fees	19,466	21,831	31,460	37,945
Wages and bonuses (note 11)	102,833	151,252	209,465	233,333
	578,830	569,440	1,029,089	1,092,557
<b>OTHER INCOME</b>				
Interest income	81	2,409	1,747	11,300
Other revenue	1,869	922	3,482	4,335
Write-off of mineral property interests	-	-	(871,871)	-
Foreign exchange gain	83,474	2,935	80,812	148,928
	85,424	6,266	(785,830)	164,563
	-	-	-	-
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b>786,273</b>	<b>(693,023)</b>	<b>380,225</b>	<b>194,313</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Foreign currency translation adjustment	(143,830)	(143,220)	(809,983)	690,354
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>\$ 642,443</b>	<b>\$ (836,243)</b>	<b>\$ (429,758)</b>	<b>\$ 884,667</b>
<b>Basic earnings (loss) per share for the period</b>				
attributable to common shareholders (note 10)	\$ 0.01	\$ (0.00)	\$ 0.00	\$ 0.00
<b>Diluted earnings (loss) per share for the period</b>				
attributable to common shareholders (note 10)	\$ 0.01	\$ (0.00)	\$ 0.00	\$ 0.00
<b>Weighted average number of common shares - basic (note 10)</b>	<b>143,838,246</b>	146,204,228	<b>143,838,246</b>	146,324,817
<b>Weighted average number of common shares - diluted (note 10)</b>	<b>144,536,777</b>	146,204,228	<b>144,104,700</b>	146,518,564

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

## Rye Patch Gold Corp.

(An exploration stage company)

### 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		
<b>Balance at December 31, 2015</b>	<b>143,838,246</b>	<b>\$ 31,314,265</b>	<b>\$ 1,875,998</b>	<b>\$ 2,829,261</b>	<b>\$ 249,793</b>	<b>\$ 4,955,052</b>	<b>\$ 2,271,167</b>	<b>\$ (25,936,590)</b>	<b>\$ 12,603,894</b>
Share-based payments	-	-	-	58,599	-	58,599	-	-	58,599
Repurchase of shares	-	-	-	-	-	-	-	-	-
Net comprehensive income for the period	-	-	-	-	-	-	(809,983)	380,225	(429,758)
<b>Balance at June 30, 2016</b>	<b>143,838,246</b>	<b>\$ 31,314,265</b>	<b>\$ 1,875,998</b>	<b>\$ 2,887,860</b>	<b>\$ 249,793</b>	<b>\$ 5,013,651</b>	<b>\$ 1,461,184</b>	<b>\$ (25,556,365)</b>	<b>\$ 12,232,735</b>
<b>Balance at December 31, 2014</b>	<b>146,446,746</b>	<b>31,700,768</b>	<b>1,875,998</b>	<b>2,693,303</b>	<b>249,793</b>	<b>4,819,094</b>	<b>849,059</b>	<b>(26,225,698)</b>	<b>11,143,223</b>
Share-based payments	-	-	-	62,859	-	62,859	-	-	62,859
Repurchase of shares	(923,500)	(159,992)	-	-	-	-	-	-	(159,992)
Net comprehensive income for the period	-	-	-	-	-	-	690,354	194,313	884,667
<b>Balance at June 30, 2015</b>	<b>145,523,246</b>	<b>\$ 31,540,776</b>	<b>\$ 1,875,998</b>	<b>\$ 2,756,162</b>	<b>\$ 249,793</b>	<b>\$ 4,881,953</b>	<b>\$ 1,539,413</b>	<b>\$ (26,031,385)</b>	<b>\$ 11,930,757</b>

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

# Rye Patch Gold Corp.

(An exploration stage company)

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

	For the six months ended	
	June 30, 2016	June 30, 2015
<b>Cash flows provided from (used by):</b>		
<b>OPERATING ACTIVITIES</b>		
Net income (loss) for the period	\$ 380,225	\$ 194,313
Adjustments for items not affecting cash:		
Depreciation	14,535	11,242
Foreign exchange gain	(705,420)	-
Share-based payments	58,599	62,859
Write-off of mineral property interests	871,871	-
	<b>619,810</b>	<b>268,414</b>
Net changes in non-cash working capital items:		
Accounts receivable	(331,650)	(136,539)
Prepaid expenses	52,776	(35,129)
Deposits	21,595	(216)
Accounts payable and accrued liabilities	(173,055)	(8,703)
Due to related parties	(35,366)	(22,354)
<b>Net cash flows from (used in) operating activities</b>	<b>154,110</b>	<b>65,473</b>
<b>FINANCING ACTIVITIES</b>		
Repurchase of common shares	-	(159,992)
<b>Net cash flows used in financing activities</b>	<b>-</b>	<b>(159,992)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(4,432)	(30,082)
Mineral properties	370,913	(1,319,096)
Deferred costs	(1,072,451)	-
Reclamation bond	-	(52,034)
<b>Net cash flow used in investing activities</b>	<b>(705,970)</b>	<b>(1,401,212)</b>
Effects of currency exchange rate changes on cash and cash equivalents	(155,252)	486,847
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(707,112)</b>	<b>(1,008,884)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>3,578,769</b>	<b>5,499,399</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 2,871,657</b>	<b>\$ 4,490,515</b>
<b>Cash and cash equivalents consist of:</b>		
Cash	\$ 2,752,103	\$ 2,465,061
Short-term deposits	119,554	2,025,454
	<b>\$ 2,871,657</b>	<b>\$ 4,490,515</b>
<b>Supplementary cash flow information</b>		
Cash paid during the period for interest	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -
Interest received	\$ 1,747	\$ 11,300

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

# Rye Patch Gold Corp.

(An exploration stage company)

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2016

(Unaudited - Expressed in Canadian Dollar)

### 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, Vancouver, British Columbia. The Company is an exploration stage company, and its wholly owned subsidiaries, Rye Patch Gold US Inc ("RP US") and Rye Patch Mining US Inc. ("RP Mining"), is engaged principally in the acquisition and exploration of mineral properties in the State of Nevada, United States of America. Rye Patch Mining US Inc. was incorporated on March 4, 2016. Subsequent to June 30, 2016, the Company announced the completion of its acquisition of the Florida Canyon gold mine (the "Acquisition") located in Pershing County, Nevada, the release of escrowed funds and conversion of subscription receipts under its Cdn\$49.1 million private placement (news release June 16, 2016), and its signing of a credit agreement with Macquarie Bank Limited for a US\$27 million credit facility for the redevelopment of the mine. The Company will focus on re-starting the Florida Canon mine to full production.

These condensed consolidated interim 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 condensed consolidated interim 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 financial statements were authorized for issue on August 29, 2016 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 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, 2015. However, this interim financial report provides selected significant disclosures that are required in the annual financial statements under IFRS.

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, 2015, with the exception of the following new accounting standard and amendments which the Company adopted and are effective for the Company's interim and annual consolidated financial statements commencing January 1, 2016.

- IAS 1: Amendments that enhance financial statement disclosures and presentation.

## Rye Patch Gold Corp.

(An exploration stage company)

### Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2016

(Unaudited - Expressed in Canadian Dollar)

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#### 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, 2016. 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 9: New standard that replaces IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018
- 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 leases, effective for annual periods beginning on or after January 1, 2019

#### 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 "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 non-assignable except 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.

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

During the three and six month periods ended June 30, 2016, the Company accrued \$1,458,709 and \$2,838,563 (US\$1,132,362 and US\$2,136,549), respectively, as royalty income (Three and six months ended June 30, 2015 - \$1,491,389 and \$3,328,073 (US\$1,213,399 and US\$2,693,283).

The account receivable relate to royalty income as at June 30, 2016 was \$1,458,709 (US\$1,132,362) (June 30, 2015 - \$1,491,389 (US\$1,213,399)). This amount had been received subsequent to June 30, 2016.



# Rye Patch Gold Corp.

(An exploration stage company)

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2016

(Unaudited - Expressed in Canadian Dollar)

### 5. PROPERTY AND EQUIPMENT

	Computer equipment	Computer software	Exploration equipment	Leasehold improvements	Office, furniture and equipment	Total
<b>Cost</b>						
As at December 31, 2015	\$ 79,130	\$ 19,626	\$ 32,269	\$ 25,254	\$ 96,022	\$ 252,301
Additions	4,709	-	-	-	-	4,709
Currency translation adjustment	(3,704)	(1,309)	(2,152)	-	(3,667)	(10,832)
<b>Balance as at June 30, 2016</b>	<b>\$ 80,135</b>	<b>\$ 18,317</b>	<b>\$ 30,117</b>	<b>\$ 25,254</b>	<b>\$ 92,355</b>	<b>\$ 246,178</b>
<b>Depreciation</b>						
As at December 31, 2015	\$ (58,453)	\$ (19,626)	\$ (6,654)	\$ (25,254)	\$ (77,340)	\$ (187,327)
Charged for the year	(5,373)	-	(3,104)	-	(6,058)	(14,535)
Currency translation adjustment	2,420	1,309	536	-	3,091	7,356
<b>Balance as at June 30, 2016</b>	<b>\$ (61,406)</b>	<b>\$ (18,317)</b>	<b>\$ (9,222)</b>	<b>\$ (25,254)</b>	<b>\$ (80,307)</b>	<b>\$ (194,506)</b>
<b>Net book value</b>						
<b>As at June 30, 2016</b>	<b>\$ 18,729</b>	<b>\$ -</b>	<b>\$ 20,895</b>	<b>\$ -</b>	<b>\$ 12,048</b>	<b>\$ 51,672</b>
<b>Cost</b>						
As at December 31, 2014	\$ 55,378	\$ 16,488	\$ 3,938	\$ 25,254	\$ 87,230	\$ 188,288
Additions	17,319	-	24,495	-	-	41,814
Currency translation adjustment	6,433	3,138	3,836	-	8,792	22,199
<b>Balance as at December 31, 2015</b>	<b>\$ 79,130</b>	<b>\$ 19,626</b>	<b>\$ 32,269</b>	<b>\$ 25,254</b>	<b>\$ 96,022</b>	<b>\$ 252,301</b>
<b>Depreciation</b>						
As at December 31, 2014	\$ (44,834)	\$ (12,512)	\$ (2,537)	\$ (22,222)	\$ (65,306)	\$ (147,411)
Charged for the year	(8,802)	(4,259)	(3,454)	(3,032)	(5,306)	(24,853)
Currency translation adjustment	(4,817)	(2,855)	(663)	-	(6,728)	(15,063)
<b>Balance as at December 31, 2015</b>	<b>\$ (58,453)</b>	<b>\$ (19,626)</b>	<b>\$ (6,654)</b>	<b>\$ (25,254)</b>	<b>\$ (77,340)</b>	<b>\$ (187,327)</b>
<b>Net book value</b>						
<b>As at December 31, 2015</b>	<b>\$ 20,677</b>	<b>\$ -</b>	<b>\$ 25,615</b>	<b>\$ -</b>	<b>\$ 18,682</b>	<b>\$ 64,974</b>

# Rye Patch Gold Corp.

(An exploration stage company)

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2016

(Unaudited - Expressed in Canadian Dollar)

### 6. MINERAL PROPERTIES

	Oreana Trend			Cortez Trend		Others (Notes 6e, 6f and 6g)	Total
	Lincoln Hill Property (Note 6a)	Gold Ridge Property (Note 6a)	Wilco - Newmont (Note 6b)	Garden Gate (Note 6c)	Patty (Note 6d)		
<b>Acquisition costs</b>							
<b>Cumulative acquisition costs as at December 31, 2015</b>	\$ 2,445,040	\$ 1,266,831	\$ 2,074,589	\$ 760,877	\$ 878,153	\$ 182,826	\$ 7,608,316
<b>During the period:</b>							
Acquisition costs	2,035	-	-	-	-	42,299	44,334
Holdings costs	29,712	118,024	51,584	38,172	-	17,745	255,237
Lease obligations	(871)	(871)	67,226	-	-	-	65,484
Staking costs	5,858	-	-	-	-	-	5,858
<b>Total acquisition costs for the period</b>	<b>36,734</b>	<b>117,153</b>	<b>118,810</b>	<b>38,172</b>	<b>-</b>	<b>60,044</b>	<b>370,913</b>
<b>Write-off of mineral property intereststs</b>	-	-	-	-	(871,871)	-	(871,871)
<b>Foreign currency translation adjustment</b>	<b>(164,150)</b>	<b>(87,962)</b>	<b>(141,882)</b>	<b>(51,876)</b>	<b>(6,282)</b>	<b>(31,192)</b>	<b>(483,344)</b>
<b>Balance as at June 30, 2016</b>	<b>\$ 2,317,624</b>	<b>\$ 1,296,022</b>	<b>\$ 2,051,517</b>	<b>\$ 747,173</b>	<b>\$ -</b>	<b>\$ 211,678</b>	<b>\$ 6,624,014</b>
<b>Acquisition costs</b>							
<b>Cumulative acquisition costs as at December 31, 2014</b>	\$ 1,312,486	\$ 431,160	\$ 1,494,235	\$ 527,669	\$ 595,810	\$ 63,602	\$ 4,424,962
<b>During the year:</b>							
Acquisition costs	664,799	562,946	33,049	6,323	144	39,348	1,306,609
Holding costs	29,574	118,969	52,307	34,531	128,069	17,897	381,347
Permitting and licenses	237	81	41	-	-	-	359
Lease obligations	112,069	-	183,222	75,370	25,123	-	395,784
Staking costs	-	2,003	-	4,288	-	39,984	46,275
<b>Total acquisition costs for the year</b>	<b>806,679</b>	<b>683,999</b>	<b>268,619</b>	<b>120,512</b>	<b>153,336</b>	<b>97,229</b>	<b>2,130,374</b>
<b>Foreign currency translation adjustment</b>	<b>325,875</b>	<b>151,672</b>	<b>311,735</b>	<b>112,696</b>	<b>129,007</b>	<b>21,995</b>	<b>1,052,980</b>
<b>Balance as at December 31, 2015</b>	<b>\$ 2,445,040</b>	<b>\$ 1,266,831</b>	<b>\$ 2,074,589</b>	<b>\$ 760,877</b>	<b>\$ 878,153</b>	<b>\$ 182,826</b>	<b>\$ 7,608,316</b>

# Rye Patch Gold Corp.

(An exploration stage company)

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2016

(Unaudited - Expressed in Canadian Dollar)

### 6. MINERAL PROPERTIES (continued)

	Oreana Trend			Cortez Trend		Others	Total
	Lincoln Hill Property (Note 6a)	Gold Ridge Property (Note 6a)	Wilco - Newmont (Note 6b)	Garden Gate (Note 6c)	Patty (Note 6d)		
<b>Expenditures (recovery) charged to operations for the six months ended June 30, 2016</b>							
<b>During the period:</b>							
<b>Exploration Expenditures</b>							
Assay and sampling (Non-drill)	\$ -	\$ 4,616	\$ -	\$ -	\$ -	\$ 3,291	\$ 7,907
Communication costs	79	268	-	-	-	1,104	1,451
Property office expenses	1,793	1,765	1,810	127	243	29	5,767
Drilling	(1,141)	322	2,031	9,110	8,611	-	18,933
Geological costs	51,820	78,533	16,440	11,020	16,833	34,022	208,668
Legal	3,909	-	-	-	202	-	4,111
Property investigations & generative	-	-	-	-	-	234,478	234,478
<b>Total Exploration Expenses</b>	<b>56,460</b>	<b>85,504</b>	<b>20,281</b>	<b>20,257</b>	<b>25,889</b>	<b>272,924</b>	<b>481,315</b>
<b>Development Expenditures</b>							
Drilling - metalurgical testing	7,985	-	-	-	-	-	7,985
Approval & permits	36,893	1,440	32,393	-	2,432	-	73,158
Metallurgy, mine processing & engineering	80,961	-	-	-	-	-	80,961
<b>Total Development Expenditures</b>	<b>125,839</b>	<b>1,440</b>	<b>32,393</b>	<b>-</b>	<b>2,432</b>	<b>-</b>	<b>162,104</b>
<b>Total expenditures charged to operations during the period</b>	<b>\$ 182,299</b>	<b>\$ 86,944</b>	<b>\$ 52,674</b>	<b>\$ 20,257</b>	<b>\$ 28,321</b>	<b>\$ 272,924</b>	<b>\$ 643,419</b>

# Rye Patch Gold Corp.

(An exploration stage company)

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2016

(Unaudited - Expressed in Canadian Dollar)

### 6. MINERAL PROPERTIES (continued)

	Oreana Trend			Cortez Trend		Others (Notes 6e and 6f)	Total
	Lincoln Hill Property (Note 6a)	Gold Ridge Property (Note 6a)	Wilco - Newmont (Note 6b)	Garden Gate (Note 6c)	Patty (Note 6d)		
<b>Expenditures (recovery) charged to operations for the six months ended June 30, 2015</b>							
<b>During the period:</b>							
<b>Exploration Expenditures</b>							
Assays & sampling	\$ 14,685	\$ 22,715	\$ -	\$ -	\$ -	\$ 23,907	\$ 61,307
Consultants	163	55	80	-	190	166	654
Communication costs	-	63	-	-	-	55	118
Property office costs	602	23	2,583	-	598	-	3,806
Drilling	35,386	951	89	(5,565)	1,088,494	-	1,119,355
Field costs	1,988	4	-	1,479	107	466	4,044
Geological costs	98,901	50,889	64,496	8,145	6,491	68,516	297,438
Geophysical costs	11,737	-	-	-	-	-	11,737
Legal costs	-	-	-	-	-	-	-
Property investigations & generative	-	-	-	-	-	45,616	45,616
<b>Total Exploration Expenses</b>	<b>163,462</b>	<b>74,700</b>	<b>67,248</b>	<b>4,059</b>	<b>1,095,880</b>	<b>138,726</b>	<b>1,544,075</b>
<b>Development Expenditures</b>							
Drilling - metalurgical testing	310,139	-	-	-	-	1,330	311,469
Approval & permits	229,945	33,893	73,746	-	12,638	-	350,222
<b>Total Development Expenditures</b>	<b>540,084</b>	<b>33,893</b>	<b>73,746</b>	<b>-</b>	<b>12,638</b>	<b>1,330</b>	<b>661,691</b>
<b>Total expenditures charged to operations during the period</b>	<b>\$ 703,546</b>	<b>\$ 108,593</b>	<b>\$ 140,994</b>	<b>\$ 4,059</b>	<b>\$ 1,108,518</b>	<b>\$ 140,056</b>	<b>\$ 2,205,766</b>

## Rye Patch Gold Corp.

(An exploration stage company)

### Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2016

(Unaudited - Expressed in Canadian Dollar)

#### 6. MINERAL PROPERTIES (continued)

##### Oreana Trend – gold exploration properties, Nevada, United States of America

###### a) Lincoln Hill Resource Project, Pershing County:

###### a. Lincoln Hill - developing a gold and silver resource

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

Between 2007 and 2015, the Company made advanced royalty payments of US\$640,000, issued 750,000 common shares and completed the required US\$2.1 million in exploration expenditures, in satisfaction of the terms of the Mining Lease agreement. Each year thereafter the Company must pay advanced royalty of US\$80,000, with the Lessors retaining a 4% net smelter royalty ("NSR"), 1% of which can be acquired by the Company for US\$3 million. The advanced royalties are credited towards the Lessors' NSR.

###### *Lincoln Hill property additions:*

In April 2015, the Company purchased 1,654.75 acres (670 hectares) of surface and mineral estate on private lands adjacent to the Lincoln Hill resource project and surrounding exploration targets. The acquired lands represent strategic locations for infrastructure and facilities associated with the Lincoln Hill gold/silver deposit. The Company paid US\$500 per acre for the surface and mineral estate with the vendor retaining an NSR royalty ranging from 2.125% to 3.5% depending on the parcel.

The Company entered into a five year surface lease agreement, dated October 21, 2011, for three parcels of land with annual lease payments of US\$9,500. The leased land totaled approximately 2.1 square kilometers. The lease is in good standing. On September 8, 2009, the Company acquired certain mining claims for consideration of US\$41,000 plus a 4% NSR, up to half of which can be acquired by the Company for US\$200,000.

###### b. Gold Ridge Property – exploration drilling

In November 2006, April 2009 and April 2015, the Company acquired, through staking, 100% of an area of lode mining claims that are located 1.5 kilometres west of the Lincoln Hill resource. Exploration drilling in 2014 confirmed the presence of mineralization with further drilling completed in 2016.

###### c. Independence Hill – exploration drilling

The target is located less than one kilometre south of the Lincoln Hill resource. Mapping, sampling and drilling in 2014, identified this area as an extension of the Lincoln Hill resource trend and a possible target for resource expansion. A follow-up drill program is planned as part of the larger Plan of Operations permit that is in progress

###### d. Panther Canyon – purchased mining claims

Rye Patch US staked 119 unpatented lode claims covering the historic Rye Patch mine located 13 kilometres north of Gold Ridge and 6 kilometres south of Florida Canyon's Standard Gold mine operation along a major north-south structural zone in Pershing County, Nevada

## Rye Patch Gold Corp.

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#### 6. MINERAL PROPERTIES (continued)

##### b) Wilco - Newmont Property:

###### a. Wilco – 100% owned with a limited 60% back-in right

A 2006 agreement between the Company and North American Diversified Resources Corporation (“NADR”), assigned a prior 2005 agreement between NADR and Newmont Mining Corporation (“Newmont”) to the Company. Subsequently, the Company acquired a 100% interest in the Wilco property by making acquisition payments of 5 million shares valued at US\$500,000, cash of US\$150,000 and completing US\$3 million of exploration expenditures. The Company is obligated to make the following payments: an index linked annual rent of US\$84,000 to Newmont should the Company fail to spend minimum required expenditures on the property, annual advanced royalty payments of US\$20,000 (prior to 2011, US\$15,000) and sliding scale royalties between 2% to 5% should certain of the properties achieve production. As a result of the Company not meeting its US\$500,000 annual work commitment in 2015, a rental fee totalling US\$85,858 was paid to Newmont. All other payments are in good standing.

Newmont has a back-in right to earn up to 60% by spending US\$15 million over 8 years (or 70% by spending US\$20 million). This right must be exercised within 120 days of a feasibility study being issued. Should Newmont fail to complete its obligations for the back-in right, the Company can acquire Newmont’s interest for US\$2 million and reduce Newmont and the underlying owners to a range of NSRs between 2% and 5%.

###### b. Wilco – Newmont Property – 100% owned staked claims

In December 2006 and October 2010, further claims were added to this land package by way of staking.

###### c. Wilco – H&M Mining – leased mining claims

On March 21, 2007, the Company entered into a Lease and Option agreement on a separate mining claim within the Wilco-Newmont project area. The lease is for 20 years (with two 20 year extension provisions). The lease allows for the purchase of the mining claim by the Company for US\$1 million, less lease and NSR payments made. The lease is subject to a 1% to 3% gold price linked NSR and annual payments totaling US\$110,000 from 2007 to 2011 and US\$40,000 thereafter. All payments are in good standing.

###### d. Wilco – Rose Claims – purchased mining claims

In April 2015, the Company purchased 23 unpatented lode claims east of the Wilco project covering the Rosal mine property in Section 30, T28N, R33E from Platoro West Inc. The Company paid approximately US\$1,087 per claim and granted a 1.5% NSR royalty to the seller.

Past work at the Rosal mine property shows the extension of the Wilco mineral system to the east. Historic Santa Fe Pacific assay results in the southwest quarter of Section 30 returned anomalous gold values including 12.2 metres grading 1.3 g/t gold and 15.85 metres grading 0.92 g/t gold from surface rock-chip channel sampling. The anomaly is open to the east and requires additional exploration work.

#### Cortez Trend – gold exploration properties, Nevada, United States of America

##### c) 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 controls 100% of the property subject to annual advance royalty payments and a 2% NSR payable to Pyramid Lake. Advanced royalty payments are as follows:

## Rye Patch Gold Corp.

(An exploration stage company)

### Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2016

(Unaudited - Expressed in Canadian Dollar)

#### 6. MINERAL PROPERTIES (continued)

##### c) Garden Gate Pass Property (continued)

	US\$ Amount	
Initial payments to October 1, 2012	145,000	Paid
By October 1, 2013 and every year to 2017	60,000	Paid
By October 1, 2018 and every year thereafter	100,000	

##### d) 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") to earn an undivided 60% of 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 (the "Work Commitment") on the property until the commencement of production.

The core Damele 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 Damele 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 ("Damele work commitment") replaces the annual footage (meterage) drill commitment. The Damele 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, 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. The 2015 Work Commitment obligation was amended in December 2015 to reduce the commitment from \$1,450,000 to \$800,000 and total aggregate expenditures to \$2,850,000 as at December 31, 2015. During the three months ended June 30, 2016, the Company terminated the agreement with Barrick Gold. The Company wrote-off all the capitalized mineral property interests related to the Patty property as at March 31, 2016.

##### e) South Coal Canyon

In December 2010, the Company acquired, through staking, the South Coal Canyon property in Pershing County, Nevada.

##### f) X Claims

In January 2012, the Company acquired, through staking, the X Claims property in Pershing County, Nevada.

## **Rye Patch Gold Corp.**

*(An exploration stage company)*

### **Notes to the Condensed Consolidated Interim Financial Statements**

**For the six months ended June 30, 2016**

**(Unaudited - Expressed in Canadian Dollar)**

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#### **6. MINERAL PROPERTIES (continued)**

##### **g) Panther Canyon**

The Company staked 119 unpatented lode mining claims to acquire the property. It is 100% owned and is on trend between Gold Ridge to the south and Florida Canyon to the north.

#### **7. RECLAMATION BOND**

As of June 30, 2016, the Company had deposited \$330,157 (US\$255,599) (December 31, 2015 - \$353,749 (US\$255,599)) 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.

#### **8. PROVISIONS FOR RECLAMATION**

As at June 30, 2016 and December 31, 2015, the present values of the expected future reclamation expenditures relating to exploration and evaluation activities that have occurred to date were \$100,753 (US\$78,000) and \$107,952 (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 and outstanding share capital**

At June 30, 2016, there were 143,838,246 common shares issued and outstanding (December 31, 2015 – 143,838,246).

On June 16, 2016, the Company completed a private placement of 223,247,242 subscription receipts for gross proceeds of \$49,120,333. The subscription receipts were held in escrow until such time that the Company closed the Acquisition. As at June 30, 2016, no common shares were issued and the subscription receipts were being held in escrow. On July 29, 2016 the Company completed the Acquisition and the subscription receipts were converted to common shares of the Company on a one-to-one basis.

During the year ended December 31, 2015, the Company repurchased and cancelled 2,608,500 common shares (December 31, 2014 - Nil) for a total cost of \$386,503 (December 31, 2014 – \$Nil). There were no repurchased common shares during the three months ended March 31, 2016.

##### **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.

During the three and six months ended June 30, 2016, the Company did not issue any share purchase options and no options were exercised, cancelled, forfeited and no options expired.



## Rye Patch Gold Corp.

(An exploration stage company)

### Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2016

(Unaudited - Expressed in Canadian Dollar)

#### 9. SHARE CAPITAL AND RESERVES (continued)

*During the year ended December 31, 2015:*

- a) On August 28, 2015, the Company granted share purchase options to its directors, officers, employees and consultants to purchase up to an aggregate of 1,000,000 common shares of the Company. The share purchase options are exercisable for a term of ten years at an exercise price of \$0.16 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.
- b) On March 1, 2015, the Company granted share purchase options to its Chief Financial Officer to purchase up to an aggregate of 200,000 common shares of the Company. The share purchase options are exercisable for a term of ten years at an exercise price of \$0.15 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.
- c) No options were exercised, cancelled, forfeited and no options expired.

The changes in share purchase options during the six months ended June 30, 2016 and 2015 were as follows:

	Three months ended March 31, 2016			Three months ended March 31, 2015	
	Number	Weighted average		Number	Weighted average
	outstanding	exercise price		outstanding	exercise price
Outstanding, beginning of period	5,500,000	\$ 0.32	Outstanding, beginning of period	4,640,000	\$ 0.37
Granted	-	-	Granted	200,000	0.15
Outstanding, end of period	5,500,000	\$ 0.32	Outstanding, end of period	4,840,000	\$ 0.36

During the three and six months ended June 30, 2016 the Company recorded share-based payments expense of \$22,619 and 59,229 (Three and six months ended June 30, 2015 – \$32,942 and 70,383).

The fair value of the share-based payments expense was estimated using the following assumptions:

	For the three months ended	
	March 31, 2016	March 31, 2015
Risk-free interest rate	-	1.30%
Expected annual volatility	-	122%
Expected life	-	10.00
Expected dividend yield	-	-
Weighted average share price	\$ -	\$ 0.14
Weighted average exercise price	\$ -	\$ 0.15
Weighted average grant date fair value per option	\$ -	\$ 0.14

The estimates of expected life incorporate an estimate of the potential early exercise of these options and warrants. The estimates of expected volatility are based on the historically observed volatility of the Company for a period generally commensurate with the expected lives of the instruments.

## Rye Patch Gold Corp.

(An exploration stage company)

### Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited - Expressed in Canadian Dollar)

#### 9. SHARE CAPITAL AND RESERVES (continued)

##### Share purchase options (continued)

The following summarizes information about share purchase options outstanding and exercisable at June 30, 2016:

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	3.14
January 18, 2022	1,405,000	1,405,000	0.60	870,854	5.56
July 12, 2023	1,250,000	1,250,000	0.20	195,881	7.04
July 22, 2024	595,000	446,250	0.27	93,646	8.07
September 16, 2024	150,000	112,500	0.27	22,158	8.22
March 1, 2025	200,000	100,000	0.15	28,520	8.67
August 28, 2025	1,000,000	250,000	0.16	141,700	9.17
	<b>5,060,000</b>	<b>4,023,750</b>		<b>\$ 1,445,311</b>	<b>6.92</b>

#### 10. EARNINGS (LOSS) PER SHARE

##### Basic and diluted income/loss per share

The calculation of basic and diluted income per share for the three and six months ended June 30, 2016 was based on the net income attributable to common shareholders of \$614,926 and \$208,878 (Three and six months ended June 30, 2015 – Net loss of \$833,574 and net income of \$194,313). The basic weighted average number of common shares outstanding were 143,838,246 for the three and six months ended June 30, 2016 (Three and six months ended June 30, 2015 – 146,204,228 and 146,324,817). The diluted weighted average number of common shares outstanding were 144,536,777 and 144,104,700 for the three and six months ended June 30, 2016 (Three and six months ended June 30, 2015 – 146,204,228 and 146,518,564).

The diluted weighted average number of common shares for three and six months ended June 30, 2016 included an adjustment of 698,531 and 266,454 (Three and six months ended June 30, 2015 – Nil and 193,747) representing the impact of the dilutive employee share purchase options.

#### 11. 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	Equity ownership as at	
		June 30, 2016	December 31, 2015
Rye Patch Gold US Inc.	United States of America	100%	100%
RyePatch Mining US Inc.	United States of America	100%	-

## Rye Patch Gold Corp.

(An exploration stage company)

### Notes to the Condensed Consolidated Interim Financial Statements

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#### 11. RELATED PARTY TRANSACTIONS (continued)

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
Quantum Advisory Partners LLP	Accounting and audit
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 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 three months ended		For the six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Accounting and audit <sup>(1)</sup>	\$ -	\$ 11,492	\$ -	\$ 43,212
Legal fees <sup>(2)</sup>	334,977	15,140	369,105	28,114
Management fees <sup>(3)</sup>	57,569	48,519	118,828	98,710
Office and administration <sup>(3)</sup>	12,341	12,099	27,264	26,980
	\$ 404,887	\$ 87,250	\$ 515,197	\$ 197,016

- (1) The Company paid for accounting services to Quantum Advisory Partners LLP whose incorporated partner was the Company's Chief Financial Officer until March 1, 2015.
- (2) The Company paid for legal and corporate secretary services fees to Koffman Kalef LLP Business Lawyers in which the Company's Corporate Secretary is a partner. Of the \$334,977 fees incurred during the three months ended June 30, 2016, \$14,979 were expensed to legal fees and the remaining were capitalized to deferred costs as they related the Acquisition. As at June 30, 2016, \$171,277 (December 31, 2015 - \$Nil) was owed to this firm.
- (3) The Company paid for management fees to Tanadog Management and Technical Services Inc. which is controlled by its President. In addition, the Company paid for office and administrative services to the same company. As at June 30, 2016 \$14,759 (December 31, 2015 - \$50,125) was owed to this company.

The Company's management services contract 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.

## Rye Patch Gold Corp.

(An exploration stage company)

### Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2016

(Unaudited - Expressed in Canadian Dollar)

#### 11. RELATED PARTY TRANSACTIONS (continued)

##### Key management personnel compensation

The remuneration of directors and other members of key management personnel during the three and six months ended June 30, 2016 and 2015 were as follows:

	For the three months ended		For the six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Salaries and management fees	\$ 82,568	\$ 98,516	\$ 168,826	\$ 165,374
Share-based payments - management <sup>(i)</sup>	8,842	5,290	22,974	18,209
Share-based payments - directors <sup>(i)</sup>	5,041	5,115	13,626	15,327
	\$ 96,451	\$ 108,921	\$ 205,426	\$ 198,910

- i. 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 August 31, 2016. The Reno office lease was renewed for an additional three years ending June 30, 2017. The monthly rent is US\$5,400 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 geographic information systems service contract at US\$70 per hour from January 1, 2016 until December 31, 2016.
- d) 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.
- e) The Company entered into a consulting agreement for project evaluation and mine engineering services at US\$150 per hour from January 4, 2016 until December 31, 2016.

## Rye Patch Gold Corp.

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#### 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 June 30, 2016 and December 31, 2015 and the net income (loss) for the three and six months ended June 30, 2016 and 2015 attributable to each geographical segment:

	Canada	United States	Total
<b>As at June 30, 2016</b>			
Evaluation and exploration assets	\$ -	\$ 6,624,014	\$ 6,624,014
Other assets	1,596,622	4,301,333	5,897,955
Liabilities	(267,268)	(193,779)	(461,047)
	<b>\$ 1,329,354</b>	<b>\$ 10,731,568</b>	<b>\$ 12,060,922</b>
<b>As at December 31, 2015</b>			
Evaluation and exploration assets	\$ -	\$ 7,608,316	\$ 7,608,316
Other assets	1,820,929	3,675,034	5,495,963
Liabilities	(54,142)	(446,243)	(500,385)
	<b>\$ 1,766,787</b>	<b>\$ 10,837,107</b>	<b>\$ 12,603,894</b>
<b>Royalty income:</b>			
For the six months ended June 30, 2016	\$ -	\$ 2,838,563	\$ 2,838,563
For the six months ended June 30, 2015	\$ -	\$ 3,328,073	\$ 3,328,073
<b>Net income (loss):</b>			
For the six months ended June 30, 2016	\$ (791,034)	\$ 999,912	\$ 208,878
For the six months ended June 30, 2015	\$ (679,966)	\$ 874,279	\$ 194,313

#### 14. EVENTS AFTER REPORTING PERIOD

The following events occurred subsequent to June 30, 2016:

On August 12, 2016 the Company granted incentive options to directors, officers, employees and consultants to purchase up to an aggregate of 10,000,000 common shares of the Company. The stock options are exercisable for a term of ten years at an exercise price of \$0.50 per common share. Vesting will occur over a period of two years, with an initial 25% of the stock options vesting on the sixth month immediately after the date of grant, followed by an additional 25% of the stock options every six months thereafter until fully vested.

On July 29, 2016, the Company completed the Acquisition in conjunction with a private placement and signing of a credit facility with Macquarie Bank. The details of each of the transactions is as follows:

- The Company acquired the Florida Canyon gold mine (with the Standard gold mine) from ADM-Gold Co., Ltd. ("ADM-Gold") and others for total consideration payable in cash, shares, warrants and/or debt of approximately US\$23 million (the "Purchase Price"), including contingent payments and subject to adjustment for outstanding liabilities. Of the Purchase Price, US\$15 million was payable at closing in cash, subject to approximately US\$6.8 million being held back in an escrow account pending settlement of certain liabilities, and US\$3 million was satisfied by the issuance of 20 million common shares of the Company to ADM-Gold which are subject to a 4-month hold period expiring on November 29, 2016. The remaining US\$5 million of the Purchase Price is contingent consideration payable by the Company in cash and securities within 60 days of commencement of commercial production at the Florida Canyon gold mine by Rye Patch as operator

## Rye Patch Gold Corp.

*(An exploration stage company)*

### Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited - Expressed in Canadian Dollar)

#### 14. EVENTS AFTER REPORTING PERIOD (continued)

- Immediately prior to the completion of the Acquisition, the escrowed proceeds from the Company's Cdn\$49.1 million private placement of subscription receipts ("Subscription Receipts") completed in June 2016 were released following satisfaction of the escrow release conditions. A portion of the net proceeds (after payment of agents' commissions) was used to pay the Purchase Price under the Acquisition and to discharge certain liabilities at the Florida Canyon gold mine. In addition, the Subscription Receipts were converted on an one-for-one basis into 223,247,242 common shares of the Company. The common shares are subject to a hold period expiring on October 17, 2016.

Upon conversion of the Subscription Receipts, the Company paid the balance of the 5% agents' commission and also issued a total of 11,162,362 agents' warrants (the "Agents' Warrants") to Macquarie Capital Markets Canada Ltd., Canaccord Genuity Corp., Dundee Securities Ltd. and GMP Securities L.P. Each Agents' Warrant is exercisable for one common share of the Company for a two-year term from date of issue at an exercise price of Cdn\$0.22 per common share. The Agents' Warrants, and the common shares underlying the Agents' Warrants, are subject to a four-month hold period expiring November 29, 2016.

- Also immediately prior to the completion of the Acquisition, the Company entered into a credit agreement (the "Credit Agreement") with Macquarie Bank Limited ("Macquarie Bank") for a US\$27 million credit facility (the "Credit Facility") for the Company's wholly owned U.S. subsidiary, Rye Patch Mining U.S. Inc. ("Rye Patch U.S."). The Credit Facility will assist Rye Patch U.S. in financing the costs of the redevelopment of the Florida Canyon gold mine.

Upon closing of the Credit Facility, Rye Patch U.S.'s obligations under the Credit Facility will be guaranteed by the Company and certain material subsidiaries. In addition, Macquarie Bank will have a first ranking security interest over all of the properties and assets of the Company and its material subsidiaries, including the Florida Canyon mine property and assets as well as shares of the subsidiary companies that hold the property and assets.

Upon the signing of the Credit Agreement, Rye Patch issued to Macquarie Bank 16,224,545 warrants, each warrant being exercisable for one common share of the Company for a five-year term from date of issue at an exercise price of Cdn\$0.22 per common share. The warrants, and the common shares underlying the warrants, are subject to a four-month hold period expiring November 29, 2016.