



Rye Patch Signs Agreement to Acquire Florida Canyon Gold Mine and Commitment Letter for a US\$27 Million Credit Facility for Mine Restart

Vancouver, British Columbia, May 25, 2016 - Rye Patch Gold Corp. (TSX.V: RPM; OTCQX: RPMGF; FWB: 5TN - http://www.commodity-tv.net/c/search_adv/?v=295053) (the “Company” or “Rye Patch”) is pleased to announce that it has signed a definitive agreement (the “Acquisition Agreement”) to acquire 100% ownership of the Florida Canyon gold mine (with the Standard gold mine) located in Pershing County, Nevada, for total consideration of US\$15 million in cash and 20,000,000 common shares of the Company payable at closing, subject to adjustment for outstanding liabilities, plus certain contingent payments. The Company has also signed a commitment letter for a US\$27 million credit facility (the “Credit Facility”) with Macquarie Bank Limited (“Macquarie Bank”) to fund the proposed redevelopment of the Florida Canyon mine. The Company has engaged Macquarie Capital Markets Canada Ltd. (“Macquarie Capital”) and Canaccord Genuity Corp. (“Canaccord Genuity”) with regard to a proposed equity financing to fund the cash portion of the purchase consideration.

Florida Canyon Mine and Proposed Restart

The Florida Canyon gold mine is fully permitted, has been in continuous production since 1986 and is currently producing gold from its existing leach pad facilities. The Company proposes to redevelop the mine, including constructing a new heap leach pad and waste storage facility as well as mining a planned expansion of the Florida Canyon ore body. Rye Patch expects Florida Canyon to achieve commercial production from the new leach pad in Q1 2017.

Mine Development Associates (“MDA”) completed a Preliminary Economic Assessment for the Company with an effective date of March 16, 2016, (the “PEA”) for the Florida Canyon gold mine. The PEA was completed based on a US\$1,000 per ounce gold price for the first two years and a US\$1,150 per ounce gold price for the remaining life of mine and will be filed on SEDAR within 45 days of the date of this news release.

PEA and Acquisition Highlights:

- Average production of approximately 75,000 ounces of gold per year for 8 years;
- US\$1,000 per ounce of Au for years 1 to 2 and US\$1,150 per ounce of Au used for years 3 to 8;
- Pre-tax NPV (7.5%) of US\$65.43 million, with a 41.5% IRR;
- Cash cost per gold ounce is calculated at US\$759 per ounce;
- Fully permitted expansion;
- Commitment letter executed for a US\$27 million Credit Facility;
- Significant potential synergies with existing Oreana Trend assets; and
- Tremendous exploration and further development potential.

Table 1: PEA Gold Price Sensitivity Analysis (AFTER TAX)

% of Base Case	NPV_{7.5%} (US\$mm)	IRR (%)	Gold Price Yr 1 & 2 US\$/oz Au	Gold Price Yrs 3 - 8 US\$/oz Au
100%	\$45.845	34.4%	\$1,000	\$1,150
110%	\$80.194	53.8%	\$1,100	\$1,265
120%	\$114.543	73.4%	\$1,200	\$1,380

See “Preliminary Economic Assessment on Florida Canyon Mine” below for further details on the PEA and, specifically, the cautionary language regarding the preliminary nature of the PEA in that it is based on Inferred Mineral Resources and not mineral reserves. The Company’s decision to place the Florida Canyon mine into production is not based on a feasibility study of mineral reserves demonstrating economic and technical viability, and the Company cautions that historically such projects have a much higher risk of economic or technical failure.

All mining and ancillary equipment required to operate the Florida Canyon mine is in place together with a team of high quality experts experienced in mining a low-cost operation with a successful 30-year history.

Following the restart of Florida Canyon, Rye Patch will have cash flow from both a producing mine and from its existing NSR royalty along with a pipeline of nearby, advanced-stage projects to ensure future growth. Significant operational synergies exist with Florida Canyon and the nearby Lincoln Hill and Wilco resource projects. Oxide resources at Lincoln Hill and Wilco represent additional volume that would contribute to increasing future gold output.

William Howald, the company’s President and CEO, commented, “This is truly a unique and transformational opportunity that has fantastic synergies with our existing projects at Lincoln Hill, Gold Ridge and Wilco located 30 kilometres to the south. We are creating a new and exciting company with anticipated initial annual production of 75,000 ounces gold expected to begin in 2017 with the potential to expand the existing Measured and Indicated Resource of 1.1 million ounces. Florida Canyon provides Rye Patch with a solid foundation from which to grow and significant exploration upside in and around the mine and throughout the district.”

Mr. Howald concluded by saying, “This acquisition represents a tremendous opportunity for both existing and new Rye Patch shareholders to realize significant value.”

Macquarie Bank Credit Facility

To partially fund the proposed redevelopment of the Florida Canyon gold mine, the Company has executed a commitment letter with Macquarie Bank for a US\$27 million Credit Facility for the Company’s wholly owned US subsidiary, Rye Patch Mining U.S. Inc. (“Rye Patch U.S.”). The Credit Facility will bear interest at LIBOR plus 8% per annum and includes a hedging facility. Repayment of the Credit Facility will be amortized over the first four years of production following the restart of the Florida Canyon mine, subject to prepayment from a percentage of excess free cash flow from the mine, with the final repayment date expected to be no later than December 31, 2020.

In connection with the Credit Facility, Rye Patch is to issue Macquarie Bank warrants with a five year term for the purchase of such number of common shares of Rye Patch that is equivalent to conversion of 10% of the Credit Facility amount at an exercise price equal to the lesser of (a) a premium of 25% to the volume weighted average price of the shares traded on the TSX Venture Exchange (“TSX-V”) for the 20 days preceding the issue date of the warrants, and (b) the most recent price of which shares of Rye Patch were issued. The Credit Facility is subject to customary fees and covenants.

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 be taking 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.

Acquisition Agreement

The acquisition of the Florida Canyon mine is being made pursuant to the Acquisition Agreement dated May 24, 2016, among the Company and Rye Patch U.S., and Jipangu International Inc. ("JII"), Imlay Mining Co., Ltd. ("Imlay") and ADM-Gold Co., Ltd. ("ADM Gold"), whereby Rye Patch U.S. will acquire all of the outstanding shares of the companies which own the Florida Canyon mine and related assets (including the nearby Standard gold mine). The Acquisition Agreement includes the following provisions:

- Consideration payable under the Acquisition Agreement to ADM-Gold and/or affiliated entities on closing is comprised of US\$15 million payable in cash and issuance of 20,000,000 common shares of Rye Patch, provided that approximately US\$6.55 million of the cash consideration will be held in escrow pending the determination of outstanding tax and other liabilities.
- Within 60 days of commencement of commercial production at the Florida Canyon mine by Rye Patch U.S. as operator:
 - Rye Patch U.S. is to pay additional consideration to ADM-Gold of US\$5 million in cash (the "Cash Contingent Consideration"), subject to adjustment depending on the amount of outstanding liabilities to third parties that have not then been settled or waived and postponement in certain circumstances, and
 - Rye Patch is to issue to ADM-Gold warrants exercisable for 15,000,000 common shares of Rye Patch at US\$0.50 per share for a two-year term from date of issuance.
 - The Cash Contingent Consideration payable to ADM-Gold may be alternatively satisfied by the issuance of:
 - US\$2.5 million worth of common shares of Rye Patch at a price per share equal to the greater of U.S.\$0.20 and the volume weighted average trading price of the shares for the 20 trading days prior to the commencement of commercial production, and
 - An unsecured debt obligation for US\$2.5 million (subject to adjustment for outstanding liabilities) maturing five years after commencement of commercial production, subject to mandatory prepayment from certain levels of uncommitted free cash flow from the mine, and bearing 4% interest per annum in the first year and 9% interest per annum thereafter with interest to be paid quarterly in cash. Should this debt obligation not be fully paid when due, ADM-Gold may elect to convert the amount owing into common shares of Rye Patch at a price per share equal to the greater of U.S.\$0.20 and the volume weighted average trading price of the shares for the 20 trading days prior to ADM-Gold's conversion notice.
- The contingent consideration will be subject to intercreditor agreements between ADM-Gold and Macquarie Bank, including ADM-Gold having a second priority security interest (to the extent of US\$2.5 million) over the same property and assets that will be subject to Macquarie Bank's first ranking security interest.
- Closing of the acquisition is anticipated to occur on or before July 31, 2016, subject to regulatory approvals and satisfying conditions of closing under the Acquisition Agreement. Conditions in

the Company's favour include completion of the Credit Facility for not less than US\$25 million and completion of an equity financing of not less than US\$30 million which the Company is currently negotiating.

Florida Canyon Mine Location and Background

The Florida Canyon mine is located half way between Lovelock and Winnemucca, Nevada, and approximately 30 kilometres north of the Company's Wilco, Lincoln Hill and Gold Ridge projects. The mine sits immediately adjacent to Interstate 80 and is located approximately 210 kilometres northeast of Reno, Nevada.

Currently, the mine is producing from its existing leach pad facilities. The Company proposes to construct a new heap leach pad and waste storage facility to complete a planned layback of the existing pit area. Initial production from the new leach pad is expected within six months and commercial production growing toward 75,000 ounce of gold per annum is expected three months later. The expansion is fully permitted, and the Credit Facility from Macquarie Bank will be used for the build out.

Rye Patch expects to have cash flow from a producing mine and from its existing NSR royalty along with a pipeline of advanced-projects to ensure future growth. Significant operational synergies exist with Florida Canyon and the nearby Lincoln Hill and Wilco resource projects. Oxide resources at Lincoln Hill and Wilco represent additional volume that could contribute to increasing future gold output. The infrastructure at Florida Canyon is capable of reducing capital and costs for the Lincoln Hill and Wilco projects by utilizing the existing assay lab, carbon stripping plant, refinery, and management, thereby potentially reducing the timeline to production for these assets.

Preliminary Economic Assessment on Florida Canyon Mine

Table 2 summarizes the base case production and financial parameters used in the PEA.

Table 2: Summary of Base Case Assumptions	
Gold Price (US\$)	\$1,000 (yrs 1&2) \$1,150 (yr 3 to 8)
Average Annual Gold Production (ounces)	75,000
Pre-Production Capital Costs (US\$)	\$25.2 million
LOM Sustaining Capital (US\$)	\$23.9 million
Strip Ratio	1.47:1
Pre-Production Period (years)	0.5
Mine Life (years)	8
Cash Cost per Gold Ounce (US\$)	\$759
PRE-TAX	
Life of Mine NPV at 7.5% Discount Rate (US\$)	\$65.4 million
Internal Rate of Return	41.5%
AFTER-TAX	
Life of Mine NPV at 7.5% Discount Rate (US\$)	\$45.8 million
Internal Rate of Return	34.4%

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

The Company's decision to place the Florida Canyon mine into production is not based on a feasibility study of mineral reserves demonstrating economic and technical viability, and the Company cautions that historically such projects have a much higher risk of economic or technical failure.

PEA Overview

MDA prepared the PEA as an open-pit mining project based solely on the Measured and Indicated Resources reported in the March 16, 2016, PEA. Caterpillar 992 and 993 wheel loaders and 785 haul trucks will be used to mine the ore body. Material would then be transported and processed through a two-stage crusher and crushed to -38 mm (-1.5 inches). The ore will be placed on the newly constructed South Heap Leach Pad Facility ("SHLP") using 777 Caterpillar haul trucks. Metal would be recovered onsite and sold as gold-silver doré. All necessary mine infrastructure and equipment is on the mine site.

The average annual production is expected to be 7.2-million tons (6.5-million tonnes) at a contained gold grade of 0.013 ounces per ton (0.445 grams per tonne). Based on gold recovery, it is anticipated

that the mine will produce and sell an average of approximately 75,000 ounces of gold annually for an eight-year period.

Certain metric references in this news release have been converted from imperial amounts indicated in the PEA.

Mineral Resources

In March 2016, MDA completed a National Instrument 43-101-compliant PEA report for the Florida Canyon mine titled “Technical Report - Preliminary Economic Assessment for the Florida Canyon Mine, Pershing County, Nevada USA. In their analysis, MDA reported mineral resources at a cut-off grade of 0.006 oz Au/ton (0.2 grams of gold/tonne) for oxide material and 0.034 oz Au/ton (1.16 grams of gold/tonne) for sulfide material (Tables 3.1 and 3.2). Sulfide resources were restricted to an Inferred only classification. These reported resources, in the form of the resource block model, were used as the basis for determining mineable gold in the PEA.

Table 3.1: Florida Canyon March 16, 2016 Measured and Indicated Oxide Resources
 (0.006 oz Au/ton cutoff grade)

Item	Tons X (000's)	oz Au/t	Ounces Au X (000's)
Measured	79,635.4	0.013	1,035.3
Indicated	4,566.7	0.02	91.3
Measured + Indicated	84,202.1	0.013	1,126.6

Table 3.2: Florida Canyon March 16, 2016 Inferred Resources
 (0.006 oz Au/ton oxide and 0.034 oz Au/ton sulfide cutoff grades)

Item	Inferred		
	Tons X (000's)	oz Au/t	Ounces Au X (000's)
Oxide	350.8	0.015	5.3
Sulfide	7,115.0	0.055	391.1
Total Inferred Resource	7,465.8	0.050	396.4

The current resources at Florida Canyon are based on a grade block model produced by Reserva International LLC (“Reserva”) in 2009. The oxide and sulphide resources were re-calculated in 2012 using a change in resource cut-off grade and an updated topographic surface. The current Measured, Indicated, and Inferred oxide resources were recalculated for this report based on an updated December, 2014 topographic surface and a \$1200 gold price, and are restricted to that material above the 0.006oz Au/ton cut-off grade that occurs inside an optimized pit using the PEA estimated costs and process recoveries.

Florida Canyon drillhole spacing is generally 100ft x 100ft (30m x 30m) or less, and the gold domains are based on 20ft (9.1m) drill hole composites generated from capped sample interval gold assay values. The polygons were drawn enclosing two or more pierce points of the grade being modeled in a manner consistent with the orientation of mineralized bodies at Florida Canyon based on experience. These polygons were assigned a rock code based on the grade and location (Main or RTE) and validated for preparation of a block model.

The bench interpretations were used to code the drill composites and model blocks to each particular domain using the 50% majority-rule. The full block model has been re-interpolated using the new gold domain definitions, the complete drillhole data set through February 2009, and revised variography. A three-dimensional block model was built using Gemcom software by Mr. Tim Carew, P. Geo., principal of Reserva International LLC. The 2009 block model contains 333 columns, 261 rows, and 135 levels; the model block size is 30ft x 30ft x 20ft (9.1m x 9.1m x 6.1m) vertically.

The Measured oxide resource for Florida Canyon is classified as those model blocks defined by at least five composites within one-half the distance of the variogram range, and use a maximum of two composites per drillhole. This implies a minimum of three drillholes is also required.

The Indicated oxide resource for Florida Canyon is classified as those model blocks defined by at least three composites within the full distance of the variogram range, and use a maximum of two composites per drillhole. This implies a minimum of two drill holes is also required.

MDA did not audit the sulfide model as it is not part of the current mining plan. Some material modeled as sulfides were included in the optimized pit, but were treated as waste in the mine schedule.

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

Mine Planning

A PEA provides a basis to estimate project operating and capital costs and establish a projection of the potential mineable resource including measured, indicated and inferred categories as permitted under National Instrument 43-101. A Whittle pit optimization was performed using estimates of operating costs typical of operating surface mines using heap leach processing in northern Nevada and using metallurgical recovery based on 30 years of recovery history and column leach test work performed on material from the Florida Canyon mine. The ultimate pit shell was determined using a gold price of US\$1,150 per ounce and only the Measured and Indicated oxide resources shown above in Table 3.1 were used for production scheduling.

No inferred material was used in the financial modeling. The strip ratio for the economic pit is 1.47 tons of waste for every one ton of ore.

Metallurgy

The Florida Canyon mine has been in continuous operation since 1986, and a total of 2.2875Mozs of gold have been produced from the operation. For the 30-year period, gold recoveries have reached an average of 68.3% on a combination of crushed and run-of-mine (“ROM”) material (recovery of 50% for ROM and 71% for crush). The Company’s PEA contemplates placing only crushed material on the new heap leach pad, thereby increasing the average recovery from 68% to 71.1%. Approximately 63.8 million tons (57.9 million tonnes) of new ore will be sent to the new SHLP, and 93.7 million tons (85 million tonnes) of waste will be stored in the new South Waste Rock Storage Facility. The ore material will be placed on the SHLP at a rate of 7.2 million tons (6.5 million tonnes) per annum and will be the basis for recovering metals from the Property. The crushed material gold recovery is expected at 71.1% of total placed. Recovery is expected over 30 to 45 day period, on a declining curve, from the date placed on the pad.

Capital Costs

Each capital item has an associated quote or bid to substantiate the cost. The capital required to build the expansion includes US\$5.834M for mining equipment and deferred maintenance, US\$2.735M for a crusher move and upgrade, US\$7.208M for new leach pad, pond and piping construction, US\$3.781M

for contingency and US\$0.9M for miscellaneous. The total capital requirement is US\$28.985 million including contingency.

Operating Costs

Operating cost assumptions were based on similar scale surface mining operations using heap leach processing in northern Nevada, and process cost estimates for key consumables are based on the available metallurgical test data, power consumption data and prevailing costs for key materials in similar Nevada mining operations. Operating cost per ton of material processed are summarized as follows:

Table 4: PEA Pit Optimization Parameters

Item	Item	Value (dollar amounts in US\$)
Mining Cost	Rock	\$1.35 to \$1.65 per ton depending on location
Mining Cost	Fill	\$1.35 per ton
Processing Cost	Crushing and Pad Placement	\$1.10 per ton processed
Processing Cost	Leaching	\$2.60 per ton processed
Processing Cost	G & A Cost	\$0.50 per ton processed
Process Recovery		68%
Minimum Grade		0.006 ounce per ton
Gold Price		\$1150 per ounce of gold
Royalty		5.75%
Selling Cost		\$5.00 per ounce sold
Interamp Pit Slope	Rock	45 degrees
Interamp Pit Slope	Fill	37 degrees

Economic Analysis

MDA chose US\$1,000 per ounce for gold in years one and two, and US\$1,150 per ounce for gold for years 3 through 8 as the base case economic scenario. The base case pre-tax economic results for the metal price assumptions are as follows:

Table 5: Pre Tax Projected Economic Results

	Base Case (dollar amounts in US\$)
Gold Price	\$1,000 (yrs 1&2); \$1,150 (yr 3 to LOM)
Net Cash Flow	\$117.2 million
NPV @ 5% Discount Rate	\$79.3 million
Internal Rate of Return	41.5%
Operating Costs per Ounce of Gold Produced (Life-of-Mine)	\$759

Infrastructure

Everything needed for a mine is on the mine site. The Florida Canyon mine is adjacent to a major transportation and services corridor. The mine is within one mile of Interstate 80, the Union Pacific Railroad, and NV Energy transmission lines. All requirements for energy, water and process materials are available, and services are established. Nevada has a large, well-established gold mining industry. Services, supplies, manpower, housing, equipment and vendors are readily available within the state.

The existing waste rock storage facilities are in the process of closure and have been reclaimed, and the existing leach pad is at capacity

A new 300 acre (121.4 hectare) heap leach facility (SHLP) is fully permitted. The SHLP is divided into three cells each covering 100 acres (40.5 hectares). The first cell will be constructed with initial production anticipated in late 2016. The pad location and attendant facilities are fully permitted.

The process facilities consist of five sets of carbon in columns with a maximum capacity of 9,000 gpm. An ARD plant, carbon acid wash, an elution and stripping circuit, electrowinning and refinery circuit, carbon handling and regeneration circuit and an assay lab with a metallurgical lab are on site. The facility has the capacity to produce over 180,000 ounces of gold per year.

A crusher and an agglomeration and conveyor plant are presently located at the Standard Mine. The crusher and associated facilities will be moved and upgraded. The crusher capacity will be increased from 5.0M tons (4.5M tonnes) per annum to 7.2M tons (6.5M tonnes) per annum. A new lime silo for lime storage and dosing ore will be constructed.

Ancillary facilities include a maintenance shop with offices. The maintenance shop has two bays with room to work on four Cat 785 haul trucks within the bays. An administration building includes offices, meeting rooms, and a training room. There is an assay laboratory with a metallurgical lab, a technical services office for the geological staff, a security office and guard shack, and lay down yards.

National Instrument 43-101 Disclosure

The Florida Canyon mine PEA was prepared by Mine Development Associates under the direction of Neil B. Prenn, PE, and incorporates the work of a number of industry-leading consultants, all of which are Qualified Persons (as defined under National Instrument 43-101) and are independent of Rye Patch. Neil B. Prenn has reviewed and approved this press release.

Regulatory Approvals

The Acquisition Agreement, Credit Facility, and the transactions contemplated therein are subject to applicable regulatory approvals, including TSX-V approval.

On behalf of the Board of Directors

'William Howald'

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This news release contains forward-looking statements relating to the timing and completion of the Acquisition Agreement, the Credit Facility and an equity financing, future plans and objectives of the Company, proposed operations of the Company

including mine development, future events and conditions and other statements that are not historical facts, all of which are subject to various risks and uncertainties. The Company's actual results, programs and financial position could differ materially from those anticipated in such forward-looking statements as a result of numerous factors, some of which may be beyond the Company's control. These factors include: the failure of the Company to satisfy the conditions in the Acquisition Agreement or the Credit Facility including mine redevelopment plans and production results to complete the contemplated transactions; the availability of funds; the financial position of Rye Patch; the timing and content of work programs; the results of exploration activities and development of mineral properties; the interpretation of drilling results and other geological data; the reliability of calculation of mineral resources; the reliability of calculation of precious metal recoveries; the receipt and security of mineral property titles; project cost overruns or unanticipated costs and expenses; fluctuations in metal prices; currency fluctuations; and general market and industry conditions.

Forward-looking statements are based on the expectations and opinions of the Company's management on the date the statements are made. The assumptions used in the preparation of such statements, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. As a result, the Company cannot guarantee that the Acquisition Agreement, the Credit Facility and an equity financing and related transactions will be completed on the terms and within the time disclosed herein or at all.

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