

VANCOUVER, May 16, 2017 /CNW/ - [Red Eagle Mining Corp.](#) (TSX: R, BVL: R, OTCQX: RDEM) is pleased to announce financial results for the three months ending March 31, 2017 and business highlights to date including:

- Declared Commercial Production at the San Ramon Gold Mine on March 31, 2017 (news release dated April 10, 2017);
- Acquired the high grade California Gold Project through Red Eagle Mining's controlled public subsidiary [Red Eagle Exploration Ltd.](#) (news releases dated February 15, 2017 and March 15, 2017);
- Closed bought deal equity financing of common shares with BMO Capital Markets for gross proceeds of C \$17,250,000 including the entire over-allotment option (news release dated February 21, 2017);
- Brian Peer was appointed General Manager of the Santa Rosa Gold Project on February 18, 2017. Mr. Peer has 31 years of mining experience including 19 years in senior management. Most recently, he was Country Manager of Mexico for Alamos Gold, responsible for the safe and efficient operations of two mines and the development of an additional two mines. Previously, Mr. Peer worked for Coeur Mining and for 10 years at Barrick Gold; and
- Completed 2016 detailed ore production stope delineation drilling at the San Ramon Gold Mine. Results from the delineation drilling exceeded expectations with many intercept grades significantly higher than the reserve grade of 5.2 g/t Au. (news release dated January 17, 2017).

Operations Update

Mine Development

Underground development continues to advance well in competent granodiorite without support at an average of 16 metres per day. The main and secondary ramps have advanced 2.8 kilometres from the portal. A 57 metre vertical ventilation shaft has been completed and connected to the underground workings.

Initial poor ground conditions were encountered in the stopes, particularly close to the saprolite contact and historic workings, resulting in slower mining rates and greater dilution than planned in start-up. Accordingly, the mining method has been adjusted to include conventional along with mechanized cut and fill stoping optimizing mining the narrower high grade veins and reducing dilution. Stope lengths have been reduced to 40 metres, a paste back fill program has been tested and is being implemented and ground controls have improved to minimize dilution.

Mill

The processing facility commissioning is complete and exceeding design throughput with the capability to process up to 1,200 tonnes per day. The processing facility was batch processing lower grade stockpiles through February 2017. During March the Mill processed 763 tonnes per day. Higher grade ore was blended with lower grade stockpiles to ensure operating efficiency throughout March, moderately reducing recoveries from 93% to 90% during the month.

Safety

Operations have continued to adopt and promote best practices in safety with many awareness programs in place and monitoring occurring on a continuous basis. The results have been demonstrated in the safety statistics to date

Social and Environmental

Red Eagle Mining continues to maintain positive relationships with and be involved with the local communities. Continuous information flow has been maintained with all stakeholders regarding the advances of the operations. Red Eagle Mining is committed to maximizing local employment and is proud to have already employed 56% of its workforce from the local municipality of Santa Rosa de Osos. Red Eagle Mining continues to strictly adhere to the terms of its Environmental License and the associated Environmental Management Plan. The Environmental Agency, along with local committees, has maintained a strict monitoring program as the project has progressed with visits at least monthly. Red Eagle Mining has received positive inspection reports from all inspections.

Outlook

Underground production crews continue to build on their expertise and efficiency. Production rates and grade continue to increase as the underground team adjusts to more controlled mining methods and additional production faces open up. The -100 and -125 metre levels, measured from surface, are currently being mined with seven ore development headings. The -150 metre level will be accessed during June with the additional faces allowing much more production flexibility.

The Mill is currently processing approximately 750 tonnes per day with planned shutdowns for routine maintenance when stockpiles are depleted. The current processing run commenced April 20 and is expected to continue through late May. With higher grade ore being processed recoveries are expected to return to 93%.

A mining stope delineation drill program is planned to commence in June and continue for the life of the mine. The 2016 drill program and underground face samples positively reconciled grade against the resource model. Exploration drilling is currently underway testing the eastern extent of the San Ramon Gold Deposit and multiple targets approximately 3 kilometres to the west of the processing facility.

Production guidance for 2017 is 30,000 to 40,000 ounces of gold.

Key Pre-Commercial Production Metrics

Total Q1 2017

Decline Development (metres) 808

Ore Development (metres) 589

Ore Mined (tonnes) 34,210

Ore Processed* (tonnes) 23,666

Au Produced* (ounces) 1,758

Recovery* 90%

Average Per Day

Development (metres) 16

Ore Mined (tonnes) 380

Ore Processed* (tonnes) 763

*March only as processing commenced March 1, 2017

Selected Financial Data

The following selected financial data is derived from our unaudited interim condensed consolidated financial statements for the three months ended March 31, 2017, as prepared in accordance with International Financial Reporting Standards (all amounts in thousands of US dollars, except per share amounts).

For the three months ended March 31, 2017 March 31, 2016

Net Loss \$ 2,591 \$ 145

Comprehensive Loss (Income) 2,181 (1,293)

Basic & Diluted Loss per Share 0.01 0.00

As at	March 31, 2017	December 31, 2016
Cash & Cash Equivalents	\$ 5,917	\$ 4,202
Total Assets	136,800	122,020
Total Liabilities	87,506	84,591
Shareholders' Equity	49,254	37,429

For the three months ended March 31, 2017, Red Eagle Mining reported a net loss of \$2.6 million (2016: \$0.1 million). The net loss increased compared to the 2016 period primarily due to an unrealized foreign exchange gain on the construction credit facility during the 2016 period and increased expenses associated with the ramp up of the San Ramon Gold Mine and Mill during the 2017 period, which also resulted in the increased values of Total Assets and Shareholders' Equity. The increase in Total Liabilities primarily relates to amounts outstanding on the construction credit facility.

This press release should be read in conjunction with the unaudited interim condensed consolidated financial statements and Management's Discussion and Analysis for the three months ended March 31, 2017. These documents can be found on Red Eagle Mining's website or profile at www.sedar.com.

The technical information contained in this news release has been reviewed and approved by Red Eagle Mining's Vice President of Exploration, Jeff Toohey P.Eng., who is a Qualified Person as defined under NI 43-101.

About Red Eagle Mining

Red Eagle Mining is a gold producer focused on building shareholder value through discovering, developing and operating gold projects with low costs and low technical risks in Colombia, a jurisdiction with prolific historic production but until recently limited modern exploration. Red Eagle Mining owns 100% of the Santa Rosa Gold Project where the San Ramon Gold Mine has commenced commercial production. Red Eagle Mining also operates and controls Red Eagle Exploration which owns 100% of the California Gold, Vetas Gold, and Santa Ana Silver Projects and is actively consolidating high grade precious metal deposits in Colombia.

This news release includes forward-looking statements that are subject to risks and uncertainties. All statements within, other than statements of historical fact, are to be considered forward looking. Although Red Eagle Mining believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. There can be no assurances that such statements will prove accurate and, therefore, readers are advised to rely on their own evaluation of such uncertainties. We do not assume any obligation to update any forward-looking statements. This news release does not constitute an offer to sell or a solicitation of an offer to sell any securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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