

VANCOUVER, June 26, 2017 /CNW/ - Red Eagle Mining Corporation (TSX: R, BVL: R, OTCQX: RDEMF) provides an operational update and announces an equity Rights Offering. Gold grades in the production headings have been in line with feasibility study estimates, averaging 5.5 grams per tonne gold during May 2017. However, challenging ground conditions have led to unacceptable dilution and gold losses using the current mining method. Consequently, to get the mine on a firm footing, management has deemed it prudent to halt stope production and move to a new mining method that will require the construction of a paste backfill plant. Once in place, there will be both better grade control and in particular gold losses will be minimized. This temporary suspension of mining high grade stopes ensures that gold production from these areas will be maximized.

While the paste backfill plant is constructed, production crews will be diverted to underground mine development. This will ensure greater operational flexibility once the paste backfill plant is in operation. In order to fund the paste backfill plant and to provide working capital before gold production resumes, Red Eagle Mining is undertaking a Rights Offering.

A Rights Offering was chosen to give the opportunity to all existing shareholders to participate. Major shareholders have informed Red Eagle Mining that they intend to fully exercise their Rights.

## Rights Offering

Red Eagle Mining has filed a rights offering circular (the "Rights Offering Circular") with the securities regulatory authorities in each of the provinces and territories of Canada in connection with an offering (the "Rights Offering") of rights ("Rights") to acquire units of Red Eagle Mining (a "Unit") for gross proceeds of up to approximately C \$46 million. Pursuant to the Rights Offering, each eligible registered holder of common shares of Red Eagle Mining ("Common Shares") as at the close of business on July 5, 2017 (the "Record Date") will receive one Right for each Common Share held. For each two Rights the holder will be entitled to subscribe for one Unit at a subscription price of C \$0.35 per Unit. Each Unit will consist of:

- One Common Share of Red Eagle Mining; and
- One transferable common share purchase warrant (a "Warrant") exercisable into one Common Share of Red Eagle Mining at a purchase price of C \$0.50 per Common Share for a period of five years from the issue date. The Warrants will be listed for trading on the TSX subject to fulfilling the TSX minimum listing conditions.

The Rights issued under the Rights Offering will be evidenced by transferable rights certificates or equivalent thereof (each, a "Rights Certificate") which will expire at 4:00PM (Toronto time) on August 4, 2017 (the "Expiry Date"), after which time unexercised Rights will be void and of no value. The Rights Offering includes an additional subscription privilege under which eligible holders of Rights, who fully exercise their Rights, will be entitled to subscribe, on a pro rata basis with other shareholders who participated in the oversubscription, for Units that have not been purchased under the Rights Offering.

The Common Shares trade on the TSX and will commence trading on an ex-rights basis on June 30, 2017. The Rights will be listed for trading on the TSX under the symbol R.RT commencing on June 30, 2017 and will be de-listed from the TSX at 12:00PM (Toronto time) on the Expiry Date.

The Notice of Rights Offering and related Rights Certificates will be mailed to all registered holders of Common Shares as of the close of business on the Record Date. Eligible registered shareholders, as described in the Rights Offering Circular, who wish to exercise their Rights must forward a completed Rights Certificate together with the applicable funds to Computershare, the rights agent, on or before the Expiry Date. Shareholders who own their Common Shares through an intermediary, such as a bank or broker, will receive materials and instructions from their intermediary.

Use of proceeds from the Rights Offering is for underground development (US \$10 million), paste back fill plant (US \$3 million), underground delineation drilling (US \$2 million) and working capital.

Any questions may be directed to our Information Agent, Laurel Hill Advisory Group at +1 877 452 7184 (North American Toll-Free) or +1 416 304 0211 (Collect Calls) or by email at [assistance@laurelhill.com](mailto:assistance@laurelhill.com).

## Operations Update

### Mine Development

Underground development continues to advance well in competent granodiorite without support. The main and secondary ramps have advanced 3.5 kilometres from the portal providing access to the -100, -125 and -150 metre levels, measured from surface. Development of an average of 20 metres per day is planned for the remainder of 2017. Upon completion of the program an additional 4 kilometres of development will have been completed giving access to 54 ore development headings, allowing much more production flexibility.

Challenging ground conditions have been encountered in the stopes, particularly close to the saprolite contact and historic workings, resulting in slower mining rates and greater dilution than planned. Accordingly, the mining method will be adjusted from shrinkage to conventional and mechanized cut and fill, optimizing mining the narrower high grade veins and reducing dilution and ore loss.

In order to change the mining method to underhand cut and fill stoping it is necessary to implement a paste back fill program, utilizing waste tailings material. Paste back fill has been successfully tested and an add-on plant is being designed. Capital expenditures are estimated at US \$3 million and the projected time line to completion is up to five months. In addition, to facilitating the change in mining method, paste back fill has provided much improved ground stability. Until the paste back fill plant is completed, mining ore in stopes will be temporarily suspended as it is not being efficiently extracted under the current method resulting in unnecessary dilution and ore loss. Development ore will continue to be mined and stockpiled. Upon completion, the additional development and paste back fill system will allow consistent production of 750 tonnes per day initially ramping up to 1,000 tonnes per day.

#### Delineation Drilling

The 2017 mining stope delineation underground drill program has commenced as planned, utilizing increased access to the ore body from the mine development program. The program commenced in June with two rigs, ramping up to four rigs by September. Results will be released as received throughout 2017. The 2016 delineation drill program positively reconciled grade against the resource model.

#### Mill

The mill processing facility commissioning is complete and exceeds by 20% the nameplate design throughput, with the capability to process up to 1,200 tonnes per day. Stockpiled ore from the ongoing mine development program will be blended with ore stoping production upon completion of the paste backfill system. Gold recoveries have been consistently higher than 90%. Production guidance for 2018 is for more than 50,000 ounces of gold.

#### About Red Eagle Mining

Red Eagle Mining is a gold producer focused on building shareholder value through acquiring, developing and operating gold projects 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 production. Red Eagle Mining also controls [Red Eagle Exploration Ltd.](#) which owns 100% of the Vetaz Gold, California Gold and Santa Ana Silver Projects and is actively consolidating additional high grade precious metal deposits in Colombia.

For further information on [Red Eagle Mining Corp.](#) please contact:

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All statements in this press release, other than statements of historical fact, are "forward-looking information" with respect to Red Eagle Mining within the meaning of applicable securities laws, including statements with respect to: the likelihood of raising sufficient funds from the Rights Offering; closing of the Rights Offering; the receipt of the necessary regulatory approvals; the growth path and financial position of the company following completion of the Rights Offering; the likelihood that all major shareholders will exercise their Rights; the proposed timing of construction completion and estimated cost of the paste backfill plant; the anticipated production at the San Ramon Gold Mine upon completion of the paste backfill plant. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "planned", "expect", "project", "predict", "potential", "targeting", "intends", "believe", "potential", and similar expressions, or describes a

"goal", or variation of such words and phrases or state that certain actions, events or results "may", "should", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management at the date the statements are made including, among others, assumptions regarding the amount of proceeds to be raised under the Rights Offering, completion of the Rights Offering, major shareholders exercising their Rights, processing and recovery of mined and stockpiled ore, future prices of gold, silver and other metal prices, currency exchange rates and interest rates, favourable operating conditions, political stability, obtaining governmental approvals and financing on time, obtaining renewals for existing licences and permits and obtaining required licences and permits, labour stability, stability in market conditions, availability of equipment, accuracy of any mineral resources, successful resolution of disputes and anticipated costs and expenditures. Many assumptions are based on factors and events that are not within the control of Red Eagle Mining and there is no assurance they will prove to be correct.

Such forward-looking information, involves known and unknown risks, which may cause the actual results to be materially different from any future results expressed or implied by such forward-looking information, including, risks related to: the failure to obtain sufficient proceeds under the Rights Offering, regulatory approvals in connection with the Rights Offering; successful implementation of the paste backfill plant; the interpretation of results at the San Ramon Gold Mine; processing and recovery of mined and stockpiled ore, reliance on technical information provided by third parties as related to the San Ramon Gold Mine; changes in project parameters as plans continue to be refined; current economic conditions; future prices of commodities; possible variations in grade or recovery rates; the costs and timing of the development of new deposits; failure of equipment or processes to operate as anticipated; the failure of contracted parties to perform; the timing and success of exploration activities generally; satisfaction of Colombia requirements relating to the periodic submissions of Environmental Impact Assessments; possible claims against the Company; labour disputes and other risks of the mining industry; delays in obtaining governmental approvals, uncertainties relating to the interpretation of drill results and the estimation of mineral resources, the geology, grade and continuity of mineral deposits, accidents, equipment breakdowns, risk of undiscovered, title defects and surface access, the potential for delays in exploration and permitting activities, uncertainties related to Red Eagle Mining's relationship with communities that surround its properties in Colombia, risks related to the financing agreement with Liberty Metals & Mining Holdings, LLC and Orion Mine Finance, including Red Eagle Mining's ability to meet its scheduled payment obligations, the potential for unexpected costs and expenses, commodity price fluctuations, currency fluctuations, political risk as well as those factors discussed in the Annual Information Form of the Company dated March 31, 2017 in the section entitled "Risk Factors", under Red Eagle Mining's SEDAR profile at [www.sedar.com](http://www.sedar.com).

Although Red Eagle Mining has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Red Eagle Mining disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise unless required by law.

SOURCE [Red Eagle Mining Corp.](http://Red Eagle Mining Corp.)

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