

VANCOUVER, British Columbia, Aug. 15, 2017 (GLOBE NEWSWIRE) -- [Red Eagle Mining Corp.](#) (TSX:R) (BVL:R) (OTCQX:RDEM) is pleased to announce financial results for the three and six months ending June 30, 2017 and business highlights to date including:

- Closed C \$30 million rights offering to fund the add-on paste backfill plant and to provide working capital before gold production resumes (news releases dated June 26, 2017 and August 11, 2017);
- Commenced detailed underground stope delineation drilling program (news release dated August 1, 2017);
- Greenfields exploration discovery of multiple parallel high-grade veins at the Santa Rosa Gold Project within five kilometres from the completed Santa Rosa mill (news release dated July 10, 2017);
- Monthly repayment of the credit facility deferred until April 1, 2018 (news release dated June 29, 2017);
- Initial sampling announced from the Machuca Zone at Red Eagle Mining's controlled public subsidiary [Red Eagle Exploration Ltd.](#)'s California Gold Project (news release dated June 28, 2017). Sampling encountered a higher grade mineralized zone with a total strike length of 45 metres which is open in all directions. The average composite grades along the two metre width of the drift were 9.8 grams per tonne gold and 221.1 grams per tonne silver;
- 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 with BMO Capital Markets for gross proceeds of C \$17 million including the entire over-allotment option (news release dated February 21, 2017); and
- Completed 2016 detailed stope delineation drilling from surface 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 advanced well in competent granodiorite without support. The main and secondary ramps have advanced four kilometres from the portal providing access to the -100, -125 and -150 metre levels, measured from surface.

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, to improve ground stability and minimize gold losses, Red Eagle Mining is implementing paste back fill. Paste back fill utilizing waste tailings material has been successfully tested providing much improved ground stability and an add-on plant is being designed with a projected time line to completion of up to five months. Until the add-on paste back fill plant is completed, mining ore in stopes has been temporarily suspended as it was not being efficiently extracted under the current method resulting in unnecessary dilution and ore loss. Development ore will continue to be mined and stockpiled.

While the add-on paste backfill plant is constructed, production crews have been diverted to underground mine development. Underground development will ensure greater operational flexibility once the paste backfill plant is in operation. Development of about 20 metres per day is planned for the remainder of 2017. Upon completion an additional three kilometres of development will have been completed giving access to 54 ore development headings by December 2017 when ore production is scheduled to re-commence. Development ore will continue to be mined and stockpiled. Upon completion, the additional development and paste back fill system will allow consistent production resulting in an estimated 50,000 ounces of gold produced during 2018.

Mill

The mill processing facility commissioning is complete and exceeds the nameplate design throughput by 20%, with the capability to process up to 1,200 tonnes per day. Stockpiled ore from the ongoing mine development program will be batch processed or blended with ore stoping production upon completion of the paste backfill system.

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 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.

Delineation Drilling

Red Eagle Mining commenced the underground program in June with two rigs which will ramp up to four rigs through the autumn. A total of 15 underground stope delineation holes have been announced to date (SRDU-0001 to SRDU-0015) with highlights including intersections:

- SRDU-0003 – 0.60m at 44.14 g/t Au from 45.10m down hole
- SRDU-0008 – 2.25m at 10.04 g/t Au from 82.20m down hole
- SRDU-0008 – 4.75m at 5.38 g/t Au from 97.80m down hole (incl. 0.60m at 27.30 g/t Au)
- SRDU-0010 – 3.80m at 5.35 g/t Au from 58.35m down hole
- SRDU-0011 – 1.50m at 25.92 g/t Au from 85.90m down hole

Selected Financial Data

The following selected financial data is derived from our unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 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		For the six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Net loss	\$ 4,339	\$ 491	\$ 6,930	\$ 636
Comprehensive loss (income)	\$ 3,307	\$ 767	\$ 5,488	\$ (526))
Basic & diluted loss per share	\$ 0.02			
As at			June 30, 2017	December 31 2016
Cash and cash equivalents		\$ 532	\$ 4,202	
Total assets		\$ 140,101	\$ 122,020	
Total liabilities		\$ 92,674	\$ 84,591	
Shareholders’ equity		\$ 47,427	\$ 37,429	

For the three and six months ended June 30, 2017, Red Eagle Mining reported a net loss of \$4.3 million (2016: \$0.5 million). The net loss increased compared to the 2016 period primarily due to 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 and six months ended June 30, 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 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 and controls [Red Eagle Exploration Ltd.](#), which owns 100% of the Vetas Gold, California Gold and Santa Ana Silver Projects and is actively consolidating additional 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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