

Red Eagle Mining Corp. Provides Additional Information on Restructuring

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VANCOUVER, Sept. 06, 2018 - [Red Eagle Mining Corp.](#) (TSX: R, BVL: R, OTCQX: RDEM) provides an update on and additional information on the number of shares to be issued pursuant to its previously announced restructuring. As disclosed in the news release dated August 24, 2018, Red Eagle Mining has implemented a comprehensive restructuring ("Restructuring") including a private placement of approximately 250,000,000 common shares ("Common Shares"), retirement of its existing credit facility with Orion Mine Finance ("Orion") and Liberty Metals & Mining Holdings LLC ("LLM") ("Credit Facility"), writing off all accrued interest, writing off supplier account payables, appointing a new independent Chairman and a 10:1 share consolidation. All share numbers in this news release are presented on a pre-consolidation basis. Red Eagle Mining has applied to the Toronto Stock Exchange ("TSX") for a financial hardship exemption from the requirement to obtain shareholder approval for the Restructuring. Additional information relating to the application can be found in the August 24, 2018 news release.

All of the transactions which form part of the Restructuring and are being completed at a price of \$0.20 per Common Share, representing a 300% premium to the market price on August 23, 2018, the day prior to the first news release announcing the Restructuring. Pursuant to the Restructuring, a total of approximately 369,000,000 Common Shares will be issued, which represent 83.2% of the currently outstanding Common Shares or 45.4% of the outstanding Common Shares upon completion of the Restructuring.

Write offs of the credit facility, accrued interest and supplier account payables total US \$44 million and capitalization of the credit facility and supplier account payables total US \$18 million.

Upon closing there will be approximately 81 million common shares outstanding, no debt or accrued interest, positive working capital and near term cash flow positive operations. Going forward, Red Eagle Mining will be on sound financial footing with a solid balance sheet, all stakeholders aligned and sufficient working capital to support the mining operations to succeed.

Private Placement

As part of the Restructuring, Red Eagle Mining will complete a private placement ("Private Placement") for gross proceeds of approximately C \$50 million (US \$38 million), consisting of approximately 250 million common shares ("Private Placement Shares") at a price of \$0.20 per Private Placement Share. Annibale SAC ("Annibale") currently owns approximately 9.5% of the outstanding Common Shares and has agreed to backstop the Private Placement ("Backstop"). The Private Placement has been negotiated at arm's length. The Private Placement Shares represent approximately 56.3% of the Common Shares outstanding prior to completion of the Restructuring. Annibale currently holds 42,251,729 Common Shares, representing 9.5% of the currently outstanding Common Shares. In the event that Annibale acquires all of the Private Placement Shares, it would own approximately 292,251,729 shares, representing 36% of the outstanding Common Shares upon completion of the Restructuring.

Debt Retirement

Red Eagle Mining has agreed to retire its US \$60 million Credit Facility with Orion and LMM, each of whom are currently greater than 10% holders of Common Shares. Red Eagle Mining will settle the Credit Facility, including all accrued interest, for US \$28 million cash and approximately US \$15 million in equity (99 million Common Shares) ("Debt Retirement Shares"), with LMM receiving 48,510,000 Debt Retirement Shares (representing 10.9% of the outstanding Common Shares prior to completion of the Restructuring) and Orion receiving 50,490,000 Debt Retirement Shares (representing 11.4% of the Common Shares prior to completion of the Restructuring). The aggregate number of Debt Retirement Shares represents approximately 22.3% of the outstanding Common Shares prior to completion of the Restructuring.

Upon completion of the Restructuring, LMM will hold 121,588,010 Common Shares, representing 15% of the then outstanding Common Shares, and Orion will hold 95,820,885 Common Shares, representing 11.8% of

the then outstanding Common Shares.

Mining Contractor

Pursuant to arm’s length negotiations, Stracon International SAC, mining contractor for the San Ramon Gold Mine, has agreed to convert approximately US \$3 million in accounts receivable into equity (20 million Common Shares) (the “Stracon Shares”). The Stracon Shares represent approximately 4.5% of the currently outstanding Common Shares or 2.5% of the outstanding Common Shares upon completion of the Restructuring.

Financial Hardship Exemption

Red Eagle Mining’s application to the TSX for the financial hardship exemption for the Restructuring has been made upon the unanimous recommendation of the Board of Directors. All Board members are unrelated to the other parties to the Restructuring transaction and are free from any interest in the transactions.

The transaction cannot close until after September 13, 2018 because of the five day waiting period required by the TSX. However, closing is expected to occur during October 2018, subject to TSX approval.

About Red Eagle Mining

Red Eagle Mining is a gold producer focused on building shareholder value through acquiring, developing and operating gold and silver 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, Vetas Gold, California Gold and Santa Ana Silver Projects. The Santa Rosa Gold Project commenced production in 2018.

Additional Information

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