



RED EAGLE MINING OPERATIONS UPDATE AT SANTA ROSA

January 23, 2017 – Red Eagle Mining Corporation (TSX: R, BVL: R, OTCQX: RDEMFB) is pleased to provide an update on operations at the Santa Rosa Gold Project, Antioquia, Colombia.

“We are very pleased to have completed commissioning of the plant and produced 1,850 ounces of gold since start-up,” comments Ian Slater, Chief Executive Officer. “Ramp up of the mine continues to progress and we look forward to announcing commercial production by the end of Q1 2017.”

Achievements to Date

- Best safety practices adopted with no major incidents to date;
- High voltage transmission line construction complete and energized, connecting the project to the national electrical grid;
- Main and secondary underground ramps have progressed to over 1.4 kilometres in length;
- 60 metre vertical ventilation shaft completed and connected to the underground workings;
- Over 19,000 tonnes of ore mined;
- Crusher operating within design parameters;
- Processing facility commissioning now complete, meeting design throughput, with the mill being run on a campaign basis while mine ore production rates are ramped up;
- Dry waste management facility complete with filtered tailings being dry stacked;
- Gold recoveries are 93% - on track to design rate of 96%; and
- 1,850 ounces of gold produced since pre-commercial start-up.

2016 Key Production Metrics

		Jan-Sept	October	November	December	Total
Total						
Decline Development	(metres)	496	319	322	331	1,468
Ore Development	(metres)	360	110	191	343	1,004
Ore Mined	(tonnes)	-	3,465	6,712	9,224	19,401
Average Per Day						
Development	(metres)	3	14	17	22	
Ore Mined	(tonnes)	-	111	224	298	

Mine Development

Underground development continues to advance well. Since Q3 2016 when the decline moved through oxidized material requiring support into competent granodiorite, daily advance rates have substantially increased from 3 metres per day to 22 metres per day. The main and secondary ramps have advanced a total of 1.4 kilometres from the portal. Four 100 metre strike length stoping blocks have been opened up on the 50, 75 and 100 metre levels, including 12 ore development headings with 6 advanced to stopes.

The 10,000 metre stope delineation drill programme completed in December, 2016 (news release dated [January 17, 2017](#)) and underground face samples have positively reconciled grade against the resource model.

Some initial poor ground conditions were encountered, particularly close to the saprolite contact, resulting in slower mining rates and more dilution than planned in startup. Accordingly, the mining method has been adjusted to conventional flat back cut and fill stoping, stope lengths have been reduced to 50 metres and ground controls are improving to minimize dilution.

Outlook

Underground production crews continue to increase their expertise and efficiency. Production rates are expected to accelerate in February and March as the underground team adjusts to more controlled stoping methods and additional production faces open up. The number of cut and fill stopes will more than double by March to achieve full production.

Exploration drilling is currently underway testing the eastern extent of the San Ramon Gold Deposit and the Rojo target 3 kilometres to the west of the processing facility.

Commercial production of 750 tonnes per day is anticipated to be achieved by the end of Q1 2017. As at December 31, 2016, Red Eagle Mining held \$4 million in cash and is managing working capital while advancing to positive cash flow in the coming months.

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

About Red Eagle Mining

Red Eagle Mining is a gold producer with an experienced mine development team. Management is focused on building shareholder value through discovering and developing 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 production. Red Eagle Mining also controls CB Gold which owns 100% of the Vetas Gold and Santa Ana Silver Projects and is actively consolidating additional high grade precious metal deposits in Colombia.

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