



## **RED EAGLE MINING ANNOUNCES \$20,000,000 FINANCING**

*Vancouver, BC, October 16, 2012* – **Red Eagle Mining Corporation (TSX-V: RD, OTCQX: RDEMF)** is pleased to announce a \$20,000,000 financing and two strategic investors. The funds will be raised through a combination of a private placement of common shares and the sale of a 2% net smelter royalty on Red Eagle Mining's Santa Rosa gold project located in Colombia.

Red Eagle Mining has agreed to complete a private placement offering (the "**Offering**") for gross proceeds of \$11,666,667. The Offering will consist of 21,212,121 common shares (the "**Shares**") at a price of \$0.55 per Share. Liberty Metals & Mining Holdings LLC ("**LMM**"), a subsidiary of Liberty Mutual Insurance, has agreed to purchase 11,424,188 Shares for \$6,283,303 and Appian Natural Resources Fund LP ("**Appian**") has agreed to purchase 5,454,545 Shares for \$3,000,000. These investments represent 19.9% and 9.5% respectively of the outstanding shares of Red Eagle Mining upon completion of the Offering. Existing shareholders have agreed to purchase the remainder of the Offering, consisting of 4,333,388 Shares.

Under the terms of the subscription agreement, so long as LMM owns at least 7.5% of the issued and outstanding shares of Red Eagle Mining on a fully diluted basis, LMM shall have the right to nominate one person to the Board of Directors of Red Eagle Mining and shall have the right to participate in any future equity financings in order to maintain LMM's then current equity ownership in Red Eagle Mining. LMM has nominated Christopher Noel Dunn, who will be appointed to the Board of Directors upon closing of the Offering. Mr. Dunn is a Managing Director of Liberty Metals & Mining, Liberty Mutual Group Asset Management Inc. He is also a non-executive director of Pan American Silver Corp., Pretium Resource Inc. and Alderon Iron Ore Corp.

LMM has also agreed to acquire a 2% net smelter royalty (the "**Royalty**") on Red Eagle Mining's Santa Rosa gold project for a purchase price of \$8,333,333. Red Eagle Mining will have the option until December 31, 2013 to require LMM to purchase an additional 1% Royalty for \$4,166,666. For a period of two years from the date of first gold production, Red Eagle Mining may repurchase 1% of the Royalty for \$8,333,333.

"We are very pleased that LMM and Appian have chosen to make a significant investment in Red Eagle Mining at this important time in the on-going development of the Santa Rosa gold project", comments Ian Slater, Chief Executive Officer. "I would also like to welcome Noel Dunn to the Red Eagle Mining board. Noel brings immense experience in equity and debt mine financing and he is a great addition to the board."

Appian is a private equity fund which invests into mining companies where it can assist in bringing an asset into production. Appian is managed by an experienced team of ex-investment banking professionals, principle investment specialists and a highly experienced operational team, who will be made available to work closely with Red Eagle Mining to develop the Santa Rosa gold project.

Proceeds will be used for the exploration and development of the Santa Rosa gold project, preparation of an initial NI 43-101 compliant resource estimate, preparation of a Preliminary Economic Assessment, completion of final property payments and general working capital as the project continues its development. The Offering and related transactions are subject to the prior approval of the TSX Venture Exchange. After closing of the Offering Red Eagle Mining will have 57,407,980 common shares outstanding. All of the securities issued pursuant to the Offering will be subject to a four month hold period from the closing date. Red Eagle Mining has agreed to pay a cash finder's fee of \$139,585 in connection with the Offering of which \$116,667 is payable to Knight Capital Americas LLC.

### ***About Red Eagle Mining***

Red Eagle Mining Corporation is a well-financed gold exploration and development company with an experienced mine development team. Red Eagle Mining is currently developing the Santa Rosa gold project located in Colombia. Santa Rosa is an intrusive hosted structurally-controlled quartz stockwork system within the prolific Cretaceous Antioquia Batholith. Gold mining within the Santa Rosa project pre-dates the 16<sup>th</sup> century when an estimated 30 million tonnes were mined. Santa Rosa is located 70km north of Medellin near the town of Santa Rosa de Osos in a region characterized by gently rolling hills and excellent infrastructure. Santa Rosa is also located 50km west of AngloGold Ashanti's Gramalote gold deposit (2.5 million ounce M&I resource grading 0.8 g/t Au) and 60km east of Continental Gold's Buritica gold deposit (1.6 million ounce M&I resource grading 13.6 g/t Au). Red Eagle Mining also holds an extensive package of exploration ground in Colombia, including the Pavo Real project in the Mid-Cauca gold belt.

For further information on Red Eagle Mining please refer to our website [www.redeaglemining.com](http://www.redeaglemining.com), contact Ian Slater, Chief Executive Officer, or contact:

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