NEWS RELEASE

EAGLE ENERGY™
INC.

FOR IMMEDIATE RELEASE

Eagle Energy Inc. Announces Second Quarter 2016 Results and Executive Appointment

Calgary, Alberta - August 4, 2016 (TSX: EGL): Eagle Energy Inc. ("**Eagle**") is pleased to report its financial and operating results for the second quarter ended June 30, 2016.

"Eagle is on track to post 2016 results at the upper end of our production guidance, the lower end of our operating cost guidance and as planned for our capital spend," said Richard Clark, Chief Executive Officer.

Mr. Clark added, "In addition, with operatorship in our hands effective June 1st at Dixonville in Alberta, we anticipate adding 200 to 250 boes per day of production gross to the field by the end of 2016. Over the long-term, we plan to leverage off our internal waterflood expertise to improve the effectiveness of the field by developing a more efficient artificial lift strategy. In the medium term, we believe a number of improvements can be made in the areas of field operations, trucking and marketing."

In June 2016, the Alberta Energy Regulator ("**AER**") announced that as a condition of transferring existing AER licenses, approvals, and permits, the AER will require all transferees to demonstrate that they have a liability management ratio ("**LMR**") of 2.0 or higher immediately following the transfer. LMR is an assets to liabilities comparison to ensure a higher likelihood that energy companies can meet future decommissioning and abandonment liabilities. Following Eagle's assumption of operatorship of the Dixonville properties, the LMR value for Eagle was 3.13 (as of July 22, 2016). As such, Eagle does not expect that the recent changes by the AER to its LMR regime will be an impediment to future acquisition opportunities for Eagle.

"Turning to the revenue side of the business, for the remainder of 2016, Eagle has 1,666 barrels of oil per day hedged at an average WTI price of $US 51.00 per barrel, which is approximately 44% of its expected production. For 2017, we have 750 barrels of oil per day hedged at $US 45.00 per barrel," said Mr. Clark.

Executive Appointment

Eagle is pleased to announce that, effective today, Wayne Wisniewski, Eagle's Chief Operating Officer, has been appointed as Eagle's President. Richard Clark, who has been Eagle's President and Chief Executive Officer and a director since its inception, will continue in his roles of Chief Executive Officer and a director.

Mr. Wisniewski, who is based in Houston, Texas, first joined Eagle in September 2012 as the Vice President, Operations of Eagle's operating subsidiary in the United States. A year later, he became the Chief Operating Officer of the U.S. subsidiary and subsequently, in May 2015, its President. In addition to being President and Chief Operating Officer of Eagle, Mr. Wisniewski will continue in his roles as President and Chief Operating Officer and a director of Eagle's U.S. subsidiary, Eagle Hydrocarbons Inc.

Commenting on the appointment, Mr. Clark concluded, "Wayne has been with Eagle for four years and has demonstrated strong operational abilities and leadership excellence. I am pleased that he has accepted this new role. As CEO, I will turn much of my attention towards attracting capital to accelerate the substantial growth opportunities Eagle enjoys within our existing assets, and providing our Business Development group with support in seeking additional growth through acquisitions."

Eagle's unaudited interim condensed consolidated financial statements for the six months ended June 30, 2016 and related management's discussion and analysis have been filed with the securities regulators and are available online under Eagle's issuer profile on SEDAR at www.sedar.com and on Eagle's website at www.EagleEnergy.com.

This news release contains non-IFRS financial measures and statements that are forward-looking. Investors should read "Non-IFRS Financial Measures" and "Note about Forward-Looking Statements" near the end of this news release. Figures within this news release are presented in Canadian dollars unless otherwise indicated.

Highlights for the Three Months ended June 30, 2016

- Achieved quarterly production in excess of 4,100 barrels of oil equivalent per day ("**boe/d**") for the first time in the history of Eagle, and expects 2016 average production to be at the upper end of the guidance range.
- Reduced per-boe operating costs (inclusive of transportation) by 12% from the first quarter of 2016 and 16% from the prior year's comparative quarter.
- Assumed operatorship of the Dixonville properties (where Eagle holds a 50% working interest) on June 1, 2016, thereby allowing Eagle to commence pipeline upgrades in order to bring "behind-pipe" production on-stream; upgrades which the former operator, being in receivership, was not capitalized to complete. Eagle expects to add 200 to 250 boe/d of production (gross to the field) by the end of 2016.
- Increased second quarter 2016 production to 4,147 boe/d, more than doubled second quarter funds flow from operations of $5.1 million when compared to the first quarter of 2016 and expects a year end 2016 debt to trailing funds flow from operations ratio of 3.7 times.
- Successfully drilled the second well of its two well drilling program at Salt Flat in Texas, with costs coming in considerably under budget. The first well came on production in April and the second well at the end of June, with the drilling program exceeding expectations from both a cost control and productivity perspective.

2016 Outlook

This outlook section is intended to provide shareholders with information about Eagle's expectations for capital expenditures, production and operating costs for 2016. Readers are cautioned that the information may not be appropriate for any other purpose. This information constitutes forward-looking information. Readers should note the assumptions, risks and discussions under "Note about Forward-Looking Statements" at the end of this news release.

Eagle's 2016 capital budget, average production and operating cost guidance remains unchanged from what Eagle previously announced on May 5, 2016 and June 6, 2016, and is as follows:

	2016 Guidance	Notes
Capital Budget	$5.0 mm	1
Average Production	3,400 to 3,800 boe/d	2
Operating Costs per month	$2.0 to $2.4 mm	

Notes:

(1) The 2016 capital budget of $CA 5.0 million consists of $US 3.0 million for Eagle's operations in the United States and $0.8 million for Eagle's operations in Canada. At an assumed $US 47.50 per barrel WTI oil price, Eagle's 2016 capital budget of $5.0 million and dividend of $0.005 per common share of Eagle per month ($0.06 per share annualized) results in a corporate payout ratio of 57%.

(2) 2016 average production is forecast to consist of 88% oil, 9% natural gas and 3% natural gas liquids ("**NGLs**") and includes both working interest and royalty interest production.

Eagle's Expected Funds Flow from Operations and Corporate Payout Ratio

For 2016, Eagle expects to be at the upper end of its stated average production guidance range. In addition, the reduction in Eagle's monthly dividend to $0.005 (one half cent) per share, beginning with the June 2016 dividend, combined with updated commodity price and foreign exchange rate assumptions results in a change in Eagle's expected 2016 funds flow from operations and corporate payout ratio from that disclosed on June 6, 2016 as follows:

	Amount	Notes
Funds Flow from Operations	$15.6 mm	(1)
Basic Payout Ratio	27%	(2)
Plus: Capital Expenditures	30%	
Equals: Corporate Payout Ratio	57%	(3)

Notes:

(1) 2016 funds flow from operations is expected to be approximately $CA 15.6 million (previously $CA 11.1 million) based on the following assumptions:

(a) average production of 3,800 boe/d (the upper end of the guidance range) (previously 3,600);

(b) pricing at $US 47.50 (previously $50.00) per barrel WTI oil, $CA 2.47 per Mcf AECO gas (previously $CA 1.75) and $US 16.63 per barrel of NGL (NGL price is calculated as 35% of the WTI price);

(c) differential to WTI is $US 3.10 discount per barrel in Salt Flat, $US 3.50 discount per barrel in Hardeman, $CA 16.17 discount per barrel in Dixonville and $CA 12.67 discount per barrel in Twining;

(d) average operating costs of $CA 2.2 million per month ($US 0.8 million per month for Eagle's operations in the United States and $CA 1.1 million per month for Eagle's operations in Canada), the mid-point of the guidance range;

(e) foreign exchange rate of $US 1.00 equal to $CA 1.30 (previously $CA 1.31); and

(f) field netback (excluding hedges) of $16.82 per boe (previously $16.59).

(2) Eagle calculates its Basic Payout Ratio as follows:

$$\frac{\text{Shareholder Dividends}}{\text{Funds Flow from Operations}} = \text{Basic Payout Ratio}$$

(3) Eagle calculates its Corporate Payout Ratio as follows:

$$\frac{\text{Capital Expenditures + Shareholder Dividends}}{\text{Funds Flow from Operations}} = \text{Corporate Payout Ratio}$$

(4) Funds flow from operations, field netback, basic payout ratio and corporate payout ratio are non-IFRS measures. See the section below titled "Non-IFRS Financial Measures".

Eagle accelerated a portion of its 2016 capital program into the first quarter and by the end of the second quarter was 80% through its 2016 capital budget of $5.0 million. For the second, third and fourth quarters of 2016 combined, it is therefore expected that: (i) funds flow from operations will exceed capital expenditures; (ii) year end 2016 debt will be reduced to approximately $58 million; and (iii) the year end 2016 debt to trailing funds flow from operations ratio will be approximately 3.7 times.

The following tables show the sensitivity of Eagle's expected 2016 funds flow from operations, corporate payout ratio and debt to trailing funds flow from operations ratio to changes in commodity prices, exchange rates and production:

Sensitivity to Commodity Price	2016 Average WTI (2016 Average Production 3,800 boe/d)		
	$US 37.50 (FX 1.35)	$US 47.50 (FX 1.30)	$US 57.50 (FX 1.25)
Funds Flow from Operations ($CA)	$14.4	$15.6	$15.9
Corporate Payout Ratio	62%	57%	56%
Debt to Trailing Funds Flow from Operations	4.1x	3.7x	3.6x

Sensitivity to Production	2016 Average Production (boe/d) (WTI $US 47.50, F/X 1.30)		
	3,700	**3,800**	**3,900**
Funds Flow from Operations ($CA)	$15.1	$15.6	$16.1
Corporate Payout Ratio	59%	57%	55%
Debt to Trailing Funds Flow from Operations	3.9x	3.7x	3.6x

Assumptions:

(1) Annualized dividends are assumed to be $0.06 per share per year ($212,000 per month).

(2) Operating costs are assumed to be $2.2 million per month (mid-point of guidance range).

(3) Differential to WTI held constant.

(4) Foreign exchange rate is assumed to be $US 1.00 equal to $CA 1.30 unless otherwise indicated in the table.

(5) 2016 average production is assumed to be 3,800 boe/d (the upper end of the guidance range).

Summary of Quarterly Results

	Q2/2016	Q1/2016	Q4/2015	Q3/2015	Q2/2015	Q1/2015	Q4/2014	Q3/2014
($000's except for boe/d and per share amounts)								
Sales volumes – boe/d	4,147	3,854	3,783	3,607	3,034	2,995	1,929	2,859
Revenue, net of royalties	13,149	9,099	11,603	13,428	12,884	10,206	10,238	17,143
per boe	34.84	25.94	33.34	40.46	46.66	37.86	57.67	65.19
Operating costs	5,928	6,265	6,356	6,473	5,171	5,978	3,396	4,312
per boe	15.71	17.86	18.26	19.50	18.73	22.18	19.13	16.39
Field netback	7,221	2,834	5,246	6,956	7,713	3,744	6,841	12,832
per boe	19.13	8.08	15.08	20.96	27.94	13.89	38.54	48.80
Funds flow from operations	5,148	2,167	5,147	7,332	10,532	7,727	5,670	7,476
per boe	13.64	6.18	14.79	22.09	38.14	28.67	31.94	28.43
per share – basic	0.12	0.05	0.15	0.21	0.30	0.22	0.16	0.22
per share – diluted	0.12	0.05	0.15	0.21	0.30	0.22	0.15	0.16
Earnings (loss)	(9,288)	(11,713)	(23,198)	(51,784)	(6,541)	5,477	(35,192)	8,104
per share – basic	(0.23)	(0.29)	(0.67)	(1.48)	(0.19)	0.16	(1.01)	0.24
per share - diluted	(0.23)	(0.29)	(0.67)	(1.48)	(0.19)	0.16	(1.13)	0.18
Cash dividends paid	1,298	1,584	2,614	3,143	3,130	3,153	7,159	9,036
per issued share	0.03	0.04	0.07	0.09	0.09	0.09	0.21	0.26
Current assets	10,618	12,829	19,767	21,862	13,382	31,459	33,245	76,566
Current liabilities	75,035	5,472	9,397	8,033	7,754	8,642	10,720	13,587
Total assets	195,044	199,708	208,572	228,959	245,009	265,342	257,172	240,458
Total non-current liabilities	32,397	96,317	92,616	91,316	52,012	60,835	57,547	2,565
Shareholders' equity	87,612	97,919	106,559	129,611	185,243	195,865	188,905	224,306
Shares issued	42,452	42,452	34,863	34,893	34,961	35,023	35,017	34,821

Funds flow from operations is a non-IFRS measure. See the section below titled "Non-IFRS Financial Measures".

For the three months ended June 30, 2016, sales volumes increased when compared to the previous quarter due to initial production from the two new drills in Salt Flat, one of which came on production at the end of April, and one at the end of June. In addition, royalty volumes from non-operated properties acquired in January 2016 increased as wells that were shut in temporarily in the first quarter came back on production.

Funds flow from operations increased in the second quarter of 2016 versus the first quarter of 2016 primarily due to higher volumes and an increase in commodity prices in the second quarter.

Earnings (loss) on a quarterly basis often does not move directionally or by the same amount as movements in funds flow from operations. This is primarily due to items of a non-cash nature that factor into the calculation of earnings (loss), and those that are required to be fair valued at each quarter end. Second quarter 2016 funds flow from operations increased 138% from the first quarter 2016 while the second quarter loss only decreased by 21% due primarily to rising commodity prices which caused a mark-to-market risk management loss in the second quarter.

Current liabilities increased from the first quarter of 2016 because the May 27, 2017 maturity date of the credit agreement falls within twelve months of the second quarter balance sheet date of June 30, 2016 and this amount therefore has been moved from non-current to current liabilities. In the course of renewing this credit agreement in prior years, the maturity date has been set at a date which is approximately two years from the renewal date, thereby causing the outstanding debt to be classified as a non-current liability. This year, the syndicate of banks changed this practice, leaving the maturity date of the credit agreement unchanged at May 27, 2017 which resulted in the outstanding debt being classified as a current liability.

Credit Agreement

On May 31, 2016, Eagle finalized its semi-annual borrowing base redetermination which resulted in: (i) amendments being made to its credit agreement; (ii) a borrowing base level being set at $CA 70 million and; (iii) a maturity date of May 27, 2017 remaining unchanged. Security granted under the credit agreement remained unchanged and is by way of a first priority security interest on substantially all of the property and assets of Eagle Energy Inc. and Eagle Hydrocarbons Inc. (each a borrower under the credit agreement). At June 30, 2016, there were no covenant violations under or in connection with the credit agreement. A summary of the significant amendments made to the credit agreement effective May 31, 2016 is set forth in the unaudited interim condensed consolidated financial statements for the six months ended June 30, 2016 and related management's discussion and analysis and a redacted version of the entire credit agreement can be found under Eagle's issuer profile on SEDAR at www.sedar.com.

Dividends

Eagle pays monthly dividends to shareholders at the discretion of its board of directors. Effective with the dividend declared for February 29, 2016, Eagle reduced its monthly dividend to $0.01 (one cent) per share from $0.015 (one and one half cents) per share concurrent with announcing a 51% reduction in its 2016 capital program, both of which were in response to the significant and ongoing uncertainty and volatility in commodity prices at that time. With that reduction, Eagle's corporate payout ratio was expected to be at or below 100%, keeping Eagle on track to conduct business within its cash flow. However, the May 31, 2016 credit agreement amendment contained a requirement of Eagle's lenders to further reduce Eagle's dividend to not exceed half a cent per month. Eagle reduced its monthly dividend to $0.005 (one half cent) per share ($0.06 annualized) beginning with the June 2016 dividend that was paid on July 22, 2016.

Advisories

Non-IFRS Financial Measures

Statements throughout this news release make reference to the terms "funds flow from operations", "field netback", "basic payout ratio" and "corporate payout ratio", which are non-IFRS financial measures that do not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other issuers. Management believes that these terms provide useful information to investors and management since such measures reflect the quality of production, the level of profitability, the ability to drive growth through the funding of future capital expenditures and the sustainability of dividends to shareholders.

"Funds flow from operations" is calculated before changes in non-cash working capital and abandonment expenditures. Management considers funds flow from operations to be a key measure as it demonstrates Eagle's ability to generate the cash necessary to pay dividends, repay debt, fund decommissioning liabilities and make capital investments. Management believes that by excluding the temporary impact of changes in non-cash operating working capital, funds flow from operations provides a useful measure of Eagle's ability to generate cash that is not subject to short-term movements in non-cash operating working capital. Refer to the table in the management's discussion and analysis under "Non-IFRS Financial Measures" for a reconciliation of funds flow from operations to earnings (loss).

"**Field netback**" is calculated by subtracting royalties and operating costs from revenues.

"Basic payout ratio" is calculated by dividing shareholder dividends by funds flow from operations.

"Corporate payout ratio" is calculated by dividing capital expenditures (excluding acquisition capital) plus shareholder dividends by funds flow from operations.

Note about Forward-Looking Statements

Certain of the statements made and information contained in this news release are forward-looking statements and forward-looking information (collectively referred to as "**forward-looking statements**") within the meaning of Canadian securities laws. All statements other than statements of historic fact are forward-looking statements. Eagle cautions investors that important factors could cause Eagle's actual results to differ materially from those projected, or set out, in any forward-looking statements included in this news release.

In particular, and without limitation, this news release contains forward-looking statements pertaining to the following:

- Eagle's 2016 capital budget and specific uses;
- Eagle's expected 2016 full year average production, operating costs and field netbacks;
- Eagle's expected 2016 funds flow from operations, basic payout ratio, corporate payout ratio and debt to trailing funds flow from operations, and sensitivities of some of these metrics to production rates, foreign exchange rates and commodity prices;
- Eagle's expectation that its funds flow from operations will exceed capital expenditures for the second, third and fourth quarters of 2016 combined;
- Eagle's expectation that its year end 2016 debt will be reduced to approximately $58 million;
- anticipated crude oil, natural gas liquids and natural gas production levels and mix;
- Eagle's expectations regarding its Dixonville properties, including commencing pipeline upgrades to bring "behind-pipe" production on-stream, adding production and making improvements to the effectiveness of the waterflood, field operations, trucking and marketing;
- that Eagle does not expect recent changes by the AER to its LMR regime will be an impediment to future acquisition opportunities for Eagle;
- management's expectations regarding growth opportunities both within Eagle's existing assets and through acquisitions;
- Eagle's hedging program; and
- Eagle's expectations regarding dividends.

With respect to forward-looking statements contained in this news release, assumptions have been made regarding, among other things:

- future oil, natural gas liquid and natural gas prices and weighting;
- future currency exchange rates;
- future production levels;
- future recoverability of reserves;
- future dividend levels;
- future capital expenditures and the ability of Eagle to obtain financing or refinancing on acceptable terms for its capital projects and future acquisitions;
- Eagle's 2016 capital budget, which is subject to change in light of ongoing results, prevailing economic circumstances, commodity prices and industry conditions and regulations;
- not including capital required to pursue future acquisitions in the forecasted capital expenditures;
- estimates of anticipated future production, which is based on the proposed drilling program with a success rate that, in turn, is based upon historical drilling success and an evaluation of the particular wells to be drilled; and
- projected operating costs, which are based on historical information and anticipated changes in the cost of equipment and services.

Eagle's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and those in Eagle's Annual Information Form ("**AIF**") dated March 17, 2016 for the year ended December 31, 2015, which is available on Eagle's website at www.EagleEnergy.com and on SEDAR at www.sedar.com:

- volatility of oil, natural gas liquid, and natural gas prices;
- commodity supply and demand;
- fluctuations in currency exchange and interest rates;
- inherent risks and changes in costs associated in the development of petroleum properties;
- ultimate recoverability of reserves;
- timing, results and costs of drilling and production activities;
- availability of financing and capital; and
- new regulations and legislation that apply to Eagle and the operations of its subsidiaries.

Additional risks and uncertainties affecting Eagle are contained in the AIF under the heading "Risk Factors".

As a result of these risks, actual performance and financial results in 2016 may differ materially from any projections of future performance or results expressed or implied by these forward-looking statements. Eagle's production rates, operating costs, field netbacks, drilling program, 2016 capital budget, funds flow from operations, and dividends are subject to change in light of ongoing results, prevailing economic circumstances, obtaining regulatory approvals, obtaining financing, commodity prices and industry conditions and regulations. New factors emerge from time to time, and it is not possible for management to predict all of these factors or to assess, in advance, the impact of each such factor on Eagle's business, or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Undue reliance should not be placed on forward-looking statements, which are inherently uncertain, are based on estimates and assumptions, and are subject to known and unknown risks and uncertainties (both general and specific) that contribute to the possibility that the future events or circumstances contemplated by the forward-looking statements will not occur. Although management believes that the expectations conveyed by the forward-looking statements are reasonable based on information available to it on the date the forward-looking statements were made, there can be no assurance that the plans, intentions or expectations upon which forward-looking statements are based will in fact be realized. Actual results will differ, and the difference may be material and adverse to Eagle and its shareholders. Eagle does not undertake any obligation, except as required by applicable securities legislation, to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise.

Advisory Regarding Oil and Gas Equivalency Measures

This news release contains disclosure expressed as "boe" or "boe/d". All oil and natural gas equivalency volumes have been derived using the conversion ratio of six thousand cubic feet ("**Mcf**") of natural gas to one barrel ("**bbl**") of oil. Equivalency measures may be misleading, particularly if used in isolation. A conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head. In addition, given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalent of six to one, utilizing a boe conversion ratio of 6 Mcf:1 bbl would be misleading as an indication of value.

About Eagle Energy Inc.

Eagle is an oil and gas corporation created to provide investors with a sustainable business while delivering stable growth in production and overall growth through accretive acquisitions. Eagle's shares are traded on the Toronto Stock Exchange under the symbol "EGL".

All material information about Eagle may be found on its website at www.EagleEnergy.com or under Eagle's issuer profile at www.sedar.com.

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