



**EAGLE ENERGY™**  
**INC.**

## NEWS RELEASE

### FOR IMMEDIATE RELEASE

#### **Eagle Reiterates its Strategy, Addresses Dissidents and Sets New Annual Meeting Date**

**Calgary, Alberta** – May 8, 2017 (TSX: EGL): Eagle Energy Inc. is updating its shareholders, addressing the May 4 news release issued by dissidents Kingsway Financial Services Inc. and Daniel Gundersen and setting a new date for its 2017 annual meeting.

#### **Our Plan is to Steadily Execute Eagle's Growth Strategy**

The dissidents are trying to gain control of Eagle for the stated purpose of selling Eagle's assets. We have a strategic plan that we believe will return more value to shareholders.

- **Strategic Five Year Plan** We have a strategic five year plan that we believe will more than double production and reserves and leave Eagle at less than one times debt to cash flow within five years, while drilling less than one-third of our existing inventory.<sup>1</sup>
- **North Texas Opportunity** We have been quietly acquiring acreage on a play in North Texas that we have been working on for more than two years and believe could be transformational to Eagle.
- **Eagle's four year loan with White Oak will help us execute our growth strategy.**

#### **The Backstory**

##### **The Threat**

On Wednesday, April 26, Daniel Gundersen threatened a proxy fight to replace Eagle's board of directors. He and Larry Swets, the CEO of Kingsway, later proposed that they be added as Eagle directors and that Eagle director and CEO Richard Clark be removed from the Eagle board.

##### **Kingsway Background**

Kingsway has no connection with the oil and gas industry in Canada or the United States. They target companies and use proxy battles to achieve their own goals. They have no history of acting on behalf of all shareholders. Eagle believes that Kingsway only recently became an Eagle shareholder; its objectives are short term.

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<sup>1</sup> With WTI pricing of \$US 55 to \$US 56 WTI and foreign exchange of \$CA 1.28/\$US 1.00.

### **Eagle Board Action**

After careful consideration, Eagle's directors concluded that it would not be in Eagle's best interests to add Daniel Gundersen and Larry Swets to the board. In short, the board concluded that the dissidents:

- **Offered No Additional Expertise** - Daniel Gundersen has minimal experience as a director and no experience in the U.S. oil and gas industry. Larry Swets has no oil and gas industry experience whatsoever and, by not standing for election to the board, appears to have no long term interest in Eagle.
- **Proposed No New Ideas for Eagle's Business or Strategy** - The dissidents' suggestions offered nothing new. Some were self-serving at the expense of Eagle shareholders. Others were already in progress.
- **Proposed a Misuse of Funds** - The dissidents asked Eagle to pay \$50,000 plus taxes and disbursements for the dissidents' expenses. That would have been a clear misuse of Eagle's funds.

### **Dissidents' Self-Interested Attempt to Take Control of the Board**

Having been declined, the dissidents notified Eagle on May 2, 2017, under Eagle's advance notice by-law, that the dissidents want to take full control of the board by nominating four persons for election as directors. Notably, Larry Swets was not included as a nominee.

The four nominees put forward by the dissidents lack the breadth and depth of experience of Eagle's existing directors.

- **One dissident nominee has no energy sector experience.**
- **Three dissident nominees have never led a public energy company.**
- **None of the dissident nominees have any U.S. energy sector experience.**

The dissidents stated in their news release that "they had expressed their dissatisfaction with Eagle's plans and had recommended changes that would be in the best interests of shareholders".

Eagle's board considered and rejected the dissidents' recommendations – sell Eagle's assets and complete a predatory financing proposed by Kingsway – because their recommendations were not in the best interests of Eagle.

### **Eagle's Directors Have the Required Expertise**

Eagle's directors are highly respected, career oil and gas leaders. They have the expertise required for a company with oil and gas assets in both the U.S. and Canada.

- **David Fitzpatrick** – Over 35 years of experience in the upstream oil and gas industry where he has served in leadership, management, planning and technical roles for several public energy companies. Mr. Fitzpatrick is an engineer by profession and is the President and Chief Executive Officer of Veresen Midstream and was formerly the founder, President, Chief Executive Officer and a director of Shiningbank Energy Income Fund. Mr. Fitzpatrick

has been a director of a number of TSX listed companies. Mr. Fitzpatrick is the Chair of Eagle's board.

- **Bruce Gibson** – Over 35 years of financial experience in the oil and gas industry. Mr. Gibson is a Chartered Accountant by profession and was formerly the Chief Financial Officer of Shiningbank Energy Income Fund. Mr. Gibson chairs the Audit Committee of the board.
- **Warren Steckley** – Over 38 years of oil and gas industry experience with technical, financial and investment expertise. An engineer by profession, Mr. Steckley was formerly the President, Chief Operating Officer and a director of Barnwell of Canada, Limited, an oil and gas company and wholly-owned subsidiary of Barnwell Industries Inc., a public company listed on the American Stock Exchange. Mr. Steckley has been a director of a number of private companies and TSX listed companies. Mr. Steckley chairs Eagle's Reserves and Governance Committee and Compensation Committee of Eagle's board.
- **Richard Clark** – Over 27 years in the energy sector, including 19 years as a legal advisor to energy sector CEOs. Mr. Clark specialized in corporate governance, finance, securities, mergers and acquisitions and venture capital and has extensive experience in developing innovative financing structures, leading initial public offerings and other debt and equity financings, completing multiple corporate mergers and asset transactions, and advising on U.S. expansion initiatives in the energy sector. Mr. Clark's board experience began in 1991 and since then he has served on numerous boards predominantly in the oil and gas sector. Mr. Clark leads Eagle in his role as founder and Chief Executive Officer.

Further, Eagle's management is comprised of highly respected individuals who each bring 20 or more years of experience to their respective roles.

Last and most importantly, Eagle's board and management have the honour to work with very dedicated and hard-working employees who strive to achieve operational excellence, including working safely, each and every day.

"While proxy contests can be expensive and distracting, Eagle's management and employees will remain focused on executing our value creation strategy and will continue to engage constructively with shareholders. If the dissidents were genuinely concerned about Eagle's future, its business strategy and costs, they would have engaged more constructively with us and brought forward genuine transaction or financing proposals that added long-term accretive value to Eagle and our shareholders," stated Mr. Clark.

## **Eagle's Annual Meeting will be Held on June 27, 2017**

Eagle's directors believe that it is in Eagle's best interests that a new annual meeting date be set to give shareholders sufficient time to understand the situation and participate in the vote.

The board has set June 27, 2017 as the date of Eagle's annual meeting. The previously announced meeting date was June 14. The record date for the June 27 meeting is May 23.

Eagle will provide more information in a management information circular to shareholders. The information circular will reiterate Eagle's business strategy, name the existing directors as nominees for re-election, contain voting recommendations and set out reasons for those recommendations.

Eagle has retained Laurel Hill Advisory Group to assist with solicitation of proxies for the meeting. Bennett Jones LLP is Eagle's legal advisor in connection with the meeting.

## **About Eagle Energy Inc.**

Eagle is an oil and gas corporation with shares listed for trading on the Toronto Stock Exchange under the symbol “EGL”.

All material information about Eagle may be found on its website at [www.EagleEnergy.com](http://www.EagleEnergy.com) or under Eagle’s issuer profile at [www.sedar.com](http://www.sedar.com).

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### **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 dissidents’ plans and the persons whom the dissident shareholders state they will nominate for election as Eagle directors; the record and meeting dates of Eagle’s shareholder meeting; Eagle’s strategic five year plan including the North Texas opportunity and the expectation that Eagle’s financing will help it execute its strategic plan.*

*With respect to forward-looking statements contained in this news release, assumptions have been made regarding, among other things: future crude oil, NGL, natural gas prices, differentials and weighting; future foreign exchange rates; Eagle’s 2017 capital budget, which is subject to change in light of ongoing results, prevailing economic circumstances, commodity prices and industry conditions and regulations; future production estimates and operating costs; future capital expenditures and the ability of Eagle to obtain financing on acceptable terms.*

*Eagle’s actual results could differ materially from those anticipated in these forward-looking statements as a result of the following risk factors and those in Eagle’s Annual Information Form (“AIF”) dated March 16, 2017 for the year ended December 31, 2016, which is available on Eagle’s website at [www.EagleEnergy.com](http://www.EagleEnergy.com) and on SEDAR at [www.sedar.com](http://www.sedar.com): the volatility of crude oil, NGL and natural gas prices; commodity supply and demand; fluctuations in foreign 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.*

*As a result of these risks, actual performance and financial results in 2017 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, drilling program, 2017 capital budget, and reserves are subject to change in light of ongoing results and economic and industry conditions. 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. These statements speak only as of the date of this news release and may not be appropriate for other purposes.***