

# NEWS RELEASE



FOR IMMEDIATE RELEASE

## EAGLE ENERGY TRUST SEEKS UNITHOLDER APPROVAL TO PERMIT INVESTMENT IN CANADIAN ASSETS

**Calgary, Alberta – October 20, 2014** Eagle Energy Trust (“Eagle” or the “Trust”) (TSX: EGL.UN) plans to hold a Special Meeting of unitholders on November 24, 2014 to vote on a special resolution to amend the investment restrictions in Eagle’s Trust Indenture to permit the acquisition of Canadian energy assets.

Detail regarding the proposed amendment, the special meeting and the voting process will be provided in Eagle’s Management Proxy Circular (the “Circular”), which will be available on or about October 22, 2014 on Eagle’s website at [www.eagleenergytrust.com](http://www.eagleenergytrust.com) and under Eagle’s issuer profile at [www.sedar.com](http://www.sedar.com) and sent to Eagle’s unitholders thereafter. The Special Meeting will commence at 3:00 p.m. (MST) in the McMurray Room of the Calgary Petroleum Club at 319 Fifth Avenue S.W., Calgary, Alberta.

### Reasons for Amending the Investment Restrictions to Permit Investment in Canadian Assets

The terms of Eagle’s Trust Indenture currently limit the Trust to investing (through its subsidiaries) in non-Canadian assets. In August 2014, Eagle made the strategic decision to sell its Texas Permian asset for US \$140 million. Eagle’s remaining U.S. properties produce approximately 1,900 barrels of oil per day. As a result of the disposition, Eagle has approximately US \$55 million of cash and a US \$55 million unutilized debt facility.

Richard Clark, Eagle’s President and Chief Executive Officer, stated, “Eagle has identified and reviewed numerous potential acquisitions both in the U.S. and Canada and has concluded that opportunities in Canada are as attractive as, and in certain cases more attractive than, opportunities in the U.S.”

“On a macro basis, we believe market conditions in Canada’s oil and gas sector over the past several years have resulted in Canadian oil and gas assets and talented industry personnel being available at attractive cost levels. We also believe that pricing differentials (the discounts applied to Canadian oil and natural gas prices), which have been high and volatile over the past few years but have recently narrowed, will continue to narrow over the coming years as the expansion of liquefied natural gas, rail and pipeline infrastructure enhances access to non-U.S. markets for Canadian oil and natural gas. Eagle’s management and directors have significant experience acquiring and developing energy assets in Canada. Investing in Canada will mitigate the Trust’s commodity price, foreign exchange and interest rate risk through diversification, thus assisting us with maintaining the stability and sustainability of Eagle’s distributions.”

“We believe freeing the Trust to invest in Canada will enhance our ability to continue to provide investors with an attractive oil and natural gas-focused, distribution-producing investment.”

### Acquiring Canadian Assets will not affect Eagle’s U.S. Investments and U.S. Sourced Distributions

*The Trust’s proposed Canadian investments will have no effect on its U.S. operations or on the taxes applicable to U.S. sourced Unitholder distributions.* The Trust’s U.S. operating subsidiary will continue to actively acquire, operate and exploit U.S. oil and gas production in accordance with the Trust’s growth strategy.

## **Acquiring Canadian Assets will have No Negative Effects on Eagle's Structure or Taxability**

*The Trust's proposed Canadian investments will be structured such that the SIFT tax will not apply to the Trust or its affiliates.*

The Trust's Canadian corporate subsidiaries will be taxed in the same manner as other Canadian oil and gas corporations, with taxable income being reduced by claiming permitted deductions. The Trust's Canadian corporate subsidiaries, like many Canadian petroleum exploration and production companies, will maximize available deductions in order to minimize corporate tax.

With respect to the total annual distributions by Eagle to its unitholders, the portion of future distributions attributable to the Canadian assets will include return of capital and dividend components.

The total annual distribution will be allocated among three components, which will be indicated on unitholders' annual tax slips as "other income" (*i.e.*, trust income from U.S. sources), "return of capital" and "dividends", and will be disclosed by the Trust on its website annually.

## **Eagle's Board and Management's Recommendation**

Mr. Clark concluded, "Eagle's board of directors and management believe the Trust is well positioned to achieve its primary objective, which is to provide investors with a reliable distribution paying investment by generating stable cash flows and managing risk while delivering moderate growth through increasing unit value. We believe it is in the best interests of our unitholders to allow the Trust to invest in operating subsidiaries that acquire Canadian energy assets as this will contribute to achieving this objective. We accordingly recommend that unitholders vote in favour of the proposed special resolution to amend the investment restrictions in the Trust Indenture so as to permit the Trust, through its subsidiaries, to invest in Canadian energy assets."

## **Note Regarding Forward-Looking Statements**

Certain of the statements made in this news release are forward-looking statements within the meaning of Canadian securities laws. The Trust cautions investors that important factors could cause the Trust's actual results to differ materially from those set out in any forward-looking statement included in this news release. In particular, and without limitation, these forward-looking statements pertain to the Trust's plan to hold a special meeting of unitholders and the date, time, place and purpose of that meeting; management's views and expectations regarding the oil and gas industry in Canada in general; acquisition opportunities for the Trust in Canada; future pricing differentials; the ability of the Trust to mitigate its commodity price, foreign exchange and interest rate risk through diversification in its investments; and other expectations regarding the impact on the Trust of an indirect acquisition of Canadian assets should the proposed amendment to the Trust's investment restrictions be approved by the unitholders. With respect to these forward-looking statements, assumptions have been made regarding the Trust's status as a "mutual fund trust", the regulatory framework governing taxes in the U.S. and Canada, the ownership of units of the Trust by non-residents of Canada, and the oil and gas industry in Canada in general, which are subject to change in light of future changes to the regulatory framework governing taxes in the U.S. and Canada, prevailing economic circumstances in which the Trust and its subsidiaries operate and actual operational results of the Trust and its subsidiaries.

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 the forward-looking statements are based will in fact be realized. Actual results will differ, and the difference may be material and adverse to the Trust and its unitholders. The Trust 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.

**About Eagle Energy Trust**

Eagle is an oil and gas energy trust created to provide investors with a publicly traded, oil and natural gas focused, reliable distribution paying investment, with favourable tax treatment relative to taxable Canadian corporations. Eagle's units are traded on the Toronto Stock Exchange under the symbol EGL.UN.

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

**For further information, please contact:**

Richard W. Clark  
President and Chief Executive Officer  
(403) 531-1575  
[rclark@eagleenergytrust.com](mailto:rclark@eagleenergytrust.com)

Kelly Tomy  
Chief Financial Officer  
(403) 531-1574  
[ktomy@eagleenergytrust.com](mailto:ktomy@eagleenergytrust.com)

**Eagle Energy Inc.**  
Suite 2710, 500-4<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 2V6  
(403) 531-1575  
(855) 531-1575 (toll free)  
[info@eagleenergytrust.com](mailto:info@eagleenergytrust.com)