NEWS RELEASE

EAGLE ENERGY™ INC.

FOR IMMEDIATE RELEASE

Eagle Energy Inc. Announces First Quarter 2016 Results

Calgary, Alberta - May 5, 2016 (TSX: EGL): Eagle Energy Inc. ("**Eagle**") is pleased to report its financial and operating results for the first quarter ended March 31, 2016.

"Eagle reported an approximate 30% increase in sales volumes when compared to the first quarter of the previous year due to our August 2015 acquisition in Twining and our January 2016 acquisition of Maple Leaf Royalties Corp.," said President and Chief Executive Officer, Richard Clark.

Mr. Clark added, "Reductions in costs continue to lessen the impact of low commodity prices. Our 2016 capital program is ahead of schedule and, to date, we have successfully drilled both wells of our two well program at Salt Flat, with costs coming in considerably under budget. Turning to field operating costs, we reduced first quarter per barrel operating costs by 27% when compared to the first quarter of last year and are pleased to announce a reduction in our full year 2016 operating cost guidance. At the corporate level, as a result of converting to a more simple corporate structure, Eagle should ultimately be able to decrease its administrative expenses."

"Our hedging program helped mitigate our exposure to low prices, adding $9.49 per boe to the bottom line in what could turn out to be the weakest quarter for oil prices since Eagle's inception. For the remainder of 2016, Eagle has approximately 45% of its expected production hedged at an average WTI price of $US 52.00 per barrel of oil. For 2017, we have 750 barrels of oil per day hedged at $US 45.00."

Mr. Clark concluded, "Regardless of the recent challenges that our industry is facing, including commodity price volatility and constraints on financial flexibility, Eagle remains dedicated to monitoring key performance metrics, exercising capital discipline, improving cost efficiency and conducting its business within cash flow; all of which will better position Eagle as oil prices improve."

Eagle's unaudited interim condensed consolidated financial statements for the three months ended March 31, 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.

Conference Call

Mr. Clark, Kelly Tomyn, Chief Financial Officer, and Wayne Wisniewski, Chief Operating Officer, will host a conference call and webcast on Friday, May 6, 2016 at 8:30 a.m. MDT (10:30 a.m. EDT) to discuss the results. To participate in the conference call, dial **(647) 252-4453 or toll free at (877) 255-3077** approximately 10 minutes prior to the call and enter the code **84826751**. To listen to the call on the web, visit http://www.gowebcasting.com/7439 at the time of the call. A question and answer period will follow the call.

Two hours after the live call, a digital recording will be available for replay until midnight on May 17, 2016. To access the recording, call 800-585-8367 and quote this conference ID: **84826751**. An audio version will also be available on Eagle's website at www.EagleEnergy.com.

2016 Annual Meeting

Eagle will hold an annual meeting of its shareholders on Wednesday, June 8, 2016 at 3:00 p.m. (MDT) at the Calgary Petroleum Club, 319 - 5th Avenue S.W., Calgary. The record date for the meeting is April 26, 2016. Eagle is pleased to save costs by using the internet to deliver meeting materials, which can be obtained from the following websites: www.envisionreports.com/EAGLE2016AGM, www.EagleEnergy.com and under Eagle's issuer's profile on www.sedar.com. Paper copies can be requested by contacting Eagle toll free at (855) 531-1575 or (403) 531-1575.

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 March 31, 2016

- First quarter average sales volumes of 3,854 barrels of oil equivalent per day ("**boe/d**").
- Closed the acquisition of Maple Leaf Royalties Corp. ("**Maple Leaf**") on January 27, 2016, acquiring additional oil and gas interests in Alberta and simplifying Eagle's structure by converting into a corporate entity.
- Successfully drilled the first well of its two well drilling program in Salt Flat, with costs coming in considerably under budget. The second well was drilled in April 2016. Both wells are expected to be on-stream late in the second quarter.
- Reduced operating costs by 27% on a per-boe basis when compared to a year ago.

Acquisition

On January 27, 2016, Eagle acquired all of the issued and outstanding shares of Maple Leaf and converted into a corporate structure. Eagle assumed the working capital and non-operated oil and gas royalty and working interests in properties in west central Alberta. Maple Leaf did not have any debt.

Under the transaction, Eagle issued 7,141,815 shares at $0.73 per share for total consideration of $5,213,525. An additional 446,444 shares with a value of $325,904 were issued as consideration for the termination of the Maple Leaf management agreement and this amount has been expensed in general and administrative costs as part of the deal transaction costs.

Acquisition highlights are:

- 0.94 million boe of proved reserves and 1.09 million boe of proved plus probable reserves (as of January 1, 2016, calculated by Eagle's internal qualified reserves evaluator).
- Current production of approximately 240 boe/d from royalty interests (30% oil and natural gas liquids ("**NGLs**"), and 200 boe/d from working interests (30% oil and NGLs) in assets in west central Alberta.
- No incremental debt, capital expenditures or overhead is needed to manage the production and associated cash flow added as a result of the acquisition of Maple Leaf.

2016 Outlook

This outlook section is intended to provide shareholders with information about Eagle's expectations for production and capital expenditures 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, production and operating cost guidance is revised from what Eagle previously announced on February 11, 2016 as follows:

	2016 Revised Guidance	2016 Previous Guidance	Notes
Capital Budget	$5.0 mm	$5.0 mm	1
Production	3,400 to 3,800 boe/d	3,200 to 3,600 boe/d	2
Operating Costs per month	$2.0 to $2.4 mm	$2.2 to $2.6 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 45.00 per barrel WTI oil price, Eagle's 2016 capital budget of $5.0 million and dividend of $0.01 per common share of Eagle per month ($0.12 per share annualized) results in a corporate payout ratio of 100%.

(2) 2016 production is forecast to consist of 87% oil, 10% natural gas and 3% NGLs. The revised production guidance includes both working interest and royalty interest production.

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

As a result of the change in the above guidance, Eagle's expected funds flow from operations and corporate payout ratio are calculated as follows:

	Amount	Notes
Funds Flow from Operations	$10.0 mm	(1)
Basic Payout Ratio	54%	(2)
Plus: Capital Expenditures	46%	
Equals: Corporate Payout Ratio	100%	(3)

Notes:

(1) 2016 funds flow from operations is expected to be approximately $CA 10.0 million based on the following assumptions:

- (a) average production of 3,600 boe/d (the mid-point of the guidance range);
- (b) pricing at $US 45.00 per barrel WTI oil, $US 2.45 per Mcf NYMEX gas, $CA 1.50 per Mcf AECO and $US 15.75 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 1.26 (previously $CA 1.33); and
- (f) field netback (excluding hedges) of $12.88 per boe.

(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 titled "Non-IFRS Financial Measures".

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

Sensitivity to Commodity Price	2016 Average WTI (Production 3,600 boe/d)		
	$US 40 (FX 1.29)	$US 45 (FX 1.26)	$US 50 (FX 1.23)
Funds Flow from Operations ($CA)	$9.7	$10.0	$10.2
Corporate Payout Ratio	105%	100%	99%
Debt to Trailing Cash Flow	6.7x	6.4x	6.3x

Sensitivity to Production	2016 Average Production (boe/d) (WTI $US 45, F/X 1.26)		
	3,400	**3,600**	**3,800**
Funds Flow from Operations ($CA)	$9.1	$10.0	$10.9
Corporate Payout Ratio	111%	100%	93%
Debt to Trailing Cash Flow	7.1x	6.4x	5.9x

Assumptions:

(1) Annualized dividends are assumed to be $0.12 per share per year.

(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 1.26 unless otherwise indicated in the table.

Summary of Quarterly Results

	Q1/2016	Q4/2015	Q3/2015	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014
($000's except for boe/d and per share amounts)								
Sales volumes – boe/d	3,854	3,783	3,607	3,034	2,995	1,929	2,859	3,341
Revenue, net of royalties	9,099	11,603	13,428	12,884	10,206	10,238	17,143	20,821
per boe	25.94	33.34	40.46	46.66	37.86	57.67	65.19	68.48
Operating costs	6,265	6,356	6,473	5,171	5,978	3,396	4,312	5,219
per boe	17.86	18.26	19.50	18.73	22.18	19.13	16.39	17.16
Field netback	2,834	5,246	6,956	7,713	3,744	6,841	12,832	16,144
per boe	8.08	15.08	20.96	27.94	13.89	38.54	48.80	53.10
Funds flow from operations	2,167	5,147	7,332	10,532	7,727	5,670	7,476	10,471
per boe	6.18	14.79	22.09	38.14	28.67	31.94	28.43	34.44
per share – basic	0.05	0.15	0.21	0.30	0.22	0.16	0.22	0.32
per share – diluted	0.05	0.15	0.21	0.30	0.22	0.15	0.16	0.28
Earnings (loss)	(11,713)	(23,198)	(51,784)	(6,541)	5,477	(35,192)	8,104	(23,158)
per share – basic	(0.29)	(0.67)	(1.48)	(0.19)	0.16	(1.01)	0.24	(0.70)
per share - diluted	(0.29)	(0.67)	(1.48)	(0.19)	0.16	(1.13)	0.18	(0.70)
Cash dividends declared	1,584	2,614	3,143	3,130	3,153	7,159	9,036	8,775
per issued share	0.04	0.07	0.09	0.09	0.09	0.21	0.26	0.26
Current assets	12,829	19,767	21,862	13,382	31,459	33,245	76,566	8,802
Current liabilities	5,472	9,397	8,033	7,754	8,642	10,720	13,587	32,878
Total assets	199,708	208,572	228,959	245,009	265,342	257,172	240,458	320,182
Total non-current liabilities	96,317	92,616	91,316	52,012	60,835	57,547	2,565	80,126
Shareholders' equity	97,919	106,559	129,611	185,243	195,865	188,905	224,306	207,178
Shares issued	42,452	34,863	34,893	34,961	35,023	35,017	34,821	33,739

Field netback and funds flow from operations are non-IFRS measures. See "Non-IFRS Financial Measures".

For the three months ended March 31, 2016, sales volumes increased when compared to the previous quarter due to the Maple Leaf acquisition (refer to the "Acquisition" section of this news release).

Despite a quarter-over-quarter increase in production and lower per-barrel operating costs, funds flow from operations decreased in the first quarter of 2016 primarily due to lower realized commodity prices. During the quarter, Eagle also incurred additional costs in relation to the Maple Leaf acquisition and concurrent conversion into a corporation.

Earnings (loss) on a quarterly basis often do not move directionally or by the same amounts as funds flow from operations. This is 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. First quarter 2016 funds flow from operations was 58% less than the fourth quarter of 2015, yet the first quarter loss was 50% less than the fourth quarter of 2015 due mainly to a non-cash impairment of oil and gas properties that was taken in the fourth quarter of 2015.

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 expectations regarding its 2016 full year average working interest production, operating costs and field netbacks;
- Eagle’s expectations regarding its 2016 funds flow from operations, corporate payout ratio and debt to trailing cash flow, and sensitivities of some of these metrics to changes in commodity prices, exchange rates and production rates;
- anticipated crude oil, natural gas liquids and natural gas production levels and mix;
- Eagle’s expectations regarding bringing production from new wells on-stream;
- Eagle’s hedging program;
- Eagle’s expectations regarding decreased administrative expenses;
- Eagle’s expectations regarding dividends; and
- the date, time and place of Eagle’s annual meeting of shareholders.

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 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, commodity prices, exchange rates 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.

Oil and Gas Measures and Estimates

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.

The estimates of reserves provided in this news release are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided.

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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