NEWS RELEASE

EAGLE ENERGY™ INC.

FOR IMMEDIATE RELEASE

Eagle Energy Inc. Appointed as Operator of Dixonville Properties and Announces Credit Agreement Amendments

Calgary, Alberta - May 31, 2016 (TSX: EGL): Eagle Energy Inc. ("**Eagle**") announced today that, effective June 1, 2016, it will assume operatorship of the Dixonville properties in which Eagle has a 50% working interest.

Eagle also announced today that it has finalized its semi-annual borrowing base redetermination and amendments to its credit agreement (the "**Credit Agreement**") held with a syndicate of Canadian banks. A summary of the significant amendments to the Credit Agreement is set forth below. A redacted version of the Credit Agreement will be filed by Eagle under its issuer profile on SEDAR at www.sedar.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.

Appointment as Operator of Dixonville Properties

Effective June 1, 2016, under the joint operating agreement between Eagle and Spyglass Resources Corp. ("**Spyglass**"), Eagle will be appointed operator of the Dixonville properties in which Eagle has a 50% working interest.

Mr. Richard Clark, President and Chief Executive Officer of Eagle, stated, "Eagle has been working with the receiver for Spyglass since last November when Spyglass was placed into receivership. We are pleased to finally have operational control over what is a key, legacy asset for Eagle. We expect to move quickly to bring on "behind pipe" production that requires infrastructure upgrades, which Spyglass was not capitalized to complete. We expect that, by the end of 2016, Eagle will have added approximately 200 to 250 barrels of oil equivalent per day of production (gross to the entire field). In addition, Eagle will commence a field study to improve the effectiveness of the waterflood and develop a more efficient artificial lift strategy. Eagle has extensive waterflood expertise and expects that, in the medium term, a number of improvements can be made."

Amendments to Credit Agreement due to Semi-Annual Borrowing Base Redetermination

Eagle's Credit Agreement is subject to semi-annual redeterminations of the borrowing base by its lenders. The last semi-annual redetermination of the borrowing base was finalized on October 7, 2015, resulting in the borrowing base being set at $US 80 million. Since then, sustained weakness in global commodity prices has resulted in downward pressure on the price decks used by lenders to determine borrowing base levels. Results of the semi-annual redetermination finalized on May 31, 2016 set the borrowing base level at $CA 70 million.

Eagle's 2016 guidance previously announced on May 5, 2016 for its capital budget, production and operating costs remains unchanged.

At the end of the first quarter of 2016, Eagle's bank debt, net of positive working capital, was $CA 66.7 million. Eagle accelerated a portion of its capital program into the first quarter. The results were a successfully executed two well Salt Flat drilling program, with costs coming in under budget and full year 2016 capital spending guidance remaining unchanged at $CA 5 million. For subsequent quarters of 2016, it is therefore expected that funds flow from operations will exceed capital expenditures, with funds flow also being supported by operating cost improvements in the field (the latter resulted in a reduction in Eagle's full year 2016 operating cost guidance on May 5, 2016).

"Typical of oil and gas companies our size, Eagle has a reserves-based lending facility that is reviewed twice annually by the lending syndicate. Having a reserves-based lending facility means our borrowing capacity is based on, among other things, the following factors; our oil and gas reserves, the commodity price forecast used by our banks to ascribe their value to those reserves, and the commodity hedges we have in place to manage price uncertainty," said Mr. Clark.

Mr. Clark continued, "Eagle posted solid results in our year-end 2015 report on oil and gas reserves. We increased year-over-year proved developed producing reserves by 10%, and total proved reserves by 14%, not including the additional reserves associated with our January 2016 acquisition of Maple Leaf Royalties Corp. However, our borrowing capacity is being adversely impacted by the drop in oil prices, which, in turn, has caused the banks to lower their internal price decks used to calculate their customers' asset values."

"Although current and forward crude oil prices have recovered from their previous lows, the price forecasts used by the banks remain conservative. However, we anticipate that a sustained rebound in oil price levels will be incorporated into lenders' evaluations as we go forward, thereby providing increased liquidity and flexibility for our company. Our next credit review is in October 2016."

Mr. Clark concluded, "In addition, our October borrowing base review will include the additional reserves, production and cash flow associated with our January 27, 2016 acquisition of Maple Leaf Royalties Corp., which had no debt on its balance sheet."

Summary of Significant Amendments to Covenants, Terms and Conditions of Credit Facility

Under the Credit Agreement, Eagle is required to satisfy certain customary affirmative and negative covenants, including financial covenants. The following is a summary of the significant amendments made to the Credit Agreement's covenants, terms and conditions and is qualified in its entirety by reference to the full text of the Credit Agreement.

- The borrowing base is set at $CA 70 million (previously, $US 80 million).
- The covenant that restricts Eagle from paying dividends to its shareholders if any default, event of default or borrowing base deficiency has occurred and is continuing or would result from such dividend, or if the cash dividend payments made for the trailing four quarters exceeds the Available Distributable Cash Flow (as defined by the Credit Agreement) for the trailing four quarters, remains unchanged.
- A new covenant was added that restricts Eagle from paying dividends in an amount that exceeds $0.005 (half a cent) per share per month, beginning with any dividend that may be declared in July 2016 (which would be payable in August 2016) and ending with any dividend that may be declared in June 2017 (which would be payable in July 2017). Based on the number of shares currently outstanding, $0.005 (half a cent) per share would equate to a maximum total monthly dividend payment of approximately $212,000.
- The covenant requiring Eagle to maintain, as at the end of each fiscal quarter, a maximum debt to four quarter trailing EBITDAX ratio of 3.00 to 1.00, has been amended. This has been done to proactively manage the effect that the precipitous drop in oil prices will have on this trailing covenant calculation. As at March 31, 2016, the most recently completed quarter, there were no covenant violations under or in connection with the Credit Agreement. Beginning with the fiscal quarter ending June 30, 2016, and for five quarters through to and including the fiscal quarter ending June 30, 2017, the maximum ratios are amended as follows: for the fiscal quarter ending June 30, 2016 - 4.00 to 1.00; for the fiscal quarter ending September 30, 2016 - 5.00 to 1.00; for each fiscal quarter ending December 31, 2016 through to the fiscal quarter ending June 30, 2017 – 6.00 to 1.00; and for each fiscal quarter ending after June 30, 2017, 3.00 to 1.00. The definition of EBITDAX remains unchanged from that disclosed in Eagle's 2015 annual financial statements.
- The covenant requiring Eagle to maintain, as at the end of each fiscal quarter, a minimum current ratio of not less than 1.00 to 1.00 remains unchanged.
- The covenant requiring Eagle to maintain, as at the end of each fiscal quarter, a minimum four quarter trailing interest expense coverage ratio of 3.00 to 1.00 has been deleted.
- The maturity date of the Credit Agreement remains at May 27, 2017. The Credit Agreement also remains subject to semi-annual (October and May) redeterminations of the borrowing base by the lenders. In addition, amounts drawn on the credit facility continue to be available in either U.S. or Canadian dollars and may be used for activities in either the U.S. or Canada.

Commenting on the amendments, Mr. Clark said, "In February 2016, Eagle reduced its monthly dividend to $0.01 (one cent) per share, concurrent with announcing a 51% reduction in our 2016 capital program, both of which were in response to the significant and ongoing uncertainty and volatility in commodity prices at that time. Assuming an average WTI oil price for the full 2016 year of $US 45.00, a 2016 capital budget of $5.0 million and a monthly dividend of $0.01 per common share, Eagle's corporate payout ratio was expected to be at or below 100%, keeping us on track to conduct our business within cash flow. However, it was the requirement of our bankers that we further reduce our dividend to not exceed half a cent per month at this time.

We remain dedicated to monitoring key performance metrics, exercising capital discipline, improving cost efficiency and applying innovative thinking to our financing strategies, all of which should help drive a significant wedge of free cash flow under escalating oil prices."

Advisories

Non-IFRS Financial Measures

Statements throughout this news release make reference to the terms "funds flow from operations", "corporate payout ratio" and "EBITDAX", 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 Eagle's management's discussion and analysis for the three months ended March 31, 2016 under "Non-IFRS Financial Measures" for a reconciliation of funds flow from operations to earnings (loss).

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

"**EBITDAX**", as defined in the credit facility, means:

(a) net income for such period of determination; plus

(b) to the extent deducted in determining net income, interest expense, charges against income for foreign, federal, state, and local taxes, depreciation, amortization, depletion and exploration expense and other non-recurring expenses that do not represent a cash item in such period or any future period; minus

(c) extraordinary or non-recurring gains for such period; minus

(d) any gain realized upon an asset disposition of any assets (other than in the ordinary course of business); minus

(e) non-cash gains, losses or adjustments under Financial Accounting Standards Board (FASB) Statement 133 as a result of changes in the fair market value of derivatives; minus

(f) federal, state, local and foreign income tax credits.

In addition, EBITDAX is calculated after giving effect on a pro-forma basis to any permitted acquisition or asset disposition as if such acquisition or disposition occurred at the beginning of such period.

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 assumption of operatorship of the Dixonville properties;
- Eagle's operational plans for the Dixonville properties and expectations to make improvements and increase production from those properties;
- Eagle's expectations that its 2016 guidance for its capital budget, production and operating costs remains unchanged from the guidance previously announced on May 5, 2016;
- Eagle's expectations that its 2016 funds flow from operations will exceed capital expenditures, with funds flow also being supported by operating cost improvements in the field;
- Eagle's expectations that a sustained rebound in future oil price levels will be incorporated into lenders' evaluations, thereby providing increased liquidity and flexibility for Eagle;
- the date for the next semi-annual redetermination of the borrowing base by Eagle's lenders and that the redetermination will include the reserves, production and cash flow associated with the January 2016 acquisition of Maple Leaf Royalties Corp.;
- the Credit Agreement's maturity date, covenants, terms and conditions;
- Eagle's expectations regarding its dividends and corporate payout ratio;
- Eagle's expectation to revisit with its lenders, in October at the mid-year borrowing base review, the new covenant requiring Eagle to reduce its dividend to not exceed half a cent per month; and
- Eagle's business strategies to increase free cash flow under escalating oil prices.

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;
- Eagle's hedging program;
- 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;
- forecasted capital expenditures, not including capital required to pursue future acquisitions;
- estimates of anticipated future production, which are 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 crude 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 barrels of oil equivalent ("**boe**") or barrels of oil equivalent per day ("**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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