NEWS RELEASE

FOR IMMEDIATE RELEASE

Eagle Energy Inc. Announces a Reduction in Monthly Dividends

Calgary, Alberta - June 6, 2016 (TSX: EGL): Eagle Energy Inc. ("**Eagle**") announces that, pursuant to the new term in its credit agreement that restricts Eagle from paying dividends exceeding $0.005 (half a cent) per share per month, Eagle has reduced its monthly dividend to $0.005 per share ($0.06 annualized) beginning with the June 2016 dividend payable on July 22, 2016 to shareholders of record on June 30, 2016. The ex-dividend date is June 28, 2016. Eagle's dividend has been designated as an "eligible dividend" for Canadian income tax purposes.

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 in this news release are presented in Canadian dollars unless otherwise indicated.

2016 Outlook

Eagle's 2016 capital budget, production and operating cost guidance remains the same as previously disclosed in Eagle's May 5, 2016 news release, in which Eagle had revised its initial guidance to include royalty interest barrels thereby increasing its production guidance and reduced its expected monthly operating costs. Eagle's current 2016 guidance is as follows:

	2016 Guidance	Notes
Capital Budget	$5.0 million	(1)
Full Year Average Production	3,400 to 3,800 boe/d	(2)
Operating Costs per Month	$2.0 to $2.4 million	

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 50.00 per barrel West Texas Intermediate ("**WTI**") crude oil price, Eagle's 2016 capital budget of $5.0 million and dividend of $0.005 per common share per month ($0.06 per share annualized) results in a corporate payout ratio of 80%.

(2) The 2016 production is expected to consist of 87% crude oil, 10% natural gas and 3% natural gas liquids ("**NGLs**") and includes both working interest production and royalty interest production.

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

The reduction in Eagle's monthly 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 as follows:

2016 Full Year	Amount	Notes
Funds Flow from Operations(4)	$11.1 million	(1)
Basic Payout Ratio(4)	35%	(2)
Plus: Capital Expenditures	45%	
Equals: Corporate Payout Ratio(4)	80%	(3)

Notes:

(1) 2016 funds flow from operations is expected to be approximately $CA 11.1 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 50.00 (previously $US 45.00) per barrel WTI oil, $CA 1.75 per Mcf AECO and $US 17.50 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 1.31 (previously $CA 1.26); and

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

(2) Basic payout ratio is calculated as follows:

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

(3) Corporate payout ratio is calculated 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 advisory titled "Non-IFRS Financial Measures", below.

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 45 (FX 1.34)	$US 50 (FX 1.31)	$US 55 (FX 1.28)
Funds Flow from Operations	$10.6 million	$11.1 million	$11.5 million
Corporate Payout Ratio	83%	80%	76%
Debt to Trailing Cash Flow	6.0x	5.7x	5.4x

Sensitivity to Production	2016 Average Production (boe/d) (WTI $US 50, F/X 1.31)		
	3,400	**3,600**	**3,800**
Funds Flow from Operations	$10.0 million	$11.1 million	$12.3 million
Corporate Payout Ratio	89%	80%	72%
Debt to Trailing Cash Flow	6.3x	5.7x	5.1x

Assumptions:

(1) Annualized dividends are assumed to be $0.06 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 1.31 unless otherwise indicated in the table.

Eagle's 2016 Annual Shareholders' Meeting

Eagle's board of directors and management would also like to remind Eagle's shareholders of Eagle's upcoming 2016 annual shareholders' meeting to be held on Wednesday, June 8, 2016 at 3:00 p.m. MDT in the Devonian Room at the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta.

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.

"**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.

See the "Non-IFRS financial measures" section of Eagle's management's discussion and analysis that relates to its financial statements for a reconciliation of funds flow from operations and field netback to earnings (loss) for the corresponding period, the most directly comparable measure in Eagle's financial statements.

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 expectations regarding its dividends, including the amount, payment date and other details relating to the June 2016 dividend;
- Eagle's 2016 capital budget and specific uses;
- Eagle's expectations regarding its 2016 full year average production rate, monthly operating costs and field netbacks;
- Eagle's expectations regarding its 2016 funds flow from operations, basic payout ratio, 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, NGL and natural gas production weighting; and
- the date, time and place of Eagle's 2016 annual shareholders' meeting.

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

- future oil, NGL 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;
- forecasted capital expenditures not including capital required to pursue future acquisitions;
- 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, among other things, 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, NGL, 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 the operations of Eagle and 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, corporate payout ratios 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.

About Eagle

Eagle Energy Inc. is an oil and gas energy corporation created to provide investors with a sustainable business while delivering stable growth in production and overall growth through accretive acquisitions. Eagle Energy Inc.’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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