NEWS RELEASE

EAGLE ENERGY™ INC.

FOR IMMEDIATE RELEASE

Eagle Energy Inc.
Provides Update To Shareholders on Growth Strategy
and Announces First Quarter 2017 Results

Calgary, Alberta - May 12, 2017 (TSX: EGL): Eagle Energy Inc. ("**Eagle**") is pleased to update shareholders and report its results for the first quarter ended March 31, 2017.

Richard Clark, Eagle's Chief Executive Officer, stated, "Eagle has been quietly working to put all of the pieces in place to execute our growth strategy. We successfully closed the White Oak financing in mid-March, which gives us sufficient capital and the time to do our work, even with volatile commodity prices. I am pleased with our technical team's progress toward developing an **exciting advancement to our North Texas asset**."

"Certain elements of this strategy were not disclosed earlier by Eagle due to the competitive advantages of keeping this information confidential while we were expanding our footprint in North Texas. We believe this opportunity is **key to creating value** for shareholders. Although we have more work to do, Eagle believes that it has established a land position of sufficient scope that it is now appropriate for us to provide highlights of this strategy. Our new corporate presentation, outlining Eagle's pivot to growth, will be available at www.EagleEnergy.com on Monday, May 15, 2017.

We offer the following highlights regarding our North Texas expansion, signalling the beginning of an exciting path forward:

- We now **own over 24,000 net acres in and around our existing assets in north Texas.** This land position is uncommonly focused, and is well-supported by offset production and 3D seismic.
- We have **identified 218 potential horizontal drilling opportunities on existing Eagle lands** with over **1,500 additional opportunities** in the area where we will continue to actively lease.
- This is not a high risk exploratory play; rather, it is a development drilling project with solid well control and production history. It falls completely within Eagle's core competency and successful track record of horizontal well development.
- We have completed the technical subsurface and engineering work, giving us a **significant competitive advantage**, including over **250 square miles of seismic data, with processing and interpretation complete and proprietary to Eagle.**
- Eagle will be **the first to exploit this asset with horizontal wells** using **current completions techniques.** With the exception of the best well in the field, only vertical wells or out-dated completions techniques have been applied.
- Our current assets and financial partnership with White Oak provide a solid foundation to execute our strategy. We have spent over two years developing this plan and we believe **our North Texas asset was an important component in White Oak's decision to partner with Eagle**.

Our 2016 year-end independent reserves report has assigned proved undeveloped reserves ("PUDs") to our North Texas asset, including our budgeted wells scheduled to be drilled this summer, which we believe means our independent reserve evaluators recognize the quality of our technical work on this asset and our track record developing conventional reserves with horizontal drilling. This is a huge vote of confidence.

Mr. Clark concluded, "While we acknowledge receipt of the dissident information circular, our strategy is not a "sell everything at the bottom of the market" approach, but to move forward to build and generate significant value. Of the alternatives to maximize shareholder value, we believe that Eagle's current board and management team are best positioned to deliver a **more certain and positive outcome** for all shareholders. We are excited about the future for all stakeholders of Eagle. Further information will be contained in our Management Information Circular."

Eagle's unaudited condensed consolidated interim financial statements and accompanying notes for the three months ended March 31, 2017 have been filed with the securities regulators and are available online under Eagle's issuer profile at www.sedar.com and on Eagle's website at www.EagleEnergy.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.

2017 Annual General Meeting on June 27, 2017

Eagle will hold an annual general meeting of its shareholders on Tuesday, June 27, 2017 The record date for the meeting is May 23, 2017. Eagle will provide more information in a management information circular to shareholders. The information 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 the solicitation of proxies for the meeting.

Highlights for the Three Months Ended March 31, 2017

- Eagle is 52% through its full year capital program to the end of the first quarter with results meeting expectations. Eagle has successfully completed its two-well drilling program at Salt Flat and its three-well drilling program at Twining. All five wells came on-stream during the late March to mid-April time period.

- First quarter field netback of $7.1 million is 148% higher than first quarter 2016 levels and was buoyed by stronger commodity prices.

- First quarter funds flow from operations of $1.6 million ($0.04 cents per share) was impacted by a $1.6 million one-time charge which was required to unwind a hedge upon replacement of the bank credit facility. Absent this one time charge, funds flow from operations would have been 46% higher when compared to the prior year's comparative quarter.

- First quarter general and administrative charges were 35% below the prior year's comparative quarter. Eagle expects 2017 general and administrative expenses to be approximately 16% below 2016 levels.

On March 13, 2017, Eagle announced an increase to its borrowing capacity by successfully obtaining a new four year secured term loan and its 2017 capital budget, production and operating cost guidance. In addition, as Eagle embarks on a more growth-oriented strategy, it announced a suspension of its dividend following the payment of its February dividend.

Term Loan Financing - $CA 86 million ($US 65 million) - closed March 13, 2017

- Eagle has expanded its borrowing capacity by 24% to approximately $86 million (the March 31, 2017 Canadian dollar equivalent of $US 65 million), which establishes a foundation for Eagle to execute its new growth strategy over the next four years and accelerate the development of its low risk drilling inventory.

- Eagle replaced its entire $70 million authorized bank credit facility with a new four year secured term loan from White Oak Global Advisors, LLC ("White Oak") which provides up to $86 million (the March 31, 2017 Canadian dollar equivalent of $US 65 million) of financing (the "**Loan Agreement**"). This was done in anticipation of a possible withdrawal of support from certain members of Eagle's existing syndicate of Canadian bank lenders who indicated a desire to reduce their exposure to the junior energy lending market. Eagle's new lender, White Oak, is an SEC-registered investment adviser headquartered in San Francisco with assets under management of approximately $US 3 billion and affords Eagle a partner that has the capacity to provide additional financing to fund future acquisitions.

- At March 31, 2017, Eagle had drawn approximately $82.4 million (the March 31, 2017 Canadian dollar equivalent of $US 61.5 million) under the Loan Agreement. On April 13, 2017, the amount drawn was reduced to $US 57.5 million without payment of any make-whole amount or repayment premium. In addition, the remaining incremental term loan amount available for Eagle to draw, at its option, prior to March 13, 2018 and upon completing a Notice of Borrowing, was increased from $US 3.5 million to $US 7.5 million.

- Based on execution of its approved 2017 budget, Eagle expects 2017 ending net debt to be $73.5 million, thus affording Eagle approximately $13 million in combined working capital and undrawn term loan availability at the end of 2017 (see "2017 Outlook").

- Eagle's expanded credit base, coupled with its 2017 expected funds flow from operations (see "2017 Outlook") has allowed a four-fold increase in the capital budget from 2016. Expected growth in year-over-year fourth quarter average production is 8%, but more impactful will be the exploitation of substantial, internally-identified drilling opportunities in Eagle's Hardeman field in north Texas and Twining field in Alberta that the 2017 capital budget is expected to provide.

2017 Outlook

This outlook section is intended to provide shareholders with information about Eagle's expectations for capital expenditures, production and operating costs for 2017. 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 2017 guidance for its capital budget, average production and monthly operating costs remains unchanged from what Eagle previously announced on March 13 and reiterated on March 16, 2017 and is as follows:

Guidance

	2017 Guidance	Notes
Capital Budget	$22.8 mm	(1)
Average Production	3,800 to 4,000 boe/d	(2)
Operating Costs per month	$2.1 to $2.3 mm	(3)

Notes:

(1) The 2017 capital budget of $22.8 million consists of $US 12.2 million for Eagle's operations in the United States and $6.8 million for Eagle's operations in Canada.

(2) 2017 production is forecast to consist of 84% oil, 3% natural gas liquids ("**NGLs**") and 13% natural gas. These numbers include working interest and royalty interest volumes.

(3) Operating expense guidance is stated on a per month basis rather than per boe basis due to the mostly fixed nature of the costs.

Eagle's Expected Funds Flow from Operations, Ending Net Debt and Field Netback

Updated commodity price and foreign exchange rate assumptions of management and resulting expected funds flow from operations, ending net debt and field netback and related sensitivities are as follows:

	Amount	Notes
Funds Flow from Operations	$15.2 mm	(1)
Ending Net Debt	$73.5 mm	
Field Netback (excluding hedges)	$23.36 / boe	(2)

Notes:

(1) 2017 funds flow from operations is expected to be approximately $15.2 million (previously $16.0 million) based on the following assumptions:

(a) average production of 3,900 boe/d (the mid-point of the guidance range);

(b) pricing at $US 51.75 (previously $US 55.46) per barrel WTI oil, $US 3.37 (previously $US 3.36) per Mcf NYMEX gas, $CA 2.79 (unchanged) per Mcf AECO and $US 18.11 (previously $US 19.41) per barrel of NGL (NGL price is calculated as 35% of the WTI price);

(c) differential to WTI is $US 3.18 discount per barrel in Salt Flat, $US 3.50 discount per barrel in Hardeman, $CA 11.50 discount per barrel in Dixonville and $CA 8.00 discount per barrel in Twining;

(d) average operating costs of $2.2 million per month ($US 0.8 million per month for Eagle's operations in the United States and $1.2 million per month for Eagle's operations in Canada), the mid-point of the guidance range; and

(e) a foreign exchange rate of $US 1.00 equal to $CA 1.35 (previously $CA 1.30).

(2) This figure assumes average operating costs of $2.2 million per month (the mid-point of the guidance range) and a $US 51.75 (previously $US 55.46) WTI price. Field netback is a non-IFRS financial measure. See "Non-IFRS Financial Measures".

2017 Sensitivities

The following tables show the sensitivity of Eagle's 2017 expected funds flow from operations to changes in commodity prices, production and foreign exchange ("**FX**") rates:

Funds Flow from Operations	**2017 Average Production (3,900 boe/d)**		
Sensitivity to Commodity Price	**FX 1.30**	**FX 1.35**	**FX 1.40**
$US 46.75 WTI	$12.4 mm	$13.6 mm	$14.8 mm
$US 51.75 WTI	$14.0 mm	$15.2 mm	$16.5 mm
$US 56.75 WTI	$15.6 mm	$16.9 mm	$18.2 mm

Sensitivity to Production	**2017 Average Production (WTI $US 51.75, FX 1.35)**		
	3,800	**3,900**	**4,000**
Funds Flow from Operations ($CA)	$14.4 mm	$15.2 mm	$16.1 mm

Assumptions:

(1) Operating costs are assumed to be $2.2 million per month (mid-point of guidance range).

(2) Differential to WTI is held constant.

(3) The foreign exchange rate is assumed to be $US 1.00 equal to $CA 1.35, unless otherwise indicated in the table.

Summary of Quarterly Results

	Q1/2017	Q4/2016	Q3/2016	Q2/2016	Q1/2016	Q4/2015	Q3/2015	Q2/2015
($000's except for boe/d and per share amounts)								
Sales volumes - boe/d	3,767	3,803	4,085	4,147	3,854	3,783	3,607	3,034
Revenue, net of royalties	14,218	13,891	12,854	13,149	9,099	11,603	13,428	12,884
per boe	41.95	39.72	34.20	34.84	25.94	33.34	40.46	46.66
Operating and Transportation and Marketing Expenses	7,165	6,799	6,564	5,928	6,265	6,356	6,473	5,171
per boe	21.14	19.44	17.46	15.71	17.86	18.26	19.50	18.73
Field netback	7,053	7,092	6,290	7,221	2,834	5,246	6,956	7,713
per boe	20.81	20.28	16.74	19.13	8.08	15.08	20.96	27.94
Funds flow from operations	1,589	3,901	4,582	5,148	2,167	5,147	7,332	10,532
per boe	4.69	11.15	12.19	13.64	6.18	14.79	22.09	38.14
per share - basic	0.04	0.09	0.11	0.12	0.05	0.15	0.21	0.30
per share - diluted	0.04	0.09	0.11	0.12	0.05	0.15	0.21	0.30
Earnings (loss)	1,303	30,508	52	(9,288)	(11,713)	(23,198)	(51,784)	(6,541)
per share - basic	0.03	0.72	0.00	(0.23)	(0.29)	(0.67)	(1.48)	(0.19)
per share - diluted	0.03	0.72	0.00	(0.23)	(0.29)	(0.67)	(1.48)	(0.19)
Cash dividends declared	425	637	636	1,274	1,584	2,614	3,143	3,130
per issued share	0.01	0.015	0.015	0.03	0.04	0.07	0.09	0.09
Current assets	18,819	9,302	9,787	10,618	12,829	19,767	21,862	13,382
Current liabilities	11,474	74,758	72,387	75,035	5,472	9,397	8,033	7,754
Total assets	233,951	218,199	190,945	195,044	199,708	208,572	228,959	245,009
Total non-current liabilities	104,359	26,202	31,690	32,397	96,317	92,616	91,316	52,012
Shareholders' equity	118,118	117,239	86,868	87,612	97,919	106,559	129,611	185,243
Shares issued	42,857	42,452	42,452	42,452	42,452	34,863	34,893	34,961

For the three months ended March 31, 2017, sales volumes were slightly lower than the previous quarter because first quarter production does not include the results of Eagle's 2017 first quarter drilling program (i.e. five wells came on-stream in late March through mid-April 2017).

Although field netback remained consistent with the previous quarter, funds flow from operations decreased in the first quarter of 2017. This decrease was due to realized risk management losses of $1.9 million and increased financing costs of $0.5 million. $1.6 million of this decrease was a one-time charge which was required to unwind a hedge before Eagle retired its credit facility with the syndicate of Canadian banks.

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 2017 funds flow from operations was 65% less than the fourth quarter of 2016, yet the first quarter net income was 96% less than the fourth quarter of 2016 primarily due to a non-cash impairment recovery of oil and gas properties that was taken in the fourth quarter of 2016.

During the first quarter of 2017, and in anticipation of a possible withdrawal of support from certain members of its existing syndicate of Canadian bank lenders who indicated a desire to reduce their exposure to the junior energy lending market, Eagle retired all amounts drawn under the bank credit facility classified as a "current" liability and entered into a Loan Agreement which is classified as a "non-current" liability.

Advisories

Non-IFRS Financial Measures

Statements throughout this news release make reference to the term “field netback”, which is a non-IFRS financial measure that does not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other issuers.

“**Field netback**” is calculated by subtracting royalties, operating expenses, and transportation and marketing expenses from revenues. This method of calculating field netback is in accordance with the standards set out in the Canadian Oil and Gas Evaluation Handbook maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter). Management believes that field netback provides useful information to investors and management because such a measure reflects the quality of production and the level of profitability.

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 North Texas asset, including its potential drilling opportunities;
- Eagle’s 2017 annual general meeting;
- Eagle’s loan with White Oak, including terms relating to maturity date, borrowing base redeterminations and future drawings;
- Eagle replacing its entire $70 million authorized bank credit facility in anticipation of a possible withdrawal of support from certain members of its existing syndicate of Canadian bank lenders who indicated a desire to reduce their exposure to the junior energy lending market;
- Eagle’s expectations regarding its business strategy and that its’ current assets and the loan from White Oak provide a solid foundation for Eagle to execute a growth strategy over the next four years and accelerate the development of its low risk drilling inventory;
- Eagle’s expectation that 2017 ending net debt will be $73.5 million, thus affording Eagle approximately $13 million in combined working capital and undrawn term loan availability at the end of 2017;
- Eagle’s expectation that year-over-year fourth quarter average production will increase and that its 2017 capital budget will enable it to exploit substantial, internally-identified drilling opportunities in Eagle’s Hardeman field in north Texas and Twining field in Alberta;
- Eagle’s 2017 capital budget and specific uses;
- Eagle’s expectations regarding its 2017 full year average production, monthly operating costs and field netbacks (excluding hedges);
- Eagle’s expectations regarding its 2017 funds flow from operations and sensitivity of this metric to commodity prices, production and foreign exchange rates;
- Eagle’s expectation that 2017 general and administrative expenses will be approximately 16% below 2016 levels; and
- Anticipated crude oil, NGLs and natural gas production weighting.

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

- future crude oil, NGL and natural gas prices, differentials and weighting;
- future foreign exchange rates;
- future production levels;
- future capital expenditures and the ability of Eagle to obtain financing on acceptable terms for its capital projects, operations and future acquisitions;
- 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;
- not including capital required to pursue future acquisitions in the forecasted capital expenditures;
- the ability of Eagle to complete new acquisitions;
- future production estimates, 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; among other things; and

- projected operating costs, which are based on historical information and anticipated changes in the cost of equipment and services, among other things.

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 dated March 16, 2017 (the "**AIF**").

- 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 and terms 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 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, field netbacks, drilling program, 2017 capital budget, funds flow from operations, and reserves 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. These statements speak only as of the date of this news release and may not be appropriate for other purposes. 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.

Note Regarding Barrel of Oil Equivalency

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 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 or under Eagle's issuer profile at www.sedar.com.

For further information, please contact:

Richard W. Clark
Chief Executive Officer
(403) 531-1575
rclark@EagleEnergy.com

Kelly Tomyn
Chief Financial Officer
(403) 531-1574
ktomyn@EagleEnergy.com

Laurel Hill Advisory Group
Toll free in North America : 1 (877) 452-7184
(1 (416) 304-0211 outside North America)
Email: assistance@laurelhill.com

Eagle Energy Inc.
Suite 2710, 500-4th Avenue SW
Calgary, Alberta T2P 2V6
(403) 531-1575
(855) 531-1575 (toll free)
info@EagleEnergy.com