



**EAGLE ENERGY
TRUST**

PRESS RELEASE

FOR IMMEDIATE RELEASE: January 20, 2011

**EAGLE ENERGY TRUST ANNOUNCES ITS 2010 YEAR END EXIT RATE
AND 2011 CAPITAL BUDGET**

Calgary, Alberta — January 20, 2011: Eagle Energy Trust (“Eagle” or the “Trust”) (TSX:“EGL.UN”) is pleased to announce that it has achieved a 2010 company interest exit rate of 1,300 bbls per day, representing the upper end of the range of guidance set out in its prospectus dated November 16, 2010. Production is comprised entirely of light oil from Eagle’s recently acquired Salt Flat field in South Central Texas. The drilling of 13 horizontal wells since June 1, 2010 (the effective date of the acquisition) has resulted in production growth, net to Eagle, of approximately 1,000 bbls per day. This represents an increase in production of just over 300%. Richard Clark, Eagle’s President and Chief Executive Officer said, “Eagle’s management team, our joint venture partner, and our field team have done a tremendous job in executing this growth strategy, particularly considering that Eagle’s initial public offering closed on November 24, 2010.”

2011 Capital Budget

Based on the success of Eagle’s 2010 capital program, the Board of Directors has approved a 2011 capital budget of US\$22.9 million. Eagle intends to invest these funds in the drilling of 21 horizontal production wells, 5 salt water disposal wells, as well as related infrastructure projects that are expected to reduce operating costs and increase operational efficiencies. As a result, Eagle expects to achieve 2011 company interest average production ranging from 1,900 to 2,100 bbls per day of light oil and operating costs ranging from \$10.00 to \$11.50 per barrel.

The capital budget excludes corporate and property acquisitions, which are separately considered and evaluated. The amount and allocation of Eagle’s 2011 capital budget is dependent upon results achieved and is subject to review on an ongoing basis throughout the year.

Eagle will continue to execute its integrated business plan to acquire and develop high quality, long life oil and gas properties in the United States. Eagle anticipates that this strategy will create sustainable

value added growth in reserves, production and cash flow, which in turn will translate into distributions to our unit holders.

Forward-Looking Statements

This press release is primarily comprised of forward-looking statements as to the Trust's internal projections, expectations or beliefs relating to future events or future performance, including the Trust's 2011 capital budget, drilling program and anticipated production and operating costs set forth in this press release. In some cases, forward-looking statements can be identified by terminology such as "intends to", "are expected to", "expects to", "will", "anticipates" and similar expressions used in this press release. These forward looking statements represent management's expectations or beliefs concerning, among other things, future capital expenditures and operating results, and the anticipated economic performance of the Trust. In particular, the projections, estimates and beliefs contained in these forward-looking statements are based on management's assumptions relating to Eagle's future production levels, future commodity prices, future US/Canadian dollar exchange rates, the regulatory framework governing taxes and environmental matters in the U.S., the Trust's ability to successfully market future production, future capital expenditures and the Trust's ability to obtain financing on acceptable terms for these capital projects, and geological and engineering estimates in respect of Eagle's resources. These assumptions necessarily involve known and unknown risks and uncertainties inherent in the oil and gas industry such as geological, technical, drilling and processing problems and other risks and uncertainties, as well as the business risks discussed in Eagle's prospectus dated November 16, 2010 under the headings "Forward-Looking Statements" and "Risk Factors".

As a result of these risks, actual performance and financial results in 2011 may differ materially from any projections of future performance or results expressed or implied by these forward-looking statements. The internal projections, expectations or beliefs are based on Eagle's 2011 capital budget, which is subject to change in light of ongoing results, prevailing economic circumstances, commodity prices and industry conditions and regulations. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those set out in this press release. The Trust does not undertake to update any forward looking statement in this press release whether as to new information, future events or otherwise except as required by securities laws. 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 the Trust'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.

Eagle is a newly formed energy trust created to provide investors with a publicly-traded, oil and natural gas focused, distribution producing investment, with favourable tax treatment relative to taxable Canadian corporations.

Richard W. Clark
President and Chief Executive Officer

All material information pertaining to Eagle Energy Trust may be found at www.sedar.com or on the Trust's website at www.EagleEnergyTrust.com.

Eagle's units are traded on the Toronto Stock Exchange under the symbol EGL.UN.

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