

# SaveEagle

## Institutional Shareholder Services Confirms The Need For Change

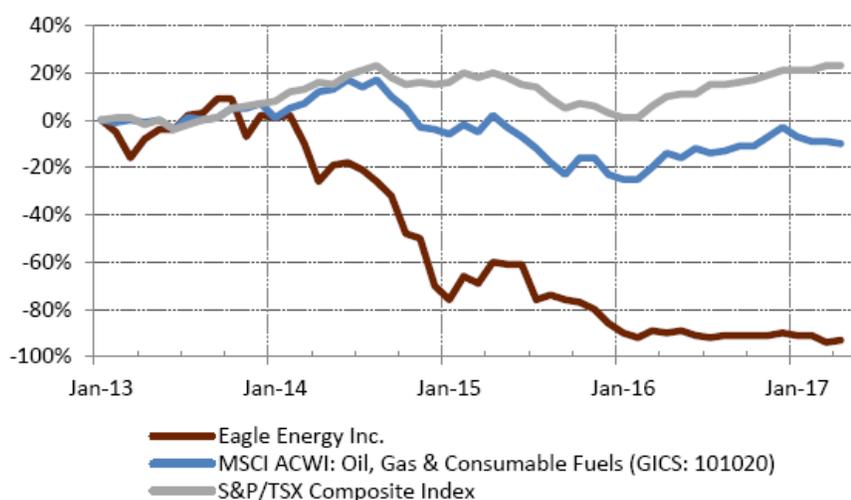
**June 15, 2017 (Calgary, Alberta)** – Daniel Gundersen and Kingsway Financial Services Inc. (together, the “Concerned Shareholders”) of Eagle Energy Inc. (EGL-T) reacted positively to the Institutional Shareholder Services Inc. (“ISS”) research report (the “Report”) that was released yesterday. ISS is a leading proxy advisory firm and their independent analyses are relied upon by many institutional investment firms, mutual funds, and other fiduciaries.

ISS confirmed the analysis and due diligence completed by the Concerned Shareholders.

### 1. Dismal Share Performance

Eagle’s share price performance speaks for itself and was highlighted in the ISS report with the following graph, plus additional graphs that displayed the poor relative performance of Eagle’s share price.

STOCK PRICE PERFORMANCE



### 2. Unsustainable Overhead/G&A Expenses

Eagle’s General and Administrative (G&A) expenses were highlighted by ISS as being abnormally high.

Comparison of the company's financial and operational metrics to Canadian peers <sup>1</sup>			
	Year 2016	Year 2015	Year 2014
<b>G&amp;A expense per BOE:</b>			
Eagle Energy	8.2	9.1	13.4
Peer median	2.6	2.3	2.9
<b>Percentile rank<sup>2</sup></b>	<b>The highest</b>	<b>The highest</b>	<b>The highest</b>
<b>G&amp;A expenses to revenue:</b>			
Eagle Energy	23%	23%	-
Peer median	11%	10%	-
<b>Percentile rank<sup>2</sup></b>	<b>96%</b>	<b>93%</b>	-

1. For Canadian comparables see discussion in the Total Shareholder Return section.

2. Percentile ranks of the company's figures within values of peer group entities (in the range of 0% to 100%

Source: Bloomberg and ISS calculations.

### 3. Excessive, Expensive and Onerous Debt

Eagle's debt ratios have been increasing and were noted in the Report as extremely high in the most recent reporting period.

Comparison of the company's financial and operational metrics to Canadian peers <sup>1</sup>			
	Year 2016	Year 2015	Year 2014
<b>Debt to assets:</b>			
Eagle Energy	28%	31%	18%
Peer median	10%	20%	19%
<b>Percentile rank<sup>2</sup></b>	<b>The highest</b>	<b>79%</b>	<b>49%</b>
<b>Debt to EV:</b>			
Eagle Energy	65%	64%	40%
Peer median	16%	44%	23%
<b>Percentile rank<sup>2</sup></b>	<b>The highest</b>	<b>77%</b>	<b>81%</b>

1. For Canadian comparables see discussion in the Total Shareholder Return section.

2. Percentile ranks of the company's figures within values of peer group entities (in the range of 0% to 100%

**Source:** Bloomberg and ISS calculations.

ISS made the following statements in its Report:

**“The dissidents have made a compelling case for some change in order to provide a better oversight of the company's operating and G&A expenses, and to align its executive compensation structure.”**

**“Debt to assets and debt to enterprise value ratios have been the highest among the peers during the last fiscal year, which indicates that the company is utilizing a leverage level that is higher compared to what is acceptable among the peer companies. Such leverage might introduce a significant risk to the company's shareholders by increasing the company's debt service obligations and limiting the company's financial flexibility while dealing with unexpected expenses or unplanned investment opportunities.”**

**“The company's general and administrative expenses (G&A) as a percentage of revenue ranked the highest among the peers during the last three fiscal years, while its G&A expenses per barrel of oil equivalent (boe) were at the top ventile (highest 5 percent of the peers' expenses) during the latest two fiscal years.”**

**“On the executive compensation side, mid-term misalignment between the company's performance and the CEO's total compensation should be highlighted. Specifically, while the CEO compensation has increased by about 44 percent (from \$540,750 in 2014 to \$778,646 in 2016), the company's share price has significantly underperformed a median return of the company's 4-digit GICS peer group on a 1-, 3- and 5-year basis. Moreover, as noted by the dissidents, a substantial increase in change of control severance payments between FY 2015 and FY 2016 should be seen as cause for concern by the company's investors.”**

**“As shown in the operating performance analysis section of the report, the growth rates of the company's G&A and operational expenses are high and unsustainable (especially when compared to the corresponding revenue growth rates), which analysis supports the corresponding dissidents' claims.”**

ISS recommended voting for Bradley Porter and withholding on Bruce K. Gibson.

Our information circular (the “Circular”) and [BLUE](#) form of proxy have been mailed to all Eagle shareholders in connection with Eagle's annual general meeting scheduled to be held at 10:00 a.m. (Calgary time) on Tuesday, June 27, 2017 (the “Meeting”). A copy of the Circular is also available on SEDAR under Eagle's profile and at our website [www.SaveEagle.ca](http://www.SaveEagle.ca).

The Concerned Shareholders urge Eagle shareholders to vote for change by voting **FOR** the Concerned Shareholder nominees on the **BLUE** form of proxy or voting instruction form in accordance with the instructions set out in the Concerned Shareholder meeting materials.

Shareholders that have not yet received our **BLUE** proxy materials are urged to contact us or their broker immediately.

## **The Proxy to Vote is **BLUE****

Time is of the essence. Your Company is at a crucial juncture and your vote is important, regardless of how many shares you own.

**We urge you to save your investment and vote for change by voting **FOR** the Concerned Shareholder nominees on the **BLUE** proxy today. Ensure that your vote is **FOR** Daniel Gundersen, Robert Fong, Gerald Gilewicz, and Bradley Porter.**

Voting is a quick and simple process. Your **BLUE** proxy must be received well in advance of the deadline of 9:00 a.m. (Calgary time) on June 23, 2017. Due to the limited time available, we recommend voting by internet, telephone or fax today or no later than 24 hours before the deadline. Visit our website [www.SaveEagle.ca](http://www.SaveEagle.ca) where you can vote. Shareholders with questions or who require any assistance in executing their proxy or voting instruction form, please call D.F. King Canada at: North American Toll Free Number: 1-800-398-2816 or outside North America, Banks, Brokers and Collect Calls: 1-201-806-7301. Email: [inquiries@dfking.com](mailto:inquiries@dfking.com)

**Your vote is extremely important. Every vote counts to ensure change is implemented to save your Company. Eagle shareholders should disregard any materials received from management and vote only the **BLUE** proxy today.**

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