

# SaveEagle

## Concerned Shareholders of Eagle Energy Inc. Announce Shareholder Support, New Presentation and Respond to Eagle's Claims

**June 12, 2017 (Calgary, Alberta)** – Daniel Gundersen and Kingsway Financial Services Inc. (together, the “Concerned Shareholders”) announce today that they have received substantial support from shareholders of Eagle Energy Inc. (“Eagle” or the “Company”; TSX:EGL). They have also posted a Shareholder Presentation at [www.SaveEagle.ca](http://www.SaveEagle.ca) and have responded to Eagle’s claims in its June 9 press release.

Our information 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.

### Shareholder Support

Last year, less than 10% of Eagle shares were voted at the annual general meeting of shareholders. This year, our proxy materials were only received by some shareholders on or around June 6. **In only four days, we have substantially surpassed the entire vote total for the last annual general meeting.** This year, shareholders are voting for change. They are voting for a plan that is aligned with shareholder interests. **We urge shareholders to continue to [VOTE BLUE](#)**

### Shareholder Presentation

In addition to information that we have previously provided to shareholders, the Shareholder Presentation posted on [www.SaveEagle.ca](http://www.SaveEagle.ca) includes new information that Eagle shareholders should consider. Our position that the entire board of directors of Eagle (the “Board”) must be replaced is based on the overwhelming evidence of the poor judgment of the current Board. Below we will only respond to three of the issues that Eagle raised in its June 9 press release. Each of these issues is confirmation of the Board’s unacceptable judgment. **Collectively, they demonstrate that the entire board must be replaced. Eagle shareholders deserve better.**

### Eagle’s June 9 Press Release

In its June 9 Press Release, Eagle management, once again, failed to address the most important issue facing the Company: what is being done to fix Eagle’s unsustainable cost structure and hazardous debt levels? We will address the three most concerning statements made by Eagle in its press release.

### Eagle Statement #1: “Eagle’s Loan is Within Industry Norm”

We continue to be shocked every time Eagle’s management and the Board characterizes its debt situation as normal. The following chart illustrates a financial strategy that is anything but normal.

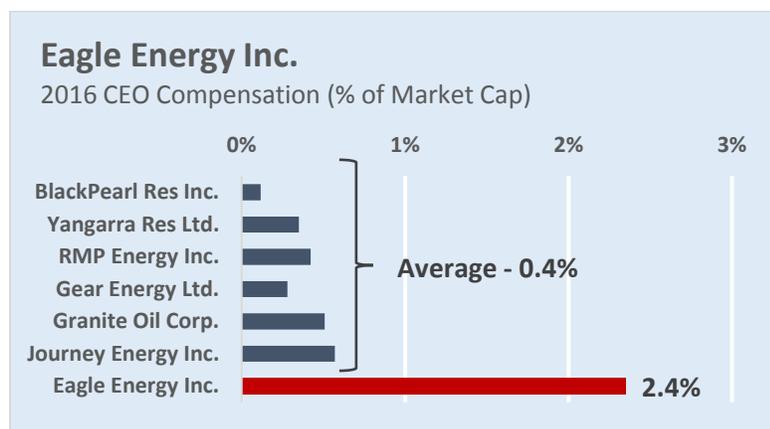
	Market Capitalization (millions)	Debt (millions)	Enterprise Value (EV) (millions)	Debt/EV
Granite Oil Corp.	\$172	\$35	\$207	17%
Yangarra Resources Ltd.	\$223	\$67	\$290	23%
RMP Energy Inc.	\$119	\$3	\$121	2%
Gear Energy Ltd.	\$160	\$45	\$205	22%
Journey Energy Inc.	\$106	\$101	\$207	49%
BlackPearl Resources Inc.	\$430	\$5	\$435	1%
<b>Average</b>	<b>\$202</b>	<b>\$43</b>	<b>\$244</b>	<b>17%</b>
<b>Eagle Energy Inc.</b>	<b>\$21</b>	<b>\$65</b>	<b>\$86</b>	<b>76%</b>

*(Based on May 11, 2017 closing prices and December 31, 2016 net debt)*

Eagle’s net debt is over five times its forecasted cash flow for 2017 and over three times its market capitalization. Based on the average of the six peers listed above, Eagle borrows more money and does so with only 10% of the market capitalization. This is not a sound financial strategy. It is a high-risk capital structure that is completely unacceptable. Disturbingly, Eagle’s management and the Board boast that White Oak is a long-term partner that can provide even more debt. Eagle’s debt levels have put the Company at extreme risk and debt levels need to be dramatically reduced, not increased.

### Eagle Statement #2: “Eagle’s Executive Compensation Arrangements are Within Industry Norm”

In its June 9 Press Release, Eagle references unnamed human resource consulting firms and studies as support for its excessive executive compensation amounts. In our opinion, it would have been appropriate instead for Eagle to have explained Richard Clark’s compensation to shareholders. In 2016, he was paid \$778,646. We must conclude that the Board believes that these amounts are acceptable.



Richard Clark’s compensation was six times the average of his peers when compared to market capitalization. The Board has allowed this situation to persist since Eagle was founded. From 2010 to 2016 Richard Clark was paid a total of \$5,508,939 in cash, equity, and other compensation, plus additional option-based awards with deemed value of \$4,368,457. This occurred during a period when the stock lost more than 95% of its value and current market capitalization is under \$20 million. Attempting to justify these payments and the overall cost structure of the Company is further proof that the current Board and management are not working for shareholders.

### **Eagle Statement #3: “Operations Remain On Track”**

In its June 9 Press Release, Eagle management claims that its operations remain on track. There is no mention of commodity prices and, once again, no details on the results of its first quarter 2017 drilling program. Given that the Company drilled five wells in the first quarter of 2017 versus only two wells in all of 2016, shareholders are undoubtedly very interested in the production levels achieved. Furthermore, the results of these capital expenditures are critical in evaluating Eagle’s ability to successfully execute its stated business plan that effectively consists of attempting to drill its way out of excessive debt.

As Concerned Shareholders, we published publicly-available production information regarding the three new Twining wells in our May 24, 2017 news release. This information indicates a capital efficiency that does not appear to be better than the Company’s current trading metrics, and indicates that the current Board’s business plan is almost certainly flawed. The Company has more detailed information at its disposal and we continue to be highly disappointed that management refuses to disclose detailed results given the materiality of this information.

### **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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