SaveEagle

Concerned Shareholders of Eagle Energy Inc. Denounce Company Tactics

May 10, 2017 (Calgary, Alberta) - Today the Concerned Shareholders of Eagle Energy Inc. (TSX: EGL) have filed a proxy circular and a SaveEagle Report on SEDAR. The SaveEagle Report sets out the principal reasons why the Concerned Shareholders strongly believe that new board leadership is urgently needed at Eagle. In addition, the Concerned Shareholders have launched a comprehensive website for Eagle shareholders: www.SaveEagle.ca. They have also issued the following letter to Eagle shareholders:

Dear Fellow Shareholders,

We, Daniel Gundersen and Kingsway Financial Services Inc.[1], have concerns about the future of Eagle Energy Inc.[2]

On March 13, 2017, Eagle announced a plan that included increased debt, suspension of its dividend and an expensive and onerous term loan. This announcement forced us, the Concerned Shareholders, into action. We met with two members of Eagle's current board of directors (the "**Board**"), expressed our dissatisfaction with the Company's plan and discussed certain changes that would be in the best interests of shareholders. Despite reaching a verbal agreement that was followed by a written proposal prepared by Eagle, and which included changes to the composition of the Board, the Board subsequently reneged on the agreement. As noted below, we do not believe that the current Board and management of Eagle have a credible plan for its future. We have therefore taken steps to restore value for shareholders. We believe that the Company is in immediate need of a change of direction. For that reason, the Concerned Shareholders submitted notice to Eagle that it would nominate four new independent directors (the "**Nominees**") for election at the upcoming annual general meeting of shareholders.

Subsequently, on May 8, 2017, Eagle changed both the date of the upcoming shareholders meeting and the record date for the meeting from the dates originally announced, despite there being adequate time for Eagle shareholders to make an informed decision under the original schedule. **We denounce these tactics.** We and our legal counsel have cautioned Eagle about conducting any activities that would undermine shareholders' best interests or entrench the current Board and management and we encourage Eagle to let all shareholders have their say.

In addition to these announcements, the Company once again managed to confuse and disappoint the investment community. In its May 8th press release, the Company "reiterates" its "Strategic Five Year Plan". However, it is not clear what plan Eagle is referring to. A five year plan is not contained in Eagle's current corporate presentation, its website, or its public disclosure documents. Management now believes, as set out in its May 8th press release, that this plan will double production and reserves in five years. In its March 13th press release, however, management expected that its plan would double production and reserves in the next 24 to 36 months. In any case, we take issue with the steps being proposed by management. Clearly they are high-risk to Eagle and are not in the best interests of shareholders. **This is not acceptable.**

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[1] ("**Kingsway**" and, together with Mr. Gundersen, the "**Concerned Shareholders**").
[2] ("**Eagle**" or the "**Company**").

We continue to be very alarmed at management's cavalier attitude towards its current level of expensive and onerous debt. In its May 8th press release, management describes the benefit of the White Oak term loan. It never mentions the risk of LIBOR + 8% debt with very restrictive financial covenants. We believe that only weeks after the term loan was announced, the loan was at risk of a default due to the Company's inability to meet the minimum requirement of an asset coverage test. We believe that this is why an amendment to the loan agreement addressing this financial covenant, only one month after its inception, was quietly filed on SEDAR on April 17, 2017. **This is not acceptable.**

It is important for Eagle shareholders to understand the current reality facing inefficient small capitalization oil & gas companies. Companies with inefficient cost structures that are the size of Eagle are no longer of interest to many equity investors or lenders. Such inefficiencies need to be addressed, and we do not believe that Eagle is taking the necessary action. Eagle's response is instead a plan to wager aggressively on a drilling program funded with expensive and onerous debt under a presumption of success and improving commodity prices. Management's plan appears to be designed to justify excessive overhead costs including management salaries. We believe that management is focused on their own employment and not on the best interests of shareholders. **This is not acceptable.**

Who are the Concerned Shareholders?

Daniel Gundersen has 20 years of experience in the oil & gas business. He is a professional engineer and Chartered Financial Analyst (CFA) holder. **He knows Eagle and its assets very well.** In late 2015, he negotiated the sale of Maple Leaf Royalties Corp. ("**Maple Leaf**") to Eagle. He was the CEO of Maple Leaf at the time. In that transaction, Maple Leaf shareholders received 7,141,815 common shares of Eagle which represents 16.7% of the outstanding shares. In October 2016, Mr. Gundersen submitted an offer to Eagle to purchase certain Eagle assets. The offer was at a level that was a significant premium to Eagle's trading metrics. Eagle did not engage in discussions or offer any feedback other than to decline the offer. Mr. Gundersen remains of the view that Eagle's assets are trading at a discount to intrinsic value because of the cost structure of the Company, and that a change of the board of directors is required to unlock that value.

Kingsway is a publicly traded merchant bank with offices in Toronto, Ontario and Itasca, Illinois. Market capitalization is approximately $196.6 million. Its shares are listed on the TSX and NYSE under the symbol KFS. Larry Swets is the CEO of Kingsway and owns approximately 9% of Kingsway. He is a Chartered Financial Analyst (CFA) charterholder. **Kingsway is a value investor.** In early 2016, it made its first oil investment to take advantage of the low price of oil. In late 2016, Mr. Swets was introduced to Mr. Gundersen and his opinions regarding the potential of Eagle. **Kingsway later made its initial investment in Eagle and could increase that investment if it had confidence in the direction of the Company. In addition to being a value investor, Kingsway is an investor that believes in shareholder alignment and will not tolerate mismanagement. Kingsway does not back down from this. It is proud of this fact.**

The Need for Change at Eagle

There are number of facts that support the need for change at Eagle:

- **Share Performance Has Been Dismal** – The trading price of Eagle's shares is down 70% since October 1, 2015, while the Energy Index is up 15% in the same time period.
- **Board and Management Are Not Aligned With All Shareholders** – Management owns only 2.1% of the outstanding shares of the Company.
- **Overhead Costs Are Unsustainably High** – Eagle's general & administrative cash expenses are triple many of their peers.

- **New Term Loan Is Expensive and Onerous** – Interest payments will increase significantly under the new term loan which has demanding financial covenants that have already been amended.
- **Eagle's New Plan Is a High-Risk Plan** – Increasing capital expenditures and increasing debt levels increases risk to shareholders.

The Concerned Shareholders have developed a better plan to address Eagle's current problems and maximize value for shareholders.

1. **Replace the Board of Directors** – A change of direction is required. We have nominated four highly-qualified and talented individuals for election at the Meeting.
2. **Reduce Overhead** – Immediate steps will be taken to reduce the cost structure of the business.
3. **Sell Assets** – The most logical and lowest-risk source of capital for Eagle is to sell assets.
4. **Reduce Debt** – Proceeds from asset sales will be used to reduce debt. By reducing debt, we will lower the risk profile of the Company and also decrease interest payment costs.
5. **Maximize Value of Remaining Assets** – Sale of assets will make Eagle a much simpler and sustainable entity that would be more attractive to prospective buyers.

Proxy Circular

Today we can announce that we have filed a proxy circular (the "Proxy Circular") and a SaveEagle Report on SEDAR. In addition, we have launched a website for Eagle shareholders: www.SaveEagle.ca.

The **Proxy Circular details the outstanding qualifications of the nominees** proposed by the Concerned Shareholders and provides instructions for you on how to vote **BLUE** when the time comes. The SaveEagle Report lays out the **facts that support the need for change** at Eagle and outlines the **5 Point Plan** proposed by us.

It is time for change. We need to SaveEagle. We have the right plan for shareholders. Your vote matters and with your support, we can put in place a better plan. Shareholders are urged to make regular visits to www.SaveEagle.ca for up-to-date information and ease of voting.

Sincerely,

	Kingsway Financial Services Inc.
(signed) *Daniel Gundersen, P.Eng., CFA*	(signed) *Larry G. Swets Jr., CFA*

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Contacts

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The Concerned Shareholders have hired Norton Rose Fulbright Canada LLP as their legal counsel, Cogency Group Partners Inc. as their financial advisor and D.F. King as its proxy advisor and proxy solicitation agent.

ADDITIONAL INFORMATION

The Concerned Shareholders are relying on the exemption under section 9.2(4) of National Instrument 51-102 – *Continuous Disclosure Obligations* to make this public broadcast solicitation. The following information is provided in accordance with corporate and securities laws applicable to public broadcast solicitations.

The Concerned Shareholders have filed the Proxy Circular containing the information required by Form 51-102F5 – *Information Circular* in respect of the Nominees, which is available on Eagle's profile on SEDAR at www.sedar.com.

This solicitation is being made by the Concerned Shareholders, and not by or on behalf of the management of Eagle. Solicitations may be made by or on behalf of the Concerned Shareholders, by mail, telephone, fax, email or other electronic means, and in person by directors, officers and employees of the Concerned Shareholders or their proxy advisor D.F. King or by the Nominees. All costs incurred for any solicitation will be borne by the Concerned Shareholders, provided that, subject to applicable law, the Concerned Shareholders may seek reimbursement from Eagle of the Concerned Shareholders' out-of-pocket expenses, including proxy solicitation expenses and legal fees, incurred in connection with a successful reconstitution of the Board. Pursuant to the agreement with D.F. King, for its solicitation services, D.F.King would receive approximately $170,000 plus standard per call fees and out of pocket disbursements.

The Concerned Shareholders are not requesting that Eagle shareholders submit a proxy at this time. **Once the Concerned Shareholders have commenced a formal solicitation of proxies, any proxies solicited by the Concerned Shareholders in connection with the Meeting may be revoked by instrument in writing by the shareholder giving the proxy or by its duly authorized officer or attorney, or in any other manner permitted by law and the articles and by-laws of Eagle.**

The Nominees are Robert Fong, Gerald Gilewicz, Daniel Gundersen and Bradley Porter. The table below sets out, in respect of each Nominee, his name, province or state and country of residence, his principal occupation, business or employment within the five preceding years, and the number of common shares of Eagle beneficially owned, or controlled or directed, directly or indirectly, by such Nominee.

Name, Province or State and Country of Residence[(1)]	Present Principal Occupation, Business or Employment and Principal Occupation, Business or Employment During the Preceding Five Years	Number of Common Shares Beneficially Owned or Controlled or Directed (Directly or Indirectly)
Robert Fong Alberta, Canada	Director of Equity Capital Markets and Compliance & Disclosure at the TSX Venture Exchange from October 2012 to September 2016 Vice President & Sales Manager at Union Securities Ltd. from October 2010 to October 2012	13,000
Gerald Gilewicz Alberta, Canada	Chief Financial Officer of Journey Energy Inc. from September 2012 to Present Chief Financial Officer of Vero Energy Inc. from October 2005 to September 2012	23,484
Daniel Gundersen Alberta, Canada	Chief Executive Officer of Peace Energy Inc. from February 2016 to Present and from October 2013 to October 2014 Chief Executive Officer and Director of Maple Leaf Royalties Corp. from November 2014 to January 2016[(2)] Vice President, Energy Finance of Sandstorm Metals & Energy Ltd. from January 2011 to September 2013	515,254
Bradley Porter Alberta, Canada	President of HighRange Capital Corporation from January 2007 to Present	42,532

Notes

1. Information set out in the table above has been provided by each Nominee.
2. Mr. Gundersen was Chief Executive Officer and Director of Maple Leaf Royalties Corp. prior to its acquisition by Eagle in January 2016.

To the knowledge of the Concerned Shareholders, no Nominee is, at the date hereof, or has been, within ten (10) years before the date hereof: (a) a director, chief executive officer or chief financial officer of any company that (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than thirty (30) consecutive days (each, an "**order**"), in each case that was issued while the Nominee was acting in the capacity as director, chief executive officer or chief financial officer, or (ii) was subject to an order that was issued after the Concerned Shareholders Nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; (b) a director or executive officer of any company that, while such Nominee was acting in that capacity, or within one (1) year of such Nominee ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (c) someone who became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such Nominee.

To the knowledge of the Concerned Shareholders, as at the date hereof, no Nominee has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation, or by a securities regulatory authority, or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a Nominee.

To the knowledge of the Concerned Shareholders, none of the Nominees, nor any associates or affiliates of the Nominees, has any material interest, direct or indirect, in (a) any transaction since the commencement of Eagle's most recently completed financial year or in any proposed transaction which has materially affected or will materially affect Eagle or any of its subsidiaries; or (b) any matter to be acted upon at the Meeting other than the election of directors.

Barrel of Oil Equivalent: Where amounts are expressed on a barrel of oil equivalent ("boe") basis, natural gas volumes have been converted to boe at a ratio of 6,000 cubic feet of natural gas to one barrel of oil equivalent. This conversion ratio is based upon an energy equivalent conversion method primarily applicable at the burner tip and does not represent value equivalence at the wellhead. Boe figures may be misleading, particularly if used in isolation.

Eagle's principal business office is 2710, 500 - 4th Avenue S.W., Calgary, Alberta T2P 2V6. A copy of this press release may be obtained on Eagle's SEDAR profile at www.sedar.com.