

# SaveEagle

## CONCERNED SHAREHOLDERS NOMINATE FOUR INDEPENDENT DIRECTORS TO THE BOARD OF EAGLE ENERGY INC.

**May 4, 2017 (Calgary, Alberta)** - Daniel Gundersen and Kingsway Financial Services Inc. ("Kingsway" and, together with Daniel Gundersen, the "Concerned Shareholders") have concerns about the future of Eagle Energy Inc. (TSX: EGL) ("Eagle" or the "Company"). In late 2015, Mr. Gundersen 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. The Concerned Shareholders currently exercise control or direction of 1,631,254 common shares of Eagle representing 3.8% of the outstanding shares.

On March 13, 2017, Eagle announced a new plan that included increased debt, suspension of its dividend and an expensive and onerous term loan. This announcement forced the Concerned Shareholders to respond. The Concerned Shareholders have expressed their dissatisfaction with the Company's plan and recommended changes that would be in the best interests of shareholders. Their requests were rejected. The Concerned Shareholders believe that the Company is in immediate need of a stronger leadership team. Therefore, the Concerned Shareholders have submitted notice to Eagle that it will nominate four new independent directors for election at the upcoming Annual General Meeting to be held on June 14, 2017 (the "Meeting").

### Need for Change at Eagle

- **Share Performance Has Been Dismal** – The trading price of Eagle's stock 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** – They own only 2.1% of the Company.
- **Overhead Costs Are Unsustainably High** – Eagle's general & administrative cash expenses are triple many of their peers.
- **The New Term Loan Is Expensive and Onerous** – Interest payments will increase significantly under the new term loan which has demanding financial covenants.
- **Eagle's New Plan Is a High-Risk Plan** – Increasing capital expenditures and increasing debt levels increases risk to shareholders.

### Concerned Shareholders Have A Better Plan

The Concerned Shareholders have developed a business 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.
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 entity that would be more attractive to prospective buyers.

The Concerned Shareholders intend to file and disseminate an information circular in due course in order to permit shareholders of Eagle to make an informed decision in advance of the upcoming Meeting.

## **The Concerned Shareholders' Independent and Experienced Board Nominees**

Replacing the current board of Eagle with four independent, aligned and highly qualified business professionals offers shareholders a great opportunity from this point forward. The Concerned Shareholders have the people and a plan to minimize shareholder risk and maximize shareholder value. The proposed nominees of the Concerned Shareholders (the "Nominees") are as follows:

### **Daniel Gundersen, P.Eng., CFA**

Mr. Gundersen has over 20 years of direct oil and gas industry experience. Since February 2016, Mr. Gundersen has been an independent businessman managing oil and gas assets and providing consulting services to industry. From November 2014 to January 2016, he was CEO and director of Maple Leaf Royalties Corp., a TSXV-listed oil and gas royalties company. From October 2013 to October 2014 he was an independent businessman with active oil and gas interests and also providing consulting services to various industry clients. From January 2011 to September 2013 he was Vice President, Energy Finance for Sandstorm Metals and Energy Ltd., a TSXV-listed commodities streaming company where \$33 million was deployed into oil and gas streaming transactions. From 2008 to 2010, he was the Vice President, Engineering for DeeThree Exploration Ltd., a TSX-listed oil and gas exploration and production company. He was Vice President, Engineering at Dual Exploration Inc., a TSX-listed oil and gas exploration and production company from 2005 until the company's sale in 2006. He also held management roles with Cyries Energy Inc., a TSX-listed oil and gas exploration and production company, from 2007 to 2008, and Devlan Exploration Inc., a TSX-listed oil and gas exploration and production company, from 2002 to 2005. Mr. Gundersen is a professional engineer, a member of APEGA, and is also a Chartered Financial Analyst (CFA) charterholder.

### **Robert Fong, CFA**

Mr. Fong has had a 23 year career in the area of investments, financial and business analysis and public markets. From 2012 up to September 2016, he was the Director of Equity Capital Markets and Compliance & Disclosure for the TSX Venture Exchange in western Canada. During this period Mr. Fong was responsible for the strategic direction of the public venture markets and all aspects of operations for the TSX Venture Exchange in western Canada; while at all times ensuring and protecting the integrity of the venture capital markets. Prior to this Mr. Fong worked for and represented various independent investment dealer firms as the senior regional executive and business leader overseeing retail brokerage, public venture capital investment banking and compliance functions. Mr. Fong is a graduate of the Alberta School of Business at the University of Alberta and is a holder of the Chartered Financial Analyst (CFA) designation.

### **Gerald Gilewicz**

Mr. Gilewicz has served as the Chief Financial Officer of Journey Energy Inc. (JOY-TSX) since September of 2012. Previously, Mr. Gilewicz served as Chief Financial Officer and Vice President of Finance at Vero Energy Inc. from November 2005 to August 2012. Previous to that, Mr. Gilewicz served as Vice President of Finance and Chief Financial Officer of Devlan Exploration Inc. and its spinoff company, Dual Exploration Inc., from September 1999 to November 2005. Prior to this Mr. Gilewicz served as a Senior Manager at Deloitte & Touche LLP. Mr. Gilewicz has served as a director of several publicly traded oil and gas and service companies and has also been the chair of the Finance Committee for the Exploration and Producers Association of Canada. Mr. Gilewicz is a Certified Public Accountant and received his Bachelor of Commerce degree from the University of Saskatchewan.

### **Bradley Porter**

Mr. Porter has over 35 years of diverse oil and gas experience which began with field operations and progressed to senior levels of management. An independent businessman, he has served as a board member for a number of public and private corporations in both the service and producing sectors of the oil and gas industry. Currently he serves on the board of Granite Oil Corp. (GXO-TSX, formerly DeeThree Exploration Ltd.) and Return Energy Inc. (RTN-TSXV, formerly DualEx Energy International Inc.) Prior to founding DeeThree in January 2007, Bradley was Executive Vice President, COO, and Director of Dual

Exploration from July 2005 to the sale of the company in December 2006. From 1996 to July 2005, he was Executive Vice President, COO, Director and Secretary of Devlan Exploration Inc. Prior to founding Devlan, he co-founded Bredal Energy Corp., a private oil and gas company. He served as President and a director of Bredal until its sale in October 2016.

**About the Concerned Shareholders**

Mr. Gundersen has over 20 years of direct oil and gas industry experience. In late 2015, as CEO of Maple Leaf, he negotiated the sale of Maple Leaf to Eagle. Maple Leaf shareholders received 7,141,815 common shares of Eagle, which represents 16.7% of the Company. In October 2016, Mr Gundersen submitted an offer to Eagle to purchase certain Eagle assets. Eagle declined his offer.

Kingsway is a holding company functioning as a merchant bank with a focus on long term value creation. The company owns or controls stakes in several insurance industry assets and utilizes its subsidiaries, 1347 Advisors LLC and 1347 Capital LLC, to pursue opportunities acting as an advisor, an investor and a financier. The common shares of Kingsway are listed on the Toronto Stock Exchange and the New York Stock Exchange under the trading symbol “KFS.”

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**INFORMATION CONCERNING THE NOMINEES**

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.

<b>Name, Province or State and Country of Residence<sup>(1)</sup></b>	<b>Present Principal Occupation, Business or Employment and Principal Occupation, Business or Employment During the Preceding Five Years</b>	<b>Number of Common Shares Beneficially Owned or Controlled or Directed (Directly or Indirectly)</b>
<p><b>Robert Fong</b> Alberta, Canada</p>	<p>Director of Equity Capital Markets and Compliance &amp; Disclosure at the TSX Venture Exchange from October 2012 to September 2016 Vice President &amp; Sales Manager at Union Securities Ltd. from October 2010 to October 2012</p>	<p>13,000</p>

Name, Province or State and Country of Residence <sup>(1)</sup>	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)
<b>Gerald Gilewicz</b> 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
<b>Daniel Gundersen</b> 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  Vice President, Energy Finance of Sandstorm Metals & Energy Ltd. from January 2011 to September 2013	515,254
<b>Bradley Porter</b> 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.

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 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.

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#### **ADDITIONAL INFORMATION**

The information contained in this press release does not and is not meant to constitute a solicitation of a proxy within the meaning of applicable securities laws. Shareholders are not being asked at this time to execute a proxy in favour of the Nominees. In connection with the Meeting, the Concerned Shareholders intend to file a dissident information circular (the "**Information Circular**") in due course in compliance with applicable securities laws.

Notwithstanding the foregoing, the Concerned Shareholders are voluntarily providing the disclosure required under section 9.2(4) of National Instrument 51-102 – *Continuous Disclosure Obligations* in accordance with securities laws applicable to public broadcast solicitations.

This press release and any solicitation made by the Concerned Shareholders in advance of the Meeting is, or will be, as applicable, made by the Concerned Shareholders, and not by or on behalf of the management of Eagle. 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.

The Concerned Shareholders are not soliciting proxies in connection with the Meeting at this time, and shareholders are not being asked at this time to execute proxies in favour of Nominees. Any proxies solicited by the Concerned Shareholders will be solicited pursuant to the Information Circular sent to shareholders of Eagle after which 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 its proxy advisor D.F. King or by the Nominees.

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 of Eagle. Neither of the Concerned Shareholders or, to their knowledge, any of their associates or affiliates, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter proposed to be acted on at the Meeting, other than the election of directors to the Board.

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](http://www.sedar.com).