

Eagle Energy Inc. Announces Sale of its Salt Flat Field in Texas and Reduction of Debt

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CALGARY, Alberta, Feb. 08, 2018 (GLOBE NEWSWIRE) -- (TSX:EGL): [Eagle Energy Inc.](#) ("Eagle") is pleased to announce that it has sold its oil and gas interests in the Salt Flat field (the "Salt Flat Field") located in Caldwell County, Texas for approximately \$CA 33.3 million cash, subject to customary post-closing adjustments. The transaction is being simultaneously announced and closed with a private, unaffiliated U.S. company.

Eagle will use the net proceeds from the sale of the Salt Flat Field to reduce outstanding debt under the secured term loan and to further fund its drilling program in North Texas. As at December 31, 2017, Eagle remains in compliance with all covenants under its loan agreement.

Mr. Wayne Wisniewski, Eagle's President and Chief Executive Officer, said, "This is a rare opportunity to capture nearly all our proved plus probable reserves value booked to this field at strip pricing. And the sales price is approximately 45% higher than what would have been realized only six months ago."

Eagle's management and the board of directors (the "Board") arrived at this decision after carefully considering the expert advice of Detring Energy Advisors, a Houston-based advisory firm retained by Eagle who specializes in acquisitions and divestitures of United States upstream oil and gas properties. The transaction is at a premium to the lending value attributed to this field under Eagle's secured term loan. Eagle's management and Board believe that the capital required to continue to develop the Salt Flat Field would provide less attractive returns when compared to alternative uses of company funds and that the transaction is in the best interests of Eagle at this time. After giving effect to this transaction, Eagle estimates its corporate decline rate on reserves will improve to 14%.

The transaction metrics on the sale of the Salt Flat Field are as follows:⁽⁵⁾

Production Metric:	\$CA 25,819/boe/d ⁽¹⁾
Field Netback Multiple:	3.3x ⁽²⁾
Cash Flow Multiple After Corporate Savings:	4.4x ⁽³⁾
Proven Developed Producing Reserves Metric:	\$CA 20.83/boe ⁽⁴⁾

Notes:

(1) This metric has been calculated by dividing the purchase price (using a \$0.81 \$US/\$CA exchange rate) by the third quarter 2017 working interest average daily production for the Salt Flat Field.

(2) This metric has been calculated by dividing the purchase price by the third quarter 2017 annualized property level field netback. Property level field netback is calculated as revenue less royalties less operating expenses for the Salt Flat Field.

(3) This metric has been calculated by dividing the purchase price by the third quarter 2017 annualized property level field netback (both translated using a \$0.81 \$US/\$CA exchange rate), adjusted for management's estimate of \$CA 2.4 million of remaining 2018 interest savings if all net proceeds were used to reduce the balance of the secured term loan.

(4) This metric has been calculated by dividing the purchase price (using a \$0.81 \$US/\$CA exchange rate) by the working interest proved developed producing reserves that were estimated for the Salt Flat Field, effective as at December 31, 2016, by Eagle's independent reserves evaluator.

(5) These metrics are non-IFRS financial measures. See "Advisories - Non-IFRS Financial Measures and Oil and Gas Metrics".

Mr. Wisniewski discussed the ongoing production results from Eagle's first North Texas well, "We are pleased that our first North Texas horizontal well continues to produce above budgeted levels. The 30 day initial production rate for the well averaged 419 boe/d as calculated on January 15, 2018, and Eagle completed the installation of permanent production facilities in early December 2017. We view this

asset as providing attractive returns that have the potential to deliver meaningfully superior results versus other drilling prospects in our portfolio. Eagle intends to continue to drill wells on our North Texas property to advance this light oil development where we have approximately 25,000 net acres under lease.”

Eagle plans to disclose its year-end 2017 reserves and financial results in late March and will provide its 2018 outlook at that time.

About Eagle Energy Inc.

Eagle is an oil and gas corporation with shares listed for trading on the Toronto Stock Exchange under the symbol “EGL”.

All material information about Eagle may be found on its website at www.EagleEnergy.com or under Eagle’s issuer profile at www.sedar.com.

For further information, please contact:

Kelly Tomyne
Chief Financial Officer
(403) 531-1574

Wayne Wisniewski
President & Chief Executive Officer
(713) 300-3298

[Eagle Energy Inc.](#)
Suite 2710, 500-4th Avenue SW
Calgary, Alberta T2P 2V6
(403) 531-1575
(855) 531-1575 (toll free)
info@EagleEnergy.com

Advisories

Note about Forward-Looking Statements

Certain of the statements made and information contained in this news release are forward-looking statements and forward-looking information (collectively referred to as “forward-looking statements”) within the meaning of Canadian securities laws. All statements other than statements of historic fact are forward-looking statements. Eagle cautions investors that important factors could cause Eagle’s actual results to differ materially from those projected, or set out, in any forward-looking statements included in this news release.

In particular, and without limitation, this news release contains forward-looking statements pertaining to the following:

- Eagle’s intention to use the net proceeds from the sale of the Salt Flat Field to reduce outstanding debt under Eagle’s secured term loan and to further fund its drilling program in North Texas;
- Eagle’s expectation that the capital required to continue to develop the Salt Flat Field would provide less attractive returns when compared to alternative uses of company funds and that the transaction is in the best interests of Eagle at this time;
- Eagle’s estimate of its corporate decline rate on reserves after giving effect to the sale of the Salt Flat Field;
- Eagle’s view of the performance of Eagle’s first North Texas well;
- Eagle’s intention to continue to drill wells on its North Texas property and its expectation that this property will provide attractive returns that have the potential to deliver meaningfully superior results versus other drilling inventory in Eagle’s portfolio; and
- Eagle’s intention to provide its year-end 2017 reserves and financial results, and 2018 outlook in late March.

With respect to forward-looking statements contained in this news release, assumptions have been made regarding, among other things:

- future crude oil, NGL and natural gas prices, differentials and weighting;
- future foreign exchange rates;
- future production levels;
- future recoverability of reserves;
- future capital expenditures and the ability of Eagle to obtain financing or refinancing on acceptable terms for its capital projects, operations and future acquisitions;
- future production estimates, which are based on the proposed drilling program with a success rate that, in turn, is based upon historical drilling success and an evaluation of the particular wells to be drilled, among other things; and
- estimated future costs, which are based on historical information and anticipated changes of the cost of equipment and services, among other things.

Eagle's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and those in Eagle's Annual Information Form ("AIF") dated March 16, 2017 for the year ended December 31, 2016, which is available on Eagle's website at www.EagleEnergy.com and on SEDAR at www.sedar.com:

- volatility of crude oil, NGL, and natural gas prices;
- commodity supply and demand;
- fluctuations in foreign exchange and interest rates;
- inherent risks and changes in costs associated in the development of petroleum properties;
- ultimate recoverability of reserves;
- timing, results and costs of drilling and production activities;
- availability of financing and capital; and
- new regulations and legislation that apply to Eagle and the operations of its subsidiaries.

Additional risks and uncertainties affecting Eagle are contained in the AIF under the heading "Risk Factors".

As a result of these risks, actual performance and financial results in 2018 may differ materially from any projections of future performance or results expressed or implied by these forward-looking statements. Eagle's projections of future performance or results are subject to change in light of ongoing results, prevailing economic circumstances, obtaining regulatory approvals, obtaining financing, commodity prices and industry conditions and regulations. 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 Eagle'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.

Undue reliance should not be placed on forward-looking statements, which are inherently uncertain, are based on estimates and assumptions, and are subject to known and unknown risks and uncertainties (both general and specific) that contribute to the possibility that the future events or circumstances contemplated by the forward-looking statements will not occur. Although management believes that the expectations conveyed by the forward-looking statements are reasonable based on information available to it on the date the forward-looking statements were made, there can be no assurance that the plans, intentions or expectations upon which forward-looking statements are based will in fact be realized. Actual results will differ, and the difference may be material and adverse to Eagle and its shareholders. Eagle does not undertake any obligation, except as required by applicable securities legislation, to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise.

Oil and Gas Advisories

The 30 day initial production rate disclosed in this news release is preliminary in nature and may not be indicative of stabilized on-stream production rates. The initial production results are not necessarily indicative of long-term performance or of ultimate well recovery rates.

The reserve estimates in this news release are estimates only and there is no guarantee that the reserves,

as estimated will be recovered. Actual reserves may be greater than or less than the estimates provided in this news release.

This news release contains disclosure expressed as "boe" or "boe/d". All oil and natural gas equivalency volumes have been derived using the conversion ratio of six thousand cubic feet ("Mcf") of natural gas to one barrel ("bbl") of oil. Equivalency measures may be misleading, particularly if used in isolation. A conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head. In addition, given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalent of six to one, utilizing a boe conversion ratio of 6 Mcf:1 bbl would be misleading as an indication of value.

Non-IFRS Financial Measures and Oil and Gas Metrics

Statements throughout this news release make reference to the following metrics: "production metric", "field netback multiple", "cash flow multiple after corporate savings" and "proven developed producing reserves metric". These metrics are non-IFRS financial measures and do not have a standardized meaning. The metric may therefore not be comparable with similarly-named metrics used by other companies. Eagle's management and the Board uses these metrics to evaluate the value of the transaction's purchase price for the Salt Flat Field compared to the value of the Salt Flat Field's production, field netback, property level field netback adjusted for management's estimate of interest savings due to repayment of the term debt, and proved developed producing reserves.

"Production metric" has been calculated by dividing the purchase price (using a \$0.81 \$US/\$CA exchange rate) by the third quarter 2017 working interest average daily production for the Salt Flat Field.

"Field netback multiple" has been calculated by dividing the purchase price by the third quarter 2017 annualized property level field netback. Property level field netback is calculated as revenue less royalties less operating expenses for the Salt Flat Field.

"Cash flow multiple after corporate savings" has been calculated by dividing the purchase price by the third quarter 2017 annualized property level field netback (both translated using a \$0.81 \$US/\$CA exchange rate), adjusted for management's estimate of \$CA 2.4 million of remaining 2018 interest savings if all net proceeds were used to reduce the balance of the secured term loan.

"Proven developed producing reserves metric" has been calculated by dividing the purchase price (using a \$0.81 \$US/\$CA exchange rate) by the working interest proved developed producing reserves that were estimated for the Salt Flat Field, effective as at December 31, 2016, by Eagle's independent reserves evaluator.

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