

Eagle Energy Inc. Announces Third Quarter 2018 Results

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CALGARY, Nov. 8, 2018 - (TSX: EGL): [Eagle Energy Inc.](#) ("Eagle") is pleased to report its financial and operating results for the third quarter ended September 30, 2018.

When reflecting on Eagle's third quarter and the Twining asset sale, Wayne Wisniewski, President and Chief Executive Officer stated, "Eagle continues to execute its previously announced plan to reduce debt and corporate costs. To the end of September 2018, and excluding one-time costs associated with the Salt Flat and Twining dispositions, our year-to-date general and administrative expenses are 22% lower than 2017 levels. In addition, when compared to 2017 year-end, we have reduced our term loan balance by 30%."

Mr. Wisniewski continued, "We are pleased to report that we have successfully fracked our North Texas horizontal well in all stages as planned using 2.21 million pounds of sand for an average of 85,000 pounds of sand per stage. Initial production rates are very encouraging. At the same point in time, and relative to our first horizontal well, initial oil rates from our new well are approximately 600 barrels of oil equivalent per day (492 barrels of oil per day), which is about 100 barrels of oil per day higher than our first horizontal well. This well is producing from the middle Pennsylvanian formation. We will release updated production information after artificial lift is installed and after rates have stabilized."

In other news, to mitigate the effects of fluctuating prices on a portion of its 2018 production, Eagle has entered into a financial swap for 650 barrels of oil per day at a West Texas Intermediate ("WTI") price of \$US 75.08 per barrel for the period from October through December 2018. Eagle has no other production hedged at this time.

Third Quarter 2018 Financial Results

Eagle's unaudited condensed consolidated interim financial statements and accompanying notes for the three and nine months ended September 30, 2018 and related management's discussion and analysis have been filed with the securities regulators. These documents are available online under Eagle's issuer profile at [www.sedar.com](#) and on Eagle's website at [www.EagleEnergy.com](#).

This news release contains non-IFRS financial measures and statements that are forward-looking. Investors should refer to the "Non-IFRS Financial Measures" and "Note about Forward-looking Statements" near the end of this news release. Figures in this news release are presented in Canadian dollars unless otherwise indicated.

Highlights for the Three Months ended September 30, 2018

- Closed the sale of the Twining properties in Alberta on August 28 for cash proceeds of \$CA 13.3 million and used \$CA 1.1 million of the proceeds to reduce long term debt, with the remaining proceeds allocated to further fund the North Texas drilling program.
- Reduced long term debt during the quarter by 21% (from \$US 38.5 million to \$US 30.4 million) for a total reduction of long term debt since 2017 year-end of 48% (from \$US 58.2 million to \$US 30.4 million).
- Improved field netback by 57% on a per barrel of oil equivalent ("boe") basis (from \$17.85 to \$28.10 per boe) when compared to the third quarter of 2017.
- General and administrative expenses to the end of September 2018, excluding one-time costs associated with the Salt Flat and Twining dispositions, are \$1.5 million, or 22% lower than the 2017 comparative period.

Operations Update

- During the quarter, Eagle drilled and cased a third horizontal well in North Texas at a location approximately one initial horizontal well. This was Eagle's first use of a new technology that enabled it to drill approximately 4,000 feet horizontal lateral and place the entire horizontal section within the productive interval.
- Eagle entered into a fixed price financial swap for 650 barrels of oil per day at a WTI price of \$US 75.08 per barrel for months of October through December 2018.

Summary of Quarterly Results

	Q3/2018	Q2/2018	Q1/2018	Q4/2017	Q3/2017	Q2/2017	Q1/2017	Q4/2016
(\$000's except for boe/d and per share amounts)								
Sales volumes – boe/d	1,958	2,262	2,974	3,804	3,749	3,966	3,767	3,804
Revenue, net of royalties	9,010	10,228	12,461	14,725	12,459	14,167	14,218	13,891
per boe	50.01	49.69	46.57	42.08	36.12	39.25	41.95	39.77
Operating, transportation and marketing expenses	3,946	4,206	5,109	6,864	6,301	5,885	7,165	6,794
per boe	21.91	20.43	19.10	19.61	18.27	16.31	21.14	19.44
Field netback ⁽¹⁾	5,064	6,022	7,352	7,861	6,158	8,282	7,053	7,093
per boe	28.10	29.26	27.47	22.47	17.85	22.94	20.81	20.22
Funds flow from operations	1,622 ⁽²⁾	1,932	1,718 ⁽³⁾	3,488	3,346	4,272	1,589	3,903
per boe	9.00	9.39	6.42	9.98	9.70	11.84	4.69	11.13
per share – basic	0.04	0.04	0.04	0.08	0.08	0.10	0.04	0.09
per share – diluted	0.04	0.04	0.04	0.08	0.07	0.10	0.04	0.09
(Loss) earnings	(1,887)	(15,093)	(2,568)	(14,293)	(4,711)	675	1,303	30,541
per share – basic	(0.04)	(0.34)	(0.06)	(0.34)	(0.11)	0.02	0.03	0.72
per share - diluted	(0.04)	(0.34)	(0.06)	(0.34)	(0.11)	0.02	0.03	0.72
Cash dividends declared	-	-	-	-	-	-	425	637
per issued share	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01
Current assets	13,270	10,920	14,941	13,869	11,122	11,847	18,819	9,302
Current liabilities	9,686	5,762	7,528	13,715	8,042	6,599	11,474	74,731
Total assets	141,264	159,935	174,877	207,314	213,867	222,155	233,951	218,731
Total non-current liabilities	51,886	62,427	70,870	94,312	92,367	97,086	104,359	26,221
Shareholders' equity	79,692	81,709	96,479	99,287	113,458	118,470	118,118	117,118
Shares issued	44,244	43,750	43,750	43,302	43,302	42,857	42,857	42,444

(1) Field netback is
(2) Includes ~~Non-IFRS~~ ~~transitory~~ ~~disposition~~.
Salt disposition ~~and~~ ~~Non-IFRS~~ ~~Financial~~ ~~Measures".~~
Twining disposition.
Salt Flat disposition.

For the three months ended September 30, 2018, sales volumes were lower than the previous quarters, primarily due to the effect of the February 2018 Salt Flat disposition and the August 2018 Twining disposition being only partially offset by additional production from wells drilled in Eagle's North Texas area.

Third quarter 2018 field netback on a per boe basis decreased 4% from the second quarter of 2018 due to slightly higher realized commodity prices offset by higher royalties and increased operating costs, primarily due to the turnaround on the Dixonville plant.

Third quarter 2018 funds flow from operations decreased 16% from the second quarter of 2018 due to lower field netbacks and higher third quarter administrative and financing expenses due to one-time Twining disposition costs.

Total non-current liabilities decreased as a result of a repayment of \$10.5 million (\$US 8.1 million at the period end exchange rate) from the proceeds of the Twining disposition.

Changes in (loss) earnings from one quarter to the next often do not move directionally or by the same amount as quarterly changes in funds flow from operations. This is due to items of a non-cash nature that factor into the calculation of (loss) earnings, and those that are required to be fair valued at each quarter end. Third quarter 2018 funds flow from operations was 16% lower than the second quarter of 2018, yet the third quarter 2018 loss was 87% less than the second quarter of 2018 due to a non-cash impairment expense booked in the second quarter relating to the Twining oil and gas properties based on the sale agreement dated July 19, 2018.

Advisories

Non-IFRS Financial Measures

Statements throughout this news release make reference to the term "field netback", which is a non-IFRS financial measure that does not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other issuers.

"Field netback" is calculated by subtracting royalties, operating expenses, and transportation and marketing expenses from revenues. This method of calculating field netback is in accordance with the standards set out in the Canadian Oil and Gas Evaluation Handbook maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter). Management believes that field netback provides useful information to investors and management because such a measure reflects the quality of production and the level of

profitability.

Oil and Gas Advisories

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

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 Eagle's expected timing to provide a production update on its third horizontal well drilled during the third quarter 2018 in North Texas, Eagle's intentions to reduce debt and corporate costs and Eagle's hedging program to the end of 2018.

With respect to forward-looking statements contained in this news release, assumptions have been made regarding, among other things: continued performance of the third horizontal well; future crude oil, NGL and natural gas prices, differentials and weighting; future foreign exchange and interest rates; future capital expenditures and the ability of Eagle to obtain financing on acceptable terms; the ability of Eagle to complete its drilling program; 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 projected operating costs, which are estimated based on historical information and anticipated changes in 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 following risk factors and those in Eagle's Annual Information Form dated March 20, 2018 (the "AIF"): 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 with the development of petroleum properties; ultimate recoverability of reserves; timing, results and costs of drilling and production activities; availability and terms of financing and capital; and new regulations and legislation that apply to the operations of Eagle and its subsidiaries.

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

As a result of these risks and uncertainties, actual performance and financial results may differ materially from any projections of future performance or results expressed or implied by these forward-looking statements. New risks emerge from time to time, and it is not possible for management to predict all of the risks or to assess, in advance, the impact of each such risk on Eagle's business, or the extent to which any risk, or combination of risks, 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. These statements speak only as of the date of this news release and may not be appropriate for other purposes. 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.

Note Regarding Barrel of Oil Equivalency

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.

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.

SOURCE [Eagle Energy Inc.](#)

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