EAGLEWOOD ENERGY INC.

Management's Discussion and Analysis

For the three months ended September 30, 2008 and 2007

EAGLEWOOD ENERGY INC.

MESSAGE TO SHAREHOLDERS

Dear Shareholders:

During the three months ended September 30, 2008, Eaglewood Energy Inc. (“Eaglewood”) continued work designed to identify targets for future drilling programs in Papua New Guinea (“PNG”). The latest stages of the work program included a field study in PPL 260. The field study included geological mapping within existing surveys conducted by the previous operator during the 1990’s. The field study was initiated in the first half of 2008 and was designed to integrate with the seismic data that the Company acquired from the previous operator. Detailed analysis of the new data has identified prospects and leads, and new drilling locations within PPL 260.

Eaglewood has continued to pursue partners for its initial drilling program. The drilling program will require farm-outs and additional equity in order to provide capital for Eaglewood’s extended exploration program in PNG. The recent decline in the venture capital markets has resulted in increased challenges for raising funds. With this in mind, Eaglewood has focused its efforts on farm-out opportunities and joint ventures.

The focus on hydrocarbon demand in Southeast Asia continues to underpin Eaglewood’s corporate strategy. World natural gas demand has resulted in increased activity in PNG and outstanding discoveries have recently been made. The gas contract between Exxon and the PNG government is continued evidence of the growing role that PNG will play in the world gas market.

Effective November 3, 2008, I have stepped down as President and CEO of Eaglewood. I will remain as a Director of Eaglewood, and will continue as CEO of Transeuro Energy Corp, Eaglewood’s major shareholder. Eaglewood has appointed Mr. Brad Hurtubise, currently a Director of Eaglewood, to the position of President and CEO. Brad will be able to focus exclusively on the operational and capital market issues for Eaglewood.

Hal Hemmerich
Former President & CEO

EAGLEWOOD ENERGY INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended September 30, 2008 and 2007

(Amounts expressed in Canadian Dollars unless otherwise indicated)

Management's discussion and analysis ("MD&A") of Eaglewood Energy Inc.'s (the "Company" or "Eaglewood") financial condition and results of operations should be read in conjunction with the consolidated financial statements for the three months ended September 30, 2008 and 2007 and related notes therein prepared in accordance with Canadian generally accepted accounting principles. The effective date of this MD&A is November 3, 2008.

Additional information relating to the Company is available on SEDAR at www.sedar.com and the Company's website at www.eaglewoodenergy.ca .

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the following:

- capital expenditure programs;
- development of resources;
- treatment under governmental regulatory and taxation regimes;
- expectations regarding the Company's ability to raise capital;
- expenditures to be made by the Company to meet certain work commitments; and
- work plans to be conducted by the Company.

With respect to forward-looking statements listed above and contained in this MD&A, the Company has made assumptions regarding, among other things:

- the Papua New Guinea legislative and regulatory environment;
- the impact of increasing competition;
- unpredictable changes to the market prices for oil and natural gas;
- that costs related to development of the oil and gas properties in Papua New Guinea will remain consistent with historical experiences;
- anticipated results of exploration activities;
- availability of additional financing and farm-in or joint venture partners; and
- the Company's ability to obtain additional financing on satisfactory terms.

The Company'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 elsewhere in this MD&A:

- volatility in the market prices for oil and natural gas;
- uncertainties associated with estimating resources;
- geological, technical, drilling and processing problems;
- liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations;
- fluctuations in currency and interest rates;
- incorrect assessments of the value of acquisitions;
- unanticipated results of exploration activities;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- lack of availability of additional financing and farm-in or joint venture partners;
- unpredictable weather conditions; and
- other factors referred to under "Risk Factors" in the Company's annual information form for the financial year ended June 30, 2008, dated October 8, 2008 and filed on SEDAR on October 10, 2008.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth above.

Undue reliance should not be placed on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

OVERVIEW

Eaglewood is a Canadian-based junior oil and gas exploration company whose common shares are traded on the TSX Venture Exchange under the symbol “EWD”. Eaglewood holds a 100% interest in four petroleum exploration licenses (the “Licenses”) granted by the government of Papua New Guinea (“PNG”). The Company acquired the Licenses and related technical data in October 2007 from Transeuro Energy Corp. and its wholly owned subsidiary (collectively, “Transeuro”) in exchange for 30,000,000 common shares of the Company valued at $25,500,000 (the “Transeuro Transaction”). The Company currently has no production and no oil or natural gas reserves.

DESCRIPTION OF LICENSES

Each of the Licenses gives the Company the right to explore for oil and natural gas on specified blocks in PNG. If exploration is successful, the Company can apply to the PNG government for either a retention license or a development license. A retention license is generally applied for if natural gas reserves have been identified but additional time is required to either prepare a development plan or, if the amount of natural gas reserves is not of a sufficient commercial quantity, to explore for further natural gas reserves. A development license is generally applied for if oil and/or natural gas reserves have been discovered and production is commercially viable. The PNG government has historically granted retention or development licenses however there is a risk that a retention or development license may not be granted to the Company when, or on the terms, applied for.

License	Description
PPL 257	The license was originally granted on October 20, 2004 and has a six year term that expires October 19, 2010. It covers 1,741,500 gross acres located in the Cape Vogel Basin of PNG. The prospective area is predominantly offshore but includes a significant onshore area that will be instrumental for conducting geological field work. PPL 257 is an anticipated natural gas play for the Company.
PPL 258	The license was originally granted on October 20, 2004 and has a six year term that expires October 19, 2010. It covers 2,227,500 gross acres, all onshore, in the North New Guinea Basin of PNG. PPL 258 is an anticipated oil play for the Company.
PPL 259	The license was originally granted on June 30, 2005 and has a six year term that expires June 29, 2011. It covers 1,377,000 gross acres, all onshore, in the Papuan Basin of PNG. PPL 259 is an anticipated oil play for the Company.
PPL 260	The license was originally granted on March 14, 2005 and has a six year term that expires March 13, 2011. It covers 1,559,250 gross acres, all onshore, in the Papuan Basin of PNG. PPL 260 is an anticipated natural gas and oil play for the Company.

The PNG government retains a 22.5 percent back-in right at cost which can be exercised at the time a development license is granted. The PNG government also has a two percent royalty over any oil or natural gas production that may occur with respect to the Licenses.

Pursuant to the Transeuro Transaction, the Company granted Transeuro the right to acquire a 10 percent interest in all, but not less than all, of the Licenses, exercisable within 60 days from the date which the Company completes the drilling and testing of a third well on the Licenses by paying to the Company 10 percent of all costs incurred in respect of the Licenses up to that date and by agreeing to pay 10 percent of the ongoing costs with respect to the exploration and development of the Licenses.

LICENSE COMMITMENTS

Each of the Licenses has specified work and financial commitments that were assumed by the Company when it acquired the Licenses pursuant to the Transeuro Transaction. The remaining commitments are as follows:

License	Commitment
PPL 260	Drill one exploration well and conduct geological and geophysical studies by March 13, 2009.
PPL 259	Drill one exploration well and conduct geological and geophysical studies by June 29, 2009.
PPL 257	Drill one exploration well, acquire 1,000 kilometres line of offshore seismic and spend a minimum of US $10,000,000 by October 20, 2008. In July 2008, the Company applied for, and was granted, a one year deferral until October 20, 2009.
PPL 258	Drill one exploration well, acquire 1,000 kilometres of aero-gravity/magnetic survey and spend a minimum of US $10,500,000 by October 20, 2008. In July 2008, the Company applied for, and was granted, a one year deferral until October 20, 2009.

The Company has issued bank guarantees totaling approximately $160,000 (100,000 Papua New Guinea dollars for each license) as security against the capital requirements associated with the Licenses. If the Company does not fulfill its commitments under a License and has not applied for and been granted an extension, it could potentially lose its guarantee and the applicable License could be revoked by the PNG government.

As the Company does not currently generate sufficient cash flow from operating activities to fund its activities, it will need to raise equity financing and/or enter into joint venture or farm-out arrangements in the Licenses to finance its exploration commitments.

SELECTED QUARTERLY INFORMATION

The following is a summary of selected financial information for the Company for the periods indicated:

($000's except per share data)	Sep 30 2008	Jun 30 2008	Mar 31 2008	Dec 31 2007	Sep 30 2007	Jun 30 2007	Mar 31 2007	Dec 31 2006
Revenue	29	40	56	94	5	6	7	7
Income (loss) before discontinued operations	(917)	(736)	(699)	(1,532)	(136)	(52)	(32)	2
Net income (loss)	(917)	(736)	(699)	(1,532)	(136)	(52)	(32)	2
Income (loss) per share before discontinued operations	(0.02)	(0.01)	(0.01)	(0.03)	(0.01)	(0.01)	(0.01)	0.01
Total income (loss) per share	(0.02)	(0.01)	(0.01)	(0.03)	(0.01)	(0.01)	(0.01)	0.01
Total assets	33,406	34,345	34,863	35,858	694	819	839	853

Prior to the quarter ended December 31, 2007, the Company's only asset was cash and its business for the previous two years was the seeking for, and evaluation of, potential oil and gas projects. In the quarter ended December 31, 2007, the increase in total assets is the result of the Company's acquisition of the Licenses in PNG in exchange for common shares of the Company valued at $25,500,000 and completion of a private placement financing for net proceeds of approximately $9.7 million. The increase in the loss for the quarters ended September 30, 2008, June 30, 2008, March 31, 2008 and December 31, 2007 compared to the prior quarters is predominantly the result of increased expenses which are described more fully under RESULTS OF OPERATIONS.

RESULTS OF OPERATIONS

The Company had a net loss of $917,073 for the three months ended September 30, 2008 compared to a net loss of $135,911 for the three months ended September 30, 2007. The higher loss in the quarter ended September 30, 2008 is mainly the result of an increase in expenses. The Company acquired the Licenses in PNG on October 1, 2007 and then established its corporate office in Canada and branch office in PNG. During the prior year three month period, the Company was in the process of reviewing potential oil and gas projects and had minimal activity.

The Company's most significant expenses, in comparison to the prior year, are as follows:

	Three months ended September 30	
	2008	2007
General and administrative	**364,850**	9,646
Professional fees	**137,337**	64,431
Stock-based compensation	**162,679**	25,338
Travel	**139,304**	-

Compared to the prior year three month period, professional fees increased approximately \$73,000 and travel increased approximately \$139,000, predominantly as a result of the Company's preliminary short form prospectus which was filed on SEDAR on July 15, 2008. Due to market conditions, the Company announced on October 10, 2008 that it would not continue with the short form prospectus offering.

Stock options which were granted after September 30, 2007 increased the stock-based compensation expense by approximately \$163,000 compared to the prior year three month period.

The following table provides a breakdown of the Company's general and administrative expenses by material component:

	Three months ended September 30	
	2008	2007
Salaries & wages	**274,500**	390
Office costs	**53,065**	3,439
Office rent	**26,994**	5,742
Other general and administrative	**10,291**	75
Total	**364,850**	9,646

Compared to the prior year three month period, general and administrative expenses increased \$355,204. The increase in all the above expenses is the result of the Company's setup of the Calgary corporate office and the addition of the PNG branch office subsequent to the closing of the Transeuro Transaction in October 2007. Within general and administrative expenses, the largest increase was in salaries and wages. The Company currently has 17 employees. The Company had no staff in the prior year comparable period.

FINANCIAL CONDITION

At September 30, 2008, the Company had total assets of \$33,405,696 compared to \$34,345,406 at June 30, 2008. The decrease in total assets of approximately \$940,000 is mainly due to a decrease in cash offset slightly by an increase in petroleum and natural gas properties. Cash decreased mainly as a result of the net loss for the period.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2008, the Company had net working capital of $3,482,721 compared to net working capital of $4,538,684 at June 30, 2008. The decrease in working capital is mainly due to the net loss for the three months ended September 30, 2008 and the expenditures incurred for the PPL 260 field study program.

Funds used in operations were $1,070,151 for the three months ended September 30, 2008 compared to $156,417 for the three months ended September 30, 2007. The increase in the funds used in operations for the current year three month period is mainly due to increased expenses as compared to the prior year three month period, as explained under RESULTS OF OPERATIONS.

Net cash used in investing activities for the three months ended September 30, 2008 was $184,067 compared to $5,880 for the three months ended September 30, 2007. Investing activities consisted mainly of the PPL 260 field study program described more fully under WORK PROGRAM - 2008.

Contributed surplus at September 30, 2008 increased $162,679 over June 30, 2008. The increase is due to the increase in stock-based compensation expense for the three months ended September 30, 2008.

The Company does not currently generate sufficient cash flow from operating activities to fund its activities and has relied upon the issuance of common shares to provide additional funding. The Company's financial statements are presented on a going-concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's ability to continue as a going concern is dependent upon its ability to raise equity financing and/or enter into joint venture or farm-out arrangements in the Licenses within the next twelve months to meet its exploration commitments and working capital requirements. However, there are no assurances that the Company will be successful in achieving these objectives. If the Company is unable to raise equity financing and/or secure farm-out or joint venture partners, the Company may be unable to continue as a going concern. The Company's financial statements do not reflect the adjustments to the carrying values of assets and liabilities, including any impairment in its petroleum and natural gas properties, and the reported expenses and balance sheet classifications that would be necessary if the Company is unable to continue as a going concern, and such adjustments could be material.

WORK PROGRAM - 2008

The Company's planned 2008 work program includes a field study in PPL 260 and aero-gravity/magnetic surveys in PPL's 257 and 258. The budgeted costs are US $1,000,000 for the PPL 260 field study, US $500,000 for the PPL 257 survey and US $1,000,000 for the PPL 258 survey. The field work study in PPL 260 has been completed. The field study identified numerous positive indications of hydrocarbons, including both oil and gas seeps. Samples have been acquired and are being analysed. The actual cost of the field study came in on budget. The PPL 257 and 258 aero-gravity/magnetic surveys are expected to commence during the last calendar quarter of 2008.

PLANNED WORK PROGRAM - 2009

The Company's planned 2009 work program, for which the Company does not currently have funding and will need to raise equity financing and/or enter into joint venture or farm-out arrangements in the Licenses is as follows:

- drill one exploration well in PPL 259 (gross cost approximately US $15,000,000);
- conduct seismic survey in PPL 260 (gross cost approximately US $6,000,000);
- drill one exploration well in PPL 258 (gross cost approximately US $15,000,000);
- drill one exploration well in PPL 257 (gross cost approximately US $40,000,000); and
- drill one exploration well in PPL 260 (gross cost approximately US $40,000,000).

As a result of the nature of the petroleum and natural gas exploration, development and exploitation industry, budgets are regularly reviewed with respect to both the success of expenditures and other opportunities that become available. Accordingly, while it is currently intended by management of the Company that the general expenditures set out in the work program above will be made by the Company, actual expenditures may in fact differ from these plans, amounts and allocations.

Additionally, completion of activities are subject to potential barriers such as, but not limited to, lack of capital, lack of available equipment and poor weather which may impact the time of completions. Additional risk factors are disclosed in the Company's Annual Information Form dated October 8, 2008 which is available on SEDAR at www.sedar.com.

CHANGE OF YEAR END

Effective October 17, 2008, the Company changed its financial year end from June 30 to December 31. The Company made this change in order that its financial year end would be comparable to that of its peers in the oil and gas industry. As a result of this change in year end, the Company will have a six month transitional financial year ending December 31, 2008.

OUTSTANDING SHARE DATA

As at November 3, 2008, the Company had 57,744,942 common shares outstanding and 3,275,000 stock options outstanding under its stock option plan.

NEW ACCOUNTING STANDARDS ADOPTED

As disclosed in the Company's June 30, 2008 annual audited consolidated financial statements, on July 1, 2008, the Company adopted the new CICA Handbook Sections 3862 "Financial Instruments Disclosures", 3863 "Financial Instruments – Presentation", and 1535 "Capital Disclosures". The adoption of these standards has had no material impact on Eaglewood's net loss or cash flows. Additional information on the implementation of these new standards can be found in note 3 to the Interim Consolidated Financial Statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

For the three months ended September 30, 2008, the Company incurred costs of $62,631 for legal services to a firm of which a current director is a partner.

The Company paid $6,000 in management fees to a company controlled by a director. These fees were paid for administration services which were provided by the director who previously acted as an officer of the Company.

For the three months ended September 30, 2008, the Company incurred costs in the amount of $22,945 for geophysical consulting to a company with common directors and a common officer. The amounts were recorded at cost. The majority of the costs were included in petroleum and natural gas properties and the remainder in general and administrative expenses.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company is a venture issuer that has not had significant revenue from operations in either of its last two financial years. In accordance with National Instrument 51-102, additional disclosure on material costs, other than general and administrative expenses, is presented below. Additional disclosure on general and administrative expenses has been included under RESULTS OF OPERATIONS.

	Three months ended September 30	
	2008	2007
Capitalized exploration and development costs	**47,737**	-
Deferred development costs	**-**	128,249