EAGLEWOOD ENERGY INC.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2009 AND FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

The auditor of Eaglewood Energy Inc. has not performed a review of the unaudited interim financial statements for the three months ended March 31, 2009 and 2008.

EAGLEWOOD ENERGY INC.

CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

As at		March 31 2009		December 31 2008
ASSETS				
Current Assets				
Cash and cash equivalents	$	**1,993,208**	$	2,781,985
Accounts receivable		**161,477**		184,200
		2,154,685		2,966,185
Petroleum and natural gas properties (note 3)		**30,261,732**		30,063,428
	$	**32,416,417**	$	33,029,613
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities	$	**238,352**	$	324,232
Shareholders' Equity				
Share capital (note 4)		**40,771,686**		40,771,686
Contributed surplus (note 4)		**2,126,503**		1,953,154
Deficit		**(10,720,124)**		(10,019,459)
		32,178,065		32,705,381
	$	**32,416,417**	$	33,029,613

See accompanying notes to consolidated financial statements

Contingencies and commitments (note 9)

Approved by the Board of Directors

"signed"
Hal Hemmerich, Chairman

"signed"
Ray Antony, Director

EAGLEWOOD ENERGY INC.

CONSOLIDATED STATEMENTS OF NET LOSS, COMPREHENSIVE LOSS AND DEFICIT

(UNAUDITED)

	For the three months ended March 31			
		2009		2008
Revenue				
Interest income	**$**	**14,157**	$	55,610
Expenses				
Bank charges and interest		**4,505**		2,807
Management fees		**3,000**		6,000
General and administrative		**422,551**		380,666
Professional fees		**20,899**		48,203
Public company		**20,435**		21,239
Consulting		**5,068**		10,098
Stock-based compensation		**173,349**		150,008
Depreciation		**5,222**		5,548
Travel		**52,542**		143,404
Other		**1,314**		(17,421)
Foreign exchange loss		**5,937**		3,988
		714,822		754,540
Net loss and comprehensive loss for the period		**(700,665)**		(698,930)
Deficit, beginning of period		**(10,019,459)**		(7,009,323)
Deficit, end of period	**$**	**(10,720,124)**	$	(7,708,253)
Net loss per common share - basic and diluted	**$**	**(0.01)**	$	(0.01)
Weighted average common shares - basic and diluted		**57,744,942**		57,744,942

See accompanying notes to consolidated financial statements

EAGLEWOOD ENERGY INC.

CONSOLIDATED STATEMENTS OF CASH FLOW

(UNAUDITED)

	For the three months ended March 31	
	2009	2008
Cash flows related to the following activities:		
Operating Activities		
Net loss	$ **(700,665)**	$ (698,930)
Items not involving cash:		
Stock-based compensation	**173,349**	150,008
Depreciation	**5,222**	5,548
	(522,094)	(543,374)
Changes in non-cash working capital (note 8)	**(112,331)**	(28,611)
	(634,425)	(571,985)
Investing Activities		
Additions to petroleum and natural gas properties	**(203,526)**	(178,984)
Changes in non-cash working capital (note 8)	**49,174**	(354,126)
	(154,352)	(533,110)
Net decrease in cash	**(788,777)**	(1,105,095)
Cash and cash equivalents, beginning of period	**2,781,985**	6,791,420
Cash and cash equivalents, end of period	$ **1,993,208**	$ 5,686,325
Cash and cash equivalents is composed of:		
Cash in banks	**493,208**	1,186,325
Term deposits	**1,500,000**	4,500,000
	$ **1,993,208**	$ 5,686,325
Supplementary information:		
Interest received	$ **524**	$ 117,851
Interest paid	$ -	$ -
Taxes paid	$ -	$ -

See accompanying notes to consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2009 AND FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(UNAUDITED)

The interim consolidated financial statements of Eaglewood Energy Inc. ("Eaglewood" or "the Company") have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP"). The interim consolidated financial statements should be read in conjunction with the financial statements and notes thereto in the Company's Annual Report as at and for the year ended December 31, 2008. The disclosures provided herein do not conform to the financial reporting requirements of annual financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Eaglewood is a development stage enterprise whose primary activity is exploration of its Papua New Guinea ("PNG") licenses. The Company has not yet commenced exploration drilling activities and does not have any production revenue.

The Company's interim consolidated financial statements have been prepared in accordance with GAAP 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 has not generated any petroleum revenue to date and for the three months ended March 31, 2009, the Company reported a net loss of approximately $701,000. At March 31, 2009, the Company had an accumulated deficit of approximately $10.7 million and net working capital of approximately $1.9 million. In addition to its ongoing working capital requirements, the Company has financial commitments related to its PNG licenses as described in note 9(b). These circumstances raise substantial doubt as to the ability of the Company to continue as a going concern.

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 next twelve months. The Company entered into a farm-out arrangement, pending PNG government approval, with Oil Search (PNG) Limited ("OSPNG") in April 2009 (see note 11). Management believes there is the opportunity for the Company to enter into further farm-out or joint venture arrangements in 2009 and therefore continue as a going concern. However, there are no assurances that the Company will be successful in achieving these objectives. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, including any impairment in the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2009 AND FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(UNAUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements are presented in Canadian dollars and in accordance with GAAP on the same basis as the annual audited consolidated financial statements as at and for the year ended December 31, 2008, except for the following:

Goodwill and intangible assets
In February 2008, the Canadian Institute of Chartered Accountants ("CICA") issued recommendations relating to the recognition, measurement and disclosure of goodwill and intangible assets in Section 3064. These recommendations are effective for Eaglewood's 2009 reporting and have had no impact on the Company's consolidated financial statements.

International Financial Reporting Standards
In February 2008, the Accounting Standards Board ("AcSB") confirmed that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP in 2011 for all publicly accountable profit-oriented enterprises. Eaglewood will be required to report its results in accordance with IFRS beginning January 1, 2011 with comparative data for 2010. The Company has established a project plan for implementing IFRS which includes determining:

- changes to accounting policies and implementation decisions;
- disclosure requirements;
- changes to information systems and accounting processes;
- training requirements; and
- external stakeholder communication.

At the present time, the impact of the adoption of IFRS on the Company's financial reporting is not determinable.

3. PETROLEUM AND NATURAL GAS PROPERTIES

March 31, 2009:	Cost	Accumulated depletion and depreciation	Net book value
Petroleum and natural gas properties	$30,190,295	-	$30,190,295
Office furniture and equipment	100,191	28,754	71,437
	$30,290,486	**28,754**	**$30,261,732**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2009 AND FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(UNAUDITED)

December 31, 2008:	Cost	Accumulated depletion and depreciation	Net book value
Petroleum and natural gas properties	$29,990,137	-	$29,990,137
Office furniture and equipment	96,823	23,532	73,291
	$30,086,960	**23,532**	**$30,063,428**

As at March 31, 2009, the cost of the petroleum and natural gas properties includes $30,190,295 (December 31, 2008 - $29,990,137) relating to unproved properties which have been excluded from costs subject to depletion and depreciation.

Included in petroleum and natural gas properties is $280,601 (December 31, 2008 -$220,372) of capitalized general and administrative expenses related to exploration activities.

4. SHARE CAPITAL

(a) Authorized:
The Company is authorized to issue an unlimited number of common and preferred shares.

(b) Common shares issued:

	March 31, 2009		December 31, 2008	
	Number of Shares	**Amount**	Number of Shares	Amount
Opening balance	**57,744,942**	**$40,771,686**	57,744,942	$40,771,686
Closing balance	**57,744,942**	**$40,771,686**	57,744,942	$40,771,686

(c) Warrants outstanding:

	March 31, 2009		December 31, 2008	
	Number of Warrants	**Weighted Average Exercise Price**	Number of Warrants	Weighted Average Exercise Price
Outstanding beginning of period	-	-	600,000	$0.85
Expired (i)	-	-	(600,000)	$0.85
Outstanding end of period	-	-	-	-

(i) Pursuant to a private placement which closed in October 2007, the agent was granted warrants to purchase 600,000 common shares at $0.85 per common share. The warrants were not exercised and expired on September 30, 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2009 AND FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
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(d) Stock options:

The Company has a stock option plan for directors, officers, employees and consultants. Under the Company's stock option plan, the Company may grant options of up to 10 percent of the issued and outstanding common shares. The plan is administered by the Board of Directors. In accordance with the policies of the TSX Venture Exchange, the option exercise price, when granted, is based on the closing price of the Company's shares on the TSX-V on the last trading day prior to the grant, subject to a permitted discount. Options granted under the plan have an exercise period not exceeding five years. The vesting period is determined at the time of grant at the discretion of the Board of Directors.

Stock option continuity

The Company had stock options outstanding to acquire common shares as follows:

	March 31, 2009		December 31, 2008	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding beginning of period	**5,775,000**	**$0.53**	3,325,000	$0.86
Granted	-	-	2,500,000	$0.10
Cancelled	**(100,000)**	**$0.85**	(50,000)	$1.06
Outstanding end of period	**5,675,000**	**$0.53**	5,775,000	$0.53
Exercisable, end of period	**2,258,336**	**$0.81**	2,116,671	$0.82

The following table summarizes the stock options outstanding at March 31, 2009:

	Options outstanding			**Options exercisable**	
Range of exercise prices	**Number**	**Weighted average exercise price**	**Weighted average life (years)**	**Number**	**Weighted average exercise price**
$0.10 - $0.50	3,100,000	$ 0.17	3.89	675,000	$ 0.41
$0.51 - $1.00	1,325,000	$ 0.79	3.88	750,000	$ 0.81
$1.01 - $1.35	1,250,000	$ 1.13	3.55	833,336	$ 1.13
$0.10 - $1.35	**5,675,000**	**$ 0.53**	**3.76**	**2,258,336**	**$ 0.81**

(e) Performance warrants:

In 2008, the Company granted performance warrants to certain employees. The performance warrants entitle the employees to purchase an equivalent number of common shares of the Company if the common shares close at or above pre-determined prices for specified periods of time. The performance warrants vest in four equal tranches over a two year period and expire three years from the date of grant. The exercise price of the performance warrants escalates with each tranche and ranges from $0.75 to $1.75.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2009 AND FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(UNAUDITED)

Performance warrants continuity

	December 31, 2009	
	Number of Warrants	**Weighted Average Exercise Price**
Outstanding beginning of period	**8,000,000**	**$1.19**
Outstanding end of period	**8,000,000**	**$1.19**
Exercisable, end of period	-	-

(f) Stock-based compensation

The fair value of common share options and performance warrants granted is estimated on the date of grant and is recognized over the vesting period. During the three months ended March 31, 2009, stock-based compensation in the amount of $173,349 (three months ended March 31, 2008 - $150,008) was recorded in the consolidated statement of loss using the Black-Scholes option pricing model based on the following assumptions:

	Three months ended	
	March 31, 2009	March 31, 2008
Expected life of stock options	4 years	4 years
Expected life of performance warrants	3 years	-
Expected volatility	101% - 150%	55%
Risk-free rate of return	2.16% - 3.30%	4.15%
Dividend yield	0%	0%

(g) Contributed surplus continuity

	March 31, 2009	December 31, 2008
Balance, beginning of period	**$ 1,953,154**	$ 1,657,069
Stock-based compensation	**173,349**	296,085
Balance, end of period	**2,126,503**	$ 1,953,154

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2009 AND FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(UNAUDITED)

5. FINANCIAL INSTRUMENTS

The Company does not utilize derivative instruments to manage risks. The Company is exposed to the following risks related to its financial assets and liabilities:

(a) Foreign currency exchange risk
The Company is exposed to risk arising from fluctuations in foreign currency exchange rates and the volatility of those rates. This exposure primarily relates to: (i) certain expenditure commitments, deposits and accounts payable which are denominated in foreign currencies including US dollars, Australian dollars or Papua New Guinea dollars; and (ii) its operations in Papua New Guinea.

(b) Fair values
The carrying amounts of financial instruments comprising cash and cash equivalents, accounts receivable and accounts payable approximate their fair values due to the immediate or short term nature of these financial instruments.

The carrying value and fair value of financial assets and liabilities as at March 31, 2009 are summarized below:

Classification	Carrying Value	Fair Value
Held-for-trading (Cash and cash equivalents)	$ 1,993,208	$ 1,993,208
Loans and receivables (Accounts receivable)	161,477	161,477
Held-to-maturity	-	-
Available-for-sale	-	-
Other liabilities (Accounts payable and accrued liabilities)	238,352	238,352

6. CAPITAL MANAGEMENT

The Company's objective when managing its capital structure is to maintain an adequate level of available working capital, including cash and cash equivalents, to meet its license commitments in PNG.

The Company funds its share of expenditures of all commitments from existing cash and cash equivalent balances received primarily from issuances of shareholders' equity. In order to maintain positive working capital, the Company may issue new shares. The Company does not utilize debt and is not subject to any financial covenants.

The Board of Directors regularly reviews the Company's cash and cash equivalents against the expenditure commitments and assesses the timing and need for additional equity financing. The Company's results will impact its access to the capital necessary to meet these expenditure commitments. There can be no assurance that equity financing will be available or sufficient to meet those requirements, or for other corporate purposes, or if equity financing is available, that it will be on terms acceptable to the Company.

Given the current financial market conditions, in 2009 the Company main focus will be on farm-out or joint venture arrangements as a source of capital to meet its license commitments.

7. RELATED PARTY TRANSACTIONS

The Company has entered into transactions with related parties in the normal course of business, which were valued at the exchange amount established and agreed to by the related parties. During the three months ended March 31, 2009, the related party transactions were as follows:

(a) the Company paid $3,000 (March 31, 2008 - $6,000) 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. At March 31, 2009, $nil (March 31, 2008 - $nil) was included in accounts payable and accrued liabilities.

(b) the Company paid $6,873 (March 31, 2008 - $20,082) for legal services to a law firm of which an officer of the Company is a partner. At March 31, 2009, $582 (March 31, 2008 - $2,976) was included in accounts payable and accrued liabilities.

(c) the Company paid $nil (March 31, 2008 - $528,328) for geophysical consulting to a company with common directors. 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. At March 31, 2009, $nil (March 31, 2008 - $93,367) was included in accounts payable and accrued liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8. SUPPLEMENTARY CASH FLOW INFORMATION

The following table details the components of non-cash working capital:

	Three months ended	
	March 31, 2009	March 31, 2008
Provided by (used in):		
Accounts receivable	**22,723**	64,592
Prepaid expenses	**-**	(1,433)
Accounts payable and accrued liabilities	**(85,880)**	(445,896)
	(63,157)	(382,737)
Operating	**(112,331)**	(28,611)
Investing	**49,174**	(354,126)
	(63,157)	(382,737)

9. CONTINGENCIES AND COMMITMENTS

a) Pursuant to the acquisition of a 100% interest in four exploration prospecting licenses granted by the Government of PNG and all related geological, seismic and technical data (the "Licenses"), the vendor has 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 that 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 the election date and by agreeing to pay 10 percent of the ongoing costs with respect to the exploration and development of the Licenses.

b) Pursuant to the terms of the Licenses, the Company has assumed certain financial and work commitments relating to the Licenses as described below:

License	Commitment
PPL259	Drill one exploration well and conduct geological and geophysical studies by June 29, 2009. The Company intends to apply for a deferral of the work commitment which will be subject to government approval.
PPL257	Drill one exploration well, acquire 1,000 line kilometres 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. The Company intends to apply for a deferral of the work commitment which will be subject to government approval.
PPL258	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 intends to apply for a deferral of the work commitment which will be subject to government approval.
PPL260	Drill one exploration well and conduct geological and geophysical studies by March 13, 2009. The Company has applied for a one-year deferral of the work commitment and is awaiting final PNG government approval.

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.

c) The PNG government retains a 22.5 percent back-in right which can be exercised at the time a development license is granted. If the PNG government exercises its back-in right, it would be required to pay the Company 22.5 percent of all costs incurred in respect of the Licenses up to the election date and to pay 22.5 percent of the ongoing production and development costs of the Licenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10. Segmented Information

The Company has one reportable business segment, that being oil and gas exploration and development. The Company's operations were carried on in the following geographic locations:

	Three months ended March 31, 2009		
	Canada	Papua New Guinea	Consolidated
Total revenues	$ 14,157	$ -	$ 14,157
Expenses	377,958	336,864	714,822
Net loss	$ 363,801	$ 336,864	$ 700,665
Segment assets	$ 2,095,869	$ 30,320,548	$ 32,416,417
Segment petroleum and natural gas properties	$ 69,152	$ 30,192,580	$ 30,261,732
Capital additions	$ 1,071	$ 202,455	$ 203,526

	Three months ended March 31, 2008		
	Canada	Papua New Guinea	Consolidated
Total revenues	$ 55,610	$ -	$ 55,610
Expenses	492,444	262,096	754,540
Net loss	$ 436,834	$ 262,096	$ 698,930
Segment assets	$ 5,761,172	$ 29,101,975	$ 34,863,147
Segment petroleum and natural gas properties	$ 72,564	$ 29,035,075	$ 29,107,639
Capital additions	$ 852	$ 178,132	$ 178,984

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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11. SUBSEQUENT EVENTS

On April 22, 2009, Eaglewood announced that it had entered into a farm-out agreement, pending PNG government approval, relating to PPL260 with OSPNG. Under the terms of the farm-out agreement, OSPNG will pay Eaglewood US$1,500,000 and will conduct the required geological and geophysical studies (the "Seismic Program") at its sole cost by June 30, 2009 to earn a 10 percent interest in PPL260. OSPNG and Eaglewood plan to shoot further seismic during the second quarter of 2009 in PPL260 at an estimated cost of US$1,600,000 of which Eaglewood's share is expected to be approximately US$800,000. After the completion of the Seismic Program and the additional seismic, , OSPNG will have a three-month period in which to elect to earn an additional 60 percent interest in PPL260 in exchange for paying for 90 percent of the cost of drilling one exploration well up to a maximum gross cost of US$50,000,000. If OSPNG elects to earn the additional interest, Eaglewood's participating interest in PPL260 will be 30 percent.