EAGLEWOOD ENERGY INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

PRESIDENT'S MESSAGE

I am pleased to report in this first quarter 2009 financial report that we are continuing to make excellent progress on the work commitments for our exploration licenses. In addition, the equity market environment is improving and energy commodity prices appear to be firming up. Significant progress is being made on ExxonMobil's Papua New Guinea ("PNG") LNG project and other energy projects. World-class discoveries continue to be announced and focus attention on PNG. All this can only be good news for Eaglewood.

As discussed in my year-end President's message, we are currently active on all four of the PNG licenses. So far this year we have completed the aero-magnetic surveys over PPL257 and PPL258 and will be processing that data over the next few months. We continue to monitor seismic ship traffic with a view to shooting additional seismic over PPL257 to improve potential farm-out terms. We continue to make progress towards identifying and securing a farm-out partner for PPL259. For PPL260, in accordance with our previously announced farm-out agreement, Oil Search has been acquiring seismic over the Auwi, Kelebo and Kopiago prospects. That data will be processed later this year and we expect it to yield a drilling location for the first exploration well to be drilled in early 2010.

Clearly 2009 is becoming a transformational year for Eaglewood, and we want to thank our shareholders for their continued support and our employees, consultants and directors for their ongoing commitment and efforts on behalf of the Company.

Brad Hurtubise
President and CEO

EAGLEWOOD ENERGY INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2009 and 2008

(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 March 31, 2009 and 2008 and related notes therein prepared in accordance with Canadian generally accepted accounting principles. The effective date of this MD&A is May 27, 2009.

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, equipment, 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 six months ended December 31, 2008, dated April 21, 2009 and filed on SEDAR on April 22, 2009.

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.

COMPANY OVERVIEW

Eaglewood is a development stage enterprise whose primary activity is exploration of its Papua New Guinea ("PNG") licenses. Eaglewood's common shares are traded on the TSX Venture Exchange under the symbol "EWD". In 2007, Eaglewood acquired a 100 percent interest in four petroleum exploration licenses granted by the government of PNG and related technical data (the "Licenses") 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's primary objective is to explore and develop the Licenses. The Company has no other oil and gas properties other than the Licenses. The Company has not yet commenced exploration drilling activities and there is currently no production or reserves associated with the Licenses.

SUBSEQUENT EVENTS

On April 22, 2009, Eaglewood announced that it had entered into a farm-out agreement, pending government approval, relating to PPL260 with Oil Search (PNG) Limited ("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 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.

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.

PPL257
PPL257 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. PPL257 is an anticipated natural gas play for the Company.
PPL258
PPL258 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. PPL258 is an anticipated oil play for the Company.
PPL260
PPL260 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. PPL260 is an anticipated natural gas and oil play for the Company.
PPL259
PPL259 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. PPL259 is an anticipated natural gas and natural gas liquids 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:

PPL259
Drill one exploration well and conduct geological and geophysical studies by June 29, 2009. The Company intends to apply for an extension 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, 2009. The Company intends to apply for an extension 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, 2009. The Company intends to apply for an extension 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 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.

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 to finance its exploration commitments in the Licenses. Pursuant to the farm-out agreement entered into with OSPNG as described in SUBSEQUENT EVENTS, the Company anticipates that the commitments for PPL260 will be met within the pending revised time period. The Company is in active discussions with potential farm-out partners to meet the other License commitments for 2009.

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)	Mar 31 2009	Dec 31 2008	Sep 30 2008	Jun 30 2008	Mar 31 2008	Dec 31 2007	Sep 30 2007	Jun 30 2007
Revenue	14	22	29	40	56	94	5	6
Loss before discontinued operations	701	652	917	736	699	1,532	136	52
Net loss	701	652	917	736	699	1,532	136	52
Loss per share before discontinued operations	0.01	0.01	0.02	0.01	0.01	0.03	0.01	0.01
Total loss per share	0.01	0.01	0.02	0.01	0.01	0.03	0.01	0.01
Total assets	32,416	33,030	33,406	34,345	34,863	35,858	694	819

The losses for the quarters from December 31, 2007 forward are the result of increased general and administrative expenses as a result of the Company's transition to an active company pursuant to the closing of the Transeuro Transaction as described in COMPANY OVERVIEW. The Company currently has no oil or gas production to offset expenses. The Company's expenses are described more fully in RESULTS OF OPERATIONS.

In the quarter ended December 31, 2007, the increase in total assets is the result of the Company's acquisition of the PNG Licenses for approximately $25,500,000 and completion of a private placement financing for net proceeds of approximately $9.7 million. Prior to the quarter ended December 31, 2007, the Company's only asset was cash and its business was the seeking for, and evaluation of, potential oil and gas projects.

RESULTS OF OPERATIONS

The Company had a net loss of $700,665 for the three months ended March 31, 2009 compared to a net loss of $698,930 for the three months ended March 31, 2008.

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

	Three months ended March 31	
	2009	2008
General and administrative	**422,551**	380,666
Professional fees	**20,899**	48,203
Stock-based compensation	**173,349**	150,008
Travel	**52,542**	143,404

Compared to the prior year three month period, general and administrative expenses increased approximately $42,000 or 11%, professional fees decreased approximately $27,000 or 56% and travel decreased approximately $91,000 or 63%. The increase in the general and administrative expenses is mainly due to an increase in office rent. The Company added an office location for its technical staff in Australia in mid-2008. The decrease in both travel expenses and professional fees was due to the Company's overall efforts to reduce costs during the first quarter of 2009.

FINANCIAL CONDITION

At March 31, 2009, the Company had total assets of $32,416,417 compared to $33,029,613 at December 31, 2008. The decrease in total assets of approximately $613,000 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 March 31, 2009, the Company had net working capital of $1,916,333 compared to net working capital of $2,641,953 at December 31, 2008. The decrease in working capital is mainly due to the net loss for the three months ended March 31, 2009.

Funds used in operations were $634,425 for the three months ended March 31, 2009 compared to $571,985 for the three months ended March 31, 2008. Funds used in operations for the three month period ended March 31, 2009 were approximately $62,000 higher than the prior year period which is mainly due to a decrease in interest income. The Company's cash position was higher in the first three months of 2008 compared to 2009 and the Company was able to invest its excess cash in short term deposits.

Net cash used in investing activities for the three months ended March 31, 2009 was $154,352 compared to $533,110 for the three months ended March 31, 2008. For the three months ended March 31, 2009, the majority of the investing expenditures related to the aero-gravity/magnetic surveys for PPLs 257 and 258. During the three months ended March 31, 2008, the Company incurred costs related to 2D seismic reprocessing and landowner compensation payments at the PPL259 well pad location.

Contributed surplus at March 31, 2009 increased $173,349 over December 31, 2008. The increase is due to the increase in stock-based compensation expense for the three months ended March 31, 2009.

The Company does not currently generate sufficient cash flow from its 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. The Company entered into a farm-out arrangement, pending government approval, with OSPNG in April 2009 (see SUBSEQUENT EVENTS). 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. 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.

2009 WORK PROGRAM AND OUTLOOK

The Company's optimal 2009 work program is based on meeting its License commitments. However, as the Company does not currently have sufficient working capital available to meet its entire 2009 License commitments, the Company is considering raising equity, is in discussions with industry partners to enter into further joint venture or farm-out arrangements in the Licenses and has applied or is preparing to apply to the PNG Government for a deferral of certain of the commitments.

For PPL260, the Company plans to conduct a seismic program to fulfill the geological and geophysical studies commitment. The estimated gross cost of the seismic is approximately US $7,650,000. Under the terms of the farm-out agreement with OSPNG, approximately 90 percent of the cost will be paid by OSPNG; see SUBSEQUENT EVENTS.

Due to current financial market conditions, in 2009 the Company's main focus will be on securing farm-out arrangements with financially strong partners as a means to obtain funding to meet its other 2009 License commitments. The estimated costs for the 2009 commitments for PPLs 259, 257 and 258 are as follows:

PPL259
Drill one exploration well at a gross estimated cost of approximately US$20,000,000.
PPL258
Drill one exploration well at a gross estimated cost of approximately US$20,000,000.
PPL257
Drill one exploration well at a gross cost of 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 April 21, 2009 which is available on SEDAR at www.sedar.com.

OUTSTANDING SHARE DATA

As at May 27, 2009, the Company had 57,744,942 common shares outstanding and had 8,000,000 performance warrants and 5,575,000 stock options outstanding under its stock option plan.

NEW ACCOUNTING STANDARDS ADOPTED

As disclosed in the Company's December 31, 2008 annual audited consolidated financial statements, on January 1, 2009, the Company adopted the new CICA Handbook Section 3064, *Goodwill and Intangible Assets,* replacing Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development*. The adoption of this standard has had no material impact on Eaglewood's net loss or cash flows.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

For the three months ended March 31, 2009, the Company paid $6,873 for legal services to a firm of which an officer of the Company is a partner.

The Company paid $3,000 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.

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.

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 comparatives 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.

The impact of the adoption of IFRS on the Company's financial reporting is not yet determinable.

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 is presented below.

	Three months ended March 31	
	2009	2008
General and administrative:		
Salaries & wages	**326,648**	364,932
Office costs	**31,613**	(23,420)
Office rent	**60,500**	33,765
Other general and administrative	**3,790**	5,389
Total general and administrative	**422,551**	380,666
Capitalized exploration and development costs	**200,157**	177,883