EAGLEWOOD ENERGY INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2009 AND 2008

PRESIDENT'S MESSAGE

In our second quarter 2009 financials, I'm happy to report that we are continuing to make excellent progress on the work commitments for our exploration licenses.

The most exciting news of the quarter is our farm-out of PPL 259 to Thailand-based P3 Global Energy. Details of that agreement are in our June 3 press release, but essentially we have farmed out, pending PNG government approval, 65 percent of PPL 259 for US $15 million, a 25 percent interest in PRL 5 (a natural gas discovery located in the middle of PPL 259) and a full carry of our share of costs by P3 Global Energy on the first well in PPL 259 and the first well in PRL 5.

We continue to be active on all our other PNG licenses. We have completed the aero-magnetic surveys over PPL 257 and PPL 258 and have almost completed processing that data. We have reprocessed some old seismic over PPL 257 and are close to securing a seismic ship with a view to shooting additional seismic to improve our understanding of the license and potential farm-out terms. On PPL 260, in accordance with our previously announced farm-out agreement, Oil Search acquired seismic over the Auwi, Kelebo and Kopiago prospects. That data has now been processed and Oil Search has elected to drill a well to earn an additional 60 percent interest in PPL 260. Together with Oil Search, we will be selecting the drilling location for the first exploration well in PPL 260 expected to be drilled in early 2010.

A significant non-operational event occurred just after the second quarter ended with the sale by our major shareholder, Transeuro Energy, of half of their position in Eaglewood. Transeuro sold 13.5 million shares on July 10, 2009 reducing their ownership to approximately 24 percent of Eaglewood's outstanding shares. The July 10 sale significantly increased our share trading float.

With the farm-outs on PPL 260 and PPL 259, this is a transformational year for Eaglewood, and we want to thank our shareholders, employees, consultants and directors for their patience and efforts on behalf of the Company.

Brad Hurtubise
President and CEO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 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 and six months ended June 30, 2009 and 2008 and related notes therein prepared in accordance with Canadian generally accepted accounting principles. The effective date of this MD&A is August 25, 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 year 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 and a back-in right for 10 percent of the Licenses (see DESCRIPTION OF LICENSES) (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.

During the second quarter of 2009, the Company entered into a farm-out agreement relating to license PPL 260 with Oil Search (PNG) Limited ("OSPNG"). To earn an initial 10 percent interest in PPL 260, OSPNG paid Eaglewood US $1,500,000 and conducted seismic at its sole cost. Additionally, OSPNG and Eaglewood conducted further seismic (collectively, the "Seismic Program") in PPL 260 for which the cost was shared equally. Under the farm-out agreement, OSPNG had the right to elect to earn an additional 60 percent interest in PPL 260 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. In August 2009, Eaglewood announced that OSPNG had elected to drill a well to earn the additional interest. Upon completion of the well, Eaglewood's participating interest in PPL 260 will be 30 percent. OSPNG has assumed operatorship of PPL 260.

PENDING FARM-OUT

On June 3, 2009, Eaglewood announced that it had entered into a farm-out agreement, pending PNG government approval, relating to PPL 259 with Mega Fortune International Limited ("Mega"), a wholly-owned subsidiary of P3 Global Energy ("P3GE"). Under the terms of the farm-out agreement, Eaglewood will receive US $15,000,000 and a 25.103 percent interest in PRL 5 from Mega in exchange for a 65 percent interest in PPL 259. Mega will fund up to US $20,000,000 of the cost of drilling the first exploration well, Ubuntu-1, in PPL 259 by December 31, 2009 and will fund up to US $20,000,000 to drill a well in PRL 5 by December 31, 2010. PRL 5 is located in the middle of PPL 259 and contains the Elevala and Ketu natural gas and natural gas liquids discoveries. Eaglewood will also receive an option to acquire up to a 10 percent interest in PRL 4 from Mega. PRL 4 is located in the north western corner of PPL 259 and contains the Stanley natural gas and natural gas liquids discovery.

Upon completion of the PPL 259 farm-out agreement, Eaglewood will pay a finder's fee of up to US $3,750,000 to Metropower Asia Limited, a private energy and minerals advisory services company headquartered in Hong Kong.

SUBSEQUENT EVENTS

On July 15, 2009, Transeuro announced that it had sold 13,500,000 of its remaining Eaglewood common shares which were received as consideration for the purchase of the Licenses in October 2007. This reduces Transeuro's ownership in Eaglewood to 13,642,860 of the issued and outstanding Eaglewood shares or approximately 24 percent.

On August 20, 2009, Eaglewood announced that OSPNG had elected to drill a well in PPL 260 to earn an additional 60 percent interest in the license and assume operatorship (see COMPANY OVERVIEW).

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.

PPL 257
PPL 257 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
PPL 258 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 260
PPL 260 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.
PPL 259
PPL 259 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 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 commitments are as follows:

PPL 259
Drill one exploration well and conduct geological and geophysical studies by June 29, 2009. In conjunction with the request for government approval of the PPL 259 farm-out to Mega, the Company has applied for an extension of the work commitment.
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, 2009. The Company intends to apply for an extension of the work commitment which will be subject to government approval.
PPL 257
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.
PPL 260
Drill one exploration well and conduct geological and geophysical studies by March 13, 2009. The Company applied for, and was granted, a one-year deferral of the work commitment until March 13, 2010. Subsequent to the farm-out to OSPNG, the geological and geophysical studies were completed in June 2009. The Company anticipates that an exploration well will be drilled by OSPNG in early 2010.

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. In April 2009, the Company entered into a farm-out arrangement with OSPNG relating to PPL 260 and in June 2009, the Company entered into a farm-out arrangement, pending government approval, relating to PPL 259 with Mega (described more fully in COMPANY OVERVIEW and PENDING FARM-OUT). Pursuant to these farm-out agreements, the Company anticipates that the commitments for PPL 260 and 259 will be met within the approved or pending revised time periods. The Company is in active discussions with potential farm-out partners to meet the other License 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)	Jun 30 2009	Mar 31 2009	Dec 31 2008	Sep 30 2008	Jun 30 2008	Mar 31 2008	Dec 31 2007	Sep 30 2007
Revenue	5	14	22	29	40	56	94	5
Loss before discontinued operations	716	701	652	917	736	699	1,532	136
Net loss	716	701	652	917	736	699	1,532	136
Loss per share before discontinued operations	0.01	0.01	0.01	0.02	0.01	0.01	0.03	0.01
Total loss per share	0.01	0.01	0.01	0.02	0.01	0.01	0.03	0.01
Total assets	31,753	32,416	33,030	33,406	34,345	34,863	35,858	694

The higher 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 net losses of $716,347 and $1,417,012 for the three and six months ended June 30, 2009 compared to net losses of $736,057 and $1,434,987 for the three and six months ended June 30, 2008.

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

	Three months ended June 30		**Six months ended June 30**	
	2009	2008	**2009**	2008
General and administrative	**$ 396,112**	$ 431,112	**$ 818,663**	$ 811,778
Professional fees	**41,051**	(4,439)	**61,950**	43,764
Stock-based compensation	**156,071**	157,304	**329,420**	307,312
Travel	**124,564**	128,809	**177,106**	272,213

Compared to the prior year three month period ended June 30, total expenses, excluding the foreign exchange gain or loss, increased approximately $8,000 or 1%. Compared to the prior year six month period ended June 30, total expenses decreased approximately $34,000 or 2%.

FINANCIAL CONDITION

At June 30, 2009, the Company had total assets of $31,753,187 compared to $33,029,613 at December 31, 2008. The decrease in total assets of approximately $1,276,000 is mainly due to the net loss for the period. The Company received US $1,500,000 from the farm-out of PPL 260 resulting in an increase in cash and cash equivalents over the prior quarter; this was offset by a corresponding decrease in the petroleum and natural gas properties.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2009, the Company had net working capital of $2,350,475 compared to net working capital of $2,641,953 at December 31, 2008. The slight decrease in working capital is mainly due to the net loss for the six months ended June 30, 2009 and the additions to the petroleum and natural gas properties, offset by the proceeds received from the PPL 260 farm-out.

Funds used in operations were $523,787 and $1,158,212 for the three and six months ended June 30, 2009 compared to $653,271 and $1,225,255 for the three and six months ended June 30, 2008. Funds used in operations for the three month period ended June 30, 2009 were approximately $129,000 lower than the prior year period which is mainly due to the change in non-cash working capital. Funds used in operations for the six month period ended June 30, 2009 were approximately $67,000 lower than the prior year period.

Net cash from investing activities for the three and six months ended June 30, 2009 was $920,165 and $765,813. In comparison, net cash used in investing activities for the three and six months ended June 30, 2008 was $203,596 and $736,707. For the three and six months ended June 30, 2009, approximately $623,000 and $785,000 of the total additions to petroleum and natural gas properties related to the aero-gravity/magnetic surveys for PPLs 257 and 258. Other additions include annual license fees and seismic reprocessing. The additions for the three and six month periods ended June 30, 2009, are offset by the US $1,500,000 (CDN $1,733,102) received from the farm-out of PPL 260.

Contributed surplus at June 30, 2009 increased $329,420 over December 31, 2008. The increase is due to the stock-based compensation expense for the six months ended June 30, 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 relating to PPL 260 with OSPNG in April 2009 (see COMPANY OVERVIEW) and entered into a farm-out arrangement, pending government approval, relating to PPL 259 with Mega in June 2009 (see PENDING FARM-OUT). Management believes there is the opportunity for the

Company to enter into further farm-out or joint venture arrangements and/or raise equity 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 PPL 260, a Seismic Program was conducted during June 2009. The estimated gross cost of the Seismic Program was approximately US $7,650,000. OSPNG elected in August 2009 to drill a well in PPL 260 to earn an additional 60 percent interest in the license. Under the terms of the farm-out agreement with OSPNG, approximately 90 percent of the cost of the seismic will be paid by OSPNG; see COMPANY OVERVIEW. The Company anticipates that an exploration well will be drilled by OSPNG in early 2010.

For PPL 259, the Company has entered into a farm-out agreement, pending government approval, with Mega; see PENDING FARM-OUT. Under the terms of the farm-out agreement, the Company expects that the drilling commitment for PPL 259 will be fulfilled prior to the end of 2009. The estimated gross cost of drilling the first exploration well, Ubuntu-1, in PPL 259 is approximately US $20,000,000 which, under the terms of the farm-out agreement, would be paid by Mega.

The Company intends to apply to the PNG government for an extension to the work commitments for PPLs 257 and 258. The Company also continues to discuss farm-out/joint venture arrangements with financially strong partners for these licenses. The estimated costs for the 2009 commitments for PPLs 257 and 258 are as follows:

PPL 258
Drill one exploration well at a gross estimated cost of approximately US $20,000,000.
PPL 257
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 August 25, 2009, the Company had 57,744,942 common shares outstanding and had 8,000,000 performance warrants and 5,475,000 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 and six months ended June 30, 2009, the Company paid $38,226 and $45,099 for legal services to a firm of which an officer of the Company is a partner.

For the three and six months ended June 30, 2009, the Company paid $3,000 and $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.

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 June 30		**Six months ended June 30**	
	2009	2008	**2009**	2008
General and administrative:				
Salaries & wages	**$ 308,531**	$ 342,493	**$ 635,179**	$ 707,427
Office costs	**48,013**	55,778	**108,513**	32,357
Office rent	**30,455**	25,661	**62,068**	59,425
Other general and administrative	**9,113**	7,180	**12,903**	12,569
Total general and administrative	**$ 396,112**	$ 431,112	**$ 818,663**	$ 811,778
Capitalized exploration and development costs	**$ 743,032**	$ 336,180	**$ 943,189**	$ 514,063