

Eagleford Energy Inc.

OTC BB: EFRDF Industry: Oil & Gas

INITIATING COVERAGE

Buy, \$ 2.50

August 24, 2010

MARKET DATA

Share Price:	1.25
Market Cap:	37.28 M
52wk Range:	0.05—1.25
Ave. Volume:	2,000
Basic S/O:	29.82 M
Diluted S/O:	49.40 M
Float:	17.45 M
Institutional %:	N/A
Insider %:	41%

FINANCIAL DATA (mrq)

Cash:	0.04 M
ST Debt:	0.00 M
LT Debt (pre-Dyami note):	0.00 M
Book Value:	0.15 M
EBITDAS (ttm):	(0.29) M
CFFO (ttm):	(0.28) M

CDN 2009A 2010e 2011e 2012e

Revenue (in Millions of Canadian Dollars)

	2009A	2010e	2011e	2012e
Nov	0.00	0.03A	0.03	5.85
Feb	0.00	0.04A	2.12	6.93
May	0.03	0.02A	2.49	8.13
Aug	0.02	0.03	3.98	9.07
REV	0.06	0.11	8.63	29.98
<i>P/S</i>	<i>621.3</i>	<i>338.9</i>	<i>4.32</i>	<i>1.24</i>

Diluted EPS

	2009A	2010e	2011e	2012e
Nov	(0.00)	(0.00)A	(0.00)	0.04
Feb	(0.00)	(0.00)A	0.01	0.03
May	(0.01)	(0.00)A	0.01	0.04
Aug	(0.01)	(0.00)	0.02	0.04
EPS	(0.02)	(0.01)	0.04	0.15
<i>P/E</i>	<i>N/A</i>	<i>N/A</i>	<i>31.25</i>	<i>8.33</i>

Estimated USD:CND=1.00

William Gregozeski, CFA

WGregozeski@garwoodsecurities.net
414-435-1110

Recently Acquired Eagle Ford Property Offers A Number of Formations to Develop, Some With Low Risk and/or Low Capital Requirements

Key Points

- The Company recently agreed to acquire a 97% working interest on the Murphy Lease (2,637 acres) and an 85% working interest on the Matthews Lease (2,629) for \$4.3 million, below the current market value of roughly \$7.9 million.
- The Eagle Ford Shale formation is consistent across the area, which considerably reduces the risk of non-economic wells. Based on nearby properties owned by Petrohawk and Chesapeake Energy, Eagleford can reasonably expect 4.0 million barrels of production from the Eagle Ford formation at each lease site.
- The Company will commence drilling next month, drilling down to the Edwards formation at each site. The evaluation of core samples from each formation should help determine the profitability and returns on each formation, including which method of extraction is required for the San Miguel oil on the Matthews Lease. CSS has a NPV of \$32.7 million, but requires a significant capital injection, while waterflooding has a NPV of \$227.7 million and requires little additional capital.
- A number of major oil and gas producers are developing land in the Eagle Ford area, including Anadarko, ConocoPhillips, Chesapeake, Chevron, El Paso, EnCana, EOG Resources, ExxonMobil, and Murphy Oil. These companies are developing not only the Eagle Ford Shale, but also Austin Chalk, Buda, and Edwards.

Valuation

We are initiating coverage of Eagleford Energy Inc. with a Buy rating and \$2.50 target price. Our target price is based on the NPV of production in the Eagle Ford formation at the Matthews and Murphy Leases on a per share basis, with 9.5 million shares added to the sharecount, at \$1.00 per share, to cover the cost of the initial wells at each lease and associated general and administrative costs. Upon completion of the initial drilling and core analysis, the Company should be able to determine its best course of action for moving forward, which includes how to fund the production. As such, we have included only the Eagle Ford formations in our target, and not the San Miguel formation due to the huge variance in NPV and capital requirements or other potential formations the Company will evaluate.

Business Summary

Eagleford Energy is an oil and gas company moving towards production on its 5,266 acres in Zavala, Texas' Eagle Ford Shale formation. Eagleford is targeting production from the Eagle Ford Shale and San Miguel formations at the Matthews Lease and the Eagle Ford Shale at the Murphy Lease.

COMPANY OVERVIEW

Eagleford Energy Inc. is an oil and gas company moving towards production on its land in Texas' Eagle Ford Shale formation. This formation is being widely developed by many of the larger U.S. producers, due in part to the economics and the consistency of results across the formation. Eagleford is targeting production from the Eagle Ford Shale and San Miguel formations at the Matthews Lease and the Eagle Ford Shale at the Murphy Lease. These two leases total 5,266 acres and management is exploring the acquisition of additional acreage in the region. On November 12, 2009, the Company changed its name to Eagleford Energy Inc. Eagleford files relevant forms through SEDAR in Canada and acts as a foreign issuer for reporting purposes with the SEC.

Eagle Ford Shale Formation—Zavala, Texas

Eagleford entered the Eagle Ford Shale play through two acquisitions, one completed and another nearing completion. On June 11, 2010, Eagleford acquired a 10% Net Revenue interest on the Matthews Lease for \$200,000, which was comprised of a \$25,000 cash payment and a \$175,000 5% note, with \$100,000 due February 28, 2011 and \$75,000 due August 31, 2011. On August 23, 2010, it agreed to acquire Dyami Energy LLC, a Texas-based company who holds interests in the Matthews Lease (75% Net Revenue interest) and the Murphy Lease (90% Net Revenue interest above the Eagle Ford Shale and 97% Net Revenue interest at/below the Eagle Ford Shale) for \$4.1 million. Upon closing, the Company will pay Dyami 3.49 million shares of common stock priced at \$0.90 per share and assume \$960,000 of 6% promissory notes. Based on its Working Interest, the current valuation of its acreage is roughly \$7.9 million (acreage in Zavala is currently available for \$1,500 per acre from PLS, Inc.).

Stratigraphic Column—Eagle Ford Shale

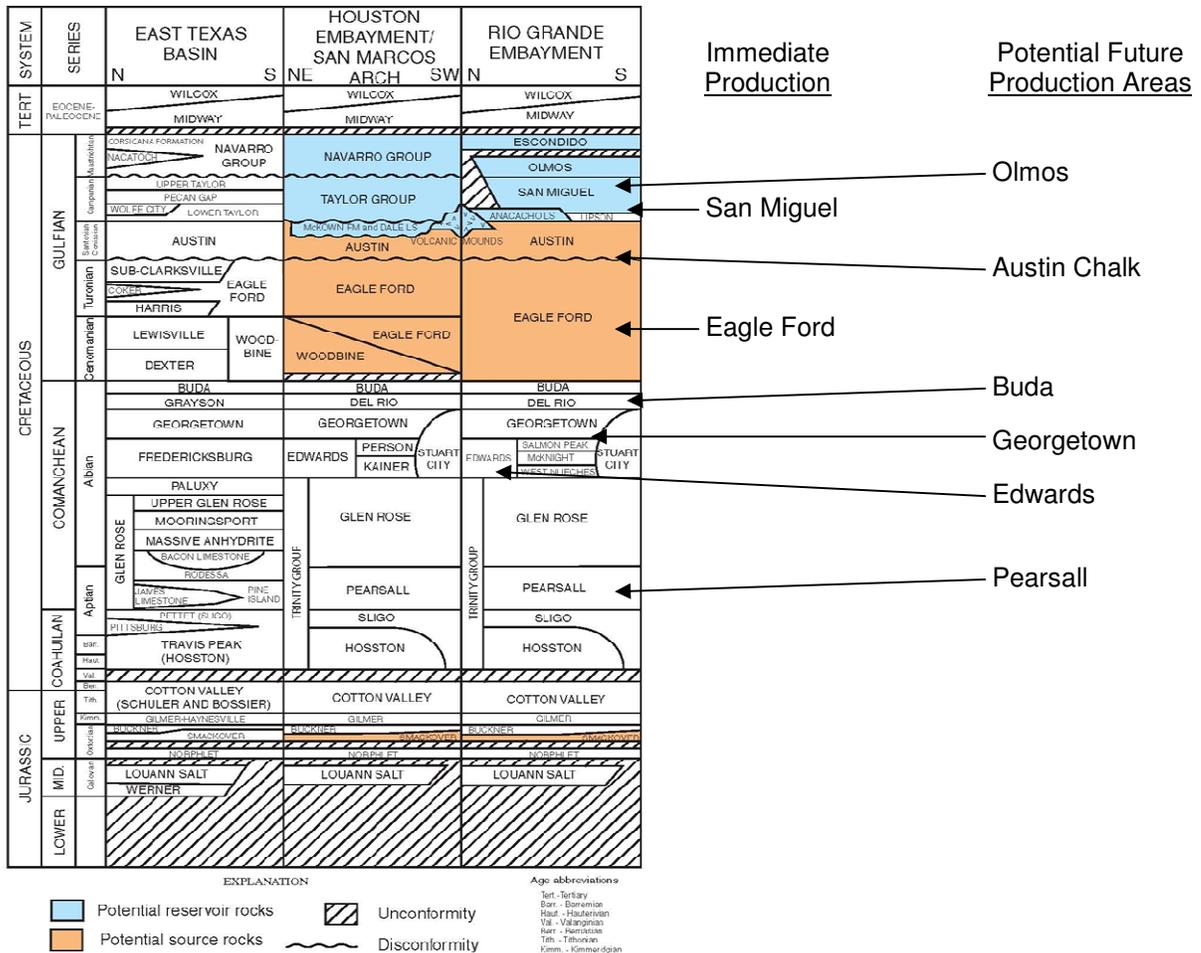


Figure 3. Columnar sections of Jurassic and Cretaceous stratigraphic units in southern and eastern Texas (modified from Kosters and others, 1999).

Source: USGS Geological Survey Digital Data Series DDS-69-H

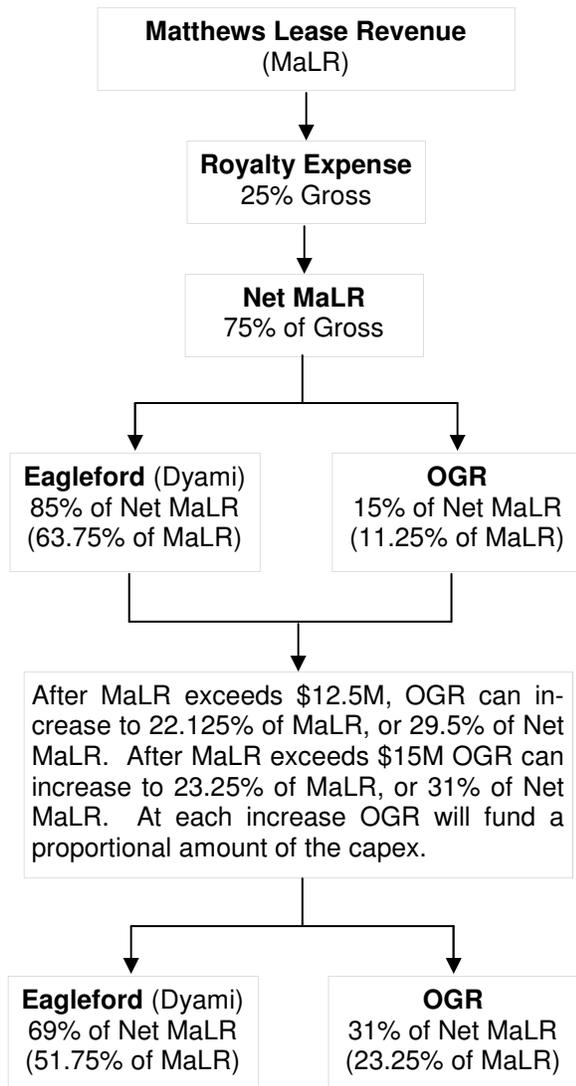
COMPANY OVERVIEW (continued)

Matthews Lease

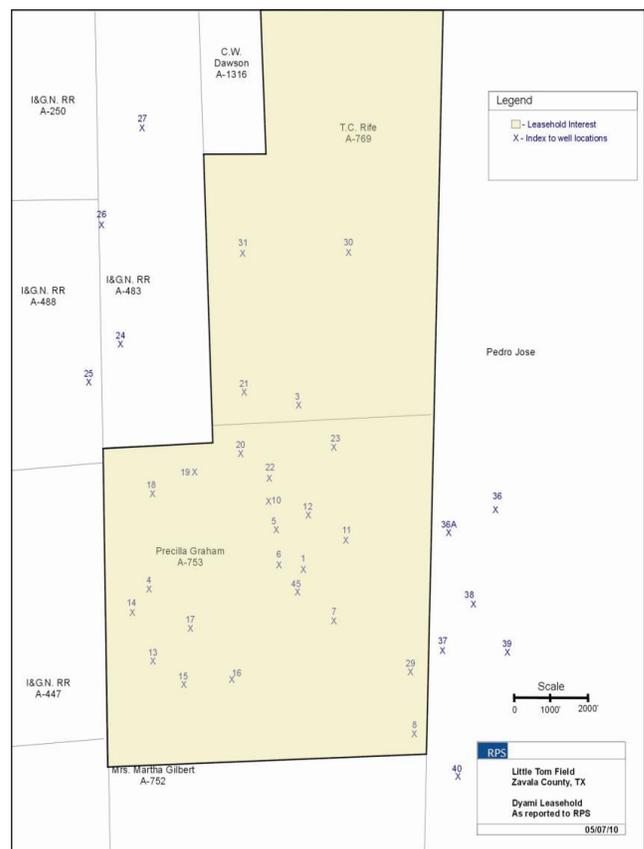
The Matthews Lease covers 2,629 gross acres of land in western Zavala County, Texas. This land features two formations Eagleford believes can be immediately produced economically, the Eagle Ford Shale (4,500 ft. True Vertical Depth [TVD]) and the San Miguel Sands (2,600ft. to 2,900ft. TVD). Upon the close of the Dyami acquisition, Eagleford will hold an 85% Net Revenue interest in the lease, which can be reduced to 69% after producing \$15 million in revenue on the land.

Eagleford is scheduled to spud a well into the San Miguel formation in September 2010, and commence a horizontal well with a projected lateral length of at least 2,500 feet into the Eagle Ford Shale by January 1, 2011. The well will be drilled vertically, reaching the Edwards formation at approximately 6,300 TVD, which will allow the Company to evaluate the production potential for a number of additional formations being developed by other companies in the area, including Austin Chalk, Buda, and Edwards, along with obtaining additional information on San Miguel. Failure to reach the Eagle Ford Shale by January 1, 2011, gives OGR the option to reacquire the leasehold rights below the San Miguel Sands for \$100 per acre, which is well below current market price.

Matthews Lease Interest Structure



Matthews Lease Area



source: RPS Group

COMPANY OVERVIEW (continued)

Eagle Ford Shale

Management believes the Eagle Ford Shale, its first target, will mimic the results of Petrohawk’s Red Hawk Area, which surrounds the Matthews Lease. Petrohawk’s recent drill results from its Mustang Ranch “C” #1H well showed initial production of 355bopd and 40Mcf/d at a depth of approximately 5,800 feet, inline with the results from its first well in the area, Mustang Ranch #1H, which demonstrated initial flow rates of 350bopd and 40Mcf/d. As a result, Eagleford expects to see similar results from the Eagle Ford Shale on Matthews, which would lead to an Expected Ultimate Reserves (EUR) of 4.0 million barrels, based on drilling 20 horizontal wells spaced at 125 to 140 acres. We will use the upper range of Petrohawk’s expected drilling costs of between \$4.0 and \$4.5 million per well for our model.

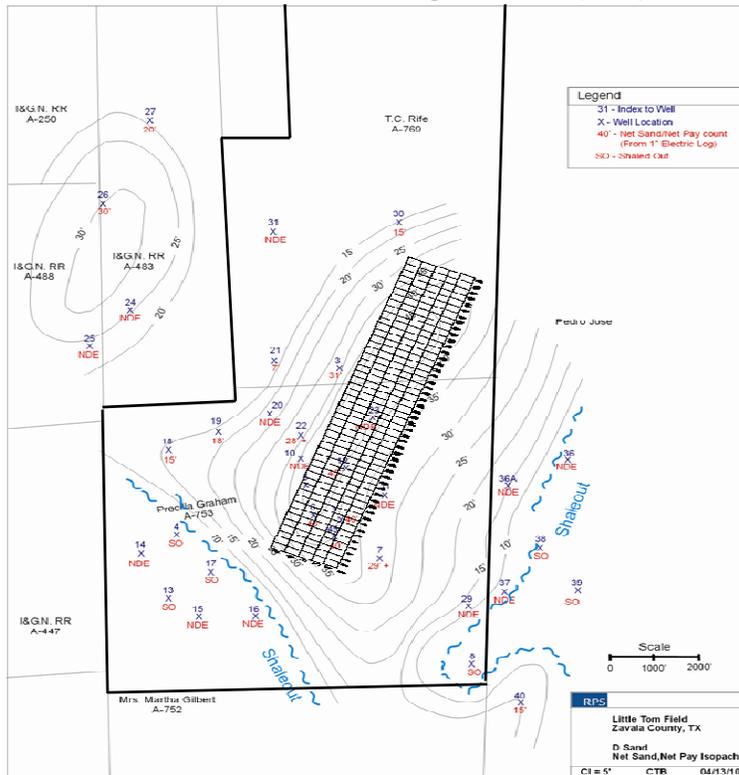
San Miguel Sands

The second target on the Matthews Lease is the San Miguel Sands (aka Little Tom Field Heavy Oil), which has produced roughly 100,000 barrels to date and is split into five types of sands, A, B, C, D1 and D2; the D1 sands are the initial target. The timing of development will be dependent on data derived from the initial well drilled into the Eagle Ford formation, specifically on the API gravity of the oil. Three wells drilled prior to Eagleford/Dyami showed gravity levels of 12, 16, and 18.

Should the results show lower levels of gravity, around 12, the Company would be required to use cyclic steam stimulation (CSS). This was the basis of a study conducted by the RPS Group, who took the conservative approach on this formation and found a EUR of 6,843,500 barrels on 320 acres based on 149 well locations in five spot patterns at 5 acre spacing. This method of recovery has higher capital costs, with up to \$50.0 million in facility expenses and a total cost per well of roughly \$450,000.

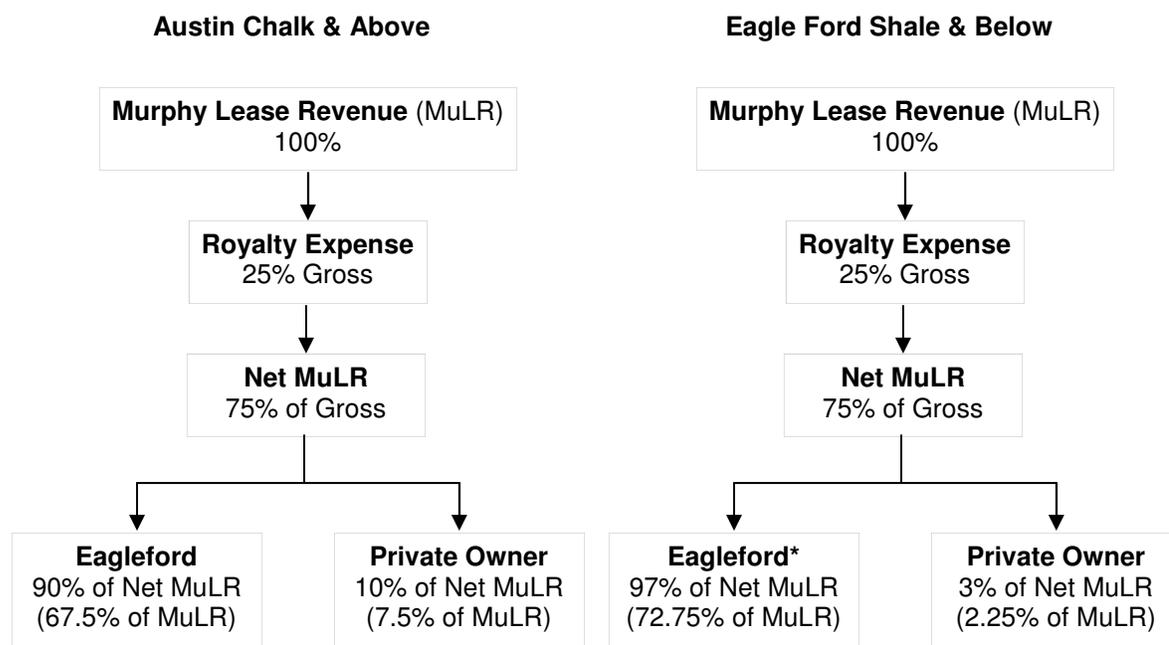
Higher API gravity levels would enable Eagleford to use the waterflooding method on roughly 1,350 acres. This was the basis of a study by William M. Cobb & Associates, who found a EUR of roughly 19.5 million barrels on 295 wells using a five spot well formation with 10 acre spacing. The EUR is based on 67 million barrels of oil in place with an estimated 29.3% recoverable using the aforementioned spacing. Compared to the CSS method, this option would require significantly less in capital expenditures, at roughly \$400,000 per well and \$12.5 million in facility expenses.

Matthews Lease—San Miguel Sands (CSS)



COMPANY OVERVIEW (continued)Murphy Lease

The Murphy Lease covers 2,637 gross acres of land in northeast Zavala County, Texas. Similar to the Matthews Lease, Murphy features two target formations at shallower levels that management believes can be produced economically, the Eagle Ford Shale (4,200 ft. TVD) and the San Miguel Sands (2,300 ft. TVD). Despite the economics in the San Miguel region Eagleford will not target these sands immediately, and as a result we have included no value from this formation in our model. Upon the close of the Dyami acquisition, Eagleford will hold a 90% Net Revenue interest in the area above the Eagle Ford location and 97% Net Revenue interest in the area at or below the Eagle Ford formation.

Murphy Lease Interest Structure

*Eagleford is obligated to pay the entire drilling cost of the first well, but will pay 97% on subsequent activity.

Eagle Ford Shale

Due to the consistent nature of the Eagle Ford Shale formation, management believes this portion of the Murphy Lease should produce results similar to that found in other portions of Zavala County. On August 3, 2010, Chesapeake Energy reported results on its Traylor North 1H well, located approximately 5 miles south of the Murphy Lease, produced peak flow rates of 300 mcf/d and 930 bopd. Given these rates we are using the more conservative initial 350bopd rate found by Petrohawk in western Zavala county. Using these assumptions, we estimate a EUR of 4.0 million barrels, based on 20 horizontal wells at a capex cost of \$4.5 million per well.

Other Operations

The Company owns a 0.5% non-convertible overriding royalty (NCOR) in a natural gas well located in the Haynes area of Alberta, Canada; a 0.3% net smelter return royalty on eight mining claims in Red Lake, Ontario, which is carried on the Balance Sheet at no cost; and, via its 1354255 Alberta Ltd. subsidiary, a 5.1975% working interest in a natural gas unit located in the Botha area of Alberta, Canada. 1354155 Alberta Ltd. was acquired on February 27, 2009, for a total cost of \$455,528, which was paid with 8,910,564 shares priced at \$0.05 per share and 8,910,564 five-year warrants with an exercise price of \$0.07 per share. We expect little revenue, less than \$50,000 per quarter, from these assets on a go forward basis.

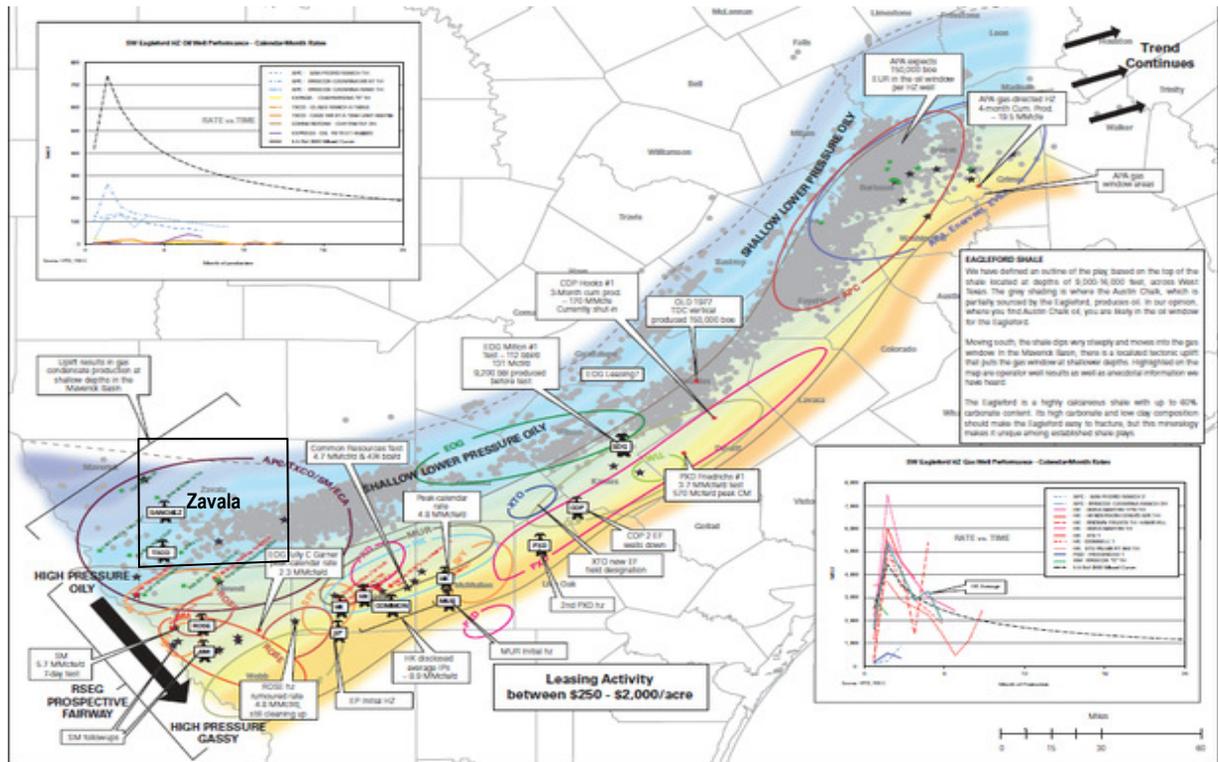
EAGLE FORD SHALE RESOURCE

The Eagle Ford Shale is a Cretaceous age oil and natural gas producing formation that stretches from Laredo, Mexico northeast into eastern Texas, with the bounds on all sides of the formation expanding as exploration continues (see below). The expanding size is due to the resource play nature of the formation, where the source rock and reservoir rock are the same and hold rich organic matter over a large continuous expanse and thick vertical section. The Eagle Ford Shale is located stratigraphically above the Buda Limestone and below the Austin Chalk, as seen on page 2. The Eagle Ford Shale is productive in this area of South Texas at depths ranging approximately from 4,000 feet to 14,000 feet, with thickness of 50 to 225 feet. There are two sub-plays in the Eagle Ford formation, the up-dip which includes crude oil and gas reservoirs, and down-dip which contains larger natural gas-only reservoirs. Other resource shale plays include the Haynesville/Bossier Shale, Barnett Shale, Fayetteville Shale, Woodford Shale, and Marcellus Shale. The appeal of the resource play is that the continuous formation reduces the economic risk as the results from one well are not dependent on the success of others. The key difference to resource production from the resource as compared to conventional production is the use of horizontal drilling, which provides greater exposure to the resource, and hydraulic fracturing.

The discovery of the Eagle Ford Shale formation was announced on October 21, 2008, by Petrohawk Energy Corporation, who released the results of its discovery well in the Hawkville Field in La Salle County, Texas. The initial well was drilled to a TVD of 11,300 feet, with a 3,200 foot horizontal well drilled into the Eagle Ford Shale formation. This well began production in October 2008 at a rate of 7,600 mcf/d and 250 bbl/d. Since then, there has been a land grab by many of the large oil and gas producers, including Anadarko, ConocoPhillips, Chesapeake, Chevron, El Paso, EnCana, EOG Resources, ExxonMobil, and Murphy Oil.

Eagleford Energy's holdings in Zavala County are on what would now be considered the northern edge of the up-dip, making it an oil and gas resource. The net acreage in Zavala is relatively closely held, with owners including Eagleford, Petrohawk, via its 87,000 net acre Red Hawk property, and Chesapeake, who owns 550,000 net acres in the Eagle Ford Shale formation including rights near the Murphy Lease. There is also 26,500 acres available for lease at \$1,500 per acre, which would value Eagleford's holdings at roughly \$7.9 million, or well below the nearly \$4.3 million it recently paid for the rights.

Eagle Ford Shale Formation



MANAGEMENT TEAM & DIRECTORS

	Age	Position(s)	Compensation	Shares	Options/Warrants
<i>James Cassina</i>	53	<i>President, Director</i>	N/A	6,032,523	6,032,523

Mr. Cassina was appointed President in June 2010 and has been a Director since February 2010 and is a business consultant in the business development, M&A, and corporate financing spaces. Mr. Cassina has worked in the power sector in India and the North American oil and gas space for much of his career, most recently as Chairman of Assure Energy (OTC: ASUR), which was acquired by Geocan Energy Inc.

<i>Eric Johnson</i>	44	<i>VP of Operations</i>	N/A	2,300,000	2,000,000
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Mr. Johnson joined Eagleford as VP of Operations concurrent with the Dyami acquisition in August 2010. Mr. Johnson will manage day-to-day operations in Texas and brings management expertise from upstream and midstream operations in Tennessee, Kentucky, Louisiana, and Texas.

<i>Colin McNeil</i>		<i>Director</i>	\$ 0	0	0
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Mr. McNeil joined the Board in June 2010 and brings 40 years experience as a geophysicist in the oil and gas sector. Mr. McNeil has managed exploration programs and structured technical assessments for companies in the Middle East, Africa, Asia, Central and South America, the Arctic, and Canada.

<i>Milton Klyman</i>	84	<i>Director</i>	\$ 0	50,000	50,000
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Mr. Klyman has been a Director since November 1996 and has served as a Director of 1354166 Alberta since February 27, 2009. Mr. Klyman is a self-employed financial consultant and previously served as Company Treasurer from 2003 through 2007.

RISKS

History of Losses

Prior to the Eagle Ford acquisitions, the Company had a history of losses from its smelting and natural gas assets, neither of which would have turned Eagleford profitable. There is no guarantee that the Eagle Ford properties will generate sufficient cash to turn the Company profitable.

Capital Needs & Dilution

Eagleford will need to raise a significant amount of funds to begin drilling into the Matthews and Murphy Leases and start production of the Eagle Ford formation. The timing and extraction method of other formations could result in the Company needing to raise additional funds, which could dilute current shareholders.

Commodity Prices

Much of the Company's profits are dependent on oil prices, which can be influenced by a vast array of variables, including global GDP growth, weather, actions of OPEC, government regulations, the availability and price of alternative fuels, global exploration and production, and oil inventories and demand.

Limited Personnel

The Company has a limited management and technical staff, along with a three person Board. As it moves towards production and profitability, it may need to add technical, operational, and financial personnel, as well as a more robust Board.

Illiquid Common Stock

Eagleford's common stock is illiquid with an average daily volume of only 2,000 shares, which may make it difficult to sell shares without incurring a significant price discount.

VALUATION

We are initiating coverage of Eagleford Energy Inc. with a Buy rating and \$2.50 target price. Our target price is based on the NPV of production in the Eagle Ford formation at the Matthews and Murphy Leases on a per share basis, with 9.5 million shares added to the sharecount, at \$1.00 per share, to cover the cost of the initial wells at each lease and associated general and administrative costs. Upon completion of the initial drilling and core analysis, the Company should be able to determine its best course of action for moving forward, which includes how to fund the production. As such, we have included only the Eagle Ford formations in our target, and not the San Miguel formation due to the huge variance in NPV and capital requirements or other potential formations the Company will evaluate.

ESTIMATED INCOME STATEMENT

	2009A	Q1:10A	Q2:10A	Q3:10A	Q4:10e	2010e	Q1:11e	Q2:11e	Q3:11e	Q4:11e	2011e	Q1:12e	Q2:12e	Q3:12e	Q4:12e	2012e	2013e
Gross Revenue	56	26	36	19	28	110	29	2,124	2,494	3,984	8,632	5,846	6,934	8,125	9,070	29,975	44,178
Royalties	(0)	(5)	(11)	(5)	(6)	(27)	(6)	(529)	(622)	(995)	(2,152)	(1,460)	(1,732)	(2,030)	(2,266)	(7,487)	(11,038)
Net Revenue	56	21	26	15	21	83	23	1,594	1,872	2,990	6,479	4,386	5,202	6,095	6,804	22,488	33,140
Production Costs	83	25	16	11	16	69	16	51	70	88	225	156	197	247	298	898	1,706
Depr, Depletion, & Amort.	27	10	9	7	7	33	7	408	485	631	1,530	1,120	1,278	1,506	1,693	5,596	8,370
Gross Profit	(54)	(14)	1	(3)	(2)	(18)	0	1,135	1,318	2,270	4,724	3,110	3,727	4,342	4,814	15,993	23,065
SG&A	171	67	37	72	89	265	190	215	265	290	960	330	335	341	347	1,353	1,570
Writedown - O&G Interests	106	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Income	(331)	(81)	(37)	(75)	(91)	(283)	(190)	920	1,053	1,980	3,564	2,780	3,392	4,001	4,468	14,341	21,094
EBITDAS	(198)	(71)	(47)	(49)	(84)	(250)	(133)	1,378	1,588	2,661	5,494	3,975	4,745	5,582	6,235	20,537	30,264
Interest, Net	2	(0)	-	(14)	(14)	(14)	-	-	-	-	-	(150)	(300)	(450)	(450)	(1,350)	(2,700)
Income Before Taxes	(329)	(81)	(37)	(75)	(105)	(298)	(190)	920	1,053	1,980	3,564	2,630	3,092	3,551	4,018	12,991	18,394
Income Taxes	-	-	-	-	-	-	-	(322)	(369)	(693)	(1,384)	(921)	(1,082)	(1,243)	(1,406)	(4,652)	(6,578)
Net Income	(329)	(81)	(37)	(75)	(105)	(298)	(190)	598	684	1,287	2,180	1,710	2,010	2,308	2,611	8,339	11,816
Basic EPS	(0.02)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	0.02	0.01	0.03	0.05	0.04	0.04	0.05	0.05	0.18	0.24
Basic S/O	17,646	21,027	24,233	24,484	33,821	25,891	39,321	39,321	46,896	46,896	43,108	46,896	46,896	46,896	48,396	47,271	48,396
Diluted EPS	(0.02)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	0.01	0.01	0.02	0.04	0.04	0.03	0.04	0.04	0.15	0.21
Diluted S/O	17,646	21,027	24,233	24,484	33,821	25,891	39,321	53,824	59,124	59,201	52,868	46,896	59,324	59,373	59,853	56,361	57,013
2009A	Q1:10A	Q2:10A	Q3:10A	Q4:10e	2010e	Q1:11e	Q2:11e	Q3:11e	Q4:11e	2011e	Q1:12e	Q2:12e	Q3:12e	Q4:12e	2012e	2013e	
Gross Margin	-95.6%	-52.1%	1.5%	-17.8%	-6.7%	-16.8%	0.0%	53.4%	52.8%	57.0%	54.7%	53.2%	53.8%	53.4%	53.1%	53.4%	52.2%
Operating Margin	-588.1%	-306.8%	-100.7%	-389.0%	-328.1%	-258.1%	-648.5%	43.3%	42.2%	49.7%	41.3%	47.6%	48.9%	49.2%	49.3%	47.8%	47.7%
EBITDAS Margin	-352.2%	-269.3%	-127.6%	-254.1%	-302.8%	-228.0%	-454.0%	64.9%	63.7%	66.8%	63.6%	68.0%	68.4%	68.7%	68.7%	68.5%	68.5%
Net Margin	-585.3%	-306.9%	-100.7%	-389.0%	-380.1%	-271.2%	-648.5%	28.2%	27.4%	32.3%	25.3%	29.2%	29.0%	28.4%	28.8%	27.8%	26.7%

SOURCE: Eagleford Energy, Inc. documents filed with SEDAR and Gar Wood Securities estimates

NOTE: This model assumes only the Eagle Ford formations will be developed over this period. The capital needed for the development will come from the sale of 9.5 million shares at \$1.00 between Q4:10 and Q1:11, 5.0 million shares sold at \$2.00 per share in Q3:11, and \$30.0 million in debt to reach cash flow breakeven. Should the waterflooding option be available on the San Miguel sands at Matthews become available, this model would likely change significantly, as would the move to develop any other formation first. We fully expect our model to undergo significant changes over the next few quarters as data comes in and development and funding choices are made.

PROJECT ANALYSIS

Project	NPV	Total Wells	Expected Recovery	Capex / Well	Facility Capex	Funds to reach CF/B/E
Matthews—Eagle Ford	\$ 47.98 M	20	4.0 M bbls	\$ 4.50 M	Incl. in Well Capex	\$ 23.26 M
Murphy—Eagle Ford	\$ 67.64 M	20	4.0 M bbls	\$ 4.50 M	Incl. in Well Capex	\$ 31.69 M
Matthews—San Miguel (CSS)	\$ 32.70 M	149	6.84 M bbls	\$ 0.45 M	\$ 50.00 M	\$ 40.84 M
Matthews—San Miguel (Waterflooding)	\$ 227.73 M	295	19.63 M bbls	\$ 0.40 M	\$ 12.50 M	\$ 9.75 M

NPV Discount: 12%

Due to the consistency across the Eagle Ford formation, we see relatively low risk in developing this formation at each lease site. The Company will need to raise roughly \$9.5 million to complete the first well at each lease site, down to the Edwards formation, and related analysis of each formation. At this point management should be in a position to use its resources, a mix of debt and equity, to fund the development of the projects that will produce the fastest ramp of cash flow and reduce the need to obtain as much capital to fund its other projects.

HISTORIC INCOME STATEMENT

(in thousands of Canadian Dollars, except EPS)

	2007	2008	2009
Revenue	1	0	56
Royalties	-	-	(0)
Net Revenue	1	0	56
Production Costs	-	-	83
Depletion	0	0	27
Gross Profit	1	0	(54)
SG&A	40	50	171
Write down of O&G Interests	1	1	106
Operating Income	(40)	(51)	(331)
Interest, Net	0	-	2
Income Before Taxes	(40)	(51)	(329)
Income Taxes	-	-	-
Net Income	(40)	(51)	(329)
Basic EPS	(0.01)	(0.01)	(0.02)
Basic S/O	6,397	7,955	17,646
Diluted EPS	(0.01)	(0.01)	(0.02)
Diluted S/O	6,397	7,955	17,646

HISTORIC BALANCE SHEET

(in thousands of Canadian Dollars)

	2007	2008	2009
Cash & Equivalents	1	203	173
Marketable Securities	0	0	0
Other Receivables	8	5	20
Current Assets	9	208	193
Oil and Gas Interests	1	0	407
Total Assets	10	208	600
Accounts Payable	263	72	153
Income Taxes Payable	-	-	10
Loans Payable	230	230	168
Current Liabilities	493	302	331
Asset Retirement Obligations	-	-	4
Total Liabilities	493	302	334
Share Capital	166	468	825
Warrants	-	101	431
Contributed Surplus	-	38	38
Retained Earnings	(649)	(700)	(1,029)
Total Equity	(483)	(93)	266
Total Equity & Liabilities	10	208	600

HISTORIC STATEMENT OF CASH FLOWS

(in thousands of Canadian Dollars)

	2007	2008	2009
Net Income	(40)	(51)	(329)
Depletion & Accretion	0	0	27
Write down of O&G Interests	1	1	106
Other Receivables	(3)	2	(9)
Accounts Payable	41	(3)	33
Income Taxes Payable	-	-	-
Cash From Operating Activities	(0)	(50)	(172)
Oil & Gas Interests	-	-	(10)
Capital Investment - 1354166 Alberta Ltd.	-	-	90
Cash From Investing Activities	-	-	80
Repayment - 1354166 Alberta Ltd. Note	-	-	(118)
Proceeds - Private Placement, Net	-	252	180
Proceeds - Warrants	-	-	-
Common Shares to be Issued	-	-	-
Cash From Financing Activities	-	252	62
Net Change in Cash	(0)	202	(30)
Cash, Beginning	1	1	203
Cash, Ending	1	203	173

DISCLOSURES**Distribution of Ratings**

Rating	Count	Percent	<u>I.B. last 12 months</u>	
			Count	Percent
BUY	11	92%	1	9%
HOLD	1	8%	0	00%
SELL	0	00%	0	00%
NO RATING	0	00%	0	00%

Explanation of Ratings

- BUY: Describes stocks we expect to provide a total return (capital appreciation + yield) of 15% or more in the next 12-month period.
- HOLD: Describes stocks we expect to provide a total return (capital appreciation + yield) of plus or minus 15% or more in the next 12-month period.
- SELL: Describes stocks we expect to provide a total negative return (capital depreciation + yield) of 15% or more in the next 12-month period.
- NO RATING: Describes stocks that have their investment rating and/or target price temporarily removed for fundamental or compliance-based reasons.

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Other Disclosures

<u>Company</u>	<u>Disclosures</u>
Eagleford Energy Inc.	3, 6, 8

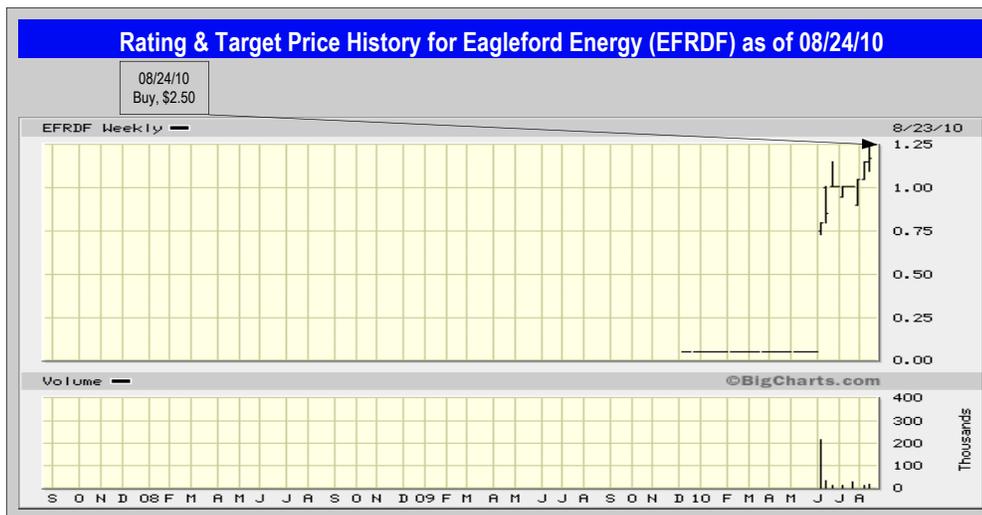
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Jackson Spears
 Director of Research
 250 E. Wisconsin Ave., Suite 1800
 Milwaukee, WI, 53202
 Office: 414-289-7176
 JSpears@garwoodsecurities.net

Robert S. Jersey
 President
 440 S. LaSalle St., Suite 2201
 Chicago, IL 60605
 Office: 312-566-0741
 BJersey@garwoodsecurities.net

Gar Wood Securities, LLC
 440 S. LaSalle St., Suite 2201, Chicago, IL 60605
 Office: 312-566-0741 Fax: 312-566-0750
 www.garwoodsecurities.net

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