

BULLETIN # 96 – SEPTEMBER 21, 2011

PORTFOLIO PURCHASE - EAGLE ENERGY TRUST

Today I bought 3000 shares of Eagle Energy Trust at \$10.22. The company is raising \$20 million at \$10.25 a share, but I don't see that news out anywhere.

I could not get any of the financing, so I just bought it out of the market.

The stock has been trending up—better than I would expect, truly. It had piqued my curiosity.

Canadian brokerage firm Scotia McLeod is leading the deal, and it was sold out instantly.

Now, everything I'm to write from here on is just my opinion and should not be construed as fact. I do have a call and email into CEO Richard Clark to get more information.

One—this is not a lot of money. \$20M, IMHO is an odd number to raise. You see, the company is only paying out 50% of cash flow so I would not see the company needing a “top up” equity raise to ensure they make that, but I will go through the quarterly tonight.

I would expect an equity raise to mean a new deal is coming (which would likely mean an increase in payout) but \$20 million isn't very much money to go shopping with in this market.

So I'm intrigued. Maybe they saw the window for equity financing get thrown open this week—it's remarkable to me how many junior companies are raising equity in the last 7 business days, in what is still a tough junior energy market.

However, it has just been the leaders raising money—Celtic, Crescent Point, Arcan etc.—those with big, big plays that should be able to show a lot of low risk accretive growth with this new equity.

Yield stocks with no debt is where the sweet spot is for the energy patch now (and for all sectors really) so perhaps management thought they should raise a little equity, and keep The Street happy and supportive.

This brings my total position in Eagle now to 6,000 shares. As I said earlier, I am thinking of using Eagle as my bank where I get paid 10% instead of at the bank. If I see a great play somewhere else I may use this money for the next investment.

I will report back after speaking with management.

I am off to San Francisco today to give the keynote address at the 49 North conference tomorrow morning, then back late tomorrow night. I will be able to speak with a couple companies I've been meaning to meet for some time.

I hope to see many of you on Monday!

- Keith