



RESEARCH NOTE

BluePoint Energy Inc.

Richard W. West, CFA

Symbol (OTCBB)	CPEU	Fiscal Year Ending: June				
Industry:	Oil, Gas & Energy	Year	EPS	P/E	REVS	PSR
Recent Price:	\$0.95	2004 A	\$-0.15	---	\$0.17	145.3
52-week Price Range:	\$0.13 - \$0.97	2005 N/A	---	---	---	---
Target Price (12 months):	\$1.00	2006 N/A	---	---	---	---
Avg. Daily Vol. (3 mo.):	88,792	2007 N/A	---	---	---	---
		2008 N/A	---	---	---	---

Balance Sheet Data (mil)	09/30/2005	Ownership and Valuation (mil)	Current Rating History		
Cash Equivalent:	\$0.6	Shares Outstanding:	26.00	Date Assigned:	3/2/2006
Working Capital:	\$-2.6	Inside Ownership:	54.00%	Price at Rating:	\$0.35
Long-Term Liability:	\$4.3	Institutional Ownership:	0.00%	Original Price Target:	\$1.00
Shareholder's Equity:	\$-6.4	Equity Market Value:	\$24.7	Time Frame:	12 Months

Rating: Speculative Buy

03/14/2006

Chapeau, Inc., D/B/A Bluepoint Energy, Inc., Completes Financing; Raising Price Target - Speculative Buy Reiterated

In a SEC-Form 8-K dated March 14, 2006, Chapeau, Inc., d/b/a BluePoint Energy, Inc. (BluePoint), detailed a financing that was closed on March 10, 2006 when BluePoint issued a convertible promissory note in the principal amount of \$3.0 million to the Gordon V. and Helen C. Smith Foundation. The foundation is a current stockholder of BluePoint, and the President of the foundation, Gordon V. Smith, President, is a director of BluePoint.

The note accrues interest at the rate of 12% per annum, payable quarterly, with the unpaid principal and accrued interest payable in full on March 10, 2009. Principal and accrued interests under the note are convertible into shares of BluePoint's common stock at any time during the first year at a conversion rate of \$1.25. BluePoint paid the foundation a commitment fee of 1.0% or \$30,000, which was deducted from the proceeds. Principal and accrued interest under the note are convertible by the lender into shares of BluePoint's common stock at any time during the first year at a conversion rate of \$1.25. After March 10, 2007, the conversion rate will be the lower of 75% of the average closing price of BluePoint's common stock, as quoted on the OTC Bulletin Board or other listing service or exchange for the 90 calendar days immediately preceding the date of conversion, or \$1.25 per share. We note that the price of BluePoint on the date of the financing traded in a range of \$0.73 to \$0.80 per share that makes the conversion price at that time a 71% to 56% premium.

SUMMARY

In our March 2, 2006 Research Note, we raised our rating of BluePoint to a Speculative Buy, based on the recent agreement with Starwood that could result in revenue of \$1.9 million in the calendar year 2006 and the alliance with Cummins West, Inc. In the Note we established a price target of \$1.00 a share. Since March 2, 2005, the stock has moved up and closed today at a price of \$1.05 on volume of 647,000 shares, after trading at an intra-day high of \$1.66. Based on this financing and the heavy stock accumulation, we are raising our 12-month price target to \$1.50 and we reiterate our Speculative Buy rating.

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Dutton Associates. John M. Dutton, President, 4989 Golden Foothill Parkway, Suite 4, El Dorado Hills, CA 95762 Phone (916) 941-8119, Fax (916) 941-8093

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