

# **Blackbird Energy Inc.**

**Montney Shale Opportunity**



**October 20, 2011**

# Blackbird Energy Inc.

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## Recent Announcements

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### **BLACKBIRD ANNOUNCES SUCCESSFUL COMPLETION OF BIGSTONE WELL WITH IPT OF 1,011 BOE/DAY October 20, 2011**

Blackbird Energy Inc. (TSX-V: BBI), is pleased to announce that the Bigstone, Montney Formation horizontal well, Donnybrook HZ Bigstone 14-29-60-22W5 (the "Bigstone Well"), has been successfully completed and flow tested. On October 12, 2011, a 240 ton, 12 stage continuous fracture treatment along the 1254 meter lateral leg of the Bigstone Well (horizontal portion) was carried out over a 6 hour period. Immediately after, the Bigstone Well was flowed for cleanup and subsequently flow tested for approximately 4 days and is currently shut-in for build up. After clean-up, the Bigstone Well produced gas and condensate over the last 24 hours of the test at approximately 4.3 million cubic feet per day (mmcf/day) and 295 barrels per day (bbls/day) of condensate (1011 barrels of oil equivalent per day, boe/day).

### **BIGSTONE FIELD, MONTNEY HORIZONTAL WELL DRILLED TO 3818m TD, Sept. 28, 2011**

Blackbird Energy Inc. (TSX.V-BBI) is pleased to announce it has been informed by the operator, Donnybrook Energy Inc. (Donnybrook) of Calgary, that on Sept 19, 2011 the Bigstone Test Well drilling operations had been completed and the drilling rig was released. The Test Well was drilled vertically to the Montney formation from surface location 00/03-29-060-22W5/00 and then horizontal to a total measured depth of 3,818 meters, terminating at the projected bottom hole location 00/14-29-060-22W5/00. A twelve stage frac completion string has been set in place along the 1254 meter well lateral (horizontal portion) leg in preparation for frac operations. The Bigstone well was drilled within the timeframe and cost estimate of the operators AFE forecast budget. Donnybrook has informed Blackbird that it has secured a contract for a completion rig and frac crew for the middle of October.

# Blackbird Energy Inc. Montney Shale Overview



The Montney Formation is a NW-SE trending, football shaped formation that straddles the border between British Columbia and Alberta.

The Montney Formation is becoming increasingly attractive because it is recognized as a thick, highly pressurized formation with a lot of recoverable reserves of natural gas and with a high “NGL” content

It is estimated that the Montney Shale has 50 Trillion cubic feet of natural gas.

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## Recent Demographic Highlights of the Montney Play

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The Montney Formation has seen significant action from major resource companies. due in large part to “fracing” technology that unlocks the potential of these large deposits in an economically viable way.

### Celtic Exploration Ltd

- Recent well 8- 2 drilled by Celtic in near proximity to Bigstone/ Fir area of Alberta continues to get excellent test results from the Montney formation.
- Most recent completion and production results from a 2600m lateral with a 24 stage frac tested at 15mmcf/d and 40-60 bbls/mmcf of natural gas liquids.
- Well is located 5 miles south of Blackbird’s Bigstone property and was targeting the same interval in the Montney formation

### Trilogy Energy Corp

- Recent well drilled by Trilogy in near proximity to Bigstone, 16-1 Well flowed crude oil at 1,800 Bbl/d.
- During the first full month of production, this well produced at average rates of 500 Bbl/d of crude oil and 1 MMcf/d of natural gas.
- The 16-1 Well was assigned proved plus probable reserves of 400 MBbl and 400 MMcf of natural gas (391 Mboe).
- February 9, 2011 Trilogy acquired 29 sections of land along the Montney trend for \$32.2 million.

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## Montney Geological Advantages

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There are 7 geological factors that are making the Montney an industry focus:

1. High amounts of natural gas liquids through much of the trend.
2. Intermediate depth.
3. Very fraccable rock (“brittleness”).
4. Large Land packages were available prior to February, 2011.
5. Flat declines relative to other shale plays (VERY important for valuations).
6. Very high Estimated Ultimate Recoveries (EUR).

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## Montney Financial Advantages

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In addition to the property's geological advantages , the Montney Play has potential financial advantages as well.

1. Proven resource and successful drilling program could positively affect share price
2. Keystone Excel Pipeline & Northern Gateway Pipeline bringing increased value to the Play.
  - Transport efficiency
  - Land value accretion
  - Potential access to Asian markets
3. Economies of scale via growth increases trading multiples, i.e., EBITDA & Earnings
4. Economies of scale and increased market capitalization correlates with liquidity
5. Increased M&A opportunities

**West Central Basin M&A Provides Shareholders Liquidity and Share Price Premium :**  
Sinopec International Petroleum Exploration and Production Corporation, signed an agreement with Daylight Energy Ltd. for the purchase of all the issued and outstanding common shares of Daylight at a cash consideration of C\$2.2 billion.

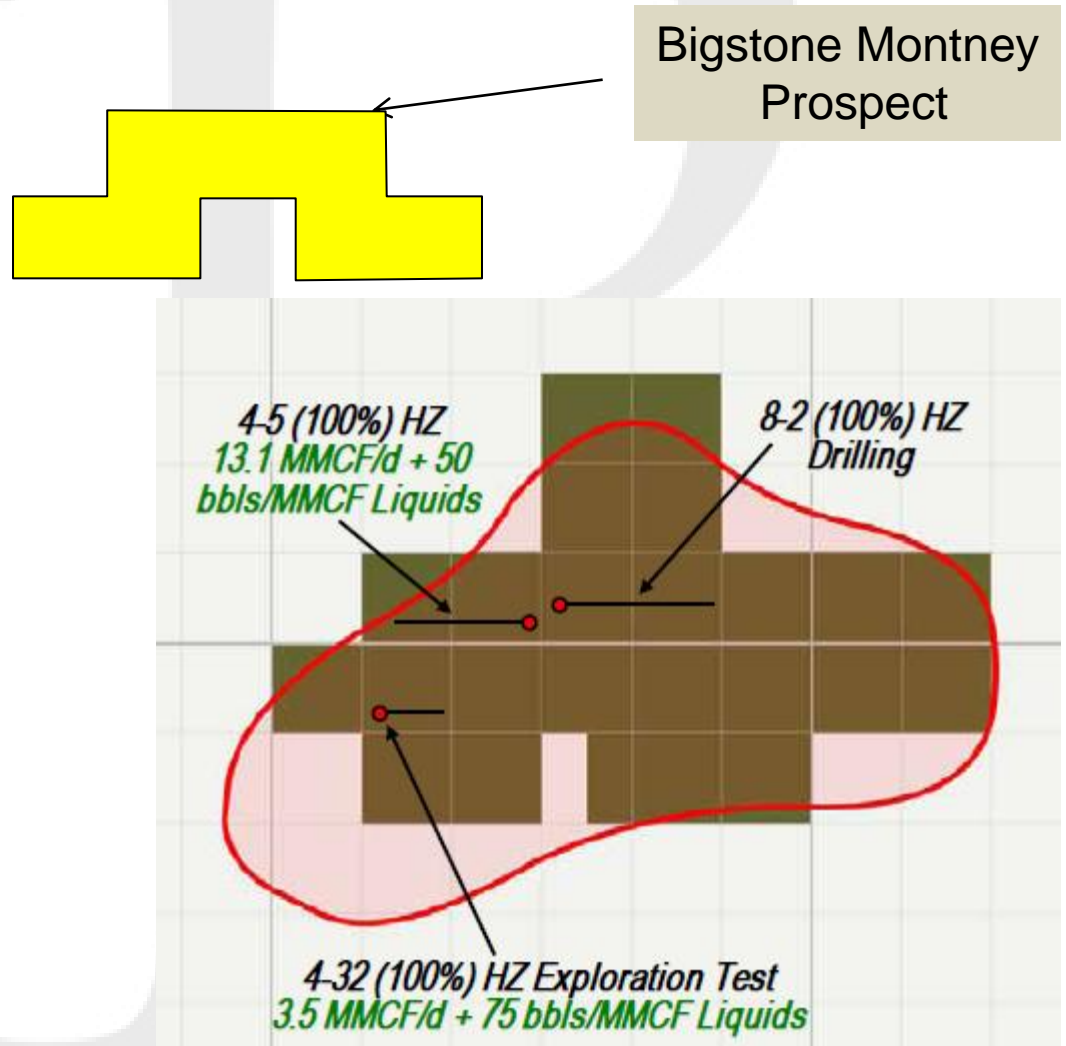
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## Comparison - Celtic Exploration

Recent well drilled by Celtic in near proximity to Bigstone, after clean up the well flowed on test over the last day at an average rate of 13.1 MMCF of natural gas, with an expected liquids (oil and NGL's) yield of approximately 50 barrels per million cubic feet.

Celtic Exploration Ltd. (Celtic) is an oil and natural gas exploration, development and production company focused in Western Canada, primarily in Alberta. The company has a market valuation of approximately \$1.84 Billion.

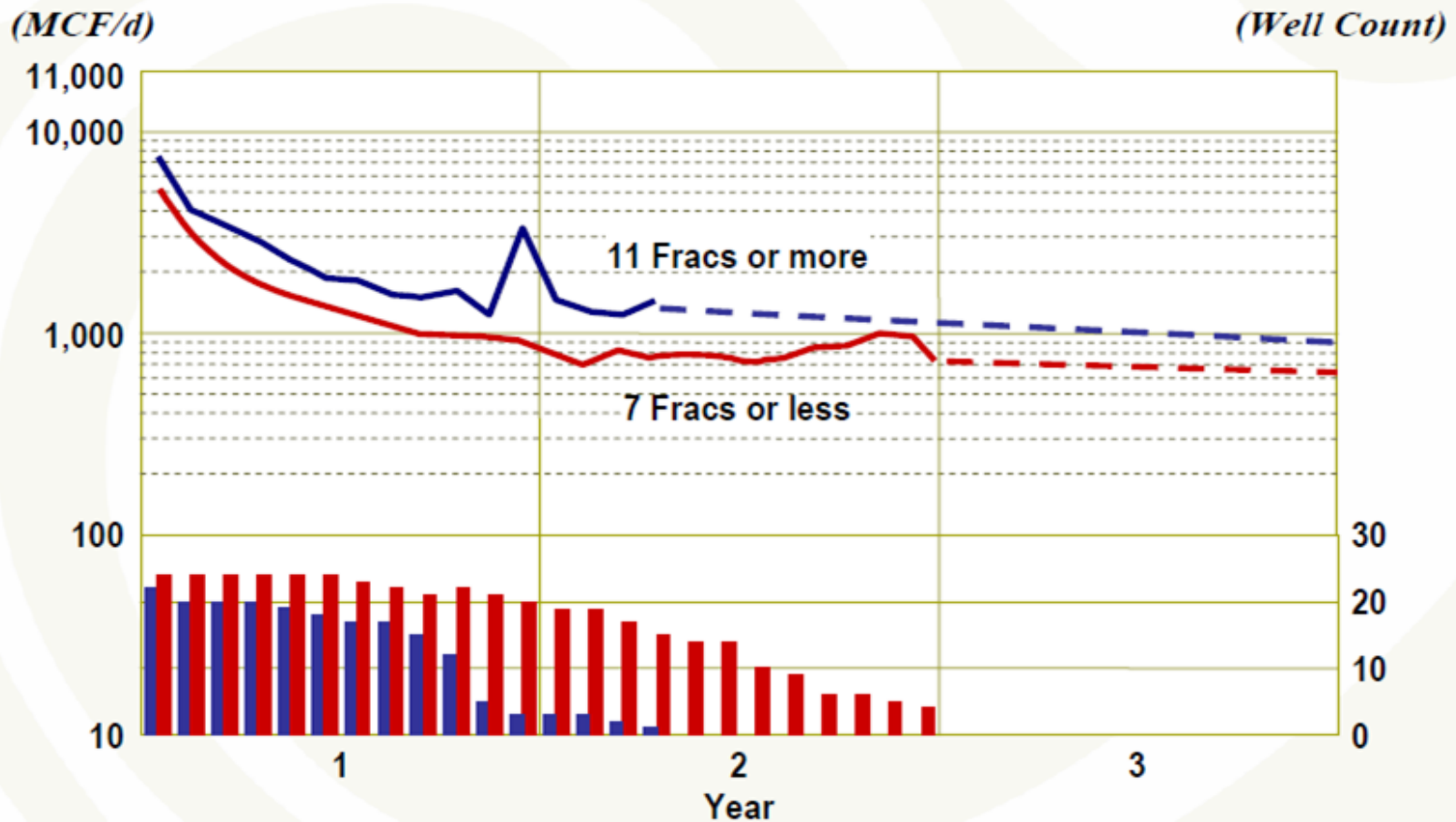
The Bigstone Montney Prospect shares close proximity to both Celtic's and Trilogy Energy Corps Montney Shale holdings



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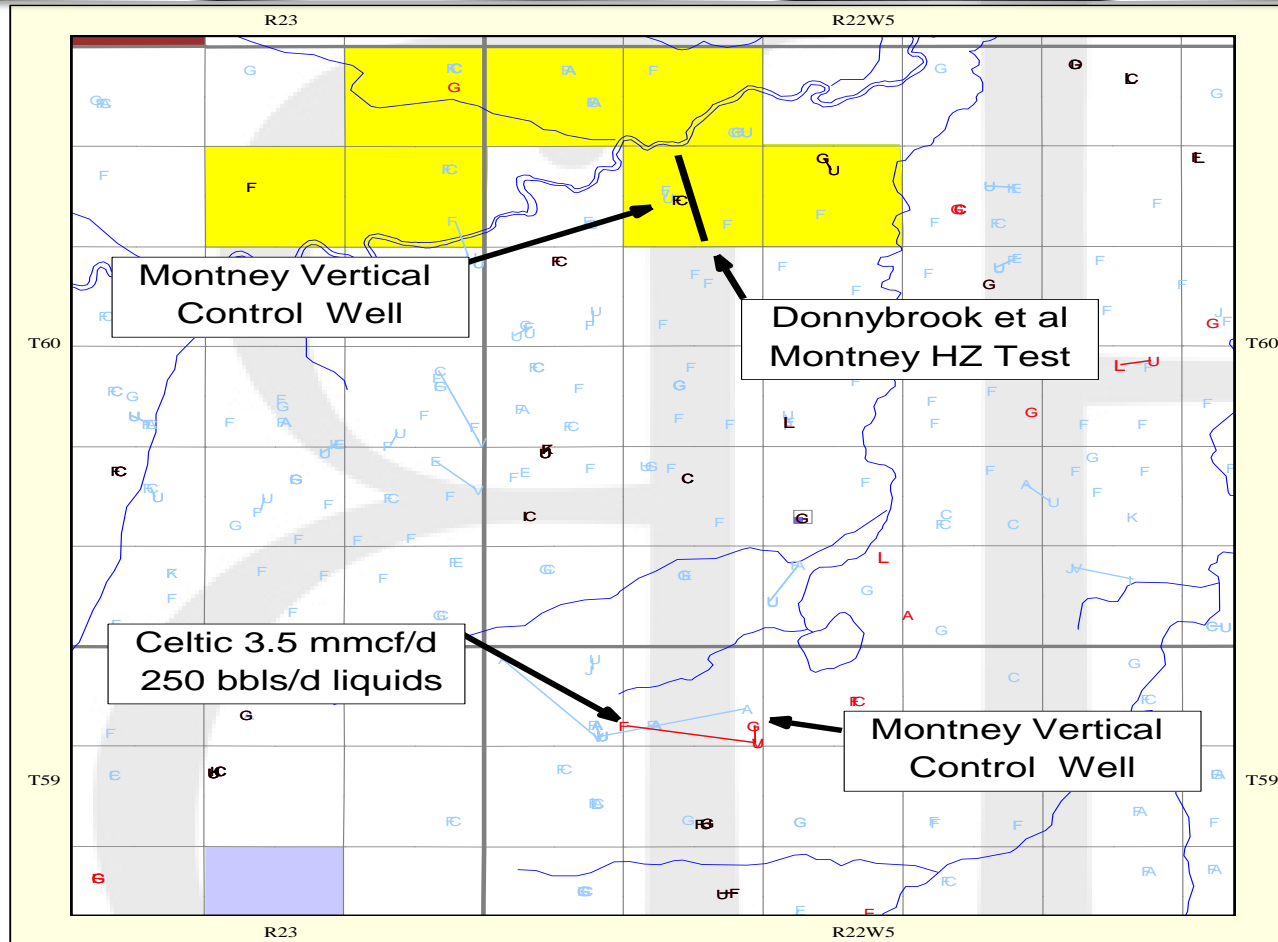
## Comparison - Celtic Exploration- Kaybob / Montney Prospect Production

Wells in the Montney Shale area have high production values. Below is an example of the results that Celtic has observed in their Kaybob and Montney production.



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## Core Area



### Bigstone Prospect

- 7 sections Montney Rights
- 4 Existing Vertical Wells
- Analogous to 4-32 Celtic
- Up to 4 wells per section

### Bigstone vs. Fir

- 24-27m potential pay vs. 15-17m
- 4 vertical control wells vs. 7
- 7 sections vs. 23.5

### Terms for 25% W.I. APO

- Pay 25% of Land cost = \$66,000
- Drill Earning Well. 37.5% C.I.
- Earn 37.5% BPO subject to 10% ORR and 2% GORR
- APO 25% W.I. Subject to 2% GORR
- 25% interest in 7 sections
- Potential for up to 28 development wells

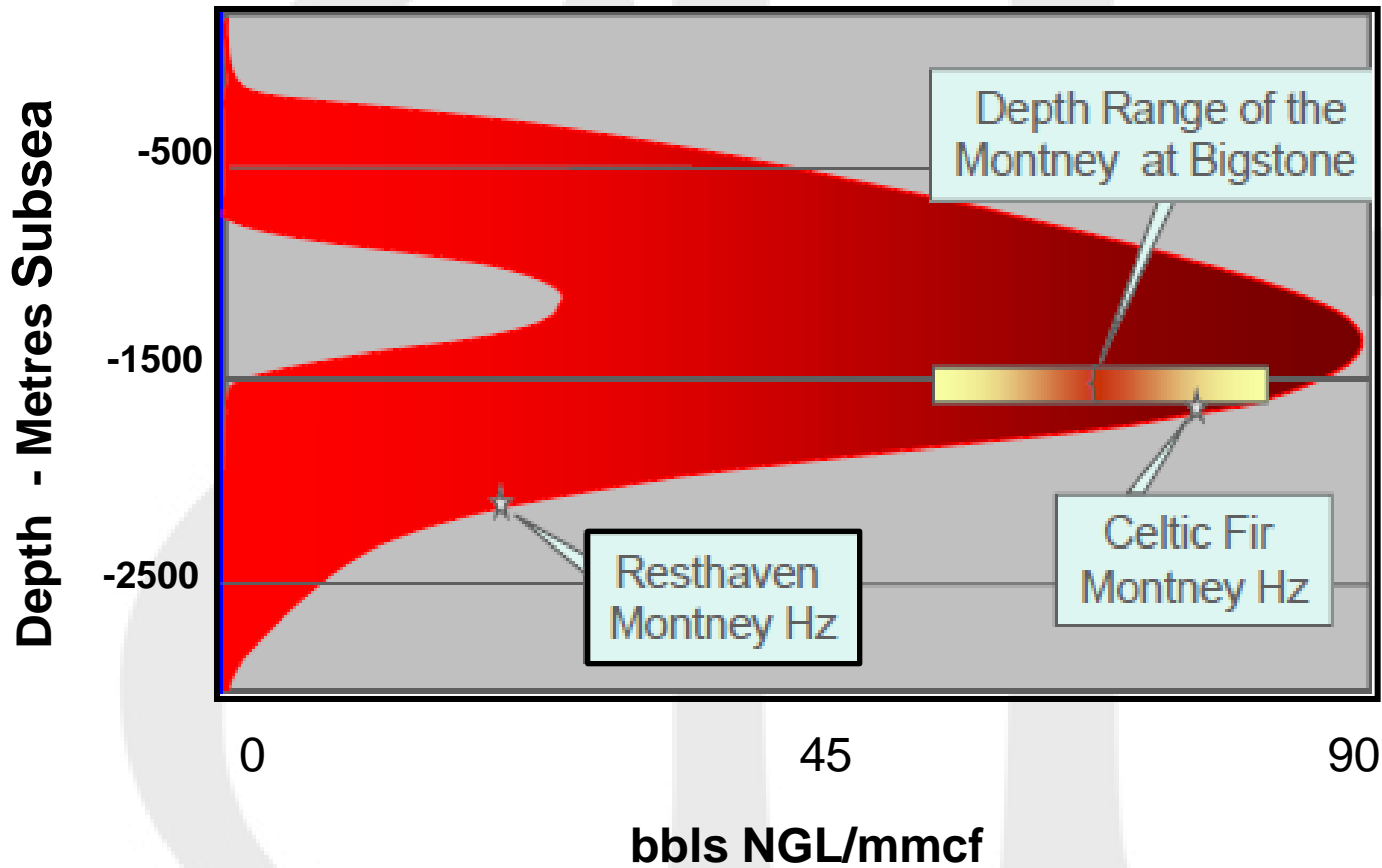
WELL LEGEND	
Bottom Hole Locations:	
A Location	C Suspended
D Service or Drain	E Oil
F Gas	G Dry & Abandoned
I Suspended Oil	J Abandoned Oil
K Suspended Gas	L Abandoned Gas

WELL LISTS	
N	Regional Montney Pen
D	Regional Montney Producers
N	Regional Nont Hz Producers
N	Regional Montney oil wells
N	Regional Mont full section Penetrated

Inceptus		
<b>Donnybrook Bigstone Prospect Montney HZ High Liquids Gas</b>		
	Created in: AccuMap™ Product of: HES Datum: NAD83 Ver. 20.06.12, Dec. 16 2010 7401770-2646	Author: Rodney Merzle Date: February 1, 2011 File: Regional Montney.MAP Scale: 1:72000 Projection: Stereographic Center: N45.17289 W117.26295
Grid Information: DLS: HES Enhanced Grid NRS: Theoretical Grid FPS: Theoretical Grid LRS: HES LRS Grid		
DLS Version Information: AB: ATS 2.6 BC: PRB 2.0 SK: STS 2.5 ML: ML 0.7		

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## Bigstone Montney Prospect

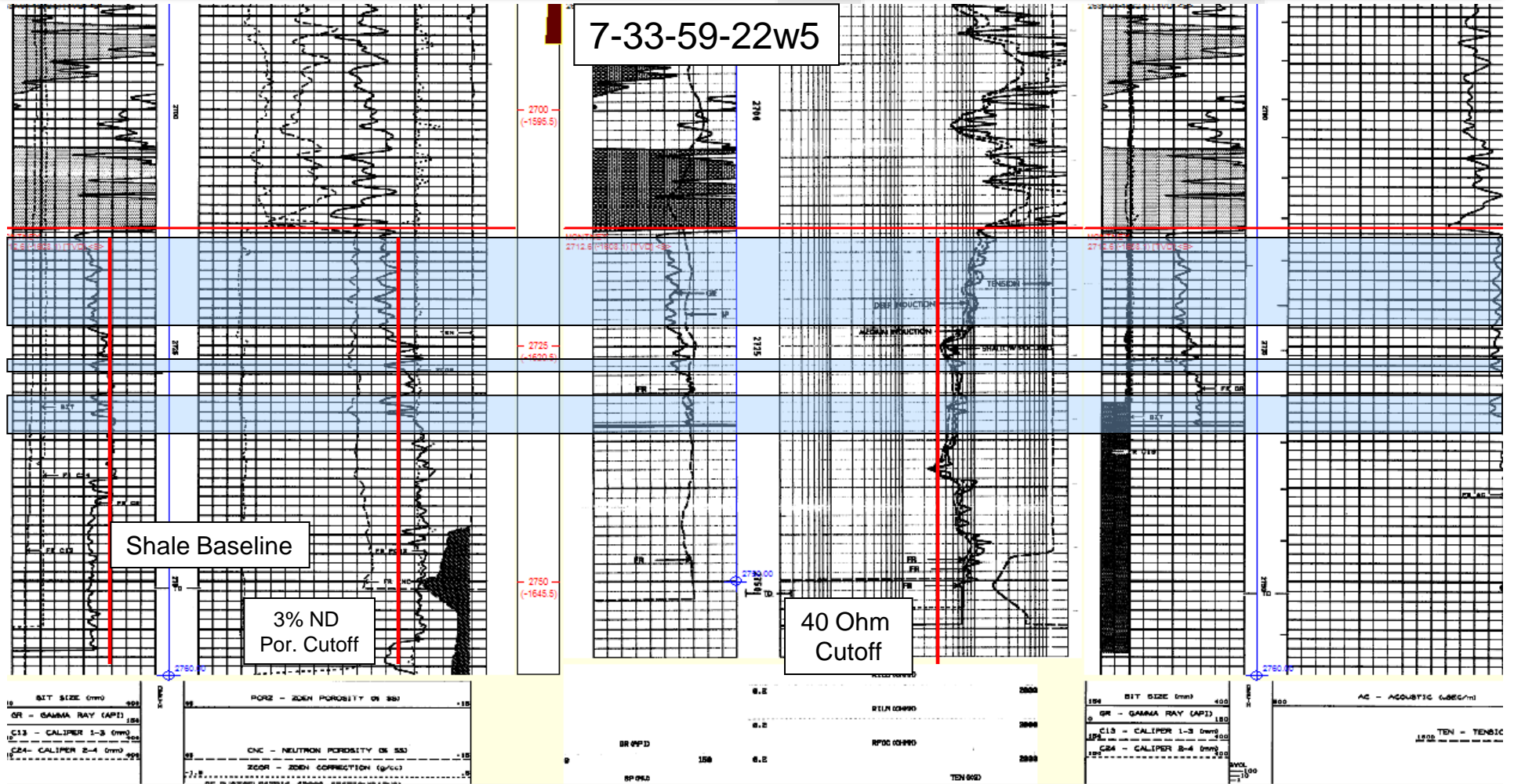


### Bigstone Montney Prospect

- Bigstone area ideally situated to encounter high NGL rich gas
- Recent exploration results at Fir confirm the potential for a high liquids natural gas resource play in the Montney FM at Bigstone

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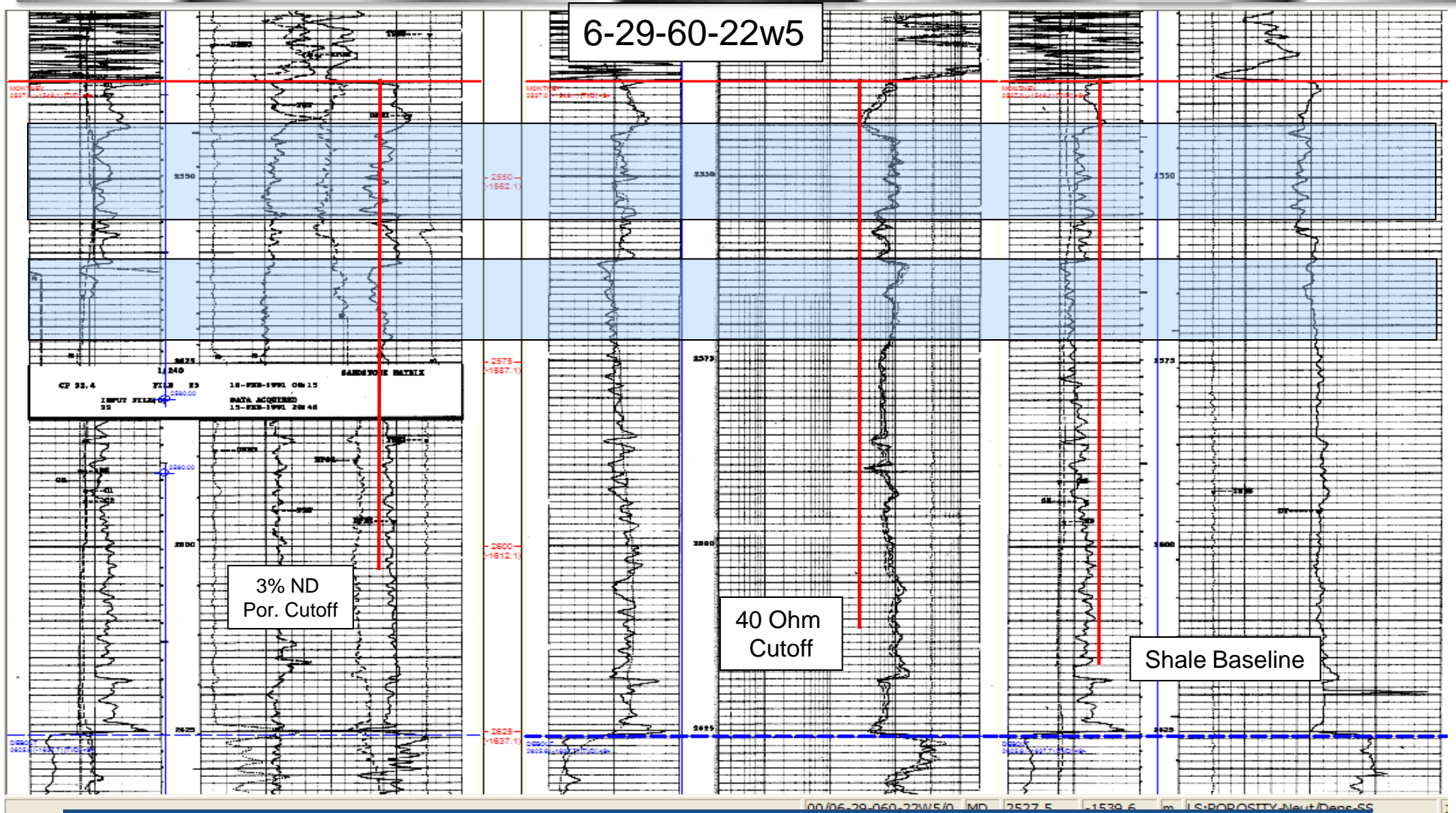
## Analogue



**Offset to Celtic 4-32 Montney HZ high Liquids Prospect 15 m Potential Pay**

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## Analogue



# Blackbird Energy Inc.

The Board of Directors / Management Team have been carefully selected for creating value in resource based enterprises. The collective experience has demonstrated success in speculative investment, strategic partnerships, and operations.

**Garth Braun** – CEO and Director: Mr. Braun brings to the company more than 22 years of diversified real estate, finance and oil and gas industry experience in operations, finance and strategic planning. Mr. Braun gained extensive experience in the operations of an international oil and gas company where he served as CEO and Chairman.

**Dennis Paterson** – COO and Director: Mr. Paterson has more than 30 years of international oil and gas exploration and production experience in diverse areas, including China, the Middle East, Central and South East Asia, Kazakhstan, Europe and North and West Africa. From 2006 until 2009, Mr. Paterson was the President of ROC Oil (Bohai) Company in Beijing and an executive director of its parent company ROC Oil Company Limited from 2007 until 2009.

**Robert Booth** – Chairman: Mr. Booth served as the CEO for Emaar in North America. Mr. Booth is also a Director for Hamptons International, a European Real Estate Brokerage with 100 offices and 1,000 staff. In Mr. Booth's career with Emaar since 2001 he was responsible for the successful Development, Sales, and Marketing initiatives for the Burj Khalifa, the world's tallest tower, and the Dubai Mall, the world's largest retail mall. His primary area of focus has been large scale real estate development worldwide. He has served on boards of private and listed companies.

**William Macdonald** – President & Director: Mr. Macdonald's general corporate and securities practice has been focused on Canadian, U.S., Asian and cross-border public offerings, private and institutional financings (including U.S. private investment in public equity, or PIPE transactions), stock exchange listings, reverse takeovers and mergers and acquisitions.

**Management is aligned with Shareholder's interest as it does not draw salaries or bill overheads, but targets economic gains via share accretion along with our shareholders**

# Blackbird Energy Inc.

## Common Share Information

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Stock Exchange

TSXV

Trading Symbol

BBI

Market Capitalization ( October 19/11)

Common Shares Issued

47,883,766

Fully Diluted

66,293,240

The background features two large, faint, stylized letters, 'B' and 'D', rendered in a light gray color. The 'B' is on the left and the 'D' is on the right, both with a classic, slightly decorative font style. The 'B' has a small dot on its upper left curve, and the 'D' has a small dot on its upper right curve. The letters are positioned behind the main text.

**Thank You**