BLACKBIRD ENERGY

FIRST QUARTER 2016 MANAGEMENT'S DISCUSSION AND ANALYSIS

Dated December 22, 2015

FOR THE THREE MONTHS ENDED OCTOBER 31, 2015 AND 2014

Blackbird Energy Inc. First Quarter 2016 Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") has been prepared by management and reviewed and approved by the Board of Directors (the "Board") of Blackbird Energy Inc. ("Blackbird" or the "Company") on December 22, 2015. This MD&A is a review of the operational results of Blackbird. All financial information is presented in Canadian dollars unless otherwise stated.

This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements for the periods ended October 31, 2015 and 2014 and with the Company's audited consolidated financial statements for the periods ended July 31, 2015 and 2014, prepared under International Financial Reporting Standards ("IFRS"). Readers are cautioned that this MD&A contains "non-IFRS measures" and "forward-looking statements" which are discussed at the end of this MD&A.

About Blackbird Energy Inc.

Blackbird is a Canadian energy company actively engaged in crude oil and natural gas exploration, development and production in a key area of the western Canada Sedimentary Basin. Blackbird is focused on creating long-term shareholder value through a successful exploration program and prudent financial management. Blackbird's shares are widely held and publicly traded on the TSX Venture Exchange under the symbol "BBI".

Blackbird's strategic platform for growth includes the exploration and development of its 100% working interest Elmworth Montney property ("Elmworth" or "Elmworth Montney"), which is located near Grande Prairie, Alberta, as well as strategic acquisitions. In addition to Blackbird's Elmworth property the Company holds non-core assets in Saskatchewan and Alberta, from which all of the Company's current production and revenue is derived.

Blackbird's core property, Elmworth, consisted of 78 sections (49,920 net acres) of highly prospective Montney lands as of October 31, 2015. This land is in close proximity to lands currently being developed by several competitors. The Elmworth property is located in a condensate and liquids-rich gas corridor of the Montney, which has up to 200 metres of aggregate net pay in at least three potential zones: the Upper; Middle; and Lower Montney.

First Quarter 2016 Operating Summary

The first quarter of 2016 was focused on drilling to further delineate our Elmworth play and working diligently to gain access to infrastructure to allow for production.

DRILLING OUR THIRD ELMWORTH MONTNEY WELL

On October 27, 2015, Blackbird announced that it successfully drilled, logged, and cased its third 100% working interest Elmworth well, located at 02-20-70-7W6 (“02-20”). This location was selected based on extensive geological research, competitor data, and proximity to planned infrastructure.

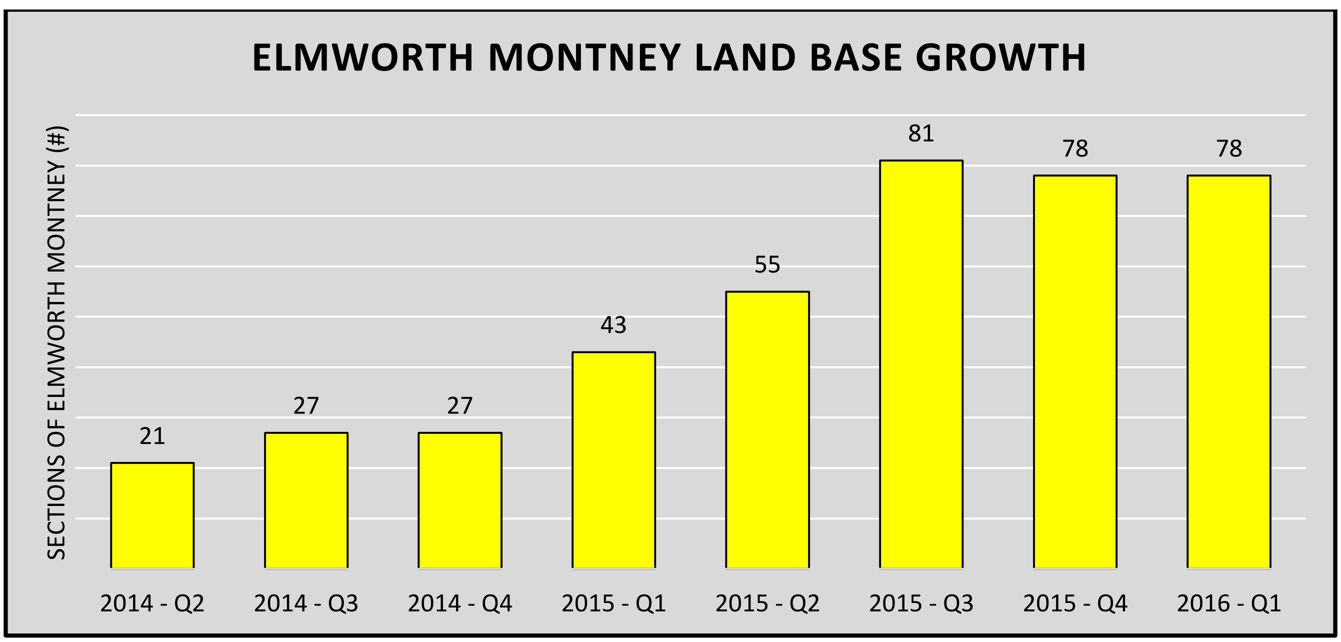
The 02-20 well drill program included the drilling of a vertical pilot well from surface location 10-8-70-7W6 to a vertical depth of 2,582 meters. The vertical pilot well was then logged from surface to the bottom of the Lower Montney. Upon completion of logging operations, Blackbird drilled a horizontal leg of approximately 2,000 meters targeting the Middle Montney formation to bottom-hole location 02-20-70-7W6. The measured depth of the 02-20 well is 4,660 meters.

The 02-20 well was spud on September 24, 2015 and drilling operations were completed in 32 days from spud to rig release, including 8 days to drill and log the vertical pilot well. This represents a significant improvement in drilling efficiency and planned capital expenditure compared to Blackbird's previous wells. The related costs incurred during the three months ended October 31, 2015, were approximately $3.5 million for the drilling, logging, and casing.

Blackbird completed the 02-20 well using NCS sliding sleeve frac technology run on coiled tubing. The completion consisted of 71 individual foam fracs over the horizontal length of approximately 2,000 meters. The Company is currently production testing the well and expects to announce results from the test in January 2016.

ELMWORTH MONTNEY LAND BASE

Blackbird continued to hold a 100% working interest in 78 sections (49,920 net acres) at the Company’s core Elmworth Montney project as at October 31, 2015. The Company’s Elmworth lands are subject to a gross overriding royalty of 2%.



This table includes land expiries.

ELMWORTH MONTNEY LAND BASE (CONTINUED)

Subsequent to October 31, 2015, 6 sections of Elmworth Montney land expired. The Company is also working on the continuation of 1 section of land, which is currently frozen, as a result of the 02-20 well being drilled on an offsetting section. This section, which was set to expire on December 2, 2015, may qualify for up to a year extension. Of the 72 sections of Elmworth Montney land remaining after these expiries there are 5 sections which have expiry dates occurring within the current fiscal year. The Company is working diligently on strategies to retain these sections. The remaining 67 sections have expiry dates ranging from 2017 to 2020.

BUILDING OUR TEAM

Over the past several quarters Blackbird has made key appointments to its team.

On May 20, 2015, Blackbird benefited from the appointment of Mr. Burton Joel Ahrens to its Board of Directors. Mr. Ahrens is the President of The Edgehill Corporation and brings to Blackbird a wealth of oil and gas experience focused on venture capital and law. Mr. Ahrens also currently serves as a director of Canadian Energy Services and Technology Corp.

On March 31, 2015, Mr. Don Noakes was appointed Vice President, Operations. Mr. Noakes previously held positions with Murphy Oil, Mosaic Energy Ltd., APL Oil and Gas, Bow Valley Energy, and Culane Energy. Blackbird also announced the departure of Mr. Darrell Denney, its former Chief Operating Officer. Subsequent to July 31, 2015, Mr. Denney resigned as a director of Blackbird.

On February 26, 2015, Blackbird announced that Mr. William C. Macdonald ceased to be a member of its Board of Directors as he did not stand for re-election at the annual and special meeting of shareholders.

On February 19, 2015, the Company announced the resignation of its former Chief Financial Officer, Mr. Ron Schmitz, in order to facilitate the promotion of Mr. Jeffrey Swainson from the position of Controller to the position of Chief Financial Officer and Corporate Secretary. Mr. Schmitz remains a director of Blackbird.

On January 22, 2015, the Company appointed Mr. Craig Wiebe to the position of Vice President, Exploration and announced that Mr. Ralph Allen, its previous Vice President, Exploration, transitioned to the role of Vice President, Geoscience.

On September 22, 2014, Blackbird benefited from the appointment of Mr. Kevin Andrus to its Board of Directors. Mr. Andrus is the Portfolio Manager of Energy Investments at GMT Capital Corp., Blackbird's largest shareholder. Mr. Andrus brings to Blackbird a wealth of capital markets and exploration and production experience.

On September 16, 2014, the Company hired Mr. Joshua Wylie as Manager, Land.

On September 11, 2014, the Company appointed Mr. Randy Schmautz as Vice President, Drilling and Completions. Mr. Schmautz ceased to be an officer and employee of the Company on July 29, 2015.

Blackbird anticipates that these key organizational additions will facilitate the development of its Elmworth assets and its pursuit of strategic opportunities for the benefit of Blackbird's shareholders.

BLACKBIRD'S TREE PLANTING PROGRAM

For 2015, Blackbird has partnered with The Carbon Farmer, an Alberta owned and operated company, to plant 5,000 native trees in northwestern Alberta. In addition, several of Blackbird's stakeholders have committed to plant an additional 7,112 trees in support of this cause, for a total of 12,112 trees. These trees will restore boreal forest on conserved land that was historically cleared for farming. Our ultimate goal is for Blackbird and its stakeholders to facilitate the planting of over 100,000 trees over the next few years.

KEY TOPICS OF THIS MD&A

In this MD&A Blackbird will first discuss critical topics related to its core operations and properties, such as the substantial capital requirements associated with the Company's future growth plans; the Company's current liquidity and capital resources; the Company's share capital; the capital expenditures made during the quarter; and the operational results for the quarter. This will be followed by a discussion of the financial and operating highlights related to the Company's non-core assets and operations for the quarters ended October 31, 2015 and 2014.

First Quarter 2016 Financial Highlights: Core Operations and Properties

CAPITAL REQUIREMENTS

Blackbird must make substantial capital expenditures in order to meet planned growth and to fund future development activities. These expenditures relate to items both committed to as a result of past transactions, such as the contingencies and commitments discussed below, and also to amounts for which Blackbird has not yet made any commitment, such as future capital expenditures related to Elmworth, including the 02-20 well.

In addition, Blackbird is proactively addressing its material uncertainties with respect to access, egress, and infrastructure (collectively "infrastructure") which will require further capital expenditure, the amount of which is unknown at this time.

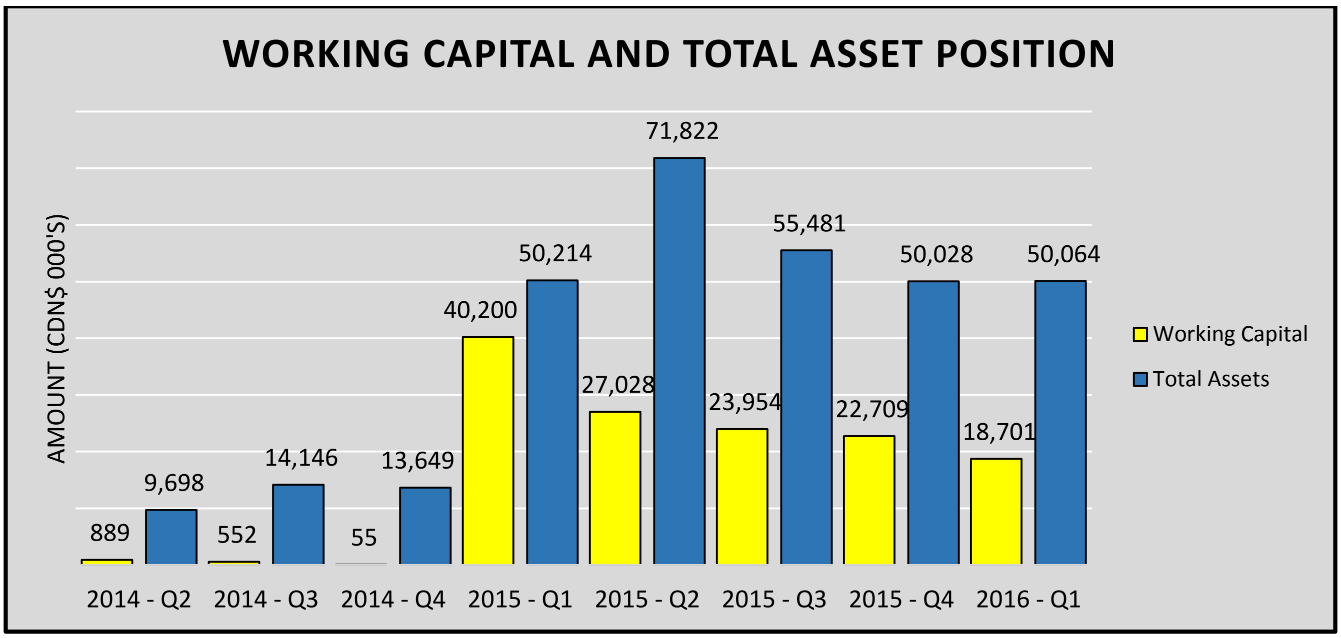
As a result of the Company's current commitments, expected expenditures not yet committed, and the material uncertainty with respect to infrastructure, management expects that the Company will require further funding in the form of additional equity issuances, the assumption of debt, off-balance sheet financing, or a combination thereof in order to meet its planned long-term growth objectives and to fund future development activities.

LIQUIDITY AND CAPITAL RESOURCES

(CDN$ thousands)	**October 31 2015**	July 31 2015
Cash and cash equivalents	**21,186**	22,330
Accounts receivable	**253**	340
Inventory[(1)]	**332**	332
Prepaid expenses and deposits	**230**	243
Assets of discontinued operations	**31**	50
Accounts payable and accrued liabilities	**(3,331)**	(586)
Working capital surplus	**18,701**	22,709

(1) Casing acquired but not used for a previous well which will be used on Blackbird's future wells.

As at October 31, 2015, Blackbird had a working capital surplus of $18.7 million (July 31, 2015 – $22.7 million) and no debt. The decrease in working capital surplus compared to July 31, 2015 is a result of drilling costs incurred related to the 02-20 well as discussed under the heading "Drilling our Third Elmworth Montney Well" above and general and administrative expenses, partially offset by proceeds received on the exercise of stock options and warrants during the period. The Company relies on equity financings to fund its capital requirements and to provide liquidity for operations. From time to time Blackbird may supplement its liquidity with the proceeds from the sale of assets.



SHARE CAPITAL & SHAREHOLDERS' EQUITY

A reconciliation of the Company's shareholders' equity as at October 31, 2015, compared to the Company's shareholders' equity as at July 31, 2015, is as follows:

(CDN$ thousands, except share amounts, unaudited)	Number of Common Shares (000's)	Number of Special Warrants (000's)	Share Capital	Share-Based Payment Reserve	Deficit	Total
At July 31, 2015	354,199	-	64,479	5,201	(20,967)	48,713
Exercise of warrants	2,401	-	444	(163)	-	281
Share-based compensation	-	-	-	269	-	269
Net loss and comprehensive loss	-	-	-	-	(3,369)	(3,369)
At October 31, 2015	**356,600**	**-**	**64,923**	**5,307**	**(24,336)**	**45,894**

SHARE-BASED COMPENSATION

	Three months ended	
(CDN$ thousands)	**October 31 2015**	October 31 2014
Share-based compensation - stock option expense	**269**	1,176

All share-based compensation is related to continuing operations.

During the three months ended October 31, 2015, share-based compensation of $0.3 million (October 31, 2014 - $1.2 million) in the form of stock option expense was incurred, with $161 thousand related to officers and $44 thousand related to directors (October 31, 2014 - $0.3 million related to officers and $0.2 million related to directors). The decrease in share-based compensation was a result of the Company not hiring additional employees or appointing new directors during the current quarter compared to the three months ended October 31, 2014, which had substantial activity in that regard. No share-based compensation expense was capitalized during the three months ended October 31, 2015 or 2014.

Blackbird believes that compensation tied to shareholder return is critical for attracting top-tier individuals who share the common mandate of generating shareholder value.

The following table summarizes the outstanding share capital as of the date of the MD&A:

	Number of shares issued or issuable
Common shares	357,924,897
Stock options	26,285,711
Warrants	12,110,032

The Company may incur further dilution as a result of stock options, warrants, and agent's warrants outstanding.

CAPITAL EXPENDITURES AND DIVESTITURES

	Three months ended	
(CDN$ thousands)	**October 31 2015**	October 31 2014
Drilling and completions	**3,550**	1,115
Plants, facilities and pipelines	**164**	15
Land and lease	**-**	3,645
Capital well workovers	**-**	50
Capitalized general and administrative expense	**182**	96
Dispositions	**-**	(9,047)
Net capital expenditures	**3,896**	(4,126)

	Three months ended	
(CDN$ thousands)	**October 31 2015**	October 31 2014
Elmworth	**3,896**	4,831
Net capital expenditures from continuing operations	**3,896**	4,831
Saskatchewan and Bigstone	**-**	90
Dispositions	**-**	(9,047)
Net capital expenditures from discontinued operations	**-**	(8,957)
Net capital expenditures	**3,896**	(4,126)

NON-CORE ASSET DIVESTITURES

All discontinued operations discussed in this MD&A are related to the Bigstone and Saskatchewan cash generating units ("CGUs") below.

SASKATCHEWAN

On June 1, 2015, the Company completed the sale of 18 wellbores and associated mineral rights from its Dankin, Flaxcombe, and Alsask properties, which comprised a portion of the Saskatchewan Minor CGU, for cash proceeds of $50 thousand resulting in a gain on disposition of $793 thousand, included in loss from discontinued operations during the year ended July 31, 2015. The Company still owns its Alsask assets that are located in Alberta (west of the 4th meridian). A reconciliation of the gain on disposition is as follows:

NON-CORE ASSET DIVESTITURES (CONTINUED)

SASKATCHEWAN (CONTINUED)

Proceeds from disposition	*(CDN$ thousands)*
Cash receivable	50
Transaction costs	-
Proceeds net of transaction costs	50
Net assets and liabilities disposed at carrying value	
Decommissioning provision	(927)
Net assets	184
Net gain on disposition	**793**

BIGSTONE

On September 15, 2014, the Company completed the sale of its Bigstone CGU in west central Alberta for cash proceeds of $8.8 million. This CGU had a carrying value of $8.9 million resulting in a loss on disposition of $0.1 million, included in loss from discontinued operations during the three months ended October 31, 2014. A reconciliation of the loss on disposition is as follows:

Proceeds from disposition	*(CDN$ thousands)*
Cash received	8,800
Transaction costs	(20)
Proceeds net of transaction costs	8,780
Net assets and liabilities disposed at carrying value	
Decommissioning provisions	(140)
Net assets	9,047
Net loss on disposition	**(127)**

IMPAIRMENT

(CDN$ thousands)	Three months ended October 31 2015	October 31 2014
Property and equipment impairment	**2,702**	-

An impairment test is performed on capitalized property and equipment costs at a CGU level on an annual basis and quarterly when indicators of impairment exist. Impairment is calculated as the difference in a CGU's carrying value and its recoverable amount.

During the three months ended October 31, 2015, the Company recognized an impairment of $2.7 million to core property and equipment (October 31, 2014 - $nil) consisting of net impairment of $2.7 million in the Elmworth CGU to reflect the impact of the low oil and natural gas price environment on future production.

Impairments recognized during the three months ended October 31, 2015, were calculated using a 10% pre-tax discount rate. Using a discount rate of 8% would reduce the impairment by approximately $1.3 million for the three months ended October 31, 2015. Using a discount rate of 12% would increase the impairment by approximately $1.1 million for the three months ended October 31, 2015.

The impairment test was carried out at October 31, 2015, using the following forward commodity price projections:

	Inflation	AECO Spot Natural Gas	Alberta Natural Gas Liquids C5+ Stream Quality	Edmonton Light, Sweet Crude Oil (40 API, 0.3%S)	Hardisty Heavy Crude Oil Proxy (12 API)
Year	%	CDN/MMBtu(1)	CDN/bbl(1)	CDN/bbl(1)	CDN/bbl(1)
2015 Q4	2.0	2.97	58.80	56.00	36.69
2016	2.0	3.43	65.63	61.33	42.30
2017	2.0	3.62	69.03	64.52	46.23
2018	2.0	3.72	73.56	68.75	50.22
2019	2.0	3.81	77.82	72.73	54.13
2020	2.0	3.90	81.12	76.47	57.96
2021	2.0	4.10	88.12	82.35	63.56
2022	2.0	4.30	94.41	88.24	69.32
2023	2.0	4.50	100.71	94.12	75.24
2024	2.0	4.78	105.30	98.41	78.71
2025+(2)	2.0	+2.0%	+2.0%	+2.0%	+2.0%

(1) Source: Independent qualified reserves evaluator's price forecast, effective October 1, 2015.
(2) Percentage change represents the change in each year after 2024 to the end of the reserve life.

CONTINGENCIES AND COMMITMENTS

The Company relies on equity financings to fund its capital requirements and to provide liquidity for operations. At October 31, 2015, the Company has committed to future payments over the next five calendar years, as follows:

(CDN$ thousands)	2015	2016	2017	2018	2019	Thereafter	Total
Office rent	41	248	248	62	-	-	599

The Company is not involved in any claims or litigation at this time. The Company maintains insurance, which in the opinion of the Company, is adequate to address any future claims as to matters insured.

GENERAL AND ADMINISTRATIVE EXPENSE

	Three months ended	
(CDN$ thousands, except where otherwise noted)	**October 31 2015**	October 31 2014
Gross general and administrative expense	**631**	759
Capitalized general and administrative expense	**(182)**	(93)
Net general and administrative expense	**449**	666
General and administrative expense *($/boe)*	**1,010**	128

All general and administrative expense is related to continuing operations.

During the three months ended October 31, 2015, gross general and administrative ("G&A") expense decreased to $631 thousand from $759 thousand for the same period in 2014. This decrease was primarily a result of fewer legal fees incurred compared to the prior period which included events such as the Bigstone disposition and private placements.

During the three months ended October 31, 2015, the Company capitalized $182 thousand (October 31, 2014 - $93 thousand) of directly attributable G&A expenses related to the Elmworth project.

First Quarter 2016 Financial Highlights: Non-Core Operations and Properties

Blackbird's non-core properties include operated and non-operated wells located in Saskatchewan and Alberta. All production in the period was derived from these properties.

PRODUCTION

CONTINUING OPERATIONS

During the three months ended October 31, 2015, production from continuing operations averaged 5 boe/d compared to 17 boe/d for the same period in 2014. The reduction in production levels from the prior period was a result of all operated wells being shut-in and no further capital expenditures being allocated to replace production in these properties.

DISCONTINUED OPERATIONS

During the three months ended October 31, 2015, there was no production from discontinued operations compared to 42 boe/d for the same period in 2014. The decrease during the three months ended October 31, 2015 was due to the Saskatchewan disposition, as discussed above under the heading "Non-Core Asset Divestitures".

	Three months ended	
Commodity	**October 31 2015**	October 31 2014
Natural gas *(mcf/d)*	**28**	65
Crude oil *(bbls/d)*	**-**	5
Natural gas liquids *(bbls/d)*	**-**	1
Total production from continuing operations *(boe/d)* (6:1)	**5**	17
Total production from discontinued operations *(boe/d)* (6:1)	**-**	42
Total production *(boe/d)* (6:1)	**5**	59

	Three months ended	
Region	**October 31 2015**	October 31 2014
Alberta and Saskatchewan Minor *(boe/d)*	**5**	17
Total production from continuing operations *(boe/d)* (6:1)	**5**	17
Bigstone *(boe/d) (discontinued operations)*	**-**	1
Saskatchewan Minor *(boe/d) (discontinued operations)*	**-**	41
Total production *(boe/d)* (6:1)	**5**	59

PETROLEUM AND NATURAL GAS REVENUE

	Three months ended	
(CDN$ thousands, except where otherwise noted)	**October 31 2015**	October 31 2014
Petroleum and natural gas revenue		
Natural gas	8	**21**
Crude oil	-	**46**
Natural gas liquids	1	**13**
Royalties	-	**(4)**
Petroleum and natural gas revenue from continuing operations	9	**76**
Bigstone, net of royalties *(discontinued operations)*	-	**2**
Saskatchewan Minor, net of royalties *(discontinued operations)*	-	**238**
Total petroleum and natural gas revenue	9	**316**
Average sales price		
Natural gas *($/mcf)*	**3.20**	**5.04**
Crude oil *($/bbl)*	-	**71.66**
Natural gas liquids *($/bbl)*	**36.65**	**70.48**
Average sales price ($/boe)	**19.77**	**65.00**
Benchmark prices		
AECO Gas *($/mcf)*(1)	**2.97**	3.82
SaskEnergy Gas *($/mcf)*(1)	**2.84**	3.69
Hardisty Heavy Oil *($/bbl)*(1)	**36.69**	69.78
Edmonton Butane *($/bbl)* (1)	**36.40**	64.65
Edmonton Pentanes Plus *($/bbl)* (1)	**58.80**	88.47

(1) Source: Independent qualified reserve evaluator.

CONTINUING OPERATIONS

During the three months ended October 31, 2015, petroleum and natural gas revenues from continuing operations, net of royalties, was $9 thousand compared to $76 thousand during the same period in 2014. The decrease in revenue was due to reduced production volumes caused by natural decline and lower realized prices. Blackbird realized a weighted average sales price of $19.77 per boe during the three months ended October 31, 2015, compared to $65.00 per boe in the three months ended October 31, 2014, exclusive of royalties, for commodities marketed.

DISCONTINUED OPERATIONS

During the three months ended October 31, 2015, petroleum and natural gas revenue, net of royalties, from discontinued operations was $nil compared to $240 thousand during the same period in 2014. The decrease during the three months ended October 31, 2015 was due to the Saskatchewan disposition, as discussed previously.

ROYALTIES

	Three months ended	
(CDN$ thousands, except where otherwise noted)	**October 31 2015**	October 31 2014
Royalties		
Crown	-	1
Freehold and overriding	-	3
Total royalties from continuing operations	-	4
Bigstone *(discontinued operations)*	-	-
Saskatchewan Minor *(discontinued operations)*	-	18
Total	-	22
Royalties ($/boe)	-	4.42
Average royalty rate *(%)*	-	6.8

Blackbird pays royalties to provincial governments, freehold landowners and overriding royalty owners. Royalties are calculated and paid based on petroleum and natural gas sales net of transportation. Crown royalties on Alberta natural gas production are calculated based on the Alberta Reference Price, which may vary from Blackbird's realized corporate price, impacting the average royalty rate. In addition, various items impact the average royalty rate paid, such as cost of service credits and other royalty credit programs.

Royalties on horizontal gas wells drilled in Alberta in 2015 and beyond generally bear royalties at a maximum of 5% for 18 months or until cumulative production reaches 50,000 boe. Horizontal oil wells generally bear royalties at a maximum of 5% for 18 to 48 months until cumulative production reaches 50,000 boe to 100,000 boe, depending on well depth. Wells in Saskatchewan generally bear royalties at 2.5% until cumulative production reaches 50,000 boe. Blackbird anticipates that production from wells drilled in 2014 and 2015 would qualify for these lower royalty rates.

Royalties for the three months ended October 31, 2015 were $nil compared to $22 thousand or 6.8% of total petroleum and natural gas sales during the same period in 2014. The decrease in royalties was due to minimal production in the period and Gas Cost Allowance adjustments.

FINANCING COSTS

Financing costs for the Company during the three months ended were as follows:

	Three months Ended	
(CDN$ thousands)	**October 31 2015**	October 31 2014
Accretion of decommissioning provision(1)	4	9
Interest expense on loans	-	9
	4	18

(1) This table includes both continuing operations and discontinued operations.

OPERATING NETBACK AND FUNDS USED FOR CONTINUING OPERATIONS

	(CDN$ thousands)			($/boe)		
Three months ended October 31	**2015**	2014	% change	**2015**	2014	% change
Petroleum and natural gas	**9**	80	(89)	**19.57**	51.15	(62)
Royalties	**-**	(4)	(100)	**-**	(2.56)	(100)
	9	76	(88)	**19.57**	48.59	(60)
Operating, production and transportation	**(45)**	(57)	(21)	**(97.83)**	(36.45)	168
Operating netback(1)	**(36)**	19	(289)	**(78.26)**	12.15	(744)
General and administrative	**(449)**	(666)	(33)	**(976.09)**	(425.83)	129
Financing costs	**-**	(9)	(100)	**-**	(5.75)	(100)
Interest income	**62**	33	88	**134.78**	21.10	539
Funds used for operations(1)	**(423)**	(623)	(32)	**(919.57)**	(398.34)	131
Decommissioning expenditures	**-**	(31)	(100)	**-**	(19.82)	(100)
Changes in non-cash working capital	**(172)**	(289)	(40)	**(373.91)**	(184.78)	102
Funds from discontinued operations	**-**	36	(100)	**-**	23.02	(100)
Cash used in operating activities	**(595)**	(907)	(34)	**(1,293.48)**	(579.92)	123

(1) Non-IFRS measure.

For the three months ended October 31, 2015, funds used for operations was $0.4 million compared to funds used for operations of $0.6 million for the same period in 2014. This decrease was primarily a result of fewer legal fees incurred compared to the prior period which included events such as the Bigstone disposition and private placements.

SENSITIVITIES

The following sensitivity analysis is provided to demonstrate the impact of changes in commodity prices on petroleum and natural gas sales from continuing operations for the three months ended October 31, 2015 and is based on the balances disclosed in this MD&A and the condensed consolidated interim financial statements for the three months ended October 31, 2015:

(CDN$ thousands)	Petroleum and Natural Gas Sales(1)
Change in average sales price for natural gas by $1.00/mcf	**3**
Change in the average sales price for crude oil and natural gas liquids by $1.00/bbl	**-**
Change in natural gas production by 1 mmcf/d (2)	**294**
Change in crude oil and natural gas liquids production by 100 bbls/d (2)	**337**

(1) Reflects the change in petroleum and natural gas sales for the three months ended October 31, 2015.

(2) Reflects the change in production multiplied by Blackbird's average sales prices for the three months ended October 31, 2015.

DEPLETION, DEPRECIATION AND IMPAIRMENT

(CDN$ thousands, except where otherwise noted)	Three months ended October 31 2015	October 31 2014
Depletion and depreciation[1]	-	136
Depletion and depreciation expense *($/boe)* [1]	-	26

(1) This table includes both continuing operations and discontinued operations.

For the three months ended October 31, 2015, there was no depletion and depreciation compared to $136 thousand or $26 per boe for the same period in 2014. There was no depletion and depreciation charge booked in the current period as the producing properties had no depletion base. The carrying value of non-core properties (Alberta and Saskatchewan Minor CGUs) was written down to $nil on July 31, 2015, as management has no intention of further development in these areas, resulting in no expected material future production and cash flows from value in use.

The calculation of depletion and depreciation for the three months ended October 31, 2014 included an estimated $nil for future development costs and excluded $6.7 million related to exploration and evaluation assets.

(CDN$ thousands)	Three months ended October 31 2015	October 31 2014
Property and equipment impairment[1]	-	695

(1) This table includes both continuing operations and discontinued operations.

During the three months ended October 31, 2015, the Company recognized an impairment of $nil to non-core property and equipment as these assets have no associated carrying value (October 31, 2014 - $0.7 million consisting of net impairments of $0.2 million in the Alberta Minor CGU and $0.5 million in the Saskatchewan Minor CGU).

Related Party Transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

Blackbird has determined that the key management personnel of the Company consist of its directors and officers, including those who formerly held such positions. During the three months ended October 31, 2015 and 2014, the Company engaged in the following transactions with key management:

	Three months Ended	
(CDN$ thousands)	**October 31 2015**	October 31 2014
Share-based compensation	**205**	528
Legal fees paid to Macdonald Tuskey, a law firm in which Mr. William L. Macdonald, Director, is a Principal	**4**	37
Share issue costs paid to Macdonald Tuskey	**-**	92
Management fees paid to G.K. Braun Limited, a company owned by Mr. Garth Braun, Chairman, Chief Executive Officer and President	**-**	39
Accounting fees paid to ASI Accounting Services, a company in which Mr. Ron Schmitz, Director and former Chief Financial Officer, is President	**-**	46
Consulting fees paid to companies owned by Mr. Ralph Allen, Vice President, Geoscience and Mr. Joshua Mann, Vice President, Business Development	**-**	61
Salary paid to the Company's former Chief Operating Officer	**-**	30
	209	833

At July 31, 2014, the Company had a convertible debentures balance of $0.4 million that remained payable. During the three months ended October 31, 2014, the Company issued 3,452,840 common shares valued at $0.4 million pursuant to the conversion of 345 convertible debentures, of which 595,402 common shares valued at $0.1 million were issued to key management, to settle this liability.

During the three months ended October 31, 2015, the Company paid $nil in land consulting fees to Bilmac Resources Limited (October 31, 2014 - $10 thousand), a company in which Mr. William C. Macdonald, former director, is president.

As of October 31, 2015, there was $4 thousand outstanding in accounts payable related to these service providers (October 31, 2014 - $108 thousand), which is Blackbird's only on-going commitment to them.

Quarterly Financial Summary

(CDN$ thousands except, per share and production amounts)	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2
Total assets	**50,064**	50,028	55,481	71,822	50,214	13,649	14,146	9,698
Working capital	**18,701**	22,709	23,954	27,028	40,200	55	552	889
Elmworth Montney land sections	**78**	78	81	55	43	27	27	21
East Wapiti Montney land sections	**77**	77	77	77	77	-	-	-
Elmworth Montney reserves[(1)]	**14,850**	17,552	-	-	-	-	-	-
Production								
Natural gas (mcf/d)	**28**	-	-	77	68	151	119	96
Crude oil and natural gas liquids (bbl/d)	**-**	24	12	33	48	41	22	39
Total (boe/d)	**5**	24	12	46	59	66	42	55
Petroleum & natural gas sales	**9**	81	32	151	338	446	218	224
Net (loss) income and comprehensive (loss) income	**(3,369)**	(4,577)	(1,046)	752	(2,708)	(1,477)	(541)	(1,121)
Net (loss) income and comprehensive (loss) income per share - basic and diluted	**(0.01)**	(0.02)	(0.01)	0.01	(0.01)	(0.01)	(0.01)	(0.01)
Cash used in operations	**(595)**	(271)	(806)	(551)	(907)	(512)	(709)	(745)
Cash used in operations per share - basic and diluted	**(0.00)**	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Net (loss) income and comprehensive (loss) income from continuing operations	**(3,369)**	(4,267)	(1,046)	752	(2,555)	(954)	(553)	(1,113)
Net (loss) income and comprehensive (loss) income from continuing operations per share - basic and diluted	**(0.01)**	(0.01)	(0.01)	0.01	(0.01)	(0.01)	(0.01)	(0.01)

This table includes both continuing operations and discontinued operations in comparative periods.
(1) Based on NPV10% of proved plus probable reserves per reserve report at Q4 and updated with look ahead analysis at interim periods to reflect commodity price changes.

Significant factors and trends that have impacted Blackbird's results during these quarterly periods presented above include:

(a) The disposition of the Saskatchewan Minor and Bigstone properties on June 1, 2015 and September 15, 2014, respectively;

(b) Fluctuations in petroleum and natural gas revenue. Revenue is directly impacted by Blackbird's ability to replace existing production and add incremental production through its capital expenditure program. The Elmworth property is not yet producing;

(c) Private placements made for funding of operations;

Quarterly Financial Summary (Continued)

(d) Fluctuations in interest income earned from the Company's cash held at financial institutions. Increases in interest income are a result of greater cash balances held due to the private placements;

(e) Fluctuations in Blackbird's revenues, royalties, operating costs, G&A, depletion and depreciation, share-based compensation, impairments, and amortization of flow-through share premium liabilities;

(f) Completion of the plan of arrangement with Pennant Energy Inc. on April 17, 2014; and

(g) Acquisition of Ruger Energy Inc. on December 14, 2012.

Please refer to the other sections of this MD&A for the detailed discussions on changes for the three months ended October 31, 2015.

Outlook

The commodity price environment in which we operate has continued to remain depressed and volatile due to global supply and demand imbalances. These times of uncertainty further demonstrate and emphasize the importance of building a high quality asset and exploiting it efficiently through operational excellence. We remain confident that our condensate and liquids-rich natural gas Elmworth Montney play is among the most prolific and economic in North America, which will lead to future value creation for the benefit of our shareholders.

This past quarter we realized significant cost savings on the drilling, logging, and casing of our third 100% working interest Elmworth well, the 02-20. In comparison to our first Middle Montney well, located at 06-26-70-07W6, we saved approximately $2.7 million on the 02-20 well drill program. This was achieved through a combination of reduced drilling days and lower service costs, most notably day rates on the drilling rig. While we experienced savings due to in-term cost compression, which we anticipate will continue through 2016, the key innovations implemented which include rig and crew, bit and motor combinations, drilling fluid compositions, and drilling a monobore will result in long-term cost savings and value creation. We are excited and encouraged by the results of this most recent drill program.

Going forward we will rely heavily on the strength of our balance sheet to fund operations and our capital program. Our key objectives in the coming quarters of fiscal 2016 include the completion and testing of the 02-20 well, continued delineation of the Elmworth Montney asset, and the execution of definitive processing and take-away agreements to facilitate the production of our reserves, which is attainable within our current working capital position of $18.7 million.

Risk Factors

Readers should refer to the risk factors summarized under the heading "Risk Factors" in the Company's most recent Annual Information Form.

The Blackbird management team conducts focused strategic planning and has identified the key risks, uncertainties and opportunities associated with Company's business that can affect its financial results. These key risks and uncertainties include, but are not limited to, the following:

RESERVES AND RESOURCE ESTIMATES

Blackbird's exploration and production activities are concentrated in the Western Canada Sedimentary Basin, where the industry is very competitive. There are a number of risks facing participants in the oil and natural gas industry, some of which are common to all businesses, while others are specific to the sector. These include risks such as finding and developing oil and natural gas reserves economically, geological risk, estimating reserves, producing the reserves in commercial quantities, finding a suitable market at attractive commodity prices, financial and liquidity risks, and environmental and safety risks. Blackbird's future oil and natural gas reserves and production and, therefore, its cash flows, will be highly dependent on the Company's success in exploiting its reserve base, executing a successful exploration and development program and acquiring additional reserves.

The Company mitigates the risk of finding and developing economical oil and natural gas reserves by utilizing a team of highly qualified professionals with expertise and experience in these areas. Blackbird attempts to maximize drilling success by exploring areas that have multi-zone opportunities, including targeting deeper horizons with uphole potential, continuously assessing new acquisition opportunities to complement existing activities and, depending on the scope of the Elmworth resource, balancing higher-risk exploratory drilling with lower-risk development drilling. Beyond exploration risk, there is the potential that the Company's oil and natural gas reserves may not be economically produced at prevailing prices. Blackbird minimizes this risk through generating exploration prospects internally, targeting high quality projects, operating projects, and by attempting to access sales markets through Company-owned infrastructure or mid-stream operators.

Blackbird has retained an independent reserves evaluator that assists the Company in evaluating oil and natural gas reserves. Reserve values are based on a number of variable factors and assumptions such as commodity prices, projected production, future production costs and governmental regulation. The reserves and recovery information contained in the independent reserves evaluation is an estimate. The actual production and ultimate reserves from the properties may be greater or less than the estimates prepared by the independent reserves evaluator.

OPERATIONAL MATTERS

The operation of oil and natural gas wells involves a number of operating and natural hazards that may result in blowouts, environmental damage and other unexpected or dangerous conditions resulting in damage to Blackbird and possible liability to third parties. Blackbird has established an environmental, health and safety program and has updated its operational emergency response plan and operational safety manual to address these operational issues. Blackbird maintains a comprehensive insurance plan, which includes liability insurance, where available, in amounts consistent with industry standards, to the extent that such insurance is available, to mitigate risks and protect against significant losses where possible. Blackbird may become liable for damages arising from such events against which it cannot insure or against which it may elect not to insure because of high premiums or other reasons. Blackbird operates in accordance with all applicable environmental legislation and strives to maintain compliance with such regulations. Blackbird's mandate includes the ongoing development of procedures, standards and systems to allow Blackbird staff to make the best decisions possible and to ensure that those decisions are in compliance with the Company's environmental, health and safety policies. Although management takes all reasonable steps to ensure verify title of properties it has an interest in, management can provide no assurance that there will not be title disputes or undetected defects.

COMMODITY PRICE RISK

Commodity prices for petroleum and natural gas are impacted by global economic events that dictate the levels of supply and demand, as well as the relationship between the Canadian dollar and the U.S. dollar. Significant changes in commodity prices may materially impact the Company's ability to raise capital. The Company does not have any financial risk management contracts in place at October 31, 2015 to manage these risks (October 31, 2014 – none).

INTEREST RATE RISK

The Company's exposure to fluctuations in interest expense on its net loss and comprehensive loss, assuming reasonably possible changes in the variable interest rate of +/- 1%, is insignificant. This analysis assumes all other variables remain constant.

FOREIGN EXCHANGE RISK

The Company is exposed to foreign currency fluctuations as oil and gas prices received are referenced to U.S. dollar denominated prices.

CREDIT RISK

The Company's credit risk exposure is related to joint interest billings, goods and services tax receivable, and cash and cash equivalents. The Company's allowance for doubtful accounts at October 31, 2015, was $nil and the Company expects to collect all outstanding accounts receivable (July 31, 2015 - $nil).

At October 31, 2015, cash and cash equivalents was comprised of $21.2 million of cash held at financial institutions (July 31, 2015 – $22.3 million cash held at financial institutions).

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied upon equity financings and short-term debt to satisfy its capital requirements and will continue to depend heavily upon these financing activities.

CAPITAL MANAGEMENT

The Company's primary objectives in managing its capital structure are to maintain a flexible capital structure which optimizes the costs of capital at an acceptable level of risk; which maintains sufficient liquidity to support ongoing operations, capital expenditure programs, and strategic initiatives; and which maximizes shareholder returns. The Company manages its capital structure to support current and future business plans and periodically adjusts the structure in response to changes in economic conditions and the risk characteristics of the Company's underlying assets and operations.

The Company monitors metrics such as the Company's debt-to-equity and debt-to-cash flow ratios, among others to measure the status of its capital structure. The Company has currently not established fixed quantitative thresholds for such metrics. Depending on market conditions, the Company's capital structure may be adjusted by issuing or repurchasing shares, issuing or repurchasing debt, refinancing existing debt, modifying capital spending programs and disposing of assets. The Company considers its capital structure to include shareholders' equity.

The oil and natural gas industry is a very capital-intensive industry, and in order to fully realize the Company's strategic goals and business plans, Blackbird must rely on equity markets as a source of new capital in addition to bank financing and internally generated cash flow to fund its ongoing capital investments. Blackbird's ability to raise additional capital will depend on a number of factors that are beyond the Company's control, such as general economic and market conditions. Internally generated funds will also fluctuate with changing commodity prices.

CHANGES IN INCOME TAX LEGISLATION

In the future, income tax laws or other laws may be changed or interpreted in a manner that adversely affects Blackbird or its shareholders. Tax authorities having jurisdiction over Blackbird or its shareholders may disagree with how Blackbird calculates its income for tax purposes to the detriment of Blackbird and its shareholders.

ENVIRONMENTAL CONCERNS

The oil and natural gas industry is subject to environmental regulation pursuant to local, provincial and federal legislation. A breach of such legislation may result in the imposition of fines or issuance of clean-up orders in respect of Blackbird or its working interests. Such legislation may be changed to impose higher standards and potentially more costly obligations to Blackbird. Blackbird focuses on conducting transparent, safe and responsible operations in the communities in which it operates.

PROJECT RISKS

Blackbird's ability to execute projects and market oil and natural gas depends on numerous factors beyond its control, including the availability of processing capacity, availability and proximity of pipeline capacity, availability of storage capacity, supply of and demand for oil and natural gas, availability of alternative fuel sources, effects of inclement weather, availability of drilling and related equipment, unexpected cost increases, accidental events, change in regulations, and availability and productivity of skilled labour. Because of these factors, Blackbird may be unable to execute projects on time, on budget or at all, and may not be able to effectively market the oil and natural gas that it produces.

Basis of Presentation

The Company's unaudited condensed interim financial statements and financial information contained in this MD&A have been prepared on a historical cost basis except as detailed in the Company's accounting policies disclosed in the audited consolidated financial statements for the years ended July 31, 2015 and 2014 as filed on SEDAR. The accounting policies have been applied consistently to all periods presented in the unaudited condensed consolidated interim financial statements. The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto as at and for the years ended July 31, 2015 and 2014. Certain comparative figures have been reclassified to conform to the current period's presentation. The Company's unaudited condensed interim financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

Critical Accounting Estimates

The timely preparation of financial statements and the financial information contained in this MD&A requires that management make estimates and assumptions and use judgment regarding assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. Accordingly, actual results may differ from estimated amounts as future confirming events occur.

New events or additional information may result in the revision of these estimates over time. Examples of these estimates include but are not limited to estimated revenues, royalties and operating expenses on production as at a specific reporting date but for which actual revenues and costs have not yet been received; estimated capital expenditures on projects that are in progress; estimated fair values of financial instruments that are subject to fluctuation depending on underlying commodity prices, foreign exchange rates and interest rates, volatility curves and the risk of non-performance; estimated value of decommissioning liabilities that depend on estimates of future costs and timing of expenditures; estimated future recoverable value of property and equipment and any associated impairment charges or recoveries; and estimated compensation expense under Blackbird's share-based compensation plan.

Blackbird has hired individuals and consultants who have the skills required to make such estimates and ensures that individuals or departments with the most knowledge of the activity are responsible for the estimates. Further, past estimates are reviewed and compared to actual results, and actual results are compared to budget in order to make more informed decisions on future estimates. For further information on certain estimates inherent in the financial statements, refer to Note 3 of the audited consolidated financial statements for the years ended July 31, 2015 and 2014.

A number of the Company's accounting policies and disclosures require the determination of fair value for financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information regarding the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Critical Accounting Estimates (Continued)

EXPLORATION AND EVALUATION ASSETS AND PROPERTY AND EQUIPMENT

The fair value of property and equipment recognized in a business combination is based on market values. The market value of property and equipment is the estimated amount for which property and equipment could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The market value of petroleum and natural gas properties included in property and equipment and exploration and evaluation assets is estimated with reference to the discounted cash flows expected to be derived from oil and natural gas production based on externally prepared reserve reports. The risk-adjusted discount rate is specific to the asset with reference to general market conditions. The market value of other items of property and equipment is based on the quoted market prices for similar items.

CASH AND CASH EQUIVALENTS, ACCOUNTS RECEIVABLE, DEPOSITS, ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The fair value of cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued liabilities approximated their carrying value at October 31, 2015 due to the short term nature of these instruments.

The Company classifies the fair value of these transactions according to the following hierarchy based on the nature of the observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide continuous pricing information. Cash and cash equivalents are measured at fair value using level 1 fair value inputs.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations are derived from inputs that are not based on observable market data.

The Company is exposed to various financial instrument risks and management proactively assesses the potential impact and the likelihood of this exposure. These risks include commodity price risk, interest rate risk, foreign exchange risk, credit risk and liquidity risk. When material, these risks are reviewed and monitored by the Board of Directors.

Management's Responsibility for Financial Statements

Information provided in this report, including information from the unaudited condensed consolidated interim financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying interim condensed consolidated financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Off-Balance Sheet Arrangements

Blackbird has no off-balance sheet arrangements.

Non-IFRS Measures

This MD&A contains references to funds used for operations, cash used in operations per share, and operating netback, which are not defined under IFRS as issued by the International Accounting Standards Board. These measures are non-IFRS financial measures that do not have any standardized meaning prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures presented by other issuers. Management of Blackbird believes funds used for operations, funds used for operations per share, and operating netback are relevant indicators of Blackbird's financial performance and its ability to fund future capital expenditures. Funds used for operations and operating netback should not be considered an alternative to or more meaningful than cash flow from operating activities, as determined in accordance with IFRS, as an indicator of Blackbird's performance. Readers should refer to "Q1 2016 Financial Highlights: Non-Core Properties – Operating Netback and Funds Used for Continuing Operations" for a reconciliation of funds used in operations and operating netback to cash from operating activities, the most comparable measure calculated in accordance with IFRS.

BOE Presentation

Production information is commonly reported in units of barrel of oil equivalent ("boe"). For purposes of computing such units, natural gas is converted to equivalent barrels of oil using a conversion factor of six thousand cubic feet to one barrel of oil (6:1). This conversion ratio of 6:1 is based on an energy equivalency conversion method primary applicable at the burner tip and does not represent a value equivalency at the wellhead. Such disclosure of boe's may be misleading, particularly if used in isolation. Additionally, given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion ratio of 6:1 may be misleading as an indication of value. Readers should be aware that historical results are not necessarily indicative of future performance. Natural gas production is expressed in thousand cubic feet ("mcf"). Oil and natural gas liquids are expressed in barrels ("bbls").

Forward-Looking Statements

This MD&A contains certain forward-looking statements and forward-looking information (collectively, the "forward-looking statements") within the meaning of applicable Canadian securities laws. Readers are cautioned not to put undue reliance on forward-looking statements. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. These statements relate to future events or the Company's future performance, business prospects or opportunities. In particular, this MD&A contains forward-looking statements pertaining to the following:

- The Company's business plans and strategies;
- Capital expenditure and development plans, including the expected timing and cost of the completion and testing operations and results of the 02-20 well;
- Potential Elmworth land expiries and continuations;
- Blackbird's ability to reduce costs and innovate with respect to its future drilling and completion operations;
- The Company's methods and ability to finance operations, capital expenditure programs, and working capital requirements;
- The timing and success of development and exploitation activities;
- The expected timing of tie-in of Montney wells; and
- Blackbird's ability to mitigate infrastructure constraints and the timing thereof.

With respect to forward-looking statements contained in this MD&A, management has made assumptions regarding future production levels; future oil and natural gas prices; future operating costs; the timing and amount of capital expenditures; the ability to obtain financing on acceptable terms; the availability of skilled labour and drilling and related equipment; general economic and financial market conditions; continuation of existing tax, royalty and regulatory regimes; and the ability to market oil and natural gas successfully. Although management considers these assumptions to be reasonable based on information currently available, they may prove to be incorrect.

Forward-looking statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain expectations, estimates and assumptions which may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions in North America and internationally, (2) the inherent uncertainties and speculative nature associated with petroleum and gas exploration and production, (3) a decreased demand for petroleum or natural gas, (4) an increase in royalty rates applicable to the Company's production, (5) any number of events or causes which may delay or cease exploration and development of the Company's property interests, such as environmental liabilities, weather, mechanical failures, safety concerns and labour problems, (6) the risk that the Company does not execute its business plan, (7) inability to retain key employees, (8) inability to finance operations and growth, and (9) other factors beyond the Company's control.

Statements relating to "reserves" or "resources" are by their nature deemed to be forward-looking statements, as they involve the implied assessment based certain estimates and assumptions that the reserves and resources described can be profitably produced in the future.

Forward-Looking Statements (Continued)

These forward-looking statements are made as of the date of this discussion and, except as required by law, the Company assumes no obligation to update these forward-looking statements, or to update the reasons why actual results differed from those projected in the forward-looking statements.

The foregoing list of risk factors is not exhaustive. Additional information on these and other factors which could affect Blackbird's operations or financial results are included in Blackbird's most recent Annual Information Form for the year ended July 31, 2015. In addition, information is available in Blackbird's other reports on file with Canadian securities regulatory authorities.

Additional Information

Additional information relating to Blackbird is filed on SEDAR and can be viewed at www.sedar.com. Information can also be obtained on Blackbird's website at www.blackbirdenergyinc.com or by contacting Blackbird at Blackbird Energy Inc., Suite 400, 444 – 5th Avenue S.W., Calgary, Alberta, Canada T2P 2T8.

ABBREVIATIONS

CRUDE OIL AND NATURAL GAS LIQUIDS

bbl	barrel
mbbls	thousand barrels
bbls/d	barrels per day
bbls/mmcf	barrels per million cubic feet
boe	barrels of oil equivalent of natural gas and crude oil on the basis of 1 bbl for 6 mcf of natural gas (this conversion factor is an industry accepted norm and is not based on either actual energy content or current prices)
mboe	thousand barrels of oil equivalent
boe/d	barrels of oil equivalent per day
kPa	kilopascal
psi	pounds per square inch
NGL	natural gas liquids
2D	two dimensional seismic
WTI	West Texas Intermediate

NATURAL GAS

mcf	thousand cubic feet
mmcf	million cubic feet
bcf	billion cubic feet
mcf/d	thousand cubic feet per day
mmcf/d	million cubic feet per day
GJ	gigajoules
GJ/d	gigajoules per day
m^3	metres cubed
mmbtu	million British Thermal Units
3D	three dimensional seismic
bwpd	barrels of water per day
M$	thousands of dollars
AECO-C	Alberta Energy Company "C" Meter Station of the Nova Pipeline System

FINANCIAL

IFRS	International Financial Reporting Standards
MD&A	Management Discussion and Analysis
Q1	First quarter ended October 31st, 2015
Q2	Second quarter ended January 31st, 2016
Q3	Third quarter ended April 30th, 2016
Q4	Fourth quarter ended July 31st, 2016

CONVERSION OF UNITS

IMPERIAL = METRIC

1 mcf = 28.2 cubic metres

0.035 mcf = 1 cubic metre

1 bbl = 0.159 cubic metres

6.29 bbls = 1 cubic metre

1 foot = 0.3408 metres

3.281 feet = 1 metre

1 mile = 1.61 kilometres

0.62 miles = 1 kilometre

1 acre = 0.4 hectares

2.5 acres = 1 hectare

1 mmbtu = 1.054 GJ

0.949 mmbtu = 1 GJ

CORPORATE INFORMATION

BOARD OF DIRECTORS

Garth Braun(1)
Chairman, Chief Executive Officer & President,
Blackbird Energy Inc.

Ron Schmitz(2)
President, ASI Accounting Services Inc.

Sean Campbell
Director, Progressive Tool Design Inc.

William L. Macdonald(2)
Founder & Principal, Macdonald Tuskey, Corporate and Securities Lawyers

Kevin Andrus, CFA(2)
Portfolio Manager of Energy Investments, GMT Capital Corp.

Burton Joel Ahrens, J.D.
President, The Edgehill Corporation

Notes
(1) Chairman of the board.
(2) Member of the audit committee.

OFFICERS

Garth Braun
Chairman, Chief Executive Officer & President

Jeff Swainson
Chief Financial Officer & Corporate Secretary

Ralph Allen, P.Geo.
Vice President, Geoscience

Joshua Mann
Vice President, Business Development

Craig Wiebe
Vice President, Exploration

Don Noakes
Vice President, Operations

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