

NEWS RELEASE**BLACKBIRD ANNOUNCES SUCCESSFUL 02/2-20 D&C PROGRAM USING STAGE SYSTEM,
PLANNED CLOSING OF STAGE ACQUISITION, D&C COST REDUCTION, INITIATION OF
ACCELERATED BUSINESS PLAN AND TIMING OF PRODUCTION**

November 18, 2016 - Calgary, Alberta (TSX-V: BBI) Blackbird Energy Inc. (“**Blackbird**” or the “**Company**”) is pleased to provide an update regarding the Company’s successful 02/2-20-70-7W6 (“**02/2-20**”) Upper Montney drilling program; Blackbird’s high tonnage 02/2-20 completion program, which utilized the innovative and patented Stage Completions Inc. (“**Stage**”) Bowhead II fracturing system (the “**Stage System**”); the planned closing of Blackbird’s acquisition of a 10% indirect minority interest in Stage; a material step reduction in drilling and completions costs (“**D&C**”) achieved by Blackbird; the commencement of the Company’s accelerated strategic business plan and H1 2017 drilling program; the progress of Blackbird’s infrastructure construction and the expected timing of tie-in and production.

Highlights

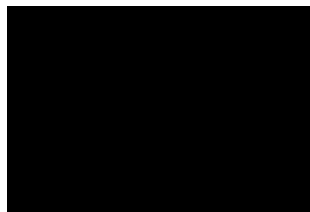
- **Drilling Cost Achievement:** 02/2-20 Upper Montney well drilling cost of \$2.6 million represents a cost savings of \$3.0 million, or 54%, compared to Blackbird’s first Elmworth Montney well and a cost savings of \$1.8 million, or 41%, compared to the average of Blackbird’s first three Elmworth Montney wells.
- **Successful Stage Deployment:** Blackbird’s 02/2-20 completion program, utilizing the Stage System, was completed in 11 days and placed 3,757 tonnes of proppant. In comparison, Blackbird’s 2-20 Middle Montney well was completed in 20 days and placed 2,223 tonnes of proppant.
- **Planned Closing of 10% Stage Acquisition:** Due to the success of the Stage System, Blackbird intends to proceed with the closing of the previously announced 10% Stage acquisition for a purchase price of \$3 million.
- **Material D&C Cost Reduction:** Blackbird’s 02/2-20 well D&C costs are expected to total \$5.5 million compared to \$9.7 million for the average of Blackbird’s first three Elmworth Montney wells – a 43% reduction. With this \$4.2 million cost reduction, Blackbird believes that its current D&C costs are comparable to those of certain industry leaders in the Pipestone / Elmworth corridor.
- **Commencement of Accelerated Business Plan & Drill Program:** Blackbird has initiated its previously announced accelerated business plan and will spud its 3-28 well on approximately November 22, 2016, and its 2-20/11-9 well in December, 2016.
- **Infrastructure Construction and Timing of Production:** Construction of Blackbird’s infrastructure continues, and is currently on schedule to be completed in late

December, 2016 or early January, 2017, with production to commence shortly thereafter.

02/2-20 Upper Montney Drilling Program Showcases Reduced Drilling Cost

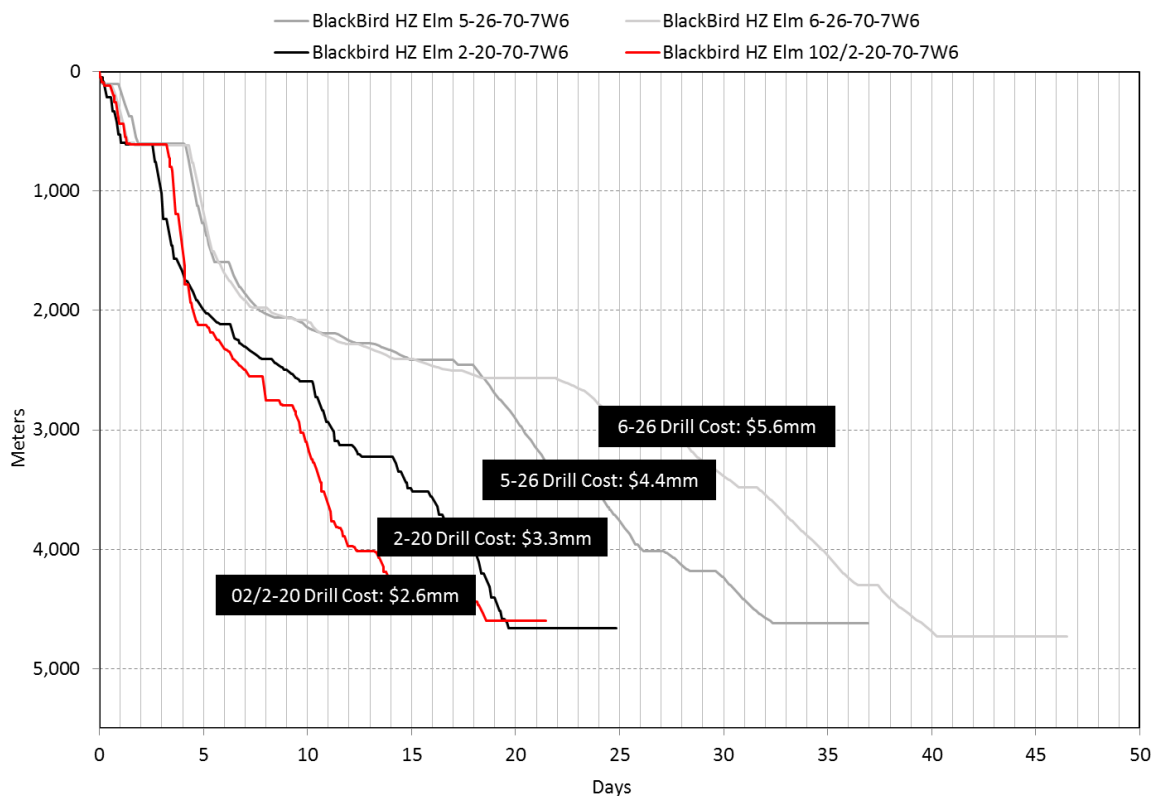
The 02/2-20 Upper Montney well (the “**Well**”) was spud on October 8, 2016 from surface location 10-8-70-7W6 (“**10-8**”). See **Figure 1** for a video of the 02/2-20 drilling operations.

[Figure 1 – 02/2-20 Drilling Operations Video](#)



The Well was drilled to a measured depth of 4,598 meters, including a 2,049 meter lateral section to 2-20-70-7W6. Drilling operations were completed in 21.5 days from spud to rig release. As per **Figure 2** below, Blackbird has now reduced the drilling days on each of its first four Elsworth Montney wells drilled to date.

Figure 2 – Drilling Performance Chart



Unaudited, See Advisories and Forward Looking Information

As a result of the significant reduction in drilling days, Blackbird's drilling costs have declined substantially. Blackbird estimates that the 02/2-20 drilling costs will total approximately \$2.6 million compared to an AFE budget of \$2.7 million. As per **Figure 2** above, when compared to Blackbird's historical drilling costs, the 02/2-20 well represents cost improvements of approximately \$3.0 million compared to the Company's first Elmworth Montney well, the 6-26, and cost improvements of approximately \$1.8 million compared to the average drilling cost of the Company's first three Elmworth Montney wells.

Garth Braun, Blackbird's Chairman, Chief Executive Officer and President stated: "The 02/2-20 well represents the second monobore well in the Elmworth / Pipestone corridor, with the first being the Blackbird 2-20 Middle Montney well drilled in late 2015. The 02/2-20 drilling performance will serve as an excellent benchmark as we embark on our substantial future exploration and development program. The 02/2-20 D&C costs achieved by Blackbird are comparable to those reported by industry leaders relating to wells which were drilled and completed on multi-well pads. The Blackbird team will continue to focus on improving D&C costs as we move towards pad development."

Successful 02/2-20 Completion and Deployment of Stage's Innovative Bowhead II Fracturing System

Subsequent to the 02/2-20 drilling operations, Blackbird successfully utilized the Stage System in the Company's high-tonnage slickwater completion program. See **Figure 3** for a video illustration of the Bowhead II system functionality, and **Figure 4** for an image of a collet engaging in Blackbird's 02/2-20 wellbore.

[Figure 3 – Stage Bowhead II Illustration Video](#)

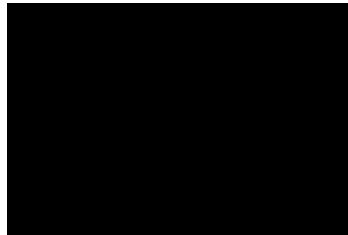
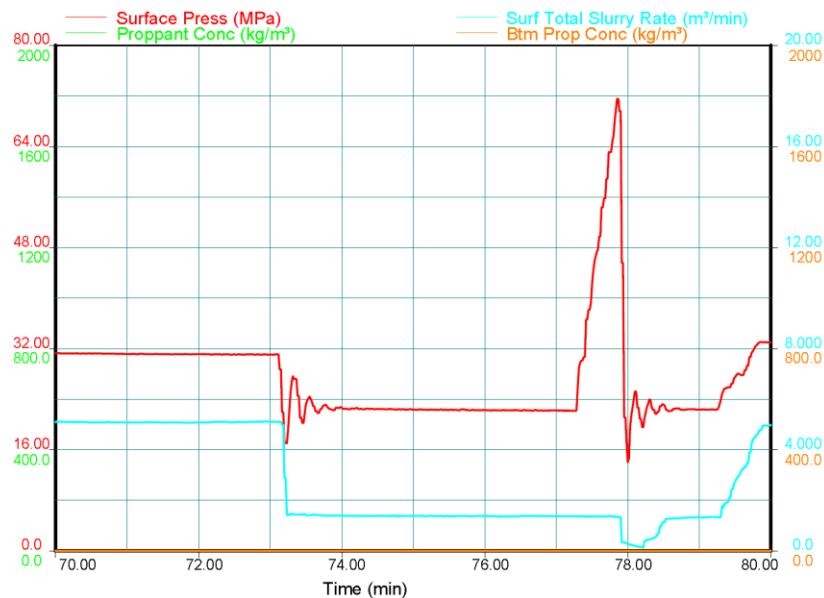
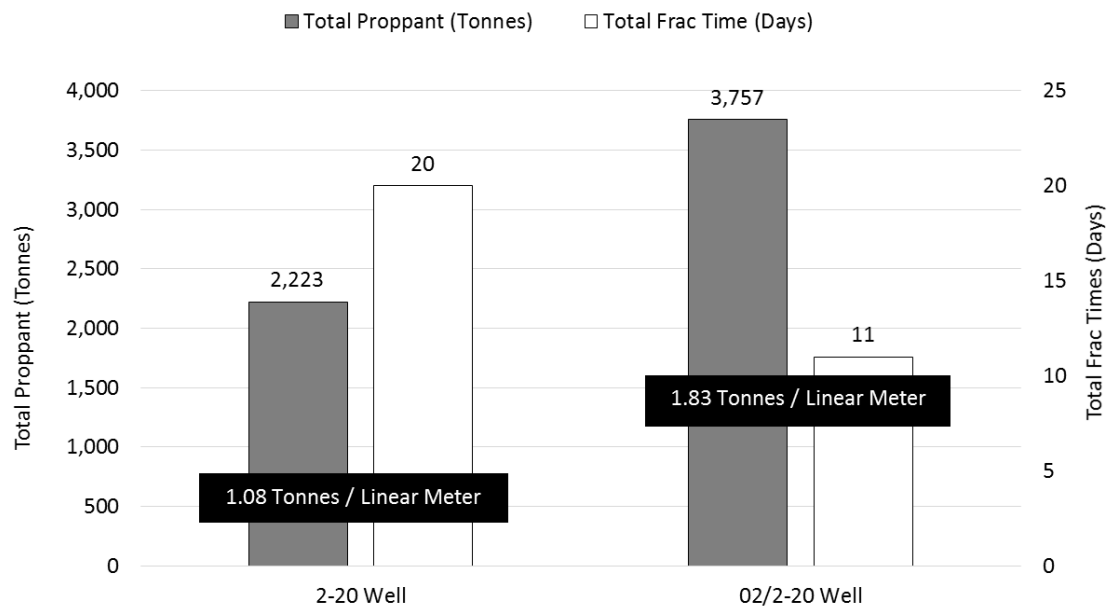


Figure 4 – 02/2-20 Well Bowhead II Collet Landing Signature



As per **Figure 5** below, Blackbird placed approximately 3,757 tonnes of proppant over 76 stages and 2,049 lineal meters during the 02/2-20 completion program, compared to 2,223 tonnes of proppant over 70 stages and 2,067 lineal meters during Blackbird's 2-20 Middle Montney completion program.

Figure 5 – Total Proppant vs. Total Frac Time Chart



Garth Braun stated: “The Stage System facilitates pin point completions with individual sliding sleeves that are activated by a collet, eliminating the need for coil tubing to activate sleeves. Blackbird was able to continuously pump without delays through multiple intervals of the wellbore. The continuous completion program allowed Blackbird to reduce the time spent between fracs, decreasing the direct and indirect costs substantially. The Stage System facilitates higher pump rates which improved the placement of proppant in the formation. The 02/2-20 was completed using slickwater and intervals were completed at pump rates from 8 to 10 m3/min.”

As a result of these demonstrated benefits, as illustrated in **Figure 5** above, fracturing operations spanned 11 days, compared to 20 days for the Company's 2-20 Middle Montney well, while placing significantly higher volumes of proppant.

On a preliminary basis, Blackbird expects that the 02/2-20 completion costs will total \$2.9 million compared to an AFE budget of \$2.5 million. When compared to Blackbird's historical completion costs, the 02/2-20 well represents a cost improvement of approximately \$2.4 million compared to the average completion cost of the Company's first three Elsworth Montney wells. Blackbird expects to realize further material cost savings as the Stage System is

deployed in future Blackbird wells and as best practices are developed for this disruptive technology.

The 02/2-20 well will be partially flowed back and then shut-in until it is tied-in and placed on production upon the commissioning of Blackbird's infrastructure solution, eliminating the majority of flow-back and testing costs. As a result, Blackbird will provide an update once the 02/2-20 well has been tied-in and production has been normalized.

Garth Braun stated: "The Bowhead II system was implemented to achieve four goals: i) a significant impact on cost reduction; ii) a higher quality completion in the Montney; iii) a graduation of the estimated ultimate recovery from the formation; and iv) a substantial improvement on the net present value of the well. Blackbird will now focus on the refinement of methodologies to further reduce overall completion times and costs. The step change in completion efficiency delivered by the Stage System will allow Blackbird to become a low-cost producer in the Elsworth / Pipestone corridor, increasing economics substantially, and ultimately creating impactful value for our shareholders."

For more information on Stage and its fracturing solutions, please visit www.stagecompletions.com

Planned Closing of Indirect Minority Interest in Stage Completions Inc.

As a result of the successful 02/2-20 completion, Blackbird is pleased to announce that it will proceed with the closing of its previously announced acquisition of an indirect 10% minority interest in Stage for a cash purchase price of \$3.0 million (the "**Stage Acquisition**"), pursuant to the terms of a subscription agreement entered into between Blackbird and SC Holding Corporation, the majority shareholder of Stage (the "**Subscription Agreement**").

The closing of the Stage Acquisition is subject to certain financial and operational conditions including the receipt of an independent valuation report of Stage and the successful deployment of the Stage System in two wells (the "**Condition Wells**"). The independent valuation report, prepared by a large international accounting firm, was received by Blackbird in September, 2016, and as such, that condition has been satisfied.

The Stage System has now been successfully installed and tested in three wells: i) Blackbird's Cardium water disposal well during July, 2016; ii) the first of the Condition Wells during September, 2016; and iii) Blackbird's 02/2-20 well during November, 2016. Due to the success

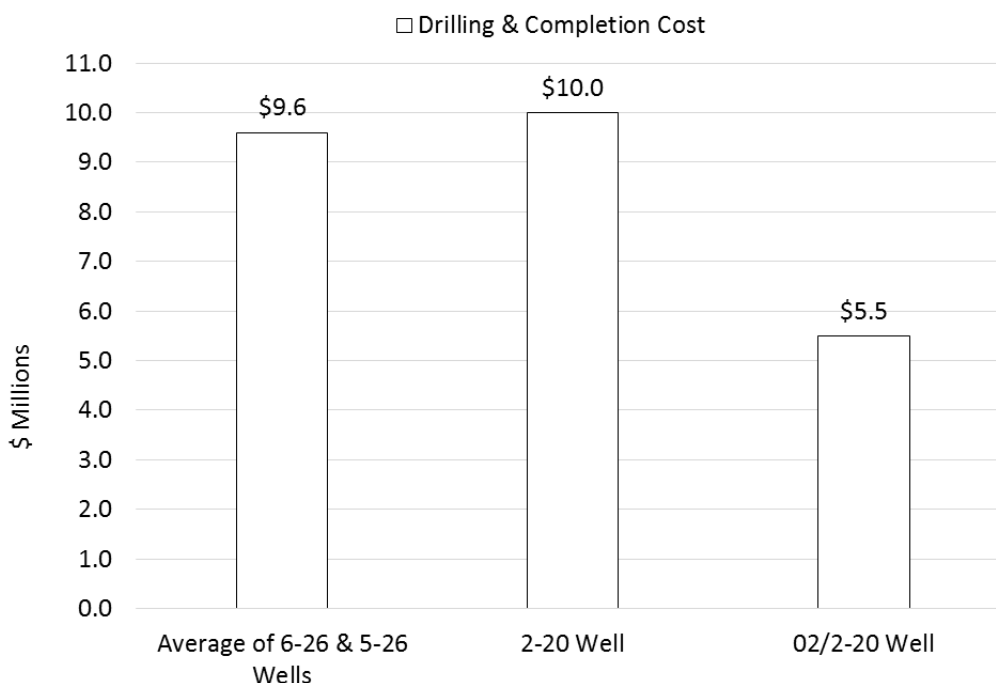
of these three Stage System installations and tests, Blackbird plans to waive the Subscription Agreement's final outstanding condition of successful deployment of the Stage System in the second Condition Well. The Company expects closing of the Stage Acquisition to be completed by the end of November, 2016.

Garth Braun commented: "The successful installation of the Bowhead II system in Blackbird's 02/2-20 well marks an important milestone for both Blackbird and Stage, and the beginning of what I believe will be an extremely fruitful relationship. We believe that the operational capability of the Stage System has now been proven in multiple formations. Blackbird benefits greatly from its preferential access to the Stage System for cost plus an administration fee – a distinctive competitive advantage. I anticipate that Blackbird's acquisition of a 10% minority interest in Stage will provide further upside for Blackbird's shareholders as the highly disruptive technology is deployed in the North American and international marketplaces."

Material Step Reduction in D&C Costs

Overall, 02/2-20 D&C costs are expected to be approximately \$5.5 million compared to a budget of \$5.2 million. The critical fact is that Blackbird has achieved a material step reduction in D&C costs compared to the Company's past performance while increasing completion intensity. These costs are now in line with the cost data provided by peers in the Elsworth / Pipestone corridor. Please see **Figure 6** for the costs of Blackbird's Elsworth Montney wells drilled to date.

Figure 6 – Blackbird's Historical D&C Costs



Unaudited, See Advisories and Forward Looking Information

When compared to Blackbird's historical D&C costs, the 02/2-20 well represents cost improvements of approximately \$4.2 million, or 43%, compared to the average D&C cost of the Company's first three Elmworth Montney wells.

With the material step reduction achieved in D&C costs, the Company expects to achieve a corresponding material increase in the net present value and internal rate of return of Blackbird's wells once tied-in. The Company believes that its Elmworth / Pipestone asset will prove to be among the most economic resources in the Montney under a full development scenario.

Commencement of Strategic Accelerated Business Plan and H1 2017 Drill Program

Blackbird has initiated its previously announced strategic accelerated business plan and H1 2017 drill program (the "**Program**") consisting of two additional horizontal wells. The first well will target the Upper Montney at Elmworth / Pipestone in an area that an industry leader calls the "Volatile Oil" window (which it defines as having greater than 250 bbls of condensate per mmcf of gas). The well will be spud from surface location 11-15-70-7W6, will have a lateral length of approximately 2,150 meters, and will target location 3-28-70-7W6 ("**3-28**"). Blackbird intends to spud the licensed 3-28 well on approximately November 22, 2016.

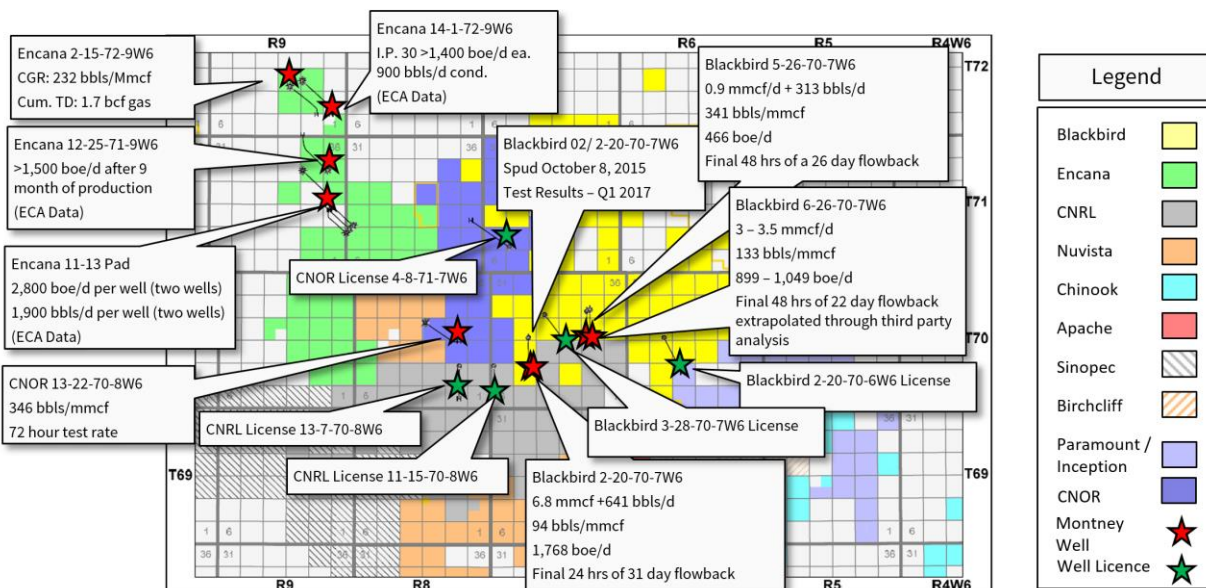
Subsequent to the 3-28 drilling operations, Blackbird will conduct a large scale, high-tonnage slickwater completion program utilizing the Stage System. The completion program will place approximately 4,000 tonnes of sand over approximately 50-60 stages. The 3-28 completion operations are scheduled to begin in December, 2016.

The second well, to be drilled subsequent to the 3-28 well, will target the Middle Montney at Elmworth / Pipestone in the “Volatile Oil” window. The well will be spud from surface location 11-9-70-6W6, will have a lateral length of approximately 2,150 meters, and will target location 2-20-70-6W6 (“**2-20/11-9**”). Blackbird intends to spud the licensed 2-20/11-9 in December, 2016.

Subsequent to the 2-20/11-9 drilling operations, Blackbird will conduct a large scale, high tonnage slickwater completion program similar to the 3-28 program, again utilizing the Stage System. The completion program will place approximately 4,000 tonnes of sand over approximately 50-60 stages. The 2-20/11-9 completion operations are scheduled to begin in January, 2017.

Upon completion of the Program, Blackbird will have a total of three Upper Montney wells and three Middle Montney wells behind pipe. These wells will span over two townships, with the 02/2-20 and 2-20/11-9 wells being approximately six sections apart on an east / west basis. See **Figure 7** below for an illustration of these drilling locations.

Figure 7 – Blackbird’s Drilling Program Locations & Corridor Activity



Infrastructure Construction & Timing of Production

On September 28, 2016 Blackbird achieved the critical company milestone of Alberta Energy Regulator (“**AER**”) approval for its 100% owned and operated Elmworth facility located at 12-14-70-7W6 (the “**Facility**”) and pipeline gathering system (the “**Gathering System**”). Upon the receipt of the AER approval, Blackbird immediately commenced construction.

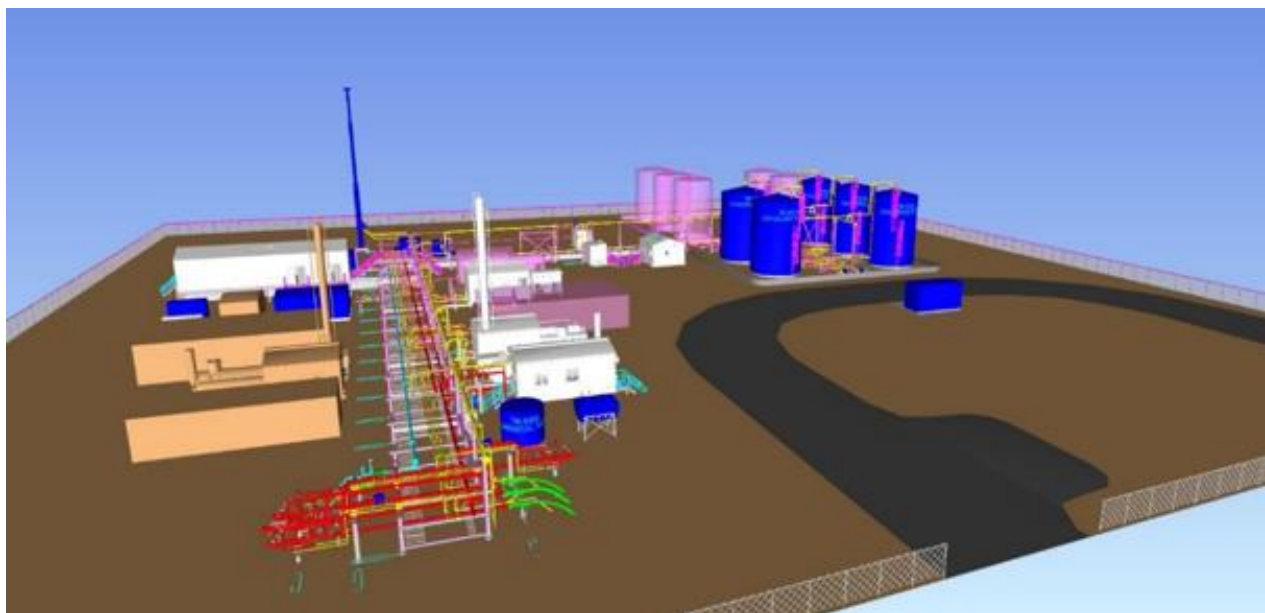
Construction of the Facility and Gathering System continues, and is currently on schedule to be completed in late December, 2016 or early January, 2017. Upon commissioning, Blackbird will tie-in the 6-26, 5-26, 2-20, and 02/2-20 wells, with the 3-28 being tied-in shortly thereafter, and the 2-20/11-9 well being tied-in subsequent to the construction of an eastern pipeline gathering system. The tie-in of these wells will mark another significant milestone for the Company.

Certain pictures during the early stages of construction can be found in the Company’s “The Executive Letter – Photo Edition” in **Figure 8**. The Blackbird Facility is also rendered in **Figure 9** below:

Figure 8 – Link to the Executive Letter – Photo Edition

<https://www.blackbirdenergyinc.com/assets/docs/executive-letter-november-2016-final.pdf>

Figure 9 – Rendering of Blackbird’s Facility



Blackbird's Facility will have an initial capacity of approximately 10 mmcf/d of natural gas plus associated liquids of approximately 1,500 bbls/d, for aggregate throughput of approximately 3,150 boe/d. The Facility includes liquids recovery and stabilization. The Facility has been designed to allow for future production expansion beyond 10 mmcf/d, 1,500 bbls/d and 3,150 boe/d.

Garth Braun commented: "Upon tie-in, we will normalize production, evaluate data, and ensure the smooth operation of our Facility and Gathering System. Thereafter, we will look to increase our firm sour processing and sales gas takeaway contracts in order to facilitate our continued production growth and development strategy. This is a transformative period for Blackbird, and one which our team and loyal stakeholders are very excited about. Thank you all for your continued support as we execute on our vision of being **THE** Montney growth story."

About Blackbird

Blackbird Energy Inc. is a highly innovative oil and gas exploration and development company focused on the condensate and liquids-rich Montney fairway at Elmworth, near Grande Prairie, Alberta.

For more information, please view our Corporate Presentation at www.blackbirdenergyinc.com or contact:

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Advisories and Forward-Looking Information

For further information regarding the Stage Acquisition please see the Company's material change report dated July 29, 2016 and the Subscription Agreement, including an amending agreement thereto, copies of which are available on Blackbird's SEDAR profile at www.sedar.com.

This press release contains forward-looking statements or information (collectively referred to herein as "forward-looking statements"). Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements and are not guarantees of future performance of the Company. Such forward-looking statements include but are not limited to: the final cost of the 02/2-20 D&C program; the design and expected success of Blackbird's future exploration and development program; the improvement of D&C costs including but not limited to those attributed to pad development; the cost savings attributed to a limited flow-back and testing program of the 02/2-20 well; Blackbird's refinement of its drilling and/or completion program in an effort to reduce D&C time and costs; the ability of Blackbird to become a low cost producer; any potential increase in EUR, net present value, internal rate of return, economics, efficiencies, or value for Blackbird's shareholders; the closing of the Stage Acquisition and the anticipated timing therefor; any benefit resulting from Blackbird's relationship with Stage for the benefit of Blackbird and its shareholders; the present and future performance and operational capability of the Stage System and the cost savings and quality improvements derived by Blackbird as a result thereof; the continued availability of preferential access to the Stage System for Blackbird; the ability of Blackbird to maintain any step reduction in D&C costs; the comparability of Blackbird's Elmworth / Pipestone asset with other Montney resources under a full development scenario; the commencement of Blackbird's accelerated strategic business plan and H1 2017 drilling program; the timing, the lateral lengths, the completion programs, and the stages of the Program wells; the number of wells behind pipe post the Program; the timing of completion of construction on the Facility and Gathering System, currently expected in December, 2016, or January, 2017 and the timing of tie-in of Blackbird's wells; the initial and future capacity of Blackbird's Facility and that the Facility will allow for future production expansion; the normalization of production, the evaluation of data, and the potential smooth operation of the Facility and Gathering System; Blackbird's future focus on accessing additional natural gas processing and take-away capacity to facilitate production growth and Blackbird's future development strategy; the continued support of Blackbird's stakeholders, and the ability of Blackbird to be THE Montney growth story.

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 and business conditions in North America and internationally, (2) the inherent uncertainties and speculative nature associated with oil and gas exploration, development and production including drilling and completion risks, (3) the price of and demand for oil and gas and their effect on the economics of oil and gas exploration, (4) 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, (5) the risk that the Company does not execute its business plan, (6) inability to retain key employees, (7) inability to finance operations and growth, and (8) other factors beyond the Company's control. Should one or more of these risks or uncertainties materialize, or should any of the Company's assumptions prove incorrect, actual results may vary in material respects from those projected in the forward-looking statements. Readers are cautioned that the foregoing list of risks, uncertainties, and other factors is not exhaustive. Unpredictable or unknown factors not discussed could also have material adverse effects on forward-looking statements. The impact of any one factor on a particular forward-looking statement is not determinable with certainty as such factors are dependent on other factors, and the Company's course of action would depend on its assessment of the future considering all information then available. All forward-looking statements in this press release are expressly qualified in their entirety by these cautionary statements. Except as required by law, the Company assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change.

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