BLACKBIRD ENERGY

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NEWS RELEASE

BLACKBIRD ENERGY INC. COMPLETES FACILITY AND GATHERING SYSTEM CONSTRUCTION AT ELMWORTH/PIPESTONE AND PROVIDES OPERATIONAL UPDATE REGARDING ACCELERATED BUSINESS PLAN AND STAGE COMPLETIONS

January 11, 2017 - Calgary, Alberta (TSX-V: BBI) Blackbird Energy Inc. ("**Blackbird**" or the "**Company**") is pleased to announce that it has completed the construction of its 100% owned and operated 12-14-70-7W6 Elmworth facility ("**Facility**") and gathering system ("**Gathering System**"). Blackbird is also pleased to provide an operational update regarding its previously announced accelerated business plan and the Stage Completions ("**Stage**") roll-out.

Highlights

- Completion of Facility and Gathering System Construction: Blackbird has completed the construction of its Elmworth/Pipestone Facility and Gathering System, with preliminary estimates indicating the construction was completed, with certain enhancements, near the budget of $16.1 million. Commencement of production is anticipated by the end of January 2017.
- Continuation of Accelerated Business Plan: Blackbird has completed the previously announced 3-28 well drilling operations and will commence completion operations in the near term. Following the 3-28 drilling operations, the rig was released and moved to the previously announced 2-20/11-9 location. The 2-20/11-9 well was spud on December 28, 2016.
- Stage Completions Operational Update: Stage continues to achieve success in the deployment of its Bowhead II System (the "**Stage System**") across a number of basins, with six Stage Systems deployed to date and an additional 12 Stage Systems estimated to be deployed by the end of Q1 2017.

Blackbird Completes Construction of Infrastructure at Elmworth/Pipestone

Blackbird has completed the construction of its 100% owned and operated Elmworth Facility and Gathering System. Blackbird overcame adverse fall and winter weather conditions and was on schedule to commence production on time. Third party factors outside of the Company's control, including a plant turnaround, have resulted in anticipated commissioning of the Facility and Gathering System at the end of January, 2017. Due to the fact that the delay was outside of Blackbird's control, the Company will not incur any contracted sour processing or transportation fees until the commencement of production.

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On a preliminary basis, estimates indicate that the Facility and Gathering System was constructed, with certain enhancements, near the budget of $16.1 million.

In conjunction with the construction of the Company's Facility and Gathering system, Blackbird has tied-in the 6-26, 5-26, 2-20, and 02/2-20 wells ("**Initial Wells**"). The 3-28 well is scheduled to be tied-in by calendar Q2 2017. The 2-20/11-9 well will be tied-in as part of Blackbird's eastern infrastructure development plan, which is currently in the front end engineering design phase.

As previously reported, 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.

While 3,150 boe/d represents the Facility's current capacity, Blackbird's current sour natural gas processing contract amounts to 6.3 mmcf/d plus associated liquids and Blackbird's current Alliance sales gas takeaway agreement amounts to 5.0 mmcf/d of natural gas to be shipped to the Chicago market ("**Initial Production Capacity**"). Blackbird is currently evaluating numerous alternatives to increase both its sour processing and sales gas takeaway capacity in the Alliance pipeline system and/or the TransCanada NGTL pipeline system.

Blackbird expects to achieve its Initial Production Capacity within approximately four weeks of commissioning its Facility and Gathering System, as the Initial Wells are still cleaning up and recovering load fluid.

Garth Braun, Blackbird's Chairman, Chief Executive Officer and President stated: "The completion of our infrastructure construction marks an important milestone in the transition of Blackbird to a producing oil and gas company. Looking forward, we are focused on increasing our sour gas processing throughput, reducing costs, and prudently developing our Elmworth/Pipestone asset in a responsible manner. With this significant infrastructure capital behind us, the groundwork has been laid for scalable growth using cash flow and pad-drilling techniques, which should further decrease our all-in well costs."

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Continuation of Strategic Accelerated Business Plan

The previously announced 3-28 Upper Montney well was spud on November 23, 2016 from surface location 11-15-70-7W6 and drilled to a measured depth of 4,120 meters, including an approximately 1,500 meter lateral section to 15-21-70-7W6. This well was drilled in an area that has been deemed the "Volatile Oil" window by an industry leader. On a preliminary basis, estimates indicate that the 3-28 well was drilled approximately $0.3 million under the budget of $3.0 million.

Completion operations on the 3-28 well commenced on January 10, 2017 utilizing the Stage System. The completion program will place approximately 50 tonnes of sand per stage over approximately 56 stages, the highest frac intensity of any Blackbird wells to date. Consistent with practices of a regional industry leader, Blackbird plans to let the frac fluid imbibe in the 3-28 well for approximately four months before flowing the well back into the Gathering System, with initial production anticipated by June, 2017. This is anticipated to reduce testing and flow-back costs.

On December 28, 2016 Blackbird spud its sixth Montney well, the previously announced 2-20/11-9. This well targets the Middle Montney at Elmworth/Pipestone in the "Volatile Oil" window. The well was spud from surface location 11-9-70-6W6 and will have a lateral length of approximately 1,950 meters to a downhole location of 2-20-70-6W6.

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 50 tonnes of sand per stage over approximately 80 stages.

Resource Delineation and Land Retention

Upon completion of Blackbird's accelerated business plan, the company will have a total of three Upper Montney wells and three Middle Montney wells either producing or 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. This drilling program has delineated a large portion of Blackbird's contiguous land block. See **Figure 1** for an illustration of these well locations and Blackbird's expected future eastern gathering system.

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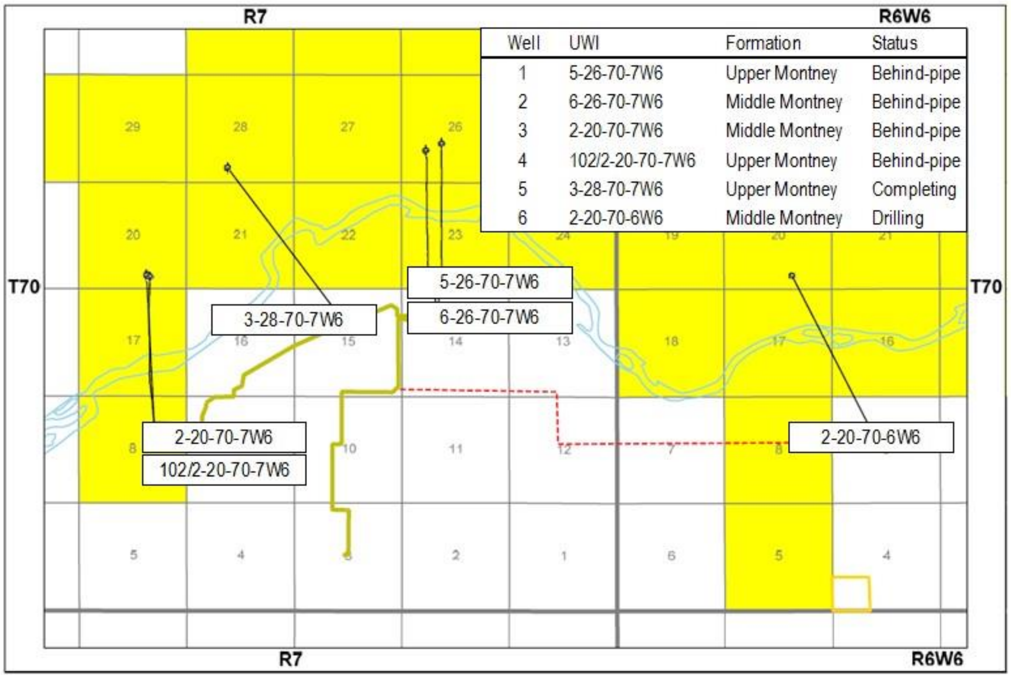
Figure 1: Blackbird's Six Montney Wells and Planned Eastern Gathering System



A second business objective of Blackbird's accelerated business plan was to strategically retain core Elmworth/Pipestone lands. Upon successful completion of the 3-28 and 2-20/11-9 drilling programs, 14 core sections of Elmworth/Pipestone land that was set to expire is expected to be retained, leaving only four non-core sections of land with expiry dates within fiscal 2017. The Company expects to manage any potential expiries going forward through the execution of its business plan.

Garth Braun commented: "Through our accelerated business plan, we expect that we will retain all core Elmworth/Pipestone lands that would have expired during fiscal 2017. Our strategic delineation of the Upper and Middle Montney intervals over a large geographic area has provided us with very valuable information regarding our resource in-place, and solidifies our confidence in the next phase of Blackbird's growth. We will continue our delineation program and proceed into a development phase on our western development block. Through this development phase, we will look to increase production and reserves while maximizing the value of our infrastructure investment."

Stage Completions Update

The roll out of the Stage System has been occurring at a rapid pace, with the technology now having been successfully deployed in six wells to date in the Montney, Permian, Eagle Ford and Cardium formations.

By the end of Q1 2017, the Stage System is expected to be deployed in an additional 12 wells by numerous senior operators in North America and Asia targeting the Duvernay, Montney, Eagle Ford, Scoop and a formation in China. Stage plans to release more detailed 2017 guidance in the next 30-60 days.

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

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

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forward-looking statements include but are not limited to: the anticipated commissioning of the Facility and the Gathering System and timing therefor; the preliminary estimated construction cost of the Facility and the Gathering System, timing for the tie-in of the 3-28 well; the expected initial capacity of the Facility and its design for future production expansion; the current ongoing evaluation by Blackbird of alternatives to increase its sour processing and sales gas takeaway capacity; Blackbird's expectation to achieve its Initial Production Capacity within approximately four weeks of commissioning the Facility and the Gathering System; the preliminary estimated drilling cost of the 3-28 well and the manner, including the frac intensity, of the completions program for the 3-28 well and Blackbird's plan to let the frac fluid imbibe for approximately four months before flowing the well back into the Gathering System; the expected timing for initial production of the 3-28 well to occur by June, 2017; Blackbird's plan to conduct a large-scale, high tonnage slickwater completion program similar to that of the 3-28 well on the 2-20/11-9 well; Blackbird's drilling program delineating a large portion of Blackbird's contiguous land block; and Blackbird's expectation that upon successful completion of the 3-28 well and 2-20/11-9 drilling programs, 14 core sections of Elmworth/Pipestone land with expiry dates in 2017 will be able to be retained the Company believes that it will be able to manage material expiries going forward through the execution of its business plan.

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.

Statements and information contained in this News Release relating to Stage and the Stage System, other than those pertaining to the deployment of the Stage System by Blackbird, have been furnished by Stage and Blackbird has relied upon Stage for the accuracy of such information. Although Blackbird has no knowledge that would indicate that any statements contained herein concerning Stage or the Stage System are untrue or incomplete, neither Blackbird nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such statements and information.

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