

NEWS RELEASE
BLACKBIRD ENERGY INC. ANNOUNCES FIRST QUARTER 2018
FINANCIAL AND OPERATING RESULTS

December 28, 2017 - Calgary, Alberta (TSX-V: BBI) Blackbird Energy Inc. (“**Blackbird**” or the “**Company**”) is pleased to announce its financial and operational results for the quarter ended October 31, 2017. Blackbird’s unaudited condensed consolidated interim financial statements and related management’s discussion and analysis for the quarter ended October 31, 2017 are available on SEDAR at www.sedar.com and are also posted on Blackbird’s website at www.blackbirdenergyinc.com.

Q1 2018 Highlights

- **Q1 2018 Production:** While on production during the quarter, Blackbird produced 5.6 mmcf/d of natural gas, 863 bbls/d of condensate and 80 bbls/d of NGLs for total production of 1,876 boe/d. During the three months ended October 31, 2017, Blackbird averaged production of 2.1 mmcf/d of natural gas, 328 bbls/d of condensate and 30 bbls/d of NGLs for total production of 712 boe/d (including non-core production) despite significant third party natural gas processing plant shut-downs, which resulted in significant increases to per boe operating costs. Blackbird was only able to produce for approximately 35 days during the first quarter of 2018 compared to 92 total calendar days in the quarter which resulted in \$2.6 million of revenue.
- **Third Party Processing:** Post the first quarter of 2018, run times at the third party natural gas processing facility have improved significantly. A number of repairs were performed while the facility was down from November 1st to November 14th, and as a result from November 15th to December 26th, Blackbird has been able to produce for a total of 38 days or at 90% run time, already exceeding the prior quarters days on production;
- **Q1 2018 Condensate Gas Ratio:** 155 bbls/mmcf during the three months ended October 31, 2017;
- **Q1 2018 Total Liquids Gas Ratio:** 170 bbls/mmcf during the three months ended October 31, 2017;
- **Q1 2018 Revenue:** \$2.6 million during the three months ended October 31, 2017;
- **Q1 2018 Operating Netback:** \$14.37/boe during the three months ended October 31, 2017;
- **Gas Processing:** In November, 2017 Blackbird executed an agreement for firm processing of raw gas produced from the Company’s condensate rich Pipestone / Elsworth Montney play. The agreement has an initial term of five years with firm capacity of 20.0 mmcf/d expected to commence in the second quarter of calendar 2019, increasing to 25.0 mmcf/d twelve months after plant start-up and to 30.0 mmcf/d eighteen months after plant start-up;
- **Capital Investment:** Blackbird invested \$29.2 million during the three months ended October 31, 2017, drilling 2 gross (1.2 net) wells, completing 4 gross (2.4 net) wells, recompleting 1 gross (1.0 net) well and bringing 2 gross (2.0 net) wells on production. At October 31, 2017, the Company also had the 6-33-71-7W6 drilling and 2-20-70-6W6 recompletion operations in progress which were subsequently completed in November;
- **Total Assets:** \$194.6 million at October 31, 2017 compared to \$90.9 million at October 31, 2016, representing a 114% increase;
- **Balance Sheet:** Working capital of \$21.3 million at October 31, 2017, which included \$33.8 million of cash and no bank debt; and
- **Land:** During the three months ended October 31, 2017 Blackbird acquired 8 gross (8 net) sections of additional Montney lands for cash consideration of \$1.4 million, increasing its total Pipestone / Elsworth Montney land position to 131 gross (114.9 net) sections at October 31, 2017.

See below for a summary table containing certain financial and operational figures:

By the Numbers – Q1 2018			
<i>(CDN\$ thousands, except where otherwise noted)</i>	Three months ended October 31		
	2017	2016	% Change
Financial			
Petroleum and natural gas revenue	2,582	15	17,113
Funds used in operating activities	(2,114)	(1,235)	71
Net loss and comprehensive loss	(1,737)	(1,059)	64
Net loss per share – basic and diluted (\$/share)	(0.00)	(0.00)	-
Total assets	194,587	90,858	114
Working capital	21,317	30,064	(29)
Capital expenditures	29,241	7,350	298
Operating			
<u>Production</u>			
Condensate (bbls/d)	328	-	-
NGLs (bbls/d)	30	-	-
Natural gas (mcf/d)	2,112	-	-
Non-core (boe/d)	2	14	(86)
Total (boe/d)	712	14	4,986
Liquids ratio (%)	50	-	-
Condensate gas ratio (bbls/mmcf)	155	-	-
Total liquids gas ratio (bbls/mmcf)	170	-	-
<u>Average Montney realized selling prices</u>			
Condensate (\$/bbl)	60.50	-	-
NGLs (\$/bbl)	30.26	-	-
Natural gas (\$/mcf)	3.44	-	-
<u>Netbacks (\$/boe)</u>			
Petroleum and natural gas revenue	39.41	11.65	238
Royalties	(2.09)	-	-
Operating expenses	(10.62)	(82.30)	(87)
Transportation and processing expenses	(12.33)	-	-
Operating netback ⁽¹⁾	14.37	(70.65)	120
Pipestone / Elmworth Montney sections of land (net)	114.9	87.25	32

Notes:

(1) See the Company's Q1 2018 financial statements and related management's discussion and analysis filed on SEDAR for further discussion and cautionary statements regarding the figures above.

(2) See "Non-IFRS Measures" below.

Operations Update and Outlook

Subsequent to October 31, 2017, Blackbird has continued to execute on its planned drilling and completion program. The company will continue its momentum into calendar 2018 with production / test results expected from a number of wells before the end of March, as detailed below. Blackbird expects that these results will showcase the productivity of the Company's resource on the western development block of its Pipestone / Elmworth land base, as well as delineate the acreage to the north and east.

Upcoming well results include:

- 02/6-26-70-7W6 Upper Montney Development Well: Completed using a combination of the Stage Completions Inc. ("Stage") Generation Four Sleeve System and plug and perf technology. The well is currently producing with preliminary production results expected in early 2018.
- 15-21-70-7W6 Upper Montney Development Well: Recompleted in late September utilizing plug and perf technology. The well is currently producing with preliminary production results expected in early 2018.
- 2-28-70-7W6 Upper Montney Development Well: Completed using the Stage Generation Four Sleeve System exclusively. The well is currently producing with preliminary production results expected in early 2018.
- 2-20-70-6W6 Middle Montney Development Well: Recompleted in November utilizing plug and perf technology. This well is expected to confirm the presence of and extend the "Volatile Oil" window more than 5 km eastward from Blackbird's previous wells. Test results from this well are expected in February or March of 2018.
- 1-20-70-7W6 Upper Montney Development Well: Completed in November using a combination of the Stage Generation Four Sleeve System and plug and perf technology. Test results from this well are expected in February or March of 2018.
- 6-33-71-7W6 Upper Montney Delineation Well: Completed in December using the Stage Generation Four Sleeve System exclusively. This is a significant well for Blackbird and will delineate the northern extent of Blackbird's land while also retaining 14 sections of Montney rights. Test results from this well are expected in February or March of 2018.

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 Pipestone / Elmworth, near Grande Prairie, Alberta.

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

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ADVISORIES REGARDING OIL AND GAS INFORMATION

This news release discloses certain production information on a barrels of oil equivalent ("boe") basis with natural gas converted to barrels of oil equivalent using a conversion factor of six thousand cubic feet of gas to one barrel of oil (6:1). Boes may be misleading, particularly if used in isolation. The 6:1 conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead or at the plant gate. Although the 6:1 conversion ratio is an industry accepted norm, it is not reflective of price or market value differentials between product types. Based on current commodity prices, the value ratio between crude oil and natural gas is significantly different from the 6:1 energy equivalency ratio. Accordingly, using a conversion ratio of 6:1 may be misleading as an indication of value.

Other abbreviations used in the news release include: "bbl" which mean barrel; "bbls/d" which means barrels per day; "mcf" which means thousand cubic feet; "mcf/d" which means thousand cubic feet per day; "boe/d" which means barrel of oil equivalent per day; "mmcf" which means million cubic feet; "bbls/mmcf" which means barrels per million cubic feet; and "mmcf/d" which means million cubic feet per day.

FORWARD-LOOKING INFORMATION AND STATEMENTS

This press release contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities laws. Forward-looking statements relate to future performance, events or circumstances, and are based upon internal assumptions, plans, intentions, expectations and beliefs. All statements other than statements of current or historical fact constitute forward-looking statements. Forward-looking statements are typically, but not always, identified by words such as "will", "expect", "believe", "anticipate", "estimate", "plan", "forecast", "potential", "continue" and similar expressions. More particularly and without limitation, this press release contains forward looking statements regarding: the initial term, timing and volumes associated with the gas processing agreement signed in November 2017; Blackbird continuing its momentum into calendar 2018; the timing production / test results from a number of wells, production / test results confirming the productivity of the Company's resource on the western development block of its Pipestone / Elmworth land base, as well as delineating the acreage to the north and east; and the validation of Blackbird's northern acreage through production / test results.

By their nature, forward-looking statements are based upon certain assumptions and are subject to numerous risks and uncertainties, many of which are beyond Blackbird's control, including the impact of general economic conditions, industry conditions, current and future commodity prices, currency and interest rates, anticipated production rates, borrowing, operating and other costs and funds from operations, the timing, allocation and amount of capital expenditures and the results therefrom, anticipated reserves and the imprecision of reserve estimates, the performance of existing wells, the success obtained in drilling new wells, the sufficiency of budgeted capital expenditures in carrying out planned activities, competition from other industry participants, availability of qualified personnel or services and drilling and related equipment, stock market volatility, effects of regulation by governmental agencies including changes in environmental regulations, tax laws and royalties, and the ability to access sufficient capital from internal sources and bank and equity markets; and also including, without limitation, those risks and uncertainties discussed under "Risk Factors" in our Annual Information Form for the year ended July 31, 2017 available on SEDAR. This list is not exhaustive.

The forward-looking statements contained in this press release are made as of the date hereof and Blackbird assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable securities laws. All forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

NON-IFRS MEASURES

This press release contains references to "operating netback", which is a term commonly used in the oil and natural gas industry but without any standardized meaning or method of calculation prescribed by International Financial Reporting Standards ("IFRS") or applicable law. Accordingly, the Company's determination of operating netback may not be comparable to similar measures presented by other issuers. This term is used by management to analyze operating performance on a comparable basis with prior periods of Blackbird. Blackbird calculates operating netback as the total production revenues less royalties, transportation, processing and operating expenses, calculated on a boe basis. Management considers operating netback to provide a useful measure for evaluating operational performance at the oil and gas lease level, as an indicator of field-level profitability relative to current commodity prices. For more details on non-IFRS measures, including a reconciliation to IFRS measures, refer to our management's discussion and analysis for the three months ended October 31, 2017 available on SEDAR.