

Blackbird Energy Inc. and Pipestone Oil Corp. Announce a Strategic Merger and \$310 Million in Equity and Debt Financings to Form a Premier High Growth Pure-Play Condensate Rich Montney Company

30.10.2018 | [GlobeNewswire](#)

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CALGARY, Oct. 30, 2018 - [Blackbird Energy Inc.](#) ("Blackbird") (TSX-V: BBI) and Pipestone Oil Corp. ("Pipestone Oil") are pleased to announce that they have entered into an agreement (the "Arrangement Agreement") dated October 29, 2018 that provides for the combination of Blackbird and Pipestone Oil (the "Transaction"). Concurrent with the Transaction, Blackbird and Pipestone Oil have entered into agreements with certain of their existing shareholders who have committed to common equity financings totaling \$111.0 million and Pipestone Oil has arranged \$198.5 million of debt financing (collectively, the "Financings"). The Transaction and Financings will result in the strategic combination of two adjacent and contiguous Pipestone Montney land bases under a single well-capitalized, high growth company that will operate under the name [Pipe Stone Energy Corp.](#) ("Pipestone Energy").

Pipestone Energy will be the operator of a pure-play condensate-rich Montney asset in the Pipestone area near Grande Prairie with proved plus probable reserves ("2P Reserves") of ~165 MMboe (~36% condensate / oil + ~11% NGLs) and risked best estimate contingent resources ("2C Resources") of ~221 MMboe (~36% condensate / oil + ~10% NGLs) booked on only ~58% of total lands, as evaluated by McDaniel & Associates Consultants Ltd. ("McDaniel")⁽¹⁾. The McDaniel reserves and resource evaluations support sustained production potential of greater than 50,000 boe/d with an associated before-tax 2P Reserves NPV10% of ~\$1.2 billion and before-tax 2C Resources NPV10% of ~\$0.8 billion (in each case based on forecast pricing)⁽¹⁾. The Financings fully fund Pipestone Energy to achieve its planned 2019 restricted exit production rate of 14,000 to 16,000 boe/d, with diversified processing and egress solutions already in place.

The Transaction will be completed by way of an amalgamation of Blackbird and Pipestone Oil to create Pipestone Energy pursuant to a plan of arrangement (the "Arrangement") under the *Business Corporations Act* (Alberta) with a pre-Arrangement continuance of Blackbird to Alberta. Pursuant to share conversion terms under the Arrangement, the issued and outstanding common shares of Blackbird ("Blackbird Shares") will be converted to common shares of Pipestone Energy ("New Shares") and effectively consolidated on a 10:1 basis (the "Consolidation"). Pipestone Oil's sole shareholder Canadian Non-Operated Resources L.P. ("CNOR LP") will be entitled to receive 103.75 million New Shares (equivalent to 1.0375 billion pre-Consolidation Blackbird Shares). Upon completion of the Arrangement and Financings, Blackbird shareholders would own approximately 45.1% of the New Shares to be outstanding (or approximately 50.8% on a fully diluted basis including all existing Blackbird dilutive securities).

The amalgamation of Blackbird and Pipestone Oil is intended to be tax-deferred for Canadian federal income tax purposes for shareholders of both entities and to qualify as a tax-free (or tax-deferred) reorganization for U.S. federal income tax purposes. As part of a share reorganization under the Arrangement, Blackbird's minority interest in the Stage Completions Group of Companies will be transferred to a holding company ("Stage Holdco") whose shares will be distributed to Blackbird's shareholders.

Garth Braun, Chairman, CEO, and President of Blackbird, stated, "While on the cusp of a significant growth trajectory, we are pleased to provide our shareholders with this transformative opportunity that further de-risks Blackbird's path to unlock the potential of our Pipestone Montney resource. This accretive transaction will accelerate value for our shareholders through an expanded high-graded inventory of top tier drilling locations, enhanced access to lower cost equity and debt capital and a world-class development team to continue the advancement of our premier condensate rich Montney asset in a socially and environmentally responsible manner. This next phase of development will see the combined company grow to a level where it will deliver meaningful free cash flow to our shareholder base. The combination of these two companies creates scale, diversified access to processing and a combined potential value that will be greater than the sum of the parts."

Paul Wanklyn, President and CEO of Pipestone Oil, stated, "The assets of Blackbird and Pipestone Oil are a perfect fit and we are excited to bring them together at this early stage as it will afford many operational synergies as the company moves into large scale development. The significant financing commitment that existing shareholders have made in connection with this combination speaks to the high-quality nature of the assets and their support of our business plan and management team. We look forward to building value for Blackbird and Pipestone Oil shareholders in a prudent and efficient manner in the years to come." Rick Grafton, co-founder of Grafton Asset Management, stated, "The significant financial commitment we have made underscores the confidence level we have in the long-term value creation that Pipestone Energy can deliver to its shareholders."

(1) The McDaniel reserves and resource evaluations are effective August 1, 2018, utilizing the McDaniel July 1, 2018 price deck, which has been prepared in accordance with the COGE Handbook and NI 51-101.

Key Investment Highlights of Pipestone Energy

- A pure-play Pipestone Montney company with the single largest condensate-rich acreage position in the sweet spot of the over-pressured window of the fairway
 - Over 98,000 net acres of Montney lands within the very rich gas condensate window at Pipestone;
 - Up to four separate Montney development horizons tested on Pipestone Energy's lands or in close proximity contribute to over 175 meters of average Montney thickness across the land base;
 - Pipestone Oil currently has ~9,000 boe/d of restricted production behind pipe from nine wells, based on 2P Reserves type curves, with an additional six wells scheduled to be completed by year end 2018; and
 - The land base is well delineated with 31 horizontal wells across the property.
- Type curve forecasts are supported by strong initial test results and offsetting production validated by industry's successful delineation efforts
 - McDaniel's Very Rich Gas Condensate 2 ("VRGC2") Pipestone Montney B and C type curves, which are representative of the near-term development plans, generate half-cycle IRRs of ~55% to >95% with payout periods of ~17 months to ~13 months⁽¹⁾; and
 - Strong initial test results with rates of 900 to 3,100 boe/d (average ~1,800 boe/d) and condensate gas ratios of up to ~300 bbl/MMcf (average ~170 bbl/MMcf)⁽²⁾.
- Decades of drilling inventory established with significant reserves and resource recognition
 - Management has identified 1,450 potential drilling locations in four Montney development horizons;
 - 2P Reserves of ~165 MMboe (~\$1.2 billion before tax NPV 10%) and 2C Risked Resource of ~221 MMboe (~\$0.8 billion before tax NPV 10%) with 555 drilling locations booked;
 - Only two out of four prospective layers have been booked as either reserves or resource; and
 - Completing an exploratory Lower Montney well with initial test results expected before year end 2018.
- Committed funding to achieve forecast 2019 exit production rate of 14,000 to 16,000 boe/d
 - The integrated development plan for the combined asset base contemplates total capital expenditures of ~\$220 to \$260 million for Q4 2018E and 2019E, including ~\$100 million for field gathering, well site facilities, and water handling;
 - The planned capital expenditures are fully funded by the Financings and forecast cash flow from operations; and
 - Based on forecast exit 2019 production rates and an estimated operating netback of \$28⁽¹⁾ per boe, Pipestone Energy forecasts run-rate annualized net operating income of \$145 to \$165 million.
- Positioned for significant long-term growth and free cash flow generation
 - On a combined basis, Pipestone Energy will have firm access to natural gas processing and egress solutions to support production of greater than 30,000 boe/d by 2022E; and
 - The McDaniel reserves and resource evaluations support sustained production potential of greater than 50,000 boe/d from two Montney development intervals, with additional upside from the Montney A and Lower Montney.

- (1) Flat US\$65/bbl WTI, C\$1.90/GJ (\$2.00/Mcf) AECO, \$0.775 CADUSD (the "Pricing Assumptions"). Assumes a 2,500 meter lateral length.
- (2) Represents production over the last 24 hours of a production test.

Strategic Rationale for Blackbird Shareholders

The Transaction would have significant benefits for Blackbird shareholders resulting from increased scale and access to capital as well as ownership in a pro forma company with a high-graded development inventory that is well positioned to execute on a development plan that would more efficiently unlock the value of its Pipestone Montney assets.

- The strategic combination provides shareholders with continued exposure to a stronger world-class Montney growth story
 - Significantly bolsters high-graded drilling inventory within the economic sweet spot of the play; and
 - Material operating synergies to be realized through more efficient development of interlocking lands.
- A de-risked financing strategy accelerates the path to increase production, cash flow and value
 - Improved cost of capital versus stand-alone scenarios to access required development funding;
 - The development plan to reach forecast 2019 exit production of 14,000 to 16,000 boe/d is fully funded by committed equity and term debt and forecast funds from operations; and
 - The pro forma exit 2019 forecast is expected to be significantly accretive to Blackbird's stand-alone forecast on a production and cash flow per share basis.
- Compelling value to enhance exposure to the Pipestone Montney resource play
 - ~305% increase (3 to 14 MMboe) in proved developed reserves (~70% per fully diluted share after the Financings);
 - ~171% increase (29 to 79 MMboe) in total proved reserves (~14% per fully diluted share after the Financings); and
 - ~180% increase (59 to 165 MMboe) in total 2P Reserves (~17% per fully diluted share after the Financings).
- Improved business flexibility, size, liquidity, access to capital and diversified exposure to processing and egress helps lift pro forma market positioning
 - Equity and debt capital providers have demonstrated a significant commitment to the larger scale, combined company; and
 - The Transaction increases the number of alternatives available to process and sell petroleum products produced from Blackbird's assets.
- Experienced management team and strong governance
 - To ensure continuity of leadership, the new seven member board of Pipestone Energy includes two Blackbird nominees, including Garth Braun, Chairman, CEO, and President of Blackbird; and
 - The management team of Pipestone Energy has the requisite experience to continue to develop the combined asset base in an efficient, economic, ethical, safe and environmentally responsible manner.

Board of Directors and Management Team of Pipestone Energy

Pipestone Energy will be led by Paul Wanklyn, President and Chief Executive Officer and Bob Rosine, Chief Operating Officer. Certain employees of both companies will have roles in Pipestone Energy.

The board of directors of Pipestone Energy will be comprised of the following seven members: two Blackbird nominees, Garth Braun (Chairman, CEO, and President of Blackbird) and Bill Lancaster (President of GMT Exploration Company LLC); three Pipestone Oil nominees, Geeta Sankappanavar (Co-Founder & President of Grafton Asset Management), Robert Tichio (Partner at Riverstone Holdings LLC), and Paul Wanklyn (President and CEO of Pipestone Energy); and two additional independent nominees (one of whom will serve as the Chairperson of the Pipestone Energy board of directors). Richard Grafton will serve as a strategic advisor to the board of directors. In connection with the Transaction, Pipestone Energy will enter into a nomination agreement with CNOR LP providing for nomination rights for three directors as of the date of closing of the Transaction, which initially will be Geeta Sankappanavar, Robert Tichio, and Paul Wanklyn, with such number of director nominees subject to continued Pipestone Energy shareholding requirements for CNOR LP.

Key Attributes of Pipestone Energy and Preliminary Guidance

Capitalization and Preliminary Guidance

Capitalization (Prior to the Proposed 10:1 Share Consolidation)	
Common Shares Outstanding (B)	~1.9
Listed Warrants Outstanding (MM)	~175.2
Estimated Adjusted Net Debt (Cash) as at September 30, 2018 (\$MM) ⁽¹⁾	~\$(60.0)
Capital Expenditures	
Q4 2018E (\$MM)	\$110 to \$120
2019E (\$MM)	\$110 to \$140
Forecast Production and Netback	
Average 2019E (boe/d)	3,000 to 3,500
Exit 2019E (boe/d)	14,000 to 16,000
Exit 2019E Estimated Liquids Weighting (%)	35-40% Condensate + 5-10% NGLs
Operating Netback (\$/boe) ⁽²⁾	~\$28

(1) Includes estimated transaction costs and proceeds from the Financings, and does not include any proceeds from the exercise of Blackbird dilutive securities.

(2) Based on the Pricing Assumptions.

Select Pipestone Energy Type Curve Parameters and Economics

Pipestone Energy Montney VRGC2 Type Curves		
	Montney B	Montney C
Parameters		
DC&T Cost (\$MM)	\$9.7	\$9.7
Raw Gas EUR (Bcf)	4.2	3.4
Condensate EUR (Mbbls)	392	313
Average Horizontal Length (m)	2,500	2,500
Frac Intensity (t/m)	2.5	2.5
Economics ⁽¹⁾		
Payout (months)	13	17
Before-tax IRR (%)	96%	58%
Before-tax NPV 10% (\$MM)	\$9.8	\$6.3

(1) Based on the Pricing Assumptions.

Reserves and Resources

	Volume (MMboe)	NPV 10% (before-tax) ⁽¹⁾ (\$MM)
Proved Reserves	~79	~\$555
2P Reserves	~165	~\$1,170
2C Resources	~221	~\$810

(1) Based on McDaniel reserves and resource evaluations effective August 1, 2018, utilizing the McDaniel July 1, 2018 price deck.

Processing and Egress Solutions

Pipestone Energy will have firm access to 60 MMcf/d of natural gas gathering, compression and processing through the Keyera Wapiti Gas Plant beginning in Q4 2019E, with an option to increase to 90 MMcf/d at the company's election, and firm access to 20 MMcf/d through the planned Tidewater Pipestone Gas Plant beginning in Q3 2019E, ramping to 30 MMcf/d by 2021E.

Pipestone Energy has secured diversified transportation and egress capacity on the TransCanada and Alliance pipeline systems to materially match its processing commitments and growth plans, while delivering production beyond congested AECO markets. Pipestone Energy will also maintain preferred access to the Tidewater gas storage facility.

The Financings

Pursuant to the terms of the Financings, an aggregate of \$111 million of equity will be raised by Blackbird and Pipestone Oil on a committed basis, with the new directors and officers of Pipestone Energy anticipated to contribute an additional amount up to \$4.4 million, all on a non-brokered, private placement basis. Blackbird has entered into subscription agreements with GMT Exploration Company LLC and certain funds and accounts managed by its principal shareholder GMT Capital Corp. ("GMT"), pursuant to which GMT will invest ~\$26 million in Blackbird Shares on a subscription receipt basis at a pre-Consolidation price of \$0.34 per subscription receipt (the "GMT Private Placement"). GMT currently holds ~11% of the Blackbird Shares. It is anticipated that on the closing of the Transaction, insiders of Pipestone Energy will subscribe for up to \$4.4 million of New Shares at a price of \$3.40 per share. The GMT Private Placement and the private placement to insiders are each subject to the approval of the TSX Venture Exchange (the "TSX-V"). Pipestone Oil has a commitment from CNOR LP to invest \$85 million in common shares of Pipestone Oil on or prior to closing of the Transaction (the "CNOR Commitment"). Closing of each of the GMT Private Placement and the CNOR Commitment is conditional on the closing of the Transaction. Proceeds of the GMT Private Placement and the CNOR Commitment will be used for Pipestone Energy's 2019 capital expenditure program. No finders fees or commissions will be payable with respect to the equity financings. The number of New Shares issuable to CNOR LP pursuant to the Arrangement was determined with reference to \$0.34 per Blackbird Share.

In conjunction with the Transaction, Pipestone Oil has been provided a binding commitment letter and term sheet for a \$198.5 million two-year first lien credit facility (the "Credit Facility"), which will be used to fund a portion of the 2019 capital expenditure program and repay existing indebtedness. The Credit Facility is comprised of a \$10.0 million revolving credit facility, a \$20.0 million letter of credit facility, and a \$168.5 million term loan ("Term Loan"). The Term Loan is available in tranches between the anticipated Transaction closing date and Q1 2020 to fund capital expenditures and to repay existing indebtedness. The interest rate on the revolving and letter of credit facilities is Prime + 300 bps, and payable in cash on a monthly basis. The Term Loan carries a swapped floating-to-fixed interest rate of 9.75%, which is funded through a payment-in-kind interest reserve tranche of \$9.0 million. The Credit Facility is not subject to any scheduled borrowing base redeterminations or financial covenants. The closing of the Credit Facility financing, including the execution of a definitive credit agreement, is expected to occur concurrently with Transaction closing, anticipated to be in early January 2019.

Support for the Transaction

The Blackbird board of directors has unanimously approved the Transaction, determined that the Transaction is in the best interest of Blackbird, and has recommended that the holders of Blackbird Shares vote in favour of the Transaction. Cormark Securities Inc. has provided an opinion to the Blackbird board of directors that, based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be received by the holders of Blackbird Shares pursuant to the Arrangement is fair from a financial point of view to the holders of Blackbird Shares. BMO Capital Markets has provided an opinion to the Blackbird board of directors that, based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be received by the holders of Blackbird Shares pursuant to the Arrangement is fair from a financial point of view to the holders of Blackbird Shares. All of the directors and officers of Blackbird, and Blackbird's principal shareholder GMT, have entered into agreements with Pipestone Oil pursuant to which they have agreed to vote their Blackbird Shares in favour of the Transaction, representing approximately 16.9% of the issued and outstanding Blackbird Shares.

Conditions and Blackbird Shareholder Meeting

Completion of the Arrangement will be subject to the approval of the holders of Blackbird Shares at a meeting to be called to consider the Arrangement (the "Blackbird Meeting"); by: (i) a majority of not less than 66 2/3 percent of votes cast in person or by proxy; and (ii) a majority of the minority; vote to be held in accordance with Policy 5.9 of the TSX-V. As a result of the GMT Private Placement, GMT's shares will be excluded from the majority of the minority vote.

In addition to shareholder approval, the Arrangement is also subject to the receipt of certain regulatory, court and TSX-V approvals and certain other closing conditions customary in transactions of this nature, including under the Competition Act (Canada). The Arrangement is an "Arm's Length Transaction" as contemplated by TSX-V Policy 5.2.

The Arrangement Agreement includes customary provisions relating to non-solicitation and a fiduciary-out in the event a financially superior offer is received by either Blackbird or Pipestone Oil, subject to the other party's right to match such superior offer. The Arrangement Agreement also provides for mutual non-completion fees in the amount of \$12 million in the event that the Arrangement is not completed or the Arrangement Agreement is terminated by either party in certain circumstances.

Further details regarding the Arrangement will be contained in an information circular (the "Information Circular") to be sent to Blackbird securityholders in connection with the Blackbird Meeting. The Information Circular is expected to be mailed to holders of Blackbird Shares within the next two to three weeks with the Blackbird Meeting to be held thereafter and the Transaction is anticipated to be closed in early January 2019. All holders of Blackbird Shares are urged to read the Information Circular once available as it will contain additional important information concerning the Arrangement. A copy of the Arrangement Agreement and the Information Circular and related documents will be filed with Canadian securities regulators and will be available on Blackbird's profile at www.sedar.com.

Effect on Outstanding Blackbird Options and Public Warrants

Convertible securities of Blackbird not exercised before closing will remain outstanding following completion of the Transaction, and will be automatically adjusted for the conversion of Blackbird Shares to New Shares and effective Consolidation under the Arrangement to thereafter be exercisable for 0.1 of a New Share following completion. In accordance with the warrant indenture governing Blackbird's publicly-listed warrants, a warrant holder who duly exercises warrants after closing of the Transaction will also receive, in addition to New Shares, one Stage Holdco share for every warrant exercised.

Advisors

Cormark Securities Inc., as Lead, and BMO Capital Markets are acting as financial advisors to Blackbird with respect to the Transaction. Bennett Jones LLP is acting as Blackbird's legal advisor.

Peters & Co. Limited is acting as the exclusive financial advisor to Pipestone Oil with respect to the Transaction. National Bank Financial is acting as strategic advisor to Pipestone Oil and the Lead Arranger and Sole Bookrunner with respect to the Credit Facility. CIBC World Markets acted as a strategic advisor to the CNOR LP board of directors. Osler, Hoskin & Harcourt LLP is acting as Pipestone Oil's legal advisor.

Conference Call and Webcast

Blackbird and Pipestone Oil will host a conference call and webcast to discuss the proposed merger today. The details of the conference call and webcast are below.

An updated corporate presentation (Link: [Presentation](#)) highlighting the strategic combination of Blackbird and Pipestone Oil is available on Blackbird's website at www.blackbirdenergyinc.com and Pipestone Oil's website at www.pipestoneoilcorp.com.

Conference Call October 31, 2018

8:30 a.m. MDT (10:30 a.m. EDT)

Blackbird and Pipestone Oil will host a conference call tomorrow, October 31, 2018, starting at 8:30 am MDT (10:30 am EDT). To participate please dial toll free in North America 1-866-470-2346 or international 1-409-217-8310 and enter 6676599 when prompted. Alternatively, to listen to the conference call online, please enter <https://edge.media-server.com/m6/p/6ao4tgkr> in your web browser.

An archived recording of the conference call will be available shortly after the event by accessing the webcast link above. The conference call will also be archived on Blackbird's website at www.blackbirdenergyinc.com and Pipestone Oil's website at www.pipestoneoilcorp.com.

Advisory Regarding Forward-Looking Statements

In the interest of providing shareholders of Blackbird and potential investors information regarding Blackbird, Pipestone Oil and Pipestone Energy and the Transaction, this news release contains certain information and statements ("forward-looking statements") that constitute forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking statements relate to future results or events, are based upon internal plans, intentions, expectations and beliefs, and are subject to risks and uncertainties that may cause actual results or events to differ materially from those indicated or suggested therein. 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 "anticipate", "estimate", "expect", "intend", "forecast", "continue", "propose", "may", "will", "should", "believe", "plan", "target", "objective", "project", "potential" and similar or other expressions indicating or suggesting future results or events.

Forward-looking statements are not promises of future outcomes. There is no assurance that the results or events indicated or suggested by the forward-looking statements, or the plans, intentions, expectations or beliefs contained therein or upon which they are based, are correct or will in fact occur or be realized (or if they do, what benefits Pipestone Energy may derive therefrom).

In particular, but without limiting the foregoing, this news release contains forward-looking statements pertaining to: expected timing to mail the Information Circular and to complete the Transaction; anticipated strategic, financial and operational benefits of the Transaction, including, but not limited to, 2019E, 2022E and future estimated production, estimated capital expenditures; drilling plans for 2018; operating netbacks, and Pipestone Energy's IRR's; and Pipestone Energy's proposed drilling locations.

Certain of the information in this news release is "financial outlook" within the meaning of applicable securities laws. The purpose of this financial outlook is to provide readers with disclosure regarding Pipestone's reasonable expectations as to the anticipated results of its proposed business activities. Readers are cautioned that this financial outlook may not be appropriate for other purposes.

With respect to the forward-looking statements contained in this news release, Blackbird and Pipestone Oil have assessed material factors and made assumptions regarding, among other things: future commodity prices and currency exchange rates, including consistency of future oil, natural gas liquids (NGLs) and natural gas prices with current commodity price forecasts; the ability to integrate Blackbird's and Pipestone Oil's businesses and operations and realize financial, operational and other synergies from the Transaction; the ability to obtain regulatory approvals and meet other closing conditions for the Transaction; Pipestone Energy's continued ability to obtain qualified staff and equipment in a timely and cost-efficient manner; the predictability of future results based on past and current experience; the predictability and consistency of the legislative and regulatory regime governing royalties, taxes, environmental matters and oil and gas operations, both provincially and federally; Pipestone Energy's ability to successfully market its production of oil, NGLs and natural gas; the timing and success of drilling and completion activities (and the extent to which the results thereof meet expectations); Pipestone Energy's future production levels and amount of future capital investment, and their consistency with Pipestone Energy's current development plans and budget; future capital expenditure requirements and the sufficiency thereof to achieve Pipestone Energy's objectives; the successful application of drilling and completion technology and processes; the applicability of new technologies for recovery and production of Pipestone Energy's reserves and other resources, and their ability to improve capital and operational efficiencies in the future; the recoverability of Pipestone Energy's reserves and other resources; Pipestone Energy's ability to economically produce oil and gas from its properties and the timing and cost to do so; the performance of both new and existing wells; future cash flows from production;

future sources of funding for Pipestone Energy's capital program, and its ability to obtain external financing when required and on acceptable terms; future debt levels; geological and engineering estimates in respect of Pipestone Energy's reserves and other resources; the accuracy of geological and geophysical data and the interpretation thereof; the geography of the areas in which Pipestone Energy conducts exploration and development activities; the timely receipt of required regulatory approvals; the access, economic, regulatory and physical limitations to which Pipestone Energy may be subject from time to time; and the impact of industry competition.

Information and statements regarding Blackbird's and Pipestone Oil's reserves and resources also are forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources exist in the quantities predicted or estimated and can be profitably produced in the future. In addition, with respect to the type curves and test rates, there is no certainty that future wells will generate results to match type curves or test rates presented herein.

The forward-looking statements contained herein reflect management's current views, but the assessments and assumptions upon which they are based may prove to be incorrect. Although Blackbird and Pipestone Oil each believe that its underlying assessments and assumptions are reasonable based on currently available information, undue reliance should not be placed on forward-looking statements, which are inherently uncertain, depend upon the accuracy of such assessments and assumptions, and are subject to known and unknown risks, uncertainties and other factors, both general and specific, many of which are beyond Pipestone Energy's control, that may cause actual results or events to differ materially from those indicated or suggested in the forward-looking statements. Such risks and uncertainties include, but are not limited to, volatility in market prices and demand for oil, NGLs and natural gas and hedging activities related thereto; the ability to obtain approvals for the Transaction; the ability to successfully integrate Blackbird's and Pipestone Oil's businesses and operations; general economic, business and industry conditions; variance of Pipestone Energy's actual capital costs, operating costs and economic returns from those anticipated; the ability to find, develop or acquire additional reserves and the availability of the capital or financing necessary to do so on satisfactory terms; and risks related to the exploration, development and production of oil and natural gas reserves and resources. Additional risks, uncertainties and other factors are discussed in Blackbird's current annual information form, annual and interim management's discussion and analysis, and other documents filed by it from time to time with securities regulatory authorities in Canada, copies of which are available electronically on SEDAR at www.sedar.com.

The forward-looking statements contained in this news release are made as of the date hereof and Blackbird and Pipestone Oil assume 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 herein are expressly qualified by this advisory.

Non-GAAP Financial and Capital Management Measures

This news release contains references to "free cash flow", "funds from operations", "operating netback", "IRR" or "internal rate of return", "adjusted net debt", and "net operating income" which are terms 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, Blackbird's and Pipestone Oil's determination of these metrics may not be comparable to similar measures presented by other issuers.

"Free cash flow" should not be considered an alternative to, or more meaningful than, cash flow – operating activities as determined in accordance with IFRS, as an indicator of financial performance. Free cash flow is presented to assist management and investors in analyzing operating performance by the business in the stated period. Free cash flow equals cash flow – operating activities plus change in non-cash working capital less capital expenditures.

Funds from operations is a non-GAAP measure which should not be considered an alternative to, or more meaningful than, cash flow – operating activities as determined in accordance with IFRS, as an indicator of financial performance. Funds from operations is presented to assist management and investors in analyzing operating performance of the Company in the stated period. Funds from operations equals cash flow – operating activities plus change in non-cash working capital.

“IRR” or “internal rate of return” is a rate of return measure used to compare the profitability of an investment and represents the discount rate at which the net present value of costs equals the net present value of the benefits. The higher a project’s IRR, the more desirable the project.

“Operating netback” equals the total of petroleum and natural gas sales less royalties, operating expenses and transportation and processing expenses calculated on a per boe basis. Operating netback is utilized by Pipestone Energy to analyze the performance of its oil and natural gas assets at the field-level by isolating the impact of changes in production volumes.

“Adjusted net debt” is a non-GAAP measure that equals total debt less current assets plus current liabilities (excluding any amounts included in total debt), and includes transaction costs and the Financings. Total debt is calculated as long-term debt, long-term debt due within one year and short-term debt. Adjusted net debt is considered to be a useful measure in assisting management and investors to evaluate Pipestone Oil’s financial strength.

“Net operating income” represents revenue net of royalties and operating, sales and transportation expenses. Management believes that net operating income is a useful supplemental measure to analyze operating performance and provides an indication of the results generated by Pipestone Energy’s principal business activities prior to the consideration of other income and expenses.

Advisory Regarding Oil and Gas Information

General

Information in this news release regarding Blackbird’s and Pipestone Oil’s estimated reserves and resources, net present value of related future net revenue, and production is expressed on a net Blackbird and Pipestone Oil (as applicable) interest basis, being their respective working interest (operating and non-operating) share after deduction of royalty obligations plus any royalty interest. Estimates of future net revenue are after deduction of forecasted royalties, operating costs, estimated well abandonment and reclamation costs and estimated future development costs, but without any provision for interest costs, debt service charges or general and administrative expenses.

Reserves and resources volumes attributed to Blackbird’s and Pipestone Oil’s properties and related future net revenue are estimates only. There is no assurance that the estimated reserves and resources can or will be recovered or that estimated future net revenues will be realized. Actual reserves and resources may be greater or less than those estimated, and the difference may be material. Similarly, estimated net present values of related future net revenue attributed to reserves and resources do not represent fair market value of those reserves or resources (whether or not risked). There is no assurance that the forecast prices and cost assumptions applied in evaluating the reserves and estimating related future net revenue will be attained, and variances between actual and forecast prices and costs may be material. An estimate of risked NPV of future net revenue of contingent resources is preliminary in nature and is provided to assist the reader in reaching an opinion on the merit and likelihood of Blackbird or Pipestone Oil proceeding with the required investment. It includes contingent resources that are considered too uncertain with respect to the chance of development to be classified as reserves. There is uncertainty that the risked NPV of future net revenue will be realized.

The determination of oil and gas reserves and resources involves estimating subsurface accumulations of oil, condensate NGLs and natural gas that cannot be exactly measured. The preparation of estimates is subject to an inherent degree of associated risk and uncertainty, including factors that are beyond Blackbird’s or Pipestone Oil’s, as applicable, control. The estimation and classification of reserves and resources is a complex process involving the application of professional judgment combined with geological and engineering knowledge to assess whether specific classification criteria have been satisfied. It requires significant judgments based on available geological, geophysical, engineering, and economic data as well as forecasts of commodity prices and anticipated costs. As circumstances change and additional data becomes available, whether through the results of drilling, testing and production or from economic factors such as changes in product prices or development and production costs, reserves estimates also change. Revisions may be positive or negative.

Blackbird

Figures provided in this news release as to Blackbird's reserves volumes and net present value of future net revenue attributable thereto are estimates of such volumes and values as at July 31, 2018 based on an evaluation by McDaniel, Blackbird's independent qualified reserves evaluator. Figures provided in this news release as to Blackbird's resources volumes and net present value of future net revenue attributable thereto are estimates of such volumes and values as at May 1, 2018 based on an evaluation by McDaniel. McDaniel's evaluations were in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101") and, pursuant thereto, the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook").

Certain contingencies currently prevent the classification of Blackbird's contingent resources as reserves. The 221.3 MMboe of 2C Resources of the combined company disclosed in this news release include Blackbird's Best Estimate Development Pending Contingent Resources of 135.9 MMboe in the Pipestone / Elmworth Montney area in Alberta. The corresponding estimate of risked before tax NPV of future net revenue for Best Estimate Development Pending Contingent Resources, using a discount rate of 10% per year, is \$587.3 million. The product types associated with Blackbird's contingent resources include crude oil, natural gas, condensate, and NGLs. Contingent resources are defined in the COGE Handbook as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political and regulatory matters or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage.

Pursuant to the COGE Handbook, there are three classification levels of contingent resource estimates: Low Estimate, Best Estimate and High Estimate. Best estimate is considered to be the best estimate of the quantity that will be actually recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the best estimate. Pursuant to the COGE Handbook, contingent resources are sub-classified based on project maturity. All of Blackbird's contingent resources disclosed in this news release have been sub-classified as "Development Pending", which applies in circumstances where resolution of the final conditions for development is being actively pursued and indicates a relatively high chance of development versus the other sub-classifications.

All of Blackbird's contingent resources have been risked using an 80% chance of development. For contingent resources, the chance of development is the estimated probability of a project being commercially viable, and development proceeding in a timely fashion. Determining chance of development requires consideration of each applicable contingency and quantifying them so as to arrive at an overall development risk factor. In quantifying the chance of development, the factors that were assessed quantitatively to be less than one in the development risk calculation included the economic status, the project evaluation scenario status, and the development time frame. The chance of development multiplied by the unrisked resource volume estimate yields the risked resource volume estimate. As many of these factors have a wide range of uncertainty and are difficult to quantify, the chance of development is an uncertain value that should be used with caution.

Continuous development through multi-year exploration and development programs and significant levels of future capital expenditures are required in order for additional resources to be recovered in the future. The principal risks that would inhibit the recovery of additional reserves relate to the potential for variations in the quality of the Montney formation where minimal well data currently exists, access to the capital required to develop the resources, low commodity prices that would curtail the economics of development and the future performance of wells, regulatory approvals, access to required services at an appropriate cost, and the effectiveness of well fracturing technology and applications. For contingent resources to be converted to reserves, Blackbird must ascertain commercial production rates, then develop firm plans, including with respect to timing, infrastructure and the commitment of capital. Confirmation of commercial productivity is generally required before Blackbird can prepare firm development plans and commit required capital for the development of the contingent resources. Additional contingencies relate to the current lack of infrastructure required to develop the resources in a relatively quick time frame. As continued delineation occurs, some resources currently classified as Contingent Resources are expected to be re-classified to reserves.

The estimated cost reflected in McDaniel's evaluation of Blackbird's contingent resources to

bring on commercial production from the Best Estimate Development Pending contingent resources for all four product types is approximately \$1,833 million (when discounted at 10%, the estimated cost is approximately \$668 million). The expected timeline to bring these resources on production is between the years 2021 and 2042. Best Estimate Development Pending Contingent Resources are expected to be recovered using the same technology of horizontal drilling and multi-stage fracturing that Blackbird has already proven to be effective in its Pipestone/Elmworth Montney play.

The estimates of contingent resources provided herein are estimates only and there is no guarantee that the estimated contingent resources will be recovered. Actual contingent resources may be greater or less than the estimates provided in this news release, and the differences may be material. The estimates of contingent resources and future net revenue for individual properties may not reflect the same confidence level as estimates of contingent resources and future net revenue for all properties, due to the effects of aggregation. There is no assurance that the forecast price and cost assumptions applied by McDaniel in evaluating Blackbird's contingent resources will be attained and variances could be material. There is uncertainty that it will be commercially viable to produce any portion of the contingent resources described herein, or that Blackbird will produce any portion of the volumes currently classified as contingent resources.

Pipestone Oil

Unless otherwise indicated: (i) reserves and resources estimates have been prepared by McDaniel, Pipestone Oil's independent qualified reserves evaluators in accordance with the COGE Handbook, have an effective date of July 1, 2018 and represent Pipestone Oil's working interest share; (ii) drilling locations have been derived from reports by McDaniel (iii) projected and historical production volumes provided represent Pipestone Oil's working interest share before royalties.

Certain contingencies currently prevent the classification of Pipestone Oil's contingent resources as reserves. The 221.3 MMboe of the combined company's 2C Resources disclosed in this news release include Pipestone Oil's Risked Best Estimate Development Pending Contingent Resources of 85.4 MMboe in the Pipestone / Elmworth Montney area. The corresponding estimate of risked before tax NPV of future net revenue for Best Estimate Development Pending Contingent Resources, using a discount rate of 10% per year, is \$232.0 million. The product types associated with Pipestone Oil's contingent resources include crude oil, natural gas, condensate, and NGLs.

All of Pipestone Oil's contingent resources disclosed in this news release have been sub-classified as "Development Pending", which applies in circumstances where resolution of the final conditions for development is being actively pursued and indicates a relatively high chance of development versus the other sub-classifications.

All of Pipestone Oil's contingent resources have been risked using an 80% chance of development. In quantifying the chance of development, the factors that were assessed quantitatively to be less than one in the development risk calculation included the economic status, the project evaluation scenario status, and the development time frame. The chance of development multiplied by the unrisked resource volume estimate yields the risked resource volume estimate. As many of these factors have a wide range of uncertainty and are difficult to quantify, the chance of development is an uncertain value that should be used with caution.

Continuous development through multi-year exploration and development programs and significant levels of future capital expenditures are required in order for additional resources to be recovered in the future. The principal risks that would inhibit the recovery of additional reserves relate to the potential for variations in the quality of the Montney formation where minimal well data currently exists, access to the capital required to develop the resources, low commodity prices that would curtail the economics of development and the future performance of wells, regulatory approvals, access to required services at an appropriate cost, and the effectiveness of well fracturing technology and applications. For contingent resources to be converted to reserves, Pipestone Oil must ascertain commercial production rates, then develop firm plans, including with respect to timing, infrastructure and the commitment of capital. Confirmation of commercial productivity is generally required before Pipestone Oil can prepare firm development plans and commit required capital for the development of the contingent resources. Additional contingencies relate to the current lack of infrastructure required to develop the resources in a relatively quick time frame. As continued delineation occurs, some resources currently classified as contingent resources are expected to be re-classified to reserves.

The estimated cost reflected in McDaniel's evaluation of Pipestone Oil's contingent resources to bring on commercial production from the Risked Best Estimate Development Pending Contingent Resources for all four product types is approximately \$1,126.2 million (when discounted at 10%, the estimated cost is approximately \$267.9 million). The expected timeline to bring these resources on production is between the years 2027 and 2040 (in accordance with a pre-development study). The contingent resources are expected to be recovered using the same technology of horizontal drilling and multi-stage fracturing that Pipestone Oil has already proven to be effective in its Pipestone/Elmworth Montney play.

The estimates of contingent resources provided herein are estimates only and there is no guarantee that the estimated contingent resources will be recovered. Actual contingent resources may be greater or less than the estimates provided in this news release, and the differences may be material. The estimates of contingent resources and future net revenue for individual properties may not reflect the same confidence level as estimates of contingent resources and future net revenue for all properties, due to the effects of aggregation. There is no assurance that the forecast price and cost assumptions applied by McDaniel in evaluating Pipestone Oil's contingent resources will be attained and variances could be material. There is uncertainty that it will be commercially viable to produce any portion of the contingent resources described herein, or that Pipestone Oil will produce any portion of the volumes currently classified as contingent resources.

Type Curve Information and Estimated Ultimate Recovery

This news release provides indicative information regarding Pipestone Energy's type curve parameters and economics. Type curve information reflects current operating experience in relation to wells of the indicated type, including with respect to costs, production and decline rates, and are based on the Pricing Assumptions as indicated. There is no assurance that actual well results will be in accordance with those suggested by the type curve information. Actual results will differ, and the difference may be material. The type curve information includes estimated ultimate recovery (EUR), which is a measure commonly used in the oil and natural gas industry but is not a resource category or defined term under NI 51-101 or the COGE Handbook. EUR refers to the quantity of petroleum estimated to be potentially recoverable from an accumulation, plus quantities already produced therefrom. EUR does not, however, have a standardized meaning and may not be comparable to similar measures presented by other companies. Accordingly, EUR should not be used for comparisons. EUR estimates in this news release reflect type curve information based on internal empirical data and publicly available information sources believed to be independent but which Blackbird and Pipestone Oil cannot confirm was prepared by a qualified reserves evaluator or in accordance with the COGE Handbook. EUR volumes are not reserves. There is no assurance that EUR volumes are recoverable or that it will be commercially viable to produce any portion thereof. Management uses EUR for internal corporate performance purposes and to provide a measure to assess that performance over time; however, such measure is not a reliable indicator of future performance and therefore should not be unduly relied upon. EUR used in this news release was prepared by a qualified reserves evaluator.

Initial Production Rates and Short-Term Test Rates

This news release discloses test rates of production for certain wells over short periods of time, which are preliminary and not determinative of the rates at which those or any other wells will commence production and thereafter decline. Short-term test rates are not necessarily indicative of long-term well or reservoir performance or of ultimate recovery. Although such rates are useful in confirming the presence of hydrocarbons, they are preliminary in nature, are subject to a high degree of predictive uncertainty as a result of limited data availability, and may not be representative of stabilized on-stream production rates.

Production over a longer period will also experience natural decline rates, which can be high in the Montney play and may not be consistent over the longer term with the decline experienced over an initial production period. Initial production or test rates may also include recovered "load" fluids used in well completion stimulation operations. Actual results will differ from those realized during an initial production period or short-term test period, and the difference may be material.

Drilling Locations

This news release discloses future development drilling locations, including future booking potential and total risked locations. Drilling locations refers to Pipestone Energy's total proved, probable and risked contingent (best estimate) locations, which are derived from reports prepared by McDowell. Proved locations and probable locations account for drilling locations in Pipestone Energy's inventory that have associated proved and/or probable reserves. 2C locations account for drilling locations in Pipestone Energy's inventory that have associated 2C resources. Future booking potentials (or unbooked locations) are internal estimates based on Pipestone Energy's prospective acreage and an assumption as to the number of wells that can be drilled based on industry practice and internal review. Of the 1,450 potential drilling locations identified in this news release, there are ~870 potential unbooked locations. Unbooked locations do not have attributed reserves or resources. Unbooked locations have specifically been identified by management as an estimation of Pipestone Energy's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves data on prospective acreage and geologic formations. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results and other factors.

Oil and Gas Measures

Barrels of Oil Equivalent – 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 (Mcf) to one barrel (bbl) of oil (6 Mcf:1 bbl). Condensate and other NGLs are converted to boe at a ratio of 1 bbl:1 bbl. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 bbl is based roughly on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at Blackbird's and Pipestone Oil's sales point. 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, NGLs and natural gas is significantly different from the 6:1 energy equivalency ratio. Accordingly, using a conversion ratio of 6 Mcf:1 bbl may be misleading as an indication of value.

This document includes estimates of net pay thickness. The estimates were prepared internally. The risks and uncertainties associated with recovery of resources include, but are not limited to: that Pipestone Energy may encounter unexpected drilling results; the occurrence of unexpected events in the exploration for, and the operation and development of, oil and gas; delays in anticipated timing of drilling and completion of wells; geological, technical, drilling and processing problems; and other difficulties in producing petroleum reserves.

Analogous Information

Certain information in this news release may constitute "analogous information" within the meaning of NI 51-101, including information relating to areas, wells or operations that are in geographical proximity to or believed to be on-trend with lands held by Pipestone Energy and production information in respect of wells that are believed to be on trend with Pipestone Energy's properties. Such information has been obtained from governmental or other public sources, regulatory agencies or other industry participants that are independent of Pipestone Energy. Pipestone Energy does not, though, know whether any such information contained herein that constitutes "analogous information" was prepared in accordance with the COGE Handbook or by a qualified reserves evaluator or auditor under NI 51-101 (except as otherwise indicated herein), as applicable, and cannot verify its accuracy. While believed to be reliable, third party data relied upon by Pipestone Energy may be in error.

Management believes such information may be relevant to Pipestone Energy's efforts to understand and predict reservoir characteristics of properties in which Pipestone Energy may hold or intend to acquire an interest, and it is presented to help demonstrate the basis for Pipestone Energy's business plans and strategies. There is, however, no assurance that the qualities, characteristics or results suggested by or inferred from analogous information are or will be similar to or otherwise representative of the qualities or characteristics of properties in which Pipestone Energy has or intends to acquire an interest or the results that Pipestone Energy may achieve or realize from any operations thereon. Such information is not, and should not be construed or relied upon as, an estimate or predictor of resource potential or future production levels.

The following is selected information with regard to each of the directors and officers listed above:

Mr. Wanklyn is the President and Chief Executive Officer of Pipestone Oil and a Senior Partner at Grafton Asset Management. Mr. Wanklyn started his career at Canadian Hunter Exploration Ltd. in 1982 as an exploration geologist, and ultimately was the company's Exploration Manager. Since 1993, Mr. Wanklyn has co-founded and has acted as CEO in numerous private and public exploration and production companies with operations in Western Canada and the U.S.. Mr. Wanklyn received an MSc. in Geology from the University of Colorado in 1985 and a B.Comm from the University of Alberta in 1981. He is an advisory board member of the University of Calgary, Hotchkiss Brain Institute, a Board member of private UK E&P exploration company, Connaught Energy and a past Board member of the Explorers and Producers Association of Canada.

Mr. Rosine is the Chief Operating Officer of Pipestone Oil. Mr. Rosine is a professional engineer with over 30 years of diverse technical and executive experience. Prior to joining Pipestone Oil, Mr. Rosine served as President & CEO of OMERS Energy Inc. and has previously held executive positions at a number of oil & gas companies, including [Pengrowth Energy Corp.](#), Highpine Oil & Gas Ltd., and other public E&P companies. Mr. Rosine received his Bachelor of Science degree in Mechanical Engineering from the University of Calgary in 1981 and a Bachelor of Science degree in Chemistry from the University of Alberta in 1977. Bob is a member of APEGA and SPE.

Mr. Braun is Chairman, Chief Executive Officer and President of Blackbird. Mr. Braun is a seasoned oil and gas executive with over 13 years of oil and gas experience combined with 30 years of diversified business experience in finance and real estate. Over the past several years, Mr. Braun has led Blackbird through the successful acquisitions of two E&P companies, the divestiture of non-core Montney assets, the accumulation of its Montney land at Elmworth and the drilling of Blackbird's Elmworth Montney wells. Mr. Braun was previously the Chairman and Chief Executive Officer of an international oil and gas company, an investment banker and a principal of a private real estate development company that completed over \$1 billion in real estate development. Mr. Braun is also a founder and director of Stage Completions Inc., an innovative downhole completions company.

Mr. Lancaster joined GMT Energy as Vice President Exploration and Production on January 1, 2000. Effective April 20, 2001, Mr. Lancaster was named President of GMT Energy. Mr. Lancaster resigned his position with GMT Energy effective with the merger and has since then served as a member of the Board and President of GMT Exploration. He graduated from the University of Colorado with a bachelor's degree in Geologic Engineering in 1978. Mr. Lancaster is a former president of the Colorado Oil and Gas Association (COGA), on the Board of Directors for the Western Energy Alliance (WEA), and is a member of the Rocky Mountain Association of Geologists (RMAG), and the American Association of Petroleum Geologists (AAPG).

Ms. Sankappanavar is the Co-Founder and President of Grafton Asset Management. Grafton is a Calgary-based energy investment firm with ~\$1B in capital under management, focused on investing at the asset level in oil and gas and infrastructure that supports the intermittency of renewable energy. Ms. Sankappanavar is responsible for strategy, oversight and execution of all Grafton's business and operating units. She is a graduate of the Massachusetts Institute of Technology and began her career as a consultant with McKinsey and Company out of the New York office. Ms. Sankappanavar also serves on the board of directors for UNICEF Canada, The Palix Foundation, and Jowidana Hotels Ltd. She has been honoured as one of Canada's Top 100 Most Powerful Women, Alberta's 50 Most Influential People, and one of Calgary's Top 40 under 40.

Mr. Tichio is a Partner of Riverstone. He is based in New York. Prior to joining Riverstone in 2006, Mr. Tichio was in the Principal Investment Area (PIA) of Goldman Sachs, which manages the firm's private corporate equity investments. Mr. Tichio began his career at J.P. Morgan in the Mergers & Acquisition group, where he concentrated on assignments that included public company combinations, asset sales, takeover defenses, and leveraged buyouts. Mr. Tichio serves on the Boards of Directors of Barra Energia, Carrier I & II, Castex, Centennial, CIOC, CNOR, Eagle Energy, EP Energy, ILX, Rock Oil, Talos Energy, Teton Range, and Trail Ridge.

Notice to United States Readers

The petroleum and natural gas reserves contained in this news release have generally been prepared in accordance with Canadian disclosure standards, which are not comparable in all respects to United States or

other foreign disclosure standards. For example, the United States Securities and Exchange Commission (the "SEC") requires oil and gas issuers, in their filings with the SEC, to disclose only "proved reserves", but permits the optional disclosure of "probable reserves" and "possible reserves" (each as defined in SEC rules). Canadian securities laws require oil and gas issuers to disclose their reserves in accordance with NI 51-101, which requires disclosure of not only "proved reserves" but also "probable reserves" and permits the optional disclosure of "possible reserves". Additionally, NI 51-101 defines "proved reserves", "probable reserves" and "possible reserves" differently from the SEC rules. Accordingly, proved, probable and possible reserves disclosed in this news release may not be comparable to United States standards. Probable reserves are higher risk and are generally believed to be less likely to be accurately estimated or recovered than proved reserves. Possible reserves are higher risk than probable reserves and are generally believed to be less likely to be accurately estimated or recovered than probable reserves.

In addition, under Canadian disclosure requirements and industry practice, reserves and production are reported using gross volumes, which are volumes prior to deduction of royalty and similar payments. The SEC rules require reserves and production to be presented using net volumes, after deduction of applicable royalties and similar payments.

Pipestone Energy advises investors that although contingent resources are recognized by Canadian securities regulations under NI-51-101, the SEC does not recognize this term. Consequently, this news release contains disclosure regarding resources that a U.S. company would not be permitted to include in its filings with the SEC. As a result, the disclosure regarding Pipestone Energy's properties is materially different than disclosure provided by U.S. companies in their filings with the SEC. Investors are cautioned not to assume that any part or all of any resource will ever be converted into a reserve.

All amounts in this news release are stated in Canadian dollars unless otherwise specified.

TSX Venture Exchange Required Disclosure

Pipestone Energy expects to be classified by the TSX-V as a Tier 1 Oil and Gas Issuer upon completion of the Transaction. Blackbird and Pipestone Oil intend to apply for an exemption from sponsorship pursuant to section 3.4(a)(i) of TSX-V Policy 2.2 as the conditions therein are met, or otherwise for a waiver of sponsorship pursuant to TSX-V discretion. There are no guarantees that such exemption or waiver from sponsorship will be obtained, in which case the parties will be required to obtain a sponsor. No Non-Arm's Length Party of Blackbird (within the meaning of section 2.3(e) of TSX-V Policy 5.2) has any direct or indirect beneficial interest in CNOR LP or Pipestone Oil.

Completion of the transaction is subject to a number of conditions, including but not limited to, TSX Venture Exchange acceptance and if applicable, disinterested shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of [Blackbird Energy Inc.](#) should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this news release.

Blackbird Energy Inc.

[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 further information about Blackbird, please visit the company website at www.blackbirdenergyinc.com or contact:

Garth Braun Chairman, CEO and President (403) 500-5550 gbraun@blackbirdenergyinc.com	Allan Dixon Manager, Business Development (403) 699-9929 Ext. 103 adixon@blackbirdenergyinc.com
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Pipestone Oil Corp.

Pipestone Oil Corp. is a private oil and gas exploration and production company incorporated under the Laws of the Province of Alberta and is located in Calgary, Alberta. Pipestone Oil has targeted the highly prospective condensate rich Montney formation located in the Pipestone area of Alberta.

Based on its audited financial statements, as at December 31, 2017, Pipestone Oil held total assets of \$100.0 million, total liabilities of \$11.8 million and had shareholder's equity of \$88.2 million. For the year ended December 31, 2017, Pipestone Oil generated \$1.0 million of gross revenue and a net income of \$0.2 million. As at June 30th, 2018, based on its unaudited financial statements, Pipestone Oil held total assets of \$131.3 million, total liabilities of \$43.7 million and shareholder's equity of \$87.7 million. For the six months ended June 30th, 2018, Pipestone Oil generated gross revenue of \$1.6 million and a net loss of \$0.5 million. Pipestone Oil is a wholly-owned subsidiary of Canadian Non-Operated Resources L.P., a limited partnership formed under the Laws of the Province of Alberta, and is a Calgary based oil and gas investment fund, which is run by a team of experienced operating, technical, and financial professionals at Grafton Asset Management Inc. Grafton Asset Management Inc. is a Calgary-based asset manager focused on investing across the capital structure of top-tier Canadian energy companies.

For further information about Pipestone Oil, please visit the company website at www.pipestoneoilcorp.com or contact:

Paul Wanklyn President and Chief Executive Officer (403) 228-8684 paul@graftonfunds.com	Dan van Kessel Corporate Development (403) 228-8688 dan@graftonfunds.com
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Canadian Non-Operated Resources L.P.

Canadian Non-Operated Resources L.P. is a Calgary-based oil and gas partnership formed under the laws of the Province of Alberta in 2014 managed by Grafton Asset Management, a Calgary-based oil and gas investment management firm. CNOR LP was formed in connection with an equity commitment by funds managed by Riverstone Holdings LLC, Grafton Asset Management, and certain other investors.

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