

SUMMARY OF RESERVES AS OF JUNE 30, 2011 (Forecast Prices & Costs)

RESERVES CATEGORY	Light & Medium Oil		Heavy Oil		Natural Gas ⁽¹⁾		Natural Gas Liquids		Total	
	Gross ⁽²⁾	Net ⁽³⁾	Gross ⁽²⁾	Net ⁽³⁾	Gross ⁽²⁾	Net ⁽³⁾	Gross ⁽²⁾	Net ⁽³⁾	Gross ⁽²⁾	Net ⁽³⁾
	(Mbbbl)	(Mbbbl)	(Mbbbl)	(Mbbbl)	(MMcf)	(MMcf)	(Mbbbl)	(Mbbbl)	(Mboe)	(Mboe)
Undeveloped	155.6	115.5	0.0	0.0	0.0	0.0	0.0	0.0	155.6	115.5
Total Proved	285.2	208.6	12.6	10.7	154.6	135.5	1.2	0.6	324.7	242.5
PROBABLE	388.8	269.5	1.3	1.2	74.8	64.9	0.7	0.4	403.4	281.9
TOTAL PROVED + PROBABLE	674.0	478.1	13.9	11.9	229.4	200.4	1.9	1.0	728.0	524.4

Notes:

- (1) Estimates of Reserves of natural gas include associated and non-associated gas.
- (2) "Gross Reserves" are Corporation's working interest share of remaining reserves before the deduction of royalties owned by others.
- (3) "Net Reserves" are Corporation's working interest share of remaining reserves less all Crown, freehold, and overriding royalties and interests owned by others.
- (4) Due to rounding, certain columns may not add exactly.

The following table discloses, in the aggregate, the net present value of Blackhawk's future net revenue attributable to the reserves categories in the previous table, estimated using forecast prices and costs, before and after deducting future income tax expenses, and calculated using discount rates of 0%, 5%, 10%, 15% and 20%.

SUMMARY OF NET PRESENT VALUE OF FUTURE NET REVENUE AS OF JUNE 30, 2011 (Forecast Prices & Costs)

(000s)	Before Income Taxes Discounted At				
	0%	5%	10%	15%	20%
	(\$)	(\$)	(\$)	(\$)	(\$)
Proved					
Developed producing	5,986.4	4,849.1	4,088.4	3,554.1	3,162.3
Developed non-producing	-	-	-	-	-
Undeveloped	6,093.8	4,887.2	4,021.3	3,377.4	2,883.9
Total proved	12,080.2	9,736.3	8,109.7	6,931.6	6,046.2
Probable	17,653.2	11,955.1	8,779.8	6,826.3	5,525.6
Total proved plus probable	29,733.4	21,691.4	16,889.5	13,757.9	11,571.8
(000s)	After Income Taxes Discounted At				
	0%	5%	10%	15%	20%
	(\$)	(\$)	(\$)	(\$)	(\$)
Proved					
Developed producing	5,986.4	4,849.1	4,088.4	3,554.1	3,162.3
Developed non-producing	-	-	-	-	-
Undeveloped	4,687.3	3,783.4	3,124.7	2,629.1	2,245.8
Total proved	10,673.7	8,632.5	7,213.1	6,183.3	5,408.1
Probable	13,335.7	8,962.1	6,529.8	5,036.0	4,042.7
Total proved plus probable	24,009.4	17,594.6	13,742.9	11,219.2	9,450.8

Notes:

- (1) NPV of FNR includes all resource income: sale of oil, gas, by-product reserves; processing of third party production; and other income.
- (2) Income taxes include all resource income, appropriate income tax calculations and prior tax pools.
- (3) Due to rounding, certain columns may not add exactly.

This table discloses, in the aggregate, certain elements of Blackhawk's future net revenue attributable to its proved reserves and its proved plus probable reserves, estimated using forecast prices and costs, and calculated without discount.

**TOTAL FUTURE NET REVENUE (Undiscounted)
AS OF JUNE 30, 2011 (Forecast Prices & Costs)**

RESERVES CATEGORY	Revenue (M\$)	Royalties (M\$)	Operating Cost (M\$)	Development Costs (M\$)	Well Aband. Costs (M\$)	BT Future Net Revenue ⁽¹⁾ (M\$)	Income Taxes (M\$)	AT Future Net Revenue ⁽¹⁾ (M\$)
PROVED								
Proved Producing	13,460.7	3,403.7	3,454.7	-	615.8	5,986.4	-	5,986.4
Proved Developed Non-Producing	-	-	-	-	-	-	-	-
Proved Undeveloped	13,313.4	3,397.5	2,233.0	1,530.0	59.0	6,093.8	1,406.5	4,687.3
Total Proved	26,774.0	6,801.3	5,687.7	1,530.0	674.9	12,080.2	1,406.5	10,673.7
PROBABLE	37,538.2	11,023.3	7,223.0	1,530.0	108.7	17,653.2	4,317.5	13,335.7
TOTAL PROVED + PROBABLE	64,312.3	17,824.6	12,910.7	3,060.0	783.6	29,733.4	5,724.0	24,009.4

This table discloses, by production group, the net present value of Blackhawk's future net revenue attributable to its proved reserves and its proved plus probable reserves, before deducting future income tax expenses, estimated using forecast prices and costs, and calculated using a 10% discount rate.

RESERVES CATEGORY	PRODUCTION GROUP	BT Discounted (10%/Ur) Future Net Revenue (M\$)	Unit Value (\$/boe)	Unit Value (\$/Mcfe) ⁽²⁾
TOTAL PROVED	Light & Medium Crude Oil (including solution gas and other by-products)	7,733.0	36.08	6.01
	Heavy Oil (including solution gas and other by products)	262.0	24.55	4.09
	Natural gas (including by-products but excluding solution gas from oil wells)	114.7	6.54	1.09
TOTAL PROVED + PROBABLE	Light & Medium Crude Oil (including solution gas and other by-products)	16,347.1	33.55	5.58
	Heavy Oil (including solution gas and other by products)	305.5	25.75	4.29
	Natural gas (including by-products but excluding solution gas from oil wells)	236.9	9.38	1.56

Notes:

- (1) BT means before taxes.
- (2) Unit values based on net reserve volumes.
- (3) Due to rounding, certain columns may not add exactly.

Pricing Assumptions

Forecast Prices Used in Estimates

The forecast reference prices used in preparing Blackhawk's reserves data are provided in the below table.

Reconciliation Of Changes In Reserves And Future Net Revenue

The following table provides a reconciliation of Blackhawk's gross reserves based on forecast prices and costs.

	Light and medium crude oil (combined)			Natural Gas and CBM ⁽¹⁾		
	Proved	Probable	Proved + Probable	Proved	Probable	Proved + Probable
	(Mbbbl)	(Mbbbl)	(Mbbbl)	(MMcf)	(MMcf)	(MMcf)
June 30, 2010	162.4	84.9	247.3	977.5	200.2	1,177.8
Discoveries, Extensions and Improved recovery	155.6	309.3	464.8	0.0	0.0	0.0
Economic Factors	0.1	-0.2	0.0	-10.8	3.4	-7.3
Technical Revisions	-7.8	-5.1	-13.0	-773.6	-128.8	-902.4
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Production	-25.1	0.0	-25.1	-38.6	0.0	-38.6
June 30, 2011	285.2	388.8	674.0	154.6	74.8	229.4

	Heavy Oil			Natural Gas Liquids		
	Proved	Probable	Proved + Probable	Proved	Probable	Proved + Probable
	(Mbbbl)	(Mbbbl)	(Mbbbl)	(Mbbbl)	(Mbbbl)	(Mbbbl)
June 30, 2010	66.3	37.3	103.6	0.5	0.3	0.8
Discoveries, Extensions and Improved recovery	0.0	0.0	0.0	0.0	0.0	0.0
Economic Factors	0.0	-2.7	-2.7	0.0	0.0	0.0
Technical Revisions	-39.6	-33.3	-72.9	0.8	0.4	1.2
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Production	-14.1	0.0	-14.1	-0.2	0.0	-0.2
June 30, 2011	12.6	1.3	13.9	1.2	0.7	1.9

Note:

(1) Estimates of reserves of natural gas include associated and non-associated gas.

Additional Information Relating To Reserves Data

Undeveloped Reserves

The following discussion generally describes the basis on which Blackhawk attributes proved and probable undeveloped reserves and its plans for developing those undeveloped reserves.

Proved Undeveloped Reserves

Proved undeveloped reserves are generally those reserves related to wells that have been tested and not yet tied-in, wells drilled near the end of the fiscal year or wells further away from gathering systems. In addition, such reserves may relate to planned infill-drilling locations. The majority of these reserves are planned to be on stream within a two-year timeframe.

Probable Undeveloped Reserves

Probable undeveloped reserves are generally reserves tested or indicated by analogy to be productive, infill drilling locations and lands contiguous to production. The majority of these reserves are planned to be on stream within a two-year timeframe. There are no probable undeveloped reserves in the AJM Report.

SUMMARY OF PROVED UNDEVELOPED RESERVES (Forecast Prices & Costs)

<u>Year</u>	<u>Light & Medium Oil</u>		<u>Heavy Oil</u>		<u>Natural Gas ⁽²⁾</u>		<u>Natural Gas Liquids</u>	
	<u>First Attributed (Mbbl)</u>	<u>Cumulative at Yr End ⁽¹⁾ (Mbbl)</u>	<u>First Attributed (Mbbl)</u>	<u>Cumulative at Yr End ⁽¹⁾ (Mbbl)</u>	<u>First Attributed (MMcf)</u>	<u>Cumulative at Yr End ⁽¹⁾ (MMcf)</u>	<u>First Attributed (Mbbl)</u>	<u>Cumulative at Yr End ⁽¹⁾ (Mbbl)</u>
2011	155.6	155.6	0.0	0.0	0.0	0.0	0.0	0.0
2010	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2009	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2008	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Notes:

- (1) Cumulative at Yr End means residual cumulative of previous year plus first attributed.
(2) Includes associated and non-associated gas.

Significant Factors or Uncertainties

The process of evaluating reserves is inherently complex. It requires significant judgment and decision-making on the basis of the available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance become available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions. Factors and assumptions that affect these reserve estimates include, among other things: (i) historical production in the area compared with production rates from analogous producing areas; (ii) initial production rates; (iii) production decline rates; (iv) ultimate recovery of reserves; (v) success of future development activities; (vi) marketability of production; (vii) effects of government regulations; and (viii) other government levies imposed over the life of the reserves.

As circumstances change and additional data become available, reserve estimates also change. Estimates are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions. Revisions to reserve estimates can arise from changes in year-end prices, reservoir performance and geologic conditions or production. These revisions can be either positive or negative.

The evaluated oil and gas properties of Blackhawk have no material extraordinary risks or uncertainties beyond those that are inherent in an oil and gas producing company.

Future Development Costs

The following table provides information regarding the development costs deducted in the estimation of future net revenue attributable to Blackhawk's reserves.

<u>Year</u>	<u>Total Proved Reserves using forecast prices and costs</u>	<u>Total Proved Plus Probable Reserves using forecast prices and costs</u>
2011	0.0	0.0
2012	1,530.0	3,060.0
2013	0.0	0.0
2014	0.0	0.0
2015	0.0	0.0
Total Undiscounted	1,530.0	3,060.0
Total Discounted at 10%	1,405.5	2,811.1

Note:

- (1) Future Development Costs shown are associated with booked reserves in the AJM Report and do not necessarily represent Blackhawk's full exploration and development budget.

Blackhawk expects that such funds will be obtained from internally-generated cash flow and debt or equity financing. Blackhawk does not expect the cost of funding to have a material impact on its future net revenue

Oil and Gas Properties and Wells

Blackhawk is a junior oil and natural gas exploration and production company with all of its producing assets located in Alberta, Canada. The majority of Blackhawk's production and reserve value is associated with its Bodo property which is located near the town of Provost. Approximately 74% of Blackhawk's total proved reserve volumes and 96% of Blackhawk's before tax net present value discounted at 10% are associated with the Bodo property. The Bodo property consists of three producing pools and over 11 net sections of undeveloped land. The three producing pools are referred to as the McLaren Pool located at section 30-T38R1W4, the Sparky Pool located at section 16-T39R2W4 and the Colony Pool located at section 32-T39R2W4.

The McLaren Pool consists of three producing McLaren oil wells tied into a central processing and water disposal facility. One well is used for water disposal. The wells produce from the McLaren Formation at a depth of approximately 750m TVD. The oil is 12 degrees API and the wells typically produce with a water cut above 90%. Clean oil is trucked from the processing facility north to Talisman Chauvin where it is sold.

The Sparky Pool consists of a single horizontal well drilled into the Sparky Formation at a depth of approximately 725 m TVD. The well produces 27 degree API oil at a 50% water cut. The oil and water are separated on lease. Oil is trucked north to Talisman Chauvin for sale and water is trucked to Blackhawk's water disposal facility located at the McLaren Pool.

The Colony Pool consists of a single gas well producing gas out of the Colony Formation. The Colony Pool was put on production on August 20, 2010.

On July 27, 2011, the Company announced that it had signed a purchase and sale agreement related to its Bodo properties. The properties have been sold in two concurrent arms length transactions for total gross proceeds of \$6,800,000 with an effective date of July 1, 2011. Shareholder approval of the transaction was received on September 14, 2011. The closing of the transaction is still awaiting final regulatory approval.

Other producing oil and gas properties owned by Blackhawk include Wood River at section 11 T43R23W4, Queenstown at section 34 T18R22W4, and Greencourt at section 18 T60R9W5. The Wood River property produces natural gas from the Horseshoe Canyon Coal Formation, the Queenstown property produces oil and gas from two vertical wells in the Glauconite Formation, and the Greencourt property produces oil and gas from the Viking Formation.

The following table shows additional information regarding Blackhawk's wells at June 30, 2011.

Wells	OIL AND GAS WELLS			
	Producing		Non-Producing	
	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾
Provost Area	5.0	4.1	3.0	3.0
Other	7.0	2.3	8.0	3.8
TOTAL	12.0	6.4	11.0	6.8

Notes:

- (1) "Gross" wells mean the number of wells in which Blackhawk has a working interest or a royalty interest that may be converted into a working interest.
- (2) "Net" wells means the aggregate number of wells obtained by multiplying each gross well by Blackhawk's percentage working interest therein.

Properties with No Attributed Reserves

The following table sets forth information respecting Blackhawk's undeveloped lands as at June 30, 2011.

PROPERTY WITH NO ATTRIBUTED RESERVES

LOCATION	Unproved Properties		
	Gross Acres	Net Acres	2010 Expiring Net Acres
Provost Area	7,075	7,075	0
Wood River	800	800	0
Edson	640	141	0
Esther	3,200	1,536	0
Peoria	640	240	0
TOTAL	12,355	9,792	0

Note:

(1) Unproved properties have no attributed reserves as of June 30, 2011. Undeveloped acreage within properties where proven reserves have been booked as of June 30, 2011 has not been included.

Forward Contracts and Marketing

Blackhawk had no hedges in place during the financial year ended June 30, 2011. Subsequent to June 30, 2011, Blackhawk has not entered any fixed price physical contracts.

Additional Information Concerning Abandonment and Restoration Cost

Abandonment Costs (Thousands of Dollars) For Wells with Reserves

	2011	2012	2013	2014	2015	2016	Remainder	Total	Discounted at 10%
Proved Producing	0.0	43.9	65.0	93.4	60.1	33.5	319.9	615.8	339.6
Total Proved	0.0	43.9	65.0	93.4	60.1	33.5	379.0	674.9	339.6
Total Proved plus Probable	0.0	43.9	16.6	139.0	51.6	18.8	513.7	783.6	319.0

Tax Horizon

Blackhawk is forecast to begin paying cash taxes in 2012.

Costs Incurred

The following table summarizes certain expenditures for Blackhawk during the years ended June 30, 2011 and June 30, 2010.

	2011	2010
(<i>'000s</i>) (excluding asset retirement obligations and capitalized stock-based compensation)	(\$)	(\$)
Land and lease retention	11.5	78.3
Property acquisitions and adjustments	754.2	2,144.0
Drilling and completions	859.9	1,816.1
Equipment and facilities	710.8	1,025.3
Geological and geophysical	0.0	81.9
Total capital expenditures ⁽¹⁾	2,336.3	5,145.6

Note:

(1) The total exploration and development costs in 2011 and 2010 was \$828,506 and \$81,900 respectively.

Exploration and Development Activities

Blackhawk participated in the drilling and completion of one well in fiscal 2011. The following table summarizes Blackhawk's drilling results.

	Exploration		Development		Total	
	Gross	Net	Gross	Net	Gross	Net
2010						
Natural gas and NGLs	0.0	0.0	0.0	0.0	0.0	0.0
Light and medium crude oil	1.0	0.2	0.0	0.0	1.0	0.2
Standing	0.0	0.0	0.0	0.0	0.0	0.0
Total wells	0.0	0.0	0.0	0.0	1.0	0.2
Success rate (%)	100%	100%	n/a	n/a	100%	100%
Average working interest (%)	100%	22%	n/a	n/a	100%	22%

Production Estimates

The following table summarizes Blackhawk's estimated future average daily production volumes for 2011 for each product type.

SUMMARY OF PRODUCTION ESTIMATES BY FIELD: PROVED RESERVES FOR YEAR 2011 ⁽¹⁾ (FORECAST PRICES & COSTS)

FIELD	Light & Medium Oil (bbl/d)	Heavy Oil (bbl/d)	Natural Gas ⁽²⁾ (Mcf/d)
Provost	56.0	28.0	5.7
Wood River	0.0	0.0	70.7
Queenstown	1.8	0.0	12.7
Greencourt	2.5	0.0	3.0
TOTAL	60.3	28.0	92.1

Notes:

- (1) Daily production is taken from the AJM Report as of June 30, 2011.
- (2) Natural Gas includes Associated and Non-Associated sales gas volumes.

SUMMARY OF PRODUCTION ESTIMATES BY FIELD: PROVED PLUS PROVABLE RESERVES FOR YEAR 2011 ⁽¹⁾ (FORECAST PRICES & COSTS)

FIELD	Light & Medium Oil (bbl/d)	Heavy Oil (bbl/d)	Natural Gas ⁽²⁾ (Mcf/d)
Provost	57.0	30.0	6.3
Wood River	0.0	0.0	72.3
Queenstown	1.8	0.0	12.8
Greencourt	2.9	0.0	3.4
TOTAL	61.7	30.0	94.8

Notes:

- (1) Daily production is taken from the AJM Report as of June 30, 2011.
- (2) Natural gas includes associated and non-associated sales gas volumes.

Production History - Year Ended June 30, 2011

The following tables summarize certain information in respect of Blackhawk's production, product prices received, royalties paid, operating expenses and resulting netback for the indicated periods during the financial year ended June 30, 2011.

	<u>3 month period</u> <u>Jul. 1, 2010 –</u> <u>Sep. 30, 2010</u>	<u>3 month period</u> <u>Oct. 1, 2010 –</u> <u>Dec. 31, 2010</u>	<u>3 month period</u> <u>Jan. 1, 2011 –</u> <u>Mar. 31, 2011</u>	<u>3 month period</u> <u>Apr. 1, 2011 –</u> <u>Jun. 30, 2011</u>
Average Daily Production				
Oil & NGLs (bbls/d)	129.6	163.9	112.5	116.5
Gas (mcf/d)	125.2	185.77	124.7	113.0
Boe/d	150.5	194.86	133.3	135.3
Average Price Received				
Oil and NGLs (\$/bbl)	\$61.33	\$65.24	\$69.38	\$81.86
Gas (\$/mcf)	\$4.25	\$3.36	\$4.04	\$3.90
Combined (\$/boe)	\$56.37	\$58.08	\$62.34	\$73.72
Royalties				
Oil & NGLs (\$/bbl)	\$0.40	\$10.11	\$4.32	\$20.57
Gas (\$/mcf)	\$0.85	\$0.16	\$0.47	\$0.05
Combined (\$/boe)	\$1.14	\$9.23	\$4.35	\$19.28
Operating Expenses				
Combined (\$/boe)	\$9.02	\$20.99	\$33.38	\$17.20
Transportation	\$1.89	\$1.67	\$2.08	\$1.76
Netback Received				
Combined (\$/boe)	\$46.21	\$27.86	\$24.61	\$37.24

The following table summarizes Blackhawk's average net production volumes during the year ended June 30, 2011 for each field in total, by product type.

<u>FIELD</u>	<u>Light & Medium Oil</u> <u>(bbl/d)</u>	<u>Natural Gas ⁽¹⁾</u> <u>(Mcf/d)</u>	<u>Heavy Oil</u> <u>(bbl/d)</u>	<u>Natural Gas</u> <u>Liquids</u> <u>(bbl/d)</u>
Provost	64.6	34.2	60.9	5.7
Carrot Creek	0.0	1.6	0.0	0.3
Greencourt	2.7	3.8	0.0	0.6
Queenstown	2.6	14.6	0.0	2.4
Woodriver	0.0	83.1	0.0	13.8
Total	69.9	137.3	60.9	22.8

Note:

(1) Natural Gas includes Associated and Non-Associated sales gas volumes.

Employees/Consultants

As at June 30, 2011 and the Effective Date, Blackhawk had three part-time consultants whose services are used on a regular basis for day-to-day operations.

Environmental

Blackhawk believes that it is in compliance with applicable existing environmental laws and regulations and is not aware of any proposed environmental legislation or regulations with which it would not be in material compliance. However, the natural resources industry may in the future become subject to more stringent environmental protection rules. This could increase the cost of doing business and may have a negative impact on earnings in the future.