

SUMMARY OF RESERVES AS OF JUNE 30, 2012 (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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved	6.1	5.4	12.9	11.6	141.6	123.7	1.0	0.6	43.6	38.2
PROBABLE	3.5	3.0	9.9	8.7	69.0	59.5	0.6	0.3	25.5	22.0
TOTAL PROVED + PROBABLE	9.6	8.4	22.8	20.3	210.6	183.2	1.6	0.9	69.1	60.2

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, 2012 (Forecast Prices & Costs)

(000s)	Before Income Taxes Discounted At				
	0%	5%	10%	15%	20%
	(\$)	(\$)	(\$)	(\$)	(\$)
Proved					
Developed producing	559.4	565.9	560.2	549.1	535.9
Developed non-producing	-	-	-	-	-
Undeveloped	-	-	-	-	-
Total proved	559.4	565.9	560.2	549.1	535.9
Probable	923.4	709.0	575.3	484.8	419.2
Total proved plus probable	1,482.8	1,274.9	1,135.5	1,033.9	955.1
(000s)	After Income Taxes Discounted At				
	0%	5%	10%	15%	20%
	(\$)	(\$)	(\$)	(\$)	(\$)
Proved					
Developed producing	501.9	511.4	508.3	499.6	488.5
Developed non-producing	-	-	-	-	-
Undeveloped	-	-	-	-	-
Total proved	501.9	511.4	508.3	499.6	488.5
Probable	760.4	579.9	466.4	390.0	335.0
Total proved plus probable	1,262.3	1,091.3	974.7	889.5	823.5

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, 2012 (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	2,332.1	272.7	884.6	-	615.5	559.4	57.4	502.0
Proved Developed Non-Producing	-	-	-	-	-	-	-	-
Proved Undeveloped	-	-	-	-	-	-	-	-
Total Proved	2,332.1	272.7	884.6	-	615.5	559.4	57.4	502.0
PROBABLE	1,785.7	243.9	602.3	-	16.0	923.4	163.1	760.4
TOTAL PROVED + PROBABLE	4,117.8	516.6	1,486.9	-	631.5	1,482.8	220.5	1,262.3

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)
TOTAL PROVED	Light & Medium Crude Oil (including solution gas and other by-products)	155.2	16.83
	Heavy Oil (including solution gas and other by products)	325.5	27.98
	Associated and non-associated gas(including by-products but excluding solution gas from oil wells)	(51.1)	(8.31)
	Coalbed Methane	131.0	11.74
TOTAL PROVED + PROBABLE	Light & Medium Crude Oil (including solution gas and other by-products)	273.7	18.66
	Heavy Oil (including solution gas and other by products)	677.9	33.32
	Associated and non-associated gas(including by-products but excluding solution gas from oil wells)	(11.6)	(1.23)
	Coalbed Methane	195.5	12.43

Notes:

- (1) BT means before taxes.
- (2) Unit values based on net reserve volumes.

Pricing Assumptions

Forecast Prices Used in Estimates

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

**SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS
AS OF JUNE 30, 2012 (Forecast Prices & Costs)**

**AIM Deloitte
Canadian Domestic Price Forecast
Base Case Forecast Effective June 30, 2012**

Year	Price Inflation			Crude Oil Pricing			Natural Gas Liquids Pricing			Natural Gas Pricing			Sulphur					
	Rate	Cost	Rate	WT at Cushing	Edmonton City Gate	Edmonton City Gate	WT at Cushing	Edmonton City Gate	Edmonton City Gate	Alberta Ref	Alberta Ref	Alberta Ref	Alberta Ref	Alberta Ref	Alberta Ref	Alberta Ref	Alberta Ref	
1997	1.6%	0.7%	0.7%	\$27.04	\$20.60	\$23.71	\$27.04	\$20.60	\$23.71	\$1.87	\$2.24	\$1.71	\$1.78	\$1.69	\$1.98	\$1.74	\$2.40	\$1.50
1998	0.7%	0.7%	0.6%	\$18.58	\$14.38	\$16.94	\$18.58	\$14.38	\$16.94	\$1.94	\$2.67	\$2.07	\$1.90	\$1.95	\$2.00	\$2.13	\$2.73	\$2.11
1999	1.8%	1.8%	0.6%	\$24.75	\$19.29	\$21.72	\$24.75	\$19.29	\$21.72	\$2.48	\$3.53	\$2.75	\$2.22	\$2.50	\$2.64	\$2.61	\$2.69	\$2.10
2000	2.5%	2.5%	0.6%	\$38.08	\$30.22	\$35.89	\$38.08	\$30.22	\$35.89	\$4.51	\$7.08	\$5.42	\$5.47	\$5.47	\$4.73	\$5.05	\$5.44	\$4.32
2001	2.8%	2.8%	0.6%	\$44.28	\$34.87	\$41.54	\$44.28	\$34.87	\$41.54	\$5.39	\$7.99	\$5.42	\$5.42	\$5.42	\$6.34	\$6.10	\$2.17	\$3.93
2002	2.8%	2.8%	0.6%	\$48.24	\$38.11	\$43.54	\$48.24	\$38.11	\$43.54	\$3.88	\$5.01	\$4.19	\$3.85	\$4.03	\$4.09	\$4.08	\$4.02	\$3.36
2003	2.8%	2.8%	0.6%	\$50.87	\$43.51	\$47.47	\$50.87	\$43.51	\$47.47	\$6.12	\$7.81	\$6.68	\$6.11	\$6.51	\$6.42	\$6.67	\$6.40	\$4.99
2004	1.8%	1.8%	0.7%	\$47.11	\$41.45	\$45.76	\$47.11	\$41.45	\$45.76	\$6.31	\$7.81	\$6.68	\$6.11	\$6.51	\$6.42	\$6.67	\$6.40	\$4.99
2005	2.2%	2.2%	0.8%	\$63.16	\$56.61	\$61.93	\$63.16	\$56.61	\$61.93	\$6.31	\$7.81	\$6.68	\$6.11	\$6.51	\$6.42	\$6.67	\$6.40	\$4.99
2006	2.0%	2.0%	0.8%	\$72.05	\$66.01	\$70.33	\$72.05	\$66.01	\$70.33	\$6.31	\$7.81	\$6.68	\$6.11	\$6.51	\$6.42	\$6.67	\$6.40	\$4.99
2007	2.1%	2.1%	0.9%	\$77.36	\$71.38	\$74.39	\$77.36	\$71.38	\$74.39	\$6.31	\$7.81	\$6.68	\$6.11	\$6.51	\$6.42	\$6.67	\$6.40	\$4.99
2008	2.4%	2.4%	0.9%	\$104.15	\$99.58	\$102.83	\$104.15	\$99.58	\$102.83	\$6.31	\$7.81	\$6.68	\$6.11	\$6.51	\$6.42	\$6.67	\$6.40	\$4.99
2009	0.3%	0.3%	0.8%	\$63.08	\$61.78	\$62.77	\$63.08	\$61.78	\$62.77	\$3.84	\$4.04	\$3.96	\$3.94	\$3.74	\$4.16	\$4.14	\$3.99	\$3.90
2010	1.8%	1.8%	0.9%	\$80.84	\$79.42	\$79.48	\$80.84	\$79.42	\$79.48	\$3.76	\$4.07	\$4.00	\$4.07	\$3.76	\$4.00	\$4.46	\$4.48	\$5.81
2011	2.9%	2.9%	1.0%	\$94.91	\$94.91	\$95.58	\$94.91	\$94.91	\$95.58	\$3.46	\$3.63	\$3.63	\$3.84	\$3.42	\$3.34	\$3.33	\$3.99	\$79.49
2012	2.9%	2.9%	0.9%	\$88.40	\$88.40	\$89.96	\$88.40	\$88.40	\$89.96	\$2.12	\$2.01	\$2.01	\$2.20	\$2.12	\$2.70	\$1.87	\$2.34	\$77.66
2013	2.0%	2.0%	1.0%	\$90.00	\$90.00	\$91.50	\$90.00	\$90.00	\$91.50	\$2.05	\$2.30	\$2.30	\$2.00	\$2.10	\$2.00	\$2.25	\$2.80	\$80.00
Avg.	2.0%	2.0%	0.9%	\$84.20	\$84.20	\$88.98	\$84.20	\$84.20	\$88.98	\$2.08	\$2.16	\$2.16	\$2.10	\$2.16	\$2.10	\$2.25	\$2.80	\$80.00
2012	2.0%	2.0%	1.0%	\$90.00	\$90.00	\$91.50	\$90.00	\$90.00	\$91.50	\$2.05	\$2.30	\$2.30	\$2.00	\$2.10	\$2.00	\$2.25	\$2.80	\$80.00
2013	2.0%	2.0%	1.0%	\$100.00	\$100.00	\$102.00	\$100.00	\$100.00	\$102.00	\$3.00	\$3.20	\$3.20	\$3.00	\$3.10	\$3.00	\$3.20	\$3.50	\$3.50
2014	2.0%	2.0%	1.0%	\$100.00	\$104.00	\$108.00	\$100.00	\$104.00	\$108.00	\$3.60	\$3.70	\$3.85	\$3.65	\$3.65	\$3.65	\$3.80	\$4.00	\$4.15
2015	2.0%	2.0%	1.0%	\$100.00	\$106.00	\$110.00	\$100.00	\$106.00	\$110.00	\$4.00	\$4.00	\$4.25	\$3.95	\$4.05	\$4.20	\$4.30	\$4.45	\$4.60
2016	2.0%	2.0%	1.0%	\$100.00	\$108.00	\$112.00	\$100.00	\$108.00	\$112.00	\$4.40	\$4.40	\$4.65	\$4.35	\$4.45	\$4.60	\$4.70	\$4.85	\$5.00
2017	2.0%	2.0%	1.0%	\$100.00	\$110.00	\$114.00	\$100.00	\$110.00	\$114.00	\$4.80	\$4.80	\$5.10	\$4.80	\$4.90	\$4.80	\$5.05	\$4.90	\$5.00
2018	2.0%	2.0%	1.0%	\$100.00	\$112.00	\$116.00	\$100.00	\$112.00	\$116.00	\$5.40	\$5.40	\$5.65	\$5.35	\$5.45	\$5.35	\$5.60	\$5.30	\$5.45
2019	2.0%	2.0%	1.0%	\$100.00	\$114.00	\$118.00	\$100.00	\$114.00	\$118.00	\$6.45	\$6.45	\$6.70	\$6.40	\$6.50	\$6.40	\$6.65	\$6.30	\$6.45
2020	2.0%	2.0%	1.0%	\$100.00	\$116.00	\$120.00	\$100.00	\$116.00	\$120.00	\$6.45	\$6.45	\$6.70	\$6.40	\$6.50	\$6.40	\$6.65	\$6.30	\$6.45
2021	2.0%	2.0%	1.0%	\$100.00	\$118.00	\$122.00	\$100.00	\$118.00	\$122.00	\$6.45	\$6.45	\$6.70	\$6.40	\$6.50	\$6.40	\$6.65	\$6.30	\$6.45
2022	2.0%	2.0%	1.0%	\$100.00	\$120.00	\$124.00	\$100.00	\$120.00	\$124.00	\$6.45	\$6.45	\$6.70	\$6.40	\$6.50	\$6.40	\$6.65	\$6.30	\$6.45
2023	2.0%	2.0%	1.0%	\$100.00	\$122.00	\$126.00	\$100.00	\$122.00	\$126.00	\$6.45	\$6.45	\$6.70	\$6.40	\$6.50	\$6.40	\$6.65	\$6.30	\$6.45
2024	2.0%	2.0%	1.0%	\$100.00	\$124.00	\$128.00	\$100.00	\$124.00	\$128.00	\$6.45	\$6.45	\$6.70	\$6.40	\$6.50	\$6.40	\$6.65	\$6.30	\$6.45
2025	2.0%	2.0%	1.0%	\$100.00	\$126.00	\$130.00	\$100.00	\$126.00	\$130.00	\$6.45	\$6.45	\$6.70	\$6.40	\$6.50	\$6.40	\$6.65	\$6.30	\$6.45
2026	2.0%	2.0%	1.0%	\$100.00	\$128.00	\$132.00	\$100.00	\$128.00	\$132.00	\$6.45	\$6.45	\$6.70	\$6.40	\$6.50	\$6.40	\$6.65	\$6.30	\$6.45
2027	2.0%	2.0%	1.0%	\$100.00	\$130.00	\$134.00	\$100.00	\$130.00	\$134.00	\$6.45	\$6.45	\$6.70	\$6.40	\$6.50	\$6.40	\$6.65	\$6.30	\$6.45
2028	2.0%	2.0%	1.0%	\$100.00	\$132.00	\$136.00	\$100.00	\$132.00	\$136.00	\$6.45	\$6.45	\$6.70	\$6.40	\$6.50	\$6.40	\$6.65	\$6.30	\$6.45
2029	2.0%	2.0%	1.0%	\$100.00	\$134.00	\$138.00	\$100.00	\$134.00	\$138.00	\$6.45	\$6.45	\$6.70	\$6.40	\$6.50	\$6.40	\$6.65	\$6.30	\$6.45
2030	2.0%	2.0%	1.0%	\$100.00	\$136.00	\$140.00	\$100.00	\$136.00	\$140.00	\$6.45	\$6.45	\$6.70	\$6.40	\$6.50	\$6.40	\$6.65	\$6.30	\$6.45
2031	2.0%	2.0%	1.0%	\$100.00	\$138.00	\$142.00	\$100.00	\$138.00	\$142.00	\$6.45	\$6.45	\$6.70	\$6.40	\$6.50	\$6.40	\$6.65	\$6.30	\$6.45
2032	2.0%	2.0%	1.0%	\$100.00	\$140.00	\$144.00	\$100.00	\$140.00	\$144.00	\$6.45	\$6.45	\$6.70	\$6.40	\$6.50	\$6.40	\$6.65	\$6.30	\$6.45
2033	2.0%	2.0%	1.0%	\$100.00	\$142.00	\$146.00	\$100.00	\$142.00	\$146.00	\$6.45	\$6.45	\$6.70	\$6.40	\$6.50	\$6.40	\$6.65	\$6.30	\$6.45

Notes: - All prices are in Canadian dollars except WTI and WMEC which are in U.S. dollars.
 - Edmonton City Gate prices based on light sweet crude as per Canadian Refiners (40 Dng. API, 45% Sulphur)
 - Natural Gas Liquid prices are forecasted at Edmonton therefore an additional transportation cost must be included to plant gate sales point.
 - 1 MEd is equivalent to 1 mmbbl.
 - Spot gas prices include TGS, Pipgas, Pan- Alberta and Alliance.
 - Ref. dollar listed include foreign growth in price with no escalation considered.
 - Alberta gas prices, except AECO, include an average cost of service to the plant gate.
 - WTI is equivalent to 1 mmbbl.
 - Ref. dollar listed include foreign growth in price with no escalation considered.

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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, 2011	285.2	388.8	674.0	154.6	74.8	229.4
Discoveries, Extensions and Improved recovery	0.0	0.0	0.0	0.0	0.0	0.0
Economic Factors	0.0	3.6	3.6	-1.0	-1.6	-2.6
Technical Revisions	1.0	-0.9	0.1	27.0	-4.2	22.8
Dispositions	-278.3	-388.0	-666.3	0.0	0.0	0.0
Production	-1.8	0.0	-1.8	-39.0	0.0	-39.0
June 30, 2012	6.1	3.5	9.6	141.6	69.0	210.6

	Heavy Oil			Natural Gas Liquids		
	Proved	Probable	Proved + Probable	Proved	Probable	Proved + Probable
	(Mbbbl)	(Mbbbl)	(Mbbbl)	(Mbbbl)	(Mbbbl)	(Mbbbl)
June 30, 2011	12.6	1.3	13.9	1.2	0.7	1.9
Discoveries, Extensions and Improved recovery	0.0	0.0	0.0	0.0	0.0	0.0
Economic Factors	-0.2	0.1	-0.1	0.0	0.0	0.0
Technical Revisions	10.2	8.5	18.8	0.1	-0.1	0.0
Dispositions	0.0	0.0	0.0	0.0	0.0	0.0
Production	-9.7	0.0	-9.7	-0.3	0.0	-0.3
June 30, 2012	12.9	9.9	22.8	1.0	0.6	1.6

Note:

(1) Estimates of reserves of natural gas include 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 Corporation has no future development costs associated with its reserves for the year ended June 30, 2012.

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 Bodo property consists of two 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, 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 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 May 8, 2012, but effective May 1, 2012, the Corporation sold the Sparky Pool property which consisted of a single horizontal well drilled into the Sparky Formation at a depth of approximately 725 m TVD.

Other producing oil and gas properties owned by Blackhawk include Wood River at section 11 T43R23W4, Queenstown at section 34 T18R22W4, Edson at section 19 T53R15W5 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, The Edson property produces gas from a horizontal well in the cardium sandstone 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, 2012.

	OIL AND GAS WELLS			
	Producing		Non-Producing	
	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾
Wells				
Provost Area	4.0	3.1	3.0	3.0
Other	7.0	2.3	8.0	3.8
TOTAL	11.0	5.4	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, 2012.

PROPERTY WITH NO ATTRIBUTED RESERVES

LOCATION	Unproved Properties		
	Gross Acres	Net Acres	2012 Expiring Net Acres
Provost Area	6,275	6,275	0
Wood River	800	800	0
Edson	640	141	0
Esther	3,200	1,536	0
Peoria	640	240	0
TOTAL	11,555	8,992	0

Note:

(1) Unproved properties have no attributed reserves as of June 30, 2012. Undeveloped acreage within properties where proven reserves have been booked as of June 30, 2012 has not been included.

Forward Contracts and Marketing

Blackhawk had no hedges in place during the financial year ended June 30, 2012. Subsequent to June 30, 2012, 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

	2012	2013	2014	2015	2016	2017	Remainder	Total	Discounted at 10%
Proved Producing	0.0	77.7	66.0	81.9	5.4	65.3	319.2	615.5	367.9
Total Proved	0.0	77.7	66.0	81.9	5.4	65.3	319.2	615.5	367.9
Total Proved plus Probable	0.0	77.7	66.0	56.2	5.4	44.3	381.9	631.5	348.4

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, 2012 and June 30, 2011.

	2011	2010
(<i>'000s</i>) (excluding asset retirement obligations and capitalized stock-based compensation)	(\$)	(\$)
Land and lease retention	7.6	11.5
Property acquisitions and adjustments	0.0	754.2
Drilling and completions	16.6	859.9
Equipment and facilities	118.8	710.8
Geological and geophysical	0.0	0.0
Total capital expenditures ⁽¹⁾	143.0	2,336.3

Note:

(1) The total exploration and development costs in 2012 and 2011 was \$Nil and \$28,506 respectively.

Exploration and Development Activities

Blackhawk did not participate in any drilling or completions in fiscal 2012.

Production Estimates

The following table summarizes Blackhawk's estimated future average daily production volumes for 2012 for each product type.

**SUMMARY OF PRODUCTION ESTIMATES BY FIELD:
PROVED RESERVES FOR YEAR 2012 ⁽¹⁾
(FORECAST PRICES & COSTS)**

FIELD	Light & Medium Oil (bbl/d)	Heavy Oil (bbl/d)	Natural Gas ⁽²⁾ (Mcf/d)
Edson	0.0	0.0	6.6
Provost	0.0	11.7	0.0
Wood River	0.0	0.0	33.7
Queenstown	0.8	0.0	5.0
Greencourt	1.5	0.0	1.7
TOTAL	2.3	11.7	47.0

Notes:

- (1) Daily production is taken from the AJM Report as of June 30, 2012.
- (2) Natural Gas includes Associated and Non-Associated sales gas volumes.

**SUMMARY OF PRODUCTION ESTIMATES BY FIELD:
PROVED PLUS PROVABLE RESERVES FOR YEAR 2012 ⁽¹⁾
(FORECAST PRICES & COSTS)**

FIELD	Light & Medium Oil (bbl/d)	Heavy Oil (bbl/d)	Natural Gas ⁽²⁾ (Mcf/d)
Edson	0.0	0.0	6.7
Provost	0.0	12.5	0.0
Wood River	0.0	0.0	34.2
Queenstown	0.8	0.0	5.1
Greencourt	1.5	0.0	1.8
TOTAL	2.3	12.5	47.8

Notes:

- (1) Daily production is taken from the AJM Report as of June 30, 2012.
- (2) Natural gas includes associated and non-associated sales gas volumes.

Production History - Year Ended June 30, 2012

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, 2012.

	<u>3 month period</u> <u>Jul. 1, 2011 –</u> <u>Sep. 30, 2011</u>	<u>3 month period</u> <u>Oct. 1, 2011 –</u> <u>Dec. 31, 2011</u>	<u>3 month period</u> <u>Jan. 1, 2012 –</u> <u>Mar. 31, 2012</u>	<u>3 month period</u> <u>Apr. 1, 2012 –</u> <u>Jun. 30, 2012</u>
Average Daily Production				
Oil & NGLs (bbls/d)	65.9	95.5	94.7	45.9
Gas (mcf/d)	102.0	110.3	93.2	83.5
Boe/d	82.9	113.9	110.2	59.8
Average Price Received				
Oil and NGLs (\$/bbl)	\$71.55	\$86.63	\$81.09	\$69.17
Gas (\$/mcf)	\$3.71	\$3.32	\$2.24	\$1.95
Combined (\$/boe)	\$61.45	\$75.86	\$71.56	\$55.81
Royalties				
Oil & NGLs (\$/bbl)	\$20.66	\$22.73	\$28.83	\$12.64
Gas (\$/mcf)	\$0.19	\$0.16	\$0.14	\$0.03
Combined (\$/boe)	\$16.66	\$19.22	\$24.89	\$9.75
Operating Expenses				
Combined (\$/boe)	\$20.54	\$12.90	\$8.27	\$9.89
Transportation	\$1.33	\$2.50	\$1.99	\$2.81
Netback Received				
Combined (\$/boe)	\$22.92	\$41.24	\$36.41	\$33.36

The following table summarizes Blackhawk's average net production volumes during the year ended June 30, 2012 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>
Edson	0.0	20.0	0.0	0.0
Provost	52.2	3.1	27.0	0.0
Greencourt	2.6	4.1	0.0	0.0
Queenstown	1.8	11.0	0.0	0.5
Woodriver	0.0	73.3	0.0	0.0
Total	56.6	111.5	27.0	0.5

Note:

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

Employees/Consultants

As at June 30, 2012 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.