

# **BLACKHAWK RESOURCE CORP. ANNOUNCES EXECUTION OF LETTER OF INTENT REGARDING BUSINESS COMBINATION AND TERMS OF PROPOSED FINANCING**

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THE UNITED STATES. ANY FAILURE TO COMPLY WITH THIS RESTRICTION MAY  
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CALGARY, ALBERTA – March 29, 2011 – Blackhawk Resource Corp. ("Blackhawk") (TSXV: BLR) is pleased to announce that, following a period of negotiations, it has entered into a letter of intent dated as of March 28, 2011 (the "Letter of Intent") which contemplates an arm's length business combination with Perfco International Energy Inc. ("Perfco"), a private Alberta company, based in Calgary, and engaged in oil and gas exploration in Vietnam.

Perfco is in the final stages of negotiation in relation to the acquisition of a 70% interest in Block 21, located in the Nam Con Son Basin, offshore Vietnam. Perfco's working interest partner in Block 21 will be PetroVietnam Exploration and Production Corporation ("PetroVietnam") for the remaining 30%. The block covers an area of 1,131,742 acres. Perfco has completed negotiations with PetroVietnam with respect to the work and financial commitments associated with the signing of Block 21, and is awaiting Government approval in relation to the granting of the block. Upon obtaining Government approval, Perfco will finalize a production sharing contract (the "PSC") in respect of its interest in Block 21.

With steady and consistent growth annually and a population of more than 88 million, Vietnam is an attractive market for upstream and downstream operations. Substantially all of Vietnam's oil reserves are located in offshore fields, the largest of which is Bach Ho. Vietnam produces an average of 350,000 barrels of crude oil per day. Vietnam's oil sector is dominated by the state-owned Vietnam Oil & Gas Corporation, which is under the control of the Ministry of Industry. PetroVietnam has formed partnerships with other international oil companies including BP, ConocoPhillips, Korea National Oil Corporation (KNOC), Malaysia's Petronas, Nippon Oil (Japan) and Talisman. Amendments to Vietnam's Petroleum Law have paved the way for a more open and transparent licensing process for international investors. PetroVietnam is of the view that these blocks hold in excess of 5 billion barrels of oil equivalent. Vietnam has completed the development of the country's first refinery at Dung Quat.

The entity resulting from the completion of the business combination (the "Combined Entity") will have an experienced management team and board of directors to execute a fully-funded capital program on an inventory of drilling opportunities on Block 21, offshore Vietnam. The business combination is expected to provide the resources necessary for growth of Perfco's interest in Block 21. Perfco's growth strategy is to focus on expanding its core operations in Vietnam and drill exploration wells identified in Vietnam on Block 21.

Upon completion of the business combination, the Combined Entity is expected to be classified as an Oil & Gas Issuer under the policies of the TSX Venture Exchange and would focus on expanding Perfco's core operations in Vietnam. The Combined Entity is expected to have cash in excess of \$35.0 million, including proceeds from the Offering discussed below. Further information regarding the Combined Entity will be disseminated in a subsequent news release as soon as further details are available regarding the definitive terms of the business combination.

## Oil and Gas Information

Perfco's resource information is summarized in the tables below and is taken from an evaluation dated effective December 31, 2010, prepared by Sproule Associates Limited (the "Sproule Report"). The Sproule Report consists of an evaluation of the gross risked and unrisked undiscovered petroleum initially-in-place and prospective resources estimated to be associated with five prospects and one lead identified on Block 21. The Sproule Report has been prepared using assumptions and methodology guidelines outlined in the Canadian Oil and Gas Evaluation Handbook and in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*.

### Gross Unrisked Undiscovered Petroleum Initially-In-Place and Prospective Resources for Block 21, Nam Con Son Basin, Offshore Vietnam as at December 31, 2010

Resource Category	Low Estimate (P90) (MMbbl)	Best Estimate (P50) (MMbbl)	High Estimate (P10) (MMbbl)	Mean Estimate (MMbbl)
Undiscovered Petroleum Initially-In-Place (unrisked)	815	1673	3499	1997
Prospective Resources (unrisked)	181	403	907	494

### Gross Risked Undiscovered Petroleum Initially-In-Place and Prospective Resources for Block 21, Nam Con Son Basin, Offshore Vietnam as at December 31, 2010

Resource Category	Mean Estimate (MMbbl)
Undiscovered Petroleum Initially-In-Place (Risked for Geological Chance of Success)	419
Prospective Resources (Risked for Geological Chance of Success)	104

Undiscovered petroleum initially-in-place (equivalent to undiscovered resources) is that quantity of petroleum estimated, on a given date, to be contained in accumulations yet to be discovered.

Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. Prospective resources are further subdivided in accordance with the level of uncertainty associated with recoverable estimates assuming their discovery and development and may be subclassified based on project maturity.

The prospects evaluated in the Sproule Report have been assumed to contain light oil; however, there is a possibility that some or all of the structures contain gas and or gas with condensate. The resource estimates provided herein are estimates only and there is no guarantee that the estimated resources will be recovered. The Sproule Report includes a number of assumptions made by either Sproule or Perfco as at the date of the report relating to factors such as initial estimated ultimate recoveries, timing and amount of capital expenditures, marketability of production, future prices of commodities, operating costs, well abandonment and salvage values, royalties and other government levies that may be imposed during the producing life of the reserves. Many of these assumptions are subject to change and are beyond the control of Perfco. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

### **Proposed Directors and Officers**

The New Management brings a long and successful track record in the international and Canadian oil and gas sectors. This experience spans all areas of the upstream oil and gas business, including conventional and unconventional resource plays and operational success in numerous countries worldwide. The New Management has demonstrated operational expertise and helped build international oil and gas organizations. The New Directors have strong track records in the oil and gas industry. The New Directors have held executive and director positions with a number of successful companies with operations in numerous countries worldwide. The Combined Entity will have a new management team led by Roger Tang as President and Chief Executive Officer, Kurt Musch as Vice President, Finance and Chief Financial Officer, Allan Carswell as Vice President, Exploration, Max Wei as Vice President, Operations, and Sony Gill as Corporate Secretary, and a new board of directors comprised of Roger Tang (Chairman), Walter Dawson, Dana Coffield, Reginald Greenslade and Dave Antony.

**Roger Tang**  
**President & CEO, Director and**  
**Chairman**

Mr. Tang has over 25 years of oil and gas experience. From 1985 to 1989, Mr. Tang was employed by Texaco Canada Resources Ltd., a subsidiary of Texaco Inc., where he was responsible for capital budgets and exploration programs for the Northern Alberta Group. At Texaco, Mr. Tang was credited for his efforts in two major oil and gas discoveries and was named Texaco Explorationist of the Year in 1988. In 1989, Mr. Tang served as a member of the Exploration Synergy Team, responsible for designing a future exploration program for the combined ESSO/Texaco organization. From 1990 to 1994, Mr. Tang was employed and joint ventured with Morrison Petroleum Ltd., where he made a number of commercial discoveries, one of which was reported by the Oil Week Journal as the second largest oil deposit of the decade in Canada. Mr. Tang was the Vice President and a director of Tri-Ex Oil and Gas Ltd. from 1995 to 1998. From 1998 to 2000, Mr. Tang was the Chairman and CEO of Action Energy Ltd., prior to its sale to EOG Canada. From 2001 to 2009, Mr. Tang was the Chairman, President and CEO of Action Energy Inc. Mr. Tang served as a member of the Council of Energy Advisors of the Gerson Lehman Group from 2001 to 2003, a leading energy and power research group based in New York. Mr. Tang received his M.Sc. degree (SIGMA XI, Distinction) in Geosciences from the University of Manitoba in 1985.

**Allan Carswell**  
**Vice President, Exploration**

Mr. Carswell has over 25 years of exploration experience in the oil and gas industry. From 2005 to 2010, Mr. Carswell was the Director of Exploration for Madalena Ventures Ltd. During that period he managed both their international properties (Tunisia and Argentina) and their domestic properties. Prior to joining Madalena, Allan was Vice President of Exploration with Era Oil and Gas a successful private Canadian exploration company. From 1999 to 2002, Allan was a founding member of Highpine Oil and Gas and held the position of Senior Explorationist and earlier at Morrison Petroleum as an Explorationist. Allan started his career with Texaco Canada Resources where he was Area

Supervisor for Offshore Eastern Canada. Allan has published or presented over 20 papers on subjects ranging from Radon transforms to the geology of Georges Bank. Allan graduated from the University of Manitoba in 1983 with a First Class Honors BSc in Geophysics and in 1985 with a MSc also in geophysics.

**Kurt Musch**  
**Vice President, Finance and Chief**  
**Financial Officer**

Mr. Musch has 18 years of accounting experience in a wide variety of oil and gas companies. Prior to joining Perfco, Mr. Musch held senior positions with Quicksilver Resources Canada Inc., Rangeland Pipeline Partnership, and Sherritt International. Mr. Musch holds a Bachelor of Commerce degree from the University of Alberta and a CMA designation. Mr. Musch has also had his own consulting practice and held various accounting related positions with Talisman Energy and Fletcher Challenge.

**Max Wei**  
**Vice President, Operations**

Mr. Wei has a broad experience in reservoir engineering and project management in Canada, the United States, Qatar, Bahrain, Oman, Kuwait, Egypt, Yemen, Pakistan, Bangladesh, Russia, Netherlands, Philippines, Malaysia, Venezuela and Ecuador, among other countries. His career includes positions with Shell Canada, Imperial Oil, Bechtel Occidental Petroleum and Marathon Canada. He was most recently with EnCana Corporation as Team Leader for Qatar and Bahrain operations and he completed a project management position with Petronas in Malaysia before joining Gran Tierra Energy in May 2005. From 2005 to 2009, Mr. Wei was the Vice President, Operations at Gran Tierra Energy. Mr. Wei is a registered Professional Engineer in the State of California and a member of the Association of Professional Engineers Geologists and Geophysicists of Alberta. Mr. Wei has a BSc in Petroleum Engineering from the University of Alberta and Certification in Petroleum Engineering from Southern Alberta Institute of Technology.

**Sony Gill, Corporate Secretary**

Mr. Gill is a partner in the Calgary office of the law firm of McCarthy Tétrault LLP. Mr. Gill has dealt with all aspects of a public and private company's creation, growth, restructuring and value maximization. He has extensive experience in the negotiation, structuring and documentation of a broad range of corporate finance, securities and M&A transactions, including public offerings, private placements, debt financings, recapitalizations, tax motivated restructurings, takeover bids, reverse takeovers, asset and share transactions, plans of arrangement, stock exchange listings and other forms of business combination and corporate activity. Mr. Gill is currently the Corporate Secretary of Spartan Exploration Ltd., Hyperion Exploration Corp., Seaview Energy Inc., Online Energy Inc. and Invicta Energy Corp., all publicly traded entities listed on the Toronto Stock Exchange or the TSX Venture Exchange. Mr. Gill received his Bachelor of Arts Degree in Economics (with distinction) from the University of Calgary in 1993 and his Bachelor of Laws Degree from the University of Alberta in 2000. He was called to the Alberta bar in 2001. Mr. Gill is a member of the Law Society of Alberta, the Canadian Bar Association and the Calgary Bar Association.

**Walter Dawson**  
**Director**

Mr. Dawson has worked and been the leader of corporations in the oil service industry for over 40 years. Mr. Dawson is the Chairman and CEO of Tuscan International Drilling Inc., a public oilfield services company listed on the Toronto Stock Exchange. Mr. Dawson was the founder of Saxon Energy Services Inc. ("Saxon"), an international oilfield services company which was a publicly traded company from 2001. Mr. Dawson was Chairman of the board of directors of Saxon, prior to its acquisition in 2008 by Schlumberger Oilfield Holdings Limited and private equity investor, First Reserve, in a transaction valued at approximately \$700 million. In 1993 Mr. Dawson founded what became known as Enserco Energy Services Company Inc., formerly Bonus Resource Services Corp. Enserco entered the well servicing businesses through the acquisition of over 26 independent Canadian service rig operators. Prior to his time at Saxon and Enserco, Mr. Dawson served for 19 years as President, Chief Executive Officer and a director of Computalog Ltd., which is now an operating division of Weatherford. Computalog's primary businesses were oil and gas logging,

perforating, directional drilling and fishing tools. While at Computalog, Mr. Dawson instituted a technology center, located in Fort Worth, Texas, to develop electronics designed for downhole wellbore logging tools. Mr. Dawson is a proposed director of Condor Petroleum Inc. ("Condor"), a corporation that has filed a preliminary prospectus in connection with an initial public offering of its common shares. Condor is engaged in the exploration for, and the acquisition, development and production of, oil, natural gas and NGL in Kazakhstan and Canada.

**Dana Coffield  
Director**

Mr. Coffield has been the President, Chief Executive Officer and a director of Gran Tierra Energy Inc. since May, 2005. Before joining Gran Tierra in May 2005, Mr. Coffield led the Middle East Business Unit for EnCana Corporation, one of North America's largest independent oil and gas companies, from 2003 through 2005. His responsibilities included business development, exploration operations, commercial evaluations, government and partner relations, planning and budgeting, environment, health and safety, security and management of several overseas operating offices. From 1998 through 2003, he was New Ventures Manager for EnCana's predecessor, AEC International, where he expanded activities into five new countries on three continents. Mr. Coffield was previously with ARCO International for ten years, where he participated in exploration and production operations in North Africa, SE Asia and Alaska. He began his career as a mud-logger in the Texas Gulf Coast and later as a Research Assistant with the Earth Sciences and Resources Institute where he conducted geoscience research in North Africa, the Middle East and Latin America. Mr. Coffield graduated from the University of South Carolina with a Masters of Science degree and a doctorate (PhD) in Geology, based on research conducted in the Oman Mountains in Arabia and Gulf of Suez in Egypt, respectively. He has a Bachelor of Science degree in Geological Engineering from the Colorado School of Mines. Mr. Coffield is a member of the AAPG and the CSPG, and is a Fellow of the Explorers Club.

**Reginald Greenslade  
Director**

Mr. Reginald Greenslade is a professional engineer with over 20 years of experience in the oil and gas industry. Mr. Greenslade is the President of Tuscany International Drilling Inc., a public oilfield services company listed on the Toronto Stock Exchange. Mr. Greenslade is a director of Spartan Exploration Ltd., a public oil and gas exploration and production company listed on the Toronto Stock Exchange. He is the former Chairman, President and CEO of Big Horn Resources Ltd. and Enterra Energy Corp. and Chairman of Enterra Energy Trust until March, 2006. Mr. Greenslade was the President and CEO of JED Oil Inc. from November, 2003 to January, 2005.

**Dave Antony  
Director**

Mr. Antony is a Chartered Accountant and is currently the Chairman of the board of Blackhawk. Mr. Antony has over 15 years experience in assisting companies in structuring transactions, accessing capital, and corporate governance. In the last five years, Mr. Antony has been Chief Executive Officer of Southern Pacific Resource Corp. where he continues as Chairman of the board of that company. He is currently is also a director of Blackhawk, Ranger Energy Ltd. and Paramax Resources Ltd., all publicly traded junior resource companies.

**About the Transaction**

The Letter of Intent contemplates the following transactions (collectively, the "Transactions"):

- under the terms of the Letter of Intent, Blackhawk will acquire all of the issued and outstanding common shares of Perfco ("Perfco Shares") by way of a plan of arrangement (the "Arrangement"). Pursuant to the Arrangement, Blackhawk will issue an aggregate of 361,097,457 common shares of Blackhawk ("Blackhawk Shares") for the issued and outstanding Perfco Shares (including the Perfco Shares issued pursuant to the Offering and the exercise of the Agents' Option) or 8.9 Blackhawk Shares for each Perfco Share at a

deemed price of \$0.17 per Blackhawk Share (the "Exchange Ratio") for aggregate deemed consideration of approximately \$56.8 million. Walter Dawson, of Calgary, Alberta, a director of Perfco, is also a controlling shareholder of Perfco. Upon completion of the Transactions, Blackhawk will have an aggregate of 421,136,601 Blackhawk Shares outstanding (before the completion of any consolidation);

- a new management team will be appointed led by Roger Tang as President and Chief Executive Officer, Kurt Musch as Vice President, Finance and Chief Financial Officer, Allan Carswell as Vice President, Exploration, Max Wei as Vice President, Operations, and Sony Gill as Corporate Secretary (the "New Management") (see biographical information below);
- a new board of directors will be comprised of five of the current directors of Perfco: Roger Tang (Chairman), Walter Dawson, Dana Coffield and Reginald Greenslade, as well as Dave Antony who is a current director of Blackhawk (the "New Directors") (see biographical information below);
- Perfco will be capitalized through a private placement of subscription receipts of Perfco for aggregate gross proceeds of up to \$30,000,000 which is expected to close on or about April 28, 2011 and for which the agents have been granted an option to increase the size of the private placement prior to closing by up to an additional \$4,500,000. The Letter of Intent provides that receipt of a minimum of \$30.0 million in gross proceeds from the private placement is a mutual condition precedent for both parties to the closing of the Arrangement (unless amended or waived);
- upon completion of the Arrangement, the Blackhawk Shares will be consolidated on the basis of one (1) post-consolidation Blackhawk Share for every two (2) pre-consolidation Blackhawk Shares; and
- upon completion of the Arrangement, Blackhawk will have a 20% fixed stock incentive plan, comprised of the continuation of 5,500,000 performance warrants of Perfco granted to the directors and officers of Perfco, as adjusted to reflect the Exchange Ratio and the consolidation, and stock options to acquire Blackhawk Shares granted to the New Management and the New Directors at an exercise price of \$0.17 per Blackhawk Share, each stock option expiring 5 years from the date of completion of the Arrangement and vesting on such terms as determined by the New Board.

### **About the Financing**

Blackhawk is pleased to announce that Perfco has entered into an agreement with a syndicate of agents led by Raymond James Ltd. and also including Byron Capital Markets Ltd., Casimir Capital Ltd. and Jennings Capital Inc. (collectively, the "Agents"), for an offering, on a private placement basis, of up to 20,000,000 subscription receipts ("Subscription Receipts") of Perfco at a price of \$1.50 per Subscription Receipt for aggregate gross proceeds of up to approximately \$30,000,000 (the "Offering"). In addition, Perfco has granted an option to the Agents (the "Agents' Option") to increase the size of the Offering by up to an additional 3,000,000 Subscription Receipts, or \$4,500,000, at the same terms as the Offering, exercisable in whole or in part at any time up to 48 hours prior from the Closing Date. Assuming the Agents' Option is exercised in full, total gross proceeds to Perfco under the Offering would be \$34,500,000.

Closing of the Offering is expected to occur on April 28, 2011. Perfco intends to use the net proceeds of the Offering to fund the exploration program of Perfco in Vietnam and for general working capital purposes following the completion of the Arrangement.

The gross proceeds from the sale of the Subscription Receipts (the "Escrowed Proceeds") will be delivered to and held by a licensed Canadian trust company or other escrow agent (the "Escrow Agent"). The net Escrowed Proceeds (and remaining accrued interest) will be released to Perfco upon satisfaction of the following conditions (the "Escrow Release Conditions"):

- (a) receipt of all government approvals required to execute the PSC in respect of Block 21, located in the Nam Con Son Basin, offshore Vietnam; and
- (b) all conditions precedent in respect of the execution of the PSC having been satisfied or waived (other than any payment to be made by Perfco pursuant to the terms and conditions of the PSC).

In the event the Escrow Release Conditions are not satisfied on or before August 31, 2011, negotiations in respect of the PSC are terminated, or Perfco provides notice to the Agents of its intention to terminate negotiations in respect of the PSC or otherwise not pursue the execution of the PSC, the gross proceeds of the Offering, plus accrued interest, will be returned to the subscribers.

Each Subscription Receipt will entitle the holder to receive one Perfco Share and one-half of one common share purchase warrant (each whole common share purchase warrant being referred to herein as a "Perfco Warrant"), each whole Perfco Warrant being exercisable for one (1) Perfco Share at an exercise price of \$2.25 per Perfco Share for a period of 24 months following the completion of the Offering. If the Escrow Release Conditions are not satisfied on or before August 31, 2011, then the gross proceeds from the Subscription Receipts shall be returned to subscribers, together with accrued interest.

All Perfco Shares issued under the Offering shall be exchanged for Blackhawk Shares pursuant to the Transactions and on the same basis as all other holders of Perfco Shares. In addition, all Perfco Warrants shall represent the right to acquire Blackhawk Shares, as adjusted to account for the Exchange Ratio.

Upon the Escrow Release Conditions being satisfied, a cash commission of 6% of the gross proceeds from the Offering shall be paid to the Agents.

### **Financial Advisor and Sponsor**

Raymond James Ltd. is acting as financial advisor to Perfco with respect to the Transactions. If required by the TSX Venture Exchange and subject to the completion of satisfactory due diligence, Raymond James Ltd. has also agreed to act as sponsor of the combined entity in connection with the Transactions. It is anticipated that an application shall be made for an exemption from the sponsorship requirements of the TSX Venture Exchange, however, there is no guarantee that such exemption shall be granted.

## **Special Meeting of Blackhawk Shareholders**

The Transactions are anticipated to constitute a change of business and/or a reverse takeover in accordance with the policies of the TSX Venture Exchange and, as such, it is expected that approval of the shareholders of Blackhawk will be required.

## **Conditions Precedent**

The Transactions are subject to a number of conditions precedent including, without limitation, completion of satisfactory due diligence, receipt of all required corporate and regulatory approvals (including shareholder approvals and the approval of the TSX Venture Exchange), and negotiation and execution of transaction and financing documents.

## **Resumption of Trading and Further News**

It is anticipated that trading of the Blackhawk Shares remain halted pending satisfaction of all applicable requirements of the TSX Venture Exchange. Additional financial information in respect of Perfco and the recommended exploration program in respect of Block 21 will be disseminated in a subsequent news release.

## **Resignation of VP, Exploration**

Blackhawk also announces that Mark Lenson has resigned as Vice President, Exploration to pursue other opportunities. Blackhawk would like to thank Mr. Lenson for his services and wish him well in his future endeavours.

## **For further information please contact:**

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President & CEO  
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## **Reader Advisory**

*This press release should not be considered a comprehensive summary of the Transactions. Additional information required by the TSX Venture Exchange will be disseminated at a future date following a satisfactory review by the TSX Venture Exchange.*

*Investors are cautioned that, except as disclosed in the Management Information Circular to be prepared in connection with the Transactions, any information released or received with respect to the Transactions may not be accurate or complete and should not be relied upon. Trading in the securities of Blackhawk should be considered highly speculative.*



*Trading of the common shares of Blackhawk will remain halted pending receipt and review by the TSX Venture Exchange of acceptable documentation regarding the combined entity following completion of the Transactions. The proposed Transactions have not been approved by the TSX Venture Exchange and remains subject to TSX Venture Exchange approval.*

*Completion of the Transactions are subject to a number of conditions, including but not limited to, TSX Venture Exchange acceptance. The Transactions cannot close until the required approvals are obtained. There can be no assurance that the Transactions will be completed as proposed or at all.*

*An agreement to sponsor should not be construed as any assurance with respect to the merits of the Transactions or the likelihood of completion.*

*Except for statements of historical fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this press release includes, but is not limited to, statements with respect to timing and completion of the due diligence relating to the Transactions, the entering into of the transaction and financing documents, the completion of a planned subscription receipt financing and the satisfaction of the conditions precedent to the Transactions (including receipt of TSX Venture Exchange approval). Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.*

*Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause the results to differ materially from those expressed in the forward-looking information include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions, including fluctuations in the prices of oil and natural gas; governmental regulation of the oil and gas industry, including environmental regulation; unanticipated operating events or performance which can reduce production or cause production to be shut in or delayed; failure to obtain industry partner and other third party consents and approvals, if and when required; competition for and/or inability to retain drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, skilled personnel and supplies; incorrect assessments of the value of acquisitions; geological, technical, drilling, processing and transportation problems; changes in tax laws and incentive programs relating to the oil and gas industry; failure to realize the anticipated benefits of acquisitions and dispositions; and the other factors. Readers are cautioned that this list of risk factors should not be construed as exhaustive.*

*The forward-looking information contained in this news release is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.*

*Barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet (mcf) of natural gas to one barrel (bbl) of oil is based on an energy conversion method primarily applicable at the burner tip and is not intended to represent a value equivalency at the wellhead. All boe conversions in this press release are derived by converting natural gas to oil in the ratio of six thousand cubic feet of natural gas to one barrel of oil. Certain financial amounts are presented on a per boe basis, such measurements may not be consistent with those used by other companies.*

*The TSX Venture Exchange has in no way passed upon the merits of the proposed Transactions and has neither approved nor disapproved the contents of this press release.*

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

*This press release shall not constitute an offer to sell or the solicitation of an offer to buy the securities in any jurisdiction. The Subscription Receipts and the underlying securities have not and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold in the United States except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable states securities laws.*