BLACKHAWK RESOURCE CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FORM NI51-102F1

FOR THE YEAR ENDED JUNE 30, 2014

November 14, 2014

Management's Discussion and Analysis should be read in conjunction with the consolidated financial statements for the year ended June 30, 2014. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

Except as otherwise indicated (see "Use of Non-GAAP Financial Measures" elsewhere in this MD&A), all financial data in this MD&A has been prepared, in accordance with International IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

All dollar amounts in this MD&A are reported in Canadian dollars.

HIGHLIGHTS

- On March 3, 2014, Blackhawk received conditional approval to become an Investment Issuer.
- In the year ended June 30, 2014, Blackhawk had net comprehensive income of $646,000, which equates to 0.03 per share.
- As at June 30, 2014, Blackhawk has $3,634,181 in working capital.
- As at June 30, 2014, Blackhawk held $2,834,287 in current investments or 78% of its working capital.
- As at June 30, 2014, net asset value per share ("NAV per share") was $0.17 (See "Use of Non-GAAP Financial Measures" elsewhere in this MD&A).

ABOUT BLACKHAWK

On February 18, 2014, the Corporation announced it will be pursuing a change in business. After a thorough evaluation of the Corporation's existing resources and a review of strategic options for the Corporation generally, the Corporation determined that to optimize shareholder value, it would refocus its business operations from an "oil and gas issuer" to an "investment issuer". The Board believes that its network of business contacts, the depth of experience of its management team and its overall entrepreneurial approach will enable it to identify and capitalize upon investment opportunities as an "investment issuer".

On March 3, 2014, the Corporation received conditional approval of the proposed change of business; the Corporation's primary focus will be to seek returns through investments in the securities of other companies and other assets.

Since receiving conditional approval the Corporation has begun to both evaluate investment opportunities and has made a number of investments to date. The broad investment strategy of the Corporation relies on the expertise, of the management and board, to source and evaluate investment opportunities that will provide above average returns for the shareholders. The goal of this strategy is to develop a portfolio of investments, which is expected to include equity, debt instruments and direct asset investments in certain situations which will continue to provide positive cash flow returns. The Corporation is not intending to be industry specific, but is reviewing investment opportunities under the return and risk profile of each. In time the Corporation hopes to be able to distribute a portion of these earnings back to its shareholders through a sustainable dividend.

PORTFOLIO INVESTMENTS

As at June 30, 2014, the Corporation held total investments at fair value of $2,834,287 comprised of equity type investments of $2,229,800 and debt type investments of $604,487. In addition the Corporation held cash balances of $1,375,325. This asset allocation is concurrent with the shift in the Corporation's focus from oil and gas to investments.

Blackhawk still continues to hold certain producing non-operated oil and gas properties, as well as the Gross Overriding Royalty it acquired during the year. These oil and gas properties are carried at a value of $244,307.

As at June 30, 2014, NAV per share was $0.17 as compared to $0.14 at June 30, 2013 (see "Use of Non-GAAP Financial Measures" elsewhere in this MD&A).

Investments at fair value by sector consist of the following as at June 30, 2014:

Sector	Cost	Total fair value	% of total fair value
Construction and real estate	$175,500	$203,005	9%
Oil and gas infrastructure	696,363	722,325	32%
Oil and gas services	233,000	234,500	11%
Oil and gas producers	488,096	491,070	22%
Mining	170,000	342,900	15%
Technology and other	251,121	236,000	11%
Total	**$2,014,079**	**$2,229,800**	**100%**

Debt instrument investments consist of the following as at June 30, 2014:

	June 30, 2014
Short term loans	$450,197
Debenture	154,290
Total investments held to maturity	**$604,487**

The amounts at which the investments could be disposed of may differ from their carrying values.

INVESTMENT IN PETROLEUM AND NATURAL GAS PROPERTIES

The Corporation's petroleum and natural gas assets are composed of interests in several properties in the province of Alberta.

The Corporation averaged production of 48 BOE/D during the year ended June 30, 2014 (2013 – 40 BOE/D), split 74% oil and 26% gas (2013- 63% oil and 37% gas).

Petroleum and natural gas properties

The Bodo property is located in and around Township 38, Range 1 West of the Fourth Meridian. Effective June 1, 2014, the Corporation sold all of its interest in the Bodo property for cash proceeds of $380,000 and a Gross Overriding Royalty.

Blackhawk also derives production from the following non-operated properties: Wood River, four producing natural gas wells with an average working interest of 37.5%; Queenstown, two producing oil and gas wells with a working interest of 30%; Greencourt, one producing oil well with a working interest of 21%; and Edson Cardium horizontal well with a working interest of 22% BPO and 14.67% APO.

Other non-producing properties are held in the Peoria, Carrot Creek and Esther areas of Alberta.

SELECTED ANNUAL INFORMATION

	June 30, 2014 (audited)	June 30, 2013 (audited)	June 30, 2012 (audited)
Investment and other revenue	$588,577	$-	$-
Net petroleum revenue after royalties	$801,369	$831,446	$1,902,488
Income (loss) from continuing operations	646,249	(1,237,164)	428,018
Loss from discontinued operations	-	-	(5,353)
Net comprehensive income (loss)	646,249	(1,237,164)	422,665
Total Assets	4,903,059	3,927,700	5,310,328
Working capital (deficit)	3,634,181	3,107,782	3,725,830
Basic and diluted net income (loss) per share			
From continuing operations	0.03	(0.06)	0.02
From discontinued operations	-	-	(0.00)
Net comprehensive income (loss)	0.03	(0.06)	0.02

SELECTED QUARTERLY INFORMATION

	Three month period ended			
	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013
Net revenue	$442,765	$253,717	$447,820	$245,644
Net comprehensive income (loss)	654,301	49,486	(17,120)	(40,418)
Basic and diluted – comprehensive income (loss) per share	0.03	0.00	(0.00)	(0.00)

	Three month period ended			
	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012
Net revenue	$112,971	$154,289	$387,856	$180,344
Net comprehensive income (loss)	(319,419)	(651,387)	(23,472)	(242,886)
Basic and diluted - comprehensive income (loss) per share	(0.01)	(0.03)	(0.00)	(0.01)

The above noted financial data should be read in conjunction with the consolidated financial statements for the year ended June 30, 2014.

RESULTS OF OPERATIONS FOR THE YEAR ENDED JUNE 30, 2014

Net investment revenues

Since the announcement of the change in business direction on March 3, 2014 to June 30, 2014, the Corporation recorded $337,502 in investment revenue. Investment revenue is comprised of $57,630 in net realized gains on disposal of investments, $215,721 in net change in unrealized gains on investments, $61,362 in interest revenue, and $2,789 in dividends.

Oil and natural gas sales revenue and pricing

Revenue	*Year ended June 30, 2014*	*Year ended June 30, 2013*
Oil / NGLs	$974,287	$583,114
Natural Gas	114,619	102,115
Total Revenue	$1,088,906	$685,229
Royalties	(287,537)	(80,670)
Oil and natural gas revenue, net of royalties	**$801,369**	**$604,559**

Product Prices-Sales	*June 30, 2014*	*June 30, 2013*
Oil / NGLs ($/bbl)	$73.63	$63.61
Natural Gas ($/mcf)	$4.20	$3.20

Product Volumes	*Year ended June 30, 2014*	*Average BOE/D for the year ended June 30, 2014*
Oil / NGLs	13,232 bbl	36 BOE/D
Natural Gas	27,289 mcf	12 BOE/D
Total	17,780 BOE	48 BOE/D

Product Volumes	*Year ended June 30, 2013*	*Average BOE/D for the year ended June 30, 2013*
Oil / NGLs	9,168 bbl	25 BOE/D
Natural Gas	31,917 mcf	15 BOE/D
Total	14,487 BOE	40 BOE/D

The Corporation earned oil and gas revenue for the year ending June 30, 2014 of $1,088,906, up from $685,229 in the prior year. The increase in revenue is due to the increased production from the Bodo area wells in the year.

The Corporation paid a total of $287,537 ($16.17 per BOE) in royalties in the year ended June 30, 2014 compared to $80,670 ($5.57 per BOE) in 2013. The royalty rate increased due to the increased production from the Corporation's oil properties in the year.

Other revenue

The Corporation earned $251,075 (2013 - $226,887) in other revenue for the year ended June 30, 2014. This revenue is almost entirely composed of a termination fee received in relation to the terminated share exchange agreement in November, 2013.

Field operating costs and transportation costs

Operating expenses for the year ended June 30, 2014 were $391,874 or $22.04 per BOE of production compared to $37.61 per BOE in the prior year. Operating costs per BOE were higher in the prior year due to additional costs for work overs on certain oil wells.

General and administrative

General and administrative expenses for the year ended June 30, 2014 were $446,498 compared with $304,818 for the year ended June 30, 2013. The general and administrative expense for the current year is mainly composed of consulting fees totaling $294,600 compared to $160,708 in 2013. The increase in consulting fees is in relation to the terminated share exchange agreement in November, 2013. General and administrative expense is also composed of office rental fees of $30,700 (2013 - $27,272), insurance expense of $45,209 (2013 - $44,561), and computer software and rentals of $22,270 (2013 - $26,807). The remaining expense is composed of other general office expenses.

Net comprehensive income (loss)

The net comprehensive income of $646,249 ($0.03 per share) for the year ended June 30, 2014 (2013 – net comprehensive loss of $1,237,164). Net comprehensive income for the year has increased due to the increase in investment and oil and gas revenue as well as the sale of the Corporation's Bodo properties. Non-cash items incurred in the year affecting income are depletion, of $231,314 (2013 - $507,633), gain on sale of $634,536 (2013 - $Nil), impairment of $3,735 (2013 - $55,498) and stock based compensation of $51,807 (2013 - $46,996).

Cash flow from operations before non-cash operating working capital

Net cash earned in operating activities before non-cash operating working capital was $32,315 for the year ended June 30, 2014, compared with net cash used of $616,483 in 2013.

RESULTS OF OPERATIONS FOR THE THREE MONTH PERIOD

Net investment revenues

For the three month period ended June 30, 2014, the Corporation recorded $294,380 in investment revenue. Investment revenue is comprised of $57,630 in net realized gains on disposal of investments, $215,721 in net change in unrealized gains on investments, $18,240 in interest revenue, and $2,789 in dividends.

Oil and natural gas sales revenue and pricing

Revenue	***Three months ended June 30, 2014***	***Three months ended June 30, 2013***
Oil / NGLs	$133,875	$80,621
Natural Gas	35,313	30,662
Total Revenue	169,188	111,283
Royalties	(56,216)	(1,019)
Oil and natural gas revenue, net of royalties	**$112,972**	**$110,264**

Product Prices-Sales	***June 30, 2014***	***June 30, 2013***
Oil / NGLs ($/bbl)	$82.49	$72.22
Natural Gas ($/mcf)	$4.77	$3.62

Product Volumes	***Three months ended June 30, 2014***	***Average BOE/D for the three months ended June 30, 2014***
Oil / NGLs	1,623 bbl	18 BOE/d
Natural Gas	7,394 mcf	13 BOE/d
Total	2,855BOE	31 BOE/d

Product Volumes	*Three months ended June 30, 2013*	*Average BOE/D for the three months ended June 30, 2013*
Oil / NGLs	1,116 bbl	12 BOE/d
Natural Gas	8,471 mcf	16 BOE/d
Total	2,528BOE	28 BOE/d

The Corporation earned oil and gas revenue for the three month period ending June 30, 2014 of $169,188 compared to $111,283 for the three month period ended June 30, 2013. The decreased revenue in the prior period is due to the shut in of two of the Corporation's oil producing wells in June, 2013.

The Corporation paid a total of $56,216 ($19.69 per BOE) in royalties for the three month period ended June 30, 2014, compared with $1,019 ($0.40 per BOE) for the three month period ended June 30, 2013. The royalty rate was decreased in the prior period due to the shut in of two of the Corporation's oil producing wells in for June, 2013.

Field operating costs and transportation costs

Operating expenses for the three month period ended June 30, 2014 were $99,426 or $34.82 per BOE of production compared to $68.34 per BOE for the same period in the prior year. Operating costs per BOE increased in the prior year because of the loss of revenue due to the shut in of two of the Corporation's oil producing wells in for June, 2013. Operating costs are expected to remain steady for the next period.

General and administrative

General and administrative expenses for the three month period ended June 30, 2014 were $136,572 compared with $91,622 for the three month period ended June 30, 2013. The expense is mainly composed of consulting fees totaling $97,000 (2013 - $34,350), office rental fees of $8,030 (2013 - $9,869), and computer software and rentals of $6,675 (2013 - $2,910). The remaining expense is composed of other general office expenses.

Net comprehensive income (loss)

The net comprehensive income of $654,301 ($0.03 per share) for the three month period ended June 30, 2014 was mainly due the sale of the Corporation's Bodo properties and increased investment revenue. Non-cash items incurred in the period affecting income are depletion, of $31,877 (2013 - $32,567), gain on sale of $628,690 (2013 - $Nil), impairment of $3,735 (2013 - $55,498) and stock based compensation of $15,198 (2013 - $Nil).

Cash flow from continuing operations

Cash flow from continuing operations was a negative $195,327, compared with negative $453,916 in the three month period ended June 30, 2013. Cash flow was reduced in the prior period due to the shut in of two of the Corporation's oil producing wells in June, 2013.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2014, the Corporation had working capital of $3,634,181 which compares to working capital of $3,107,782 at June 30, 2013.

TRANSACTIONS WITH KEY MANAGEMENT AND RELATED PARTIES

Key management compensation

Key management personnel are composed of the Corporation's Directors and Officers.

During the three months ended June 30, 2014, companies controlled by key management of the Corporation were paid $95,000 (June 30, 2013 - $23,500) in consulting fees in relation to the operations of the Corporation, which are included in general and administrative expenses on the consolidated statement of comprehensive income (loss). The Corporation also incurred $13,897 (2013 - $Nil) in stock based compensation for options issued to key management. At June 30, 2014, $Nil was outstanding in trade and other payables (June 30, 2013 – $Nil).

For the year ended June 30, 2014, the Corporation incurred consulting fees of $190,100 (2013 – $136,238) paid to companies which are controlled by key management of the Corporation, which are included in general and administrative on the consolidated statement of comprehensive income (loss). The Corporation also incurred $46,764 (2013 - $31,157) in stock based compensation for options issued to key management. At June 30, 2014, no consulting fees remained outstanding (2013 – $Nil).

Related party transactions

During the three months ended June 30, 2014, the Corporation incurred legal costs of $2,945 (June 30, 2013 - $10,521) with a law firm in which the Corporate secretary is a Partner. The legal costs incurred were in the normal course of operations and were based on the exchange value of the service provided. Of the legal services provided, $Nil were included in trade and other payables at June 30, 2014 (June 30, 2013 - $2,614).

During the year ended June 30, 2014, the Corporation incurred legal costs of $31,567 (2013 - $28,731) with a law firm in which the Corporate secretary is a Partner. The legal costs incurred were in the normal course of operations and were based on the exchange value of the service provided. Of the legal services provided, $Nil were included in trade and other payables at June 30, 2014 (June 30, 2013 - $2,614).

OFF-BALANCE SHEET TRANSACTIONS

As at the date of this report the Corporation does not have any off-balance sheet arrangements.

ACCOUNTING POLICIES

The consolidated financial statements and related MD&A have been prepared on a historical cost basis except as disclosed in note 3 of the Corporation's consolidated financial statements for the years ended June 30, 2014 and 2013.

A summary of the Corporations significant accounting policies under IFRS is presented in note 3 – "Significant accounting policies" in the Corporation's consolidated financial statements for the years ended June 30, 2014 and 2013. These policies have been applied consistently for all periods presented in the consolidated financial statements.

The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional and presentation currency.

ACCOUNTING STANDARDS

Change in accounting standards

a) On June 30, 2014, the Corporation updated its accounting policy in relation to the recognition of investments held at fair value from settlement date to trade date. The change in accounting policy aligns the recognition of investments with the Corporation's business model and provides the shareholders with more relevant and reliable information about the Corporation's investments at each period end. The change in accounting policy is applied retrospectively, but has no affect on the Corporation's prior consolidated financial statements.

Adopted Accounting Standards

a) IFRS 10, 'Consolidated Financial Statements' was issued in May 2011 and supersedes the consolidation requirements in SIC-12 'Consolidation – Special Purpose Entities' and IAS 27 'Consolidated and Separate Financial Statements' effective for the Corporation beginning on July 1, 2013. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent Corporation. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess.

The adoption of the amendments to this standard did not have a material impact on the Corporation's financial statements.

b) IFRS 11, 'Joint Arrangements' was issued in May 2011 and supersedes existing IAS 31, 'Joint Ventures' effective for the Corporation beginning on July 1, 2013. IFRS 11 provides for the accounting of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard also eliminates the option to account for jointly controlled entities using the proportionate consolidation method. The adoption of the amendments to this standard did not have a material impact on the Corporation's financial statements.

c) IFRS 12, 'Disclosure of Interests in Other Entities' was issued in May 2011 and is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 was effective for the Corporation beginning on July 1, 2013. The adoption of the amendments to this standard did not have a material impact on the Corporation's financial statements.

d) IFRS 13, 'Fair Value Measurement' was issued in May 2011 and sets out in a single IFRS a framework for measuring fair value. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement. In addition, IFRS 13 also requires specific disclosures about fair value measurement. IFRS 13 is effective for the Corporation beginning on July 1, 2013, with earlier application permitted. The adoption of the amendments to this standard did not have a material impact on the Corporation's financial statements.

Future accounting standards

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2014 or later periods. The standards impacted that are applicable to the Corporation are as follows:

a) IAS 32, "Financial Instruments: Presentation" was issued in December 2011 to clarify the current offsetting model and develop common disclosure requirements to enhance the understanding of the potential effects of offsetting arrangements. Amendments to IAS 32 are effective for the Corporation on July 1, 2014 with required retrospective application and early adoption permitted. The adoption of this standard does not have a material impact on the Corporation's financial statements.

b) IFRS 9, "Financial Instruments" was issued in November 2009 as the first step in its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for impairment and hedge accounting. In July 2013, the IASB deferred the mandatory effective date of IFRS 9 and has left this date open pending the finalization of the impairment and classification requirement. The Corporation is currently assessing the impact of this standard.

c) IFRS 15, "Revenue from Contracts with Customers" was issued in May 2014 to replace IAS 18 "Revenue" and IAS 11 "Construction Contracts", and several revenue related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options and other common complexities. IFRS 15 is effective for reporting periods beginning on or after January 1, 2017. The Corporation is currently assessing the impact of this standard.

d) IFRS Interpretations Committee ("IFRIC") 21 "Levies" – IFRIC clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The adoption of this standard does not have a material impact on the Corporation's financial statements.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Corporation has made estimates and assumptions regarding certain assets, liabilities, revenues and expenses in the preparation of the consolidated financial statements. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, actual results may differ from estimated amounts. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Accounting Estimates:

a) Estimates of crude oil and natural gas reserves

Depletion and amounts used in impairment calculations are based on estimates of oil and natural gas reserves. Reserve estimates are based on engineering data, estimated future prices, expected future rates of production and the timing of future capital expenditures, all of which are subject to many uncertainties and interpretations. The Corporation expects that, over time, its reserve estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels, and may be affected by changes in commodity prices.

b) Decommissioning liabilities

The calculation of decommissioning liabilities include estimates of the future costs and the timing of the cash flows to settle the liability, the discount rate used in reflecting the passage of time, and future inflation rates.

c) Share-based compensation

The Corporation has made various assumptions in estimating the fair values of the common stock options granted including expected volatility, expected exercise behavior and future forfeiture rates. At each period end, options outstanding are re-measured for changes in the fair value of the liability.

d) Deferred taxes

Tax interpretations, regulations and legislation are subject to change and as such income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings.

e) Fair value of investments in securities not quoted in an active market or private company investments:

Where the fair value of financial assets recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values.

Accounting Judgments:

a) Identification of cash generating units

The classification of the Corporation's oil and gas assets into CGU's requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, external users, shared infrastructures, and the way in which management monitors the Corporation's oil and gas operations.

FINANCIAL INSTRUMENTS

The carrying values of the Corporation's financial instruments by category were as follows:

June 30, 2014			
Asset (liability)	Fair value through profit or loss	Loans and receivables at amortized cost	Financial liabilities at amortized cost
Cash and cash equivalents	$ –	$1,375,325	$ –
Trade and other receivables	–	102,194	–
Investments at fair value	2,229,800	–	–
Investments held to maturity	–	604,487	
Long term investments	–	150,000	
Trade and other payables	–	–	(190,141)
Due on investments to be settled	–		(684,430)
	$2,229,800	**$2,232,006**	**$(874,571)**

The carrying value of the Corporation's financial instruments, excluding investments at fair value and investments held to maturity, approximate their fair value due to the short term nature of these instruments.

Investments at fair value and financial instruments hierarchy:

Financial hierarchy:

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Investments by sector consist of the following as at June 30, 2014:

Sector	Cost	Level 1	Level 2	Level 3	Total fair value	% of total fair value
Construction and real estate	$175,500	$155,500	$47,505	$ –	$203,005	9%
Oil and gas infrastructure	696,363	722,325	–	–	722,325	32%
Oil and gas services	233,000	234,500	–	–	234,500	11%
Oil and gas producers	488,096	491,070	–	–	491,070	22%
Mining	170,000	255,000	87,900	–	342,900	15%
Technology and other	251,121	236,000	–	–	236,000	11%
Total	**$2,014,079**	**$2,094,395**	**$135,405**	**$ –**	**$2,229,800**	**100%**

Within level 2, the Corporation includes warrants held in public companies. The fair value of warrants granted is estimated using the Black-Scholes pricing model, taking into account amounts that are believed to approximate the volatility of the trading price of the company's shares, the expected lives of the warrants, the fair value of the company's stock and the risk-free interest rate, as determined at the grant date. A 25% change in the volatility used to measure these instruments will result in a corresponding $45,945 change in the value of the investment.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions. The analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Corporation's view of expected future changes in the fair value of these investments. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

As at June 30, 2014, $684,430 was due and outstanding on investments that had been contracted but not settled as of yearend.

The Corporation had no investments at fair value as at June 30, 2013.

Investments held to maturity consist of the following:

	June 30, 2014	June 30, 2013
Short term loans	$450,197	$ −
Debenture	154,290	−
Total investments held to maturity	**$604,487**	**$ −**

The carrying value of the Corporation's short term loans approximates their fair value due to the short term nature of these loans and would be included in level 2 of the financial instruments hierarchy. The fair value of the debenture is estimated to be $149,790 and would be included in level 2 of the financial instruments hierarchy.

DISCLOSURE OF OUTSTANDING SHARE DATA

Authorized and Issued Share Capital

Class	Par Value	Authorized	Issued
Common	Nil	Unlimited	22,179,706
Preferred	Nil	Unlimited	Nil

Description of Options and Contingent Performance Rights Outstanding

Security Type	Number	Exercise Price	Expiry Date	Recorded Value
Options	866,667	$0.30	December 7, 2016	N/A
Options	200,000	$0.30	March 9, 2017	N/A
Options	700,000	$0.10	December 18, 2018	N/A
Options	300,000	$0.10	February 27, 2019	N/A

NON-GAAP FINANCIAL MEASURES

This MD&A includes references to "net asset value per share ("NAV per share")," a financial measure, that does not have a standardized meaning prescribed by generally accepted accounting principles (GAAP) or International IFRS. NAV per share is calculated as the value of total assets less the value of total liabilities divided by the total number of common shares outstanding as at a specific date. Investors are cautioned that this non-GAAP measure should not be construed as an alternative to the measurement calculated in accordance with IFRS as, given its non-standardized meaning; it is unlikely to be comparable to similar measures presented by other issuers.

CAUTION REGARDING FORWARD LOOKING INFORMATION

Certain information contained in this MD&A constitutes forward-looking information, which is information regarding possible events, conditions or results of operations of the Corporation that is based upon assumptions about future economic conditions and courses of action and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as “seek”, “anticipate”, “budget”, “plan”, “continue”, “estimate”, “expect”, “forecast”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, without limitation, our expectations regarding anticipated investment activities, our ability to repay amounts which may become due and payable, the impact of changes in accounting policies and other factors on our operating results, and the performance of global capital markets and interest rates.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Corporation believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to investment performance, our ability to realize sufficient proceeds from the disposition of our investments in order to fund our obligations as they become due (which will be based upon market conditions beyond our control), market fluctuations, fluctuations in prices of commodities underlying our interests and equity investments, the strength of the Canadian, U.S. and other economies, and other risks included elsewhere in this MD&A under the headings “Risk Factors” and “Financial Instruments” and in the Corporation’s current public disclosure documents filed with certain Canadian securities regulatory authorities and available under Blackhawk’s profile at www.sedar.com.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Corporation has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The forward-looking information contained in this MD&A is provided as of the date hereof and the Corporation undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

RISK FACTORS – INVESTING

An investment in our securities is subject to certain risks, including those set out below and should be carefully considered by an investor before making any investment decision. Additional risks not currently known to us, or that we currently believe to be immaterial, may also affect our business and negatively impact upon an investment in our securities.

Portfolio Exposure

Given the nature of our activities, our results of operations and financial condition are dependent upon the market value of the securities that comprise our portfolio. Market value can be reflective of the actual or anticipated operating results of our portfolio companies and/or the general market conditions that affect the sectors in which we invest. Macro factors such as fluctuations in commodity prices and global political and economical conditions could have an adverse effect on one or more sectors to which we are exposed, thereby negatively impacting one or more of our portfolio companies concurrently. Company-specific risks could have an adverse affect on one or more of our portfolio companies at any point in time. Company-specific and industry-specific risks which materially adversely affect our portfolio investments may have a materially adverse impact on our operating results.

Cash Flow/Revenue

We generate revenue and cash flow primarily from our financing activities and proceeds from the disposition of our investments, in addition to interest and dividend income earned on our investments and fees generated from securities lending and other activities. The availability of these sources of income and the amounts generated from these sources are dependent upon various factors, many of which are outside of our direct control. Our liquidity and operating results may be adversely affected if our access to the capital markets is hindered, whether as a result of a downturn in the market conditions generally or to matters specific to us, or if the value of our investments decline, resulting in capital losses for us upon disposition.

Illiquid Securities

We also invest in illiquid securities of public issuers. A considerable period of time may elapse between the time a decision is made to sell such securities and the time we are able to do so, and the value of such securities could decline during such period. Illiquid investments are subject to various risks, particularly the risk that we will be unable to realize our investment objectives by sale or other disposition at attractive prices or otherwise be unable to complete any exit strategy. In some cases, we may be prohibited by contract or by law from selling such securities for a period of time or otherwise be restricted from disposing of such securities. Furthermore, the types of investments made may require a substantial length of time to liquidate.

We may also make direct investments in publicly-traded securities that have low trading volumes. Accordingly, it may be difficult for us to make trades in these securities without adversely affecting the price of such securities.

Possible Volatility of Stock Price

The market price of our common shares may be subject to wide fluctuations in response to factors such as actual or anticipated variations in our consolidated results of operations, changes in financial estimates by securities analysts, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations may adversely affect the market price of our common shares. The purchase of our common shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Our common shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in our common shares should not constitute a major portion of an investor's portfolio.

Trading Price of Common Shares Relative to Net Asset Value

We are neither a mutual fund nor an investment fund, and due to the nature of our business and investment strategy and the composition of our investment portfolio, the market price of our common shares, at any time, may vary significantly from our net asset value per share. This risk is separate and distinct from the risk that the market price of our common shares may decrease.

Available Opportunities and Competition for Investments

The success of our operations will depend upon: (i) the availability of appropriate investment opportunities; (ii) our ability to identify, select, acquire, grow and exit those investments; and (iii) our ability to generate funds for future investments. We can expect to encounter competition from other entities having investment objectives similar to ours, including institutional investors and strategic investors. These groups may compete for the same investments as us, may be better capitalized, have more personnel, have a longer operating history and have different return targets than us. As a result, we may not be able to compete successfully for investments. In addition, competition for investments may lead to the price of such investments increasing which may further limit our ability to generate desired returns. There can be no assurance that there will be a sufficient number of suitable investment opportunities available to us to invest in or that such investments can be made within a reasonable period of time. There can be no assurance that we will be able to identify suitable investment opportunities, acquire them at a reasonable cost or achieve an appropriate rate of return. Identifying attractive opportunities is difficult, highly competitive and involves a high degree of uncertainty. Potential returns from investments will be diminished to the extent that we are unable to find and make a sufficient number of investments.

Share Prices of Investments

Our investments in securities of public companies are subject to volatility in the share prices of the companies. There can be no assurance that an active trading market for any of the subject shares is sustainable. The trading prices of the subject shares could be subject to wide fluctuations in response to various factors beyond our control, including, quarterly variations in the subject companies' results of operations, changes in earnings (if any), estimates by analysts, conditions in the industry of the subject companies and general market or economic conditions. In recent years equity markets have experienced extreme price and volume fluctuations. These fluctuations have had a substantial effect on market prices, often unrelated to the operating performance of the specific companies. Such market fluctuations could adversely affect the market price of our investments.

Concentration of Investments

We may participate in a limited number of investments and, as a consequence, our financial results may be substantially adversely affected by the unfavourable performance of a single investment, or sector. Completion of one or more investments may result in a highly concentrated investment by us in a particular company, business, industry or sector.

Dependence on Management

We are dependent upon the efforts, skill and business contacts of key members of management, for among other things, the information and deal flow they generate during the normal course of their activities and the synergies which exist amongst their various fields of expertise and knowledge. Accordingly, our continued success will depend upon the continued service of these individuals who are not obligated to remain employed with us. The loss of the services of any of these individuals could have a material adverse effect on our revenues, net income and cash flows and could harm our ability to maintain or grow our existing assets and raise additional funds in the future.

Additional Financing Requirements

We anticipate ongoing requirements for funds to support our growth and may seek to obtain additional funds for these purposes through public or private equity or debt financing. There are no assurances that additional funding will be available to us at all, on acceptable terms or at an acceptable level. Any additional equity financing may cause shareholders to experience dilution, and any additional debt financing may result in increased interest expense or restrictions on our operations or ability to incur additional debt. Any limitations on our ability to access the capital markets for additional funds could have a material adverse effect on our ability to grow our investment portfolio.

No Guaranteed Return

There is no guarantee that an investment in our securities will earn any positive return in the short term or long term. The task of identifying investment opportunities, monitoring such investments and realizing a significant return is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize a return on such investments successfully. Our past performance provides no assurance of our future success.

Management of our Growth

Significant growth in our business, as a result of acquisitions or otherwise, could place a strain on our managerial, operational and financial resources and information systems. Future operating results will depend on the ability of senior management to manage rapidly changing business conditions, and to implement and improve our technical, administrative and financial controls and reporting systems. No assurance can be given that we will succeed in these efforts. The failure to effectively manage and improve these systems could increase our costs, which could have a material adverse effect on us.

Due Diligence

The due diligence process that we undertake in connection with investments may not reveal all facts that may be relevant in connection with an investment. Before making investments, we conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, we may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, we rely on the resources available to us, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that we will carry out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

Changes to Tax Laws

Potential changes to, or interpretations of, tax laws, may negatively impact the our business.

Non-controlling Interests

Our investments include debt instruments and equity securities of companies that we do not control. These instruments and securities may be acquired by us in the secondary market or through purchases of securities from the issuer. Any such investment is subject to the risk that the company in which the investment is made may make business, financial or management decisions with which we do not agree or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve our interests. If any of the foregoing were to occur, the values of our investments could decrease and our financial condition, results of operations and cash flow could suffer as a result.

RISK FACTORS – OIL AND GAS

The Corporation's business consists of the exploration and, if successful, the development of oil and gas properties in Canada. There are a number of inherent risks associated with the exploration, development and production of oil and gas reserves, many of these risks are beyond the control of the Corporation.

Success in the junior oil and gas sector is measured by a Corporation's ability to raise funds and the ability to secure properties of merit. Not all of these factors are within management's control. The ability to raise funds is in part dependent on the state of the junior resource stock market, which in turn is dependent on the economic climate, oil and gas prices and perceptions as to which way the market is headed. The ability to secure properties of merit is in large part dependent on management's contacts and the vitality of the sector.

There were no significant or material changes to the Corporation's oil and gas risk factors during the year ended June 30, 2014. Additional risks not currently known to the Corporation or that are currently believed to be immaterial, may also affect and negatively impact the Corporation.

DEFINITIONS

In this Managements Discussion and Analysis the terms below have the meanings indicated:

Oil and Natural Gas Liquids		**Natural Gas**	
bbl	Barrel	Mcf	thousand cubic feet
bbls/d	barrels per day	Mcf/d	thousand cubic feet per day

BOE	barrel of oil equivalent on the basis of 1 BOE to 6 Mcf of natural gas. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 1 BOE for 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
BOE/D	barrel of oil equivalent per day
NAV	net asset value

ADDITIONAL INFORMATION

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com.