



BLACKHAWK RESOURCES CORP.

**CSE FORM 2A
Listing Statement**

March 4, 2019

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INTRODUCTION

This listing statement (“**Listing Statement**”) is furnished in connection with the proposed listing of common shares of Blackhawk Resources Corp. on the Canadian Securities Exchange.

1. ABOUT THIS LISTING STATEMENT

1.1 Glossary of Terms

The following is a glossary of certain terms used in this Listing Statement. Words below importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

“**affiliate**” has the meaning set forth in the Securities Act;

“**ABCA**” means the *Business Corporations Act* (Alberta), as amended, including the regulations promulgated thereunder;

“**CSE**” means the Canadian Securities Exchange;

“**Blackhawk Option**” means an incentive stock option to purchase a Blackhawk Share;

“**Blackhawk Shares**” means the common shares in the capital of Blackhawk;

“**Blackhawk Shareholders**” means holders of Blackhawk Shares at the applicable time;

“**Blackhawk Option Plan**” means the stock option plan of Blackhawk, as constituted as of the date hereof;

“**Board**” means the board of directors of Blackhawk, as may be constituted from time to time;

“**Issuer**” or “**Blackhawk**” refers to Blackhawk Resources Corp., a corporation incorporated under the ABCA;

“**NI 51-102**” means National Instrument 51-102 - *Continuous Disclosure Obligations*;

“**NI 58-101**” means National Instrument 58-101 - *Corporate Governance Practices*;

“**person**” includes any individual, a sole proprietorship, firm, partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, union, Governmental Authority, syndicate or other entity, whether or not having legal status;

“**Securities Act**” means the *Securities Act* (Alberta) and the rules, regulations and policies made thereunder, as now in effect and as they may be amended from time to time;

“**Tax Act**” means the *Income Tax Act* (Canada), R.S.C. 1985, c.1 (5th Supp.), including the regulations promulgated thereunder, as amended;

“**TSXV**” means the TSX Venture Exchange; and

“**United States**” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

1.2 Information Concerning Forward-Looking Statements

Except for statements of historical fact contained herein, the information presented in this Listing Statement constitutes forward-looking statements or information (collectively “**forward-looking statements**”) within the meaning of Canadian securities legislation.

Forward-looking statements include, but are not limited to, statements with respect to activities, events or developments that Blackhawk expects or anticipates will or may occur in the future, including management’s assessment of future plans and operations and statements with respect to the business plan of Blackhawk. In certain cases, forward-looking statements can be identified by terminology such as “may”, “will”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “predict”, “forecast”, “outlook”, “potential”, “continue”, “should”, “likely”, or the negative of these terms or other comparable terminology. Forward-looking statements include, among others, statements with respect to: market competition; consumer behaviour; the Issuer’s expectations regarding the timing for availability of the Issuer’s products and acceptance of its products by the market; the Issuer’s strategy to develop new products and services, and to enhance the capabilities of existing products and services; the Issuer’s dependence on attracting greater share of the market; the Issuer’s plans to market, sell and distribute its products; and the Issuer’s plans to retain and recruit personnel.

Although management believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve assumptions, known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Blackhawk to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, without limitation: changes in law; the ability to implement business strategies and pursue business opportunities; the state of the capital markets; the availability of funds and resources to pursue operations; decline of reimbursement rates; dependence on few payors; possible new drug discoveries; a novel business model; dependence on key suppliers; granting of permits and licenses in a highly regulated business; competition; changes in healthcare regulations or insurance coverage, particularly those relating to mental health or younger citizens; difficulty integrating newly acquired businesses; the time, outcome and cost of any inquiries, audits or litigation with insurance providers, or federal, state or local regulators; low profit market segments; fluctuations in exchange rates; general economic, market and business conditions, other risks factors including those found in this Listing Statement under Section 17 “*Risk Factors*” and in the documents incorporated by reference herein, as well as those risk factors discussed or referred to in the Issuer’s disclosure documents filed with the securities regulatory authorities in certain provinces of Canada and available at www.sedar.com. Should any factor affect the Issuer in an unexpected manner, or should assumptions underlying the forward looking information prove incorrect, the actual results or events may differ materially from the results or events predicted. Any such forward-looking information is expressly qualified in its entirety by this cautionary statement. Moreover, the Issuer does not assume responsibility for the accuracy or completeness of such forward-looking information.

Forward-looking statements are made based on management’s beliefs, estimates and opinions on the date the forward-looking statements are made and Blackhawk undertakes no obligation to update any forward-looking statement if these beliefs, estimates and opinions or other circumstances should change, except as may be required by applicable law.

1.3 Market and Industry Data

This Listing Statement includes market and industry data relevant to the Issuer’s business that has been obtained from third party sources, including industry publications. The Issuer believes that the industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to

the accuracy or completeness of included information. Although the data is believed to be reliable, the Issuer has not independently verified any of the data from third party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

1.4 Currency

In this Listing Statement, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to \$ are to Canadian dollars.

2. CORPORATE STRUCTURE

2.1 Corporate Name of the Issuer, Head and Registered Office

The full corporate name of the Issuer is Blackhawk Resources Corp.

Blackhawk has its registered office at Suite 1000, 250 – 2nd Street, S.W., Calgary, Alberta, T2P 0C1 and head office located at Suite 650, 816 - 7 Avenue SW, Calgary Alberta T2P 1A1.

2.2 Jurisdiction of Incorporation

The Issuer was incorporated as "Rich Minerals Corporation" pursuant to the ABCA on March 25, 1986. The Articles of the Issuer were amended by Certificate of Amendment on May 12, 2009, to change the name of the Issuer to "Blackhawk Resource Corp."

Blackhawk is a reporting issuer in the provinces of British Columbia and Alberta.

2.3 Intercorporate Relationships

Blackhawk has one wholly-owned subsidiaries, Blackhawk Resource Operating Corp., which is incorporated under the laws of the Province of Alberta.

2.4 Fundamental Change

This section is not applicable to the Issuer.

2.5 Non-corporate Issuers and Issuers incorporated outside of Canada

This section is not applicable as Blackhawk is not a non-corporate issuer nor an issuer incorporated outside of Canada.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 General Development of the Issuer's Business

Blackhawk was initially engaged in heavy equipment operations in the natural resource sectors, through its former wholly owned subsidiary, Rich Contracting Ltd. As the construction company continued to operate, Blackhawk was successful in purchasing oil and gas assets, entering into arrangements to participate in exploring for gold and other precious metals, and purchasing an interest in a gemstone project. During 2005, Blackhawk took specific actions to substantially reduce its direct involvement in construction and contracting activities and focused its attention on business prospects in the natural resource sector. In 2007, Blackhawk was awarded two onshore blocks in the Potiguar Basin, Brazil. In 2009, Blackhawk reorganized its management team and completed acquisition of two principal producing properties, Wood River and Bodo, located in the Western Canadian Sedimentary Basin.

In February of 2014, Blackhawk announced it was pursuing a change in business after it had determined that to optimize shareholder value, it would refocus its business operations from an "oil and gas issuer" to an "investment issuer".

After a thorough evaluation of the Corporation's existing resources and a review of strategic options for the Corporation generally, the Corporation determined to refocus its business operations from a "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".

The composition of the investment portfolio has evolved over the past 4 years.

3.2 Acquisitions and Dispositions

Blackhawk has not completed any significant acquisitions or significant dispositions and currently has no plans for any probable significant acquisitions or probable significant dispositions.

3.3 Trends, Commitments, Events or Uncertainties

Except as may be disclosed in this Listing Statement, Blackhawk is not aware of any trend, commitment, event or uncertainty presently known to management and reasonably expected to have a material effect on Blackhawk's business, financial condition or results of operations

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1 General

Blackhawk is an investment company that carries on business with the objective of enhancing shareholder value over the long term on a per share basis. Blackhawk seeks to accomplish this objective by making use of the experience, expertise and opportunity flow of its management and board of directors to opportunistically make investments in situations that Blackhawk believes will provide superior returns over the long term. Such investments may include, without limitation, the acquisition of equity, debt or other securities of publicly traded or private companies or other entities and the acquisition of all or part of one or more businesses, portfolios or other assets, in each case that Blackhawk believes will enhance value for the shareholders of Blackhawk over the long-term.

Blackhawk currently invests in equity and debt instruments of companies to generate positive returns for shareholders. Blackhawk's strategy is focused on investing mainly in the e-Sports industry throughout North America. The equity portion of its portfolio includes a significant investment in a private eSports company, UMG Media Corp. ("**UMG**"). UMG is involved in both live tournament events as well as on line match play.

On November 22, 2018, Blackhawk made a strategic investment into a private company that is active in the on line Hemp and CBD premium handcrafted products ("**HempCo**"). Blackhawk made an equity investment and will hold approximately 20% of HempCo and will have the opportunity to increase that ownership percentage significantly over time.

Composition of Investment Portfolio

As at June 30, 2018, Blackhawk held total investments of \$5,170,500 comprised of equity type investments of \$4,795,500 and short term loan investments of \$375,000. In addition, Blackhawk held a cash balance of \$88,812.

Investments at Fair Value by Sector			
Sector	Cost (\$)	Total fair value (\$)	% of total fair value
Mining	508,166	-	0%
Technology and other	1,813,264	4,795,500	100%
Total	2,321,434	4,795,500	100%

Debt Instruments	
Type	Amount (\$)
Short term loans	375,000
Total investments held to maturity	375,000

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

Investment Strategy

Blackhawk has adopted an investment policy to govern its investment activities and investment strategy. A copy of the Investment Policy is attached hereto as Schedule C.

The Investment Policy provides, among other things, that: (a) Blackhawk's objective as an investment company is to enhance shareholder value over the long term on a per share basis; (b) Blackhawk will seek to accomplish this objective by making use of the experience, expertise and opportunity flow of its management and Board to opportunistically make investments in situations that Blackhawk believes will provide superior returns over the long term; and (c) such investments may include, without limitation, the acquisition of equity, debt or other securities of publicly traded or private companies or other entities and the acquisition of all or part of one or more businesses, portfolios or other assets, in each case that Blackhawk believes will enhance value for the shareholders of Blackhawk over the long-term.

The Investment Policy provides Blackhawk with broad authority in regards to the types of investments that may be made and held by Blackhawk with a view to enhancing value for its shareholders over the long term. The Investment Policy states that Blackhawk will invest with a preference for opportunities in Canada or the United States, but may Blackhawk time to time also pursue opportunities internationally. The Investment Policy does not preclude Blackhawk from investing in any particular industry and has no specific policy with respect to investment diversification, although over time it will be the goal of Blackhawk to acquire and hold investments that Blackhawk believes will collectively provide superior returns over the long term.

The Investment Policy also states that, depending upon Blackhawk's assessment of market conditions and investment opportunities, Blackhawk may, from time to time, be fully invested, partially invested or entirely uninvested such that Blackhawk is holding only cash or cash-equivalent balances while Blackhawk actively seeks to redeploy such cash or cash-equivalent balances in suitable investment opportunities.

Notwithstanding the foregoing, Blackhawk's investment objective, investment strategy and investment restrictions may be amended from time to time as approved by the Board. Additionally, notwithstanding the Investment Policy, the Board may, from time to time, authorize such additional investments outside of the disciplines set forth therein as it sees fit for the benefit of Blackhawk and its shareholders.

Investment Evaluation Process

The management and Board will work jointly to uncover appropriate investment opportunities that meet Blackhawk's investment strategy as outlined above and Blackhawk's objective of enhancing shareholder value over the long term on a per share basis. These individuals have a broad range of business and investing experience and networks through which potential investments are expected to be identified. All investments considered by Blackhawk will be subject to rigorous analysis and evaluation, and all major investments and dispositions will be subject to prior approval of the Board in such manner as it may determine appropriate from time to time.

In reaching an investment decision regarding an investment in any particular issuer, Blackhawk will consider, among other things, the following factors:

- the anticipated rate of return and level of risk;
- the financial condition and financial performance of the issuer and its anticipated future results;
- the quality of an issuer's management and board of directors and the issuer's alignment with Blackhawk's investment objectives;
- exit strategies and criteria;
- the size of the investment, its price and valuation; and
- Blackhawk's ability to efficiently finance its investment.

All investment decisions will be made consistent with the objective of enhancing shareholder value over the long term on a per share basis.

4.2 Business Objectives

Blackhawk will potentially look to expand its service offering by entering the hemp and CBD market. Over the next 12 months the Issuer will continue to evaluate investment opportunities but will focus its evaluations to opportunities within the hemp and CBD industries. The objective of these investments will be to continue to grow shareholder value and give shareholders indirect investment in the industry.

4.3 Significant Milestones and Events

Blackhawk will continue with its due diligence in regards to the hemp and CBD industry. Blackhawk will assess the overall market, potential opportunities, risks, etc. before making any additional investments in the industry.

4.4 Total Funds Available

The estimated consolidated working capital of the Issuer as at December 31, 2018 (unaudited) was \$4,812,298. As at June 30, 2018, Blackhawk had net assets of approximately \$4,800,000 and had sufficient funds to operate and maintain its business and achieve its business objectives and milestones.

4.5 Bankruptcy and Receivership

There have been no bankruptcy, receivership or similar proceedings against Blackhawk, or any voluntary receivership, bankruptcy or similar proceedings by Blackhawk since its incorporation.

4.6 Material Restructuring

There have been no material restructuring transactions of Blackhawk.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Annual Information of Issuer

The audited financial statements of the Issuer together with the independent auditors' report thereon and the notes thereto as at and for the year ended June 30, 2018 and June 30, 2017 (the "**Annual Financials**"), as well as management's discussion and analysis of the financial condition and operations of the Issuer for the year ended June 30, 2018 and June 30, 2017 (the "**Annual MD&A**") are attached hereto as Schedule A.

The unaudited interim financial statements of the Issuer together with the notes thereto as at and for the periods ended December 31, 2018 (the "**Interim Financials**"), as well as management's discussion and analysis of the financial condition and operations of the Issuer for the periods ended December 31, 2018 (the "**Interim MD&A**") are attached hereto as Schedule B.

The following table provides a brief summary of selected financial information of the Issuer as at June 30, 2018, June 30, 2017 and June 30, 2016. This summary financial information should only be read in conjunction with the Issuer financial statements, including the notes thereto, included elsewhere in this document, including in Section 25 "*Financial Statements*".

	Year ended June 30, 2018 (\$000s)	Year ended June 30, 2017 (\$000s)	Year ended June 30, 2016 (\$000s)
Operating Data			
Total Revenues	(109)	2,661	(428)
Net Income (Loss)	(710)	2,153	(1,227)
Basic and Diluted Income (Loss) per Share	(0.02)	0.05	(0.03)
Dividends	Nil	Nil	Nil
Balance Sheet Data			
Total Assets	5,461	5,761	3,828
Total Current Liabilities	693	283	403
Total Liabilities	693	283	403

5.2 Quarterly Information

Below is a summary of the quarterly results of the Issuer, for each of the eight most recently completed quarters:

	December 31, 2018	Three months ended		
Operating Data	September 30, 2018	June 30, 2018	March 31, 2018	
Total Revenues	\$ - -	\$257,566	\$423,385	\$(166,660)
Net Income (Loss)	(128,152)	172,001	213,377	(281,070)
Basic and Diluted Income (Loss) per Share	0.00	0.00	0.00	(0.01)
	December 31, 2017	Three months ended (\$000s)		
Operating Data	September 30, 2017	June 30, 2017	March 31, 2017	
Total Revenues	\$22,547	\$(373,361)	\$(146,393)	\$3,161,261
Net Income (Loss)	(138,000)	(504,633)	(324,258)	3,053,356
Basic and Diluted Income (Loss) per Share	0.00	(0.01)	(0.01)	0.07

5.3 Dividends

Blackhawk has not declared or paid dividends on any of its shares and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for operations and working capital. Any decision to pay dividends on its shares will be made by the Blackhawk Board on the basis of Blackhawk's financial condition, earnings, results of operations, financial requirements and other conditions existing at such time.

5.4 Foreign GAAP

Not applicable to the Issuer.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

The Annual MD&A is attached hereto in Schedule A, and the Interim MD&A is attached hereto in Schedule B.

7. MARKET FOR SECURITIES

The Blackhawk Shares are listed and posted for trading on the TSXV under the trading symbol "BLR" and are expected to cease to trade on the TSXV on March 4, 2019. On March 5, 2019, the Blackhawk Shares will begin trading on the CSE under the symbol "BLR".

8. CONSOLIDATED CAPITALIZATION

There have been no material changes in the share and loan capital of the Issuer, on a consolidated basis, since June 30, 2015.

9. OPTIONS TO PURCHASE SECURITIES

As of March 5, 2019, Blackhawk has an aggregate of 1,500,000 Blackhawk Shares reserved for issuance pursuant to Blackhawk Options as set forth below.

Optionee	Blackhawk Shares Issuable	Exercise Price	Expiry Date
Executive officers of the Issuer	700,000	\$0.10	August 24, 2020
Directors of the Issuer (other than executive officers)	800,000	\$0.10	February 27, 2019 to August 24, 2020
Employees of the Issuer	Nil	N/A	N/A
Consultants of the Issuer	Nil	N/A	N/A

The Blackhawk Option Plan was adopted by the Shareholders on February 6, 2012. Pursuant to the Blackhawk Option Plan the Board may from time to time, in its discretion and in accordance with applicable Exchange requirements, grant to directors, officers and employees of the Issuer as well as Management Company Employees and Consultants (as such terms are defined in Policy 4.4 of the TSXV as amended from time to time), non-transferable options to purchase Blackhawk Shares, provided that the number of Blackhawk Shares reserved for issuance will not exceed 10% of the issued and outstanding Blackhawk Shares from time to time. The number of Blackhawk Shares reserved for issuance to any individual director or officer of the Issuer will not exceed 5% of the issued and outstanding Blackhawk Shares (2% in the case of optionees providing consultancy or investor relations services to the Issuer) unless disinterested shareholder approval is obtained. Options granted pursuant to the Blackhawk Option Plan are nonassignable, except by means of a will or pursuant to the laws of descent and distribution.

10. DESCRIPTION OF THE SECURITIES

10.1 General

Blackhawk is authorized to issue an unlimited number of Blackhawk Shares. As at the date of this Listing Statement, there are 41,196,374 Blackhawk Shares issued and outstanding as fully paid and non-assessable.

Holders of Blackhawk Shares (common shares) are entitled to notice of, and to one vote per share at, all meeting of Blackhawk Shareholders, to receive dividends as and when declared by the Board and to receive a pro rata share of the assets of Blackhawk available for distribution to holders of common shares in the event of liquidation, dissolution or winding-up of Blackhawk.

10.2 Debt securities, Other Securities, Modifications of Terms and Other Attributes

None of the matters set out in sections 10.2 to 10.6 of CSE - Form 2A are applicable to this Issuer.

10.7 Prior Sales

There were no prior sales or issuances of Blackhawk Shares or securities convertible into Blackhawk Shares for the 12 month period prior to the Listing Statement.

10.8 Stock Exchange Price

The Blackhawk Shares are listed and posted for trading on the TSXV under the trading symbol "BLR" and are expected to cease to trade on the TSXV on March 4, 2019. On March 5, 2019, the Blackhawk Shares will begin trading on the CSE under the symbol "BLR". The following table sets forth the daily high and low closing trading prices and the volume of the trading of the Blackhawk Shares, on days which there was trading activity, on the TSXV for the periods indicated.

2016	Low (\$)	High (\$)	Avg. Close (\$)	Volume
September	0.075	0.08	0.0766	314,292
October	0.055	0.075	0.0646	599,747
November	0.05	0.09	0.0622	223,770
December	0.06	0.065	0.0621	97430
2017				
January	0.06	0.08	0.0693	346,190
February	0.065	0.065	0.065	142,500
March	0.06	0.07	0.0659	767,016
April	0.07	0.085	0.0741	410,533
May	0.055	0.07	0.0631	666,832
June	0.06	0.075	0.0628	107,432
July	0.06	0.065	0.0633	25532
August	0.065	0.08	0.0716	96000
September	0.06	0.065	0.0608	172,666
October	0.065	0.095	0.0765	1,593,267
November	0.085	0.265	0.1654	11,842,344
December	0.095	0.14	0.1139	6,442,091
2018				
January	0.095	0.13	0.1103	1,368,250
February ¹	0	0	0	0
March ¹	0	0	0	0
April ¹	0	0	0	0
May ¹	0	0	0	0
June ¹	0	0	0	0
July	0.065	0.095	0.0781	1,297,875
August	0.045	0.075	0.0584	2,398,399

September	0.045	0.06	0.050	2,389,166
October	0.04	0.055	0.0472	528,398
November	0.04	0.065	0.0503	561,645
December	0.04	0.05	0.045	515,330
2019				
January	0.045	0.055	0.055	386,566
February	0.045	0.05	0.0479	339,145
March ²	0.045	0.050	0.050	174,000

Notes:

- (1) The Common Shares were halted from January 22, 2018 to July 16, 2018 at the request of the Blackhawk in connection with a potential transaction.
(2) March 1, 2019 trading data.

11. ESCROWED SECURITIES

No Blackhawk Shares are currently held in escrow.

12. PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and executive officers of Blackhawk, as of the date hereof, there are no persons who, directly or indirectly, own or exercise control or direction over, securities carrying more than 10% of the voting rights attached to any class of voting securities of Blackhawk.

13. DIRECTORS AND OFFICERS

13.2 Directors and Executive Officers

The names, municipalities of residence, positions with Blackhawk and the principal occupations for the five preceding years of the directors and executive officers of Blackhawk are set out below, together with their holdings of Blackhawk Shares.

Name and Municipality of Residence	Position and Office held with the Issuer	Principal Occupation last 5 years
David Antony ⁽³⁾ <i>Calgary, Alberta, Canada</i>	Chief Executive Officer Director since February 23, 2009	Mr. Antony over 25 years' experience in assisting companies in structuring transactions, accessing capital, and corporate governance. He is currently the Chief Executive Officer and a director of the Issuer, and he is also a director HAW Capital Corp. and Rider Investment Capital Corp.. In addition, Mr. Antony previously on both the Local Advisory and National Advisory Committees for the TSX-V.
Charidy Lazorko <i>Calgary, Alberta, Canada</i>	Chief Financial Officer	Charidy Lazorko holds the position of Chief Financial Officer, Secretary & Director at Rider Investment Capital Corp. and Chief Financial Officer at Blackhawk Resource Corp. In the past she held the position of Chief Financial Officer of BlockchainK2 Corp., Chief Financial Officer of Trusted Brand 2016, Inc., Chief Financial Officer for Ranger Energy Ltd., Chief Financial Officer of Iron Tank Resources Corp. and Chief Financial Officer at Sabre Graphite Corp.
Raymond Antony ⁽¹⁾⁽²⁾⁽³⁾ <i>Calgary, Alberta, Canada</i>	Director since February 23, 2009	Mr. Antony was a Chartered Accountant for more than 30 years and an independent business man since 1996.

Mike Smith ⁽²⁾⁽³⁾ <i>Calgary, Alberta, Canada</i>	Director since December 19, 2013	Mr. Smith is a Professional Engineer with over 15 years of experience in the oil and gas sector including five (5) years in senior roles. Mr. Smith was formerly the President and Chief Executive Officer of Paramax Resources Ltd. Prior thereto, Mr. Smith was a Vice President at The Codeco Energy Group. Prior to that appointment, Mr. Smith was the President of Fire Creek Resources.
Kelly Ogle ⁽¹⁾⁽²⁾ <i>Calgary, Alberta, Canada</i>	Director since April 28, 2015	Mr. Ogle has been the President of the Canadian Global Affairs Institute since October 1, 2016 and has been a Strategic Advisor to Grafton Asset Management, a global energy sector investment manager, since January 1, 2014. Mr. Ogle was previously the Managing Director of Connacher Oil and Gas Limited from January 2012 to May 2013.
Scott Seguin <i>Calgary, Alberta, Canada</i>	Director since January 4, 2019	Mr. Seguin is an independent businessman who has over 20 years' experience in senior management roles with various private companies. He has achieved entrepreneurial and operational excellence through multiple new venture startups and consulting companies. Currently, Mr. Seguin is the President of Noble Line Inc. Mr. Seguin has a Bachelor of Mechanical Engineering from the University of Alberta and a MBA from the University of Calgary.
Dale Owen ⁽¹⁾⁽²⁾ <i>Calgary, Alberta, Canada</i>	Director since February 28, 2019	Mr. Owen is a designated accountant with over 25 years' experience advising clients at Owen Kirzinger LLP.

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Corporate Governance and Compensation Committee.
- (3) Member of the Investment Committee.

13.3 Voting Securities Held by Directors and Executive Officers

The directors and executive officers of the Issuer beneficially own, directly or indirectly, as a group, 1,594,860 Blackhawk Shares representing approximately 3.87% of all outstanding voting securities of the Issuer.

13.4 Cease Trade Orders or Bankruptcies

Other than as set forth below, no proposed director, within 10 years before the date of this Circular, has been, a director or executive officer of any company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Southern Pacific Resource Corp., ("Southern Pacific") and its subsidiaries (and partnership), obtained creditor protection under the Companies' Creditors Arrangement Act (Canada) (the "CCAA") pursuant to an order granted on January 21, 2015 by the Court of Queen's Bench of Alberta. As a result of the CCAA proceeding, Southern Pacific did not file its quarterly filings. Southern Pacific was ceased traded effective February 20, 2015 for failure to file its quarterly filings when due. On June 1, 2015, a receiver was appointed to manage the affairs of Southern Pacific and all of the directors resigned. David Antony was a director of Southern Pacific until June 1, 2015. Southern Pacific was engaged in the development of in-situ heavy oil projects in Alberta and Saskatchewan.

13.5 Penalties and Sanctions

To the knowledge of the Issuer, no director nor officer of the Issuer, or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, is, or within 10 years before the date of this Listing Statement, has been, a director or officer of any other issuer that, while that person was acting in that capacity, has:

- (d) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- (e) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

13.6 Personal Bankruptcies

No director nor officer of the issuer, nor a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons, has, within the 10 years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

13.7 Conflicts of Interest

There are potential conflicts of interest to which the directors and executive officers of Blackhawk may be subject in connection with the operations of Blackhawk. In particular, certain of the directors and executive officers may be involved in managerial or director positions with issuers or businesses whose operations may, from time to time, be in direct competition with those of Blackhawk or with entities Blackhawk may, from time to time, provide financing to, or make equity investments in, competitors of Blackhawk. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

13.8 Management

The following are brief profiles of the management of the Issuer, including a description of each individual's principal occupation within the past five years.

David Antony – Chief Executive Officer, Age 56

David Antony has 25 years' experience in assisting companies in structuring transactions, accessing capital, and corporate governance. He is currently and a director of Rider Investment Capital Corp. and

HAW Capital Corp which are listed on the TSXV. In addition, Mr. Antony has sat on both the Local Advisory and National Advisory Committees for the TSXV.

Charidy Lazorko – Chief Financial Officer, Age 38

Ms. Lazorko is a CPA, CGA with over 13 years of public company experience and financial services, with an emphasis in corporate restructuring, amalgamations and asset acquisitions. She currently serves as the Chief Financial Officer of Rider Investment Capital Corp. Additionally, she has acted as a financial advisor for a multitude of other private transactions in the oil and gas industry.

14. CAPITALIZATION

14.1 Issued Capital

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total outstanding (A)	41,196,374	42,696,374	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	1,594,860	3,094,860	3.87%	7.25%
Total Public Float (A-B)	39,601,514	39,601,514	96.13%	92.75%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	Nil	Nil	Nil	Nil
Total Tradeable Float (A-C)	41,196,374	42,696,374	100%	100%

Securityholders (Beneficial)

Class of Security		
Size of Holding	Number of holders ⁽¹⁾	Total number of securities
1 – 99 securities	14	643
100 – 499 securities	104	26,263
500 – 999 securities	56	38,461
1,000 – 1,999 securities	64	89,424
2,000 – 2,999 securities	28	64,606
3,000 – 3,999 securities	40	134,218
4,000 – 4,999 securities	10	42,182
5,000 or more securities	263	36,921,076
Total	579	37,316,873

Note:

- (1) Based on holdings of non-objecting beneficial owners (NOBOs) as at January 16, 2019 and excluding holdings of registered holders and objecting beneficial owners (OBOs).

14.2 Convertible or Exchangeable Securities

Type of Security	Exercise Price(s)	No. of Securities Outstanding	No. of Blackhawk Shares Issuable upon Exercise
Blackhawk Options	\$0.10	1,500,000	1,500,000

14.3 Other Listed Securities Reserved for Issuance

There are no other Blackhawk Shares reserved for issuance that are not included in section 14.2.

15. EXECUTIVE COMPENSATION

The disclosure required by Form 51-102F6 - *Statement of Executive Compensation* under NI 51-102 is provided in the Issuer's information circular dated December 5, 2018 in connection with the annual meeting of shareholders of the Issuer held January 4, 2019, a copy of which is available under the Issuer's profile on SEDAR at www.sedar.com. The Issuer has no intention of making any material changes to the compensation structure described in such document.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

16.1 Aggregate Indebtedness

There exists no indebtedness of the directors or executive officers of Blackhawk, or any of their associates, to Blackhawk, nor is any indebtedness of any of such persons to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Blackhawk.

16.2 Indebtedness under Securities Purchase and Other Programs

Not applicable.

17. RISK FACTORS

17.1 Risk Factors Relating to the Issuer

An investor should carefully consider the following risk factors in addition to the other information contained in this Listing Statement. The risks and uncertainties below are not the only ones related to the Issuer. There are additional risks and uncertainties that the Issuer does not presently know of or that the Issuer currently considers immaterial which may also impair the Issuer's business operations. If any of the following risks actually occur, the Issuer's business may be harmed and its financial condition and results of operations may suffer significantly. The risk factors presented below related exclusively to the Issuer's additional line of business.

The business of Blackhawk is subject to a number of risks and uncertainties. In addition to considering the other information contained in this Listing Statement and the information disclosed in the financial statements, the reader should carefully consider the following information. Any of these risk factors could have material adverse effects on the business to be conducted by Blackhawk.

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 economic 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 effect 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

Blackhawk also invests 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.

Blackhawk 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

The Issuer is 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

The Issuer is 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

The Issuer anticipates ongoing requirements for funds to support our growth and may seek to obtain additional fund 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 our business.

Non-controlling Interests

The Issuer's 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.

17.2 Risk of Liability for Additional Contribution

There is no risk that securityholders of the Issuer may become liable to make an additional contribution beyond the price of the security.

18. PROMOTERS

18.1 Promotors

There are currently no promotors of the Issuer.

18.2 Orders, Bankruptcies and Sanctions

Not applicable.

19. LEGAL PROCEEDINGS

19.1 Legal Proceedings

There are no material legal proceedings to which Blackhawk is a party or in respect of which any of the assets of Blackhawk are subject, which is or will be material to Blackhawk, and Blackhawk is not aware of any such proceedings that are contemplated.

19.2 Regulatory Actions

There have been: (i) no penalties or sanctions imposed against Blackhawk by a court relating to securities legislation or by a securities regulatory authority; (ii) no other penalties or sanctions imposed by a court or regulatory body against Blackhawk; and (iii) no settlement agreements Blackhawk entered into with a court relating to securities legislation or with a securities regulatory authority.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed elsewhere herein, management of Blackhawk is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer of Blackhawk, any person or company who owns of record, or is known by Blackhawk to own beneficially, directly or indirectly, more than 10% of the Blackhawk Shares or any associate or affiliate of the foregoing persons or companies, in any transaction within the three years before the date of this Appendix (other than through their interests as securityholders of Iberian) that has materially affected or is reasonably expected to materially affect Blackhawk since incorporation.

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

Auditors

The auditor of the Issuer is MNP LLP, Chartered Accountants at 1500, 640 - 5th Avenue S.W. Calgary, AB. Such firm is independent of Blackhawk in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

Transfer Agent and Registrar

The transfer agent and registrar of the Blackhawk Shares is Computershare Investor Services Inc., 530 - 8th Avenue SW, Suite 600 Calgary, Alberta T2P 3S8.

22. MATERIAL CONTRACTS

Other than as set forth elsewhere in this Listing Statement, the Issuer has not entered into any contracts material to investors in the Blackhawk Shares.

Copies of these agreements will be available for inspection during normal business hours at the principal offices of Blackhawk.

23. INTEREST OF EXPERTS

The auditor of Blackhawk, MNP LLP, has confirmed that it is independent of the Issuer in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

In addition, none of the aforementioned persons or companies, nor any director, officer, employee or partner, as applicable, of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of Blackhawk or of any associate or affiliate of Blackhawk.

24. OTHER MATERIAL FACTS

There are no other material facts that are not elsewhere disclosed herein and which are necessary in order for this document to contain full, true and plain disclosure of all material facts relating to the Issuer.

25. FINANCIAL STATEMENTS

25.1 Financial Statements of Issuer

The Annual Financials and Annual MD&A are attached hereto as Schedule A, and the Interim Financials and Interim MD&A are attached hereto as Schedule B.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, **BLACKHAWK RESOURCES CORP.**, hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to **BLACKHAWK RESOURCES CORP.**. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated this 4th day of March, 2019.

(signed) "David Antony"

David Antony
Chief Executive Officer, Director

(signed) "Charidy Lazorko"

Charidy Lazorko
Chief Financial Officer

(signed) "Raymond Antony"

Raymond Antony
Director

(signed) "Scott Seguin"

Scott Seguin
Director

Schedule A

Annual Financial Statements and Managements' Discussion and Analysis

See attached.

Consolidated Financial Statements of

BLACKHAWK RESOURCE CORP.

Years ended June 30, 2018 and 2017

Independent Auditors' Report

To the Shareholders of Blackhawk Resource Corp.

We have audited the accompanying consolidated financial statements of Blackhawk Resource Corp., which comprise the consolidated statements of financial position as at June 30, 2018 and June 30, 2017, and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Blackhawk Resource Corp. as at June 30, 2018 and June 30, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Calgary, Alberta
October 29, 2018

MNP LLP

Chartered Professional Accountants

BLACKHAWK RESOURCE CORP.

Consolidated Statement of Financial Position

As at	June 30, 2018	June 30, 2017
Assets		
Cash and cash equivalents	\$ 88,812	\$ 30,707
Trade and other receivables (note 17(a))	8,019	11,700
Prepaid expenses and deposits	24,747	32,465
Investments at fair value – Short term loans (note 6)	375,000	162,561
Investments at fair value – Equity (note 6)	4,795,500	5,356,298
Property, plant and equipment (note 7)	44,509	44,509
Lease reclamation deposits	124,746	123,126
	\$ 5,461,333	\$ 5,761,366
Liabilities and Shareholders' Equity		
Trade and other payables (note 17(b))	\$ 154,665	\$ 93,125
Note payable (note 8)	250,000	–
Decommissioning liabilities (note 9)	288,220	189,467
	692,885	282,592
Shareholders' equity		
Share capital (note 10)	7,492,253	7,492,253
Contributed surplus	846,680	846,680
Deficit	(3,570,485)	(2,860,159)
	4,768,448	5,478,774
	\$ 5,461,333	\$ 5,761,366

Subsequent event (note 20)

See accompanying notes to the consolidated financial statements.

Approved for issuance by the Board of Directors on October 29, 2018

Signed "*Raymond Antony*" _____
Director

Signed "*Mike Smith*" _____
Director

BLACKHAWK RESOURCE CORP.

Consolidated Statements of Comprehensive Income (Loss)

Year ended June 30,	2018	2017
Revenues		
Net investment gains (losses)		
Net realized gain (loss) on disposal of investments	\$ 48,956	\$ (102,877)
Net change in unrealized (loss) gain on investments	(164,245)	2,608,400
Interest revenue	6,090	155,051
	(109,199)	2,660,574
Net revenue from oil and gas properties (note 12)	42,390	51,946
	(66,809)	2,712,520
Expenses		
General and administrative	326,651	409,235
Professional fees	105,005	78,326
Stock based compensation (note 10(c))	—	1,483
Transaction costs	560	2,525
Finance costs (note 11)	3,883	763
Oil and natural gas expenses (note 12)	207,418	66,969
	643,517	559,301
Net income (loss) and comprehensive income (loss)	\$ (710,326)	\$ 2,153,219
Net income (loss) per share (note 13):		
Basic and diluted	\$ (0.02)	\$ 0.05

See accompanying notes to the consolidated financial statements.

BLACKHAWK RESOURCE CORP.

Consolidated Statements of Changes in Equity

As at	June 30, 2018	June 30, 2017
Share capital		
Balance, beginning of year	\$ 7,492,253	\$ 7,492,253
Balance, end of year	7,492,253	7,492,253
Contributed surplus		
Balance, beginning of year	846,680	845,197
Stock based compensation	–	1,483
Balance, end of year	846,680	846,680
Deficit		
Balance, beginning of year	(2,860,159)	(4,912,447)
Net income (loss) and comprehensive income (loss)	(710,326)	2,153,219
Dividend declared	–	(100,931)
Balance, end of year	(3,570,485)	(2,860,159)
Shareholders' equity	\$ 4,768,448	\$ 5,478,774

See accompanying notes to the consolidated financial statements.

BLACKHAWK RESOURCE CORP.

Consolidated Statements of Cash Flows

Year ended June 30,	2018	2017
Cash provided by (used in):		
Operations:		
Net income (loss) from continuing operations	\$ (710,326)	\$ 2,153,219
Items not affecting cash:		
Net change in unrealized gains on investments	164,245	(2,608,400)
Stock based compensation	–	1,483
Accretion (note 12)	2,304	1,374
Revision of estimates in decommissioning liabilities (note 12)	96,449	(5,729)
Change in non-cash operating working capital:		
Trade and other receivables	3,681	9,915
Proceeds on disposal of investments, net of realized gain (loss)	218,313	823,323
Purchase of investments	(34,200)	(194,300)
Prepaid expenses and deposits	6,099	1,999
Trade and other payables	61,540	(72,049)
	(191,895)	110,835
Finance:		
Dividends paid	–	(144,187)
Note payable	250,000	–
	250,000	(144,187)
Investments:		
Decommissioning costs incurred	–	(535)
	–	(535)
Net change in cash and cash equivalents	58,105	(33,887)
Cash and cash equivalents, beginning of year	30,707	64,594
Cash and cash equivalents, end of year	\$ 88,812	\$ 30,707
Supplemental cash flow information:		
Interest received	\$ –	\$ 63,112
Interest paid	3,438	124
Dividends paid	–	144,187

See accompanying notes to the consolidated financial statements.

BLACKHAWK RESOURCE CORP.

Notes to the Consolidated Financial Statements, page 1
Years ended June 30, 2018 and 2017

1. General information:

Blackhawk Resource Corp. (the “Corporation”) was incorporated under the Business Corporations Act (Alberta) on March 25, 1986.

The Corporation invests in equity and debt instruments of companies to generate positive returns for shareholders. The Corporation’s current strategy is focused on investing mainly in the e-Sports industry throughout North America.

The Corporation’s registered office is located at Suite 650, 816 7th Ave SW, Calgary, Alberta, T2P 1A1.

2. Basis of preparation:

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates and judgments are significant to the consolidated financial statements are disclosed in note 4.

The Corporation presents its consolidated financial position on a non-classified basis in order of liquidity.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except as disclosed in note 3. These consolidated financial statements have been prepared on a going concern basis.

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

3. Significant accounting policies:

These policies have been applied consistently for all periods presented in these consolidated financial statements.

a.) Basis of consolidation

These consolidated financial statements have been prepared in accordance with IFRS 10, Consolidated Financial Statements, and include the accounts of the Corporation and its wholly owned consolidated subsidiary. As discussed under critical accounting estimates and judgements, the Corporation has determined it meets the definition of an investment entity.

Consolidated subsidiary

In accordance with IFRS 10, subsidiaries are those entities that provide investments-related services and that the Corporation controls by having the power to govern the financial and operating policies of the entity. Such entities would include those who incur management and consulting fees for the Corporation’s day to day operations. All intercompany amounts and transactions amongst these consolidated entities have been eliminated upon consolidation.

The Corporation’s only consolidated entity is Blackhawk Resource Operating Corp.

Interests in unconsolidated subsidiaries

In accordance with the amendments for investment entities under IFRS 10, interests in subsidiaries other than those that provide investment related services are accounted for at fair value through profit or loss rather than consolidating them. As discussed under critical accounting estimates and judgements, management exercised judgement when determining whether subsidiaries are investment entities.

The entities, UMG Media Corp. and Redwing Energy Services Ltd., which are significant in nature, are significantly influenced or controlled by the Corporation either directly or indirectly and are held as investments. Both entity’s principal place of business is in Canada, with UMG also operating out of the United States through a subsidiary.

BLACKHAWK RESOURCE CORP.

Notes to the Consolidated Financial Statements, page 2
Years ended June 30, 2018 and 2017

3. Significant accounting policies (continued):

b.) Joint ventures

Certain of the Corporation's oil and gas activities are conducted through joint ventures. A joint venture is an arrangement that the Corporation controls jointly with one or more other investors, and over which the Corporation has rights to a share of the arrangements net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

Substantially all of the Corporation's oil and gas activities are conducted jointly with others, and the consolidated financial statements reflect only the Corporation's proportionate interest in such activities.

c.) Cash and cash equivalents

Cash comprises cash on hand. Other investments (term deposits and certificates of deposit) with an original term to maturity at purchase of three months or less are reported as cash equivalents in the consolidated statement of financial position.

d.) Property, plant and equipment

Development and production

Property, plant and equipment is measured at cost less accumulated depletion and depreciation and impairment provisions. When significant components of an item of property, plant and equipment, including oil and natural gas interests, have different useful lives, they are accounted for separately.

The deemed cost of an asset comprises its purchase price, construction and development costs, costs directly attributable to bringing the asset into operation, the estimate of any asset retirement costs, and applicable borrowing costs. Property acquisition costs are comprised of the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Oil and natural gas properties within each CGU are depleted using the unit-of-production method over proved reserves. The unit-of-production rate takes into account expenditures incurred to date, together with future development expenditures required to develop proved reserves.

Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognized in the consolidated statement of comprehensive income (loss).

Impairment

The Corporation assesses property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset or CGU may not be recoverable. Indications of impairment include the existence of low benchmark commodity prices for an extended period of time, significant downward revisions of estimated reserves, or increases in estimated future development expenditures. If any such indication of impairment exists, the Corporation performs an impairment test related to the assets or CGU.

Individual assets are grouped for impairment assessment purposes into CGU's, which are the lowest level at which there are identifiable cash inflows that are largely independent of the cash inflows of other groups of assets. A CGU's recoverable amount is the higher of its fair value less costs of disposal ("FVLCOD") and its value in use ("VIU"). FVLCOD is determined to be the amount the asset could be sold in an orderly transaction between market participants at the measurement date.

VIU is based upon the estimated before tax net present value of the Corporation's proved plus probable reserves, as prepared by independent reserve evaluators. Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount.

BLACKHAWK RESOURCE CORP.

Notes to the Consolidated Financial Statements, page 3
Years ended June 30, 2018 and 2017

3. Significant accounting policies (continued):

In subsequent periods, an assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is re-estimated and the net carrying amount of the asset or CGU is increased to its revised recoverable amount. The recoverable amount cannot exceed the carrying amount that would have been determined, net of depletion, had no impairment loss been recognized for the asset in prior periods. Such reversal is recognized in the consolidated statement of comprehensive income (loss). After a reversal, the depletion charge is adjusted in future periods to allocate the asset's revised carrying amount over its remaining useful life.

e.) Decommissioning liabilities

A provision is recognized for the present value of the future cost of abandonment of oil and gas wells and related facilities. This provision is recognized when a legal or constructive obligation arises. The estimated costs, based on engineering cost levels prevailing at the reporting date, are computed on the basis of the latest assumptions as to the scope and method of abandonment. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a risk free rate, updated at each reporting date that reflects current market assessments of the time value of money and the risks specific to the obligation. The corresponding amount is capitalized as part of exploration and evaluation expenditure or property, plant and equipment and is amortized on a unit-of-production basis as part of the depreciation, depletion and amortization charge. Any adjustment arising from the reassessment of estimated cost of decommissioning liabilities is capitalized, whilst the charge arising from the accretion of the discount applied to the decommissioning liabilities is treated as a component of finance costs.

f.) Foreign currency translation

The Corporation's consolidated subsidiary has the same functional currency as that of the Corporation and translates foreign denominated monetary assets and liabilities at the exchange rate prevailing at period end; non-monetary assets, liabilities and related depreciation at historic rates; revenues and expenses at the average rate of exchange for the period; and any resulting foreign exchange gains or losses are included in the consolidated statement of comprehensive income (loss).

g.) Taxes

The Corporation follows the liability method of accounting for taxes. Under this method, deferred tax assets and liabilities are recognized based on the estimated tax effects of temporary differences in the carrying amount of assets and liabilities in the consolidated financial statements and their respective tax bases.

Deferred tax assets and liabilities are calculated using the enacted or substantively enacted income tax rates that are expected to apply when the asset is recovered or the liability is settled. Deferred tax assets or liabilities are not recognized when they arise on the initial recognition of an asset or liability in a transaction (other than in a business combination) that, at the time of the transaction, affects neither accounting nor taxable profit.

Deferred tax assets for deductible temporary differences and tax loss carryforwards are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences or tax loss carryforwards can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date, and is reduced if it is no longer probable that sufficient future taxable profits will be available against which the temporary differences or tax loss carryforwards can be utilized.

Current tax is calculated based on net earnings for the year, adjusted for items that are non-taxable or taxed in different periods, using income tax rates that are enacted or substantively enacted at each reporting date.

Income taxes are recognized in equity or other comprehensive income, consistent with the items to which they relate.

h.) Revenue recognition

Purchases and sales of investments are recognized on the trade date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the consolidated statement of comprehensive income (loss). Upon disposal of an investment, previously recognized unrealized gains or losses are reversed to recognize the full realized gain or loss in the period of disposition.

BLACKHAWK RESOURCE CORP.

Notes to the Consolidated Financial Statements, page 4
Years ended June 30, 2018 and 2017

3. Significant accounting policies (continued):

The Corporation recognizes interest income as the interest is earned using the accrual method.

Revenue associated with the sale of petroleum and natural gas production owned by the Corporation is recognized when the title passes from the Corporation to its customers and collection is reasonably assured.

Revenue associated with royalties on petroleum and natural gas production is recognized when earned.

i.) Stock based compensation

The Corporation's Stock Option Plan (the "Option Plan") provides current employees with the right to elect to receive common shares in exchange for options surrendered. The Corporation records compensation expense over the graded vesting period based on the fair value of options granted. Compensation expense is recorded in the consolidated statement of comprehensive income (loss) as stock based compensation expense with a corresponding credit to contributed surplus. When stock options are exercised, the proceeds, together with the amount recorded in contributed surplus, are recorded in share capital. The fair value of stock options granted is estimated using the Black-Scholes option pricing model, taking into account amounts that are believed to approximate the forfeiture rate, volatility of the trading price of the Corporation's shares, the expected lives of the awards of stock based compensation, the fair value of the Corporation's stock and the risk-free interest rate, as determined at the grant date. Forfeitures are estimated through the vesting period based on past experience and future expectations, and adjusted upon actual vesting.

j.) Financial instruments (investments at fair value)

Classification

All investments at fair value are classified upon initial recognition as either held for trading or designated as fair value through profit or loss with changes in fair value reported in the consolidated statement of comprehensive income (loss).

Recognition, derecognition and measurement

Purchases and sales of investments are recognized on the trade date.

Equity investments held for trading and loan investments designated as fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed as incurred in the consolidated statement of comprehensive income (loss). Investments are derecognized when the rights to receive cash flow from the investment has expired or the Corporation has transferred the financial asset and the transfer qualifies for derecognition.

Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the investments at fair value through profit or loss category are presented in the consolidated statement of comprehensive income (loss) within net change in unrealized and realized gains or losses on investments in the period in which they arise.

Determination of fair values

The determination of fair value requires judgment and is based on market information, where available and appropriate. At the end of each financial reporting period, the Corporation's management estimates the fair value of investments based on the criteria below and reflects such valuations in the consolidated financial statements.

The Corporation is also required to disclose details of its investments within three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring or disclosing the fair value, and to provide additional disclosure in connection therewith.

Equity investments

Securities including shares, and warrants which are traded in an active market, such as on a recognized securities exchange and for which no sales restrictions apply, are presented at fair value based on quoted closing trade prices at the consolidated statement of financial position date or the closing trade price on the last day the security traded if there were no trades at the consolidated statement of financial position date. These are included in Level 1 in note 6.

For warrants which are not traded on a recognized securities exchange, no market value is readily available. When there are sufficient and reliable observable market inputs, the Black-Scholes valuation technique is used. These are included in Level 2 in note 6.

BLACKHAWK RESOURCE CORP.

Notes to the Consolidated Financial Statements, page 5
Years ended June 30, 2018 and 2017

3. Significant accounting policies (continued):

The determinations of fair value of the Corporation's privately-held investments at other than initial cost are subject to certain limitations. Financial information for private companies in which the Corporation has investments may not be available and, even if available, that information may be limited and/or unreliable. These are included in Level 3 in note 6.

Loan investments

The determination of fair value of the Corporation's short term loans are subject to certain limitations. When determining the fair value of short term loans, the Corporation considers the nature and length of the loan, interest on the loan, business risk of the investee company and any other factors that may be relevant to the ongoing and realizable value of the loan investments. The short term loans would be included in Level 3.

k.) Financial instruments other than investments held at fair value

The Corporation classifies its financial instruments into one of the following categories: Held for trading; fair value through profit or loss, loans and receivables; available for sale financial assets; and financial liabilities measured at amortized cost. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods is dependent on the classification of the respective financial instrument.

Held for trading and fair value through profit or loss financial instruments are subsequently measured at fair value with changes in fair value recognized in the statement of comprehensive income (loss). All other categories of financial instruments are measured at amortized cost using the effective interest method.

Cash and cash equivalents, and trade and other receivables are classified as loans and receivables. Trade and other payables and investments to be settled are classified as other financial liabilities measured at amortized cost.

Transaction costs in respect of financial instruments at fair value through profit or loss are recognized immediately in the consolidated statement of comprehensive income (loss). Transaction costs in respect of other financial instruments are included in the initial measurement of the financial instrument and amortized to the consolidated statement of comprehensive income (loss) using the effective interest method.

Impairment of financial assets

At each reporting date, the Corporation assesses whether there is objective evidence that a financial asset, other than those subsequently measured at fair value, is impaired. If such evidence exists, an impairment loss is recognized in the consolidated statement of comprehensive income (loss).

Impairment losses on financial assets carried at amortized cost, including loans and receivables, are calculated as the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

l.) Per common share amounts

Basic per share amounts are calculated by dividing the net earnings or loss by the weighted average number of shares outstanding during the year. Diluted per share amounts are calculated by using the treasury stock method, by adjusting the weighted average number of shares outstanding for the potential number of issued instruments which may have a dilutive effect on net earnings or loss. This method assumes that proceeds received from the exercise of in-the-money instruments are used to repurchase common shares at the average market price for the year.

m.) Segmented disclosure

The Corporation has two operating segments: oil and gas and investing. Each of these segments is managed separately and requires different marketing approaches. Corporate assets which are not directly attributable to the business activities of these operating segments are not allocated to a segment.

BLACKHAWK RESOURCE CORP.

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Years ended June 30, 2018 and 2017

4. Critical accounting estimates and judgments:

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.) Stock 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 tax assets are assessed by management at the end of the reporting period to determine the probability 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.

f.) Valuation of GORR:

The Corporation has made various assumptions in estimating the value of the GORR including expected cash flow, duration of the cash flow and discount rate.

Accounting Judgments:

a.) Determination of investment entity

Judgement is required when making the determination that the Corporation or its subsidiaries meet the definition of an investment entity under IFRS. In accordance with IFRS 10, an investment entity is an entity that: "obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis." In addition, IFRS 10 clarifies that an investment entity may earn fee income from the provision of investment related services to external parties. In determining its status as an investment entity, the Corporation has determined that fair value is the primary measurement attribute used to monitor and evaluate its investments.

BLACKHAWK RESOURCE CORP.

Notes to the Consolidated Financial Statements, page 7
Years ended June 30, 2018 and 2017

4. Critical accounting estimates and judgments (continued):

b.) 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.

5. 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 July 1, 2018 or later periods. The standards impacted that are applicable to the Corporation are as follows:

a) IFRS 9, "Financial Instruments" final version was issued in July 2014, which reflects all phases of the financial instruments project and replaces IAS 39 'Financial Instruments: Recognition and Measurement' and all previous versions of IFRS 9. IFRS 9 introduces new requirements for classifying and measurement, impairments and hedge accounting for financial assets. IFRS 9 is effective for reporting periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Corporation is currently assessing the impact of this standard, no impairment is anticipated.

b) 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, 2018. The Corporation is currently assessing the impact of this standard, no impairment is anticipated.

c.) IFRS 16 "Leases", was issued in January 2016, which provides guidance on accounting for leases. The new standard replaces IAS 17 "Leases" and related interpretations. IFRS 16 eliminates the distinction between operating leases and financing leases for lessees. The new standard is effective January 1, 2019 with earlier adoption permitted providing that IFRS 15 has been adopted. The new standard is required to be applied retrospectively, with a policy alternative of restating comparative prior periods or recognizing the cumulative adjustment in opening retained earnings at the date of adoption. The Corporation is assessing the impact of this standard.

6. Investments at fair value and financial instruments hierarchy:

Financial hierarchy:

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).

Equity investments by sector consist of the following as at June 30, 2018:

Sector	Cost	Level 1	Level 2	Level 3	Total fair value	% of total fair value
Mining	\$508,166	\$ -	\$ -	\$ -	\$ -	0%
Technology and other	1,813,268	-	-	4,795,500	4,795,500	100%
Total	\$2,321,434	\$ -	\$ -	\$4,795,500	\$4,795,500	100%

BLACKHAWK RESOURCE CORP.

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6. Investments at fair value and financial instruments hierarchy (continued):

Equity investments by sector consist of the following as at June 30, 2017:

Sector	Cost	Level 1	Level 2	Level 3	Total fair value	% of total fair value
Mining	\$508,166	\$3,000	\$ –	\$508,166	\$511,166	10%
Technology and other	1,834,822	17,410	32,222	4,795,500	4,845,132	90%
Total	\$2,342,988	\$20,410	\$32,222	\$5,303,666	\$5,356,298	100%

Level 1 instruments include shares and warrants actively traded in an active market, level 2 instruments include warrants held in public companies and, level 3 instruments include common shares held in private 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 \$Nil (2017 - \$4,960) change in the value of the investment.

The fair value of the level 3 investments of \$4,795,500 (June 30, 2017 - \$5,303,666) are subject to market risk, commodity risk and change in demand in the mining and technology industry. A 5% change in the stock price used to fair value these instruments will result in a corresponding \$239,775 (June 30, 2017 - \$265,183) 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.

In accordance with IFRS 10, the fair value of the Corporation's investments includes the fair value of an entity that is controlled by the Corporation.

The fair value of the common shares included in level 3 of \$4,795,500 (June 30, 2017 - \$5,303,666) consists of two separate related party investments, Redwing Energy Services Ltd. ("Redwing") and UMG Media Corp. ("UMG"). Each investment has been evaluated based on available data from the corporations involved.

Since June 30, 2017, the Corporation has incurred a write down of its holdings in Redwing. As at June 30, 2018, the Corporation held 50% of the common shares of Redwing and incurred a \$508,166 unrealized loss for the year. Redwing is a shallow drilling company focused in the mining industry and has a related director and officer. Blackhawk's holdings in Redwing have a cost of \$508,166 and were acquired as a transfer of shares for the settlement of a short-term loan with an unrelated party on June 1, 2017.

Since June 30, 2017, the Corporation has been informed of significant changes to the operations at the mine in which the investment operates, including the cancellation of the contract under which Redwing operated. During 2017, the Corporation had taken settlement of the debt through the obtaining the shares of Redwing, during 2018 the Corporation had determined the fair value of the investment in Redwing at June 30, 2018, was \$Nil. On June 20, 2018, the Corporation was able to negotiate a new agreement with the original debtor to the Corporation due to the situation with Redwing. The original debtor has agreed to pay Blackhawk a total of \$450,000. The \$450,000 has been moved to short terms loans, \$75,000 of the total was paid before June 30, 2018. The remaining balance is non interest bearing and will be repaid with a minimum of \$20,000 per month.

UMG, an e-Sports company that is involved in both live tournament events and online match play, with two related directors and officers in common, had an unrealized gain on investment of \$3,437,500 as at June 30, 2017 with a cost of \$1,358,000, giving it a fair value of \$4,795,500 at June 30, 2018, which the Corporation determined based on the most recent private placements completed in 2017 and early 2018.

In May, 2016, the Corporation participated in a private placement of UMG in the amount of \$1,250,000 at \$0.40 per share giving the Corporation approximately 63% ownership in UMG. The Corporation also entered into a loan agreement with UMG for a maximum of \$100,000, incurring 15% interest and due in full by March 31, 2017.

BLACKHAWK RESOURCE CORP.

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Years ended June 30, 2018 and 2017

6. Investments at fair value and financial instruments hierarchy (continued):

This loan and accrued interest of \$8,000 was converted into additional shares of UMG in February 2017, at a price of \$1.50 per share, resulting in the Corporation owning 3,197,000 common shares. Since the initial purchase, UMG closed additional private placements at \$0.40 per share in July, 2016, and at \$1.50 per share in several private placements throughout 2017 and early 2018, diluting the Corporation's ownership to 20.1% as at June 30, 2018 (June 30, 2017 – 29%). These shares are unrestricted, common shares.

On February 2, 2018, the Corporation announced it had entered into a letter of intent dated January 21, 2018 with respect to a business combination with UMG (the "Transaction"), whereby the Corporation will acquire all of the issued and outstanding common shares of UMG. On July 12, 2018 the letter of intent was terminated, and the Corporation received a \$250,000 termination fee from UMG (see note 8 and note 20).

Short term loan investments consist of the following:

	June 30, 2018	June 30, 2017
Short term loans	\$375,000	\$162,561
Total loan investments	\$375,000	\$162,561

In June, 2017, the Corporation settled one of its short term loans for shares of Redwing in the amount of \$508,166 for 400 common shares, which gave the Corporation 50% ownership in Redwing. Since June 30, 2017, the Corporation has been informed of significant changes to the operations at the mine in which the investment operates, including the cancellation of the contract under which Redwing operated. During 2017, the Corporation had taken settlement of the debt through the obtaining the shares of Redwing, during 2018 the Corporation had determined the fair value of the investment in Redwing at June 30, 2018, was \$Nil. On June 20, 2018, the Corporation was able to negotiate new agreement with the original debtor to the Corporation due to the situation with Redwing. The original debtor has agreed to pay Blackhawk a total of \$450,000. The \$450,000 has been moved to short terms loans, \$75,000 of the total was paid before June 30, 2018. The remaining balance is non interest bearing and will be repaid with a minimum of \$20,000 per month.

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 3 of the financial instruments hierarchy. Short term loans include loans issued for a period of 16 months or less at an average interest rate of Nil (June 30, 2017 – 21%).

On September 30, 2017, the Corporation wrote down \$25,000 (June 30, 2017 - \$181,864) worth of short term loans as they were deemed uncollectable. On December 21, 2017, the Corporation was able to collect on \$22,500 of the short term loans written down. The Corporation had begun the process to enforce collection on \$Nil (June 30, 2017 - \$155,617) of the short term loans written down.

7. Property, plant and equipment:

The Corporation's property, plant and equipment are composed of the following:

	June 30, 2018	June 30, 2017
Provost Area GORR	\$44,509	\$44,509
Total property, plant and equipment	\$44,509	\$44,509

For the year ended June 30, 2018, the Corporation did a five year cash flow analysis discounted at 10% to assess its Provost Area GORR for impairment. As a result of this assessment, no impairment was required (2017 - \$Nil).

In addition to the Provost Area GORR the Corporation's oil and gas properties at June 30, 2018 and 2017 consisted of 2 CGUs, the Greencourt Area and the Wood River Area. These CGUs have a total cost of \$518,740 (2016 - \$518,740) and accumulated depletion and impairment of \$518,740 (2016 - \$518,740).

8. Note payable:

On January 22, 2018, the Corporation entered into a note payable with UMG in the amount of \$250,000. The initial agreement included an interest rate of 10% per annum to be accrued on the loan and be payable quarterly. With the transaction as detailed in Note 6, in regard to the letter of intent with UMG, the interest payment was waived. On July 12, 2018, with the termination of the transaction, the Corporation allocated the note payable to the termination fee due from UMG (see note 20).

BLACKHAWK RESOURCE CORP.

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Years ended June 30, 2018 and 2017

9. Decommissioning liabilities:

	June 30, 2018	June 30, 2017
Balance, beginning of year	\$189,467	\$194,357
Accretion	2,304	1,374
Decommissioning costs incurred	–	(535)
Disposal	–	–
Revision of estimates	96,449	(5,729)
Balance, end of year	\$288,220	\$189,467

The Corporation estimates the total undiscounted amount of cash flow required to settle its decommissioning liabilities as at June 30, 2018 is approximately \$299,118 (2017 - \$196,424) expected to be incurred over the next year to 9 years. An inflation factor of 3% per annum (2017 – 3% per annum) was applied to determine the expected future costs and an average risk free rate of 1.79% (2017 – 0.74%) was used to calculate the present value of the estimated future decommissioning liabilities.

10. Share capital:

a.) Authorized:

Unlimited number of common voting shares and preferred shares

b.) Issued:

	Number of Shares	Amount
Balance, June 30, 2016 and 2017 and 2018	41,196,374	\$7,492,253

c.) Stock options:

The Corporation has implemented a stock option plan for Directors, Officers, employees, and consultants. The exercise price of each option approximates the market price for the common shares on the date the option was granted. Options granted under the plan generally vest over an eighteen month period from the date of the grant and expire five years after the grant date. The maximum number of common shares to be issued upon the exercise of options granted under the plan is 4,119,637 (June 30, 2017 – 4,119,637) common shares. The details of this plan are as follows:

	<u>June 30, 2018</u>		<u>June 30, 2017</u>	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of year	2,400,000	\$0.10	3,266,666	\$0.15
Expired	–	–	(866,666)	\$0.30
Options outstanding, end of year	2,400,000	\$0.10	2,400,000	\$0.10
Exercisable, end of year	2,400,000	\$0.10	2,400,000	\$0.10

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Years ended June 30, 2018 and 2017

10. Share capital (continued):

The following table summarizes information about stock options outstanding and exercisable at June 30, 2018:

Exercise Prices	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
\$0.10	600,000	0.47 years	\$0.10
\$0.10	300,000	0.67 years	\$0.10
\$0.10	1,500,000	2.10 years	\$0.10
	2,400,000	1.51 years	\$0.10

The following table summarizes information about stock options outstanding at June 30, 2017:

Exercise Prices	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
\$0.10	600,000	1.47 years	\$0.10
\$0.10	300,000	1.67 years	\$0.10
\$0.10	1,500,000	3.10 years	\$0.10
	2,400,000	2.51 years	\$0.10

For the year ended June 30, 2017, the Corporation recorded stock based compensation expense of \$1,483 relating to options granted in 2016. The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model with weighted average assumptions for grants as follows:

	2016
Risk-free interest rate	0.72%
Expected life of options	5 years
Expected volatility	137.69%
Forfeiture rate	0.00%
Dividend per option	0.0042
Weighted average fair value per option	\$0.04

11. Finance costs:

The Corporation's finance costs consist of the following:

June 30,	2018	2017
Bank fees	\$446	\$639
Interest expenses	3,437	124
Finance costs	\$3,883	\$763

BLACKHAWK RESOURCE CORP.

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Years ended June 30, 2018 and 2017

12. Oil and natural gas revenues and expenses:

The Corporation's oil and natural gas revenues and expenses consist of the following:

<u>June 30,</u>	<u>2018</u>	<u>2017</u>
Net revenue from oil and natural gas properties:		
Oil and natural gas revenue	\$42,636	\$52,490
Less royalties	(246)	(544)
Net revenue from oil and natural gas properties	\$42,390	\$51,946
Oil and natural gas expenses:		
Accretion	2,304	1,374
Depletion	–	–
Revision of estimates in decommissioning liabilities	96,449	(5,729)
Field operating costs	108,665	71,324
Impairment of property, plant and equipment (note 7)	–	–
Oil and natural gas expenses	\$207,418	\$66,969

13. Per share amounts:

Net income (loss) per share on a diluted weighted average basis is the same as that presented for basic as all factors are anti-dilutive. The number of shares that have been included in the computation of basic and diluted loss per share are as follows:

<u>June 30,</u>	<u>2018</u>	<u>2017</u>
Weighted average shares outstanding, basic and diluted	41,196,374	41,196,374

14. Income taxes:

The income tax provision differs from income taxes, which would result from applying the expected tax rate to net income (loss) before income taxes. The differences between the "expected" income tax expenses and the actual income tax provision are summarized as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Income (loss) from continuing operations	\$(710,326)	\$2,153,219
Expected income tax recovery at 27.00% (2017 – 27.00%)	(191,788)	581,369
Non-deductible (taxable) portion of capital loss (gain)	-	(343,592)
Stock based compensation and other	22,172	8,206
Change in deferred tax assets not recognized	169,616	(245,983)
Total income taxes (recovery)	\$ –	\$ –

BLACKHAWK RESOURCE CORP.

Notes to the Consolidated Financial Statements, page 13
Years ended June 30, 2018 and 2017

14. Income taxes (continued):

The deferred tax assets (liabilities) are comprised of:

	June 30, 2018	June 30, 2017
Investments at fair value	\$(392,476)	\$(406,797)
Non-capital losses available for future periods	218,054	240,228
Net capital losses available for future periods	174,422	166,569
	\$ -	\$ -

The components of the Corporation's unrecognized deductible temporary differences are as follows:

	June 30, 2018	June 30, 2017
Petroleum and natural gas properties	\$296,389	\$203,489
Non-capital losses available for future periods	4,213,931	3,767,184
Net capital losses available for future periods	-	-
Share issuance costs	10,763	21,525
	4,521,083	\$3,992,198

A deferred tax asset has not been recognized as it is not probable that the assets will be realized.

As at June 30, 2018, the Corporation has not recognized a deferred tax asset in respect of non-capital losses available to carry forward to future years totaling approximately \$4,213,931 (2017 - \$3,767,184). In addition, the Corporation has not recognized a deferred tax asset in respect of net capital losses available to carry forward to future years totaling approximately \$Nil (2017 - \$Nil).

The net operating loss carry-forwards reflected above expire as follows (capital losses do not expire):

Year of Expiry	Total
2038	\$463,947
2037	313,160
2036	348,214
2035	382,694
2034	532,370
2033	1,071,015
2032	272,478
2031	702,801
2030	45,126
2029	-
2028	82,126
Total	\$4,213,931

BLACKHAWK RESOURCE CORP.

Notes to the Consolidated Financial Statements, page 14
Years ended June 30, 2018 and 2017

15. Key management compensation and related party transactions:

a.) Key management compensation

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

For the year ended June 30, 2018, the Corporation incurred consulting fees of \$193,050 (2017 - \$226,425), and directors fees of \$25,000 (2017 - \$25,000), 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 \$Nil (2017 - \$1,384) in stock based compensation for options issued to key management. At June 30, 2018, \$6,300 in consulting fees remained outstanding (2017 - \$7,481) and \$7,312 in directors fees remained outstanding (2017 - \$5,000).

b.) Related party transactions (not mentioned elsewhere in the financial statements – see Note 6)

During the year ended June 30, 2018, the Corporation incurred legal costs of \$16,565 (2017 - \$6,596) 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 fair value of the service provided. Of the legal services provided, \$Nil was included in trade and other payables at June 30, 2018 (2017 - \$775).

For the year ended June 30, 2018, the Corporation owns common shares in a certain publicly traded companies that had a common director with a total fair value of \$Nil (2017 - \$310). For the year ended June 30, 2018, the Corporation recognized \$Nil (2017 - \$76,625) in realized losses and \$Nil (2017 - \$291,858) in unrealized investment losses on former related parties. The investments were entered into under the same terms as other non-related investments.

16. Financial instruments:

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

June 30, 2018			
Asset (liability)	Fair value through profit or loss	Loans and receivables at amortized cost	Financial liabilities at amortized cost
Cash and cash equivalents	\$ -	\$88,812	\$ -
Trade and other receivables	-	8,019	-
Investments at fair value – Equity	4,795,500	-	-
Investments at fair value – Short term loans	375,000	-	-
Trade and other payables	-	-	(154,665)
Note payable	-	-	(250,000)
	\$5,170,500	\$96,831	\$(404,665)

June 30, 2017			
Asset (liability)	Fair value through profit or loss	Loans and receivables at amortized cost	Financial liabilities at amortized cost
Cash and cash equivalents	\$ -	\$30,707	\$ -
Trade and other receivables	-	11,700	-
Investments at fair value – Equity	5,356,298	-	-
Investments at fair value – Short term loans	162,561	-	-
Trade and other payables	-	-	(93,125)
	\$5,518,859	\$42,407	\$(93,125)

The carrying value of the Corporation's financial instruments, excluding investments at fair value (note 6), approximate their fair value due to the short term nature of these instruments.

BLACKHAWK RESOURCE CORP.

Notes to the Consolidated Financial Statements, page 15
Years ended June 30, 2018 and 2017

17. Risk Management:

Financial instruments risks:

The use of financial instruments can expose the Corporation to several risks including credit, liquidity, and market risks. A discussion of the Corporation's use of financial instruments and their associated risks is provided below.

a.) Credit risk:

The Corporation is subject to credit risk on its cash and cash equivalents, trade and other receivables, short term loans at fair value and equity investments at fair value.

Cash and cash equivalents, when outstanding, consist of cash bank balances and short-term deposits maturing in 90 days or less. The Corporation manages the credit exposure related to short term investments by selecting counter parties based on credit ratings and monitors all investments to ensure a stable return. The maximum credit risk exposure associated with the Corporation's financial assets is the carrying value.

At June 30, 2018, the Corporation's trade and other receivables of \$8,019 (2017 - \$11,700) consisted of \$4,944 (2017 - \$2,400) due from joint venture partners, and \$3,075 (2017 - \$9,300) of other receivables.

The Corporation's receivables are normally collected within a 60-90 day period. Receivables from petroleum and natural gas marketers are normally collected on the 25th day of the month following production. The Corporation has not experienced any collection issues with its petroleum and natural gas marketers. The Corporation attempts to mitigate the risk from joint-venture receivables by obtaining partner approval of significant capital expenditures prior to the expenditure. However, the receivables are from participants in the petroleum and natural gas sector, and collection of the outstanding balances is dependent on industry factors such as commodity price fluctuations, escalating costs and the risk of unsuccessful drilling.

In addition, further risk exists with joint-venture partners as disagreements occasionally arise that increases the potential for non-collection. The Corporation does not typically obtain collateral from petroleum and natural gas marketers or joint-venture partners.

The Corporation manages its credit risk on equity investments through thoughtful planning, significant due diligence of investment opportunities and by conducting activities in accordance with the investment policies that are approved by the Board of Directors. Management review the financial conditions of its investee companies regularly.

b.) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they are due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking harm to the Corporation's reputation.

The following are the contractual maturities of financial liabilities as at June 30, 2018:

Financial Liabilities	< One Year	> One Year
Trade and other payables	\$154,665	\$ -
Note payable	250,000	
Total	\$404,665	\$ -

The following are the contractual maturities of financial liabilities as at June 30, 2017:

Financial Liabilities	< One Year	> One Year
Trade and other payables	\$93,125	\$ -
Total	\$93,125	\$ -

BLACKHAWK RESOURCE CORP.

Notes to the Consolidated Financial Statements, page 16
Years ended June 30, 2018 and 2017

17. Risk Management (continued):

c.) Market risk:

Market risk is the risk that the fair value of, or future cash flows from, the Corporation's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in equity and commodity prices. The Corporation is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

Additionally the Corporation is required to fair value its investments held for trading at the end of each reporting period. This process could result in significant write-downs of the Corporation's investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavourable effect on the Corporation's financial position.

- Equity price risk is defined as the potential adverse impact on the Corporation's loss due to movements in individual equity prices or general movements in the level of stock market on traded investments. The Corporation has a concentration of equity price risk due to one of its investments being worth 100% of its portfolio. The Corporation sets thresholds on purchases of investments over which approval of the Board of Directors is required.

During periods of significant broader market volatility or volatility experienced by the resource or commodity markets, the value of the Corporation's investment portfolio can be quite vulnerable to market fluctuations. A 5% change in the closing trade price of the Corporation's held for trading investments would result in a \$239,775 (2017 - \$267,815) change in unrealized gain (loss) on investments.

- Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted by not only the relationship between the Canadian and United States dollar, but also world economic events that dictate the levels of supply and demand.

18. Capital disclosures:

As at June 30, 2018, in the definition of capital, the Corporation includes shareholders' equity of \$4,768,448 (2017 - \$5,478,774). The Corporation's objectives when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Corporation sets the amount of capital in proportion to risk. The Corporation manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may issue new shares, or engage in debt financing. The Corporation is not exposed to externally imposed capital requirements.

19. Commitments:

As at June 30, 2018, the Corporation had the following outstanding commitments:

June 30,	2019	2020	Total
Office lease	\$63,253	\$47,440	\$110,693
Number of months	12	9	21

20. Subsequent event:

On July 12, 2018, the letter of intent previously announced on February 2, 2018 with UMG was terminated. The Corporation received a \$250,000 termination fee in relation to the end of this transaction (see note 6 and note 8).

Monthly payments in the amount of \$20,000 were made for each of July, August, September and October 2018 in regards to the short term loan of \$375,000 outstanding at June 30, 2018.



BLACKHAWK RESOURCE CORP.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FORM NI51-102F1**

FOR THE YEAR ENDED JUNE 30, 2018

October 29, 2018

Management's Discussion and Analysis should be read in conjunction with the consolidated financial statements for the year ended June 30, 2018. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

Except as otherwise indicated below, 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.

BUSINESS DESCRIPTION

Blackhawk continues to hold certain equity and short term loan investments. The equity portion of its portfolio includes a significant investment in a private eSports company, UMG Media Corp. ("UMG"). UMG is involved in both live tournament events as well as on line match play.

PORTFOLIO INVESTMENTS

As at June 30, 2018, the Corporation held total investments of \$5,170,500 comprised of equity type investments of \$4,795,500 and short term loan investments of \$375,000. In addition, the Corporation held a cash balance of \$88,812.

Investments at fair value by sector consist of the following as at June 30, 2018:

Sector	Cost	Total fair value	% of total fair value
Mining	\$508,166	\$ -	0%
Technology and media	1,813,264	4,795,500	100%
Total	\$2,321,434	\$4,795,500	100%

Debt instrument investments consist of the following as at June 30, 2018:

Short term loans	\$375,000
Total current debt instrument investments	\$375,000

Investments at fair value by sector consist of the following as at June 30, 2017:

Sector	Cost	Total fair value	% of total fair value
Mining	\$508,166	\$511,166	10%
Technology and media	1,834,822	4,845,132	90%
Total	\$2,342,988	\$5,356,298	100%

Debt instrument investments consist of the following as at June 30, 2017:

Short term loans	\$162,561
Total current debt instrument investments	\$162,561

*Realizable amounts may differ from carrying values.

The investment in UMG, with a fair value of \$4,795,500, has grown as a percentage of total assets due to the significant increase in the value of the equity ownership of UMG, combined with a reduction in the value of certain other investments held by the Corporation.

Since June 30, 2017, the Corporation has incurred a write down of its holdings in Redwing. As at June 30, 2018, the Corporation held 50% of the common shares of Redwing and incurred a \$508,166 unrealized loss for the year. Redwing is a shallow drilling company focused in the mining industry and has a related director and officer. Blackhawk's holdings in Redwing have a cost of \$508,166 and were acquired as a transfer of shares for the settlement of a short-term loan with an unrelated party on June 1, 2017.

Since June 30, 2017, the Corporation has been informed of significant changes to the operations at the mine in which the investment operates, including the cancellation of the contract under which Redwing operated. During 2017, the Corporation had taken settlement of the debt through the obtaining the shares of Redwing, during 2018 the Corporation had determined the fair value of the investment in Redwing at June 30, 2018, was \$Nil. On June 20, 2018, the Corporation was able to negotiate a new agreement with the original debtor to the Corporation due to the situation with Redwing. The original debtor has agreed to pay Blackhawk a total of \$450,000. The \$450,000 has been moved to short terms loans, \$75,000 of the total was paid before June 30, 2018. The remaining balance is non interest bearing and will be repaid with a minimum of \$20,000 per month.

On September 30, 2017, the Corporation wrote down \$25,000 (June 30, 2017 - \$181,864) of short term loans as they were deemed uncollectable. As of March 31, 2018, the Corporation managed to settle that debt for \$22,500.

For the year ended June 30, 2018, and the year ended June 30, 2017, the Corporation's investments portfolio was composed of the following:

Investment Type	June 30, 2018	June 30, 2017
Debt Instruments	Two with different companies	Five with different companies
Equity Investments	Purchase and sale of equity positions in ten different securities, both private and public	Purchase and sale of equity positions in twelve different securities, both private and public
Directly Owned Assets	Ownership in four producing non-operated wells Ownership of one gross overriding royalty	Ownership in four producing non-operated wells Ownership of one gross overriding royalty
Investment Services – Fees Earned	No services	Two services for two companies

SUBSEQUENT EVENTS

On February 2, 2018, the Corporation announced it had entered into a letter of intent dated January 21, 2018 with respect to a business combination with UMG (the "Transaction"), whereby the Corporation would acquire all of the issued and outstanding common shares of UMG. As of February 2, 2018, the Corporation owns approximately 19.2% of the common shares of UMG.

On July 12, 2018, the letter of intent announced on February 2, 2018 with UMG was terminated. The Corporation received a \$250,000 termination fee in relation to the end of this transaction.

Monthly payments in the amount of \$20,000 were made for each of July, August, September and October 2018 in regard to the short term loan of \$375,000 outstanding at June 30, 2018.

SELECTED ANNUAL INFORMATION

	June 30, 2018	June 30, 2017	June 30, 2016
	(audited)	(audited)	(audited)
Investment revenue	\$(109,199)	\$2,660,574	\$(428,439)
Net petroleum revenue after royalties	42,390	51,946	53,123
Net comprehensive income (loss)	(710,326)	2,153,219	(1,226,096)
Total Assets	5,461,333	5,761,366	3,827,790
NAV	\$0.12	\$0.13	\$0.08
Basic and diluted net income (loss) per share	(0.02)	0.05	(0.03)

SELECTED QUARTERLY INFORMATION

	Three-month period ended			
	Jun 30, 2018	Mar 31, 2018	Dec 31, 2017	Sep 30, 2017
Net revenue	\$423,385	\$(166,660)	\$37,861	\$(361,395)
Net comprehensive income (loss)	213,377	(281,070)	(138,000)	(504,633)
Basic and diluted – comprehensive income (loss) per share	0.00	(0.01)	(0.00)	(0.01)

	Three-month period ended			
	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016
Net revenue	\$(146,393)	\$3,161,261	\$(253,800)	\$(48,548)
Net comprehensive income (loss)	(324,258)	3,053,356	(400,300)	(175,579)
Basic and diluted – comprehensive income (loss) per share	(0.01)	0.07	(0.00)	(0.00)

The above noted financial data should be read in conjunction with the consolidated financial statements for the year ended June 30, 2018.

RESULTS OF OPERATIONS FOR THE YEAR ENDED JUNE 30, 2018

Net investment revenues (loss)

For the year ended June 30, 2018, the Corporation recorded investment losses of \$109,199 (2017 – investments income of \$2,660,574) comprised of \$48,956 (2017 - \$102,877 in realized losses) in net realized gain on disposal of investments, \$164,245 (2017 - \$2,608,400 in unrealized gains) in net change in unrealized loss on investments, and \$6,090 (2017 - \$155,051) in interest income.

The Corporation's net realized gain on the disposal of investments of \$48,956 for the year is composed of \$6,992 in realized gains from the technology and media sector, \$1,500 in realized gains from the mining sector, and \$40,464 in realized gains from debt instruments.

The Corporation's interest income of \$6,090 for the year has decreased as a result of minimizing the allocation of funds to be used for short term loans.

The Corporation incurred an unrealized loss on investments of \$164,245 for the year ended June 30, 2018 compared to an unrealized gain of \$2,608,400 in the same period in 2017. The unrealized gain in 2017 was due to an increase in market value related to the private eSports investment, UMG, of \$3,437,500. The unrealized loss for the 2018 year is an adjustment to fair market value as at June 30, 2018 and is a non-cash item that will fluctuate with the market each period.

Net oil and gas revenue

The Corporation earned net oil and gas revenue for the year ended June 30, 2018 of \$42,390, down from \$51,946 in 2017.

General and administrative

General and administrative expenses for the year ended June 30, 2018 were \$326,651 compared with \$409,235 for the year ended June 30, 2017. The general and administrative expense for the year is mainly composed of consulting fees totaling \$193,050 (2017 - \$226,515). General and administrative expense is also composed of office rental fees of \$44,651 (2017 - \$49,306), insurance expense of \$28,427 (2017 - \$31,192). The remaining expense is composed of other general office expenses.

Net comprehensive income (loss)

The net comprehensive loss of \$710,326 (\$0.02 per share) for the year ended June 30, 2018 (2017 – net comprehensive income of \$2,153,219) has decreased due to an increase in 2017 in unrealized gains on investments related to the private eSports investment, UMG, of \$3,437,500. This represents a significant non-cash item in the 2017 year affecting income.

The net comprehensive loss for the year ended June 30, 2018 was also impacted by a decrease in investment activity in the year and an increase in non-cash asset retirement obligation estimates of \$96,449.

Cash flow from operations

Cash flow from operations for year ended June 30, 2018 was a negative \$191,895 compared to \$110,835 2017. During the year ended June 30, 2018, the Corporation had proceeds from disposition of investments of \$2,18,313 which resulted in a net realized gains of \$48,956 compared to proceeds of \$823,323 in 2017 with a net realized loss of \$102,877. During the year ended June 30, 2018, the Corporation purchased \$34,200 of investments compared to \$194,300 in 2017.

THREE MONTH PERIOD ENDED JUNE 30, 2018

Net investment loss

For the three month period ended June 30, 2018, the Corporation recorded investment income of \$418,461 (2017 – investment loss of \$161,786) comprised of \$42,964 in net realized gain on disposal of investments (2017 - net realized loss of \$181,864), \$375,000 in net change in unrealized gain on investments (2017 - net change in unrealized loss of \$9,965), and \$497 (2017 - \$32,042) in interest income.

The Corporation's net realized gain on the disposal of investments of \$42,964 for the period is composed entirely of \$42,964 in realized gains from debt instruments.

The Corporation's interest income of \$497 for the period has decreased as a result of minimizing the allocation of funds to be used for short term loans.

The Corporation incurred an unrealized gain on investments of \$375,000 for the three month period. The unrealized gain for the period is an adjustment to fair market value for the Corporation's investment in Redwing, and the new arrangement made with the original debtor as at June 30, 2018 and is a non-cash item that may fluctuate with each reporting period.

General and administrative

General and administrative expenses for the three month period were \$55,442 compared with \$115,555 for the same period in 2017. The general and administrative expense for the three month period is composed primarily of consulting fees totaling \$30,000 (2017 - \$61,215), office rental fees of \$8,272 (2017 - \$14,703), insurance expense of \$7,270 (2017 - \$7,069), and other general office expenses. Prior to year end, in an effort to reduce administrative costs and in recognition of market conditions, certain steps were taken by the company including all senior management reduced their monthly fees by 50%.

Net comprehensive loss

The net comprehensive income of \$213,377 (\$0.00 per share) for the three month period ended June 30, 2018 (2017 – net comprehensive loss of \$323,506) increased due to an increase in unrealized gain on investments for the period related to the Corporation's Redwing investment, and the new deal made with the original debtor for collection.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2018, the Corporation will require additional funds to continue its investment strategy for the next twelve months. The Corporation will source funds through either debt or equity financing and such funds may not be available when needed.

TRANSACTIONS WITH KEY MANAGEMENT AND RELATED PARTIES

a.) Key management compensation

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

For the year ended June 30, 2018, the Corporation incurred consulting fees of \$193,050 (2017– \$226,425), and directors fees of \$25,000 (2017 - \$25,000), 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 \$Nil (2017 - \$1,384) in stock based compensation for options issued to key management. At June 30, 2018, \$6,300 in consulting fees remained outstanding (2017 – \$7,481) and \$7,312 in directors fees remained outstanding (2017 - \$5,000).

b.) Related party transactions

During the year ended June 30, 2018, the Corporation incurred legal costs of \$16,565 (2017 - \$6,596) 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 was included in trade and other payables at June 30, 2018 (2017 - \$775).

For the year ended June 30, 2018, the Corporation owns common shares in a certain publicly traded companies that had a common director with a total fair value of \$Nil (2017 - \$310). For the year ended June 30, 2018, the Corporation recognized \$Nil (2017 - \$76,625) in realized losses and \$Nil (2017 - \$291,858) in unrealized investment losses on former related parties. The investments were entered into under the same terms as other non-related investments.

UMG, an e-Sports company that is involved in both live tournament events and online match play, with two related directors and officers in common, had an unrealized gain on investment of \$3,437,500 as at June 30, 2017 with a cost of \$1,358,000, giving it a fair value of \$4,795,500 at June 30, 2018, which the Corporation determined based on the most recent private placements completed in 2017 and early 2018. The Corporation's ownership of UMG shares is 20.1% as at June 30, 2018 (June 30, 2017 – 29%). These shares are unrestricted, common shares.

On February 2, 2018, the Corporation announced it had entered into a letter of intent dated January 21, 2018 with respect to a business combination with UMG (the "Transaction"), whereby the Corporation would acquire all of the issued and outstanding common shares of UMG. As of February 2, 2018, the Corporation owns approximately 19.2% of the common shares of UMG.

On July 12, 2018, the letter of intent announced on February 2, 2018 with UMG was terminated. The Corporation received a \$250,000 termination fee in relation to the end of this transaction.

OFF-BALANCE SHEET TRANSACTIONS

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

ACCOUNTING POLICIES

The condensed interim 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, 2018 and 2017.

A summary of the Corporation's 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, 2018 and 2017. 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

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 July 1, 2018 or later periods. The standards impacted that are applicable to the Corporation are as follows:

a) IFRS 9, “Financial Instruments” final version was issued in July 2014, which reflects all phases of the financial instruments project and replaces IAS 39 ‘Financial Instruments: Recognition and Measurement’ and all previous versions of IFRS 9. IFRS 9 introduces new requirements for classifying and measurement, impairments and hedge accounting for financial assets. IFRS 9 is effective for reporting periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Corporation is currently assessing the impact of this standard, no impairment is anticipated.

b) 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, 2018. The Corporation is currently assessing the impact of this standard, no impairment is anticipated.

c.) IFRS 16 “Leases”, was issued in January 2016, which provides guidance on accounting for leases. The new standard replaces IAS 17 “Leases” and related interpretations. IFRS 16 eliminates the distinction between operating leases and financing leases for lessees. The new standard is effective January 1, 2019 with earlier adoption permitted providing that IFRS 15 has been adopted. The new standard is required to be applied retrospectively, with a policy alternative of restating comparative prior periods or recognizing the cumulative adjustment in opening retained earnings at the date of adoption. The Corporation is assessing the impact of this standard.

Critical accounting estimates and judgments:

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) Stock 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 tax assets are assessed by management at the end of the reporting period to determine the probability 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.

f) Valuation of GORR:

The Corporation has made various assumptions in estimating the value of the GORR including expected cash flow, duration of the cash flow and discount rate.

Accounting Judgments:

a) Determination of investment entity

Judgement is required when making the determination that the Corporation or its subsidiaries meet the definition of an investment entity under IFRS. In accordance with IFRS 10, an investment entity is an entity that: “obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis.” In addition, IFRS 10 clarifies that an investment entity may earn fee income from the provision of investment related services to external parties. In determining its status as an investment entity, the Corporation has determined that fair value is the primary measurement attribute used to monitor and evaluate its investments.

b) 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, 2018			
Asset (liability)	Fair value through profit or loss	Loans and receivables at amortized cost	Financial liabilities at amortized cost
Cash and cash equivalents	\$ –	\$88,812	\$ –
Trade and other receivables	–	8,019	–
Investments at fair value - equity	4,795,500	–	–
Investments at fair value – short term loans	375,000	–	–
Trade and other payables	–	–	(154,665)
Note payable	–	–	(250,000)
	\$5,170,500	\$96,831	\$(404,665)

June 30, 2017			
Asset (liability)	Fair value through profit or loss	Loans and receivables at amortized cost	Financial liabilities at amortized cost
Cash and cash equivalents	\$ –	\$30,707	\$ –
Trade and other receivables	–	11,700	–
Investments at fair value - equity	5,356,298	–	–
Investments at fair value – short term loans	162,561	–	–
Trade and other payables	–	–	(93,125)
	\$5,518,859	\$42,407	\$(93,125)

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).

Equity investments by sector consist of the following as at June 30, 2018:

Sector	Cost	Level 1	Level 2	Level 3	Total fair value	% of total fair value
Mining	\$508,166	\$ –	\$ –	\$ –	\$ –	0%
Technology and other	1,813,268	–	–	4,795,500	4,795,500	100%
Total	\$2,321,434	\$ –	\$ –	\$4,795,500	\$4,795,500	100%

Equity investments by sector consist of the following as at June 30, 2017:

Sector	Cost	Level 1	Level 2	Level 3	Total fair value	% of total fair value
Mining	\$508,166	\$3,000	\$ –	\$508,166	\$511,166	10%
Technology and other	1,834,822	17,410	32,222	4,795,500	4,845,132	90%
Total	\$2,342,988	\$20,410	\$32,222	\$5,303,666	\$5,356,298	100%

Level 1 instruments include shares and warrants actively traded in an active market, level 2 instruments include warrants held in public companies and, level 3 instruments include common shares held in private 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 \$Nil (2017 - \$4,960) change in the value of the investment.

The fair value of the level 3 investments of \$4,795,500 (June 30, 2017 - \$5,303,666) are subject to market risk, commodity risk and change in demand in the mining and technology industry. A 5% change in the stock price used to fair value these instruments will result in a corresponding \$239,775 (June 30, 2017 - \$265,183) 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.

In accordance with IFRS 10, the fair value of the Corporations investments includes the fair value of an entity that is controlled by the Corporation.

The fair value of the common shares included in level 3 of \$4,795,500 (June 30, 2017 - \$5,303,666) consists of two separate related party investments, Redwing Energy Services Ltd. ("Redwing") and UMG Media Corp. ("UMG"). Each investment has been evaluated based on available data from the corporations involved.

Since June 30, 2017, the Corporation has incurred a write down of its holdings in Redwing. As at June 30, 2018, the Corporation held 50% of the common shares of Redwing and incurred a \$508,166 unrealized loss for the year. Redwing is a shallow drilling company focused in the mining industry and has a related director and officer. Blackhawk's holdings in Redwing have a cost of \$508,166 and were acquired as a transfer of shares for the settlement of a short-term loan with an unrelated party on June 1, 2017.

Since June 30, 2017, the Corporation has been informed of significant changes to the operations at the mine in which the investment operates, including the cancellation of the contract under which Redwing operated. During 2017, the Corporation had taken settlement of the debt through the obtaining the shares of Redwing, during 2018 the Corporation had determined the fair value of the investment in Redwing at June 30, 2018, was \$Nil. On June 20, 2018, the Corporation was able to negotiate a new agreement with the original debtor to the Corporation due to the situation with Redwing. The original debtor has agreed to pay Blackhawk a total of \$450,000. The \$450,000 has been moved to short terms loans, \$75,000 of the total was paid before June 30, 2018. The remaining balance is non interest bearing and will be repaid with a minimum of \$20,000 per month.

UMG, an e-Sports company that is involved in both live tournament events and online match play, with two related directors and officers in common, had an unrealized gain on investment of \$3,437,500 as at June 30, 2017 with a cost of \$1,358,000, giving it a fair value of \$4,795,500 at June 30, 2018, which the Corporation determined based on the most recent private placements completed in 2017 and early 2018.

In May, 2016, the Corporation participated in a private placement of UMG in the amount of \$1,250,000 at \$0.40 per share giving the Corporation approximately 63% ownership in UMG. The Corporation also entered into a loan agreement with UMG for a maximum of \$100,000, incurring 15% interest and due in full by March 31, 2017.

This loan and accrued interest of \$8,000 was converted into additional shares of UMG in February 2017, at a price of \$1.50 per share, resulting in the Corporation owning 3,197,000 common shares. Since the initial purchase, UMG closed additional private placements at \$0.40 per share in July, 2016, and at \$1.50 per share in several private placements throughout 2017 and early 2018, diluting the Corporations ownership to 20.1% as at June 30, 2018 (June 30, 2017 – 29%). These shares are unrestricted, common shares.

On February 2, 2018, the Corporation announced it had entered into a letter of intent dated January 21, 2018 with respect to a business combination with UMG (the "Transaction"), whereby the Corporation will acquire all of the issued and outstanding common shares of UMG. On July 12, 2018 the letter of intent was terminated, and the Corporation received a \$250,000 termination fee from UMG (see note 8 and note 20).

Short term loan investments consist of the following:

	June 30, 2018	June 30, 2017
Short term loans	\$375,000	\$162,561
Total loan investments	\$375,000	\$162,561

In June, 2017, the Corporation settled one of its short term loans for shares of Redwing in the amount of \$508,166 for 400 common shares, which gave the Corporation 50% ownership in Redwing. Since June 30, 2017, the Corporation has been informed of significant changes to the operations at the mine in which the investment operates, including the cancellation of the contract under which Redwing operated. During 2017, the Corporation had taken settlement of the debt through the obtaining the shares of Redwing, during 2018 the Corporation had determined the fair value of the investment in Redwing at June 30, 2018, was \$Nil. On June 20, 2018, the Corporation was able to negotiate new agreement with the original debtor to the Corporation due to the situation with Redwing. The original debtor has agreed to pay Blackhawk a total of \$450,000. The \$450,000 has been moved to short terms loans, \$75,000 of the total was paid before June 30, 2018. The remaining balance is non interest bearing and will be repaid with a minimum of \$20,000 per month.

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 3 of the financial instruments hierarchy. Short term loans include loans issued for a period of 16 months or less at an average interest rate of Nil (June 30, 2017 – 21%).

On September 30, 2017, the Corporation wrote down \$25,000 (June 30, 2017 - \$181,864) worth of short term loans as they were deemed uncollectable. On December 21, 2017, the Corporation was able to collect on \$22,500 of the short term loans written down. The Corporation had begun the process to enforce collection on \$Nil (June 30, 2017 - \$155,617) of the short term loans written down.

DISCLOSURE OF OUTSTANDING SHARE DATA

Authorized and Issued Share Capital

Class	Par Value	Authorized	Issued
Common	Nil	Unlimited	41,196,374
Preferred	Nil	Unlimited	Nil

Description of Options and Contingent Performance Rights Outstanding

Security Type	Number	Exercise Price	Expiry Date	Recorded Value
Options	600,000	\$0.10	December 18, 2018	N/A
Options	300,000	\$0.10	February 27, 2019	N/A
Options	1,500,000	\$0.10	August 4, 2020	N/A

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

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 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.

ADDITIONAL INFORMATION

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

Schedule B

Interim Financial Statements and Managements' Discussion and Analysis

See attached.

Condensed Interim Consolidated Financial Statements of

BLACKHAWK RESOURCE CORP.

For the six month periods ended December 31, 2018 and 2017

(unaudited)

BLACKHAWK RESOURCE CORP.

Condensed Interim Consolidated Statement of Financial Position

As at	December 31, 2018	June 30, 2018
	(Unaudited)	(Audited) (Reclassified)
Assets		
Cash and cash equivalents	\$ 29,877	\$ 83,189
Trade and other receivables (note 12(a))	3,612	2,287
Prepaid expenses and deposits	22,606	13,305
Investments at fair value – Short term loans (note 4)	235,000	375,000
Investments at fair value – Equity (note 4)	4,845,550	4,795,500
Assets held for sale (note 6)	130,950	192,052
	\$ 5,267,595	\$ 5,461,333
Liabilities and Shareholders' Equity		
Trade and other payables (note 12(b))	\$ 112,809	\$ 102,278
Note payable (note 5)	–	250,000
Liabilities held for sale (note 6)	342,488	340,607
	455,297	692,885
Shareholders' equity		
Share capital (note 7)	7,492,253	7,492,253
Contributed surplus	846,680	846,680
Deficit	(3,526,635)	(3,570,485)
	4,812,298	4,768,448
	\$ 5,267,595	\$ 5,461,333

See accompanying notes to the condensed interim consolidated financial statements.

Approved for issuance by the Board of Directors on February 28, 2019

Signed "*Raymond Antony*"

Director

Signed "*Mike Smith*"

Director

BLACKHAWK RESOURCE CORP.Condensed Interim Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

December 31,	3 months		6 months	
	2018	2017	2018	2017
Revenues				
Net investment gain (losses)				
Net realized gain on disposal of investments	\$ —	\$ 22,500	\$ —	\$ 5,992
Net change in unrealized loss on investments	—	(509)	—	(361,245)
Interest revenue	—	556	—	4,439
Other investment revenue (note 5)	—	—	250,000	—
	—	22,547	250,000	(350,814)
Expenses				
General and administrative	62,043	83,504	114,115	171,050
Professional fees	12,558	33,840	26,268	55,179
Transaction costs	—	—	—	560
Finance costs (note 8)	157	3,442	215	3,542
	74,758	120,786	140,598	230,331
Income (loss) from operations	(74,758)	(98,239)	109,402	(581,145)
Loss from discontinued operations (note 9)	(53,394)	(39,761)	(65,552)	(61,488)
Net income (loss) and comprehensive income (loss)	\$ (128,152)	\$ (138,000)	\$ 43,850	\$ (642,633)
Net income (loss) per share (note 10):				
Basic and diluted	\$ (0.00)	\$ (0.00)	\$ 0.00	\$ (0.02)

See accompanying notes to the condensed interim consolidated financial statements.

BLACKHAWK RESOURCE CORP.Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited)

As at	December 31, 2018	September 30, 2018
Share capital		
Balance, beginning of period	\$ 7,492,253	\$ 7,492,253
Balance, end of period	7,492,253	7,492,253
Contributed surplus		
Balance, beginning of period	846,680	846,680
Balance, end of period	846,680	846,680
Deficit		
Balance, beginning of period	(3,570,485)	(2,860,159)
Net income (loss) and comprehensive income (loss)	43,850	(504,633)
Balance, end of period	(3,526,635)	(3,364,792)
Shareholders' equity	\$ 4,812,298	\$ 4,974,141

See accompanying notes to the condensed interim consolidated financial statements.

BLACKHAWK RESOURCE CORP.Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)

Six month period ended December 31,	2018	2017
Cash provided by (used in):		
Operations:		
Net income (loss) from continuing operations	\$ 43,850	\$ (581,165)
Items not affecting cash:		
Net change in unrealized gains on investments	–	361,245
Change in non-cash operating working capital:		
Trade and other receivables	(1,325)	6,089
Proceeds on disposal of investments, net of realized gain	140,000	179,870
Purchase of investments	(50,050)	(34,200)
Prepaid expenses and deposits	(9,301)	(8,000)
Trade and other payables	10,531	38,524
Cash provided by (used for) continuing operations	133,705	(37,637)
Cash provided by (used for) discontinued operations	107,542	16,786
Cash provided by (used for) operations	241,247	(20,851)
Finance:		
Note payable	(250,000)	–
	(250,000)	–
Investments:		
Sale of GORR – discontinued operations	5,000	–
Decommissioning costs incurred – discontinued operations	(49,559)	–
	(44,559)	–
Net change in cash and cash equivalents	(53,312)	(20,851)
Cash and cash equivalents, beginning of period	83,189	29,535
Cash and cash equivalents, end of period	\$ 29,877	\$ 8,684
Supplemental cash flow information:		
Interest received	\$ –	\$ 3,405

See accompanying notes to the condensed interim consolidated financial statements.

BLACKHAWK RESOURCE CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the periods ended December 31, 2018 and 2017
(Unaudited)

1. General information:

Blackhawk Resource Corp. (the "Corporation") was incorporated under the Business Corporations Act (Alberta) on March 25, 1986.

The Corporation invests in equity and debt instruments of companies to generate positive returns for shareholders. The Corporation's current strategy is focused on investing mainly in the e-Sports industry throughout North America.

The Corporation's registered office is located at Suite 650, 816 7th Ave SW, Calgary, Alberta, T2P 1A1.

2. Basis of preparation:

The condensed interim consolidated financial statements for the six month periods ended Decemebr 31, 2018 and 2017 have been prepared in accordance with International accounting standard ("IAS") 34 - Interim Financial Reporting and are in accordance with International Financial Reporting Standards ("IFRS"). The condensed interim consolidated financial statements are presented in Canadian dollars. These condensed interim consolidated financial statements do not include all disclosure required for fair presentation and should be read in conjunction with the Corporation's June 30, 2018 yearend consolidated financial statements.

Certain items have been reclassified to match the current period reporting.

Statement of compliance

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the interim consolidated financial statements are disclosed in the Corporation's June 30, 2018 yearend consolidated financial statements.

The condensed interim consolidated financial statements have been prepared on a historical cost basis with some exceptions in accordance with IFRS, as detailed in the accounting policies set out in the Corporation's June 30, 2018 yearend financial statements. These policies have been applied consistently for all periods presented in these condensed interim consolidated financial statements.

3. Adopted accounting standards:

IFRS 9 - Financial Instruments

Effective July 1, 2018, the Corporation adopted IFRS 9, Financial Instruments. In accordance with the transitional provisions, the Company adopted the standard retrospectively without restating comparatives as the change did not impact the opening balances.

IFRS 9 replaces IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for the classification, measurement and impairment of financial assets and hedge accounting. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value either through profit or loss ("FVPL") or through other comprehensive income ("FVOCI"); establishes criteria for the classification of financial assets within each measurement category based on business model and cash flow characteristics; and eliminates the existing held for trading, held to maturity, available for sale, loans and receivable and other financial liabilities categories.

The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Corporation's financial instruments:

The Corporation's financial instruments consist of the following:

Financial Instruments Classification	IAS 39	IFRS 9
Cash	Held to maturity	Amortized Cost
Trade and other receivables	Loans and receivables	Amortized Cost
Investments at fair value	Held for trading	FVPL
Trade and other payables	Other financial liabilities	Amortized Cost

BLACKHAWK RESOURCE CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the periods ended December 31, 2018 and 2017
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3. Adopted accounting standards (continued):

The following are the Corporation's new accounting policies for financial instruments under IFRS 9:

Financial assets and liabilities

Financial assets Non-derivative financial assets within the IFRS 9 are classified as "financial assets at fair value (either through other comprehensive income ("FVOCI"), or through profit or loss ("FVPL"))", and "financial assets at amortized costs" as appropriate. The Company determines the classification of its financial assets at initial recognition based on the Corporation's business model and contractual terms of cash flows.

All financial assets are recognized initially at fair value plus, in the case of investments not at FVPL, directly attributable transaction costs on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

Where the fair values 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, judgment is required to establish fair values.

Financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the interim condensed consolidated statements of loss and comprehensive loss.

Financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Corporation has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Corporation does not have any financial assets classified as at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Financial Assets at Amortized Cost

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Corporation transfers substantially all the risks and rewards of ownership of the asset.

Impairment of financial assets

The Corporation's only financial assets subject to impairment are trade and other receivables, which are measured at amortized cost. The Corporation has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

The expected lifetime loss of a financial asset at amortized cost, is estimated based on the expected credit loss ("ECL"). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

BLACKHAWK RESOURCE CORP.

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3. Adopted accounting standards (continued):

Financial liabilities

Non-derivative financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Corporation has opted to measure the financial liability at FVPL. The Corporation's financial liabilities include trade payable and accrued liabilities, which is measured at amortized cost.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

Financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost, in the consolidated statements of loss and comprehensive loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gains or losses reported in other income or expense in the consolidated statements of loss and comprehensive loss.

IFRS 15 – Revenue from Contracts with Customers

The Corporation elected to adopt IFRS 15 using the modified retrospective method, with recognition of transitional adjustments in opening retained earnings on the date of initial application (July 1, 2018), without restatement of comparative figures. The adoption of IFRS 15 did not result in any changes in the timing of revenue recognition for the Corporation's goods and services.

Accounting Policy for Revenue Recognition

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services.

This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation.

IFRS 16 – Accounting for Leases

IFRS 16 replaces IAS 17, Leases was released in January 2016. This standard will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained. Adoption of IFRS 16 is mandatory and will be effective for annual periods beginning on or after January 1, 2019 with earlier adoption permitted. The Corporation is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

BLACKHAWK RESOURCE CORP.

Notes to the Condensed Interim Consolidated Financial Statements
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4. Investments at fair value and financial instruments hierarchy:

Financial hierarchy:

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).

Equity investments by sector consist of the following as at December 31, 2018:

Sector	Cost	Level 1	Level 2	Level 3	Total fair value	% of total fair value
Mining	\$508,166	\$ -	\$ -	\$ -	\$ -	0%
Technology and other	1,863,318	-	-	4,845,550	4,845,550	100%
Total	\$2,371,484	\$ -	\$ -	\$4,845,550	\$4,845,550	100%

Equity investments by sector consist of the following as at June 30, 2018:

Sector	Cost	Level 1	Level 2	Level 3	Total fair value	% of total fair value
Mining	\$508,166	\$ -	\$ -	\$ -	\$ -	0%
Technology and other	1,813,268	-	-	4,795,500	4,795,500	100%
Total	\$2,321,434	\$ -	\$ -	\$4,795,500	\$4,795,500	100%

Level 1 instruments include shares and warrants actively traded in an active market, level 2 instruments include warrants held in public companies and, level 3 instruments include common shares held in private companies.

The fair value of the level 3 investments of \$4,845,550 (June 30, 2018 - \$4,795,500), which is composed of two separate investments, are subject to market risk, commodity risk and change in demand in the mining and technology industry. A 5% change in the stock price used to fair value these instruments will result in a corresponding \$242,278 (June 30, 2018 - \$239,775) 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.

The fair value of the UMG Media Corp. ("UMG") common shares included in level 3 of \$4,795,500 (June 30, 2018 - \$4,795,500) consists of a related party investment in UMG. The investment has been evaluated based on available data from UMG, including prior private placements and present financial information. As at December 31, 2018, the Corporation owned 20.1% of UMG outstanding common shares.

The other investment included in level 3, with a fair value of \$50,050 is in a private company that is active in the online hemp and CBD products. As at December 31, 2018, the Corporation owned 71,500 common shares with a value of \$0.70 per share.

BLACKHAWK RESOURCE CORP.

Notes to the Condensed Interim Consolidated Financial Statements
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4. Investments at fair value and financial instruments hierarchy (continued):

Short term loan investments consist of the following:

	December 31, 2018	June 30, 2018
Short term loans	\$235,000	\$375,000
Total loan investments	\$235,000	\$375,000

In June, 2017, the Corporation settled one of its short term loans for shares of Redwing in the amount of \$508,166 for 400 common shares, which gave the Corporation 50% ownership in Redwing. During 2017, the Corporation had taken settlement of the debt through the obtaining the shares of Redwing, during 2018 the Corporation had determined the fair value of the investment in Redwing at June 30, 2018, was \$Nil. On June 20, 2018, the Corporation was able to negotiate new agreement with the original debtor to the Corporation due to the situation with Redwing. The original debtor has agreed to pay Blackhawk a total of \$450,000. The \$450,000 has been moved to short terms loans. The balance is non-interest bearing and will be repaid with a minimum of \$20,000 per month.

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 3 of the financial instruments hierarchy. Short term loans include loans issued for a period of 16 months or less at an average interest rate of Nil (June 30, 2018 – Nil).

5. Note payable:

On January 22, 2018, the Corporation entered into a note payable with UMG in the amount of \$250,000. The initial agreement included an interest rate of 10% per annum to be accrued on the loan and be payable quarterly. With the signing the letter of intent with UMG, the interest payment was waived. On July 12, 2018, with the termination of the transaction, the Corporation allocated the note payable to the termination fee due from UMG and included it in other investment revenue.

6. Assets and liabilities held for sale:

As at December 31, 2018, the Corporation had the following assets and liabilities held for sale relating to its 100% owned subsidiary, which was subsequently sold January 31, 2019:

Assets	December 31, 2018	June 30, 2018
Cash	\$92	\$5,622
Trade and other receivables	382	5,733
Prepaid expenses	4,577	11,442
Property, plant and equipment	–	44,509
Lease reclamation deposits	125,899	124,746
Total assets held for sale	\$130,950	\$192,052
Liabilities		
Trade and other payables	101,858	52,387
Decommissioning liabilities	240,630	288,220
Total liabilities held for sale	\$342,488	\$340,607

BLACKHAWK RESOURCE CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the periods ended December 31, 2018 and 2017
(Unaudited)

7. Share capital:

a.) Authorized:

Unlimited number of common voting shares and preferred shares

b.) Issued:

	Number of Shares	Amount
Balance, June 30, 2018 and December 31, 2018	41,196,374	\$7,492,253

c.) Stock options:

The Corporation has implemented a stock option plan for Directors, Officers, employees, and consultants. The exercise price of each option approximates the market price for the common shares on the date the option was granted. Options granted under the plan generally vest over an eighteen month period from the date of the grant and expire five years after the grant date. The maximum number of common shares to be issued upon the exercise of options granted under the plan is 4,119,637 (June 30, 2018 – 4,119,637) common shares. The details of this plan are as follows:

	<u>December 31, 2018</u>		<u>June 30, 2018</u>	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of period	2,400,000	\$0.10	2,400,000	\$0.10
Expired	(600,000)	\$0.10	–	–
Options outstanding, end of period	1,800,000	\$0.10	2,400,000	\$0.10
Exercisable, end of period	1,800,000	\$0.10	2,400,000	\$0.10

The following table summarizes information about stock options outstanding and exercisable at December 31, 2018:

Exercise Prices	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
\$0.10	300,000	0.17 years	\$0.10
\$0.10	1,500,000	1.60 years	\$0.10
	1,800,000	1.36 years	\$0.10

The following table summarizes information about stock options outstanding and exercisable at June 30, 2018:

Exercise Prices	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
\$0.10	600,000	0.47 years	\$0.10
\$0.10	300,000	0.67 years	\$0.10
\$0.10	1,500,000	2.10 years	\$0.10
	2,400,000	1.51 years	\$0.10

BLACKHAWK RESOURCE CORP.

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8. Finance costs:

The Corporation's finance costs consist of the following:

Three month period ended December 31,	2018	2017
Bank fees	\$157	\$58
Interest	–	3,384
Finance costs	\$157	\$3,442

Six month period ended December 31,	2018	2017
Bank fees	\$215	\$158
Interest	–	3,384
Finance costs	\$215	\$3,542

9. Loss from discontinued operations:

The Corporation's loss from discontinued operations consist of the following:

Three month period ended December 31,	2018	2017
Revenue:		
Oil and natural gas revenue, net of royalties	\$5,161	\$14,925
Interest	611	389
Total revenue	\$5,772	\$15,314
Expenses:		
Accretion	580	583
Field operating costs	14,109	45,561
General and administrative	4,935	8,900
Finance costs	33	31
Loss on sale of property, plant and equipment	39,509	–
Total expenses	\$59,166	\$55,075
Total discontinued operations	\$(53,394)	\$(39,761)

BLACKHAWK RESOURCE CORP.

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9. Loss from discontinued operations (continued):

Six month period ended December 31,	2018	2017
Revenue:		
Oil and natural gas revenue, net of royalties	\$12,185	\$26,570
Interest	1,153	710
Total revenue	\$13,338	\$27,280
Expenses:		
Accretion	1,159	1,159
Field operating costs	26,016	75,489
General and administrative	12,115	12,024
Finance costs	91	96
Loss on sale of property, plant and equipment	39,509	—
Total expenses	\$78,890	\$88,768
Total discontinued operations	\$(65,552)	\$(61,488)

On November 20, 2018, the Corporation sold its GORR interest in the Provost area with a carrying value of \$44,509 for \$5,000 cash, resulting in a loss on sale of \$39,509.

10. Per share amounts:

Net income (loss) per share on a diluted weighted average basis is the same as that presented for basic as all factors are anti-dilutive. The number of shares that have been included in the computation of basic and diluted loss per share are as follows:

December 31,	2018	2017
Weighted average shares outstanding, basic and diluted	41,196,374	41,196,374

11. Key management compensation and related party transactions:

a.) Key management compensation

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

For the three month period ended December 31, 2018, the Corporation incurred consulting fees of \$24,000 (2017 – \$56,250), and directors fees of \$Nil (2017 - \$6,250), paid to companies which are controlled by key management of the Corporation, which are included in general and administrative expenses on the consolidated statement of comprehensive income (loss). At December 31, 2018, \$Nil remained outstanding (2017 - \$6,250).

For the six month period ended December 31, 2018, the Corporation incurred consulting fees of \$53,250 (2017 – \$108,750), and directors fees of \$6,250 (2017 - \$12,500), paid to companies which are controlled by key management of the Corporation, which are included in general and administrative expenses on the consolidated statement of comprehensive income (loss). At December 31, 2018, \$Nil remained outstanding (2017 - \$6,250).

BLACKHAWK RESOURCE CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the periods ended December 31, 2018 and 2017
(Unaudited)

11. Key management compensation and related party transactions (continued):

b.) Related party transactions (not mentioned elsewhere in the financial statements – see Note 4 and 5)

During the three month period ended December 31, 2018, the Corporation incurred legal costs of \$4,123 (2017 - \$9,984) 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, \$4,123 was included in trade and other payables at December 31, 2018 (2017 - \$Nil).

During the six month period ended December 31, 2018, the Corporation incurred legal costs of \$10,850 (2017 - \$14,568) 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, \$4,123 was included in trade and other payables at September 30, 2018 (2017 - \$Nil).

12. Financial instruments and risk management:

Financial instruments risks:

The use of financial instruments can expose the Corporation to several risks including credit, liquidity, and market risks. A discussion of the Corporation's use of financial instruments and their associated risks is provided below.

a.) Credit risk:

The Corporation is subject to credit risk on its cash and cash equivalents, trade and other receivables, short term loans at fair value and equity investments at fair value.

Cash and cash equivalents, when outstanding, consist of cash bank balances and short-term deposits maturing in 90 days or less. The Corporation manages the credit exposure related to short term investments by selecting counter parties based on credit ratings and monitors all investments to ensure a stable return. The maximum credit risk exposure associated with the Corporation's financial assets is the carrying value.

At December 31, 2018, the Corporation's trade and other receivables of \$3,612 (June 30, 2018 - \$2,287) consisted entirely of amounts due from government remittances.

The Corporation's receivables are normally collected within a 60-90 day period. Management believes that the credit risk with respect to trade and other receivables is minimal.

After initial recognition, trade and other receivables are allocated to one of three stages of the expected loss model to determine the expected credit loss ("ECL") as follows:

- Stage 1: Credit risk has not increased significantly since initial recognition
- Stage 2: Credit risk has increased significantly since initial recognition
- Stage 3: There is objective evidence of impairment as at the reporting date

As at December 31, 2018, the Corporation assessed its trade and other receivables for impairment. The Corporation's trade and other receivables are composed entirely of stage 1 of the expected loss model. The ECL determined by the Corporation is less than 1.0% of the Corporation's trade and other receivables and is therefore considered not material.

The Corporation manages its credit risk on equity investments through thoughtful planning, significant due diligence of investment opportunities and by conducting activities in accordance with the investment policies that are approved by the Board of Directors. Management reviews the financial conditions of its investee companies regularly.

b.) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they are due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking harm to the Corporation's reputation.

BLACKHAWK RESOURCE CORP.

Notes to the Condensed Interim Consolidated Financial Statements
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12. Financial instruments and risk management (continued):

The following are the contractual maturities of financial liabilities as at December 31, 2018:

Financial Liabilities	< One Year	> One Year
Trade and other payables	\$112,809	\$ -
Total	\$112,809	\$ -

The following are the contractual maturities of financial liabilities as at June 30, 2018:

Financial Liabilities	< One Year	> One Year
Trade and other payables	\$102,278	\$ -
Note payable	250,000	
Total	\$352,278	\$ -

c.) Market risk:

Market risk is the risk that the fair value of, or future cash flows from, the Corporation's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in equity and commodity prices. The Corporation is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

Additionally the Corporation is required to fair value its investments held for trading at the end of each reporting period. This process could result in significant write-downs of the Corporation's investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavourable effect on the Corporation's financial position.

- Equity price risk is defined as the potential adverse impact on the Corporation's loss due to movements in individual equity prices or general movements in the level of stock market on traded investments. The Corporation has a concentration of equity price risk due to one of its investments being worth 100% of its portfolio. The Corporation sets thresholds on purchases of investments over which approval of the Board of Directors is required.

During periods of significant broader market volatility or volatility experienced by the resource or commodity markets, the value of the Corporation's investment portfolio can be quite vulnerable to market fluctuations. A 5% change in the closing trade price of the Corporation's held for trading investments would result in a \$242,278 (June 30, 2018 - \$239,775) change in unrealized gain (loss) on investments.

13. Capital disclosures:

As at December 31, 2018, in the definition of capital, the Corporation includes shareholders' equity of \$4,812,298 (June 30, 2018 - \$4,768,448). The Corporation's objectives when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Corporation sets the amount of capital in proportion to risk. The Corporation manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may issue new shares, or engage in debt financing. The Corporation is not exposed to externally imposed capital requirements.

14. Commitments:

As at December 31, 2018, the Corporation had the following outstanding commitments:

December 31,	2019	2020	Total
Office lease	\$31,626	\$47,440	\$79,066
Number of months	6	9	15



BLACKHAWK RESOURCE CORP.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FORM NI51-102F1**

FOR THE PERIOD ENDED DECEMBER 31, 2018

February 28, 2019

Management's Discussion and Analysis should be read in conjunction with the consolidated financial statements for the year ended June 30, 2018 and the condensed interim consolidated financial statements for the period ended December 31, 2018. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

Except as otherwise indicated below, 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.

BUSINESS DESCRIPTION

Blackhawk continues to hold certain equity and short term loan investments. The equity portion of its portfolio includes a significant investment in a private eSports company, UMG Media Corp. ("UMG"). UMG is involved in both live tournament events as well as on line match play.

PORTFOLIO INVESTMENTS

As at December 31, 2018, the Corporation held total investments of \$5,080,550 comprised of equity type investments of \$4,845,550 and short term loan investments of \$235,000. In addition, the Corporation held a cash balance of \$29,877.

Investments at fair value by sector consist of the following as at December 31, 2018:

Sector	Cost	Total fair value	% of total fair value
Mining	\$508,166	\$ -	0%
Technology and other	1,863,318	4,845,550	100%
Total	\$2,371,484	\$4,845,550	100%

Debt instrument investments consist of the following as at December 31, 2018:

Short term loans	\$235,000
Total current debt instrument investments	\$235,000

Investments at fair value by sector consist of the following as at June 30, 2018:

Sector	Cost	Total fair value	% of total fair value
Mining	\$508,166	\$ -	0%
Technology and other	1,813,264	4,795,500	100%
Total	\$2,321,434	\$4,795,500	100%

Debt instrument investments consist of the following as at June 30, 2018:

Short term loans	\$375,000
Total current debt instrument investments	\$375,000

*Realizable amounts may differ from carrying values.

The investment in UMG, with a fair value of \$4,795,500, has grown as a percentage of total assets due to the significant increase in the value of the equity ownership of UMG, combined with a reduction in the value of certain other investments held by the Corporation.

In June, 2017, the Corporation settled one of its short term loans for shares of Redwing in the amount of \$508,166 for 400 common shares, which gave the Corporation 50% ownership in Redwing. During 2017, the Corporation had taken settlement of the debt through the obtaining the shares of Redwing, during 2018 the Corporation had determined the fair value of the investment in Redwing at June 30, 2018, was \$Nil. On

June 20, 2018, the Corporation was able to negotiate a new agreement with the original debtor to the Corporation due to the situation with Redwing. The original debtor has agreed to pay Blackhawk a total of \$450,000. The \$450,000 has been moved to short terms loans. The balance is non-interest bearing and will be repaid with a minimum of \$20,000 per month.

On November 22, 2018, the Corporation made a strategic investment into a private company that is active in the on line Hemp and CBD premium handcrafted products (“HempCo”). The Corporation has made an equity investment and will hold approximately 20% of HempCo and will have the opportunity to increase that ownership percentage significantly over time.

On January 31, 2019, the Corporation sold its 100% owned subsidiary.

SELECTED QUARTERLY INFORMATION

	<u>Three-month period ended</u>			
	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018
Net revenue	\$ -	\$257,566	\$423,385	\$(166,660)
Net comprehensive income (loss)	(128,152)	172,001	213,377	(281,070)
Basic and diluted – comprehensive income (loss) per share	0.00	0.00	0.00	(0.01)

	<u>Three-month period ended</u>			
	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017
Net revenue	\$22,547	\$(373,361)	\$(146,393)	\$3,161,261
Net comprehensive income (loss)	(138,000)	(504,633)	(324,258)	3,053,356
Basic and diluted – comprehensive income (loss) per share	(0.00)	(0.01)	(0.01)	0.07

THREE MONTH PERIOD ENDED DECEMBER 31, 2018

Net investment income (loss)

For the three month period ended December 31, 2018, the Corporation recorded investment income of \$Nil (2017 – \$22,547). The decrease in investment revenue is due to the reduction of investments in the prior period, and an unchanged fair value of the current investments held.

General and administrative

General and administrative expenses for the three month period were \$62,043 compared with \$83,504 for the same period in 2017. The general and administrative expense for the three month period is composed primarily of consulting fees totaling \$39,000 (2017 - \$52,500), office rental fees of \$8,372 (2017 - \$13,203), insurance expense of \$3,088 (2017 - \$4,000), and other general office expenses. The management of the Corporation has made a concerted effort to reduce all general and administrative expenses.

Net comprehensive income (loss)

The net comprehensive loss of \$128,152 (\$0.00 per share) for the three month period ended December 31, 2018 (2017 – \$138,000) is due to the decrease in investment revenue is due to the reduction of investments in the prior period, and an unchanged fair value of the current investments held. The Corporation also incurred expenses of \$53,394 related to its discontinued operations of a subsidiary that was subsequently sold in January 2019.

SIX MONTH PERIOD ENDED DECEMBER 31, 2018

Net investment income (loss)

For the six month period ended December 31, 2018, the Corporation recorded investment income of \$250,000 (2017 – investment loss of \$350,814) comprised of \$Nil in net realized loss on disposal of investments (2017 - net realized gain of \$5,992), \$Nil in net change in unrealized loss on investments (2017 - net change in unrealized loss of \$361,245), \$Nil (2017 - \$4,439) in interest income, and \$250,000 in other revenue (2017 - \$Nil).

The Corporation’s other revenue of \$250,000 is composed of a termination fee paid to the Corporation from UMG in relation the terminated Letter of Intent (“LOI”) in July, 2018.

General and administrative

General and administrative expenses for the six month period were \$114,115 compared with \$171,050 for the same period in 2017. The general and administrative expense for the six month period is composed primarily of consulting fees totaling \$63,000 (2017 - \$105,000), office rental fees of \$16,201 (2017 - \$27,906), insurance expense of \$7,120 (2017 - \$8,000), and other general office expenses. The management of the Corporation has made a concerted effort to reduce all general and administrative expenses.

Net comprehensive income (loss)

The net comprehensive income of \$43,850 (\$0.00 per share) for the six month period ended December 31, 2018 (2017 – net comprehensive loss of \$642,633) increased due the termination fee paid to the Corporation for the terminated LOI with UMG. The Corporation also incurred expenses of \$65,552 related to its discontinued operations of a subsidiary that was subsequently sold in January 2019.

Cash flow from operations

Cash flow from operations for six month period ended December 31, 2018 was \$241,247 compared to a negative \$20,851 for the same period in 2017. During the period ended December 31, 2018, the Corporation had proceeds from disposition of investments of \$140,000 resulting in a net realized loss of \$Nil compared to proceeds of \$179,870 in 2017 resulting in a net realized gain of \$5,992. The Corporation also purchased investments worth \$50,050 (2017 - \$34,200). During the period the Corporation also received a termination fee of \$250,000 (2017- \$Nil).

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2018, the Corporation will require additional funds to continue its investment strategy for the next twelve months. The Corporation will source funds through either debt or equity financing and such funds may not be available when needed. As of the date of this MD&A, the Corporation estimates that an additional \$260,000 for expenses may be needed in the next twelve months.

TRANSACTIONS WITH KEY MANAGEMENT AND RELATED PARTIES

a.) Key management compensation

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

For the three month period ended December 31, 2018, the Corporation incurred consulting fees of \$24,000 (2017 – \$56,250), and directors fees of \$Nil (2017 - \$6,250), paid to companies which are controlled by key management of the Corporation, which are included in general and administrative expenses on the consolidated statement of comprehensive income (loss). At December 31, 2018, \$Nil remained outstanding (2017 - \$6,250).

For the six month period ended December 31, 2018, the Corporation incurred consulting fees of \$53,250 (2017 – \$108,750), and directors fees of \$6,250 (2017 - \$12,500), paid to companies which are controlled by key management of the Corporation, which are included in general and administrative expenses on the consolidated statement of comprehensive income (loss). At December 31, 2018, \$Nil remained outstanding (2017 - \$6,250).

b.) Related party transactions

During the three month period ended December 31, 2018, the Corporation incurred legal costs of \$4,123 (2017 - \$9,984) 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, \$4,123 was included in trade and other payables at December 31, 2018 (2017 - \$Nil).

During the six month period ended December 31, 2018, the Corporation incurred legal costs of \$10,850 (2017 - \$14,568) 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, \$4,123 was included in trade and other payables at September 30, 2018 (2017 - \$Nil).

UMG, an e-Sports company that is involved in both live tournament events and online match play, with two related directors (David Antony and Raymond Antony) and officers (David Antony and Charidy Lazorko) in common, and has a fair value of \$4,795,500 at December 31, 2018 and June 30, 2018, which the Corporation determined based on the most recent private placements completed in early 2018. The Corporation's ownership of UMG shares is 20.1% as at December 31, 2018 and June 30, 2018). These shares are unrestricted, common shares.

On February 2, 2018, the Corporation announced it had entered into a letter of intent dated January 21, 2018 with respect to a business combination with UMG (the "Transaction"), whereby the Corporation would acquire all of the issued and outstanding common shares of UMG.

On July 12, 2018, the letter of intent announced on February 2, 2018 with UMG was terminated. The Corporation received a \$250,000 termination fee in relation to the end of this transaction.

OFF-BALANCE SHEET TRANSACTIONS

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

ACCOUNTING POLICIES

The condensed interim 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, 2018 and 2017.

A summary of the Corporation's 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, 2018 and 2017. 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

IFRS 9 - Financial Instruments

Effective July 1, 2018, the Corporation adopted IFRS 9, Financial Instruments. In accordance with the transitional provisions, the Company adopted the standard retrospectively without restating comparatives as the change did not impact the opening balances.

IFRS 9 replaces IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for the classification, measurement and impairment of financial assets and hedge accounting. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value either through profit or loss ("FVPL") or through other comprehensive income ("FVOCI"); establishes criteria for the classification of financial assets within each measurement category based on business model and cash flow characteristics; and eliminates the existing held for trading, held to maturity, available for sale, loans and receivable and other financial liabilities categories.

The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Corporation's financial instruments:

The Corporation's financial instruments consist of the following:

Financial Instruments Classification	IAS 39	IFRS 9
Cash	Held to maturity	Amortized Cost
Trade and other receivables	Loans and receivables	Amortized Cost
Investments at fair value	Held for trading	FVPL
Trade and other payables	Other financial liabilities	Amortized Cost

The following are the Corporation's new accounting policies for financial instruments under IFRS 9:

Financial assets and liabilities

Financial assets Non-derivative financial assets within the IFRS 9 are classified as "financial assets at fair value (either through other comprehensive income ("FVOCI"), or through profit or loss ("FVPL"))", and "financial assets at amortized costs" as appropriate. The Company determines the classification of its financial assets at initial recognition based on the Corporation's business model and contractual terms of cash flows.

All financial assets are recognized initially at fair value plus, in the case of investments not at FVPL, directly attributable transaction costs on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

Where the fair values 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, judgment is required to establish fair values.

Financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the interim condensed consolidated statements of loss and comprehensive loss.

Financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Corporation has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Corporation does not have any financial assets classified as at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Financial Assets at Amortized Cost

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Corporation transfers substantially all the risks and rewards of ownership of the asset.

Impairment of financial assets

The Corporation's only financial assets subject to impairment are trade and other receivables, which are measured at amortized cost. The Corporation has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

The expected lifetime loss of a financial asset at amortized cost, is estimated based on the expected credit loss ("ECL"). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Financial liabilities

Non-derivative financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Corporation has opted to measure the financial liability at FVPL. The Corporation's financial liabilities include trade payable and accrued liabilities, which is measured at amortized cost.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

Financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost, in the consolidated statements of loss and comprehensive loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gains or losses reported in other income or expense in the consolidated statements of loss and comprehensive loss.

IFRS 15 – Revenue from Contracts with Customers

The Corporation elected to adopt IFRS 15 using the modified retrospective method, with recognition of transitional adjustments in opening retained earnings on the date of initial application (July 1, 2018), without restatement of comparative figures. The adoption of IFRS 15 did not result in any changes in the timing of revenue recognition for the Corporation's goods and services.

Accounting Policy for Revenue Recognition

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services.

This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation.

IFRS 16 – Accounting for Leases

IFRS 16 replaces IAS 17, Leases was released in January 2016. This standard will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing

leases. Lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained. Adoption of IFRS 16 is mandatory and will be effective for annual periods beginning on or after January 1, 2019 with earlier adoption permitted. The Corporation is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

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).

Equity investments by sector consist of the following as at December 31, 2018:

Sector	Cost	Level 1	Level 2	Level 3	Total fair value	% of total fair value
Mining	\$508,166	\$ -	\$ -	\$ -	\$ -	0%
Technology and other	1,863,318	-	-	4,845,550	4,845,550	100%
Total	\$2,371,484	\$ -	\$ -	\$4,845,550	\$4,845,550	100%

Equity investments by sector consist of the following as at June 30, 2018:

Sector	Cost	Level 1	Level 2	Level 3	Total fair value	% of total fair value
Mining	\$508,166	\$ -	\$ -	\$ -	\$ -	0%
Technology and other	1,813,268	-	-	4,795,500	4,795,500	100%
Total	\$2,321,434	\$ -	\$ -	\$4,795,500	\$4,795,500	100%

Level 1 instruments include shares and warrants actively traded in an active market, level 2 instruments include warrants held in public companies and, level 3 instruments include common shares held in private companies.

The fair value of the level 3 investments of \$4,845,550 (June 30, 2018 - \$4,795,500), which is composed of two separate investments, are subject to market risk, commodity risk and change in demand in the mining and technology industry. A 5% change in the stock price used to fair value these instruments will result in a corresponding \$242,278 (June 30, 2018 - \$239,775) 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.

The fair value of the UMG Media Corp. ("UMG") common shares included in level 3 of \$4,795,500 (June 30, 2018 - \$4,795,500) consists of a related party investment in UMG. The investment has been evaluated

based on available data from UMG, including prior private placements and present financial information. As at December 31, 2018, the Corporation owned 20.1% of UMG outstanding common shares.

The other investment included in level 3, with a fair value of \$50,050 is in a private company that is active in the online hemp and CBD products. As at December 31, 2018, the Corporation owned 71,500 common shares with a value of \$0.70 per share.

Short term loan investments consist of the following:

	December 31, 2018	June 30, 2018
Short term loans	\$235,000	\$375,000
Total loan investments	\$235,000	\$375,000

In June, 2017, the Corporation settled one of its short term loans for shares of Redwing in the amount of \$508,166 for 400 common shares, which gave the Corporation 50% ownership in Redwing. During 2017, the Corporation had taken settlement of the debt through the obtaining the shares of Redwing, during 2018 the Corporation had determined the fair value of the investment in Redwing at June 30, 2018, was \$Nil. On June 20, 2018, the Corporation was able to negotiate new agreement with the original debtor to the Corporation due to the situation with Redwing. The original debtor has agreed to pay Blackhawk a total of \$450,000. The \$450,000 has been moved to short terms loans. The balance is non-interest bearing and will be repaid with a minimum of \$20,000 per month.

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 3 of the financial instruments hierarchy. Short term loans include loans issued for a period of 16 months or less at an average interest rate of Nil (June 30, 2018 – Nil).

DISCLOSURE OF OUTSTANDING SHARE DATA

Authorized and Issued Share Capital

Class	Par Value	Authorized	Issued
Common	Nil	Unlimited	41,196,374
Preferred	Nil	Unlimited	Nil

Description of Options and Contingent Performance Rights Outstanding

Security Type	Number	Exercise Price	Expiry Date	Recorded Value
Options	300,000	\$0.10	February 27, 2019	N/A
Options	1,500,000	\$0.10	August 4, 2020	N/A

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

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 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.

ADDITIONAL INFORMATION

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