

# BLACKDOG RESOURCES LTD.



## PRIVATE PLACEMENT INFORMATION December 4, 2006

Blackdog Resources Ltd.  
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# Introduction and Mission Statement

Blackdog Resources Ltd. (TSX VENTURE: DOG) was initiated by its principals as a private oil and gas company on September 28, 2004 under the Business Corporation Act (Alberta).

Our mission is to create shareholder value by exploiting the revenue and profit potential of undeveloped and overlooked oil and gas production and drilling prospects in North America, specifically Western Canada. Blackdog is committed to high ethical standards in all dealings with shareholders, service providers and partners. Blackdog intends to be an exemplary corporate citizen in its respect for the communities and environments in which it operates.

On January 12, 2006, Blackdog completed a RTO (Reverse Takeover) Amalgamation with Lamplighter Energy Ltd. (TSX Venture: LL). On January 24, 2006, Blackdog began trading on the TSX Venture exchange under the symbol DOG. On April 20, 2006, the TSX Venture Exchange issued a bulletin that Blackdog had met all their required conditions to become a fully listed Tier 2 Oil and Gas Issuer.

## Management Team

### **George J. Hill, President and Board Member**

Mr. Hill has been involved in the oil and gas industry in North America for over 30 years. He was president of Jennifer Petroleum, Ryan Energy and a founding director Bighorn Resources, now known as Enterra Energy Trust (\$500 million market cap on the TSE).

Mr. Hill has a Bachelor of Science Degree in Business from Michigan Tech University.

Mr. Hill is a Certified Professional Landman and resides in Calgary, Alberta.

### **David A. Corcoran, VP Operations/Chief Financial Officer and Director**

Mr. Corcoran runs the day to day activities of Blackdog and oversees all aspects of the operations. In addition he is responsible for sourcing, hiring and overseeing third party contractors that Blackdog retains to complement the Management team's existing skills. Mr. Corcoran has a Bachelor of Commerce Degree from the University of Ottawa.

Mr. Corcoran was previously employed as the Chief Financial Officer and VP Operations of a junior oil and gas company. Prior to this engagement, Mr. Corcoran had a long and successful career in sales and sales management with several Fortune 500 hi-tech companies.

**T.W. (Tim) Morgan, Director**

Mr. Morgan is a former Executive Vice President of Operations and former Co-Chief Operating Officer of Westjet Airlines Ltd. Mr. Morgan was a co-founder of Westjet Airlines Ltd. and was a member of their Board of Directors.

Mr. Morgan is currently the President of Morgan Airlines Ltd. and the President of Arrow Lakeside Resort and Marina. Mr. Morgan also serves on the board of Aeromechanical Services Ltd.

Mr. Morgan is a graduate of Mount Royal College in Calgary, Alberta where he also serves as a member of its board of directors.

**Dr. Garth D. Von Hagen, Director**

Dr. Von Hagen has previously served on the board of CV Technologies Inc. a natural products manufacturer now listed on the TSE. Dr. Von Hagen currently sits on the advisory board of The Cure Institute Inc. and also serves as the Chair of the Edmonton Inner City Agency Foundation.

Dr. Von Hagen graduated from the College of Dentistry at the University of Saskatchewan and is a practicing dentist residing in Edmonton, Alberta.

Dr. Von Hagen is also enrolled in the Alberta Haskayne Executive MBA program at the University of Calgary.

**Darcy Morgan, Director**

Mr. Morgan is a Senior Account Executive with SAP Canada Ltd., a subsidiary of SAP AG Ltd. one of the world's largest software companies. Mr. Morgan has represented SAP to major Oil and Gas explorers and producers in Canada since 1998. Previously, Mr. Morgan delivered various marketing initiatives with IBM Canada Ltd.

Mr. Morgan graduated with a Bachelor of Commerce Degree from the University of Calgary.

Mr. Morgan resides in Calgary and also chairs a Heritage Preservation Initiative in his community.

# COMPANY SNAPSHOT

September 30, 2006

Shares Outstanding	11,341,629
Warrants Outstanding	2,363,928 (exercisable at \$0.30 until August 25, 2007)
Options Outstanding	20,000 @ .10 (expire on Dec 15, 2009) 300,000 @ .20 (expire on Aug 29, 2010) 29,489 @ .40 (expire on March 16, 2011) 583,255 @ .50 (expire on June 22, 2011) 1,132,744 weighted average of \$0.42
Insider Ownership	3.2 million shares or approximately 28.2 %
Production	30 BOE light oil in Whitebear, Saskatchewan
Cash flow	\$25k per month at \$60 WTI
Working Capital	\$1.3 million
Debt	\$ 0
Useable tax losses	\$2.6 million
Low Overhead	Elimination of most overhead costs has been realized by outsourcing all non-core processes and skills, paying marginal salaries for executives and no office space costs.
Quarter Ending September 30	Corporation posted first quarterly profit.

## **Subsequent to September 30, 2006**

Blackdog entered into three mutually exclusive farm-in exploration and development drilling AMI (areas of mutual interest) agreements with one junior oil and gas company. The total maximum cash commitment for Blackdog to drill, complete and tie-in all three wells is \$900K.

### **Crystal/Pembina Multi-zone Exploration Gas Well (5 well potential program)**

- Well is located about 100km southwest of Edmonton near the village of Winfield, Alberta. The area has year round access on prairie farmer's fields with excellent roads. The well has "Tight Hole" status for one year.
- Terms of farm-in Agreement - Blackdog to pay 25% of all costs to completion or abandonment to earn 15% interest in one section of land plus pay 15% to earn 15% in AMI.
- The multi-zone gas well was spud on October 13, 2006.
- After a review of the logs, the well was cased on October 19, 2006.
- A multi-zone Fracture Stimulation program commenced on November 1, 2006.
- The well is currently being flow tested before tie-in to a nearby pipeline.
- There is a land sale imminent with 4 sections of land within the AMI with the potential of one additional well per section.

### **Breton/Pembina Multi-zone Exploration Gas Well (5 well potential program)**

- The well is located about 80 km southwest of Edmonton near the village of Warburg, Alberta. The area has year round access on prairie farmer's field with excellent roads. The well has "Tight Hole" status for one year.
- Terms of Farm-in Agreement: Blackdog to pay 25% of all cost to completion or abandonment to earn 15% interest, subject to a 10% GORR (Gross Overriding Royalty), in the zones of the well that the section of land covers. In addition Blackdog pays 15% to earn 15 % (no GORR) within AMI.

- The multi-zone gas well was spud on November 5, 2006.
- After a review of the logs, the well was cased on November 10, 2006.
- The well is awaiting perforation and possibly acidization completion. Pending a successful completion it will be tied in a nearby pipeline.
- There is a land sale during q1, 2007 within the AMI for four additional sections of land with each section having the potential for one additional gas well.

### **Harmattan Development Gassy/Oil Well (4 well potential program)**

- The well is located about 70 km northwest of Calgary near Sundre, Alberta. The well has year round access with prairie farmer's field with excellent roads.
- Terms of Farm - In Agreement - Blackdog will pay 25% of all costs to completion or abandonment to earn a 15% interest in the first quarter section plus pay an additional 15% to receive 15% in the second quarter section.
- Blackdog also has the option to pay 25% of all costs to completion or abandonment to earn a 15% interest in the third quarter section which will then earn Blackdog the right to pay 15% to earn 15% in the fourth quarter section.
- This high impact development gassy/oil well was spud on November 19, 2006 and will be drilled to a total depth of 2275 metres.
- The potential of this well is to have reserves of 100,000 barrels of light oil and 650,000 MCF of gas. The estimated initial production of a successful well is 75 BOPD and 500 MCF PD.
- The entire section of land is already owned by the farm-out vendor so future land sales are not a concern.
- The well was cased on December 3, 2006 and is awaiting a Fracture Stimulation completion and if successful will be tied into nearby pipelines.

# Blackdog 2007 Cash Requirements

## 1. Crystal

- 2-4 wells (pending successful land sale)
- Approximately \$175K per well all in to Blackdog
- \$350k - \$700K required

## 2. Breton

- 2-4 wells (pending successful land sale)
- Approximately \$150K per well all in to Blackdog
- \$300K - \$600K required

## 3. Harmattan

- 1-3 wells
- 2<sup>nd</sup> well all in cost to Blackdog approximately \$200K
- 3<sup>rd</sup> well all in cost to Blackdog approximately \$275K
- 4<sup>th</sup> well all in cost to Blackdog approximately \$200K
- \$200k - \$675K required

## 4. Cumulative Commitment

- 5 – 10 wells
- \$850K - \$ 1975K required

## Other Potential Opportunities

**1. Widewater Exploration Well** - Blackdog signed a farm-in agreement in March, 2006 under the terms to pay 25% to completion or abandonment to earn a 15% agreement in 4 sections of land in the Slave Lake area about 200 km northwest of Edmonton.

Due to bad weather and poor road conditions the well has been delayed until January, 2007. Blackdog has incurred costs of \$40K to date to prepare the site for drilling. Blackdog is currently reviewing its commitment to this drill plan.

The total AFE to drill and case this high impact Gilwood sands oil well is \$1.1 million (\$275K net to Blackdog)

**2. Peace River Arch** - Blackdog is exploring high impact farm-in opportunities pending the completion of our initial flow-through. We expect, once our flow-through is closed, to sign several AMI deals in this area.

**3. Northeastern BC** - Blackdog has been offered the opportunity to participate in several high impact gas drilling programs in 2007. Blackdog will consider these offers pending the conclusion of its financing.

**4. Whitebear, Saskatchewan** - A private company has approached Blackdog about drilling a horizontal well into a potential new oil pool on Blackdog's 100% owned Whitebear property in Saskatchewan. Blackdog is considering different terms for how this arrangement might work out best for the corporation.

## 2007 Cash Resources

1. Continued Cash Flow from Whitebear of approximately \$25K per month at \$60US WTI.
2. Three new additional cash flow sources from Crystal, Breton and Harmattan. Blackdog will incur very marginal increases in overhead to manage these properties so cash flows from the properties will drop almost 100% to bottom line for reinvestment.
3. Two Canadian Chartered Banks have offered to assess Blackdog's four packages of assets and to provide an Operating Line of Credit against their cash flows in q1, 2007.
4. Blackdog has approximately 2.3 million warrants at \$0.30 that expire on August 25, 2007. If all the warrants are exercised, Blackdog would receive gross proceeds of approximately \$700K.
5. Flow through financing for \$1.0 - \$2 million to close by December 31, 2006.
6. Further financings of \$2 - \$5 million in q1, q2 of 2007 based on continued successful growth via the drill bit.