WALL STREET UNPLUGGED

AUDIO TRANSCRIPT

Frank Cruzio: Wall Street Unplugged looks beyond the regular headlines heard on mainstream financial media to bring you unscripted interviews and breaking commentary direct from Wall Street right to you on Main Street. How's it going out there? It's Wednesday, February 1st, and I'm Frank Cruzio, host of the Wall Street Unplugged Podcast where I break down the headlines and tell you what's really moving these markets. I can't believe it's February already, and I hate February. It's just really cold in Florida. It's like 65 degrees, so I have to wear a long-sleeved shirt when I play golf, have to heat my pool to go in it, and I hate that. I know it's so cold and snowy out there for most of you. Truly feel terrible that I'll be relaxing in my heated pool later and cooking steaks on my barbecue.

Figure I'll make fun of you now before it gets over 100 degrees every single day here starting in April, so I'll enjoy it, but February's always a crazy month, at least for me. I have like seven family members that have birthdays that fall in February, which is kind of annoying, right? My family always celebrate them every year, and they all fall within this ... It's like every other day I'm calling someone and wishing them happy birthday, buying them presents. God forbid you forget someone, they think you hate them for life, and they take it personal. "I can't believe you forgot my birthday." There's nine birthdays in February for my family, so it always gets hectic.

Look at that, February also one of the worst months for stocks. One of only three months where you see negative returns on average dating back for decades, you know? You're using the average, but it actually rates third according to the Trades Almanac as the worst month for stocks when it comes to performance, August and September our worst months. Believe it not, October I would think. A lot of crashes occur in October. Actually positive returns, not the worst month. Really not a fun time for stocks in terms of performance. Also it's earning season, right? Every February, so it gets really, really hectic, crazy for me. It's nuts.

Speaking of earnings, I have an interesting intro here where I'm going to break down Apple which reported this morning ... I'm already getting a ton of questions on it. You look at Apple, and it

blew out earnings estimates, right? If you watch TV, that's what they said. They reported $3.66 a share compared to $3.21. That's the analysts' expectations. Revenue also beat $78.4 billion in sales. That's amazing in a quarter, $78 billion. That's a little bit higher than the $77.4 billion that they were expecting.

Apple's now sitting on ... Guys, get this. This is an amazing, amazing number. I know people talk about it all the time, but just when you really think about it ... $246 billion in cash now. $230 billion of that is overseas, which is okay, but $246 billion in cash. That's insane. If you think about it, it's more than the market cap. Remember, we're talking about Apple's cash position. Their cash position is bigger than the market cap of Cisco. It's bigger than the market cap of Intel. It's bigger than the market cap of Procter & Gamble. I can keep going here. Bigger than Verizon, bigger than Pfizer. We're talking about the biggest names in the industry, and Apple has more cash on its balance sheet than the entire market cap of those great companies.

You have Tim Cook on the call. He's going, "Oh yeah, yeah, Dynamic quarter for Apple." Quoting him, "Dynamic quarter." Things are great, awesome, just like he says after every single quarter. I'm not picking on him. Just telling you as an investor, don't pay attention to any CEO who's a cheerleader. You need to do the homework yourself and decide if Apple's numbers were as good as Tim suggests. You know what? Let's break down the quarter right now because looking at the numbers, big positive service revenue, very strong, over $7 billion, we're like 18%. When you take a closer look under the hood though, it's kind of amazing, especially when you're listening to people on CNBC, Fox Business News ... I'm not picking on anybody here, but guys, this is what you need to learn because this is how you make money in stocks.

You're looking at Apple and everybody, out of 100% of the people, "Blow out quarter, amazing numbers, unbelievable." Sales rose 3% year over year. Earnings rose 2% year over year, okay? That's the blockbuster quarter that everyone's saying Apple had. Why's the stock up so much? Because expectations were really, really low. If you're looking at the numbers, to me, weren't that great considering the launch of the new iPhone which they were able to charge more for for a 10-year-old product. It's a new product. Pretty amazing, right? Able to raise the prices on the iPhone and people still pay for them, which is unbelievable in itself, right? You usually don't see that in technology even when you come out with the newer products. Also they bought back $144 billion worth of stock, $144 billion. That's insane. Their tax rate was 26% which

is really, really low. There's a lot of companies out there paying 30%, 35%, 37%. It's a favorable tax rate. Without the buyback and without the tax rate, this company earnings would have been negative again. Nobody's talking about that.

Be very, very careful with Apple here. I was a big bear in Apple last time it was at these levels in 2015. I told you to sell it, and the stock fell by 30%. Back then expectations were sky high. When I say expectations, I'm talking about he analysts' estimates. I'm not talking about the valuation of the stock. I'm talking about where everybody believes Apple is going, and the price targets are 160, 170, 180, whatever they want. Ninety-seven percent of analysts back in 2015 ... We're talking about over 50 analysts.

When I say analysts, I'm talking sales side guys. I'm talking guys like JP Morgan, Goldman Sachs, the sales side analysts. That's the number that comes on TV when they say they beat analysts' estimates. They take all the analysts that cover the stock and they take the median estimate and that's how they come up with that estimate. It doesn't mean that Apple's sales grow when they put you ... When they say they blew out the quarter, they blew out the analysts' numbers. That's all they're saying. When I told you to sell the stock, take a profit before the stock fell 30%, all these analysts were incredibly bullish. They thought that Apple's going to grow 25%. I said there's no way it's even going to come close to that. You know what? By 2016, they were seeing zero growth, okay? That's how far ahead they were. About six months ago, I changed my tune. I told you Apple's probably going to go a lot higher.

I break down my losers just like I break down my winners. I'm just bringing up a point. I'm not patting myself on the back. I'm saying Apple is a company that I had a pretty good read on, which I don't have a good read on some other companies, which is perfectly fine. I mention them all the time. Six months ago, I changed my tune. I told you Apple's likely going to go a lot higher. It's going to start ... Main competitor completely dropped the ball, right? Which is Samsung and that Galaxy 7 phone which shoots fire at people. It might as well shoot fire at people, right? You can't even get on a plane without them announcing, "If you have the Galaxy 7, you've got to turn it off because they come on fire," whatever, right? It shoots fire at people. That's what we're saying. I can't believe how terrible Samsung dropped the ball there, but anyway, it was a huge benefit to Apple.

I was right. Apple's went up. Now, my point here, expectations were really low for Apple six months ago, okay? I say, what does that mean? By expectations, again, I'm talking about the analysts

and what they believe. They lowered their estimate so much going to this quarter significantly making it very easy for Apple to beat. Now they're on there, Tim Cook's saying, "Things are great. It's all dynamic. They blew out the number," and you seen the stock up five, six points today, approaching its all-time highs. Tim Cook also says he loves the pipeline, the pipeline is great. What is Apple's pipeline? When you say pipeline, you mean everything else outside of things that they're selling maybe? Not really things that they're selling, but outside their core business, right? iPhones, Macs, tablets. Macs and tablets aren't ... Basically this is an iPhone company, but he said their pipeline is great. I want to break that down really quick here.

He's talking about Apple TV and they're going all in, and I think they're going to be successful. It's a very expensive market. You've got to pay for content, and you've got to pay a lot of people. Apple's fine there when they have $246 billion in cash. Keep in mind, Apple generates about ... Maybe they'll hit $235 in sales this year, $235 billion. This past quarter was $77. You don't want to times that by four because that's the holiday sales, which is the biggest quarter by far, but you're looking at a company that generates $230 billion in revenue, right? Let's say they conquer streaming. The whole market, they conquer it, right? They still business. You can look at Netflix, right? Netflix is the king here, no debating. Netflix total sales are less than $9 billion. Even when Apple enters this market, it'll take two, three years before they get up there, and they have a huge base, 150 million users, I get it.

They could easily go into wearables and sell a few billion dollars in there, but you're looking at a market that's not huge for a company that generates $230, $240 billion in sales. They pass Netflix who has a significant headstart, right? Apple dropped the ball here, and they're getting into this market late. Now Google's getting into this market, Amazon, all the major players who have a ton of cash are getting into this market. Apple's not going to be able to conquer this market. They're not. Is that a great product? It is a great product. It's a multi-billion dollar platform, but it's not going to move the needle for Apple.

Apple said they're scaling back on autonomous cars. Makes sense because the market that won't be big probably for another ten years ... I know there's people out there disagreeing. I had great people from some of the top technology companies ... I'm talking about level five autonomous cars. Cars that you could see outside that'll be parked in your neighbor's driveway. You're going to have special lanes for them. Guys, light years. Very, very far away. You

hear autonomous cars, the technology's amazing, you can see ... "Oh, well they're driving themselves around Las Vegas." I was there at every Consumer Electronic show for the past five years. They've been doing it for the past two. We're very, very, very, very, very far off. Even in regulation where very few states will even approve this. Is that the pipeline? Is that the market?

What about Apple Pay? Digital market? It's not a huge market, Apple Pay. What are we talking about? A few billion dollars for Apple? Again, maybe get to $10 billion. I don't know. I don't think they'll get that high. Maybe they do, but we're talking about $240 billion in sales this company, right? You look at wearables, and they're like record sales here, which is very easy for the company to hit record sales because they're selling it to their user base. It's fine. I get it. Again, only a few billion in sales.

You have services revenue which everybody's talking about, right? Up 18%, only $7 billion. Do you say you're excited about the pipeline? I don't know. As an investor, you're not focusing on the pipeline because it's not going to move the needle for this company. This is an iPhone company period. That's it. That's what you base Apple on. Forget about all the initiatives and everything they're getting into because it's not going to move the needle. It's not. That's why they're still not breaking out wearable sales. "Oh, it's record quarter." It's so good, but you won't ... We have to basically back door it, go around and see what those sales are because they lump it in one division. Believe me, if it was that great, any company would tell you exactly what the sales are for that division if it was that great, but it's not. It's not really going to move the needle.

Now you're looking at an iPhone company, and you just had a quarter where earnings are up just 2% only because you had a favorable tax rate and buyback, so that number would have been negative probably. Now that your blockbuster holiday quarter is over, my question to Tim Cook, the dynamic question, how do you expect to grow earnings and sales over the next few quarters? Now analysts' expectations are back being sky high. Everybody's raising the stock right now, everybody's in love with it. I'm telling you that the Kool-Aid, there's no Kool-Aid left to drink if you're watching television today. On Apple, there's no more Kool-Aid left. Everybody's drank it all ready. "Apple's great. This is awesome." Be very, very careful. I'm sure the stock will push through the 30 level, hit new highs, momentum traders are going to jump on the bandwagon. Technical side's going to look very, very good.

Apple, probably a good trade here. Should go a little higher, but

if you're a new investor looking to buy Apple today, I suggest you don't do it. I wouldn't buy and hold the stock long term here. Be very, very careful. You're looking at the stock, the biggest catalyst here is not an increase of sales or earnings or their pipeline. The biggest catalyst for Apple over the next six months is regulation. Hopefully they're able to repatriate a lot of $246 billion in cash back to the US. That would move the stock significantly. Their tax rate, they're already at 26%. How much favorable could it be? Maybe 20%. I don't think it'll go that low, maybe 25%. You're not going to see any huge benefit compared to the companies that are paying 35%, 37% taxes, which is a lot of the big companies, the big names.

We know the company has a ton of exposure outside the US, and they actually warned ... They actually said, "We're going to have to be very, very careful next quarter." Again, they're always conservative. People say they're conservative. I don't think they're going to beat next quarter's number, especially now that analysts are raising them. They actually came out and said, "Yeah, we could have currency issues going into next quarter, foreign exchange rates." Just be careful. There's so many people drinking the Kool-Aid right now which includes analysts. Almost everybody talking about Apple on CNBC, Fox Business.

Believe me, Apple's quarter was amazing. I just thought for amazing it would have been a lot better considering this was the quarter where you're going to see that full revenue impact from your newest product, which you're not going to release a new one. Probably the middle series, the S series or whatever next September, but it's just interesting. I thought this quarter would be a lot stronger. The reality, China, sales went down 12%. I know Apple reports best quarter ever, yet for their best quarter ever, only growing sales by 2%. Once again, would have been negative if they didn't buy back so many of their shares. I don't like Apple as a buy and hold play for investors, especially at this price. Their pipeline, while exciting ... It is exciting, the pipeline.

It's not going to move the needle for such a big company in terms of sales. Even if they conquer digital payments, wearables, streaming ... More important, I hope Apple does not build another $100 billion plus of stock over the 125 level in order to meet their estimates when you're looking at their growth and expected sales to really come down in the coming quarters, right? Most of those people who bought the iPhone bought it already. That's their new product. Sales will be pretty good next quarter. I just don't think they're going to meet estimates. They're going to come down

dramatically going forward.

They just released it. Most people own it. It's probably going to go lower and lower and lower. You'll know because you'll see AT&T and Verizon offering these deals again. "If you switch, we'll give you this for free, and we'll do all of this." They're going to have all these deals going on the next two quarters because it's going to be difficult for Apple to sell their new product at their top premium price six months later. It's really six months later. After releasing a product, like every other product, it's going to come down in price. It's going to hurt margins.

Be very careful with Apple here. I know if you're watching TV you think they're reporting the greatest quarter ever. Tim Cook is always optimistic, and I love Tim Cook, he's great, I think he's awesome. Just saying, "Dynamic and our pipeline's great." You have to look at the numbers as investors. More important, you want to look at the analysts' estimates because they were so low heading into this quarter, and in reality when you look at the numbers, it's supposed to be their greatest quarter ever, and they only grew earnings by 2%. To put that in perspective, that's slower than the average company in the S&P 500, which this quarter thus far is about 3.5% their growing earnings, almost 4%. They're growing a lot slower than the market. You wouldn't think that by watching TV. Be very careful as this stock runs higher, if it pushes through the 130 level. Take those profits.

When I told you Apple's going higher, but I think their stock could see a sell-off definitely by the end of the year. A lot of momentum. I know it's going to pass technical levels, and all the key guys are going to get on it and all the algorithms, they just throw their money into this. I get it, but I don't see the stock going incredibly higher here. It might be a good opportunity to take some profits off the table because the next couple of quarters are not going to be good. Be very, very careful on the Apple here.

Just wanted to break that down. I know it's the intro. I'm getting a lot of questions on it. You guys know I've been covering Apple for a very long time. It's a stock that I've done well on when it comes to analyzing and predicting. Can't say that for every stock I recommend, as you guys know, but Apple has been pretty good for us in terms of analyzing and being on the right side of the trade. Right here I think it goes a little higher as a trade. Longer term I think it's going to come down again and come down pretty hard over the next six to nine months.

Now, great show for you today. My guest is Garth Braun, president

and CEO of Blackbird Energy, a small oil and gas company with major holdings in a place called the Montney Shale located in Canada, being compared to the Permeant in terms of being one of the most prolific shale areas in the world. Garth, incredibly smart guy who watched his stock go up more than fivefold over the past year. What he's done for this company and his transformation is pretty amazing. He's going to have a massive land position in the Montney. In fact, the company's going to begin to produce earnings and cash flow this year, so it's not a junior anymore. It's an actual real company. Small cap, the $300 million market cap. Probably going to see a lot of funds jump in.

Not to mention that some of the major energy companies are buying up land for billions of dollars right next to Blackbird in the Montney. Finally, this company has disruptive technology which we're going to break down. I'm a big technology guy when it comes to shale. As prices come down, all these companies have to find a way to lower their costs to make money drilling for oil at $45, at $50, and here's a small company that has technology that found a way to do that that is just starting to be deployed in almost every major shale region right now.

It's a fantastic story. Garth is here to tell you all about it. Interview you don't want to miss. My educational segment, I'm going to share my best trade ever with you. Guaranteed to make you money, I hear the SEC knocking on my door right now, but this trade is so automatic, you should sell everything you own, your house, your car, whatever. Rent your kids, raise as much money as you can, put everything you have into this trade. That's how confident I am. I'll tell you exactly what that trade is after my interview which we'll get to right now.

I'm talking to Gath Braun, chairman, CEO and president of Blackbird Energy. It's a small oil and gas exploration company with a major focus on the Montney, one of the most liquid rich shale areas located near Grand Prairie, that's Alberta. Garth has taken this company from a tiny, very high speculation play into a $300 million company that's about to generate cash flow and earnings. In my opinion, Blackbird is probably the best company at the Vancouver Investment Conference, which you guys know I attended last week. More than 200 names were there, companies. When I say the best, I mean in terms of stocks that I would buy right now. Garth, thanks so much for joining us.

Garth Braun: Frank, it's a real pleasure to be able to be on your podcast. I look forward to doing this interview with you.

Frank Cruzio: Well, let's start out with Blackbird Energy. This is the first time you're on a podcast, and people may not be familiar with your name. Why don't you talk about Blackbird in terms of acres, the Montney and what's going on in this area? Because what you've done in the past year alone has been remarkable.

Garth Braun: Well, Blackbird Energy is focused in on the Montney formation, which is a formation similar and comparative to what you've seen in the US, and what would compare to it is the Permeant or the Eagle Ford. These are shale formations. Ours is kind of a tilt zone shale formation, but this formation, the Montney, runs from northeast BC down into Alberta, but the liquid rich corridor that we're focused on is right around my hometown of Grand Prairie, Alberta, and we've put together 91 sections ... That's getting right up close to 60,000 acres of land. It's contiguous. What's unique also is is that it's surrounded by significant industry leaders like Encana, Apache, Shell, Singtel who produces one quarter of Canada's natural gas and oil. We've got these companies all around us drilling and further delineated our resource as we've delineated it.

Frank Cruzio: Talk about liquids because people say, "Okay, I know natural gas, I know oil," but talk about why that's important in terms of even Canada with the supply demand imbalance because this is where the story gets very, very interesting.

Garth Braun: Well, there's two liquids that we're focused on within the Montney. First off, what we're drilling for really is to focus on condensate, which is one of the cores. It's a very, very high gravity oil that's produced, and we need that ... We call it a diluent to go and send that up and mix it with our heavier oils that are produced in Alberta which then allow them to be transported. At the present time, demand for condensate in Alberta is at about 500,000 barrels a day. Within Canada, we produce about 175,000 barrels of condensate, and the balance, 325,000 barrels a day, we ship up from Texas. You can imagine the cost of shipping it up. Condensate is one of those products that we are ... Is the only oil and gas product in Canada that we have a competitive advantage, we got a pricing premium over the US.

The other component is is we produce what's called a natural gas liquid, an NGL. Those are heptane, propane, butane, pentane. These are the C5 pluses, and we have a very, very liquid-rich natural gas liquids which we strip out. Frank, you know this is one of the premiere markets in the last two years. The natural gas liquids that we produce are in high demand, and we're now hitting new price model on that demand for those NGLs over the last two years.

Frank Cruzio: Not only that too, when you look at oil prices over 53, but you're looking at NGL pricing at a 25-month high, 26-month high. There's huge demand, like you said. The pricing's coming around. What I did before this presentation is I took a look at Encana who's one of the major players in the Montney. I went through their whole presentation. Guys, Encana is a monster company. You see focus on the Permeant, but the Montney is huge for them. Some of the things that ... Garth, I know you know these statistics, but I want to bring everyone in here. Expecting operating margins in this area to increase by 200% by 2021. Montney is profitable for Encana at $14 a barrel. They have a whole 850 well drill program, 5,900 locations. I guess talk about Encana because I know that since you've had this property over the last 18 months ... Maybe you could talk about how many companies have been buying the property around. We're not talking about 100 miles away. We're talking very, very close to where you are, which is one of the most prime areas within the Montney.

Garth Braun: First off, Encana is just a premiere producer. They're one of the largest natural gas producers in North America. They're an extremely well run company. We have a lot of respect for them because they've actually been in industry leader on drilling, completing and far more importantly, on how they produce their wells to preserve and to maximize liquids recovery from their well bore. This is truly one of the industry leaders. Last year in May and October, Encana came out, and the area that we're really in is this Pipestone Elmworth Corridor of the Montney. They came out, and they actually released a slide, and it's actually on our PowerPoint on page four. They actually published what we'll call the super condensate corridor. They subsequently followed up calling it the bull Encana oil window.

They actually were so kind to map all the way down into Blackbird and say at minimum, 47 sections of our land is in this super rich condensate corridor. Their economic returns were on a half life about 139%. Frank, you've nailed it that their cost to break evens are down at about $13 a barrel. What we're so impressed with is just how they developed ... We've done a data swap with Encana on one component, but they are just an industry leader that is drilling substantial wells to the west about ... And have been so kind to actually delineate the resource right to our land. In regards to near proximity acquisition, subsequent to or about 18 months ago, a company called Canadian Non-Operated which is funded by Graft and Riverstone ... Riverstone's one of the large oil and gas funds in the world. Actually just came and bought 26 sections that is integrated into our land.

First off, in Canada it's about four miles to the west of us, which in a resource play means right beside us because it's not a structural play, so the resource is all through this area. Then you've got now Riverstone and Cenorel that are right beside us, and they've just licensed up six wells and are in the process of drilling their first well right adjacent to our land. To the south of us, Apache, which everybody knows. What's really unique about Apache is Apache just drilled a lower Montney well, which we'll probably get into in this conversation, that is probably the largest lower Montney test in the whole corridor at 10.6 million feet of depth and 2,000 barrels of liquids. That's free liquids, not NGLs associated.

We've got Apache, Cenorel which is one of the biggest producers in Canada, Sinopec right beside us. These lands are touching our lands on adjacent, and both Cenorel and Sinopec have just licensed a total about five wells to the south of us. Apache, which is really neat, has entered into an agreement with a midstreamer to build a facility $300 million a day silo processing facility, and we're going to find out more in February about how much they're going to commit of drilling to fill that portion of the facility when it's completed in 2019. Tremendous activity both north, south and west of us.

Also probably something that's really interesting, a week ago Wednesday, one of the ... When I classify one of the premiere engineers of Calgary, Dave Wilson of Kelt, announced his new Montney play which was 122 sections directly to the north of us. Dave is somebody that I have huge respect for and Kelt as a company I really respect. His previous company, Celtic, which was another Montney company to the south of us, he sold for about $3.6 billion to Exxon. If you want to get an understanding, you go to Blackbird's presentation, you're going to see some ... What I'll call elite operators, industry leaders all around our land and in essence now we've got confirmation north, west and south of us and east of us, the quality of it, and now we're in filling around it.

Frank Cruzio: Hey and guys, just to fill you in here too, because I've done a lot of research on the shale areas, I visit all the major shale areas in America, it's like the Eagle Ford. Just because you have land in Eagle Ford doesn't mean you're automatically going to be rich and it's great, where there's 27 counties and you'll see the whole area go from southwest Texas to northeast kind of thing, but there's three areas where if you go into the top area, which again is very far apart, where you'll see the top area's natural gas, the middle area I think was natural gas liquids and the bottom area was oil.

Depending on where you have your property located is whether you're going to be a major force, right?

Yeah, Pioneer, Statoil, Laredo had great property in Eagle Ford, yet some people don't, and what Garth is talking about here is he's in the prime area where you have guys like Exxon, you have guys like Encana, you have guys like Sinopec that you just mentioned that are buying up all around that area where it seems like you were first to the market in this area. How did that happen? What made you buy this particular land? What did you know that nobody else knew? Here you have all these major players buying stuff around you, but it seems like you were first to the market which doesn't really happen often in the oil industry, right? These guys got tons of money to spend. They're usually first. It seems like you were first here. How did you do that?

Garth Braun: Well, that's a great question, Frank. Back in 2013, I put a geological team together to begin to focus on establishing what we believed to be the liquid rich corridor for the Montney. It was one of those things where I looked ahead and I said, "You know, condensate demand in Canada is just increasing, and supply is not keeping up. Number one, we should be focusing on condensate plays. Number two, we began to ..." We looked at over 2,400 well logs through this whole Montney corridor, and what we began to look at is where the Montney rose up, it was a little bit less pressured. The liquids within the Montney would be not cooked off and would be present.

We actually feature this now in our presentation where we actually show our mapping of the Montney. It's on page five of our presentation, and we map the upper Montney and the middle Montney and said this was our secret maps within our company to begin to model what we believed to be the liquid rich corridor, and in addition we believed what we'll call the over-pressured line, where the formation was over-pressured, was further east, which subsequent to 2013 now it's completely been proven that it is to the east. First off, we built a model. It was a geological model with engineering analysis, and we said, "This will be where the Montney is liquid rich."

Number two, based on my knowledge, I felt there would be no issue in getting drilling license and infrastructure in proximity to Grand Prairie where my family settled over 100 years ago and my family's very present in that city, and I said, "You know what? I'm going to get will licenses here. I will get infrastructure here. This will not be an impediment for us to operate," which subsequently is proven to be absolute because we have infrastructure, well

licenses and now a number of companies have drilled around us.

Number one, Frank, we built a thesis geologically of what we believed to be the liquid rich area, that it would be over-pressured. We were actually ahead of a number of companies that believed, "Oh, we don't know if it's going to be over-pressured." What's really interesting, Frank, if you look at the momentum of transactions that have happened ... I built this up from eight sections of land to now 91. I probably got a total of 12 corporate deals and land auction transactions to build the mass, and I put this land package of 91 sections together for about $7.5 million, okay?

Just three miles to the west of us, a company came and bought 12 sections of land. It was a corporate deal from somebody we had done corporate deals from as well, another company. They paid $35 million, just about $3 million a section. Dan, we have 91 sections, okay? What happened then subsequently? As we drilled and other people started to step into what we had modeled as the liquid rich corridor, guess what happened? Wells that were producing 15 barrels of condensate per million feet of gas all of a sudden moved up to 204, 240, some wells up to 350 barrels of condensate per million feet of gas. The economics on these wells are completely exceptional. They're on the upper end of the premiere wells within North America.

When I was talking ... I'll say it from a Canadian standpoint. I had a banker back in 2013, 2014 say, "We kind of see this land as moose pasture. We don't know if it's going to be productive." Now everybody's recognized the volume. When I put this land together, there were about 20 Montney wells in the corridor, 20 horizontal wells. Now there's over 264 and 51 more licenses on the plat around our land. You can imagine a tenfold increase, actually about a 113 time increase. Guess what? All the wells have demonstrated they're liquid rich. That's what's happened over this basically three-year period.

Frank Cruzio: That's an incredible story. Once again, I'm talking to Garth Braun who's chairman, CEO and president of Blackbird Energy. My question for you is people are punching up your symbol right now probably listening to this, BBI.V if you're in Yahoo Finance, which a lot of people use, it's a free site. Otherwise you'll find the stock in two seconds, Blackbird Energy. They'll see that your stock went from, say, 14, 15 cents six months ago, and it's 60 right now and built up to a $300 million market cap. So many people believe this, and it's funny being a small cap guy for over 20 years, where they'll say, "Oh, I missed the boat. It's up so much already." For me, when I look at your company, I think it's much stronger buy today. Why

don't you tell investors why you believe or new investors should buy your stock here after they've seen that huge run up already? Maybe they're like, "Ah, let me wait for it to cool down a little bit," but talk about it is a buy here and what you see for the future of your company.

Garth Braun: First off, I'll always advise people. They have to do their own homework on their stocks, and they should get their own financial advisors to do their due diligence. What I can talk about is is we have a presentation on our website and page 23 is where ... I'll call it the Blackbird value curve. Where we come from, a resource capture, taking our land from eight sections to 91. Level two was resource delineation both by industry leaders drilling around us and ourselves with our fives wells that we've drilled and completed and a sixth well that's waiting completion. That was resource delineation.

Where are we moving to is resource exploitation. If someone came to me and said, "Garth, has the value move happened in your company?" I'd say the value move is about to happen. Number one, we've talked about 20 wells back in 2013 to 264. We have gone from, Frank, a company that was completely stranded with no way to get our gas out to having our infrastructure ... Actually we announced on Thursday, our infrastructure, we're ramping it up and putting our wells in production right at this present time. Number two, we've tied in our wells to a pipeline system that takes our gas to silo processing.

Way more important Frank, someone came to me and said ... I was just in New York, and an economist and analyst came and sat down with me and said, "If I do the calcs, you've got about $6.3 million in silo processing. Let me analyze your cash flow." I turned to this man and I actually said is, "You do not understand what this infrastructure is for. This infrastructure and this processing and takeaway agreement is to allow me to put my foot in the Montney. That is a foot in the swimming pool. I get to taste it. I am fully confident the resource is there for the upper, the middle and the lower. What we're looking at is the premiere way to complete the wells, the intensity in which it is and how we produce is, but this infrastructure is just the beginning point for Blackbird to begin to prepare to make much larger commitments for processing and takeaway."

Where's the value move? I think you're going to continue to see us actually focus on looking for greater silo processing contracts over this next year. Number two, continue delineation right beside us with Riverstone and Grafton drilling six wells, and they're

probably going to have to drill 10 to 12 wells over this next year to hold those lands. Apache moving forward with their facility with Kira. They're probably going to need to drill about 60 wells to the south of us. There's a great deal of momentum now because the resource is clearly understood right now. This is the liquid rich corridor.

Now, you'd look at and say, "Well, how can you confirm that?" Frank, the two things I'll point out is number one, over the last 18 months some of the largest transactions in Canada outside of the oil sands are right around Blackbird. Sevenchan, one of the premier Montney players just to the south of us, acquired lands from Paramount, another very well run company, for $1.9 billion. I think their sections went off at about $12.3 million a section. There was some production and infrastructure, but it was an inventory acquisition, $12.3 million. Remember, we've got about 91 sections. Admittedly not asset to asset comparison.

Number two, Dave Wilson just beside us announces his 122 section Montney play that is right in line with us. There are substantial transactions around us that are giving you a leading indicator that capital is starting to flow in to be deployed in this area to develop the asset. The other point, infrastructure. We are getting a clear indication silo processing for this corridor is around 750 up to 1.1 billion cubic feet of new processing coming specifically to service this corridor. What that tells you is dramatic drilling will come to meet that processing. Typically companies go and commit 10 and 15 years of their production to get a contract with a silo processor.

Then in addition, then the takeaway. Either sell it through TransCanada Pipeline or Alliance. All of this is being built right in this corridor where Blackbird is. I can say to you is is that $2 billion to $5 billion of infrastructure takeaway for liquids, natural gas, silo processing is all being implemented right in this greater Grand Prairie area, and it benefits Blackbird substantially. Economics on the wells, we're clearly seeing all around our lands are some of the premiere economics in North America. Are we getting an inflection point? The presenting is called Inflection Point. This is a point where Blackbird has gathered its lands and is now getting ready to actually make their assets substantially bigger both on drilling and also planning for future silo processing and takeaway to take us to a much larger company.

Frank Cruzio: Now, I want to get into the fun stuff here for me anyway is the fundamentals and also technology. Technology has been amazing in this industry, especially with prices coming down. You have to

find a way to lower your costs. We've seen that with numerous things, different drilling techniques, pad drilling which we've seen 24 wells being able to be drilled with just one rig. Anything to kind of cut your costs. Whenever I look at small cap companies, I try to look at something with this hidden value not too many people talk about. You have amazing technology. I want you to get into it because to me, this is a huge part of your story. You explained in the presentation when I was in Vancouver, it was like a personal presentation with just about 30 different people. Talk about this technology because it's not just about you. This is actually being deployed now, and you had a spokesperson and someone I believe it part of your company now, I believe from Schlumberger, who's been in this industry for decades who talked about this technology and unbelievable. Why don't you talk a little bit more about it?

Garth Braun: Perfect. It's interesting. As you operate an oil company, you begin to see problems that need to be overcome or challenges that you need to overcome. One of the things over four years ago I saw the deficiencies of the completion system that were in the marketplace, plug and perf, ball drop, potentially sliding sleeve, and I looked at it and said, "Capital needs to be deployed to see if we can develop another system that will actually improve the way we complete wells, reduce the cost and make it more cost effective.

About three years ago, I personally started to deploy my own personal capital to fund the development of a new technology. Now, part of this was accelerated by ... When you get oil prices going from $100 to $30 and people talking about potentially $20, really smart money goes out and says, "Let's innovate." I'm basically working with one of my directors, Sean Campbell, helped develop ... I mainly funded it. Sean Campbell's an absolute genius and a tremendous director for Blackbird. With some engineers both in United States and Canada, we developed a technology, which by the way is now both process and product patented. We have over 24 patents worldwide, and you are 100% correct.

I actually made this available for the former head of Schlumberger for eastern Europe for acquisitions and technology and deployment of Schlumberger into the eastern European market. This fellow stood up at a luncheon, and I had actually provided this man ... I'll say his name's Chris. Chris all of our patents, both product and process. He was concerned first that, "Look, maybe you've got a great product, but you haven't process patented it,

and this could be a back door for someone to come in." Chris did a detailed review. I think it took him over a month to go through our technology patents. He came back and stood up and said, "I've reviewed a lot of information. This is incredible technology." I can say that Chris told me himself he invested personally with his wife in our company because of this technology.

This technology just in a simple way ... Number one, dramatically reduces our costs on completions. It speeds up the timeframes in which we can complete a well, but way more important, we're able to do pinpoint fracturing. We're able to get greater, higher rates and tonnage in a well bore. We're targeting two or more tons per linear meter. Our completion system has the largest internal diameter of a well bore from heel to toe in the marketplace. It reduces the risk of operations because we reduce the risk of sanding or screening out, and we're able to go ... Which all industry players are looking at, going with longer laterals and increased number of stages. Right at the present time, we can do about 260 stages, and we are making a modification design that'll actually take us out to potentially 760 stages through a well bore. This is unheard of. This gives us tremendous competitive advantage.

What I think is always really cool, our completion system is a sliding sleeve system activated by a coolant that we pump down. These sleeves can be opened and shut with a tool, so you have a significant asset in the well bore. What I can tell you is is we now, as of 2/1, have over 18 wells deployed, and we're in the Montney, the Permeant, the Eagle Ford, the Cardium, the Duvernay, the Balkan, Uintas, the Scoop and also a major formation in China. Now, we rolled this out in six months. I think in the next six months, you're going to see a dramatic further presentation. We've moved from concept to proof of concept to actually substantial reduction in cost.

One of the things ... Frank, you saw when I presented. I talked about, "It's great. Look at the cost reduction," but you're missing the point if you focus on that we've saved substantial money. With this greater intensity of completions, we can achieve potentially ... It'll only be proven by flow back, that our estimated ultimate recovery of liquids and gas from the well will be improved dramatically. There's another company out there, Seventh Generation, run by somebody I have so much respect for, Pat Carlson and Marty Procter. They talked recently on their president's letter about how their intensity of completions had increased, and they've accelerated their liquids recovery within their first quarter and second quarter of the well life. This greater

intensity could accelerate our recovery of liquids from the formation and improve our internal rate of returns, so our half life of returns.

This is not only a cost saving system, it is a system that could graduate EURs. What's unique about it is here's a company that was created by two entrepreneurs in Alberta. We've launched this company. Blackbird, I gave the right to acquire 10%, and we had to demonstrate three wells would be performed perfectly. We did that. In addition what we have Blackbird was we said, "We will give you preferential pricing," which means that we buy the system for cost plus an admin fee, and we have unlimited access to the system.

Now, one of the things, and I'm managing director of both stage completion and chairman and CEO of Blackbird ... One of the other things I'm doing is this system is a tool for me to do business with other companies. You're doing business with Blackbird, you have use of the system. I expect this system to roll out and be a market dominator over the next five to ten years. It will be a market ... This is a displacement, disruptive technology we've just introduced. Do your homeowner on it, but as you saw, Frank, when you saw that luncheon presentation, Chris stood up and walked through. This was a guy that went in to do his due diligence fully expecting to find holes, and he came back, and he actually said to me in a separate meeting, he said, "Garth, I don't think you realize the value of what you have." I said, "Well, I think I do. I think we're going to really let this run."

This system is so simplistic and allows for maximum achievement of completions within a timeframe. I'll give you one last thing, what I love about this system. Our last well, we did 55 sleeves. We completed that well in three days at a tonnage that was 1 1/2 times the previous well that we had done without stage. That previous well took us 20 days to complete, and we did this well in three days. The timeframe on surface is reducing cost dramatically, but we increased our tonnage. This would give us a competitive advantage against any company out there that isn't using our system. Thanks, Frank.

Frank Cruzio: That's amazing. The name of that is stage completion. Especially if you're in the oil industry, check it out. Talk about who Chris is because I mentioned him earlier, but you said Chris said you're really onto something. Who is Chris, and explain it to the audience. That was a big tell for me when I saw him and listened to him at the presentation. I got a chance to speak to him for about ten minutes after the presentation, but talk about who exactly he is.

Garth Braun: Chris was the head of Schlumberger's acquisition and deployment for Schlumberger for Europe and specifically Russia. I would say he'd be a regional chief executive officer for Schlumberger. This is a petroleum engineer with tremendous background on technology and deployment of technology in the field. This is a very respected businessman. I met with Chris on a completely different platform where we met up, and a fellow named Marin Catusa introduced us and said ... Marin asked me. He said, "Look Garth, could you have Chris do some due diligence for me and look at this technology?" I said, "Look, it's all public information. I'll just put the whole package together. It's a major data package. We'll put a pad together, and he can do it." This is a very, very, very savvy person that was utilized by Schlumberger to look at new acquisitions of technology. This was right in his ballpark. His opinion carries major weight both with myself and other people. This isn't somebody that isn't familiar with patents or process, product and process. He understood it clearly. Very, very knowledgeable man.

Frank Cruzio: Yeah, and you know as well as I do, Garth, when anyone's talking about their company, if I'm talking about my company, you're going to hear all the positives and everything. This was kind of like an independent person who Schlumberger who when I was talking to really ... Again, it was almost like a third party saying, "Hey, this is unbelievable. This is amazing." For me, it made me look at this technology even more. Guys, just to put some numbers on it too, you're looking at cost reduction. Sometimes people get lost, internal rate of return, what does that mean? Stuff like that. We're talking about wells that cost $10 million to drill not long ago costing $2.7 million. The time it takes to drill used to be 49, 50 days. Now it's 20, 21 days.

This is a technology that's taking place, like you said, Garth, why? Because prices have come down so much, you have to improvise, you have to innovate because the days of $100 oil maybe over, who knows? In order for these companies to make money, that's what they need to do, focus on technology. It seems like you guys are ... Not only were you first to the party in Montney, but it seems like your technology. I love the fact that you put it that way, Garth, where it gives you almost that power to deal with some of the major because of that. You're able to create more and more partners. I guess elaborate on that because it seems like a lot more people are interested in this technology.

Garth Braun: Well, I funded it. It was interesting. This is kind of funny. I just came out of New York, okay? I had a meeting on Saturday. Actually I had two major meetings on Saturday and a Saturday afternoon

meeting with an analyst fund manager, and he said, "You know Garth, someone had actually commented to me three years ago, he didn't know how well I knew completions. I said to this fellow who's names Michael, and I said, "Michael, when that guy made that comment, I was deploying $2.5 million of my money personally to develop a new completion system." I'd like to actually quietly walk through the room not pronouncing my knowledge. I just like to roll out new technology in front of people. I saw a complete deficiency in the way wells were completed, the risk that was being taken in the way that they were completed and that the completion systems that were being run specifically plug and perf which do not isolate and allow you to pinpoint complete, was that I didn't know if the utility of capital being applied was high.

I actually said there has to be a better way to do this. I had looked at all the deficiencies, and I started deploying my capital. I kind of smile. Now we're rolling this out and people are going, "This is great." I go, "Yes, but that was something I was working on three years ago." What I'll say to you, Frank, is wait until you see what I've been working on now, you know?

Frank Cruzio: Mm-hmm (affirmative).

Garth Braun: It's identifying problems and getting ready to resolve them. One of the wonderful things about being a CEO of an oil and gas company and also being involved in the service company, you're completely confronted with challenges every day. Those challenges are opportunities. I look at a challenge and say, "Oh, there's a deficiency in how a well is completed. Well, let's put some capital to work. What can we do?" There are deficiencies the ways packers work. I'm not going to get into too much technology, but I've looked at packer system and said, "I think that there could be something we could deploy some capital to see if we could improve it." There's a number of things that you look at as you're operating a company and say, "I think if there was some capital applied to it you could improve it." I'm not going to tell you what I'm working on, but let me put it this way. Every single day there's a challenge, I look at it as an opportunity either to fix it or find someone that has already fixed it and apply that innovation.

I will say it, if you're an oil and gas company today, and you're counting on $100 oil next year, you better be careful. I think we're in an environment where you better be able to operate in a very tight margin corridor. At $50 to $53 oil, wow, Montney companies with liquid rich assets, we are smiling. We will continue to drive down our operating costs, our drilling costs, our completions costs every single day. What's unique is is, Frank, go try to tell another

E&P company that has the CEO and their director have created a completion system. You ain't finding it. It's not there. You talk about a unique mover, Blackbird's it. It's not that we talk theory on it. You're just watching it roll out in front of us. I know guys stand up and say, "My company's unique." My company is unique. Blackbird's unique because we have this access to technology, and what I fully plan to do with this technology is use it as a tool to acquire additional land.

I won't lay out my strategy to you, but I see this asset, this completion system as a method of talking to people and going, "Yeah, you're doing great business with me. I really appreciate it. By the way, here's our system." We expect that down the road this system is going to be so much demand that we can pick and choose our clients. That's kind of the unique position to use it as a tool for acquiring additional land, going to a company and saying, "You did a great deal with us. You have preferential access to it." That's a tool, and that's how great business is done.

Frank Cruzio: No, that definitely makes sense. I want to get to your fundamentals here, and bear with me because I'm going to tell everyone a quick story here where this is 2015, Garth. I think we're at a Cambridge Conference, and we were on an energy panel being hosted by ... I think moderated by Marin Catusa. I didn't know who you were at the time. I was extremely bearish on all oil companies. I said, "If you own any oil company, you should sell it right now because they're so leveraged and their hedges are coming off, and these companies cannot produce right now, but they have to make these debt payments, and there's going to be much, much more pain ahead. Be very careful." You were sitting next to me. I didn't know you had an oil and gas company. We were kind of going back and forth.

Sure enough, Marin put together a bunch of meeting for me, and I was meeting so many people, and one of them happened to be you, and I walked in, and we had a great conversation where you're like, "Listen, Frank. I agree with you. We have no debt." To me, that was amazing. This is where my question's going to come because you had no debt and even now you have no debt. Talk about how important that is, and will you use leverage, since it seems like everything's in place and leverage could be a great thing is used right, but again, we're talking about the oil industry and energy industry where prices go anywhere ... Do you plan on staying a debt free company? Your balance sheet's amazing. I believe it's $30 million cash. You can correct me on that if I'm wrong and no debt, but what are your plans in the future? Right

now you have an amazing balance sheet which allows you to avoid so many of the problems that we saw before oil prices obviously started going past $50 again.

Garth Braun: First off Frank, that was a great panel. I loved it that you were talking. By the way, you were 100% correct. Your focus was on excessively leveraged companies that were requiring to actually forward sell their production to meet their cash calls on debt, interest payments and the inability to renegotiate their debt. You were dead on. Your call was 100% correct, but I'm that unique little company off to the side who said, "Oh, I don't want to go to leverage right now because I have insufficient comfort of taking debt and putting excessive risk to my shareholders." I'll say this, and I always say this in every interview I ever do. I am a shareholder first. I find debt can be taken on, but it is only taken on when you're absolutely comfortable that your cash flow and growth of cash flow puts no risk back to your equity shareholders who I call as my great facilitators.

Canadians are typically a little bit more risk averse, but I will tell you, Frank, we've seen the wipe out of companies that have taken excessive debt, taken that debt on, and the commodity cycle that they got themselves into moves them into a situation where they have to be basically sold off. This last two years has been extremely destructive to a number of companies. I will say is there is a right time to take leverage, but what I'm able to do is ... I'll just talk about what I did last year. I raised about $45 million. You know, Frank, I'm a guy that basically is the CEO that actually has the institutional contacts and is able to raise capital myself, so I've always been able to take that capital. [crosstalk 00:59:17].

Frank Cruzio: Real quick, Garth, you have an amazing background too in investment banking which we haven't talked about for decades. Go ahead. I didn't even mention that earlier in your description, so I know it's easy for you to raise money, but go ahead.

Garth Braun: I'll say this, I've raised about $80 million. Our market cap is well over $300 million. In the timeframe, this is kind of a great multiple. What I can demonstrate to my investors is that when I raise capital, I typically deliver value back to them where they've had an appreciation. It was a nightmare when oil went from $100 to $30. That was a challenge, and we just worked through that, and we ground through, and now we're demonstrating and delivering value back to our shareholders. I would say that, Frank, we came back and we said we've got this inflection point where we're moving up.

I would say that I would move to debt, but I want to move to debt when Blackbird is producing substantial production and we've got a solidified base and have very good comfort on it. I would proceed to debt, but it is based upon ... We look at it from a Canadian standpoint. We look at debt as being something we take on and then we pay off. Again, I'm risk adverse. I'm risk adverse for my shareholders. I've seen it too many times. I've been through these cycles and watched companies make the mistake. A lot of it's based on, "Oh, I don't want to take a dilution event," and then what they do is they don't take a dilution event, they take a bankruptcy event. I'm cautious, Frank. I want to make my shareholders a lot of money, and I think raising equity sometimes can give them even a greater multiple, and everybody's in the same pool then.

Frank Cruzio: Definitely makes sense. We got like a minute left here. I know people are excited about your stock. What are some of the things that keep you up at night? Things that worry you or some of the risks. That's what everybody looks for where you see so many positives within the company, I think you guys are firing on all cylinders, but is it regulation? Is it lower prices? Is it you always worry about being too aggressive with your growth plans? What are some of the things that keep you up at night? It seems like everything's aligning for you right now, but like you said, even what you just mentioned with debt, you want to be careful, you're a shareholder and stuff like that. What are things that keep you up at night that worry you?

Garth Braun: Number one is capital efficiency. As you get bigger, you want to make sure your team is demonstrating the same capital efficiency intensity that we did when we were a $50 million market cap company. As we graduate, we don't get reckless. Number two, every well is our first well. Therefore every well that I drill or complete keeps me up at night, and I will really say this. When we're completing wells, I seldom miss as single interval. I stay up. It's not unusual to have me stay up three days in a row and watch every single completion, and when we're doing maintenance, I'll go sleep. It's that high intensity. Don't think you're big and too big to not focus on the minutia of execution. You nailed it on the third thing.

We're about to roll out larger commitments for silo processing. The devil's in the detail. The devil's in the detail to deliver operating profits right down, and it's never too big of a situation for me not to show up and actually get minutia on every component. In regulating, on regulation, I might be a little bit of a unique CEO. Whenever there's an issue with a landowner in negotiations on

pipeline, I'm kind of one of those unique guys that shows up for all the meetings to address landowner concerns when we're going through people's land. I like to answer the question. I'd like to demonstrate one thing, that the CEO cares as much as they do about what we're doing in this infrastructure project or in proximity to them. It's just making sure I utilize my time really wise to build value for Blackbird.

I will say this, Frank, I don't stay much up at night other than for watching completions. I have an exceptional team around me. I continue to build my company with adding an exceptional team. By the way, I think we just bought one of the top, top completions engineers in North America, 30-year engineer. I think he worked for Encana for ten years doing numerous wells in the Pipestone Elmworth Corridor. We just brought this guy, Paul we'll call him, on board. We call him Sully. Sully, the guy that landed ... That amazing pilot that landed the jet on the Hudson. We call him Sully because he's such a calm individual and just rolls through these completions and has seen thousands of wells completed. It's continuing to bring quality people into our company and execution as if it's our first well, our first completion.

Frank Cruzio: Well, I think we have to leave it there because that's a perfect ending to it. Garth, listen, and I tell this story at the end of the podcast, I think I told it last week as well where sometimes at lunchtime I like to walk around all the 200 companies there at the Vancouver Investment Conference just to see what's going on. You're one of only two, another CEO, that were there at lunchtime, right? Every place is empty, every place is eating lunch.

I'm not saying a CEO can't eat lunch, but what I'm saying is that Garth is there where there's about 10, 15 people around, and I walk by. You said, "Hey Frank, come here." It was amazing to see that, how much you're into this. Your goal wasn't to go from $50 million to $300 million. I guess maybe this would be the very last question because we have a minute left. What is your goal for this company? Is it, "Hey, you know what? We have it. We have technology. We're in the middle of this. Let's try to sell it," but when people talk to you, it's a lot more than that, isn't it?

Garth Braun: Two things. Number one, Frank, I know your listeners really do listen to you, but I want to impress upon them how much I value interacting with you. The due diligence you've done with me, I so am honored to be able to be on this podcast with you and appreciate your knowledge. Number two is I recognize the value of the underlying asset of Blackbird. As the CEO and the leader of this company, what I want to do is maximize the value for my

shareholders. If I go to a conference and I'm going to be out of the office of Calgary, I'm going to be at that booth. I've witnessed some exceptional leaders of companies, multi-billionaires, that sit at a conference. I'll actually name one of them, Rick Rule. Here's a tremendous CEO of Sprott Capital, and I've watched Rick go to a conference, stay in a booth and talk to everybody. I've watched elite CEOs be in contact, and I see a conference as a wonderful opportunity to meet one on one.

Frank, you weren't there, but I actually did also coffee with Garth. This is something I do is I want my regular retail investors to be able to meet, ask questions, let me explain what's going on, and that's my passion. I actually love sitting at a booth and answering people's questions. There are a lot of tough questions. There's things I can learn from it, and I like being the busy booth at a conference. It's unique. I attend that conference because we're asked to come and speak. We're the only oil company usually there along with another exceptional company, African Oil and Gas, one of the Lundeen companies that I just have so much respect for. I love to go there, I love to honor my shareholders. A number of people show up, and I just think it's a great opportunity. By the way, thank you, Frank, for coming by. What a great thing to have you come over and drop in at my booth and then for us to chat there.

Frank Cruzio: I drop by to listen to you. Anybody ... Guys, if you see Garth, just listen to him a little while. He's almost like a motivator. He's always exciting, and he's just a fun person to be around and just ... You can tell just ... I was walking by. I didn't want to stop by. I just looked at it and said, "Wow, this is pretty amazing." You turned around and saw me. You're like, "Hey, come over here." It's pretty amazing what you've done with this company. I know the shareholders are happy, and I think people are going to realize that the goal isn't to create a $300 million company. It's to create a $3 billion plus company. They'll see that you're all in and you're in a good position and a great start, and I think there's a lot of great stuff to come also.

Garth Braun: I want to thank you so much, Frank. If there's ever a follow-up or you want me to come on and talk about Blackbird or stage completion or something else, please do not hesitate. I'm so honored to be able to participate in your podcast. You know I have a lot of respect, and that's independent. I just have a lot of respect for you. You can take this out of the interview, but I have a tremendous amount of respect for what you're doing. Thank you.

Frank Cruzio: Thanks, I appreciate it. Listen, we'll definitely talk again soon. I

really appreciate you taking time to come on because I know how busy you are. Thanks, buddy.

Garth Braun: You bet. Thanks, bye bye.

Frank Cruzio: All right, guys. Great stuff from Garth. Very exciting guy. Trust me, if you meet him person, he'll make you want to buy his stock. He's just amazing. You see the drive that he has. Here's a guy that you're looking insider ownership, which I like to see, he's over 8% individuals and insiders. These guys are not selling any shares. Again, the goal wasn't to bring him to a $300 million company which is ten times ... Basically almost a ten timer from six to eight months ago. People may be looking at it and saying, "I don't know if I want to buy." This is why you've got to do your own research and do your own homework.

For me, when I look at this in fair disclosure, I'm a very early investor in this company. I still actually have the certificates from the product placement. I don't plan on ever selling this stock because I think it's worth ... Credible edit, it's not a big investment, but it's something that I believe in from talking to him. I said, "Let me make a small investment." I said, "I really like this." You're buying the guy when you buy an early company, but here's the difference today in why I have him on the show because I don't want to put a CEO on a show where his stock has gone up where ... I want you to have a chance to buy this and really hold it for long term and make a ton of money on it.

It's why we've done well putting other CEOs on. I'm very particular about which CEOs go on the podcast and who I interview, but when I look at this company now, it's not a junior anymore. It's going to generate cash flow, they're drilling, they have amazing technology, but more important is every company does road shows, right? They go around, they travel, they want to try to promote their company, tell everyone why their company's great. When you're a junior, that road show is a lot different compared to when you have a $300 million market cap because now with this market cap you're a legit company. The road show is different. Now you're going to maybe instead of the small ... I won't pick on anybody, but small petite firms. You're going to much larger places. You're going to London, you're going to New York, you're meeting with hedge fund managers. Now it's an actual company.

You're seeing a lot of the majors drill around them. They have an amazing presentation about it. This isn't just like, "Oh, well, this could be really big one day." It's big now. I truly believe this is a multi-billion dollar asset, and that's why I'm holding the stock.

What you guys I suggest to do is ... The stock has run up. You can probably wait. You know how volatile these industries can be, especially in energy, especially mining and stuff like that, but we can see price go up and fluctuate lower. Whatever it is, you might be able to get it a little cheaper, but for me right now at Blackbird at this price, I think it's a much better buy now than when I bought it. That's why I didn't buy a big position in it because so many things that Garth said he's going to do he did within 12 months, and I think now it's kind of showtime for this company where you're going to see wells being drilled, you're seeing their technology being deployed, they have partnerships with so many different companies.

I'm a believer in Garth. I really am. I think it's going to go hard. That's me. If oil prices come down, natural gas prices come down, you'll lose money on this stock, so it is risky, but the fact that it's a junior company with no revenue, just, "Hey, here's our land," so now everyone, all these big guys, Apache, Encana Oil buying land around these guys for a lot of money, right? Multi-millions into billions of dollars. They're sitting there with a prime spot, which is important, right?

It's not just the Montney which you guys may be hearing for the first time, but when I visit the Eagle Ford, what I've learned is there's so many companies that say, "Well, we have property in the Eagle Ford," which is ... I won't say it's worthless, but it's worth maybe say $2,000 an acre compared to $50,000 an acre in some areas. It matters where you are in these shale areas. You can't just buy any company that says, "Oh, I have exposures in the Permeant, the Eagle Ford, the Balkan, Wilson," anything. You have to make sure it's in the right areas. These guys are in the prime area, and I'm hoping that they don't get bought because I want to see where Garth can take this because they're producing now. It's not just, "Hey, I put a stake in the ground. I have land. Who wants it?" They're drilling, they're producing, and it's going to be fantastic with the news coming out over the next few months.

Again, it's a risky company, but don't look at it as a stock that's run up tremendously because there's a reason why. He's done everything right and taken this company to somewhere that's going ... One, they have amazing cash balance. Two, they're actually drilling and are going to producing revenue and earnings which is hard to do from a junior to get into that production stage. Congratulations on Garth, but you guys, do your own research on the company and let me know what you thought of that interview please. Hey, this podcast is about you, not able me. Frank@

CruzioResearch.com. That's Frank@CruzioResearch.com.

Hey, let's get to the educational segment, and here is the ultimate trade I mentioned earlier, almost guaranteed, and it's my Superbowl prediction. On Sunday the Patriots play the Atlanta Falcons, the Superbowl. Pats are favored by three, and my prediction? Atlanta will win the game by at least a touchdown. If you don't care about football or hate the sport or if you're listening to this podcast and Europe right now and you hear me talking about football and you're thinking it's soccer, you can probably shut the podcast off now. The next five minutes is going to be purely football. I'm going to tell you, it's a guaranteed trade.

I'm going to end this with some great Superbowl analysis that's going to make you a ton of money. Here's why I think Atlanta's going to win and here's why I'm betting against Brady and Belichick, the best quarterback/coach tandem in the history of the sport. I just don't think they're the better team. I think Atlanta is better in almost every phase, offense, defense and on special teams. The statistics support those. I know how great their offense has been clicking lately in New England, especially over the past few weeks, amazing. Brady having one of his best years ever in terms of all the stats. Interceptions are lower, touchdowns. Again, he missed the first four games of the season, deflate gate, all that. He's got motivation, pumped.

Atlanta's not Pittsburgh. There's a great wide receiver in Antonio Brown. A great running back, Le'Veon Bell. Atlanta has a lot more weapons plus Bell is one of the greatest running backs in the game. Got hurt in the first quarter which allowed Belichick to blitz Roethlisberger like crazy and put two guys on Antonio Brown the entire game, right off the scrimmage. A lot of the wide receivers drop balls for Pittsburgh. You're looking at Atlanta and who did they play to get here, and they basically smoked ... Not beat, but smoked the hottest team in football which is the Packers. A lot of people predicted the Packers were going to win that game, but Atlanta has two great running backs. More important, these running backs catch the ball out of the back field. It's going to be hard to blitz these guys, especially they're good at picking up blocks, and they can come up with those blocks, catch the ball and run for 30, 40, 50 yards like nothing. That's Coleman and Freeman.

Julio Jones we all know is a stud, but more important that have a great wide receiver core which includes Mohammed Sanu, Taylor Gabriel. I actually like Gabriel, here's one of my bets, to catch the first TD in the game. You're getting 16 to one odds, as Belichick's going to double Julio Jones. I won't be surprised if he triple teams

him. I expect the running backs and the other wide receivers to have really big games for Atlanta. Actually the Pats, pretty easy road to the Superbowl given that Houston was horrible and still put up a pretty good game against New England, and Pittsburgh, you had that best player Bell our first quarter. Again, I think he's the best running back in the league.

Defensively, I think Atlanta has a great front. They're going to get to Brady, which is how the Giants beat this stud, right? Beat Brady who is the greatest quarterback of all time. I don't even think that's a debate. I don't like New England Patriots, but when you have a guy that won four Superbowls and you can argue and say, "Well, you have Bradshaw who won four and 0 and Montana's four and 0." Let me tell you something, Brady should be six and 0 because he actually drove his team down in the fourth quarter of the two times they lost to the Giants to take the lead late in the fourth quarter, and his defense are the ones that gave it up. Again, it's a team sport, I'm just saying. He did everything he possibly could to be six and 0, and now this is the seventh Superbowl he's getting into. Incredible as all the stats have proved in the Superbowl, amazing.

I have Atlanta winning this game 30 to 23.