

BLACKPEARL RESOURCES INC.

700, 444 – 7th Avenue SW, Calgary, AB T2P 0X8
Ph. (403) 215-8313 Fax (403) 265-8324
www.blackpearlresources.ca

NEWS RELEASE

August 4, 2015

BLACKPEARL ANNOUNCES SECOND QUARTER 2015 FINANCIAL AND OPERATING RESULTS

CALGARY, ALBERTA – BlackPearl Resources Inc. ("BlackPearl" or the "Company") (TSX: PXX) (NASDAQ Stockholm: PXXS) is pleased to announce its financial and operating results for the three and six months ended June 30, 2015.

Highlights include:

- At Onion Lake, construction and commissioning of the 6,000 barrels per day first phase of the thermal EOR project was completed and we began steam injection in May;
- At Blackrod, the pilot results from the second SAGD well pair continue to be positive; the well is currently producing in excess of 550 barrels of oil per day with a steam oil ratio of 2.6;
- Stronger Q2 crude oil prices contributed to a 39% increase in revenues and 16% increase in funds from operations compared to Q1 2015. Year to date we have generated revenues of \$53 million and funds from operations of \$28 million;
- Capital spending was \$59 million in the first half of the year, over 90% of which was spend on the thermal project at Onion Lake;
- The Company renewed its existing bank credit facilities of \$150 million with a syndicate of lenders;
- Production averaged 8,051 barrels of oil equivalent (boe) per day in the second quarter, a 9% decrease compared to Q2 2014 volumes. The decrease is attributed to no drilling activity during the first half of the year due to low oil prices and our focus on completing construction of the Onion Lake thermal project.

John Festival, President of BlackPearl commenting on Q2 activities indicated that “Achieving first steam at our Onion Lake thermal project in May was an important milestone for the Company. It represents the completion of construction, commissioning and start-up of our first commercial thermal project. We were able to build the project on time and on budget. This was achieved as a result of the exceptional efforts of our dedicated staff, suppliers and contractors who worked on the project. We look forward to the next major milestone with this project, which will be when we convert the wells over to oil production, which should occur in September.

We are also pleased with the progress we have made with the Blackrod SAGD pilot. We are continuing to gather valuable information from the pilot and the production rates and steam oil ratios from the second well pair continue to support the commercial viability of the Blackrod project.

Crude oil prices strengthened in the second quarter compared to the first quarter, which improved our cash flows; however, prices remain well below 2014 levels. We have been very disciplined in our allocation of capital spending during this period to maintain financial flexibility. Our Onion Lake thermal project can still provide attractive economics during this low price environment.”

Financial and Operating Highlights

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Daily production / sales volumes				
Oil (bbl/d)	7,550	8,534	7,717	8,827
Natural gas (mcf/d)	3,004	2,176	2,655	1,814
Combined (boe/d) ⁽¹⁾	8,051	8,897	8,159	9,129
Product pricing (\$) (before the effects of hedging transactions)				
Crude oil - per bbl	47.52	81.82	39.53	77.37
Natural gas - per mcf	2.61	4.61	2.62	4.93
Combined - per boe ⁽¹⁾	45.37	79.53	38.15	75.82
Netback (\$/boe) ^{(1) (2)}				
Oil and gas sales	45.37	79.53	38.15	75.82
Realized gain (loss) on risk management contracts	7.75	(3.64)	13.69	(2.19)
Royalties	6.54	15.88	6.15	14.91
Transportation	1.18	2.16	1.14	2.01
Operating costs	19.86	25.96	21.20	24.89
	25.84	31.89	23.35	31.82
(\$000's, except per share amounts)				
Revenue				
Oil and gas revenue – gross	30,712	62,174	52,827	121,729
Net income (loss) for the period	(10,079)	4,684	(21,023)	3,558
Per share, basic and diluted	(0.03)	0.01	(0.06)	0.01
Funds flow from operations ⁽³⁾	14,968	23,161	27,908	46,198
Capital expenditures	15,992	48,044	58,973	97,404
Working capital, end of period	(20,086)	21,910	(20,086)	21,910
Long term debt	79,000	-	79,000	-
Shares outstanding, end of period	335,638,226	335,638,226	335,638,226	335,638,226

(1) Boe amounts are based on a conversion ratio of 6 mcf of gas to 1 barrel of oil. Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf: 1 barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

(2) Netback is a non-GAAP measure that does not have a standardized meaning prescribed by Canadian GAAP and therefore may not be comparable to similar measures used by other companies.

(3) Funds flow from operations is a non-GAAP measure that represents cash flow from operating activities before decommissioning costs incurred and changes in non-cash working capital related to operations. Funds flow from operations does not have a standardized meaning prescribed by Canadian GAAP and therefore may not be comparable to similar measures used by other companies.

Property Review

Onion Lake

Construction and commissioning of the first 6,000 barrels per day phase of our Onion Lake thermal EOR project was completed during the second quarter. Steam injection commenced in May. We are currently injecting approximately 15,000 barrels of steam per day into the producer and injector wells. The first phase of the project included 13 horizontal production wells, 35 vertical steam injector wells, water, steam and oil handling facilities, as well as source water facilities and pipeline. Total cost of this phase was approximately \$225 million. First oil production is expected in September and ramp-up to peak productive capacity is expected to take 9 to 12 months after first production.

No new conventional drilling occurred during the first half of 2015 due to low oil prices. However, during the second quarter we reactivated several wells that we shut-in during the first quarter due to low prices and higher operating costs.

Blackrod

The pilot at Blackrod continues to deliver strong results, with production from the second well pair averaging 525 barrels of oil per day during the second quarter with an average quarterly instantaneous steam oil ratio of 2.7. Since steaming commenced in November 2013 the well has produced over 160,000 barrels of oil. Production from the well continues to ramp-up, with July production estimated to be approximately 570 barrels of oil per day with a steam oil ratio of 2.6. The successful operating results achieved for the second well pair demonstrate the viability for commercial development of the Blackrod project. We plan to continue to operate the pilot to refine and optimize operating procedures and to gather additional technical data that can be used in the commercial development design.

The original pilot well pair continues to operate at approximately 80 barrels of oil per day. Production from this well is restricted as we have limited remaining steam capacity available from the existing pilot facilities that can be directed to this well pair.

There have been no new updates regarding the status of our 80,000 barrel per day commercial development application at Blackrod. The application is currently under review by the Alberta Energy Regulator ("AER"). We anticipate receiving regulatory approval later this year.

Mooney

No new activities were initiated at Mooney during the first half of the year due to low oil prices. We are continuing with design plans for the expansion of the ASP flood to the phase two lands, which has been deferred until oil prices improve. Our focus during the first half was to review operations and flood development. As a result of this review, we have been able to significantly reduce operating costs at Mooney, primarily by optimizing the amount of chemical injection in certain areas of the reservoir due to the maturity of the flood in those areas.

Production

Oil and gas production averaged 8,051 barrels of oil equivalent per day in the second quarter of 2015, a 9% decrease compared with the second quarter of 2014. The decrease in oil production reflects natural production declines, no new drilling activity in 2015, as well as, the Company's decision to shut-in various wells at Onion Lake due to low oil prices.

Average Daily Sales Volume

	Three months ended June 30,		Six months ended June 30,	
(boe/day)	2015	2014	2015	2014
Onion Lake	3,624	3,915	3,790	4,094
Mooney	2,588	3,519	2,692	3,607
John Lake	1,022	1,065	1,016	1,067
Blackrod	613	306	510	259
Other	204	92	151	102
	8,051	8,897	8,159	9,129

Financial Results

Oil and gas revenues in Q2 2015 increased from Q1 2015 due to improved crude oil prices during the second quarter; however revenues were significantly lower than the second quarter of 2014. Oil and gas revenues in the second quarter of 2015 were \$30.7 million, a decrease of 51% compared to revenues of \$62.2 million in Q2 2014. The decrease in revenues is attributable to a 43% decrease in our average sales price and a 9% decrease in production volumes.

Our realized oil price (before the effects of risk management activities) in Q2 2015 was \$47.52 per barrel compared to \$81.82 per barrel in 2014. The decrease in our realized wellhead price reflects significantly lower WTI reference oil prices in Q2 2015 compared with Q2 2014 (US\$57.94/bbl vs US\$102.99/bbl), partially offset by tighter heavy oil differentials (US\$11.62/bbl vs US\$20.08/bbl) and a significantly weaker Canadian dollar relative to the US dollar (\$0.813 vs \$0.917).

Our oil hedging program has helped mitigate some of the negative impact of the low oil price environment in 2015. During the first half of 2015 we realized a gain of \$19.0 million from our oil hedging program, which was the equivalent of adding \$13.69 per barrel to our wellhead price. The following summarizes the hedging contracts we currently have outstanding:

Subject of Contract	Volume	Term	Reference	Strike Price	Option Traded
<u>2015</u>					
Oil	1,000 bbls/d	July 1, 2015 to December 31, 2015	CDN\$ WCS	CDN\$ 64.45/bbl	Swap
Oil	1,000 bbls/d	July 1, 2015 to December 31, 2015	CDN\$ WCS	CDN\$ 61.00/bbl	Swap
Oil	1,000 bbls/d	July 1, 2015 to December 31, 2015	CDN\$ WCS	CDN\$ 62.25/bbl	Swap
Oil	1,000 bbls/d	July 1, 2015 to December 31, 2015	CDN\$ WCS	CDN\$ 72.00/bbl	Swap
<u>2016</u>					
Oil	1,000 bbls/d	January 1, 2016 to December 31, 2016	CDN\$ WTI	CDN\$ 80.00/bbl	Sold Call Swaption ⁽¹⁾
Oil	1,000 bbls/d	January 1, 2016 to December 31, 2016	US\$ WTI	USD\$ 65.00/bbl	Sold Call Swaption ⁽¹⁾
Oil	1,000 bbls/d	January 1, 2016 to December 31, 2016	US\$ WTI	USD\$ 65.00/bbl	Sold Call
Oil	1,000 bbls/d	January 1, 2016 to December 31, 2016	US\$ WTI	USD\$ 65.00/bbl	Sold Call

(1) The Company sold a European call option to a counterparty whereby the counterparty can elect on December 31, 2015 to exercise the option to enter into the oil swap.

Operating costs decreased 34% in the second quarter of 2015 to \$13.4 million, or \$19.86 per boe compared to \$20.3 million, or \$25.96 per boe, in the same period in 2014. The decrease in operating costs in 2015 is attributable, in part, to decreased production volumes. In addition, due to the current low oil price environment the Company has been focusing on reducing operating costs. This included negotiating lower service rates with certain suppliers and contractors, deferring well servicing work and shutting-in specific wells that are not economic at current oil prices.

The significantly reduced revenue, partially offset by lower royalties, transportation costs and operating costs resulted in a 35% decrease in funds flow from operations in Q2 2015 to \$15 million compared to \$23 million for the same period in 2014.

Long term debt as at June 30, 2015 increased to \$94 million, largely as a result of capital spending to complete construction on the Onion Lake thermal project. During the second quarter the Company completed its annual review and semi-annual borrowing base redetermination with the syndicate of lending institutions in its credit facility. Under the terms of the amended credit agreement with the lenders, the total credit facilities available to the Company remains at \$150 million, consisting of a \$125 million syndicated revolving line of credit, a non-syndicated operating line of credit of \$10 million and a \$15 million supplemental loan facility.

The 2015 second quarter report to shareholders, including the financial statements, management's discussion and analysis and notes to the financial statements are available on the Company's website (www.blackpearlresources.ca) or SEDAR (www.sedar.com).

Guidance

Our plans for the remainder of 2015 are relatively unchanged from our Q1 2015 guidance update. We are still planning to spend \$70 to \$75 million on capital projects in 2015 (\$59 million have been spent to date) with the major focus being the construction of the Onion Lake thermal EOR project. This project was completed during the second quarter this year. Planned expansion of the ASP flood at Mooney and conventional heavy oil drilling at Onion Lake and John Lake have been deferred due to the current low oil price environment.

The capital program is expected to be funded from a combination of anticipated funds flow from operations, which we are expecting to be between \$40 and \$45 million, up from our Q1 guidance of \$25 to \$30 million, and supplemented with our existing credit facilities. Year-end 2015 debt levels are anticipated to be between \$100 and \$105 million, down from our Q1 guidance of \$115 to \$120 million. The increase in funds flow from operations and lower year-end debt levels reflects higher average wellhead prices received during the first half of the year and lower operating costs as a result of the cost reduction initiatives we undertook during the first half of 2015. We anticipate oil and gas production to average between 8,000 and 9,000 boe/d in 2015, unchanged from our Q1 2015 guidance update.

Non-GAAP Measures

Throughout this news release, the Company uses terms "funds flow from operations" and "netback". These terms do not have standardized meanings as prescribed by GAAP and, therefore, may not be comparable with the calculation of similar measures presented by other issuers. These terms are used by the Company to analyze operating performance, leverage and liquidity and to provide shareholders and investors with additional information to measure the Company's performance and efficiency and its ability to fund a portion of its future activities and to service any long-term debt. "Funds flow from operations" represents cash flow from operating activities (the closest GAAP measure) expressed before decommissioning costs incurred and changes in non-cash working capital. "Netback" is calculated as oil and gas revenues less royalties, production costs, transportation costs and realized gains/losses on risk management contracts, divided by total production for the period on a boe basis.

Forward-looking Statements

This release contains certain forward-looking statements and forward-looking information (collectively referred to as “forward-looking statements”) within the meaning of applicable Canadian securities laws. All statements other than statements of historic fact are forward-looking statements. Forward-looking statements are typically identified by such words as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "potential", "targeting", "intend", "could", "might", "should", "believe" or similar words suggesting future events or future performance.

In particular, but without limiting the foregoing, this report contains forward-looking statements pertaining to our business plans and strategies; capital expenditure and drilling programs including the expectation of initial oil production in September at the Onion Lake thermal EOR project, reaching peak production rates 9 to 12 months after initial production at Onion Lake, the expectation that the Onion Lake EOR project is economic in the current low price environment and the expected timing to receive regulatory approval for our commercial development application at Blackrod.

The forward-looking statements in this document reflect certain assumptions and expectations by management. The key assumptions that have been made in connection with these forward-looking statements include the continuation of current or, where applicable, assumed industry conditions, the continuation of existing tax, royalty and regulatory regimes, commodity price and cost assumptions, the continued availability of cash flow or financing on acceptable terms to fund the Company’s capital programs, the accuracy of the estimate of the Company’s reserves and resource volumes and that BlackPearl will conduct its operations in a manner consistent with past operations. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties which could cause actual results to differ materially from those contained in forward-looking statements. These factors include, but are not limited to, risks associated with fluctuations in market prices for crude oil, natural gas and diluent; risks related to the exploration, development and production of crude oil, natural gas and NGLs reserves; general economic, market and business conditions; substantial capital requirements; uncertainties inherent in estimating quantities of reserves and resources; extent of, and cost of compliance with, government laws and regulations and the effect of changes in such laws and regulations from time to time; the need to obtain regulatory approvals on projects before development commences; environmental risks and hazards and the cost of compliance with environmental regulations; aboriginal claims; inherent risks and hazards with operations such as fire, explosion, blowouts, mechanical or pipe failure, cratering, oil spills, vandalism and other dangerous conditions; potential cost overruns; variations in foreign exchange rates; diluent supply shortages; competition for capital, equipment, new leases, pipeline capacity and skilled personnel; uncertainties inherent in the SAGD bitumen and ASP recovery processes; credit risks associated with counterparties; the failure of the Company or the holder of licenses, leases and permits to meet requirements of such licenses, leases and permits; reliance on third parties for pipelines and other infrastructure; changes in royalty regimes; failure to accurately estimate abandonment and reclamation costs; inaccurate estimates and assumptions by management; effectiveness of internal controls; the potential lack of available drilling equipment and other restrictions; failure to obtain or keep key personnel; title deficiencies with the Company’s assets; geo-political risks; risks that the Company does not have adequate insurance coverage; risk of litigation and risks arising from future acquisition activities. Further information regarding these risk factors and others may be found under "Risk Factors" in the Annual Information Form.

Undue reliance should not be placed on these forward-looking statements. Readers are cautioned that the actual results achieved will vary from the information provided herein and the variations could be material. Readers are also cautioned that the foregoing list of assumptions, risks and factors is not exhaustive. Consequently, there is no assurance by the Company that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements. Furthermore, the forward-looking statements contained in this document are made as of the date hereof, and the Company does not undertake any

obligation, except as required by applicable securities legislation, to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

For further information, please contact:

John Festival - President and Chief Executive Officer
Tel.: (403) 215-8313

Don Cook – Chief Financial Officer
Tel: (403) 215-8313

The information in this release is subject to the disclosure requirements of BlackPearl Resources Inc. under the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. This information was publicly communicated on August 4, 2015 at 4:00 p.m. Mountain Time.