

BLACKPEARL RESOURCES INC.

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NEWS RELEASE

July 12, 2016

BLACKPEARL RENEWS BANK CREDIT FACILITIES AND PROVIDES AN OPERATIONS UPDATE

CALGARY, ALBERTA - BlackPearl Resources Inc. ("BlackPearl" or the "Company") (TSX:PXX) (NASDAQ OMX Stockholm:PXXS) announced today the completion of the semi-annual review of its credit facilities with its syndicated group of lenders. As a result of this review the maximum borrowing amount has been reduced from \$150 million to \$117.5 million.

The lenders have agreed to extend the revolving period to May 27, 2017, which may be extended in the future at the discretion of the lenders. If the revolving period is not extended any balance owing on the facilities would be required to be repaid by May 26, 2018. The pricing grid used to calculate the interest rates charged on the loans and stand-by fees remain unchanged. The next borrowing base review is scheduled to occur by November 30, 2016.

The Company currently has \$80 million drawn on its credit facilities, \$8 million lower than at year-end 2015. Based on the Company's current capital spending plans for the remainder of the year and the Company's budgeted production levels and commodity prices, our anticipated cash flow will likely exceed capital spending, which should enable the Company to continue to reduce its debt levels during the remainder of 2016.

Oil Hedging

During the second quarter BlackPearl expanded its on-going risk management program by initiating oil price hedges for 2017. During the quarter, the Company entered into hedges for 2,000 bbl/d for 2017 at an average Western Canadian Select price (WCS) of C\$49.75/bbl. We expect to add to our 2017 oil hedging program as attractive opportunities come available.

Operations Update

BlackPearl is pleased to announce that the Onion Lake thermal project has reached its productive design capacity in June and production is continuing to ramp-up. Oil production during the month of June averaged just over 6,000 bbls/d, with a steam oil ratio of 2.7. Current production from the project is approximately 6,300 bbls/d. Thermal projects in Saskatchewan, such as our Onion Lake project, provide some of the most attractive economics in industry in terms of capital efficiency and low operating costs. The first phase of our Onion Lake thermal project was built for under \$35,000 per flowing barrel and operating costs are currently under \$10/bbl.

John Festival, President and CEO of BlackPearl, commenting on current operations indicated "that reaching nameplate capacity at Onion Lake is a significant achievement for the company. Transitioning the company to a lower cost, long-life, low decline resource company has been part of our business

strategy for a number of years and the successful construction and start-up of the first phase of the thermal project at Onion Lake is a big step in implementing that strategy. We have begun technical planning for the second 6,000 bbl/d phase of the project and would expect to sanction the project as the financial environment continues to improve.”

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 future funds flow from operations, capital spending, anticipated debt levels, anticipated additional oil price hedging for 2017 and timing for the sanctioning of the second phase of the Onion Lake thermal project.

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.

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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 July 12, 2016 at 6:30 a.m. Mountain Time.