

BLACKPEARL RESOURCES INC.

900, 215 – 9th Avenue SW, Calgary, AB T2P 1K3
Ph. (403) 215-8313 Fax (403) 265-5359
www.blackpearlresources.ca

NEWS RELEASE

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BLACKPEARL ANNOUNCES SECOND QUARTER 2017 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, 2017.

Highlights include:

- We continued with construction of the 6,000 barrel per day (bbl/d) Phase 2 expansion of our successful Onion Lake thermal project. Facility modules started being delivered to site and we have commenced drilling injector and producer wells. Our target completion date for the expansion is mid-2018, unchanged from our original target completion date.
- We completed the funding for the Onion Lake expansion project with the successful closing of a \$75 million term debt financing in June. In addition, we maintained our strong financial position as we exited the quarter with a renewed undrawn \$120 million bank credit facility and had positive working capital of \$43 million.
- Production for the quarter averaged 10,386 bbls/d, 7% higher than Q2 2016. The increase is primarily attributable to production from the Onion Lake thermal project and the partial re-initiation of the ASP flood at Mooney.
- Net income for the first half of 2017 was \$16.1 million compared to a loss of \$18.3 million in the first half of 2016. Adjusted funds flow nearly doubled in the first half of 2017 to \$27 million compared to the first half of 2016.

John Festival, President of BlackPearl commenting on Q2 activities indicated that “our focus in the near term is the expansion of our very successful low cost, long life thermal project at Onion Lake. We completed the financing for the project during Q2 and we are part way through construction which will see nameplate capacity double to 12,000 bbls/d. We remain on time and on budget for a mid-2018 start-up and first oil in late 2018. The on-going operating performance from the first phase of the project supports our view that Saskatchewan thermal projects are in the top decile of North American oil projects.”

Financial and Operating Highlights

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Daily sales volumes				
Oil (bbl/d)	9,843	9,004	9,973	8,723
Bitumen (bbl/d) ⁽¹⁾	437	553	489	568
	10,280	9,557	10,462	9,291
Natural gas (mcf/d)	633	847	635	846
Combined (boe/d) ⁽²⁾	10,386	9,698	10,568	9,432
Product pricing (\$) (before the effects of hedging transactions)				
Crude oil - per bbl	41.93	34.44	41.33	25.89
Natural gas - per mcf	2.58	1.29	2.54	1.53
Combined - per boe	41.65	34.03	41.06	25.63
Netback (\$/boe)				
Oil and gas sales	41.65	34.03	41.06	25.63
Realized gain on risk management contracts	(0.04)	2.35	0.17	5.01
Royalties	5.87	4.58	5.89	3.20
Transportation	2.62	1.48	2.64	2.06
Operating costs	14.97	13.23	14.98	12.80
Netback ⁽⁵⁾	18.15	17.09	17.72	12.58
(\$000's, except per share amounts)				
Revenue				
Oil and gas revenue – gross	37,702	28,318	74,906	41,339
Net income (loss) for the period	8,318	(8,945)	16,132	(18,267)
Per share, basic and diluted	0.02	(0.03)	0.05	(0.05)
Adjusted funds flow ⁽³⁾	14,179	11,497	27,103	14,775
Cash flow from operating activities ⁽⁴⁾	15,080	7,184	29,866	10,971
Capital expenditures	53,434	945	66,790	3,022
Working capital deficiency (surplus), end of period	(43,680)	(4,497)	(43,680)	(4,497)
Long term debt	72,320	80,000	72,320	80,000
Net debt ⁽⁶⁾	28,640	75,503	28,640	75,503
Shares outstanding, end of period	336,250,902	335,646,559	336,250,902	335,646,559

(1) Includes production from the Blackrod SAGD pilot. All sales and expenses from the Blackrod SAGD pilot are being recorded as an adjustment to the capitalized costs of the project until the technical feasibility and commercial viability of the project is established.

(2) 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.

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

(4) Cash flow from operating activities is a GAAP measure and has a standardized meaning prescribed by Canadian GAAP.

(5) 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. See non-GAAP measures.

(6) Net debt 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. See non-GAAP measures.

Property Review

Onion Lake

Construction of the second 6,000 barrel per day phase of the Onion Lake thermal project continued throughout the quarter. The modules for the central processing facilities and well pads are being constructed in a fabrication shop near Calgary and we began moving these modules to site in July. Site preparation was completed during the quarter and field construction will ramp-up throughout the summer and fall.

In early July, we commenced drilling the steam injector and oil production wells. In total, we are planning to drill 23 injector/observation wells and 14 horizontal producer wells. Drilling is expected to be completed by the end of the year.

Our estimated capital cost of the second phase of the Onion Lake thermal project remains unchanged at \$185 million, 20% lower than phase one costs, and first steam is scheduled to commence in mid-2018. Peak production rates are expected to be reached twelve months after commencement of steam injection, which is similar to what we achieved for phase one. Once the phase two expansion is completed, our Onion Lake thermal project will have a design capacity of 12,000 bbls/d. In addition, we are planning for further thermal expansion opportunities on our Onion Lake lands.

We are continuing to realize excellent operating performance from the first phase of the Onion Lake thermal project. Production averaged 5,816 bbls/d for the quarter, with a steam oil ratio of 2.5 and operating costs of \$10.60 per barrel (energy costs - \$4.16; non-energy - \$6.44). Production, as well as operating costs, in the second quarter was impacted by a planned facility turnaround and inspection which began in late June. The turnaround was planned to coincide with drilling some of the phase two wells to reduce the amount of facility downtime. Phase one production is expected to return to full rates in August or early September.

We have also commenced a five well (2.5 net) primary drilling program in July at Onion Lake. These wells are being drilled outside of the current thermal development area.

Blackrod

Although there were no new activities undertaken in the second quarter, we continue to be pleased with the results achieved for the Blackrod SAGD pilot. After 27 months of maintaining production in excess of 500 bbls/d, we started to see natural declines in production during the second quarter, which is line with our expectations for the pilot. The pilot has cumulatively produced nearly 600,000 barrels of oil. Q2 2017 production was also impacted by a facility turnaround in June. Blackrod's commercial operation will have the ability to further improve on oil production rates and SOR's through applying our learnings from the pilot well and industry proven co-injection with gas or solvents. Pilot well learnings to increase production and improve SOR's include the benefits of having bound wells that get pressure support from offsetting wells, longer horizontal well lengths and improved completion techniques using inflow control devices. We are planning to continue to operate the pilot as it produces positive cash flow and to fully understand the well characteristics through a full life cycle.

Mooney

During the second quarter, we continued to see a positive response from the re-initiation of the ASP (Alkali, Surfactant, Polymer) flood at Mooney. Production from the Mooney field averaged 1,103 bbls/d in Q2 2017, a 17% increase from Q1 2017 and a 41% increase from Q4 2016 when the ASP flood was restarted. We will continue to defer expansion of the ASP flood to our phase two and three lands until we see a sustained improvement in crude oil prices.

Production

Oil and gas production averaged 10,386 barrels of oil equivalent per day (boe/day) in the second quarter of 2017, a 7% increase compared with the second quarter of 2016. The increase in oil production reflects the successful ramp-up of production from our Onion Lake thermal project as well as increased production at Mooney as a result of the re-initiation of the ASP flood on the phase one lands earlier this year.

Average Daily Sales Volume

	Three months ended June 30,		Six months ended June 30,	
(boe/day)	2017	2016	2017	2016
Onion Lake - thermal	5,816	5,221	5,998	4,737
Onion Lake - conventional	2,087	2,138	2,117	2,185
Mooney	1,103	714	1,023	878
John Lake	801	870	804	865
Blackrod	437	553	489	568
Other	142	202	137	199
	10,386	9,698	10,568	9,432

Financial Results

Oil and natural gas sales increased 33% in the second quarter of 2017 to \$37.7 million from \$28.3 million in the same period in 2016. The increase in oil and gas sales is attributable to a 22% increase in average sale price received and a 7% increase in production volumes (on a boe basis) in the second quarter of 2017 compared to the same period in 2016.

Our realized oil price (before the effects of risk management activities) in Q2 2017 was \$41.93 per barrel compared to \$34.44 per barrel for the same period in 2016. The increase in our realized wellhead price reflects higher WTI reference oil prices in Q2 2017 compared with Q2 2016 (US\$48.29/bbl vs US\$45.59/bbl) and tighter heavy oil differentials (US\$11.14/bbl vs US\$13.30/bbl), in addition to a weaker Canadian dollar relative to the US dollar (\$0.743 vs \$0.776).

Operating costs in Q2 2017 were similar to the first quarter of 2017 at \$14.97 per barrel but were higher than the comparable period in 2016. The increase from the prior year reflects the re-start of the ASP flood at Mooney as well as the turnaround costs related to the facility maintenance on the Onion Lake thermal facility during the quarter.

Stronger crude oil prices and higher production volumes in Q2 2017 had a positive impact on our adjusted funds flow during the quarter. In Q2 2017 our adjusted funds flow was \$14.2 million, significantly higher than the \$11.5 million generated for the same period in 2016.

First half 2017 capital expenditures were \$67 million with the majority of spending on the Onion Lake thermal expansion project.

On June 30, 2017 we issued \$75 million aggregate principal amount of senior secured second lien notes ("Notes") to Prudential Capital Group. The Notes were issued at par, bear interest at 8.00% per year and mature on June 30, 2020. Proceeds from the issuance of the Notes were initially used to repay amounts outstanding under our existing credit facilities and will also be used to fund the construction of the expansion of our Onion Lake thermal project and for general corporate purposes.

In conjunction with the issuance of the Notes, the Company also amended its existing credit facilities with its banking syndicate. The amendments include an increase in the borrowing base amount from \$117.5 million to \$120 million. The next borrowing base review is scheduled to occur by November 30, 2017. At June 30, 2017, we had not drawn any amounts under these facilities.

The 2017 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

We have not changed our plans for the remainder of 2017, with the focus being the expansion of the Onion Lake thermal project with a target completion date of mid-2018. We are planning to spend between \$195 and \$200 million on capital projects, up from our previous guidance of \$185 and \$190 million. The increase in capital spending is the result of adjusting the timing of expenditures on the Onion Lake thermal expansion.

The capital program is expected to be funded from a combination of our anticipated adjusted funds flow, proceeds from the recent issuance of the \$75 million senior secured second lien notes and our undrawn senior credit facilities. Adjusted funds flow is expected to be between \$52 and \$57 million, down slightly from our previous guidance of \$55 to \$60 million. The decrease in adjusted funds flow is primarily attributable to lower forecast oil prices than what we used in previous guidance updates. For the remainder of the year we have used a WTI oil price of US\$48.75, a heavy oil differential of US\$11.00 and a US\$ to Cdn\$ exchange rate of \$0.80. We have also entered into a number of hedging transactions that fix the WCS oil price on 4,500 bbl/d for the last six months of the year at a price of approximately \$52.40 per barrel. Year-end 2017 debt levels are anticipated to be between \$140 and \$145 million, up from our previous guidance of \$130 and \$135 million. The increase in year-end debt levels reflects an increase in capital spending and slightly lower forecasted adjusted funds flow for the remainder of the year.

We anticipate oil and gas production to average between 10,000 and 11,000 boe/d in 2017, unchanged from our previous guidance. Production from the Onion Lake thermal facility was temporarily impacted by a facility turnaround which began in late June. Phase one production is expected to return to full rates in August or early September; however, as a result of the turnaround, corporate production for Q3 2017 is expected to be between 9,000 and 9,500 boe/d.

Non-GAAP Measures

Throughout this release, the Company uses terms "adjusted funds flow", "operating netback" and "net debt". These terms do not have any standardized meaning as prescribed by GAAP and, therefore, may not be comparable with the calculation of similar measures presented by other issuers.

Adjusted funds flow is a non-GAAP measure commonly used in the oil and gas industry to assist in measuring a company's ability to finance its capital programs, decommissioning costs, debt repayments and other financial obligations. Adjusted funds flow is defined as cash flow from operating activities before decommissioning costs incurred and changes in non-cash working capital related to operations. Adjusted funds flow is not intended to represent cash flow from operating activities or other measures of financial

performance in accordance with GAAP. The Company previously referred to “adjusted funds flow” as “funds flow from operations”.

The following table reconciles non-GAAP measure adjusted funds flow to cash flow from operating activities, the nearest GAAP measure:

	Three months ended June 30,		Six months ended June 30,	
(\$000s)	2017	2016	2017	2016
Cash flow from operating activities	15,080	7,184	29,866	10,971
Changes in non-cash working capital related to operations	(984)	3,944	(2,888)	3,288
Decommissioning costs	83	369	125	516
Adjusted funds flow	14,179	11,497	27,103	14,775

Operating netback is calculated as oil and gas revenues less royalties, production costs and transportation costs on a dollar basis and divided by total production for the period on a barrel of oil equivalent basis. Operating netback is a non-GAAP measure commonly used in the oil and gas industry to assist in measuring operating performance against prior periods on a comparable basis. Our operating netback calculation is consistent with the definition found in the Canadian Oil and Gas Evaluation (COGE) Handbook.

Net debt is calculated as long-term debt plus working capital for the period ended. Working capital consists of cash and cash equivalents, trade and other receivables, inventory, prepaid expenses and deposits, fair value of risk management assets less accounts payable and accrued liabilities, current portion of decommissioning liabilities, and fair value of risk management liabilities. Management utilizes net debt as a key measure to assess the liquidity of the Company.

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, this release contains forward-looking statements pertaining to the estimated capital costs of \$185 million to construct the phase 2 expansion of the Onion Lake thermal project and the estimated mid-2018 completion date and estimated timing to reach peak production rates, timing to return to full production rates from phase one of the Onion Lake thermal project after facility maintenance is complete and all the information under *Guidance*.

The forward-looking information is based on, among other things, expectations and assumptions by management regarding its future growth, future production levels, future oil and natural gas prices, continuation of existing tax, royalty and regulatory regimes, foreign exchange rates, estimates of future operating costs, timing and amount of capital expenditures, performance of existing and future wells, recoverability of the Company’s reserves and contingent resources, the ability to obtain financing on acceptable terms, availability of skilled labour and drilling and related equipment on a timely and cost efficient basis, general economic and financial market conditions, environment matters and the ability to market oil and natural gas successfully to current and new customers. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their nature, forward-looking statements involve numerous known and unknown risks and uncertainties that contribute to the possibility that actual results will differ from those anticipated in the forward-looking statements. Further information regarding these risk factors may be found under “Risk Factors” in the Annual Information Form, which can be accessed on SEDAR at www.sedar.com.

Undue reliance should not be placed on these forward-looking statements. There can be no assurance that the plans, intentions or expectations upon which forward-looking statements are based will be realized. Actual results will differ, and the differences may be material and adverse to the Company and its shareholders. Furthermore, the forward-looking statements contained in this release 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

Robert Eriksson – Investor Relations Sweden
Tel.: +46 701-112615

This is information that BlackPearl Resources Inc. is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication at 3:00 p.m. Mountain Time on August 9, 2017.