

## **BLACKPEARL RESOURCES INC.**

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**NEWS RELEASE**

**June 3, 2013**

### **BLACKPEARL TO ACCELERATE DEVELOPMENT OF ITS 12,000 BARREL PER DAY THERMAL PROJECT AT ONION LAKE AND PROPOSES TO ISSUE US\$350 MILLION TERM LOAN FACILITY**

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**CALGARY, ALBERTA - BlackPearl Resources Inc.** ("BlackPearl" or the "Company") (TSX:PXX) (NASDAQ OMX Stockholm:PXXS) is pleased to announce that the Company plans to accelerate the development of its thermal enhanced oil recovery (EOR) project at its Onion Lake heavy oil property in Saskatchewan.

BlackPearl has elected to proceed with a 12,000 barrel per day EOR project at Onion Lake, Saskatchewan prior to proceeding with the first phase of its steam-assisted gravity drainage (SAGD) development at its Blackrod project in northern Alberta.

BlackPearl currently produces about 5,000 barrels per day of primary heavy oil at Onion Lake. Similar to other thermal projects in Saskatchewan with mobile oil, the Company expects the Onion Lake thermal project will have a rapid ramp up to peak rates and a relatively low steam-oil ratio (SOR). The expected low SOR should reduce operating costs and generate attractive economics for the Company. At December 31, 2012, the Company's independent reserves evaluator assigned 74 million gross barrels of "best estimate" contingent resources <sup>(1)</sup> to the Onion Lake thermal project.

Capital costs on thermal projects in Saskatchewan are lower than similar projects in the Alberta oil sands due to the reduced scale of thermal projects within the province, resulting in different regulatory requirements. While the Company has not completed detailed third party engineering cost estimates, the initial capital costs of the Onion Lake thermal EOR project are estimated by the Company to be between \$300 and \$350 million. Regulatory approval for the thermal EOR project at Onion Lake is expected in the second quarter of 2013.

BlackPearl plans to pursue a US\$350 million second-lien senior secured term loan facility which is expected to fully fund the development of the project. In conjunction with the proposed debt offering the Company has retained Credit Suisse and RBC Capital Markets as joint bookrunners and joint lead arrangers for the proposed term loan facility. Initial indications from the lenders in the Company's existing credit facilities is that the \$115 million borrowing base will remain the same after completion of the second-lien term loan offering.

In addition, BlackPearl is pleased to report that an agreement has been reached between the Company and Onion Lake Energy (OLE), a company owned by the Onion Lake Cree First Nation, to exchange its working interest in the Onion Lake thermal project for a gross overriding royalty. The existing working interest participation by OLE will continue for all primary production operations.

BlackPearl's original strategy was to proceed with the first 20,000 barrel per day phase of commercial development of the Blackrod project prior to undertaking the Onion Lake thermal project. Capital costs of the first phase of the Blackrod project were anticipated to be between \$750 and \$800 million. It was the Company's intention to finance this phase with a combination of debt, non-core asset sales, joint venture proceeds and possibly new equity. Given the current soft market for oil and gas assets and the challenging equity markets, the Company believes it would be too dilutive to its shareholders to proceed with financing a project of this size at this time.

At Blackrod, regulatory approval for the first 20,000 barrel per day phase is expected later in 2013 and the pilot, operating since 2011, has achieved commercial rates of oil production and SOR. The second pilot well pair will start steaming in the third quarter of 2013 while the first well pair has achieved numerous technical milestones in its first two years of operation. With the latest recompletion in the first pilot well pair, the Company expects production to return to commercial levels. In April, BlackPearl acquired a 100% interest in 10 sections (6,400 acres) of additional oil sands acreage directly south of its existing Blackrod lands. A third party reserve and resource evaluation has not been prepared on these recently acquired leases but the Company's internal review suggests that, as of December 31, 2012, best estimate contingent resources <sup>(1)</sup> could range from 50 to 75 million barrels of bitumen. This acreage will be incorporated into the Company's development plans for the Blackrod project. The first phase of development at Blackrod will likely be deferred until the Onion Lake thermal EOR project is operating or until a joint venture partner can be found.

John Festival, President of BlackPearl, commented that, "We are very excited to be moving forward with the next stage of development at Onion Lake. Over the next three years, the Onion Lake EOR project is expected to double company production and will put us in a much stronger financial position to tackle the 80,000 barrel per day Blackrod project".

### **Forward-Looking Statements**

This news 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 historical fact are forward-looking statements. Forward-looking information typically contains statements with words such as "anticipate", "believe", "plan", "continuous", "estimate", "expect", "may", "will", "project", "should", "target", "forecast" or similar words suggesting future outcomes. In particular, and without limitation, this press release contains forward-looking statements pertaining to the estimated quantity of contingent resources for the Onion Lake thermal project, timing of receiving regulatory and development approvals for the Company's Blackrod and Onion Lake SAGD projects, expectations regarding the ability to raise capital and continue development of the Company's properties, estimates of the Company's production levels and SOR for the Onion Lake EOR project, timing of finalizing funding options for the Company's Onion Lake thermal project, estimated capital costs for the Onion Lake and Blackrod SAGD projects and timing for development of the Blackrod SAGD project.

Statements relating to reserves and contingent resources are forward-looking, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and contingent resources described exist in the quantities predicted or estimated and can profitably be produced in the future.

Undue reliance should not be placed on forward-looking statements, which are inherently uncertain, are based on estimates and assumptions, and are subject to known and unknown risks and uncertainties (both general and specific) that contribute to the possibility that the future events or circumstances contemplated by the forward-looking statements will not occur. 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.

With respect to forward-looking statements contained in this press release, management has made assumptions regarding future production levels; future oil and natural gas prices; future operating costs; timing and amount of capital expenditures; the ability to obtain financing on acceptable terms; availability of skilled labour and drilling and related equipment; general economic and financial market conditions; continuation of existing tax and regulatory regimes; 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 very nature, forward-looking statements involve inherent risks and uncertainties (both general and specific) and risks that the goals or figures contained in forward-looking statements will not be achieved. These factors include, but are not limited to, risks associated with fluctuations in market prices for crude oil, natural gas and diluent, 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 recovery process, credit risks associated with counterparties, the failure of the Company or the holder of licences, leases and permits to meet requirements of such licences, 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 may be found under "Risk Factors" in the Company's most recent Annual Information Form. Readers are cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of such information, although considered reasonably accurate at the time of preparation, may prove to be incorrect. Accordingly, 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 factors is not exhaustive. Consequently, there is no representation by the Company that actual results achieved will be the same in whole or in part as those set out in the forward-looking information. Furthermore, the forward-looking statements contained in this report 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.

*(1) This news release makes reference to contingent resources. Contingent resources are defined in the COGE Handbook as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political and regulatory matters or a lack of markets. In the case of the contingent resources assigned to BlackPearl's three core projects the contingencies include the requirement for more evaluation drilling to better define the*

*resource, the absence of submission of commercial SAGD development applications (for future phases of development at Blackrod), the likelihood of attaining regulatory approvals for commercial SAGD development (for the Company's Onion Lake SAGD project), further establishment of increased oil production response from the ASP flood at Mooney and the uncertainty of the timing of production and development. There is no certainty that it will be commercially viable to produce any of the contingent resources. Best estimate (P50) is a classification of estimated resources described in the COGE Handbook as being considered to be the best estimate of the quantity that will be actually recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the best estimate. Please refer to the Company's most recent Annual Information Form for a more detailed discussion of the Company's contingent resources.*

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