

## **BLACKPEARL RESOURCES INC.**

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**NEWS RELEASE**

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### **BLACKPEARL REVISES 2015 CAPITAL SPENDING PLANS DUE TO LOWER CRUDE OIL PRICES**

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**CALGARY, ALBERTA – BlackPearl Resources Inc.** ("BlackPearl" or the "Company") (TSX:PXX) (NASDAQ Stockholm:PXXS) announced today changes to its 2015 capital program as a result of the continued deterioration in crude oil prices.

#### Capital Plans

In November 2014, the Company announced that it expected to spend approximately \$280 million in 2014 and had set a 2015 capital budget of \$80 million. Our original plans were based on forecast 2015 oil prices of US\$85 WTI, a US\$17 per barrel heavy oil differential and an exchange rate of \$0.90 Canadian to the US dollar.

Capital spending in 2014 was approximately \$240 million, down from our previous forecast of \$280 million. This \$40 million reduction in 2014 capital spending relates to the Onion Lake thermal project. These costs originally planned for Q4 2014 are now expected to be incurred in Q1 2015.

The original 2015 capital budget of \$80 million has been reduced to \$31 million. Total 2015 capital spending is therefore expected to be approximately \$71 million (\$31 million from above plus the deferral of \$40 million from Q4 2014 spending). The primary focus of the 2015 capital program will be the completion of the first 6,000 barrel per day phase of the Onion Lake thermal project, which will account for over 80% of our 2015 spending. We expect to complete construction of this project and commence steam injection in mid 2015.

Our amended capital spending plans were based on forecast 2015 oil prices of US\$55 WTI, a US\$15 per barrel heavy oil differential and an exchange rate of \$0.85 Canadian to the US dollar. We will continue to monitor industry conditions closely and make additional adjustments to our spending plans as conditions change.

#### Hedge Position

Our current oil hedge position will provide significant cash flow protection for the first half of 2015. We have 4,000 barrels of oil per day hedged in the first quarter at a WCS (Western Canadian Select) price of Cdn\$80 per barrel and 2,500 barrels of oil per day hedged in the second quarter at a WCS price of Cdn\$80 per barrel. The current market price for WCS oil is approximately Cdn\$40 per barrel.

#### Production Guidance

Our initial guidance for 2015 indicated that we expect production to average between 9,000 and 9,500 barrels of oil per day. As a result of curtailing some of our short term production growth projects in our revised capital plans we expect 2015 production to average between 8,000 and 9,000 barrels of oil equivalent per day. The Onion Lake thermal project is not expected to have a significant impact on our production until 2016.

John Festival, president and CEO, commenting on the revisions to our 2015 plans indicated that "although we are optimistic in the longer term outlook for oil prices and the quality of our development projects, we have to adjust

our capital spending to maintain financial flexibility in the current low oil price environment. If oil prices improve we are in a position to rapidly resume our capital plans.”

### **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 historical fact are forward-looking statements. Forward-looking information typically contains statements with words such as “anticipate”, “anticipated”, “planning”, “planned”, “potential”, “could”, “continue”, “continued”, “continuing”, “estimate”, “estimates”, “estimated”, “forecast”, “likely”, “expect”, “expected”, “may”, “intend”, “intends”, “intended”, “intention”, “deferred”, “successful”, “will”, “project”, “timing”, “in the event”, “move toward”, “should”, “scheduled”, “outlook” or similar words suggesting future outcomes.

In particular, but without limiting the foregoing, this release contains forward-looking statements pertaining to capital expenditures in 2014, planned capital spending in 2015, estimated 2015 crude oil prices, differentials between light and heavy oil prices, anticipated value of the Canadian dollar relative to the US dollar and anticipated average production volumes for 2015.

The forward-looking information is based on expectations and assumptions by management regarding 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, the ability to obtain financing on acceptable terms, availability of skilled labour and drilling and related equipment, general economic and financial market conditions 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. Accordingly, 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.

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. These risks 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, volatility of commodity inputs, substantial capital requirements, customary conditions including receipt of necessary regulatory and stock exchange approvals on the issuance of common shares, 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, financial loss associated with derivative risk management contracts, potential cost overruns, variations in foreign exchange rates, variations in interest rates, diluent and water supply shortages, competition for capital, equipment, new leases, pipeline capacity and skilled personnel, uncertainties inherent in the SAGD bitumen and ASP 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. Readers are also cautioned that the foregoing list of factors is not exhaustive. Further information regarding these risk factors may be found under "Risk Factors" in the Annual Information Form.

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.

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