

CALGARY, July 6, 2016 /CNW/ - [Bankers Petroleum Ltd.](#) ("Bankers" or the "Company") (TSX: BNK, AIM: BNK) is pleased to announce the Company's second quarter operational update.

Production

Bankers achieved a second quarter 2016 production average of 15,934 barrels of oil per day (bopd), 8.2% below the first quarter 2016 average of 17,363 bopd. Following a previously announced business interruption at the Petrolifera Italo Albanese ("PIA") Terminal port facility in late May, the Company curtailed production by approximately 4,000 bopd for 5 days due to lack of storage capacity. Production was brought back on-line beginning June 8 and resumed production levels within a week. In addition, maintenance and optimization of the water disposal system during the quarter further restricted production (approximately 300 bopd over the quarter). The Company continued to optimize production levels and monitor the economic return of all wells in accordance with the current oil price environment.

Sales and Oil Prices

In the second quarter 2016, oil sales averaged 15,023 bopd, compared to the first quarter sales in 2016 of 17,280 bopd. Crude oil inventory at June 30, 2016 increased to 348,700 barrels compared to 266,000 barrels at March 31, 2016, with the last scheduled cargo of the quarter deferred to the first few days of July.

Bankers' second quarter average oil price was approximately \$29.99 per barrel (representing 66% of the Brent oil price of \$45.57 per barrel), as compared with the first quarter 2016 average oil price of \$21.07 per barrel (representing 62% of the Brent oil price of \$33.89 per barrel). Sales to the export market during the second quarter 2016 represented 94% of total sales, at an average export price of 66% of the Brent oil price. Sales prices in the second quarter improved compared to the first quarter of 2016 as the Brent benchmark price climbed back over \$40 per barrel and demand increased seasonally for heavy crude oil on both the export and domestic markets.

For the six months ended June 30, 2016, average oil sales were 16,152 bopd (representing 63% of the Brent oil price of \$25.22 per barrel) compared 19,899 bopd (representing 75% of the Brent oil price of \$57.95 per barrel) for the first six months of 2015.

On April 29, 2016, Bankers added another 1,000 bopd to its existing hedge position for 2016. The Company now has a total of 6,000 bopd under costless collar contracts with an average floor of \$51.52 per barrel and an average ceiling of \$53.78 per barrel (all prices are referenced to Dated Brent) for the balance of 2016. In the second quarter of 2016, the hedge program generated proceeds of \$2.7 million. The remaining 2016 hedge program at June 30, 2016, is valued at \$2.2 million. These contracts are designed to protect Bankers against further volatility in oil prices in 2016.

Drilling Update

Due to the low oil price environment, Bankers elected to defer drilling activity at the start of the year in order to protect the strength of the Company's balance sheet. Drilling activity will resume as pricing improves and is being reviewed for resumption in the second half of 2016.

Enhanced Oil Recovery (EOR) Program

The existing polymer flood and water flood patterns continue to perform well and in several cases above reservoir model expectations. The average incremental production over primary decline in the month of June coming from EOR patterns is approximately 3,665 bopd (representing about 24% of total production). The total production coming from these EOR patterns is close to 5,285 bopd (or 35% of total production). The Company converted four (4) producing wells to injection in the second quarter and has fifty-three (53) polymer and five (5) water flood patterns implemented at the end of the second quarter 2016.

Infrastructure Development

In the second quarter of 2016, Bankers implemented plans to expand the reach of natural gas generated power through the installation of stock gas generators synchronized with overhead powerlines and continued expansion on the polymer distribution system. The Company also focused on the optimization of its water disposal system with the purchase of high pressure pumps to be installed in the third quarter to increase the injection capacity at existing disposal wells. The planned commissioning of the new inlet system at Pad D was delayed due to late arrival of equipment and is now expected early in the third quarter.

Corporate Transaction Update

Completion of the proposed plan of arrangement (the "Arrangement") with affiliates of Geo-Jade Petroleum Corporation

("Geo-Jade") is subject to the outstanding regulatory approval of the Chinese State Administration of Foreign Exchange (SAFE). Bankers anticipates receipt of this approval in the coming weeks and closing of the Arrangement to occur shortly thereafter in July. Following a successful completion of the Arrangement, the common shares of Bankers (the "Bankers Shares") will be delisted from the Toronto Stock Exchange ("TSX") and the AIM market of the London Stock Exchange.

Updated Corporate Presentation

For additional information on this Operational Update please see the Company's July 2016 corporate presentation on the Company's website, www.bankerspetroleum.com.

Caution Regarding Forward-looking Information

Information in this news release respecting matters such as the expected future production levels from wells, future prices and netback, work plans, anticipated total oil recovery of the Patos-Marinza and Kuçova oilfields, the regulatory approvals required to complete the Arrangement and the anticipated delisting of the Bankers Shares following completion of the Arrangement constitute forward-looking information. Statements containing forward-looking information express, as at the date of this news release, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results and are believed to be reasonable based on information currently available to the Company.

Exploration for oil is a speculative business that involves a high degree of risk. The Company's expectations for its Albanian operations and plans are subject to a number of risks in addition to those inherent in oil production operations, including: that Brent oil prices could fall resulting in reduced returns and a change in the economics of the project; availability of financing; delays associated with equipment procurement, equipment failure and the lack of suitably qualified personnel; the inherent uncertainty in the estimation of reserves; exports from Albania being disrupted due to unplanned disruptions; and changes in the political or economic environment.

Production and netback forecasts are based on a number of assumptions including that the rate and cost of well takeovers, well reactivations and well recompletions of the past will continue and success rates will be similar to those rates experienced for previous well recompletions/reactivations/development; that further wells taken over and recompleted will produce at rates similar to the average rate of production achieved from wells recompletions/reactivations/development in the past; continued availability of the necessary equipment, personnel and financial resources to sustain the Company's planned work program; continued political and economic stability in Albania; the existence of reserves as expected; the continued release by Albpetrol of areas and wells pursuant to the Plan of Development and Addendum; the absence of unplanned disruptions; the ability of the Company to successfully drill new wells and bring production to market; and general risks inherent in oil and gas operations.

Forward-looking statements and information are based on assumptions that financing, equipment and personnel will be available when required and on reasonable terms, none of which are assured and are subject to a number of other risks and uncertainties described under "Risk Factors" in the Company's Annual Information Form and Management's Discussion and Analysis, which are available on SEDAR under the Company's profile at www.sedar.com.

There can be no assurance that forward-looking statements will prove to be accurate. Actual results and future events could differ materially from those anticipated in such statements. Readers should not place undue reliance on forward-looking information and forward looking statements. Forward-looking statements in this new release are made as of the date hereof, and the Company undertakes no obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise, unless required by applicable securities laws.

Review by Qualified Person

This release was reviewed by Suneel Gupta, Executive Vice President and Chief Operating Officer of [Bankers Petroleum Ltd.](http://www.bankerspetroleum.com), who is a "qualified person" under the rules and policies of AIM in his role with the Company and due to his training as a professional petroleum engineer (member of APEGA) with over 20 years' experience in domestic and international oil and gas operations.

About Bankers Petroleum Ltd.

[Bankers Petroleum Ltd.](http://www.bankerspetroleum.com) is a Canadian-based oil and gas exploration and production company focused on developing large oil and gas reserves in Albania and Eastern Europe. In Albania, Bankers operates and has the full rights to develop the Patos-Marinza heavy oilfield, has a 100% interest in the Kuçova oilfield, and a 100% interest in Exploration Block "F". In 2015 Bankers acquired an 85% interest in the rights to explore the Püspökladány Block concession within the Pannonian Basin located in north eastern Hungary. Bankers' shares are traded on the Toronto Stock Exchange and the AIM Market in London, England under the stock symbol BNK.

SOURCE [Bankers Petroleum Ltd.](http://www.bankerspetroleum.com)

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