

Cash Margin of US\$23.32/bbl and Q2 Average Production to Date 19,700 bopd

CALGARY, May 7, 2015 /CNW/ - [Bankers Petroleum Ltd.](#) ("Bankers" or the "Company") (TSX: BNK, AIM: BNK) is pleased to provide its 2015 first quarter financial and operational results.

During the quarter, Bankers achieved a cash margin for US\$23.32 per barrel and netback of US\$13.62 per barrel. All amounts listed in this news release are in US dollars unless otherwise stated.

Results at a Glance	Three months ended March 31		
(US\$000s, except as noted)	2015	2014	% change
<b>Financial</b>			
Oil revenue	72,404	144,985	(50%)
Net operating income	24,868	92,491	(73%)
Net income	879	24,992	(96%)
Basic (US\$/share)	0.003	0.097	(97%)
Diluted (US\$/share)	0.003	0.095	(97%)
Funds generated from operations	24,890	83,109	(70%)
Basic (US\$/share)	0.095	0.323	(71%)
Capital expenditures	49,945	59,865	(17%)
<b>Operating</b>			
Average production (bopd)	19,767	19,911	(1%)
Average sales (bopd)	20,283	18,435	10%
Average Brent oil price (US\$/barrel)	53.94	108.21	(50%)
Average realized price (US\$/barrel)	39.66	87.39	(55%)
Netback (US\$/barrel)	13.62	55.75	(76%)
	March 31, 2015	December 31, 2014	March 31, 2014
Cash and restricted cash	57,842	73,036	56,172
Working capital	174,209	201,325	160,346
Total assets	1,264,256	1,284,846	1,077,580
Long-term debt	98,872	98,276	98,374
Shareholders' equity	718,552	716,536	595,918

Highlights for the quarter ended March 31, 2015 are:

Operational Highlights:

- Average oil production for the three months ended March 31, 2015 was 19,767 barrels of oil per day (bopd) compared to 20,338 bopd in the previous quarter and 19,911 bopd in the first quarter of 2014.

- Oil sales averaged 20,283 bopd for the first quarter of 2015 compared to 20,619 bopd for the previous quarter and 18,435 bopd for the first quarter of 2014. Crude oil inventory at March 31, 2015 decreased to 270,000 barrels compared to 315,500 barrels at December 31, 2014.
- During the first quarter of 2015, capital expenditures were \$50 million. The Company drilled 21 wells during the quarter, comprised of 20 horizontal production wells and one lateral re-drill in the main area of the Patos-Marinza oilfield. Capital expenditures were \$72 million for the previous quarter and \$60 million for the first quarter of 2014. During the first quarter of 2015, Bankers reduced its active rig count from three to two in response to low commodity prices.

#### Product Margin Highlights:

- For the three months ended March 31, 2015, operating costs and sales and transportation (S&T) costs, originating from Albanian-based companies and their employees, were \$37 million (\$20.48/bbl) compared to \$42 million (\$21.92/bbl) for the previous quarter and \$31 million (\$18.41/bbl) for the first quarter of 2014. Overall, operating and S&T costs improved by 5%, on a per barrel basis, from the fourth quarter of 2014 to the first quarter of 2015, taking into account the \$2.54/bbl impact of excise tax for the first quarter of 2015 compared to \$3.10/bbl for the previous quarter.
- Net operating income (netback) in the first quarter of 2015 was \$25 million (\$13.62/bbl) compared to \$51 million (\$27.01/bbl) for the previous quarter and \$92 million (\$55.75/bbl) for the first quarter of 2014.
- Cash margin for the first quarter of 2015 was \$23.32/bbl compared to \$31.30/bbl in the previous quarter and \$55.75/bbl in the first quarter of 2014. Cash margin represents netback inclusive of the realized gain on commodity contracts and recovery against an outstanding accounts receivable balance.

#### Financial Highlights:

- For the first quarter of 2015, revenue was \$72 million (\$39.66/bbl) compared to \$109 million (\$57.29/bbl) in the previous quarter and \$145 million (\$87.39/bbl) in the first quarter of 2014. Field price realization represented 74% of the Brent oil benchmark price (\$53.94/bbl) for the first quarter of 2015 compared to 75% of the Brent oil benchmark price (\$76.58/bbl) in the previous quarter and 81% of the Brent oil benchmark price (\$108.21/bbl) in the first quarter of 2014. The reduction as a percentage of Brent compared to the first quarter of 2014 was mainly due to higher domestic sales during the first quarter of 2015.
- Royalties to the Albanian Government and related entities during the first quarter of 2015 were \$10 million (14% of revenue) compared to \$16 million (15% of revenue) for the previous quarter and \$22 million (15% of revenue) for the first quarter of 2014.
- Funds generated from operations were \$25 million (\$0.095 per share) for the first quarter of 2015 compared to \$23 million (\$0.088 per share) for the previous quarter and \$83 million (\$0.323 per share) for the first quarter of 2014.
- The Company continues to maintain a strong financial position at March 31, 2015, with cash of \$58 million and working capital of \$174 million. At March 31, 2015, the Company had drawn \$111 million of its \$224 million approved credit facilities. Working capital for December 31, 2014 and March 31, 2014 was \$201 million and \$160 million, respectively.
- Bankers recognized a \$14 million (\$7.74/bbl) realized gain on financial commodity contracts during the first quarter of 2015. The financial commodity contracts represent 6,000 bopd at a floor price of \$80/bbl of Dated Brent for 2015. At March 31, 2015, the fair value of these contracts was \$42 million

#### OUTLOOK

The Company continues to execute on its three part strategy to deliver reliable and repeatable low cost horizontal wells through the primary drilling program, expanding its product margin through surface-level improvements and accelerate the enhanced oil recovery program.

The second quarter 2015 quarter-to-date average production is 19,700 bopd from the Patos-Marinza and Kuçova oilfields in Albania, consistent with the first quarter average of 19,767 bopd.

Bankers intends to drill eleven (11) horizontal wells in the second quarter; nine (9) horizontal production wells in the core of the Patos-Marinza field, one (1) horizontal production well in Kuçova and one (1) horizontal water disposal well.

Infrastructure and facilities projects in the second quarter include the ongoing construction of the northern flow line system, scheduled to be completed in the third quarter, the installation of vapor recovery units and gas distribution systems to capture and utilize associated gas and the electrification of well sites. Bankers expects to see further cost savings throughout 2015 with the maturing of these projects.

The Company will continue to expand on the polymer and water flood program with four (4) planned conversions in the second quarter. The pace of injector conversions will be higher in the second half of 2015, following the installation of associated facilities

and pipelines, with up to 20 conversions in the third and fourth quarters.

The Company intends to issue the second quarter 2015 operational update and host a conference call on Tuesday, July 14, 2015.

#### Carbon Dioxide Release & Remediation and Prevention

Following the carbon dioxide release that occurred on April 1, 2015 during the drilling of a horizontal well, Bankers is focused on two main objectives. First, coordinate with local community officials to recover the affected area and return residents to their normal lives through repair work and appropriate compensation for any damages. Secondly, Bankers has undergone a thorough technical evaluation of our drilling practices to ensure this does not happen again. Bankers operates with world-class operational and safety standards; our highest priority is the health and safety of our employees and the residents of the communities in which we operate.

#### Supporting Documents

The full Management Discussion and Analysis (MD&A), Financial Statements and updated corporate presentation are available on [www.bankerspetroleum.com](http://www.bankerspetroleum.com). The MD&A and Financial Statements will also be available on [www.sedar.com](http://www.sedar.com).

BANKERS PETROLEUM LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

FOR THE THREE MONTHS ENDED MARCH 31

(Unaudited, expressed in thousands of US dollars, except per share amounts)

	2015	2014
Revenues	\$ 72,404	\$ 144,985
Royalties	(10,144)	(21,948)
	62,260	123,037
Realized gain on financial commodity contracts	14,130	-
Unrealized loss on financial commodity contracts	(2,039)	(465)
	74,351	122,572
Operating expenses	23,495	20,170
Sales and transportation expenses	13,897	10,376
General and administrative expenses	4,652	5,872
Contract settlement expenses	355	172
Depletion and depreciation	30,119	26,693
Share-based compensation	1,182	1,468
	73,700	64,751
	651	57,821
Net finance expense	(8,888)	(3,813)
Income (loss) before income tax	(8,237)	54,008
Deferred income tax recovery (expense)	9,116	(29,016)
Net income for the period	879	24,992
Other comprehensive loss		
Currency translation adjustment	(1,420)	(234)
Comprehensive income (loss) for the period	\$ (541)	\$ 24,758
Basic earnings per share	\$ 0.003	\$ 0.097
Diluted earnings per share	\$ 0.003	\$ 0.095

BANKERS PETROLEUM LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited, expressed in thousands of US dollars)

ASSETS

	March 31	December 31
	2015	2014
Current assets		
Cash and cash equivalents	\$ 52,251	\$ 68,036
Restricted cash	5,591	5,000
Accounts receivable	61,415	81,612
Inventory	6,343	10,008
Deposits and prepaid expenses	62,312	62,984
Financial commodity contracts	42,131	44,170
	230,043	271,810
Non-current assets		
Property, plant and equipment	1,025,558	1,004,508
Exploration and evaluation assets	8,655	8,528
	\$ 1,264,256	\$ 1,284,846

LIABILITIES

Current liabilities

Accounts payable and accrued liabilities	\$ 46,872	\$ 69,285
Current portion of long-term debt	8,962	1,200
	55,834	70,485

Non-current liabilities

Long-term debt	98,872	98,276
Decommissioning obligation	26,712	26,147
Deferred tax liabilities	364,286	373,402
	545,704	568,310

SHAREHOLDERS' EQUITY

Share capital	364,073	363,670
Contributed surplus		







Currency translation reserve	2,990	4,410
Retained earnings	262,926	262,047
	718,552	716,536
	\$ 1,264,256	\$ 1,284,846

BANKERS PETROLEUM LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31

(Unaudited, expressed in thousands of US dollars)

	2015	2014
Cash provided by (used in):		
Operating activities		
Net income for the period	\$ 879	\$ 24,992
Depletion and depreciation	30,119	26,693
Accretion of long-term debt	250	451
Accretion of decommissioning obligation	315	274
Unrealized foreign exchange gain	(778)	(45)
Deferred income tax recovery (expense)	(9,116)	29,016
Share-based compensation	1,182	1,468
Discount and revaluation of long-term receivable	-	(205)
Unrealized loss on financial commodity contracts	2,039	465
	24,890	83,109
Change in non-cash working capital	7,839	(2,759)
	32,729	80,350
Investing activities		
Additions to property, plant and equipment	(49,818)	(59,848)
Additions to exploration and evaluation assets	(127)	(17)
Restricted cash	(591)	2,109
Change in non-cash working capital	(5,718)	804
	(56,254)	(56,952)
Financing activities		
Issue of shares for cash	211	3,848
Financing costs	-	(433)

Change in long-term debt	7,762	(296)
	7,973	3,119
Foreign exchange gain (loss) on cash and cash equivalents	(233)	58
Increase (decrease) in cash and cash equivalents	(15,785)	26,575
Cash and cash equivalents, beginning of period	68,036	24,597
Cash and cash equivalents, end of period	\$ 52,251	\$ 51,172

Interest paid	\$ 45	\$ 73
Interest received	\$ 96	\$ 222

BANKERS PETROLEUM LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited, expressed in thousands of US dollars, except number of common shares)

	Number of		Currency			
	common shares	Share capital	Contributed surplus	translation reserve	Retained earnings	Total
Balance at December 31, 2013	255,681,911	\$ 340,305	\$ 84,811	\$ 6,345	\$ 133,214	\$ 564,675
Share-based compensation	-	-	2,637	-	-	2,637
Options exercised	1,649,694	5,634	(2,344)	-	-	3,290
Warrants exercised	200,000	777	(219)	-	-	558
Net income for the period	-	-	-	-	24,992	24,992
Currency translation adjustment	-	-	-	(234)	-	(234)
Balance at March 31, 2014	257,531,605	\$ 346,716	\$ 84,885	\$ 6,111	\$ 158,206	\$ 595,918
Share-based compensation	-	-	8,403	-	-	8,403
Options exercised	3,352,788	16,170	(6,660)	-	-	9,510
Warrants exercised	200,000	784	(219)	-	-	565
Net income for the period	-	-	-	-	103,841	103,841
Currency translation adjustment	-	-	-	(1,701)	-	(1,701)
Balance at December 31, 2014	261,084,393	\$ 363,670	\$ 86,409	\$ 4,410	\$ 262,047	\$ 716,536
Share-based compensation	-	-	2,346	-	-	2,346
Options exercised	100,000	403	(192)	-	-	211
Net income for the period	-	-	-	-	879	879
Currency translation adjustment	-	-	-	(1,420)	-	(1,420)
Balance at March 31, 2015	261,184,393	\$ 364,073	\$ 88,563	\$ 2,990	\$ 262,926	\$ 718,552

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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 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](http://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.

About Bankers Petroleum Ltd.

[Bankers Petroleum Ltd.](#) is a Canadian-based oil and gas exploration and production company focused on developing large oil and gas reserves. 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". 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.](#)

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