

Second Quarter Cash Margin of US\$29.52/bbl

CALGARY, Aug. 13, 2015 /CNW/ - [Bankers Petroleum Ltd.](#) ("Bankers" or the "Company") (TSX: BNK, AIM: BNK) is pleased to provide its 2015 second quarter financial and operational results.

During the quarter, Bankers achieved a cash margin of US\$29.52 per barrel and netback of US\$23.24 per barrel. All amounts listed in this news release are in US dollars unless otherwise stated.

| Results at a Glance | Three months ended June 30 | | | Six months ended June 30 | | |
|---------------------------------------|----------------------------|---------|----------|--------------------------|---------------|----------|
| (US\$000s, except as noted) | 2015 | 2014 | % change | 2015 | 2014 | % change |
| Financial | | | | | | |
| Oil revenue | 85,707 | 170,531 | (50%) | 158,111 | 315,516 | (50%) |
| Net operating income | 41,503 | 106,019 | (61%) | 66,371 | 198,510 | (67%) |
| Net income (loss) | (10,462) | 27,196 | (138%) | (9,583) | 52,188 | (118%) |
| Basic (US\$/share) | (0.04) | 0.11 | (136%) | (0.04) | 0.20 | (120%) |
| Diluted (US\$/share) | (0.04) | 0.10 | (140%) | (0.04) | 0.20 | (120%) |
| Funds generated from operations | 50,230 | 93,713 | (46%) | 75,120 | 176,822 | (58%) |
| Basic (US\$/share) | 0.19 | 0.36 | (47%) | 0.29 | 0.69 | (58%) |
| Basic (CAD\$/share) | 0.24 | 0.40 | (40%) | 0.36 | 0.75 | (52%) |
| Capital expenditures | 37,567 | 71,501 | (47%) | 87,512 | 131,366 | (33%) |
| Operating | | | | | | |
| Average production (bopd) | 20,050 | 20,630 | (3%) | 19,909 | 20,272 | (2%) |
| Average sales (bopd) | 19,626 | 21,620 | (9%) | 19,953 | 20,036 | (0%) |
| Average Brent oil price (US\$/barrel) | 61.88 | 109.67 | (44%) | 57.84 | 108.93 | (47%) |
| Average realized price (US\$/barrel) | 47.99 | 86.68 | (45%) | 43.78 | 87.00 | (50%) |
| Netback (US\$/barrel) | 23.24 | 53.89 | (57%) | 18.38 | 54.74 | (66%) |
| Cash margin (US\$/barrel) | 29.52 | 53.89 | (45%) | 26.39 | 54.74 | (52%) |
| | June 30, 2015 | | | December 31, 2014 | June 30, 2014 | |
| Cash and restricted cash | 39,589 | | | 73,036 | 54,827 | |
| Working capital | 160,909 | | | 201,325 | 191,023 | |
| Total assets | 1,257,837 | | | 1,284,846 | 1,150,878 | |
| Long-term debt | 98,459 | | | 98,276 | 98,198 | |
| Shareholders' equity | 710,245 | | | 716,536 | 634,708 | |

Highlights for the period ended June 30, 2015 are:

Operational Highlights:

- Average oil production for the three months ended June 30, 2015 was 20,050 barrels of oil per day (bopd) compared to 19,767 bopd in the previous quarter and 20,630 bopd in the second quarter of 2014. For the six months ended June 30, 2015, average oil production was 19,909 bopd compared to 20,272 bopd for the same period in 2014.
- Oil sales for the second quarter of 2015 averaged 19,626 bopd compared to 20,283 bopd for the previous quarter and 21,620 bopd for the second quarter of 2014. Crude oil inventory at June 30, 2015 increased to 307,000 barrels compared to 270,000 barrels at March 31, 2015. For the six months ended June 30, 2015, oil sales were 19,953 bopd compared to 20,036 bopd for the same period in 2014.
- Capital expenditures during the second quarter of 2015 were \$38 million. The Company drilled 12 wells during the quarter, comprised of 10 horizontal production wells, one water disposal well and one suspended well at the Patos-Marinza oilfield. Capital expenditures were \$50 million for the previous quarter and \$72 million for the second quarter of 2014.

Product Margin Highlights:

- For the three months and six months ended June 30, 2015, operating costs and sales and transportation (S&T) costs, originating from Albanian-based companies and their employees, were \$32 million (\$17.86/bbl) and \$69 million (\$19.18/bbl), respectively, reduced from \$39 million (\$19.99/bbl) and \$70 million (\$19.27/bbl) for the same periods in 2014. Operating and S&T costs improved by 13%, on a per barrel basis, from the first quarter of 2015 to the second quarter of 2015.
- In the second quarter of 2015, net operating income (netback) was \$42 million (\$23.24/bbl) compared to \$25 million (\$13.62/bbl) for the previous quarter and \$106 million (\$53.89/bbl) for the second quarter of 2014. Net operating income for the six months ended June 30, 2015 was \$66 million (\$18.38/bbl) compared to \$199 million (\$54.74/bbl) for the same period in 2014.
- Cash margin for the second quarter of 2015 was \$29.52/bbl compared to \$23.32/bbl in the previous quarter and \$53.89/bbl in the second quarter of 2014. Cash margin represents netback inclusive of the realized gain on commodity contracts and recovery against an outstanding accounts receivable balance. Cash margin for the six months ended June 30, 2015 was \$26.39/bbl compared to \$54.74/bbl for the same period in 2014.

Financial Highlights:

- Revenue was \$86 million (\$47.99/bbl) for the second quarter of 2015, compared to \$72 million (\$39.66/bbl) in the previous quarter and \$171 million (\$86.68/bbl) in the second quarter of 2014. Field price realization represented 78% of the Brent oil benchmark price (\$61.88/bbl) for the second quarter of 2015 compared to 74% of the Brent oil benchmark price (\$53.94/bbl) in the previous quarter and 79% of the Brent oil benchmark price (\$109.67/bbl) in the second quarter of 2014. The increase, as a percentage of Brent, compared to the previous quarter was mainly due to higher export sales during the second quarter of 2015. For the six months ended June 30, 2015, revenue was \$158 million (\$43.78/bbl) compared to \$316 million (\$87.00/bbl) for the same period in 2014.
- Royalties to the Albanian Government and related entities during the second quarter of 2015 were \$12 million (14% of revenue) compared to \$10 million (14% of revenue) for the previous quarter and \$25 million (15% of revenue) for the second quarter of 2014. For the six months ended June 30, 2015, royalties were \$22 million (14% of revenue) compared to \$47 million (15% of revenue) for the same period in 2014.
- Funds generated from operations for the second quarter of 2015 were \$50 million (US\$0.19 per share, CAD\$0.24 per share) compared to \$25 million (US\$0.10 per share, CAD\$0.12 per share) for the previous quarter and \$94 million (US\$0.36 per share, CAD\$0.40 per share) for the second quarter of 2014. Funds generated from operations for the six months ended June 30, 2015 were \$75 million (US\$0.29 per share, CAD\$0.36 per share) compared to \$177 million (US\$0.69 per share, CAD\$0.75 per share) for the same period in 2014.
- The Company continues to maintain a strong financial position at June 30, 2015, with cash of \$40 million and working capital of \$161 million. At June 30, 2015, the Company had drawn \$114 million of its \$223 million approved credit facilities. Working capital for December 31, 2014 and June 30, 2014 was \$201 million and \$191 million, respectively.
- Bankers recognized realized gains of \$10 million (\$5.52/bbl) and \$24 million (\$6.64/bbl) on financial commodity contracts during the three and six months periods ended June 30, 2015, respectively. The financial commodity contracts represent 6,000 bopd at a floor price of \$80/bbl of Dated Brent for 2015. At June 30, 2015, the fair value of these contracts was \$21 million.

OUTLOOK

The Company continues to carry out its 2015 capital program as planned based on an annual average oil price of \$50/bbl of Dated Brent by managing spending to cash flow. Bankers' activities in the third quarter focus on its three part strategy to deliver reliable and repeatable low cost horizontal wells through the primary drilling program, to expand its product margin through surface-level improvements and to accelerate the enhanced oil recovery program.

The 2015 third quarter-to-date average production is 19,500 bopd from the Patos-Marinza and Kuçova oilfields in Albania, slightly lower than the second quarter average of 20,050 bopd. Twelve (12) horizontal production wells are scheduled for drilling in the third quarter in the main area of the Patos-Marinza oilfield.

Infrastructure and facilities projects in the third quarter include the final stages of construction of the northern emulsion gathering flow line system, and the inlet vessels at Satellite 3. When commissioned later in the third quarter, this will complete the main facilities for the northern area of the oilfield. The Company's second commercial polymer skid is expected to be commissioned within the quarter, supporting the southernmost patterns of the secondary recovery program. The vapor recovery units at Pad H and Pad D are planned to be completed by the end of the quarter with commissioning in the fourth quarter. These two projects will capture additional gas to be used to offset diesel, propane and electricity costs. In addition, the Company expects to begin

construction of the high-voltage power line for the water disposal system which will increase power reliability and support future expansion of the water disposal system.

The Company will continue to expand on the polymer and water flood program with one (1) water and five (5) polymer conversions in the third quarter.

The Company intends to issue the third quarter 2015 operational update and host a conference call on Wednesday, October 7, 2015.

Supporting Documents

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

BANKERS PETROLEUM LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

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

| | Three months ended June 30 | | Six months ended June 30 | |
|--|-------------------------------|------------|-----------------------------|------------|
| | 2015 | 2014 | 2015 | 2014 |
| Revenues | \$ 85,707 | \$ 170,531 | \$ 158,111 | \$ 315,516 |
| Royalties | (12,306) | (25,178) | (22,450) | (47,126) |
| | 73,401 | 145,353 | 135,661 | 268,390 |
| Realized gain on financial commodity contracts | 9,856 | - | 23,986 | - |
| Unrealized loss on financial commodity contracts | (20,798) | (2,307) | (22,837) | (2,772) |
| | 62,459 | 143,046 | 136,810 | 265,618 |
| Operating expenses | 22,132 | 24,808 | 45,627 | 44,978 |
| Sales and transportation expenses | 9,766 | 14,526 | 23,663 | 24,902 |
| General and administrative expenses | 5,188 | 6,097 | 9,840 | 11,969 |
| Contract settlement expenses | 40 | 347 | 395 | 519 |
| Depletion and depreciation | 30,830 | 27,983 | 60,949 | 54,676 |
| Share-based compensation | 721 | 999 | 1,903 | 2,467 |
| | 68,677 | 74,760 | 142,377 | 139,511 |
| | (6,218) | 68,286 | (5,567) | 126,107 |
| Net finance expense | (1,590) | (3,994) | (10,478) | (7,807) |
| Income (loss) before income tax | (7,808) | 64,292 | (16,045) | 118,300 |
| Deferred income tax recovery (expense) | (2,654) | (37,096) | 6,462 | (66,112) |
| Net income (loss) for the period | (10,462) | 27,196 | (9,583) | 52,188 |
| Other comprehensive income (loss) | | | | |
| Currency translation adjustment | 115 | 434 | (1,305) | 200 |
| Comprehensive income (loss) for the period | \$ (10,347) | \$ 27,630 | \$ (10,888) | \$ 52,388 |
| Basic earnings (loss) per share | \$ (0.040) | \$ 0.105 | \$ (0.037) | \$ 0.202 |
| Diluted earnings (loss) per share | \$ (0.040) | \$ 0.102 | \$ (0.037) | \$ 0.197 |

BANKERS PETROLEUM LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited, expressed in thousands of US dollars)

ASSETS

| | June 30 2015 | December 31 2014 |
|-----------------------------------|-----------------|---------------------|
| Current assets | | |
| Cash and cash equivalents | \$ 33,817 | \$ 68,036 |
| Restricted cash | 5,772 | 5,000 |
| Accounts receivable | 87,161 | 81,612 |
| Inventory | 6,132 | 10,008 |
| Deposits and prepaid expenses | 61,226 | 62,984 |
| Financial commodity contracts | 21,333 | 44,170 |
| | 215,441 | 271,810 |
| Non-current assets | | |
| Property, plant and equipment | 1,033,741 | 1,004,508 |
| Exploration and evaluation assets | 8,655 | 8,528 |
| | \$ 1,257,837 | \$ 1,284,846 |

LIABILITIES

Current liabilities

| | | |
|--|-----------|-----------|
| Accounts payable and accrued liabilities | \$ 42,465 | \$ 69,285 |
| Current portion of long-term debt | 12,067 | 1,200 |
| | 54,532 | 70,485 |

Non-current liabilities

| | | |
|----------------------------|---------|---------|
| Long-term debt | 98,459 | 98,276 |
| Decommissioning obligation | 27,661 | 26,147 |
| Deferred tax liabilities | 366,940 | 373,402 |
| | 547,592 | 568,310 |

SHAREHOLDERS' EQUITY

| | | |
|------------------------------|---------|---------|
| Share capital | 365,045 | 363,670 |
| Contributed surplus | 89,631 | 86,409 |
| Currency translation reserve | 3,105 | 4,410 |
| Retained earnings | 252,464 | 262,047 |
| | 710,245 | 716,536 |

\$ 1,257,837 \$ 1,284,846

BANKERS PETROLEUM LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, expressed in thousands of US dollars)

| | Three months ended June 30 | | Six months ended June 30 | |
|---|-------------------------------|-----------|-----------------------------|-----------|
| | 2015 | 2014 | 2015 | 2014 |
| Cash provided by (used in): | | | | |
| Operating activities | | | | |
| Net income (loss) for the period | \$ (10,462) | \$ 27,196 | \$ (9,583) | \$ 52,188 |
| Depletion and depreciation | 30,830 | 27,983 | 60,949 | 54,676 |
| Accretion of long-term debt | 250 | 598 | 500 | 1,049 |
| Accretion of decommissioning obligation | 321 | 272 | 636 | 546 |
| Unrealized foreign exchange loss | 5,118 | 109 | 4,340 | 64 |
| Deferred income tax (recovery) expense | 2,654 | 37,096 | (6,462) | 66,112 |
| Share-based compensation | 721 | 999 | 1,903 | 2,467 |
| Discount and revaluation of long-term receivable | - | - | - | (205) |
| Unrealized loss on financial commodity contracts | 20,798 | 2,307 | 22,837 | 2,772 |
| Cash premiums paid for financial commodity contracts | - | (2,847) | - | (2,847) |
| | 50,230 | 93,713 | 75,120 | 176,822 |
| Change in non-cash working capital | (26,856) | (33,979) | (19,017) | (36,738) |
| | 23,374 | 59,734 | 56,103 | 140,084 |
| Investing activities | | | | |
| Additions to property, plant and equipment | (37,567) | (71,250) | (87,385) | (131,098) |
| Additions to exploration and evaluation assets | - | (251) | (127) | (268) |
| Restricted cash | (181) | (5,000) | (772) | (2,891) |
| Change in non-cash working capital | (7,216) | 1,694 | (12,934) | 2,498 |
| | (44,964) | (74,807) | (101,218) | (131,759) |
| Financing activities | | | | |
| Issue of shares for cash | 511 | 9,212 | 722 | 13,060 |
| Financing costs | - | (2) | - | (435) |
| Change in long-term debt | 2,505 | (600) | 10,267 | (896) |
| | 3,016 | 8,610 | 10,989 | 11,729 |
| Foreign exchange gain (loss) on cash and cash equivalents | 140 | 118 | (93) | 176 |

| | | | | |
|--|-----------|-----------|-----------|-----------|
| Increase (decrease) in cash and cash equivalents | (18,434) | (6,345) | (34,219) | 20,230 |
| Cash and cash equivalents, beginning of period | 52,251 | 51,172 | 68,036 | 24,597 |
| Cash and cash equivalents, end of period | \$ 33,817 | \$ 44,827 | \$ 33,817 | \$ 44,827 |
| Interest paid | \$ 3,095 | \$ 3,358 | \$ 3,140 | \$ 3,431 |
| Interest received | \$ 55 | \$ 52 | \$ 151 | \$ 274 |

BANKERS PETROLEUM LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

| | Number of common shares | Share capital | Contributed surplus | Currency 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 | - | - | 4,587 | - | - | 4,587 |
| Options exercised | 4,613,648 | 20,312 | (8,377) | - | - | 11,935 |
| Warrants exercised | 400,000 | 1,561 | (438) | - | - | 1,123 |
| Net income for the period | - | - | - | - | 52,188 | 52,188 |
| Currency translation adjustment | - | - | - | 200 | - | 200 |
| Balance at June 30, 2014 | 260,695,559 | \$ 362,178 | \$ 80,583 | \$ 6,545 | \$ 185,402 | \$ 634,708 |
| Share-based compensation | - | - | 6,453 | - | - | 6,453 |
| Options exercised | 388,834 | 1,492 | (627) | - | - | 865 |
| Net income for the period | - | - | - | - | 76,645 | 76,645 |
| Currency translation adjustment | - | - | - | (2,135) | - | (2,135) |
| Balance at December 31, 2014 | 261,084,393 | \$ 363,670 | \$ 86,409 | \$ 4,410 | \$ 262,047 | \$ 716,536 |
| Share-based compensation | - | - | 3,875 | - | - | 3,875 |
| Options exercised | 339,935 | 1,375 | (653) | - | - | 722 |
| Net loss for the period | - | - | - | - | (9,583) | (9,583) |
| Currency translation adjustment | - | - | - | (1,305) | - | (1,305) |
| Balance at June 30, 2015 | 261,424,328 | \$ 365,045 | \$ 89,631 | \$ 3,105 | \$ 252,464 | \$ 710,245 |

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.

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.](#)

Contact

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