Fully Funded US$65 Million Capital Program

CALGARY, Dec. 15, 2015 /CNW/ - Bankers Petroleum Ltd. ("Bankers" or the "Company") (TSX: BNK, AIM: BNK) announces its 2016 capital program of US$65 million (all amounts referenced below are in US dollars unless otherwise noted). The capital program will be fully supported by funds generated from operations and cash resources. The budget has been approved by the Company's Board of Directors and will be submitted to the Albanian authorities for their approval.

The 2016 capital program prioritizes Management's strategy to maintain a strong balance sheet during the current period of low oil prices, maximizing activity to fit within cash flow. Bankers' activity will focus on maintaining the Enhanced Oil Recovery (EOR) program, drilling new horizontal wells in the second half of the year, and managing existing production.

David French, President and Chief Executive Officer commented, "We have put together a strategic and fully funded capital program that leverages our operational flexibility while prioritizing the strength of the Company's balance sheet. This plan will maintain balanced spending throughout the year, utilizing available cash flow to position the Company well at the end of 2016 and beyond."

CAPITAL PROGRAM FUNDING

The current 2016 capital budget and work program is based on an average annual Brent oil price assumption of $46.25 per barrel (/bbl): $42.50/bbl in the first half of the year, with some pricing improvement assumed for the second half average of $50.00/bbl. Bankers will maintain its strategy of balancing capital expenditures and cash flow. The Company expects to fully fund the 2016 capital program with funds generated from operations and cash resources.

2016 Sales Contracts

The Company has entered into agreement to receive an average cash realization equivalent to 74.5% of Dated Brent for the export market (FOB Vlore Port): 73% of Dated Brent in the first quarter during the winter season and 75% of Dated Brent for the remaining three quarters of the year. Additionally, Bankers is in discussion for domestic crude oil sales contracts for a portion of its volumes and expects to receive equivalent pricing to the export market after reducing transportation and export related fees.

ENHANCED OIL RECOVERY: POLYMER FLOOD EXPANSION

The Company continues to be encouraged by the production response and decline mitigation from the EOR program to-date. Bankers will allocate $14 million of the 2016 capital program to ensure the continued success of the polymer and water flood programs with plans to convert 16 existing production wells to injection wells throughout the year. The majority of the allocated capital will be spent on minor facilities and tie-ins; major facilities purchases were covered by the 2015 capital program.

FACILITIES, INFRASTRUCTURE, AND ASSOCIATED CAPITAL

A total of $25 million of the 2016 capital program will be allocated to facilities and infrastructure activities which include optimization of existing wells and some improvements aimed at lowering operating costs, improving treating capability and managing water handling needs. Projects include:

- well servicing and workovers;
- completion of flow-lining projects within the field;
- electrification of well-pads;
- installation and upgrade of facility inlet systems and overhead gas collection; and
- continuation of environmental remediation and social initiatives.

PRIMARY DEVELOPMENT

The 2016 capital program will allocate $26 million for primary drilling beginning in the third quarter of the year. Bankers plans to phase-in two drilling rigs in the second half of the year to drill 16 new horizontal production wells within the heart of the Patos-Marinza field, focused on pre-drilling future EOR locations. This activity is conditional upon a moderate recovery in commodity prices in the second half of 2016.

The Company has given notice to temporarily suspend the two drilling rigs that have been in use throughout 2015. These rigs will finish up activity by the end of 2015 and be racked in country available for resuming activity on short notice as oil prices recover.

NEW VENTURES: HUNGARY

As previously announced on November 25, Bankers was awarded the Püspökladány Block (Block "P") within the Pannonian Basin in north eastern Hungary in the third Hungarian bid round. The 2016 capital commitment on the block is minimal with a portion of the estimated $3.5 million to fund a 3D seismic shoot over 200 km^2, scheduled for late 2016.

The Company entered into a joint venture agreement through PanBridge Hungary Zrt., with Bankers holding an 85% interest, and TDE Services, a private Hungarian oil services, exploration and production company, holding the remaining 15% interest. Each party will fund their respective working interest share of the capital program with Bankers as the operator. Bankers will operate the license and fund its share of the work commitment, totaling â‚¬12.3 million of new investment into Hungary over a three and a half year contractual term.

OPERATIONAL FLEXIBILITY

Similar to the past several years, Bankers has worked hard to realize over $8/bbl of cost savings, and renegotiated contracts with service providers allowing flexibility to remain cost effective and well positioned for resumed activity.

Bankers is positioned to respond quickly when oil prices show signs of recovery and will prioritize its EOR program and primary drilling program by reinstating drilling rigs, infrastructure and facilities spending.

The Company has been diligently reviewing all aspects of its business including personnel and administrative contract costs. Executive management of Bankers has taken an approximate 10% rollback of their total compensation package. A company-wide salary freeze has been implemented and 5% rollback in total compensation for all the head office and expatriate staff.

FINANCIAL RESILIENCE

Bankers maintains a strong balance sheet with a cash position of $46 million at September 30, 2015. Management will continue to protect the financial position of the Company with the strategic view to maintain capital expenditures within 2016 cash flow, supplemented from cash resources. At September 30, 2015, Bankers had drawn $123 million from its $223 million credit facilities; no additional draws are anticipated to fund the 2016 capital budget and work program.

Financial Hedge

In the third and fourth quarters, Bankers began to build upon its 2016 hedging strategy by placing costless collar contracts with an average floor of $54.31/bbl and an average ceiling of $57.29/bbl on 4,000 bopd for 2016 (all prices are referenced to Dated Brent).

PRODUCTION GUIDANCE

Bankers anticipates 2016 average production levels to decline approximately 15% during the year. This assumes an improved corporate decline rate of approximately 20% as a result of support from the EOR program, which continued at a good pace in the second half of 2015. The production profile will improve towards the end of the year, with added support from the delayed drilling program and EOR conversions in 2016.

Q4 2015 OPERATIONAL UPDATE

Bankers intends to announce its Operational Update for the Fourth Quarter of 2015 and host a conference call on Tuesday, January 5, 2016.

UPDATED CORPORATE PRESENTATION

For additional information on this operational update, please see the Company's December 2015 corporate presentation at www.bankerspetroleum.com.

CONFERENCE CALL

Management of Bankers will host a conference call on December 15, 2015 at 6:30 am MST (8:30 am EST, 1:30 pm GMT) to discuss the 2016 Capital Budget. Following Management's presentation, there will be a question and answer session for analysts and investors.

To participate in the conference call, please contact the conference operator ten minutes prior to the call at 1-888-231-8191 or 1-647-427-7450. A live audio web cast of the conference call will also be available on Bankers website at www.bankerspetroleum.com or by entering the following URL into your web browser, http://event.on24.com/r.htm?e=1082152&s=1&k=0B3D79A6909AAAF141AABA13D1FD4B08.

The web cast will be archived two hours after the presentation on the website, and posted on the website for 90 days. A replay of the call will be available until December 29, 2015 by dialing 1-855-859-2056 or 1-416-849-0833 and entering access code 67410586.

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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