

## Cash Position of \$69 Million and Balanced 2015 Capital Program

CALGARY, March 10, 2016 /CNW/ - [Bankers Petroleum Ltd.](#) ("Bankers" or the "Company") (TSX: BNK, AIM: BNK) is pleased to provide its 2015 financial results. All amounts set out in this press release and listed in the tables below are in US dollars unless otherwise stated.

In 2015, Bankers prioritized the strength of its balance sheet by carrying out a \$144 million capital expenditure program fully-funded with 2015 funds generated from operations and maintaining cash and restricted cash of \$69 million.

### Results at a Glance

(\$000s, except as noted)	Year ended December 31		
	2015	2014	2013
Results at a Glance			
Financial			
Oil revenue	286,634	583,120	566,386
Net operating income	123,114	342,375	316,558
Net income (loss)	(3,614)	128,833	61,743
Basic (US\$/share)	(0.01)	0.50	0.24
Diluted (US\$/share)	(0.01)	0.49	0.24
Funds generated from operations	151,529	284,293	279,601
Adjusted funds generated from operations <sup>(1)</sup>	151,914	304,130	279,752
Basic (US\$/share)	0.58	1.17	1.10
Capital expenditures	144,013	291,325	234,243
Operating			
Average production (bopd)	19,385	20,690	18,169
Average sales (bopd)	19,545	20,679	18,173
Average Brent oil price (US\$/barrel)	52.39	98.95	108.66
Average realized price (US\$/barrel)	40.18	77.26	85.39
Netback (US\$/barrel)	17.25	45.36	47.73
Cash margin (US\$/barrel)	26.09	46.68	47.73
	As at December 31		
	2015	2014	2013
Cash and restricted cash	69,141	73,036	31,706
Working capital	159,868	201,325	134,094
Total assets	1,261,390	1,284,846	1,007,148
Long-term debt	98,628	98,276	98,150
Shareholders' equity	719,294	716,536	564,675

1. Represents funds generated from operations before non-recurring contract settlement expenses.

### Highlights

Bankers reached several key financial and operational achievements during 2015 as described below:

#### Operational Highlights:

- Average oil production was 19,385 barrels of oil per day (bopd) in 2015, 6% lower than the 2014 average production of 20,690 bopd. Average oil production for 2016 year-to-date is approximately 17,425 bopd.
- Oil sales averaged 19,545 bopd in 2015, a 5% decrease compared to 20,679 bopd in 2014. Crude oil inventory at December 31, 2015 decreased to 256,500 barrels from 315,500 barrels at December 31, 2014.
- Capital expenditures in 2015 were \$144 million, 51% lower compared to \$291 million in 2014. A total of 61 wells were drilled including 52 horizontal production wells, four lateral re-drills, two water disposal wells, one multi-lateral well, one suspended well in the Patos-Marinza field and one horizontal well drilled in the Kuçova oilfield. A total of 160 wells were drilled in 2014.
- The Company continued the Enhanced Oil Recovery (EOR) program in 2015 with monitoring and expansion of flood patterns. At the end of the year, 48 polymer flood and five water flood patterns were in place in the Patos-Marinza oilfield and continue to perform to model expectations. Reservoir pressure and production response are positive with good reservoir flood conformance. The Company continues to be strongly encouraged by the results to date and plans to move forward with 16 additional conversions in 2016.

#### Product Margin Highlights:

- Operating and Sales and Transportation (S&T) costs, primarily originating from Albanian-based companies and their employees, were \$123 million (\$17.31/bbl) for 2015 compared to \$155 million (\$20.51/bbl) for 2014, an improvement of 16% on a per barrel basis.
- Net operating income (netback) in 2015 was \$123 million (\$17.25/bbl) compared to \$342 million (\$45.36/bbl) in 2014.
- Cash margin for December 31, 2015 was \$26.09/bbl compared to \$46.68/bbl in 2014. Cash margin represents netback inclusive of the realized gain on commodity contracts and recovery against a legacy accounts receivable.

#### Financial Highlights:

- Revenue in 2015 was \$287 million (\$40.18/bbl) compared to \$583 million (\$77.26/bbl) in 2014. Field price realization represented 77% of the Brent oil benchmark price (\$52.39/bbl) as compared to 78% of the Brent price (\$98.95/bbl) in 2014. The reduction as a percentage of Brent compared to the previous year was mainly due to an increase in domestic sales during 2015.
- Royalties to the Albanian Government and related entities were \$40 million (14% of revenue) during 2015 compared to \$86 million (15% of revenue) for 2014.
- During 2015, adjusted funds generated from operations were \$152 million (\$0.58 per share) compared to \$304 million (\$1.17 per share) for 2014.
- The Company continues to maintain a strong financial position at December 31, 2015 with cash and restricted cash of \$69 million and working capital of \$161 million. At the end of 2015, the Company had drawn \$119 million from its credit facilities, as compared to \$104 million at the end of 2014. At December 31, 2014, cash and restricted cash was \$73 million and working capital was \$201 million.
- During 2015, the Company entered into three costless collar hedging contracts for 2016, representing 4,000 bopd at an average floor price of \$54.31/bbl and average ceiling price of \$57.29/bbl of Dated Brent. At December 31, 2015, the fair value of these contracts was \$20 million. The 2015 hedge program represented a gain of \$58 million, and comprised a good portion of funds generated from operations.
- Subsequent to December 31, 2015, the Company has signed a formal binding agreement with the Albanian National Agency for Natural Resources (AKBN) and the Minister of Energy and Industry to engage a third-party international auditor to assist in resolving the outstanding cost recovery audit.

#### Other Highlights in 2015:

- The Oil Initially in Place (OIIP) resource assessment in Albania at year-end 2015 was 5.8 billion barrels, compared to the 5.4 billion barrels of OIIP resource assessment at the end of 2014. Reserves on a proved basis were 126 million barrels compared to 125 million barrels at year-end 2014. On a proved plus probable basis, reserves were 202 million barrels compared to 203 million barrels at year-end 2014. The corresponding net present value (NPV) after tax (discounted at 10%) of the proved plus probable reserves was \$1.4 billion at year-end 2015 compared to \$1.8 billion at December 31, 2014, representing CAD\$7.49/share and CAD\$8.57/share, respectively.
- During 2015, the Company, through an open tender, acquired an 85% interest in the rights to explore the Püspökladány concession within the Pannonian Basin located in north eastern Hungary. The Company will operate the license and fund its share of the work commitment, estimated at approximately \$12.3 million, over the next three and a half years. The work commitment includes acquiring 200km<sup>2</sup> of 3D seismic and drilling of three exploration wells. Subsequent to the year end, this concession agreement was finalized with the government of Hungary, represented by the Minister of National Development.

#### Outlook

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 EOR program, managing existing production and drilling new horizontal wells in the second half of the year, if pricing allows. Base maintenance capital at

the Patos-Marinza oilfield would require capital expenditure of approximately \$24 million, additional activities included in the 2016 capital program are outlined as follows:

- Continuation of the EOR program with the additional 16 planned polymer conversions;
- 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;
- Drilling of 16 horizontal wells focused on continuing development in the core area of the Patos-Marinza oilfield in the second half of the year as pricing allows;
- Continued investment in environmental remediation and social initiatives as part of a sustained long-term effort to improve the physical environment, and to provide training programs and other community initiatives for the residents near the Company's operations.

The 2016 capital budget and work program is based on an average annual Brent oil price assumption of \$46.25/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. Additionally, commencing in the second half of 2015, Bankers began to build upon its 2016 hedging strategy by placing costless collar contracts with an average floor of \$52.09/bbl and an average ceiling of \$54.64/bbl on 5,000 bopd for 2016 (all prices are referenced to Dated Brent).

#### First Quarter Operational Update

Bankers intends to announce its first quarter 2016 Operational update on Tuesday, April 5, 2016.

#### Annual General Meeting

Bankers Petroleum will host its annual general meeting of shareholders of [Bankers Petroleum Ltd.](#) at The Metropolitan Centre, Strand/Tivoli Room, on Wednesday, May 18, 2016 at 3:00 pm MDT. The Metropolitan Centre is located at 333- 4th Avenue SW, Calgary, Alberta.

#### Supporting Documents

The full Management Discussion and Analysis (MD&A), Financial Statements and updated March 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 YEARS ENDED DECEMBER 31

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

	2015	2014
Revenues	\$ 286,634	\$ 583,120
Royalties	(40,070)	(85,966)
Revenues, net of royalties	246,564	497,154
Realized gain (loss) on financial commodity contracts	58,151	(1,188)
Unrealized gain (loss) on financial commodity contracts	(21,323)	45,226
Total operating revenues	283,392	541,192
Operating expenses	84,667	95,317
Sales and transportation expenses	38,783	59,462
General and administrative expenses		







Contract settlement expenses	385	19,837
Depletion and depreciation	119,534	116,458
Share-based compensation	4,213	5,721
Provision for bad debt expense	17,099	-
Total expenses	285,673	318,984
Operating income (loss)	(2,281)	222,208
Net finance expense	(17,375)	(6,182)
Income (loss) before income tax	(19,656)	216,026
Income tax (expense) recovery		
Current	(765)	-
Deferred	16,807	(87,193)
	16,042	(87,193)
Net income (loss) for the year	(3,614)	128,833
Other comprehensive loss		
Currency translation adjustment	(2,893)	(1,935)
Comprehensive income (loss) for the year	\$ (6,507)	\$ 126,898
Basic earnings (loss) per share	\$ (0.014)	\$ 0.497
Diluted earnings (loss) per share	\$ (0.014)	\$ 0.486

BANKERS PETROLEUM LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31

(Expressed in thousands of US dollars)

ASSETS

	2015	2014
Current assets		
Cash and cash equivalents	\$ 51,963	\$ 68,036
Restricted cash	17,178	5,000
Accounts receivable	56,592	81,612
Inventory	4,597	10,008
Deposits and prepaid expenses		







Financial commodity contracts	20,000	44,170
	217,844	271,810
Non-current assets		
Property, plant and equipment	1,034,791	1,004,508
Exploration and evaluation assets	8,755	8,528
	\$ 1,261,390	\$ 1,284,846

## LIABILITIES

### Current liabilities

Accounts payable and accrued liabilities	\$ 39,156	\$ 69,285
Income tax liability	765	-
Current portion of long-term debt	18,055	1,200
	57,976	70,485

### Non-current liabilities

Long-term debt	98,628	98,276
Decommissioning obligation	29,264	26,147
Deferred tax liabilities	356,228	373,402
	542,096	568,310

## SHAREHOLDERS' EQUITY

Share capital	365,045	363,670
Contributed surplus	94,299	86,409
Currency translation reserve	1,517	4,410
Retained earnings	258,433	262,047
	719,294	716,536
	\$ 1,261,390	\$ 1,284,846

## BANKERS PETROLEUM LTD.

### CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31

(Expressed in thousands of US dollars)

	2015	2014
Cash provided by (used in):		
Operating activities		
Net income (loss) for the year	\$(3,614)	\$ 128,833
Depletion and depreciation	119,534	116,458
Accretion of long-term debt		







Accretion of decommissioning obligation	1,308	1,139
Unrealized foreign exchange (gain) loss	3,900	(649)
Current income tax expense	765	-
Deferred income tax expense (recovery)	(16,807)	87,193
Share-based compensation	4,213	5,721
Discount and revaluation gain of long-term receivable	-	(12,316)
Provision for bad debt expense	17,099	-
Realized loss on financial commodity contracts	2,847	4,637
Unrealized (gain) loss on financial commodity contracts	21,323	(45,226)
Cash premiums paid for financial commodity contracts	-	(2,847)
	151,529	284,293
Change in long-term receivable	-	19,335
Change in non-cash working capital	(8,985)	2,767
	142,544	306,395
Investing activities		
Additions to property, plant and equipment	(143,786)	(289,616)
Additions to exploration and evaluation assets	(227)	(1,709)
Restricted cash	(12,178)	2,109
Change in non-cash working capital	(17,734)	15,064
	(173,925)	(274,152)
Financing activities		
Issue of shares for cash	722	13,923
Financing costs	-	(435)
Change in long-term debt	15,655	(1,496)
	16,377	11,992
Foreign exchange loss on cash and cash equivalents	(1,069)	(796)
Increase (decrease) in cash and cash equivalents	(16,073)	43,439
Cash and cash equivalents, beginning of year	68,036	24,597
Cash and cash equivalents, end of year	\$ 51,963	\$ 68,036
Interest paid	\$ 6,742	\$ 6,530
Interest received	\$ 256	\$ 409

## BANKERS PETROLEUM LTD.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(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	\$64,675
Share-based compensation	-	-	11,040	-	-	11,040
Options exercised	5,002,482	21,804	(9,004)	-	-	12,800
Warrants exercised	400,000	1,561	(438)	-	-	1,123
Net income for the year	-	-	-	-	128,833	128,833
Currency translation adjustment	-	-	-	(1,935)	-	(1,935)
Balance at December 31, 2014	261,084,393	\$ 363,670	\$ 86,409	\$ 4,410	\$ 262,047	\$16,536
Share-based compensation	-	-	8,543	-	-	8,543
Options exercised	339,935	1,375	(653)	-	-	722
RSUs exercised	133,056	-	-	-	-	-
Net income (loss) for the year	-	-	-	-	(3,614)	(3,614)
Currency translation adjustment	-	-	-	(2,893)	-	(2,893)
Balance at December 31, 2015	261,557,384	\$ 365,045	\$ 94,299	\$ 1,517	\$ 258,433	\$19,294

## 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 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.](#)

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