

CALGARY, May 5, 2015 /CNW/ - [Bankers Petroleum Ltd.](#) ("Bankers" or the "Company") (TSX: BNK, AIM: BNK) is pleased to provide its 2016 first quarter financial and operational results.

During the first quarter, Bankers achieved a cash margin of US\$6.91 per barrel. All amounts listed in this news release are in US dollars unless otherwise stated.

"The first quarter was challenging for the Company. We navigated the volatile and competitive heavy oil commodity markets and maintained firm footing as a business. At the same time, it was an exciting quarter, as the proposed acquisition by Geo-Jade Petroleum Corporation ("Geo-Jade") brings forth the opportunity for shareholders to crystallize value at a significant premium to the prevailing market valuation," commented President and Chief Executive Officer, David French. "Bankers has been working alongside Geo-Jade to complete the necessary steps to ensure a timely close of the proposed transaction. Our Management team and Board of Directors remain in full support of the transaction, and believe it to be in the best interest of shareholders."

Results at a Glance	Three Months Ended		
(\$000s, except as noted)	March 31, 2016	December 31, 2015	March 31, 2015

Financial

Oil revenue	33,091	56,880	72,404
Net operating income	3,448	23,235	24,868
Net income (loss)	(11,971)	(8,391)	879
Basic (US\$/share)	(0.05)	(0.04)	0.00
Diluted (US\$/share)	(0.05)	(0.04)	0.00
Funds generated from operations	1,447	34,326	24,890
Basic (US\$/share)	0.01	0.13	0.10
Capital expenditures	12,676	24,651	49,945

Operating

Average production (bopd)	17,363	18,137	19,767
Average sales (bopd)	17,280	18,558	20,283
Average Brent oil price (US\$/barrel)	33.94	43.76	53.94
Average realized price (US\$/barrel)	21.04	33.31	39.66
Netback (US\$/barrel)	2.19	13.60	13.62
Cash margin (US\$/barrel)	6.91	24.01	23.32

	March 31, 2016	December 31, 2015	March 31, 2015
Cash and restricted cash	52,996	69,141	57,842
Working capital	144,211	159,868	174,209
Total assets	1,238,380	1,261,390	1,264,256
Long-term debt	95,188	98,628	98,872
Shareholders' equity	708,318	719,294	718,552

Highlights

Bankers reached several key financial and operational achievements during the first quarter of 2016 as described below:

Arrangement Agreement:

- On March 20, 2016, [Bankers Petroleum Ltd.](#) entered into a definitive agreement with an affiliate of Geo-Jade Petroleum Corporation, for the purchase of all the issued and outstanding common shares of the Company at a cash price of C\$2.20 per common share of the Company. The transaction will be effected by way of a plan of arrangement under the Business Corporations Act. This transaction is subject to customary closing conditions, including receipt of court, shareholder and regulatory approvals required under the Investment Canada Act, the People's Republic of China and the Republic of Albania. The transaction is expected to close before June 30, 2016.
- Materials have now been distributed to all Bankers Shareholders for their vote at the Special Meeting to be held on May 31, 2016. All Directors and Officers of Bankers remain committed to this transaction and recommend voting in favor. The Circular and other documents are available at www.bankerspetroleum.com or www.sedar.com.

Operational Highlights:

- Average oil production for the three months ended March 31, 2016 was 17,363 barrels of oil per day (bopd) compared to 18,137 bopd in the previous quarter and 19,767 bopd in the first quarter of 2015.
- Oil sales averaged 17,280 bopd for the first quarter of 2016 compared to 18,558 bopd for the previous quarter and 20,283 bopd for the first quarter of 2015. Crude oil inventory at March 31, 2016 increased to 260,000 barrels compared to 256,500 barrels at December 31, 2015.
- During the first quarter of 2016, capital expenditures were \$13 million. The Company did not drill any wells during the quarter. Capital expenditures were \$25 million for the previous quarter and \$50 million for the first quarter of 2015.

Product Margin Highlights:

- For the three months ended March 31, 2016, operating and sales and transportation (S&T) costs, primarily originating from Albanian-based companies and their employees, were \$25 million (\$16.16/bbl) compared to \$26 million (\$15.40/bbl) for the previous quarter and \$37 million (\$20.48/bbl) for the first quarter of 2015.
- Net operating income (netback) in the first quarter of 2016 was \$3 million (\$2.19/bbl) compared to \$23 million (\$13.60/bbl) for the previous quarter and \$25 million (\$13.62/bbl) for the first quarter of 2015.
- Cash margin for the first quarter of 2016 was \$6.91/bbl compared to \$24.01/bbl in the previous quarter and \$23.32/bbl in the first quarter of 2015. Cash margin represents netback inclusive of the realized gain on commodity contracts.

Financial Highlights:

- For the first quarter of 2016, revenue was \$33 million (\$21.04/bbl) compared to \$57 million (\$33.31/bbl) in the previous quarter and \$72 million (\$39.66/bbl) in the first quarter of 2015. Field price realization represented 62% of the Brent oil benchmark price (\$33.94/bbl) for the first quarter of 2016 compared to 76% of the Brent oil benchmark price (\$43.76/bbl) in the previous quarter and 74% of the Brent oil benchmark price (\$53.94/bbl) in the first quarter of 2015. The reduction as a percentage of Brent compared to the previous quarter and first quarter of 2015 was due to competitive pricing differential pressure resulting from weakness in commodity prices.
- Royalties to the Albanian Government and related entities during the first quarter of 2016 were \$4 million (13% of revenue) compared to \$7 million (13% of revenue) for the previous quarter and \$10 million (14% of revenue) for the first quarter of 2015.
- Funds generated from operations were \$1 million (\$0.01 per share) for the first quarter of 2016 compared to \$34 million (\$0.13 per share) for the previous quarter and \$25 million (\$0.10 per share) for the first quarter of 2015.
- The Company continues to maintain a strong financial position at March 31, 2016 with cash and restricted cash of \$53 million and working capital of \$144 million. At March 31, 2016, the Company had drawn \$120 million of its approved credit facilities, as compared to \$119 million at the end of 2015. Working capital for December 31, 2015 and March 31, 2015 was \$160 million and \$174 million, respectively.
- At March 31, 2016, Bankers has hedged 5,000 bopd under costless collar contracts with an average floor of \$52.09/bbl and an average ceiling of \$54.64/bbl (all prices are referenced to Dated Brent) for the balance of 2016. In the first quarter of 2016 the hedge program generated proceeds of \$7.4 million. The remaining 2016 hedge program at March 31, 2016, is valued at \$16.2 million. These contracts are designed to protect Bankers against further volatility in oil prices in 2016. Subsequent to the end of March, the Company added another 1,000 bopd costless collar contract for the balance of 2016, thereby representing 6,000 bopd at an average floor of \$51.52/bbl and an average ceiling of \$53.78/bbl.
- During the quarter, the Company signed a formal binding agreement with the Albanian National Agency for Natural Resources (AKBN) and the Minister of Energy and Industry to engage third-party international experts to assist in resolving the outstanding cost recovery audit. The work by the independent auditor and consultant has commenced and is expected to be completed during the third quarter of 2016.

Outlook:

Production in the second quarter to date is 16,704 bopd, 3.5% lower than the first quarter average of 17,363 bopd. The Company is focused on optimization of current production levels and is monitoring the economic return of all wells in accordance with the current oil price environment.

Activity in the second quarter includes 2 to 4 additional well conversions to injection to expand the EOR program, completion of the

Pad D and Pad H vapor recovery units for gas conservation, completion of the Pad D inlet expansion and west emulsion gathering system to improve transportation costs and treating efficiency. The producing water and polymer patterns continue to perform well and Bankers continues to monitor production from the fifty-four (54) existing patterns.

In the second half of the year, Bankers' activity focuses on further expanding the EOR program with up to 12 additional injector conversions, managing existing production and drilling new horizontal wells as commodity price improvement allows.

Transaction Update:

Bankers and Geo-Jade continue to work together to complete the necessary steps to ensure a timely close of the previously announced corporate transaction ("Arrangement"). Bankers has filed its Management Information Circular (the "Circular") and related proxy materials on SEDAR and its website (www.bankerspetroleum.com), in advance of the Company's special meeting of shareholders to be held on May 31, 2016 (the "Special Meeting"). The purpose of the Special Meeting is to seek shareholder approval of the Arrangement with affiliates of Geo-Jade.

Benefits of the Arrangement include:

- Cash price of C\$2.20 per Bankers Share
- Bankers debt will be handled separately by the purchasing Company and will not affect the stated purchase price of \$2.20 per Bankers Share
- The Arrangement is an opportunity for shareholders to crystallize value representing a premium of 98% over Bankers' closing share price on the TSX of C\$1.11 on March 18, 2016, and 109% over the 30-trading day volume weighted average trading price of Bankers Shares of C\$1.05 per share ending on March 18, 2016
- The Arrangement has received the unanimous approval of the Board of Directors of Bankers and carries the full support of Bankers' Management team

Shareholder Voting:

Bankers' Board of Directors unanimously recommends that shareholders vote in favor of the Arrangement.

Shareholders who have questions regarding the Arrangement or require assistance with voting may contact the Proxy Solicitation Agent below:

Laurel Hill Advisory Group
Toll Free: 1-877-452-7184
International: +1 416-304-0211 outside Canada and the US
By Email: assistance@laurelhill.com

Special Meeting for Shareholders:

The Special Meeting will be held at The Metropolitan Centre (Strand/Tivoli Rm), 333 4th Avenue SW, Calgary, Alberta on Tuesday, May 31, 2016 at 3:00 p.m. (Calgary time).

Bankers will provide further information with respect to the timing of closing of the Arrangement and the delisting of the Bankers Shares from the TSX and AIM as updates become available.

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)

FOR THE THREE MONTHS ENDED MARCH 31

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

	2016	2015
Revenues	\$ 33,091	\$ 72,404
Royalties	(4,231)	(10,144)
Revenues, net of royalties	28,860	62,260
Realized gain on financial commodity contracts	7,423	14,130
Unrealized loss on financial commodity contracts	(3,800)	(2,039)
Total operating revenues	32,483	74,351
Operating expenses	17,717	23,495
Sales and transportation expenses	7,695	13,897
General and administrative expenses	7,141	4,652
Contract settlement expenses	-	355
Depletion and depreciation	26,658	30,119
Share-based compensation	252	1,182
Total expenses	59,463	73,700
Operating income (loss)	(26,980)	651
Net finance expense	(164)	(8,888)
Loss before income tax	(27,144)	(8,237)
Income tax (expense) recovery		
Current	(267)	-
Deferred	15,440	9,116
	15,173	9,116
Net income (loss) for the period	(11,971)	879
Other comprehensive income (loss)		
Currency translation adjustment	476	(1,420)
Comprehensive loss for the period	\$ (11,495)	\$ (541)
Basic earnings (loss) per share	\$ (0.046)	\$ 0.003
Diluted earnings (loss) per share	\$ (0.046)	\$ 0.003

BANKERS PETROLEUM LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited, expressed in thousands of US dollars)

ASSETS

March 31 2016 December 31, 2015

Current assets

Cash and cash equivalents	\$ 37,958	\$1,963
Restricted cash	15,038	17,178
Accounts receivable	53,752	56,592
Inventory	4,316	4,597
Deposits and prepaid expenses	81,219	67,514
Financial commodity contracts	16,200	20,000
	208,483	217,844

Non-current assets

Property, plant and equipment	1,019,130	1,034,791
Exploration and evaluation assets	10,767	8,755
	\$ 1,238,380	\$,261,390

LIABILITIES

Current liabilities

Accounts payable and accrued liabilities	\$ 40,604	\$9,156
Income tax liability	1,032	765
Current portion of long-term debt	22,636	18,055
	64,272	57,976

Non-current liabilities

Long-term debt	95,188	98,628
Decommissioning obligation	29,655	29,264
Deferred tax liabilities	340,947	356,228
	530,062	542,096

SHAREHOLDERS' EQUITY

Share capital	365,045	365,045
Contributed surplus	94,818	94,299
Currency translation reserve	1,993	1,517
Retained earnings	246,462	258,433
	708,318	719,294
	\$ 1,238,380	\$,261,390

BANKERS PETROLEUM LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31

(Unaudited, expressed in thousands of US dollars)

	2016	2015
Cash provided by (used in):		
Operating activities		
Net income (loss) for the period	\$(11,971)	\$ 879
Depletion and depreciation	26,658	30,119
Accretion of long-term debt	220	250
Accretion of decommissioning obligation	352	315
Unrealized foreign exchange gain	(2,691)	(778)
Current income tax expense	267	-
Deferred income tax recovery	(15,440)	(9,116)
Share-based compensation	252	1,182
Unrealized loss on financial commodity contracts	3,800	2,039
	1,447	24,890
Change in non-cash working capital	2,918	7,839
	4,365	32,729
Investing activities		
Additions to property, plant and equipment	(10,664)	(49,818)
Additions to exploration and evaluation assets	(2,012)	(127)
Restricted cash	2,140	(591)
Change in non-cash working capital	(9,237)	(5,718)
	(19,773)	(56,254)
Financing activities		
Issue of shares for cash	-	211
Change in long-term debt	1,081	7,762
	1,081	7,973
Foreign exchange gain (loss) on cash and cash equivalents	322	(233)
Decrease in cash and cash equivalents	(14,005)	(15,785)
Cash and cash equivalents, beginning of period	51,963	68,036
Cash and cash equivalents, end of period	\$ 37,958	\$ 52,251

Interest paid	\$ 222	\$ 45
Interest received	\$ 87	\$ 96

BANKERS PETROLEUM LTD.

CONSOLIDATED STATEMENT 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, 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
Share-based compensation	-	-	6,197	-	-	6,197
Options exercised	239,935	972	(461)	-	-	511
RSUs exercised	133,056	-	-	-	-	-
Net loss for the period	-	-	-	-	(4,493)	(4,493)
Currency translation adjustment	-	-	-	(1,473)	-	(1,473)
Balance at December 31, 2015	261,557,384	\$ 365,045	\$ 94,299	\$ 1,517	\$ 258,433	\$ 719,294
Share-based compensation	-	-	519	-	-	519
Net loss for the period	-	-	-	-	(11,971)	(11,971)
Currency translation adjustment	-	-	-	476	-	476
Balance at March 31, 2016	261,557,384	\$ 365,045	\$ 94,818	\$ 1,993	\$ 246,462	\$ 708,318

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.

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.](#)

Contact

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