

CALGARY, Aug. 11, 2016 /CNW/ - [Bankers Petroleum Ltd.](#) ("Bankers" or the "Company") (TSX: BNK, AIM: BNK) is pleased to provide its 2016 second quarter financial and operational results.

During the second quarter, Bankers achieved a cash margin of US\$11.03 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)	2016	2015	2016	2015
<b>Financial</b>				
Oil revenue	40,989	85,707	74,080	158,111
Net operating income	12,383	41,503	15,831	66,371
Net loss	(21,827)	(10,462)	(33,798)	(9,583)
Basic (US\$/share)	(0.08)	(0.04)	(0.13)	(0.04)
Diluted (US\$/share)	(0.08)	(0.04)	(0.13)	(0.04)
Funds generated from operations	5,387	50,230	6,834	75,120
Basic (US\$/share)	0.02	0.19	0.03	0.29
Capital expenditures	7,371	37,567	20,047	87,512
<b>Operating</b>				
Average production (bopd)	15,934	20,050	16,649	19,909
Average sales (bopd)	15,023	19,626	16,152	19,953
Average Brent oil price (US\$/barrel)	45.59	61.88	39.81	57.84
Average realized price (US\$/barrel)	29.98	47.99	25.20	43.78
Netback (US\$/barrel)	9.05	23.24	5.39	18.38
Cash margin (US\$/barrel)	11.03	29.52	8.84	26.39

	June 30, 2016	December 31, 2015	June 30, 2015
Cash and restricted cash	26,080	69,141	39,589
Working capital	83,885	159,868	160,909
Total assets	1,192,977	1,261,390	1,257,837
Long-term debt	94,826	98,628	98,459
Shareholders' equity	686,064	719,294	710,245

Highlights for the period ended June 30, 2016 are:

Arrangement Agreement:

On March 19, 2016, [Bankers Petroleum Ltd.](#) entered into a definitive agreement (the "Arrangement Agreement") with an affiliate of Geo-Jade Petroleum Corporation ("Geo-Jade"), for the purchase of all the issued and outstanding common shares of the Company ("Bankers Shares") at a cash price of C\$2.20 per Bankers Share. The transaction will be effected by the way of a plan arrangement under the Business Corporations Act (Alberta). All Directors and Officers of Bankers are committed to this transaction and have executed support agreements. At a May 31, 2016 Special Meeting, Bankers shareholders overwhelmingly approved the transaction, and subsequently, the Alberta Court of Queen's Bench provided its authorization. Additional regulatory approvals have been received pursuant to the Investment Canada Act, the People's Republic of China and the Republic of Albania. The transaction is expected to close before September 30, 2016 and remains subject to the regulatory approval of the Chinese State

Administration of Foreign Exchange ("SAFE"). Failure to receive the SAFE approval by September 30, 2016 would entitle Bankers to the US\$20 million reverse termination fee should Bankers terminate the Arrangement Agreement due to such failure. Following successful completion of the transaction, Bankers Shares will be delisted from the Toronto Stock Exchange ("TSX") and the AIM market of the London Stock Exchange.

#### Operational Highlights:

- Average oil production for the three months ended June 30, 2016 was 15,934 barrels of oil per day ("bopd") compared to 17,363 bopd in the previous quarter and 20,050 bopd in the second quarter of 2015. For the six months ended June 30, 2016, average oil production was 16,649 bopd compared to 19,909 bopd for the same period in 2015.
- Oil sales for the second quarter of 2016 averaged 15,023 bopd compared to 17,280 bopd for the previous quarter and 19,626 bopd for the second quarter of 2015. Crude oil inventory at June 30, 2016 increased to 350,000 barrels compared to 260,000 barrels at March 31, 2016. For the six months ended June 30, 2016, oil sales were 16,152 bopd compared to 19,953 bopd for the same period in 2015.
- Capital expenditures during the second quarter of 2016 were \$7 million. The Company did not drill any wells during the quarter. Capital expenditures were \$13 million for the previous quarter and \$38 million for the second quarter of 2015.

#### Product Margin Highlights:

- For the three months and six months ended June 30, 2016, operating costs and sales and transportation ("S&T") costs, originating from Albanian-based companies and their employees, were \$23 million (\$16.58/bbl) and \$48 million (\$16.35/bbl), respectively, reduced from \$32 million (\$17.86/bbl) and \$69 million (\$19.18/bbl) for the same periods in 2015.
- In the second quarter of 2016, net operating income (netback) was \$12 million (\$9.05/bbl) compared to \$3 million (\$2.19/bbl) for the previous quarter and \$42 million (\$23.24/bbl) for the second quarter of 2015. Net operating income for the six months ended June 30, 2016 was \$16 million (\$5.39/bbl) compared to \$66 million (\$18.38/bbl) for the same period in 2015.
- Cash margin for the second quarter of 2016 was \$11.03/bbl compared to \$6.91/bbl in the previous quarter and \$29.52/bbl in the second quarter of 2015. Cash margin represents netback inclusive of the realized gain on commodity contracts. Cash margin for the six months ended June 30, 2016 was \$8.84/bbl compared to \$26.39/bbl for the same period in 2015.

#### Financial Highlights:

- Revenue was \$41 million (\$29.98/bbl) for the second quarter of 2016, compared to \$33 million (\$21.04/bbl) in the previous quarter and \$86 million (\$47.99/bbl) in the second quarter of 2015. Field price realization represented 66% of the Brent oil benchmark price (\$45.59/bbl) for the second quarter of 2016 compared to 62% of the Brent oil benchmark price (\$33.94/bbl) in the previous quarter and 78% of the Brent oil benchmark price (\$61.88/bbl) in the second quarter of 2015. The increase, as a percentage of Brent, compared to the previous quarter was mainly due to improvements in world commodity prices, therefore reducing the pressure of competitive pricing differential during the second quarter of 2016. For the six months ended June 30, 2016, revenue was \$74 million (\$25.20/bbl) compared to \$158 million (\$43.78/bbl) for the same period in 2015.
- Royalties to the Albanian Government and related entities during the second quarter of 2016 were \$6 million (14% of revenue) compared to \$4 million (13% of revenue) for the previous quarter and \$12 million (14% of revenue) for the second quarter of 2015. For the six months ended June 30, 2016, royalties were \$10 million (14% of revenue) compared to \$22 million (14% of revenue) for the same period in 2015.
- Funds generated from operations for the second quarter of 2016 were \$5 million (\$0.02 per share) compared to \$1 million (\$0.01 per share) for the previous quarter and \$50 million (\$0.19 per share) for the second quarter of 2015. Funds generated from operations for the six months ended June 30, 2016 were \$7 million (\$0.03 per share) compared to \$75 million (\$0.29 per share) for the same period in 2015.
- The Company continues to maintain a stable financial position at June 30, 2016, with cash and restricted cash of \$26 million and working capital of \$84 million. At June 30, 2016, the Company had drawn \$109 million of its approved credit facilities. Working capital for December 31, 2015 and June 30, 2015 was \$160 million and \$161 million, respectively.
- At June 30, 2016, Bankers hedged 6,000 bopd under costless collar contracts with an average floor of \$50.84/bbl (all prices are referenced to Dated Brent) and an average ceiling of \$52.90/bbl for the balance of 2016. In the second quarter of 2016, the hedge program generated proceeds of \$2 million compared to \$7 million in the first quarter of 2016. The 2016 hedge program at June 30, 2016, is valued at \$2 million. These contracts are designed to protect Bankers against further volatility in the oil prices in 2016.

#### Outlook:

Production in the third quarter of 2016 to date is 15,358 bopd, 3% lower than the second quarter average of 15,934 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.

In the third quarter, Bankers' infrastructure and facilities projects include commissioning the inlet system and vapor recovery unit at satellite facility Pad D, vapor recovery unit at Pad H and the west emulsion gathering system. In addition, the Company is focusing on design and implementation of a sour oil treating project aimed at sweetening sour production from various reservoir zones throughout the field.

Bankers continues to prioritize its polymer and water flood development, with an additional seven (7) well conversions planned throughout the remainder of 2016 to bring the total for the year to sixteen (16) conversions. The producing water and polymer

patterns are performing well and Bankers is continuing to monitor production from the fifty-eight (58) polymer and four (4) water flood patterns implemented to date.

Due to continued pressure on oil prices, Bankers anticipates receiving average cash realizations equivalent to 67 to 68% of Dated Brent for the export market for the remainder of 2016. Additionally, Bankers is in discussion for potential domestic crude oil sales contracts for a portion of its volumes and expects to receive equivalent pricing to the export market after accounting for reduced transportation and export related fees.

Supporting Documents:

The full Management Discussion and Analysis ("MD&A"), Financial Statements and updated corporate presentation are available on our website, [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.

## CONDENSED 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	
	2016	2015	2016	2015
Revenues	\$ 40,989	\$ 85,707	\$ 74,080	\$ 158,111
Royalties	(5,943)	(12,306)	(10,174)	(22,450)
Revenue, net of royalties	35,046	73,401	63,906	135,661
Realized gain on financial commodity contracts	2,713	9,856	10,136	23,986
Unrealized loss on financial commodity contracts	(14,031)	(20,798)	(17,831)	(22,837)
Total operating revenues	23,728	62,459	56,211	136,810
Operating expenses	16,748	22,132	34,465	45,627
Sales and transportation expenses	5,915	9,766	13,610	23,663
General and administrative expenses	7,514	5,188	14,655	9,840
Contract settlement expenses	-	40	-	395
Depletion and depreciation	24,640	30,830	51,298	60,949
Share-based compensation	169	721	421	1,903
Total expenses	54,986	68,677	114,449	142,377
Operating loss	(31,258)	(6,218)	(58,238)	(5,567)
Net finance expense	(4,174)	(1,590)	(4,338)	(10,478)
Loss before income tax	(35,432)	(7,808)	(62,576)	(16,045)
Income tax recovery (expense)				
Current	1,032	-	765	-
Deferred	12,573	(2,654)	28,013	6,462
	13,605	(2,654)	28,778	6,462
Net loss for the period	(21,827)	(10,462)	(33,798)	(9,583)
Other comprehensive income (loss)				
Currency translation adjustment	(787)	115	(311)	(1,305)
Comprehensive loss for the period	\$ (22,614)	\$ (10,347)	\$ (34,109)	\$ (10,888)
Basic loss per share	\$ (0.083)	\$ (0.040)	\$ (0.129)	\$ (0.037)
Diluted loss per share	\$ (0.083)	\$ (0.040)	\$ (0.129)	\$ (0.037)



BANKERS PETROLEUM LTD.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited, expressed in thousands of US dollars)

ASSETS

	June 30	December 31
	2016	2015
Current assets		
Cash and cash equivalents	\$ 20,018	\$ 51,963
Restricted cash	6,062	17,178
Accounts receivable	45,578	56,592
Income tax receivable	580	-
Inventory	6,082	4,597
Deposits and prepaid expenses	57,063	67,514
Financial commodity contracts	2,169	20,000
	137,552	217,844
Non-current assets		
Long-term deposits	42,593	-
Property, plant and equipment	1,001,731	1,034,791
Exploration and evaluation assets	11,101	8,755
	\$ 1,192,977	\$ 1,261,390

LIABILITIES

Current liabilities		
Accounts payable and accrued liabilities	\$ 42,134	\$ 39,156
Income tax liability	-	765
Current portion of long-term debt	11,533	18,055
	53,667	57,976
Non-current liabilities		
Long-term debt	94,826	98,628
Decommissioning obligation	30,025	29,264
Deferred tax liabilities	328,395	356,228
	506,913	542,096

SHAREHOLDERS' EQUITY



Share capital	365,045	365,045
Contributed surplus	95,178	94,299
Currency translation reserve	1,206	1,517
Retained earnings	224,635	258,433
	686,064	719,294
	\$ 1,192,977	\$ 1,261,390

BANKERS PETROLEUM LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, expressed in thousands of US dollars)

	Three months ended		Six months ended	
	June 30		June 30	
	2016	2015	2016	2015
Cash provided by (used in):				
Operating activities				
Net loss for the period	\$ (21,827)	\$ (10,462)	\$ (33,798)	\$ (9,583)
Depletion and depreciation	24,640	30,830	51,298	60,949
Accretion of long-term debt	233	250	453	500
Accretion of decommissioning obligation	357	321	709	636
Unrealized foreign exchange (gain) loss	1,389	5,118	(1,302)	4,340
Current income tax recovery	(1,032)	-	(765)	-
Deferred income tax (recovery) expense	(12,573)	2,654	(28,013)	(6,462)
Share-based compensation	169	721	421	1,903
Unrealized loss on financial commodity contracts	14,031	20,798	17,831	22,837
	5,387	50,230	6,834	75,120
Change in long-term deposits	(42,593)	-	(42,593)	-
Change in non-cash working capital	27,892	(26,856)	30,810	(19,017)
	(9,314)	23,374	(4,949)	56,103
Investing activities				
Additions to property, plant and equipment	(7,037)	(37,567)	(17,701)	(87,385)
Additions to exploration and evaluation assets	(334)	-	(2,346)	(127)
Restricted cash	8,976	(181)	11,116	(772)
Change in non-cash working capital	1,735	(7,216)	(7,502)	(12,934)
	3,340			









Financing activities

Issue of shares for cash	-	511	-	722
Change in long-term debt	(11,703)	2,505	(10,622)	10,267
	(11,703)	3,016	(10,622)	10,989
Foreign exchange gain (loss) on cash and cash equivalents	(263)	140	59	(93)
Decrease in cash and cash equivalents	(17,940)	(18,434)	(31,945)	(34,219)
Cash and cash equivalents, beginning of period	37,958	52,251	51,963	68,036
Cash and cash equivalents, end of period	\$ 20,018	\$ 33,817	\$ 20,018	\$ 33,817
Interest paid	\$ 3,495	\$ 3,095	\$ 3,717	\$ 3,140
Interest received	\$ 158	\$ 55	\$ 244	\$ 151

## BANKERS PETROLEUM LTD.

## CONDENSED 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	Currency translation reserve	Retained earnings	Total	
		surplus			earnings	
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
Share-based compensation	-	-	4,668	-	-	4,668
RSUs exercised	133,056	-	-	-	-	-
Net income for the period	-	-	-	-	5,969	5,969
Currency translation adjustment	-	-	-	(1,588)	-	(1,588)
Balance at December 31, 2015	261,557,384	\$ 365,045	\$ 94,299	\$ 1,517	\$ 258,433	\$ 719,294
Share-based compensation	-	-	879	-	-	879
Net loss for the period	-	-	-	-	(33,798)	(33,798)
Currency translation adjustment	-	-	-	(311)	-	(311)
Balance at June 30, 2016	261,557,384	\$ 365,045	\$ 95,178	\$ 1,206	\$ 224,635	\$ 686,064

The information communicated in this announcement is inside information for the purposes of Article 7 of Market Abuse Regulation 596/2014 ("MAR").

## Caution Regarding Forward-looking Information

Certain information set forth in this press release, including information and statements which may contain words such as "could", "plans", "intends", "should", "anticipate", "expects", "will", "propose", "opportunity", "future", "continue", and similar expressions and statements relating to matters that are not historical facts, contain forward-looking statements, including but not limited to statements regarding: the proposed transaction and the anticipated timing of closing, the timing of receipt of required regulatory approvals and the delisting of the Bankers Shares following completion of the transaction. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Bankers' control. Completion of the Arrangement is subject to a number of conditions, including receipt of the approvals required by the People's Republic of China, and other conditions which are typical for transactions of this nature. Failure to satisfy any of these conditions or the emergence of a superior proposal may result in the termination of the Arrangement Agreement. The foregoing list is not exhaustive. Additional information on these and other risks that could affect completion of the Arrangement is set forth in the Management Information Circular of the Company dated April 19, 2016, which is available on SEDAR at [www.sedar.com](http://www.sedar.com). Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The actual results, performance or achievement of Bankers could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Bankers will derive therefrom.

Bankers disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

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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