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For Immediate Release

BNK PETROLEUM INC. ANNOUNCES 2ND QUARTER 2016 RESULTS

CAMARILLO CALIFORNIA, August 11, 2016 -
All amounts are in U.S. Dollars unless otherwise indicated:

SECOND QUARTER HIGHLIGHTS:

- Operating cash flow from continuing operations was $1.6 million for the second quarter of 2016 compared to $1.9 million in the second quarter of 2015
- General & administrative expenses decreased by 29% compared to the prior year quarter as the Company continues its cost cutting efforts initiated in 2015
- Revenue, net of royalties was $2.4 million for second quarter of 2016 compared to $4.0 million in the second quarter of 2015 due to lower prices and production in 2016
- Average production for the second quarter of 2016 was 1,149 BOEPD, a decrease of 23% compared to second quarter 2015 production of 1,490 BOEPD due to the completion of the Nickel Hill 36-3H well and the remaining portion of the Emery 17-1H well during the second quarter and a prior period adjustment which decreased second quarter 2016 production
- Average netbacks were $17.90 per BOE for the quarter, a decrease of 28% compared to the second quarter of 2015 due to lower prices in the second quarter of 2016. If the realized gains from the commodity contracts are included, the average netbacks for the second quarter of 2016 increase to $27.16 per BOE
- Cash and working capital totaled $2.4 million and $5.3 million respectively at June 30, 2016
- In April 2016, the Company made a $1.8 million paydown on its existing credit facility. In July 2016, the Company made an additional $1.4 million paydown reducing the outstanding balance to $21.2 million at July 31, 2016, with $3.2 million available to borrow
- Net loss for the second quarter 2016 was $5.3 million compared to net loss of $3.7 million in the second quarter of 2015. The second quarter 2016 included an unrealized loss on financial commodity contracts of $4.7 million as the average price of oil increased 40% from first quarter 2016 to the second quarter 2016.

BNK's President and Chief Executive Officer, Wolf Regener commented:

"Due to the success of our continued cost cutting efforts and the positive impact of our hedging program, the Company generated $1.6 million of positive operating cash flow during the quarter. Our global cost cutting efforts led to a decrease in general and administrative expense of 29% during the second quarter of 2016 compared to the prior year second quarter. I am very pleased to be able to say that we generated this positive cash flow even though the industry is still in this prolonged oil price downcycle.

"The Company's hedging program enabled us to realize higher prices than current market levels for a significant portion of our production. The Company's commodity contract hedges generated $1.0

million in realized gains during the second quarter of 2016 as we had over 75% of our oil production hedged at $65.24. Going forward, we have a comparable percentage of oil hedged at $64.88 for the remainder of 2016 and $61.93 for 2017 based on our forecasted existing production.

“In July, the Company made a $1.4 million paydown of its existing credit facility to reduce the outstanding balance to $21.2 million. The Company has now paid down $3.2 million on the credit facility during the year to reduce its ongoing interest payments. The $3.2 million remains available to borrow under the credit facility.

“The Company is exploring options to accelerate its field development over what can be done using its existing borrowing capacity and current cash flow.

“Our second quarter production decreased to 1,149 BOEPD, a decrease of 23% compared to the prior year second quarter, due to the initial production volumes from the fracture stimulation of the previously drilled Nickel Hill 36-3H well and the remaining stages in the Emery 17-1H well during the second quarter of last year. In addition, a prior period adjustment decreased our second quarter 2016 production.

“Average netbacks for the second quarter 2016 were $17.90, a decrease of 28% compared to the prior year second quarter due to the 23% average price decrease. If we include the impact of the realized gains from the commodity contracts, our average netbacks for the second quarter would be $27.16, which is a decrease of 9% compared to the 2015 second quarter.

“In the second quarter of 2016, the Company generated a net loss of $5.3 million compared to net loss of $3.7 million in the second quarter of 2015. The 2016 net loss included unrealized losses on commodity contracts of $4.7 million as the Company had to mark its commodity contracts to market as oil prices increased throughout the second quarter before falling down to their current levels subsequent to quarter-end.”

	Second Quarter			First Six Months		
	2016	2015	%	2016	2015	%
Net Loss:						
$ Thousands	$(5,310)	$(3,658)	(45%)	$(6,560)	$(4,418)	(48%)
$ per common share assuming dilution	$(0.03)	$(0.02)	(50%)	$(0.04)	$(0.03)	(33%)
Capital Expenditures	$406	$4,248	(90%)	$537	$8,566	(94%)
Average Production (Boepd)	1,149	1,490	(23%)	1,250	1,369	(9%)
Average Price per Barrel	$30.19	$39.35	(23%)	$25.61	$38.15	(33%)
Average Netback per Barrel	$17.90	$24.88	(28%)	$14.88	$24.21	(39%)
Average Price per Barrel including Commodity Contracts	$39.45	$44.31	(11%)	$37.22	$44.38	(16%)
Average Netback per Barrel including Commodity Contracts	$27.16	$29.84	(9%)	$26.49	$30.44	(13%)

	June 2016	March 2016	December 2015
Cash and Cash Equivalents	$2,442	$2,885	$1,666
Working Capital	$5,278	$7,950	$7,298

Second Quarter 2016 versus Second Quarter 2015

Oil and gas gross revenues totaled $3,157,000 in the second quarter 2016 versus $5,335,000 in the second quarter of 2015. Oil revenues were $2,592,000 in the quarter versus $4,519,000 in the second quarter of 2015, a decrease of 43% as average oil prices decreased 22% or $11.94 a barrel for the quarter while production decreased by 26%. Natural gas revenues decreased $184,000 or 52%, as natural gas production decreased 28% in addition to a 33% decrease in average natural gas prices compared to the second quarter of 2015. Natural Gas Liquid (NGL) revenue decreased $67,000 or 15% to $394,000 as average production decreased 8% in addition to an average NGL price decrease of 8%.

Production and operating expenses decreased $101,000 between quarters. These costs declined from the prior year quarter due to cost cutting efforts and a decrease in production.

Depletion and depreciation expense decreased $755,000 between quarters due to decreased production.

General and administrative expenses decreased $441,000 between quarters due to the Company's continued global cost cutting efforts which reduced employee salary and benefit costs, legal, accounting and consulting fees and travel costs.

Finance income increased $262,000 due to realized gains on financial commodity contracts in 2016. Finance expense increased $1,727,000 primarily due to 2016 unrealized loss on financial commodity contracts of $4,728,000 and interest expense of $499,000.

FIRST SIX MONTHS 2016 HIGHLIGHTS

- Operating cash flow from continuing operations was $3.1 million for the first six months of 2016 compared to $3.8 million in the first six months of 2015 due mainly to lower prices
- General & administrative expenses decreased by 30% and operating expenses on a per barrel basis decreased by 1% for the first six months of 2016 compared to the first six months of 2015 due to the Company's continued global cost cutting efforts
- Revenue, net of royalties was $4.5 million for first six months of 2016 compared to $7.2 million for the first six months of 2015, a decrease of 38%, due to lower prices and production in 2016
- Average production was 1,250 BOEPD for the first six months, a decrease of 9% compared to the prior year six months production of 1,369 BOEPD due to the initial production volumes from the completion of the Nickel Hill 36-3H well and the remaining portion of the Emery 17-1H well during the second quarter of 2015
- Average netbacks were $14.88 per BOE for the first six months of 2016, a decrease of 39% compared to the first six months of 2015 due to lower prices in 2016. If the realized gains from the commodity contracts are included, the average netbacks for the first six months of 2016 increase by more than $11/barrel to $26.49 per BOE
- In April 2016, the Company made a $1.8 million paydown on its existing credit facility. In July 2016, the Company made an additional $1.4 million paydown reducing the outstanding balance to $21.2 million at July 31, 2016, with $3.2 million available to borrow
- Net loss for the first six months of 2016 was $6.6 million compared to net loss of $4.4 million for the first six months of 2015. The 2016 amount included an unrealized mark to market loss on financial commodity contracts of $5.5 million as the average price of oil has increased from the 2015 yearend.

<u>First Six Months of 2016 versus First Six Months of 2015</u>

Gross oil and gas revenues totaled $5,826,000 in the first six months of 2016 versus $9,451,000 in the first six months of 2015. Oil revenues were $4,639,000 in the first six months versus $8,119,000 in the same period of 2015, a decrease of 43% as average oil prices decreased 28% or $14.35 a barrel in addition to a decrease in oil production of 20%. Natural gas revenues decreased $259,000 or 36%, due to an average natural gas price decrease of 32% in the first six months of 2016 in addition to a decrease in natural gas production of 5%. NGL revenue increased $113,000, or 19%, due to an increase in NGL production of 34%, partially offset by an average NGL price decrease of 12% in the first six months of 2016.

Production and operating expenses decreased 10% for the first six months of 2016 due to cost cutting efforts and a decrease in production.

Depletion and depreciation expense decreased $895,000 due to decreased production.

General and administrative expenses decreased $1,078,000 primarily due to the Company's global cost cutting efforts which reduced employee salary and benefit costs, legal, accounting and consulting fees and travel costs.

Finance income increased $1,094,000 due to higher realized gains on financial commodity contracts in 2016. Finance expense increased $3,546,000 primarily due to 2016 unrealized loss on financial commodity contracts of $5,520,000 and interest expense of $1,026,000.

BNK PETROLEUM INC.

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(Unaudited, expressed in Thousands of United States dollars, except per share amounts)

	Second Quarter		First Six Months	
	2016	2015	2016	2015
Oil and natural gas revenue, net	$ 2,443	4,044	4,507	7,235
Other income	11	5	17	8
	2,454	4,049	4,524	7,243
Exploration and evaluation expenditures	-	12	-	44
Production and operating expenses	571	672	1,123	1,244
Depletion and depreciation expense	1,424	2,179	3,095	3,990
General and administrative expenses	1,077	1,518	2,485	3,563
Stock based compensation	326	178	368	358
	3,398	4,559	7,071	9,199
Finance income	972	710	2,652	1,558
Finance expense	(5,232)	(3,505)	(6,556)	(3,010)
Net loss and comprehensive loss from continuing operations	$ (5,204)	(3,305)	(6,451)	(3,408)
Net loss and comprehensive loss from discontinued operations	(106)	(353)	(109)	(1,010)
Net loss	(5,310)	(3,658)	(6,560)	(4,418)
Net loss per share	$ (0.03)	(0.02)	(0.04)	(0.03)

BNK PETROLEUM INC.
SECOND QUARTER 2016
($000 except as noted)

		Second Quarter		First Six Months	
		2016	2015	2016	2015
Oil revenue before royalties	$	2,592	4,519	4,639	8,119
Gas revenue before royalties		171	355	470	729
NGL revenue before royalties		394	461	717	604
Oil and Gas revenue		3,157	5,335	5,826	9,452
Cash flow from continuing operations		1,587	1,914	3,111	3,830
Additions to property, plant & equipment		(406)	(4,084)	(537)	(8,397)

Statistics:

	2nd Quarter		First Six Months	
	2016	2015	2016	2015
Average Oil production (Bopd)	672	914	708	890
Average natural gas production (mcf/d)	1,181	1,637	1,441	1,518
Average NGL production (Boepd)	280	303	302	226
Average production (Boepd)	1,149	1,490	1,250	1,369
Average oil price ($/bbl)	$42.41	$54.35	$36.02	$50.37
Average natural gas price ($/mcf)	$1.59	$2.38	$1.79	$2.65
Average NGL price ($/bbl)	$15.45	$16.72	$13.04	$14.75
Average price per barrel	$30.19	$39.35	$25.61	$38.15
Royalties per barrel	6.83	9.51	5.79	8.94
Operating expenses per barrel	5.46	4.96	4.94	5.00
Netback per barrel	$17.90	$24.88	$14.88	$24.21
Average price per barrel including commodity contracts	$39.45	$44.31	$37.22	$44.38
Royalties per barrel	6.83	9.51	5.79	8.94
Operating expenses per barrel	5.46	4.96	4.94	5.00
Netback per barrel including commodity contracts	$27.16	$29.84	$26.49	$30.44

The information outlined above is extracted from and should be read in conjunction with the Company's unaudited financial statements for the three months ended June 30, 2016 and the related management's discussion and analysis thereof, copies of which are available under the Company's profile at www.sedar.com.

NON-GAAP MEASURES

Netback per barrel, net operating income and funds from operations (collectively, the "Company's Non-GAAP Measures") are not measures recognized under Canadian generally accepted accounting principles ("GAAP") and do not have any standardized meanings prescribed by GAAP.

The Company's Non-GAAP Measures are described and reconciled to GAAP measures in the management's discussion and analysis which are available under the Company's profile at www.sedar.com.

CAUTIONARY STATEMENTS

In this news release and the Company's other public disclosure:

(a) The Company's natural gas production is reported in thousands of cubic feet ("**Mcfs**"). The Company also uses references to barrels ("**Bbls**") and barrels of oil equivalent ("**Boes**") to reflect natural gas liquids and oil production and sales. Boes may be misleading, particularly if used in isolation. A Boe conversion ratio of 6 Mcf:1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

(b) Discounted and undiscounted net present value of future net revenues attributable to reserves do not represent fair market value.

(c) Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

(d) The Company discloses short-term production rates. Readers are cautioned that such production rates are preliminary in nature and are not necessarily indicative of long-term performance or of ultimate recovery.

Caution Regarding Forward-Looking Information

This release contains forward-looking information including information regarding the Company's commodity contract hedges, anticipated results from the Company's cost reduction measures, the proposed timing and expected results of exploratory and development work including production from the Company's Tishomingo field, Oklahoma acreage, availability of funds from the Company's reserves based loan facility, the effect of design and performance improvements on future productivity, the Company's European projects, planned capital expenditure programs and cost estimates, planned use and sufficiency of cash on hand and cash flow from operations and the Company's strategy and objectives. The use of any of the words "target", "plans", "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements.

Such forward-looking information is based on management's expectations and assumptions, including that the Company will achieve a comparable level of hedging going forward in respect of its existing production, that the Company will achieve the results anticipated by management from its cost reduction measures, that the Company's geologic models will be validated, that indications of early results are reasonably accurate predictors of the prospectiveness of the shale intervals, that previous exploration results are indicative of future results and success, that expected production from future wells can be achieved as modeled, declines will match the modeling, future well production rates will be improved over existing wells, that rates of return as modeled can be achieved, that recoveries are consistent with management’s expectations, that additional wells are actually drilled and completed, that design and performance improvements will reduce development time and expense and improve productivity, that discoveries will prove to be economic, that anticipated results and estimated costs will be consistent with managements’ expectations, that all required permits and approvals and the necessary labor and equipment will be obtained, provided or available, as applicable, on terms that are acceptable to the Company, when required, that no unforeseen delays, unexpected geological or other effects, equipment failures, permitting delays or labor or contract disputes are encountered, that the development plans of the Company and its co-venturers will not change, that the demand for oil and gas will be sustained, that the Company will continue to be able to access sufficient capital through financings, credit facilities, farm-ins or other participation arrangements to maintain its projects, that funds will be available from the Company’s reserves based loan facility when required to fund planned operations, that the Company will not be adversely affected by changing government policies and regulations, social instability or other political, economic or diplomatic developments in the countries in which it operates and that global economic conditions will not deteriorate in a manner that has an adverse impact on the Company's business and its ability to advance its business strategy.

Forward looking information involves significant known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated. These risks include, but are not limited to: any of the assumptions on which such forward looking information is based vary or prove to be invalid, including that anticipated results and estimated costs will not be consistent with managements’ expectations, that the Company will not achieve a comparable level of hedging going forward in respect of its existing production, that the Company’s geologic and reservoir models or analysis are not validated, that the Company will not achieve the results anticipated by management from the Company’s cost reduction measures, the risks associated with the oil and gas industry (e.g. operational risks in development, exploration and production; delays or changes in plans with respect to exploration and development projects or capital expenditures; the uncertainty of reserve and resource estimates and projections relating to production, costs and expenses, and health, safety and environmental risks, including flooding and extended interruptions due to inclement or hazardous weather conditions), the risk of commodity price and foreign exchange rate fluctuations, risks and uncertainties associated with securing the necessary regulatory approvals and financing to proceed with continued development of the Tishomingo Field and other shale basins in the United States and Europe, the Company or its subsidiaries is not able for any reason to obtain and provide the information necessary to secure required approvals or that required regulatory approvals are otherwise not available when required, that unexpected geological results are encountered, that completion techniques require further optimization, that production rates do not match the Company’s assumptions, that very low or no production rates are achieved, that the Company is unable to access required capital, that funds will not be available from the Company’s reserves based loan facility when required to fund planned operations, that occurrences such as those that are assumed will not occur, do in fact occur, and those conditions that are assumed will continue or improve, do not continue or improve and the other risks identified in the Company’s most recent Annual Information Form under the “Risk Factors” section, the Company’s most recent management's discussion and analysis and the Company’s other public disclosure, available under the Company’s profile on SEDAR at www.sedar.com.

Although the Company has attempted to take into account important factors that could cause actual costs or results to differ materially, there may be other factors that cause actual results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. The forward-looking information included in this release is expressly qualified in its entirety by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to update these forward-looking statements, other than as required by applicable law.

About BNK Petroleum Inc.

BNK Petroleum Inc. is an international oil and gas exploration and production company focused on finding and exploiting large, predominately unconventional oil and gas resource plays. Through various affiliates and subsidiaries, the Company owns and operates shale gas properties and concessions in the United States and Spain. Additionally the Company is utilizing its technical and operational expertise to identify and acquire additional unconventional projects. The Company's shares are traded on the Toronto Stock Exchange under the stock symbol BKX.

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