760 Paseo Camarillo, Suite 350
Camarillo, California 93010
Phone: (805) 484-3613
Fax: (805) 484-9649

TSX ticker symbol; BKX

For Immediate Release

BNK PETROLEUM INC. ANNOUNCES 2nd QUARTER 2014 RESULTS

All amounts are in U.S. Dollars unless otherwise indicated:

	Second Quarter 2014	Second Quarter 2013	%	First Six Months 2014	First Six Months 2013	%
Net Income (Loss):						
$ Thousands	$199	$(929)	-	$449	$(6,249)	-
$ per common share assuming dilution	$0.00	$(0.01)	-	$0.00	$(0.04)	-
Capital Expenditures	$22,710	$7,870	189%	$35,664	$10,362	244%
Average Production (Boepd)	999	266	276%	980	966	1%
Average Product Price per Barrel	$81.74	$43.83	86%	$80.05	$35.96	123%
Average Netback per Barrel	$58.85	$16.52	256%	$58.16	$18.57	213%

	June 2014	March 2014	December 2013
Cash and Cash Equivalents	$32,266	$47,351	$17,159
Working Capital	$18,721	$37,417	$18,854

CAMARILLO CALIFORNIA, August 13, 2014 - BNK's President and Chief Executive Officer, Wolf Regener commented:

"During the second quarter, the Company began its 2014 drilling program in the U.S. with the Wiggins 11-2H well. The drilling was completed in July with a 5,050 foot treatable lateral section and the Company has just begun fracture stimulating the well with results expected in early September. The lateral section of the Wiggins 11-2H well was placed in what we believe is the most productive stratigraphic portion of the Caney, based on the analysis of previous well results and the pilot hole. The second well in the 2014 drilling program is the Hartgraves 1-5H well which was spud on August 6th, and is currently drilling the lateral portion of the wellbore with fracture stimulation expected to begin in early September.

“The Wiggins 12-8H and the Barnes 7-2H wells both continue to perform above our expectations with combined average production of over 550 boepd for the six months of 2014. These wells have been on production for 6 and 8 months respectively. The Company’s first three wells in the 2014 US drilling program are being drilled in sections directly adjacent to the Wiggins 12-8H and Barnes 7-2H wells.

“With the recently announced $100 million reserve-based credit facility and the equity financing in the first quarter, we intend to continue our 2014 US Caney formation drilling program beyond the three previously announced wells. The Company plans to continue drilling Caney wells for the rest of the year. By year end, we are projecting to have finished drilling 6 wells in 2014 and have 4 of them on production. Our year-end production exit rate is projected to be between 2,300 to 2,600 BOEPD.

“The credit facility, which was completed at the end of July, has an initial commitment amount of $15.9 million and additional commitment amounts will become available subject to new higher reserve evaluations as we bring the new wells on production.

“Due to our successful 2013 drilling program in the Caney formation, the Company was able to generate positive net income for the first two quarters of 2014. Our netbacks for the first six months increased by more than 200% compared to the same period in 2013, which allowed the Company to generate positive net income with the same level of production on a BOE basis due to the higher oil content in the Caney formation. In addition, we generated positive cash flow from operations of almost $5.3 million and revenue of $14.2 million for the first six months of the year.

“The flow-back test of the Gapowo B-1 horizontal well in Poland has concluded and the well is currently shut-in for a 3-4 week pressure buildup test. Production rates remained in the range of 200,000 to 400,000 cubic feet per day throughout the flowback test. The Company expects this pressure data to provide the remaining information required to complete our reservoir model analysis. The Company anticipates completing the reservoir analysis in October.

“The Company believes that this reservoir analysis will validate the Company’s preliminary analysis, through further design improvements, that future wells can be effectively stimulated across an entire lateral and that the production rates achieved at Gapowo can be proportionally increased to not only account for the entire lateral but also increase gas rates per stage when placement of designed proppant concentrations are achieved.   The Company expects the resulting projected production to be at rates that would justify further development of the reservoir.

“This is similar to the path of exploration to development in many shale gas projects in the United States where numerous exploratory wells are necessary to advance shale projects to economic production, including the Company's own experience in the Caney formation. As previously announced, given the capital requirements of such exploration activities and the Company's focus on its Caney growth, the Company intends to renew its efforts to joint venture with a suitable partner after completing the reservoir analysis mentioned above.

“In the second quarter of 2014, the Company generated net income of $199,000 compared to a net loss of $929,000 in the second quarter of 2013. Oil and gas revenue, net of royalties was $6.0 million in the second quarter of 2014, an increase of $5.2 million, or almost 600%, compared to the prior year quarter when the Woodford assets were sold in April 2013.

“Average netbacks for the second quarter 2014 were $58.85, an increase of 256% compared to the prior year quarter due to the significantly higher levels of oil in the production mix of the Caney formation. Oil accounted for 72% of 2014 production in the Caney versus 33% of 2013 production from the Woodford formation which was sold in April 2013.

“Production increased 276% in the second quarter 2014 compared to second quarter 2013 due to the Caney wells drilled in the second half of 2013 and the Woodford sale in April 2013. Average pricing per barrel increased 86% primarily due to the higher oil of the Caney formation in the production mix.

“Capital expenditures increased to $22.7 million in the second quarter 2014 due to the startup of the 2014 drilling program in the US and the drilling and completion of the Gapowo B-1 well in Poland. Capital expenditures in the second quarter of 2013 were $7.8 million.”

“Through the first half of 2014 the Company generated net income of $449,000 compared to a loss of $6.2 million in the first half of 2013. Oil and gas revenues increased by 125% to $11.5 million due to an increase of 123% in average prices due to the higher oil from the Caney formation in the production mix. Cash flow generated from operating activities for the first six months of 2014 was $5.3 million compared to negative cash flow from operating activities of $8.7 million in the first six months of 2013.”

SECOND QUARTER HIGHLIGHTS:

- Revenue, net of royalties was $6.0 million for second quarter of 2014 and netbacks were $58.85 per BOE, an increase of 256% compared to the second quarter of 2013 due to more oil in the production mix and higher prices
- Production was 999 BOEPD for the second quarter, an increase of 276% due to the Caney production in the second half of 2013 and the Woodford sale in April 2013
- Net income was $199,000 for the second quarter of 2014 compared to a loss of $929,000 in second quarter of 2013
- In July, the Company closed a $100 million credit facility with Morgan Stanley with an initial commitment amount of $15.9 million
- Cash flow from operating activities was $2.3 million for the second quarter of 2014 compared to negative cash flow from operating activities of $9.0 million in the second quarter of 2013
- Cash and working capital totaled $32.3 million and $18.7 million respectively at June 30, 2014 not including the subsequently closed credit facility.
- Capital expenditures increased 189% to $22.7 million primarily due to the startup of the 2014 US drilling program and the drilling and fracture stimulation of the Gapowo B-1 well in Poland
- In June 2014, the Company entered into financial derivative transactions with Morgan Stanley as part of the hedging requirements of the credit facility that was completed in July 2014. These transactions also meet the Company’s risk management strategy to manage commodity price fluctuations and stabilize cash flows for future exploration and development programs.

Second Quarter 2014 versus Second Quarter 2013

Gross oil and gas revenues totaled $7,432,000 in the second quarter 2014 versus $1,063,000 in the second quarter of 2013. Oil revenues were $6,697,000 in the quarter versus $717,000 in the second quarter of 2013, an increase of 834% as production increased 720% due to the higher oil content from the Caney wells. Average oil prices increased 14% or $12.78 a barrel for the quarter. Natural gas revenues increased $135,000 or 68%, as natural gas production increased 51% due to the Woodford asset sale in April 2013 and average natural gas prices per mcf increased 11% compared to the second quarter of 2013. Natural Gas Liquid (NGL) revenue increased $255,000 or 177% to $399,000 as average production increased 61% to 140 boepd due to the Woodford sale in 2013 and average NGL prices increased 72% to $31.28 a barrel.

Production and operating expenses increased $224,000 between quarters due to the Woodford asset sale in April 2013.

Depletion and depreciation expense increased $1,403,000 between quarters due to increased production and a higher depletion base due to the Caney wells.

General and administrative expenses decreased $239,000 between quarters primarily due to lower professional fees relating to legal, accounting, and management fees partially offset by an increase in director fees.

Finance income decreased $2,242,000 due to higher unrealized gains on financial commodity contracts in 2013. Finance expense decreased $9,087,000 primarily due to 2013 interest expense of $6,534,000 which included $3.5 million for the amortization of deferred financings costs and $2.5 million of pre-payment penalties and a realized loss on financial commodity contracts of $2.7 million as these contracts were all settled in April 2013.

Capital expenditures of $22,710,000 were incurred in the second quarter of 2014 primarily related to the startup of the 2014 drilling program in the US and the Gapowo B-1 well in Poland.

FIRST SIX MONTHS 2014 HIGHLIGHTS

- Revenue, net of royalties was $11.5 million for first six months of 2014 and netbacks were $58.16 per BOE, an increase of 213% compared to the first six months of 2013 due to more oil in the production mix and higher prices
- Average production was 980 BOEPD for the first six months, an increase of 1% as increased production from the Caney wells drilled in the second half of 2013 was offset by the loss of production from the Woodford sale in April 2013
- Net income was $449,000 for the first six of 2014 compared to a loss of $6,249,000 in first six months of 2013
- In July, the Company closed a $100 million credit facility with Morgan Stanley with an initial commitment amount of $15.9 million
- Completed an equity financing for total net proceeds of approximately $30.8 million
- Cash flow from operating activities was $5.3 million for the first six months of 2014 compared to negative cash flow from operating activities of $8.7 million in the first six months of 2013
- Capital expenditures increased 244% to $35.7 million primarily due to the completion of the 2013 U.S. drilling program, the startup of the 2014 U.S. drilling program and the Gapowo B-1 well in Poland
- In June 2014, the Company entered into financial derivative transactions with Morgan Stanley as part of the hedging requirements of the credit facility that was completed in July 2014. These transactions also meet the Company's risk management strategy to manage commodity price fluctuations and stabilize cash flows for future exploration and development programs

First Six Months of 2014 versus First Six Months of 2013

Gross oil and gas revenues totaled $14,202,000 in the first six months of 2014 versus $6,291,000 in the first six months of 2013. Oil revenues were $12,385,000 in the first six months versus $2,728,000 in the same period of 2013, an increase of 354% as production increased 313% due to the higher oil content from the Caney wells and average oil prices increased 10% or $8.98 a barrel. Natural gas revenues decreased $665,000 or 47%, due to a decrease in natural gas production of 65% due to the Woodford asset sale in April 2013 which was partially offset by an average natural gas price increase of 51% in the first six months of 2014. NGL revenue decreased $1,080,000, or 50%, due to a decrease in NGL production of 61% due to the Woodford sale in April 2013 which was partially offset by an average NGL price increase of 29% in the first six months of 2014.

Management fees and other income decreased due to lower management fees compared to the prior year.

Production and operating expenses decreased 34% for the first six months of 2014 due to a reduced well count due to the Woodford sale in 2013 and reduced gathering costs.

Depletion and depreciation expense increased $1,357,000 due to the Woodford sale in April 2013 and a higher depletion base due to the Caney wells.

General and administrative expenses decreased $775,000 primarily due to lower professional fees relating to legal and accounting expenses and lower payroll and related costs, partially offset by an increase in director fees.

Finance expense decreased $9,823,000 primarily due to 2013 interest expense of $7,528,000 which included $3.5 million for the amortization of deferred financings costs and $2.5 million of pre-payment penalties and a realized loss on financial commodity contracts of $2.5 million as these contracts were all settled in April 2013.

BNK PETROLEUM INC.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited, Expressed in Thousands of United States Dollars)

	June 30, 2014	December 31, 2013
Current assets		
Cash and cash equivalents	$ 32,266	$ 17,159
Trade and other receivables	6,656	7,268
Deposits and prepaid expenses	1,509	1,243
Fair value of commodity contracts	-	25,056
	40,431	50,726
Non-current assets		
Long-term receivables	-	433
Investments in joint ventures	3,659	2,787
Fair value of commodity contracts	26	-
Property, plant and equipment	103,878	94,663
Exploration and evaluation assets	59,421	36,194
	166,984	134,077
Total assets	$ 207,415	$ 184,803
Current liabilities		
Trade and other payables	$ 21,627	$ 31,872
Fair value of commodity contracts	84	-
	21,711	31,872
Non-current liabilities		
Loans and borrowings	100	100
Fair value of commodity contracts	82	-
Asset retirement obligations	1,312	1,192
	1,494	1,292
Equity		
Share capital	279,071	247,782
Contributed surplus	19,554	18,721
Deficit	(114,415)	(114,864)
Total equity	184,210	151,639
Total equity and liabilities	$ 207,415	$ 184,803

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	
	2014	2013	2014	2013
Oil and natural gas revenue, net	$ 6,083	863	11,539	5,111
Gathering income	-	1	-	331
Other income	3	296	205	519
Gain on sale of assets	-	9,747	-	9,747
	6,041	10,907	11,744	15,708
Exploration and evaluation expenditures	36	3	136	57
Production and operating expenses	687	463	1,220	1,862
Depletion and depreciation	1,886	483	3,694	2,337
General and administrative expenses	3,002	3,241	5,932	6,707
Stock based compensation	356	341	691	449
Loss from investments in joint ventures	52	42	(239)	65
Legal restructuring expenses	-	595	-	595
	6,019	5,168	11,434	12,072
Finance income	331	2,573	316	115
Finance expense	(154)	(9,241)	(177)	(10,000)
Net income (loss) and comprehensive income (loss)	$ 199	(929)	449	(6,249)
Net income (loss) per share				
Basic and Diluted	$ 0.00	(0.01)	0.00	(0.04)

BNK PETROLEUM INC.
SECOND QUARTER 2014
($000 except as noted)

		Second Quarter		First Six Months	
		2014	2013	2014	2013
Oil revenue before royalties	$	6,697	717	12,385	2,728
Gas revenue before royalties		335	200	748	1,413
NGL revenue before royalties		399	144	1,067	2,147
Oil and Gas revenue		7,431	1,061	14,200	6,288
Cash Flow from (used) by operating activities		2,340	(8,952)	5,296	(8,684)
Additions to property, plant & equipment		(7,308)	(7,483)	(12,487)	(9,093)
Additions to exploration and evaluation assets		(15,402)	(387)	(23,177)	(1,269)

Statistics:

	2nd Quarter		First Six Months	
	2014	2013	2014	2013
Average natural gas production (mcf/d)	822	546	846	2,418
Average NGL production (Boepd)	140	87	153	397
Average Oil production (Bopd)	722	88	686	166
Average production (Boepd)	999	266	980	966
Average natural gas price ($/mcf)	$4.48	$4.03	$4.89	$3.23
Average NGL price ($/bbl)	$31.28	$18.18	$38.54	$29.90
Average oil price ($/bbl)	$101.93	$89.15	$99.68	$90.70
Average price per barrel	$81.74	$43.83	$80.05	$35.96
Royalties per barrel	15.33	8.22	15.01	6.74
Operating expenses per barrel	7.56	19.09	6.88	10.65
Netback per barrel	$58.85	$16.52	$58.16	$18.57

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, 2014 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. Management of the Company believes that such measures are relevant for evaluating returns on each of the Company's projects as well as the performance of the enterprise as a whole. The Company's Non-GAAP Measures may differ from similar computations as reported by other similar organizations and, accordingly, may not be comparable to similar non-GAAP measures as reported by such organizations. The Company's Non-GAAP Measures should not be construed as alternatives to net income, cash flows related to operating activities, or other financial measures determined in accordance with GAAP, as an indicator of the Company's performance.

Netback per barrel and its components are calculated by dividing revenue less royalties and operating expenses by the Company's sales volume during the period. Netback per barrel is a non-IFRS measure but it is commonly used by oil and gas companies to illustrate the unit contribution of each barrel produced. This is a useful measure for investors to compare the performance of one entity with another. However, non-IFRS measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures used by other companies.

Net operating income is similarly a non-GAAP measure that represents revenue net of royalties and operating expenses. The Company believes that net operating income is a useful supplemental measure to analyze operating performance and provides an indication of the results generated by the Company's principal business activities prior to the consideration of other income and expenses.

Funds from operations is a non-GAAP measure that represents cash provided by (used in) operating activities, as per the consolidated statements of cash flows, before changes in non-cash working capital. The Company considers this a key measure as it demonstrates its ability to generate the funds necessary for future growth after taking into account the short-term fluctuations in the collection of accounts receivable and the payment for accounts payable.

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 Boe 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) This news release contains 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 proposed timing and expected results of exploratory and development work including production from the Lower Caney and upper Sycamore formations on the Company's Oklahoma acreage, the effect of design and performance improvements on future productivity, the anticipated timing of commencement and completion of drilling and fracture-stimulations in connection with the Company's Caney drilling program, the advancement of the Company's European projects, including the Company's Gapowo B-1 shale gas well in Poland, and including expected results from the planned reservoir analysis, future well stimulations, and expected productivity from future wells, planned capital expenditure programs and cost estimates, availability of funds from the Company’s reserves based loan facility 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's geologic and reservoir models and analysis 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 the company’s geologic and reservoir models or analysis are not validated, anticipated results and estimated costs will not be consistent with managements’ expectations, 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), 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 funding is not available from the Company's reserves based loan facility at the times or in the amounts required for 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, Poland 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.

For further information, contact:

Wolf E. Regener, President and Chief Executive Officer +1 (805) 484-3613
Email: investorrelations@bnkpetroleum.com
Website: www.bnkpetroleum.com