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For Immediate Release

BNK PETROLEUM INC. ANNOUNCES ANNUAL 2019 RESULTS, 75% OF 2020 OIL PRODUCTION HEDGED AT $56.62

CAMARILLO CALIFORNIA, March 12, 2020 –
All amounts are in U.S. Dollars unless otherwise indicated:

2019 HIGHLIGHTS

- The Company has commodity contracts in place for 75% of its existing 2020 oil production at an average price of $56.62/barrel.
- Average production for 2019 was 1,395 BOEPD, compared to 2018 production of 1,662 BOEPD. The average production for 2018 included a positive prior period adjustment for natural gas and NGL volumes of 99 BOEPD. Excluding the impact of the prior period adjustment, production only decreased by 11% in 2019 compared to 2018 due to the normal production decline of existing wells.
- Adjusted funds flow was $9.0 million for 2019 compared to $13.2 million for 2018 due to lower average prices and lower production. Capital expenditures for 2019 were $2.3 million
- Netback from operations was $26.79 per BOE in 2019 compared to $33.99 per BOE in 2018 due to lower production and prices in 2019
- The Company's Total Proved Reserves totaled 33.4 million barrels of oil equivalent (BOE) which essentially stayed flat from 2018 as there was only a 1% decrease according to BNK's December 31, 2019 independent reserves evaluation. The NPV10 value of the Total Proved Reserves decreased by 26% to $299.2 million due primary to lower estimated future pricing
- G&A expense for 2019 was $3.9 million compared to $3.8 million in 2018. The 2019 G&A amount includes $0.6 million of expenses related to cost cutting measures including severance payouts for terminated employees as well as advisor fees and special committee expenses. Excluding the impact of these items, G&A decreased by $0.5 million, or 12%, due to management's continued efforts to reduce G&A costs throughout the Company and lower rent expense from the adoption of IFRS 16
- Revenue, net of royalties was $17.4 million for 2019 compared to $23.9 million in 2018, due to lower prices and production
- Net loss was $0.2 million for 2019 compared to net income of $5.3 million in 2018 due to an unrealized loss on financial commodity contracts of $0.7 million in 2019, compared to an unrealized gain of $2.3 million in 2018. In addition, the decrease was due to the $0.6 million of G&A expenses related to cost cutting measures discussed above as well as lower production and average prices compared to the prior year

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

“The Company has extensive commodity contracts in place for 2020 which significantly protects the operating cash flow from our existing wells from market price fluctuations during the year. We have commodity contracts in place for over 75% of our existing 2020 oil production at an average price of $56.62/barrel.

“The Company is very pleased with the performance of our field during the year as our production only declined by 11% during the year (excluding the impact of the 2018 prior period adjustments) and the fourth quarter 2019 production declined by less than 1% from the third quarter of 2019. The 2019 independent reserves evaluation report showed that we have total proved reserves of over 33.4 million BOE, which is only 1% lower than the prior year. In addition, we were able to generate adjusted funds flow of over $9.0 million during 2019 while total capital expenditures were only $2.3 million for the year. The Company was able to paydown $2.5 million of its existing credit facility during 2019 which will reduce our interest expense going forward.

“In our continued effort to reduce overhead costs, the Company reduced its headcount in December 2019 by 25%. Our G&A expense for 2019 includes a charge of $0.6 million for severance payouts for terminated employees as well as advisor fees and special committee expenses. If you exclude this charge, our G&A decreased by $0.5 million, or 12%, due to the Company’s effort to reduce G&A costs thoughout the year as well as the impact of lower rent expense from the adoption of IFRS 16. G&A for 2020 should see an additional 25% decrease over 2019 due to the cost cutting measures.

“Revenue, net of royalties was $17.4 million for 2019, a decrease of 27% compared to the prior year due to the decrease in production as well as prices.

“Average production for 2019 was 1,395 BOEPD, compared to 2018 production of 1,662 BOEPD. The average production for 2018 included a positive prior period adjustment for natural gas and NGL volumes of 99 BOEPD. Excluding the impact of the prior period adjustment, production decreased by 11% in 2019 compared to 2018 due to the normal production decline of existing wells.

“The Company had a net loss of $0.2 million for 2019 compared to net income of $5.3 million in 2018 due to an unrealized loss on financial commodity contracts of $0.7 million in 2019, compared to an unrealized gain of $2.3 million in 2018. The decrease was also due to lower production and average prices compared to the prior year and the 2019 G&A expenses related to cost cutting measures.

“Average netback from operations for 2019 was $26.79 per BOE compared to $33.99 per BOE in 2018, a decrease of 21%, due to lower average production and average prices in 2019. Netback after adjustments, which include the impact of price adjustments from commodity contracts and prior period adjustments on natural gas and NGL volumes sold as well as processing costs, were $25.30 per BOE for 2019 compared to $27.71 per BOE in the prior year, a decrease of 9%.”

	Fourth Quarter			Year Ended		
	2019	2018	%	2019	2018	%
Net Income (Loss):						
$ Thousands	$(1,650)	$5,431	-%	$(177)	$5,320	-%
$ per common share assuming dilution	$(0.01)	$0.02	-%	$(0.00)	$0.02	-%
Adjusted Funds Flow	$1,680	$2,957	(43%)	$9,006	$13,223	(32%)
Capital Expenditures	$979	$5,850	(83%)	$2,289	$19,621	(88%)
Average Production (Boepd)	1,346	1,555	(13%)	1,395	1,662	(16%)
Gross Revenue	5,252	6,640	(21%)	22,179	30,364	(27%)
Average Price per Barrel	$42.41	$47.11	(10%)	$43.56	$52.15	(16%)
Average Netback from operations per Barrel	$25.57	$29.67	(14%)	$26.79	$33.99	(21%)
Average Netback after adjustments per Barrel	$24.36	$27.12	(10%)	$25.30	$27.71	(9%)

	December 2019	December 2018
Cash and Cash Equivalents	$3,089	$1,456
Working Capital	($2,482)	($2,393)

Year Ended 2019 to Year Ended 2018

For 2019, oil and gas gross revenues decreased $8,185,000 or 27% to $22,179,000. Oil revenues before royalties decreased by 23% to $20,157,000 due to a 14% decrease in prices between years and an 11% decrease in production. Natural gas revenues before royalties decreased $543,000 or 36% due to a 41% decrease in natural gas production partially offset by a 9% increase in average gas prices. NGL revenue before royalties decreased $1,518,000 or 59% due to a 54% decrease in average prices and a 10% decrease in production.

Average production per day for 2019 decreased 16% from the prior year. The 2018 average production included an increase of 99 boepd related to prior period adjustments. Excluding the impact of the prior period adjustment, production decreased by 11% in 2019 compared to 2018 due to the normal production decline of existing wells.

Operating expenses decreased by $915,000 due to a decrease in production partially offset by an increase in production taxes. Operating expenses averaged $7.39 per BOE in 2019 compared to $6.90 per BOE for 2018 (excluding the prior period adjustments). The 2019 amount includes the impact of a production tax increase in July 2018 which increased the 2019 amount by $0.38 per BOE compared to the prior year period. The increase in operating expense per BOE was also due to a decrease in production which increases the fixed operating cost per barrel.

Depletion and depreciation expense decreased $1,668,000 due to decreased production.

General & administrative (G&A) expenses increased $129,000 in 2019. The 2019 G&A amount includes $579,000 of expenses related to cost cutting measures including severance payouts for terminated employees as well as advisor fees and special committee expenses. Excluding the impact of these items, G&A decreased by $450,000, or 12%, due to management's continued efforts to reduce G&A costs throughout the company and lower rent expense from the adoption of IFRS 16.

Finance income decreased $2,349,000 in 2019 compared to the prior year due to unrealized gains on commodity contracts in the prior year.

Finance expense decreased $666,000 due to lower realized losses on commodity contracts in 2019 compared to the prior year.

Capital expenditures of $2,289,000 were incurred in 2019 for the Oklahoma field.

FOURTH QUARTER HIGHLIGHTS:

- Average production for the quarter was 1,346 BOEPD, a decrease of 13% compared to the prior year fourth quarter due to the normal decline of existing wells
- Adjusted funds flow was $1.7 million in the fourth quarter of 2019 compared to $3.0 million in the prior year fourth quarter, a decrease of 43%, due to lower production and lower prices as well as higher G&A expenses due to severance costs for terminated employees and advisor fees.
- Netback from operations for the fourth quarter of 2019 was $25.57 compared to $29.67 for the fourth quarter of 2018. If the impact of commodity contracts and prior period adjustments are included, the netback after adjustments for the fourth quarter of 2019 was $24.36 per BOE compared to $27.12 per BOE in the fourth quarter of 2018
- G&A expense increased by $403,000, or 43%, in the fourth quarter of 2019 compared the prior year fourth quarter. The fourth quarter 2019 G&A amount includes $494,000 of expenses related to cost cutting measures including severance payouts for terminated employees as well as advisor fees and special committee expenses. Excluding the impact of these items, G&A decreased by $91,000, or 10%, due to management's continued efforts to reduce G&A costs throughout the company and lower rent expense from the adoption of IFRS 16
- Net loss was $1.7 million in the fourth quarter of 2019 compared to net income of $5.4 million in the fourth quarter 2018, due to an unrealized loss on financial commodity contracts of $1.3 million in the fourth quarter of 2019, compared to an unrealized gain of $4.8 million in the fourth quarter of 2018. In addition, the decrease was due to the $494,000 of G&A expenses primarily related to cost cutting measures discussed above as well as lower production and average prices compared to the prior year quarter.
- Revenue, net of royalties, was $4.1 million for the fourth quarter of 2019, a decrease of 21% compared to the fourth quarter 2018 due to lower prices and lower production

Fourth Quarter 2019 to Fourth Quarter 2018

Gross oil and gas revenues totaled $5,252,000 in the fourth quarter of 2019 versus $6,640,000 in the fourth quarter of 2018, a decrease of 21%. Oil revenues were $4,680,000 in the quarter versus $5,538,000 in the fourth quarter of 2018, a decrease of 15%, due to decreased production and prices. Natural gas revenues decreased 23% due to a decrease in production and natural gas prices. NGL revenue decreased 57% to $353,000 due to lower average NGL production and average prices.

Operating expenses decreased by $112,000 in the fourth quarter of 2019 compared to 2018 due to lower production.

Depletion and depreciation expense decreased $225,000 due to the lower production in the fourth quarter of 2019.

G&A expenses increased by $403,000 between quarters. The fourth quarter 2019 G&A amount includes $494,000 of expenses related to cost cutting measures including severance payouts for terminated employees as well as advisor fees and special committee expenses. Excluding the impact of these items, G&A decreased by $91,000, or 10%, due to management's continued efforts to reduce G&A costs throughout the company and lower rent expense from the adoption of IFRS 16.

Finance income decreased $4,803,000 in the fourth quarter of 2019 compared to the prior year fourth quarter due to unrealized gains on commodity contracts in the prior year.

Finance expense increased $1,154,000 due to an unrealized loss on commodity contracts of $1,337,000 in the fourth quarter of 2019.

BNK PETROLEUM INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited, Expressed in Thousands of United States Dollars)

	December 31, 2019	December 31, 2018
Current assets		
Cash and cash equivalents	$ 3,089	$ 1,456
Trade and other receivables	2,198	2,965
Deposits and prepaid expenses	513	609
Fair value of commodity contracts	-	407
	5,800	5,437
Non-current assets		
Property, plant and equipment	155,309	159,122
Right of use assets	99	-
Total assets	$ 161,208	$ 164,559
Current liabilities		
Trade and other payables	$ 6,424	$ 7,830
Current portion of loans and borrowings	1,500	-
Current lease payable	105	-
Fair value of commodity contracts	253	-
	8,282	7,830
Non-current liabilities		
Fair value of commodity contracts	97	9
Loans and borrowings	25,664	29,551
Asset retirement obligations	1,130	1,127
	26,891	30,687
Equity		
Share capital	289,622	289,622
Contributed surplus	22,925	22,755
Deficit	(186,512)	(186,335)
Total equity	126,035	126,042
Total equity and liabilities	$ 161,208	$ 164,559

BNK PETROLEUM INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

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

	Three months ended December 31		Year ended December 31	
	2019	2018	2019	2018
Revenue:				
Oil and natural gas revenue, net	$ 4,121	$ 5,202	$ 17,402	$ 23,834
Other income	7	1	9	20
	4,128	5,203	17,411	23,854
Expenses:				
Production and operating	955	1,067	3,763	4,678
Depletion and depreciation	1,509	1,734	6,240	7,908
General and administrative	1,331	928	3,879	3,750
Share based compensation	28	45	149	324
	3,823	3,774	14,031	16,660
Finance income	-	4,803	-	2,349
Finance expense	(1,955)	(801)	(3,557)	(4,223)
Net loss and comprehensive loss	$ (1,650)	$ 5,431	$ (177)	$ 5,320
Net income/loss per share				
Basic and Diluted	$ (0.01)	$ 0.02	$ (0.00)	$ 0.02

BNK PETROLEUM INC.
FOURTH QUARTER AND YEAR ENDED 2019
(Unaudited, expressed in Thousands of United States dollars, except as noted)

		4th Quarter		Year Ended Dec. 31	
		2019	2018	2019	2018
Oil revenue before royalties	$	4,680	5,538	20,157	26,281
Gas revenue before royalties		219	285	954	1,497
NGL revenue before royalties		353	817	1,068	2,586
		5,252	6,640	22,179	30,364
Adjusted funds flow		2,537	2,537	9,006	13,223
Additions to property, plant & equipment		979	5,850	2,289	19,621

Statistics:	4th Quarter		Year Ended Dec. 31	
	2019	2018	2019	2018
Average oil production (Bopd)	1,043	1,137	1,004	1,126
Average natural gas production (mcf/d)	1,389	1,119	1,037	1,772
Average NGL production (Boepd)	280	215	218	241
Average production (Boepd)	1,539	1,539	1,395	1,662
Average oil price ($/bbl)	$57.69	$53.26	$54.99	$63.96
Average natural gas price ($/mcf)	$2.23	$2.52	$2.52	$2.31
Average NGL price ($/bbl)	$29.17	$29.17	$13.42	$29.34
Average price per barrel	$42.41	$47.11	$43.56	$52.15
Royalties per barrel	9.13	10.20	9.38	11.26
Operating expenses per barrel	7.71	7.24	7.39	6.90
Netback from operations	$25.57	$29.67	$26.79	$33.99
Price adjustment from commodity contracts (Boe)	(1.21)	(1.78)	(1.49)	(3.87)
Netback including commodity contracts (Boe)	24.36	27.89	25.30	30.12
Prior period adjustments (Boe)	-	(0.77)	-	(2.41)
Netback after adjustments (Boe)	$24.36	$27.12	$25.30	$27.71

The information outlined above is extracted from and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2019 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 from operations, netback including commodity contracts, netback after adjustments, net operating income and adjusted funds flow (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 the 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 peak and 30-day initial production rates and other 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.

Readers are referred to the full description of the results of the Company's December 31, 2019 independent reserves evaluation and other oil and gas information contained in its Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information* for the year ended December 31, 2019, which the Company filed on SEDAR on March 9, 2020.

Caution Regarding Forward-Looking Information

This release contains forward-looking information including estimates of reserves, the proposed timing and expected results of exploratory and development work including production from the Company's Tishomingo field, Oklahoma acreage, the future performance of wells including following shut-in’s and restart of well(s), the expected effects of cost reduction efforts, 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 the Company will continue in compliance with the covenants under its reserves-based loan facility and that the borrowing base will not be reduced, 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 including flooding and extended interruptions due to inclement or hazardous weather), 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, 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 will cease to be in compliance with the covenants under its reserves-based loan facility and be required to repay outstanding amounts or that the borrowing base will be reduced pursuant to a borrowing base re-determination and the Company will be required to repay the resulting shortfall, 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.

With respect to estimated reserves, the evaluation of the Company’s reserves is based on a limited number of wells with limited production history and includes a number of assumptions relating to factors such as availability of capital to fund required infrastructure, commodity prices, production performance of the wells drilled, successful drilling of infill wells, the assumed effects of regulation by government agencies and future capital and operating costs. All of these estimates will vary from actual results. Estimates of the recoverable oil and natural gas reserves attributable to any particular group of properties, classifications of such reserves based on risk of recovery and estimates of future net revenues expected therefrom, may vary. The Company's actual production, revenues, taxes, development and operating expenditures with respect to its reserves will vary from such estimates, and such variances could be material. In addition to the foregoing, other significant factors or uncertainties that may affect either the Company's reserves or the future net revenue associated with such reserves include material changes to existing taxation or royalty rates and/or regulations, and changes to environmental laws and regulations.

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. 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 and on the OTCQX under the stock symbol BNKPF.

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