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For Immediate Release

BNK PETROLEUM INC. ANNOUNCES SECOND QUARTER 2020 RESULTS

NEWBURY PARK, CALIFORNIA, August 11, 2020 -
All amounts are in U.S. Dollars unless otherwise indicated:

SECOND QUARTER HIGHLIGHTS

- Average production for the second quarter of 2020 was 1,163 BOEPD, a decrease of 15% compared to the second quarter of 2019 average production of 1,368 BOEPD due to the normal production decline of existing wells
- The Company has commodity contracts in place for almost 80% of its existing 2020 oil production at an average price of $58.31/barrel
- General & administrative ("G&A") expense decreased by 23% in the second quarter of 2020 compared to the prior year quarter due to lower payroll and related costs due to management's continued efforts to reduce G&A costs throughout the Company including employee terminations at the end of 2019
- Operating expense per barrel averaged $6.07 per BOE for the second quarter of 2020 compared to $7.59 per BOE for the same period in 2019, a decrease of 20%. The decrease was due to cost cutting measures taken in the field during the current year
- Interest expense decreased by 39% in the second quarter of 2020 compared to the same period in the prior year due to principal payments on the credit facility during 2019 and 2020 which reduced the outstanding loan balance
- Average netback including commodity contracts for the second quarter of 2020 was $21.15 per barrel, a decrease of 21% from the prior year second quarter due to lower prices in 2020
- Adjusted funds flow was $1.6 million in the second quarter 2020 compared to $2.5 million in the second quarter of 2019. The decrease was mainly due to a 60% decrease in average oil prices and a decrease of 15% in production partially offset by realized gains from commodity contracts of $1.3 million
- Net loss for the second quarter of 2020 was $2.2 million compared to net income of $1.5 million for the second quarter of 2019 due to unrealized losses of $2.3 million from hedged commodity contracts in the second quarter of 2020 compared to an unrealized gain of $1.1 million in second quarter 2019. Without the unrealized hedging losses for the second quarter of 2020, the Company would have recognized positive net income
- Revenue, net of royalties was $1.5 million in the second quarter of 2020 compared to $4.6 million for second quarter of 2019, a decrease of 66%, as prices decreased by 60% and production decreased by 15%
- The Company has an outstanding balance of $23.0 million on its credit facility at June 30, 2020 after paying down $4.5 million during the first six months of 2020
- At June 30, 2020, cash totaled $1.4 million

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

"We are pleased that the Company was able to generate positive adjusted funds flow of $1.6 million during the second quarter of 2020 due to the Company's strong hedge position. For the second half of 2020, the Company has commodity contracts in place for almost 80% of its existing oil production at an average price of $58.31/barrel. The Company also has almost 40% of its 2021 existing oil production hedged at $52.66/barrel. We are also experiencing low decline rates in our field, with a year over year decline rate on existing wells of only 15%. Going forward, the Company expects its hedges and low decline rates to allow the Company to continue to generate positive cash flow from its operations. Without the unrealized loss from commodity hedges in the second quarter of 2020, the Company would have recognized positive net income.

The Company has continued to focus on cost reductions during 2020. Our G&A expense for the second quarter of 2020 decreased by 23% from the prior year quarter due to continued cost cutting including employee terminations. We also significantly reduced field operating costs which lowered our operating expense per barrel for the second quarter of 2020 to $6.07/barrel which was a 20% decrease from the prior year quarter. The Company has also made $4.5 million of principal debt repayments during 2020, which has lowered our interest expense by 39% in the second quarter of 2020 compared to the second quarter of 2019.

The Company's adjusted funds flow was $1.6 million for the second quarter of 2020 compared to $2.5 million in the second quarter of 2019. The decrease was mainly due to lower average prices and lower production partially offset by realized gains from commodity contracts.

Average production for the second quarter of 2020 was 1,163 BOEPD, a decrease of 15% compared to the second quarter of 2019 average production of 1,368 BOEPD. Average production for the six months ended June 30, 2020 was 1,194 BOEPD, a decrease of 17% from the average production of 1,440 BOEPD in the same period of 2019. The decrease was due to the normal production decline of the Company's existing wells.

Net revenue decreased by 66% in the second quarter of 2020 as average prices decreased by 60% and production decreased by 15% and compared to the prior year quarter.

Average netback including commodity contracts for the second quarter of 2020 was $21.15 per barrel, a decrease of 21% from the prior year second quarter, even though prices decreased by more than 60%, with the oil price averaging $23.35/barrel, in the second quarter. The Company's commodity contracts contributed an additional $12.75 per barrel to the second quarter 2020 netback including commodity contracts amount.

The Company incurred a net loss for the second quarter of 2020 of $2.2 million compared to net income of $1.5 million for the second quarter of 2019. This was due to unrealized losses of $2.3 million from hedged commodity contracts in the second quarter of 2020 compared to an unrealized gain of $1.1 million in second quarter 2019.

	Second Quarter			First Six Months		
	2019	2018	%	2019	2018	%
Net Income (Loss):						
$ Thousands	$(2,224)	$1,531	-	$ (68,716)	$ 54	-
$ per common share assuming dilution	$(0.01)	$0.01	-	$(0.30)	$0.00	-
Capital Expenditures (adjustments)	$(110)	$363	-	$(111)	$1,115	-
Average Production (Boepd)	1,163	1,368	(15%)	1,194	1,440	(17%)
Average Price per Barrel	$18.72	$47.19	(60%)	$27.15	$44.88	(40%)
Average Netback from operations per Barrel	$8.41	$29.38	(71%)	$14.75	$28.03	(47%)
Average Netback including commodity contracts per Barrel	$21.15	$26.93	(21%)	$22.67	$26.20	(13%)

	June 2020	March 2020	December 2019
Cash and Cash Equivalents	$ 1,388	$ 3,745	$ 3,089
Working Capital	$ (1,790)	$(1,572)	$ (2,482)

Second Quarter 2020 versus Second Quarter 2019

Oil and gas gross revenues totaled $1,981,000 in the quarter versus $5,875,000 in the second quarter of 2019. Oil revenues decreased $3,658,000 or 68% as oil production decreased by 21% to 804 boepd and average oil prices decreased by $34.70 per barrel or 60% to $23.35 per barrel. Natural gas revenues decreased $97,000 or 39% to $153,000 as natural gas production decreased 2% to 1,033 mcfpd and average natural gas prices decreased by $0.98/mcf or 38% to $1.63/mcf. Natural gas liquids (NGLs) revenues decreased $139,000 or 54% as average NGL prices decreased 56% to $7.00 which was partially offset by an NGL production increase of 6% to 187 boepd.

Average production for the second quarter of 2020 was 1,163 boepd, a decrease of 15% compared to the second quarter of 2019 average production of 1,368 boepd. The decrease was due to the normal production decline of the Company's existing wells.

Production and operating expenses decreased to $642,000 due to lower production and cost cutting. Production and operating expense per barrel averaged $6.07 per BOE for the second quarter of 2020 compared to $7.59 per BOE for the same period in 2019, a decrease of 20%. The decrease was due to cost cutting measures taken in the field during the current year.

Depletion and depreciation expense decreased $383,000 or 25% due to a decrease in production in the second quarter of 2020 and a lower PP&E balance due to the impairment.

General and administrative expenses decreased $194,000 or 23% due to lower payroll and related costs due to employee terminations at the end of 2019 and management's continued efforts to reduce G&A costs throughout the Company.

Finance income increased $0.2 million in the second quarter of 2020 compared to the prior year quarter due to unrealized gains on commodity contracts in the second quarter of 2020.

Finance expense increased $1.8 million in the second quarter of 2020 compared to the prior year quarter primarily due to an unrealized loss on commodity contracts of $2.3 million in the second quarter of 2020.

Capital expenditures adjustments reduced PP&E by $110,000 in the second quarter of 2020 relating to cost revisions on a non-operated well.

FIRST SIX MONTHS 2020 HIGHLIGHTS

- Average production for the first six months of 2020 was 1,194 BOEPD, a decrease of 17% compared to the first six months of 2019 average production of 1,440 BOEPD due to the normal production decline of existing wells
- The Company has commodity contracts in place for almost 80% of its existing 2020 oil production at an average price of $58.31/barrel
- G&A expense decreased by 20% in the first six months of 2020 compared to the prior year due to lower payroll and related costs due to employee terminations at the end of 2019 and management's continued efforts to reduce G&A costs throughout the Company
- Operating expense per barrel averaged $6.44 per BOE for the first six months of 2020 compared to $7.19 per BOE for the same period in 2019, a decrease of 10%. The decrease was due to cost cutting measures taken in the field during the current year
- Interest expense decreased by 27% in the first six months of 2020 compared to the same period in the prior year due to principal payments on the credit facility during 2019 and 2020 which reduced the outstanding loan balance
- Average netback including commodity contracts for the first six months of 2020 was $22.67 per barrel, a decrease of 13% from the prior year period due to lower prices in 2020
- Adjusted funds flow was $3.6 million in the first six months of 2020 compared to $5.1 million in the first six months of 2019. The decrease was mainly due to a 40% decrease in average oil prices and a decrease of 17% in production partially offset by realized gains from commodity contracts of $1.7 million
- Due to the significant decline in commodity prices and the global impact on demand from the COVID-19 pandemic, the Company performed a PP&E impairment test in the first quarter of 2020. The impairment test resulted in an impairment of PP&E which totaled $71.9 million. In accordance with IFRS, an impairment loss can generally be reversed in future periods if there is an indication that a previously recognized impairment loss has reversed because of a change in the estimates used to determine the impairment loss and the recoverable amount of the impaired asset subsequently increases
- Net loss for the first six months of 2020 was $68.7 million compared to net income of $54 thousand for the first six months of 2019 due to the PP&E impairment
- Revenue, net of royalties was $4.6 million in the first six months of 2020 compared to $9.2 million for first six months of 2019, a decrease of 50%, as prices decreased by 40% and production decreased by 17%

First Six Months of 2020 versus First Six Months of 2019

Gross oil and gas revenues totaled $5,899,000 in the first six months of 2020 versus $11,698,000 in the first six months of 2019. Oil revenues were $5,150,000 in the first six months versus $10,637,000 in the same period of 2019, a decrease of 52% as average oil prices decreased 38% or $20.84 a barrel coupled by a decrease in oil production of 23%. Natural gas revenues decreased $213,000 or 38%, due to an average natural gas price decrease of 39% in the first six months of 2020 compared to the prior year period. NGL revenue decreased $99,000, or 20%, due to an average NGL price decrease of 18% and an NGL production decrease of 3% in the first six months of 2020.

Average production for the first six months of 2020 was 1,194 boepd, a decrease of 17% from the average production of 1,440 boepd in the same period of 2019. The decrease was due to the normal production decline of the Company's existing wells.

Production and operating expenses decreased to $1,400,000 due to lower production and cost cutting. Production and operating expense per barrel averaged $6.44 per BOE for the first six months of 2020 compared to $7.19 per BOE for the same period in 2019, a decrease of 10%. The decrease was due to cost cutting measures taken in the field during the current year.

Depletion and depreciation expense decreased $692,000 or 22% due to a decrease in production in the first six months of 2020 and a lower PP&E balance due to the impairment.

General and administrative expenses decreased $364,000 or 21% due to lower payroll and related costs due to employee terminations at the end of 2019 and management's continued efforts to reduce G&A costs throughout the Company.

Due to industry and market conditions, especially the significant decline in commodity prices and the global impact on demand from the COVID-19 pandemic, the Company performed a PP&E impairment test at March 31, 2020. The impairment test resulted in an impairment of PP&E which totaled $71.9 million for the first six months of 2020. In accordance with IFRS, an impairment loss can generally be reversed in future periods if there is an indication that a previously recognized impairment loss has reversed because of a change in the estimates used to determine the impairment loss and the recoverable amount of the impaired asset subsequently increases.

Finance income increased $4.6 million in the first six months of 2020 compared to the prior year period due to $2.9 million of unrealized gains on commodity contracts and $1.7 million of realized gains in the first six months of 2020.

Finance expense decreased $1.4 million in the first six months of 2020 compared to the prior year period due to an unrealized and realized losses on commodity contracts in the first six months of 2019 as well as lower interest expense in the first six months of 2020 compared to the prior year period.

Capital expenditures adjustments reduced PP&E by $111,000 in the first six months of 2020 relating to cost revisions on a non-operated well.

BNK PETROLEUM INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited, Expressed in Thousands of United States Dollars)
($000 except as noted)

	June 30 2020	December 31 2019
Current Assets		
Cash	$1,388	$ 3,089
Trade and other receivables	1,357	2,198
Other current assets	330	513
Fair value of commodity contracts	2,184	-
	5,259	5,800
Non-current assets		
Property, plant and equipment	80,868	155,408
Fair value of commodity contracts	429	-
	81,297	155,408
Total Assets	$86,556	$161,208
Current Liabilities		
Trade and other payables	$5,022	$6,424
Current portion of loans and borrowings	2,000	1,500
Fair value of commodity contracts	-	253
Lease payable	27	105
	7,049	8,282
Non-current liabilities		
Loans and borrowings	21,022	25,664
Asset retirement obligations	1,143	1,127
Fair value of commodity contracts	-	97
	22,165	26,888
Equity		
Share capital	289,622	289,622
Contributed surplus	22,948	22,925
Deficit	(255,228)	(186,512)
Total Equity	57,342	126,035
Total Equity and Liabilities	$86,556	$161,208

BNK PETROLEUM INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

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

($000 except as noted)

	Second Quarter		First Six Months	
	2020	2019	2020	2019
Oil and natural gas revenue, net	$ 1,532	4,601	4,603	9,178
Other income	-	1	1	2
	1,532	4,602	4,604	9,180
Production and operating expenses	642	945	1,400	1,874
Depletion and depreciation expense	1,148	1,531	2,508	3,200
General and administrative expenses	636	830	1,373	1,737
Stock based compensation	5	28	21	94
Impairment of PP&E	-	-	71,923	-
	2,431	3,334	77,225	6,905
Finance income	1,349	1,109	4,686	8
Finance expense	(2,674)	(846)	(781)	(2,229)
Net income (loss)	(2,224)	1,531	(68,716)	54
Net income (loss) per share	$ (0.01)	0.01	(0.30)	0.00

BNK PETROLEUM INC.
SECOND QUARTER 2020
(Unaudited, expressed in Thousands of United States dollars, except as noted)

		Second Quarter		First Six Months	
		2020	2019	2020	2019
Oil revenue before royalties	$	1,709	5,367	5,150	10,637
Gas revenue before royalties		153	250	342	555
NGL revenue before royalties		119	258	407	506
Oil and Gas revenue		1,981	5,875	5,899	11,698
Adjusted funds flow		1,601	2,525	3,553	5,099
Additions to property, plant & equipment		(110)	363	(111)	1,115

Statistics:

	2nd Quarter		First Six Months	
	2020	2019	2020	2019
Average oil production (Bopd)	804	1,016	823	1,064
Average natural gas production (mcf/d)	1,033	1,052	1,050	1,046
Average NGL production (Boepd)	187	177	196	202
Average production (Boepd)	1,163	1,368	1,194	1,440
Average oil price ($/bbl)	$23.35	$58.05	$34.37	$55.21
Average natural gas price ($/mcf)	$1.63	$2.61	$1.79	$2.93
Average NGL price ($/bbl)	$7.00	$16.04	$11.41	$13.87
Average price (Boe)	$18.72	$47.19	$27.15	$44.88
Royalties (Boe)	4.24	10.22	5.96	9.66
Operating expenses (Boe)	6.07	7.59	6.44	7.19
Netback from operations (Boe)	$8.41	$29.38	$14.75	$28.03
Price adjustment from commodity contracts (Boe)	12.74	(2.45)	7.92	(1.83)
Netback including commodity contracts (Boe)	$21.15	$26.93	$22.67	$26.20

The information outlined above is extracted from and should be read in conjunction with the Company's unaudited financial statements for the three and six months ended June 30, 2020 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, net operating income and adjusted fund 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.

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 Company's Tishomingo field, Oklahoma acreage, availability of funds from the Company’s reserves based loan facility, expected hedging levels 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 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 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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