BNK Petroleum Inc. Announces
2nd Quarter 2012 results

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

	Second Quarter			First Half		
	2012	2011	%	2012	2011	%
Earnings (Loss):						
$ Thousands	$(2,630)	$407	L	$(6,150)	$292	L
$ per common share assuming dilution	$(0.02)	$0.00	L	$(0.04)	$0.00	L
Capital Expenditures	$12,583	$7,434	69%	$23,355	$11,744	99%
Average Production (Boepd)	1,439	1,308	10%	1,547	1,318	17%
Average Product Price per Barrel	$31.96	$47.92	(33%)	$35.47	$46.76	(24%)
Average Netback per Barrel	$17.25	$27.92	(38%)	$17.69	$27.04	(35%)

	6/30/2012	12/31/2011	6/30/2011
Cash and Cash Equivalents	$17,311	$40,496	$56,353
Working Capital	$18,205	$39,697	$56,419

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

"We are highly encouraged by the positive results generated by our exploration programs in Poland and in Oklahoma, USA.

The early data, including the thicker, blacker shales and strong gas shows, from our 100% held Gapowo B-1 well in Poland validates our Baltic Basin geologic model. The model, developed by our geological and geophysical team, predicted that the target shales would thicken and improve in quality on our Indiana acreage, as was confirmed in our Gapowo B-1 well. In the coming weeks we anticipate being able to report results after the Miszewo T-1 well is deepened.

In Oklahoma, the Company-operated horizontal Barnes 6-2H well, is the first horizontal Lower Caney and Upper Sycamore (Mississippian Lime equivalent) test on the Company's acreage. In the next 45 days we expect to finish drilling, then fracture stimulate and begin testing the well. Based on the results of the vertical test of the Lower Caney in the fourth quarter 2011, it is anticipated that the Barnes 6-2H well will produce mostly oil. This could have a positive impact on netbacks and could augment the Company's reserves which are currently only Woodford shale-based. The Company's existing Woodford shale production has been declining at a slower rate than previously forecasted and is expected to increase above the Company's internal budgeted levels.

We are pleased with how the farmout process on our Spain and Poland concessions is progressing. A number of qualified parties are reviewing the available data. We have not set a final bid deadline for Poland due to the data being generated by the wells we are currently drilling.

BNK continued to invest in its European operations during the second quarter with capital expenditures totaling $12.6 million in the quarter with $9.9 million relating to its European operations of which $9.5 million was incurred in Poland, primarily for drilling our Indiana exploration wells. Through the first half of 2012 total capital expenditures were $23.4 million versus $11.8 million through the first half of 2011. Capital expenditures in Europe through the first half of 2012 were $19.6 million of which $18.9 million related to Poland.

The Company incurred a $2.6 million loss in the quarter versus income of $.4 million in the second quarter of 2011. Production increased 10% in the comparative quarters while average pricing per barrel declined 33% primarily due to lower natural gas and NGL prices causing oil and gas revenues net of royalties to decline by $1.2 million. Other income in the quarter declined $1.5 million as second quarter 2011 results included a $1.2 million gain on the sale of seismic data coupled with lower management fee income in 2012.

General and administrative expenses increased $1.5 million to $4.3 million primarily due to increased payroll and related costs and increased professional fees (legal, accounting, management, public relations) incurred in Europe.

Cash declined to $17.3 at June 30, 2012 from $40.5 million at yearend 2011 due to amounts spent on capital expenditures as discussed above. It was our plan that the vast majority of 2012 capital expenditures would be incurred in the first half of 2012 and accordingly second half 2012 capital expenditures will be significantly reduced from the first half of 2012.

Through the first half of 2012 the Company incurred a loss of $6.2 million versus income of $.3 million through the first half of 2011. Oil and gas revenues declined $.9 million due to a 24% decline in average pricing partially offset by a 17% increase in average production per day. Other income declined $1.3 million due to the effect of the 2011 seismic sale discussed above while general and administrative expenses increased $3.7 million primarily due to higher payroll and related costs of $1.7 million and increased professional fees relating to Europe. The Company also incurred $.9 million in legal restructuring costs in the first half of 2012 to better position its European operations from a legal and tax standpoint to facilitate efficiencies in future operations and potential farmouts and/or financing.

As recently announced, the Gapowo B-1 well on the Bytow Concession in Poland held by the Company's wholly owned subsidiary Indiana Investments Sp z o.o. ("Indiana"), has been drilled to a depth of approximately 4,300 meters. Two separate concession modifications have been obtained that deepened the allowable drilling depths for the Gapowo B-1 well and the Miszewo T-1 well.

In the Gapowo B-1 well over-pressured shales were encountered while drilling and coring the target intervals and substantially higher gas readings were regularly recorded both in the lower Silurian and Ordovician shales, compared to those encountered in the three wells previously drilled in the Saponis Investments Sp. z o.o. ("Saponis") concessions, where the Company has a 26.76% interest. The average total gas readings were in excess of 20 times higher, and total gas readings were more than 45 times higher, than those recorded in the Lebork S-1 well held by Saponis, located directly north of the Bytow concession.

At the Gapowo B-1 location the Ordovician shale increased to 45 gross meters from 27 gross meters in the Lebork S-1 well. Based on existing data the Company believes that there are between 40 to 75 gross meters of prospective shale intervals in the lower Silurian at the Gapowo B-1 location, as compared to the Lebork S-1 where the Company considers only a few meters to be prospective. The lower Silurian in the Gapowo B-1 location appears to have higher total organic carbon ("TOC") than in any of the wells previously drilled by the Company in Poland.

Whole core samples of 177 meters in length were obtained over the lower Silurian, Ordovician and Cambrian intervals. These samples will be analyzed to better determine TOC's porosities, mineralogy and other characteristics.

The Gapowo B-1 well is currently suspended awaiting the re-entry and the drilling rig is in the process of mobilizing to the Miszewo T-1 well. Deepening operations to access the target intervals on the Miszewo T-1 well are anticipated to begin in about 2 weeks. The Company has scheduled to re-enter and complete the Gapowo B-1 well after full concession modification approval has been received, allowing the drilling of horizontal wells.

At Saponis an injectivity test was conducted on the Ordovician open perforations in the Lebork S-1 well. The Company has evaluated the results of this test, and has interpreted its newly acquired 2D seismic and will be proposing a 2013 drilling and completion work plan to the Saponis partners.

In Germany, the Company was awarded its seventh concession, the Falke-South concession in North Rhine Westphalia , comprising approximately 440,000 acres, which brings the aggregate acreage in Germany in which the Company has a 100% interest to approximately 3.4 million acres, in three separate basins. The Company is continuing its comprehensive public relations campaign to assure the various constituents in Germany understand our commitment to the environment, safety and open dialogue The Company is integrating the results from its 2010-2012 field work into the subsurface model and continues to refine the play parameters across its German concessions. The process of permitting for 2D seismic operations is continuing.

The Company currently holds three concessions in Spain, totaling approximately 409,000 acres and has applied for an additional 234,000 acre concession adjacent to two of its existing concessions. As in Germany, the Company is conducting an extensive public relations effort to demonstrate its commitment to the environment, safety and open dialogue. Drilling applications and environmental impact assessments are in process for the first group of wells on two of the concessions.

SECOND QUARTER HIGHLIGHTS:

- Capital expenditures increased 69% to $12.6 million of which $9.5 million was spent in Poland
- The Miszewo T-1 well was postponed pending an Environmental Decision (ED) to drill slightly deeper than originally estimated and as a result the rig was moved to the Gapowo well. A concession modification has now been granted to deepen the allowable depth of the Miszewo T-1 well and drilling is expected to commence within two weeks.
- The Gapowo B-1 well was spud on May 14th and reached total depth (TD) on July 15th
- Discussions continued with potential farm-out partners concerning some of the Company's European concessions
- The Company began drilling a new horizontal well in Oklahoma in the slightly shallower Caney formation that is anticipated to yield mainly oil
- The Company participated in 2 Woodford shale wells in Oklahoma

- Production increased 10% from the second quarter of 2011
- Loss of $2.6 million versus profit of $.4 million in the second quarter of 2011 due to lower pricing and lower other income of $1.3 million
- Comparative oil and gas revenues declined by 27% or $1.2 million to $3.4 million
- Cash and working capital totaled $17.3 million and $18.2 million respectively at June 30, 2012

Second Quarter 2012 to Second Quarter 2011

Oil and gas revenues net of royalties totaled $3,401,000 in the quarter versus $4,634,000 in the second quarter of 2011. Oil revenues were $2,028,000 in the quarter versus $2,086,000 in the second quarter of 2011, a decline of 3% as average oil prices declined 9% or $9.07 a barrel while production increased 7% to an average of 246 barrels per day. Natural gas revenues declined $517,000 or 43% as average natural gas prices per mcf declined 52% while natural gas production increased to 3,674 mcfd. Natural Gas Liquid (NGL) revenue declined $944,000 or 39% to $1,470,000 as average NGL prices declined 41% to $27.79 a barrel while average production increased 3% to 581 boepd.

Other income declined $1,527,000 to $234,000 as second quarter 2011 results included a gain of $1,176,000 on the sale of seismic data in Oklahoma and also due to lower management fee revenue in 2012 relating to Saponis.

Exploration and evaluation expenses declined $481,000 between quarters as $591,000 was written off in the second quarter of 2011 relating to the Black Warrior basin in Alabama.

Production and operating expenses declined $168,000 between quarters due to a $262,000 rebate of production taxes in Oklahoma recorded in the second quarter of 2012.

Depletion and depreciation expense increased $286,000 between quarters due to increased production and an increased depletion base.

General and administrative expenses increased $1,471,000 between quarters primarily due to higher payroll and related costs of $879,000 ($576,000 relate to European operations), increased professional fees substantially incurred in Europe relating to legal, accounting, management fees and public relations of $334,000 and higher rent and office costs of $117,000.

Stock based compensation declined $631,000 between quarters due to a lower valuation of employee stock options granted in 2012.

Finance income increased $1,132,000 due to higher realized gains on financial commodity contracts, primarily natural gas, and higher unrealized gains primarily relating to crude oil. In addition a $196,000 gain was recorded based on warrant revaluation. Finance expense increased $537,000 primarily due to a $479,000 foreign exchange loss due to a stronger US dollar versus the Euro.

Cash declined $14,944,000 in the past three months primarily due to capital expenditures of $12,582,000, a net loss less non-cash charges in the second quarter of $1,914,000 offset by increased borrowings of $4,000,000 less changes in working capital.

Exploration and evaluation assets increased $9,957,000 primarily due to drilling costs incurred in Poland while loans and borrowings increased $4,061,000 due to increased borrowings of $4,000,000 and amortization of debt issue costs.

FIRST HALF 2012 VERSUS FIRST HALF 2011 HIGHLIGHTS

- Capital expenditures increased $11.6 million or 99% to $23.4 million primarily due to $18.9 million of capital expenditures incurred in Poland
- The Miszewo well was spud on February 28th but was suspended pending an Environmental Decision to drill slightly deeper. The rig was moved and the Gapowo well was drilled and reached TD in July
- Average production increased 17% between comparative first half year periods
- A net loss of $6.2 million was incurred versus profit of $.3 million in 2011 primarily due to lower revenue due to reduced pricing, lower other income, higher general and administrative expenses , higher production and operating expenses, higher depletion and depreciation expense and higher legal restructuring expenses

First Half 2012 to First Half 2011

Oil and natural gas revenues net of royalties declined $947,000 or 10% to $8,115,000. Oil revenues before royalties increased $337,000 to $4,533,000 due to 8% an increase in production as prices were flat between periods. Natural gas revenues before royalties declined $662,000 or 28% due to a 44% decline in average natural gas prices per mcf partially offset by increased production of 27%. NGL revenue before royalties declined $842,000 or 18% to $3,764,000due to a 28% decline in average NGL prices while average production per day increased 13%.

Other income declined due to the sale of seismic in 2011 and lower management fees.

Exploration and evaluation expenses declined $1,074,000 primarily due to the write-off of the Company's investment in Black Warrior in 2011.

Production and operating expenses increased 20% as production increased 17%, workovers incurred in the first quarter of 2012 increased expenses by $390,000 partially offset by the rebate of production taxes in Oklahoma.

Depletion and depreciation expense increased $930,000 primarily due to increased production applied on a higher reserve base.

General and administrative expenses increased $3,688,000 primarily due to increased payroll and related costs of $1,743,000, increased accounting, consulting and management fees of $717,000 substantially all incurred in Europe, increased legal fees of $499,000 primarily relating to the European operations, increased public relations expense of $286,000 incurred in Europe and higher rent and travel expense.

Finance Income increased $383,000 due to increased gains on financial commodity contracts and warrant revaluation partially offset by foreign currency gains incurred in 2011. Finance expense increased $194,000 primarily due to foreign currency losses incurred in 2012.

Cash has declined $23,185,000 through the first six months of 2012 primarily due to capital expenditures of $23,355,000 plus losses net of non-cash charges of $3,456,000 partially offset by increased borrowings of $4,000,000.

BNK PETROLEUM INC.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited, Expressed in Thousands of United States Dollars)

	June 30, 2012	December 31, 2011
Current assets		
Cash and cash equivalents	$ 17,311	$ 40,496
Trade and other receivables	13,663	11,509
Deposits and prepaid expenses	2,441	2,309
Fair value of commodity contracts	1,639	738
	35,054	55,052
Non-current assets		
Long-term receivables	1,718	1,928
Fair value of commodity contracts	396	311
Property, plant and equipment	151,076	150,313
Exploration and evaluation assets	34,613	14,911
	187,803	167,463
Total assets	$ 222,857	$ 222,515
Current liabilities		
Trade and other payables	$ 16,850	$ 15,355
Non-current liabilities		
Loans and borrowings	27,475	23,353
Asset retirement obligations	1,794	1,769
Warrants	16	262
	29,285	25,384
Equity		
Share capital	247,326	247,207
Contributed surplus	15,752	14,775
Deficit	(86,356)	(80,206)
Total equity	176,722	181,776
Total equity and liabilities	$ 222,857	$ 222,515

BNK PETROLEUM INC.

CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

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

	Second Quarter		First Half	
	2012	2011	2012	2011
Oil and natural gas revenue, net of royalties	$ 3,401	$ 4,634	$ 8,115	$ 9,062
Gathering income	332	449	734	950
Other income	234	1,761	454	1,791
	3,967	6,844	9,303	11,803
Exploration and evaluation expenditures	209	692	261	1,335
Production and operating expenses	1,142	1,310	3,135	2,613
Depletion and depreciation	1,615	1,329	3,448	2,518
General and administrative expenses	4,336	2,865	8,124	4,436
Stock based compensation	205	836	475	1,290
Legal restructuring expenses	280	-	880	-
	7,787	7,032	16,323	12,192
Finance income	1,988	856	1,777	1,394
Finance expense	(798)	(261)	(907)	(713)
Net finance income (loss)	1,190	595	870	(681)
Net income (loss) and comprehensive income (loss)	$ (2,630)	$ 407	$ (6,150)	$ (292)
Net income (loss) per share				
Basic and Diluted	$ (0.02)	$ 0.00	$ (0.04)	$ (0.00)

BNK Petroleum Inc.
Second Quarter 2012
($000 except as noted)

		2nd Quarter		First Half	
		2012	2011	2012	2011
Oil revenue before royalties	$	2,028	2,086	4,533	4,196
Gas revenue before royalties		687	1,204	1,690	2,352
NGL revenue before royalties		1,470	2,414	3,764	4,606
Oil and Gas revenue		4,185	5,704	9,987	11,154
Cash Flow provided (used) by operating activities		(4,299)	(3,707)	(8,696)	(896)
Additions to property, plant & equipment		(2,626)	(5,916)	(3,653)	(9,351)
Additions to Exploration and Evaluation Assets		(9,957)	(1,518)	(19,702)	(2,393)
					-

Statistics:

	2nd Quarter		First Half	
	2012	2011	2012	2011
Average natural gas production (mcf/d)	3,674	3,083	3,934	3,107
Average NGL production (Boepd)	581	564	630	557
Average Oil production (Bopd)	246	230	261	243
Average production (Boepd)	1,439	1,308	1,547	1,318
Average natural gas price ($/mcf)	$2.06	$4.29	$2.36	$4.18
Average NGL price ($/bbl)	27.79	$47.04	32.81	$45.69
Average oil price ($/bbl)	90.47	$99.54	95.45	$95.51
Average price per barrel	$31.96	$47.92	$35.47	$46.76
Royalties per barrel	5.99	8.99	6.65	8.77
Operating expenses per barrel	8.72	11.01	11.13	10.95
Netback per barrel	$17.25	$27.92	$17.69	$27.04

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, 2011 and the related management's discussion and analysis thereof, copies of which are available under the Company's profile at www.sedar.com.

Non-IFRS Information

Netback per barrel and its components are calculated by dividing revenue, 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. The non-IFRS measures referred to above do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures used by other companies.

The Company also uses the "barrels" (bbls) or "barrels of oil equivalent" (boe) reference in this report to reflect natural gas liquids and oil production and sales. All boe conversions are derived by converting gas to oil in the ratio of six thousand cubic feet of gas to one barrel of oil, representing the approximate energy equivalency.

Caution Regarding Forward-Looking Information

Certain statements contained in this news release constitute "forward-looking information" as such term is used in applicable Canadian securities laws, including information regarding the proposed timing and expected results of exploratory work including the potential for oil production from the Lower Caney and upper Sycamore formations on the Company's Oklahoma acreage and possible impact of that on the Company's netbacks and resources base, anticipated timing of commencement of drilling, well-deepening, fracture-stimulations, and concession applications. Forward-looking information is based on plans and estimates of management at the date the information is provided and certain factors and assumptions of management, including that the Company's geologic models will be validated, that previous exploration results are indicative of future results and success, that discoveries will prove to be economic, that all required permits and approvals, funding from co-venturers and the necessary labor and equipment will be obtained, provided or available, as applicable, when required. Forward looking information is subject to a variety of risks and uncertainties and other factors that could cause plans, estimates, timing and actual results to vary materially from those projected in such forward-looking information. Factors that could cause the forward-looking information in this news release to change or to be inaccurate include, but are not limited to, the risk that permits, approvals, equipment and/or funding are delayed or available only on terms that are not acceptable to the Company, political and currency risks and other risks associated with exploration and development of oil and gas projects, including those set forth in the Company's management's discussion and analysis and annual information form filed under the Company's profile on www.sedar.com.

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, Germany and Spain. Additionally the Company is utilizing its technical and operational expertise to identify and acquire additional unconventional projects outside of North America. The Company's shares are traded on the Toronto Stock Exchange under the stock symbol BKX.

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