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BNK Announces 4th Quarter and Annual 2012 results

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

	Fourth Quarter 2012	Fourth Quarter 2011	%	Twelve Months 2012	Twelve Months 2011	%
Earnings (Loss):						
$ Thousands	($4,538)	$687	L	($14,948)	$705	L
$ per common share assuming dilution	($0.03)	$0.00	L	($0.10)	$0.00	L
Funds from operations:						
$ Thousands	$(1,855)	($346)	(436%)	($5,545)	$5,972	L
$ per common share	($0.01)	($0.00)	-	($0.04)	$0.04	L
Capital Expenditures	$5,009	$10,778	(54%)	$41,113	$33,958	21%
Average Production (Boepd)	1,681	2,066	(19%)	1,581	1,645	(4%)
Average Product Price per Barrel	$33.52	$42.60	(21%)	$34.61	$45.46	(24%)
Average Netback per Barrel	$17.83	$26.06	(32%)	$17.75	$27.09	(34%)

	12/31/2012	12/31/2011	9/30/2012
Cash and Cash Equivalents	$3,419	$40,496	$10,285
Adjusted Working Capital	$1,250*	$39,697	$7,904

***** Excludes debt classified as current at December 31, 2012 refinanced to non-current in January 2013.

BNK's President and Chief Executive Officer, Wolf Regener commented:
"With the recently announced signing of the Purchase and Sale Agreement with XTO Energy Inc. for the sale of our Tishomingo Field assets in Oklahoma, other than the Caney and upper Sycamore formations, for $147.5 million in cash, post-closing, the Company will be well positioned to maximize what we believe will be outstanding opportunities in the oil-rich Caney and upper Sycamore formations and to pursue our exciting European projects with or without partners. The test results from the first Caney wells have been encouraging and we look forward to drilling the next wells**,** where the first of them is about to begin drilling. Completion of the sale transaction with XTO Energy Inc. is subject to customary closing conditions. If those conditions are satisfied, the transaction is expected to close in late April, 2013.

The fourth quarter loss was $4.5 million versus income of $.7 million earned in the fourth quarter of 2011. For the full year a loss of $14.9 million was incurred versus a profit of $.7 million earned in 2011.

Capital expenditures were a record $41.1 million in 2012 as the Company continued to invest in Oklahoma and drilled two wells in Poland.

In Poland, as was stated in the Company's January 13, 2013 press release, the Company continues to await approval to re-enter, drill a horizontal leg and fracture stimulate the Gapowo B-1 well. The Company is continuing to have discussions with potential farmout partners, but under the assumed sale of the Company's Woodford assets, the Company will have the flexibility to drill the Gapowo B-1 well on its own, after approval for re-entry is received.

The Company is continuing to have discussions with potential farmout partners for its European assets, but once sale of the Company's Woodford assets to XTO Energy Inc. is completed, the Company will have the flexibility to drill the Gapowo B-1 well on its own.

In Spain, the Company has submitted five separate Environmental Impact Assessments ("EIA") documents for the exploration permits on its Sedano and Urraca concessions. The EIA's are part of the process to obtain approval to drill exploration wells on these concessions."

FOURTH QUARTER HIGHLIGHTS:

- Net loss was $4.5 million versus earnings of $.7 million from the fourth quarter of 2011
- Capital expenditures were $5.0 million versus $10.8 million from the fourth quarter of 2011, a decrease of 54%
- Average per day production from the Tishomingo field in Oklahoma decreased to 1,681 versus 2,066 from the fourth quarter of 2011, a decrease of 19%
- Average netbacks were $17.83 in the quarter versus $26.06 in the fourth quarter of 2011 or a decline of 32%

Fourth Quarter 2012 to Fourth Quarter 2011

Oil and gas revenues before royalties totaled $5,184,000 in the fourth quarter versus $8,098,000 in the fourth quarter of 2011. Oil revenues decreased $1,165,000 or 39% as average oil prices decreased 12% to $80.93 a barrel while average production per day declined 31%. Retroactive working interest adjustments reduced average fourth quarter crude oil prices by $3.03 a barrel, absent these adjustments average fourth quarter crude oil prices would have been $83.96. NGL revenue decreased $991,000 or 32% due to average production per day decreasing 41 barrels a day or 5% while average NGL prices decreased 29% to $31.02 a barrel. Natural gas revenues decreased 37% to $757,000 as average per day gas production decreased 25% to 4,240 metric cubic feet per day (mcf/d) while average natural gas prices decreased 16% to $3.28 an MCF.

Other income decreased $297,000 from $1,195,000 in the fourth quarter of 2011 primarily due to lower management fee income relating to the Company's role as Manager of Saponis Investments Sp z o.o. ("Saponis") partially offset by gains from eliminating asset retirement obligations for wells no longer owned by the Company.

Exploration and evaluation expenses increased $526,000 in the quarter due to costs incurred relating to the decision to discontinue drilling activities in certain concessions in Germany.

Production and operating expenses totaled $1,453,000 versus $1,625,000 in the fourth quarter of 2011 or 11% commensurate with the 19% decline in production between periods.

Depletion and depreciation expenses decreased 16% to $1,936,000 also due to the decline in average production between periods.

General and administrative expenses decreased 2% to $4,267,000 due to lower professional fees between quarters.

Restructuring costs increased $566,000 to $756,000 due to severance costs relating the decision to discontinue exploration activities in five concessions in Germany and to eliminate the New Venture Geological staff in the Camarillo office and absorb those activities with the existing Geological staff.

Finance income decreased 86% to $446,000 primarily due to lower foreign exchange gains.

Finance expense decreased in the fourth quarter by 45% to 768,000 due to lower unrealized losses on financial commodity contracts.

Full Year 2012 versus Full Year 2011:

FULL YEAR HIGHLIGHTS:

- Average production decreased 4% to 1,581 barrels per day
- Net oil and gas revenues decreased 27% to $16,273,000 from $22,179,000
- Net loss totaled $14,948,000 versus net income of $705,000 in 2011
- Average net-back per barrel decreased 34% to $17.75
- Cash flow used by operating activities totaled $9,650,000 versus providing $3,737,000 in 2011
- Capital expenditures totaled $41,113,000 of which $26,688,000 was spent in Poland and $12,818,000 was spent in Oklahoma
- Other Income declined $2,776,000 to $1,633,000

Oil and gas revenues net of royalties totaled $16,273,000 in 2012 versus $22,179,000 in 2011. Oil revenues before royalties decreased $2,053,000 or 19% as average oil prices decreased $0.35 a barrel or .4% to $90.59 while average oil production per day decreased 19% to 257 barrels per day. Natural gas liquid revenues (NGLs) before royalties decreased $2,980,000 or 28% as average NGL prices decreased 30% to $31.58 while average per day production increased 3%. Natural gas revenues before royalties decreased $2,237,000 or 37% as average natural gas production decreased 3% while average natural gas prices decreased 35% to $2.66 metric cubic feet.

Other income declined $2,776,000 due to the seismic sale in 2011 and lower management fees partially offset by gains from eliminating asset retirement obligations.

Exploration and evaluation expenses declined $757,000 due to higher exploration costs in 2011 relating to pre-concession activity and a 2011 impairment in the United States partially offset by the write-off of E&E assets related to five concessions in Germany in 2012.

Depletion and depreciation expense increased $536,000 or 8% due to an increased depletable base on which the depletion rate is applied.

General and administrative expenses increased $4,670,000. This increase was primarily due to higher payroll and related costs from increased headcount of $2,951,000, higher consulting, management, accounting and public relations costs of $970,000 and an increase in legal costs relating to the European assets of $414,000.

Restructuring costs totaling $1,771,000 were incurred to reorganize the European assets to facilitate their management and financing and for severance relating to Germany and Camarillo.

Finance income decreased $1,375,000 primarily due to lower unrealized gains on warrant revaluation and foreign exchange gains in 2011.

Finance expense increased $1,346,000 primarily due to foreign exchange losses of $721,000 relating to foreign currency denominated transactions in Poland and fluctuations between the US dollar and the Euro, higher interest expense of $299,000 due to increased borrowings and unrealized losses on financial commodity contracts in 2012.

Key Financial and Operating data follow:

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited, Expressed in Thousands of United States Dollars)

	December 31, 2012	December 31, 2011
Assets		
Cash and cash equivalents	$ 3,419	$ 40,496
Trade and other receivables	11,564	11,509
Deposits and prepaid expenses	2,367	2,309
Fair value of commodity contracts	779	738
Total current assets	18,129	55,052
Non-current assets		
Property, plant and equipment	157,132	150,585
Exploration and evaluation assets	42,343	14,639
Long-term Receivables and other non-current assets	1,297	2,239
Total Non-current assets	200,772	167,463
Total Assets	$ 218,901	$ 222,515
Liabilities		
Loans and borrowings	$ 31,797	$ -
Trade and other payables	16,879	15,355
Total current liabilities	48,676	15,355
Non-current liabilities		
Loans and borrowings	-	23,353
Asset retirement obligations	1,312	1,769
Fair value of commodity contracts	75	-
Warrants	3	262
Total non-current liabilities	1,390	25,384
Equity		
Share capital	247,326	247,207
Contributed surplus	16,663	14,775
Deficit	(95,154)	(80,206)
Total equity	168,835	181,776
Total Equity and Liabilities	$ 218,901	$ 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)

	Fourth Quarter		Twelve Months	
	2012	2011	2012	2011
Oil and natural gas revenue, net of royalties	$ 4,212	$ 6,580	$ 16,273	$ 22,179
Gathering income	356	457	1,420	1,811
Other income	898	1,195	1,633	4,409
	5,466	8,232	19,326	28,399
Exploration and evaluation expenditures	1,078	552	1,388	2,145
Production and operating expenses	1,453	1,625	6,002	5,916
Depletion and depreciation	1,936	2,306	7,141	6,605
General and administrative expenses	4,267	4,372	16,331	11,661
Legal restructuring costs	756	190	1,771	1,170
Stock based compensation	192	359	877	2,154
	9,682	9,404	33,510	29,651
Finance income	446	3,266	1,706	3,081
Finance expense	(768)	(1,407)	(2,470)	(1,124)
Net income (loss) and comprehensive income (loss)	$ (4,538)	$ 687	$ (14,948)	$ 705
Net income (loss) per share				
Basic and Diluted	$ (0.03)	$ 0.00	$ (0.10)	$ 0.00

BNK Petroleum Inc.
Fourth Quarter and Year 2012
($000 except as noted)

		4th Quarter 2012	4th Quarter 2011	Twelve Months 2012	Twelve Months 2011
Oil revenue before royalties	$	1,822	2,987	8,525	10,578
Gas revenue before royalties		1,281	2,038	3,873	6,110
NGL revenue before royalties		2,081	3,072	7,628	10,608
Oil and Gas revenue		5,184	8,097	20,026	27,296
Cash Flow provided (used) by operating activities		845	3,363	(9,650)	3,737
Capital expenditures		(5,009)	(10,778)	(41,113)	(33,958)
Cash proceeds of stock options and warrants		-	4	63	625

Statistics:

	4th Quarter 2012	4th Quarter 2011	Twelve Months 2012	Twelve Months 2011
Average natural gas production (mcf/d)	4,240	5,644	3,981	4,114
Average NGL production (Boepd)	729	770	660	640
Average Oil production (Bopd)	245	355	257	319
Average production (Boepd)	1,681	2,066	1,581	1,645
Average natural gas price ($/mcf)	$3.28	$3.92	$2.66	$4.07
Average NGL price ($/bbl)	$31.02	$43.39	$31.58	$45.38
Average oil price ($/bbl)	$80.93	$91.47	$90.59	$90.94
Average price per barrel	$33.52	$42.60	$34.61	$45.46
Royalties per barrel	6.29	7.99	6.49	8.52
Operating expenses per barrel	9.40	8.55	10.37	9.85
Netback per barrel	$17.83	$26.06	$17.75	$27.09

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, 2012 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

Funds from operations and funds from operations per common share are not defined by GAAP in Canada and are referred to as non-GAAP measures. Funds from operations are based on cash flow from operating activities as per the statement of cash flows before changes in non-cash working capital. Funds from operations per common share is calculated based on the weighted average number of common shares outstanding consistent with the calculation of net earnings (loss) per share.

For more details on non-GAAP measures, refer to BNK's "Management's Discussion and Analysis.

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 which is applicable at the burner tip and does not represent a value equivalency at the wellhead.

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 sale of the Company's Woodford shale, Tishomingo assets (the "Proposed Sale"), the anticipated use of proceeds from the Proposed Sale and the proposed timing and expected results of exploratory work, commencement of drilling, 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 conditions to completion of the Proposed Sale will be satisfied and that the Proposed Sale will be completed as expected, that indications of early results are reasonably accurate predictors of the prospectiveness of the shale intervals, that required regulatory approvals will be available when required, 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 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, farm-ins or other participation arrangements to maintain its projects, and that global economic conditions will not deteriorate in a manner that has an adverse impact on the Company's business, its ability to advance its business strategy and the industry as a whole. 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 any of the assumptions on which such forward

looking information is based vary or prove to be invalid, including that the conditions to completion of the Proposed Sale will be not be satisfied or that the Proposed Sale is otherwise not completed in the anticipated timeframe or at all, 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 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 and uncertainties applicable to exploration and development activities and the Company's business as set forth in the Company's management discussion and analysis and its annual information form, both of which are available for viewing under the Company's profile at www.sedar.com, any of which could result in delays, cessation in planned work or loss of one or more concessions and have an adverse effect on the Company and its financial condition. 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, 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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