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For Immediate Release

BNK PETROLEUM INC. ANNOUNCES SECOND QUARTER 2019 RESULTS WITH NET INCOME OF $1.5 MILLION

CAMARILLO CALIFORNIA, August 8, 2019 -
All amounts are in U.S. Dollars unless otherwise indicated:

SECOND QUARTER HIGHLIGHTS

- Net income for the second quarter of 2019 was $1.5 million compared to a net loss of $0.8 million for the second quarter of 2018 due to unrealized gains of $1.1 million from hedged commodity contracts in the second quarter of 2019 compared to an unrealized loss of $1.4 million in second quarter 2018
- General & administrative expenses decreased by 7% for the second quarter of 2019 compared to the second quarter of 2018. The decrease relates to management's continued efforts to reduce costs throughout the Company and the adoption of IFRS 16 which lowered rent expense
- Average netback from operations for the second quarter of 2019 was $29.67 per barrel, a decrease of 17% from the prior year second quarter due to lower prices in 2019. Netbacks after adjustments was $27.20 which was an increase of 9% from the second quarter of 2018
- Average production for the second quarter of 2019 was 1,355 BOEPD, a decrease of 35% compared to the second quarter of 2018 average production of 2,100 BOEPD. Excluding the impact of prior period adjustments that were included in only the 2018 production numbers, average production decreased by 21% for the second quarter of 2019. This decrease was due to 2 wells that were temporarily shut-in during a portion of the quarter due to pipeline repairs as well as the high IP Glenn 16-2H well that came on production at the beginning of the 2018 second quarter
- Adjusted funds flow was $2.5 million in the second quarter 2019 compared to $3.9 million in the second quarter of 2018. The decrease was mainly due to a 35% decrease in production combined with a 13% decrease in oil prices
- Revenue, net of royalties was $4.6 million in the second quarter of 2019 compared to $6.9 million for second quarter of 2018, a decrease of 33%, as production decreased by 35% and prices decreased by 13%
- At June 30, 2019, cash totaled $2.9 million

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

"We are pleased that the Company generated net income of $1.5 million and adjusted funds flow of over $2.5 million during the quarter. The Company also continues to reduce its overhead with a 7% reduction in G&A expenses for the quarter. The Company is expected to continue to generate positive cash flow for the remainder of the year and forecasts that it will have generated enough cash to be able to begin drilling the next well in the field in the fourth quarter. The special committee of the board of directors of the Company continues to examine and evaluate all strategic options as it has received interest in various options from third parties.

The Company generated net income of $1.5 million compared to a net loss of $0.8 million in the second quarter 2018. This is partially due to an unrealized gain on financial commodity contracts of $1.1 million in the second quarter of 2019, compared to an unrealized loss of $1.4 million in the second quarter of 2018.

The Company's G&A expenses decreased by 7% due to continued cost cutting and the implementation of the new lease accounting standard which lowered the Company's rental expense in 2019.

Average production for the second quarter of 2019 was 1,355 BOEPD, a decrease of 35% compared to the second quarter of 2018 average production of 2,100 BOEPD. This decrease was primarily due to prior period adjustments related to natural gas and NGL volumes in 2018 which added 375 boepd to the average production for the second quarter of 2018. There were no prior period adjustments in the second quarter of 2019. Excluding the impact of the prior period adjustments, average production decreased by 21% for the second quarter of 2019. In addition, both the Anderson 1-15H10X3 well and the WLC 14-2H well were temporarily shut-in in May 2019 due to pipeline repairs which contributed to the production decline. The Anderson 1-15H10X3 resumed production in June 2019 but the WLC 14-1H well is not expected to resume production until mid-August 2019. Also, the Glenn 16-2H well had its first three months of production in the second quarter of 2018.

Average netback from operations for the second quarter of 2019 was $29.67 per boe, a decrease of 17% from the prior year second quarter due to lower prices in 2019. Netbacks after adjustments, which include the impact of price adjustments from commodity contracts and the 2018 prior period adjustments on natural gas and NGL volumes sold as well as processing costs, was $27.20 per boe, which was an increase of 9% from the second quarter of 2018.

Our net revenue was $4.6 million in the second quarter of 2019 compared to $6.9 million for second quarter of 2018, a decrease of 33%. Adjusted funds flow was $2.5 million in the second quarter 2019 compared to $3.9 million in the second quarter of 2018. These decreases were mainly due to a 35% decrease in production combined with a 13% decrease in average prices."

	Second Quarter 2019	Second Quarter 2018	%	First Six Months 2019	First Six Months 2018	%
Net Income (Loss):						
$ Thousands	$1,531	$(801)	-	$ 54	$(1,295)	-
$ per common share assuming dilution	$0.01	$(0.00)	-	$0.00	$(0.01)	-
Capital Expenditures	$363	$3,652	(90%)	$1,115	$11,582	(90%)
Average Production (Boepd)	1,355	2,100	(35%)	1,426	1,783	(20%)
Average Price per Barrel	$47.06	$54.31	(13%)	$44.84	$52.15	(14%)
Average Netback from operations per Barrel	$29.67	$35.60	(17%)	$28.31	$33.86	(16%)
Average Netback after adjustments per Barrel	$27.20	$24.97	9%	$26.45	$25.72	3%

	June 2019	March 2019	December 2018
Cash and Cash Equivalents	$ 2,855	$ 1,708	$ 1,456
Working Capital	$ (598)	$(2,969)	$ (2,393)

Second Quarter 2019 versus Second Quarter 2018

Oil and gas gross revenues totaled $5,802,000 in the quarter versus $9,028,000 in the second quarter of 2018. Oil revenues decreased $2,470,000 or 32% as oil production decreased by 22% to 1,001 boepd and average oil prices decreased by $8.10 per barrel or 12% to $58.07. Natural gas revenues decreased $433,000 or 63% to $252,000 as natural gas production decreased 68% to 1,053 mcfpd which was partially offset by an average natural gas price increase of $0.37/mcf or 16% to $2.63/mcf. Natural gas production for the second quarter of 2018 included 2,104 mcfpd related to prior period adjustments. Excluding the impact of the prior period adjustments, average natural gas production decreased by 14% for the second quarter of 2019 compared to the second quarter of 2018. Natural gas liquids (NGLs) revenues decreased $323,000 or 55% as NGL production decreased 31% to 178 boepd and average NGL prices decreased 35% to $16.19. NGL production for the second quarter of 2018 included 24 boepd related to prior period adjustments. Excluding the impact of the prior period adjustments, average NGL production decreased by 24% for the second quarter of 2019 compared to the second quarter of 2018.

Average production for the second quarter of 2019 was 1,355 BOEPD, a decrease of 35% compared to the second quarter of 2018 average production of 2,100 BOEPD. This decrease was primarily due to prior period adjustments related to natural gas and NGL volumes in 2018 which added 375 boepd to the average production for the second quarter of 2018. There were no prior period adjustments in the second quarter of 2019. Excluding the impact of the prior period adjustments, average production decreased by 21% for the second quarter of 2019. In addition, both the Anderson 1-15H10X3 well and the WLC 14-2H well were temporarily shut-in in May 2019 due to pipeline repairs which contributed to the production decline. The Anderson 1-15H10X3 resumed production in June 2019 but the WLC 14-1H well is not expected to resume production until mid-August 2019. Also, the Glenn 16-2H well had its first three months of production in the 2nd quarter of 2018.

Production and operating expenses decreased to $945,000 due to lower production. Production and operating costs on a boe basis increased by 37% to $7.66/boe due to the impact of a production tax increase in July 2018 which increased the second quarter 2019 amount by $0.43 per boe. In addition, the per BOE operating expense increase for the second quarter of 2019 is due to the decrease in production which raises the fixed operating cost per barrel, as well as equipment repairs due to lightning strikes in the second quarter of 2019.

Depletion and depreciation expense decreased $1,010,000 or 40% due to a decrease in production in the second quarter of 2019 and increased reserves in 2019.

General and administrative expenses decreased $61,000 or 7% due to continued cost cutting efforts in the second quarter of 2019 and the adoption of IFRS 16 which lowered rent expense.

Stock based compensation decreased by $165,000 or 85% due to the timing of stock awards granted to employees.

Finance income increased $1.1 million in the second quarter of 2019 compared to the prior year quarter due to unrealized gains on commodity contracts in the second quarter of 2019.

Finance expense decreased $1.8 million in the second quarter of 2019 compared to the prior year quarter primarily due to an unrealized loss on commodity contracts of $1.4 million in the second quarter of 2018.

Capital expenditures of $363,000 were incurred in the second quarter of 2019 relating to the Tishomingo field.

At June 30, 2019, the Company's US subsidiary had borrowed all of the committed amount of $30.0 million on the credit facility with BOK Financial. The Company paid down $0.5 million of the commitment amount in August 2019.

FIRST SIX MONTHS 2019 HIGHLIGHTS

- Net income for the first six months of 2019 was $54 thousand compared to a net loss of $1.3 million for the first six months 2018 due to unrealized losses of $0.7 million from commodity contracts in the first six months of 2019 compared to an unrealized loss of $2.2 million in the first six months of 2018
- General & administrative expenses decreased by 10% for the first six months of 2019 compared to the first six months of 2018. The decrease relates to management's continued efforts to reduce costs throughout the Company, advisor fees incurred in the prior year and the adoption of IFRS 16 which lowered rent expense
- Average netback from operations for the first six months of 2019 was $28.31 per barrel, a decrease of 16% from the prior year period due to lower prices in 2019. Netbacks after adjustments was $26.45 which was an increase of 3% from the first six months of 2018
- Average production for the first six months of 2019 was 1,426 BOEPD, a decrease of 20% compared to prior year first six months average production of 1,783 BOEPD. Excluding the impact of prior period adjustments that were included in only the 2018 production numbers,

average production decreased by 9% for the first six months of 2019. This decrease was due to 2 wells that were temporarily shut-in during a portion of the quarter due to pipeline repairs

- Adjusted funds flow was $5.1 million in the first six months of 2019 compared to $6.4 million in the first six months of 2018. The decrease was mainly due to a 20% decrease in production combined with a 14% decrease in oil prices
- Revenue, net of royalties was $9.2 million for first six months of 2019 compared to $11.8 million for the first six months of 2018, a decrease of 22%, due to lower prices in 2019 and decreased production
- Cash totaled $2.9 million at June 30, 2019

First Six Months of 2019 versus First Six Months of 2018

Gross oil and gas revenues totaled $11,573,000 in the first six months of 2019 versus $15,348,000 in the first six months of 2018. Oil revenues were $10,512,000 in the first six months versus $13,224,000 in the same period of 2018, a decrease of 21% as average oil prices decreased 14% or $8.91 a barrel coupled by a decrease in oil production of 8%. Natural gas revenues decreased $500,000 or 47%, due to an average natural gas production decrease of 58% in the first six months of 2019 offset by an increase in natural gas prices of 25%. Natural gas production for the first six months of 2018 included 1,244 mcfpd related to prior period adjustments. Excluding the impact of the prior period adjustments, average natural gas production decreased by 15% for the second quarter of 2019 compared to the second quarter of 2018. NGL revenue decreased $563,000, or 53%, due to a decrease in NGL production of 14% and an average NGL price decrease of 45% in the first six months of 2019. NGL production for the first six months of 2018 included 15 boepd related to prior period adjustments. Excluding the impact of the prior period adjustments, average NGL production decreased by 8% for the second quarter of 2019.

Average production for the first six months of 2019 was 1,426 BOEPD, a decrease of 20% from the average production of 1,783 BOEPD in the same period of 2018. These decreases were primarily due to prior period adjustments related to natural gas and NGL volumes in 2018 which added 222 boepd for the first six months of 2018. There were no prior period adjustments in 2019. Excluding the impact of the prior period adjustments, average production decreased by 9% for the first six months of 2019 compared to the comparable prior year periods. In addition, both the Anderson 1-15H10X3 well and the WLC 14-2H well were temporarily shut-in in May 2019 due to pipeline repairs which contributed to the production decline. The Anderson 1-15H10X3 resumed production in June 2019 but the WLC 14-1H well is not expected to resume production until mid-August 2019.

Production and operating expenses decreased 20% for the first six months of 2019 due to a decrease in production. Operating expenses averaged $7.26 per BOE for the first six months of 2019 compared to $6.18 per BOE for the same period in 2018. The increase was due to the impact of a production tax increase in July 2018 which increased the first six months of 2019 amount by $0.42 per boe. In addition, the per BOE operating expense increase for the first six months of 2019 is due to the decrease in production which raises the fixed operating cost per barrel, as well as equipment repairs due to lightning strikes in the second quarter of 2019.

Depletion and depreciation expense decreased $1,095,000 due to a decrease in production in the first six months of 2019 and increased reserves in 2019.

General and administrative expenses decreased $200,000, or 10%, primarily due to management's continued efforts to reduce costs throughout the Company, advisor fees that were incurred in 2018 and the adoption of IFRS 16 which lowered rent expense.

Stock based compensation decreased by $128,000 due to the timing of stock awards granted to employees.Finance expense decreased $2.1 million due to lower unrealized and realized losses on commodity contracts in 2019 offset by higher interest expense on the credit facility in 2019.

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

	June 30 2019	December 31 2018
Current Assets		
Cash	$2,855	$1,456
Trade and other receivables	2,296	2,965
Other current assets	457	609
Fair value of commodity contracts	-	407
	5,608	5,437
Non-current assets		
Property, plant and equipment	157,123	159,122
Fair value of commodity contracts	280	-
Right of use assets	174	-
	157,577	159,122
Total Assets	$163,185	$164,559
Current Liabilities		
Trade and other payables	$5,499	$7,830
Fair value of commodity contracts	555	-
Lease payable	152	-
	6,206	7,830
Non-current liabilities		
Loans and borrowings	29,606	29,551
Asset retirement obligations	1,144	1,127
Fair value of commodity contracts	-	9
Lease payable	27	-
	30,777	30,687
Equity		
Share capital	289,622	289,622

Contributed surplus	22,861	22,755
Deficit	(186,281)	(186,335)
Total Equity	126,202	126,042
Total Equity and Liabilities	$163,185	$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)

($000 except as noted)

		Second Quarter		First Six Months	
		2019	2018	2019	2018
Oil and natural gas revenue, net	$	4,601	6,866	9,178	11,798
Other income		1	1	2	19
		4,602	6,867	9,180	11,817
Production and operating expenses		945	1,356	1,874	2,343
Depletion and depreciation expense		1,531	2,541	3,200	4,295
General and administrative expenses		830	891	1,737	1,937
Stock based compensation		28	193	94	222
		3,334	4,981	6,905	8,797
Finance income		1,109	-	8	-
Finance expense		(846)	(2,687)	(2,229)	(4,315)
Net income (loss)		1,531	(801)	54	(1,295)
Net income (loss) per share	$	0.01	(0.00)	0.00	(0.01)

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

		Second Quarter		First Six Months	
		2019	2018	2019	2018
Oil revenue before royalties	$	5,288	7,758	10,512	13,224
Gas revenue before royalties		252	685	561	1,061
NGL revenue before royalties		262	585	500	1,063
Oil and Gas revenue		5,802	9,028	11,573	15,348
Adjusted funds flow		2,525	3,884	5,099	6,378
Additions to property, plant & equipment		363	3,653	1,115	11,583

Statistics:

	2nd Quarter		First Six Months	
	2019	2018	2019	2018
Average Oil production (Bopd)	1,001	1,288	1,052	1,139
Average natural gas production (mcf/d)	1,053	3,328	1,041	2,467
Average NGL production (Boepd)	178	257	200	233
Average production (Boepd)	1,355	2,100	1,426	1,783
Average oil price ($/bbl)	$58.07	$66.17	$55.22	$64.13
Average natural gas price ($/mcf)	$2.63	$2.26	$2.98	$2.38
Average NGL price ($/bbl)	$16.19	$25.01	$13.80	$25.21
Average price (Boe)	$47.06	$54.31	$44.84	$52.15
Royalties (Boe)	9.73	13.12	9.27	12.11
Operating expenses (Boe)	7.66	5.59	7.26	6.18
Netback from operations (Boe)	$29.67	$35.60	$28.31	$33.86
Price adjustment from commodity contracts (Boe)	(2.47)	(3.85)	(1.86)	(3.58)
Netback including commodity contracts (Boe)	27.20	31.75	26.45	30.28
Prior period adjustments (Boe)	-	(6.78)	-	(4.56)
Netback after adjustments (Boe)	$27.20	$24.97	$26.45	$25.72

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, 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 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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