FORM 51-101F1

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

For the Year Ended December 31, 2010

March 31, 2011

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GLOSSARY OF TERMS

"AIF"	refers to the Company's Annual Information Form filed on SEDAR;
"AIT"	stands for 'After Income Taxes';
"API"	is an indication of the specific gravity of crude oil measured on the American Petroleum Institute gravity scale;
"BNK US"	means BNK Petroleum (US) Inc., a subsidiary of the Company;
"BIT"	stands for 'Before Income Taxes';
"Company"	means BNK Petroleum Inc.;
"MHA"	means MHA Petroleum Consultants LLC, independent petroleum engineering consultants of Lakewood, CO, U.S.A.;
"MHA Report"	means the report on reserves data titled "Evaluation of the Petroleum Reserves of BNK Petroleum Inc. in the Ardmore Basin, Oklahoma" prepared by MHA dated March 11, 2011 with an effective date of December 31, 2010;
"NI 51-101"	refers to National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities;
"TSX"	means TSX Inc., carrying on business as the Toronto Stock Exchange.

Abbreviations

API	American Petroleum Institute
Bbl	Barrel
Bbls	Barrels
Bcfe	Billion cubic feet of gas equivalent
Boe	Barrels of oil equivalent (converted at 6 Mcf to 1 Boe)
Bopd	Barrels of oil per day
Mbbls	Thousand barrels
MMboe	Millions of barrels of oil equivalent
Mcf	Thousand cubic feet
MMcf	Million cubic feet
Mcf/d	Thousand cubic feet per day
Bcf	Billion cubic feet
Brent	Brent crude oil

PART 1: INTRODUCTION

The effective date of the information being provided in this statement is December 31, 2010. The preparation date of the information being provided in this statement is March 31, 2011. For a glossary of terminology and definitions relating to the information included within this statement (including the aforementioned dates), readers are referred to NI 51-101.

The following is a summary of the oil and natural gas reserves and the net present values of future net revenue of BNK Petroleum Inc.'s wholly owned subsidiary BNK Petroleum (U.S.) Inc. as evaluated by MHA. The Company's only property with assigned reserves is the Tishomingo Field in Oklahoma, U.S.A. MHA is an independent qualified reserves evaluator appointed by the Company pursuant to NI 51-101. ***All dollar values are expressed in U.S. dollars, unless otherwise indicated.***

Cautionary Statements

Forecasts of reserves and associated net production revenues are forward-looking statements based on judgments regarding future events. The accuracy of reserves estimates and associated economic analysis is, in part, a function of the quality and quantity of available data and of engineering and geological interpretation and judgment. The estimates presented herein are considered reasonable based on the data available at the date of this report. However, reservoir and financial performance subsequent to the date of the estimates may vary and the variations could have a material effect on the estimates herein.

The recovery and reserves estimates attributed to the Company's properties described herein are estimates only. The actual reserves attributed to the Company's properties may be greater or less than those calculated. The estimated future net revenue figures contained in the following tables do not necessarily represent the fair market value of the Company's reserves. There is no assurance that the forecast prices and cost assumptions on which the estimates herein are based will be attained and any variances could be material and have a material effect on the information herein.

BOE's may be misleading, particularly if used in isolation. A boe conversion ratio of six mcf to one barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Readers should note that totals in the following tables may not add due to rounding.

PART 2: DISCLOSURE OF RESERVES DATA

2.1 Reserves Data (Forecast Prices and Costs)

	United States					
	Light & Medium Oil		Natural Gas		Natural Gas Liquids	
Reserve Category	BNK Gross (Mbbl)	Net (Mbbl)	BNK Gross (MMcf)	Net (MMcf)	BNK Gross (Mbbl)	Net (Mbbl)
Proved						
Developed Producing	727.4	592.5	13,997.0	11,294.3	2,955.8	2,385.0
Developed Non-Producing	216.6	175.7	3,010.5	2,442.0	636.7	516.5
Undeveloped	4,011.9	3,272.0	55,765.0	45,481.0	11,794.9	9,619.7
Total Proved	**4,955.9**	**4,040.2**	**72,772.5**	**59,217.3**	**15,387.4**	**12,521.2**
Probable	2,615.2	2,123.9	36,351.4	29,522.3	7,688.7	6,244.3
Total Proved Plus Probable	**7,571.1**	**6,164.1**	**109,123.9**	**88,739.6**	**23,076.1**	**18,765.5**
Possible	-	-	-	-	-	-
Total Proved, Probable & Possible	**7,571.1**	**6,164.1**	**109,123.9**	**88,739.6**	**23,076.1**	**18,765.5**

Note: May not add due to rounding

Summary of Oil & Gas Reserves
As at December 31, 2010
Forecast Prices & Costs

	Reserves	
	Total	
Reserve Category	BNK Gross (Mboe)	Net (Mboe)
Proved		
Developed Producing	6,016.0	4,859.9
Developed Non-Producing	1,355.1	1,099.2
Undeveloped	25,101.0	20,471.9
Total Proved	**32,472.1**	**26,431.0**
Probable	16,362.5	13,288.6
Total Proved Plus Probable	**48,834.5**	**39,719.5**

Note: May not add due to rounding
Boe basis: 6 Mcf to 1 boe

Net Present Value of Future Net Revenue

As of December 31, 2010

Forecast Prices & Costs

	Net Present Value of Future Net Revenue ($ millions)									
	Before Income Taxes					After Income Taxes				
Reserve Category	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%
United States										
Proved										
Developed Producing	179.3	96.1	65.2	50.0	41.0	118.9	63.4	43.0	32.9	27.0
Developed Non-Producing	43.5	21.4	13.6	9.9	7.7	28.8	14.1	9.1	6.6	5.1
Undeveloped	733.1	293.3	145.0	77.4	40.6	486.0	193.7	95.9	51.1	26.7
Total Proved	955.9	410.7	223.8	137.3	89.3	633.7	271.3	148.0	90.6	58.8
Probable	481.8	188.6	91.2	47.7	24.7	319.5	124.6	60.3	31.6	16.4
Total Proved Plus Probable	1,437.7	599.3	315.0	185.0	114.0	953.2	395.8	208.3	122.2	75.2

Note: May not add due to rounding

Total Future Net Revenue (Undiscounted – by Reserve Category)

As of December 31, 2010

Forecast Prices & Costs

Reserve Category ($ millions)	Revenue	Royalties	Oper. Costs	Severance Taxes	Devel. Costs	Abandonment & Reclamation Costs	Future Net Revenue BIT	Income Taxes	Future Net Revenue AIT
Total Proved	1,846.9	343.2	254.2	81.6	207.7	4.4	955.8	322.1	633.7
Total Proved Plus Probable	2,797.9	521.8	372.1	121.9	338.1	6.3	1,437.7	484.5	953.2

Total Future Net Revenue by Production Group (NPV discounted 10%, BIT)

As of December 31, 2010

Forecast Prices & Costs

Reserve Category ($ millions)	Boe	Unit Value
Total Proved	223.8	8.47
Total Proved Plus Probable	315.0	7.93

PART 3: PRICING ASSUMPTIONS

3.1 Forecast Prices Used in Estimates

Forecast benchmark reference product price, inflation rate and exchange rate assumptions are summarized below. These forecast assumptions were provided in the MHA report.

Summary of Pricing & Inflation Rate Assumptions
As of December 31, 2010
Forecast Prices & Costs

	United States			
Year	WTI* $/barrel	Henry Hub* $/MMbtu	NGL $/bbl	Inflation Rate %
2011	88.40	4.44	39.46	
2012	89.14	5.01	39.80	
2013	88.77	5.32	39.63	
2014	88.88	6.80	39.68	
2015	90.22	6.90	40.30	
2016	91.57	7.00	40.92	
2017	92.94	7.11	41.55	
2018	94.34	7.21	42.20	
2019	95.75	7.32	42.85	
2020	97.19	7.43	43.52	
				1.5

* *Sproule Oil & Natural Gas Forecast from MHA reports; prices escalated @ 1.5% after 2020.*

PART 4: RECONCILIATIONS OF CHANGES IN RESERVES AND FUTURE NET REVENUE

4.1 Reserves Reconciliation

A reconciliation of changes to the Company's net proved, net probable and net proved plus probable reserves is provided below. This reconciliation reflects changes to the Company's reserves estimated using forecast prices and costs[1].

	United States								
	Light & Medium Oil			Natural Gas			Natural Gas Liquids		
	Proved	Probable	P+P*	Proved	Probable	P+P*	Proved	Probable	P+P*
	(Mbbl)	(Mbbl)	(Mbbl)	(MMcf)	(MMcf)	(MMcf)	(Mbbl)	(Mbbl)	(Mbbl)
December 31, 2009	4,753.3	2,707.8	7,461.2	72,991.4	37,639.1	110,630.5	14,613.0	7,560.3	22,173.4
Extensions	-	-	-	-	-	-	-	-	-
Improved Recovery	219.5	-72.0	147.5	1,937.0	-1,003.9	933.1	1,150.2	175.5	1,325.7
Technical Revisions	77.2	-20.6	56.6	-1,185.3	-283.8	-1,469.1	-188.0	-47.1	-235.1
Discoveries	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-	-	-	-
Production	94.2	-	94.2	970.7	-	970.7	187.8	-	187.8
December 31, 2010	4,955.8	2,615.2	7,571.0	72,772.4	36,351.4	109,123.8	15,387.4	7,688.7	23,076.1

* *P+P means for Proved Plus Probable*

Changes under "Technical Revisions" include all changes due to revisions in forecast parameters associated with all wells. Changes under "Economic Factors" result from changes in oil prices and all factors affecting changes in economic limit cut-offs.

[1] Note: there is no synthetic oil reserve data to report

PART 5: ADDITIONAL INFORMATION RELATING TO RESERVES DATA

5.1 Undeveloped Reserves

The Company's undeveloped reserves exist in the Tishomingo field in Oklahoma, U.S. Most of these reserves are designated within the undeveloped category because capital expenditures will be required in order to render these reserves capable of production.

The following tables disclose the additional proved undeveloped and probable undeveloped reserves attributed to the Corporation's net interest in the Tishomingo field in each of the most recent three financial years and in the aggregate, before that time (rounded to nearest whole number):

Proved Undeveloped Reserves	Oil Mbbl	Natural Gas MMcf	NGL Mbbl
12/31/07	83	7,650	383
12/31/08	380	843	2,044
12/31/09	2,906	38,338	6,980
12/31/10	-	-	213

Probable Undeveloped Reserves	Oil Mbbl	Gas MMcf	NGL Mbbl
12/31/07	170	22,976	1,149
12/31/08	363	-	1,746
12/31/09	1,602	19,554	3,068
12/31/10	-	-	281

Plans for future development of these undeveloped reserves (based on Forecast Prices) are summarized below:

United States of America Properties

Tishomingo Field, Oklahoma

MHA assigns 25,101 MMboe (Company WI share) Gross Proved Undeveloped and 16,363 MMboe Probable Additional Undeveloped reserves to the Tishomingo field. The Proved Undeveloped reserves are forecast to be recoverable from the drilling of 20 wells in 2012, 24 wells in 2013 and 20 wells in 2014. The Probable Undeveloped reserves are forecast to be recoverable from the drilling of 1, 27, 1 and 12 wells in 2012, 2013, 2014 and 2015, respectively.

The production forecast is based on producing the existing wells, repairing some wells that have mechanical issues, fracture stimulating additional stages in 6 existing wells, drilling the additional wells as listed above and applying the historical production behavior to the undeveloped well locations. Probabilistic reserves were determined from Monte Carlo analysis to arrive at the most likely reserves and incremental (P50) reserves and applying the historical production behavior to the undeveloped well locations.

See 5.3. "Future Development Costs." There is no assurance that all that undeveloped reserves will be developed in accordance with the foregoing schedule or at all.

5.2 Significant Factors or Uncertainties

Estimates of economically recoverable oil and natural gas reserves (including natural gas liquids) and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as availability of capital to fund required development and infrastructure, commodity prices, production performance the wells drilled, successful drilling of infill wells, the assumed effects of regulation by government agencies and future operating costs. All of these estimates may 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 may 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.

Information on other important economic factors or significant uncertainties that may affect components of the reserves data and other oil and gas information contained in this Form 51-101F1 are contained in the Company's Management Discussion and Analysis filed under the Company's profile at www.SEDAR.com and in the AIF under "Risk Factors".

5.3 Future Development Costs

A summary of the estimated development costs deducted in the estimation of future net revenue attributable to various reserves categories and prepared under various price and cost assumptions are summarized in the following table. The Company expects to fund its estimated future development costs through a combination of one or more of the following: internally generated cash flow, debt financing, equity financing, or other arrangements. There can be no guarantee that funds will be available when required to proceed with development on the schedule contemplated herein or that the Board of Directors of the Company will allocate funding to develop all of the reserves requiring development. Failure to develop any such reserves could negatively impact future net revenue.

Summary of Estimated Development Costs Attributed to Reserves
Forecast Prices & Costs

	Estimated Development Costs ($ millions)	
	Total Proved	Total Proved + Probable
United States		
2011	10.0	10.0
2012	67.1	72.1
2013	65.8	150.4
2014	64.6	67.8
2015	-	37.6
Total	207.5	337.9

PART 6: OTHER OIL AND GAS INFORMATION

6.1 Oil and Gas Properties and Wells

The following discussion outlines the Company's important properties, plants, facilities and installations:

Canada

The Company has no oil and gas properties in Canada.

Poland

The Company holds a 26.6901% interest in three concessions in Poland through its investee corporation, Saponis. The Company's net acreage holdings in the three concessions are approximately 195,000 acres. The Company's work commitment under these concessions is comprised of additional core analysis, geological work and 2 wells on each concession block. The Company finished drilling the first well on the Slawno Concession (Wytowno #1) in the 1st quarter of 2011 and must begin drilling the first well in the Slupsk concession (Lebork S-1) by June 2nd, 2011 and the first well in the Starogard concession (Starogard S-1) by December 2nd, 2011. The deadline of drilling the 2nd well on the Slawno concession is June 2012, the Slupsk concession is December 2012 and on the Starogard concession is June 2013. Each well is estimated to cost about $8 million. Due to the farm-out that BNK entered into in October of 2009, BNK is carried for all but 6.6901% of its costs on the first $25 million to be spent on the project. The Company is currently obtaining approval from the Polish Ministry of Environment to expand its 2D seismic program.

The Company's wholly owned subsidiary, Indiana Investments Sp. z o.o was awarded three oil and gas concessions in the Baltic Basin of Poland in March 2010. The three concessions, Darlowo, Bytow and Trzebielino total approximately 880,000 acres net to BNK. Core analysis and geological work on these concessions are still ongoing. In order to hold the acreage, the work commitment requires the spudding of one well on each concession block within the first 18 months from the date of grant and a second well within the first three years. The Company is currently obtaining approval from the Polish Ministry of Environment to expand its 2D seismic program.

Germany

The Company indirectly holds about 2.4 million acres in three other basins in Germany granted in 2009 and 2010. In 2010, BNK conducted 2 field studies and is currently awaiting the analysis of the shale samples that were collected during the second field outing. Once the analyses of the samples are received from the laboratory, BNK's geoscience team will compile and incorporate the data into its geological model. At that time, BNK will review the option of identifying potential partners for these German projects. BNK has also initiated the bidding process for the 2D seismic operations on each concession as part of its program commitment and to provide necessary information for its drilling program. The seismic acquisition is planned for the second half of 2011.

Other European Projects

In addition, BNK has made other concession applications in other basins in Europe, including France and is currently awaiting their potential grant. It is the intention of the Company to apply for further concessions in Europe in 2011 with the goal of having six or more separate basins in Europe.

United States

Tishomingo Field, Ardmore Basin, Oklahoma

In Oklahoma, the Company holds approximately 12,700 net acres of shale gas acreage in its Tishomingo Field that has 2P reserves of 39.7 million boe's. The Company plans additional frac-out and development drilling in this field with the objective of increasing production and reserves.

Drilling in the Tishomingo field commenced in December 2006. The first well, Nickel Hill #1-26, drilled vertically, was successfully completed and put on production in February 2007. During 2007, the Company drilled and fracture stimulated four successful horizontal wells in this field resulting in 7.6 million boe of proved plus probable reserves as at December 31, 2007. The Company advanced the pace of development of the Tishomingo field and has now drilled and participated in twenty nine horizontal and ten vertical wells. At year end, all but 3 wells had been fracture stimulated. The Company's exit production from the Tishomingo field at December 31, 2010 was approximately 1,674 boepd. BNK's 2010 year end proved and probable reserves in the Tishomingo field were up 5% to 39.7 million boe from 37.9 million boe at year end 2009.

Black Warrior Basin, Mississippi/Alabama

The Company currently has the right to farm into approximately 72,000 net acres in the Black Warrior Basin of Mississippi and Alabama. This basin targets Pennsylvanian age Pottsville tight gas sands as well as the Mississippian age Floyd shale. In September 2009 the Company drilled, cased and completed its first well, Hickman Farms 30-15, in the Black Warrior Basin to a depth of 5,475 ft. A second well, the WS Lee 26-12, well was air drilled and the total depth of 8,011 feet was reached on July 24, 2010. Two fracture treatments were performed on the WS Lee 26-12 well in the fourth quarter. In November, a zone at 7066-7074' was fracture stimulated by slick water, tested and found to be dry. In December, zones at 6910-6940' and 6830-6840' were fracture stimulated with a CO_2 frac, tested and found to be dry. Currently the well is waiting to be plugged and abandoned. The Company has currently earned approximately 3,400 net acres out of a possible 6,800 in the project by drilling the first two wells.

Palo Duro Basin, Texas

The Company holds approximately 26,800 net acres of land in the Palo Duro Basin, Texas, located approximately 260 miles northwest of the Fort Worth Basin which is home to the Barnett Shale play. The Palo Duro Basin shale gas play encompasses the counties of Floyd and Motley and targets Pennsylvanian-aged shales that exist at depths between 7,000 and 10,500 feet in the Bend group. The Company has working interests that range from 25% to 73%.

Work to date by the Company and a core study confirmed that the rocks in some parts of the Palo Duro Basin contain substantial volumes of gas and have some unique rock properties that may require different stimulation and completion techniques than those commonly used in other shale basins. The Company is retaining acreage over the area that it believes has the best potential for Bend shale and Granite Wash Sands and has released acreage it does not believe to be as prospective.

Appalachian Basin, New York

In upstate New York, the Company is targeting shale gas and hydrothermal dolomite prospects in the Appalachian Basin on about 15,600 acres of land acquired from Vintage in May 2006. This area targets the early Ordovician age, Trenton-Black River limestone-shale sequence with secondary potential in the Late Ordovician age, Utica Shale.

The Company believes that its acreage has good potential for a hydrothermal dolomite play based on the aeromagnetic data.

Oil & Gas Properties Associated with Reserves

As of December 31, 2010

		Acreage						
		Developed		Undeveloped		Total		
Properties	Location	Gross	Net	Gross	Net	Gross	Net	Plants, Facilities & Installations
United States								
Ardmore	Oklahoma, U.S.	18,250	11,254	3,017	1,482	21,267	12,736	Field gathering systems
Arkoma	Oklahoma, U.S.	-	-	-	-	-	-	
Palo Duro	Texas, U.S.	-	-	-	-	-	-	
Appalachian	New York, U.S.	-	-	-	-	-	-	
Total		18,250	11,254	3,017	1,482	21,267	12,736	

Oil & Gas Wells Associated with Reserves

As of December 31, 2010

	United States											
	Light & Medium Oil		Natural Gas		Natural Gas Liquids		Suspended[1]		Service[2]		Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Oklahoma Producing	-	-	34.0	14.8	-	-	-	-	-	-	34.0	14.8
Oklahoma Non-Producing	-	-	5.0	2.9	-	-	-	-	-	-	5.0	2.9
Texas Producing	-	-	-	-	-	-	-	-	-	-	-	-
Texas Non-Producing	-	-	-	-	-	-	-	-	-	-	-	-
New York Producing	-	-	-	-	-	-	-	-	-	-	-	-
New York Non-Producing	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	39.0	17.7	-	-	-	-	-	-	39.0	17.7

(1) Suspended wells may be capable of production but which, for a variety of reasons, including, but not limited to lack of marketsor development are not placed on production at the present time

(2) Service wells are used for the disposal or injection of water or other in-field service operations related to oil and gas production

6.2 Properties with No Attributed Reserves

The Company's unproved properties, including those for which the Company expects its rights to explore, develop and exploit to expire within one year, are outlined in the following table.

Properties with No Attributed Reserves
As of December 31, 2010

Properties	Location	Undeveloped Acreage (Acres) Gross	Undeveloped Acreage (Acres) Net	Company Interest (%)	Work Commitments (existence, nature, timing & cost)
United States					
Hughes Project	Hughes county, OK	3,349	1,160	0.1 – 100	Held by production with small interest spread over numerous sections
McIntosh County	McIntosh county, OK	1,800	700	0.1 – 5	Held by production with small interests spread over numerous sections
Johnson County	Johnson County OK	1,886	1,886	100	Will expire in 2013
Murray County	Murray County OK	480	309	80	Will expire in 2013
Palo Duro Basin, Texas	Floyd, Motley & Briscoe counties, TX	32,444	26,832	55-73	~5,700 acres will expire in 2011
Empire Project	Wayne county, NY	15,617	15,596	90 - 100	Leases expiring in 2015 and later
Black Warrior Basin	Pickens County, AL	15,000	3,400	25-50	~2,500 acres expire in 2011
Total U.S. (approx)		68,210	47,688		
Europe					
Baltic Basin – Saponis	Poland	730,000	195,000	26.9	Need to drill two wells on each of 3 concessions. Entered into farmout so BNK is only liable for 6.6% of costs of 1st $25 million drilling costs
Baltic Basin - Indiana	Poland	879,819	879,819	100	Need to drill two wells on each of 3 concessions
North Rhine-Westphalia	Germany	507,571	507,571	100	G&G work program for 1st year, 2D seismic 2nd year, 1 vertical well years 3 & 4 and 1 horizontal well in year 5.
Thuringia	Germany	769,772	769,772	100	G&G work program for 1st year, 2D seismic 2nd year, 1 vertical well years 3 & 4 and 1 horizontal well in year 5.
Lower Saxony	Germany	300,070	300,070	100%	G&G work program for 1st year, 2D seismic 2nd year, 1 vertical well years 3 & 4 and 1 horizontal well in year 5.
Saxon Anhalt	Germany	840,509	840,509	100	G&G work program for 1st year, 2D seismic 2nd year, 1 vertical well years 3 & 4 and 1 horizontal well in year 5.
Total (approximate)		4,095,951	3,540,429		

6.3 Forward Contracts

The Company is not bound by any agreements which may impact the realization of future full market prices for its oil and gas production as described in this report.

The Company has no transportation obligations or commitments for future deliveries which exceed its expected related future production form proved reserves, as estimated using forecast prices and costs.

6.4 Additional Information Concerning Abandonment and Reclamation Costs

The Company uses its internal historical costs to estimate its abandonment and reclamation costs when available. The costs are estimated on an area by area basis. The industry's historical costs are used when available. If representative comparisons are not readily available, an estimate is prepared based on the various regulatory abandonment requirements**.**

Additional Information Concerning Abandoment & Reclamation Costs
As of December 31, 2010
Escalating Prices & Costs

		Total Net Wells		Total Cost ($ millions)			
				Proved Reserves		Proved + Probable Reserves	
Estimation Method Used		Proved	Proved + Probable	Undiscounted	Disc. @ 10%	Undiscounted	Disc. @ 10%
Tishomingo Field		45.5	64.5	4.55	0.22	6.45	0.24
	Total	45.5	64.5	4.55	0.22	6.45	0.24

6.5 Tax Horizon

Canada: The Company has currently no revenue generating properties in Canada. BNK has available for deduction against future Canadian taxable income non-capital losses of approximately $2.1 million. These losses, if not utilized, will expire commencing in 2028.

United States: With existing loss carry forwards, no federal or state income taxes are expected to become due until 2011. Federal Alternative Minimum Tax is estimated to come into effect in 2010 at 2% of taxable income. The Company will be subject to a 36-39%% federal and state income tax rate for fiscal years beginning 2011.

6.6 Costs Incurred

For the year ended December 31, 2010, the Company incurred costs related to its acquisition, exploration and development activities as outlined in the following table.

	Costs Incurred ($ millions)	
	United States	Europe
Property Acquisition Costs:		
Proved Properties	28.8	Nil
Unproved Properties/ Wells	0.2	Nil
Exploration Costs	1.6	2.6
Development Costs	30.6	2.6

Note Included in the above is the Company's purchase of the net profits and overriding royalty interests from its senior lender for $12,000,000

6.7 Exploration and Development Activities

The Company's drilling activity and results for the year ended December 31, 2010, are summarized in the following table. It should be noted that the data outlined in this table reflects those wells that the Company participated in and where the rig was released during the period.

	Exploratory Wells		Development Wells	
	Gross	Net	Gross	Net
Canada				
Oil Wells	Nil	Nil	Nil	Nil
Gas Wells	Nil	Nil	Nil	Nil
Service Wells	Nil	Nil	Nil	Nil
Suspended Wells	Nil	Nil	Nil	Nil
Abandoned Wells	Nil	Nil	Nil	Nil
Total Wells	Nil	Nil	Nil	Nil
United States				
Oil Wells	Nil	Nil	Nil	Nil
Gas Wells	1.0	0.5	Nil	Nil
Service Wells	Nil	Nil	Nil	Nil
Suspended Wells	Nil	Nil	Nil	Nil
Abandoned Wells	Nil	Nil	Nil	Nil
Total Wells	Nil	Nil	Nil	Nil

The Company's exploration and development activities are summarized as follows:

Canada:

The Company did not engage in any exploration and development activity in Canada during 2010.

United States

During fiscal 2010 the Company completed and fracture stimulated 12 new wells, 7 of which are operated by the Company. At year-end BNK had about 78 gross stages and 28.3 net stages of untreated Woodford Shale formation behind pipe from 6 operated wells, which it is planning to stimulate in 2011.

6.8 Production Estimates

Estimated production volumes derived from the first year (2011) of the cash flow forecasts prepared in conjunction with the Company's reserves data included in the MHA Report are provided in the following table.

Summary of Production Estimates
Proved + Probable Reserves Case
For Year 2011

	United States			Company Total
Reserve Category	Light & Medium Oil (Mbbl)	Natural Gas (MMcf)	Natural Gas Liquids (Mbbl)	(Mboe)
United States				
Tishomingo, OK	99.3	1,222.5	258.1	561.2
Total	99.3	1,222.5	258.1	561.2

(1) Significant fields represent greater than 20% of Company total (by country) of production in the first year of forecast

6.9 Production History

The Company's historical production and netback data for period ended December 31, 2010 is presented below.

Summary of 2010 Company Share of Production & Netbacks

	United States				
	Q1	Q2	Q3	Q4	Total Year
Company share of daily production before deduction of royalties					
Gas (Mcf/d)	2,401	2,649	2,319	3,263	2,659
Oil and NGL's (bopd)	685	720	711	972	773
Average ($/bbl or $/mcf)					
Price received ($/boe)	47.49	36.46	37.67	43.60	41.41
Royalties paid	10.13	7.88	7.18	8.18	8.31
Production costs	12.11	10.18	10.52	3.18	8.49
Netback	25.25	18.40	19.97	32.24	24.61
Total production (mboe before deduction of royalties)	97.7	105.7	100.9	139.5	443.9
Important fields (greater than 20% of total)					

PART 7: NOTES

The following definitions and guidelines are contained in Section 5.4 of Volume 1 of the Canadian Oil and Gas Evaluation Handbook (Second Edition, September 1, 2007) prepared jointly by The Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society) (the "COGE Handbook) and have been prepared by the Standing Committee on Reserves Definitions of the CIM (Petroleum Society). Readers should consult the COGE Handbook for additional explanation and guidance. Certain other terms used in this Listing Application have the meanings assigned to them in NI 51-101 and accompanying Companion Policy 51-101 CP, adopted by the Canadian securities regulatory authorities.

Gross

(a) In relation to the Company's interest in production or reserves, its "company gross reserves", which are the Company's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interest of the Company.

(b) In relation to wells, the total number of wells in which the Company has an interest.

(c) In relation to properties, the total area of properties in which the Company has an interest.

Net

(a) In relation to the Company's interest in production or reserves, the Company's working interest (operating and non-operating) share after deduction of royalty obligations, plus the Company's royalty interests in production or reserves.

(b) In relation to the Company's interest in a property, the total area in which the Company has an interest multiplied by the working interest owned by the Company.

The following definitions apply to both estimates of individual reserves entities and the aggregate of reserves for multiple entities:

Reserve Categories

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations from a given date forward, based on:

- Analysis of drilling, geological, geophysical and engineering data;
- The use of established technology; and
- Specified economic conditions

Reserves are classified according to the degree of certainty associated with the estimates:

(a) Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

(b) Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Development and Production Status

Each of the reserve categories (proved and probable) may be divided into developed and undeveloped categories:

(a) ***Developed reserves*** are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

(i) ***Developed producing reserves*** are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

(ii) ***Developed non-producing reserves*** are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

(b) ***Undeveloped reserves*** are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable) to which they are assigned.

In multi-well pools it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

Levels of Certainty for Reported Reserves

The qualitative certainty levels referred to in the definitions above are applicable to individual reserve entities (which refers to the lowest level at which reserves calculations are performed) and to reported reserves (which refers to the highest level sum of individual entity estimates for which reserves are presented). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- At least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves; and

- At least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates will be prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Forecast prices and costs

Future prices and costs that are:

(a) Generally accepted as being a reasonable outlook of the future; and

(b) If, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Company is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

The forecast summary pricing table identifies benchmark reference pricing that apply to the Company.