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For Immediate Release

BNK PETROLEUM INC. ANNOUNCES THIRD QUARTER 2020 RESULTS

NEWBURY PARK, CALIFORNIA, November 5, 2020 -

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

THIRD QUARTER HIGHLIGHTS

- Average production for the third quarter of 2020 was 1,134 BOEPD, compared to third quarter 2019 average production of 1,357 BOEPD, which was a decrease of 16%. Average production for the third quarter of 2020 was only 2% lower than the second quarter 2020 production. The decrease compared to the prior year quarter was primarily due to normal production decline for existing wells
- The Company has commodity contracts in place for almost 80% of its existing fourth quarter 2020 production at an average price of \$58.32/barrel
- General & administrative ("G&A") expense decreased by 13% in the third quarter of 2020 compared to the prior year quarter due to lower payroll and related costs due to management's continued efforts to reduce G&A costs throughout the Company including employee terminations
- Operating expense per barrel averaged \$6.46 per BOE for the third quarter of 2020 compared to \$7.48 per BOE for the same period in 2019, a decrease of 14%. The decrease was due to cost cutting measures taken in the field during the current year
- Interest expense decreased by 40% in the third quarter of 2020 compared to the same period in the prior year due to principal payments on the credit facility which reduced the outstanding loan balance
- Average netback including commodity contracts for the third quarter of 2020 was \$24.90 per barrel, an increase of 2% from the prior year second quarter due to the hedges the Company has in place
- Adjusted funds flow was \$1.9 million in the third quarter of 2020 compared to \$2.2 million in the third quarter of 2019. The decrease was mainly due to a 28% decrease in average oil prices and a decrease of 16% in production partially offset by realized gains from commodity contracts of \$0.8 million
- Net loss for the third quarter of 2020 was \$0.6 million compared to net income of \$1.4 million for the third quarter of 2019 due to unrealized losses of \$1.0 million from hedged commodity contracts in the third quarter of 2020 compared to an unrealized gain of \$1.2 million in the third quarter of 2019. Without the unrealized hedging losses for the third quarter of 2020, the Company would have recognized positive net income

- Revenue, net of royalties was \$2.5 million in the third quarter of 2020 compared to \$4.1 million for third quarter of 2019, which was a decrease of 40%, as production decreased by 16% and average prices decreased 28% between the quarters
- The Company has an outstanding balance of \$21.5 million on its credit facility at September 30, 2020 after paying down \$6.0 million during the first nine months of 2020
- At September 30, 2020, cash totaled \$1.4 million

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

"Due to the Company's strong hedge position, the Company was able to generate positive adjusted funds flow of \$1.9 million during the third quarter of 2020 which was only a 15% decrease from the prior year quarter. For the fourth quarter of 2020, the Company has commodity contracts in place for almost 80% of its existing oil production at an average price of \$58.32/barrel. In addition, the Company has almost 40% of its 2021 existing oil production hedged at \$52.66/barrel. We are also experiencing low decline rates in our field, with a quarterly year over year decline rate on existing wells of only 16% and only a 2% decrease from the second quarter of 2020. The Company expects to continue to generate positive adjusted funds flow into 2021 due to its hedges and low decline rates.

The Company has continued to achieve additional cost reductions during 2020. Our G&A expense for the third quarter of 2020 decreased by 18% from the prior year quarter due to continued cost cutting including employee terminations. We also significantly reduced field operating costs which lowered our operating expense per barrel for the third quarter of 2020 to \$6.46/barrel which was a 14% decrease from the prior year quarter. The Company has also made \$6.0 million of principal debt repayments during 2020, which has lowered our interest expense by 40% in the third quarter of 2020 compared to the prior year quarter.

The Company's adjusted funds flow was \$1.9 million for the third quarter of 2020 compared to \$2.2 million in the prior year quarter. The decrease was mainly due to lower average prices and lower production partially offset by realized gains from commodity contracts.

Average production for the third quarter of 2020 was 1,134 BOEPD, compared to third quarter 2019 average production of 1,357 BOEPD, which was a decrease of 16%. The decrease compared to the prior year quarter was primarily due to normal production decline for existing wells.

Net revenue was \$2.5 million in the third quarter of 2020 compared to \$4.1 million for third quarter of 2019, a decrease of 40%, due to production declines of 16% and average prices declines of 28%.

Average netback including commodity contracts for the third quarter of 2020 were \$24.90 per boe, an increase of 2% compared to the prior year quarter due to the impact of our commodity contracts which added \$7.73 per boe to the netback.

The Company incurred a net loss for the third quarter of 2020 of \$0.6 million compared to net income of \$1.4 million for the third quarter of 2019. This was due to unrealized losses of \$1.0 million from commodity contracts in the third quarter of 2020 compared to an unrealized gain of \$1.3 million in the third quarter of 2019."

	Third Quarter			First Nine Months		
	2020	2019	%	2020	2019	%
Net Income (Loss):						
\$ Thousands	\$(616)	\$1,420	-	\$(69,332)	\$1,474	-
\$ per common share assuming dilution	\$(0.00)	\$0.01	-	\$(0.30)	\$0.01	-
Capital Expenditures	\$52	\$195	(73%)	\$(59)	\$1,310	-
Average Production (Boepd)	1,134	1,341	(16%)	1,174	1,412	(17%)
Average Price per Barrel	\$30.16	\$41.91	(28%)	\$28.12	\$43.92	(36%)
Average Netback from operations per Barrel	\$17.17	\$25.39	(32%)	\$15.52	\$27.18	(43%)
Average Netback including commodity contracts per Barrel	\$24.90	\$24.35	2%	\$23.38	\$25.60	(9%)
	September 2020		June 2020		December 2019	
Cash and Cash Equivalents	\$ 1,425		\$ 1,388		\$ 3,089	
Working Capital	\$ (3,514)		\$(1,790)		\$ (2,482)	

Third Quarter 2020 versus Third Quarter 2019

Oil and gas gross revenues totaled \$3.1 million in the third quarter of 2020 versus \$5.0 million in the third quarter of 2019. Oil revenues decreased \$2.1 million or 44% as oil production decreased by 21% to 761 boepd and average oil prices decreased by \$15.68 per barrel or 29% to \$38.70. Natural gas revenues decreased by \$11 thousand or 6% to \$169,000 as natural gas prices decreased \$0.18/mcf or 9% which was partially offset by an average natural gas production increase of 32 mcfpd or 3%. Natural gas liquids (NGLs) revenues increased \$61 thousand or 29% as NGL prices increased 42% to \$14.50/boe which was partially offset by NGL production decreases of 21 boepd or 9%.

Average third quarter 2020 production per day decreased 16% from the third quarter of 2019. The decrease was primarily due to the normal production decline of existing wells.

Production and operating expenses decreased to \$0.6 million mainly due to lower production and cost cutting. Production and operating costs on a boe basis decreased by 14% to \$6.46/boe due to operating cost reductions in the field.

Depletion and depreciation expense decreased \$0.4 million or 27% due to a decrease in production in the third quarter of 2020 and a lower PP&E balance due to the impairment.

General and administrative expenses decreased \$0.1 million or 13% in the third quarter of 2020 due to lower payroll and related costs due to employee terminations and management's continued efforts to reduce G&A costs throughout the Company.

Finance income decreased \$0.5 million in the third quarter of 2020 compared to the third quarter of 2019 due to unrealized gains on commodity contracts in the third quarter of 2019 which were offset by higher realized gains in the third quarter of 2020.

Finance expense increased by \$0.7 million in the third quarter of 2020 compared to the prior year quarter primarily due to unrealized losses on commodity contracts in the third quarter of 2020 partially offset by lower interest expense.

FIRST NINE MONTHS 2020 HIGHLIGHTS

- Average production for the first nine months of 2020 was 1,174 BOEPD, a decrease of 17% compared to prior year first nine months average production of 1,412 BOEPD. The decrease was primarily due to the normal production decline of existing wells.
- The Company has commodity contracts in place for almost 80% of its existing fourth quarter 2020 production at an average price of \$58.32/barrel
- General & administrative (“G&A”) expense decreased by 18% in the first nine months of 2020 compared to the first nine months of 2019 due to lower payroll and related costs due to management’s continued efforts to reduce G&A costs throughout the Company including employee terminations
- Operating expense per barrel averaged \$6.45 per BOE for the first nine months of 2020 compared to \$7.28 per BOE for the same period in 2019, a decrease of 11%. The decrease was due to cost cutting measures taken in the field during the current year
- Interest expense decreased by 31% in the first nine months of 2020 compared to the same period in the prior year due to principal payments on the credit facility which reduced the outstanding loan balance
- Average netback including commodity contracts for the first nine months of 2020 was \$23.38 per barrel, a decrease of 9% from the comparable prior year period due to lower prices in 2020
- Adjusted funds flow was \$5.4 million in the first nine months of 2020 compared to \$7.3 million in the first nine months of 2019. The decrease was mainly due to a 36% decrease in average oil prices and a decrease of 17% in production partially offset by realized gains from commodity contracts of \$2.5 million
- Due to the significant decline in commodity prices and the global impact on demand from the COVID-19 pandemic, the Company performed a PP&E impairment test in the first quarter of 2020. The impairment test resulted in an impairment of PP&E which totaled \$71.9 million. In accordance with IFRS, an impairment loss can be reversed in future periods if there is an indication that a previously recognized impairment loss has reversed because of a change in the estimates used to determine the impairment loss and the recoverable amount of the impaired asset subsequently increases.
- Net loss for the first nine months of 2020 was \$69.3 million compared to net income of \$1.5 million for the first nine months of 2019 due to the PP&E impairment
- Revenue, net of royalties was \$7.1 million in the first nine months of 2020 compared to \$13.3 million for first nine months of 2019 due to a decrease in average prices of 36% and a decrease in production of 17%

First Nine Months of 2020 versus First Nine Months of 2019

Gross oil and gas revenues totaled \$9.1 million in the first nine months of 2020 versus \$16.7 million in the first nine months of 2019, a decrease of 46%. Oil revenues were \$7.9 million in the first nine months of 2020 versus \$15.5 million in the same period of 2019, a decrease of 49% as average oil prices

decreased 35% or \$19.20 a barrel and oil production decreased by 22%. Natural gas revenues decreased \$0.2 million or 30%, due to an average natural gas price decrease of \$0.83/mcf or 32% partially offset by a 1% increase in natural gas production. NGL revenue decreased \$38 thousand, or 5%, due to a decrease in NGL production of 5% and an average NGL price decrease of 1% in the first nine months of 2020.

Average production per day for the first nine months of 2020 decreased 17% from the prior year comparable period. The decrease was due to the normal production decline of existing wells.

Production and operating expenses decreased to \$2.1 million or 26% mainly due to lower production and cost cutting. Production and operating costs on a boe basis decreased by 11% to \$6.45/boe due to operating cost reductions in the field.

Depletion and depreciation expense decreased \$1.1 million due to decreased production and a lower PP&E balance due to the impairment.

G&A expenses decreased \$0.5 million, or 18%, due to lower payroll and related costs due to employee terminations and management's continued efforts to reduce G&A costs throughout the Company.

Finance income increased by \$3.8 million due to realized and unrealized gains on financial commodity contracts in 2020.

Finance expense decreased \$1.1 million due to lower interest expense in the first nine months of 2020 compared to the prior year period and a realized loss on commodity contracts of \$0.6 million in the first nine months of 2019.

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

	September 30 2020	December 31 2019
Current Assets		
Cash and cash equivalents	\$1,425	\$ 3,089
Trade and other receivables	1,539	2,198
Other current assets	628	513
Fair value of commodity contracts	1,358	-
	<u>4,950</u>	<u>5,800</u>
Non-current assets		
Property, plant and equipment	79,794	155,309
Fair value of commodity contracts	171	-
Right of use assets	119	99
	<u>80,084</u>	<u>155,408</u>
Total Assets	<u><u>\$85,034</u></u>	<u><u>\$161,208</u></u>
Current Liabilities		
Trade and other payables	\$5,481	\$6,424
Current portion of loans and borrowings	2,917	1,500
Fair value of commodity contracts	-	253
Lease payable	60	105
	<u>8,458</u>	<u>8,282</u>
Non-current liabilities		
Loans and borrowings	18,635	25,664
Asset retirement obligations	1,149	1,130
Fair value of commodity contracts	-	97
Lease payable	60	-
	<u>19,844</u>	<u>26,891</u>
Equity		
Share capital	289,622	289,622
Contributed surplus	22,948	22,925
Deficit	(255,844)	(186,512)
Total Equity	<u>56,726</u>	<u>126,035</u>
Total Equity and Liabilities	<u><u>\$85,034</u></u>	<u><u>\$161,208</u></u>

BNK PETROLEUM INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Unaudited, expressed in Thousands of United States dollars, except per share amounts)

(\$000 except as noted)

	Third Quarter		First Nine Months	
	2020	2019	2020	2019
Oil and natural gas revenue, net	\$ 2,467	4,104	7,070	13,282
Other income	1	-	2	2
	<u>2,468</u>	<u>4,104</u>	<u>7,072</u>	<u>13,284</u>
Production and operating expenses	674	934	2,074	2,808
Depletion and depreciation expense	1,118	1,531	3,626	4,731
General and administrative expenses	709	811	2,082	2,548
Stock based compensation	-	27	21	121
Impairment of PP&E	-	-	71,923	-
	<u>2,501</u>	<u>3,303</u>	<u>79,726</u>	<u>10,208</u>
Finance income	809	1,263	4,410	597
Finance expense	(1,392)	(644)	(1,088)	(2,199)
Net income (loss)	<u>(616)</u>	<u>1,420</u>	<u>(69,332)</u>	<u>1,474</u>
Net income (loss) per share	\$ <u>(0.00)</u>	<u>0.01</u>	<u>(0.30)</u>	<u>0.01</u>

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

		Third Quarter		First Nine Months	
		2020	2019	2020	2019
Oil revenue before royalties	\$	2,708	4,843	7,858	15,480
Gas revenue before royalties		169	180	511	735
NGL revenue before royalties		270	209	677	715
Oil and Gas revenue		<u>3,147</u>	<u>5,232</u>	<u>9,046</u>	<u>16,930</u>
Adjusted funds flow		1,893	2,233	5,446	7,332
Additions to property, plant & equipment		52	195	(59)	1,310

Statistics:

	3rd Quarter		First Nine Months	
	2020	2019	2020	2019
Average oil production (Bopd)	761	968	802	1,032
Average natural gas production (mcf/d)	1,027	995	1,042	1,028
Average NGL production (Boepd)	202	223	198	209
Average production (Boepd)	1,134	1,357	1,174	1,412
Average oil price (\$/bbl)	\$38.70	\$54.38	\$35.75	\$54.95
Average natural gas price (\$/mcf)	\$1.79	\$1.97	\$1.79	\$2.62
Average NGL price (\$/bbl)	\$14.50	\$10.20	\$12.47	\$12.55
Average price (Boe)	\$30.16	\$41.91	\$28.12	\$43.92
Royalties (Boe)	6.53	9.04	6.15	9.46
Operating expenses (Boe)	<u>6.46</u>	<u>7.48</u>	<u>6.45</u>	<u>7.28</u>
Netback from operations (Boe)	\$17.17	\$25.39	\$15.52	\$27.18
Price adjustment from commodity contracts (Boe)	<u>7.73</u>	<u>(1.04)</u>	<u>7.86</u>	<u>(1.58)</u>
Netback including commodity contracts (Boe)	<u>\$24.90</u>	<u>\$24.35</u>	<u>\$23.38</u>	<u>\$25.60</u>

The information outlined above is extracted from and should be read in conjunction with the Company's unaudited financial statements for the three and nine months ended September 30, 2020 and the related management's discussion and analysis thereof, copies of which are available under the Company's profile at www.sedar.com.

NON-GAAP MEASURES

Netback from operations, netback including commodity contracts, net operating income and adjusted funds 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, expectations regarding cash flow, 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 energy company focused on finding and exploiting energy projects in oil, gas and clean and sustainable energy. Through various subsidiaries, the Company owns and operates energy properties in the United States. The Company continues to utilize its technical and operational expertise to identify and acquire additional projects. The Company's shares are traded on the Toronto Stock Exchange under the stock symbol BKX and on the OTCQB under the stock symbol BNKPF.

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