



FORM 51-101F1 –
STATEMENT OF RESERVES DATA
AND OTHER OIL AND GAS INFORMATION

For the Year Ended December 31, 2014

March 5, 2015

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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;

“**BIT**” stands for ‘Before Income Taxes’;

“**Company**” or “**BNK**” means BNK Petroleum Inc.;

“**NSAI**” means Netherland, Sewell & Associates, Inc., independent petroleum engineering consultants of Houston, Texas, U.S.;

“**NI 51-101**” refers to National Instrument 51-101; and

“**Woodford Sale**” means the sale by BNK US of its Tishomingo field assets, excluding the Caney and Upper Sycamore formations, the completion of which was announced by the Corporation on April 21, 2013.

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, 2014. The preparation date of the information being provided in this statement is March 5, 2015. 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.

Reserves and Future Net Revenue

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 NSAI. The Company's only property with assigned reserves and gathering revenue is the Tishomingo field in Oklahoma, U.S. NSAI is an independent qualified reserves evaluator appointed by the Company pursuant to NI 51-101. Readers should note that totals in the following tables may not add due to rounding.

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 used by NSAI in its report to the Company will be attained and variances could be material. NSAI's report to the Company contained additional assumptions relating to costs and other matters. 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.

All dollar values are expressed in U.S. dollars, unless otherwise indicated.

Cautionary Statements

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.

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.

PART 2: DISCLOSURE OF RESERVES DATA

2.1 Reserves Data (Forecast Prices and Costs)

Reserve Category	United States					
	Light & Medium Oil		Natural Gas		Natural Gas Liquids	
	BNK Gross (Mbbl)	Net (Mbbl)	BNK Gross (MMcf)	Net (MMcf)	BNK (Mbbl)	Net (Mbbl)
Proved						
Developed Producing	1,126.7	874.3	1,510.8	1,177.4	302.2	235.5
Developed Non-Producing	256.5	199.5	197.5	153.6	39.5	30.7
Undeveloped	7,501.7	5,853.4	6,642.7	5,183.2	1,328.5	1,036.6
Total Proved	8,884.9	6,927.3	8,351.0	6,514.2	1,670.2	1,302.9
Probable	19,130.1	15,043.1	17,109.5	13,453.9	3,421.9	2,690.8
Total Proved Plus Probable	28,015.0	21,970.3	25,460.5	19,968.1	5,092.1	3,993.6
Possible	24,855.5	19,899.6	22,190.3	17,762.7	4,438.1	3,552.5
Total Proved Plus Probable Plus Possible	52,870.5	41,869.9	47,650.8	37,730.8	9,530.2	7,546.2

Notes: May not add due to rounding. The Company's reserves are derived from non-conventional oil and gas activities. The Company's reserves are contained in a shale oil reservoir from which gas and natural gas liquids are produced as by-products. The reserves described in the table above, and elsewhere in this statement, are categorized based on the product types sold when such reserves are realized. As a result, shale oil is categorized above as "Light and Medium Oil" and its gas by-products are categorized as "Natural Gas" and "Natural Gas Liquids".

Summary of Oil & Gas Reserves As of December 31, 2014 Forecast Prices & Costs		
Reserve Category	Reserves	
	BNK Gross (MBOE)	Net (MBOE)
Proved		
Developed Producing	1,680.7	1,306.0
Developed Non-Producing	328.9	255.8
Undeveloped	9,937.4	7,754.0
Total Proved	11,946.9	9,315.8
Probable	25,403.6	19,976.2
Total Proved Plus Probable	37,350.5	29,292.0
Possible	32,991.9	26,412.6
Total Proved Plus Probable Plus Possible	70,342.4	55,704.6

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, 2014										
Forecast Prices & Costs										
Reserve Category	Net Present Value of Future Net Revenue (\$ millions)									
	Before Income Tax					After Income Tax				
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%
United States										
Proved										
Developed Producing	60.8	49.1	41.4	36.0	31.9	60.8	49.1	41.4	36.0	31.9
Developed Non-Producing	12.3	9.7	8.1	6.9	6.1	12.3	9.7	8.1	6.9	6.1
Undeveloped	249.3	150.6	93.4	58.0	35.0	161.9	98.2	59.8	35.6	19.4
Total Proved	322.4	209.4	142.9	100.9	73.0	235.0	157.0	109.3	78.4	57.4
Probable	1,132.8	596.8	361.6	239.6	168.8	747.6	422.4	259.5	171.3	120.0
Total Proved Plus Probable	1,455.2	806.2	504.5	340.5	241.8	982.6	579.4	368.8	249.7	177.4
Possible	1,681.1	718.0	370.5	217.4	139.9	1,109.5	510.0	261.3	148.6	92.9
Total Proved Plus Probable plus Possible	3,136.3	1,524.2	875.0	557.9	381.7	2,092.1	1,089.4	630.1	398.3	270.3

Notes: May not add due to rounding. The after income tax net present values presented in the preceding table take into account available non-operating tax losses of \$65.3 million and reflect the tax burden on the Company's Tishomingo Field interests on a standalone basis, do not consider the business-entity-level tax situation or tax planning and do not provide an estimate of the value at the level of the business entity, which may be significantly different. The financial statements and the management's discussion and analysis (MD&A) of the Company should be consulted for information at the level of the business entity.

Total Future Net Revenue (Undiscounted - by Reserve Category)									
As of December 31, 2014									
Forecast Prices & Costs (\$ millions)									
Reserve Category	Revenue	Royalties	Op. Costs	Severance Taxes	Develop. Costs	Abandonment & Reclamation Costs	Future Net Revenue BIT	Income Taxes	Future Net Revenue AIT
Total Proved	932.9	205.5	139.6	39.9	225.5	0	322.4	87.4	235.0
Total Proved Plus Probable	3,196.8	690.7	440.2	155.6	455.1	0	1,455.2	472.6	982.6
Total Proved Plus Probable Plus Possible	6,358.3	1,322.3	826.4	321.7	751.6	0	3,136.3	1,044.2	2,092.1

Total Future Net Revenue (NPV discounted 10%, BIT by Reserve Category)		
As of December 31, 2014		
Forecast Prices & Costs		
Reserve Category	Tishomingo Field - Light Oil	
	\$ millions	Unit Value (\$/boe)
Total Proved	142.8	15.33
Total Proved Plus Probable	504.4	17.22
Total Proved Plus Probable Plus Possible	875.0	15.71

Note: Tishomingo light oil includes associated gas and NGLs

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 with adjustments were provided in the NSAI report.

Summary of Pricing & Inflation Rate Assumptions				
As of December 31, 2014				
Forecast Prices & Costs				
		United States		
Year	WTI ¹ \$/bbl	Henry Hub ¹ \$/MMbtu	NGL \$/bbl	Inflation Rate %
2014 ²	90.42	4.16	32.78	
2015	65.00	3.25	23.64	
2016	80.00	3.75	29.10	
2017	90.00	4.00	32.73	
2018	91.35	4.50	33.22	
2019	92.72	5.00	33.72	
2020	94.11	5.08	34.23	
2021	95.52	5.15	34.74	
2022	96.95	5.23	35.26	
2023	98.41	5.31	35.79	
2024	99.88	5.39	36.33	
2025	101.38	5.47	36.87	1.5

Note: (1) Sproule Oil & Natural Gas Forecast from NSAI Report to the company including adjustments for differentials; prices escalated @ 1.5% after 2025.

(2) 2014 weighted average historical prices

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

4.1 Reserves Reconciliation

A reconciliation of changes to the Company's gross (before deduction of royalties) proved, probable and proved plus probable reserves is provided below. This reconciliation reflects changes to the Company's reserves estimated using forecast prices and costs³.

	United States								
	Light & Medium Oil			Natural Gas			Natural Gas Liquids		
	Proved	Probable	Proved + Probable	Proved	Probable	Proved + Probable	Proved	Probable	Proved + Probable
	(Mbbbl)	(Mbbbl)	(Mbbbl)	(MMcuf)	(MMcuf)	(MMcuf)	(Mbbbl)	(Mbbbl)	(Mbbbl)
December 31, 2013	2,924.3	8,640.4	11,564.6	2,607.7	6,769.6	9,377.3	660.0	1,756.6	2,416.6
Extensions	320.4	1,189.5	1,509.9	576.7	1,213.8	1,790.4	79.0	175.9	254.9
Improved Recovery	-	-	-	-	-	-	-	-	-
Technical Revisions	5,910.0	9,300.2	15,210.2	5,522.7	9,126.1	14,648.8	986.5	1,489.4	2,475.8
Discoveries	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-	-	-	-
Production	(269.8)	0.0	(269.8)	(356.0)	0.0	(356.0)	(55.3)	0.0	(55.3)
	-	-	-	-	-	-	-	-	-
December 31, 2014	8,884.9	19,130.1	28,015.0	8,351.0	17,109.5	25,460.5	1,670.2	3,421.9	5,092.1

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, NGL yields, and all factors affecting changes in economic limit cut-offs.

³ Note: There is no synthetic oil reserves data to report.

PART 5: ADDITIONAL INFORMATION RELATING TO RESERVES DATA

5.1 Undeveloped Reserves

The Company's undeveloped reserves exist in the Caney shale of its 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 proved undeveloped and probable undeveloped reserves from the Company's current net interest in the Tishomingo field⁴ that were attributed in each of the most recent three financial years and in the aggregate, before that time:

Proved Undeveloped Reserves	Oil	Natural Gas	NGL
	Mbbl	MMcf	Mbbl
Prior to 12/31/12	-	-	-
12/31/12	-	-	-
12/31/13	2,188.6	1,692.5	440.8
12/31/14	7,501.7	6,642.7	1,328.5
Probable Undeveloped Reserves			
	Oil	Natural Gas	NGL
	Mbbl	MMcf	Mbbl
Prior to 12/31/12	-	-	-
12/31/12	240.2	2,024.4	404.6
12/31/13	8,640.4	6,769.6	1,756.6
12/31/14	19,130.1	17,109.5	3,421.9

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

United States of America Properties

Tishomingo Field, Oklahoma

NSAI assigns 9,937.4 Mboe (Company Gross WI share) Proved Undeveloped and 25,403.6 Mboe (Company Gross WI share) Probable Additional Undeveloped reserves to the Tishomingo field. The Proved Undeveloped reserves are forecast to be recoverable from the drilling of 6 wells in 2015 and 6, 7, 3 and 9 wells in 2016, 2017, 2018, and 2019 respectively (4.93, 5.94, 6.96, 2.24, and 8.78 net BNK wells). The Probable Additional Undeveloped reserves are forecast to be recoverable from the drilling of 4 wells in 2015, and 5, 2, 6, 7, 12, 16 wells in 2016, 2017, 2018, 2019, 2010 and 2021 respectively (2.66, 2.04, 0.98, 3.96, 2.15, 3.66 and 13.81 net BNK wells).

The production forecast is based on producing the existing wells and drilling the additional wells as listed above and applying the historical production behavior to the undeveloped well locations.

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 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 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, will 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.

⁴ Note: Pursuant to the Woodford Sale, the Company sold its interests in the Woodford formation in the Tishomingo field in 2013.

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 some combination of internally generated cash flow and debt or equity financing. There can be no guarantee that funds will be available when required to proceed with the 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 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		
2015	39.1	57.3
2016	48.9	62.1
2017	50.0	68.9
2018	17.6	38.1
2019	69.9	90.9
2020	0.0	27.5
2021	0.0	110.3
Total	225.5	455.1

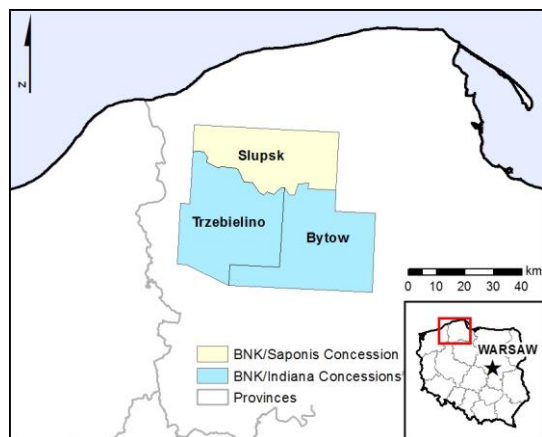
PART 6: OTHER OIL AND GAS INFORMATION

6.1 Oil and Gas Properties and Wells

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

Poland

In 2014, the Company held a 57.04% in three concessions in Poland owned through its investee corporation, Saponis Investments Sp. z o.o. The Company, with its partner, finalized the relinquishment of both the Starogard and Slawno concessions. The Company's net acreage holdings in the remaining Slupsk concession is approximately 129,494 acres. The Company acquired 2D seismic and finished drilling the first well (Lebork S-1) in 2011. The Company received a four-year extension for the concession in order to fulfill its current commitments and provide further flexibility moving forward. The remaining work commitment under this concession is comprised of 2D seismic, geological work and a number of vertical wells. Specifically, the Company should acquire 20 km of 2D seismic and drill one vertical well by June 2, 2015; acquire 50 km of 2D seismic and drill one well by December 2, 2016; and drill one well prior to the concession termination date of June 2, 2018. The Company is required to fulfill these commitments in order to keep the concession in good standing but these work commitments are not required in the event the Company decides to relinquish the concession. The Company has applied for a concession modification requesting that the date of commencing operations for the vertical well in June 2015 would be extended to December 2015.



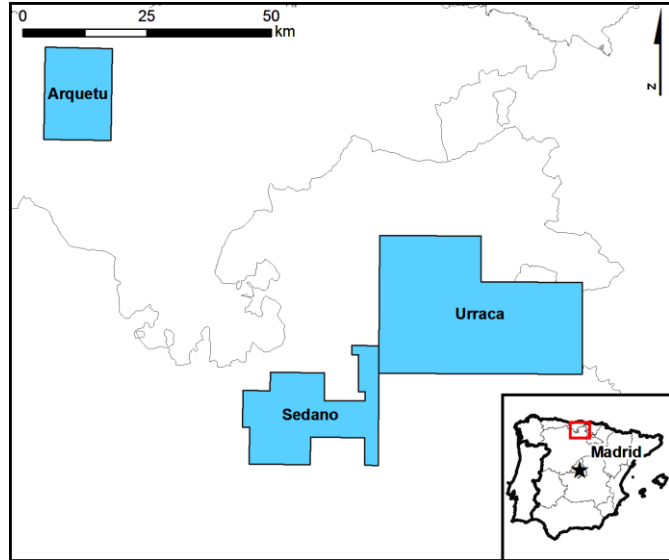
The Company's wholly owned subsidiary, Indiana Investments Sp. z o.o. holds two concessions, Bytow and Trzebielino, which total approximately 577,169 acres net to BNK. In Q4 2011 and Q1 2012, in conjunction with its Saponis acreage, the Company acquired 2D seismic data. The first exploratory well on the Trzebielino concession, the Miszewo T-1 well, was drilled in 2012. During 2014, the Company abandoned the Miszewo T-1 well and is reviewing possible relinquishment of the concession.

During 2012, the Gapowo B-1 vertical well on the Bytow concession was drilled to a target depth of 4,303 metres and was suspended with cement plugs. In late 2013, the Company received approval to re-enter the Gapowo B-1 vertical well. Drilling of the Gapowo B-1A lateral commenced during January 2014 and the rig was released during February 2014 after drilling and casing a lateral of approximately 1800 meters with a total well depth of 6058 meters. The Company has applied for a concession modification requesting a four year extension, with a supporting work program, and a delay in the drilling of the next well until March 2016.

In June 2014, the Company completed the fracture stimulation at Gapowo B-1A successfully placed varying amounts of proppant in 9 of the 20 stages attempted. Gas production averaged between 200,000 to 400,000 cubic feet per day. Following the flow test, the well was shut-in for over four weeks to obtain a pressure build up and a numerical reservoir model was prepared.

Spain

During 2011, the Company, through its indirect wholly-owned subsidiary, was awarded three oil and gas concessions located in the Cantabrian basin of Spain. The Sedano concession, totaling approximately 86,000 acres, and the Urraca concession totaling approximately 234,000 acres are both located mainly in the autonomous community of Castilla and Leon. The Arquetu concession, located in the autonomous community of Cantabria, was relinquished in 2014. The concessions target principally shale gas but the concessions range from dry gas through liquids rich gas to oil potential. In addition, the concessions may have conventional oil and gas potential. The primary target is a Jurassic-aged shale which, based on available information, ranges in the most prospective areas from 100 to over 200 meters in gross thickness at depths of about 2,500 to 4,500 meters. The work commitments for the Sedano



concession requires one well to be drilled and the second well to begin drilling in the first year, another well in the second year and three wells in each of years three and four. The Urraca concession requires geological work in the first year, drilling two wells each in years two, three, and four, and three wells in year five. All of the work programs were submitted with the stipulation that the time for drilling are subject to permits being approved by the government in a timely fashion. Applications to “suspend” the permits for a period of 34 months has been submitted for both the Urraca and Sedano concessions. If approved, these applications suspend the clock to account for prior administrative delays and the new legal requirement to conduct EIAs for projects requiring hydraulic stimulation.

By December 31, 2014, the Company had prepared and submitted Environmental Impact Assessments (EIAs) to drill up to six wells in the Sedano concession and up to six wells in the Urraca concession. Since 2012, the Company has been undertaking an extensive campaign to communicate with regulators, politicians, citizens and stakeholders in Spain about the shale gas exploration and development process, including how wells are drilled and completed and the safeguards employed to ensure health, environmental and safety compliance.

United States

Tishomingo Field, Ardmore Basin, Oklahoma

In Oklahoma, the Company holds approximately 16,295 net acres of Caney shale acreage in its Tishomingo Field near Ardmore, OK. The Company sold all of its Woodford shale rights in the Tishomingo Field in April 2013 and commenced the exploration phase to develop the oily Caney shale. The Company plans additional development drilling in this field with the objective of increasing production and reserves.

In 2013, the Company drilled 5 Caney horizontal wells to increase its reserves, oil production and to better understand the Caney formation. By December 31, 2013, the 5 wells were fractured with 4 wells on production. The 5th well began production in early January 2014. The Company’s exit production from the Tishomingo field at December 31, 2013 was approximately 1,040 boepd. BNK’s 2013 year end proved and probable reserves in the Tishomingo field were estimated at 15.5 million boe, while the proved, probable and possible reserves were estimated at 40.9 million boe.

In 2014, the Company drilled 5 Caney horizontal wells, fracture stimulated 3 of them, fracture stimulated one third of another well and completed the stimulation of one well that had been drilled in 2013 that had not been fully stimulated. The remaining wellbores are expected to be stimulated in 2015. The Company’s exit production rate from the field at December 31, 2014 was approximately 1,400 boepd, which did not include one well that began producing oil in early January 2015. BNK’s 2014 year end proved and probable reserves in the Tishomingo field

grew to an estimated 37.4 million boe, while the proved, probable and possible reserves increased to 70.4 million boe.

Oil & Gas Properties Associated with Reserves								Plants, Facilities & Installation
As of December 31, 2014								
		Acreage						
		Developed		Undeveloped		Total		
Properties	Location	Gross	Net	Gross	Net	Gross	Net	
United States								Developed acreage is defined as acreage where a well is drilled and thus holding the acreage indefinitely.
Tishomingo	Oklahoma, U.S.	24,367	15,376	5,131	919	29,498	16,295	
Total		24,367	15,376	5,131	919	29,498	16,295	

Oil & Gas Properties Associated with Reserves															
As of December 31, 2014															
		United States								Suspended ¹		Service ²		Total	
		Light & Medium Oil		Natural Gas		Natural Gas Liquids		Natural Gas Liquids							
		Gross	Net	Gross	Net	Gross	Net	Gross	Net			Gross	Net		
Oklahoma Producing		9.0	8.2	-	-	-	-	-	-	-	-	-	-	9.0	8.2
Oklahoma Non-Producing		1.0	1.0	-	-	-	-	-	-	-	-	-	-	1.0	1.0
Total				-	-	-	-	-	-	-	-	-	-	10.0	9.2

(1) Suspended wells may be capable of production but which, for a variety of reasons, including, but not limited to lack of markets or 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.

<i>Properties with No Attributed Reserves</i>					
As of December 31, 2014					
Properties	Location	Undeveloped Acreage (Acres)		Company Interest (%)	Work Commitments (existence, nature, timing & cost)
		Gross	Net		
United States					
Hughes Project	Hughes County, OK	640	105	10-20	Held by production with small working interest
McIntosh County	McIntosh County, OK	4,480	140	3-5	Held by production with small interest spread over numerous sections
Palo Duro Basin, Texas	Floyd, Motley & Briscoe Counties, TX	321	161	25-50	Remaining acreage will expire in 2015
Empire Project	Wayne County, NY	12,716	12,586	90-100	11,232 acres will expire in 2015
Black Warrior Basin	Pickens County, AL	363	278	70-80	Remaining acreage will expire in 2015
Total U.S. (approx.)		18,520	13,270		
Europe					
Baltic Basin - Saponis	Poland	227,027	129,496	57.04	Need to drill one well and acquire 20 km of 2D seismic in 2015 to retain the concession
Baltic Basin - Indiana	Poland	577,179	577,179	100	Need to drill one well on Bytow during 2015 to retain the concession. Planning on relinquishing the Trzebielino concession in 2015.
Castilla y Leon	Spain	320,242	320,242	100	9 well commitment over the term of each concession
Total Europe (approx.)		1,124,448	1,026,917		
Total (approx.)		1,142,968	1,040,187		

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, other than the financial commodity contracts listed below.

Commodity	Period	Total Hedged (BBLs)	Volume (BBLs)	Price (\$/BBL)
Oil – WTI	January 1, 2015 to December 31, 2015	51,300		\$96.25
Oil – WTI	January 1, 2016 to December 31, 2016	35,600		\$89.90
Oil – WTI	January 1, 2017 to June 30, 2017	14,500		\$87.65

In February 2015, subsequent to year-end, the Company entered into additional financial commodity contracts which are summarized below:

Commodity	Period	Total Hedged (BBLs/MMBTU)	Volume (BBLs/MMBTU)	Price (\$/BBL or \$/MMBTU)
Oil - WTI	March 1, 2015 to December 31, 2015	168,233		\$60.13
Oil - WTI	January 1, 2016 to December 31, 2016	139,851		\$60.13
Oil - WTI	January 1, 2017 to June 30, 2017	117,952		\$60.13
Oil - WTI	January 1, 2018 to January 31, 2018	8,818		\$60.13

Gas - Henry Hub	March 1, 2015 to December 31, 2015	193,298	\$3.06
Gas - Henry Hub	January 1, 2016 to December 31, 2016	163,772	\$3.06
Gas - Henry Hub	January 1, 2017 to June 30, 2017	122,396	\$3.06
Gas - Henry Hub	January 1, 2018 to January 31, 2018	17,182	\$3.06

The Company has no transportation obligations or commitments for future deliveries which exceed its expected related future production from 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. Based on its internal estimates, the Company believes the salvage value of the equipment will compensate all costs required to abandon each well and reclaim the surface lease.

Additional Information Concerning Abandonment & Reclamation Costs						
As of December 31, 2014						
Escalating Prices & Costs						
	Total Net Wells		Total Cost (\$ millions)			
	Proved	Proved + Probable	Proved Reserves		Proved + Probable	
Undiscounted			Disc. @ 10%	Undiscounted	Disc. @ 10%	
Estimation Method Used						
Tishomingo Field	38.1	67.3	0	0	0	0
Total	38.1	67.3	0	0	0	0

6.5 Tax Horizon

The Company does not expect to be taxable in the immediate foreseeable future.

6.6 Costs Incurred

For the year ended December 31, 2014, 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	0.2	Nil
Unproved Properties/Wells	0.1	Nil
Exploration Costs	Nil	28.8
Development Costs	46.6	Nil

6.7 Exploration and Development Activities

The Company's drilling activity and results for the year ended December 31, 2014, 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
	United States			
Oil Wells	Nil	Nil	5.0	4.9
Gas Wells	Nil	Nil	Nil	Nil
Service Wells	Nil	Nil	Nil	Nil
Suspended Wells	Nil	Nil	Nil	Nil
Adandoned Wells	Nil	Nil	Nil	Nil
Total Wells	Nil	Nil	5.0	4.9

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

Poland

During fiscal year 2014 the Company drilled and fracture stimulated one (1) operated horizontal well, which is currently shut-in.

United States

During fiscal year 2014 the Company drilled five (5) operated wells, and completed and fracture stimulated five (5) existing Company operated wells. At year-end BNK had fracture stimulated five (5) horizontal wells in the Tishomingo field.

6.8 Production Estimates

Estimated production volumes (before Royalties) derived from the first year (2015) of the cash flow forecasts prepared in conjunction with the Company's reserves data included in the NSAI Report are provided in the following table.

Summary Of Production Estimates				
Proved + Probable Reserves Case				
For Year 2015				
Reserve Category	United States			Company Total (Mboe)
	Light & Medium Oil (Mbbbl)	Natural Gas (MMcf)	Natural Gas Liquids (Mbbbl)	
United States				
Tishomingo, OK	647.5	683.6	136.7	898.1
Total	647.5	683.6	136.7	898.1

(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, 2014 is presented below.

Summary of 2014 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)	870.0	822.0	1,024	1,182	975
Oil (bopd)	651.0	722.0	673	910	739
NGL's (bopd)	166.0	140.0	127	173	151
Average (\$/bbl or \$/mcf)					
Price received (\$/boe)	78.18	81.74	74.80	57.82	72.05
Royalties paid	14.66	15.33	14.02	10.84	13.51
Production costs	6.16	7.56	8.64	5.38	6.83
Netbacks	57.36	58.85	52.14	41.60	51.71
Total Production (mboe before deductions of royalties)	86.50	90.90	89.30	117.70	384.40

Netback per barrel and its components are calculated by dividing revenue less royalties and operating expenses by the Company's sales volume during the period.

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.