Q2
2010

Bankers
PETROLEUM LTD.

For the period ending June 30, 2010

The following is management's discussion and analysis (MD&A) of Bankers Petroleum Ltd.'s (Bankers or the Company) operating and financial results for the three and six months periods ended June 30, 2010 compared to the corresponding periods in the prior year, as well as information and expectations concerning the Company's outlook based on currently available information. The MD&A should be read in conjunction with the unaudited interim financial statements for the three and six months periods ended June 30, 2010 and the audited financial statements and MD&A for the year ended December 31, 2009. Additional information relating to Bankers, including its Annual Information Form, is on SEDAR at www.sedar.com and on the Company's website at www.bankerspetroleum.com. ***All dollar values are expressed in US dollars, unless otherwise indicated, and are prepared in accordance with Canadian generally accepted accounting principles (GAAP).*** The Company reports its heavy oil production in barrels.

This report is prepared as of August 13, 2010.

NON-GAAP MEASURES

Netback per barrel and its components are calculated by dividing revenue, royalties, operating and sales and transportation expenses by the gross production volume during the period. Netback per barrel is a non-GAAP measure and it is commonly used by oil and gas companies to illustrate the unit contribution of each barrel produced.

Net operating income is similarly a non-GAAP measure that represents revenue net of royalties and operating, sales and transportation expenses. The Company believes that net operating income is a useful supplemental measure to analyze operating performance and provides an indication of the results generated by the Company's principal business activities prior to the consideration of other income and expenses.

Funds generated from operations include all cash from operating activities and are calculated before change in non-cash working capital. Reconciliation to the GAAP measure is as follows:

	Three months ended June 30		Six months ended June 30	
($000s)	**2010**	2009	**2010**	2009
Cash provided by (used in) operating activities	**17,832**	(4,354)	**30,498**	(5,338)
Change in non-cash working capital	**960**	10,352	**2,113**	12,601
Funds generated from operations	**18,792**	5,998	**32,611**	7,263

The non-GAAP measures referred to above do not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures used by other companies.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A offers our assessment of the Company's future plans and operations as of August 13, 2010 and contains forward-looking information. Such information is generally identified by the use of words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. Statements relating to "reserves" or "resources" are also forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be profitably produced in the future. All such statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Management believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon. These statements speak only as of the date hereof.

In particular, this MD&A contains forward-looking statements pertaining to the following:

- performance characteristics of the Company's oil and natural gas properties;
- crude oil production estimates and targets;
- the size of the oil and natural gas reserves and/or resources;
- capital expenditure programs and estimates;
- projections of market prices and costs;
- supply and demand for oil and natural gas;
- environmental liabilities associated with the Company's operations in Albania;
- amendments to the Company's petroleum agreement relating to the Kuçova oilfield;
- expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development; and
- treatment under governmental regulatory regimes and tax laws.

These forward looking statements are based on a number of assumptions, including but not limited to: those set out herein and in the Company's Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information* (NI 51-101 Report), availability of funds for capital expenditures, a consistent and improving success rate for well re-completions at Patos-Marinza, the evaluation and the implementation of a successful plan of development relating to the Kuçova field, increasing production as contemplated by the Plan of Development (PoD) and Addendum for the Patos-Marinza field, stable costs, availability of equipment and personnel when required for the Company's operations, continuing favourable relations with Albanian governmental agencies and continuing strong demand for oil and natural gas.

Actual results could differ materially from those anticipated in these forward-looking statements as a result of the risks and uncertainties set forth below:

- general economic, market and business conditions;
- volatility in market prices for oil and natural gas;
- risks inherent in oil and gas production operations including those relating to maintaining and increasing oil and gas production;
- uncertainties associated with estimating oil and natural gas reserves;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- incorrect assessments of the value of acquisitions;
- geological, technical, drilling and processing problems;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- rising costs of labour and equipment;

- failure to agree on terms to an amending agreement in regards to the Kuçova oilfield on terms acceptable to the Company, or at all;
- changes in foreign laws and regulations including those related to tax laws and incentive programs relating to the oil industry;
- environmental risks, including larger than expected environmental liabilities associated with the Company's operations in Albania;
- the ability to implement corporate strategies;
- the ability to obtain financing;
- the state of domestic and international capital markets;
- changes in oil acquisition and drilling programs;
- failure to complete and/or realize the anticipated benefits of its acquisitions;
- delays resulting from, or inability to obtain, required regulatory approvals; and

The Company from time to time updates its forward-looking information based on the events and circumstances that occurred during the period and has adjusted its capital expenditure program accordingly to ensure that capital expenditures are funded by cash provided by operations, cash on hand and its available credit.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

PRINCIPAL BUSINESS RISKS

Bankers' business and results of operations are subject to a number of risks and uncertainties, including but not limited to the following:

Exploration, development, production and marketing of oil and natural gas involves a wide variety of risks which include but are not limited to the uncertainty of finding oil and gas in commercial quantities, securing markets for existing reserves, commodity price fluctuations, exchange and interest rate exposure and changes to government regulations, including regulations relating to prices, taxes, royalties and environmental protection. The oil and gas industry is intensely competitive and the Company competes with a large number of companies with greater resources.

Bankers' ability to increase its reserves in the future will depend not only on its ability to develop its current properties but also on its ability to acquire new prospects and producing properties. The acquisition, exploration and development of new properties also require that sufficient capital from outside sources will be available to the Company in a timely manner. The availability of equity or debt financing is affected by many factors many of which are beyond the control of the Company.

Bankers has a significant investment in Albania. There are a number of risks associated with conducting foreign operations over which the Company has no control, including political instability, potential and actual civil disturbances, ability to repatriate funds, changes in laws affecting foreign ownership and existing contracts, environmental regulations, oil and gas prices, production regulations, royalty rates, income tax law changes, potential expropriation of property without fair compensation and restriction on exports. Additional risks that may affect the Company and its operations are set out in its AIF filed under the Company's profile on www.sedar.com.

OVERVIEW & SELECTED QUARTERLY INFORMATION

($000s, except as noted)	Three months ended June 30		Six months ended June 30	
Results at a Glance	**2010**	2009	**2010**	2009
Financial				
Oil revenue	**42,147**	20,107	**77,296**	33,159
Net operating income	**20,353**	6,967	**35,992**	9,595
Net income (loss)	**2,694**	(1,679)	**3,164**	(4,171)
Funds generated from operations	**18,792**	5,998	**32,611**	7,263
Additions to property, plant and equipment	**29,262**	6,126	**55,962**	8,961
Operating				
Average production (bopd)	**9,830**	6,383	**9,060**	6,125
Average price ($/barrel)	**47.12**	34.63	**47.14**	29.91
Netback ($/barrel)	**22.76**	12.00	**21.95**	8.65
Average Brent oil price ($/barrel)	**78.24**	58.79	**77.29**	51.63

	June 30 2010	June 30 2009
Cash and deposits	**57,418**	41,147
Working capital	**59,417**	28,161
Total assets	**339,661**	257,689
Bank loans	**27,330**	32,651
Shareholders' equity	**231,903**	174,640

Highlights for the quarter ended June 30, 2010 are:

- Average production was 9,830 bopd, an increase of 54% over the same quarter of 2009 and an increase of 19% over the first quarter of 2010. The June 30, 2010 exit production was 10,100 bopd.
- Revenue increased by 20% to $42.1 million ($47.12/bbl) in the second quarter of 2010 from $35.1 million ($47.16/bbl) in the first quarter of 2010 and by 110% from $20.1 million ($34.63/bbl) in the second quarter of 2009.
- Net operating income (netback) increased by 30% to $20.4 million ($22.76/bbl) in the second quarter of 2010 from $15.6 million ($20.98/bbl) during the first quarter of 2010. Netback for the second quarter of 2009 was $7.0 million ($12.00/bbl), an increase of 191%.
- Funds generated from operations increased 36% to $18.8 million in the second quarter of 2010 from $13.8 million over the previous quarter and by 213% from $6.0 million in the same quarter of 2009.
- Bankers continues to maintain a strong balance sheet with cash of $57.4 million and working capital of $59.4 million at June 30, 2010. Working capital was $28.2 million and $75.4 million at June 30, 2009 and December 31, 2009, respectively.

QUARTERLY SUMMARY

Below is a summary of Bankers' performance over the last eight quarters.

($000s, except as noted)	2009 Third Quarter	$/bbl	2009 Fourth Quarter	$/bbl	2010 First Quarter	$/bbl	**2010 Second Quarter**	**$/bbl**
Average production (bopd)	6,258		7,234		8,282		**9,830**	
Oil revenue	23,441	40.71	30,014	45.10	35,149	47.16	**42,147**	**47.12**
Royalties	5,368	9.32	6,225	9.35	7,190	9.65	**8,367**	**9.35**
Operating expenses	6,083	10.56	7,438	11.18	7,925	10.63	**8,892**	**9.94**
Sales and transportation	2,739	4.76	3,701	5.56	4,395	5.90	**4,535**	**5.07**
Net operating income	9,251	16.07	12,650	19.01	15,639	20.98	**20,353**	**22.76**

($000s, except as noted)	2008 Third Quarter	$/bbl	2008 Fourth Quarter	$/bbl	2009 First Quarter	$/bbl	2009 Second Quarter	$/bbl
Average production (bopd)	5,880		6,561		5,864		6,383	
Oil revenue	33,543	62.08	17,877	29.63	13,052	24.73	20,107	34.63
Royalties	7,790	14.40	4,163	6.69	3,486	6.61	5,389	9.28
Operating expenses	7,503	13.32	7,843	13.54	5,512	10.44	5,748	9.90
Sales and transportation	1,932	3.57	2,192	3.63	1,426	2.70	2,003	3.45
Net operating income	16,318	30.79	3,679	5.77	2,628	4.98	6,967	12.00

($000s, except as noted)	2009 Third Quarter	2009 Fourth Quarter	2010 First Quarter	**2010 Second Quarter**
Financial				
Funds generated from operations	7,371	10,788	13,819	**18,792**
Net income	1,708	2,313	470	**2,694**
Basic/diluted earnings per share	0.008	0.010	0.002	**0.012/0.011**
General and administrative	1,410	1,757	1,926	**1,789**
Total assets	292,212	304,820	330,371	**339,661**
Capital expenditures	12,104	17,259	26,700	**29,262**
Bank loans	31,355	28,085	26,418	**27,330**

($000s, except as noted)	2008 Third Quarter	2008 Fourth Quarter	2009 First Quarter	2009 Second Quarter
Financial				
Funds generated from operations	14,795	339	1,265	5,998
Net income (loss)	4,876	(8,007)	(2,492)	(1,679)
Basic/diluted earnings (loss) per share	0.027/0.026	(0.044)	(0.014)	(0.009)
General and administrative	2,157	1,089	1,204	2,079
Total assets	216,978	214,675	210,674	257,689
Capital expenditures	25,502	22,011	2,835	6,126
Bank loans	27,583	28,125	26,948	32,651

DISCUSSION OF OPERATING RESULTS

Production, Revenue and Netback

	Three months ended June 30		Six months ended June 30	
	2010	2009	**2010**	2009
Average production (bopd)	**9,830**	6,383	**9,060**	6,125
Oil revenue ($000)	**42,147**	20,107	**77,296**	33,159
Netback ($/bbl)				
Average price	**47.12**	34.63	**47.13**	29.91
Royalties	**9.35**	9.28	**9.49**	8.01
Operating expenses	**9.94**	9.90	**10.25**	10.16
Sales and transportation	**5.07**	3.45	**5.45**	3.09
Netback	**22.76**	12.00	**21.94**	8.65

At the end of June 2010, the Company had 226 active wells as compared to 212 active wells at the end of March 2010. The total well count increased 11% from 659 at the end of March 2010 to 732 at the end of June 2010. Average production increased by 54% to 9,830 bopd during the second quarter of 2010 compared to 6,383 bopd during the same period in 2009 and increased by 19% from 8,282 bopd during the previous quarter.

During the second quarter of 2010, the Company resumed sales to the Albanian refineries, representing 19% of its total sales. The Company's average sale price for the second quarter of 2010 was $47.12/bbl (60% of Brent) compared to $47.16/bbl (62% of Brent) for the first quarter of 2010 and $34.63/bbl (59% of Brent) for the second quarter of 2009. The benchmark Brent oil prices averaged $78.24/bbl for the second quarter of 2010, compared to $76.36/bbl for the preceding quarter and $58.79/bbl for the second quarter of 2009.

Oil revenue increased by 20% from $35.1 million in the previous quarter to $42.1 million in the second quarter of 2010, primarily as a result of increased production. Sales were $20.1 million for the second quarter of 2009.

The Company's netback (revenue less royalties, operating, sales and transportation expenses) was $22.76/bbl (48% of the average price) for the second quarter of 2010, as compared to $12.00/bbl (35% of the average price) in the second quarter of 2009 and $20.98/bbl (44% of the average price) for the preceding quarter. Netback increased 90% compared to the same period in 2009, primarily due to more favourable average prices received from export sales and fluctuations in commodity prices. The Company's netback increased 8% compared to the first quarter of 2010. This increase was mainly due to increased production levels, resulting in higher efficiency on a per-unit basis and the increase in domestic sales, which incur lower sales and transportation costs.

Royalties

Royalties in Albania are calculated pursuant to the Petroleum Agreement with Albpetrol and consist of a royalty based on Albpetrol's pre-existing production (PEP), a 1% gross overriding royalty (ORR) on new production and a 10% royalty tax (RT) on net production. Overall royalties for the current quarter represented 20% of oil revenue, as compared to 20% for the preceding quarter and 27% for the second quarter of 2009. As a percent of revenue, the various royalty components currently represent 11% from PEP, 1% for the ORR and 8% for the RT. The average royalty rate was consistent with the previous quarter, and declined compared to the second quarter of 2009 due to increased oil produced from new production. Overall, royalties represented $9.35/bbl for the second quarter of 2010, compared to

$9.65/bbl for the preceding quarter and $9.28/bbl for the same period in 2009. Fluctuations in royalty on a per barrel basis are due to changes in the underlying oil and the average sales price received.

Operating Expenses

Operating expenses were $9.94/bbl in the second quarter of 2010, compared to $10.63/bbl during the preceding quarter and $9.90/bbl in the same period of 2009. On a percentage of revenue basis, operating costs represented 21% of the revenue for the second quarter of 2010, compared to 23% and 29% for the preceding quarter and the same period in 2009, respectively. This improvement was due to the increase in production levels, efficiency in well servicing costs and the increase in commodity prices. Of the total operating expenses incurred during the quarter, $3.87/bbl (39%) related to fixed costs and $6.07 (61%) related to variable costs.

Sales and Transportation

Sales and transportation (S&T) costs for the quarter were $5.07/bbl compared to $5.90/bbl in the first quarter and $3.45/bbl during the same period in 2009. The reduction in S&T costs compared to the preceding quarter was due to the increase in domestic sales, which incur lower S&T costs. Domestic sales accounted for 19% of the total sales in the quarter. The Company did not have any domestic sales in the prior quarter. The increase in S&T costs compared to the same period of 2009 was a result of overall increase in trucking and port facility fees. For the current quarter, trucking costs ($1.76/bbl) decreased from the prior quarter ($2.11/bbl) and blending costs ($2.25/bbl) decreased from the prior quarter ($2.36/bbl) due to an increase in domestic sales. Port fees were $1.06/bbl for the quarter as compared to $1.43/bbl for the previous quarter.

General and Administrative Expenses

General and administrative expenses (G&A) for the quarter were $1.8 million ($2.00/bbl) compared to $1.9 million ($2.58/bbl) in the preceding quarter and $2.0 million ($3.58/bbl) for the same period in 2009. The decrease in G&A compared to the same period of 2009 was mainly due to Canadian fluctuations in US dollar exchange rates, partially offset by increases in salaries and travel expenses.

During the quarter, the Company capitalized $0.7 million of G&A expenses as compared to $0.8 million for the preceding quarter and $0.6 million for the same period in 2009. These expenses were directly related to acquisition, exploration and development activities in Albania.

Non-cash stock-based compensation expense pertaining to options vested and/or granted to officers, directors, employees and service providers was $2.4 million compared to $6.7 million for the preceding quarter and $2.3 million for the same period in 2009. Of this amount, $1.4 million was charged to earnings during this quarter, compared to $3.8 million and $1.6 million that were charged to earnings for the preceding period and the period ended June 30, 2009, respectively. The remainder was capitalized.

Depletion, Depreciation and Accretion

Depletion, depreciation and accretion expenses (DD&A) for the quarter ended June 30, 2010 were $5.9 million ($6.54/bbl) compared to $5.0 million ($6.67/bbl) for the preceding quarter and $3.9 million ($6.67/bbl) for the same period in 2009. The increase in DD&A was mainly as a result of higher sales volume. Compared to the same period of 2009, the increase in DD&A was primarily a result of an increased depletable asset basis. The depletable base at June 30, 2010 includes a provision of $330.5 million for expected future capital programs, compared to $357.6 million at March 31, 2010 and $291.4 million at June 30, 2009. DD&A represented 14% of the total revenue for the second quarter of 2010,

compared to 14% for the preceding quarter and 19% for the same period in 2009. The reduction as a percentage of revenue as compared to the same period in 2009 was mainly due to the increase in reserve base, increase in production and commodity price.

Income Taxes

As of June 30, 2010, the Company recorded a $55.2 million future income tax liability, compared to $47.1 million at the end of the previous quarter, in relation to the Company's Albanian assets and liabilities. Future income tax expense for the quarter was $7.2 million compared to $4.8 million for the preceding quarter and a $1.7 million recovery for the quarter ended June 30, 2009. The fluctuation in future income taxes was mainly due to the change in net income incurred in the second quarter of 2010 and non-deductible costs, including stock based compensation and interest expenses of the Albania segment.

The cost recovery pool represents deductions for income tax purposes in Albania at a 50% income tax rate. Bankers is presently not required to pay cash taxes in any jurisdiction. In Canada, the benefit of non-capital losses of approximately $19.3 million as of December 31, 2009 has not been recognized in the financial statements.

Net Income (Loss) and Funds Generated from Operations

The Company recorded net income of $2.7 million ($0.012 per share) during the quarter, net income of $0.5 million ($0.002 per share) for the preceding quarter and a net loss of $1.7 million ($0.009 per share) for the same period in 2009. For the six months period ended June 30, 2010, net income was $3.2 million ($0.014 per share) as compared to a net loss for the six months period ended June 30, 2009 of $4.2 million ($0.022 per share).

Funds generated from operations amounted to $18.8 million for the quarter ended June 30, 2010 compared to $13.8 million in the preceding quarter and $6.0 million the same period in 2009, an increase of 36% and 213% respectively. For the six months period ended June 30, 2010, funds generated from operations was $32.6 million as compared to $7.3 million for the same period in 2009, an increase of 347%.

OPERATIONS UPDATE

Albania

Patos-Marinza Field

The Company continued execution of its horizontal drilling program targeting different productive zones and areas to fully evaluate the reserves potential of the Patos-Marinza oilfield. Eleven horizontal wells drilled during the quarter resulted in ten oil wells currently on production and one well suspended due to water intrusion. One vertical thermal core well and one water disposal well were also drilled during the quarter.

At June 30,2010, there were 32 horizontal wells, 30 are on production with 24 wells producing between 75 and 240 bopd, with current average production of 145 bopd, as compared to last quarter's average of 160 bopd and higher than the forecast average of 135 bopd. Six active horizontal wells are producing at an average rate of 30 bopd, including the first Marinza well and five Driza wells that have lower production due to previously described mechanical issues, specifically short laterals within the producing

section in three wells and drilling deviations in and out of the zone in two wells. Two wells remain suspended pending water control measures in offsetting old wells.

Optimal horizontal drilling locations recognized by the Company are in the northern portion of the field, however a winter and spring of unusually heavy rains in Albania prevented lease construction and expansion of the drilling program northwards during that period. With the current summer conditions, construction of two larger elevated drilling pads in the northern region is now complete, each capable of accommodating multiple wells. The Company will now accelerate its drilling operations in these areas where multiple oil bearing formations have exhibited virgin reservoir pressure conditions. The third drilling rig, with similar drilling depth capabilities as the first "Crosco" rig, has arrived in Albania and is currently drilling its second well. These two "Crosco" rigs will develop the deeper northern area of the field. Subsequent to the end of the quarter, two wells have been drilled on the northern pad, the first of which has been brought on production at 240 bopd.

During the quarter, ten wells were successfully brought on stream through reactivations and recompletions in new producing formations to add 230 bopd of production. Four of the ten wells were reactivations adding 110 bopd and six wells were re-perforations of current producing zones and recompletions of new producing zones adding 120 bopd.

Well takeovers have been less frequent due to handover delays by Albpetrol during the quarter. The Company has requested additional wells from Albpetrol for re-activation in the third and fourth quarter of 2010.

Kuçova Field

There was no field activity in Kuçova for the quarter; however equipment and services are in place to initiate operations. The Company is waiting for formal approval from Albpetrol and AKBN (the state regulatory agency) for amendments to the Kuçova Licence and Petroleum Agreements to revise the scope of work to a pressure maintenance project, extend the evaluation period by 12 months, and revise the royalty structure to accommodate the new 2009 Royalty Tax, prior to commencement of field activity. Approval in principle was received for the proposed amendments regarding changes to the royalty tax structure, evaluation period and scope of work from Albpetrol. Field work will commence upon receipt of approval from the Government of Albania and the handover of wells from the state oil company.

The Company intends to submit a plan of development for the Kuçova field in September 2010.

CAPITAL EXPENDITURES

	Three months ended June 30		Six months ended June 30	
($000s)	**2010**	2009	**2010**	2009
Drilling program	**15,298**	1,582	**29,413**	2,876
Well re-activations	**2,282**	815	**4,334**	1,895
Work-over program	**2,434**	953	**5,105**	1,326
Base program	**6,194**	2,875	**10,439**	3,227
Inventory change	**3,054**	(99)	**6,671**	(363)
	29,262	6,126	**55,962**	8,961

Capital expenditures in the second quarter increased to $29.3 million from $26.7 million in the preceding quarter and $6.1 million during the same period in 2009. During the second quarter of 2010, Bankers spent $15.3 million on the drilling program, primarily for 12 new wells compared to $14.1 million during the preceding quarter (10 wells) and $1.6 million, mainly standby fees, in the second quarter of 2009. The Company incurred $4.7 million on well re-activations and work-over program, consistent with the preceding quarter but increased 167% compared to $1.8 million during the same period in 2009. The increase in base program during the second quarter of 2010 was mainly due to the increased activities in water control initiative, pipeline/flow system and water disposal system. At June 30, 2010, the Company had a capital equipment inventory of $24.1 million for utilization in future drilling and reactivation programs (December 31, 2009 - $15.2 million).

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2010, Bankers had working capital of $59.4 million (including cash and cash equivalents totalling $57.4 million) and long-term bank loans of $22.7 million. At December 31, 2009 the Company had working capital of $75.4 million and long-term bank loans of $23.4 million.

Bankers has credit facilities totalling $138.4 million, of which only $27.3 million is currently being utilized. The majority represents a reserve-based long-term facility of $110.0 million from the International Finance Corporation and European Bank for Reconstruction and Development, from which no advances have yet been drawn. The $28.4 million Raiffeisen Bank facility includes a revolving operating loan of $20.0 million (due in March 2012) and term loans totalling $8.4 million. Repayments of $1.2 million were made on the term loans during this quarter.

The Company's approach to manage liquidity is to ensure a balance between capital expenditure requirements and funds generated from operations, available credit facilities and working capital.

During the three months ended June 30, 2010, the Company received total equity proceeds of $1.4 million from stock option and warrant exercises and collected the final payment of $2.7 million from BNK Petroleum Inc. for the note receivable.

There were approximately 231 million shares and 244 million shares outstanding as at June 30, 2010 and August 13, 2010 respectively. In addition, the Company had approximately 15 million stock options as of June 30, 2010 and August 13, 2010. The outstanding warrants were 5 million as of June 30, 2010 and August 13, 2010.

Directors and officers of the Company represent approximately 7 percent ownership in the Company, on a fully diluted basis, as of June 30, 2010 and August 13, 2010. The strong ownership position of the directors and officers creates an alignment with shareholders and a team that is dedicated to activities that support future value creation.

On July 15, 2010, the Company completed a prospectus offering with a syndicate of underwriters and issued an aggregate of 12,903,228 common shares at a price of CAD$7.75 per common share on a bought deal basis, resulting in gross proceeds of CAD$100.0 million, and net proceeds of CAD$95.8 million. The Company has now been advised by the underwriters that the over-allotment option to purchase, on the same terms, up to an additional 1,935,484 common shares, will not be exercised and has been forfeited.

Plan of Development

Bankers has no capital expenditure commitment for the Patos-Marinza oilfield under the Petroleum Agreement. Bankers annually submits a work program to AKBN which includes the nature and the amount of capital expenditures to be incurred during that year. Significant deviations in this annual program from the Plan of Development will be subject to AKBN approval. The Petroleum Agreement provides that disagreements between the parties will be referred to an independent expert whose decision will be binding. The Company has the right to relinquish a portion or all of the contract area. If only a portion of the contract area is relinquished then the Company will continue to conduct petroleum operations on the portion it retains and the future capital expenditures will be adjusted accordingly.

Commitments

The Company has long-term lease commitments in Canada and Albania. The minimum lease payments for the next three years are $794,000 as follows:

($000s)	Albania	Canada	Total
2010	204	113	317
2011	191	227	418
2012	50	9	59
	445	349	794

The Company has two term loans with a European financial institution, totalling $8.4 million. The 2006 term loan is repayable in monthly instalments of $0.3 million ending on October 31, 2011. The 2009 term loan is repayable in monthly instalments of $74,100, ending on April 30, 2014. Of the amount outstanding, $4.7 million is classified as current and $3.7 million as long-term. Principal repayment obligations of the term loans over the next five years are as follows:

($000s)	
2010	2,320
2011	4,014
2012	889
2013	889
2014	296
	8,408

NEW ACCOUNTING STANDARDS

Business combinations

The CICA Handbook Section 1582 ''Business Combinations'' is effective for business combinations with an acquisition date after January 1, 2011. This standard was amended to require additional use of fair value measurements, recognition of additional assets and liabilities, and increased disclosure. Adopting the standard is expected to have a material effect on the way the Company accounts for future business combinations. Entities adopting Section 1582 will also be required to adopt CICA Handbook Sections 1601 ''Consolidated Financial Statements'' and 1602 ''Non-Controlling Interests''. These standards will require non-controlling interests to be presented as part of Shareholders' Equity on the balance sheet. In addition, the income statement of the controlling parent will include 100 per cent of the subsidiary's results and present the allocation between the controlling and non-controlling interests.

These standards will be effective January 1, 2011, with early adoption permitted. The changes resulting from adopting Section 1582 will be applied prospectively and the changes from adopting Sections 1601 and 1602 will be applied retrospectively. The Company is currently assessing the impact of this standard on our financial position and future results.

Transition to International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt IFRS, for interim and annual reporting purposes, beginning on or after January 1, 2011. The adoption date for IFRS of January 1, 2011 will require the restatement of Bankers' consolidated financial statements, for comparative purposes, for the year ended December 31, 2010 and of the opening balance sheet as at January 1, 2010.

In preparation for the requirement to convert from GAAP to IFRS, management has undertaken a phased approach to conversion with a three step project plan. At a high level the three major steps will include:

Phase One:

- Identification of a project work plan that outlines potential conversion issues unique to the industry. This phase assigns ownership responsibility for each of those issues, estimates the time, duration and costs associated with each major deliverable within the plan, and presents an overall project timeline and in- progress reporting from key deliverable owners and assigned employees.

Phase Two:

- Identification of the significant accounting policies that relate to each of the major conversion items. This phase identifies the changes to the accounting policies that will be required with IFRS, and adjusts the plan identified in Phase One accordingly.

Phase Three:

- Management of dual reporting under GAAP and IFRS as required. This phase determines the mapping between the different accounts identified in our chart of accounts and applies this mapping to generate the IFRS reporting.

To date, management has assigned considerable priority to the conversion project and adopted a structured approach to change management. Executive sponsorship and the assignment of key resources to manage the conversion project internally were also completed. Management has adopted a solution to assist in the development of a project plan specific to our industry, the Energy industry, to identify key steps within the project and to assign key resource responsibility for each of those steps. Hallmarks of the Phase One conversion plan include:

- Primary conversion requirements
- Dependent and subsidiary conversion requirement
- Requirements leaders
- Subtask owners and responsibilities
- Task start and end dates
- Estimates as to effort, duration and costs
- Measurement and presentation of completion status including Gantt Charting

From an organization change management perspective, management has thus far:

- Identified technology changes and tools required to ensure successful project management.
- Identified external resources needed to act in an advisory capacity to management in throughout the project.
- Consulted with business unit leaders and department heads to educate, identify changes required and assign responsibilities within the project.
- Anticipated the phased nature of the conversion required and adopted a tiered approach consistent with the phases.

Key personnel engaged in the conversion project plan include members of the finance and accounting group. Other areas of the Company, as well as external advisors where necessary, are engaged in the IFRS conversion project. The Company has also supported staff training programs on IFRS transition. Regular reports on the IFRS transition status will be made to Management and the Audit Committee on a quarterly basis.

Detailed analysis of the differences for certain major elements of our financial statements has been completed and the Company is currently working with representatives from the various operational areas to select accounting policies and assess the impact of the differences on the data requirements, business processes, financial systems and internal controls. At this stage in the project, the full impact of adopting IFRS on the Company's financial position and future results cannot be determined; however, the most significantly impacted areas are expected to be property, plant and equipment.

INTERNAL CONTROLS

The Company's President and Chief Executive Officer (CEO) and Executive Vice President, Finance and Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting as defined in NI 52-109.

Disclosure controls and procedures have been designed to ensure that information to be disclosed by the Company is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure. The Company's CEO and CFO have evaluated the effectiveness of the disclosure controls and procedures as at June 30, 2010 and have concluded that they provide reasonable assurance that all material information relating to the Company is disclosed in a timely manner.

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and compliance with generally accepted accounting principles. The CEO and CFO have evaluated the Company's internal controls over financial reporting as at June 30, 2010 based on the framework in "Internal Control Over Financial Reporting – Guidance for Smaller Public Companies" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and have concluded they are designed and operating effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with GAAP. During the quarter ended June 30, 2010, there have been no changes to the Company's internal controls over financial reporting that will, or are reasonably likely to, materially affect the internal controls over financial reporting.

Because of their inherent limitations, disclosure controls and procedures and internal controls over financial reporting may not prevent or detect misstatements, errors or fraud. Control systems, no matter how well conceived or operated, can provide only reasonable and not absolute assurance that the objectives of the control systems are met.

OUTLOOK

Throughout the remainder of 2010, the Company will remain focused on achieving its priorities and implementing its capital program in Albania:

In July 2010, a third drilling rig commenced drilling in the Patos-Marinza oilfield. The company plans to complete 52 horizontal and 11 vertical wells in 2010, including two core sample wells for thermal analysis and several delineation wells into the western extension of the Patos-Marinza oilfield and including Block F.

With current production of 10,300 bopd and expected production from the remaining horizontal drilling and re-activation programs, Bankers projected 2010 year-end production target is 15,000 bopd.

Construction of an additional 80,000 barrels of storage capacity at the Vlore export terminal is continuing on schedule and is expected to be completed by year-end. In addition, progress is being made on the 14 kilometre, phase one of the oil pipeline connecting the oilfield by rail to both the export terminal and the two local refineries through use of a hub terminal at the city of Fier. This pipeline is expected to be completed in early 2011 and will add an additional 9,500 bopd of off-take capacity, giving the Company export sales capacity up to 24,500 bopd by early 2011. Phase two, a 30 kilometre, 70,000 bopd capacity pipeline connecting the oilfield to the export terminal, is scheduled to be completed by early 2012.

Two wells have now been cored in the north and south of the western extension of the Patos-Marinza oilfield and were shipped to Canada for a full suite of thermal testing, the results of which will define the parameters of a thermal pilot set to commence at the end of this year. The results of the thermal pilot will attempt to validate the most appropriate thermal extraction methodology to extract the 1.2 billion barrels of Contingent and Prospective resources at Patos-Marinza through a commercial field expansion in 2012 and beyond.

The second half of 2010 will see the commencement of a pilot environmental remediation project within the boundaries of the Patos-Marinza oilfield known as Sector 3. Three separate remediation contractors will begin work on the clean-up of legacy hazardous material left by previous operators in the field. This is an important part of the work Bankers continues to press forward in Albania, and will mark the beginning of serious environmental change for both the local community as well as the country as a whole.

Bankers expects to fund the balance of its $152 million 2010 capital program using funds generated from operations and existing cash.