



February 13, 2019

Bengal Energy Announces Fiscal 2019 Third Quarter Results

Calgary, Alberta – Bengal Energy Ltd. (TSX: BNG) (“Bengal” or the “Company”) today announces its financial results for the third quarter of fiscal 2019 ended December 31, 2018.

THIRD QUARTER FISCAL 2019 SUMMARY

Financial Summary:

- **Sales Revenue** – Crude oil sales revenue was \$2.0 million in Q3 fiscal 2019, which is 37% lower than the \$3.2 million recorded in Q3 fiscal 2018 and 39% lower than Q2 fiscal 2019, mainly due to a decline in US Brent pricing and oil production.
- **Hedging** – The Company’s credit facility requires that a minimum of 50% of oil production be hedged forward by a minimum of 12 months. Q3 fiscal 2019 was burdened with a hedge of US\$47/bbl. The quarter ending March 31, 2019 has hedges in place at \$US 55.40/bbl while the two subsequent quarters have a portion of expected production hedged at over \$US 72/bbl. For the quarter ending December 31, 2019 a portion of production has been hedged using puts and swaps at \$US 54.20/bbl.
- **Funds from Operations** – Bengal generated a use of funds from operations of \$0.2 million in Q3 fiscal 2019, a \$1.5 million decline from the \$1.3 million funds from operations generated in Q3 fiscal 2018. The primary reason for the decrease in funds performance in Q3 fiscal 2019 was the significant decline in US Brent pricing.
- **Net Income** – Bengal reported net income of \$0.9 million for Q3 fiscal 2019 compared to net income of \$0.2 million in the third Q3 fiscal 2018. The primary driver for this positive result was the positive change in the unrealized gain on financial instruments which resulted from lower oil prices that were entered into to hedge the Company’s oil pricing.
- **Adjusted Net Loss** – Bengal reported net income (loss) of \$0.9 million for Q3 fiscal 2019. Adjusting the Q3 fiscal 2019 net income for unrealized gain on financial instruments, the unrealized foreign exchange loss for the period and the non-cash impairment of non-current assets, the adjusted net loss is \$0.6 million for Q3 fiscal 2019 compared to adjusted net income of \$0.7 million for Q3 fiscal 2018.

Operational Summary:

- **Production Volumes** – The Company’s share of total production in Q3 fiscal 2019 was 27,593 bbls, which is a 15% decline from the 32,594 bbls produced in the third quarter fiscal 2018. Q3 fiscal 2019 production averaged 300 bbls per day compared to 354 bbls per day produced in the third quarter 2018 and 292 bbls per day produced in the second quarter fiscal 2019. Normal production declines and reduced capital spending are the reason for the reduction in production for year over year. Production increased in Q3 fiscal 2019 from the second quarter of fiscal 2019 as increased volumes from fracturing in Q3 fiscal 2019 more than offset normal sequential declines.



- **Development** - Bengal reported development and production expenditures of \$0.3 million, which primarily relates to connect costs related to the fracking of the Cuisinier-19 well during Q3 fiscal 2019.

Outlook:

During the second half of calendar 2018, the Company’s joint venture on Barta Block Cuisinier PL 303 (the “Joint Venture”) conducted a fracture stimulation campaign on four wells. Three of the four wells were successful and the Cuisinier North-1, Shefu-1 and Cuisinier-24 wells were brought online in September. The Cuisinier-19 well was fraced in a later program during Q3 fiscal 2019 but was unsuccessful. In December 2018, aggregate production from the successful wells was approximately 203 bbls/d (a 118% increase from the pre frac rates).

The Company’s fiscal 2019 drilling campaign commenced in February of 2019 and consists of four development wells and one appraisal well within PL 303. The goal of the program is to add production, expand the Cuisinier pool area and thus increase reserves. The Company will use internally generated sources of cash to fund this drilling campaign. The Joint Venture has also initiated the implementation of a pilot pressure maintenance scheme, which is planned to commence during the second quarter of calendar 2019. The location of this pilot is in the southeast quadrant of the Cuisinier pool, with injection of water to take place at the Cuisinier-24 well. The injection of produced formation water is anticipated to generate a positive response in production performance of up to four offsetting producing wells. In addition, the planned program will also complement future water flood expansion phases currently in the initial planning stages.

FINANCIAL RESULTS

(\$000s except per share, %, volumes and netback amounts)	Three months ended		Nine months ended	
	December 31		December 31	
	2018	2017	2018	2017
Oil revenue	\$ 2,014	\$ 3,211	\$ 8,544	\$ 7,927
Operating netback ⁽¹⁾	\$ 622	\$ 2,057	\$ 3,836	\$ 5,636
Cash from operations	\$ 434	\$ 431	\$ 2,056	\$ 2,769
Funds (used in) from operations ⁽²⁾	\$ (247)	\$ 1,268	\$ 1,378	\$ 3,212
Per share (\$) (basic and diluted)	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.03
Net income (loss)	\$ 883	\$ 206	\$ (331)	\$ 255
Per share (\$) (basic and diluted)	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00
Adjusted net income (loss) ⁽³⁾	\$ (649)	\$ 698	\$ 128	\$ 1,602
Per share (\$) (basic and diluted)	\$ (0.01)	\$ 0.01	\$ 0.00	\$ 0.02
Capital expenditures	\$ 298	\$ 342	\$ 1,873	\$ 2,572
Oil volumes (bbl/d)	300	354	303	369
Netback ⁽¹⁾ (\$/bbl)	\$ 22.54	\$ 63.12	\$ 45.99	\$ 55.58

(1) Netback is a non-IFRS measure and includes realized gain on financial instruments. Netback per bbl is calculated by dividing revenue (including realized gain (loss) on financial instruments) less royalties and operating costs by the total production of the Company measured in bbls. A reconciliation of the measures can be found in the table on page 8 of Bengal's management's discussion and analysis for the three and nine months ended December 31, 2019.

- (2) Funds from operations per share is a non-IFRS measure calculated as calculated by dividing funds from operations by weighted average basic and diluted shares outstanding for the periods disclosed. A reconciliation of the measures can be found in the table on page 18 of Bengal's management's discussion and analysis for the three and nine months ended December 31, 2019.
- (3) Adjusted net income (loss) and adjusted net income (loss) per share are non-IFRS measures. The comparable IFRS measure is net income (loss). A reconciliation of the two measures can be found in the table on page 18 of Bengal's management's discussion and analysis for the three and nine months ended December 31, 2019.
- (4) The above non-IFRS measures do not have any standardized meaning under Bengal's GAAP (as that term is defined in National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards) and therefore may not be comparable to similar measures presented by other issuers.

Bengal has filed its consolidated financial statements and management's discussion and analysis for the third fiscal quarter of 2019 with the Canadian securities regulators. The documents are available on SEDAR at www.sedar.com or by visiting Bengal's website at www.bengalenergy.ca.

About Bengal

Bengal Energy Ltd. is an international junior oil and gas exploration and production company with assets in Australia. The Company is committed to growing shareholder value through international exploration, production and acquisitions. Bengal's common shares trade on the TSX under the symbol "BNG." Additional information is available at www.bengalenergy.ca.

Forward-Looking Statements

This news release contains certain forward-looking statements or information ("forward-looking statements") as defined by applicable securities laws that involve substantial known and unknown risks and uncertainties, many of which are beyond Bengal's control. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. The use of any of the words "plan", "expect", "prospective", "project", "intend", "believe", "should", "anticipate", "estimate", or other similar words or statements that certain events "may" or "will" occur are intended to identify forward-looking statements. The projections, estimates and beliefs contained in such forward-looking statements are based on management's estimates, opinions, and assumptions at the time the statements were made, including assumptions relating to: the impact of economic conditions in North America and Australia and globally; industry conditions; changes in laws and regulations including, without limitation, the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; increased competition; the availability of qualified operating or management personnel; fluctuations in commodity prices, foreign exchange or interest rates; stock market volatility and fluctuations in market valuations of companies with respect to announced transactions and the final valuations thereof; results of exploration and testing activities; and the ability to obtain required approvals and extensions from regulatory authorities. We believe the expectations reflected in those forward-looking statements are reasonable but, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Bengal will derive from them. As such, undue reliance should not be placed on forward-looking statements.

Forward-looking statements contained herein include, but are not limited to, statements regarding: Bengal's hedging program; the potential of future fracture stimulation to improve initial production rates on the stimulated wells; the expected timing of the implementation of a pilot pressure maintenance scheme. The forward-looking statements contained herein are subject to numerous known and unknown risks and uncertainties that may cause Bengal's actual financial results, performance or achievement in future periods to differ materially from those expressed in, or implied by, these forward-looking statements, including but not limited to, risks associated with: liabilities inherent in oil and natural gas operations; the failure to obtain required regulatory approvals or extensions; failure to satisfy the conditions under farm-in and joint venture agreements; failure to secure required equipment and personnel; changes in general global economic conditions including, without limitations, the economic conditions in North America and Australia; uncertainties associated with estimating oil and natural gas reserves; increased competition for, among other things: capital, acquisitions of reserves, undeveloped lands and skilled personnel; the availability of qualified operating or management personnel; incorrect assessment of the value of acquisitions; fluctuations in commodity prices, foreign exchange or interest rates; inability to meet commitments due to inability to raise funds or complete



farm-outs; geological, technical, drilling and processing problems; changes in laws and regulations including, without limitation, the adoption of new environmental, royalty and tax laws and regulations and changes in how they are interpreted and enforced; Bengal's development and exploration opportunities; the results of exploration and development drilling and related activities; the ability to access sufficient capital from internal and external sources; and counter-party credit risk, stock market volatility and market valuation of Bengal's stock. Statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, which the reserves described, can be profitably produced in the future. Readers are encouraged to review the material risks discussed in Bengal's Annual Information Form for the year ended March 31, 2018 under the heading "Risk Factors" and in Bengal's Management's Discussion and Analysis for the Q3 fiscal year ending March 31, 2019 under the heading "Risk Factors". The Company cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. The forward-looking statements contained in this news release speak only as of the date hereof and Bengal does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

Certain Defined Terms

bbl – barrel

bbls – barrels

bbls/d – barrels per day

\$/bbl – dollars per barrel

mcf – thousand cubic feet

Q3 – three months ended December 31

Non-IFRS Measurements

Within this release, references are made to terms commonly used in the oil and gas industry. Netbacks, netbacks per barrel, funds from operations, funds from operations per share, adjusted net earnings and adjusted net earnings per share do not have any standardized meaning under IFRS and are referred to as non-IFRS measures. Netback equals total revenue (including realized (loss) gain on financial instruments) less royalties and operating expenses. Netback per barrel equals netback divided by the applicable number of barrels. Management utilizes these measures for operational performance. Funds from operations is defined as cash from operations before changes in non-cash working capital. Funds from operations per share is a non-IFRS measure calculated by dividing funds from operations by weighted average basic and diluted shares outstanding for the periods disclosed. Adjusted net earnings is a non-IFRS measure, which should not be considered an alternative to "Net income (loss)" as presented in the consolidated statement of income (loss) and comprehensive income (loss), and is presented in the Company's financial reports to assist management and investors in analyzing financial performance net of gains and losses outside of management's immediate control. Adjusted net earnings equal net income (loss) less unrealized losses/gains on foreign exchange and unrealized losses/gains on financial instruments plus non-cash impairment of non-current assets. Adjusted net earnings per share is calculated based on the weighted average number of common shares outstanding consistent with the calculation of earnings (loss) per share. Management utilizes these measures to analyze operating performance. The Company's calculation of the non-IFRS measures included herein may differ from the calculation of similar measures by other issuers. Therefore, the Company's non-IFRS measures may not be comparable to other similar measures used by other issuers. Funds from operations is not intended to represent operating profit for the period nor should it be viewed as an alternative to operating profit, net income, cash flow from operations or other measures of financial performance calculated in accordance with IFRS. Non-IFRS measures should only be used in conjunction with the Company's annual audited and interim financial statements. A reconciliation of these measures can be found in the table on page 18 of Bengal's fiscal 2019 Q3 MD&A.

Management believes the presentation of the Non-IFRS measures above provide useful information to investors and shareholders as the measures provide increased transparency and the ability to better analyze performance against prior periods on a comparable basis.



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