



**Interim Consolidated Financial Statements
(unaudited)**

**Three and Six Months Ended
September 30, 2018 and 2017**

BENGAL ENERGY LTD.

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Thousands of Canadian dollars)

(unaudited)

As at		September 30 2018	March 31 2018
Assets			
	Notes		
Current assets:			
Cash and cash equivalents		\$ 4,415	\$ 3,904
Restricted cash		140	140
Trade and other receivables	4	3,970	4,307
Prepaid expenses and deposits		127	154
		8,652	8,505
Exploration and evaluation assets	5	9,462	10,102
Property, plant and equipment	6	25,433	27,107
Total assets		\$ 43,547	\$ 45,714
Liabilities and Shareholders' Equity			
Current liabilities:			
Trade and other payables	7	\$ 2,711	\$ 2,232
Current portion of credit facility	8	8,382	1,934
Fair value of financial instruments	16	912	954
		12,005	5,120
Decommissioning and restoration liability	9	1,482	1,556
Credit facility	8	7,756	14,146
		21,243	20,822
Shareholders' equity:			
Share capital	10	98,100	98,100
Contributed surplus		7,804	7,755
Accumulated other comprehensive income		(389)	1,034
Deficit		(83,211)	(81,997)
		22,304	24,892
Total liabilities and shareholders' equity		\$ 43,547	\$ 45,714

Commitments (note 18)

See accompanying notes to the interim consolidated financial statements.

BENGAL ENERGY LTD.

INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

(Thousands of Canadian dollars, except per share amounts)

(unaudited)

		Three months ended September 30		Six months ended September 30	
		2018	2017	2018	2017
	Notes				
Revenue					
Oil sales	12	\$ 3,315	\$ 2,410	\$ 6,530	\$ 4,716
Royalties		(273)	(144)	(391)	(283)
		3,042	2,266	6,139	4,433
Realized (loss) gain on financial instruments	16	(430)	(69)	(845)	1,054
Unrealized gain (loss) on financial instruments	16	161	(444)	(19)	(1,256)
		2,773	1,753	5,275	4,231
Expenses					
General and administrative		740	611	1,408	1,159
Operating		1,011	1,238	2,080	1,908
Depletion and depreciation		349	505	730	996
Impairment		810	-	955	-
Share-based compensation		13	32	43	39
Foreign exchange loss (gain)		320	(244)	761	(277)
		3,243	2,142	5,977	3,825
Other expense					
Other		-	(124)	-	(124)
Finance expense	14	258	235	512	481
Net (loss) income		(728)	(500)	(1,214)	49
Exchange differences on translation of foreign operations		(979)	(811)	(1,423)	(1,603)
Comprehensive loss for the period		\$ (1,707)	\$ (1,311)	\$ (2,637)	\$ (1,554)
(Loss) income per share - basic & diluted					
	13	\$ (0.01)	\$ 0.00	(0.01)	\$ 0.00
Weighted average shares outstanding (000s) – basic and diluted					
	13	102,267	102,267	102,267	102,267

See accompanying notes to the interim consolidated financial statements.

BENGAL ENERGY LTD.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Thousands of Canadian dollars)

(unaudited)

For the six months ended September 30	2018	2017
Share capital		
Balance at beginning and end of period	\$ 98,100	\$ 98,100
Contributed surplus		
Balance at beginning of period	7,755	7,645
Share-based compensation – expensed	43	39
Share-based compensation – capitalized	6	5
Balance at end of period	7,804	7,689
Accumulated other comprehensive income (loss)		
Balance at beginning of period	1,034	2,085
Exchange differences translation of foreign operations	(1,423)	(1,603)
Balance at end of period	(389)	482
Deficit		
Balance at beginning of period	(81,997)	(69,726)
Net (loss) income	(1,214)	49
Balance at end of period	(83,211)	(69,677)
Total shareholders' equity	\$ 22,304	\$ 36,594

See accompanying notes to the interim consolidated financial statements.

BENGAL ENERGY LTD.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands of Canadian dollars)

(unaudited)

	Notes	Three months ended September 30		Six months ended September 30	
		2018	2017	2018	2017
Operating activities:					
Net (loss) income		\$ (728)	\$ (500)	\$ (1,214)	\$ 49
Add (deduct) non-cash items					
Depletion and amortization		349	505	730	996
Accretion on decommissioning and restoration liability		10	9	20	19
Accretion on credit facility		28	52	55	110
Share-based compensation		13	(124)	43	(124)
Impairment		810	32	955	39
Unrealized (gain) loss on financial Instruments		(161)	444	19	1,256
Unrealized foreign exchange loss (gain)		429	(308)	1,017	(401)
Funds flow from operations		750	110	1,625	1,944
Change in non-cash working capital	17	(147)	538	(3)	394
Net cash from operating activities		603	648	1,622	2,338
Investing activities:					
Exploration and evaluation expenditures	5	(752)	(91)	(912)	(230)
Petroleum and natural gas property expenditures	6	(522)	(1,436)	(663)	(2,000)
Change in non-cash working capital	17	482	1,369	530	264
Net cash used in investing activities		(792)	(158)	(1,045)	(1,966)
Financing activities:					
Facility extension fees		-	(95)	-	(95)
Change in non-cash working capital	17	224	(3)	191	(59)
Net cash from (used in) financing activities		224	(98)	191	(154)
Net increase (decrease) in cash and cash equivalents		35	392	768	218
Cash and cash equivalents, beginning of period		4,570	3,650	3,904	3,903
Impact of foreign exchange on cash and cash equivalents		(190)	(74)	(257)	(153)
Cash and cash equivalents, end of period		\$ 4,415	\$ 3,968	\$ 4,415	\$ 3,968

See accompanying notes to the interim consolidated financial statements.

Bengal Energy Ltd.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and six months ended September 30, 2018 and 2017

(Tabular amounts are stated in thousands of Canadian dollars except share and per share amounts)
(unaudited)

1. REPORTING ENTITY

Bengal Energy Ltd (the “Company” or “Bengal”) is incorporated under the laws of the Province of Alberta and is involved in the exploration, development and production of oil and gas reserves in Australia. The interim consolidated financial statements (the “financial statements”) of the Company are comprised of the Company and all its wholly-owned subsidiaries including Bengal Energy Australia (Pty) Ltd., which is incorporated in Australia. The Company conducts many of its activities jointly with others; these financial statements reflect only the Company’s proportionate interest in such activities.

Bengal’s principal place of business and registered office is located at 2000, 715 5th Ave SW, Calgary, Alberta, Canada, T2P 2X6.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting.” These financial statements do not include all of the information required for full annual financial statements.

These financial statements are stated in Canadian dollars and have been prepared following the same accounting policies and methods of computation as the consolidated financial statements of the Company for the year ended March 31, 2018 except as specified in Note 3 below. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto in the Company’s annual filings for the year ended March 31, 2018.

The interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 9, 2018.

3. CHANGES IN ACCOUNTING STANDARDS

On April 1, 2018, Bengal retrospectively adopted IFRS 15 *Revenue from Contracts with Customers* (“IFRS 15”). There were no adjustments made to the April 1, 2018 opening statement of financial position on adoption. The additional disclosures required by IFRS 15 are detailed in Note 12.

On April 1, 2018, Bengal retrospectively adopted IFRS 9 *Financial Instruments* (“IFRS 9”). The adoption of this standard did not result in a change in the recognition or measurement of any of the Company’s financial instruments on transition. The additional disclosures required by IFRS 9 are detailed in Note 4.

4. TRADE AND OTHER RECEIVABLES

Bengal’s trade and other receivables are exposed to the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company’s trade and other receivables include cash calls paid to joint venture partners and receivables from petroleum and natural gas marketers.

The Company's trade and other receivables consist of:

(\$000s)	September 30, 2018	March 31, 2018
Due from joint venture partners	3,924	4,214
Other receivables	46	93
	3,970	4,307

In Australia, production is purchased by Santos Ltd., one of Australia's largest public oil and gas companies, and also the operator of Bengal's production. Bengal has a Crude Oil Purchase Agreement with this purchaser and has not experienced any collection problems to date.

Cash calls paid to Santos Ltd., Bengal's Australian joint venture partner, are held in trust accounts by the partner until spent. Bengal attempts to mitigate the risk from joint venture receivables by approving significant spending by partners prior to expenditure and only paying the cash call shortly before the funds are to be spent.

The Company had no accounts considered past due at September 30, 2018, (March 31, 2018 - \$nil). Past due is considered greater than 90 days outstanding.

Bengal establishes an allowance for doubtful accounts as determined by management based on their assessment of collection. Bengal does not have an allowance for doubtful accounts as at September 30, 2018 and did not provide for any doubtful accounts, nor was it required to write-off any receivables during the six months ended September 30, 2018.

Exposure to the carrying value of its financial instruments relates to the Company's commodity-based derivatives (Note 16) held by Westpac Banking Corporation, which carries a Standard & Poors credit rating of AA-. Management considers the credit risk of these instruments to be adequately mitigated by the credit rating of their holder; therefore, no allowance has been established.

5. EXPLORATION AND EVALUATION ASSETS ("E&E ASSETS")

Exploration and evaluation assets consist of the Company's exploration projects in Australia, which are pending the determination of proved or probable reserves. Costs primarily consist of acquisition costs, geological & geophysical work, seismic and drilling, and completion costs until the drilling of wells is complete and the results have been evaluated.

The impairment in Q1 fiscal 2019 of \$0.1 million pertains to the Company's carrying cost of its 10% interest in the offshore Timor Sea property, AC/RL 10. The Chookola structure in the southwest section of the Cuisinier was drilled during the second quarter of fiscal 2019. Although oil was found, it was determined that the quantity was not sufficient to make the well commercial. As a result, all associated costs were impaired in the amount of \$0.8 million.

A summary of E&E Assets is shown in the table below:

(\$000s)	
Balance, April 1, 2017	20,529
Additions	1,768
Acquisition	509
Capitalized share-based compensation	7
Impairment	(12,167)
Exchange adjustments	(544)
Balance, March 31, 2018	10,102
Additions	912
Capitalized share-based compensation	4
Impairment	(955)

Exchange adjustments	(601)
Balance, end of period	9,462

A summary of E&E Assets is shown in the table below:

(\$000s)	
ATP 732P – Tookoonooka	5,380
ATP 752P	2,725
ATP 934 – Barrolka	1,852
Other ⁽¹⁾	145
Balance, beginning of period	10,102

(\$000s)	
ATP 732P – Tookoonooka	5,074
ATP 752P	2,589
ATP 934 – Barrolka	1,799
Other ⁽¹⁾	-
Balance, end of period	9,462

(1) Other includes capitalized G&A, share-based compensation and foreign exchange effects on these assets denominated in foreign currencies.

6. PROPERTY, PLANT AND EQUIPMENT

Petroleum and natural properties

(\$000s)			
	Petroleum and natural gas properties	Other assets	Total
<i>Cost:</i>			
Balance, April 1, 2017	47,875	344	48,219
Additions	1,234	-	1,234
Disposals	(4,316)	-	(4,316)
Capitalized share-based compensation	8	-	8
Change in decommissioning and restoration liability	167	-	167
Exchange adjustments	(732)	-	(732)
Balance, March 31, 2018	44,236	344	44,580
Additions	663	-	663
Capitalized share-based compensation	2	-	2
Exchange adjustments	(1,534)	-	(1,534)
Balance, end of period	43,367	344	43,711

(\$000s)	Petroleum and natural gas properties	Other assets	Total
<i>Accumulated depletion, depreciation and impairment losses:</i>			
Balance, April 1, 2017	19,386	287	19,673
Depletion and depreciation	2,026	14	2,040
Disposals	(4,316)	-	(4,316)
Exchange adjustments	76	-	76
Balance, March 31, 2018	17,172	301	17,473
Depletion and depreciation	724	6	730
Exchange adjustments	75	-	75
Balance, end of period	17,971	307	18,278

(\$000s)			
<i>Net carrying amount:</i>			
Beginning of period	27,064	43	27,107
End of period	25,396	37	25,433

The calculation of depletion for the quarter ended September 30, 2018 included \$58.1 million for estimated future development costs associated with proved and probable reserves in Australia (March 31, 2018 - \$58.1 million).

7. TRADE AND OTHER PAYABLES

(\$000s)	September 30, 2018	March 31, 2018
Trade payables	996	702
Accrued liabilities and other payables	1,715	1,530
	2,711	2,232

8. CREDIT FACILITY

(\$000s)		
Gross proceeds		15,364
Total cash fees		(994)
Repayment		(1,984)
		12,386
Facility extension fees		(95)
Unrealized foreign exchange loss		2,683
Accretion		1,106
Balance, beginning of period		16,080
Unrealized foreign exchange gain		4
Accretion		54
Balance, end of period		16,138
(\$000s)		
	September 30, 2018	March 31, 2018
Current portion	8,382	1,934
Non-current portion	7,756	14,146

In October 2014, Bengal closed its US\$25.0 million secured credit facility (the "Credit Facility") with Westpac Institutional Bank ("Westpac") and placed an initial draw on November 12, 2014 of US\$14.0 million. On August 26, 2016 following a US\$1.5 million repayment, the Company extended the Credit Facility by 18 months to December 2018 with a borrowing base of US\$15.0 million. On September 25, 2017, the Company extended the Credit Facility to December 2019 with a borrowing base of US\$12.5 million. On March 5, 2018, the Credit Facility was further amended to delay the majority of principal payments into 2019. The facility is secured by the Company's producing assets in the Cuisinier field in Australia's Cooper Basin, has a five and one-half year term and carries an interest rate of US Libor plus 3.2%.

The Credit Facility is structured as a reserves-based revolving facility under a predetermined reduction schedule, to be evaluated based on existing reserves at each calculation date. Under the Amendment to the Credit Facility dated March 5, 2018, the Company is required to make a US\$1.5 million principal payment on December 31, 2018 and a further US\$5.0 million on June 30, 2019 and US\$6.0 million on December 30, 2019. In return, the Company has agreed to amend the debt service coverage ratio covenant definition, provide for a cash sharing arrangement that requires the Company to deposit 50% of free cash flow against the outstanding loan amount and agree to a reserve-based review by April 30, 2019.

The Credit Facility's reserve-based covenants include a debt service coverage ratio (cash available for debt payments divided by mandatory debt repayments) as well as a loan life coverage ratio (net present value of future cash available for debt service divided by the available facility). These covenants impact the Company's available facility limit, and therefore the ability to secure its debt as a percentage of reserve forecasts and are evaluated at each calculation date. These covenants are calculated using inputs as prescribed by Westpac, and a default event triggered by a breach of covenants may result in a full redemption of all outstanding borrowings under the terms of the Credit Facility. The Company was in compliance with the stated covenants at September 30, 2018.

Management is in discussions with Westpac to amend the current repayment terms. There would be an adverse impact on the Company's liquidity should it be unsuccessful in negotiating an amendment and deferral of principal payments to the Credit Facility.

The table below indicates the current payment schedule for the Credit Facility:

(US \$000s)	
Fiscal year 2019	1,500
Fiscal year 2020	11,000
	<u>12,500</u>

9. DECOMMISSIONING AND RESTORATION LIABILITY

Changes to decommissioning and restoration obligations were as follows:

(\$000s)	
Balance, April 1, 2017	1,516
Change in estimate net of disposals	43
Accretion	37
Exchange adjustments	(40)
Balance, March 31, 2018	1,556
Accretion	20
Exchange adjustments	(94)
Balance, end of period	<u>1,482</u>

The Company's decommissioning liabilities result from ownership interests in petroleum and natural gas properties. The Company estimates the total inflation-adjusted undiscounted amount of cash flows required to settle its decommissioning and restoration costs at September 30, 2018 is approximately \$2.1 million (March 31, 2018 – \$2.2 million) which will be incurred between 2020 and 2046. An inflation factor of 1.3% and a risk-free discount rate of 2.7% have been applied to the decommissioning liability at September 30, 2018.

10. SHARE CAPITAL

(\$000s)		
	Number of common shares	Amount
Balance, April 1, 2017	68,177,796	94,151
Issued on exercise of rights offering	34,088,898	4,091
Share issue costs	-	(142)
Balance, March 31, 2018 and end of period	<u>102,266,694</u>	<u>98,100</u>

11. SHARE-BASED COMPENSATION – STOCK OPTIONS:

A summary of stock option activity is presented below:

	Options	Weighted average exercise price
		\$
Balance, beginning of period	4,602,500	0.52
Granted	250,000	0.11
Expired	(665,000)	0.65
Balance, end of period	<u>4,187,500</u>	<u>0.13</u>
Exercisable, end of period	<u>321,096</u>	<u>0.26</u>

The fair value of options granted during fiscal Q1 2019, were estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions and resulting values:

Assumptions:

Risk-free interest rate (%)	2.00
Expected life (years)	5
Expected volatility (%) ⁽¹⁾	95
Estimated forfeiture rate (%)	20
<u>Weighted average fair value of options granted</u>	<u>\$0.08</u>
<u>Weighted average share price on date of grant</u>	<u>\$0.11</u>

(1) Expected volatility is estimated by considering historic, average share price volatility.

The fair value of stock options granted during fiscal Q1 2019 was approximately \$16,000.

12. REVENUE

The nature of the Company's performance obligations, including roles as third parties and partners, are evaluated to determine if the Company acts as a principal. The Company recognizes revenue on a gross basis when it acts as the principal and has primary responsibility for the transaction. Revenue is recognized on a net basis if the Company acts in the capacity of an agent rather than as a principal.

Revenue from the sales of crude oil is based on the consideration specified in the Crude Oil Sales and Purchase Agreement ("COSPA agreement") with the joint venture operator. The Company recognizes revenue when it transfers control of the product to the joint venture operator, which is generally at the time the joint venture operator obtains legal title of the crude oil and when it is physically delivered to the pipeline at an estimated transaction price. The pricing of the oil barrels that are transferred is adjusted once the product is shipped to the end customer.

The transaction price as prescribed in the COSPA agreement is a variable price based on the benchmark US Brent commodity price index, and may be adjusted for quality, location, delivery method or other factors depending on the agreed upon terms of the contract. The amount of revenue recorded can vary depending on the grade, quality and quantity of crude oil transferred to the joint venture operator. The COSPA agreement has an initial term to March 31, 2022, whereby delivery takes place through the contract period. Revenues are typically collected 60 days following delivery to Port Bonython.

13. PER SHARE AMOUNTS:

Income (loss) per share is calculated based on net loss and the weighted-average number of common shares outstanding.

(\$000s except per share amounts)	Three months ended September 30		Six months ended September 30	
	2018	2017	2018	2017
(Loss) income for the period	(728)	(500)	(1,214)	49
Weighted average number of Common shares – basic and diluted	102,267	102,267	102,267	102,267
Basic and diluted net loss per share	(0.01)	0.00	(0.01)	0.00

For the three and six months ended September 30, 2018, there were 4,187,500 (three and six months ended September 30, 2017 – 5,488,647) options considered anti-dilutive.

14. FINANCE EXPENSE

(\$000s)	Three months ended September 30		Six months ended September 30	
	2018	2017	2018	2017
Interest income	(1)	(4)	(8)	(10)
Accretion on decommissioning and restoration liability	10	9	20	19
Letter of credit charges	-	-	8	-
Interest on credit facility	249	230	492	472
	258	235	512	481

15. FOREIGN CURRENCY EXCHANGE RATE RISK

Bengal receives U.S. dollars for Australian oil sales and incurs expenditures in Australian, Canadian and U.S. currencies. Having sales and expenditures denominated in three currencies spreads the impact of individual currency fluctuations.

The Company may enter into derivative foreign currency contracts in order to manage foreign currency exchange rate risk, but has not done so to date.

The table below shows the Company's exposure to foreign currencies for its financial instruments at September 30, 2018:

(\$000s)	CAD\$	AUS\$	US\$	Total
Cash and short-term deposits	78	84	4,253	4,415
Restricted cash	140	-	-	140
Trade and other receivables	12	3,958	-	3,970
Trade and other payables	(249)	(2,239)	(223)	(2,711)
Credit facility	-	-	(16,138)	(16,138)
Fair value of financial instruments	-	-	(912)	(912)

	September 30 2018	March 31 2018
Exchange rates as at:		
Number of CAD\$ for 1 AUS\$	0.93	0.99
Number of CAD\$ for 1 US\$	1.29	1.29

16. RISK MANAGEMENT ACTIVITIES

At September 30, 2018, the following derivative contracts were outstanding and recorded at estimated fair value:

Time period	Type of contract	Quantity Contracted (bbls)	Price floor US \$/bbl	Price ceiling US \$/bbl
October 1, 2018 – December 31, 2018	Oil - swap	10,764	47.00	47.00
October 1, 2018 – December 31, 2018	Oil – put option	3,883	47.00	-
(000s)		Oil – swap	Oil – put	Total
Current fair value of financial instruments		(471)	-	(471)
Non-current fair value of financial instruments		-	-	-
		(471)	-	(471)

Time period	Type of contract	Quantity Contracted (bbls)	Price floor US \$/bbl	Price ceiling US \$/bbl
January 1, 2019 – March 31, 2019	Oil - swap	7,953	55.40	55.40
January 1, 2019 – March 31, 2019	Oil – put option	7,953	55.40	-
(000s)		Oil – swap	Oil – put	Total
Current fair value of financial instruments		(252)	1	(251)
Non-current fair value of financial instruments		-	-	-
		(252)	1	(251)

Time period	Type of contract	Quantity Contracted (bbls)	Price floor US \$/bbl	Price ceiling US \$/bbl
April 1, 2019 – April 30, 2019	Oil - swap	5,000	73.28	73.28
(000s)		Oil – swap	Oil – put	Total
Current fair value of financial instruments		(40)	-	(40)
Non-current fair value of financial instruments		-	-	-
		(40)	-	(40)

Time period	Type of contract	Quantity Contracted (bbls)	Price floor US \$/bbl	Price ceiling US \$/bbl
May 1, 2019 – May 31, 2019	Oil - swap	5,000	72.92	72.92
(000s)		Oil – swap	Oil – put	Total
Current fair value of financial instruments		(40)	-	(40)
Non-current fair value of financial instruments		-	-	-
		(40)	-	(40)

Time period	Type of contract	Quantity Contracted (bbls)	Price floor US \$/bbl	Price ceiling US \$/bbl
June 1, 2019 – June 30, 2019	Oil - swap	5,000	72.58	72.58
(000s)		Oil – swap	Oil – put	Total
Current fair value of financial instruments		(46)	-	(46)
Non-current fair value of financial instruments		-	-	-
		(46)	-	(46)

Time period	Type of contract	Quantity Contracted (bbls)	Price floor US \$/bbl	Price ceiling US \$/bbl
July 1, 2019 – July 30, 2019	Oil - swap	5,000	75.03	75.03
(000s)		Oil – swap	Oil – put	Total
Current fair value of financial instruments		(22)	-	(22)
Non-current fair value of financial instruments		-	-	-
		(22)	-	(22)

Time period	Type of contract	Quantity Contracted (bbls)	Price floor US \$/bbl	Price ceiling US \$/bbl
August 1, 2019 – August 31, 2019	Oil - swap	5,000	74.69	74.69
(000s)		Oil – swap	Oil – put	Total
Current fair value of financial instruments		(21)	-	(21)
Non-current fair value of financial instruments		-	-	-
		(21)	-	(21)

Time period	Type of contract	Quantity Contracted (bbls)	Price floor US \$/bbl	Price ceiling US \$/bbl
September 1, 2019 – September 30, 2019	Oil - swap	5,000	74.37	74.37
(000s)		Oil – swap	Oil – put	Total
Current fair value of financial instruments		(21)	-	(21)
Non-current fair value of financial instruments		-	-	-
		(21)	-	(21)

A US\$1.00 increase in the future crude oil price per barrel would result in an approximate US\$54,000 (CAD\$70,000) increase in the fair value of financial instruments at September 30, 2018, while a US \$1.00 decrease would result in a decrease of approximately US\$54,000 (CAD\$70,000) in the fair value of the instruments.

17. SUPPLEMENTAL CASH FLOW INFORMATION

(\$000s)

Changes in non-cash working capital items

	Three months ended September 30		Six months ended September 30	
	2018	2017	2018	2017
Trade and other receivables	(274)	1,319	337	52
Prepaid expenses and deposits	18	35	27	34
Trade and other payables	893	604	479	630
Effect of change in foreign exchange rates	(78)	(54)	(125)	(117)
	559	1,904	718	599

Attributable to:

Operating	(147)	538	(3)	394
Financing	224	(3)	191	(59)
Investing	482	1,369	530	264
	559	1,904	718	599

The following represents the cash interest paid and received in each period:

(\$000s)

Cash interest paid and received

	Three months ended September 30		Six months ended September 30	
	2018	2017	2018	2017
Cash interest paid	1	176	254	354
Cash interest received	1	7	8	10

18. COMMITMENTS

The Queensland Government regulatory authority granted the Company Authority to Prospect 934 ("ATP 934") under a revised work program on March 1, 2015. The Company acquired an additional 21.43% working interest and received ministerial approval for the acquisition on August 11, 2015. In Q4 fiscal 2018, the Company consolidated its ownership of ATP 934 and now holds a 100% operating interest in this permit. The purchase consideration was AUS\$0.3 million cash and potential future cash payments of up to AUS\$1.0 million, which is made up of a AUS\$0.2 million on certification by an independent competent person appointed by Bengal Energy (Australia) Pty Ltd. of not less than 25 billion cubic feet of proved reserves and AUS\$0.8 million due upon the delivery of the first shipments of gas to market. The work program consists of 260 kilometers of 3D seismic and three wells.

Country and permit	Work program	Obligation period Ending	Estimated expenditure (net) (millions) Cdn \$ ⁽¹⁾
Onshore Australia – 260 km ² of 3D seismic and three ATP 934P	wells with fracs and casing	February 2021	15.4
Onshore Australia – ATP 732	Geological and geophysical studies	March 2021	0.1

(1) Translated at September 30, 2018 at an exchange rate of AUS\$1.00 = CAD\$0.9307.

At September 30, 2018, the Company had the following lease commitment for office space in Canada.

(\$000s)					
October 2018 to November 2023	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
	815	155	311	321	28

19. SEGMENTED INFORMATION

As at September 30, 2018, the Company has three reportable operating segments being the Australian and Indian oil and gas operations, and corporate.

Revenue reported below represents revenue generated from external customers. There were no inter-segment sales in any of the reported periods.

The accounting policies of the reportable segments are the same as the group's accounting policies. Segment profit represents the profit earned by each segment without allocation of directors' salaries, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(\$000s)**For the six months ended September 30, 2018**

	Australia	India	Corporate	Total
Revenue	6,530	-	-	6,530
Interest expense	492	-	-	492
Depletion and depreciation	724	-	6	730
Impairment loss	955	-	-	955
Net loss	(421)	(16)	(777)	(1,214)
Exploration and evaluation expenditures	912	-	-	912
Petroleum and natural gas property expenditures	663	-	-	663

(\$000s)**As at September 30, 2018**

Exploration and evaluation assets	9,462	-	-	9,462
Petroleum and natural gas properties	25,396	-	-	25,396

(\$000s)**For the six months ended September 30, 2017**

	Australia	India	Corporate	Total
Revenue	4,716	-	-	4,716
Interest expense	472	-	-	472
Depletion and depreciation	989	-	7	996
Net earnings (loss)	501	(3)	(449)	49
Exploration and evaluation expenditures	230	-	-	230
Petroleum and natural gas property expenditures	2,000	-	-	2,000

(\$000s)**As at September 30, 2017**

Exploration and evaluation assets	19,900	-	-	19,900
Petroleum and natural gas properties	28,293	-	-	28,293

(\$000s)

For the three months ended September 30, 2018

	Australia	India	Corporate	Total
Revenue	3,315	-	-	3,315
Interest expense	249	-	-	249
Depletion and depreciation	346	-	3	349
Impairment loss	810	-	-	810
Net loss	(416)	-	(312)	(728)
Exploration and evaluation expenditures	752	-	-	752
Petroleum and natural gas property expenditures	522	-	-	522

(\$000s)

For the three months ended September 30, 2017

	Australia	India	Corporate	Total
Revenue	2,410	-	-	2,410
Interest expense	230	-	-	230
Depletion and depreciation	502	-	3	505
Net earnings loss	(299)	-	(201)	(500)
Exploration and evaluation expenditures	91	-	-	91
Petroleum and natural gas property expenditures	1,436	-	-	1,436

CORPORATE INFORMATION

AUDITORS

KPMG LLP • Calgary, Canada

LEGAL COUNSEL

Burnet, Duckworth & Palmer LLP • Calgary, Canada
Piper Alderman • Sydney, Australia

BANKERS

Royal Bank of Canada • Calgary, Canada
WestPac • Sydney, Australia

REGISTRAR AND TRANSFER AGENT

Computershare • Toronto, Canada

DIRECTORS

Chayan Chakrabarty
Peter D. Gaffney
James B. Howe
Dr. Brian J. Moss
Robert D. Steele
Ian J. Towers (Chairman)
W. B. (Bill) Wheeler

DISCLOSURE COMMITTEE

Chayan Chakrabarty
Matthew Moorman

AUDIT COMMITTEE

James B. Howe (Chairman)
Robert D. Steele
W. B. (Bill) Wheeler

RESERVES COMMITTEE

Peter D. Gaffney (Chairman)
Dr. Brian J. Moss
Ian J. Towers

GOVERNANCE AND COMPENSATION COMMITTEE

Peter D. Gaffney
Dr. Brian J. Moss
Robert D. Steele (Chairman)
Ian J. Towers

OFFICERS

Chayan Chakrabarty, President & Chief Executive Officer
Richard N. Edgar, Executive Vice President
Matthew Moorman, Chief Financial Officer
Gordon R. MacMahon, Vice President, Exploration
Bruce Allford, Secretary

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