



Interim Consolidated Financial Statements

(Unaudited)

**Three and Six Months Ended
September 30, 2019 and 2018**

BENGAL ENERGY LTD.

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Thousands of Canadian dollars)

(unaudited)

As at		September 30 2019	March 31 2019
Assets			
	Notes		
Current assets:			
Cash and cash equivalents		\$ 1,221	\$ 2,891
Restricted cash		140	140
Trade and other receivables	4	2,542	2,972
Prepaid expenses and deposits		125	136
Fair value of financial instruments	16	58	177
		4,086	6,316
Exploration and evaluation assets	5	9,164	9,711
Property, plant and equipment	6	27,599	26,462
		Total assets	Total assets
		\$ 40,849	\$ 42,489
Liabilities and Shareholders' Equity			
Current liabilities:			
Trade and other payables	7	\$ 1,705	\$ 2,574
Current portion of credit facility	8	16,454	16,482
Current portion of lease liability	9	47	-
		18,206	19,056
Decommissioning and restoration liability	10	3,402	1,977
Lease liability	9	181	-
		21,789	21,033
Shareholders' equity:			
Share capital	11	98,100	98,100
Contributed surplus		7,850	7,832
Accumulated other comprehensive loss		(1,162)	(4)
Deficit		(85,728)	(84,472)
		19,060	21,456
		Total liabilities and shareholders' equity	Total liabilities and shareholders' equity
		\$ 40,849	\$ 42,489

Commitments (Note 18)

See accompanying notes to the interim consolidated financial statements.

BENGAL ENERGY LTD.

INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Thousands of Canadian dollars, except per share amounts)

(unaudited)

		Three months ended September 30		Six months ended September 30	
		2019	2018	2019	2018
	Notes				
Revenue					
Oil sales	13	\$ 2,576	\$ 3,315	\$ 4,538	\$ 6,530
Royalties		(147)	(273)	(248)	(391)
		2,429	3,042	4,290	6,139
Realized gain (loss) on financial instruments	16	253	(430)	347	(845)
Unrealized (loss) gain on financial instruments	16	(38)	161	(113)	(19)
		2,644	2,773	4,524	5,275
Expenses					
General and administrative		722	740	1,653	1,408
Operating		1,033	1,011	1,876	2,080
Depletion and depreciation	6	455	349	809	730
Impairment	5,6	-	810	20	955
Share-based compensation		6	13	17	43
Foreign exchange loss		601	320	759	761
		2,817	3,243	5,134	5,977
Other expense					
Other		-	-	-	-
Finance expense	15	333	258	646	512
Net loss		(506)	(728)	(1,256)	(1,214)
Exchange differences on translation of foreign operations		(518)	(979)	(1,158)	(1,423)
Comprehensive loss		\$ (1,024)	\$ (1,707)	\$ (2,414)	\$ (2,637)
Loss per share - basic & diluted					
	14	\$ (0.00)	\$ (0.01)	(0.01)	\$ (0.01)
Weighted average shares outstanding (000s) – basic and diluted					
	14	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 SHAREHOLDERS' EQUITY

(Thousands of Canadian dollars)

(unaudited)

For the six months ended September 30	2019	2018
Share capital		
Balance at beginning and end of period	\$ 98,100	\$ 98,100
Contributed surplus		
Balance at beginning of period	7,832	7,755
Share-based compensation – expensed	17	43
Share-based compensation – capitalized	1	6
Balance at end of period	7,850	7,804
Accumulated other comprehensive (loss) income		
Balance at beginning of period	(4)	1,034
Exchange differences translation of foreign operations	(1,158)	(1,423)
Balance at end of period	(1,162)	(389)
Deficit		
Balance at beginning of period	(84,472)	(81,997)
Net loss	(1,256)	(1,214)
Balance at end of period	(85,728)	(83,211)
Total shareholders' equity	\$ 19,060	\$ 22,304

See accompanying notes to the interim consolidated financial statements.

BENGAL ENERGY LTD.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands of Canadian dollars)

(unaudited)

		Three months ended September 30		Six months ended September 30	
		2019	2018	2019	2018
	Notes				
Operating activities:					
Net loss		\$ (506)	\$ (728)	\$ (1,256)	\$ (1,214)
Add (deduct) non-cash items					
Depletion and amortization		455	349	809	730
Accretion on decommissioning and restoration liability		8	10	17	20
Accretion on credit facility		75	28	138	55
Share-based compensation		6	13	17	43
Interest on lease liability		3	-	7	-
Lease incentive		-	-	31	-
Impairment		-	810	20	955
Unrealized loss (gain) on financial instruments		38	(161)	113	19
Unrealized foreign exchange loss		645	429	815	1,017
Funds from operations		724	750	711	1,625
Change in non-cash working capital	17	(197)	(147)	132	(3)
Net cash from operating activities		527	603	843	1,622
Investing activities:					
Exploration and evaluation expenditures	5	-	(752)	(10)	(912)
Petroleum and natural gas property expenditures	6	(477)	(522)	(1,747)	(663)
Change in non-cash working capital	17	(216)	482	(616)	530
Net cash used in investing activities		(693)	(792)	(2,373)	(1,045)
Financing activities:					
Lease payments		(15)	-	(30)	-
Facility extension fees		(13)	-	(33)	-
Change in non-cash working capital	17	10	224	10	191
Net cash (used in) from financing activities		(18)	224	(53)	191
Net (decrease) increase in cash and cash equivalents		(184)	35	(1,583)	768
Cash and cash equivalents, beginning of period		1,436	4,570	2,891	3,904
Impact of foreign exchange on cash and cash equivalents		(31)	(190)	(87)	(257)
Cash and cash equivalents, end of period		\$ 1,221	\$ 4,415	\$ 1,221	\$ 4,415

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, 2019 and 2018

(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 its wholly-owned subsidiaries including Bengal Energy Australia (Pty) Ltd. and Bengal Energy International Inc., which are incorporated in Australia and Canada respectively. The Company conducts many of its activities jointly with others; these financial statements reflect only the Company’s proportionate interest in such activities.

The Company has its registered office at 2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1 and its head and principal office at 2000, 715 - 5th Ave S.W., Calgary, Alberta 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 interim consolidated 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, 2019 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, 2019.

The interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 8, 2019.

The Company’s presentation currency is Canadian dollars. The functional currency of the Canadian parent entity is Canadian dollars; the functional currency of the Australian subsidiary is Australian dollars.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of IFRS 16, Leases

Effective April 1, 2019, the Company adopted IFRS 16 Leases (“IFRS 16”), which replaces previous IFRS guidance on leases: IAS 17 Leases (“IAS 17”). Under IAS 17, lessees were required to determine if the lease was a finance or operating lease, based on specified criteria of whether the lease transferred significantly all the risks and rewards associated with ownership of the underlying asset. Finance leases were recognized on the consolidated statement of financial position while operating leases were recognized in net income (loss) and comprehensive income (loss) in the consolidated statements of comprehensive income (loss). IFRS 16 introduced a single lease accounting model for lessees which requires a right-of-use asset and liability to be recognized on the statement of financial position for contracts that are, or contain, a lease. The Company adopted IFRS 16 using the modified retrospective approach, whereby the cumulative effect of initially applying the standard was recognized as a \$249,933 increase to right-of-use assets (Note 6), with a corresponding increase to lease liability (Note 9). There was an adjustment of \$ 31,232 to the right-of-use assets for lease incentives previously received.

On adoption of IFRS 16, the Company’s lease liability related to contracts classified as leases are measured at the discounted present value of the remaining minimum lease payments, excluding short-term and low-value leases. The right-of-use assets recognized were measured at amounts equal to the

present value of the lease obligations. The weighted average incremental borrowing rate used to determine the lease liability at adoption was approximately 6.0%. The right-of-use asset and lease liability recognized relate to the Company's head office lease in Calgary.

Upon the adoption of IFRS 16, the Company adopted the following significant accounting policy effective April 1, 2019:

Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received, retirement costs and initial direct costs. Depreciation is recognized on the right-of-use asset over the lease term. Interest expense is recognized on the lease liability using the effective interest rate method and payments are applied against the lease liability.

Key areas where management has made judgments, estimates and assumptions related to the application of IFRS 16 include:

- The incremental borrowing rate is based on judgments including economic environment, term, and the underlying risk inherent to the asset. The carrying balance of the right-of-use asset, lease liability and the resulting interest expense and depreciation expense, may differ due to changes in the market conditions and lease term.
- Lease terms are based on assumptions regarding extension terms that allow for operational flexibility and future market conditions.

IFRS 3 Amendment

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The changes clarify the minimum requirements to be a business, assess whether an acquired process is substantive, narrow the definition of outputs and implement an optional concentration test. The amendments to IFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively and early application is permitted. Effective July 1, 2019, the Company applied the amendment.

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, 2019	March 31, 2019
Due from joint venture partners	2,508	2,928
Other receivables	34	44
	2,542	2,972

In Australia, production is purchased by a buying group led by Santos Ltd., the operator of Bengal's production. Bengal has a crude oil sales and purchase agreement with this buying group and has not experienced any collection problems to date.

Cash calls paid to Santos Ltd., Bengal's Australian joint interest partner, are held in trust accounts by the partner until spent. Bengal attempts to mitigate the risk from joint interest 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, 2019 (March 31, 2019 - \$nil). Past due is considered greater than 90 days outstanding.

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”)

(\$000s)	
Balance, April 1, 2018	10,102
Additions	930
Capitalized share-based compensation	4
Impairment	(894)
Exchange adjustments	(431)
Balance, March 31, 2019	9,711
Additions	10
Capitalized share-based compensation	-
Impairment	(10)
Exchange adjustments	(547)
Balance, September 30, 2019	9,164

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

(\$000s)	
ATP 732P – Tookoonooka	5,165
PL 303 – Barta Block Cuisinier (controlling permit ATP 752)	2,641
ATP 934 – Barrolka	1,905
Balance, March 31, 2019	9,711

(\$000s)	
ATP 732P – Tookoonooka	4,874
PL 303 – Barta Block Cuisinier (controlling permit ATP 752)	2,492
ATP 934 – Barrolka	1,798
Balance, September 30, 2019	9,164

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.

6. PROPERTY, PLANT AND EQUIPMENT (“PP&E”)

(\$000s)				
	Petroleum and natural gas properties	Other assets	Right-of-use assets	Total
<i>Cost:</i>				
Balance, April 1, 2018	44,236	344	-	44,580
Additions	3,416	-	-	3,416
Capitalized share-based compensation	4	-	-	4
Change in decommissioning and restoration liability	448	-	-	448
Exchange adjustments	(2,737)	-	-	(2,737)
Balance, March 31, 2019	45,367	344	-	45,711
Additions	1,595	-	-	1,595
Acquisition	1,689	-	-	1,689
Right-of-use assets	-	-	219	219
Capitalized share-based compensation	1	-	-	1
Exchange adjustments	(3,722)	-	-	(3,722)
Balance, September 30, 2019	44,930	344	219	45,493

(\$000s)				
	Petroleum and natural gas properties	Other assets	Right-of-use assets	Total
<i>Accumulated depletion, depreciation and impairment losses:</i>				
Balance, April 1, 2018	17,172	301	-	17,473
Depletion and depreciation	1,446	11	-	1,457
Impairment	1,897	-	-	1,897
Exchange adjustments	(1,578)	-	-	(1,578)
Balance, March 31, 2019	18,937	312	-	19,249
Depletion and depreciation	782	3	24	809
Impairment	10	-	-	10
Exchange adjustments	(2,174)	-	-	(2,174)
Balance, September 30, 2019	17,555	315	24	17,894

(\$000s)				
<i>Net carrying amount:</i>				
At September 30, 2019	27,375	29	195	27,599
At March 31, 2019	26,430	32	-	26,462

The Company recorded an impairment charge of \$1.9 million during Q4 fiscal 2019 due to uneconomic drilling results.

The calculation of depletion for the three and six months ended September 30, 2019 included \$61.0 million for estimated future development costs associated with proved and probable reserves in Australia (March 31, 2019 - \$60.9 million).

During Q2 fiscal 2020, the Company acquired four Petroleum Leases (“PLs”), for nominal cash consideration. The associated decommissioning and restoration liability is valued at \$1.54 million and

acquisition costs of \$0.15 million. All four PLs are located adjacent to the Company's existing gas exploration block ATP 934 in the Cooper Basin.

The Company recognized a right-of-use asset and the corresponding lease liability (Note 9) related to the Company's head office lease in Calgary. The right-of-use asset addition of \$219,000 was net of a lease incentive of \$31,000.

7. TRADE AND OTHER PAYABLES

(\$000s)	September 30, 2019	March 31, 2019
Trade payables	691	1,525
Accrued liabilities and other payables	1,014	1,049
	1,705	2,574

8. CREDIT FACILITY

(\$000s)		
Gross proceeds		15,364
Total cash fees		(994)
Repayment		(2,160)
		12,210
Facility extension fees		(227)
Unrealized foreign exchange loss		3,264
Accretion		1,235
Balance, March 31, 2019		16,482
Unrealized foreign exchange loss		(133)
Facility extension fees		(33)
Accretion		138
Balance, September 30, 2019		16,454
(\$000s)	September 30, 2019	March 31, 2019
Current portion	16,454	16,482
Non-current portion	-	-

On May 29, 2019, the Company and Westpac entered into an amendment to its reserved based revolving credit facility (the "Credit Facility") that had principal payments deferred from February 15, 2020 to April 1, 2020. All previous terms under the November 19, 2018 amendment have transferred directly to the May 29, 2019 amendment. The Credit Facility requires the Company to make a single payment of the outstanding amount owing on the Credit Facility. The interest rate under the Credit Facility remained unchanged at US LIBOR plus 3.75%.

On November 5, 2019, the Company and Westpac agreed to further delay the maturity date of the Credit Facility to October 31, 2020. All previous terms and conditions remain the same except for the interest rate which moved from 3.75% to 3.95%.

Management continues to discuss with the lender the opportunity to lengthen the term of the current facility particularly in light of the recent acquisition which has the potential to both increase reserves and

improve cash flow. 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 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, 2019.

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

(US\$000s)	
Fiscal year 2020	12,369
	12,369

9. LEASE LIABILITY

The Company incurs lease payments related to the Company's head office lease in Calgary.

(\$000s)	
Balance, March 31, 2019	-
Lease liability for right-of-use assets	250
Interest	7
Payments	(29)
Balance, September 30, 2019	228
Current portion of lease liability	(47)
Non-current portion of lease liability	181

10. DECOMMISSIONING AND RESTORATION LIABILITY

Changes to decommissioning and restoration obligations were as follows:

(\$000s)	
Balance, April 1, 2018	1,556
Change in estimate	168
Additions	280
Accretion	39
Exchange adjustments	(66)
<hr/>	
Balance, March 31, 2019	1,977
Acquisition (Note 6)	1,538
Accretion	17
Exchange adjustments	(130)
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Balance, September 30, 2019	3,402

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, 2019 is approximately \$4.0 million (March 31, 2019 - \$2.5 million) which will be incurred between 2022 and 2048. In Q2 FY 2020 an inflation factor of 1.78% (March 31, 2019 – 1.78%) and a risk-free discount rate of 1.79% (March 31, 2019 – 1.79%) have been applied to the decommissioning liability at September 30, 2019 compared to the Q2 FY 2019 inflation factor of 1.3% and risk-free discount rate of 2.7%.

11. SHARE CAPITAL

Authorized:

Unlimited number of common shares with no par value.

Unlimited number of preferred shares, of which none have been issued.

Issued:

The following provides a continuity of share capital:

(\$000s)	Number of common shares	Amount
Balance, April 1, 2018	68,177,796	94,151
Issued on exercise of rights offering	34,088,898	4,091
Share issue costs	-	(142)
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Balance at March 31, 2019 and September 30, 2019	102,266,694	98,100

12. SHARE-BASED COMPENSATION

The Company has a share option plan for directors, officers and employees of the Company whereby share options representing up to 10% of the issued and outstanding common shares can be granted by the Board of Directors. Share options are granted for a term of up to five years and vest one-third after the first year and one-third on each of the next two anniversary dates. The exercise price of each option equals the market price of the Company's common shares on the date of the grant.

Effective with the option grant of July 30, 2015, performance criteria were introduced, which allow for the vesting of stock options contingent on meeting pre-established targets based on internal and external metrics.

Effective with the option grant on April 9, 2018, the exercise price of each option equals the weighted average market share price of the previous five days.

The Company accounts for its share-based compensation plan using the fair value method. Under this method, each grant results in three instalments. The fair value of the first instalment is charged to profit or loss over the first year. The remaining two instalments are charged to profit or loss over two and three years respectively.

Stock options granted under the plan can be exercised on a cashless basis, whereby the employee receives a lesser amount of shares in lieu of paying the exercise price based on the deemed market price of the shares on the exercise date, and withholding taxes if the employee so elects.

A summary of stock option activity is presented below:

	Options	Weighted average exercise price \$
Balance, March 31, 2019	4,102,500	0.12
Expired	(136,375)	0.12
Forfeited	(463,625)	0.12
Balance, September 30, 2019	3,502,500	0.12
Exercisable, September 30, 2019	1,910,397	0.11

13. REVENUE

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 based on average US Brent price and is adjusted for quality and other factors specified in the COSPA agreement once the product is shipped to the end customer and lifted.

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. Revenues are typically collected 60 days following delivery to Port Bonython.

14. PER SHARE AMOUNTS

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

	Three months ended September 30		Six months ended September 30	
	2019	2018	2019	2018
Net loss for the period (\$000s)	(506)	(728)	(1,256)	(1,214)
Weighted average number of Common shares – basic and diluted (000s)	102,267	102,267	102,267	102,267
Basic and diluted loss per share	(0.00)	(0.01)	(0.01)	(0.01)

For the three and six months ended September 30, 2019, there were 3,502,500 and 1,882,492 (2018 – 4,187,500) options considered anti-dilutive.

15. FINANCE EXPENSE

(\$000s)	Three months ended September 30		Six months ended September 30	
	2019	2018	2019	2018
Interest income	-	(1)	(1)	(8)
Accretion on decommissioning and restoration liability	8	10	17	20
Letter of credit charges	-	-	-	8
Interest on lease liability	3	-	7	-
Interest on credit facility	322	249	623	492
	333	258	646	512

16. FINANCIAL RISK MANAGEMENT

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations, including work commitments, as they are due. Bengal prepares an annual budget and updates forecasts for operating, financing and investing activities on an ongoing basis to ensure it will have sufficient liquidity to meet its liabilities when due.

Bengal's financial liabilities consist of trade and other payables, lease liability and credit facility, amounting to \$18.2 million at September 30, 2019 (March 31, 2019 - \$19.1 million).

At September 30, 2019, the Company had a working capital deficiency of \$14.1 million, including cash and short-term deposits of \$1.2 million and restricted cash of \$0.1 million, compared to a working capital deficiency of \$12.7 million at March 31, 2019. The working capital deficiencies are primarily a result of the reclassification of the bank debt of \$16.5 million to current from long term. The Company has no available undrawn debt capacity under its Westpac Credit Facility. Subsequent to September 30, 2019, the Company extended the maturity date of the credit facility that is classified as a current liability at September 30, 2019 to October 31, 2020.

The current challenging economic climate may lead to adverse changes in cash flow, working capital levels or debt balances, which may also have a direct impact on the Company's results and financial position. These and other factors may adversely affect the Company's liquidity and the Company's ability to generate profits in the future.

Time period	Type of contract	Quantity Contracted (bbls)	Price floor US\$/bbl	Price ceiling US\$/bbl
January 1, 2020 – March 31, 2020	Oil - swap	15,000	63.74	63.74
(\$000s)		Oil – swap	Oil – put	Total
Current fair value of financial instruments		101	-	101
Non-current fair value of financial instruments		-	-	-
		101	-	101

Time period	Type of contract	Quantity Contracted (bbls)	Price floor US\$/bbl	Price ceiling US\$/bbl
April 1, 2020 – April 30, 2020	Oil - swap	5,000	59.49	59.49
(\$000s)		Oil – swap	Oil – put	Total
Current fair value of financial instruments		9	-	9
Non-current fair value of financial instruments		-	-	-
		9	-	9

Time period	Type of contract	Quantity Contracted (bbls)	Price floor US\$/bbl	Price ceiling US\$/bbl
May 1, 2020 – May 31, 2020	Oil - swap	5,000	59.27	59.27
(\$000s)		Oil – swap	Oil – put	Total
Current fair value of financial instruments		9	-	9
Non-current fair value of financial instruments		-	-	-
		9	-	9

Time period	Type of contract	Quantity Contracted (bbls)	Price floor US\$/bbl	Price ceiling US\$/bbl
June 1, 2020 – June 30, 2020	Oil - swap	5,000	59.08	59.08
(\$000s)		Oil – swap	Oil – put	Total
Current fair value of financial instruments		9	-	9
Non-current fair value of financial instruments		-	-	-
		9	-	9

Time period	Type of contract	Quantity Contracted (bbls)	Price floor US\$/bbl	Price ceiling US\$/bbl
July 1, 2020 – July 31, 2020	Oil - swap	5,000	56.64	56.64
(\$000s)		Oil – swap	Oil – put	Total
Current fair value of financial instruments		(6)	-	(6)
Non-current fair value of financial instruments		-	-	-
		(6)	-	(6)

Time period	Type of contract	Quantity Contracted (bbls)	Price floor US\$/bbl	Price ceiling US\$/bbl
August 1, 2020 – August 31, 2020	Oil - swap	5,000	56.46	56.46
(\$000s)		Oil – swap	Oil – put	Total
Current fair value of financial instruments		(6)	-	(6)
Non-current fair value of financial instruments		-	-	-
		(6)	-	(6)

Time period	Type of contract	Quantity Contracted (bbls)	Price floor US\$/bbl	Price ceiling US\$/bbl
September 1, 2020 – September 30, 2020	Oil - swap	5,000	56.32	56.32
(\$000s)		Oil – swap	Oil – put	Total
Current fair value of financial instruments		(6)	-	(6)
Non-current fair value of financial instruments		-	-	-
		(6)	-	(6)

Total		Oil – swap	Oil – put	Total
(\$000s)				
Current fair value of financial instruments		50	8	58
Non-current fair value of financial instruments		-	-	-
		50	8	58

A US\$1.00 increase in the future crude oil price per barrel would result in an approximate US\$60,000 (CAD\$79,400) decrease in the fair value of financial instruments at September 30, 2019, while a US\$1.00 decrease would result in an increase of approximately US\$60,000 (CAD\$79,400) in the fair value of the instruments.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to interest rate risk on its cash and cash equivalents at September 30, 2019 as the funds are not invested in interest-bearing instruments. The Company's Credit Facility carries a floating interest rate based on quoted US LIBOR rates. The Company had no interest rate derivatives at September 30, 2019.

For the six months ended September 30, 2019, a 1% increase in US LIBOR would increase interest expense by \$82,200.

17. SUPPLEMENTAL CASH FLOW INFORMATION

(\$000s)

Change in non-cash working capital items

	Three months ended September 30		Six months ended September 30	
	2019	2018	2019	2018
Trade and other receivables	(143)	(274)	430	337
Prepaid expenses and deposits	15	18	11	27
Trade and other payables	(250)	893	(869)	479
Effect of change in foreign exchange rates	(25)	(78)	(46)	(125)
	(403)	559	(474)	718

Attributable to:

Operating	(197)	(147)	132	(3)
Investing	(216)	482	(616)	530
Financing	10	224	10	191
	(403)	559	(474)	718

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	
	2019	2018	2019	2018
Cash interest paid	223	1	466	254
Cash interest received	-	1	1	8

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 km² of 3D seismic and up to three wells.

At September 30, 2019, the Company had the following capital work commitments:

Country and permit	Work program	Obligation period ending	Estimated expenditure (net) (millions CAD\$) ⁽¹⁾
Onshore Australia – ATP 934	260 km ² 3D seismic and up to three wells	February 2021	12.6
Onshore Australia – ATP 732	Geological and geophysical studies	March 2023	0.1
Offshore Australia AC/RL 10	Geological and geophysical studies	March 2023	0.1

(1) Translated at September 30, 2019 at an exchange rate of AUS\$1.00 = CAD\$0.8940.

At September 30, 2019, the contractual obligations for which the Company is responsible are as follows:

(\$000s)					
Contractual obligations					
October 2019 to November 2023	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Office lease	660	155	311	194	-
Decommissioning and restoration	3,402	-	535	-	2,867
	4,062	155	846	194	2,867

19. SEGMENTED INFORMATION

As at September 30, 2019, the Company has two reportable operating segments, being the Australian 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, 2019			
	Australia	Corporate	Total
Revenue	4,538	-	4,538
Interest revenue	1	-	1
Interest expense	623	7	630
Depletion and depreciation	781	28	809
Impairment	20	-	20
Net loss	(614)	(642)	(1,256)
Exploration and evaluation expenditures	10	-	10
Petroleum and natural gas property expenditures	1,747	-	1,747

(\$000s)

September 30, 2019

Exploration and evaluation assets	9,164	-	9,164
Petroleum and natural gas properties	27,375	-	27,375

(\$000s)

For the six months ended September 30, 2018

	Australia	Corporate	Total
Revenue	6,530	-	6,530
Interest revenue	8	-	8
Interest expense	492	-	492
Depletion and depreciation	724	6	730
Impairment	955	-	955
Net loss	(421)	(793)	(1,214)
Exploration and evaluation expenditures	912	-	912
Petroleum and natural gas property expenditures	663	-	663

(\$000s)

September 30, 2018

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

(\$000s)

For the three months ended September 30, 2019

	Australia	Corporate	Total
Revenue	2,576	-	2,576
Interest revenue	-	-	-
Interest expense	322	3	325
Depletion and depreciation	441	14	455
Impairment	5	-	5
Net loss	(181)	(325)	(506)
Exploration and evaluation expenditures	-	-	-
Petroleum and natural gas property expenditures	477	-	477

(\$000s)

For the three months ended September 30, 2018

	Australia	Corporate	Total
Revenue	3,315	-	3,315
Interest revenue	1	-	1
Interest expense	249	-	249
Depletion and depreciation	346	3	349
Impairment	810	-	810
Net loss	(416)	(312)	(728)
Exploration and evaluation expenditures	752	-	752
Petroleum and natural gas property expenditures	522	-	522

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
Bruce Allford, Secretary

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