



November 12, 2020

Bengal Energy Announces Fiscal 2021 Second Quarter Results

Calgary, Alberta – Bengal Energy Ltd. (TSX: BNG) (“Bengal” or the “Company”) today announces its financial results for the second quarter of fiscal 2021 ended September 30, 2020

SECOND QUARTER FISCAL 2021 SUMMARY:

The following is an overview of the financial and operational results during the three month period ended September 30, 2020:

Financial Summary:

- **Sales Revenue** – Crude oil sales revenue was \$1.3 million in the second quarter of fiscal 2021, which is 47% lower than the \$2.4 million recorded in Q2 fiscal 2020. Fiscal 2021 continues to be severely impacted by low oil prices as compared to Fiscal 2020. US Brent, during the current quarter averaged \$42.96 versus \$61.93 for the same quarter in fiscal 2020.
- **Hedging** – During the current quarter, forward fixed-price contracts contributed \$0.3 million to the company’s cash flow as compared to \$0.3 million for Q2 fiscal 2020. For the six months ending September fiscal 2021, the hedging program has contributed \$0.8 million as compared to \$0.3 million for the six months ended September fiscal 2020. The current hedging program is expected to provide \$58-\$59/bbl per month on 50% of Bengal share of production for the remaining calendar year.
- **Cash from Operations** – Bengal generated net cash used in operating activities (\$0.2) million during Q2 fiscal 2021 compared to \$0.5 million of cash from operations in Q2 fiscal 2020. The primary reason for the negative cash from operations was the low commodity price which resulted in lower sales revenue.
- **Net Loss** – Bengal reported a net loss of \$0.2 million for the current quarter compared to a net income of \$0.2 million in the second quarter of fiscal 2020. The primary driver for the net loss for Q2 fiscal 2021 was the weak realised oil prices, partially offset by foreign exchange gains.
- **Bank Debt maturity extension** - On September 30, 2020, Westpac Banking Corporation (“Westpac”) agreed to extend the maturity of the Credit Facility (as defined herein) from October 30, 2020 to February 28, 2021. The company continues to work with Westpac-to negotiate a longer term debt maturity for its Credit facility.

Operational Summary

- **Production Volumes** – The Company's share of total production in the current quarter was 21,247 bbls, which is a 30% decrease from the 30,667 bbls produced in the second quarter of fiscal 2020. The current quarter production averaged 231 bbls/day compared to 333 bbls /day produced in the second quarter of fiscal 2020. The decrease in production is a result of natural reservoir decline and a lack of drilling activity.
- **Capital Expenditures** – Bengal incurred \$0.1 million in capital expenditures during Q2 fiscal 2021 as compared to \$0.5 million in Q2 fiscal 2020. The majority of the current quarter expenditure went to the continued funding of the waterflood pilot that will commence in calendar Q4 2020.

OPERATING SUMMARY

(\$000s except per share, %, volumes and netback amounts)

		Three months ended September 30		Six months ended September 30	
		2020	2019	2020	2019
Oil revenue	\$	1,260	\$ 2,576	\$ 2,359	\$ 4,538
Operating netback ⁽¹⁾	\$	577	\$ 1,649	\$ 1,260	\$ 2,761
Cash flow from operations	\$	(166)	\$ 527	\$ 169	\$ 843
Funds from operations ⁽²⁾	\$	(67)	\$ 724	\$ (277)	\$ 711
Per share (\$) (basic and diluted)	\$	(0.00)	\$ 0.01	\$ (0.00)	\$ 0.01
Net (loss) income	\$	(182)	\$ (506)	\$ 218	\$ (1,256)
Per share (\$) (basic and diluted)	\$	(0.00)	\$ (0.00)	\$ 0.00	\$ (0.01)
Adjusted net (loss) income ⁽³⁾	\$	(517)	\$ 177	\$ (1,124)	\$ (308)
Per share (\$) (basic and diluted)	\$	(0.01)	\$ 0.00	\$ (0.01)	\$ 0.00
Capital expenditures	\$	124	\$ 477	\$ 223	\$ 1,757
Oil volumes (bbls/d)		231	333	234	292
Netback ⁽¹⁾ (\$/bbl)	\$	27.15	\$ 53.78	\$ 29.39	\$ 51.74

- (1) Operating netback is a non-IFRS measure and includes realized gain (loss) on financial instruments. Operating 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 on page 7.
- (2) Funds from (used in) operations is a non-IFRS measure which is calculated by adding back all non-cash expense deductions to the net loss for the quarter and year-to-date. Funds from (used in) 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. A reconciliation of the measures can be found in the table on page 16.
- (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.
- (4) The above non-IFRS measures do not have any standardized meaning under 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 second quarter of fiscal year 2021 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.

BUSINESS DEVELOPMENT-Please refer to Bengal's management's discussion and analysis statements

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

CAUTIONARY STATEMENTS:

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 Bengal's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek," "anticipate," "budget," "plan," "continue," "estimate," "expect," "forecast," "may," "will," "project," "predict," "potential," "targeting," "intend," "could," "might," "should," "believe" and similar expressions. These 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. Bengal 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. 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.

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

- *Oil and natural gas production levels;*
- *The size of the oil and natural gas reserves;*
- *The adverse impacts on the Company as a result of the current challenging economic climate;*
- *Expectations regarding Bengal's current hedging program;*
- *Bengal's ability to negotiate a longer term debt maturity for its credit facility;*
- *The belief that the Cooper Basin assets offer attractive upside potential for oil and gas;*
- *Bengal's drilling program and waterflood pilot;*
- *The timing and re-assessment of restarting the planning and drilling selection for the 2020 multi-well development and appraisal drilling campaign;*
- *The timing of the planned pilot reservoir pressure maintenance scheme on the Barta Block PL 303 and the anticipated resulting production increases in offsetting wells, future waterflood expansion phases, and reduced operating costs;*
- *The timing of the planned extended production test on the Nubba gas discovery well and plans to tie in the well;*
- *The planned 100% free carried well on the ATP 934 Barrolka and the expected assistance in de-risking the natural gas potential of the permit;*
- *Bengal's ability to negotiate amendments to the commitment requirements on ATP 934 Barrolka with the Government of Queensland and the timing of such negotiations;*
- *The timing of receipt of all required regulatory approvals for the PLs;*
- *The timing of equipping for production cased wells on the four acquired production licenses and the potential of obtaining industry and financial partners to fund the activities on the PLs;*
- *The continued integration of subsurface data from production licenses in the selection of exploration and appraisal drilling locations;*
- *The appraisal and development opportunities offered by the 100% ownership of the PLs;*
- *The continued engagement in early stage discussions with third parties with respect to potential business development opportunities including possible business combination transactions;*
- *The timing and intention to place hedges on future production;*
- *Projections of market prices and costs including, but not limited to, expected royalty rates;*
- *Expectations that operating and capital requirements will be met out of operation cash flows and alternative forms of capital raising;*
- *Bengal's ability to finance its working capital deficiency and to source funds for the same;*
- *Treatment under governmental regulatory regimes and tax laws;*
- *Capital expenditures programs and estimates of costs; and*
- *That funding of working capital requirements, commitments and other planned expenses will be by cash on hand, cash flows, farm-outs, joint ventures or other alternative forms of capital raising and funds will be sufficient to meet requirements including but not limited to Bengal's exploration activities through fiscal 2021 and capital program.*

The forward-looking statements contained herein are subject to numerous known and unknown risks and uncertainties that may cause Bengal's actual results, performance or achievement to differ materially from those expectations expressed in, or implied by, these forward-looking statements, including but not limited to, risks associated with:

- The continuing adverse impact of COVID-19 on economic activity and demand for oil and natural gas;*
- Uncertainties associated with the COVID-19 pandemic;*
- Willingness of the Company's lenders to negotiate;*
- Fluctuations in commodity prices, foreign exchange or interest rates;*
- Changes in the demand for or supply of Bengal's products;*
- Liabilities inherent in oil and natural gas operations;*
- The failure to obtain required regulatory approvals or extensions;*
- The failure to satisfy the conditions under farm-in and joint venture agreements;*
- The 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;*
- Inability to meet commitments due to inability to raise funds or complete farm-outs;*
- Geological, technical, drilling and processing problems;*
- Bengal's development and exploration opportunities;*
- The results of exploration and development drilling and related activities;*
- 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;*
- 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" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, which the resources and reserves described, can be profitably produced in the future. 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. The forward-looking statements contained in this document speak only as of the date of this document 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. Additional information on these and other factors that could affect Bengal's operations and financial results are included in reports on file with Canadian securities authorities and may be accessed through the SEDAR website (www.sedar.com) and at Bengal's website (www.bengalenergy.ca).

Disclosure of Oil and Gas Information

Unless otherwise specified, reserves data set forth in this document is based upon an independent reserve assessment and evaluation prepared by GLJ with an effective date of March 31, 2020 (the "GLJ Report"). The GLJ Report has been prepared in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") and the reserve definitions contained in National Instrument 51-101 – Standards of Disclosure For Oil and Gas Activities ("NI 51-101").

This document includes estimates of thickness net pay, which estimates may be considered to be anticipated results under NI 51-101. The estimates were prepared internally. References to thickness of "net oil pay" or of a formation where evidence of hydrocarbons has been encountered is not necessarily an indicator that hydrocarbons will be recoverable in commercial quantities or in any estimated volume. Bengal may encounter unexpected drilling results; the occurrence of unexpected events in the exploration for, and the operation and development of, oil and gas; delays in anticipated timing of drilling and completion of wells; geological, technical, drilling and processing problems; and other difficulties in producing petroleum reserves. Well test results should be considered as preliminary and not necessarily indicative of long-term performance or of ultimate recovery. Well log interpretations indicating oil and gas accumulations are not necessarily indicative of future production or ultimate recovery. If it is indicated that a pressure transient analysis or well-test interpretation has not been carried out, any data disclosed in that respect should be considered preliminary until such analysis has been completed.

Rider 2:

/Test Rates

References in this MD&A to production test rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long term performance or ultimate recovery. Readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company. A pressure transient analysis or well-test interpretation has not been carried out in respect of all wells. Accordingly, the Company cautions that the test results are historical and not indicative of expected production.]

Rider 3:

Internal Estimates

Certain information contained herein is based on estimated values the Company believes to be reasonable and are subject to the same limitations as discussed under "Forward-looking Statements" above.

FOR FURTHER INFORMATION PLEASE CONTACT:

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