



**Interim Condensed Consolidated Financial
Statements
(Unaudited)**

**Three and Six Months Ended
September 30, 2022 and 2021**

BENGAL ENERGY LTD.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Thousands of Canadian dollars)

(unaudited)

| As at | | September 30 2022 | March 31 2022 |
|---|--------------|----------------------|------------------|
| | Notes | | |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | | \$ 1,872 | \$ 5,413 |
| Trade and other receivables | | 2,242 | 2,646 |
| Prepaid expenses and deposits | | 497 | 658 |
| | | 4,611 | 8,717 |
| Exploration and evaluation assets | 5 | 11,737 | 10,352 |
| Property, plant and equipment | 6 | 32,197 | 29,508 |
| Total assets | | \$ 48,545 | \$ 48,577 |
| Liabilities and Shareholders' Equity | | | |
| Current liabilities: | | | |
| Trade and other payables | | \$ 2,301 | \$ 3,211 |
| Current portion of lease liability | | 40 | 37 |
| | | 2,341 | 3,248 |
| Decommissioning and restoration liability | 7 | 4,435 | 3,379 |
| Lease liability | | 11 | 31 |
| | | 6,787 | 6,658 |
| Shareholders' equity: | | | |
| Share capital | 8 | 118,796 | 118,796 |
| Contributed surplus | | 8,056 | 8,015 |
| Accumulated and other comprehensive loss | | (3,143) | (1,078) |
| Deficit | | (81,951) | (83,814) |
| | | 41,758 | 41,919 |
| Total liabilities and shareholders' equity | | \$ 48,545 | \$ 48,577 |

Commitments (Note 16)

See accompanying notes to the interim condensed consolidated financial statements.

BENGAL ENERGY LTD.

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

(Thousands of Canadian dollars, except per share amounts)

(unaudited)

| | Notes | Three months ended | | Six months ended | |
|---|-------|--------------------|----------|------------------|------------|
| | | September 30 | | September 30 | |
| | | 2022 | 2021 | 2022 | 2021 |
| Revenue | | | | | |
| Oil sales | 10 | \$ 2,135 | \$ 1,884 | \$ 4,598 | \$ 3,431 |
| Royalties | | (128) | (113) | (276) | (206) |
| | | 2,007 | 1,771 | 4,322 | 3,225 |
| | | 2,007 | 1,771 | 4,322 | 3,225 |
| Expenses | | | | | |
| General and administrative | | 630 | 517 | 1,416 | 1,052 |
| Operating | | 763 | 836 | 1,601 | 1,630 |
| Depletion and depreciation | 6 | 244 | 291 | 511 | 553 |
| Share-based compensation | | 19 | 32 | 37 | 62 |
| Loss (gain) on foreign exchange | | (67) | (4) | (80) | 2 |
| | | 1,589 | 1,672 | 3,485 | 3,299 |
| Other (income)/expense | | | | | |
| Other income | 10 | (1,093) | - | (1,093) | - |
| Finance expense | 12 | 40 | 14 | 67 | 23 |
| Net income (loss) | | 1,471 | 85 | 1,863 | (97) |
| Exchange differences on translation of foreign operations | | (61) | (521) | (2,065) | (1,527) |
| Comprehensive income (loss) | | \$ 1,410 | \$ (436) | \$ (202) | \$ (1,624) |
| Income (loss) per share - basic & diluted | 11 | \$ 0.00 | \$ 0.00 | 0.00 | \$ (0.00) |
| Weighted average shares outstanding (000s) - basic | 11 | 485,304 | 432,987 | 485,304 | 432,987 |
| - diluted | 11 | 486,132 | 435,255 | 487,528 | 432,987 |

See accompanying notes to the interim condensed consolidated financial statements.

BENGAL ENERGY LTD.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Thousands of Canadian dollars)

(unaudited)

| For the six months ended September 30 | 2022 | 2021 |
|--|------------------|------------------|
| Share capital | | |
| Balance at beginning of period | \$ 118,796 | \$ 114,636 |
| Balance at end of period | \$ 118,796 | \$ 114,636 |
| Contributed surplus | | |
| Balance at beginning of period | 8,015 | 7,870 |
| Share-based compensation - expensed | 37 | 62 |
| Share-based compensation – capitalized | 3 | 3 |
| Balance at end of period | 8,056 | 7,935 |
| Accumulated other comprehensive loss | | |
| Balance at beginning of period | (1,078) | (336) |
| Exchange differences translation of foreign operations | (2,065) | (1,527) |
| Balance at end of period | (3,143) | (1,863) |
| Deficit | | |
| Balance at beginning of period | (83,814) | (83,440) |
| Net income (loss) | 1,863 | (97) |
| Balance at end of period | (81,951) | (83,537) |
| Total shareholders' equity | \$ 41,758 | \$ 37,171 |

See accompanying notes to the interim condensed consolidated financial statements.

BENGAL ENERGY LTD.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands of Canadian dollars)

(unaudited)

| | Notes | Three months ended | | Six months ended | |
|---|-------|--------------------|----------------------|----------------------|----------------------|
| | | 2022 | September 30 2021 | September 30 2022 | September 30 2021 |
| Operating activities: | | | | | |
| Net income (loss) | | \$ 1,471 | \$ 85 | \$ 1,863 | \$ (97) |
| Add (deduct) non-cash items | | | | | |
| Depletion and amortization | | 244 | 291 | 511 | 553 |
| Accretion on decommissioning and restoration liability | | 44 | 8 | 73 | 16 |
| Share-based compensation | | 19 | 32 | 37 | 62 |
| Interest on lease liability | | 1 | 1 | 2 | 2 |
| Unrealized foreign exchange gain | | (5) | - | (30) | - |
| Funds from operations | | 1,774 | 417 | 2,456 | 536 |
| Change in non-cash working capital | 15 | (721) | 148 | (386) | (745) |
| Net cash from (used in) operating activities | | 1,053 | 565 | 2,070 | (209) |
| Investing activities: | | | | | |
| Exploration and evaluation expenditures | 5 | (475) | (17) | (1,969) | (10) |
| Property, plant and equipment expenditures | 6 | (1,711) | (632) | (3,633) | (776) |
| Additions to corporate assets | | - | - | (2) | - |
| Change in restricted cash | | - | - | - | - |
| Change in non-cash working capital | 15 | 169 | 265 | 32 | 258 |
| Net cash used in investing activities | | (2,017) | (384) | (5,572) | (528) |
| Financing activities: | | | | | |
| Lease payments | | (10) | (9) | (19) | (18) |
| Net cash used in financing activities | | (10) | (9) | (19) | (18) |
| Net increase (decrease) in cash and cash equivalents | | (974) | 172 | (3,521) | (755) |
| Cash and cash equivalents, beginning of period | | 2,849 | 3,593 | 5,413 | 4,531 |
| Impact of foreign exchange on cash and cash equivalents | | (3) | (7) | (20) | (18) |
| Cash and cash equivalents, end of period | | \$ 1,872 | \$ 3,758 | \$ 1,872 | \$ 3,758 |

See accompanying notes to the interim condensed consolidated financial statements.

BENGAL ENERGY LTD.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three months ended September 30, 2022 and 2021

(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 condensed consolidated financial statements (the “financial statements”) of the Company for the three and six months ended September 30, 2022 and 2021 are comprised of the Company and its wholly-owned subsidiaries including Bengal Energy Australia (Pty) Ltd. (“Bengal Pty”) 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 SW, Calgary, Alberta T2P 1G1 and its head and principal office at 1110, 715 5th Ave SW, Calgary, Alberta, Canada, T2P 2X6.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. These interim condensed consolidated financial statements do not include all of the information required for full annual financial statements.

These financial statements were approved and authorized for issuance by the Board of Directors on November 7, 2022.

The consolidated financial statements are prepared on a historical cost basis except as detailed in the accounting policies disclosed in the company’s audited consolidated financial statements for the year ended March 31, 2022. 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.

Evolving Demand for Energy - Changing Regulation

Emission, carbon and other regulations impacting climate and climate related matter are dynamic and constantly evolving. With respect to environmental, social and governance (“ESG”) and climate reporting, the International Sustainability Standards Board has issued an IFRS Sustainability Disclosure Standard with the aim to develop sustainability disclosure standards that are globally consistent, comparable and reliable. In addition, the Canadian Securities Administrators have issued a proposed National Instrument 51-107 Disclosure of Climate-related Matters. The cost to comply with these standards, and others that may be developed or evolve over time, has not yet been quantified by the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used are consistent with those of the previous financial year as described in Note 3 of the Company’s consolidated financial statements for the year ended March 31, 2022.

4. MANAGEMENT JUDGMENTS AND ESTIMATES

The timely preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant estimates and judgments made by management in the preparation of these financial statements are outlined below.

During the past 24 months commodity prices have been materially impacted by COVID-19 pandemic, significant geopolitical conflicts and other factors outside of the Company’s control.

The current volatile economic climate, including impacts on cost inflation and interest rates, may have significant adverse impacts on the Company, including material declines in revenue and cash flows or increase in cost of operations, and related impacts to working capital levels and/or debt balances, which may also have a direct impact on the Company's operating results and financial position. These and other factors may adversely affect the Company's liquidity and the Company's ability to generate income and cash flows to meet the Company's current and future obligations. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Company is not known at this time. Estimates and judgements made by management in the preparation of the financial statements are increasingly difficult and subject to a higher degree of measurement uncertainty during this volatile period.

A full list of the critical judgments in applying accounting policies and key sources of estimation uncertainty can be found in the Company's consolidated financial statements for the year ended March 31, 2022.

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

| (\$000s) | |
|--------------------------------------|--------|
| Balance, April 1, 2021 | 9,890 |
| Additions | 1,231 |
| Impairment | (568) |
| Capitalized share-based compensation | 4 |
| Exchange adjustments | (205) |
| Balance, March 31, 2022 | 10,352 |
| Additions | 1,969 |
| Capitalized share-based compensation | 2 |
| Exchange adjustments | (586) |
| Balance, September 30, 2022 | 11,737 |

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

| (\$000s) | |
|---|--------|
| ATP 732P – Tookoonooka | 5,730 |
| PL 303 – Barta Block Cuisinier (controlling permit ATP 752) | 2,623 |
| ATP 934 – Barrolka | 1,972 |
| Other | 27 |
| Balance, March 31, 2022 | 10,352 |

| (\$000s) | |
|---|--------|
| ATP 732P – Tookoonooka | 7,195 |
| PL 303 – Barta Block Cuisinier (controlling permit ATP 752) | 2,494 |
| ATP 934 – Barrolka | 2,023 |
| Other | 25 |
| Balance, September 30, 2022 | 11,737 |

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.

In December of 2021 the Company recorded \$0.6 million of impairment associated with uneconomic drilling results in the ATP 752 Barta Block.

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, 2021 | 50,780 | 344 | 143 | 51,267 |
| Additions | 3,089 | 2 | - | 3,091 |
| Capitalized share-based compensation | 6 | - | - | 6 |
| Change in decommissioning and restoration liability | (59) | - | - | (59) |
| Exchange adjustments | (1,499) | - | - | (1,499) |
| Balance, March 31, 2022 | 52,317 | 346 | 143 | 52,806 |
| Additions | 3,633 | 2 | - | 3,635 |
| Capitalized share-based compensation | 1 | - | - | 1 |
| Change in decommissioning and restoration liability | 1,177 | - | - | 1,177 |
| Exchange adjustments | (3,839) | - | - | (3,839) |
| Balance, September 30, 2022 | 53,289 | 348 | 143 | 53,780 |

| (\$000s) | | | | |
|---|---|-------------------------|--------------------------------|--------------|
| | Petroleum and natural gas properties | Other assets | Right-of-use assets | Total |
| <i>Accumulated depletion, depreciation and impairment losses:</i> | | | | |
| Balance, April 1, 2021 | 22,765 | 325 | 61 | 23,151 |
| Depletion and depreciation | 1,033 | 4 | 30 | 1,067 |
| Exchange adjustments | (920) | - | - | (920) |
| Balance, March 31, 2022 | 22,878 | 329 | 91 | 23,298 |
| Depletion and depreciation | 494 | 2 | 15 | 511 |
| Exchange adjustments | (2,226) | - | - | (2,226) |
| Balance, September 30, 2022 | 21,146 | 331 | 106 | 21,583 |

| (\$000s) | | | | |
|-----------------------------|--------|----|----|--------|
| <i>Net carrying amount:</i> | | | | |
| At March 31, 2022 | 29,439 | 17 | 52 | 29,508 |
| At September 30, 2022 | 32,143 | 17 | 37 | 32,197 |

At September 30, 2022, there were no external or internal indicators of impairment. As a result, a quantitative impairment test was not performed.

During the six months ended September 30, 2022, the Company capitalized \$0.1 million general and administrative expense (2021 - \$0.1 million).

The calculation of depletion for the three months ended September 30, 2022, included \$61.5 million for estimated future development costs associated with proved and probable reserves in Australia (March 31, 2022 - \$61.5 million).

7. DECOMMISSIONING AND RESTORATION LIABILITY

Changes to decommissioning and restoration obligations were as follows:

| (\$000s) | |
|-----------------------------|-------|
| Balance, April 1, 2021 | 3,478 |
| Change in estimate | (59) |
| Accretion | 38 |
| Exchange adjustments | (78) |
| Balance, March 31, 2022 | 3,379 |
| Change in estimate | 1,177 |
| Accretion | 73 |
| Exchange adjustments | (194) |
| Balance, September 30, 2022 | 4,435 |

The Company's decommissioning liabilities result from ownership interests in petroleum and natural gas properties. The Company estimates the total unadjusted and uninflated cash flows required to settle its decommissioning and restoration costs at September 30, 2022 is approximately \$3.3 million (March 31, 2022 – \$3.4 million) which will be incurred between 2025 and 2059. An inflation factor of 6.00% (March 31, 2022 – 3.05%) and a risk-free discount rate of 4.00% (March 31, 2022 – 3.50%) have been applied to the decommissioning liability at September 30, 2022. The changes in inflation factor and risk-free rate result in a \$1.2 million change in estimate from March 31, 2022.

8. 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 at March 31, 2022 and | | |
| September 30, 2022 | 485,304,215 | 118,796 |

9. 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.

Stock options granted under the plan can be exercised on a cashless basis, whereby the recipient 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, 2022 | 12,445,000 | 0.08 |
| Expired | (1,825,000) | 0.10 |
| Issued | 300,000 | 0.11 |
| Balance, September 30, 2022 | 10,920,000 | 0.08 |
| Exercisable, September 30, 2022 | 3,190,000 | 0.08 |

10. REVENUE

Revenue from the sales of crude oil is based on the consideration specified in the Liquids Aggregation 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 Liquids Aggregation Agreement once the product is shipped to the end customer and lifted.

The transaction price as prescribed in the Liquids Aggregation 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. Revenues are typically collected 60 days following delivery to Port Bonython. The Cuisinier Joint Venture has recently negotiated a revised Liquids Aggregation Agreement with corresponding transportation agreements effective July 1, 2022 through to December 31, 2023.

During the quarter, the Cuisinier JV was notified by the operator of an misallocation of sales revenue received in May 2020, at which time the purchasing party under the former Crude Oil Sales and Purchase Agreement had overallocated its purchase volumes to the Cuisinier Joint Venture, which resulted in a corresponding under reporting of crude oil stock inventory. In July of 2022, the Company received a net payment of \$1.1 million from the operator representing the difference between the historic pricing in May 2020 and current pricing on the additional crude oil stock which has been reflected as other income.

11. PER SHARE AMOUNTS

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

| (\$000s except per share amounts) | Three months ended | | Six months ended | |
|---|--------------------|---------|------------------|---------|
| | September 30 | | September 30 | |
| | 2022 | 2021 | 2022 | 2021 |
| Net Income (loss) for the period | 1,471 | 85 | 1,863 | (97) |
| Weighted average number of | | | | |
| Common shares - basic (000s) | 485,304 | 432,987 | 485,304 | 432,987 |
| - diluted (000s) | 486,132 | 435,255 | 487,528 | 432,987 |
| Basic and diluted income (loss) per share | 0.00 | 0.00 | 0.00 | (0.00) |

For the three months ended September 30, 2022, there were nil (2021 - 13,475,000) options considered anti-dilutive.

12. FINANCE EXPENSE

| (\$000s) | Three months ended | | Six months ended | |
|---|--------------------|------|------------------|------|
| | September 30 | | September 30 | |
| | 2022 | 2021 | 2022 | 2021 |
| Interest income | (7) | - | (12) | - |
| Accretion on decommissioning and restoration liability | 44 | 8 | 73 | 16 |
| Interest on lease liability | 1 | 1 | 2 | 2 |
| Interest – other | 2 | 5 | 4 | 5 |
| | 40 | 14 | 67 | 23 |

13. FINANCIAL RISK MANAGEMENT

The Company has exposure to credit, liquidity and market risk from its use of financial instruments. This note presents information about the Company's exposure to these risks, the Company's objectives and policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for identifying the principal risks of the Company and ensuring the policies and procedures are in place to appropriately manage these risks. Bengal's management identifies, analyzes and monitors risks and considers the implication of the market condition in relation to the Company's activities.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from Bengal's cash calls paid to joint venture partners and receivables from petroleum and natural gas marketers. As at September 30, 2022, Bengal's receivables consisted of \$2.2 million (March 31, 2022 - \$2.6million) from joint

venture partners (all of which has been collected subsequent to period end) and \$nil (March 31, 2022 - \$0.1) of other receivables.

Bengal has a Liquids Aggregation Agreement with a purchaser and has not experienced any collection problems to date.

Cash calls paid to Bengal's Australian joint venture partners 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, 2022 (March 31, 2022 - \$nil). Past due is considered greater than 90 days outstanding.

The carrying amount of accounts receivable and cash and cash equivalents represents the maximum credit exposure. 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, 2022 (March 31, 2022 - \$nil) and did not provide for any doubtful accounts, nor was it required to write-off any receivables during the three and six months ended September 30, 2022.

Cash and cash equivalents, when held, consist of cash bank balances and guaranteed investment certificates redeemable at any time. Bengal manages the credit exposure related to guaranteed investments by selecting counterparties based on credit ratings and monitors all investments to ensure a stable return, avoiding complex investment vehicles with higher risk such as asset-backed commercial paper.

(b) 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 and lease liability and amounted to \$2.4 million at September 30, 2022 (March 31, 2022 - \$3.3 million).

At September 30, 2022, the Company had working capital, which the Company defines as total current assets less total current liabilities, of \$2.3 million, including cash and cash equivalents of \$1.9 million, compared to working capital of \$5.5 million at March 31, 2022. This reduction in working capital has funded discretionary capital activities.

The Company has adequate working capital and anticipates sufficient cash flow to maintain operations and meet near term capital expenditures. The Company may advance its growth initiatives by accessing external sources of capital if attractive financing alternatives, either debt or equity, become available and are appropriate.

The majority of the Company's oil sales are benchmarked on US Brent prices. The Company incurs most of its expenditures in Australian dollars whereas the Company generates most of its revenues in US dollars. The Company is acting with its joint venture partners to reduce discretionary spending and focus capital towards lower risk projects with near-term cash flow upside.

(c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, commodity price risk and interest rate risk. The Company is exposed to market risks resulting from fluctuations in foreign exchange rates, commodity prices and interest rates in the normal course of operations. A variety of derivative instruments may be used to reduce exposure to these risks.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. Bengal receives US dollars for Australian oil sales and incurs expenditures in Australian and Canadian currencies. The Company may enter into derivative foreign currency contracts in order to manage foreign currency risk, but has not done so to date.

The table below shows the Company's exposure in Canadian dollar equivalent to foreign currencies for its financial instruments at September 30, 2022:

| (\$000s) | CAD\$ | AUS\$ | US\$ | Total |
|---|--------------|----------------|--------------|--------------|
| Cash and cash equivalents | 782 | 220 | 870 | 1,872 |
| Trade and other receivables | 8 | 5 | 2,229 | 2,242 |
| Trade and other payables | (167) | (2,134) | - | (2,301) |
| Lease liability | (51) | - | - | (51) |
| | 572 | (1,909) | 3,099 | 1,762 |
| Exchange rates as at September 30: | | | 2022 | 2021 |
| Number of CAD\$ for 1 AUS\$ | | | 0.89 | 0.93 |
| Number of CAD\$ for 1 US\$ | | | 1.37 | 1.24 |

Commodity Price Risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of a change in commodity prices. Commodity prices for petroleum and natural gas are impacted by not only the relationship between the Canadian and United States dollar, as outlined above, but also world economic events that dictate the levels of supply and demand. Australian oil prices are based on the US Brent reference price, which currently trades at a premium to WTI. The Company had no commodity derivatives at September 30, 2022 and 2021.

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's exposure to interest rate risk on its cash and cash equivalents at September 30, 2022 is restricted to investments with a maturity of three months or less. The Company had no interest rate derivatives at September 30, 2022 and 2021.

14. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base for the objectives of maintaining financial flexibility which will allow it to execute on its capital investment program, provide creditor and market confidence and to sustain future development of the business.

The Company manages its capital structure and makes adjustments by continually monitoring its business conditions, including: changes in economic conditions, the risk profile of its drilling inventory, the efficiencies of past investments, the efficiencies of forecasted investments and the timing of such investments, the forecasted cash balances, the forecasted commodity prices and resulting cash flow.

In order to maintain or adjust the capital structure, the Company may from time to time issue shares (if available on reasonable terms), issue debt instruments, sell assets, farm out properties and adjust its capital spending to manage current and projected cash levels. There can be no assurance that equity financing will be available or sufficient to meet capital commitments, or for other corporate purposes, or if equity financing is available, that it will be on terms acceptable to the Company.

15. SUPPLEMENTAL CASH FLOW INFORMATION

| Change in non-cash working capital items (\$000s) | Three months ended | | Six months ended | |
|--|--------------------|------|------------------|-------|
| | September 30 | | September 30 | |
| | 2022 | 2021 | 2022 | 2021 |
| Trade and other receivables | (704) | 110 | 404 | (236) |
| Prepaid expenses and deposits | 51 | - | 161 | - |
| Trade and other payables | (164) | 345 | (910) | (216) |
| Effect of change in foreign exchange rates | 265 | (42) | (9) | (35) |
| | (552) | 413 | (354) | (487) |

Attributable to:

| | | | | |
|-----------|-------|-----|-------|-------|
| Operating | (721) | 148 | (386) | (745) |
| Investing | 169 | 265 | 32 | 258 |
| | (552) | 413 | (354) | (487) |

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

| (\$000s) | Three months ended | | Six months ended | |
|------------------------|--------------------|------|------------------|------|
| | September 30 | | September 30 | |
| | 2022 | 2021 | 2022 | 2021 |
| Cash interest paid | 3 | 4 | 5 | 4 |
| Cash interest received | 7 | - | 12 | - |

16. COMMITMENTS

The Queensland Government regulatory authority granted the Company Authority to Prospect 934 ("ATP 934") under a revised work program on March 1, 2015. In Q4 fiscal 2018, the Company consolidated its ownership of ATP 934 and now holds a 100% and 40% operating interest in the northern and southern block of this permit respectively. The work program consists of 260 km² of 3D seismic and up to three wells.

At September 30, 2022, 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 2027 | 7.9 |
| 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, 2022 at an exchange rate of AUS\$1.00 = CAD\$0.8884.

At September 30, 2022, the contractual obligations for which the Company is responsible are as follows:

(\$000s)

| Contractual obligations | Total | Less than 1 year | 1-3 years | 4-5 years | After 5 years |
|---------------------------------|-------|------------------|-----------|-----------|---------------|
| Office lease | 131 | 105 | 26 | - | - |
| Decommissioning and restoration | 4,435 | - | 826 | - | 3,609 |
| | 4,566 | 105 | 852 | - | 3,609 |

17. SEGMENTED INFORMATION

As at September 30, 2022, 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, 2022

| | Australia | Corporate | Total |
|---|-----------|-----------|-------|
| Revenue | 4,598 | - | 4,598 |
| Interest revenue | - | 12 | 12 |
| Interest expense | 4 | 2 | 6 |
| Depletion and depreciation | 494 | 17 | 511 |
| Net income (loss) | 2,345 | (484) | 1,863 |
| Exploration and evaluation expenditures | 1,969 | - | 1,969 |
| Petroleum and natural gas property expenditures | 3,633 | - | 3,633 |

(\$000s)

As at September 30, 2022

| | | | |
|--------------------------------------|--------|-----|--------|
| Exploration and evaluation assets | 11,737 | - | 11,737 |
| Petroleum and natural gas properties | 32,143 | - | 32,143 |
| Total assets | 47,686 | 859 | 48,545 |
| Total liabilities | 6,569 | 218 | 6,787 |

(\$000s)

For the Six months ended September 30, 2021

| | Australia | Corporate | Total |
|---|------------------|------------------|--------------|
| Revenue | 3,431 | - | 3,431 |
| Interest expense | 4 | 3 | 7 |
| Depletion and depreciation | 536 | 17 | 553 |
| Net income (loss) | 348 | (445) | (97) |
| Exploration and evaluation expenditures | 10 | - | 10 |
| Petroleum and natural gas property expenditures | 776 | - | 776 |

(\$000s)

As at September 30, 2021

| | | | |
|--------------------------------------|--------|-------|--------|
| Exploration and evaluation assets | 9,473 | - | 9,473 |
| Petroleum and natural gas properties | 27,046 | - | 27,046 |
| Total assets | 39,211 | 3,110 | 42,321 |
| Total liabilities | 4,940 | 210 | 5,150 |

(\$000s)

For the three months ended September 30, 2022

| | Australia | Corporate | Total |
|---|------------------|------------------|--------------|
| Revenue | 2,135 | - | 2,135 |
| Interest revenue | - | 12 | 12 |
| Interest expense | 2 | 1 | 3 |
| Depletion and depreciation | 235 | 9 | 244 |
| Net income (loss) | 1,703 | (232) | 1,471 |
| Exploration and evaluation expenditures | 475 | - | 475 |
| Petroleum and natural gas property expenditures | 1,711 | - | 1,711 |

(\$000s)

For the three months ended September 30, 2021

| | Australia | Corporate | Total |
|---|------------------|------------------|--------------|
| Revenue | 1,884 | - | 1,884 |
| Interest revenue | - | - | - |
| Interest expense | 4 | 2 | 6 |
| Depletion and depreciation | 283 | 8 | 291 |
| Net income (loss) | 300 | (215) | 85 |
| Exploration and evaluation expenditures | 17 | - | 17 |
| Petroleum and natural gas property expenditures | 632 | - | 632 |

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
James B. Howe
Peter Lansom
Dr. Brian J. Moss
Robert D. Steele (Chairman)
W. B. (Bill) Wheeler

DISCLOSURE COMMITTEE

Chayan Chakrabarty
Jerrad Blanchard

AUDIT COMMITTEE

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

RESERVES COMMITTEE

Dr. Brian J. Moss (Chairman)
Peter Lansom
Robert D. Steele

COMPENSATION COMMITTEE

Dr. Brian J. Moss (Chairman)
Robert D. Steele
Peter Lansom

GOVERNANCE AND NOMINATING COMMITTEE

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

HEALTH, SAFETY AND ENVIRONMENT COMMITTEE

Peter Lansom (Chairman)
Robert D. Steele
Dr. Brian J. Moss

OFFICERS

Chayan Chakrabarty, President & Chief Executive Officer
Richard N. Edgar, Executive Vice President
Jerrad Blanchard, Chief Financial Officer
Bruce Allford, Secretary

STOCK EXCHANGE LISTING – TSX: BNG