International Exploration & Production

Management's Discussion & Analysis

Three and Twelve Months Ended
March 31, 2023, and 2022

The following Management's Discussion and Analysis ("MD&A") of the consolidated financial results of Bengal Energy Ltd. ("Bengal" or the "Company") is at and for the three and twelve months ended March 31, 2023.

This MD&A dated June 14, 2023, should be read in conjunction with the Company's consolidated financial statements and related notes for the years ended March 31, 2023 and 2022. The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The functional currency of the Company's operating subsidiary Bengal Energy (Australia) Pty Ltd. ("Bengal Australia"), is the Australian dollar; the functional currency of the Company is the Canadian dollar ("CAD"). The Company's presentation currency is the CAD. In this MD&A, all dollar amounts are expressed in CAD unless otherwise noted.

This MD&A contains Non-IFRS and Other Financial Measures, abbreviations and forward-looking information relating to future events and the Company's future performance. Please refer to "Non-IFRS and Other Financial Measures s", "Abbreviations" and "Advisories" sections at the end of this MD&A for further information. These do not have any standardized meaning in accordance with International Financial Reporting Standards ("IFRS") as prescribed by the International Accounting standards Board and therefore may not be comparable with the calculation of similar financial measures disclosed by other entities.

Additional information relating to Bengal, including Bengal's audited March 31, 2023 consolidated financial statements and other filings are available on SEDAR at www.sedar.com.

In the following discussion, the three months ended March 31, 2023, may be referred to as "fourth quarter of fiscal 2023", "Q4 fiscal 2023", "Q4 FY 2023", "current quarter", and "the quarter". The comparative three months ended March 31, 2022, may be referred to as "fourth quarter of fiscal 2022", "Q4 fiscal 2022" "Q4 FY 2022", and "prior year's quarter". The year ended March 31, 2023, may be referred to as "fiscal 2023", "current year", and "the year". The comparative year ended March 31, 2022, may be referred to as "the previous year", "prior year", and "fiscal 2022".

FOURTH QUARTER FISCAL 2023 SUMMARY

Financial Summary:

- **Reserves –** Bengal's independently evaluated Proved Plus Probable ("2P") reserves for the fiscal year ended March 31, 2023, are 5,477 thousand barrels of oil ("Mbbls") compared to 5,778 Mbbls at March 31, 2022. 2P 1P reserves are2005 Mbbls compared to 2145 Mbbls at March 31, 2022. The lower reserves result primarily from the prior year's production without replacement during fiscal 2023. The net present value (NPV[1] $_{10}$, before tax) of Bengal's 2P reserves, net of future development costs, at March 31, 2023 is $121 million, or $0.25 per share compared to $149 million at March 31, 2022. The 2P after tax net asset value is $95 million for the current year compared to $115 million in the prior year. The lower NPV is primarily the result of expected higher future development costs as a result inflationary pressure across Queensland.
- **Sales revenue** – Reflecting lower oil prices, crude oil sales revenue was $2.0 million in the fourth quarter of fiscal 2023, which is 18% lower than the $2.4 million recorded in Q4 fiscal 2022. Full year fiscal 2023 sales revenue was $8.1 million compared to $7.7 million for the full year fiscal 2022.
- **Funds (used in) from operations[2]** – Bengal used $0.4 million of funds in operations during Q4 fiscal 2023 compared to a $0.5 million funds from operations during Q4 fiscal 2022. For the full year fiscal 2022, the Company generated $2.0 million of funds from operations compared to $1.4 million funds used in operations during the prior fiscal year. During Q4 fiscal 2023, Santos, the Cuisinier joint venture operator undertook a self-review with the Queensland Revenue Office relative to its royalty payments for the calendar years of 2015 through 2020. The result was a $3.0 million additional royalty liability ($0.9 million net to Bengal) assessed to the Cuisinier Joint Venture. The net amount was recorded as an offset to other income for the quarter ended March 31, 2023. Santos is currently reviewing their royalty obligations and Bengal is disputing these additional charges under its Joint Operating Agreement; however, the Company has recorded the full net amount as an offset to other income for the quarter ended March 31, 2023. Absent this unusual royalty adjustment, the Company's funds from operations would be $0.5 million for the quarter and $2.9 million for the year.

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[1] See "Abbreviations" on page 17 of this MD&A

[2] See "Non-IFRS and Other Financial Measures" on page 15,16 of this MD&A

- **Net income** - Bengal reported a net loss of $0.8 million for the current quarter compared to net income of $0.2 million in the fourth quarter of fiscal 2022. For the full year fiscal 2023, the Company reported net income of $0.7 million compared to a net loss of $0.4 million in the prior year. Net income during the current quarter was materially impacted by the royalty adjustment described above.Net income for the year was also positively impacted by $1.1 of million other income related to the settlement of a crude oil stock discrepancy recorded in Q2 fiscal 2023 as well as a $0.9 million offset to other income related to the Cuisinier royalty adjustment described above.

Operational Summary:

- **Production volumes** – The Company's share of total production in the current quarter was 16,395 bbls of light crude oil, which is a 4.8% increase from the 15,647 bbls produced in the fourth quarter of fiscal 2022. The current quarter production averaged 182 bbls/day compared to 174 bbls/day produced in the fourth quarter of fiscal 2022. Full year fiscal 2023 saw total production of 65,680 bbls compared to 66,797 bbls for full year fiscal 2022. The full year fiscal 2023 production per day averaged 180 bbls compared to 183 bbls/day for the full year fiscal 2022.
- **Capital expenditures** – During the year, the Company continued capital programs on two of its 100% owned and operated projects at Wareena (Petroleum Lease ("PL") 1110 & Producing Pipeline ("PPL") 138) and Caracal (Authority to Prospect ("ATP") 732). Bengal incurred $0.4 million in capital expenditures during Q4 fiscal 2023 as compared to $2.2 million in Q4 fiscal 2022 and a total of $7.7 million during the current year compared to $4.3 million during fiscal 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business Overview

Bengal's producing and non-producing assets are situated primarily in Australia's Cooper Basin, a region featuring large accumulations of very light and high-quality crude oil and natural gas. The Company's core Australian assets, PL 303 Cuisinier, ATP 934 Barrolka, ATP 732 Tookoonooka, the recently granted Potential Commercial Area ("PCA") 332 and its four 100% operated petroleum licenses (PL 114 Wareena, PL 157 Ghina, PL 188 Ramses, PL 411 Karnak) are situated within an area of the Cooper Basin that is well served with production infrastructure and take-away capacity for produced crude oil and natural gas. While still in early stages in terms of appraisal and development, Bengal believes these assets offer attractive upside potential for both oil and gas. Australia presents a stable political, fiscal and economic environment in which to operate, and a favourable royalty regime for oil and gas production.

Under the State of Queensland Regulatory process, ATPs are granted by the State generally for a period of twelve years with one third of the original grant area expiring every four years. At the end of the final term of the ATP, an application can be made to continue a portion of the permit in the form of a PCA. PCAs have a life span of five to fifteen years. PCA applications include a commercial viability report that indicates that the area is likely to be commercially viable within the applied term. This allows for extra time to commercialize the resource. These PCA's remain a part of the ATP until expiry. If a discovery of oil or gas is made, an application for a PL is made to allow for production. PLs are granted for up to a thirty-year term.

Bengal has two PLs on the former ATP 752 Barta block, PL 303 and PL 1028, in addition to three PCAs, PCA 206, PCA 207 Barta West and PCA 155 Wompi block-Nubba/Yilgarn. Bengal also holds four PLs including a producing pipeline license ("PPL") 138 adjacent to the 100% owned ATP 934.

<u>AUSTRALIA – Cooper Basin, Queensland</u>

PL303 and PL 1028 Cuisinier (controlling permit ATP 752) (30.357% WI)

A pilot water injection-driven reservoir pressure maintenance scheme was initiated and after resolving mechanical issues, water injection activities commenced during calendar Q4 2021. This project is in the southeast quadrant of the Cuisinier pool, with injection of water taking place at the Cuisinier 24 well. The broad nature of the Cuisinier structure combined with variable flank aquifer pressure support has resulted in pressure depletion within the central portion of the Cuisinier pool. The injection of produced formation water is anticipated to both increase production in up to four offsetting wells and reduce water handling charges. On establishing success of the pilot, the Joint Venture will begin a multi-staged water injection scheme, targeted fracture stimulation and more commercially efficient development drilling. The Joint Venture has observed compelling evidence that the overall field decline has been temporarily arrested with a modest upward trend in oil production rate in affected wells during the current quarter.

Bengal's joint venture partner and operator of the Cuisinier pool has indicated its intent to drill four wells in the Cuisinier field during calendar 2023. Bengal will not participate in this program given that the operator has not prepared a suitable field development plan considering the water injection pilot and projected capital and operating costs make such investment less attractive than alternatives available in Bengal's inventory.

PL 114 Wareena, PL 157 Ghina, PL 188 Ramses, PL 411 Karnak, PPL 138 pipeline (100% WI)
The Company has a 100% working interest in four PLs and a natural gas pipeline connected to transportation infrastructure into the Eastern Australia Gas Market. These non-productive PLs are highly compatible with the the close proximity to ATP 934. Bengal continues to integrate subsurface data from the PLs to enhance the Company's understanding of ATP 934 and to finalize the selection of exploration and appraisal drilling locations.

Included in this program is the reinstatement of two gas wells and an existing gas pipeline to produce raw gas into existing infrastructure at PL 114 Wareena. The Company completed workover activities at Wareena 1 and Wareena 5 in November 2022. Initial test results indicate Wareena 1 would require additional stimulation and dewatering to yield commercial production rates. The Company is encouraged by wellhead pressure measured at Wareena 5 and therefore additional testing is planned subject to the availability of equipment. If this testing yields commercial rates, Bengal will tie-in the producing well to pipeline PPL 138. The Company is investing in proprietary proof of concept arrangement to allow commercial gas production prior to a pipeline connection with all required equipment now on site.

The 100% ownership of these assets presents an appraisal and development opportunity that will be operated. by the Company and is seen as a key steppingstone for Bengal's natural gas platform upon which future development and appraisal work at the existing PLs and exploration growth through ATP 934 can be undertaken.

ATP 732 Tookoonooka (100% WI)

The Company has conducted preliminary workover and stimulation program at the Caracal-1 well, a 53 API oil discovery in the Wyandra zone. The well produced oil to surface, although at lower-than-expected rates and is currently being assessed to determine capacity for commercial production versus drilling a more optimally placed appraisal well to assess the extent of the structure.

In June 2019, the Company applied for an amendment to the LWP ("Later Work Program") for the third term of ATP 732 permit. On October 22, 2019, the Company received approval from the Queensland regulatory authority for an amended LWP for the third, four-year term commencing April 1, 2019, to March 31, 2023. The approved LWP was revised to minimum activities of reprocessing seismic and inversion work with an estimated cost of $0.05 million and geological and geophysical investigation at an estimated cost of $0.05 million during the four-year term.

ATP 732 reached the end of its term in March of 2023 and the Company lodged an application over the northern portion of the ATP for continuation in the form of PCA 332 for a further 15 years. Based on the positive results from Caracal-1, the application was approved on January 30, 2023. In addition, the Company is assessing farm-in interest on other 3D defined drilling targets on PCA 332. The PCA, granted by the Queensland Government in record time, provides much-needed certainty for Bengal to focus on its hydrocarbon projects in the Talgeberry-Tintaburra corridor. The majority of PCA 332 is covered by 3D seismic which has outlined the prospective targets as described in the Company's press release: "Bengal Energy Announces Independent Oil and Natural Gas Resource Report" dated March 30, 2022.

ATP 934 Barrolka East (100% WI)

ATP 934 is the Company's 100% owned natural gas exploration block. Bengal received approval of a special amendment for ATP 934 in March 2021 which relinquished 50% of the existing ATP area and extended the term of the ATP by entering an outcome based LWP for another 6 years to February 28, 2027. As part of the special amendment, another relinquishment of 118 sub blocks (50% of the remaining sub blocks) (88,972 acres) was required by February 28, 2023. The relinquishment was accepted by the regulator during April of 2023.The relinquished area was not considered to be prospective by the Company due to the lack of identified prospects and limited physical access. The LWP includes the drilling of up to 3 wells and 260 km^2 of 3D seismic.

ATP 934 Durham Downs East Farmout Block (40% WI)

Bengal entered into an agreement with Santos in July of 2020 to farm-in on a portion of the ATP 934 block. Santos carried the drilling costs of one well to earn a 60% operated interest in the ATP 934 southern farm-out block, which represents 57.8% of the total block acreage post April 2020 relinquishment. On October 14, 2021, Santos completed the drilling of the Legbar-1 exploration well. Santos paid 100% of the costs to drill, plug and abandon the well and has accordingly earned a 60% working interest in 103,760 km^2 gross exploration land.

While the Legbar-1 Well did not indicate commercial quantities of hydrocarbons, thick, high quality reservoir sands were encountered in the primary Permian Toolachee formation and in the Jurassic Birkhead zone, with evidence of residual hydrocarbon saturation in both zones. In addition, fluorescence shows and elevated gas readings through the Jurassic Birkhead Fm/Top Hutton Sandstone indicate oil has passed through the reservoir, supporting the search for a valid closure to test this play. The findings from the Legbar-1 well will help Bengal refine its exploration targets going forward, both with Santos in the Santos Farm-out Block, and across the balance of ATP 934 which is 100% owned by Bengal.

Business Development

The Company is in discussions with potential industry and financial partners to fund some of these oil and gas related activities.

OPERATING SUMMARY

($000s except per share, %, volumes and operating netback(1) amounts	Three months ended March 31, 2023	Three months ended March 31, 2022	Twelve months ended March 31, 2023	Twelve months ended March 31, 2022
Oil revenue	$ 1,954	$ 2,374	$ 8,149	$ 7,650
Operating netback(1)	$ 1,078	$ 1,425	$ 4,452	$ 4,109
Cashflow from (used in) operations	$ (704)	$ 437	$ 2,111	$ 835
Funds from (used in) operations(1)	$ (431)	$ 515	$ 1,988	$ 1,432
Per share ($) (basic and diluted)	$ (0.00)	$ 0.00	$ 0.00	$ 0.00
Net income (loss)	$ (803)	$ 217	$ 703	$ (374)
Per share ($) (basic and diluted)	$ (0.00)	$ 0.00	$ 0.00	$ (0.00)
Capital expenditures	$ 395	$ 2,244	$ 7,715	$ 4,322
Oil volumes (bbls/d)	182	174	180	183
Operating netback(1) ($/bbl)	$ 65.75	$ 91.06	$ 67.79	$ 61.52

(1) Non-IFRS and Other Financial Measures

RESULTS OF OPERATIONS

Production

	Three months ended March 31 2023	Three months ended March 31 2022	Twelve months ended March 31 2023	Twelve months ended March 31 2022
Oil production (bbls/d)	182	174	180	183
Oil production (bbls)	16,395	15,647	65,680	66,797

Production during Q4 fiscal 2023 increased 5% compared the Q4 fiscal 2022 and total current fiscal year production decreased 2% compared to the fiscal 2022. Production rates appear to have been positively impacted by the Cuisinier pilot water injection program. The joint venture has observed compelling evidence that the overall field decline has been temporarily arrested with a modest upward trend in oil production rate in affected wells during the current quarter.

Revenue/Pricing

The following table outlines for oil lifting from bills of lading, pipeline oil estimates, applicable prices and oil sales reflected in the Company's financials:

		Three months ended March 31		Twelve months ended March 31	
		2023	2022	2023	2022
	Oil lifting				
	Volume (000s bbls)	15.10	14.0	66.42	67.3
	Weighted average price ($US/bbl)	85.36	107.36	96.94	83.66
A.	Sales (CDN $000's)	1,508	1,864	8,372	7,131
	Pipeline oil				
	Volume (000s bbls), change	4.4	1.6	(0.8)	(0.5)
	Price ($US/bbl), change	(2.49)	30.20	15.44	(50.63)
B.	Net sales (CDN $000's)	446	510	(223)	519
A.+B.	Total oil sales (CDN $000s)	1,954	2,374	8,149	7,650

The price received for Bengal's Australian oil sales is benchmarked on US Brent for the month in which the bill of lading occurs, plus a realized premium due to oil quality differences. Pipeline oil is the term used to describe oil moving along the pipeline from the wellhead to Port Bonython (export port) and which remains in the custody of the producer. Lifting occurs when the oil is moved from the port to the ship at which point it is priced and sold.

Realized crude oil prices during the current quarter decreased by 20% compared to the prior year's quarter based on decreased benchmark Brent pricing. The realized weighted average price of oil lifting sales was US $85.36/bbl for the current quarter compared to US $107.36/bbl during Q4 fiscal 2022.

During the current quarter the volume of unsold pipeline oil increased by approximately 4,400 bbls; however, the pricing of those barrels decreased by US$2.49/bbl. After adjusting for changes in pipeline oil, sales for the current quarter are $1.9 million, which is an 18% decrease from the $2.4 million recorded during the prior year's quarter.

The following table outlines average benchmark prices:

	Three months ended March 31		Twelve months ended March 31	
	2023	2022	2023	2022
Brent oil ($/bbl)	109.52	127.38	127.25	100.69
Brent oil (US$/bbl)	81.17	100.30	95.99	80.55
Number of CAD$ for 1 AUS$	0.92	0.92	0.91	0.93
Number of CAD$ for 1 US$	1.35	1.27	1.33	1.25

($000s)				
Operating netbacks[1]				
	Three months ended March 31		**Twelve months ended March 31**	
	2023	**2022**	**2023**	**2022**
Oil sales	1,954	2,374	8,149	7,650
Realized gain on financial instruments	-	-	-	-
Royalties	(155)	(142)	(596)	(459)
Operating expenses	(721)	(807)	(3,101)	(3,082)
Operating netback	1,078	1,425	4,452	4,109
($/bbl)				
Oil sales	119.18	151.72	124.07	114.53
Realized gain on financial instruments	-	-	-	-
Royalties	(9.45)	(9.08)	(9.07)	(6.87)
Operating expenses	(43.98)	(51.58)	(47.21)	(46.14)
Operating netback	65.75	91.06	67.79	61.52

(2) See Non-IFRS and Other Financial Measures

In Q4 fiscal 2023, operating netbacks were $1.1 million or $65.75/bbl compared to Q4 fiscal 2022 at $1.4 million or $91.06/bbl. The primary reason for the 28% decrease in operating netbacks relates to decreased commodity pricing realized during this quarter. For the full year fiscal 2022, operating netbacks were $4.5 million or $67.79/bbl compared to $4.1 million or $61.52/bbl in the prior fiscal year also due better realized commodity pricing.

Royalties

Royalties				
	Three months ended March 31		**Twelve months ended March 31**	
	2023	**2022**	**2023**	**2022**
Royalty expense ($000s)	155	142	596	459
$/bbl	9.45	9.08	9.07	6.87
% of revenue	8	6	7	6

In Queensland Australia, oil royalties are based on a government-established rate which scales according to benchmark oil prices plus a Native Title royalty of 1%.

Operating Expenses

($000s) Operating expenses	Three months ended March 31		Twelve months ended March 31	
	2023	2022	2023	2022
Production	151	303	924	940
Transportation	570	504	2,177	2,142
	721	807	3,101	3,082
Production - $/bbl	9.19	19.36	14.07	14.07
Transportation - $/bbl	34.79	32.22	33.14	32.07
	43.98	51.58	47.21	46.14

Operating expenses for the three months ended March 31, 2023, were 15% lower than the prior year's fiscal Q4 on a per barrel basis. For the entire fiscal year, operating expenses per barrel were 2% higher than the prior year. Production costs during Q4 2022 were impacted by approximately $0.1 million of non-standard maintenance operations associated with water injection pilot, which was absent during the current quarter. The marginal increase in transportation costs during the year and quarter ended March 31, 2023, was driven primarily by inflationary escalation in the underlying transportation agreements. Current quarter operating costs are consistent with the Operator's budgeted costs absent of unexpected future activities.

General and Administrative (G&A) Expenses

($000s) G&A	Three months ended March 31		Twelve months ended March 31	
	2023	2022	2023	2022
Net G&A expenses	598	892	2,691	2,652
Capitalized G&A expenses	59	35	259	168
Total G&A expenses	657	927	2,950	2,820

Total G&A expenses in the fourth quarter fiscal 2023 were 29% lower than fiscal Q4 2022. The full year fiscal 2023 G&A expenses were 5% higher than the prior year. During the current fiscal year, the Company increased its general spending to support its 100% operated field development activities. These activities slowed during Q4 fiscal 2023 due to weather conditions, resulting in lower G&A expenses for the current quarter.

Share-based Compensation ("SBC")

($000s) SBC	Three months ended March 31		Twelve months ended March 31	
	2023	2022	2023	2022
Expensed share-based compensation	20	37	81	135
Capitalized share-based compensation	3	5	9	10
	23	42	90	145

The Company uses the Black-Scholes pricing model to estimate the fair value of options on the date of grant and amortizes the estimated expense over the vesting period with a corresponding charge to contributed surplus. Options expire five years from the grant date. Share-based compensation expense is lower in fiscal 2023 due fewer options granted during the year. At March 31, 2023, there were 10,920,000 outstanding options.

Depletion, Depreciation and Amortization (DD&A)

($000s) **DD&A**	**Three months ended March 31**		**Twelve months ended March 31**	
	2023	**2022**	**2023**	**2022**
Petroleum and natural gas properties	302	242	1,039	1,033
Other assets	-	1	3	4
Right-of-use assets	8	8	30	30
	310	251	1,072	1,067
DD&A - $/bbl	18.42	15.47	15.82	15.46

The Company's proved plus probable (2P) reserve volumes at March 31, 2023, decreased by approximately 301,000 bbls compared to March 31, 2022. In addition, future capital costs to develop 2P reserves at March 31, 2023, were $80.4 million compared to $61.5 million at March 31, 2022 due to inflationary pressures on current and expected future drilling costs.

Depletion expense is incurred in Australian dollars and therefore impacted by fluctuations in the foreign exchange rates between Canadian and Australian dollars. Strengthening of the Canadian dollar against the Australian dollar resulted in lower depletion per barrel for both the year and quarter ended March 31, 2022.

Production for full year fiscal 2023 was 65,680 bbls compared to 66,797 bbls for the previous year contributing to a lower total depletion for fiscal 2022, which was offset by increased depletion rate associated with higher future development costs.

Impairment

($000s) **Impairment expense**	**Three months ended March 31**		**Twelve months ended March 31**	
	2023	**2022**	**2023**	**2022**
Exploration and evaluation assets	-	-	-	568
Petroleum and natural gas properties	-	-	-	-
	-	-	-	568

As at March 31, 2023, the Company concluded that there were no triggers for impairment on its Petroleum and Natural Gas properties and E&E assets. During Fiscal 2022, the Company recorded $0.6 million of impairment associated with uneconomic drilling results at the Chef-1 location in the ATP 752 block.

Finance Expense

($000s) Finance expense	Three months ended March 31 2023	 2022	Twelve months ended March 31 2023	 2022
Interest income	(5)	(7)	(18)	(7)
Accretion expense on decommissioning and restoration liability	29	15	164	38
Interest on lease liability	1	1	3	5
Interest – other	4	4	14	9
	29	13	163	45

Other Income

($000s) Other income	Three months ended March 31 2023	 2022	Twelve months ended March 31 2023	 2022
Other income	-	-	1,093	-
Other expenses	898	-	(898)	-
Other income - total	**(898)**	**-**	**195**	**-**

During Q4 fiscal 2023, Santos, the Cuisinier joint venture operator undertook a self-review with the Queensland Revenue Office relative to its royalty payments for the calendar years of 2015 through 2020. The result of this self-review was a $3.0 million additional royalty liability ($0.9 million net to Bengal) assessed to the Cuisinier Joint Venture. The net amount was recorded as an offset to other income for the quarter ended March 31, 2023. Santos is currently undertaking an independent review of their royalty obligations and Bengal is disputing these additional charges under its Joint Operating Agreement; however, the Company recorded the full net amount as an offset to other income for the quarter ended March 31, 2023.

During Q2 fiscal 2023, the Company resolved a historic crude oil stock discrepancy with the Cuisinier joint venture operator, which resulted in a net gain of $1.1 million after accruing associated royalties and is reflected as other income, which contributed to the current year's Funds from Operations and Cash from operations.

CAPITAL EXPENDITURES

($000s) Capital expenditures	Three months ended March 31 2023	 2022	Twelve months ended March 31 2023	 2022
Geological and geophysical and workover	395	2,130	7,644	3,489
Drilling	-	16	23	591
Completions	-	(4)	48	240
Acquisition	-	-	-	-
Office	-	2	-	2
	395	2,144	7,715	4,322
Exploration and evaluation expenditures	60	588	2,227	1,231
Development and production expenditures	335	1,554	5,488	3,089
Office	-	2	-	2
	395	2,144	7,715	4,322

During the quarter ended March 31, 2023, the Company incurred $0.4 million of exploration and evaluation expenditures associated with ongoing operations on the Caracal-1 well at ATP 732 to stimulate with the objective of delivering oil to surface and allowing for a Petroleum Lease application. During the Company completed operations at Caracal-1, Wareena-1 and Wareena-5 as well as operational readiness activities associated with its 100% owned operations.

SHARE CAPITAL

Trading history	**Three months ended March 31**		**Twelve months ended March 31**	
	2023	**2022**	**2023**	**2022**
High ($)	0.09	0.12	0.14	0.14
Low ($)	0.06	0.06	0.05	0.06
Close ($)	0.06	0.12	0.06	0.12
Volume (000s)	761	2,962	4,424	11,255
Shares outstanding (000s)	485,304	485,304	485,304	485,304
Weighted average shares outstanding (000s)				
- basic	485,304	446,938	486,169	436,427
- diluted				

At June 14 2023, there were 485,304,215 common shares issued and outstanding, together with 10,920,000 outstanding options.

LIQUIDITY RISK AND CAPITAL RESOURCES

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 $3.1 million at March 31, 2023 (March 31, 2022 - $3.2 million).

At March 31, 2023, the Company had a working capital deficit, which the Company defines as total current assets less total current liabilities excluding other obligations and current portion of decommissioning obligations, of $0.3 million, including cash and cash equivalents of $0.8 million, compared to working capital of $5.5 million at March 31, 2022.

The Company expects that its cashflows generated from operations will be sufficient to meet its ongoing operating and general expenses, however additional capital will be required to meet its future capital commitments and to fund planned capital projects.

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. To mitigate the net impact of low crude prices, 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.

COMMITMENTS

The Queensland Government regulatory authority granted the Company 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. In February 2023, the Company extended its ATP 732 permit and received a PCA over 343 km^2. This included additional work commitments related to both ATP 732 and PCA 332 as outlined below.

At March 31, 2022, the Company had the following capital work commitments:

Permit	Work Program	Obligation period ending	Estimated expenditure (net) (millions CA$)(1)
ATP 934 – Onshore Australia	260 km^2 3D seismic and up to three wells	February 2027	8.1
ATP 732 – Onshore Australia	Geological and up to three wells	February 2029	6.9
PCA 332 – Onshore Australia	Initial Production testing	February 2029	3.9
	Extended Production testing	February 2035	3.4

(1) Translated at March 31, 2022 at an exchange rate of AUS$1.00 = CAD$0.9366.

At March 31, 2023, 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	79	79	-	-	-
Decommissioning and restoration	5,096	-	881	-	4,215
	5,175	79	881	-	4,215

The Company does not have any off-balance sheet transactions.

SELECTED QUARTERLY INFORMATION

Fiscal quarter ($000s)	31-Mar 2023 Q4 2023	31-Dec 2022 Q3 2023	30-Sep 2022 Q2 2023	30-Jun 2022 Q1 2023	31-Mar 2022 Q4 2022	31-Dec 2021 Q3 2022	30-Sep 2021 Q2 2022	30-Jun 2021 Q1 2022
Oil sales	1,954	1,597	2,135	2,463	2,374	1,845	1,884	1,547
Cash flows (used in) from operations	(704)	747	1,053	1,015	437	607	565	(774)
Funds from (used in) operations(1)	(431)	(35)	1,774	680	515	381	417	119
Per share – basic and diluted ($)	(0.00)	(0.00)	0.00	0.00	0.00	0.00	0.00	0.00
Net (loss) income	(803)	354	1,471	390	217	(494)	85	(182)
Per share – basic and diluted ($)	(0.00)	0.00	0.00	0.00	0.00	(0.00)	0.00	(0.00)
Capital expenditures	395	1,725	2,186	3,418	2,074	1,392	649	137
Working capital(1)	(284)	541	2,270	2,698	5,548	2,943	3,961	4,218
Total assets	49,697	50,785	48,545	46,188	48,500	42,835	42,321	44,429
Shares outstanding (000s)	485,304	485,304	485,304	485,304	485,304	432,987	432,987	432,987
Operations:								
Oil volumes (bbls/d)	182	180	174	184	174	183	199	176
Operating netback(1) ($/bbl)	65.75	39.50	77.77	88.14	91.06	64.58	51.08	41.30

(1) See "Non-IFRS Measurements" on page 15 of this MD&A.

Production was relatively stable over the past eight quarters averaging 182 bopd despite natural reservoir declines in the Cuisinier oil field with the exception of Q2 fiscal 2022, which benefited from incremental production from two wells offline for work-over activity in Q1 fiscal 2022. The Cuisinier water injection pilot appears to have arrested natural declines for the past two quarters. Ongoing volatility with a generally increasing trend in US

Brent prices from Q1 fiscal 2022 to Q2 fiscal 2023 resulted in a trend towards increased oil sales and operating netbacks. Net income, cashflow and funds from operations were impacted by other income from a Cuisinier crude oil stock adjustment in Q2 fiscal 2023 and other expense from a Cuisinier royalty adjustment in Q4 fiscal 2023. The impact of Rising commodity pricing increased cash flow from operations with the exception of Q1 fiscal 2022 when revenue and cash flow were significantly impacted by low commodity prices. Working capital[3] deficiency occurred during the current period as a result of the Cuisinier joint venture royalty adjustment described above.

DISCLOSURE CONTROLS & PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and includes controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure.

The Chief Executive Officer and Chief Financial Officer oversee this evaluation process and have concluded that the design and operation of these disclosure controls and procedures are not effective due to the material weaknesses identified in internal controls over financial reporting as noted below. The Chief Executive Officer and Chief Financial Officer have individually signed certifications to this effect.

Internal Controls over Financial Reporting

The Chief Executive Officer and Chief Financial Officer of Bengal are responsible for designing and ensuring the operating effectiveness of internal controls over financial reporting ("ICFR") or causing them to be designed and operating effectively under their supervision to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Bengal's certifying officers have assessed the design and operating effectiveness of internal controls over financial reporting and concluded that the Company's ICFR were not effective at March 31, 2023 due to the material weaknesses noted below.

No changes in internal controls over financial reporting were identified during the period that have materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting.

While Bengal's Chief Executive Officer and Chief Financial Officer believe the Company's internal controls and procedures provide a reasonable level of assurance that they are reliable, an internal control system cannot prevent all errors and fraud. It is management's belief that any control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

During the design and operating effectiveness assessment, certain material weaknesses in internal controls over financial reporting were identified, as follows:

- Management is aware that there is a lack of segregation of duties due to the small number of employees dealing with general and administrative and financial matters. However, management believes that at this time the potential benefits of adding employees to clearly segregate duties do not justify the costs; and
- Bengal has limited full-time in-house personnel to address all complex and non-routine financial accounting issues and tax matters that may arise. It is not deemed as economically feasible at this time to have such personnel. Bengal relies on external experts for review and advice on complex financial accounting issues and for tax planning, tax provision and compilation of corporate tax returns.

These material weaknesses in internal controls over financial reporting result in a reasonable possibility that a material misstatement will not be prevented or detected on a timely basis. Management and the Board of Directors work to mitigate the risk of material misstatement; however, management and the Board of Directors do not have reasonable assurance that this risk can be reduced to a remote likelihood of a material misstatement.

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[3] See "Non-IFRS and Other Financial Measures " on page 15 of this MD&A.

APPLICATION OF CRITICAL ACCOUNTING 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, which are reviewed on an ongoing basis. Significant estimates and judgments made by management in the preparation of these financial statements are outlined below.

The economic climate may have significant adverse impacts on the Company, including material declines in revenue and cash flows, 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.

(a) Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in these financial statements.

Identification of Cash-generating units

Petroleum and natural gas properties are aggregated into cash-generating units, for the purpose of assessing recoverability, based on their ability to generate largely independent cash flows. By their nature, these estimates and assumptions are subject to measurement uncertainty and may impact the carrying value of the Company's assets in future periods.

Impairment indicators

At the end of each reporting period, the Company reviews the petroleum and natural gas properties for external or internal circumstances that indicate that the petroleum and natural gas properties may be impaired. For the purpose of impairment testing, assets are grouped together into cash generating units ("CGU"s) for the purpose of impairment testing, which is the lowest level at which there are identifiable cash inflows that are largely independent of the cash flows of other groups of assets. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. A CGU's recoverable amount is the higher of its fair value less costs to sell ("FVLCS") and its value in use ("VIU").

The application of the Company's accounting policy for exploration and evaluation, petroleum and natural gas properties required management to make certain judgments as to future events and circumstances as to whether economic quantities of reserves have been found.

(b) Key sources of uncertainty

The following are the key assumptions concerning the sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities.

Decommissioning provisions

The Company estimates future remediation costs of production facilities, wells, and pipelines at different stages of development and construction of assets or facilities. In most instances, removal of assets occurs many years into the future. This requires judgment regarding abandonment date, future environmental and regulatory legislation, the extent of reclamation activities, the engineering methodology for estimating cost, future removal technologies in determining the removal cost and liability-specific discount rates to determine the present value of these cash flows.

Impairment of petroleum and natural gas assets

Petroleum and natural gas properties are assessed for recoverability at a cash generating unit ("CGU") level. The determination of CGUs is subject to management judgements. Recoverability is assessed by comparing the carrying value of the asset to its recoverable amount, which is based on the higher of fair value of the assets less the cost to sell ("FVLCS") or value in use ("VIU").

The significant estimates used in the determination of the recoverable amount include the following:

- proved and probable oil and gas reserves and the related cash flows

- discount rates – the discount rates used to calculate the net present value of proved and probable oil and gas reserves may be influenced by changes in the general economic environment which could result in significant changes to the estimate

The estimate of proved plus probable oil and gas reserves and the related cash flows requires the expertise of independent third-party reserve engineers and includes significant assumptions related to:

- Forecasted oil and gas commodity prices
- Forecasted production
- Forecasted operating costs
- Forecasted royalty costs
- Forecasted future development costs

Reserves

The estimate of proved and probable oil and gas reserves is integral to the calculation of the amount of depletion charged to the statement of operations and is also a key determinant in assessing whether the carrying value of any of the Company's petroleum and natural gas properties has been impaired. Changes in reported reserves can impact asset carrying values due to changes in expected future cash flows.

The Company's reserves are evaluated and reported on by independent reserve engineers at least annually in accordance with Canadian Securities Administrators' National Instrument 51-101– *Standards of Disclosure For Oil and Gas Activities ("NI-51-101")*. Reserve estimation is based on a variety of factors including engineering data, geological and geophysical data, projected future rates of production, forecasted oil and gas commodity prices, all of which are subject to significant judgment and interpretation. Additionally, the Reserve estimation includes future development costs, which represent the Company's best estimate of the nature cost and timing development activities expected in the future and required to access identified reserves. These future capital estimates include significant judgements and uncertainty.

Share-based payments

The Company measures the cost of its share-based payments to directors, officers, employees, and certain consultants by reference to the fair value of the equity instruments at the date at which they are granted. The assumptions used in determining fair value include share price, expected lives of options, risk-free rates of return, share price volatility and the estimated forfeiture rate. Changes to assumptions may have a material impact on the amounts presented.

Liquidity

As part of its capital management process, the Company prepares budgets and forecasts, which are used by management and the Board of Directors to direct and monitor the strategy and ongoing operations and liquidity of the Company. Budgets and forecasts are subject to significant judgment and estimates relating to activity levels, future cash flows and the timing thereof and other factors which may or may not be within the control of the Company. The current challenging economic climate may lead to adverse changes in cash flow or working capital[4] levels, which may also have a direct impact on the Company's results and financial positions. These and other factors may adversely affect the Company's liquidity and the Company's ability to generate profits in the future.

NON-IFRS AND OTHER FINANCIAL MEASURES

Non-IFRS Financial Measures

Within this MD&A, references are made to terms commonly used in the oil and gas industry. Operating netback, operating netback per barrel, funds from operations, funds from operations per share, adjusted net income and adjusted net income per share do not have any standardized meaning under IFRS and are referred to as non-IFRS measures. Management believes the presentation of the non-IFRS measures above provide useful information to investors and shareholders as the measures provide increased transparency and the ability to better analyze performance against prior periods on a comparable basis.

Operating Netback

Bengal utilizes operating netback as key performance indicator and is utilized by Bengal to better analyze the operating performance of its petroleum and natural gas assets against prior periods. Operating netback is calculated oil sales deducting royalties and operating expenses. The following table reconciles petroleum and natural gas revenue to netback:

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[4] See "Non-IFRS and Other Financial Measures " on page 15 of this MD&A.

($000s)

Operating netbacks

	Three months ended March 31		Twelve months ended March 31	
	2023	**2022**	**2023**	**2022**
Oil sales	1,954	2,374	8,149	7,650
Royalties	(155)	(142)	(596)	(459)
Operating expenses	(721)	(807)	(3,101)	(3,082)
Operating netback	1,078	1,425	4,452	4,109

Funds from operations

Management utilized funds from operations a measure to assess the Company's ability to generate cash not subject to short-term movements in non-cash operating working capital. Funds from operations is calculated by adding back all non-cash expense deductions to the net loss for the quarter and year. The following table reconciles cash from operations to funds from (used in) operations, which is used in this MD&A:

($000s)	Three months ended March 31		Twelve months ended March 31	
	2023	**2022**	**2023**	**2022**
Cash (used in) from operating activities	(702)	437	2,111	835
Changes in non-cash working capital	273	78	(123)	597
Funds (used in) from operations	(429)	515	1,988	1,432

Capital Management measures

Working capital

Bengal uses working capital to monitor its capital structure, liquidity, and its ability to fund current operations. Working capital is calculated as current assets less current liabilities but excludes other obligations and current portion of decommissioning obligations.

Non-IFRS Financial Ratios

Bengal uses operating netback per boe to assess the Company's operating performance on a per unit of production basis. Operating netback per barrel equals operating netback divided by the applicable number of barrels.

Operating netbacks per barrel

	Three months ended March 31		Twelve months ended March 31	
	2023	**2022**	**2023**	**2022**
($/bbl)				
Oil sales	119.18	151.72	124.07	114.53
Royalties	(9.45)	(9.08)	(9.07)	(6.87)
Operating expenses	(43.98)	(51.58)	(47.21)	(46.14)
Operating netback	65.75	91.06	67.79	61.52

Bengal uses funds from operations per share to assess the ability of the Company to generate the funds necessary for financing, operating, and capital activities on a per-share basis. This is a non-IFRS measure calculated by dividing funds from operations by weighted average basic and diluted shares outstanding for the periods disclosed.

ABBREVIATIONS

The following abbreviations used in this MD&A have the meanings set forth below:

bbl	-	barrel
bbls	-	barrels
bbls/d	-	barrels per day
bopd	-	barrels of oil per day
$/bbl	-	dollars per barrel
ft^3	-	cubic feet
FY	-	fiscal year
K	-	thousand
km	-	kilometres
km^2	-	square kilometres
Q1	-	three months ended June 30
Q2	-	three months ended September 30
Q3	-	three months ended December 31
Q4	-	three months ended March 31
WI	-	working interest

RISK FACTORS

Companies engaged in the oil and gas industry are exposed to a number of business risks, which can be described as operational, financial and political risks, many of which are outside of the Company's control. More specifically, these include risks of economically finding reserves and producing oil and gas in commercial quantities, marketing the production, commodity prices, environmental and safety risks, and risks associated with the foreign jurisdiction in which the Company operates. In order to mitigate these risks, the Company has an experienced base of qualified technical and financial personnel in both Canada and Australia. Further, the Company has focused its foreign operations and plans to target future foreign operations in known and prospective hydrocarbon basins in jurisdictions that have previously established long-term oil and gas ventures with foreign oil and gas companies.

Bengal monitors and updates its cash projection models on a regular basis, which assists in the timing decision of capital expenditures. Farm outs of projects may be arranged if capital constraints are an issue or if the risk profile dictates that Bengal wishes to hold a lesser working interest position. Equity, if available and if on favorable terms, may be utilized to help fund Bengal's capital program.

An investment in the shares of the Company should be considered speculative due to the nature of the Company's involvement in the exploration for and the acquisition, development and production of oil and natural gas in foreign countries, and its current stage of development. An investor should carefully consider the risk factors set out below and consider all other information contained herein and, in the Company's, other public filings before making an investment decision. Additional risks and uncertainties not currently known to the management of the Company may also have an adverse effect on Bengal's business and the information set out below does not purport to be an exhaustive summary of the risks affecting Bengal.

Exploration, Development and Production Risks

Oil and natural gas exploration involves a high degree of risk, for which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that expenditures made on future exploration by Bengal will result in new discoveries of oil or natural gas in commercial quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over-pressured zones, tools lost in the hole and changes in drilling plans and locations because of prior exploratory wells or additional seismic data and interpretations thereof.

The long-term commercial success of Bengal will depend on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. No assurance can be given that Bengal will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, Bengal may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic.

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

In addition, oil and gas operations are subject to the risks of exploration, development and production of oil and natural gas properties, including encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, cratering, sour gas releases, fires, and spills. Losses resulting from the occurrence of any of these risks could have a materially adverse effect on future results of operations, liquidity, and financial condition.

Bengal attempts to minimize exploration, development, and production risks by utilizing a high-end technical team with extensive experience and multidisciplinary skill sets to assure the highest probability of success in its drilling efforts. Bengal's collaboration of a team of seasoned veterans in the oil and gas business, each with a unique expertise in the various upstream to downstream technical disciplines of prospect generation to operations, provides the best assurance of competency, risk management and drilling success. A full cycle economic model is utilized to evaluate all hydrocarbon prospects. Detailed geological and geophysical techniques are regularly employed including 3D seismic, petrography, sedimentology, petrophysical log analysis and regional geological evaluation.

Risks Associated with Foreign Operations

International operations are subject to political, economic and other uncertainties, including, among others, risk of war, risk of terrorist activities, border disputes, expropriation, renegotiations or modification of existing contracts, restrictions on repatriation of funds, import, export and transportation regulations and tariffs, taxation policies, including royalty and tax increases and retroactive tax claims, exchange controls, limits on allowable levels of production, currency fluctuations, labor disputes, sudden changes in laws, government control over domestic oil and gas pricing and other uncertainties arising out of foreign government sovereignty over the Company's international operations. With respect to taxation matters, the governments, and other regulatory agencies in the foreign jurisdictions in which Bengal operates and intends to operate in the future may make sudden changes in laws relating to taxation or impose higher tax rates, which may affect Bengal's operations in a significant manner. These governments and agencies may not allow certain deductions in calculating tax payable that Bengal believes should be deductible under applicable laws or may have differing views as to values of transferred properties. This can result in significantly higher tax payable than initially anticipated by Bengal. In many circumstances, readjustments to tax payable imposed by these governments and agencies may occur years after the initial tax amounts were paid by Bengal, which can result in the Company having to pay significant penalties and fines. Furthermore, in the event of a dispute arising from international operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada.

Prices, Markets and Marketing of Crude Oil and Natural Gas

Oil and natural gas are commodities that have prices determined based on world demand, supply and other factors, all of which are beyond the control of Bengal. World prices for oil and natural gas have fluctuated in recent years due to geo-political matters. Any material decline in prices could result in a reduction of net production revenue. Certain wells or other projects may become uneconomic because of a decline in world oil prices and natural gas prices, leading to a reduction in the volume of Bengal's oil and gas reserves. Bengal might also elect not to produce from certain wells at lower prices. All these factors could result in a material decrease in Bengal's future net production revenue, causing a reduction in its oil and gas acquisition and development activities. In addition to establishing markets for its oil and natural gas, Bengal must also successfully market its oil and natural gas to prospective buyers. The marketability and price of oil and natural gas, which may be acquired or discovered by Bengal, may be affected by numerous factors beyond its control. The ability of Bengal to market its natural gas may depend upon its ability to acquire space on pipelines, which deliver natural gas to commercial markets. Bengal may also likely be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing facilities and related to operational problems with such pipelines and facilities and extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business.

Substantial Capital Requirements and Liquidity

Bengal's cash flow from its reserves may not be sufficient to always fund its ongoing activities. From time to time, Bengal may require additional financing to carry out its oil and gas acquisition, exploration, and development activities. Failure to obtain such financing on a timely basis could cause Bengal to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If Bengal's revenues from its reserves decrease because of lower oil and natural gas prices or otherwise, it may affect Bengal's ability to expend the necessary capital to replace its reserves or to maintain its production. If Bengal's funds from (used in) operations are not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to Bengal.

Bengal monitors and updates its cash projection models on a regular basis, which assists in the timing decision of capital expenditures. Farm outs of projects may be arranged if capital constraints are an issue or if the risk profile dictates that Bengal wishes to hold a lesser working interest position. Equity, if available and if on favorable terms, may be utilized to help fund Bengal's capital program.

Health, Safety and Environment

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, state, and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned, and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material.

Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Company to incur costs to remedy such discharge.

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 Corporation.

Insurance

Bengal's involvement in the exploration for and development of oil and gas properties may result in the Company becoming subject to liability for pollution, blow-outs, property damage, personal injury, or other hazards. Although Bengal has insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances be insurable or, in certain circumstances, Bengal may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to Bengal. The occurrence of a significant event that Bengal is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on Bengal's financial position, results of operations or prospects.

Competition

Bengal actively competes for reserve acquisitions, exploration leases, licenses and concessions and skilled industry personnel with a substantial number of other oil and gas companies, many of which have significantly greater financial and personnel resources than Bengal. Bengal's competitors include major integrated oil and natural gas companies and numerous other independent oil and natural gas companies and individual producers and operators.

Bengal's ability to successfully bid on and acquire additional property rights, to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements with customers will be dependent upon developing and maintaining close working relationships with its future industry partners and joint operators and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment.

ADDITIONAL INFORMATION

Additional information relating to Bengal is filed on SEDAR and can be viewed at www.sedar.com. Information can also be obtained by contacting the Company at Bengal Energy Ltd., Suite 1110, 715 5th Avenue SW., Calgary, Alberta T2P 2X6, by email to info@bengalenergy.ca or by accessing Bengal's website at www.bengalenergy.ca.

Forward-looking Statements - *Certain statements contained within this MD&A constitute forward-looking statements or information ("forward-looking statements") as defined by applicable securities laws. 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;*
- *Bengal's drilling program and waterflood pilot;*
- *The belief that the Cooper Basin assets offer attractive upside potential for oil and gas;*
- *The timing of the planned injection of produced formation water on the Barta Block PL 303 and the anticipated resulting production increases, future waterflood expansion phases, and reduced operating costs;*
- *The timing of equipping for production cased wells;*
- *The continued engagement in early-stage discussions with third parties with respect to potential business combination transactions;*
- *The continued integration of subsurface data from production licenses in the selection of exploration and appraisal drilling locations;*
- *The future development prospects generated by the initial development activities at PL 1110 (previously 114) Wareena, PL 1109 (previously 157) Ghina, PL 188 Ramses, PL 411 Karnak, PPL 138 pipeline;*
- *Projections of market prices and costs including, but not limited to, expected royalty rates;*
- *Expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development;*
- *That required payments will be met out of operation cash flows and alternative forms of financing;*
- *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, share issuances 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 2022 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;*
- *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, 2022 (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.

This document discloses unbooked drilling locations. Unbooked locations are internal estimates based on the Company's prospective acreage and an assumption as to the number of wells that can be drilled per area based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. There is no certainty that the Company will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources, or production. The drilling locations on which the Company actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors.

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.

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.

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
Jim 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

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