



Consolidated Financial Statements

Years ended March 31, 2025 and 2024

To the Shareholders of Bengal Energy Ltd.:

Opinion

We have audited the consolidated financial statements of Bengal Energy Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2025 and the consolidated statements of loss and comprehensive (loss) income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2025 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS[®] Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$4.2 million and had net cash used in operating activities of \$0.4 million during the year ended March 31, 2025. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

The impact of petroleum and natural gas reserves on petroleum and natural gas properties

Key Audit Matter Description

We refer to Notes 3, 5, and 8. The Company had \$17.6 million of petroleum and natural gas properties as at March 31, 2025. Depletion expense was \$0.9 million for the year then ended. The Company depletes its petroleum and natural gas properties on a unit-of-production basis over the life of their proved plus probable (2P) reserves. The company did not identify any indicators of impairment on its petroleum and natural gas properties. Key assumptions developed by management to determine 2P reserves include forward price estimates, expected future rates of production, the amount and timing of future development expenditures, and future royalties and operating expenditures. The Company's reserves are evaluated by an independent qualified reserve evaluator (management's expert).

We identified the impact of petroleum and natural gas reserves on petroleum and natural gas properties as a key audit matter due to:

- The significant estimates and judgments used by management, including the use of management's expert, to estimate the 2P reserves.
- The significant auditor judgment required.
- The effort in performing procedures related to the key assumptions used.

Audit Response

We responded to this matter by performing procedures in relation to the impact of petroleum and natural gas reserves on petroleum and natural gas properties. Our audit work in relation to this included, but was not restricted to, the following:

- Evaluated the competence, capabilities and objectivity of the independent qualified reserve evaluator engaged by the Company, who estimated the 2P reserves. We evaluated the methodology used by the independent qualified reserves evaluator to estimate the 2P reserves for compliance with the applicable regulatory standards. Procedures included gaining an understanding of the work performed by management's expert, testing the data and assumptions used by management's expert, and evaluating their findings.
- Evaluated the key assumptions used by management in determining 2P reserves and the reasonableness thereof. Procedures included:
 - Testing of forward price estimates by comparing to third-party industry forecasts.
 - Using the past and current performance of the Company to evaluate expected future rates of production and the timing and amount of future development expenditures.
 - Assessing whether the estimates used were consistent with audit evidence gathered in other areas of our audit.
- Compared the current year actual production volumes, royalty rates, operating and capital costs to those estimates used in the prior year estimate of proved reserves to assess the Company's ability to accurately forecast.
- Obtained an understanding of the Company's processes and controls over the 2P reserves, assessment of the recoverable amount and depletion expense.
- Recalculated depletion expense.

Other Matter

The consolidated financial statement for the year ended March 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on June 14, 2024.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Bonnell.

Calgary, Alberta

June 30, 2025

MNP LLP

Chartered Professional Accountants

BENGAL ENERGY LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Thousands of Canadian dollars)

As at	Note	March 31, 2025	March 31, 2024
Assets			
Current assets			
Cash and cash equivalents		\$ 708	\$ 692
Accounts receivable	6	1,682	1,782
Prepays and deposits		980	903
		3,370	3,377
Exploration and evaluation assets	7	9,708	11,993
Property, plant and equipment	8	17,557	18,991
		\$ 30,635	\$ 34,361
Liabilities and Shareholders' Equity			
Current liabilities			
Trade and other payables		\$ 1,794	\$ 3,178
		1,794	3,178
Note payable	10	1,700	-
Decommissioning and restoration liability	11	3,105	3,477
		6,599	6,655
Shareholders' Equity			
Share capital	12	118,796	118,796
Contributed surplus		8,154	8,136
Accumulated other comprehensive loss		(2,894)	(3,387)
Deficit		(100,020)	(95,839)
		24,036	27,706
		\$ 30,635	\$ 34,361

Going concern (Note 2)

Commitments (Note 22)

See accompanying notes to the consolidated financial statements.

Signed on behalf of the Board:

[SIGNED]

Dr. Brian J. Moss

[SIGNED]

Barry Herring

BENGAL ENERGY LTD.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE (LOSS) INCOME

(Thousands of Canadian dollars, except per share amounts)

	Note	2025	Year ended March 31, 2024
Revenue			
Oil sales	14	5,558	7,033
Royalties		(438)	(552)
		5,120	6,481
Expenses			
General and administrative		2,709	3,034
Operating		2,793	3,104
Depletion and depreciation	8	881	1,240
Impairment	7,8	2,530	11,588
Share-based compensation	13	14	29
Foreign exchange loss		32	48
		(3,839)	(12,562)
Other expense			
Loss (gain) on disposition of equipment	8	73	(29)
Finance expense	17	269	195
		342	166
Net loss		(4,181)	(12,728)
Exchange differences on translation of foreign operations		493	(1,133)
Net comprehensive loss		\$ (3,688)	\$ (13,861)
Net loss per share			
- basic and diluted	15	\$ (0.01)	\$ (0.03)
Weighted average shares outstanding (000s)			
- basic	15	485,304	485,304
- diluted	15	485,304	485,304

See accompanying notes to the consolidated financial statements.

BENGAL ENERGY LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Thousands of Canadian dollars)

(unaudited)

For year ended

	March 31, 2025	March 31, 2024
Share capital		
Balance at beginning of year	\$ 118,796	\$ 118,796
Balance at end of year	118,796	118,796
Contributed surplus		
Balance at beginning of year	8,136	8,103
Share-based compensation – expensed	14	29
Share-based compensation – capitalized	4	4
Balance at end of year	8,154	8,136
Accumulated other comprehensive loss		
Balance at beginning of year	(3,387)	(2,254)
Exchange differences translation of foreign operations	493	(1,133)
Balance at end of year	(2,894)	(3,387)
Deficit		
Balance at beginning of year	(95,839)	(83,111)
Net loss	(4,181)	(12,728)
Balance at end of year	(100,020)	(95,839)
Total Shareholders' Equity	\$ 24,036	\$ 27,706

See accompanying notes to the consolidated financial statements.

BENGAL ENERGY LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands of Canadian dollars)

		2025	Year ended March 31, 2024
Operating activities:			
Net loss		(4,181)	(12,728)
Add (deduct) non-cash items:			
Depletion and depreciation	8	881	1,240
Impairment	7,8	2,530	11,588
Accretion on decommissioning liability	11	152	178
Share-based compensation	13	14	29
Loss on disposition of equipment	8	73	-
Unrealized foreign exchange (gain)		(39)	(6)
Funds (used in) from operations		(570)	301
Change in non-cash working capital	21	178	(574)
Net cash (used in) operating activities		(392)	(273)
Investing activities:			
Exploration and evaluation expenditures	7	(14)	(77)
Property, plant and equipment expenditures	8	(56)	(397)
Proceeds on disposition of equipment	8	193	-
Research and development credits received	8	133	649
Change in non-cash working capital	21	9	53
Net cash (used in) from investing activities		265	228
Financing activities:			
Note payable borrowed	10	1,714	-
Lease payments		-	(32)
Change in non-cash working capital	21	(1,575)	-
Net cash from (used in) financing activities		139	(32)
Net change in cash and cash equivalents		12	(77)
Cash and cash equivalents, beginning of year		692	795
Impact of foreign exchange		4	(26)
Cash and cash equivalents, end of year		708	692

See accompanying notes to consolidated financial statements.

BENGAL ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended March 31, 2025 and 2024

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

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 consolidated financial statements (the “financial statements”) of the Company as at March 31, 2025 and 2024 and for the years ended March 31, 2025 and 2024 are comprised of the Company and its wholly owned subsidiaries including Bengal Energy Australia (Pty) Ltd. (“Bengal Pty”) and Bengal Energy International Inc., which were 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 Suite 640, 630 – 6th Avenue SW, Calgary, Alberta, Canada, T2P 0S8.

2. BASIS OF PREPARATION AND GOING CONCERN

These financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (“IASB”). Please see Note 3 for material accounting policies.

These financial statements were approved and authorized for issuance by the Board of Directors on June 30, 2025.

The consolidated financial statements are prepared on a historical cost basis except as detailed herein. 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.

Going Concern

These financial statements have been prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

At March 31, 2025, the Company had a positive working capital of \$1.6 million (March 31, 2024 positive working capital of \$0.2 million), which the Company defines as total current assets less total current liabilities, generated a net loss of \$4.2 million (year ended March 31, 2024 – net loss of \$12.7 million), and had net cash used in operating activities of \$0.4 million (2024 - net cash used in operating activities of \$0.3 million).

The Company’s working capital includes both accrued accounts receivable and accounts payable. The Company does not have the legal right to offset these accounts and therefore there is a risk that the inability to collect on accrued receivables could impair Bengal’s ability to pay joint venture liabilities resulting in a default under the Cuisinier Joint Operating Agreement. This default could result in the Company losing some or all of its working interest in the Cuisinier field. The Company also has significant capital work commitments associated with its exploration and evaluation assets that if unfulfilled could result in a loss of acreage (Note 22) and without future development could result in a decline in production and revenues with additional net cash used in operating activities.

The Company’s ability to continue as a going concern is dependent upon its ability to generate net cash from operating activities and/or raise additional financing to meet its ongoing operational requirements and to fund its future development costs associated with exploration and evaluation assets and petroleum and natural gas properties development. There can be no assurances about generating net cash from operating activities or that additional financing will be available for the Company. This could result in a continued decline in production and revenues with additional net cash used in operating activities. These matters create material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. These adjustments could be material.

BENGAL ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended March 31, 2025 and 2024

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

Evolving Demand for Energy - Changing Regulation

Emission, carbon, and other regulations impacting climate and climate-related matters 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 and financial reporting impact of compliance with these standards, and others that may be developed or evolve over time, has not yet been quantified by the Company.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Company and its subsidiaries.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiaries of Bengal Energy Australia (Pty) Ltd. and Bengal Energy International Inc.

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain the benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

The Company recognizes in the financial statements its proportionate share of the assets, liabilities, revenues and expenses of its joint operations. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and all investments with an original maturity of three months or less.

(c) Foreign currency translation

The financial statements are presented in Canadian dollars, which is the Canadian parent entity’s functional and presentation currency, and the functional currency of the Australian subsidiary is Australian dollars. For the accounts of foreign operations, assets and liabilities are translated at period end exchange rates, while revenues and expenses are translated using average rates over the period. Translation gains and losses relating to the foreign operations are included in accumulated other comprehensive income, a component of equity. Foreign currency transactions are translated into the legal entity’s functional currency at the exchange rate in effect at the transaction; and any gains or losses are recorded in profit or loss.

(d) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax “risk-free” rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance expense. Provisions are not recognized for future operating losses.

Decommissioning and restoration liabilities

Decommissioning liabilities are measured at the present value of management’s best estimate of the expenditures required to settle the present obligation at the period end date. Subsequent to the initial

BENGAL ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended March 31, 2025 and 2024

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

measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the asset retirement obligations are charged against the provision to the extent the provision was established.

(e) Exploration and evaluation assets (“E&E assets”)

All costs incurred prior to obtaining the legal right to explore an area are expensed when incurred.

Generally, costs directly associated with the exploration and evaluation of crude oil and natural gas Reserves are initially capitalized. Exploration and evaluation costs are those expenditures for an area where technical feasibility and commercial viability have not yet been demonstrated. These costs include unproved property acquisition costs, geological and geophysical costs, sampling and appraisals, drilling and completion costs and capitalized decommissioning costs.

Costs are held in exploration and evaluation assets until the technical feasibility and commercial viability of the project is established. Amounts are reclassified to petroleum and natural gas properties once probable Reserves have been assigned to the field. If probable Reserves have not been established through the completion of exploration and evaluation activities and there are no future plans for activity in that field, then the exploration and evaluation expenditures are determined to be impaired, and the amounts are charged to profit or loss.

(f) Petroleum and natural gas properties (“PNG Properties”)

Petroleum and natural gas properties are stated at cost less accumulated depreciation and depletion and accumulated impairment losses. The initial cost of a petroleum and natural gas property is comprised of its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid, and the fair value of any other consideration given up to acquire the asset.

Subsequent costs

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property, plant, and equipment are recognized as oil and natural gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. Such capitalized oil and natural gas interests represent costs incurred in developing proved and/or probable Reserves and bringing in or enhancing production from such Reserves and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property, plant, and equipment are recognized in profit or loss as incurred.

Depletion and depreciation

The net book value of producing assets is depleted on a field-by-field basis using the unit of production method with reference to the ratio of production in the year to the related proved and probable reserves, taking into account estimated future development costs necessary to bring those Reserves into production. For purposes of these calculations, production, and Reserves of natural gas are converted to barrels on an energy equivalent basis. Other assets are depreciated on a declining basis at rates ranging from 20% to 30% per annum.

Gains and losses on disposal of an item of property, plant, and equipment, including oil and natural gas interests, are determined by comparing the proceeds from disposal with the carrying amount of property, plant, and equipment and are recognized as separate line items in profit or loss.

BENGAL ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended March 31, 2025 and 2024

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

(g) Impairment

E&E assets and PNG Properties

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount and when they are reclassified to petroleum and natural gas properties. For the purpose of impairment testing, E&E assets are grouped by concession or production field with other E&E assets belonging to the same concession or production field. The impairment loss will be calculated as the excess of the carrying value over recoverable amount of the E&E impairment grouping and any resulting impairment loss is recognized in profit or loss. Recoverable amount is determined as the higher of the value in use or fair value less costs to sell.

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. Assets are grouped together into cash-generating units ("CGU"s) 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"). At March 31, 2025, the Company has one producing CGU, the Cuisinier field located in the Cooper Basin in Australia, (the "Cuisinier CGU").

The FVLCS is determined as the amount that would be obtained from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties. The VIU is generally determined as the net present value of the estimated future cash flows expected to arise from the continued use of the CGU, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. The cash flows are discounted by an appropriate discount rate which would be applied by such a market participant to arrive at a net present value of the CGU.

An impairment is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses, if any, are recognized on the consolidated statement of profit or loss.

At the end of each subsequent reporting period, impairment losses are assessed for indicators of impairment reversal. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depletion or amortization, had no impairment loss have been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized profit or loss.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

BENGAL ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended March 31, 2025 and 2024

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

(h) Financial instruments

Financial instruments comprise of cash and cash equivalents, trade and other accounts receivable, derivative contracts, trade and other payables and note payable.

i. Classification and measurement of financial assets:

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at fair value through profit or loss ("FVTPL"):

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at fair value through other comprehensive income ("FVOCI") if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition, a financial asset is measured at: amortized cost, fair value through other comprehensive income ("FVOCI") - classified as a debt or equity investment, or fair value through profit or loss ("FVTPL").

Financial liabilities are measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in income. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Cash and cash equivalents, accounts receivables, trade and other payables are considered financial instruments. The fair values of these financial instruments approximate their carrying amounts due to their short-term maturity. The two-year note payable is at a fixed rate and due on demand, therefore carrying value is considered equal to fair value. The Company has classified cash and cash equivalents, trade and other accounts receivable, and trade and other payables as amortized cost.

ii. Classification and measurement of financial liabilities:

Financial liabilities are classified and measured at amortized cost or FVTPL. A financial liability is classified at FVTPL if it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

iii. Derivative financial instruments

The Company may enter into certain financial derivative contracts in order to manage the exposure to market risks from fluctuations in commodity prices. These instruments are not used for trading or speculative purposes. The Company does not designate its financial derivative contracts as effective accounting hedges and therefore will not apply hedge accounting, even though the Company considers all commodity contracts to be economic hedges. As a result, all derivative contracts are classified as FVTPL and are recorded on the statement of financial position at fair value. Transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein will be recognized immediately in profit or loss.

BENGAL ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended March 31, 2025 and 2024

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

The Company may enter into physical delivery sales contracts for the purposes of receipt or delivery of non-financial items in accordance with its expected purchase, sale or usage requirements as executory contracts. As such, these contracts are not considered to be derivative financial instruments and will not be recorded at fair value on the statement of financial position. Settlements on these physical delivery contracts will be recognized in petroleum and natural gas revenue in the period of settlement.

(i) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(j) Share-based compensation

The Company accounts for share-based compensation granted to directors, officers, employees and consultants using the Black-Scholes option-pricing model to determine the fair value of the options at grant date. An estimated forfeiture rate is incorporated into the fair value calculated and adjusted to reflect the actual number of options that vest. Share-based compensation expense is recorded and reflected as share-based compensation expense over the vesting period with a corresponding amount reflected in contributed surplus. At exercise, the associated amounts previously recorded as contributed surplus are reclassified to share capital.

(k) Revenue recognition

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

Revenue from the sales of crude oil is based on the consideration specified in the Crude Oil Sales and Purchase Agreement ("COSP Agreement") with the joint venture operator. Revenue is recognized 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 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 COSP Agreement once the product is shipped to the end customer and lifted.

(l) Per share amounts

Basic per-share amounts are computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Diluted per share amounts are calculated giving effect to the potential dilution that would occur if stock options or other dilutive instruments were exercised into common shares. The treasury stock method assumes that any proceeds upon the exercise of dilutive instruments, including remaining unamortized compensation costs, would be used to purchase common shares at the average market price of the common shares during the period.

(m) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognized providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected

BENGAL ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended March 31, 2025 and 2024

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

to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(n) Determination of fair value

A number of the Company's accounting policies and disclosures required the determination of fair value, both for financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into three categories based on the degree to which fair value is observable:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis;

Level 2 - Valuations are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; including forward prices for commodities, time value and volatility factors which can be substantially observed or corroborated in the marketplace;

Level 3 - Inputs that are not based on observable data for the asset or liability.

The Company's financial instruments comprise cash and cash equivalents, trade and other accounts receivable and trade and other payables, and note payable.

The Company's policy is to recognize transfers in and out of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfer. There were no such transfers during the period.

4. NEW ACCOUNTING POLICIES

On April 1, 2025, the Company adopted amendments to IAS 1 Presentation of financial statements regarding classification of liabilities as current or non-current. The amendment clarifies that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. These amendments to IAS 1 did not have a material impact on the Company's financial statements.

Future Accounting Pronouncements

In May 2024, the IASB issued amendments to IFRS 9 Presentation and Disclosure in Financial Instruments and IFRS 7 Financial Instruments: Disclosures relating to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets. The amendments will be effective on January 1, 2026, but are not expected to have a material impact on the Company's financial statements.

BENGAL ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended March 31, 2025 and 2024

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

5. 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.

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 inflows. 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

The Company assesses at each reporting date whether there is an indication that petroleum and natural gas properties within the Cuisinier CGU may be impaired. Significant judgment is required to analyze the relevant external and internal indicators of impairment with the estimate of proved and probable and oil and gas Reserves and the related cash flows being significant to the assessment. If any such indication exists, the asset or the CGU's recoverable amount is estimated.

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 properties

Petroleum and natural gas properties are assessed for recoverability at a CGU level. Recoverability is assessed by comparing the carrying value of the asset to its recoverable amount, which is based on the higher of FVLCS or VIU.

BENGAL ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended March 31, 2025 and 2024

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

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 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.

Accrued accounts receivable

The estimate of accrued accounts receivable materiality impacts the Company's reported revenue and working capital. This estimate is based on benchmark crude pricing and expected premiums or discounts expected at the sale of unpriced crude oil volumes.

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 third-party reserve engineers at least annually in accordance with Canadian Securities Administrators' National Instrument 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, and timing of future expenditures, all of which are subject to significant judgment and interpretation.

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 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.

6. ACCOUNTS RECEIVABLE

Bengal's accounts receivable is exposed to the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's accounts receivable include cash calls paid to joint venture partners and receivables from petroleum and natural gas marketers. As at March 31, 2025, there are no accounts receivable greater than 30 days outstanding. All of the existing joint venture partner receivables relate to accrued crude oil sales. The Company has made no allowances for doubtful accounts.

BENGAL ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended March 31, 2025 and 2024

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

(\$000s)	March 31, 2025	March 31, 2024
Joint venture partners	1,676	1,775
Other receivable	6	7
Accounts receivable	1,682	1,782

7. EXPLORATION AND EVALUATION ASSETS (“E&E ASSETS”)

(\$000s)	
Balance, March 31, 2023	\$ 12,248
Additions	77
Capitalized share-based compensation	1
Exchange adjustments	(333)
Balance, March 31, 2024	\$ 11,993
Additions	14
Capitalized share-based compensation	4
E&E impairment	(2,530)
Exchange adjustments	227
Balance, March 31, 2025	\$ 9,708

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

(\$000s)	
ATP 732 / PCA 332 - Tookoonooka	\$ 7,556
ATP 934 – Barrolka	2,126
Other	26
Balance, March 31, 2025	\$ 9,708

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 and geophysical work, seismic and drilling, and completion costs until the drilling of wells is completed, and the results have been evaluated.

As at March 31, 2025, the Company performed an assessment of its E&E assets in accordance with IFRS 6, Exploration for and Evaluation of Mineral Resources, to determine whether indicators of impairment existed. Management identified indicators of impairment related to its non-core tenure at ATP 752, primarily due to the absence of budgeted or planned substantive expenditure for further exploration and evaluation activities in the specific area, as well as the prioritization of the Company’s 100% owned exploration assets over ATP 752 prospects, as outlined in the Company’s internal assessment.

As a result of these indicators, an impairment test was conducted in accordance with IAS 36, Impairment of Assets. The recoverable amount of the ATP 752 E&E assets was determined to be lower than their carrying amount, resulting in an impairment charge of \$2.5 million recognized in the consolidated statement of income (loss) for the year ended March 31, 2025. The impairment charge reflects management’s current assessment of the prospectivity and future capital plans for these assets.

The Company continues to actively market its Australian exploration assets, including ATP 752, for potential farm-out opportunities or disposition. Future changes in market conditions, successful farm-out activities, or additional financing could impact the recoverable amount of these assets, and management will reassess impairment indicators on a quarterly basis.

BENGAL ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended March 31, 2025 and 2024

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

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

(\$000s)	Petroleum and natural gas properties	Other assets	Right-of-use assets	Total
<i>Cost:</i>				
Balance, March 31, 2023	57,176	347	143	57,666
Additions	397	-	-	397
Capitalized share-based compensation	2	-	-	2
Research and development credit	(649)	-	-	(649)
Change in decommissioning and restoration liability	(1,662)	-	-	(1,662)
Exchange adjustments	(2,078)	-	-	(2,078)
Balance, March 31, 2024	\$ 53,186	\$ 347	\$ 143	\$ 53,676
Additions	56	-	-	56
Disposal of equipment	(265)	-	-	(265)
Research and development credit	(133)	-	-	(133)
Change in decommissioning and restoration liability	(583)	-	-	(583)
Exchange adjustments	1,369	-	-	1,369
Balance, March 31, 2025	\$ 53,630	\$ 347	\$ 143	\$ 54,120
<i>Accumulated depletion, depreciation and impairment loss:</i>				
Balance, March 31, 2023	22,547	332	121	23,000
Depletion and depreciation	1,215	3	22	1,240
Impairment	11,588	-	-	11,588
Exchange adjustments	(1,143)	-	-	(1,143)
Balance, March 31, 2024	\$ 34,207	\$ 335	\$ 143	\$ 34,685
Depletion and depreciation	879	2	-	881
Exchange adjustments	997	-	-	997
Balance, March 31, 2025	\$ 36,083	\$ 337	\$ 143	\$ 36,563
<i>Net carrying amount:</i>				
Balance, March 31, 2024	\$ 18,979	\$ 12	\$ -	\$ 18,991
Balance, March 31, 2025	\$ 17,547	\$ 10	\$ -	\$ 17,557

As at March 31, 2025, there were no external or internal indicators of impairment. During the year ended March 31, 2025, the Company capitalized \$0.1 million of general and administrative expenses (year ended March 31, 2024 - \$0.1 million).

During the year ended March 31, 2025, the Company disposed of some of its surplus equipment with book cost of \$0.3 million for net proceeds of \$0.2 million. In March 2025, the Company received a tax credit of \$0.2 million on its research and development costs incurred in the fiscal year March 31, 2025. The credit is recorded as a credit to property, plant and equipment in the period the Company received the assessment from the Australian Tax Office.

The calculation of depletion for the year ended March 31, 2025 included \$19.6 million for estimated future development costs associated with proved and probable reserves in Australia (March 31, 2024 - \$19.8 million).

BENGAL ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended March 31, 2025 and 2024

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

9. JOINT VENTURE PAYMENT PLAN

On October 2, 2024, the Company entered into a financing agreement relating to outstanding and disputed joint venture payables of Australian \$2.4 million (“Joint Venture payment plan”). The terms of the loan stipulate repayment over 24 months with monthly payments of Australian \$98,642, which include both principal and interest components. The interest expense is due on the last day of each month. The interest rate on this loan is set at 5.0% over the Westpac Bank Bill Swap Rate (“BBSW”) and is compounded on a daily basis.

The loan was initially recognized at its fair value of \$2.4 million, discounted using an effective interest rate based on the BBSW rate at the agreement date plus 5.0%. The loan is measured at amortized cost using the effective interest method. As the BBSW changes, both the interest expense and the amortization of the loan would be affected. This financing arrangement is treated as a financial liability measured at amortized cost.

As at March 31, 2025, the principal balance was nil as it had been settled by the financing described in Note 10 below. A total of Canadian \$0.4 million was paid prior to the settlement of the Canadian \$1.7 million remaining balance with the Note Payable described in Note 10.

10. NOTE PAYABLE

On March 3, 2025, the Company entered into an agreement to refinance its Joint Venture payment plan (Note 9) having an outstanding principal balance owing of Australian \$1.8 million as of February 28, 2025. The loan agreement (“Texada Loan” or “Note Payable”) is with Texada Capital Management (“Texada”), a company controlled by a shareholder and director of Bengal.

The Note Payable is in the principal amount of \$1.7 million, which amount will be used to repay the Joint Venture loan in full. The Note Payable has a maturity date of April 1, 2027, with interest only payable until the date of maturity. Interest is payable at 10% per annum, payable quarterly. The Note Payable is secured by a security interest over all of Bengal’s present and later acquired assets other than shares in its wholly owned subsidiary, Bengal Pty. The Company may at any time repay the principal sum owing under the Note Payable, in whole or in part, without any notice or penalty, provided that any such prepayment shall be in a minimum amount of Cdn\$200,000. Texada has the right to accelerate repayment of the Note Payable if, at any time, the principal holder, ceases to own, in the aggregate, less than 51% of the issued and outstanding voting shares in the capital of the Company. There are no financial covenants associated with this Note Payable. Total accrued interest expense for the year was \$14,000.

11. DECOMMISSIONING AND RESTORATION LIABILITY

Changes to decommissioning and restoration obligations were as follows:

(\$000s)	
Balance, March 31, 2023	\$ 5,096
Change in estimate	(1,662)
Accretion	178
Exchange adjustments	(135)
Balance, March 31, 2024	\$ 3,477
Change in estimate	(583)
Accretion	152
Exchange adjustments	59
Balance, March 31, 2025	\$ 3,105

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 March 31, 2025 is \$3.3 million (March 31, 2024 – \$3.2 million) which will be incurred between 2028 and 2064. At March 31, 2025, an inflation factor of 3.0% (March 31,

BENGAL ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended March 31, 2025 and 2024

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

2024 – 4.0%) and a risk-free discount rate of 4.0% (March 31, 2024 – 4.0%) have been applied to the decommissioning and restoration liability.

12. 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:

	Number of common shares	Amount
Balance, March 31, 2024 and 2023	485,304,215	118,796
Balance, March 31, 2025	485,304,215	118,796

13. 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 number 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 option holder so elects.

A summary of stock option activity is presented below:

	Options	Weighted average exercise price
Balance, March 31, 2023	10,920,000	0.08
Forfeited	(300,000)	0.11
Balance, March 31, 2024	10,620,000	0.08
Granted	1,500,000	0.03
Forfeited	(2,550,000)	0.08
Balance, March 31, 2025	9,570,000	0.07
Exercisable, March 31, 2025	8,070,000	0.08

Exercise Price	Number Outstanding	Remaining Life (years)	Number Exercisable
\$0.00 to \$0.03	1,500,000	4.5	-
\$0.04 to \$0.08	8,070,000	1.0	8,070,000
	9,570,000	1.5	8,070,000

There were options granted during fiscal 2025 (none were granted in fiscal 2024). The fair value of the options granted during the year ended March 31, 2025 of \$0.01 per share was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions and resulting values.

Share price on grant date	\$0.02
Risk-free interest rate (%)	3.3
Expected life (years)	5
Expected volatility (%)	104
Forfeiture rate (%)	20

BENGAL ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended March 31, 2025 and 2024

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

14. REVENUE

Revenue from the sales of crude oil is based on the consideration specified in the Liquids Aggregation Agreement (“LAA”) with the joint venture operator. The Company recognizes revenue when it transfers control of the product to the buyers, which, under the current Crude Oil Transportation Agreement, is generally at the time the Crude Oil marketers obtain legal control of the crude at a receipt facility. At the time of physical lifting at port, title is transferred and the transaction price is based on the average benchmark pricing and adjusted for quality and other factors specified in the Liquids Aggregation Agreement. The transaction price as prescribed in the LAA is a variable price based on various benchmark commodity pricing that may be adjusted for quality, location, delivery method or other factors depending on the agreed-upon terms of the contract. The Company uses US dollar Brent pricing as the closest publicly available source against which to benchmark its crude pricing. 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 Allocation Agreement (“LAA”) with corresponding transportation agreements effective January 1, 2025, through December 31, 2025.

15. PER SHARE AMOUNTS

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

(\$000s except per share amounts) Year ended March 31,	2025	2024
Net loss for the period	(4,181)	(12,728)
Weighted average number of common shares		
– basic (000s)	485,304	485,304
– diluted (000s)	485,304	485,304
Basic and diluted (loss) income per share	\$ (0.01)	\$ (0.03)

For the year ended March 31, 2025, 9,570,000 (year ended March 31, 2024 - 10,620,000) of the options were considered anti-dilutive.

16. KEY MANAGEMENT PERSONNEL COMPENSATION

The Company considers its directors and executives to be key management personnel. The key management personnel compensation is comprised of the following:

(\$000s) Year ended March 31,	2025	2024
Salaries and employee benefits	580	747
Share-based compensation	10	23
	590	770

17. FINANCE EXPENSE

(\$000s) Year ended, March 31,	2025	2024
Accretion on decommissioning liability	152	178
Interest expense	117	17
	269	195

18. INCOME TAXES

The provision for income taxes differs from the amount obtained in applying the combined federal and provincial income tax rates to the loss for the year. The difference relates to the following items:

BENGAL ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended March 31, 2025 and 2024

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

(\$000s)		
Year ended March 31	2025	2024
Loss before taxes	(4,181)	(12,728)
Statutory tax rate	23.0%	23.0%
Expected income tax (recovery) expense	(962)	(2,927)
Share-based compensation	3	7
Foreign exchange	(7)	2
Effect of tax rate in foreign jurisdiction	(234)	(831)
Changes in unrecognized tax assets	1,200	3,749
Deferred income tax (recovery)	-	-

The deductible temporary differences included in the Company's unrecognized deferred income tax assets are as follows:

(\$000s)		
Year ended March 31	2025	2024
Non-capital losses	52,642	49,749
PNG properties	14,838	12,780
	67,480	62,529

The components of the Company's and its subsidiaries deferred income tax assets are as follows:

(\$000s)		
Year ended March 31	2025	2024
PNG properties	(3,366)	(3,443)
Foreign exchange	(694)	(567)
Decommissioning obligations	1,204	1,043
Non-capital losses	2,856	2,967
	-	-

At March 31, 2025, the Company had approximately \$32.3 million and \$25.1 million of non-capital losses in Canada and Australia respectively (2024 - \$36.4 million and \$23.2 million, respectively), available to reduce future taxable income. The Canadian non-capital losses expire at various dates from March 31, 2026 to 2044. The Australian non-capital losses have no term to expiry. Any future drilling activities continue to generate deferred tax assets related to Petroleum Resource Rent Tax in its Australian subsidiary, which has not been recognized.

The Company has temporary differences associated with its investments in its foreign subsidiaries, branches, and interests in joint ventures. At March 31, 2025, the Company has no deferred tax liabilities in respect of these temporary differences.

19. 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 March 31,

BENGAL ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended March 31, 2025 and 2024

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

2025, Bengal's receivables consisted of \$1.7 million (March 31, 2024 - \$1.8 million) from joint venture partners.

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 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 March 31, 2025 (March 31, 2024 - \$nil) and did not provide for any doubtful accounts, nor was it required to write-off any receivables during the year ended March 31, 2025.

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 Note Payable maturing in April 2027, totalling \$3.5 million at March 31, 2025 (March 31, 2024 - \$3.2 million). All of the trade and other payables are due in less than one year.

At March 31, 2025, the Company had positive working capital of \$1.6 million (March 31, 2024 - \$0.2 million), which the Company defines as total current assets less total current liabilities, excluding lease obligations and current portion of decommissioning obligations, and Note Payable. The Company's working capital includes both accrued accounts receivable and accounts payable. The Company does not have the legal right to offset these accounts and therefore there is a risk that the inability to collect on accrued receivables could impair Bengal's ability to pay joint venture liabilities resulting in a default under the Cuisinier Joint Operating Agreement. This default could result in the Company losing some or all of its working interest in the Cuisinier field. The Company is managing its liquidity risk through its principal and interest payments. There is a risk if the Company's cash flows are insufficient to meet these obligations.

The Company also has significant capital work commitments associated with its exploration and evaluation assets that if unfulfilled could result in a loss of acreage (Note 22) and without future development could result in a decline in production and revenues with additional net cash used in operating activities.

The Company's ability to continue as a going concern is dependent upon its ability to generate net cash from operating activities and/or raise additional financing to meet its ongoing operational requirements and to fund its future development costs associated with exploration and evaluation assets and petroleum and natural gas properties development.

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 operational spending and limiting its capital expenditures capital towards lower risk projects that meet its internal economic hurdles and are expected to offer near-term cash flow upside.

BENGAL ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended March 31, 2025 and 2024

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

(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 March 31, 2025:

(in \$000s CAD)	CAD\$	AUS\$	US\$	Total
Cash and cash equivalents	\$ 73	13	622	708
Accounts receivable	6	1	1,675	1,682
Trade and other payables	(430)	(1,364)	-	(1,794)
Note Payable ¹	(1,714)	-	-	(1,714)
	\$ (2,065)	\$ (1,350)	\$ 2,297	\$ (1,118)

¹The current portion the Note Payable (\$14,000) is classified as Trade and other payables

Exchange rates as at	March 31, 2025	March 31, 2024
Number of CAD for 1 AUD	0.89	0.88
Number of CAD for 1 USD	1.44	1.35

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 price derivatives at March 31, 2025 and March 31, 2024.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk on its cash and cash equivalents at March 31, 2025. Cash and cash equivalents is restricted to investments with a maturity of three months or less.

20. CAPITAL MANAGEMENT

The Company's policy is to maintain a sufficient capital base for the objectives of maintaining financial flexibility which will allow it to operate effectively and provide creditor and market confidence allowing for financing opportunities in support of future accretive capital projects. The Company manages its capital structure and adjusts by continually monitoring its business conditions, including changes in economic conditions, the risk profile of its project inventory, the efficiencies of past investments, the efficiencies of

BENGAL ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended March 31, 2025 and 2024

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

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. As disclosed in Note 2, there can be no assurance that equity or debt financing will be available or sufficient to meet capital commitments, or for other corporate purposes, or if equity or debt financing is available, that it will be on terms acceptable to the Company.

21. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash working capital items (\$000s)	Year ended March 31,	
	2025	2024
Accounts receivable	100	(697)
Prepays and deposits	(77)	-
Trade and other payables	(1,394)	143
Effect of change in foreign currency rates	(17)	33
	\$ (1,388)	\$ (521)
Attributed to:		
Operating	178	(574)
Financing	9	-
Investing	(1,575)	53
	\$ (1,388)	\$ (521)

The following represents the cash interest paid in each year:

Cash interest paid and received (\$000s)	Year ended March 31,	
	2025	2024
Cash interest paid	117	16

22. COMMITMENTS

At March 31, 2025, the contractual obligations for which the Company is responsible are as follows:

Contractual obligations (000s)	Total	Year ended March 31,			
		Less than 1 year	1-3 years	4-5 years	After 5 years
Office lease	39	23	16	-	-
Note Payable	1,714	14	1,700	-	-
Decommissioning and restoration	3,105	-	721	-	2,384
	4,858	37	2,437	-	2,384

The Queensland Government regulatory authority granted the Company Authority to Prospect 934 ("ATP 934") under a revised work program on March 1, 2015. The Company consolidated its ownership of ATP 934, resulting in a 100% and 40% operating interest in the northern and southern block of this permit respectively in 2018. The work program consists of 260 km² of 3D seismic and up to two wells. In February 2023, the Company extended its ATP 732 permit and received a Potential Commercial Area ("PCA") over 343 km². This included additional work commitments related to both ATP 732 and PCA 332 as outlined below. At March 31, 2025, the Company had the following capital work commitments:

BENGAL ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended March 31, 2025 and 2024

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

Permit	Work Program	Obligation period ending	Estimated expenditure(net) (millions CAD\$) ⁽¹⁾
ATP 934 – Onshore Australia	260 km ² 3D seismic & two wells	February 2027	8.0
ATP 732 – Onshore Australia	Geological and up to three wells	February 2029	6.8
PCA 332 – Onshore Australia	Initial Production testing	February 2029	3.9
PCA 332 – Onshore Australia	Extended Production testing	February 2035	2.3

(1) Translated at March 31, 2025 at an exchange rate of AUD\$1.00 = CAD\$0.8981.

23. SEGMENTED INFORMATION

As at March 31, 2025, 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)			
Year ended March 31, 2025	Australia	Corporate	Total
Revenue	5,558	-	5,558
Interest expense	117	-	117
Depletion and depreciation	879	2	881
Impairment	2,530	-	2,530
Net (loss)	(3,343)	(838)	(4,181)
Exploration and evaluation expenditures	14	-	14
Property, plant and equipment expenditures	56	-	56
Disposition of equipment proceeds	(193)	-	(193)

(\$000s)			
Year ended March 31, 2024	Australia	Corporate	Total
Revenue	7,033	-	7,033
Interest expense	15	2	17
Depletion and depreciation	1,215	25	1,240
Impairment	11,588	-	11,588
Net loss	(11,875)	(853)	(12,728)
Exploration and evaluation expenditures	77	-	77
Property, plant and equipment expenditures	397	-	397

(\$000s)			
As at March 31, 2025	Australia	Corporate	Total
Exploration and evaluation assets	9,708	-	9,708
Property, plant and equipment	17,547	10	17,557
Total assets	30,513	122	30,635
Total liabilities	6,164	435	6,599
As at March 31, 2024	Australia	Corporate	Total
Exploration and evaluation assets	11,993	-	11,993
Property, plant and equipment	18,986	9	18,995
Total assets	34,106	255	34,361
Total liabilities	6,358	297	6,655

CORPORATE INFORMATION

AUDITORS

MNP LLP • Calgary, Canada

LEGAL COUNSEL

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

BANKERS

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

REGISTRAR AND TRANSFER AGENT

Computershare • Toronto, Canada

DIRECTORS

Chayan Chakrabarty
Dr. Brian J. Moss
Barry Herring
W. B. (Bill) Wheeler
R. Neal Grant

DISCLOSURE COMMITTEE

Chayan Chakrabarty
Jerrad Blanchard

AUDIT COMMITTEE

Barry Herring (Chairman)
W. B. (Bill) Wheeler
R. Neal Grant

RESERVES COMMITTEE

Dr. Brian J. Moss (Chairman)
Barry Herring
R. Neal Grant

COMPENSATION COMMITTEE

Dr. Brian J. Moss (Chairman)
Barry Herring
R. Neal Grant

GOVERNANCE AND NOMINATING COMMITTEE

W.B. (Bill) Wheeler (Chairman)
Dr. Brian J. Moss
Barry Herring

HEALTH, SAFETY AND ENVIRONMENT COMMITTEE

R. Neal Grant (Chairman)
W. B. (Bill) Wheeler
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