

CALGARY, ALBERTA--(Marketwired - Aug. 11, 2016) - [Bengal Energy Ltd.](#) (TSX:BNG) ("Bengal" or the "Company") today announces its financial and operating results for the first quarter of fiscal 2017 ended June 30, 2016.

"Although the commodity price environment continues to challenge global exploration and production companies, we remain pleased with Bengal's operational and financial progress through the first quarter of fiscal 2017," said Chayan Chakrabarty, President and CEO of Bengal. "Our active hedging program continues to realize gains, and we look forward to future updates on our ongoing five well drilling program in Cuisinier."

FISCAL Q1 2017 HIGHLIGHTS:

The following is an overview of the financial and operational results during the three-month period ended June 30, 2016:

Financial Highlights:

- Sales Revenue - Crude oil sales revenue was \$2.5 million in the first quarter of fiscal 2017, which is 10% higher than the \$2.3 million recorded in fiscal Q4 2016, due to increased commodity prices realized during the quarter. Revenues were 33% lower than fiscal Q1 2016 due to a 19% decrease in realized commodity prices and a 17% decrease in production volumes.
- Hedging in place through June 2017 - the Company has approximately 118,000 barrels of production hedged with a floor price of US \$80 per barrel through to June 2017. During the quarter ended June 30, 2016, realized gains of derivative financial instruments was \$1.3 million.
- Funds Flow from Operations⁽¹⁾ - Bengal generated funds flow from operations of \$1.3 million in the quarter ended June 30, 2016 a 6% decrease from the \$1.4 million generated in the preceding quarter and a 10% increase from the \$1.2 million recorded in the first quarter of fiscal 2016. The decrease compared to the prior quarter was a result of decreased production, while the increase compared to fiscal Q1 2016 was due to increased realized gains on the Company's crude oil hedge.
- Net Loss - Bengal reported a net loss of \$2.7 million for the quarter compared to a net loss of \$11.7 million in the preceding quarter, and net loss of \$1.3 million in the first quarter of fiscal 2016. The prior quarter's loss included \$11.3 million of impairment charges. The current quarter's net loss is primarily due to the impact of unrealized losses on derivative contracts, which decreased in value as Brent forward pricing increased during the quarter. Excluding the impact of unrealized foreign exchange and unrealized hedging gains and losses adjusted net earnings¹ is \$0.6 million for the first quarter of 2017 compared to an adjusted net loss of \$0.1 million in Q1 2016.

(1) See non-IFRS measurements section on page 5 of the Q1 2017 MD&A

Operational Highlights:

- Credit Facility Update - On August 10, 2016, the Company received an offer to extend its credit facility from its lender Westpac Banking Corporation. Under this offer, a borrowing base of US\$15 million will be extended to December 2018. The borrowing base will follow a reduction schedule of US \$5 million in December 2017, US \$5 million in June 2018, and US \$5 million in December 2018. All associated terms and covenants would be consistent with the existing facility. The Company is currently reviewing this offer and expects to finalize the extension during fiscal Q2 2017.
- Production Volumes - Production in the first quarter of fiscal 2017 averaged 431 barrels of oil equivalent per day ("boepd"), an 8% and 17% decrease from the previous quarter and fiscal Q1 2016 respectively. A successful fracture stimulation program conducted in late 2015 and brought online in January 2016 partially offset the expected natural pool production declines. No new wells were drilled during the first quarter.
- ATP 752 Barta Block Cuisinier - On July 26, 2016 the Company announced the Cuisinier 2016 drilling campaign, which consists of five wells within the Petroleum Lease ("PL") 303. The program includes three development locations in the central/south part of PL 303 that directly offset Murta oil producers, and are considered to be low risk production adds with additional upside exposure through the testing of a seismically defined Birkhead/Hutton target. The other two wells are an appraisal well and a near field exploration well with both Murta and Birkhead/Hutton potential. The five wells will be drilled back to back with the entire program expected to last approximately 2 1/2 months. Completion and tie-in activities are expected to occur late calendar Q4 2016 to early Q1 2017 with all wells forecast to be on production in calendar Q1 2017.
- ATP 934 Barrolka Permit - Bengal has completed the reprocessing of 500+ line kilometers of 2D seismic over the permit and interpretation of this data is now complete. The most favorable areas have been high-graded for additional detailed geophysical work that may include the acquisition of 3D seismic in 2016/2017. The Company is encouraged by recent natural gas discoveries near the Barrolka permit, which suggest the presence of a basin centered gas play in the region, as well as significant conventional potential for natural gas occurrence in the Permian Toolachee and Patchawarra sandstone reservoirs.

FINANCIAL AND OPERATING HIGHLIGHTS

\$000s except per share, volumes and netback amounts Three Months Ended

	June 30		
	2016	2015	% Change
Oil Sales Revenue	\$ 2,489	\$ 3,704	(33)
Realized gain on financial instruments	\$ 1,276	\$ 434	194
Royalties	\$ 147	\$ 254	(42)
% of revenue	6	7	(14)
Operating & transportation	\$ 1,417	\$ 1,695	(16)
Operating netback ⁽¹⁾	\$ 2,201	\$ 2,189	1
Cash from operations	\$ 956	\$ 649	47
Funds from operations ⁽²⁾	\$ 1,348	\$ 1,222	10
Per share (\$) (basic & diluted)	0.02	0.02	-
Net income (loss)	\$ (2,736)	\$ (1,256)	118
Per share (\$) (basic & diluted)	(0.04)	(0.02)	100
Adjusted net income (loss) ³	\$ 565	\$ (179)	(416)
Per share (\$) (basic & diluted)	0.01	(0.00)	-
Capital expenditures	\$ 383	\$ 1,108	(65)
Oil Volumes (bopd)	431	520	(17)
Netback ⁽¹⁾ (\$/boe)			
Revenue	\$ 63.44	\$ 78.22	(19)
Realized gain on financial instruments	32.52	9.16	255
Royalties	3.75	5.36	(30)
Operating & transportation	36.12	35.79	1
Netback/boe	\$ 56.09	\$ 46.23	21

(1) Operating netback is a non-IFRS measure and includes realized gain on financial instruments. Netback per boe is calculated by dividing revenue (including realized gain on financial instruments) less royalties, operating and transportation costs by the total production of the Company measured in boe.

(2) Funds from operations is a non-IFRS measure. The comparable IFRS measure is cash from operations. A reconciliation of the two measures can be found in the table on page 5 of the Q1 2017 MD&A.

(3) Adjusted net (loss) is a non-IFRS measure. The comparable IFRS measure is net income (loss). A reconciliation of the two measures can be found in the table on page 5 of the Q1 2017 MD&A.

Bengal has filed its consolidated financial statements and management's discussion and analysis for the first fiscal quarter of 2017 on SEDAR at www.sedar.com or by visiting Bengal's website at www.bengalenergy.ca.

About Bengal

[Bengal Energy Ltd.](http://www.bengalenergy.ca) is an international junior oil and gas exploration and production company with assets in Australia. The Company is committed to growing shareholder value through international exploration, production and acquisitions. Bengal's common shares trade on the TSX under the symbol "BNG". Additional information is available at www.bengalenergy.ca

Forward-Looking Statements

This news release contains certain forward-looking statements or information ("forward-looking statements") as defined by applicable securities laws that involve substantial known and unknown risks and uncertainties, many of which are beyond Bengal's control. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. The use of any of the words "plan", "expect", "prospective", "project", "intend", "believe", "should", "anticipate", "estimate", or other similar words or statements that certain events "may" or "will" occur are intended to identify forward-looking statements. 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. We believe the expectations reflected in those forward-looking statements are reasonable but, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Bengal will derive from them.

As such, undue reliance should not be placed on forward-looking statements. Forward-looking statements contained herein include, but are not limited to, statements regarding: the timing of the completion of the successful wells resulting from the 2016 drilling program at Cuisinier and the timing of the completion and tie-in activities of any successful wells at Cuisinier on the Barta sub-block of ATP 752; the timing of the expected finalization of the renewed credit facility. The forward-looking statements

contained herein are subject to numerous known and unknown risks and uncertainties that may cause Bengal's actual financial results, performance or achievement in future periods to differ materially from those expressed in, or implied by, these forward-looking statements, including but not limited to, risks associated with: the failure to obtain required regulatory approvals or extensions; failure to satisfy the conditions under farm-in and joint venture agreements; failure to secure required equipment and personnel; changes in general global economic conditions including, without limitations, the economic conditions in North America and Australia; increased competition; the availability of qualified operating or management personnel; fluctuations in commodity prices, foreign exchange or interest rates; changes in laws and regulations including, without limitation, the adoption of new environmental and tax laws and regulations and changes in how they are interpreted and enforced; the results of exploration and development drilling and related activities; the ability to access sufficient capital from internal and external sources; and stock market volatility. Readers are encouraged to review the material risks discussed in Bengal's Annual Information Form for the year ended March 31, 2016 under the heading "Risk Factors" and in Bengal's annual MD&A under the heading "Risk Factors". The Company cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. The forward-looking statements contained in this news release speak only as of the date hereof 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.

Barrels of Oil Equivalent

When converting natural gas to equivalent barrels of oil, Bengal uses the widely recognized standard of 6 thousand cubic feet (mcf) to one barrel of oil (boe). However, a boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Certain Defined Terms

boe - barrels of oil equivalent

boepd - barrels of oil equivalent per day

bbl - barrel

mcf - thousand cubic feet

mcfd - thousand cubic feet per day

Non-IFRS Measurements

Within this release references are made to terms commonly used in the oil and gas industry. Funds from operations, funds from operations per share and netbacks do not have any standardized meaning under IFRS and previous GAAP and are referred to as non-IFRS measures. Funds from operations per share is calculated based on the weighted average number of common shares outstanding consistent with the calculation of net income (loss) per share. Netbacks equal total revenue less royalties and operating and transportation expenses calculated on a boe basis. Management utilizes these measures to analyze operating performance. The Company's calculation of the non-IFRS measures included herein may differ from the calculation of similar measures by other issuers. Therefore, the Company's non-IFRS measures may not be comparable to other similar measures used by other issuers. Funds from operations is not intended to represent operating profit for the period nor should it be viewed as an alternative to operating profit, net income, cash flow from operations or other measures of financial performance calculated in accordance with IFRS. Non-IFRS measures should only be used in conjunction with the Company's annual audited and interim financial statements. A reconciliation of these measures can be found in the table on page 5 of Bengal's Q1 MD&A.

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