

Bengal Energy Announces First Quarter Fiscal 2014 Results

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CALGARY, ALBERTA -- (Marketwired - Aug. 14, 2013) - [Bengal Energy Ltd.](#) (TSX:BNG) ("Bengal" or the "Company") is pleased to announce its financial and operating results for the first fiscal 2014 quarter ended June 30, 2013.

FISCAL Q1 2014 HIGHLIGHTS:

During the first quarter of the Company's fiscal 2014 year, Bengal continued its current strategy, resulting in further growth in production and cash flow through the period. With the drilling success realized to date in the Company's Cuisinier asset in the Cooper Basin, Australia, understanding of the magnitude and lower risk profile of this play has evolved, demonstrating that Cuisinier represents a significant short and long term potential resource play for Bengal.

Following are highlights of specific operational, financial and corporate achievements that Bengal reached during the three months ended June 30, 2013:

Financial Highlights:

- Profitable Quarter + Higher Funds Flow from Operations -Bengal recorded a profit in the quarter, with positive net income of \$0.8 million, compared to a loss of \$0.2 million in Q1 of the prior year and a loss of \$0.6 million in the preceding quarter this year. Funds flow from operations grew to \$1.7 million, compared to a deficiency of \$0.1 million in Q1 of the prior year and \$1.1 million in the preceding quarter this year.

- Higher Revenue + Strong Netbacks - Bengal's realized revenue of \$3.7 million was substantially higher than the \$0.5 million realized in Q1 of the prior year and 23% higher than the \$3.0 million realized in the preceding quarter this year, driven by higher production volumes and very attractive realized pricing. Bengal's operating (field) netback in Australia averaged \$89.05 per barrel (bbl) (corporate average of \$79.82/bbl), reflecting the high quality of crude oil produced, which was priced at a premium of almost \$6.00 / bbl over the Brent benchmark.

- Financing Activity Strengthens Balance Sheet - In April, Bengal raised C\$5.7 million through a brokered equity private placement, directing proceeds to fund ongoing capital investments.

- Increase in Cuisinier Working Interest- On June 26, Bengal announced that it was exercising its pre-emptive right to purchase an additional 5.357% interest in the Cuisinier oil field and Authority to Prospect ("ATP") 752P in the Cooper Basin, which will bring the Company's total ownership to 30.357%. Subsequent to quarter end, Bengal successfully raised C\$8 million through a private placement of non-convertible unsecured notes to fund the acquisition of this additional interest, which is expected to close in September 2013 and have an effective date of March 15, 2013.

Operating Highlights:

- Rising Production - Bengal's production averaged 356 boe/d for the period, an increase of 300% over Q1 of the prior year and 10% over the preceding quarter this year. This production level does not reflect the incremental working interest to be acquired in Cuisinier, which would have increased the quarterly oil production volumes by 21% or 67 b/d.

- Continued 100% Drilling Success In Cuisinier - During the period ended June 30, 2013, Bengal continued its 100% success rate in the Cuisinier field, with five out of five wells drilled currently being completed as oil producers and tied-in. This brings Bengal's total wells drilled in Cuisinier to 13, with one additional well to be drilled in August. Assuming this sixth well is a successful oil producer; production from these wells is expected to be fully tied-in by early September, which should positively impact volumes and cash flows for the balance of calendar 2013 and into 2014. With the success to date in the Cuisinier area it is now clear that the Company is participating in a significant, seismically supported potential resource play.

- Farmout and Joint Venture (JV) Agreement - On May 23, 2013, Bengal entered into a binding letter of intent with Australia-based Beach Energy Ltd for the exploration and development of Bengal's 100% owned Tookoonooka Permit. Under the agreement terms, Beach will fund the drilling of two new wells and acquire an additional 300 km² of 3D seismic, up to a maximum of AUD \$11.5 million. One of the wells is anticipated to be in the Caracal area near Bengal's existing oil discovery, with the second well to be situated within the area covered by the new 3D seismic. Subsequent to the end of the quarter, the JV Agreement was finalized and the transaction closed.

- Receipt of Petroleum License and Pipeline Commissioning - On April 8, 2013 the final approval of Petroleum Lease 303 ("PL303") for the Cuisinier oil pool was granted, which allows all current and future Cuisinier wells to produce for up to 21 years. Subsequently, on June 7, the Cuisinier to Cook pipeline was commissioned allowing production from all eight of Bengal's pre-2013 and subsequent wells to flow through the pipeline, and eliminating capacity constraints from trucking for transportation of the oil.

- Onshore India Drilling Plan - In Bengal's onshore block in the Cauvery Basin India, the Company intends to commence the drilling of its exploration wells in the first quarter of calendar 2014. Continued activity in onshore India for the balance of calendar 2014 and beyond will depend on the results of the three wells drilled under the existing work program.

"First quarter of fiscal 2014 was a successful period both financially and operationally for Bengal," said Chayan Chakrabarty, Bengal's President and CEO. "We continued to grow production and generated very attractive netbacks, both of which contributed to a profitable quarter. We reported 100% drilling success in Cuisinier and announced an acquisition to increase our interest in that field, meaning Bengal will realize a higher proportion of production, reserves and cash flow from this important, potential resource play going forward. Our JV agreement with Beach, which closed after the quarter end, accelerates development at Tookoonooka, and in concert with the financing activity undertaken during the quarter, enables Bengal to preserve balance sheet strength. I am very pleased with Bengal's progress and continuing transition from exploration to development, and look forward to updating our shareholders about ongoing developments."

For a discussion of the activities on each of the Company's permits, refer to Bengal's management's discussion and analysis for the first fiscal quarter 2014 ended June 30, 2013 filed on SEDAR at www.sedar.com.

FINANCIAL & OPERATING HIGHLIGHTS

\$000s except per share, volumes and netback amounts				Three Months Ended		
		June 30, 2013	June 30, 2012	March 31, 2013		
Revenue						
Oil	\$ 3,626	\$ 433	\$ 2,946			
Natural gas	65	39	67			
Natural gas liquids	31	26	-			
Total	\$ 3,722	\$ 498	\$ 3,013			
Royalties	204	45	271			
% of revenue	5.5	9.0	9.0			
Operating & transportation		930	247	694		
Netback	\$ 2,588	\$ 206	\$ 2,048			
Cash from (used in) operations:		1,249	(759)	119		
Per share (\$) (basic & diluted)		0.02	(0.01)	(0.00)		
Funds flow from (used in) operations		1,732	(62)	1,151		
Per share (\$) (basic & diluted)		0.03	(0.00)	0.02		
Net income (loss):	836	(211)	(592)			
Per share (\$) (basic & diluted)		0.01	(0.00)	(0.01)		
Capital expenditures	\$ 5,435	\$ 7,326	\$ 1,280			
Volumes						
Oil (bbl/d)	313	47	287			
Natural gas (mcf/d)		240	225	229		
Natural gas liquids (boe/d)		3	4	-		
Total (boe/d @ 6:1)	356	89	325			
Netback (\$/boe)						
Revenue	\$ 114.83	\$ 61.95	\$ 102.88			
Royalties	6.32	5.60	9.25			
Operating & transportation		28.69	30.73	23.70		
Total	\$ 79.82	\$ 25.62	\$ 69.93			

Bengal has filed its consolidated financial statements and management's discussion and analysis for the first fiscal 2014 quarter ended June 30, 2013 with Canadian securities regulators. The documents are available 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 and India. The company is committed to growing shareholder value through international exploration, production and acquisitions. Bengal trades 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, Australia, India 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 Tookoonooka joint venture; including without limitation, the terms thereof and the location of the two wells; the acquisition of the increased interest in ATP 752P and the closing thereof; use of funds from the July 2013 private placement; the timing and location of future wells; tie-in operations, including, without limitation, the timing and benefit thereof; and the commencement of drilling operations in India.

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, Australia, India; 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 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 require 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
boe/d - barrels of oil equivalent per day
bbl - barrel
bbl/d - barrels per day
mcf - thousand cubic feet
mcf/d - 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 International Financial Reporting Standards (IFRS) and previous generally accepted accounting principles (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 fiscal 2014 MD&A.

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