

CALGARY, ALBERTA--(Marketwired - Nov 13, 2015) - [Bengal Energy Ltd.](#) (TSX:BNG) ("Bengal" or the "Company") today announces its financial and operating results for the second quarter of fiscal 2016 ended September 30, 2015.

"Bengal delivered a solid quarter of results despite the challenging oil price environment. Our continuing resilience is highlighted by our growing production base at Cuisinier, which provided the Company with stable funds flow in the first half of fiscal 2016," said Chayan Chakrabarty, President and CEO of Bengal. "With our expanded production, low cost operations and hedging program, Bengal is well positioned to manage through a volatile commodity price environment."

FISCAL Q2 2016 HIGHLIGHTS:

The following is an overview of the financial and operational results during the three-month period ended September 30, 2015:

Financial Highlights:

- **Revenue** - Higher average quarterly production helped mitigate the impact of slumping commodity prices in the second quarter where Bengal generated revenues of approximately \$3.4 million, down slightly from the \$3.7 million delivered in the preceding quarter. Revenues decreased 24% compared to the \$4.5 million generated during Q2 2015. Sales prices averaged USD \$62/bbl before hedging, compared to average sales prices of USD \$106/bbl during Q2 2015.
- **Hedging Provides Upside** - During the second quarter Bengal recorded a realized gain of \$0.7 million (\$13.50 per bbl) from its strategic derivative financial instruments. The Company has approximately 196,000 barrels of production hedged with a floor price of US \$80 per barrel through to June 2017. During the quarter, the Company sold 19,580 bbls at US \$80 as part of its hedging program, which represents 41% of quarterly production.
- **Funds Flow from Operations⁽¹⁾** - Bengal generated funds flow from operations of \$1.3 million in the quarter ended September 30, 2015, a 5% increase from the \$1.2 million generated in the preceding quarter and a 12% decrease from the \$1.5 million recorded in Q2 2015.
- **Earnings** - Net income was \$1.2 million for the quarter compared to a net loss of \$1.3 million in the preceding quarter, and a net loss of \$0.1 million in Q2 2015. Excluding the impact of unrealized foreign exchange and unrealized hedging gains and losses adjusted, net loss¹ is \$0.3 million for the second quarter of 2016 compared to an adjusted net income of 0.1 million in Q2 2015.

Operational Highlights:

- **Growing Production Volumes** - Production in the second quarter averaged 592 barrels of oil equivalent per day ("boepd"), a 14% increase from the preceding quarter and an increase of 38% from Q2 2015 due to production additions from the Cuisinier Phase One and Phase Two drilling programs.
- **Production tie-ins** - The Cuisinier 20 and Cuisinier 21 wells were brought on stream at the end of June 2015 at restricted rates and were on production throughout most of the second quarter. Average production from these two wells was approximately 450 bopd (130 bopd net).
- **Onshore India Drilling Plan** - At Bengal's onshore India block situated within the Cauvery Basin (CY-ONN-2005/1 - 30% WI), the Company continues to coordinate plans with its partners, Gas Authority of India Ltd. ("GAIL") and Gujarat State Petroleum Corporation, for the drilling of three exploration wells. GAIL, the operator, continues to negotiate with various stakeholders and government bodies that provide the necessary approvals to proceed. The drilling of the first of three exploration wells is expected to commence no earlier than late calendar 2015. The block is currently under force majeure subject to stakeholder negotiations, which was further extended on October 10, 2015.

OPERATING HIGHLIGHTS

\$000s except per share, volumes and netback amounts	Three Months Ended September 30			Six Months Ended September 30		
	2015	2014	% Change	2015	2014	% Change
Revenue						
Oil	\$ 3,392	\$ 4,380	(23)	\$ 7,096	\$ 8,166	(13)
Natural gas	-	\$ 71	(100)	-	\$ 160	(100)
Natural gas liquids	-	\$ 7	(100)	-	\$ 21	(100)
Total	\$ 3,392	\$ 4,458	(24)	\$ 7,096	\$ 8,347	(15)
Royalties	\$ 235	\$ 205	15	\$ 489	\$ 486	1
% of revenue	6.9	4.6	50	6.9	5.8	19
Operating & transportation	\$ 1,879	\$ 1,520	24	\$ 3,574	\$ 2,726	31
Operating netback ⁽¹⁾	\$ 1,278	\$ 2,733	(53)	\$ 3,033	\$ 5,135	(41)
Cash from operations:	\$ 2,318	\$ 2,232	4	\$ 2,967	\$ 4,451	(33)
Funds from operations: ⁽²⁾	\$ 1,282	\$ 1,459	(12)	\$ 2,504	\$ 2,385	5
Per share (\$) (basic & diluted)	0.02	0.02	-	0.04	0.04	-
Net income (loss)	\$ 1,167	\$ (98)	(1,291)	\$ (89)	\$ (827)	(89)

Per share (\$) (basic & diluted)	0.02	0.00	-	0.00	(0.01	) (100	)
Adjusted net (loss) income ⁽³⁾	\$ (283	) \$ 115	(346	) \$ (462	) \$ (754	) (39	)
Per share (\$) (basic & diluted)	(0.00	) 0.00	-	(0.01	) (0.01	) -	)
Capital expenditures	\$ 596	\$ 2,909	(80	) \$ 1,704	\$ 6,564	(74	)
Volumes							
Oil (bopd)	592	428	38	556	377	48	
(Natural gas (mcfpd)	-	169	(100	) -	181	(100	)
Natural gas liquids (boepd)	-	1	(100	) -	1	(100	)
Total (boepd @ 6:1)	592	457	30	556	408	36	
Netback ⁽¹⁾ (\$/boe)							
Revenue	\$ 62.31	\$ 106.11	(41	) \$ 69.71	\$ 111.51	(38	)
Realized gain on financial instruments	\$ 13.50	-	-	\$ 11.48	-	-	
Royalties	\$ 4.32	\$ 4.88	(12	) \$ 4.80	\$ 6.49	(26	)
Operating & transportation	\$ 34.52	\$ 36.18	(5	) \$ 35.11	\$ 36.42	(4	)
Netback	\$ 36.97	\$ 65.05	(43	) \$ 41.28	\$ 68.60	(40	)

- (1) Operating netback is a non-IFRS measure. Netback per boe is calculated by dividing the revenue and 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.
- (3) Adjusted net (loss) 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.

Bengal has filed its consolidated financial statements and management's discussion and analysis for the second quarter of fiscal 2016 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'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, 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 Company's onshore India drilling plan with its partners, including the expected timing of drilling the first three exploration wells. 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 for the year ended March 31, 2015 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 Q2 MD&A.

¹ See non-IFRS measurements section on page 5 of the 2nd Qtr. Ended September 30, 2015 MD&A

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