CALGARY, ALBERTA--(Marketwired - Aug 25, 2016) - Bengal Energy Ltd. (TSX:BNG) ("Bengal" or the "Company") announces that it has successfully negotiated an extension of its secured credit facility with Westpac Institutional Bank ("Westpac"). The revised facility has been extended to December 31, 2018 and provides a borrowing base of US$15 million of which US$12.5 million is currently drawn.

The Westpac credit facility derives its borrowing capacity based on the Company's independently evaluated proven reserves profile, which form the basis for this and potential future extensions of the facility. In the event that the Westpac facility is not further extended, the borrowing base is scheduled to be reduced to US $10 million on December 31, 2017, US$5 million on June 30, 2018 and to nil on December 31, 2018. This would result in principal repayments of US$2.5 million on December 31, 2017, US$5 million on June 20, 2018 and US$5 million on December 31, 2018.

Along with the extension of its credit facility, Bengal will initiate a program to hedge approximately 134,000 barrels of crude oil from July 2017 to December 2018. This hedging program combines approximately 67,000 barrels of fixed for futures swaps at US$47 per barrel and approximately 67,000 barrels of put options with a floor price of US$47 per barrel.

"This extension demonstrates both the Company's ability to extend and grow its credit facility and the strong support from our lenders at Westpac as we continue to increase our proven reserves profile," said Chayan Chakrabarty, Bengal's President and CEO. "We are also pleased with the financial flexibility the extension affords Bengal, which provides sufficient liquidity to meet our near-term plans and finance the ongoing Cuisinier light oil drilling program."

The revised borrowing base and resulting deferral of principal repayments for the next 18 months provides approximately CDN$6.5 million of working capital to finance the Company's ongoing 2016 drilling campaign.

About Bengal

Bengal Energy Ltd. (TSX:BNG) is an international oil and gas exploration and production company with producing and prospective light oil-weighted assets in Australia. Bengal offers exposure to lower risk, current production and cash flow, combined with longer-term high, potential impact exploration projects. The Company's strategy is to achieve per share growth in cash flow, production and reserves while establishing an attractive portfolio of future drilling and exploration opportunities. Additional information is available on our website 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 forward-looking 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 current commodity price environment; the impact of economic conditions in North America, 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 expected reductions to, and payments required under, the Westpac credit facility and the estimated working capital available to finance Bengal's ongoing 2016 drilling campaign. 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: further extensions of the Westpac credit facility; Bengal's 2016 drilling campaign; fluctuations in commodity prices, foreign exchange or interest rates; 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; 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.

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