

CALGARY, Alberta, Aug. 11, 2017 (GLOBE NEWSWIRE) -- [Bengal Energy Ltd.](#) (TSX:BNG) ("Bengal" or the "Company") today announces its financial and operating results for the first quarter of fiscal 2018 ended June 30, 2017.

FISCAL Q1 2018 HIGHLIGHTS:

The following is an overview of the financial and operational results during the three-month period ended June 30, 2017:

Financial Highlights:

- **Sales Revenue** – Crude oil sales revenue was \$2.3 million in the first quarter of fiscal 2018, which is 5% higher than the \$2.2 million recorded in fiscal Q4 2017, due to increased production. Revenues in Q1 fiscal 2018 were 7% lower than fiscal Q1 2017 due to 14% decrease production volumes partially offset by increased commodity prices.
- **Hedging in place through June 2017** – the Company has approximately 135,000 barrels ("bbls") of production hedged with a floor price of US \$47 per barrel through to December 2018. During the quarter ended June 30, 2017, realized gains from derivative financial instruments was \$1.1 million. These gains relate to the Company's US \$80/bbl floor priced hedge, which expired at June 30, 2017.
- **Funds Flow from Operations** – Bengal generated funds flow from operations of \$1.8 million in the current quarter, which is a 12% increase from the \$1.6 million generated in the preceding quarter and a 36% increase from the \$1.3 million recorded in the first quarter of fiscal 2017.
- **Net Income (Loss)** – Bengal reported a net income of \$0.5 million for the current quarter compared to net income of \$1.9 million in the preceding quarter, and net loss of \$2.7 million in the first quarter of fiscal 2017. Excluding the impact of unrealized foreign exchange and unrealized hedging gains and losses adjusted net earnings¹ is \$1.3 million for the first quarter of fiscal 2018 compared to adjusted net earnings of \$0.6 million in Q1 2017.

¹ See non-IFRS measurements section on page 5 of this MD&A

Operational Highlights:

- **Credit Facility Update** - Subsequent to the quarter end, the Company received an offer to extend its existing Westpac facility by 12 months to December 2019 with a borrowing base of US \$15 million. The borrowing base would follow a reduction schedule of US \$3.3 million in June 2018, US \$3.3 million in December 2018, US \$3.3 million in June 2019 and US \$5 million in December 2019.
- **Production Volumes** – Production in the current quarter averaged 369 barrels of oil equivalent per day ("boepd"), a 4% increase and 14% decrease from the previous quarter and fiscal Q1 2017 respectively. Four of the five wells drilled during fiscal 2017 were connected in May of 2017 with initial combined production rates of approximately 245 bopd (gross). In Bengal's opinion, operational delays experienced between completion and tie-in during the 2017 campaign may have been a contributor to longer well clean up timing and on initial reservoir performance. The Joint Venture will continue to monitor well performance.

FINANCIAL AND OPERATING HIGHLIGHTS

OPERATING HIGHLIGHTS

\$000s except per share, volumes and netback amounts	Three Months Ended		
	2017	2016	% Change
Oil sales revenue	\$ 2,306	\$ 2,489	(7)
Realized gain on financial instruments	\$ 1,123	\$ 1,276	(12)
Royalties	\$ 139	\$ 147	(5)
% of revenue	6	6	-
Operating & transportation	\$ 670	\$ 1,417	(53)
Operating netback ⁽¹⁾	\$ 2,620	\$ 2,201	19
Cash from operations	\$ 1,690	\$ 956	77
Funds from operations:	\$ 1,834	\$ 1,348	36
Per share (\$) (basic & diluted) ⁽²⁾	0.02	0.02	-
Net income (loss)	\$ 549	\$ (2,736)	(120)
Per share (\$) (basic & diluted)	0.01	(0.04)	(125)
Adjusted net earnings ⁽³⁾	\$ 1,268	\$ 565	124
Per share (\$) (basic & diluted)	0.01	0.01	-

Capital expenditures	\$ 703	\$ 383	84
Oil Volumes (bopd)	369	431	(14)
Netback ⁽¹⁾ (\$/boe)			
Revenue	\$ 68.68	\$ 63.44	8
Realized gain on financial instruments	33.44	32.52	3
Royalties	4.14	3.75	10
Operating & transportation	19.96	36.12	(45)
Netback/boe	78.02	\$ 56.09	39

(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 per share is a non IFRS measure calculated by dividing funds from operations by weighted average basic and diluted shares outstanding for the periods disclosed

(3) Adjusted net income and adjusted net income per share are non-IFRS measures. The comparable IFRS measure is net income (loss). 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 first fiscal quarter of 2018 with the 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. 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 determination of contributing factors to longer well clean up timing and initial reservoir performance; and the continuance of Joint Venture monitoring of well performance. 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, 2017 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

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.

FOR FURTHER INFORMATION PLEASE CONTACT:

[Bengal Energy Ltd.](#)

Chayan Chakrabarty, President & Chief Executive Officer

Jerrad Blanchard, Chief Financial Officer

(403) 205-2526

Email: investor.relations@bengalenergy.ca

Website: www.bengalenergy.ca