

Bengal Energy Announces Fiscal 2023 Third Quarter Results

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Calgary, February 8, 2023 - [Bengal Energy Ltd.](#) (TSX: BNG) ("Bengal" or the "Company") today announces its financial and operating results for the third quarter of fiscal 2023 ended December 31, 2022.

THIRD QUARTER FISCAL 2023 HIGHLIGHTS:

The following is an overview of the financial and operational results during the three and nine-months ending December 31, 2022. All amounts are in Canadian funds unless otherwise noted:

Financial Summary:

- Sales Revenue - Crude oil sales revenue was \$1.6 million in the third quarter of fiscal 2023, which is 13% lower than the \$1.9 million recorded in Q3 fiscal 2022. The lower sales revenue is due to decreased realized crude oil prices during the quarter, which impacted crude sales and resulted in a \$0.5 million reduction in the accrued value of pipeline oil as defined on page 6 of the Company's December 31, 2022 MD&A.
- Funds from (used in) Operations¹ - Bengal used \$35 thousand of funds from operations during Q3 fiscal 2023. During Q3 fiscal 2022, Bengal generated \$0.8 of funds from operations. Bengal generated \$0.7 million of cash from operations during Q3 fiscal 2023 compared to \$0.6 million of cash from operations in Q3 fiscal 2022. The difference between funds from operations and cash flow from operations during Q3 fiscal 2022 is impacted by the reduction in value of accrued accounts receivable as described above.
- Net Income - Bengal reported a net loss of \$0.4 million for the current quarter compared to net loss of \$0.5 million in Q3 fiscal 2022.

Operational Summary:

- Production Volumes - The Company's share of total Cuisinier production in the current quarter was 16,532 barrels of crude oil ("bbls") or 180 barrels of oil per day ("bopd"), which is a 4% increase from the 15,966 bbls or 174 bopd produced in the previous quarter (Q2 fiscal 2023). Production resumed at the Cuisinier 29 and Barta North 1 wells during December 2022 and the Cuisinier waterflood pilot, which commenced activity in calendar Q4 2021 has started to demonstrate encouraging results. The Barta Joint Venture ("JV") has observed compelling evidence that the overall field decline has been temporarily arrested with a general upward trend in oil production rates at the wells surrounding the pilot injection location since December 2021.
- Capital Expenditures - Bengal continued work on its development projects at Wareena 1 and Wareena 5 as well as its operational readiness program in anticipation of commencing 100% Bengal controlled operations during the year. These activities continued unexpectedly into the third quarter of fiscal 2023 due to unprecedented wet weather conditions in the Cooper Basin, which restricted access to the Company's assets and resulted in unplanned labour, mobilization and equipment costs.
- Potential Commercial Area ("PCA") 332 - Bengal has been awarded PCA 332 over an area of 343 square kilometers that was previously covered by Bengal's Authority to Prospect ("ATP") 732. The grant of PCA 332 provides a 15-year term with no relinquishments for the company to pursue the development of its highly prospective oil and gas portfolio in Queensland's Cooper Basin.

OPERATING SUMMARY

(\$000s except per share, %, volumes and operating netback ⁽¹⁾ amounts)	Three months ended		Six Months ended	
	December 30		December 30	
	2022	2021	2022	2021
Oil revenue	\$ 1,597	\$ 1,845	\$ 6,195	\$ 5,276
Operating netback ⁽¹⁾	\$ 653	\$ 1,089	\$ 3,374	\$ 2,684
Cashflow from (used in) operations	\$ 747	\$ 607	\$ 2,815	\$ 398
Funds from (used in) operations ⁽¹⁾	\$ (35)	\$ 381	\$ 2,419	\$ (147)
Per share (\$) (basic and diluted)	\$ (0.00)	\$ 0.00	\$ 0.00	\$ (0.00)
Adjusted funds from operations ⁽¹⁾	\$ (35)	\$ 381	\$ 1,722	\$ (147)
Per share (\$) (basic and diluted)	\$ (0.00)	\$ 0.00	\$ 0.00	\$ (0.00)
Net income (loss)	\$ (354)	\$ (494)	\$ 1,507	\$ (591)
Per share (\$) (basic and diluted)	\$ (0.00)	\$ (0.00)	\$ 0.00	\$ (0.00)
Capital expenditures	\$ 1,716	\$ 1,392	\$ 7,320	\$ 2,178
Oil volumes (bbls/d)	\$ 180	183	179	186
Operating netback ⁽¹⁾ (\$/bbl)	\$ 39.50	\$ 64.58	\$ 68.46	\$ 42.47

(1) Non-IFRS and Other Financial Measures: refer to the Non-IFRS and Other Financial Measures section of this Press Release

Bengal has filed its consolidated financial statements and management's discussion and analysis for the year ended March 31, 2022, 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.

BUSINESS OVERVIEW

Bengal's producing and non-producing assets are situated primarily in Australia's Cooper Basin, a region featuring large accumulations of very light and high-quality crude oil and natural gas. The Company's core Australian assets, Petroleum Lease ("PL") 303 Cuisinier, ATP 934 Barrolka, ATP 732 Tookoonooka, and its four 100% operated petroleum licenses (PL 114 Wareena, PL 157 Ghina, PL 188 Ramses, PL 411 Karnak) are situated within an area of the Cooper Basin that is well served with production infrastructure and take-away capacity for produced crude oil and natural gas. While still in early stages in terms of appraisal and development, Bengal believes these assets offer attractive upside potential for both oil and gas. Australia presents a stable political, fiscal and economic environment in which to operate, and a favourable royalty regime for oil and gas production.

Under the State of Queensland Regulatory process, ATPs are granted by the State generally for a period of twelve years with one third of the original grant area expiring every four years. At the end of the final term of the ATP, an application can be made to continue a portion of the permit in the form of a PCA. PCAs have a life span of five to fifteen years. PCA applications include a commercial viability report that indicates that the area is likely to be commercially viable within the applied term. This allows for extra time to commercialize the resource. These PCA's remain a part of the ATP until expiry. If a discovery of oil or gas is made, an application for a PL is made to allow for production. PLs are granted for up to a thirty-year term.

Bengal has two PLs on the former ATP 752 Barta block, PL 303 and PL 1028, in addition to three PCAs, PCA 206, PCA 207 Barta West and PCA 155 Wompi block-Nubba/Yilgarn. Bengal also holds four PLs including a pipeline license PPL 138 adjacent to the 100% owned ATP 934.

AUSTRALIA - Cooper Basin, Queensland

PL303 and PL 1028 Cuisinier (controlling permit ATP 752) (30.357% WI)

A pilot water injection-driven reservoir pressure maintenance scheme was initiated during the prior fiscal year and after resolving mechanical issues, water injection activities commenced during calendar Q4 2021. This project is located in the southeast quadrant of the Cuisinier pool, with injection of water taking place at the Cuisinier 24 well. The broad nature of the Cuisinier structure combined with variable flank aquifer pressure support has resulted in pressure depletion within the central portion of the Cuisinier pool. The injection of produced formation water is anticipated to both increase production in up to four offsetting wells and reduce

water handling charges. On establishing success of the pilot, the JV will begin a multi-staged water injection scheme, targeted fracture stimulation, and more commercially efficient development drilling. The JV has observed compelling evidence that the overall field decline has been temporarily arrested with a modest upward trend in oil production rate in affected wells during the current quarter.

PL 114 Wareena, PL 157 Ghina, PL 188 Ramses, PL 411 Karnak, PPL 138 pipeline (100% WI)

The Company has a 100% working interest in four PLs and a natural gas pipeline connected to transportation infrastructure into the Eastern Australia Gas Market. These non-productive PLs are highly compatible with and in close proximity to ATP 934. Bengal continues to integrate subsurface data from the PLs to enhance the Company's understanding of ATP 934 and to finalize the selection of exploration and appraisal drilling locations.

Included in this program is the reinstatement of two gas wells and an existing gas pipeline to produce raw gas into existing infrastructure at PL 114 Wareena. The Company completed workover activities at Wareena 1 and Wareena 5 in November 2022. Initial test results indicate Wareena 1 would require additional stimulation and dewatering to yield commercial production rates. The Company is encouraged by wellhead pressure measured at Wareena 5 and therefore additional testing is planned subject to the availability of equipment. In the event that this testing yields commercial rates, Bengal will tie-in the producing well to pipeline PPL 138. The Company is investing in a proprietary proof of concept arrangement to allow commercial gas production prior to a pipeline connection with all required equipment now on site.

The 100% ownership of these assets presents an appraisal and development opportunity that will be operated by the Company and is seen as a key steppingstone for Bengal's natural gas platform upon which future development, appraisal at the existing PLs and exploration growth through ATP 934 can be undertaken.

ATP 732 Tookoonooka (100% WI)

In September 2019, the Company applied for an amendment to a Later Work Program ("LWP") for the third term of ATP 732 permit. On October 22, 2019, the Company received approval from the Queensland regulatory authority for an amended LWP for the third, four-year term commencing April 1, 2019, to March 31, 2023. The approved LWP was revised to minimum activities of reprocessing seismic and inversion work along with geological and geophysical investigation activities at an estimated cost of \$0.5 million during the four-year term, all of which has been spent to date.

On the Caracal-1 well, the Company conducted an acid treatment to improve well bore inflow with positive results and moderate but not commercial inflow of very light 53 degree API gravity oil from the Wyandra zone. These results are being evaluated with a plan for fracture stimulation to further enhance productivity being put in place. Following fracture stimulation, the well could commence production using the Company's Early Oil Production System with the addition of storage and load-out infrastructure. Confirming the hydrocarbon flow potential of Caracal-1 allowed the Company to obtain the required proof of its geological migration model underpinning the lodgement of a PCA application.

ATP 732 reaches the end of its term in March of 2023 and the Company has lodged an application over the northern portion of the ATP for continuation in the form of PCA 332 for a further 15 years, which was approved on January 30, 2023. In addition, the Company is assessing farm-in interest on other 3D defined drilling targets on PCA 332. The PCA, granted by the Queensland Government in record time, provides much-needed certainty for Bengal to focus on its hydrocarbon projects in the Talgeberry-Tintaburra corridor. The majority of PCA 332 is covered by 3D seismic which has outlined the prospective targets as described in the Company's press release: "Bengal Energy Announces Independent Oil and Natural Gas Resource Report" dated March 30, 2022.

ATP 934 Barrolka (100% WI)

ATP 934 is the Company's 100% owned natural gas exploration block. Bengal received approval of a special amendment for ATP 934 in March 2021 which relinquished 50% of the existing ATP area and extended the term of the ATP by entering into an outcome based LWP for another 6 years to February 28, 2027. The

relinquished area was not considered to be prospective by the Company due to the lack of identified prospects and limited physical access. The LWP includes the drilling of up to 3 wells and 260 km² of 3D seismic.

ATP 934 Durham Downs East Farmout Block (40% WI)

Bengal entered into an agreement with Santos in July of 2020 for Santos to farm-in on a portion of the ATP 934 block. Santos carried the drilling costs of one well to earn a 60% operated interest in the ATP 934 southern farm-out block, which represents 57.8% of the total block post April 2020 relinquishment. On October 14, 2021, Santos completed the drilling of the Legbar-1 exploration well. Santos paid 100% of the costs to drill, plug and abandon the well and has accordingly earned a 60% working interest in 103,760 km² gross exploration land.

While the Legbar-1 well did not discover commercial quantities of hydrocarbons, thick, high quality reservoir sands were encountered in the primary Permian Toolachee formation and in the Jurassic Birkhead zone, with evidence of residual hydrocarbon saturation in both zones. In addition, fluorescence shows and elevated gas readings through the Jurassic lower Birkhead Fm/Top Hutton Sandstone indicate oil has passed through the reservoir, supporting the search for a valid closure to test this play. The findings from the Legbar-1 well will help Bengal refine its exploration targets going forward, both with Santos in the Santos Farm-in Block, and across the balance of ATP 934 which is 100% owned by Bengal.

Business Development

The Company is in discussions with potential industry and financial partners to fund some of these oil and gas-related activities.

Non-IFRS and Other Financial Measures

Non-IFRS Financial Measures

Within this MD&A, references are made to terms commonly used in the oil and gas industry. Operating netback, operating netback per barrel, funds from operations, funds from operations per share, adjusted net income, and adjusted net income per share do not have any standardized meaning under IFRS and are referred to as non-IFRS measures. Management believes the presentation of the non-IFRS measures above provides useful information to investors and shareholders as the measures provide increased transparency and the ability to better analyze performance against prior periods on a comparable basis.

Operating Netback

Bengal utilizes operating netback as a key performance indicator and is utilized by Bengal to better analyze the operating performance of its petroleum and natural gas assets against prior periods. Operating netback is calculated by oil sales deducting royalties and operating expenses. The following table reconciles petroleum and natural gas revenue to netback:

(\$000s)

Operating netbacks	Three months ended		Nine months ended	
	December 31		December 31	
	2022	2021	2022	2021
Oil sales	1,597	1,845	6,195	5,276
Royalties	165	111	441	317
Operating expenses	779	645	2,380	2,275
Operating netback	653	1,089	3,374	2,684

Funds from operations

Management utilized funds from operations a measure to assess the Company's ability to generate cash not

subject to short-term movements in non-cash operating working capital. Funds from operations is calculated by adding back all non-cash expense deductions to the net loss for the quarter and year. The following table reconciles cash from operations to funds from (used in) operations, which is used in this MD&A:

(\$000s)	Three months ended		Nine months ended	
	December 31		December 31	
	2022	2021	2022	2021
Cash from (used in) operating activities	(35)	607	2,419	398
Add: Changes in non-cash working capital	782	(226)	396	519
Funds from (used in) operations	747	381	2,815	917
Less: Other income	-	-	(1,093)	-
Adjusted funds from operations	747	381	1,722	917

Working capital

Bengal uses working capital to monitor its capital structure, liquidity, and its ability to fund current operations. Working capital is calculated as current assets less current liabilities but excludes other obligations and the current portion of decommissioning obligations.

Non-IFRS Financial Ratios

Bengal uses operating netback per share to assess the Company's operating performance on a per unit of production basis. Operating netback per barrel equals operating netback divided by the applicable number of barrels.

Operating netbacks per barrel (\$/bbl)	Three months ended		Nine months ended	
	December 31		December 31	
	2022	2021	2022	2021
Oil sales	96.60	109.40	125.70	103.15
Royalties	9.98	6.58	8.95	6.20
Operating expenses	47.12	38.24	48.31	44.48
Operating netback	39.50	64.58	68.44	52.47

Bengal uses funds from operations per share to assess the ability of the Company to generate the funds necessary for financing, operating, and capital activities on a per-share basis. This is a non-IFRS measure calculated by dividing funds from operations by weighted average basic and diluted shares outstanding for the periods disclosed.

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

CAUTIONARY STATEMENTS:

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", "future", "prospective", "project", "intend", "believe", "should", "would," "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:

- Bengal's multi-phase water injection scheme,;
- Bengal's development plans for its four PLs at ATP 934.

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; the failure to satisfy the conditions under farm-in and joint venture agreements; the 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, 2022, under the heading "Risk Factors" and in Bengal's management's discussion and analysis for the Q2 of the fiscal year ending March 31, 2023, 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.

Selected Definitions

The following terms used in this news release have the meanings set forth below:

bbl - barrel
bbls - barrels
bbls/d -barrels per day
\$/bbl - dollars per barrel
Q1- three months ended June 30
Q2- three months ended September 30
Q4 - three months ended March 31

Non-IFRS Measurements

Within this news release, references are made to terms commonly used in the oil and gas industry. Funds from (used in) operations, funds from (used in) operations per share, operating netback, netback per bbl, adjusted net income (loss) and adjusted net income (loss) per share do not have any standardized meaning under IFRS and previous GAAP and are referred to as non-IFRS measures. Funds from (used in) operations per share are calculated based on the weighted average number of common shares outstanding consistent with the calculation of net income (loss) per share. Operating netback includes realized losses on financial instruments. Netback per bbl is calculated by dividing revenue (including realized loss on financial instruments) less royalties, and operating expenses by the total production of the Company measured in bbl. Adjusted net income (loss) and adjusted net income (loss) per share are calculated based on Net income (loss) plus unrealized loss (gain) on financial instruments less unrealized foreign exchange loss (gain) and

non-cash impairment of non-current assets. 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 tables on pages 13,14 and 15 of Bengal's management's discussion and analysis for the Q2 of the fiscal year ending March 31, 2023.

Disclosure of Oil and Gas Information

This document discloses test results which are not necessarily indicative of long-term performance or of ultimate recovery.

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(1) Non-IFRS and Other Financial Measures are defined in the Non-IFRS and Other Financial Measures section of this press release.

To view the source version of this press release, please visit <https://www.newsfilecorp.com/release/154169>

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