

Bengal Energy Announces Fiscal 2024 First Quarter Results

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Calgary, August 11, 2023 - [Bengal Energy Ltd.](#) (TSX: BNG) ("Bengal" or the "Company") today announces its financial and operating results for the first quarter of fiscal 2024 ended June 30, 2023.

FIRST-QUARTER FISCAL 2024 HIGHLIGHTS:

The following is an overview of the financial and operational results during the three- months ending June 30, 2023. All amounts are in Canadian funds unless otherwise noted:

Financial Summary:

- Sales revenue - Crude oil sales revenue was \$1.7 million in the first quarter of fiscal 2024, which is 32% lower than the \$2.5 million recorded in Q1 fiscal 2023. The lower sales revenue is directly due to the decrease in Brent reference price of 31% to US\$78.32/bbl in Q1 fiscal 2024.
- Funds from (used in) operations^[1] - Funds from operations was \$nil during Q1 fiscal 2024 compared to \$0.7 million in Q1 fiscal 2023 stemming from 31% decrease in Brent reference price, decreasing revenue by \$0.8 million. This was offset by \$0.1 million lower operating expenses.
- Net income - Bengal reported a net loss of \$0.4 million for the current quarter compared to net income of \$0.4 million in Q1 fiscal 2023, directly impacted by the decrease in realized oil price, lowering sales revenues by \$0.8 million.

Operational Summary:

- Production volumes - The Company's share of total Cuisinier production in the current quarter was 16,058 bbls, which is a 4% decrease from the 16,757 bbls produced in the first quarter of fiscal 2023. The current quarter production averaged 176 bbls/d compared to 184 bbls/d produced in the first quarter of fiscal 2023. During the current quarter the C28 well was offline during April and May and the C27 well was offline in June resulting in approximately 15 bopd of deferred production.
- Capital expenditures - There was limited capital activity during the current quarter compared to Q1 fiscal 2023 when the Company was actively working on its development projects at Wareena 1 and Wareena 5 and completed activities at Caracal-1. Due to weather delays and the availability of equipment and field staff, Bengal has delayed its Wareena testing program to the second half of calendar 2023 in order to control costs.

OPERATING SUMMARY

(\$000s except per share, %, volumes and operating netback ⁽¹⁾ amounts	Three months ended June 30,	
	2023	2022
Oil revenue	\$ 1,672	\$ 2,463
Operating netback ⁽¹⁾	\$ 830	\$ 1,477
Cashflow (used in) from operations	\$ (102)	\$ 1,015
Funds (used in) from operations ⁽¹⁾	\$ (8)	\$ 680
Per share (\$) (basic and diluted)	\$ (0.00)	\$ 0.00
Net (loss) income	\$ (364)	\$ 390
Per share (\$) (basic and diluted)	\$ (0.00)	\$ 0.00

Capital expenditures	\$ 213	\$ 3,418
Oil volumes (bbls/d)	176	184
Operating netback ⁽¹⁾ (\$/bbl)	\$ 51.68	\$ 88.14

(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 quarter end June 30, 2023, 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 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 four recently acquired petroleum licenses 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. 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 (Authority to Prospect) 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 (Potential Commercial Area). 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 (petroleum lease) 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 producing 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)

The Company continues to evaluate the results of its pilot water injection program at Cuisinier. 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 Joint Venture will begin a multi-staged water injection scheme, targeted fracture stimulation and more commercially efficient development drilling. Whilst the JV has observed compelling evidence that the overall field decline has been temporarily arrested with a modest upward trend in oil production rate during the previous quarter, the pilot has suffered from extended shut-in periods due to equipment failure and waiting on replacement parts in this quarter. The WI pilot is expected to be operational again from late July onwards.

Bengal's joint venture partner and operator of the Cuisinier pool drilled four wells in the Cuisinier field during calendar 2023. The Company did not participate in this program based on its internal economic hurdles and given that the operator has not prepared a suitable field development plan considering the water injection pilot and projected capital and operating costs make such investment less attractive than alternatives available in Bengal's inventory.

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 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. If this testing yields commercial rates, Bengal will tie-in the producing well to pipeline PPL 138. The Company is investing in proprietary proof of concept arrangements 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 and appraisal work at the existing PLs and exploration growth through ATP 934 can be undertaken.

ATP 732 Tookoonooka (100% WI)

In June 2019, the Company applied for an amendment to the 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 with an estimated cost of \$0.05 million and geological and geophysical investigation at an estimated cost of \$0.05 million during the four-year term.

On the Caracal-1 well, the Company conducted an acid treatment to improve well bore inflow with positive results and moderate inflow of very light 53-degree gravity oil from the Wyandra zone. While not immediately commercially viable, 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. The well is currently suspended with shut-in pressure data being actively monitored to aid in future stimulation work plan.

ATP 732 reached the end of its term in March of 2023 and the Company lodged an application over the northern portion of the ATP for continuation in the form of PCA 332 for a further 15 years. Based on the positive results from Caracal-1, the application 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 East (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 an outcome based LWP for another 6 years to February 28, 2027. As part of the special amendment, another relinquishment of 118 sub blocks (50% of the remaining sub blocks) (88,972 acres) was required by February 28, 2023. The relinquishment was accepted by the regulator during April of 2023. 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 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 acreage 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 indicate 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 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-out 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 Press Release, 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 oil sales deducting royalties and operating expenses. The following table reconciles petroleum and natural gas revenue to netback:

Operating netback	Three months ended	
(\$000s)	June 30,	
	2023	2022
Oil sales	1,672	2,463
Royalties	(113)	(148)
Operating expenses	(729)	(838)
Operating Netback	830	1,477

Funds from operations

Management utilized funds from operations as 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:

Funds from operations (\$000s)	Three months ended June 30,	
	2023	2022
Cash flow (used in) from operations per financial statements	(102)	1,015
Changes in non-cash working capital	94	(335)
Funds (used in) from operations	(8)	680

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 netback per barrel (\$/bbl)	Three months ended June 30,	
	2023	2022
Oil sales	104.12	146.98
Royalties	(7.04)	(8.83)
Operating expenses	(45.40)	(50.01)
Operating Netback	51.68	88.14

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, targeted fracture stimulation and the results thereof at ATP 752;
- 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, 2023, under the heading "Risk Factors" and in Bengal's management's discussion and analysis for the Q4 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 16 of Bengal's management's discussion and analysis for 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/176915>

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