



December 18, 2013

Bengal Energy Announces Closing of Purchase of Additional Interest in the Cuisinier Oil Field and Operational Update

Calgary, Alberta – Bengal Energy Ltd. (TSX: BNG) (“Bengal” or the “Company”) is pleased to announce the closing of the previously announced purchase of an additional 5.357% working interest in the Cuisinier Oil Field and Petroleum Lease 303 (‘PL303’) (the “Acquisition”) in the Cooper-Eromanga Basin in Queensland, Australia and to provide an operational update.

Closing of Acquisition

In addition to the incremental working interest acquired in Cuisinier, the Acquisition also includes a further 8.08% interest in the Wompi Block (ATP 752), resulting in working interests in those two projects of 30.357% and 38.08%, respectively. With the increased working interest in Cuisinier, going forward the Company will realize a greater proportion of production and a corresponding impact on cash flows for periods subsequent to December 18, 2013. As a result, Bengal estimates it will exit calendar 2013 with corporate net production volumes between 500-550 boe/d, weighted over 90% to ultra-light crude oil which commands a premium to Brent pricing and contributes to strong netbacks. This exit production estimate reflects the increased working interest gained through the Acquisition, production contributions from all 14 wells currently tied-in, and incorporates production declines inherent with new production.

The effective date of the Acquisition is March 15, 2013, and the purchase price of AUD \$7.5 million / CAD \$7.2 million remains subject to final closing adjustments which are anticipated to be nominal. Bengal funded the acquisition with proceeds from the CAD\$8 million (gross) debt financing which closed July 5, 2013.

Operational Update

Bengal continues to advance its exploration and production projects in both Australia and India.

Tookoonooka, Australia:

In Bengal’s Tookoonooka permit (ATP 732), which is located in the emerging East Flank oil fairway of the Cooper Basin, the Company’s joint venture partner, Beach Energy Ltd., commenced activity in December 2013. Under the terms of the joint venture agreement, Beach will drill two wells and fund the acquisition of an additional 300 km² of 3D seismic up to a maximum commitment of AUD\$11.5 million, in order to earn a 50% interest in the permit and assume operatorship.

On or about December 25, 2013, Beach intends to spud ‘Tangalooma-1’, the first of its two fully funded wells in Tookoonooka. Tangalooma-1 is situated in close proximity (2.1 km northeast) of Bengal’s Caracal-1 well, a 52° API light oil discovery. The target for Tangalooma-1 is a deeper Hutton zone, which has proven highly prolific in other regions within the East Flank of the Cooper Basin, and is within 20 km of the Tangalooma-1 location. Based on this spud date, and incorporating the impact of the holiday break, Bengal anticipates having results from the well before the end of January 2014. Timing for drilling of the second well in Tookoonooka will be dependent on the results from Tangalooma-1, and Bengal will continue to provide updates as information comes available.

On December 10, 2013, Beach commenced its seismic acquisition program (“The Nassarius Survey”) in the north portion of the permit, which is expected to continue through the end of January, 2014. Following the acquisition and processing of the Nassarius Survey, a comprehensive interpretation process will be undertaken which is designed to identify future drilling locations.



“Bengal is very pleased to be working with one of the Cooper Basin’s premier operators, Beach Energy Ltd., ,” said Chayan Chakrabarty, President & CEO of Bengal. “We believe that Beach’s interest in funding the first two wells and seismic acquisition demonstrates the great potential of our Tookoonooka asset.”

Reg Nelson, President & CEO of Beach Energy Ltd. said, “Following our success in the Western Flank of the Basin, Beach has been seeking an equivalent to that region and believe we have found that opportunity with Tookoonooka in the Eastern Flank. Our joint venture with Bengal enables Beach to apply its highly successful Cooper Basin oil exploration and operational experience to further unlock the potential of this underexplored area of the Basin.”

Cuisinier, Australia:

At the end of November, the sixth and final well of the Company’s 2013/2014 Cuisinier drilling campaign, Cuisinier-12, was successfully tied-in, bringing the total gross number of wells on stream to 14.

Based on the results of the most recent drilling program in Cuisinier, Bengal and its partners have developed a dynamic model of the field which incorporates all production history and pressure data from the 14 producing wells, which will directly contribute to an enhanced understanding of the reservoir and allow for efficient exploitation of the field. The operator has indicated that the early implementation of a pressure maintenance system would improve production and ultimate recovery, and intends to initiate such a program during 2014, with benefits expected by year-end.

Bengal plans to participate in an expanded 2014/2015 drilling program in Cuisinier which includes 6 development wells, 2 appraisal wells and 1-2 contingent exploration wells located on new structures identified on 3-D seismic. This program is scheduled to commence in second quarter of calendar 2014, and conclude in fourth quarter 2014. As a result, the impact of new production volumes is expected in the latter half of calendar 2014.

Offshore AC/P47 Block, Australia:

In addition to its onshore assets in the Cooper Basin, Bengal holds a 100% interest in an offshore exploration permit, AC/P 47, situated in the Timor Sea off Australia’s northwest coast. After extensive technical review internally and externally by potential farm-in partners, the Company determined that this permit is very high risk and does not contain sufficient technical merit to justify further exploration capital expenditures. In February of 2013, the Company lodged an application to relinquish this property and has now received Notice of Cancellation of the permit from the Australian regulating authority “NOPTA”.

Onshore India

In Bengal’s onshore India block situated within the Cauvery Basin, the Company continues to coordinate with its partners to drill three exploration wells, the first of which is scheduled to commence late in the first quarter of calendar 2014. All three locations are within an area of newly acquired 3D seismic and are targeting formations between 1,200m and 2,000m depth, which are known oil and gas producers in the offsetting Kovilkallappal and North Kovilkallappal pools. These pools are situated between 6km and 10kms from Bengal’s block, have combined estimated recoverable reserves of more than 25 million boe according to public sources, and are in an area with existing oil and gas infrastructure. Continued activity in onshore India through the balance of calendar 2014 and beyond will be dependent on the drilling results under the current planned work program. Bengal has a 30% working interest in the block.

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 and India. 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 at www.bengalenergy.ca

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

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; 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 estimated oil production volumes after giving effect to the organization of the additional interest in ATP 752; the anticipated benefits of the Acquisition and anticipated year end production increases as a result of the Acquisition; the anticipated closing adjustments in respect of the Acquisition; the Company's expected drilling program in Cuisinier for 2014/2015, as well as the expected timing for commencement and conclusion of such drilling program; additional production volumes from Cuisinier as a result of the 2014/2015 drilling programs; a proposed pressure maintenance system; Beach's ongoing seismic acquisition program; Beach's intentions to spud Tangalooma-1 and Bengal's anticipated announcement of results of such well; and Bengal's proposed exploration wells onshore India. 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 safety assessments and rig acceptance; 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 results of seismic activities and related operations; changes in anticipated operating and transportation costs; changes in pipeline accessibility; the ability to access sufficient capital from internal and external sources; failure to obtain or delays in obtaining regulatory approvals; 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, 2013 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.

Netbacks

Netback is a non-IFRS measure. Netback per bbl is calculated by dividing the revenue less royalties, operating and transportation costs in total for the Company by the total production of the Company measured in boe.