



# Bengal Energy Announces Fiscal 2020 Second Quarter Results

Calgary, Alberta--(Newsfile Corp. - November 12, 2019) - **Bengal Energy Ltd. (TSX: BNG)** ("Bengal" or the "Company") today announces its financial results for the second quarter of fiscal 2020 ended September 30, 2019.

## SECOND QUARTER FISCAL 2020 SUMMARY:

The following is an overview of the financial and operational results during the three month period ended September 30, 2019:

### Financial Summary:

- **Acquisition:** - On September 12, 2019, the Company signed a purchase sales agreement for the previously announced acquisition of a 100% working interest in four Petroleum Leases ("PLs"). All four PLs are located adjacent to the Company's existing gas exploration block ATP 934 in the Cooper Basin. The PLs are all prospective gas assets, along with one oil asset, some of which have produced in the past but all are currently non-producing.
- **Sales Revenue** - Crude oil sales revenue was \$2.6 million in the second quarter of fiscal 2020, which is 22% lower than the \$3.3 million recorded in Q2 fiscal 2019. Although the Company recorded 14% higher production in the quarter compared to the same quarter last year, an 18% decline in average \$US Brent pricing negatively impacted sales revenue quarter over quarter.
- **Hedging** - The Company's credit facility requires that a minimum of 50% of oil production be hedged forward by a minimum of 12 months. During Q2 fiscal 2020, the realized gain on financial instruments was \$0.3 million while the unrealized loss on financial instruments was \$0.01 million. During the current quarter, forward fixed-price contracts were placed on 50% of Q2 fiscal 2021 estimated production for July 2020 at US\$56.64/bbl, August 2020 at US\$56.46/bbl and September 2020 at US\$56.32/bbl.
- **Cash from Operations** - Bengal generated cash from operations of \$0.5 million during Q2 fiscal 2020 compared to \$0.6 million of cash from operations in Q2 fiscal 2019. The primary reason for the decrease in cash from operations during Q2 fiscal 2020 as compared to Q2 fiscal 2019 was lower oil prices in Q2 fiscal 2020.
- **Net Loss** - Bengal reported a net loss of \$0.5 million for the current quarter compared to a net loss of \$0.7 million in the second quarter of fiscal 2019. The primary driver for the net loss for Q2 fiscal 2020 was the lower oil prices offset by higher production volumes.
- **Adjusted Net Income** - Bengal reported adjusted net income of \$0.2 million for the current quarter and adjusted net income of \$0.4 million for Q2 fiscal 2019. Net income is adjusted for unrealized gain (loss) on financial instruments, the unrealized foreign exchange gain (loss) for the period and the non-cash impairment of non-current assets.
- **Bank Debt Reclassification** - On November 5, 2019, Westpac and the Company executed an agreement to extend the maturity date of the Company's bank debt of US \$12.5 million to October 31, 2020.

### Operational Summary:

- **Production Volumes** - The Company's share of total production in the current quarter was 30,667 bbls, which is a 14% increase from the 26,870 bbls produced in the second quarter of fiscal 2019. The current quarter production averaged 333 bbls/d compared to 292 bbls/d produced in the second quarter of fiscal 2019. The increase in production is a result of the completion of the development program which saw five wells drilled beginning in Q4 fiscal 2019.
- **Capital Expenditures** - Bengal incurred \$0.5 million in capital expenditures during Q2 fiscal 2020. This investment went towards the completion of the five-well drilling program commenced in Q4 fiscal 2019 and the frac completion program of wells C15 and C21.

## OPERATING SUMMARY

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(\$000s except per share, %  
volumes and netback amounts)

	Three months ended September 30			Six months ended September 30	
	2019	2018		2019	2018
Oil revenue	\$ 2,576	\$ 3,315	\$	\$ 4,538	\$ 6,530
Operating netback <sup>(1)</sup>	\$ 1,649	\$ 1,601	\$	\$ 2,761	\$ 3,214
Cash flow from operations	\$ 527	\$ 603	\$	\$ 843	\$ 1,622
Funds from operations <sup>(2)</sup>	\$ 724	\$ 750	\$	\$ 711	\$ 1,625
Per share (\$) (basic and diluted)	\$ 0.01	\$ 0.01	\$	\$ 0.01	\$ 0.02
Net loss	\$ (506)	\$ (728)	\$	\$ (1,256)	\$ (1,214)
Per share (\$) (basic and diluted)	\$ (0.00)	\$ (0.01)	\$	\$ (0.01)	\$ (0.01)
Adjusted net income (loss) <sup>(3)</sup>	\$ 177	\$ 350	\$	\$ (308)	\$ 777
Per share (\$) (basic and diluted)	\$ 0.00	\$ 0.00	\$	\$ 0.00	\$ 0.01
Capital expenditures	\$ 477	\$ 1,274	\$	\$ 1,757	\$ 1,575
Oil volumes (bbls/d)	333	292		292	305
Netback <sup>(1)</sup> (\$/bbl)	\$ 53.78	\$ 59.58	\$	\$ 51.74	\$ 57.59

1. Operating netback is a non-IFRS measure and includes realized gain (loss) on financial instruments. Operating netback per bbl is calculated by dividing revenue (including realized gain (loss) on financial instruments) less royalties and operating costs by the total production of the Company measured in bbls. A reconciliation of the measures can be found on page 7 of the Company's management's discussion and analysis for the three months ended September 30, 2019, Q2 fiscal year 2020.
2. Funds from operations is a non-IFRS measure which is calculated by adding back all non-cash expense deductions to the net loss for the quarter and year to date. 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. A reconciliation of the measures can be found in the table on page 18 of the Company's management's discussion and analysis for the three months ended September 30, 2019, Q2 fiscal year 2020.
3. Adjusted net income (loss) and adjusted net income (loss) 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 18 of the Company's management's discussion and analysis for the three months ended September 30, 2019, Q2 fiscal year 2020.
4. The above non-IFRS measures do not have any standardized meaning under GAAP (as that term is defined in National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards) and therefore may not be comparable to similar measures presented by other issuers.

Bengal has filed its consolidated financial statements and management's discussion and analysis for the second quarter of fiscal year 2020 with the Canadian securities regulators. The documents are available on SEDAR at [www.sedar.com](http://www.sedar.com) or by visiting Bengal's website at [www.bengalenergy.ca](http://www.bengalenergy.ca).

## BUSINESS OVERVIEW

### AUSTRALIA - Cooper Basin, Queensland

#### **PL 303 Barta Block Cuisinier (controlling permit ATP 752) (30.357% WI)**

The Cuisinier 29 well is on production from the newly discovered DC-50 zone. A development plan for this new zone is under preparation with further drilling and evaluation expected in Q1 calendar 2020.

Planning and drilling location selection is underway for the next multi-well development and appraisal drilling campaign which is expected to commence late in the second quarter of calendar 2020.

A pilot reservoir pressure maintenance scheme, is planned to commence during the first quarter of calendar 2020. The location of this pilot is in the southeast quadrant of the Cuisinier pool, with injection of water to take 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 increase production up to four offsetting wells. In addition, the program will also complement future water flood expansion phases currently in the initial planning stages.

#### *About Bengal*

Bengal Energy Ltd. 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](http://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", "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. The forward-looking statements contained herein include, but are not limited to, statements regarding: the expected timing of the development plan for further drilling and evaluation in the DC-50 zone in the Cuisinier-29 well; the expected timing of the multi-well development and appraisal drilling campaign on the Barta Block PL 303; the timing of the commencement of a pilot pressure maintenance scheme and the potential increase of production in up to four offsetting producing wells in the Cuisinier field and other prospective results.

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, 2019 under the heading "Risk Factors" and in Bengal's management's discussion and analysis for the Q2 and fiscal year ended March 31, 2020 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

**bopd** - barrels of oil per day

**FY** - fiscal year

**Q1** - three months ended June 30

**Q2** - three months ended September 30

**Q3** - three months ended December 31

**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 operations, funds from 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 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. Operating netback includes realized losses on financial instruments. Netback per bbl is calculated by dividing revenue (including realized loss on financial instruments) less royalties, 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 table on pages 7 and 18 of Bengal's management's discussion and analysis for the Q2 and fiscal year ended March 31, 2020.*

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