



## Bengal Energy Announces Fiscal 2020 Third Quarter Results

Calgary, Alberta--(Newsfile Corp. - February 13, 2020) - **Bengal Energy Ltd. (TSX: BNG)** ("Bengal" or the "Company") today announces its financial results for the third quarter of fiscal 2020 ended December 31, 2019.

### THIRD QUARTER FISCAL 2020 SUMMARY:

The following is an overview of the financial and operational results during the three and nine month periods ended December 31, 2019:

#### Financial Summary:

- **Sales Revenue** - Crude oil sales revenue was \$2.4 million in the third quarter of fiscal 2020, which is 20% higher than the \$2.0 million recorded in Q3 fiscal 2019. Higher sales volume in Q3, fiscal 2020 compared to Q3 fiscal 2019 was the main driver for the improved revenue performance despite a lower weighted average US Brent price.
- **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 the current quarter, forward fixed-price contracts were placed on 50% of Q3 fiscal 2021 estimated production for October 2020 at US\$59.27/bbl, November 2020 at US\$58.95/bbl and December 2020 at US\$58.63/bbl.
- **Cash from Operations** -Bengal generated cash from operations of \$0.3 million during Q3 fiscal 2020 compared to \$0.4 million of cash from operations in Q3 fiscal 2019. Cash flow generated from operations for the nine months ended December 31, 2019 was \$1.1 million compared to \$2.1 million in the nine months ended December 31, 2018. The primary reason for the lower cash from operations in YTD Q3 fiscal 2020 is due to lower sales volumes and lower weighted average US Brent pricing.
- **Net Income** - Bengal reported net income of \$0.6 million for the current quarter compared to net income of \$0.9 million in the third quarter of fiscal 2019. Higher sales volume and the disposition of the drilling rig which was previously written off contributed to the positive quarterly net income in Q3 fiscal 2020. Net income for the current quarter is lower as compared to Q3 fiscal 2019 due to a substantial reduction in the value of the unrealized gain on financial instruments.
- **Credit Facility Extension** - On November 5, 2019, Westpac Institutional Bank 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.
- **Disposition** - On November 25, 2019 the Company entered into an agreement to sell its drilling rig to a third party for AU\$250,000. Payment was received on December 24, 2019. The drilling rig was purchased by the Company in 2012 but had not been part of its operating strategy since 2014.

#### Operational Summary:

- **Production Volumes** - The Company's light crude oil production in the current quarter was 25,758 bbls, which is a 7% decline from the 27,593 bbls produced in the third quarter of fiscal 2019. The current quarter production averaged 280 bbls/d compared to 300 bbls/d produced in the third quarter of fiscal 2019. The decline in production is a result of natural decline rate.
- **Capital Expenditures** - Bengal incurred \$0.3 million in capital expenditures during Q3 fiscal 2020. This investment went towards the planning and evaluation of the Cuisinier production.

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

	2019	Three months ended December 31		Nine months ended December 31	
		2018	2019	2018	2019
Oil revenue	\$ 2,425	\$ 2,014	\$ 6,963	\$ 8,544	
Operating netback <sup>(1)</sup>	\$ 1,537	\$ 622	\$ 4,298	\$ 3,836	
Cash flow from operations	\$ 259	\$ 434	\$ 1,102	\$ 2,056	
Funds from (used in) operations <sup>(2)</sup>	\$ 599	\$ (247)	\$ 1,310	\$ 1,378	
Per share (\$) (basic and diluted)	\$ 0.01	\$ 0.00	\$ 0.01	\$ 0.01	
Net income (loss)	\$ 556	\$ 883	\$ (700)	\$ (331)	
Per share (\$) (basic and diluted)	\$ 0.01	\$ 0.01	\$ (0.01)	\$ 0.00	

Adjusted net income (loss) <sup>(3)</sup>	\$ 294	\$ (649)	\$ (14)	\$ 128
Per share (\$) (basic and diluted)	\$ 0.00	\$ (0.01)	\$ (0.00)	\$ 0.00
Capital expenditures	\$ 346	\$ 298	\$ 2,103	\$ 1,873
Oil production volumes (bbls/d)	280	300	288	303
Operating netback <sup>(1)</sup> (\$/bbl)	\$ 59.68	\$ 22.54	\$ 54.32	\$ 45.99

(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 December 31, 2019, Q3 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 December 31, 2019, Q3 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 19 of the Company's management's discussion and analysis for the three months ended December 31, 2019, Q3 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 third 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 and PL 1028 Cuisinier (controlling permit ATP 752) (30.357% WI)**

The Cuisinier 29 well is on production from the newly discovered DC-50 zone. After expected initial decline rates the well has stabilized at approximately 110 bbls/d, (30 bbls/d net).

Planning and drilling location selection is underway for the next multi-well development and appraisal drilling campaign which is expected to commence late in Q4 of calendar 2020.

A pilot reservoir pressure maintenance scheme is planned to commence injection during the Q2 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 in up to four offsetting wells. In addition, the program will also complement future water flood expansion phases currently in the initial planning stages.

#### **ATP 934 Barrolka (100% WI)**

ATP 934 is the Company's 100% owned natural gas exploration block. In order to mitigate both financial and development risk, Bengal has done extensive state-of-the-art geophysical work that has not been widely applied in Australia and which gives a higher degree of confidence in the block and focuses on the most likely prospects.

Discussions are ongoing with third parties who may have an interest in farming in on a selective portion of this block, supporting the next phase of exploration and thereby further de-risking the natural gas potential of the permit.

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

As announced in the Bengal press release of September 12, 2019, the Company has executed a binding sales and purchase agreement to acquire a 100% working interest in four PLs and a natural gas pipeline connected to transportation infrastructure into the Eastern Australia Gas Market (collectively, the "Assets"). These non-productive PLs are highly compatible with and in close proximity to ATP 934. The Company has obtained ownership of the respective PLs in Q2 FY 2020 subject to routine regulatory approvals. 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 an oil-zone completion in a cased well, which recovered 588 bbls/d of light crude oil, based on a 105-

minute drill stem test period when it was drilled in 2007. Upon completion of a successful test, this well is expected to be immediately equipped for production and the oil sold into the regional market. The Company is in discussions with potential industry and financial partners to fund this activity.

The 100% ownership of these Assets presents an appraisal and development opportunity that will be operated by the Company and is seen to be not only complementary to our proven producing, non-operated Cuisinier asset, but also as a key stepping stone for Bengal's natural gas platform upon which future exploration growth through ATP 934 can be undertaken.

### ***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: Bengal's drilling campaigns and the timing and anticipated results thereof; the timing of the next multi-well development and appraisal drilling campaign on PL 303; the anticipated timing and results of a pressure maintenance scheme and the injection of produced formation water in the Cooper Basin on ATP 752; the potential farm-in with third parties on ATP 934; the receipt of regulatory approval in respect of the Assets, the anticipated results and characteristics of the Assets and development plans in respect therewith; the anticipated future exploration growth opportunities on ATP 934 through the ownership of the Assets; anticipated funding requirements and sources for the Company's development program;*

*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 Q3 fiscal 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

*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

*WI* - working interest

*YTD* - year to date

### ***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, operating 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. Operating 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, 18 and 19 of Bengal's management's discussion and analysis for Q3 fiscal 2020.*

### ***Disclosure of Oil and Gas Information***

*This document discloses unbooked drilling locations. Unbooked locations are internal estimates based on the Company's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. There is no certainty that the Company will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors.*

### ***Test Rates***

*References in this MD&A to production test rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long term performance or ultimate recovery. Readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company. A pressure transient analysis or well-test interpretation has not been carried out in respect of all wells. Accordingly, the Company cautions that the test results are historical and not indicative of expected production.*

### ***Internal Estimates***

*Certain information contained herein is based on estimated values the Company believes to be reasonable and are subject to the same limitations as discussed under "Forward-looking Statements" above.*

### **FOR FURTHER INFORMATION PLEASE CONTACT:**

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