



## Bengal Energy Announces Fiscal 2021 First Quarter Results

Calgary, Alberta--(Newsfile Corp. - August 13, 2020) - **Bengal Energy Ltd. (TSX: BNG)** ("Bengal" or the "Company") today announces its financial results for the first quarter of fiscal 2021 ended June 30, 2020.

### FIRST QUARTER FISCAL 2021 SUMMARY:

The following is an overview of the financial and operational results during the three month period ended June 30, 2020:

#### Financial Summary:

- **Sales Revenue** - Crude oil sales revenue was \$1.1 million in the first quarter of fiscal 2021, which is 45% lower than the \$2.0 million recorded in Q1 fiscal 2020. The lower sales revenue is due to a 5% decline in production quarter over quarter and a 57% decline in the quarterly average US Brent oil price.
- **Hedging** - The Company currently has hedges in place for the balance of the calendar year ending December 31, 2020. Due to the emergence of the COVID-19 pandemic and the collapse of oil prices in March, Westpac Banking Corporation's ("Westpac") derivative desk has not accepted any hedging orders and continues to be closed. As a result, Westpac has suspended the Company's hedging requirements under the Company's Credit Facility. The Company's hedges for the remainder of the calendar year range from Brent US\$56 per barrel to US\$59 per barrel.
- **Funds Used and Cash from Operations** - Bengal generated funds used from operations of \$0.2 million during Q1 fiscal 2021 compared to \$0.013 million in Q1 fiscal 2020. Bengal generated cash from operations of \$0.3 million during Q1 fiscal 2021 compared to \$0.3 million of cash from operations in Q1 fiscal 2020.
- **Net Income** - Bengal reported a net income of \$0.4 million for the current quarter compared to a net loss of \$0.8 million in the first quarter of fiscal 2020. The primary driver for the net income for Q1 fiscal 2021 was a \$2.0 million unrealized foreign exchange gain.

#### Operational Summary:

- **Production Volumes** - The Company's share of total production in the current quarter was 21,617 bbls, which is a 5% decline from the 22,688 bbls produced in the first quarter of fiscal 2020. The current quarter production averaged 238 bbls/d compared to 249 bbls/d produced in the first quarter of fiscal 2020. Normal production declines are responsible for the quarter over quarter oil volume reductions.
- **Capital Expenditures** - Bengal and the joint venture operator have agreed to delay all major capital expenditures except for the implementation of the waterflood pilot on the C24 Cuisinier well. This is expected to commence in Q2 fiscal 2021.

### OPERATING SUMMARY

(\$000s except per share, %, volumes and operating netback amounts)	Three months ended June 30	
	2020	2019
Oil revenue	\$ 1,099	\$ 1,962
Operating netback <sup>(1)</sup>	\$ 683	\$ 1,112
Cash from operations	\$ 335	\$ 316
Funds used in operations <sup>(2)</sup>	\$ (210)	\$ (13)
Per share (\$) (basic and diluted)	\$ 0.00	\$ 0.00
Net income (loss)	\$ 400	\$ (750)
Per share (\$) (basic and diluted)	\$ 0.00	\$ (0.01)
Adjusted net loss <sup>(3)</sup>	\$ (607)	\$ (485)
Per share (\$) (basic and diluted)	\$ (0.01)	\$ 0.00
Capital expenditures	\$ 99	\$ 1,280
Oil volumes (bbl/d)	238	249
Operating netback <sup>(1)</sup> (\$/bbl)	\$ 31.60	\$ 49.01

Table 1: Operating Summary

To view an enhanced version of this table, please visit:  
[https://orders.newsfilecorp.com/files/2631/61702\\_bengalenhanced.jpg](https://orders.newsfilecorp.com/files/2631/61702_bengalenhanced.jpg)

(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 8 of the Company's management's discussion and analysis for the three months ended June 30, 2020, Q1 FY 2021.

(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. 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 17 of the Company's management's discussion and analysis for the three months ended June 30, 2020, Q1 FY 2021.

(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 June 30, 2020, Q1 FY 2021.

(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 Q1 FY 2021 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 oil field continues to produce very light high quality crude oil in line with expectations with net daily volumes for the period of 238 bbls/d of light crude oil.

Planning and drilling location selection for the 2020 multi-well development and appraisal drilling campaign has been deferred due to the COVID-19 pandemic and due to current low oil prices. Timing of restarting the campaign will be re-assessed in future periods based on oil pricing and financial conditions at that time.

A pilot reservoir pressure maintenance scheme (water flood pilot) is planned to commence injection during Q3 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 ("C24"). 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, if expected results are achieved, the program is expected to also support and enable future water flood expansion phases currently in the initial planning stages. Apart from increased oil recovery in the offsetting wells, another major benefit is reduction in produced water treatment tariffs. These tariffs are currently incurred as produced water is exported and treated at the Cook facility. The tariff structure is a tiered volume-based arrangement and accordingly, the water injection scheme would allow the joint venture to reduce the overall operating cost for Cuisinier oil.

#### **PCA 155 Nubba/Yilgarn (controlling permit ATP 752, Wompi Block) (38.08% WI)**

The Company and its joint venture partners are planning to conduct an extended production test on the Nubba gas discovery well. Initially planned for Q4 calendar 2019, the project is now delayed until there is certainty over a tie in point that can be accessed at a reasonable connection cost. Plans to tie in the well are subject to commercial flow rates and gas reserves being achieved and are not expected until 2022.

#### **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 which gives a higher degree of confidence in the block and focuses on the most likely prospects.

Discussions with a third party interested in farming-in on a portion of this block have concluded successfully with a 100% free carried well planned for the second half of 2021. This well will assist in further de-risking the natural gas potential of the permit. (See Bengal press release dated July 28th, 2020).

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

As announced in the Bengal press release dated September 12, 2019, the Company has acquired a 100% working interest in four petroleum leases ("PLs") and a natural gas pipeline connected to transportation infrastructure into the Eastern Australia Gas Market. These non-producing PLs are highly compatible with and in close proximity to ATP 934. The Company obtained ownership of the respective PLs in Q2 FY 2020 subject to applicable 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 and completion programs on selected wells.

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. Subject to a recovery in the price of crude oil and upon completion of a successful test, this well is expected to be 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 its proven producing, non-operated Cuisinier asset, but also as a key stepping stone for Bengal's natural gas platform with immediate market access to an existing pipeline providing the ability to commercialize future exploration success and continued development and exploration activity.

## **ATP 732 Tookoonooka (100% WI)**

In June 2019, the Company applied for an amendment to the 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 with an estimated cost of \$50K and geological and geophysical investigation at an estimated cost of \$50K during the four-year term.

## **Business Development**

The Company continues to engage in early stage, confidential and non-binding discussions with a number of third parties respecting potential business development opportunities, including possible business combination transactions expected to assist in reducing combined costs, increasing scale and advancing external financing options. While discussions have continued throughout the COVID-19 pandemic, the unfavourable and volatile market conditions have posed a material challenge to advancing such discussions. The Company cautions that all discussions are preliminary and non-binding and there are no assurances that such discussions will advance or that any transaction will be pursued or ultimately 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", "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. The forward-looking statements contained herein include, but are not limited to, statements regarding: the expected timing of the commencement of the waterflood pilot on the C24 Cuisinier well; the timing and re-assessment of planning and drilling location selection for the 2020 multi-well development and appraisal drilling campaign; the anticipated production increases in offsetting wells as a result of the injection of produced formation water, future water flood expansion phases, and reduced operating costs; the planned extended production test on the*

*Nubba gas discovery well and plans to tie in the well; the 100% free carried well planned for the second half of 2021; the expected equipping for production of a cased in well on the four newly acquired production licenses and the potential of obtaining industry and financial partners to fund the activities on the PLs; and the appraisal and development opportunities offered by the 100% ownership of the PLs.*

*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 continuing adverse impact of COVID-19 on economic activity and demand for oil and natural gas; the uncertainties associated with the COVID-19 pandemic; the willingness of the Company's lenders to negotiate; fluctuations in commodity prices, foreign exchange or interest rates; 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, 2020 under the heading "Risk Factors" and in Bengal's management's discussion and analysis for the Q1 of the fiscal year ending March 31, 2021 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

### **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 8, 17 and 18 of Bengal's management's discussion and analysis for the Q1 of the fiscal year ending March 31, 2021.*

### **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 the Company 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 news release 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.*

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

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