



Bengal Energy Announces Debt Settlement and Equity Financing

Calgary, Alberta--(Newsfile Corp. - January 25, 2021) - **Bengal Energy Ltd. (TSX: BNG) ("Bengal" or the "Company")** is pleased to announce the execution of a binding agreement (the "**Debt Settlement Agreement**") with its senior secured lender Westpac Banking Corporation ("**Westpac**") in respect of the settlement all indebtedness and liabilities owing by Bengal's wholly owned subsidiary Bengal Energy (Australia) Pty Ltd. ("**Bengal Pty**") to Westpac under its secured credit facility (the "**Facility**"). Bengal is also pleased to announce that it has entered into a non-binding term sheet with Texada Capital Management Ltd. ("**Texada**") with respect to a non-brokered private placement of common shares in the capital of the Company ("**Common Shares**"), the proceeds from which will be used to finance the amounts payable under the Debt Settlement Agreement and for general corporate purposes (the "**Private Placement**").

Debt Settlement

Bengal, Bengal Pty and Westpac have agreed to settle all principal amount outstanding under the Facility (US\$12.369 million as of the date hereof) in full by way of a cash payment to Westpac by Bengal Pty of US\$10 million (plus accrued interest, fees and expenses). The transaction is subject to the acceptance of the Private Placement by the Toronto Stock Exchange ("**TSX**"), the approval or deemed approval of the Private Placement by the Australian Foreign Investment Review Board as well as certain customary closing conditions. Closing of the transactions contemplated by the Debt Settlement Agreement is expected to occur on the date that is five (5) business days after the date on which Bengal confirms in writing to Westpac that all closing conditions under the Debt Settlement Agreement in Bengal's favour have been satisfied, subject to an outside date of February 28, 2021.

The Facility matures on February 28, 2021 and Bengal currently has no available undrawn capacity under the Facility. If Bengal is unable to close the transactions contemplated by the Debt Settlement Agreement on or before February 28, 2021, there is no certainty that Bengal will be able to continue as a going concern.

Private Placement

Under the Private Placement, Texada has agreed to subscribe for Common Shares at the price of C\$0.05 per share for an aggregate subscription amount of C\$4 million plus the Canadian dollar equivalent of US\$10 million determined based on the Bank of Canada Cdn/US foreign exchange rate as at the business day immediately prior to the closing of the Private Placement. The proceeds will be applied by Bengal to the US\$10 million cash payment to Westpac under the Debt Settlement Agreement with the balance being used for general corporate purposes. The subscription price under the Private Placement represents a 32% premium to the 5-day volume weighted trading average of the Common Shares on the TSX preceding the date hereof.

Texada is owned and controlled by Mr. Bill Wheeler, a director of the Company, and his spouse (Texada and such individuals being collectively, the "**Insiders**"). The Insiders collectively own and control an aggregate of 26,891,489 Common Shares or approximately 26% of the issued and outstanding Common Shares. Accordingly, Texada constitutes an "insider" for the purposes of the TSX Company Manual and a "related party" of the Corporation pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**").

It is anticipated that the Private Placement will result in the issuance of Common Shares to Texada in an amount greater than 10% of the number of Common Shares outstanding, such that shareholder approval of such issuance would be required pursuant to subsection 607(g) of the TSX Company Manual. In addition, the issuance of Common Shares pursuant to the Private Placement may be considered by the TSX to materially affect control of the Corporation, such that shareholder approval of such issuance may also be required pursuant to subsection 604(a)(i) of the TSX Company Manual.

The Corporation has applied to the TSX for relief from the foregoing shareholder approval requirements on the basis that a committee of the board of directors of the Corporation, comprised of independent directors, has determined that Bengal is in serious financial difficulty and that the Private Placement, together with the Debt Settlement, is designed to improve Bengal's financial situation and the Private Placement and Debt Settlement are reasonable for the Corporation in the circumstances.

There is no certainty that the TSX will approve the Private Placement nor that it will do so on terms acceptable to Bengal or Texada.

Chayan Chakrabarty, the President and CEO of Bengal, commented: "The successful closing of the debt settlement transaction and the Private Placement are expected to result in the Company having no debt and the ability to deploy capital into our development and exploration programs over the near term, and to allow us to continue working to build a viable, sustainable and growing company, for the benefit of all our stakeholders."

In connection with reliance on the above described "financial hardship" exemption from the TSX's shareholder approval requirements, it is expected that the TSX will place Bengal under remedial delisting review, which is normal practice when a listed issuer seeks to rely on this exemption. No assurance can be provided as to the outcome of such review and, therefore, on the Company's continued qualification for listing on the TSX.

Bengal has determined that the Private Placement is exempt from the formal valuation and minority approval requirements applicable to related party transactions under MI 61-101 pursuant to the financial hardship exemptions thereunder.

Bengal expects to announce additional information respecting the Private Placement, in particular related to the Company's reliance on the "financial hardship" exemption from the TSX's shareholder approval requirements, in the coming days.

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

CAUTIONARY STATEMENTS:

Forward-Looking Statements

This news release contains forward-looking statements regarding the debt settlement transaction and Private Placement, closing of the debt settlement transaction and Private Placement and the timing of the same, use of proceeds of Private Placement and the impact thereof on Bengal, the Company's ability to continue as a going concern and the Company's continued qualification for listing on the TSX. These forward-looking statements are provided as of the date of this news release, or the effective date of the documents referred to in this news release, as applicable, and reflect predictions, expectations or beliefs regarding future events based on the Company's beliefs at the time the statements were made, as well as various assumptions made by and information currently available to them. In making the forward-looking statements included in this news release, the Company has applied several material assumptions, including, but not limited to, the assumption that regulatory approval of the Private Placement will be obtained in a timely manner; that all conditions precedent to the completion of the Debt Settlement and Private Placement will be satisfied in a timely manner; and that general economic and business conditions will not change in a materially adverse manner. Although management considers these assumptions to be reasonable based on information available to it, they may prove to be incorrect. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that estimates, forecasts, projections and other forward-looking statements will not be achieved or that assumptions on which they are based do not reflect future experience. We caution readers not to place undue reliance on these forward-looking statements as a number of important factors could cause the actual outcomes to differ materially from the expectations expressed in them. These risk factors may be generally stated as the risk that the assumptions expressed above do not occur, but specifically include, without limitation, risks relating to: general market conditions; the Company's ability to secure financing on favourable terms; and the additional risks described in the Company's latest Annual Information Form, and other disclosure documents filed by the Company on SEDAR. The foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on behalf of the Company, except as required by law.

FOR FURTHER INFORMATION PLEASE CONTACT:

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