



Bengal Energy Announces Fiscal 2021 Third Quarter Results and Subsequent Event Notice

Calgary, Alberta--(Newsfile Corp. - February 12, 2021) - **Bengal Energy Ltd. (TSX: BNG)** ("Bengal" or the "Company") today announces its financial results for the third quarter of fiscal 2021 ended December 31, 2020.

Subsequent Event Notice

As previously announced, Bengal has reached an agreement with its senior secured lender Westpac Banking Corporation ("Westpac") to settle all principal amounts outstanding under the credit facility (the "Credit Facility") and extinguish the debt owing to Westpac (the "Debt Settlement"). To facilitate the Debt Settlement, the Company entered into an agreement with Texada Capital Management Ltd. ("Texada") to invest US\$10 million to settle the outstanding debt plus an additional CAD\$4 million to assist with the Company's working capital needs and its development activities in the Cooper Basin in the upcoming year. In exchange, Texada will receive common shares priced at CAD\$0.05 per share (the "Private Placement"). The transaction is subject to the acceptance of the Private Placement by the Toronto Stock Exchange ("TSX") and the Australian Foreign Investment Review Board. The TSX has conditionally approved the Private Placement, subject to Bengal fulfilling all of the requirements of the TSX on or before March 5, 2021.

THIRD QUARTER FISCAL 2021 SUMMARY

The following is an overview of the financial and operational results during the three month period ended December 31, 2020:

Financial Summary:

- **Sales Revenue** - Crude oil sales revenue was \$1.3 million in the third quarter of fiscal 2021, which is 48% lower than the \$2.4 million recorded in Q3 fiscal 2020. Lower sales volume in Q3 fiscal 2021 compared to Q3 fiscal 2020 was the main driver for the weaker revenue performance along with significantly lower commodity prices quarter over quarter.
- **Hedging** - The Company's Credit Facility required that a minimum of 50% of oil production be hedged forward by a minimum of 12 months. The hedging requirements have been waived by Westpac as at fiscal Q3 2021 and all existing hedges expired on December 31, 2020. With the Credit Facility maturity date expiring on February 28, 2021 and the Company's discussions with Westpac during fiscal Q3 2021 to payout the Credit Facility, no new hedges were placed on any production after December 31, 2020.
- **Cash from Operations** - Bengal generated cash from operations of \$0.1 million during Q3 fiscal 2021 compared to \$0.3 million of cash from operations in Q3 fiscal 2020. Cash flow generated from operations for the nine months ended Q3 fiscal 2021 was \$0.2 million compared to \$1.1 million in the nine months ended Q3 fiscal 2020. The primary reason for the lower cash from operations in Q3 fiscal 2021 is due to lower sales volumes and lower weighted average US Brent pricing.
- **Net Income** - Bengal reported net income of \$0.7 million for the current quarter compared to net income of \$0.6 million in the third quarter of fiscal 2020. Three factors contributed to the positive net income in the current quarter - low G&A expenditures, reduced operating costs and a significant unrealised foreign exchange gain.
- **Credit Facility** - The Credit Facility matures on February 28, 2021. During fiscal Q3 2021, management was engaged with Westpac to extend/restructure the Credit Facility. On January 25, 2021, the Company announced that it had reached an agreement with Westpac to purchase the entire facility for US\$10 million and extinguish the debt owing to Westpac, subject to regulatory approvals. Pursuant to the Private Placement, Texada plans to purchase common shares in Bengal at CAD\$0.05 per share to finance the Debt Settlement and to provide the Company with CAD\$4 million of cash. This will allow the Company to pursue its attractive opportunities in Australia.
- **Oil Pricing** - Brent crude oil pricing improved from an average of US\$43.37/bbl in calendar Q3 2020 to an average of US\$45.24/bbl in calendar Q4 2020. Average US Brent pricing year to date in 2021 has been \$56.06/bbl.

Operational Summary

- **Production Volumes** - The Company's light crude oil production in the current quarter was 19,444 bbls, which represents a 25% decline from the 25,758 bbls produced in the third quarter of fiscal 2020. The current quarter production averaged 211 bbls/d compared to 280 bbls/d produced in the third quarter of fiscal 2020. The decline in production is a result of natural decline and conversion of the Cuisinier 24 well from producer to water injector.

- **Capital Expenditures** - Bengal incurred \$0.5 million in capital expenditures during Q3 fiscal 2021. This investment went towards the final instalments for the waterflood program.

OPERATING SUMMARY

| (\$000s except per share, %, volumes and operating netback amounts) | Three months ended | | Nine months ended | |
|---|--------------------|----------|-------------------|-----------|
| | December 31 | | December 31 | |
| | 2020 | 2019 | 2020 | 2019 |
| Oil revenue | \$ 1,274 | \$ 2,425 | \$ 3,633 | \$ 6,963 |
| Operating netback ⁽¹⁾ | \$ 824 | \$ 1,537 | \$ 2,084 | \$ 4,298 |
| Cash flow from operations | \$ 62 | \$ 259 | \$ 231 | \$ 1,102 |
| Funds from (used in) operations ⁽²⁾ | \$ 130 | \$ 599 | \$ (147) | \$ 1,310 |
| Per share (\$) (basic and diluted) | \$ 0.00 | \$ 0.01 | \$ 0.00 | \$ 0.01 |
| Net income (loss) | \$ 670 | \$ 556 | \$ 888 | \$ (700) |
| Per share (\$) (basic and diluted) | \$ 0.01 | \$ 0.01 | \$ 0.01 | \$ (0.01) |
| Adjusted net income (loss) ⁽³⁾ | \$ (263) | \$ 293 | \$ (1,387) | \$ (15) |
| Per share (\$) (basic and diluted) | \$ 0.00 | \$ 0.00 | \$ (0.01) | \$ (0.00) |
| Capital expenditures | \$ 498 | \$ 346 | \$ 721 | \$ 2,103 |
| Oil production volumes (bbls/d) | 211 | 280 | 227 | 288 |
| Operating netback ⁽¹⁾ (\$/bbl) | \$ 42.37 | \$ 59.68 | \$ 33.45 | \$ 54.32 |

⁽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 MD&A.

⁽²⁾ Funds from operations is a non-IFRS measure which is calculated by adding back all non-cash expense deductions to the net income (loss) for the quarter and year-to-date. Funds from (used in) 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 16 of the MD&A.

⁽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 16 of the MD&A.

⁽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 2021 with the Canadian securities regulators. The documents are available on SEDAR at www.sedar.com or by visiting Bengal's website at www.bengalenergy.ca.

BUSINESS DEVELOPMENT

Water Injection Pilot - The Cuisinier field saw the commencement of the water injection pilot project in late January 2021. This program is designed to begin increasing pressure in the pool and thereby increase the expected oil recovery in both productivity and reserves. As injected volumes ramp up, the project is also expected to benefit from decreased water disposal fees.

Farmin Activity - The location for the previously announced Santos farmin well has been finalized with drilling expected in calendar H2 of 2021. The well, which has no cost to Bengal through drilling, is targeting liquids-rich natural gas from the Permian Toolachee and Patchawara formations. Access to production infrastructure is available a short distance away to the southeast.

Development and Exploration - Continued low commodity pricing resulted in no new development or exploration drilling during the 2020 calendar year. The new pool discovery made at the Cuisinier 29 well continued to produce at forecast rates and averaged approximately 80 bbls/d (net 24 bbls/d) during the period. As disclosed in Bengal's MD&A for the period ending September 30 2020, the Company received regulatory approval for a special amendment to the initial work program on ATP 934. As a condition of the approval of the special amendment, the Company agreed to relinquish an additional 17% of the acreage subject to the permit in addition to the 33% mandatory relinquishment for a total of 50% (240 sub-blocks) of the acreage at the end of the first term on the permit. The acreage subject to the 50% relinquishment was determined by Bengal as being the least prospective land from a technical perspective and with the most challenging surface access conditions. In return, the Company was granted a reduction in the total commitment from CAD\$12.3 million to \$1.1 million and does not expect to make any additional investments prior to the approval of a second term on the ATP. The Company is currently working with the Government of Queensland on amending the commitment requirements and is expecting a resolution by the end of February 2021. Progress continues to be made in preparation for recommissioning of the Wareena Gas wells on PL 114 as well as the completion of the Poolowanna oil zone in the Ramses 2 well on PL 188.

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 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: Texada's plan to purchase common shares pursuant to the Private Placement; the Company's ability to purchase the entire Credit Facility and extinguish all indebtedness and liabilities owing to Westpac; the use of proceeds of the Private Placement; TSX and Australian Foreign Investment Review Board approval of the Private Placement; expectations regarding the Company's plans and ability to pursue opportunities in Australia; anticipated results of the water injection pilot project; expected timing of drilling the Santos farmin well; the Company's ability to negotiate amendments to the commitment requirements on ATP 934 Barrolka with the Government of Queensland and the timing of such negotiations; and the recommissioning of the Wareena Gas wells and completion of the Poolowanna oil zone in the Ramses 2 well on PL 188.

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; uncertainties associated with the COVID-19 pandemic; willingness of the Company's lenders to negotiate; fluctuations in commodity prices, foreign exchange rates or interest rates; changes in demand for or supply of Bengal's products; liabilities inherent in oil and natural gas operations; 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; uncertainties associated with estimating oil and natural gas reserves; increased competition for, among other things: capital, acquisitions of reserves, undeveloped lands and skilled personnel; the availability of qualified operating or management personnel; incorrect assessment of the value of acquisitions; Bengal's development and exploration opportunities; the results of exploration and development drilling and related activities; 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 ability to access sufficient capital from internal and external sources; and counter-party credit risk, stock market volatility and market valuation of Bengal's stock. 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 Q3 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 require 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

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 5 and 16 of Bengal's management's discussion and analysis for the Q3 of the fiscal year ending March 31, 2021.

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