MATERIAL CHANGE REPORT

1. Name and Address of Reporting Issuer:

Bengal Energy Ltd. ("**Bengal**" or the "**Company**")
Suite 1000, 736 – 6th Avenue SW
Calgary, Alberta T2P 3T7

2. Date of Material Change:

January 12, 2011

3. News Release:

News releases disclosing the details discussed in this material change report were issued by the Company on January 12, 2011 and disseminated through the facilities of a recognized news wire service.

4. Summary of Material Change:

The Offering

On January 12, 2011, Bengal entered into an agreement with a syndicate of underwriters led by Mackie Research Capital Corporation and including Wellington West Capital Markets Inc. and Toll Cross Securities Inc. (collectively, the "**Underwriters**"), whereby the Underwriters agreed to purchase, on a bought deal basis, 5,833,000 common shares of the Company ("**Common Shares**") at a price of $1.20 per share, for gross proceeds of $6,999,600 (the "**Offering"**). In connection with the Offering, the Company granted the Underwriters an over-allotment option to increase the size of the Offering by up to an additional 874,950 Common Shares on the same terms and conditions as the Offering, which will increase the aggregate gross proceeds from the Offering to $8,049,540 (assuming the over-allotment option is fully exercised).

Increased Size of the Offering

Subsequently, on January 12, 2011, Bengal reached an agreement with the Underwriters, whereby the Underwriters agreed to purchase an additional 817,050 Common Shares on the same terms and conditions, as the Offering, which increases the size of the Offering to an aggregate of 6,650,050 Common Shares at an aggregate purchase price of $7,980,060.

The Underwriters retain the option, but not the obligation, to increase the size of the Offering by up to an additional 874,950 Common Shares, on the same terms and conditions as the Offering, for an aggregate purchase price of $1,049,940, which will increase the aggregate gross proceeds received by the Company under the Offering to $9,030,000 (if the over-allotment option is fully exercised).

In all other respects, the terms of the Offering remain as announced earlier on January 12, 2011.

The Offering is scheduled to close the week of January 31, 2011 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of The Toronto Stock Exchange.

The net proceeds received by the Company from the sale of the Offering will be used to fund the Company's ongoing capital expenditure programs in Australia and India and for general working capital purposes.

The common shares will be offered in Canada in the Provinces of British Columbia, Alberta, Saskatchewan and Ontario by way of a short-form prospectus and in certain other jurisdictions on a private placement basis.

5. Full Description of Material Change:

5.1 Full Description of Material Change

Please see Item 4, above.

5.2 Restructuring Transaction

Not applicable.

6. Reliance on subsection 7.1(2) of National Instrument 51-102:

Not applicable.

7. Omitted Information:

Not applicable.

8. Executive Officer:

The name and business number of the executive officer of Bengal who is knowledgeable of the material change and this report is:

Bryan Goudie, Chief Financial Officer
Telephone: (403) 205-2526
Email: investor.relations@bengalenergy.ca

9. Date of Report:

This report is dated January 18, 2011.

Forward-Looking Statements

This material change report contains certain statements which constitute forward-looking statements or information ("forward-looking statements"), including statements regarding the timing of closing of the Offering and the use of proceeds of the Offering. These forward-looking statements are based on certain key expectations and assumptions, including assumptions regarding the general economic conditions in Canada, Australia, India and globally, industry conditions in Australia and India and the operations of the Company. These factors and assumptions are based upon currently available information and the forward-looking statements contained herein speak only as of the date hereof. Although the Company believes the expectations and assumptions reflected in the forward-looking statements are reasonable, as of the date hereof, undue reliance should not be placed on the forward-looking statements as Bengal can give no assurances that they will prove correct and because forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could influence actual results or events and cause actual results or events to differ materially from those stated, anticipated or implied in the forward-looking statements. These risks include, but are not limited to: uncertainties and other factors that are beyond the control of the Company; global economic conditions; risks associated with the oil and gas industry; commodity prices and exchange rate changes; operational risks associated with exploration, development and production operations; delays or changes in plans; specific risks associated with the ability to execute production sharing contracts, ability to meet work commitments, ability to meet the capital expenditures, estimated size of any seismic features and whether additional geosciences work will progress to defining drillable locations; risk associated with stock market volatility and the marketability of the Offering; and the ability of the Company to continue as a going concern. The Company assumes no obligation to update any forward-looking statements or to update the reasons why actual results could differ from those reflected in the forward-looking statements, except as required by securities laws. Additional information identifying risks and uncertainties is contained in filings of the Company with Canadian securities regulators, which are available under the Company's profile at www.sedar.com.