



June 17, 2016

Bengal Energy Fourth Quarter and Fiscal 2016 Year End Results

Calgary, Alberta – Bengal Energy Ltd. (TSX: BNG) (“Bengal” or the “Company”) today announces its financial and operating results for the fourth quarter and the fiscal year ended March 31, 2016.

“In Fiscal 2016, Bengal continued to focus on growing reserves, reducing costs and improving financial flexibility. Operationally and financially, I am pleased with the progress Bengal made over the past year, despite the challenging commodity price environment,” said Chayan Chakrabarty, Bengal’s President and CEO. *“We continued to further develop and grow our asset base, while maintaining our focus on delivering long-term value for our shareholders. We remain confident in the high quality of our asset base and our ability to continue to grow the size and value of our reserves base”.*

FISCAL YEAR END & FOURTH QUARTER 2016 HIGHLIGHTS:

During the 2016 fiscal year Bengal undertook low-risk operational activities that yielded economic returns, including optimization of our base production and hydraulic stimulation of selected wells in the Cuisinier Field within ATP 752 Barta Sub- Block. No development, appraisal or exploratory wells were drilled during this time. In spite of this, Bengal grew its Proved plus Probable reserves during the fiscal year by almost 9% to 6,204 Mbbls. The following are financial, operational and corporate achievements through the three and twelve months ended March 31, 2016:

Financial Highlights:

- **Continued Reserve Growth** - The Company’s independently evaluated year-end reserve volumes have increased by 9% and 1% to 6.2 million barrels (Mbbls) and 2.2 Mbbls for the Proved plus Probable (“2P”) and Proved (“1P”) reserve categories respectively. Based on 1P and 2P reserves additions, Bengal has replaced approximately 1.1 times and 3.7 times its annual production, respectively.
- **Revenue** – Crude oil sales revenue was \$2.3 million in the fourth quarter of fiscal 2016, which is 23% higher than the \$1.8 million recorded in Q3 2016, due to increased quarter end commodity prices and production during the quarter. Revenues were 33% lower than Q4 2015 due to a corresponding decrease in realized commodity prices. Annual revenues for fiscal 2016 were \$11.2 million compared to \$15.7 million during fiscal 2015.
- **Hedging** – At March 31, 2016, the Company has 148,000 barrels of oil (“bbls”) remaining in its hedging program, which is comprised of a blend of puts and swaps with a floor price of US \$80/bbl that expire on June 30, 2017.
- **Funds Flow from Operations⁽¹⁾** – Funds flow from operations generated during Q4 2016 was \$1.4 million compared to \$1.3 million during the previous quarter and \$0.9 million during Q4 2015. The increase is due to the impacts of foreign exchange as well as realized gains generated by the Company’s hedging program. Annual funds from operations were \$4.0 million in fiscal 2016 compared to \$4.6 million in fiscal 2015.

- **Impairments** – During the fourth quarter of 2016, the Company recognized \$11.3 million of impairment charges, primarily relating to its exploration permits. Impairments include a \$7.4 million charge for the entirety of the value of the Company's on-shore India exploration permit; a \$3.8 million charge associated with expected relinquishments on ATP 732 in Australia's Cooper Basin; and \$0.7 million for the entire carrying value of the Toparua producing asset.
- **Earnings** - The Company recorded a net loss of \$11.7 million during the fourth quarter of 2016, compared to a loss of \$1.3 million in the previous quarter and \$0.5 million during Q4 2015. Annual net loss was \$10.4 million during fiscal 2016 compared to net losses of \$3.2 million recorded in the previous year. Both annual and quarterly losses were driven primarily by \$11.3 million of impairments booked this quarter.

Operational Highlights:

- **Production Volumes** – Quarterly production during Q4 2016 decreased 7% compared to Q4 2015, and increased by 7% compared to the preceding quarter. The 7% decrease in production is due primarily to natural declines, which were only partially offset by the impact of the five well fracture stimulation program that was completed in December 2016. Production from these five wells came back on stream and ramped up to full deliverability through the quarter. By the end of fiscal Q4 2016, gross production from the stimulated wells had increased by over 220 bopd. Annual production increased by 12% compared to the prior year due to the impact of the 2014 phase 1 and 2 drilling programs, which added four wells that were on stream for the entire fiscal year and two wells that were on stream for more than half the year.
- **Cuisinier Well Stimulation Program**– Bengal and its joint venture parties completed a five well hydraulic stimulation program during fiscal Q4 2016, which successfully increased production on four of the five wells stimulated. Production on these four wells was restored in February of 2016 with incremental production of approximately 240 bbls, or 73 bbls net to Bengal.
- **Production tie-ins** – The Cuisinier 20 and Cuisinier 21 wells were brought on stream at the end of June 2015 at restricted rates and were on production throughout most of the Q1 fiscal 2016.
- **ATP 934 Barrolka Block** –The Company completed a transaction to acquire an additional 21% interest in the Barrolka permit for \$0.1 million in April of 2015, and reached agreement with the Queensland authorities regarding ongoing work commitments. Initial exploration work on this permit has commenced with the reprocessing of approximately 500 kms of 2D seismic.
- **Onshore India** – Effective June 1, 2016, Bengal and its Joint Venture has unanimously agreed and provided notice to the applicable Government of India Authorities of its intention to exit the CY-ONN-2005/1 exploration block. The joint venture was unable to acquire the land rights required for exploration causing a force majeure condition for the duration of the first term of exploration, and is therefore entitled to exit the permit without penalty for unfinished work program commitments. With the exit from the permit, the Company has effectively ceased all operations in India.

- Tookoonooka** – During the fourth quarter of fiscal 2016, Bengal's farm-in partner on ATP 732 announced its withdrawal from the farm-in and re-assigned their 50% equity back to Bengal. The farm-in partner drilled one well (Tangalooma-1) and completed the acquisition of 300 km2 of 3D seismic. There are no remaining commitments on this permit until after March of 2017, at which time a Phase 2 work program will be considered.

OPERATING HIGHLIGHTS

\$000s except per share, volumes and netback amounts	Three Months Ended March 31			Twelve Months Ended March 31		
	2016	2015	% Change	2016	2015	% Change
Revenue						
Oil	\$ 2,253	\$ 3,359	(33)	\$ 11,187	\$ 15,395	(27)
Natural gas	-	23	(100)	-	246	(100)
Natural gas liquids	-	(4)	(100)	-	28	(100)
Total	\$ 2,253	\$ 3,378	(33)	\$ 11,187	\$ 15,669	(29)
Royalties	\$ 106	\$ 202	(48)	\$ 728	\$ 1,057	(31)
% of revenue	5	6	(17)	7	7	-
Realized gain on financial instruments	\$ 1,833	\$ 717	156	\$ 3,840	\$ 981	331
Operating & transportation	\$ 1,474	\$ 1,727	(15)	\$ 6,480	\$ 6,247	4
Operating netback ⁽¹⁾	\$ 2,506	\$ 2,166	16	\$ 7,819	\$ 9,256	(16)
Cash from operations:	\$ 1,496	\$ 978	53	\$ 5,398	\$ 6,921	(22)
Funds from operations: ⁽²⁾	\$ 1,439	\$ 939	62	\$ 4,048	\$ 4,589	(12)
Per share (\$) (basic & diluted)	0.02	0.01	100	0.06	0.07	(14)
Net income (loss)	\$ (11,704)	\$ (1,052)	1,013	\$ (10,380)	\$ (3,172)	227
Per share (\$) (basic & diluted)	(0.17)	(0.02)	750	(0.15)	(0.05)	200
Adjusted net (loss) income ⁽³⁾	\$ (10,685)	\$ (474)	2,154	\$ (12,270)	\$ (6,052)	103
Per share (\$) (basic & diluted)	(0.16)	(0.01)	1,500	-	(0.09)	-
Capital expenditures	\$ 332	\$ 2,410	(86)	\$ 3,347	\$13,463	(75)
Volumes						
Oil (boepd)	469	506	(7)	505	452	12
Natural gas (mcfpd)	-	114	(100)	-	164	(100)
Natural gas liquids (boepd)	-	-	-	-	1	(100)
Total (boepd @ 6:1)	469	525	(11)	505	480	5
Netback ⁽¹⁾ (\$/boe)						
Revenue	\$ 52.83	\$ 71.53	(26)	\$ 60.54	\$ 89.43	(32)
Realized gain on financial instrument	42.98	15.18	183	20.78	5.09	308
Royalties	2.49	4.28	(42)	3.94	6.03	(35)
Operating & transportation	34.57	36.57	(6)	35.07	35.65	(2)
Operating netback/boe	\$ 58.75	\$ 45.86	28	\$ 42.31	\$ 52.84	(20)

(1) Operating netback is a non-IFRS measure. Netback per boe is calculated by dividing the revenue (including gain on financial instruments) less royalties, operating and transportation costs by the total production of the Company measured in boe.



- (2) Funds from operations is a non-IFRS measure. The comparable IFRS measure is cash from operations. A reconciliation of the two measures can be found in the table on page 6.
- (3) Adjusted net (loss) is a non-IFRS measure. The comparable IFRS measure is cash from operations. A reconciliation of the two measures can be found in the table on page 7.

Bengal has filed its consolidated financial statements and management's discussion and analysis for the fourth fiscal quarter of 2016 and year ended March 31, 2016 with Canadian securities regulators. The documents are available on SEDAR at www.sedar.com or by visiting Bengal's website at www.bengalenergy.ca

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

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", "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, Australia, India 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. Forward-looking statements contained herein include, but are not limited to, statements regarding: the Company's approach to capital expenditures for the coming year. 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; failure to satisfy the conditions under farm-in and joint venture agreements; failure to secure required equipment and personnel; changes in general global economic conditions including, without limitations, the economic conditions in North America, Australia, India; 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, 2016 under the heading "Risk Factors" and in Bengal's annual MD&A 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.

Barrels of Oil Equivalent

When converting natural gas to equivalent barrels of oil, Bengal uses the widely recognized standard of 6 thousand cubic feet (mcf) to one barrel of oil (boe). However, a boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Certain Defined Terms

boe – barrels of oil equivalent

boepd – barrels of oil equivalent per day

bbl – barrel

mcf – thousand cubic feet

mcfd – thousand cubic feet per day

Non-IFRS Measurements

Within this release references are made to terms commonly used in the oil and gas industry. Funds from operations, funds from operations per share and netbacks 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. Netbacks equal total revenue less royalties and operating and transportation expenses calculated on a boe basis. Management utilizes these measures to analyze operating performance. 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 page 6 of Bengal's Q4 MD&A.



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