



November 10, 2016

Bengal Energy Announces Fiscal 2017 Second Quarter Results

Calgary, Alberta – Bengal Energy Ltd. (TSX: BNG) (“Bengal” or the “Company”) today announces its financial and operating results for the second quarter of fiscal 2017 ended September 30, 2016.

“We are extremely pleased with the results from our five well 2016 Cuisinier drilling program,” said Chayan Chakrabarty, President and CEO of Bengal. “We have successfully expanded the Cuisinier pool area with our Shefu-1 exploration well and added to our foundation for future production and reserve growth. With our renewed credit facility, low-cost operations and hedging program, Bengal is well positioned to continue managing through a volatile commodity price environment.”

FISCAL Q2 2017 HIGHLIGHTS:

The following is an overview of the financial and operational results during the three-month period ended September 30, 2016:

Financial Highlights:

- **Sales Revenue** – Crude oil sales revenue before hedging gains was \$2.3 million in the second quarter of fiscal 2017, which is 32% less than the \$3.4 million recorded in the second quarter of fiscal 2016 and 8% lower than the preceding quarter.
- **Hedging in place through June 2017** – the Company has approximately 88,000 barrels of production hedged with a floor price of US \$80 per barrel through to June 2017. From July 2017 through to December 2018, the Company has hedged approximately 133,000 barrels of production at a floor price of US \$47 per barrel. During the quarter ended September 30, 2016, realized gains of derivative financial instruments was \$1.3 million.
- **Funds Flow from Operations⁽¹⁾** – Bengal generated funds flow from operations of \$1.8 million in the quarter ended September 30, 2016 a 38% increase from the \$1.3 million generated in the preceding quarter and in the second quarter of fiscal 2016.
- **Net Income** – Bengal reported a net income of \$0.3 million for the quarter compared to a net loss of \$2.7 million in the preceding quarter, and net income of \$1.2 million in the second quarter of fiscal 2016. Excluding the impact of unrealized foreign exchange and unrealized hedging gains and losses, adjusted net earnings¹ was \$1.1 million for the second quarter of fiscal 2017 compared to an adjusted net loss of \$0.3 million in the second quarter of fiscal 2016 and \$0.6 million during the preceding quarter.

¹ See non-IFRS measurements section on page 5 of this MD&A



Operational Highlights:

- **Cuisinier 2016 drilling program** – During the quarter, five wells were drilled in the Cuisinier oil field. All of these wells were successful in locating oil bearing sands and have been suspended as future oil producers to be connected during the first half of calendar 2017, which is expected to increase the Company production. The drilling program included three development wells, one appraisal well (“Cuisinier-22”) and one exploration well (“Shefu-1”). Successful drilling of the appraisal and exploration locations are expected to materially impact the Company’s reserves once tested.
- **Credit Facility Update** - On August 26, 2016 Company extended the credit facility by 18 months to December 2018 with a borrowing base of US \$15 million.
- **Production Volumes** – Production in the second quarter of fiscal 2017 averaged 386 barrels of oil equivalent per day (“boepd”), a 35% and 10% decrease from the previous quarter and fiscal Q2 2016 respectively.

FINANCIAL AND OPERATING HIGHLIGHTS

\$000s except per share, volumes and netback amounts	Three Months Ended September 30			Six Months Ended September 30		
	2016	2015	% Change	2016	2015	% Change
Oil sales revenue	\$2,301	\$ 3,392	(32)	\$4,790	\$ 7,096	(33)
Realized gain on financial instruments	\$1,316	\$ 735	79	\$2,592	\$ 1,169	122
Royalties	\$34	\$ 235	(86)	\$181	\$ 489	(63)
% of revenue	1	7	(86)	4	7	(43)
Operating & transportation	\$1,190	\$ 1,879	(37)	\$2,607	\$ 3,574	(27)
Operating netback ⁽¹⁾	\$2,393	\$ 2,013	19	\$4,594	\$ 4,202	9
Cash from operations	\$1,982	\$ 2,318	(15)	\$2,938	\$ 2,967	(1)
Funds from operations: ⁽²⁾	\$1,797	\$ 1,282	40	\$3,145	\$ 2,504	26
Per share (\$) (basic & diluted)	0.03	0.02	50	0.05	0.04	25
Net income (loss)	\$325	\$ 1,167	(72)	\$(2,411)	\$ (89)	2,609
Per share (\$) (basic & diluted)	0.00	0.02	(100)	(0.04)	0.00	-
Adjusted net income (loss) ⁽³⁾	\$1,086	\$ (283)	(484)	\$1,651	\$ (462)	(457)
Per share (\$) (basic & diluted)	0.00	(0.00)	-	0.02	(0.01)	(300)
Capital expenditures	\$3,320	\$ 596	457	\$3,703	\$ 1,704	117
Oil Volumes (bopd)	386	592	(35)	409	556	(26)
Netback ⁽¹⁾ (\$/boe)						
Revenue	\$64.72	\$ 62.31	4	\$64.05	\$ 69.71	(8)
Realized gain on financial instruments	37.01	13.50	174	34.66	11.48	202
Royalties	0.96	4.32	(78)	2.42	4.80	(50)
Operating & transportation	33.47	34.52	(3)	34.86	35.11	(1)
Netback/boe	\$67.30	\$ 36.97	82	\$61.43	\$ 41.28	49

- (1) Operating netback is a non-IFRS measure and includes realized gain on financial instruments. Netback per boe is calculated by dividing revenue (including realized 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 5 of the Q2 2017 MD&A.
- (3) Adjusted net (loss) is a non-IFRS measure. The comparable IFRS measure is net income (loss). A reconciliation of the two measures can be found in the table on page 5 of the Q2 2017 MD&A.



Bengal has filed its consolidated financial statements and management's discussion and analysis for the second fiscal quarter of 2017 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 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. Forward-looking statements contained herein include, but are not limited to, statements regarding: the timing of the completion of the successful wells resulting from the 2016 drilling program at Cuisinier and the timing of the completion and tie-in activities of any successful wells at Cuisinier on the Barta sub-block of ATP 752; the potential positive impact of the successful drilling results on the Company's reserves. 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 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, 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 5 of Bengal's Q2 MD&A.



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