Condensed Consolidated Interim Financial Statements (unaudited)

Three Months Ended
June 30, 2017 and 2016

BENGAL ENERGY LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Thousands of Canadian dollars)

(unaudited)

As at	Notes	June 30, 2017	March 31, 2017
ASSETS			
Current assets:			
Cash and cash equivalents		**$ 3,650**	$ 3,903
Restricted cash		**140**	140
Accounts receivable		**4,842**	3,575
Prepaid expenses and deposits		**194**	193
Fair value of financial instruments	9	**-**	820
		8,826	8,631
Non-current assets:			
Exploration and evaluation assets	3	**20,247**	20,529
Petroleum and natural gas properties	4	**28,031**	28,546
		48,278	49,075
Total assets		**$ 57,104**	$ 57,706
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities		**$ 1,510**	$ 1,484
Current portion of credit facility	5	**9,737**	3,332
Fair value of financial instruments	9	**56**	-
		11,303	4,816
Non-current liabilities:			
Decommissioning liability	6	**1,497**	1,516
Credit facility	5	**6,391**	13,168
Fair value of financial instruments	9	**43**	102
		7,931	14,786
Shareholders' equity:			
Share capital		**98,100**	98,100
Contributed surplus		**7,654**	7,645
Accumulated other comprehensive Income		**1,293**	2,085
Deficit		**(69,177)**	(69,726)
		37,870	38,104
Total liabilities and shareholders' equity		**$ 57,104**	$ 57,706

Commitments (note 11)

See accompanying notes to the condensed consolidated interim financial statements.

BENGAL ENERGY LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE LOSS

(Thousands of Canadian dollars, except per share amounts)

(unaudited)

	Notes	Three months ended June 30, 2017	2016
Income			
Petroleum and natural gas revenue		**$ 2,306**	$ 2,489
Royalties		**(139)**	(147)
		2,167	2,342
Realized gain on financial instruments		**1,123**	1,276
Unrealized loss on financial instruments		**(812)**	(2,772)
		2,478	846
Operating expenses			
General and administrative		**548**	719
Operating and transportation		**670**	1,417
Depletion and depreciation	4	**491**	666
Share-based compensation		**7**	11
		1,716	2,813
Operating income (loss)		**762**	(1,967)
Other expenses			
Finance expenses	8	**(246)**	(317)
Foreign exchange gain (loss)		**33**	(452)
		(213)	(769)
Net income (loss)		**549**	(2,736)
Exchange differences on translation of foreign operations		**(792)**	(1,110)
Total comprehensive loss for the period		**$ (243)**	$ (3,846)
Income (loss) per share	7		
- Basic & diluted		**$ 0.01**	$ (0.04)
Weighted average number of shares outstanding (000s)	7		
- Basic		**102,267**	68,178
- Diluted		**103,130**	68,178

See accompanying notes to the condensed consolidated interim financial statements.

BENGAL ENERGY LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Thousands of Canadian dollars)

(unaudited)

	Shares outstanding	Share capital	Warrants	Contributed surplus	Accumulated other comprehensive income	Deficit	Total shareholders' equity
Balance at April 1, 2016	68,177,796	$ 94,151	$ 167	$ 7,442	$ 1,335	$ (66,958)	$ 36,137
Net loss for the period	-	-	-	-	-	(2,736)	(2,736)
Comprehensive loss for the period	-	-	-	-	(1,110)	-	(1,110)
Share-based compensation – expensed	-	-	-	11	-	-	11
Share-based compensation – capitalized	-	-	-	3	-	-	3
Balance at June 30, 2016	68,177,796	$ 94,151	$ 167	$ 7,456	$ 225	$ (69,694)	$ 32,305
Balance at April 1, 2017	**102,266,694**	**$ 98,100**	**$ -**	**$ 7,645**	**$ 2,085**	**$ (69,726)**	**$ 38,104**
Net income for the period	-	-	-	-	-	**549**	**549**
Comprehensive loss for the period	-	-	-	-	**(792)**	-	**(792)**
Share-based compensation – expensed	-	-	-	**7**	-	-	**7**
Share-based compensation – capitalized	-	-	-	**2**	-	-	**2**
Balance at June 30, 2017	**102,266,694**	**$ 98,100**	**$ -**	**$ 7,654**	**$ 1,293**	**$ (69,177)**	**$ 37,870**

See accompanying notes to the condensed consolidated interim financial statements.

BENGAL ENERGY LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Thousands of Canadian dollars)

(unaudited)

	Notes	Three Months Ended June 30, 2017	2016
Operating activities			
Net income (loss) for the period		**$ 549**	$ (2,736)
Depletion and depreciation		**491**	666
Accretion on decommissioning liability		**10**	8
Accretion on credit facility		**58**	98
Share-based compensation		**7**	11
Unrealized loss on financial instruments		**812**	2,772
Unrealized foreign exchange (gain) loss		**(93)**	529
Funds from operations		**1,834**	1,348
Change in non-cash working capital	**10**	**(144)**	(392)
Net cash from operating activities		**1,690**	956
Investing activities			
Exploration and evaluation expenditures	**3**	**(139)**	(132)
Petroleum and natural gas properties	**4**	**(564)**	(251)
Changes in non-cash working capital	**10**	**(1,105)**	(14)
Net cash used in investing activities		**(1,808)**	(397)
Financing activities			
Changes in non-cash working capital	**10**	**(56)**	103
Net cash (used in) from financing activities		**(56)**	103
Impact of foreign exchange on cash and cash equivalents		(79)	(81)
Net (decrease) increase in cash and cash equivalents		**(253)**	581
Cash and cash equivalents, beginning of period		**3,903**	3,010
Cash and cash equivalents, end of period		**$ 3,650**	$ 3,591

See accompanying notes to the condensed consolidated interim financial statements.

1. REPORTING ENTITY

Bengal Energy Ltd (the "Company" or "Bengal") is incorporated under the laws of the Province of Alberta and is involved in the exploration for and development and production of oil and gas reserves in Australia, India and Canada. The condensed consolidated interim financial statements (the "financial statements") of the Company are comprised of the Company and its wholly-owned subsidiaries Bengal Energy International Inc., Bengal Energy Australia (Pty) Ltd., Avery Resources (Northern Ireland) Ltd. and Northstar Energy Pty Ltd. which are incorporated in Canada and Australia respectively. The Company conducts many of its activities jointly with others; these financial statements reflect only the Company's proportionate interest in such activities.

Bengal's principal place of business and registered office is located at 2000, 715 5th Ave SW, Calgary, Alberta, Canada, T2P 2X6.

2. BASIS OF PREPARATION

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated interim financial statements are stated in Canadian dollars and have been prepared following the same accounting policies and methods of computation as the consolidated financial statements of the Company for the year ended March 31, 2017.

The disclosures provided below are incremental to those included with the annual consolidated financial statements and certain disclosures, which are normally required to be included in the notes to the annual consolidated financial statements, have been condensed or omitted. These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto in the Company's annual filings for the year ended March 31, 2017.

The condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors on August 11, 2017.

b) Basis of measurement

These condensed consolidated financial statements have been prepared on a historical cost basis, except for commodity contracts.

c) Functional and presentation currency

The Company's presentation currency is Canadian dollars. The functional currency of the Canadian parent entity is Canadian dollars, the functional currency of the Indian subsidiary is US dollars and the functional currency of the Australian subsidiaries is Australian dollars.

3. EXPLORATION AND EVALUATION ASSETS (E&E ASSETS)

($000s)	Exploration and Evaluation Expenditures
Balance at April 1, 2016	19,626
Additions	407
Capitalized share-based compensation	3
Exchange adjustments	493
Balance at March 31, 2017	20,529
Additions	**139**
Capitalized share-based compensation	**1**
Exchange adjustments	**(422)**
Balance at June 30, 2017	**20,247**

Exploration and evaluation assets consist of the Company's exploration projects in Australia which are pending the determination of proved or probable reserves. Costs primarily consist of acquisition costs, geological & geophysical work, seismic and drilling and completion costs until the drilling of wells is complete and the results have been evaluated.

A summary of E&E assets is shown in the table below:

($000s)	**Australia**
ATP 732P – Tookoonooka	$ 16,573
ATP 752P	1,273
ATP 934 – Barrolka	1,114
Other(1)	1,569
March 31, 2017 ($000)	$ 20,529
	Australia
ATP 732P – Tookoonooka	$16,251
ATP 752P	1,247
ATP 934 – Barrolka	1,174
Other(1)	1,575
June 30, 2017 ($000)	**$ 20,247**

(1) Other includes capitalized G&A, share-based compensation and foreign exchange effects on these assets denominated in foreign currencies.

4. PETROLEUM AND NATURAL GAS PROPERTIES

$000s	Petroleum and Natural Gas Properties	Corporate Assets	Total
Cost:			
Balance at April 1, 2016	41,820	344	42,164
Additions	5,211	-	5,211
Capitalized share-based compensation	4	-	4
Change in decommissioning obligation	80	-	80
Exchange adjustments	760	-	760
Balance at March 31, 2017	47,875	344	48,219
Additions	**564**	**-**	**564**
Capitalized share-based compensation	**1**	**-**	**1**
Exchange adjustments	**(514)**	**-**	**(514)**
Balance at June 30, 2017	**47,926**	**344**	**48,270**

$000s	Petroleum and Natural Gas Properties	Corporate Assets	Total
Accumulated depletion, depreciation and impairment losses:			
Balance at April 1, 2016	17,020	269	17,289
Depletion and depreciation charge	2,291	18	2,309
Exchange adjustments	75	-	75
Balance at March 31, 2017	19,386	287	19,673
Depletion and depreciation charge	**487**	**4**	**491**
Exchange adjustments	**75**	**-**	**75**
Balance at June 30, 2017	**19,948**	**291**	**20,239**
Net carrying value			
At March 31, 2017	28,489	57	28,546
At June 30, 2017	**27,978**	**53**	**28,031**

The calculation of depletion for the quarter ended June 30, 2017 included $73.4 million for estimated future development costs associated with proved and probable reserves in Australia (March 31, 2017 - $73.4 million).

5. CREDIT FACILITY

Facility Agreement – Issued November 12, 2014 ($000s)		
Gross proceeds		15,364
Total cash fees		(994)
Repayment		(1,984)
		12,386
Unrealized foreign exchange loss		3,238
Accretion		876
Balance at March 31, 2017		**16,500**
Unrealized foreign exchange gain		**(430)**
Accretion		**58**
Balance at June 30, 2017		**16,128**
Current portion of credit facility at,	**June 30, 2017**	**March 31, 2017**
Current portion of credit facility	**9,737**	3,332
Non-current portion of credit facility	**6,391**	13,168

In October 2014, Bengal closed its US $25.0 million secured credit facility with WestPac Banking Corporation ("WestPac") and placed an initial draw on November 12, 2014 of US $14.0 million. On August 26, 2016 following a US $1.5 million repayment, the Company extended the credit facility by 18 months to December 2018 with a borrowing base of US $15 million. The facility is secured by the Company's producing assets in the Cuisinier field in Australia's Cooper Basin, has a three-year term and carries an interest rate of US Libor plus 3.2%.

The credit facility is structured as a reserves-based revolving facility under a predetermined reduction schedule, to be evaluated based on existing reserves at each calculation date. The next calculation date will occur on December 31, 2017. In the event that the facility is not further extended, the reduction schedule would commence on December 31, 2017 and occur every six months thereafter until December 31, 2018 with a nominal reduction of US $5 million to the facility limit at each calculation date based on the Company's existing reserve profile. The facility limit at June 30, 2017 is US $15 million, of which US $12.5 million is currently drawn. Refer to Note 9(b) for a repayment schedule.

Subsequent to the quarter end, the Company received an offer to extend its existing Westpac facility by 12 months to December 2019 with a borrowing base of US $15 million. The borrowing base would follow a reduction schedule of US $3.3 million in June 2018, US $3.3 million in December 2018, US $3.3 million in June 2019 and US $5 million in December 2019. Terms and covenants associated with this extension would be consistent with the existing facility. The Company is currently reviewing the extension offer.

The credit facility's reserves based covenants include a debt service coverage ratio (cash available for debt payments divided by mandatory debt repayments) as well as a loan life coverage ratio (net present value of future cash available for debt service divided by the available facility). These covenants impact the Company's available facility limit, and therefore the ability to secure its debt as a percentage of reserve forecasts and are evaluated at each calculation date. These covenants are calculated using inputs as prescribed by Westpac, and a default event triggered by a breach of covenants may result in a full redemption of all outstanding borrowings under the terms of the credit facility. There are no financial covenants associated with this credit facility. The Company was in compliance with the stated covenants at June 30, 2017.

6. DECOMMISSIONING AND RESTORATION LIABILITY

The total decommissioning and restoration obligations were estimated by management based on the estimated costs to reclaim and abandon the wells, well sites and certain facilities based on the Company's contractual requirements.

Changes to decommissioning and restoration obligations were as follows:

($000s)	June 30, 2017	March 31, 2017
Decommissioning liabilities, beginning of period	**1,516**	1,422
Change in estimate net of disposals	**-**	(259)
Additions	**-**	278
Accretion	**10**	37
Exchange adjustments	**(29)**	38
Decommissioning liabilities, end of period	**1,497**	1,516

The Company's decommissioning liabilities result from ownership interests in petroleum and natural gas properties. The Company estimates the total inflation-adjusted undiscounted amount of cash flows required to settle its decommissioning and restoration costs at June 30, 2017 is approximately $2.3 million (March 31, 2017 – $2.3 million) which will be incurred between 2020 and 2044. An inflation factor of 1.3% - 1.6% and a risk-free discount rate ranging between 1.63% and 2.70% have been applied to the decommissioning liability at June 30, 2017.

7. SHARE CAPITAL

(a) Authorized:

Unlimited number of common shares with no par value.

Unlimited number of preferred shares, of which none have been issued.

(b) Issued:

The following provides a continuity of share capital:

($000s)	Number of Shares	Amount
Balance at April 1, 2016	**68,177,796**	**94,151**
Issued on exercise of rights offering	**34,088,898**	**4,091**
Share issue costs	**-**	**(142)**
Balance at March 31, 2017 and June 30, 2017	**102,266,694**	**98,100**

(c) Share-based compensation – stock options:

A summary of stock option activity is presented below:

	Options	Weighted Average Exercise Price
Outstanding at March 31, 2017	2,702,500	$ 0.43
Granted	**3,330,000**	**0.10**
Forfeited	**-**	**-**
Expired	**-**	**-**
Exercised	**-**	**-**
Outstanding at June 30, 2017	**6,032,500**	**$0.25**
Exercisable at June 30, 2017	**1,808,756**	**$0.55**

The fair value of options granted during fiscal Q1 2018, were estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions and resulting values:

Granted fiscal Q1 2018	
Assumptions:	
Risk free interest rate (%)	1.13%
Expected life (years)	5 yr
Expected volatility (%)(1)	91%
Estimated forfeiture rate (%)	-
Weighted average fair value of options granted	$0.07
Weighted average share price on date of grant	$0.10

(1) Expected volatility is estimated by considering historic average share price volatility.

The fair value of stock options granted during fiscal Q1 2018 was approximately $234,000. No options were granted during the year ended March 31, 2017.

(d) Per share amounts:

Income (loss) per share is calculated based on net income (loss) and the weighted-average number of common shares outstanding.

($000s)	Three months ended June 30, 2017	2016
Net income (loss) for the period	**$549**	$ (2,736)
Weighted average number of common shares (basic)	**102,266,694**	68,177,796
Weighted average number of common shares (diluted)	**102,266,694**	68,177,796
Basic & diluted income (loss) per share	**$0.01**	$ (0.04)

At June 30, 2017, there were 6,032,500 (June 30, 2016 – 3,787,500) options considered anti-dilutive. In addition, at June 30, 2016, there were 703,125 warrants and 546,875 value appreciation rights considered anti-dilutive.

8. FINANCE INCOME/EXPENSES

($000s)	Three months ended June 30, 2017	2016
Interest income	**6**	1
Accretion on decommissioning obligations	**(10)**	(8)
Letter of credit charges	**-**	(48)
Interest on credit facility	**(242)**	(262)
Finance expenses	**(246)**	(317)

9. FINANCIAL RISK MANAGEMENT

The Company has exposure to credit, liquidity and market risk from its use of financial instruments. This note presents information about the Company's exposure to these risks, the Company's objectives and policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for identifying the principal risks of the Company and ensuring the policies and procedures are in place to appropriately manage these risks. Bengal's management identifies, analyzes and monitors risks and considers the implication of the market condition in relation to the Company's activities.

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Bengal's cash calls paid to joint venture partners and receivables from petroleum and natural gas marketers. As at June 30, 2017, Bengal's receivables consisted of $4.8 million (March 31, 2017 - $3.1 million) from joint venture partners and $nil million (March 31, 2017 - $0.4 million) of other trade receivables of which $2.9 million has been subsequently collected.

In Australia, production is purchased by a consortium led by one of Australia's largest public oil and gas companies which is also the operator of Bengal's production. Bengal has a Crude Oil Purchase Agreement with this purchaser and has not experienced any collection problems to date.

Cash calls paid to Bengal's Australian joint venture partners are held in trust accounts by the partner until spent. Bengal attempts to mitigate the risk from joint venture receivables by approving significant spending by partners prior to expenditure and only paying the cash call shortly before the funds are to be spent.

The Company had no accounts considered past due at June 30, 2017, (March 31, 2016- $nil million). Past due is considered greater than 90 days outstanding.

The carrying amount of accounts receivable and cash and cash equivalents and fair value of financial instruments represents the maximum credit exposure. Bengal establishes an allowance for doubtful accounts as determined by management based on their assessment of collection. Bengal does not have an allowance for doubtful accounts as at June 30, 2017 and did not provide for any doubtful accounts, nor was it required to write-off any receivables during the three months ended June 30, 2017. Exposure to the carrying value of its financial instruments relates to the Company's commodity-based derivatives held by Westpac Banking Corporation, which carries a Standard & Poors credit rating of AA-. Management considers the credit risk of these instruments to be adequately mitigated by the credit stating of their holder; therefore, no allowance has been established.

Cash and cash equivalents, when held, consist of cash bank balances and guaranteed investment certificates redeemable at any time. Bengal manages the credit exposure related to guaranteed investments by selecting counterparties based on credit ratings and monitors all investments to ensure a stable return, avoiding complex investment vehicles with higher risk such as asset-backed commercial paper.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations, including work commitments, as they are due. Bengal prepares an annual budget and updates forecasts for operating, financing and investing activities on an ongoing basis to ensure it will have sufficient liquidity to meet its liabilities when due.

Bengal's financial liabilities consist of accounts payable and accrued liabilities, credit facility and fair value of financial instruments, and amounted to $17.7 million at June 30, 2017 (March 31, 2017 - $18.1 million).

At June 30, 2017 the Company had a $2.5 million working capital deficiency, including cash and short-term deposits of $3.7 million and restricted cash of $0.1 million, compared to working capital of $3.8 million at March 31, 2017 and a working capital deficiency of $9.2 million at June 30, 2016.

As indicated in Note 5 above, the Company is finalizing an extension agreement for its Westpac credit facility, which would defer any reduction of the borrowing base by 6 months and have a material impact on liquidity.

The majority of the Company's oil sales are benchmarked on dated Brent prices which averaged US $49.83/bbl for the three months ended June 30, 2017. The Company incurs most of its expenditures in Australian dollars whereas the Company generates most of its revenues in US dollars. To mitigate the net impact of low crude prices, the Company is acting with its joint venture partners to reduce discretionary spending and focus capital towards lower risk projects with near-term cash flow upside.

The Company has also entered into derivative commodity contracts to reduce the impact of price volatility.

Bengal will continue to monitor trends in commodity prices to ensure its financial obligations are met, while continuing to grow its asset base where appropriate. Under the current commodity price environment, the Company has no plans to use its internal source of cash to fund exploration activates. These are expected to be financed through farm-out or alternative financing sources.

The table below indicates the current payment schedule for the credit facility before the impact of the extension described above:

Credit facility (US$000s)	
Fiscal year 2018	2,500
Fiscal year 2019	10,000
	12,500

(c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is exposed to market risks resulting from fluctuations in commodity prices, foreign exchange rates and interest rates in the normal course of operations. A variety of derivative instruments may be used to reduce exposure to these risks.

Foreign Currency Risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Bengal receives Canadian dollars for sales in Canada, U.S. dollars for Australian oil sales and incurs expenditures in Australian, Canadian and U.S. currencies. Having sales and expenditures denominated in three currencies spreads the impact of individual currency fluctuations.

The Company may enter into derivative foreign currency contracts in order to manage foreign currency exchange rate risk, but has not done so to date.

The table below shows the Company's exposure to foreign currencies for its financial instruments:

As at June 30, 2017 ($000s)	**CAD**	**AUD**	**USD**	**Total**
Cash and short-term deposits	7	510	3,133	3,650
Restricted cash	140	-	-	140
Accounts receivable	19	4,823	-	4,842
Accounts payable and accrued liabilities	(137)	(1,373)	-	(1,510)
Credit facility	-	-	(16,128)	(16,128)
Fair value of financial instruments	-	-	(99)	(99)
	29	3,960	(13,094)	(9,105)

Commodity Price Risk

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of a change in commodity prices. Commodity prices for petroleum and natural gas are impacted by not only the relationship between the Canadian and United States dollar, as outlined above, but also world economic events that dictate the levels of supply and demand. Australian oil prices are based on the Dated Brent reference price, which trades at a premium to WTI.

At June 30, 2017, the following derivative contracts were outstanding and recorded at estimated fair value:

Time Period	Type of Contract	Quantity Contracted (bbls)	Price Floor (US$/bbl)	Price Ceiling (US$/bbl)
July 1, 2017 – December 31, 2018	Oil - Swap	67,373	47.00	47.00
July 1, 2017 – December 31, 2018	Oil – Put option	67,373	47.00	-

($000s)	Oil - swap	Oil – put	Total
Current fair value of financial instruments	118	(174)	(56)
Non-current fair value of financial instruments	105	(148)	(43)
Total	**223**	**(322)**	**(99)**

A US $1.00 increase in the future crude oil price per barrel would result in an approximate US $135,000 decrease in the fair value of financial instruments at June 30, 2017 while a US $1.00 decrease would result in an increase of approximately US $135,000 in the fair value of the instruments.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to interest rate risk on its cash and cash equivalents at June 30, 2017 as the funds are not invested in an interest-bearing instrument. The Company's credit facility carries a floating interest rate based on quoted US dollar LIBOR rates. The Company had no interest rate derivatives at June 30, 2017.

For the three months ended June 30, 2017, a 1% increase in US dollar LIBOR would increase interest expense by $42,000.

10. CHANGES IN NON-CASH WORKING CAPITAL

Three months ended ($000s)	June 30, 2017	June 30, 2016
Accounts receivable	**(1,267)**	(56)
Prepaid expenses and deposits	**(1)**	(9)
Accounts payable and accrued liabilities	**26**	(214)
Impact of foreign exchange	**(63)**	(24)
Total	**(1,305)**	(303)
Relating to:		
Operating	**(144)**	(392)
Financing	**(56)**	103
Investing	**(1,105)**	(14)
Total	**(1,305)**	(303)

The following represents the cash interest paid and received in each period.

Three months ended ($000s)	June 30, 2017	June 30, 2016
Cash interest paid	**178**	**197**
Cash interest received	**3**	**1**

11. COMMITMENTS

Pursuant to current production sharing contracts ("PSC"), the Company is required to perform minimum exploration activities that include various types of surveys, acquisition and processing of seismic data and drilling of exploration wells. Additional commitments are reflected where the Company has agreed with joint operating partners to proceed with activities. The costs of these activities are based on minimum work budgets included in bid documents and have not been provided for in the financial statements. Actual costs will vary from budget.

The Queensland Government regulatory authority granted the Company Authority to Prospect 934 ("ATP 934") under a revised work program on March 1, 2015. The Company acquired an additional 21.43% working interest and received ministerial approval for the acquisition on August 11, 2015. Currently the Company holds a 71.43% operating interest in this permit. Work program consists of 200 kilometers of 3D seismic and up to three wells, which would require a discretionary capital spend of $2.1 million in 2017 and a further discretionary $2.1 million in 2018 net to Bengal.

Country and Permit	Work Program	Obligation Period Ending	Estimated Expenditure (net) (millions CAD$)(1)
Onshore Australia – ATP 934P	200 km^2 of 3D seismic and up to three wells	March 2021	$15.9
Onshore Australia – ATP 752	Barta West 3D seismic program	November 2017	$1.5

(1) Translated at June 30, 2017 at an exchange rate of AUS $1.00 = CAD $0.9977

At June 30, 2017 the Company had the following lease commitment for office space in Canada.

($000s)					
July 2017 to November 2023	**Total**	**Less than 1 Year**	**1-3 Years**	**4-5 Years**	**After 5 Years**
Office lease	944	91	**311**	**311**	**231**

12. SEGMENTED INFORMATION

As at June 30, 2017, the Company has three reportable operating segments being the Australian and Indian oil and gas operations, and corporate.

Revenue reported below represents revenue generated from external customers. There were no inter-segment sales in any of the reported periods.

The accounting policies of the reportable segments are the same as the group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

For the three months ended June 30, 2017 ($000s)				
	Australia	**Corporate**	**India**	**Total**
Revenue	2,306		-	2,306
Interest revenue	6	-	-	6
Interest expense	242	-	-	242
Depletion and depreciation	487	4	-	491
Net earnings (loss)	800	(248)	(3)	549
Exploration and evaluation expenditures	139	-	-	139
Petroleum and natural gas property expenditures	564	-	-	564
Impairment losses (recovery)	-	-	-	-
June 30, 2017 ($000s)				
Petroleum and natural gas properties				
Cost	43,634	4,637	-	48,271
Accumulated impairment loss	(797)	(310)	-	(1,107)
Accumulated depletion and depreciation	(14,859)	(4,274)	-	(19,133)
Net book value	27,978	53	-	28,031
Exploration and evaluation assets	29,468	-	8,197	37,665
Accumulated impairment losses	(9,221)	-	(8,197)	(17,418)
Net book value	20,247	-	-	20,247
For the three months ended June 30, 2016 ($000s)				
	Australia	Canada	India	Total
Revenue	2,489	-	-	2,489
Interest income	1	-	-	1
Interest expense	262	-	-	262
Depletion and depreciation	661	5	-	666
Net loss	(2,266)	(342)	(128)	(2,736)
Exploration and evaluation expenditures	132	-	-	132
Petroleum and natural gas property expenditures	251	-	-	251
Impairment losses (recovery)	-	-	-	-
June 30, 2016 ($000s)				
Petroleum and natural gas properties				
Cost				
Accumulated impairment losses	37,098	4,638	-	41,736
	(796)	(310)	-	(1,106)
Accumulated depletion and depreciation	(12,668)	(4,258)	-	(16,926)
Net book value	23,634	70	-	23,704
Exploration and evaluation assets	28,225		8,181	36,406
Accumulated impairment losses	(9,062)	-	8,181	(17,243)
Net book value	19,163	-	-	19,163

CORPORATE INFORMATION

AUDITORS

KPMG LLP • Calgary, Canada

LEGAL COUNSEL

Burnet, Duckworth & Palmer LLP • Calgary, Canada
Johnson Winter Slattery • Brisbane, Australia

BANKERS

Royal Bank of Canada • Calgary, Canada
WestPac • Sydney, Australia
ICICI Bank Ltd. • Calgary, Canada and Mumbai, India

REGISTRAR AND TRANSFER AGENT

Computershare • Toronto, Canada

INVESTOR RELATIONS

5 Quarters Investor Relations, Inc. • Calgary, Canada

DIRECTORS

Chayan Chakrabarty
Peter D. Gaffney
James B. Howe
Dr. Brian J. Moss
Robert D. Steele
Ian J. Towers (Chairman)
W.B. (Bill) Wheeler

DISCLOSURE COMMITTEE

All Directors are members of the Committee

AUDIT COMMITTEE

James B. Howe (Chairman)
Robert D. Steele
W.B. (Bill) Wheeler

RESERVES COMMITTEE

Peter D. Gaffney (Chairman)
Dr. Brian J. Moss

GOVERNANCE AND COMPENSATION COMMITTEE

Peter D. Gaffney
Dr. Brian J. Moss
Robert D. Steele (Chairman)
Ian J. Towers

OFFICERS

Chayan Chakrabarty, President & Chief Executive Officer
Richard N. Edgar, Executive Vice President
Jerrad Blanchard, Chief Financial Officer
Gordon R. MacMahon, Vice President, Exploration
Bruce Allford, Secretary

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