



January 20, 2021

Bengal Energy Announces Operations Update

Calgary, Alberta – Bengal Energy Ltd. (TSX: BNG) (“Bengal” or the “Company”) is pleased to provide an update on ongoing operational matters.

- **Water Injection Pilot** – The Cuisinier pilot project is scheduled to commence active water injection 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 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 Corporation 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 Corporation 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 Corporation was granted a reduction in the total commitment from CAD\$12.3 million to \$1.2 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.
- **Production Volumes** – The Company’s share of total production in calendar Q4 2020 was 19,423 bbls, which is a 25% decline from the 25,758 bbls produced in calendar Q4 2019. Production in calendar fourth quarter of 2020 averaged 211 bbls/d compared to 280 bbls/d produced in the same period in the prior calendar year. Normal production declines, reduced capital spending and conversion of the C24 well from a producer to a water injection well all contributed to the production decline.
- **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 \$54.98/bbl.
- **Westpac credit facility** – The current outstanding balance on the Westpac credit facility is US\$12.4MM. Cash on hand is CAD\$1MM. The credit facility maturity date is unchanged at February 28, 2021. The Company continues to work towards securing a refinancing and/or



recapitalization transaction to address the maturity of the credit facility and to fund ongoing operations and development activities.

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", "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.

Forward-looking statements contained herein include, but are not limited to, statements regarding: the timing to commence water injection at the Cuisinier pilot project; expectations regarding oil recovery and decreased fees in connection with the Cuisinier pilot project; the expected timing of exploration and development drilling in the Cuisinier oil field and elsewhere; the expected timing of drilling the Santos farm-in well; the expected timing of the well development and exploration program at the Chef location; the Company's expectations regarding additional investments; the Company's ability to amend the commitment requirements on ATP 934 with the Government of Queensland and expected timing of such amendments; and the Company's ability to extend the Westpac credit facility and the results thereof. 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: liabilities inherent in oil and natural gas operations; 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; 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; fluctuations in commodity prices, foreign exchange or interest rates; inability to meet commitments due to inability to raise funds or complete farm-outs; geological, technical, drilling and processing problems; changes in laws and regulations including, without limitation, the adoption of new environmental, royalty and tax laws and regulations and changes in how they are interpreted and enforced; Bengal's development and exploration opportunities; the results of exploration and development drilling and related activities; 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. Statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, which the resources and reserves described, can be profitably produced in the future. The forward-looking statements contained in this press release are expressly qualified by this cautionary statement. 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 Q2 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 required pursuant to applicable securities laws.

Certain Defined Terms

bbl – barrel

bbls – barrels

bbls/d –barrels per day

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