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January 21, 2013

Bengal Energy Announces \$3.5 Million Private Placement of Convertible and Non-Convertible Notes

Calgary, Alberta – Bengal Energy (TSX: BNG) ("Bengal", or the "Company") is pleased to announce that it intends to complete a non-brokered private placement (the "**Private Placement**") of \$3.5 million of short-term, convertible and non-convertible notes. The Private Placement will assist the Company in accelerating its drilling schedule for Cuisinier, Tookoonooka and the recently discovered Caracal projects and will act as bridge financing pending receipt of additional cash flow from Cuisinier production. Production from the Company's existing eight (gross) Cuisinier wells is expected to increase early in calendar Q2 2013 as facilities and pipeline commissioning is completed. The Company has no other long term or bank debt. Members of the Board of Directors of the Company are expected to subscribe for approximately 85% of the principal amount of the notes being issued in the Private Placement, reflecting their confidence in the Company's business plan and growth prospects.

The Private Placement consists of the placement of: (i) \$1,750,000 aggregate principal amount of non-convertible notes ("**Non-Convertible Notes**") bearing an interest rate of prime plus 3% per annum and having a term of 180 days; and (ii) \$1,750,000 aggregate principal amount of convertible notes ("**Convertible Notes**" and together with the Non-Convertible Notes, the "**Notes**") bearing an interest rate of prime plus 3% per annum and having a term of 180 days. The Convertible Notes will be convertible into common shares ("**Common Shares**") in the capital of the Company at a conversion price equal to the lower of the five day volume weighted average price of the Common Shares as at: (A) the issue date of the Convertible Notes, and (B) the date of conversion of some or all of the principal amount of the Convertible Notes; provided that the conversion price shall not be lower than that conversion price that would require the Company to seek shareholder approval of the issuance of Common Shares on conversion of some or all of the principal amount of the Convertible Notes pursuant to the policies of the Toronto Stock Exchange ("**TSX**"). All interest payable under the Notes is payable in cash. The principal amount of the Notes shall be redeemable, at the Company's option, in whole or in part, at any time and from time to time, for cash, provided that any partial redemption is subject to a minimum redemption in the amount of \$50,000 of aggregate principal amount outstanding. Certain directors of the Company are expected to acquire approximately \$1,500,000 principal amount of the Convertible Notes and \$1,500,000 principal amount of the Non-Convertible Notes issued pursuant to the Private Placement.

The net proceeds of the Private Placement will be used to help fund the Company's capital program and for general corporate purposes. Completion of the Private Placement is subject to receipt of all necessary regulatory approvals, including the approval of the TSX. The Private Placement is expected to close on or about January 23, 2013.

This press release does not constitute an offer of the Convertible Notes (or the Common Shares issuable on conversion of the Convertible Notes) or Non-Convertible Notes for sale in the United States or in any jurisdiction in which such offer or sale would be unlawful. The Convertible Notes, Non-Convertible Notes and the Common Shares issuable on conversion of the Convertible Notes have not been registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States absent registration or an exemption from registration under that Act.



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About Bengal

Bengal Energy Ltd. is an international junior oil and gas exploration and production company based in Calgary, Alberta. The Company is committed to growing shareholder value through international exploration, production and acquisitions. Bengal trades 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 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; results of programs, testing operations and data analysis; 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 use of proceeds of the Private Placement; insider participation in the Private Placement; the closing of the Private Placement; the receipt of regulatory approvals; increased Cuisinier production and the timing thereof; completion of facilities and pipelines; and revenue and cash flow growth. 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: failure to obtain required regulatory approval; changes in general global economic conditions including, without limitations, the economic conditions in North America, Australia and India; increased competition; industry conditions; the availability of qualified operating or management personnel; fluctuations in commodity prices, foreign exchange or interest rates; changes in laws and regulations and changes in how they are interpreted and enforced; the results of exploration and development activities; the performance of current and future wells; risks associated with the oil and gas industry; 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 capital expenditure requirements; and stock market volatility. Readers are encouraged to review the material risks discussed in Bengal's Annual Information Form 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.