



May 20, 2014

## **Bengal Energy Reports Significant Increases in Year End Fiscal 2014 Reserves and Value**

***Before Tax Proved plus Probable Reserves Value Equates to More Than Double the Company's Current Enterprise Value***

**Calgary, Alberta – Bengal Energy Ltd. (TSX: BNG)** (“Bengal” or the “Company”) is pleased to announce significant increases in the net present value and volume of its reserves following the completion of its fiscal 2014 year-end independent reserves report (the “Report”). The Report is the result of an independent evaluation of the Company’s producing oil and gas properties by GLJ Petroleum Consultants Ltd. (“GLJ”) of Calgary, Alberta effective March 31, 2014. The Company’s reserves were evaluated by GLJ in compliance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* (“NI 51-101”) and in accordance with the Canadian Oil and Gas Evaluation (“COGE”) Handbook.

### **Reserves Highlights Include:**

- A 149% increase in the value<sup>1</sup> of Bengal’s working interest (“WI”) proved plus probable (“2P”) reserves at fiscal year-end 2014 to approximately \$101 million, compared to \$41 million at year end 2013. This 2014 2P value compares to the Company’s enterprise value of \$39.3 million<sup>2</sup> as at May 15, 2014;
- Total proved (“1P”) WI reserves of 1.7 MMBOE at March 31, 2014 has increased by 122% and is equivalent to the prior years’ total 2P reserves;
- 2P WI reserves of 3.8 MMBOE at March 31, 2014 is a 122% increase over the prior year’s 2P reserves of 1.7 MMBOE; and
- Based on 1P and 2P reserve additions, respectively, the Company replaced approximately 6.4 times and 13.2 times its annual production for the year ended March 31, 2014.

The significant and continuing growth in Bengal’s reserve base is a direct result of the drilling and development activities undertaken in the Company’s Cuisinier Field, and demonstrates the inherent value of this large, ultralight oil weighted asset base. In addition, due to the report date of March 31, 2014, the reserves attributed to the Company do not include the results from the four successful wells drilled to date in the 2014 Phase One Cuisinier drilling program, any production and reserves impact of which will be realized later in calendar 2014 and be reflected in a subsequent reserves report.

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(1) The Company Interest reserve values are based on pre-tax net present value using GLJ’s April 1, 2014 forecast pricing, discounted at 10%.

(2) Enterprise value is calculated as market cap plus total debt less cash, and is based on a closing price of \$0.55 per share on May 16, 2014, and \$8.75 million in total debt outstanding.



“In light of the tremendous growth and value increase that we have announced today, Bengal is very well positioned to continue growing our production, cash flow and reserves for the benefit of our shareholders,” said Chayan Chakrabarty, Bengal’s President and CEO. “Having much higher reserve volumes and values also affords us greater flexibility to responsibly expand our borrowing base, and underpin the continued development of these unique, world-class assets. We look forward to keeping shareholders updated on our continuing progress and success, and thank them for their ongoing support.”

**Reserves Summary:**

The following tables provide a summary of Bengal’s petroleum and natural gas reserves as evaluated by GLJ effective March 31, 2014 in the Report using GLJ’s forecast prices, costs and foreign exchange rates as at March 31, 2014. It is important to note that the recovery and reserves estimates provided herein are estimates only. Actual reserves may be greater or less than the estimates provided herein.

**Total Corporate Reserves Summary (Australia + Canada):**

Reserves Category	LIGHT AND MEDIUM OIL		NATURAL GAS		NATURAL GAS LIQUIDS		TOTAL	
	Gross (Mbbbl)	Net (Mbbbl)	Gross (MMcf)	Net (MMcf)	Gross (Mbbbl)	Net (Mbbbl)	Gross (MBOE)	Net (MBOE)
Proved Developed								
Producing	444	411	336	271	4	2	504	458
Non-Producing	14	13	-	-	-	-	14	13
Proved Undeveloped	1,158	1,068	-	-	-	-	1,158	1,068
<b>Total Proved</b>	<b>1,616</b>	<b>1,492</b>	<b>336</b>	<b>271</b>	<b>4</b>	<b>2</b>	<b>1,676</b>	<b>1,539</b>
Probable	2,007	1,852	530	419	6	4	2,102	1,926
<b>Total Proved Plus Probable</b>	<b>3,624</b>	<b>3,344</b>	<b>867</b>	<b>690</b>	<b>10</b>	<b>6</b>	<b>3,778</b>	<b>3,465</b>

Notes:

- (1) Estimates of reserves of natural gas include associated and non-associated gas.
- (2) "Gross Reserves" are Company's working interest reserves (operating and non-operating) before the deduction of royalties and without including any royalty interest of the Company.
- (3) "Net Reserves" are Company's working interest reserves (operating and non-operating) after deductions of royalty obligations plus the Company's royalty interests.
- (4) The numbers in this table may not add exactly due to rounding.



**Total Corporate Net Present Value of Future Net Revenue:**

<i>figures in M\$ except %</i>	Before Tax Net Present Value Discounted at 10%			After Tax Net Present Value Discounted at 10%		
	<b>March 31, 2014</b>	March 31, 2013	% Change	<b>March 31, 2014</b>	March 31, 2013	% Change
Proved Developed						
Producing	<b>24,067</b>	8,268	191	<b>23,781</b>	8,268	188
Non-Producing	<b>678</b>	2,822	(76)	<b>576</b>	2,822	(80)
Proved Undeveloped	<b>20,784</b>	6,947	199	<b>14,530</b>	6,947	109
<b>Total Proved</b>	<b>45,529</b>	18,036	152	<b>38,887</b>	18,036	116
Probable	<b>55,586</b>	22,589	146	<b>39,443</b>	17,211	129
<b>Total Proved Plus Probable</b>	<b>101,115</b>	40,625	<b>149</b>	<b>78,330</b>	35,247	<b>122</b>

**Pricing Assumptions – Forecast Prices and Costs:**

The following are select crude oil pricing, exchange rate and inflation rate assumptions used by GLJ as of March 31, 2014 in estimating the reserves data in the Report using forecast prices and costs. For the year-ended March 31, 2014, Bengal's average realized sales prices for crude oil was US\$ 113.71/bbl (CAD \$125.30/bbl).

Year	ICE Brent Near Month Futures Contract Crude Oil North Sea Current USD/bbl	NYMEX WTI Near Month Futures Contract Crude Oil at Cushing Oklahoma		Light Sweet Crude Oil (40 API, 0.3%S) Edmonton Current CAD/bbl	Inflation %	Exchange Rate USD/CAD
		2014 \$USD/bbl	Current USD/bbl			
2014 FY	107.54	97.79	97.79	102.04	1.8	0.9016
2014 2H	107.50	97.50	97.50	102.78	2.0	0.9000
2015	107.50	95.59	97.50	102.78	2.0	0.9000
2016	105.00	93.71	97.50	105.56	2.0	0.9000
2017	102.50	91.88	97.50	105.56	2.0	0.9000
2018	102.50	90.07	97.50	105.56	2.0	0.9000
2019	102.50	88.31	97.50	105.56	2.0	0.9000
2020	102.50	87.50	98.54	106.37	2.0	0.9000
2021	103.38	87.50	100.51	108.49	2.0	0.9000
2022	105.45	87.50	102.52	110.66	2.0	0.9000
2023	107.56	87.50	104.57	112.87	2.0	0.9000
2024+	+2.0%/yr	87.50	+2.0%/yr	+2.0%/yr	2.0	0.9000



**Reserves Committee:**

The Company's Board of Directors has a Reserves Committee, comprising entirely of independent board members, which reviews the qualifications and appointment of the independent reserve evaluators and the procedures for providing information to the evaluators. All booked reserves are based upon annual evaluations by the independent qualified reserve evaluators in accordance with the COGE Handbook. The evaluations are conducted from the fundamental geological and engineering data. Both the Reserves Committee, chaired by Mr. Peter Gaffney, as well as the full Board of Directors have reviewed the reserves information and approved the reserves report.

**About Bengal:**

Bengal Energy Ltd. (TSX: BNG) is an international oil and gas exploration and production company with producing and prospective light oil-weighted assets in Australia and India. Bengal offers exposure to lower risk, current production and cash flow, combined with longer-term high, potential impact exploration projects. The Company's strategy is to achieve per share growth in cash flow, production and reserves while establishing an attractive portfolio of future drilling and exploration opportunities. Additional information is available on our website at [www.bengalenergy.ca](http://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 size and volumes of the Company's reserves; 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; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisitions, development or exploration; 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. The recovery and reserve estimates of Bengal's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. 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: risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation; capital expenditure costs; 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 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.

#### **Internal estimates**

Certain information contained herein are based on estimated values the Company believes to be reasonable and are subject to the same limitations as discussed under "Forward-looking Statements" above.

#### **Oil and Gas Advisory**

The reserves information contained in this press release has been prepared in accordance with NI 51-101. Complete NI 51-101 reserves disclosure will be included in our Annual Information Form for the year ended March 31, 2014 which is expected to be filed in late June 2014. Listed below are cautionary statements applicable to our reserves information that are specifically required by NI 51-101:

- a) Individual properties may not reflect the same confidence level as estimates of reserves for all properties due to the effects of aggregation.
- b) This news release contains estimates of the net present value of our future net revenue from our reserves. Such amounts do not represent the fair market value of our reserves.
- c) Reserves included herein are stated on a Company Interest basis (before royalty burdens and including royalty interests) unless noted otherwise as well as on a gross and net basis as defined in NI 51-101. "Company Interest" is not a term defined by NI 51-101 and as such the estimates of Company Interest reserves herein may not be comparable to estimates of "gross" reserves prepared in accordance with NI 51-101 or to other issuers' estimates of Company Interest reserves.

#### **Certain Defined Terms**

Bbl – barrel	Mcf – thousand cubic feet
Bbl/d – barrels per day	Mcf/d – thousand cubic feet per day
Boe – barrels of oil equivalent	MMbbl – million barrels
Boe/d – barrels of oil equivalent per day	MMBOE – 1 million barrels of oil equivalent
Mbbl – million barrels	MMcf – million cubic feet
MBOE – million barrels of oil equivalent	



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