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Bengal Energy Announces Fiscal Q1 2012 Results – Strong Balance Sheet and Balanced Portfolio Contribute To Steady Growth

Calgary, Alberta – Bengal Energy Ltd. (TSX: BNG) (“Bengal” or the “Company”) today announced its financial and operating results for the quarter ended June 30, 2011. A highlights table is provided below.

The Company exited the first quarter of fiscal 2012 with \$37.6 million in cash, no debt and a balanced portfolio of exploration and development drilling opportunities on its extensive land base in Australia and India.

Bengal’s Cuisinier light oil discovery and follow-up development wells in the Cooper Basin of Australia contributed steady growth in net operating income during the first quarter. Bengal achieved overall revenue during the quarter of \$1.3 million compared with \$691,000 in the previous quarter and \$349,000 in the same quarter of fiscal 2011.

For the first quarter, total oil, natural gas and natural gas liquids (NGLs) production averaged 152 boe/d, an increase of 62% from the 94 boe/d produced in the same quarter of the previous year. The increase is a result of having the Company’s Cuisinier 1 well on production for a full quarter in the current year compared with only part of the quarter during the previous year. Cuisinier 1 has been producing since May 2010.

Bengal’s Cuisinier 2 and 3 wells were production tested in July 2011 and brought on stream at the end of August. Initial production estimates from the Operator prior to start-up are in excess of 250 barrels per day for Cuisinier 2 and 3 in total (63 bbl/d net). Bengal will release actual production numbers after the wells demonstrate sustained production rates.

The Cuisinier project continues to deliver strong operating netbacks. Bengal achieved field level operating netbacks on the project of \$71.52 per barrel of oil equivalent (boe) during the quarter. This lifted Bengal’s overall netback in the quarter to \$48.92 per boe compared with a netback of \$16.65 in the same quarter of fiscal 2011. The price the Company receives for its oil sales in Australia is based on the Dated Brent reference price which is currently trading at approximately US \$25 per barrel premium to WTI.

Bengal’s near-term drilling plans include an offshore exploration well at Kingtree on permit AC/P 24 in the Timor Sea of North West Australia. Bengal and its partner expect to spud Kingtree 1 in October 2011. The well is on a well defined, fault bound structure identified from 3D seismic. The location lies northeast and on trend with the formerly productive Challis-Cassini oilfield that achieved 60 million cumulative barrels of oil with peak production of 43,000 barrels of oil per day. The intent will be to vertically drill Kingtree 1 using a semi-submersible rig to a depth of 1,500 metres from 110 metres water depth. Bengal has a 10% interest in the well.

In India, Bengal is active both onshore and offshore. In the offshore Cauvery basin, Bengal continues evaluation work on its 340,000 acre, 100% owned and operated Production Sharing Agreement CY-OSN-2009/1. The first year work program includes reprocessing all available seismic records and acquiring 2D and 3D regional surveys from other operators. Data retrieval from government sources is ongoing with completion expected in late in 2011.

Onshore India, work is well underway on the first year program on Bengal’s 30% working interest, 233,000 gross acre Production Sharing Agreement CY-ONN-2005/1. Reprocessing of existing seismic data is complete and a contractor has been engaged for the acquisition of 700 km² of 3D seismic data. The acquisition program is expected to take place after the monsoon season in December and early in 2012.

Financial and Operating Summary

\$000s except per share, volumes and netback amounts	Three Months Ended		
	06/30/11	06/30/10	03/31/11
Revenue			
Natural gas	\$ 92	\$ 125	\$ 125
Natural gas liquids	16	21	17
Oil	1,211	202	549
Total	1,319	349	691
Royalties	121	28	67
% of revenue	9.2	8.1	9.7
Operating & transportation	522	179	295
Netback ⁽¹⁾	676	142	328
Cash flow used in operations:			
Per share (\$) (basic & diluted)	(1,371)	(570)	(746)
Per share (\$) (basic & diluted)	(0.03)	(0.03)	(0.02)
Funds from (used in) operations ⁽²⁾ :			
Per share (\$) (basic & diluted)	7	(546)	(690)
Per share (\$) (basic & diluted)	0.00	(0.03)	(0.02)
Net (loss):			
Per share (\$) (basic & diluted)	(1,061)	(722)	(889)
Per share (\$) (basic & diluted)	(0.02)	(0.04)	(0.03)
Capital expenditures	\$ 1,933	\$ 93	\$ 1,879
Volumes			
Natural gas (mcf/d)	249	381	348
Natural gas liquids (boe/d)	2	4	3
Oil (bbl/d)	108	27	56
Total (boe/d @ 6:1)	152	94	117
Netback ⁽¹⁾ (\$/boe)			
Revenue	\$ 95.46	\$ 40.92	\$ 65.49
Royalties	8.77	3.31	6.38
Operating & transportation	37.77	20.96	27.97
Total	\$ 48.92	\$ 16.65	\$ 31.13

(1) Netback is a non-GAAP measure. Netback per boe is calculated by dividing the revenue and costs in total for the Company by the total production of the Company measured in boe.

(2) Funds from operations is a non-GAAP measure. The comparable GAAP measure is cash flow from operations. A reconciliation of the two measures can be found in the table on page 5 of Bengal's management's discussion and analysis for the quarter ended June 30, 2011.

Bengal believes it is sufficiently capitalized to undertake its near-term drilling plans and fulfil its exploration commitments on its large acreage position. The Company has a range of both low-risk and high-impact drilling opportunities. Drilling success in Australia's Cooper Basin, both at Cuisinier and on the Company's Barta permit, are expected to drive near term and increasingly positive operating income for the Company and set the stage for future development.

Bengal has filed its consolidated interim financial statements and management's discussion and analysis for the three months ended June 30, 2011 with Canadian securities regulators. The documents are available 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 and India. 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 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 forward-looking statements contained herein include, without limitation, statements regarding: Bengal's future development and exploration plans and strategy and results thereof; use of proceeds from the equity financings; and the completion of future wells. 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 general global economic conditions in Canada and in the United States, industry conditions, changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of 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, and the ability to obtain required approvals 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, including the amount of proceeds, that Bengal will derive therefrom. Bengal's actual financial results, performance or achievement in future periods could differ materially from those expressed in, or implied by, these forward-looking statements, including those material risks discussed in Bengal's Annual Information Form under "Risk Factors and in Bengal's MD&A under "Risk Factors". The forward-looking statements herein are expressly qualified by this cautionary statement: The forward-looking statements contained in this release speak only as of the date of this release 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.

Non-GAAP 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 International Financial Reporting Standards (IFRS) and previous generally accepted accounting principles (GAAP) and are referred to as non-GAAP 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. 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.

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