



July 26, 2016

Bengal Energy Commences 2016 Drilling Campaign in Australia's Cooper Basin

Calgary, Alberta – Bengal Energy Ltd. (TSX: BNG) (“Bengal” or the “Company”) today announces that the Company and its joint venture parties have commenced the 2016 drilling campaign on ATP 752 Barta Block in the Cooper Basin, Australia (Bengal’s working interest is 30.357%).

The program consists of five wells within Petroleum Lease (“PL”) 303 at the Cuisinier field comprised of four development/ appraisal locations and one near field exploration well.

Three of the development wells are located in the central/south part of the Cuisinier field area primarily targeting the Murta DC70 sandstone and directly offsetting Murta oil producers. One development well will be drilled deeper to test the Jurassic Hutton Sandstone south of the Cocinero Hutton oil wells and offsetting Cuisinier 20 which had a Hutton oil show. These Murta locations are considered to be low risk production adds with additional upside exposure through the testing of a seismically defined Hutton target.

The fourth development/appraisal well, Cuisinier 22, is situated approximately 790 meters north of the Cuisinier North-1 well, a Murta oil well drilled in 2012. 3D seismic mapping predicts the well will encounter the Murta sandstone approximately 13 meters above the lowest known oil (“LKO”) within the Cuisinier structure and on the seismically defined, Murta sandstone trend, which if successful will support several low risk follow-up development opportunities.

The near field exploration well (“Shefu-1”) is intended to confirm a westerly extension of the Cuisinier pool. The well is mapped on 3D seismic to encounter the Murta approximately 18 metres above the LKO and while it is off the established producing trend, the location will test well developed Murta seismic amplitudes, believed to represent good sandstone reservoir development. Shefu-1 will be the fourth well in this campaign and will also test the Birkhead/Hutton Formation where a four-way structural closure has been mapped. A successful Murta test at Shefu-1 could unlock approximately 8 km² of mapped area on 3D for future development. A successful Birkhead/Hutton well at Shefu-1 would de-risk an area of up to 3 km² for future appraisal and development.

The five wells will be drilled back to back with the entire program expected to last approximately 2½ months. Completion and tie-in activities are planned to take place late calendar Q4 2016 to early Q1 2017 with all wells expected to be on production in Q1 2017.

Exploration - ATP 934

Natural Gas Demand

The increase in natural gas demand associated with newly commissioned liquefied natural gas export projects suggests that the Eastern Australia gas market will need significant new supply of natural gas in the medium term. This natural gas shortage is evidenced by recent spikes seen in the East Coast Australia spot gas markets to greater than \$20 per gigajoule.



ATP 934 Background

Bengal holds a 71.43% and operatorship in the ATP 934 Permit with the Company's joint venture partner holding the balance (28.57%). The Permit is now in Year 2 having met the Year 1 permit commitment with the re-processing of the existing 522 line kilometres of 2D data. Planning for the Year 2, 200 km² 3D acquisition program is well underway with favorable acquisition contractor bids in hand.

ATP 934 is surrounded by gas fields which have produced 126.1 BCF of natural gas and associated liquids to June of 2015⁽¹⁾. South of the Permit (an area covered with 3D) there are a total of 33 producing gas wells in these fields. No wells have been drilled on ATP 934.

This large Permit covers an area of 1,462 km² (360,000 acres). Targeted drill depths are 2,700 to 2,900 metres and natural gas pipelines and other natural gas production infrastructure are nearby. The tenements lying to the north of the Permit have been actively drilled over the past 24 months with 100% success. This activity has been supported by state of the art 3D seismic, which is now available in the public domain.

Bengal has interpreted this 3D data set, extracting a number of favorable criteria through the detailed mapping of discovered gas accumulations; with indicators of both reservoir and seal units now evident in the 2D data over the ATP 934 Permit immediately south of this recent activity.

Bengal's view of the potential for significant gas discoveries in this Permit has been strongly supported by both 2D and 3D seismic data which significantly improves prospect imaging and provides greater detail of the reservoir geology and structural controls. A total of up to seven individual drilling prospects have been identified and mapped on the Permit with additional tight gas resource potential also identified. Bengal believes that the prospects identified on ATP 934 could contain gas resources similar to those found in gas pools adjacent to the Permit. The Coonaberry East feature in ATP 934 is defined on multiple 2D lines of seismic and represents a prospective ready-to-drill prospect which is considered to be an analogous, albeit larger, to the adjacent Coonaberry and Ramses gas fields.

The current supply and demand fundamentals in Eastern Australia are such that emerging gas resources can create robust economic returns. Therefore Bengal believes ATP 934 is well positioned to attract investment from the industry, be it domestic Australian or international.

With this in mind, Bengal has commenced a farmout process to engage with large petroleum companies of sufficient scale to assist with funding the next phase of exploration in ATP 934. This will include industry participants from around the world who are looking to invest in significant new gas plays.

Bengal believes that, subject to exploration success and based on management's view on prospects identified, the Permit has the potential to become a substantial new gas supply providing a valuable contribution to Australia's east coast gas market.

(1) Production volumes cited are cumulative to June 2015. Source: State of Queensland Department of Natural Resources and Mines (DNRM).



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. 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.

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 forward-looking 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 current commodity price environment; the impact of economic conditions in North America, 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 Company's 2016 drilling campaign on ATP 752; the drilling depth of one of the developmental wells to test the Jurassic Hutton Sandstone; the expectation that the Murta locations will be low risk production adds with upside exposure; the fourth development/appraisal well encountering the Cuisinier Murta sandstone trend above the LKO and the potential follow-up development opportunities; the Shefu-1 well confirming a westerly extension of the Cuisinier pool; the expectation of a good sandstone reservoir development for the Shefu-1 well and the testing of the Birkhead/Hutton Formation; the potential of the Shefu-1 well unlocking of an additional mapped area on 3D for future development and de-risking of an area for future appraisal and development; the timing of the completion and tie-in activities and the timing of the completion of the 2016 drilling program and commencement of production from any successful wells in the 2016 drilling program; the need for the Eastern Australia gas market for a new supply of natural gas in the medium term; the targeted drill depths on ATP 934; the interpretation of the 2D and 3D data over the ATP 934 Permit; the potential gas discoveries and drilling prospects on ATP 934; the supply and demand fundamentals in Eastern Australia and related economic returns; the Company's farmout process being undertaken to assist with funds the next phase of exploration on ATP 934; and the potential for the ATP 934 Permit becoming a substantial new gas supply. 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: fluctuations in commodity prices, foreign exchange or interest rates; 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; increased competition; the availability of qualified operating or management personnel; 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. Further, certain noted production information provided in this press release may constitute “analogous information” under applicable securities legislation, such as production rates from wells drilled by other industry participants located in geographical proximity to lands held by the Company. This information is derived from publicly available information sources that the Company believes are predominantly independent in nature however readers are cautioned that the information may be in error, may not be analogous to the Company’s land holdings and/or may not be representative of actual results of wells anticipated to be drilled or completed by the Company in the future. Readers are encouraged to review the material risks discussed in Bengal’s Annual Information Form for the year ended March 31, 2016 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.

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