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Bengal Energy Confirms Caracal-1 as a New Oil Discovery on the Tookoonooka Block, Cooper Basin, Australia

Calgary, Alberta – Bengal Energy (TSX: BNG) (“Bengal”, or “the Company”) reports that the first exploration well in the Tookoonooka drilling campaign, Caracal-1, is a new oil discovery. This new discovery has established light oil on a new and unexplored trend with the Caracal-1 well being the first well to be drilled on the very large 654,335 acre Authority to Prospect (“ATP”) 732 (the “Tookoonooka Block”) in the last 15 years. Seismic mapping defines a large structure, with the Caracal-1 closure alone estimated to cover an area of 5.5 square miles (approximately 3,500 acres).

The well was drilled as a vertical well and after being perforated, recovered free oil on swab testing commingled across two different sands in the Wyandra formation. Analysis of the down-hole pressure data collected during the production testing has commenced and will be used in conjunction with the final core analysis results to provide further definition of the reservoir characteristics encountered by Caracal-1. Preliminary core analysis suggests that the Wyandra permeability at Caracal-1 is similar to that seen in the Viking and Cardium plays in the Western Canadian Sedimentary Basin. These plays are now being exploited using horizontal wells and multi-stage fracture stimulation technology. Engineering and geological work is planned by Bengal to determine how similar horizontal multi-stage fracturing could be applied at Caracal.

Offset pool analogies from the Wyandra zone show oil accumulations which exhibit stratigraphic variability across the accumulation, with variations in permeability and therefore productivity. Additional geoscience analysis incorporating existing 3D seismic and data acquired from the Caracal-1 well will allow for high grading of future drill locations targeting areas of thicker and more permeable sand development within the structure. This planning will also incorporate a design for potential fracture stimulation and/or horizontal drilling programs.

Caracal-1 is located approximately 40 kilometers southeast of the producing Ipundu/Tarbat oil fields which have produced to date in excess of 3.5 million barrels from the Wyandra/Murta interval. Caracal-1 was drilled, completed and tested utilizing the 100% owned Bengal 1 Rig. The Bengal 1 Rig will be put on standby until early in 2013 while additional geoscience and integration of new Caracal-1 downhole data are used in planning an appraisal drilling program.

“We are pleased with this new oil discovery on our first exploration well in the 100% working interest Tookoonooka Block and look forward to results from both the potential fracture stimulation of this well and upcoming appraisal drilling programs. We see the potential for significant Wyandra light oil development on the Caracal structure. This makes nine successful wells on our Cooper Basin permits, including eight at Cuisinier, and portends an active drilling program in 2013,” said Chayan Chakrabarty, President and CEO of Bengal.

The Tookoonooka Block is located on the southeast flank of the Cooper Basin in Australia in an area of established oil and gas production spread across a number of producing oilfields, crude oil facilities, the Tarbat to Jackson Oil Pipeline and the Eromanga Refinery. Bengal has defined five other primary exploration drilling locations in the Tookoonooka Block which will target both the Wyandra and deeper formations.

In addition to appraisal drilling planned for the Tookoonooka Block, Bengal also has two active drilling programs planned for calendar 2013: i) a multi-well development drilling at its producing Cuisinier oil property in the Cooper Basin, and ii) a multi-well exploratory drilling program at its CY-ONN-2005/1 permit located onshore Cauvery Basin in India, with locations identified from the 575 square kilometers of 3D seismic shot in 2012.



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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 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 seismic programs, testing operations and data analysis; the ability to obtain required approvals and extensions from regulatory authorities and access to fracture stimulation equipment and horizontal drilling equipment. 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 and results of Caracal-1 perforation and testing operations and core analysis; the potential for Wyandra light oil development on the Caracal structure; the Tookoonooka drilling program, including the number of wells and timing thereof and the targeted zones; the Cuisinier multi-well development drilling program; and the Cauvery Basin drilling program. 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 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 results of seismic operations; the performance of current and future wells; 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.

Analogous Information

In this new release, Bengal has provided information with respect to certain production and related information for lands surrounding the Tookoonooka Block which is "analogous information" as defined applicable securities laws. This analogous information is derived from publicly available information sources available as of the date hereof, which Bengal believes are predominantly independent in nature. Bengal is unable to confirm that this information was prepared by qualified reserves evaluators or auditors or that it was prepared in accordance with the Canadian Oil & Gas Evaluation Handbook. As such readers are cautioned that the data relied upon by Bengal may be in error. Regardless, estimates by engineering and geo-technical practitioners may vary and the differences may be significant. Bengal believes that the provision of this analogous information is relevant to Bengal's activities, given its acreage position and operations (either ongoing or planned) in the area in question. This information has also been included to help demonstrate the basis for Bengal's business plans and strategies. However, readers are cautioned that there is no certainty that any of the development on Bengal's properties will be successful to the extent in which operations on the lands in which the analogous historical production information is derived from were successful, or at all, and, therefore, the analogous information may not be analogous to Bengal's properties. The analogous historical production information should not be construed as an estimate of future production levels or future resources/reserves of Bengal.