



December 16, 2011

## **Bengal Energy – Operational Update and 2012 Plan**

**(Calgary, Alberta) Bengal Energy Ltd. (TSX: BNG)**

("Bengal" or the "Company") is pleased to provide the following update on the Company's ongoing operational activities in Australia and India.

### **Onshore Australia**

#### ***Authority to Prospect ("ATP") 752P Barta Block***

The Barta Block Joint Venture ("JV") plans to drill three appraisal/development wells and one exploration well in calendar Q2 2012 after the end of the wet season as a follow up to its four successful exploration and appraisal wells drilled to date. The appraisal/development wells are planned to be drilled on existing seismic features exhibiting strong amplitude signature at the Murta level in and around the currently producing Cuisinier 1, 2 and 3 wells. The location of the exploration well is being finalized among the JV parties.

Planning is underway for the shooting of a new 3D seismic survey during 2013. This seismic will be acquired north of and adjoining the current 3D seismic data set proximate to the Cuisinier wells and development area, and will be aimed at imaging the Murta, Birkhead and Hutton anomalies, both structural and stratigraphic.

The previously equipped Barta North 1 Murta producing oil well will be tied into the existing Cuisinier 1 facility via 4.5 kilometers of pipeline. Construction is set to commence upon completion of the wet season in mid Q2 2012, with commissioning planned for the end of Q2 2012.

In addition to the infrastructure work planned for Barta North 1, strategies to improve the operability and on-stream times of the existing production at Cuisinier are also being evaluated, including the potential connection of the facility at Cuisinier 1 to nearby existing infrastructure and the potential expansion of the existing Cuisinier facility to include water handling infrastructure. Further front end engineering studies are expected to commence shortly to allow the optimal facility development strategy to be selected with the intent being to commission the upgraded infrastructure late in 2012.

The Company holds a 25% interest in both the Cuisinier discovery and the 360,000 acre Barta Block portion of exploration permit ATP 752P.

#### ***ATP 732P Tookoonooka Block***

On March 1, 2011, the Company announced the results of an independent Resource Evaluation Report on its 100% owned and operated ATP 732P permit encompassing 654,000 acres and located in the Cooper Basin. Based on data evaluated to date, the Company has identified a number of geological play types within this permit that it considers prospective and warranting of exploration through seismic data evaluation and subsequent drilling. These play types have been modeled based on nearby analogous producing fields with three play types focusing on light oil and conventional and non-conventional natural gas.

The acquisition of approximately 400 line kilometers of 2D and 50 square kilometers of 3D seismic data is nearing completion with processing and interpretation expected to be completed by mid January 2012. In conjunction with this seismic data acquisition, a complete evaluation of aeromagnetic and gravity data on this permit has been completed, and will be integrated with the seismic data evaluation. This should allow for drill locations to be selected by late January 2012 and an application will be submitted to the Queensland Government for approval of the Company's drilling plans on this permit. The Company currently plans to commence exploratory drilling with an initial three-well campaign commencing after the end of the wet season in calendar Q2 2012. The operational preparation for this drilling project is already well underway, however actual timing is subject to the receipt of all regulatory approvals from the Queensland Government and to the completion of the seismic data interpretation.

The Company continues to review all available options for the acceleration of its 2012 drilling programs on this permit.

#### ***ATP 934P Barrolka Block***

The final application for the grant of this permit will be filed with the Queensland Government regulatory authority in early 2012. No further activity is planned on this permit until the final Ministerial Grant of the tenement is received. The Company holds a 50% operating interest in this 361,000 acre permit.

#### **Offshore Australia**

##### ***AC/P 47 Block***

Bengal has applied for an extension to the term of this large offshore permit from Australia's Northern Territory Government Department of Resources. The requested extension would allow 3D seismic acquisition to be acquired, processed and interpreted prior to June 2, 2013. Assuming this extension is received, the Company plans to shoot, process and interpret a minimum of 750 square kilometers of 3D seismic on this permit during 2012 and Q1 2013. Bengal shall then either commit (prior to June 2, 2013) to drill a well on the permit by March 2, 2014, or, if no acceptable prospects are identified from the seismic interpretation, the permit will be relinquished.

##### ***AC/P 24 Block***

An extension request has been filed for the Kingtree Prospect and initial applications for a retention lease for the Katandra discovery have been made by the operator on the partners' behalf.

Analysis of gas encountered while drilling the Kingtree well indicates the presence of a residual oil column evidencing trap leakage. A northern and separate fault bound closure will be further reviewed for potential future drilling. Further analysis of the results of the Kingtree 1 well and integration of these results with the 3D seismic will also be undertaken upon receipt of this extension.

#### **Onshore India**

##### ***CY-ONN-2005/1 Block***

On Bengal's non-operated 30% working interest, 233,000 gross acre Block CY-ONN-2005/1 located onshore India in the Cauvery Basin, Bengal (and its joint venture partners Gas Authority of India Ltd. and Gujarat State Petroleum Corporation) has commenced the acquisition of a 3D seismic program of approximately 600 square kilometers. Due to weather-related delays in the acquisition program, the operator currently anticipates that approximately 50% of this planned seismic data acquisition will be completed by the end of calendar Q1 2012. Subject to weather conditions, the rest of the program is to be completed later in 2012. Airborne magnetometry work will also be carried out over the permit in association with the seismic acquisition program. The seismic acquisition and airborne magnetometry work is intended to help the joint venture parties define drilling locations on the permit. An Indian oil and gas major has recently made a gas discovery immediately west of the block at Vadateru, details of which discovery have not yet been released.

#### **Offshore India**

##### ***CY-OSN-2009/1 Block***

Evaluation work is continuing on this 340,000 acre, 100% owned and operated Block CY-OSN-2009/1 located in India's offshore Cauvery basin. Activity includes reprocessing all available seismic records and acquiring certain 2D and 3D regional surveys previously recorded by other operators. Additional pre-existing seismic data has been located and is being integrated with the existing seismic data set. The acquisition of additional seismic data in early 2012 is designed to accelerate the timing of the drilling of an exploration well. Recent acquisition activity and exploration success by competitors in the local area provides encouragement for the acceleration of the Bengal activity.

### **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](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 impact of general global economic conditions including, without limitations, the economic conditions in North America, Australia, India; 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; 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: Bengal's proposed drilling and exploration strategy and plans for its Indian and Australian properties, including, without limitation, the number and location of wells to be drilled and the acquisition, processing and interpretation of seismic and the timing thereof; the construction of the pipeline to tie in the Barta North 1 well to the Cuisinier 1 facility; the strategies for improving operability of the Cuisinier production; applications for approval of drilling plans; the final application for the grant of the ATP 934P permit; application for an extension of the term for the AC/P 47 and AC/P 24 permits; the analysis of drilling results from past wells; and acquisition and completion of airborne magnetometry data. 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: the failure to obtain required regulatory approvals or extensions; 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.*

***Analogous Information***

*In this new release, Bengal has provided information regarding production and a gas discovery for lands surrounding ATP 732P and the CY-ONN-2005/1 Block, respectively, which is "analogous information" as defined under applicable securities laws. This analogous information is derived from publicly available information sources which the Company believes are predominantly independent in nature. Some of this data may not have been prepared by qualified reserves evaluators or auditors and the preparation of any estimates may not be in strict accordance with Canadian Oil & Gas Evaluation Handbook. Regardless, estimates by engineering and geotechnical 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 areas in question, 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 information is derived from were successful, or at all.*

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