



October 21, 2009

Bengal Energy Awarded 340,000-Acre Exploration Block in India

Calgary, Alberta – Bengal Energy Ltd. (TSX: BNG) (“Bengal” or the “Company”) today announced that its wholly owned subsidiary, Bengal Energy International Inc. (“BEII”), has been named the provisional winner of block CY-OSN-2009/1 by India’s Directorate General of Hydrocarbons (“DGH”). The DGH made the decision in the recent New Exploration Licensing Policy bid round (“NELP VIII”) which took place on October 12, 2009 in New Delhi, India.

Block CY-OSN-2009/1 is located in the shallow offshore area of the southern Cauvery Basin and encompasses 1,362 square kilometers (340,000 acres). BEII will hold 100% interest in the block and be the operator. The winning bid requires BEII to acquire 310 line kilometers of 2D seismic data and 81 square kilometers of 3D seismic data during the first four years of the seven-year exploration phase of the block. The committed work program capital expenditure is estimated at US\$2,020,000 (about \$6/acre). Drilling will be required to hold the block after the first four years of exploration is complete. A one-time bank guarantee of approximately US\$141,400 is required to be submitted at the time of the signing of the production sharing contract (“PSC”).

Some of the attractive features of the terms offered include:

- Income tax holiday for seven years from the start of commercial production
- 100% cost recovery
- Royalty is payable at the rate of 10% for both crude oil and natural gas
- No customs duty on imports required for petroleum operations
- Fiscal stability provision in the contract
- Freedom to market oil and gas in the domestic market
- Liberal provisions for assignment
- No compulsory relinquishment after four years
- No signature, discovery, or production bonus
- No mandatory state participation

Chayan Chakrabarty, President of Bengal, said the new block will complement the Company’s existing exploration opportunities in India and Australia. “Becoming an operator in India’s prolific offshore exploration area is a significant move in advancing Bengal’s strategy to expose the Company to world class opportunities,” he said.

The Cauvery Basin is an active producing basin located in the southern part of the east coast of India. The basin covers an area of around 250,000 square kilometers and currently has 28 producing oil and gas fields.

BEII also has a 30% working interest in the onshore block CY-ONN-2005/1 where it partnered with two Indian National Oil Companies in last year’s NELP VII bid round. Acquisition of block CY-OSN-2009/1 more than doubles Bengal’s gross acreage in India to 577,000 gross acres and more than quadruples Bengal’s net acreage to 411,450 acres. The block sits between seven to 16 kilometers offshore with over 60% of the block in water depths of less than 100 meters and 85% of the block in water depths less than 500 meters.

Prospects identified on block CY-OSN-2009/1 will need further technical work to become drill-ready. At least one seismically defined feature already identified could be as much as 64 square kilometers (16,000 acres).

Bradley Johnson, CEO of Bengal, said the Company expects to sign a production sharing contract with the Government of India (“GOI”) in January 2010, turning the provisional award of block CY-OSN-2009/1 into a formal agreement. “The acquisition of this block signifies another important milestone for Bengal in building a strong presence in one of the world’s largest energy consuming nations,” he said.

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.

Disclaimers

This news release contains certain statements which constitute forward-looking statements or information, including the execution of the PSC, required work commitments, work program capital expenditure requirements and the approximate size and nature of seismically defined features. Although the Company believes that the expectations reflected in our forward-looking statements are reasonable, our forward-looking statements have been based on factors and assumptions concerning future events which may prove to be inaccurate. Those factors and assumptions are based upon currently available information. Such statements are subject to known and unknown risks, uncertainties and other factors that could influence actual results or events and cause actual results or events to differ materially from those stated, anticipated or implied in the forward-looking statements. As such, readers are cautioned not to place undue reliance on the forward-looking statements, as no assurance can be provided as to future results, levels of activity or achievements. The Company has provided these forward-looking statements or information in reliance on certain assumptions that it believes are reasonable at this time, including: the ability to meet the work commitments and work program capital expenditure requirements, including bank guarantee requirements and timing of receipt of final GOI approval. Risks include, but are not limited to: uncertainties and other factors that are beyond the control of the Company, risks associated with the oil and gas industry, commodity prices and exchange rate changes, operational risks associated with exploration, development and production operations, delays or changes in plans, and specific risks associated with the ability to complete the execution of the PSC such as delays in obtaining or failure to obtain final GOI approval, ability to meet the work commitments, Bengal's ability to meet the capital expenditures, estimated size of any seismic features, whether additional geosciences work will progress to defining drillable locations, and ability to obtain the bank guarantee. The Company assumes no obligation to update any forward-looking statements or to update the reasons why actual results could differ from those reflected in the forward-looking statements unless and until required by securities laws applicable to the Company. Additional information identifying risks and uncertainties is contained in filings of the Company with Canadian securities regulators, which filings are available under the Company's profile at www.sedar.com.

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