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Bengal Energy Announces Closing of \$9.0 million Bought Deal Financing including Over-Allotment Option

January 28, 2011 - Calgary, Alberta – Bengal Energy Ltd. (TSX: BNG) ("Bengal" or the "Company") is pleased to announce that it has closed its previously announced short form prospectus bought deal financing (the "Offering") with a syndicate of underwriters led by Mackie Research Capital Corporation and including Wellington West Capital Markets Inc. and Toll Cross Securities Inc. (the "Underwriters"). Pursuant to the Offering, Bengal issued 7,525,000 common shares of the Corporation ("Common Shares") at an issue price of \$1.20 per Common Share for aggregate gross proceeds of \$9,030,000, including 874,950 Common Shares issued pursuant to the exercise in full by the Underwriters of an over-allotment option.

The net proceeds from the Offering will be used to fund the Company's ongoing capital expenditure programs in India and Australia and for general working capital purposes.

About Bengal

Bengal Energy Ltd. is an international junior oil and gas exploration and production company with assets in Canada, India and Australia. 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 statements which constitute forward-looking statements or information ("forward-looking statements"), including statements regarding the use of proceeds of the Offering. These forward-looking statements are based on certain key expectations and assumptions, including assumptions regarding the general economic conditions in Canada, Australia, India and globally, industry conditions in Australia and India and the operations of the Company. These factors and assumptions are based upon currently available information and the forward-looking statements contained herein speak only as of the date hereof. Although the Company believes the expectations and assumptions reflected in the forward-looking statements are reasonable, as of the date hereof, undue reliance should not be placed on the forward-looking statements as Bengal can give no assurances that they will prove correct and because forward-looking 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. These risks include, but are not limited to: uncertainties and other factors that are beyond the control of the Company; global economic conditions; 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; specific risks associated with the ability to execute production sharing contracts, ability to meet work commitments, ability to meet the capital expenditures, estimated size of any seismic features and whether additional geosciences work will progress to defining drillable locations; risk associated with stock market volatility and the marketability of the Offering; and the ability of the Company to continue as a going concern. 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, except as required by securities laws. Additional information identifying risks and uncertainties is contained in filings of the Company with Canadian securities regulators, which are available under the Company's profile at www.sedar.com.

Disclaimer

This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities of Bengal in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities to be offered have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold within the United States or to or for the account or benefit of a U.S. Person absent registration or an applicable exemption from the registration requirements of such Act or laws.

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