PRESS RELEASE

February 12, 2015

# Bengal Energy Announces Third Quarter Fiscal 2015 Results

**Calgary, Alberta – Bengal Energy Ltd. (TSX: BNG)** ("Bengal" or the "Company") announced today its financial and operating results for the third fiscal quarter of 2015 (period ended December 31, 2014).

**FISCAL Q3 2015 HIGHLIGHTS:**

During the Company's third fiscal quarter of 2015, Bengal continued to execute its growth strategy with the drilling of six wells in its Phase Two drilling program at its Cuisinier asset in the Cooper Basin, Australia. The current drilling program builds on Bengal's past drilling success in its large oil-in-place Cuisinier pool in Australia, which generates ultra-light oil production. In addition to Cuisinier, which is a development stage asset, the Company is also pursuing appraisal and exploration assets expected to fuel future growth.

The following is an overview of the financial and operational results during the three-month period ended December 31, 2014:

**Financial Summary:**

- **Revenues** – Bengal's revenue of approximately \$3.9 million in the third quarter is 15% lower than the \$4.5 million generated in the preceding quarter due to a significant decrease in benchmark commodity prices partially offset by increased production and combination of fixed for future swaps and put positions. Revenues decreased 29% compared to the \$5.5 million generated during third quarter of fiscal 2014 driven by lower commodity prices. Bengal's operating (field) netback in Australia averaged \$35.42 per barrel (corporate average of C\$ 33.52/bbl). Sales prices averaged USD \$76.27/bbl, compared to average sales prices of USD \$115.48/bbl during the third fiscal quarter of 2014.

- **Funds Flow from Operations[(1)]** – Bengal generated funds flow from operations of \$1.3 million in the quarter ended December 31, 2014 a 14% decrease from the \$1.5 million generated in the preceding quarter and a 55% decrease from the \$2.9 million recorded in the third quarter of fiscal 2014. These decreases relate to the factors mentioned above as well as one time penalties associated with the early redemption of its \$8.0 million notes payable.

- **Net Loss** – Bengal reported a net loss of \$1.3 million for the quarter compared to a net loss of \$0.1 million in the preceding quarter, and net income of \$0.6 million in the third quarter of fiscal 2014 due to the impact of realized and unrealized gains on derivative contracts, offset by decreases in funds from operations described above.

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[1] *Funds flow from operations is an additional generally accepted account principle ("GAAP measure"). The comparable International Financial Reporting Standards ("IFRS") measure is cash from operations. A reconciliation of the two measures can be found in the table on page 6 of Bengal's Annual MD&A.*

- **Westpac credit facility** – An initial draw of US $14.0 million out of an available US $25 million was used to repay the Company's existing $8.0 million notes payable and fund the Cuisinier Phase Two drilling program.

- **Hedging in place to 2017**- Effective December 2014, the Company entered into a combination of fixed for future swaps and put positions for approximately 269,000 barrels in total through to June 2017 with a floor price of US $80 per barrel.

**Operating Overview**:

- **Cuisinier Phase Two Drilling Campaign –** As of February 12, 2015 Bengal and its joint venture parties ("JV") completed drilling operations of an exploration well at ("Wicho East") in ATP 752P – Barta Block, three appraisal wells and two development wells at ATP 752 Barta Block Cuisinier. The JV is currently casing the final development well of the program (Cuisinier 21) with completions anticipated to begin in late February 2015. Cuisinier 21 encountered oil pay in the Murta D70 well below the previously established lowest known oil in the pool. This confirms a broader reserves area for the pool and establishes an oil column greater than 42 meters. The JV expects to confirm production rates from the program following completion and tie-ins.

- **Wompi Exploration** - Bengal and its joint venture parties ("JV") completed drilling operations of the Nubba-1 exploration well. The well encountered multiple oil shows within the Jurassic, as well as up to 6m of Permian Toolachee Formation gas pay. Completion and testing of this discovery will confirm rates and the commerciality later in calendar 2015. Bengal has 38% in the Wompi block and the Nubba well.

- **Production Volumes** – Production in the third quarter averaged 578 barrels of oil equivalent per day ("boepd"), an increase of 27% from 457 boepd in the previous quarter and a 17% increase from the Q3 2014 due to an entire quarter of incremental production from the Cuisinier Phase One drilling program.

- **Onshore India Drilling Campaign** – At Bengal's onshore India block situated within the Cauvery Basin (CY-ONN-2005/1 – 30% WI), the Company continues to coordinate with its partners, Gas Authority of India Ltd. ("GAIL") and Gujarat State Petroleum Corporation ("GSPC") for the drilling of three exploration wells. GAIL, the operator, continues to negotiate with various stakeholders and government bodies that provide the necessary approvals to proceed. The drilling of the first of three exploration wells is, at the earliest, expected to commence in calendar Q2-Q3 2015.

"We are extremely pleased with the initial results of our calendar 2014 drilling program to-date," said Chayan Chakrabarty, Bengal's President and CEO. "Our fortuitous hedging position provides Bengal with a very favorable corporate netback of approximately CAD$ $35 to $40 /bbl at current market prices that will allow us to remain flexible in the current low oil price environment. The Company continues to pursue our long-term growth strategy of developing our large oil-in-place Cuisinier pool in Australia, while providing new upside potential to our investors through our appraisal and exploration efforts in both Australia and onshore India."

For a discussion of the activities on each of the Company's permits, refer to Bengal's management's discussion and analysis for the third fiscal quarter 2015 ended December 31, 2014 filed on SEDAR at www.sedar.com.

## FINANCIAL & OPERATING HIGHLIGHTS

| $000s except per share, volumes and netback amounts | Three Months Ended December 31 | | | Nine Months Ended December 31 | | |
|---|---|---|---|---|---|---|
| | **2014** | 2013 | % Change | **2014** | 2013 | % Change |
| Revenue | | | | | | |
| Oil | **$ 3,870** | $ 5,451 | (29) | **$ 12,036** | $ 14,306 | (16) |
| Natural gas | **63** | 53 | 19 | **223** | 187 | 19 |
| Natural gas liquids | **11** | 12 | (8) | **32** | 57 | (44) |
| Total | **$ 3,944** | $ 5,516 | (28) | **$ 12,291** | $ 14,550 | (16) |
| Royalties | **$ 369** | $ 365 | 1 | **$ 855** | $ 927 | (8) |
| % of revenue | **9.4** | 6.6 | 42 | **7.0** | 6.4 | 9 |
| Operating & transportation | **$ 1,794** | $ 1,365 | 31 | **$ 4,520** | $ 3,794 | 19 |
| Operating netback[1] | **$ 1,781** | $ 3,786 | (53) | **$ 6,916** | $ 9,829 | (30) |
| Cash from operations: | **$ 1,492** | $ 2,170 | (47) | **$ 5,943** | $ 5,485 | 2 |
| Funds from operations:[2] | **$ 1,318** | $ 2,862 | (66) | **$ 3,703** | $ 6,657 | (50) |
| Per share ($) (basic & diluted) | **0.02** | 0.05 | (80) | **0.06** | 0.11 | (55) |
| Net (loss) / income | **$ (1,293)** | $ 573 | 228 | **$ (2,120)** | $ 1,954 | (46) |
| Per share ($) (basic & diluted) | **(0.02)** | 0.01 | 200 | **(0.03)** | 0.03 | (33) |
| Capital expenditures | **$ 4,489** | $ 6,462 | (31) | **$ 11,053** | $ 14,599 | (24) |
| Volumes | | | | | | |
| Oil (bopd) | **546** | 463 | 18 | **434** | 420 | 3 |
| Natural gas (mcfpd) | **180** | 184 | (2) | **181** | 208 | (13) |
| Natural gas liquids (boepd) | **2** | 2 | - | **1** | 2 | (50) |
| Total (boepd @ 6:1) | **578** | 496 | 17 | **465** | 457 | 2 |
| Netback[1] ($/boe) | | | | | | |
| Revenue | **$ 74.17** | $ 121.11 | (39) | **$ 96.82** | $ 115.84 | (17) |
| Realized gain on financial instrument | **3.27** | - | - | **1.37** | - | - |
| Royalties | **6.94** | 8.01 | (13) | **6.74** | 7.38 | (10) |
| Operating & transportation | **33.74** | 29.97 | 13 | **35.61** | 30.21 | 17 |
| Netback/boe | **$ 36.79** | $ 83.13 | (56) | **$ 55.39** | $ 78.28 | (29) |

(1) Operating netback is a non-IFRS measure. Netback per boe is calculated by dividing the revenue and less royalties, operating and transportation costs by the total production of the Company measured in boe.
(2) Funds from operations is a non-IFRS measure. The comparable IFRS measure is cash from operations. A reconciliation of the two measures can be found in the table on page 6.

Bengal has filed its consolidated financial statements and management's discussion and analysis for the third fiscal 2015 quarter ended December 31, 2014 with Canadian securities regulators. The documents are available on SEDAR at www.sedar.com or by visiting Bengal's website at www.bengalenergy.ca.

***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 and India. 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 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 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 commencement of production of the Phase Two development wells, the timing and completion of remediation at Cuisinier-6 and the timing of the onshore India drilling campaign. 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 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, 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 require pursuant to applicable securities laws..*

***Barrels of Oil Equivalent***

*When converting natural gas to equivalent barrels of oil, Bengal uses the widely recognized standard of 6 thousand cubic feet (mcf) to one barrel of oil (boe). However, a boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.*

***Certain Defined Terms***

***boe –*** *barrels of oil equivalent*
***boe/d –*** *barrels of oil equivalent per day*
***bbl –*** *barrel*
***bbl/d –*** *barrels per day*
***mcf –*** *thousand cubic feet*
***mcf/d –*** *thousand cubic feet per day*

***Non-IFRS Measurements***

*Within this release references are made to terms commonly used in the oil and gas industry. Funds from operations, funds from operations per share and netbacks do not have any standardized meaning under International Financial Reporting Standards (IFRS) and previous generally accepted accounting principles (GAAP) and are referred to as non-IFRS measures. Funds from operations per share is calculated based on the weighted average number of common shares outstanding consistent with the calculation of net income (loss) per share. Netbacks equal total revenue less royalties and operating and transportation expenses calculated on a boe basis. Management utilizes these measures to analyze operating performance. The Company's calculation of the non-IFRS measures included herein may differ from the calculation of similar measures by other issuers. Therefore, the Company's non-IFRS measures may not be comparable to other similar measures used by other issuers. Funds from operations is not intended to represent operating profit for the period nor should it be viewed as an alternative to operating profit, net income, cash flow from operations or other measures of financial performance calculated in accordance with IFRS. Non-IFRS measures should only be used in conjunction with the Company's annual audited and interim financial statements. A reconciliation of these measures can be found in the table on page 6 of Bengal's Q3 fiscal 2014 MD&A.*

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