International exploration & production

# Management’s Discussion & Analysis

## Three Months Ended June 30, 2012 and 2011

## HIGHLIGHTS

**During the period the Company experienced the following significant highlights and events:**

- Participated in 4 Cuisinier wells which have been cased as potential future oil producers and are awaiting completion. Pressure survey information combined with well production data suggests significant remaining reserves upside on the Barta Block of permit ATP 752.
- At Cuisinier for the last fiscal year ending March 31, 2012 Finding & Development costs ("F&D costs") were $12.78 per barrel, Recycle Ratio was 5.38 and field netback was CAD $68.81 per barrel (see non-IFRS measurements on page 5 & 6 and and F&D costs on page 17).
- Our recently purchased drilling rig, Bengal 1 (the "Rig"), was in transit to Australia and subsequent to the quarter ended June 30, 2012 landed in Brisbane, cleared quarantine and is now going through the final safety and commissioning process to prepare to spud the first Tookoonooka well on permit ATP 732 in August, 2012.
- Our partner on permit ATP 752 is putting together facilities to tie in the existing and new Cuisinier wells to permanent facilities.
- Production in the period was reduced as our partner continued negotiations with the regulators to obtain the grant of a Long Term Petroleum Production License for the Cuisinier 1 well. Current production capability remains in the (net) 140 bopd range with significant upside when the new Cuisinier wells are completed. This upside, or behind pipe volume will be realized once the above mentioned facilities are commissioned.

## MANAGEMENT'S DISCUSSION AND ANALYSIS – AUGUST 10, 2012

The following Management's Discussion and Analysis ("MD&A") as provided by the management of Bengal Energy Ltd. ("Bengal" or the "Company") should be read in conjunction with the unaudited Condensed Consolidated Interim Financial Statements and accompanying notes for the three months ended June 30, 2012 and 2011 and the audited Consolidated Financial Statements and accompanying notes for the years ended March 31, 2012 and 2011. Bengal's MD&A and financial statements were prepared under International Financial Reporting Standards ("IFRS"). Additional information relating to the Company, including detailed reserve disclosures, is included in the Company's Annual Information Form, which is available on SEDAR at www.sedar.com. The reader should be aware that historical results are not necessarily indicative of future performance.

Bengal's activities are focused in Australia, India and Canada. Over the reporting period, revenue and expenses were generated and capital expenditures were made in Australia and Canada, and capital expenditures were made in India. The Company's activities are carried out primarily in Canadian dollars as well as the currencies of each country in which the Company operates. The Company reports financial results in Canadian dollars.

## OUTLOOK

The Company entered fiscal Q2-2013 with a strong balance sheet with $19.7 million in cash, no debt and a balanced portfolio of exploration and development drilling opportunities on its extensive land base in Australia and India. The price the Company receives for all of its oil sales in Australia is based on the Dated Brent reference price which has traded at a USD$16.66 premium to WTI for the three months ended June 30, 2012 and averaged US $108.75 per barrel.

Effective August 31, 2012, the operator will shut in the Company's Oak natural gas property in Canada due to low gas prices. The current net impact to Bengal of the shut-in Oak production will be 42 boe/d but with current low gas prices the financial impact will be negligible.

**AUSTRALIA – Onshore**

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

During the quarter the Company participated for its 25% working interest in the drilling of 4 new wells. All four were cased as future oil producers from the Murta zone. These successful wells support the pre drill geophysical interpretation and have now extended the oil bearing DC 70 trend to 4400 metres from south to north. The DC 70 trend appears to be well above any regional oil water contact and to date has not produced appreciable amounts of water. Completion and tie in activity is scheduled for the four new wells and the existing Barta North well in mid August with expected onstream date of November.

Planning is underway for the shooting of a new 3D seismic survey in late 2012 to early 2013. This seismic is expected to be acquired north of and adjoining the current 3D seismic data set and Cuisinier wells and development area, and will be aimed at imaging Murta, Birkhead and Hutton anomalies, both structural and stratigraphic.

The Operator plans to tie the 4 new Murta producers and the Barta North 1 well into the existing Cuisinier 1 facility. Engineering work is underway to convert the Cuisinier 1 site to a field satellite where all well production will be produced to and metered. A feasibility study has commenced for the connection of the Cuisinier production to the neighboring and existing Cook production facility via pipeline. Application for Extended Production Test approval for the 5 wells is in process. Regulatory delays relative to the granting of a long-term Petroleum Production License for the Cuisinier 1 well continue. Bengal has recently been advised by the operating company of an expected restart date of November 2012; however as the current production throughput capacity for all Cuisinier wells is approximately 600 barrels per day gross (150 barrels per day net to Bengal), existing production infrastructure may be fully utilized by the 4 new wells and Barta North 1 coming on stream. The current net impact to Bengal of the Cuisinier 1 well being offline is 70 bbl/d.

### ATP 732 Tookoonooka Block

Utilizing the recently acquired and 100%-owned drilling rig ("Bengal 1" or the "Rig"), drilling operations on the first of three initial exploratory wells on the Tookoonooka Block are now scheduled for late August subject only to receipt of all Regulatory and Environmental approvals from the State and Federal Governments.

The Rig has been shipped, along with various ancillary equipment, from Dubai, UAE and successfully imported into Brisbane, Queensland via the Australian Quarantine and Inspection Service. Operations have focused on having the Rig operationally ready for the August mobilization to Tookoonooka. This has included complete mechanical and electrical maintenance and inspections as well as verification that all ancillary equipment is compatible with the Rig, including the recently re-furbished mud system, of which work has been progressing on for some time. All efforts to bring the Rig to a drill-ready state are being conducted in Bengal's operations yard in Darra, Queensland.

The three drill locations selected are targeting Cretaceous and Jurassic oil as well as Permian gas. All three locations have been chosen based on their multi-zone potential with as many as three or four prospective targets on each location. The primary target is oil on two locations and both gas and oil on a third location. The Cretaceous targets are Wyandra and Murta Formation sandstones. The Jurassic targets are Hutton, Birkhead and Westbourne Formation sandstones. These Cretaceous and Jurassic targets are established producers in existing fields located both southwest and northeast of the Tookoonooka block. Cretaceous reservoirs are deposited in fluvial environments with wells exhibiting porosity ranging from 12% to 33%.

Similarly, Jurassic sandstone reservoirs also demonstrate well developed porosities which average around 25% and with very good permeability.

The main Permian aged reservoir of interest is the Toolachee Formation sandstone. These sandstones are multi-zone, fluvial (and overbank) deposits that range from fair to good quality reservoirs in the vicinity of ATP 732P. Sands are stacked and interbedded with coals and shales. Porosities in area wells range from 9% to 21%. Good evidence of the Permian gas potential is seen in the Wareena-1 well which tested over 11 MMCFD from the Toolachee sequence. Wareena-1 is located approximately 32 kilometers west of ATP732.

The Company is seeking a joint venture partner to participate in the exploration of this permit.

**ATP 934 Barrolka Block**

Final application for grant of the permit at ATP 934 (Barrolka Block) has been filed with the Queensland Government regulatory authority. No further activity is planned on this permit until the Ministerial Grant of the tenement is received. The Company holds a 50% operating interest in this 361,268 acre permit.

**Australia - Offshore**

**AC/P 47 Block**

The time period in which to complete the seismic work program for the AC/P 47 permit expired on March 2, 2012. At August 10, 2012 the permit has not been relinquished. Bengal has been in communication with the National Offshore Petroleum Tenure Administrator (NOPTA) in regards to the permit tenure and how to proceed with both suspension and extension applications. Concurrently, the Company is in conversation with parties interested in a potential joint venture on the block. If an extension is received and a joint venture partner found, the Company would then shoot, process and interpret a minimum of 750 square km of 3D seismic on this permit during 2012 and Q1 2013. The results of this seismic program will give Bengal the option of either committing to drill an exploration well or, if no acceptable prospects are identified from the seismic interpretation, relinquishing the permit. If the permit is relinquished, $0.8 million of historical exploration and evaluation costs plus the Company's share of any seismic program costs will be impaired.

**India - Onshore**

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

On Bengal's 30% working interest, 233,000 gross acre Block CY-ONN-2005/1 located in onshore Cauvery Basin, Bengal and its joint venture partners, Gas Authority of India Ltd. and Gujarat State Petroleum Corporation, have commenced a 3D seismic program of approximately 600 square km. As of July 31st the operator had completed 81% of this planned seismic data acquisition, with the rest of the program to be completed later in 2012 subject to weather conditions. As well, airborne magnetometry work was carried out over the permit in association with the seismic program. The seismic and airborne magnetometry work is intended to help the joint venture define drilling locations on the permit. A recent gas discovery was made immediately west of the block at Vadateru; however, details of this discovery have not yet been released.

**India - Offshore**

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

Evaluation work is continuing on this 340,000 acre, 100% owned and operated Block CY-OSN-2009/1 in India's offshore Cauvery basin. Activity includes acquiring 2D and 3D surveys previously recorded on the block and in this region and reprocessing of certain available seismic records. Interpretation of the various seismic data sets is nearing completion with several play types and prospects emerging. This has now allowed planning to progress on a new seismic data program. The acquisition of additional seismic data in late 2012 or early 2013 is designed to accelerate the timing of the drilling of an exploration well. Recent competitor activity in the local area, including the $7.2 billion acquisition by BP of a 30% interest in a number of blocks held by Reliance and the recently announced exploration discoveries by Cairn India in nearby Sri Lankan waters provide encouragement for acceleration of the Bengal activity. The Company is actively seeking farm-in partners on this block.

## SUMMARY

The Company believes it is sufficiently capitalized to undertake it's near term exploration plans and fulfill near-term work program commitments for the large acreage position the Company holds. The Company has an attractive portfolio of both lower-risk and high-impact drilling opportunities. Completion and tie in to production of new wells at Cuisinier on the Barta permit should drive operating income for the Company and set the stage for future development. Potential near-term exploration drilling success on permit ATP 732P could create further momentum. Longer term plays in India are designed to potentially add value in 2013 and onward. The Company will continue to evaluate accretive production acquisition, exploration and corporate transaction opportunities, as and where they arise, within and around the Company's core areas.

## OPERATING HIGHLIGHTS

| $000s except per share, volumes and netback amounts | Three Months Ended | | |
|---|---|---|---|
| | **06/30/12** | 06/30/11 | % Change |
| Revenue | | | |
| Natural gas | **$ 39** | $ 92 | (58) |
| Natural gas liquids | **26** | 16 | 63 |
| Oil | **433** | 1,211 | (64) |
| Total | **498** | 1,319 | (62) |
| Royalties | **45** | 121 | (63) |
| % of revenue | **9.0** | 9.2 | (2) |
| Operating & transportation | **247** | 522 | (53) |
| Netback(1) | **206** | 676 | (69) |
| Cash used in operations: | **(759)** | (1,371) | (45) |
| Per share ($) (basic & diluted) | **(0.01)** | (0.03) | (67) |
| Funds from (used in) operations:(2) | **(62)** | 7 | - |
| Per share ($) (basic & diluted) | **(0.00)** | 0.00 | - |
| Net loss: | **(211)** | (1,061) | (80) |
| Per share ($) (basic & diluted) | **(0.00)** | (0.02) | (100) |
| Capital expenditures | **$ 7,326** | $ 1,933 | 279 |
| Volumes | | | |
| Natural gas (mcf/d) | **225** | 249 | (10) |
| Natural gas liquids (boe/d) | **4** | 2 | 100 |
| Oil (bbl/d) | **47** | 108 | (57) |
| Total (boe/d @ 6:1) | **89** | 152 | (41) |
| Netback(1) ($/boe) | | | |
| Revenue | **$ 61.95** | $ 95.46 | (35) |
| Royalties | **5.60** | 8.77 | (36) |
| Operating & transportation | **30.73** | 37.77 | (16) |
| Total | **$ 25.62** | $ 48.92 | (50) |

(1) Netback is a non-IFRS measure. Netback per boe is calculated by dividing the revenue and costs in total for the Company 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 5.

### Basis of Presentation

This MD&A and accompanying financial statements and notes are for the three months ended June 30, 2012. The terms "current quarter" and "the quarter" are used throughout the MD&A and in all cases refer to the period from April 1, 2012 through June 30, 2012. The terms "prior year's quarter" and "2011 quarter" are used throughout the MD&A for comparative purposes and refer to the period from April 1, 2011 through June 30, 2011.

For the purpose of calculating unit costs, natural gas volumes have been converted to barrels of oil equivalent ("boe") using a conversion ratio of six thousand cubic feet ("mcf") of natural gas to one barrel ("bbl") of oil. This conversion ratio of 6:1 is based on an energy equivalency conversion for the individual products, primarily at the burner tip, and is not intended to represent a value equivalency at the wellhead. Such disclosure of boe may be misleading, particularly if used in isolation.

The following abbreviations are used in this MD&A: boe/d means barrels of oil equivalent per day; bbl/d means barrels per day; mcf/d means thousand cubic feet of natural gas per day; $/boe means Canadian dollars per boe; and NGL means natural gas liquids.

### Non-IFRS Measurements

Within the MD&A 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 IFRS and are referred to as non-IFRS measures. Funds from operations represents cash from operating activities as presented in the consolidated statement of cash flows and adding back changes in non-cash working capital and the settlement of decommissioning liabilities. 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. Recycle Ratio is calculated by dividing Netback by Finding and Development costs. Management utilizes these measures to analyze operating performance. 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. Funds from operations is commonly referred to as cash flow by research analysts, is used to value and compare oil and gas companies and is frequently included in published research when providing investment recommendations. Total boe is calculated by multiplying the daily production by the number of days in the period.

The following table reconciles cash flow from operations to funds from operations, which is used in the MD&A:

| | | | **Three Months Ended** |
|---|---|---|---|
| **$000s** | **06/30/12** | 06/30/11 | % Change |
| Cash flow used in operations | **(759)** | (1,371) | (45) |
| Changes in non-cash working capital | **697** | 1,378 | (49) |
| Funds from (used in) operations | **(62)** | 7 | – |

## RESULTS OF OPERATONS

### Production

The following table outlines Bengal's production volumes for the periods indicated:

| Production | Three Months Ended | | |
|---|---|---|---|
| | **06/30/12** | 06/30/11 | % Change |
| Natural gas (mcf/d) [1] | **225** | 249 | (10) |
| NGLs (boe/d) [1] | **4** | 2 | 100 |
| Oil (bbls/d) [2] | **47** | 108 | (57) |
| Total (boe/d) | **89** | 152 | (41) |

(1) Natural gas and NGL volumes are from the Company's Oak property in Canada
(2) Oil volumes are from the Company's Cooper Basin permits in Australia

The decrease in natural gas production is associated with a winding down of operations due to low gas prices. Effective August 31, 2012, the operator will shut in the Company's Oak natural gas property in Canada due to low gas prices.

The decrease in oil production is due to the shut-in of the Cuisinier 1 well on January 13, 2012. Regulatory delays relative to the granting of a long-term Petroleum Production License for the well to continue. Bengal has recently been advised by the operating company of an expected restart date of November, 2012 however, existing production infrastructure could be fully utilized for the recently drilled Cuisinier wells coming on stream. The current net impact to Bengal of the Cuisinier 1 being offline is 70 bbl/d. The Company continues to push the operator to accelerate permitting and reactivation of oil production.

### Pricing

The following table outlines average benchmark prices compared to Bengal's realized prices:

| Prices and Marketing | Three Months Ended | | |
|---|---|---|---|
| | **06/30/12** | 06/30/11 | % Change |
| **Average Benchmark Prices** | | | |
| AECO 30 day firm ($/mcf) | **$ 1.83** | $ 3.74 | (51) |
| Dated Brent oil (USD$/bbl) | **108.75** | 116.01 | (6) |
| Number of CAD$ for 1 AUD$ | **1.02** | 1.03 | (1) |
| Number of CAD$ for 1 USD$ | **1.01** | $0.97 | 4 |
| WTI oil (USD$/bbl) | **$ 92.09** | $ 102.55 | (10) |
| **Bengal's Realized Prices (CAD$)** | | | |
| Natural gas ($/mcf) | **$ 1.90** | $ 4.07 | (53) |
| Oil ($/bbl) | **101.86** | 123.27 | (17) |
| NGLs ($/bbl) | **70.62** | 72.22 | (2) |
| Total ($/boe) | **$ 61.95** | $ 95.46 | (35) |

Bengal's total realized price on a boe basis decreased as a result of both lower oil and gas prices and a decreased proportion of sales from oil volumes.

The price received for Bengal's Australian oil sales is based on Dated Brent quotes as published by Platts Crude Oil Marketwire for the month in which the Bill of Lading occurs plus a Platts Tapis premium. Brent typically has traded at a premium to West Texas Intermediate (WTI) and the Platts Tapis premium averaged USD$16.66/bbl over Brent for the three month period ended June 30, 2012.

Oak, British Columbia gas sales are marketed by the operator and the price received is based on the reference price at British Columbia's Station 2 plus $0.03 per mcf.

NGLs include condensate, pentane, butane and propane. While prices for condensate and pentane have a relatively strong correlation to oil prices, prices for butane and propane trade at varying discounts due to the market conditions of local supply and demand.

### Petroleum and Natural Gas Sales

The following table outlines Bengal's production sales by category for the periods indicated below:

| **Petroleum and Natural Gas Sales ($000s)** | | | | **Three Months Ended** |
|---|---|---|---|---|
| | | **06/30/12** | | 06/30/11 | % Change |
| Natural gas[1] | **$** | **39** | $ | 92 | (58) |
| NGLs[1] | | **26** | | 16 | 63 |
| Oil[2] | | **433** | | 1,211 | (64) |
| Total | **$** | **498** | $ | 1,319 | (62) |

(1) Natural gas and NGL sales are from the Company's Oak property in Canada
(2) Oil sales are from the Company's Cooper Basin permits in Australia

Petroleum and natural gas sales for the first quarter of the 2012 fiscal year were down $821 from the prior year's quarter due to lower volumes and prices.

### Royalties

| **Royalties by Type ($000s)** | | | | | **Three Months Ended** |
|---|---|---|---|---|---|
| | | **06/30/12** | | 06/30/11 | % Change |
| Canada Crown | **$** | **3** | $ | 6 | (50) |
| Canada gross overriding | | **3** | | 6 | (50) |
| Australian Government | | **39** | | 109 | (64) |
| Total | **$** | **45** | $ | 121 | (63) |
| $/boe | | **5.60** | | 8.77 | (36) |
| % of revenue | | **9.0** | | 9.2 | (2) |
| **Royalties by Commodity** | | | | | **Three Months Ended** |
| | | **06/30/12** | | 06/30/11 | % Change |
| Natural gas | | | | | |
| $000s | **$** | **1** | $ | 9 | (89) |
| $/mcf | | **0.04** | | 0.38 | (90) |
| % of revenue | | **2.6** | | 9.4 | (72) |
| Oil | | | | | |
| $000s | **$** | **39** | $ | 109 | (64) |
| $/bbl | | **9.17** | | 11.09 | (17) |
| % of revenue | | **9.0** | | 9.0 | - |
| NGLs | | | | | |
| $000s | **$** | **5** | $ | 3 | 67 |
| $/bbl | | **14.02** | | 15.55 | (10) |
| % of revenue | | **19.2** | | 21.5 | (11) |

Royalty payments are made by oil and natural gas producers to the owners of the mineral rights on the leases. These owners include governments (Crown) and freehold landowners as well as other third parties that may receive contractual overriding royalties.

In Australia, oil royalties are based on a government-established rate of 10% plus a Native Title royalty which is typically 1%. The royalty rate is applied to gross revenues after deducting an allowance for transportation and operating costs resulting in an effective rate of less than 10%.

In British Columbia, royalties are calculated based on average daily production from a well multiplied by a reference price. Bengal also pays a gross overriding royalty ("GORR") to the landholder of between 7.5% and 10% on some of its Oak gas wells.

For the quarter, total royalties decreased by $76,000 over the prior fiscal year due to lower sales volumes and prices. Natural gas royalties per mcf decreased due to decreased gas prices.

## Operating & Transportation Expenses

| Operating Expenses ($000s) | | | | | Three Months Ended |
|---|---|---|---|---|---|
| | | **06/30/12** | | 06/30/11 | % Change |
| Australia | | | | | |
| Operating | **$** | **89** | $ | 226 | (61) |
| Transportation | | **82** | | 173 | (53) |
| | | **171** | | 399 | (57) |
| Canada – Operating costs | | **76** | | 123 | (38) |
| Total | **$** | **247** | $ | 522 | (53) |
| Australia | | | | | |
| Operating – ($/boe) | | **20.93** | | 23.07 | (9) |
| Transportation – ($/boe) | | **19.29** | | 17.58 | 10 |
| Canada – ($/boe) | | **20.07** | | 30.67 | (35) |
| Total ($boe) | **$** | **30.73** | $ | 37.77 | (19) |

Operating and transportation expenses in the quarter decreased by $275,000 to $247,000. The decrease is primarily due to lower sales volumes.

Transportation costs in Australia are incurred to transport Bengal's oil production through pipelines from various processing facilities to the centralized Moomba facility which accepts production from 115 gas fields and 39 oil fields through approximately 5,600 km of pipelines. The oil is then sent through a pipeline to Port Bonython, South Australia.

Canadian operating costs decreased $10.60/boe as prior year costs included a plant turnaround. Australian operating costs declined to $20.93/boe from $23.07/boe as a higher proportion of current quarter production is from the Toparoa well which is connected to processing facilities via a pipeline and has lower operating costs than the trucked Cuisinier oil production. Transportation costs in Australia increased marginally due to increased wharfage charges resulting from the settlement of a longstanding dispute between the Department of Transport, Energy and Infrastructure and the Buyers group representing the Crude Oil Sale and Purchase Agreement under which Bengal sells its oil.

## General and Administrative (G&A) Expenses

| General and Administrative Expenses ($000s) | | | | | Three Months Ended |
|---|---|---|---|---|---|
| | | **06/30/12** | | 06/30/11 | % Change |
| G&A | **$** | **1,083** | $ | 762 | 42 |

For the quarter, G&A expenses increased $320,000 compared to the 2011 quarter. Salaries increased as a result of hiring a Vice President, Engineering & Operations and a Senior Geophysicist. Professional costs increased due to higher legal, audit and reserve evaluation costs and consulting costs increased as the Company ramps up activities related to its upcoming operated drilling campaign on ATP 732 onshore Australia.

## Share-based Compensation (SBC)

| Share-Based Compensation ($000s) | | | | | Three Months Ended |
|---|---|---|---|---|---|
| | | **06/30/12** | | 06/30/11 | % Change |
| SBC - options | **$** | **207** | $ | 277 | (25) |
| SBC - capitalized | | **(34)** | $ | – | 100 |
| **Share-based compensation** | **$** | **173** | $ | 277 | (38) |

The Company uses the Black-Scholes pricing model to estimate the fair value of options on the date of grant and amortizes the estimated expense over the vesting period with a corresponding increase to contributed surplus. Options expire five years from the grant date; they vest one-third on the grant date and one-third on each of the following two annual anniversaries, Capitalized share-based compensation is based on the portion of capitalized fees to total fees paid to consultants that have been granted options.

During the current quarter and subsequently to the date of this report, no stock options were granted; exercised, expired or forfeited that had not vested. The decrease in share-based compensation, before capitalization, from $277,000 to $207,000 is a result of having an option grant in the three months ended June 30, 2011 and none in the current quarter.

## Depletion and Depreciation (DD&A)

| DD&A Expenses ($000s) | | | | | Three Months Ended |
|---|---|---|---|---|---|
| | | **06/30/12** | | 06/30/11 | % Change |
| DD&A – Australia | **$** | **58** | $ | 63 | **(8)** |
| DD&A – Canada | | **35** | | 34 | **6** |
| Total | **$** | **93** | $ | 97 | **(3)** |
| $/boe – Australia | | **13.64** | | 6.34 | **115** |
| $/boe – Canada | | **9.51** | | 8.53 | **12** |
| $/boe – Total | **$** | **11.69** | $ | 7.02 | **67** |

Depletion per boe increased in Australia due to the addition of depletable costs for the Cuisinier 2 through 6 wells and the Barta North 1 well without equivalent reserve additions.

## Impairment

| Impairment ($000s) | | | | | Three Months Ended |
|---|---|---|---|---|---|
| | | **06/30/12** | | 06/30/11 | % Change |
| | **$** | **(847)** | $ | 702 | 221 |

At June 30, 2011 the Company reported a $702,000 impairment loss against exploration and evaluation assets. The impairment related to the operators best estimate of drilling costs charged in the quarter ended June 30, 2011 for the dry and abandoned Hudson well which was drilled in 2008.

At June 30, 2012 the Company reported an $847,000 impairment recovery against the aforementioned well as a result of a settlement agreement reached with the operator.

## Finance Income

| Finance income ($000s) | | | | | Three Months Ended |
|---|---|---|---|---|---|
| | | **06/30/12** | | 06/30/11 | % Change |
| Interest income | **$** | **92** | $ | 140 | (34) |

The Company is receiving interest on guaranteed investment certificates and term deposits. The decrease in interest income is primarily attributable to reduced principal amount of short-term deposits from the prior year's quarter.

## Finance Expenses

| Finance Expenses ($000s) | | | | | Three Months Ended |
|---|---|---|---|---|---|
| | | **06/30/12** | | 06/30/11 | % Change |
| Accretion expense on decommissioning obligations | **$** | **2** | | 2 | - |
| Performance Security Guarantee fee | | **24** | | 42 | (43) |
| Finance expenses | **$** | **26** | $ | 44 | (41) |

The Performance Security Guarantee fee is paid to Export Development Canada for security guarantee for onshore and offshore India work programs. The reduced fee is a result of the work program being partially fulfilled.

### Funds from (used in) Operations and Net Loss

For the three months ended June 30, 2012 funds used in operations was $62,000 or $0.00 per basic and diluted share compared to funds from operations of $7,000 or $0.00 per basic and diluted share in the 2011 quarter. The changes in non-cash working capital and abandonment expenditures are removed from the IFRS measure cash flow from (used in) operations to arrive at the non-IFRS measure funds from (used in) operations (see reconciliation on page 5).

The net loss for the three months ended June 30, 2012 was $211,000 or $0.00 per basic and diluted share compared to a loss of $1,061,000 or $ 0.02 per basic and diluted share in the 2011 quarter. The reduced loss was due to the impairment recovery of certain onshore Australian E&E expenditures related to an abandoned well in the amount of $847,000 in the quarter partially offset by reduced revenue. The prior year quarter includes the impairment of those E&E expenditures recovered in the current quarter.

## CAPITAL EXPENDITURES

| Capital Expenditures ($000s) | | | | | Three Months Ended |
|---|---|---|---|---|---|
| | | **06/30/12** | | 06/30/11 | % Change |
| Land | **$** | **-** | $ | - | - |
| Geological and geophysical | | **1,071** | | 182 | 489 |
| Drilling | | **2,889** | | 702 | 312 |
| Rig | | **3,017** | | - | - |
| Completions | | **337** | | 1,049 | (68) |
| Total oil & gas expenditures | | **7,314** | | 1,933 | 278 |
| Office | | **12** | | - | - |
| Total expenditures | **$** | **7,326** | $ | 1,933 | 279 |
| | | | | | |
| Exploration & evaluation expenditures | **$** | **2,150** | $ | 1,937 | 11 |
| Development & production expenditures | | **2,159** | $ | (4) | (541) |
| Property, plant and equipment | | **3,017** | | - | - |
| Total net expenditures | **$** | **7,326** | | 1,933 | 279 |

The Company incurred $1,071,000 in seismic expenditures on its onshore India permit CY-ONN-2005/1.

Drilling expenditures were incurred to drill three Cuisinier exploitation wells on the Company's ATP 752 permit and for drilling preparation costs required for the Company's upcoming operated drilling program on permit ATP 732 in the Cooper Basin onshore Australia.

Expenditure of US $1,750,000 million was incurred to purchase an Ideco H-44 drilling rig. The Company spent a further CAD $1,267,000 to transport the rig to Australia from its point of purchase and to buy certain ancillary equipment required for drilling operations.

## SHARE CAPITAL

Bengal has an unlimited number of common shares authorized for issuance. On August 10, 2012, there were 52,110,117 common shares issued and outstanding.

At August 10, 2012, there were 3,611,665 employee stock options outstanding with an average exercise price of $1.14 per share. Of these, 2,123,333 are exercisable at an average price of $1.10 per share. These options expire between 2012 and 2017 with an average remaining life of 3.3 years.

| Trading History | | Three Months Ended | |
|---|---|---|---|
| | **06/30/12** | 06/30/11 | % Change |
| High | **$ 1.01** | $ 2.06 | (51) |
| Low | **0.52** | 1.03 | (50) |
| Close | **$ 0.58** | $ 1.15 | (50) |
| Volume (000s) | **3,326** | 4,714 | (29) |
| Shares outstanding<br>Basic and diluted | **52,110** | 51,961 | - |
| Weighted average shares outstanding<br>Basic and diluted | **52,110** | 49,782 | 5 |

## LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2012 the Company had working capital of $18.4 million, including cash and short term deposits of $19.7 million and restricted cash of $0.1 million, compared to working capital of $35.7 million, including cash and short term deposits of $37.6 million and restricted cash of $0.1 million at June 30, 2011.

The Company currently has sufficient funds to meet its portion of expenditure obligations as per the approved fiscal 2013 work programs. To finance its future acquisition, exploration, development and operating costs, Bengal may require financing from external sources, including issuance of new shares or executing working interest farmout arrangements. The Company is actively marketing the opportunity for interested parties to farm in to its operated oil and gas permits in India and Australia but there is no assurance these efforts will be successful. There can be no assurance that such financing will be available to the Company or, if available, that it will be offered on terms acceptable to Bengal.

## CONTRACTUAL ARRANGEMENTS

Pursuant to current production sharing contracts ("PSC"), the Company is required to perform minimum exploration activities that include various types of surveys, acquisition and processing of seismic data and drilling of exploration wells. The costs of these activities are based on minimum work budgets included in bid documents and have not been provided for in the financial statements. Actual costs will vary from budget.

| Country and Permit | Work Program | Obligation Period Ending | Estimated Expenditure (net) (millions CAD$)(1) |
|---|---|---|---|
| Offshore Australia – AC/P47 | 750km$^2$ 3D seismic | March 2, 2012(2) | $7.3 |
| Onshore India – CY-ONN-2005/1 | 625km$^2$ 3D seismic + 75km$^2$ high resolution 3D seismic + 3 wells | March 3, 2014 | $4.3 |
| Offshore India – CY-OSN-2009/1 | 310km 2D seismic & 81km$^2$ 3D seismic | August 15, 2014 | $5.4 |
| Onshore Australia – ATP 752 | Drill 1 exploration well; complete, equip & tie-in 3 wells, shoot 3D seismic, pipeline & facilities | July 31, 2014 | $4.7 |
| Onshore Australia – ATP 732 | Drill 3 exploration wells, provision to complete, equip & tie-in if successful | March 31, 2015 | $9.1 |
| Onshore Australia – ATP 934P | Awaiting completion of Native Title before granting of ATP(3) | 4 years after grant of ATP | $12.2 |

(1) Translated at June 30, 2012 exchange rate of USD$1.0000 = CAD$1.0248 and AUD$1.0000 = CAD$1.0411

(2) Bengal has applied for an extension to the time period to complete the scheduled work commitment for this offshore permit to the National Offshore Petroleum Titles Administrator (NOPTA) to September 2, 2013. The Company has not relinquished

the permit as of the date of these financial statements. If the permit is relinquished, $0.8 million of historical exploration and evaluation costs plus the Company's share of any seismic program costs will be impaired.

(3) Final application for grant of the permit has been filed with the Queensland Government regulatory authority. No further activity is planned on this permit until the final Ministerial Grant of the tenement is received. Potential legislative changes may result in a lower commitment than shown in the table above. The Company holds a 50% operating interest in this permit. Work program consists of 500 km of 2D seismic and up to seven wells.

**Guarantees – India Permits**

| ($000s) CAD | Quarter Ended June 30, 2012 | | Year ended March 31, 2012 | |
|---|---|---|---|---|
| | | 06/30/12 | | 03/31/12 |
| CY-OSN-2005/1 – Onshore India – year 2 | $ | – | $ | 1,104 |
| CY-OSN-2005/1 – Onshore India – year 3 | | 842 | | 820 |
| CY-OSN-2009/1 – Offshore India | | 155 | | 151 |
| **Total Guarantees** | **$** | **997** | **$** | **2,075** |

These performance guarantees are based on a percentage of the capital commitments shown in the table above and are not reflected in the statement of financial position as they are secured by Export Development Canada. These guarantees are cancelled when the Company completes the work program commitment required for the applicable exploration period.

**Other**

At June 30, 2012, the contractual obligations for which the Company is responsible for are as follows:

| Contractual Obligations ($000s) | | Total | | Less than 1 Year | | 1-3 Years | | 4-5 Years | | After 5 Years |
|---|---|---|---|---|---|---|---|---|---|---|
| Office lease | $ | 1,196 | $ | 200 | $ | 491 | $ | 505 | $ | – |
| Decommissioning obligations | | 294 | | – | | – | | – | | 294 |
| Total contractual obligations | $ | 1,490 | $ | 200 | $ | 491 | $ | 505 | $ | 294 |

## OFF BALANCE SHEET TRANSACTIONS

The Company does not have any off balance sheet transactions.

## SELECTED QUARTERLY INFORMATION

| (000s, except per share amounts) | Quarter Ended | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **06/30/12** | 03/31/12 | 12/31/11 | 09/30/11 | 06/30/11 | 03/31/11 | 12/31/10 | 09/30/10 |
| Petroleum and natural gas sales | **$ 498** | $ 622 | $ 1,328 | $ 1,017 | $ 1,319 | $ 691 | $ 430 | $ 383 |
| Cash from (used-in) operations | **(759)** | 486 | (417) | 159 | (1,371) | (725) | (681) | (455) |
| Per share Basic and diluted | **(0.01)** | 0.01 | (0.01) | 0.00 | (0.03) | (0.02) | (0.02) | (0.02) |
| Funds from (used in) operations(1) | **(62)** | (635) | (402) | (430) | 7 | (669) | (808) | (467) |
| Per share Basic and diluted | **0.00** | (0.01) | 0.00 | (0.01) | 0.00 | (0.02) | (0.03) | (0.02) |
| Net loss | **$ (211)** | $ (1,424) | $ (477) | $ (4,247) | $ (1,061) | $ (890) | $ (1,094) | $ (634) |
| Per share Basic and diluted | **0.00** | (0.03) | (0.01) | (0.08) | (0.02) | (0.03) | (0.04) | (0.04) |
| Capital expenditures | **$ 7,326** | $ 2,233 | $ 4,265 | $ 2,407 | $ 1,933 | $ 1,978 | $ 1,797 | $ 174 |
| Working capital | **18,425** | 25,722 | 28,798 | 33,109 | 35,691 | 14,063 | 8,571 | 11,019 |
| Total assets | **44,484** | 43,696 | 44,899 | 45,696 | 51,072 | 25,829 | 17,799 | 17,538 |
| Shares outstanding Basic and diluted | **52,110** | 52,110 | 52,110 | 51,961 | 51,961 | 37,795 | 30,262 | 30,238 |
| Operations | | | | | | | | |
| Average daily production | | | | | | | | |
| Natural gas (mcf/d) | **225** | 304 | 271 | 196 | 249 | 348 | 327 | 366 |
| Oil and NGLs (bbls/d) | **51** | 52 | 112 | 97 | 110 | 59 | 39 | 41 |
| Combined (boe/d) | **89** | 103 | 157 | 130 | 152 | 117 | 94 | 102 |
| Netback ($/boe) | **$ 24.51** | $ 27.27 | $ 49.89 | $ 51.42 | $ 48.92 | $ 31.31 | $ 22.69 | $ 13.33 |

(1) See "Non-IFRS Measurements" on page 5 of this MD&A.

Beginning in the quarter ended June 30, 2010 and continuing through to the quarter ended December 31, 2011, oil volumes were increasing due to commencement of production from the Cuisinier 1 well in the Cooper Basin of Australia in May 2010 and the Cuisinier 2 and 3 wells in the quarter ended September 2011. Oil sales increased in the quarter ended June 30, 2011 due to improvement in truck access to the Cuisinier 1 well which had been restricted due to flooding. Oil sales in the two most recent quarters have been impacted from the temporary shut in of Cuisinier 1 on January 13, 2012 while the Company waits for approval of a Production License. Gas volumes declined in the quarter ended September 30, 2011 due to a plant turnaround at the Oak B.C. property and are in a general decline due to natural reservoir declines. Gas volumes also declined in the quarter ended June 30, 2012 due to the removal of a rental screw compressor (due to low gas prices and the cost of the rental plus associated maintenance) and an unscheduled plant shutdown at the Oak property due to a leak in the line to the flare stack.

## DISCLOSURE CONTROLS & PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

### Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and includes controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure.

The Chief Executive Officer and Chief Financial Officer oversee this evaluation process and have concluded that the design and operation of these disclosure controls and procedures are not effective due to the material weaknesses identified in internal controls over financial reporting as noted below. The Chief Executive Officer and Chief Financial Officer have individually signed certifications to this effect.

### Internal Controls over Financial Reporting

The Chief Executive Officer and Chief Financial Officer of Bengal are responsible for designing and ensuring the operating effectiveness of internal controls over financial reporting ("ICFR") or causing them to be designed and operating effectively under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Bengal's certifying officers have assessed the design and operating effectiveness of internal controls over financial reporting and concluded that the Company's ICFR were ineffective at June 30, 2012 due to the material weaknesses noted below.

No changes in internal controls over financial reporting were identified during the period that have materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting.

While Bengal's Chief Executive Officer and Chief Financial Officer believe the Company's internal controls and procedures provide a reasonable level of assurance that they are reliable, an internal control system cannot prevent all errors and fraud. It is management's belief that any control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

During the design and operating effectiveness assessment certain material weaknesses in internal controls over financial reporting were identified, as follows:

- Management is aware that there is a lack of segregation of duties due to the small number of employees dealing with general and administrative and financial matters. However, management believes that at this time the potential benefits of adding employees to clearly segregate duties do not justify the costs;
- Bengal does not have full-time in-house personnel to address all complex and non-routine financial accounting issues and tax matters that may arise. It is not deemed as economically feasible at this time to have such personnel. Bengal relies on external experts for review and advice on complex financial accounting issues and for tax planning, tax provision and compilation of corporate tax returns.

These material weaknesses in internal controls over financial reporting result in a reasonable possibility that a material misstatement will not be prevented or detected on a timely basis. Management and the Board of Directors work to mitigate the risk of material misstatement; however, Management and the Board do not have reasonable assurance that this risk can be reduced to a remote likelihood of a material misstatement.

## RISK FACTORS

There are a number of risk factors facing companies that participate in the International oil and gas industry. A complete list of risk factors are provided in Bengal's Annual Information Form dated June 29, 2012 filed on SEDAR at www.sedar.com.

## ADDITIONAL INFORMATION

Additional information relating to Bengal is filed on SEDAR and can be viewed at .sedar.com. Information can also be obtained by contacting the Company at Bengal Energy Ltd, Suite 1810, 801 6th Avenue SW., Calgary, Alberta T2P 3W2, by email to @bengalenergy.ca or by accessing Bengal's website at .bengalenergy.ca.

***Forward-looking Statements -*** *Certain statements contained within the Management's Discussion and Analysis, and in certain documents incorporated by reference into this document, constitute forward-looking statements. These statements relate to future events or Bengal's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek," "anticipate," "budget," "plan," "continue," "estimate," "expect," "forecast," "may," "will," "project," "predict," "potential," "targeting," "intend," "could," "might," "should," "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Bengal believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this MD&A should not be unduly relied upon.*

*In particular, this Management's Discussion and Analysis, and the documents incorporated by reference, contain forward-looking statements pertaining to the following:*

- *Oil and natural gas production levels;*
- *The size of the oil and natural gas reserves;*
- *Projections of market prices and costs;*
- *Expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development;*
- *Treatment under governmental regulatory regimes and tax laws;*
- *Capital expenditures programs and estimates of costs;*
- *Expectations that Bengal's future realized gas and oil prices will coincide with the B.C Station 2 and Brent daily index prices;*
- *Funding of working capital requirements, commitments and other planned expenses will be by cash on hand, cashflows, farm-outs, joint ventures or share issues and funds will be sufficient to meet requirements;*
- *Continuation of exploration and development activities on Block CY-ONN-2005/1 and whether identified play types on this Block will be prospective;*
- *Commencement of exploration and development activities on Block CY-OSN-2009/1;*
- *Continuation of exploration, development activities on Permit AC/P 47 offshore Australia and whether the Company will be granted an extension to the time period to complete the work program on this permit to September 2, 2013 and whether a farm-out partner will be found on acceptable terms to the Company and if not, whether the Company will shoot seismic on this permit;*
- *Obtaining Native Title Agreement on ATP 934P in Australia and commencement of exploration activities;*
- *That drilling activities on ATP 732P will occur;*
- *That tie-in of five wells will occur on ATP 752P in calendar Q3 and Q4 of 2012 and seismic activity will follow drilling and that production from Cuisinier 2 and 3 will continue as expected and that a production license will be granted for Cuisinier 1 and it will re-commence production and that Cuisinier 4 through 6 and Cuisinier North 1 will produce oil and that transportation of the oil will occur.*

*With respect to the forward looking statements contained in the MD&A, Bengal has made assumptions regarding: future commodity prices; the impact of royalty regimes; the timing and the amount of capital expenditures; production of new and existing wells and the timing of new wells coming on stream; future operating expenses including processing and gathering fees; the performance characteristics of oil and natural gas properties; the size of oil and natural gas reserves; the ability to raise capital; the continued availability of undeveloped land and skilled personnel; the ability to obtain equipment in a timely manner to carry out exploration and development activities; the ability to obtain financing on acceptable terms; the ability to add production and reserves through exploration and development activities; and the continued stability of political, regulatory; tax and fiscal regimes in which the Company has operations.*

*The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Management's Discussion and Analysis:*

- *Volatility in market prices for oil and natural gas;*
- *Liabilities inherent in oil and natural gas operations;*
- *Uncertainties associated with estimating oil and natural gas reserves;*
- *Competition for, among other things: capital, acquisitions of reserves, undeveloped lands and skilled personnel;*
- *Incorrect assessment of the value of acquisitions;*
- *Unable to meet commitments due to inability to raise funds or complete farm-outs;*
- *Geological, technical, drilling and processing problems;*
- *Changes in income tax laws or changes to royalty and environmental regulations relating to the oil and gas industry;*
- *The risk that Bengal may not be successful in raising funds by an equity issue; and*
- *Counter-party credit risk, stock market volatility and market valuation of Bengal's stock.*

*Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A and the documents incorporated by reference herein are expressly qualified by this cautionary statement. The forward-looking statements contained in this document speak only as of the date of this document 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. Additional information on these and other factors that could affect Bengal's operations and financial results are included in reports on file with Canadian securities authorities and may be accessed through the SEDAR website (www.sedar.com) and at Bengal's website (www.bengalenergy.ca).*

*These statements speak only as of the date of this MD&A or as of the date specified in the documents incorporated by reference into this Management's Discussion and Analysis, as the case may be.*

***F&D Costs***

*The following table sets for the Company's F&D costs for the applicable periods:*

| | ***Proven*** | ***Proven + Probable*** |
|---|---|---|
| | ***Finding and Development Costs*** | ***Finding and Development Costs*** |
| | ***CAD$*** | ***CAD$*** |
| ***Fiscal year ended March 31, 2012*** | *$21.42* | *$12.78* |
| ***Fiscal year ended March 31, 2011*** | *$66.08* | *$7.16* |
| ***Average for the 3 most recent fiscal years*** | *$73.21* | *$18.23* |

*Notes:*

(1) *The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year. In addition, the F&D costs set forth above do not include costs or reserves from the recent successful Cuisinier drilling campaign conducted in fiscal 2013.*

(2) *F&D costs were calculated in accordance with Section 5.15 of NI 51-101*

# CORPORATE INFORMATION

## AUDITORS

KPMG LLP • Calgary, Canada

## LEGAL COUNSEL

Burnet, Duckworth & Palmer LLP • Calgary, Canada
Allens Arthur Robinson • Brisbane, Australia

## BANKERS

Royal Bank of Canada • Calgary, Canada
West Pac Bank • Brisbane, Australia
Commonwealth Bank • Brisbane, Australia
ICICI Bank Ltd. • Calgary, Canada and Mumbai, India

## REGISTRAR AND TRANSFER AGENT

Valiant Trust Corporation • Calgary, Canada

## INVESTOR RELATIONS

Bryan Mills Iradesso • Calgary, Canada

## DIRECTORS

Chayan Chakrabarty
Peter D. Gaffney
James B. Howe
Stephen N. Inbusch
Dr. Brian J. Moss
Robert D. Steele
Ian J. Towers (Chairman)
W.B. (Bill) Wheeler

## DISCLOSURE COMMITTEE

*All Directors are members of the Committee*

## AUDIT COMMITTEE

James B. Howe (Chairman)
Stephen N. Inbusch
Robert D. Steele
W.B. (Bill) Wheeler

## RESERVES COMMITTEE

Peter D. Gaffney (Chairman)
Stephen N. Inbusch
Dr. Brian J. Moss

## GOVERNANCE AND COMPENSATION COMMITTEE

Peter D. Gaffney
Dr. Brian J. Moss
Robert D. Steele (Chairman)
Ian J. Towers

## OFFICERS

Chayan Chakrabarty, President & Chief Executive Officer
Richard N. Edgar, Executive Vice President
Bryan C. Goudie, Chief Financial Officer
D. Garrett Wilson, Vice President, Engineering and Operations
Gordon R. MacMahon, Vice President, Exploration
Bruce Allford, Secretary

## STOCK EXCHANGE LISTING – TSX:BNG

# Condensed Consolidated Interim Financial Statements (unaudited)

## Three months ended June 30, 2012 and 2011

# BENGAL ENERGY LTD.

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Thousands of Canadian dollars)

(unaudited)

| As at | Notes | June 30, 2012 | March 31, 2012 |
|---|---|---|---|
| **ASSETS** | | | |
| Current assets: | | | |
| Cash and cash equivalents | | **$ 19,748** | $ 26,934 |
| Restricted cash | | **135** | 135 |
| Accounts receivable | | **1,437** | 1,009 |
| Prepaid expenses and deposits | | **124** | 127 |
| | | **21,444** | 28,205 |
| Non-current assets: | | | |
| Exploration and evaluation assets | **3** | **12,861** | 10,526 |
| Petroleum and natural gas properties | **4** | **6,932** | 4,735 |
| Property, plant and equipment | **5** | **3,247** | 230 |
| | | **23,040** | 15,491 |
| **Total assets** | | **$ 44,484** | $ 43,696 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | | **$ 3,010** | $ 2,483 |
| Non-current liabilities: | | | |
| Decommissioning liability | **6** | **294** | 228 |
| Shareholders' equity: | | | |
| Share capital | | **$ 86,246** | $ 86,246 |
| Contributed surplus | | **5,986** | 5,779 |
| Accumulated other comprehensive income | | **916** | 717 |
| Deficit | | **(51,968)** | (51,757) |
| | | **41,180** | 40,985 |
| **Total liabilities and shareholders' equity** | | **$ 44,484** | $ 43,696 |

Commitments (note 10)

See accompanying notes to the condensed consolidated interim financial statements.

# BENGAL ENERGY LTD.

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Thousands of Canadian dollars, except per share amounts)

(unaudited)

| For the three months ended June 30, | Notes | | 2012 | | 2011 |
|---|---|---|---|---|---|
| **Income** | | | | | |
| Petroleum and natural gas revenue | | $ | **498** | $ | 1,319 |
| Royalties | | | **(45)** | | (121) |
| | | | **453** | | 1,198 |
| **Operating expenses** | | | | | |
| General and administrative | | | **1,083** | | 762 |
| Operating and transportation | | | **247** | | 522 |
| Depletion and depreciation | 4 | | **93** | | 97 |
| Impairment (recovery) | 3 | | **(847)** | | 702 |
| Share-based compensation | | | **173** | $ | 277 |
| | | | **749** | | 2,360 |
| **Operating loss** | | | **(296)** | | (1,162) |
| **Other income (expenses)** | | | | | |
| Finance income | | | **92** | | 140 |
| Finance expenses | | | **(26)** | | (44) |
| Foreign exchange gain | | | **19** | | 5 |
| | | | **85** | | 101 |
| **Net Loss** | | | **(211)** | | (1,061) |
| Exchange differences on translation of foreign operations | | | **199** | | 210 |
| **Total comprehensive loss for the period** | | **$** | **(12)** | $ | (851) |
| **Loss per share** | 7 | | | | |
| - Basic & Diluted | | **$** | **0.00** | $ | (0.02) |
| **Weighted average number of shares outstanding (000s)** | 7 | | | | |
| - Basic & Diluted | | | **52,110** | | 49,782 |

See accompanying notes to the condensed consolidated interim financial statements.

# BENGAL ENERGY LTD.

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Thousands of Canadian dollars)

(unaudited)

| | Shares outstanding | Share capital | Warrants | Contributed surplus | Accumulated other comprehensive income | Deficit | Total shareholders' equity |
|---|---|---|---|---|---|---|---|
| **Balance at April 1, 2011** | 37,794,549 | $ 62,595 | $ 705 | $ 4,189 | $ 95 | $ (44,586) | $ 22,998 |
| Net loss for the period | - | - | - | - | - | (1,061) | (1,061) |
| Comprehensive loss for the period | - | - | - | - | 210 | - | 210 |
| Issue of share capital (Note 8) | 14,166,800 | 23,478 | - | - | - | - | 23,478 |
| Share based payments | - | - | - | 279 | - | - | 279 |
| **Balance at June 30, 2011** | **51,961,349** | **$ 86,073** | **$ 705** | **$ 4,468** | **$ 305** | **$ (45,647)** | **$ 45,904** |
| | | | | | | | |
| **Balance at April 1, 2012** | **52,110,177** | **$ 86,246** | **$** | **$ 5,779** | **$ 717** | **$ (51,757)** | **$ 40,985** |
| Net loss for the period | **-** | **-** | **-** | **-** | **-** | **(211)** | **(211)** |
| Comprehensive income for the period | **-** | **-** | **-** | **-** | **199** | **-** | **199** |
| Share based payments - expensed | **-** | **-** | **-** | **173** | **-** | **-** | **173** |
| Share based payments - capitalized | **-** | **-** | **-** | **34** | **-** | **-** | **34** |
| **Balance at June 30, 2012** | **52,110,177** | **$ 86,246** | **$ -** | **$ 5,986** | **$ 916** | **$ (51,968)** | **$ 41,180** |

See accompanying notes to the condensed consolidated interim financial statements.

# BENGAL ENERGY LTD.

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Thousands of Canadian dollars)

(unaudited)

| For the three months ended June 30, | Notes | 2012 | 2011 |
|---|---|---|---|
| **Operating activities** | | | |
| Net loss for the period | | **$ (211)** | $ (1,061) |
| Non-cash items: | | | |
| Depletion and depreciation | | **93** | 97 |
| Impairment | | **–** | 702 |
| Accretion of decommissioning liability | | **2** | 2 |
| Share-based compensation | | **173** | 277 |
| Unrealized foreign exchange gain | | **(119)** | (10) |
| Change in non-cash working capital | **9** | **(697)** | (1,378) |
| **Net cash used in operating activities** | | **(759)** | (1,371) |
| **Investing activities** | | | |
| Exploration and evaluation expenditures | | **(2,150)** | (1,937) |
| Petroleum and natural gas properties | | **(2,159)** | 4 |
| Property, plant and equipment | | **(3,017)** | – |
| Change in restricted cash | | **–** | 1,092 |
| Changes in non-cash working capital | **9** | **760** | 1,788 |
| **Net cash used in (from) investing activities** | | **(6,566)** | 947 |
| **Financing activities** | | | |
| Proceeds from issuance of shares, net of issuance costs | | **–** | 23,478 |
| Changes in non-cash working capital | **9** | **–** | (82) |
| **Net cash from financing activities** | | **–** | 23,396 |
| Impact of foreign exchange on cash and cash equivalents | | **139** | 76 |
| **Net increase (decrease) in cash and cash equivalents** | | **$ (7,186)** | $ 23,048 |
| Cash and cash equivalents, beginning of period | | **26,934** | 14,600 |
| Cash and cash equivalents, end of period | | **$ 19,748** | **$** 37,648 |

See accompanying notes to condensed consolidated interim financial statements.

(Tabular amounts are stated in thousands of Canadian dollars except share and per share amounts) (unaudited)

## 1. REPORTING ENTITY:

Bengal Energy Ltd (the "Company" or "Bengal") is incorporated under the laws of the Province of Alberta and is involved in the exploration for and development of oil and gas reserves in Australia, India and Canada. The condensed consolidated interim financial statements (the "financial statements") of the Company as at June 30, 2012 and for the three months ended June 30, 2012 and 2011 are comprised of the Company and its wholly owned subsidiaries Bengal Energy International Inc. and Bengal Energy (Australia) Pty Ltd. which are incorporated in Canada and Australia respectively. The Company conducts many of its activities jointly with others; these financial statements reflect only the Company's proportionate interest in such activities.

Bengal's principal place of business and registered office is located at 1810, 801 6$^{th}$ Ave SW, Calgary, Alberta, Canada, T2P 3W2.

## 2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated interim financial statements are stated in Canadian dollars and have been prepared following the same accounting policies and methods of computation as the consolidated financial statements of the Company for the year ended March 31, 2012. The disclosures provided below are incremental to those included with the annual consolidated financial statements and certain disclosures, which are normally required to be included in the notes to the annual consolidated financial statements, have been condensed or omitted. These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto in the Company's annual filings for the year ended March 31, 2012.

These interim consolidated financial statements were authorized for issuance by the Board of Directors on August 10, 2012.

## 3. EXPLORATION AND EVALUATION ASSETS (E&E ASSETS)

| | | Exploration and Evaluation Expenditures |
|---|---|---|
| Balance at March 31, 2011 | $ | 7,064 |
| Additions | | 10,213 |
| Capitalized share based compensation | | 29 |
| E&E impairment loss | | (4,194) |
| Transfer to petroleum and natural gas properties | | (2,705) |
| Exchange adjustments | | 119 |
| **Balance at March 31, 2012** | **$** | **10,526** |
| Additions | | 2,150 |
| Capitalized share based compensation | | 34 |
| Exchange adjustments | | 151 |
| **Balance at June 30, 2012** | **$** | **12,861** |

Exploration and evaluation assets consist of the Company's exploration projects in Australia and India which are pending the determination of proved or probable reserves. Costs primarily consist of acquisition costs, geological & geophysical work, seismic and drilling and completion costs until the drilling of the well is complete and the results have been evaluated.

The time period in which to complete the seismic work program on the offshore Australia AC/P 47 permit expired on March 2, 2012. At June 30, 2012 the permit has not been relinquished. The Company has requested an extension to the time period for completing the work program from the National Offshore Petroleum Titles Administrator (NOPTA) to September 2, 2013. If the title to the permit is relinquished, $0.8 million of exploration and evaluation assets will be impaired.

As a result of a final settlement agreement, $0.8 million of previously impaired costs on an abandoned well were recovered in the current quarter.

## 4. PETROLEUM AND NATURAL GAS PROPERTIES

| | Petroleum and Natural Gas Properties | Corporate Assets | Total |
|---|---|---|---|
| | **$000s** | **$000s** | **$000s** |
| *Cost:* | | | |
| Balance at March 31, 2011 | 2,168 | 196 | 2,364 |
| Additions | 520 | 105 | 625 |
| Capitalized share based compensation | 2 | – | 2 |
| Change in asset retirement obligation | 67 | – | 67 |
| Transfers from E&E assets | 2,705 | - | 2,705 |
| Exchange adjustments | 35 | - | 35 |
| **Balance at March 31, 2012** | **$ 5,497** | **$ 301** | **$ 5,798** |
| Additions | 2,042 | 117 | 2,159 |
| Change in asset retirement obligation | 64 | – | 64 |
| Exchange adjustments | 75 | – | 75 |
| **Balance at June 30, 2012** | **$ 7,678** | **$ 418** | **$ 8,096** |

| | Petroleum and Natural Gas Properties | Corporate Assets | Total |
|---|---|---|---|
| | **$000s** | **$ 000s** | **$000s** |
| *Accumulated depletion, depreciation and impairment losses:* | | | |
| Balance at March 31, 2011 | 283 | 51 | 334 |
| Depletion and depreciation charge | 383 | 37 | 420 |
| Exchange adjustments | (2) | - | (2) |
| Impairment expense | 311 | - | 311 |
| **Balance at March 31, 2012** | **$ 975** | **$ 88** | **$ 1,063** |
| Depletion and depreciation charge | 75 | 18 | 93 |
| Exchange adjustments | 8 | – | 8 |
| **Balance at June 30, 2012** | **$ 1,058** | **$ 106** | **$ 1,164** |
| *Net book value* | | | |
| **At March 31, 2012** | **$ 4,522** | **$ 213** | **$ 4,735** |
| **At June 30, 2012** | **$ 6,620** | **$ 312** | **$ 6,932** |

The calculation of depletion for the three months ended June 30, 2012 included $2,604,000 and $684,000 for estimated future development costs associated with proved and probable reserves in Australia and Canada respectively (March 31, 2012 - $758,000 and $684,000).

## 5. PROPERTY, PLANT AND EQUIPMENT

| | | Rig Equipment |
|---|---|---|
| Balance at March 31, 2011 | $ | – |
| Additions | | 230 |
| **Balance at March 31, 2012** | **$** | **230** |
| Additions | | 3,017 |
| **Balance at June 30, 2012** | **$** | **3,247** |

On April 5, 2012 the Company purchased an Ideco H-44 drilling rig. The purchase price of the Rig was US $1.75 million. Additional costs have been incurred to transport the rig from its point of purchase, prepare the rig and buy certain ancillary equipment required for drilling operations. No depreciation was recognized in the quarter as the rig was not available for use.

## 6. DECOMMISSIONING LIABILITIES

| | | June 30, 2012 | | March 31, 2012 |
|---|---|---|---|---|
| Decommissioning liabilities, beginning of period | **$** | **228** | $ | 159 |
| Revision | | **–** | | 67 |
| Additions | | **64** | | – |
| Expenditures | | **–** | | (3) |
| Accretion | | **2** | | 5 |
| Decommissioning liabilities, end of period | **$** | **294** | $ | 228 |

The Company's decommissioning liabilities result from its ownership interest in oil and natural gas assets including well sites and facilities. The total decommissioning liability is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities and the estimated timing of the costs to be incurred in future years. The Company has estimated the net present value of the decommissioning liabilities to be $294,000 as at June 30, 2012 (March 31, 2012 - $228,000) based on an undiscounted, inflation adjusted, total future liability of $368,000 (March 31, 2012 - $283,000). These payments are expected to be made over the next 14 years with the majority of costs to be incurred between 2019 and 2026. A discount factor, being the risk-free rate related to the liability, of between 2.0% and 3.0% (March 31, 2012 – 2.0% to 3.0%) and an inflation rate of between 2.0% and 3.25% (March 31, 2012 – 2.0% to 3.0%) were used to calculate the net present value of the decommissioning liability.

## 7. LOSS PER SHARE

Earnings (loss) per share is calculated based on net loss and the weighted-average number of common shares outstanding. The Company has recorded a loss in each of the periods presented and therefore any addition to basic shares outstanding is anti-dilutive.

At June 30, 2012, there were 3,611,665 (June 30, 2011 – 2,749,000) options considered anti-dilutive and nil warrants (June 30, 2011 – 940,000) were considered anti-dilutive.

## 8. FINANCIAL RISK MANAGEMENT

*Foreign currency Risk*

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Bengal receives Canadian dollars for sales in Canada, U.S. dollars for Australian oil sales and incurs expenditures in Australian, Canadian and U.S. currencies. Having sales and expenditures denominated in three currencies spreads the impact of individual currency fluctuations.

The Company may enter into derivative foreign currency contracts in order to manage foreign currency exchange rate risk, but has not done so to date.

The table below shows the Company's exposure to foreign currencies for its financial instruments:

| As at June 30, 2012 ($000s) | | | |
|---|---|---|---|
| | **CAD** | **AUD** | **USD** |
| Cash and short-term deposits | 14,521 | 3,764 | 1,272 |
| Restricted cash | 135 | – | – |
| Accounts receivable | 197 | 558 | 643 |
| Accounts payable and accrued liabilities | (874) | (1,437) | (648) |
| | 13,979 | 2,885 | 1,267 |

*Credit risk:*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Bengal's cash calls paid to joint venture partners and receivables from petroleum and natural gas marketers. As at June 30, 2012, Bengal's receivables consisted of $0.7 million (March 31, 2012 - $0.6 million) from joint venture partners and $0.7 million (March 31, 2012 - $0.4 million) of other trade receivables.

Production from the Canadian operations is marketed by the operator. Bengal has not experienced any collection issues with the operator of the property.

In Australia, production is purchased by a consortium led by one of Australia's largest public oil and gas companies which is also the operator of Bengal's production. Bengal has a Crude Oil Purchase Agreement with this purchaser and has not experienced any collection problems to date.

Cash calls paid to Bengal's Australian joint venture partners are held in trust accounts by the partner until spent. Bengal attempts to mitigate the risk from joint venture receivables by approving significant spending by partners prior to expenditure and only paying the cash call shortly before the funds are to be spent.

At June 30, 2012, the Company had $0.1 million (March 31, 2012 - $0.1 million) that were considered past due (past due is considered greater than 90 days outstanding). Bengal does not have any reason to believe these receivables will not be collected.

The carrying amount of accounts receivable and cash and cash equivalents represents the maximum credit exposure. Bengal establishes an allowance for doubtful accounts as determined by management based on their assessment of collection. Bengal does not have an allowance for doubtful accounts as at June 30, 2012 (March 31, 2012 - $nil) and did not provide for any doubtful accounts nor was it required to write-off any receivables during the quarters ended June 30, 2012 or June 30, 2011.

Cash and cash equivalents, when held, consist of cash bank balances and guaranteed investment certificates redeemable at any time. Bengal manages the credit exposure related to guaranteed investments by selecting counterparties based on credit ratings and monitors all investments to ensure a stable return, avoiding complex investment vehicles with higher risk such as asset backed commercial paper.

## 9. CHANGES IN NON-CASH WORKING CAPITAL

| Quarters Ended ($000s) | | June 30, 2012 | | June 30, 2011 |
|---|---|---|---|---|
| Accounts receivable | **$** | **(476)** | $ | (2,027) |
| Prepaid expenses and deposits | | **3** | | 20 |
| Accounts payable and accrued liabilities | | **536** | | 2,335 |
| Total | **$** | **63** | $ | 328 |
| Relating to: | | | | |
| Operating | **$** | **(697)** | $ | (1,378) |
| Financing | | **–** | | (82) |
| Investing | | **760** | | 1,788 |
| Total | **$** | **63** | $ | 328 |

The following represents the cash interest received in each period.

| Quarters Ended ($000s) | | June 30, 2012 | | June 30, 2011 |
|---|---|---|---|---|
| **Cash interest received** | **$** | **108** | $ | 7 |

## 10. COMMITMENTS AND CONTINGENCIES

Pursuant to current production sharing contracts ("PSC"), the Company is required to perform minimum exploration activities that include various types of surveys, acquisition and processing of seismic data and drilling of exploration wells. The costs of these activities are based on minimum work budgets included in bid documents and have not been provided for in the financial statements. Actual costs will vary from budget.

| Country and Permit | Work Program | Obligation Period Ending | Estimated Expenditure (net) (millions CAD$)[1] |
|---|---|---|---|
| Offshore Australia – AC/P47 | 750km$^2$ 3D seismic | March 2, 2012[2] | $7.3 |
| Onshore India – CY-ONN-2005/1 | 625km$^2$ 3D seismic + 75km$^2$ high resolution 3D seismic + 3 wells | March 3, 2014 | $4.3 |
| Offshore India – CY-OSN-2009/1 | 310km 2D seismic & 81km$^2$ 3D seismic | August 15, 2014 | $5.4 |
| Onshore Australia – ATP 752 | Drill 1 exploration well; complete, equip & tie-in 3 wells, shoot 3D seismic, pipeline & facilities | July 31, 2014 | $4.7 |
| Onshore Australia – ATP 732 | Drill 3 exploration wells, provision to complete, equip & tie-in if successful | March 31, 2015 | $9.1 |
| Onshore Australia – ATP 934P | Awaiting completion of Native Title before granting of ATP[3] | 4 years after grant of ATP | $12.2 |

(1) Translated at June 30, 2012 exchange rate of US $1.0000 = CAD $1.0248 and AUD $1.0000 = CAD $1.0411

(2) Bengal has applied for an extension to the time period to complete the scheduled work commitment for this offshore permit to the National Offshore Petroleum Titles Administrator (NOPTA) to September 2, 2013. The Company has not relinquished the permit as of the date of these financial statements.

(3) Final application for grant of the permit has been filed with the Queensland Government regulatory authority. No further activity is planned on this permit until the final Ministerial Grant of the tenement is received. Potential legislative changes may result in a lower commitment than shown in the table above; The Company holds a 50% operating interest in this permit. Work program consists of 500 km of 2D seismic and up to seven wells.

At June 30, 2012 the Company had the following lease commitment for office space in Canada and an equipment yard in Darra, Queensland, Australia:

| ($000s) | | | | | |
|---|---|---|---|---|---|
| July 2012 to March 2017 | **Total** | **Less than 1 Year** | **1-3 Years** | **4-5 Years** | **After 5 Years** |
| Office lease/ Darra yard | $ 1,196 | $ 200 | $ 491 | $ 505 | $ – |

Effective April 1, 2012 the Company has entered into a new head lease in Calgary, Canada for a term of five years. Effective May 14, 2012 the Company has entered into an equipment yard lease in Darra, Australia for a term of six months.

## 11. SEGMENTED INFORMATION

As at June 30, 2012, the Company has three reportable operating segments being the Australian, Canadian and New Cost Centres' oil and gas operations. New Cost Centres are considered to be in the pre-production stage and include India.

Revenue reported below represents revenue generated from external customers. There were no inter-segment sales in any of the reported periods.

The accounting policies of the reportable segments are the same as the group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

| **For the three months ended June 30, 2012 ($000)** | | | | |
|---|---|---|---|---|
| | **Australia** | **Canada** | **India** | **Total** |
| Revenue | $ 433 | $ 65 | $ – | $ 498 |
| Interest revenue | 49 | 41 | 2 | 92 |
| Depletion and depreciation | 58 | 36 | – | 94 |
| Net earnings (loss) | 795 | (779) | (236) | (220) |
| Exploration and evaluation expenditures | 1,107 | – | 1,043 | 2,150 |
| Petroleum and natural gas property expenditures | 2,147 | 12 | – | 2,159 |
| Recovery of impairment loss | 847 | – | – | 847 |
| Property, plant & equipment expenditures | $ – | 3,017 | – | 3,017 |
| **As at June 30, 2012 ($000)** | | | | |
| Petroleum and natural gas properties | | | | |
| Cost | 6,889 | 1,207 | – | 8,096 |
| Impairment losses | – | (311) | – | (311) |
| Accumulated depletion, depreciation and accretion | (470) | (383) | – | (853) |
| Net book value | $ 6,419 | $ 513 | $ – | $ 6,932 |
| Exploration and evaluation assets | 13,629 | – | 3,426 | 17,055 |
| Accumulated impairment losses | (4,194) | – | – | (4,194) |
| Net book value | $ 9,435 | $ – | $ 3,426 | $ 12,861 |
| Property, plant & equipment | $ – | $ 3,247 | $ – | $ 3,247 |

(1) Other is new cost centres considered to be in the pre-production stage and includes India.

**For the three months ended June 30, 2011 ($000)**

| | Australia | Canada | India | Total |
|---|---|---|---|---|
| Revenue | $ 1,211 | $ 108 | $ - | $ 1,319 |
| Interest revenue | 40 | 95 | 5 | 140 |
| Net loss | (259) | (734) | (68) | (1,061) |
| Petroleum and natural gas property expenditures | (4) | | - | (4) |
| Exploration and evaluation expenditures | 1,836 | | 101 | 1,937 |
| Impairment losses | (702) | - | - | (702) |

**As at June 30, 2011 ($000)**

| | | | | |
|---|---|---|---|---|
| Petroleum and natural gas properties | | | | |
| Cost | $ 17,271 | $ 4,370 | $ 451 | $ 22,092 |
| Accumulated depletion, depreciation and accretion | (16,126) | (3,554) | (451) | (20,131) |
| Net book value | $ 1,145 | $ 816 | $ - | $ 1,961 |
| Exploration and evaluation assets | $ 8,274 | - | 841 | $ 9,115 |
| Accumulated impairment losses | (702) | - | - | (702) |
| Net book value | $ 7,572 | $ - | $ 841 | $ 8,413 |

(1) Other includes new cost centres considered to be in the pre-production stage and includes India.

# CORPORATE INFORMATION

## AUDITORS

KPMG LLP • Calgary, Canada

## LEGAL COUNSEL

Burnet, Duckworth & Palmer LLP • Calgary, Canada
Allens Arthur Robinson • Brisbane, Australia

## BANKERS

Royal Bank of Canada • Calgary, Canada
West Pac Bank • Brisbane, Australia
Commonwealth Bank • Brisbane, Australia
ICICI Bank Ltd. • Calgary, Canada and Mumbai, India

## REGISTRAR AND TRANSFER AGENT

Valiant Trust Corporation • Calgary, Canada

## INVESTOR RELATIONS

Bryan Mills Iradesso • Calgary, Canada

## DIRECTORS

Chayan Chakrabarty
Peter D. Gaffney
James B. Howe
Stephen N. Inbusch
Dr. Brian J. Moss
Robert D. Steele
Ian J. Towers (Chairman)
W.B. (Bill) Wheeler

## DISCLOSURE COMMITTEE

*All Directors are members of the Committee*

## AUDIT COMMITTEE

James B. Howe (Chairman)
Stephen N. Inbusch
Robert D. Steele
W.B. (Bill) Wheeler

## RESERVES COMMITTEE

Peter D. Gaffney (Chairman)
Stephen N. Inbusch
Dr. Brian J. Moss

## GOVERNANCE AND COMPENSATION COMMITTEE

Peter D. Gaffney
Dr. Brian J. Moss
Robert D. Steele (Chairman)
Ian J. Towers

## OFFICERS

Chayan Chakrabarty, President & Chief Executive Officer
Richard N. Edgar, Executive Vice President
Bryan C. Goudie, Chief Financial Officer
D. Garrett Wilson, Vice President, Engineering and Operations
Gordon R. MacMahon, Vice President, Exploration
Bruce Allford, Secretary

## STOCK EXCHANGE LISTING – TSX:BNG