Bengal
ENERGY LTD.

International exploration & production

Management's Discussion & Analysis

Three and Six Months Ended
September 30, 2022 and 2021

The following Management's Discussion and Analysis ("MD&A") of the consolidated financial results of Bengal Energy Ltd. ("Bengal" or the "Company") is at and for the three and six months ended September 30, 2022.

This MD&A dated November 7, 2022 should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and related notes for the quarter ended September 30, 2022. The interim condensed consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard No. 34, *Interim Financial Reporting* ("IAS 34").

The functional currency of the Company's operating subsidiary, Bengal Energy (Australia) Pty Ltd. ("Bengal Australia"), is the Australian dollar; the functional currency of the Company is the Canadian dollar ("CAD"). The Company's presentation currency is the CAD. In this MD&A, all dollar amounts are expressed in CAD unless otherwise noted.

This MD&A contains non-IFRS measures, abbreviations and forward-looking information relating to future events and the Company's future performance. Please refer to "*Non-IFRS Measurements*", "*Abbreviations*" and "*Advisories*" sections at the end of this MD&A for further information.

Additional information relating to Bengal, including Bengal's audited March 31, 2022 consolidated financial statements and other filings are available on SEDAR at www.sedar.com.

In the following discussion, the three and six months ended September 30, 2022 may be referred to as "second quarter of fiscal 2023", "Q2 fiscal 2023", "current quarter", and "the quarter". The comparative three months ended September 30, 2021, may be referred to as "second quarter of fiscal 2022", "Q2 fiscal 2022", and "prior year's quarter".

FIRST QUARTER FISCAL 2023 SUMMARY

Financial summary:

- **Sales revenue** – Crude oil sales revenue was $2.1 million in the second quarter of fiscal 2023, which is 13% higher than the $1.9 million recorded in Q2 fiscal 2022. The higher sales revenue is due to increased realized crude oil prices which more than offset production declines during the quarter.
- **Funds from operations[1] –** Bengal generated funds from operations of $1.8 million during Q2 fiscal 2023 compared to $0.4 million in Q2 fiscal 2022. Bengal generated $1.1 million of cash from operations during Q2 fiscal 2023 compared to $0.6 million of cash from operations in Q2 fiscal 2022. During the quarter, the Company resolved a historic crude oil stock discrepancy with the Cuisinier Joint Venture (" JV") operator, which resulted in a net gain of $1.1 million after accruing associated royalties and is reflected as other income, which contributed to the current quarter's Funds from Operations and Cash from operations. When excluding the impact of the one-time gain, the Company's adjusted funds from operations would have been $0.7 million and $1.1 million for the three and six-month period ended September 30, 2022 respectively.
- **Net income** – Bengal reported a net income of $1.5 million for the current quarter compared to net income of $0.1 million in Q2 fiscal 2022.

Operational summary:

- **Production volumes** – The Company's share of total Cuisinier production in the current quarter was 15,996 bbls, which is a 13% decrease from the 18,303 bbls produced in the first quarter of fiscal 2023. The current quarter production averaged 174 bbls/d compared to 184 bbls/d produced in the first quarter of fiscal 2022. Suspended production at the Cuisinier 29 and Barta North 1 wells due to workover activities resulted in a loss of approximately 25 bbls/d during fiscal Q2 2023. Unseasonal rain in the Cooper Basin during the quarter hampered the Joint Venture's ability to perform the necessary workover procedures to reinstate production at these wells, which were online for the majority of the comparative period fiscal Q2 2022. The Cuisinier Joint Venture negotiated revised Crude Oil Sale and Purchase Agreements with corresponding transportation agreements effective July 1, 2022 through to December 31, 2023. These new agreements cover the Processing (Crude Oil Processing Services Agreement - COPSA), the Transportation of Crude Oil (Crude Oil Transportation Agreement – COTA) and the Liquids Allocation Agreement ("LAA").

[1] See "Non-IFRS and Other Financial Measures" on page 12 of this MD&A

The Cuisinier waterflood pilot, which commenced activity in calendar Q4 2021 has started to demonstrate encouraging results. The JV has observed compelling evidence to suggest that the overall field decline has been arrested with even a general upward trend in oil rate since December 2021.

- **Capital expenditures** – Bengal continued work on its development projects at Wareena 1 and Wareena 5 and completed activities at Caracal-1. In addition to these development activities, the Company has commenced an operational readiness program in anticipation of commencing 100% Bengal controlled operations during the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business Overview

Bengal's producing and non-producing assets are situated in Australia's Cooper Basin, a region featuring large accumulations of very light and high-quality crude oil and natural gas. The Company's core Australian assets, Petroleum Lease ("PL") 303 Cuisinier, ATP 934 Barrolka, ATP 732 Tookoonooka, and four recently acquired petroleum licenses are situated within an area of the Cooper Basin that is well served with production infrastructure and take-away capacity for produced crude oil and natural gas. Still in early stages in terms of appraisal and development, Bengal believes these assets offer attractive upside potential for both oil and gas. Australia presents a stable political, fiscal and economic environment in which to operate, and a favourable royalty regime for oil and gas production.

Under the State of Queensland Regulatory process, ATPs (Authority to Prospect) are granted by the State generally for a period of twelve years with one third of the original grant area expiring every four years. At the end of the final term of the ATP, an application can be made to continue a portion of the permit in the form of a PCA (Potential Commercial Area). PCAs have a life span of five to fifteen years. PCA applications include a commercial viability report that indicates that the area is likely to be commercially viable within the applied term. This allows for extra time to commercialize the resource. These PCA's remain a part of the ATP until expiry. If a discovery of oil or gas is made, an application for a PL (petroleum lease) is made to allow for production. PLs are granted for up to a thirty-year term.

Bengal has two PLs on the former ATP 752 Barta block, PL 303 and PL 1028, in addition to three PCAs, PCA 206, PCA 207 Barta West and PCA 155 Wompi block-Nubba/Yilgarn. Bengal also holds four PLs including a pipeline license PPL 138 adjacent to the 100% owned ATP 934.

<u>AUSTRALIA – Cooper Basin, Queensland</u>

PL 303 Barta Block Cuisinier (controlling permit ATP 752) (30.357% WI)

A pilot reservoir pressure maintenance scheme was initiated during the prior fiscal year and after resolving mechanical issues, water injection activities commenced during calendar Q4 2021. This project is located in the southeast quadrant of the Cuisinier pool, with injection of water taking place at the Cuisinier 24 well. The broad nature of the Cuisinier structure combined with variable flank aquifer pressure support has resulted in pressure depletion within the central portion of the Cuisinier pool. The injection of produced formation water is anticipated to both increase production in up to four offsetting wells and reduce water handling charges. On establishing success of the pilot, the JV will begin a multi staged water injection scheme, targeted fracture stimulation and more commercially efficient development drilling.

Mechanical issues through commissioning caused periods of downtime; however the JV has observed moderate increases in oil rates at six wells at a cumulative rate of 35 bopd in September 2022. Absent the impact of several wells that were shut-in for various operational reasons, the JV has observed compelling evidence to suggest that the overall field decline has been arrested with even a general upward trend in oil rate since December 2021.

PL 114 Wareena, PL 157 Ghina, PL 188 Ramses, PL 411 Karnak, PPL 138 pipeline (100% WI)

The Company has a 100% working interest in four PLs and a natural gas pipeline connected to transportation infrastructure into the Eastern Australia Gas Market . These non-productive PLs are highly compatible with and in close proximity to ATP 934. Bengal continues to integrate subsurface data from the PLs to enhance the Company's understanding of ATP 934 and to finalize the selection of exploration and appraisal drilling locations.

Included in this program is the reinstatement of two gas wells and an existing gas pipeline to produce raw gas into existing infrastructure at PL Wareena. The Company expects to commence workover activities at Wareena 1 and Wareena 5 in November 2022 and would commence tie-in to pipeline PPL 138 subject to the success of planned activities and commercial test rates. Commercial negotiations, planning and execution of the project are well advanced with materials being delivered and fabrication starting. The Company is investing in a proprietary proof of concept arrangement to allow commercial gas production prior to a pipeline connection.

The 100% ownership of these assets presents an appraisal and development opportunity that will be operated by the Company and is seen to be not only complementary to our proven producing, non-operated Cuisinier asset, but also as a key steppingstone for Bengal's natural gas platform upon which future development, appraisal at the existing PLs and exploration growth through ATP 934 can be undertaken.

ATP 732 Tookoonooka (100% WI)

In September 2019, the Company applied for an amendment to the LWP for the third term of ATP 732 permit. On October 22, 2019, the Company received approval from the Queensland regulatory authority for an amended LWP for the third, four-year term commencing April 1, 2019, to March 31, 2023. The approved LWP was revised to minimum activities of reprocessing seismic and inversion work along with geological and geophysical investigation activities at an estimated cost of \$0.5 million during the four-year term, of which \$0.2 million has been spent to date.

On the Caracal-1 well, the Company conducted an acid treatment to improve well bore inflow with positive results and moderate inflow of very light 53 degree API gravity oil from the Wyandra zone. These result are being evaluated with a plan for fracture stimulation to further enhance productivity being put in place. Following fracture stimulation, the well could commence production using the Company's Early Oil Production System with the addition of storage and load-out infrastructure. The well is currently being evaluated to assess the commerciality of existing production as well as potential future fracture stimulation plans.

ATP 732 reaches the end of its term in March of 2023 and the Company has lodged an application over the northern portion of the ATP for continuation in the form of a Potential Commercial Area for a further 15 years. In addition, the Company is assessing farm-in interest on other 3D defined drilling targets.

ATP 934 Barrolka (100% WI)

ATP 934 is the Company's 100% owned natural gas exploration block. Bengal received special amendment approved for ATP 934 in March 2021 which relinquished 50% of the existing ATP area and extended the term of the ATP by entering into an outcome based Later Work Program (LWP) for another 6 years to February 28, 2027. The LWP includes the drilling of up to 3 wells and 260 km^2 of 3D seismic.

ATP 934 Durham Downs East Farmout Block (40% WI)

Bengal entered into an agreement with Santos in July of 2020 to farm-in on a portion of the ATP 934 block. Santos carried the drilling costs of one well to earn a 60% operated interest in the ATP 934 southern farm-out block, which represents 57.8% of the total block post April 2020 relinquishment. On October 14, 2021, Santos completed the drilling of the Legbar-1 exploration well. Santos paid 100% of the costs to drill, plug and abandon the well and has accordingly earned a 60% working interest in 103,760 km^2 gross exploration land.

While the Legbar-1 well did not indicate commercial quantities of hydrocarbons, thick, high quality reservoir sands were encountered in the primary Permian Toolachee formation and in the Jurassic Birkhead zone, with evidence of residual hydrocarbon saturation in both zones. In addition, fluorescence shows and elevated gas readings through the Jurassic lower Birkhead Fm/Top Hutton Sandstone indicate oil has passed through the reservoir, supporting the search for a valid closure to test this play. The findings from the Legbar-1 well will help Bengal refine its exploration targets going forward, both with Santos in the Santos Farm-in Block, and across the balance of ATP 934 which is 100% owned by Bengal.

OPERATING SUMMARY

($000s except per share, %, volumes and operating netback amounts)		Three months ended September 30 2022		2021		Six months ended September 30 2022		2021
Oil revenue	$	2,135	$	1,884	$	4,598	$	3,431
Operating netback[1]	$	1,244	$	935	$	2,721	$	1,595
Cash flow from (used in) operations	$	1,053	$	565	$	2,070	$	(209)
Funds from operations[2]	$	1,774	$	417	$	2,456	$	536
Per share ($) (basic and diluted)	$	0.00	$	0.00	$	0.01	$	0.00
Adjusted funds from operations[2]	$	681	$	417	$	1,363	$	536
Per share ($) (basic and diluted)	$	0.00	$	0.00	$	0.00	$	0.00
Net income (loss)	$	1,473	$	85	$	1,863	$	(97)
Per share ($) (basic and diluted)	$	0.00	$	0.00	$	0.00	$	(0.00)
Capital expenditures	$	2,186	$	649	$	5,604	$	786
Oil volumes (bbls/d)		179		199		174		187
Operating netback[1]($/bbl)	$	77.77	$	51.08	$	83.07	$	46.53

(1) Operating netback is a non-IFRS measure. Operating netback per bbl is calculated by dividing revenue (including realized gain (loss) on financial instruments) less royalties and operating costs by the total production of the Company measured in bbls. (A reconciliation of the measures can be found in the table on page 12 of this MD&A.)

(2) Funds from (used in) operations is a non-IFRS measure which is calculated by adding back all non-cash expense deductions to the net income (loss) for the quarter and year-to-date. Funds from (used in) operations per share is a non-IFRS measure calculated by dividing funds from operations by weighted average basic and diluted shares outstanding for the periods disclosed.

RESULTS OF OPERATIONS

Production

	Three months ended September 30 2022	2021	Six months ended September 30 2022	2021
Oil production (bbls/d)	179	199	174	187
Oil production (bbls)	15,996	18,303	32,753	34,284

Revenue/Pricing

The following table outlines the oil lifting from bills of lading, pipeline oil estimates, applicable prices and oil sales reflected in the Company's financials:

		Three months ended September 30		Six months ended September 30	
		2022	2021	2022	2021
	Oil lifting				
	Volume (000s bbls)	16.0	19.9	31.6	34.9
	Weighted average price (US$/bbl)	100.48	76.48	108.43	73.38
A.	Sales ($000's)	2,323	1,933	4,291	3,263
	Pipeline oil				
	Volume (000s bbls), change	(0.1)	(1.6)	1.1	(0.6)
	Price (US$/bbl), change	(12.66)	9.79	25.25	16.72
B.	Net sales ($000's)	(188)	(49)	307	168
A.+B.	Total oil sales ($000s)	2,135	1,884	4,598	3,431

The price received for Bengal's Australian oil sales is benchmarked on US Brent for the month in which the bill of lading occurs, plus a realized premium due to oil quality differences. Pipeline oil is the term used to describe oil moving along the pipeline from the wellhead to the port which has been legally transferred to the buyer but not priced and waiting to be sold. Lifting occurs when the oil is moved from the port to the ship.

Realized crude oil price during Q2 fiscal 2023 was impacted by the increase in US Brent as compared to Q2 fiscal 2022. The realized weighted average price of oil lifting sales was US$ 100.48/bbl and US$76.48/bbl for Q2 fiscal 2023 and 2022 respectively. During the current quarter, the value of the pipeline oil decreased by $0.2 million due to decreased pipeline oil volume and pricing.

The following table outlines average benchmark prices:

	Three months ended September 30		Six months ended September 30	
	2022	2021	2022	2021
Brent oil ($/bbl)	131.40	92.57	138.25	88.23
Brent oil (US$/bbl)	100.71	73.47	107.13	71.15
Number of CAD$ for 1 AUS$	0.89	0.93	0.90	0.94
Number of CAD$ for 1 US$	1.30	1.26	1.29	1.24

($000s)				
Operating netbacks				
	Three months ended September 30		**Six months ended September 30**	
	2022	**2021**	**2022**	**2021**
Oil sales	2,135	1,884	4,598	3,431
Royalties	128	113	276	206
Operating expenses	763	836	1,601	1,630
Operating netback	1,244	935	2,721	1,595
($/bbl)				
Oil sales	133.47	102.93	140.38	100.08
Royalties	8.00	6.17	8.43	6.01
Operating expenses	47.70	45.68	48.88	47.54
Operating netback	77.77	51.08	83.07	46.53

Total operating netback during the second quarter of fiscal 2023 was $1.2 million or $77.77/bbl compared to $0.9 million or $51.08/bbl for Q2 fiscal 2022.

Royalties

Royalties				
	Three months ended September 30		**Six months ended September 30**	
	2022	**2021**	**2022**	**2021**
Royalty expense ($000s)	128	113	276	206
$/bbl	8.00	6.17	8.43	6.01
% of revenue	6	6	6	6

In Queensland Australia, oil royalties are based on a government-established rate which scales according to benchmark oil prices plus a Native Title royalty of 1%.

Royalty rates approximate 6% of oil sales for Q2 fiscal 2023 consistent with Q1 fiscal 2022.

Operating Expenses

($000s)				
Operating expenses				
	Three months ended September 30		**Six months ended September 30**	
	2022	**2021**	**2022**	**2021**
Production	282	252	584	546
Transportation	482	584	1,018	1,084
	764	836	1,602	1,630
Production - $/bbl	17.63	13.77	17.83	15.93
Transportation - $/bbl	30.13	31.91	31.08	31.62
	50.01	45.68	48.91	47.55

Total operating expense during the second quarter of fiscal 2023 was $0.8 million or $50.01/bbl compared to $0.8 million or $45.68/bbl for Q2 fiscal 2022. The increased operating expense per barrel resulted from workover activities at Barta North 1 well during the quarter.

General and Administrative (G&A) Expenses

($000s) G&A Expenses	Three months ended September 30		Six months ended September 30	
	2022	2021	2022	2021
Total G&A expenses	699	545	1,551	1,131
Capitalized G&A expenses	(69)	(28)	(135)	(79)
Net G&A expenses	630	517	1,416	1,052

G&A expenses increased based on additional consulting support during the current quarter as a result of increased operating activities associated with its 100% owned P&Ls.

Share-based Compensation ("SBC")

($000s) SBC	Three months ended September 30		Six months ended September 30	
	2022	2021	2022	2021
Expensed share-based compensation	19	32	37	62
Capitalized share-based compensation	1	1	3	3
	20	33	40	65

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 charge to contributed surplus. Options expire five years from the grant date. There were no new stock options granted during the current quarter resulting in lower share-based compensation expense.

Depletion and Depreciation (DD&A)

($000s) DD&A	Three months ended September 30		Six months ended September 30	
	2022	2021	2022	2021
Petroleum and natural gas (“PNG”) properties	235	283	494	536
Other assets	1	1	2	2
Right-of-use assets	6	7	15	15
	242	291	511	553
Depletion - PNG properties - $/bbl	15.23	15.46	15.59	15.63

Production in Q2 fiscal 2023 was 15,996 bbls compared with 18,303 bbls in Q2 fiscal 2022. Decreased production in Q2 fiscal 2023 was compounded by a decrease in the value of Australian dollar against the Company’s Canadian dollar functional currency.

Finance Expense

($000s) **Finance expense**	Three months ended September 30 2022	Three months ended September 30 2021	Six months ended September 30 2022	Six months ended September 30 2021
Accretion expense on decommissioning and restoration liability	44	8	73	16
Interest on lease liability	1	1	2	3
Interest income	(7)	-	(12)	-
Interest – other	4	4	4	4
	40	14	67	23

Accretion expense on decommissioning and restoration liabilities increased based on updated expected decommissioning and restoration costs as estimated at March 31, 2022 and increased estimated inflation costs at September 30, 2022. Interest income reflects interest on cash on deposit.

CAPITAL EXPENDITURES

($000s) **Capital expenditures**	Three months ended September 30 2022	Three months ended September 30 2021	Six months ended September 30 2022	Six months ended September 30 2021
Geological and geophysical and Workovers	2,126	512	5,533	570
Drilling	14	4	23	4
Completions	46	133	48	212
	2,186	649	5,603	786
Exploration and evaluation expenditures	475	17	1,970	10
Development and production expenditures	1,711	632	3,634	776
	2,186	649	5,604	786

The development and production expenditure of $2.2 million in Q2 fiscal 2023 relates workover activities Wareena field including operational readiness activities in preparation for the planned commencement of production testing in fiscal Q3 2022. Exploration and evaluation expenditures relate to ongoing operations on the Caracal-1 well at ATP 732 to stimulate with the objective of delivering oil to surface and allowing for a Petroleum Lease application.

SHARE CAPITAL

Trading history	Three months ended September 30 2022	Three months ended September 30 2021	Six months ended September 30 2022	Six months ended September 30 2021
High ($)	0.12	0.14	0.15	0.14
Low ($)	0.07	0.08	0.07	0.07
Close ($)	0.07	0.09	0.07	0.09
Volume (000s)	1,012	1,415	2,901	5,396
Shares outstanding (000s)	485,304	432,987	485,304	432,987
Weighted average shares outstanding (000s)				
- basic	485,304	432,987	485,304	432,987
- diluted	486,132	435,255	487,528	432,987

At November 7, 2022, there were 485,304,215 common shares issued and outstanding, together with 10,920,000 outstanding options.

LIQUIDITY RISK AND CAPITAL RESOURCES

Liquidity risk is the risk that the Company will not be able to meet its financial obligations, including work commitments, as they are due. Bengal prepares an annual budget and updates forecasts for operating, financing and investing activities on an ongoing basis to ensure it will have sufficient liquidity to meet its liabilities when due.

Bengal's financial liabilities consist of trade and other payables and lease liability and amounted to $2.2 million at September 30, 2022 (March 31, 2022 - $2.5 million).

At September 30, 2022, the Company had working capital[2] of $2.7 million. This includes cash and short-term deposits of $2.9 million and restricted cash of $0.04 million. Working capital was $5.4 million at March 31, 2022.

Management anticipates that operating and capital requirements will be met out of working capital and operating cash flows. The Company expects to incur minimal capital activity until its next development and exploration program, which is anticipated to be financed through equity subject to the availability of capital in the public and private markets.

The majority of the Company's oil sales are benchmarked on US Brent prices. The Company incurs most of its expenditures in Australian dollars whereas the Company generates most of its revenues in US dollars.

Commitments

The Queensland Government regulatory authority granted the Company ("ATP 934") under a revised work program on March 1, 2015. In Q4 fiscal 2018, the Company consolidated its ownership of ATP 934 and now holds a 100% operating interest in this permit. The purchase consideration was AUS$0.3 million cash and potential future cash payments of up to AUS$1.0 million, which is made up of AUS$0.2 million on certification by an independent competent person appointed by Bengal Energy (Australia) Pty Ltd. of not less than 25 billion cubic feet of proved reserves and AUS$0.8 million due upon the delivery of the first shipments of gas to market. The work program consists of 260 km^2 of 3D seismic and up to three wells.

[2] See "Non-IFRS and Other Financial Measures " on page 12 of this MD&A.

At September 30, 2022, the Company had the following capital work commitments:

Country and permit	Work program	Obligation period ending	Estimated expenditure (net) (millions CAD$) (1)
Onshore Australia – ATP 934	260 km^2 3D seismic and up to three wells	February 2027	7.9(2)
Onshore Australia – ATP 732	Geological and geophysical studies	March 2023	0.1
Offshore Australia AC/RL 10	Geological and geophysical studies	March 2023	0.1

(1) Translated at September 30, 2022 at an exchange rate of AUS$1.00 = CAD$0.9304.

(2) During fiscal 2021, the Company received confirmation that the commitment on ATP 934 was reduced in exchange for a 50% relinquishment of the non-potential acreage of ATP 934 at the end of the first term expiry date of February 28, 2021.

At September 30, 2022, the contractual obligations for which the Company is responsible are as follows:

($000s) Contractual obligations July 2022 to March 2054	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Office lease	131	105	26	-	-
Decommissioning and restoration	4,435	-	826	-	3,609
	4,566	105	852	-	3,609

OFF BALANCE SHEET TRANSACTIONS

The Company does not have any off balance sheet transactions.

SELECTED QUARTERLY INFORMATION

Fiscal quarter ($000s)	Sep 30 2022 Q2 2023	Jun 30 2022 Q1 2023	Mar 31 2022 Q4 2022	Dec 31 2021 Q3 2022	Sep 30 2021 Q2 2022	Jun 30 2021 Q1 2022	Mar 31 2020 Q4 2021	Dec 31 2020 Q3 2021
Oil sales	2.135	2,463	2,374	1,845	1,884	1,547	1,601	1,274
Cash flows from (used in) operations	1,053	1,015	437	607	565	(774)	70	62
Funds from (used in) operations(1)	1,774	680	515	381	417	119	(158)	130
Per share – basic and diluted ($)	0.00	0.00	0.00	0.00	0.00	(0.00)	0.00	(0.00)
Net income (loss)	1,471	390	217	(494)	85	(182)	3,040	670
Per share – basic and diluted ($)	0.00	0.00	0.00	(0.00)	0.00	(0.00)	0.01	0.01
Capital expenditures	2,186	3,418	2,074	1,392	649	137	533	498
Working capital (deficiency)(1)	2,270	2,698	5,548	2,943	3,961	4,218	4,270	(15,068)
Total assets	48,545	46,188	48,500	42,835	42,321	44,429	44,246	41,914
Shares outstanding (000s)	485,304	485,304	485,304	432,987	432,987	432,987	432,987	102,267
Operations:								
Oil volumes (bbls/d)	174	184	174	183	199	176	202	211
Operating netback(1) ($/bbl)	77.77	88.14	91.06	64.58	51.08	41.30	36.77	42.37

(1) See “Non-IFRS Measurements” on page 12 of this MD&A.

Oil sales and production volumes over the last eight quarters has steadily decreased due to natural declines and workover activities deferring production in Q2 fiscal 2022 and Q4 fiscal 2022. Benchmark commodity prices have increased throughout Q3 fiscal 2021 to Q1 fiscal 2023 resulting in increasing oil sales revenue, operating netback and funds from operations. During the current quarter, benchmark prices stabilized impacting operating netback and funds from operations. Cash flow from operations has increased along with funds from operations with the exception of Q2 2022 which was impacted by G&A expenditures. Over the quarters, net losses have been affected by fluctuations in foreign exchange, hedging gains and losses and capital development. Working capital deficiency was due to the reclassification of the Company's debt from long term to current due to the delay in negotiating an extension to the maturity date. Since the repayment of debt, working capital has increased until the current quarter where capital expenditures have reduced available working capital. In the current quarter strong benchmark crude oil prices drove higher oil sales, cashflow and funds from operations. Working capital decreased as capital expenditures and total assets increased during the current quarter as the Company continued its previously described capital program.

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 effective at September 30, 2022 with the exception of 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; and
- 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 of Directors do not have reasonable assurance that this risk can be reduced to a remote likelihood of a material misstatement.

APPLICATION OF CRITICAL ACCOUNTING ESTIMATES

The timely preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates, which are reviewed on an ongoing basis. A full discussion of the Company's critical judgments and accounting estimates is included in its fiscal 2022 annual Management's Discussion and Analysis dated June 15, 2022.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the previous financial year as described in Note 3 of the Company's consolidated financial statements for the year ended March 31, 2022.

NON-IFRS AND OTHER FINANCIAL MEASURES

Non-IFRS Financial Measures

Within this MD&A, references are made to terms commonly used in the oil and gas industry. Operating netback, operating netback per barrel, funds from operations, funds from operations per share, adjusted net income and adjusted net income per share do not have any standardized meaning under IFRS and are referred to as non-IFRS measures. Management believes the presentation of the non-IFRS measures above provide useful information to investors and shareholders as the measures provide increased transparency and the ability to better analyze performance against prior periods on a comparable basis.

Operating Netback

Bengal utilizes operating netback as key performance indicator and is utilized by Bengal to better analyze the operating performance of its petroleum and natural gas assets against prior periods. Operating netback is calculated oil sales deducting royalties and operating expenses. The following table reconciles petroleum and natural gas revenue to netback:

($000s)

Operating netbacks

	Three months ended September 30		**Six months ended September 30**	
	2022	**2021**	**2022**	**2021**
Oil sales	2,135	1,884	4,598	3,431
Royalties	128	113	276	206
Operating expenses	763	836	1,601	1,630
Operating netback	1,244	935	2,721	1,595

Funds from operations and adjusted funds from operations

Management utilized funds from operations as a measure to assess the Company's ability to generate cash not subject to short-term movements in non-cash operating working capital. Funds from operations is calculated by adding back all non-cash expense deductions to the net loss for the quarter and year. The following table reconciles cash from (used in) operating activities to funds from (used in) operations, which is used in this MD&A:

($000s)	Three months ended September 30 2022	2021	Six months ended September 30 2022	2021
Cash from (used in) operating activities	1,053	565	2,070	(209)
Add: Changes in non-cash working capital	721	(148)	386	745
Funds from (used in) operations	1,774	417	2,456	536
Less: Other income	(1,093)	-	(1,093)	-
Adjusted funds from operations	681	417	1,363	536

Capital Management measures

Working capital

Bengal uses working capital to monitor its capital structure, liquidity and its ability to fund current operations. Working capital is calculated as current assets less current liabilities but excludes other obligations and current portion of decommissioning obligations.

Non-IFRS Financial Ratios

Bengal uses operating netback per boe to assess the Company's operating performance on a per unit of production basis. Operating netback per barrel equals operating netback divided by the applicable number of barrels.

Operating netbacks per barrel

($/bbl)	Three months ended September 30 2022	2021	Six months ended September 30 2022	2021
Oil sales	133.47	102.93	140.38	100.08
Royalties	8.00	6.17	8.43	6.01
Operating expenses	47.70	45.68	48.88	47.54
Operating netback	77.77	51.08	83.07	46.53

Bengal uses funds from operations per share to assess the ability of the Company to generate the funds necessary for financing, operating, and capital activities on a per-share basis. This is a non-IFRS measure calculated by dividing funds from operations by weighted average basic and diluted shares outstanding for the periods disclosed.

ABBREVIATIONS

The following abbreviations used in this MD&A have the meanings set forth below:

bbl	-	barrel
bbls	-	barrels
bbls/d	-	barrels per day
$/bbl	-	dollars per barrel
ft^3	-	cubic feet
bopd		barrels of oil per day
FY	-	fiscal year
K	-	thousand
km	-	kilometres
km^2	-	square kilometres
Q2	-	three months ended September 30
Q2	-	three months ended September 30
Q3	-	three months ended December 31
Q4	-	three months ended March 31
WI	-	working interest
COSPA	-	crude oil sales and purchase agreement

RISK FACTORS

There are a number of risk factors facing companies that participate in the oil and gas industry. A complete list of risk factors is provided in Bengal's Annual Information Form dated June 29, 2022 filed on SEDAR at www.sedar.com.

Bengal monitors and updates its cash projection models on a regular basis, which assists in the timing decision of capital expenditures. Farm-outs of projects may be arranged if capital constraints are an issue or if the risk profile dictates that Bengal wishes to hold a lesser working interest position. Equity, if available and if on favorable terms, may be utilized to help fund Bengal's capital program.

An investment in the shares of the Company should be considered speculative due to the nature of the Company's involvement in the exploration for and the acquisition, development and production of oil and natural gas in foreign countries, and its current stage of development. An investor should consider carefully the risk factors set out in the annual information form and consider all other information contained herein and in the Company's other public filings before making an investment decision. Additional risks and uncertainties not currently known to the management of the Company may also have an adverse effect on Bengal's business and the information set out in the annual information form does not purport to be an exhaustive summary of the risks affecting Bengal.

ADDITIONAL INFORMATION

Additional information relating to Bengal is filed on SEDAR and can be viewed at www.sedar.com. Information can also be obtained by contacting the Company at Bengal Energy Ltd., Suite 1110, 715 5th Avenue SW., Calgary, Alberta T2P 2X6, by email to info@bengalenergy.ca or by accessing Bengal's website at www.bengalenergy.ca.

Forward-looking Statements *– Certain statements contained within this MD&A constitute "forward-looking statements" or "forward-looking information" ("forward-looking statements") as defined by applicable securities laws. 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 this MD&A should not be unduly relied upon. 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 and Australia 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.
In particular, this MD&A contains forward-looking statements pertaining to the following:

- *Oil and natural gas production levels;*
- *The size of the oil and natural gas reserves;*
- *The adverse impacts on the Company as a result of the current challenging economic climate;*
- *The forecasted covenant breach with respect to the Credit Facility;*
- *Bengal's drilling program and waterflood pilot;*
- *The belief that the Cooper Basin assets offer attractive upside potential for oil and gas;*
- *Timing and re-assessment of restarting the planning and drilling selection for the 2021 multi-well development and appraisal drilling campaign:*
- *The timing of the planned injection of produced formation water on the Barta Block PL 303 and the anticipated resulting production increases, future waterflood expansion phases, and reduced operating costs;*
- *The timing of the planned extended production test on the Nubba gas discovery well and plans to tie in the well;*
- *Expected extensions and amendments to the Credit Facility and the results of discussions with Westpac;*
- *The planned 100% free carried well on the ATP 934 Barrolka and the expected assistance in de-risking the natural gas potential of the permit;*
- *The timing of equipping for production cased wells;*
- *The continued engagement in early stage discussions with third parties with respect to potential business combination transactions;*
- *The continued integration of subsurface data from production licenses in the selection of exploration and appraisal drilling locations;*
- *Projections of market prices and costs including, but not limited to, expected royalty rates;*
- *Expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development;*
- *That required payments will be met out of operation cash flows and alternative forms of financing;*
- *Bengal's ability to finance its working capital deficiency and to source funds for the same;*
- *Treatment under governmental regulatory regimes and tax laws;*
- *Capital expenditures programs and estimates of costs; and*
- *That funding of working capital requirements, commitments and other planned expenses will be by cash on hand, cash flows, farm-outs, joint ventures, share issuances or other alternative forms of capital raising and funds will be sufficient to meet requirements including but not limited to Bengal's exploration activities through fiscal 2021 and capital program.*

The forward-looking statements contained herein are subject to numerous known and unknown risks and uncertainties that may cause Bengal's actual results, performance or achievement to differ materially from those expectations expressed in, or implied by, these forward-looking statements, including but not limited to, risks associated with:

- *The continuing adverse impact of COVID-19 on economic activity and demand for oil and natural gas;*
- *Uncertainties associated with the COVID-19 pandemic;*
- *Willingness of the Company's lenders to negotiate;*
- *Fluctuations in commodity prices, foreign exchange or interest rates;*
- *Changes in the demand for or supply of Bengal's products;*
- *Liabilities inherent in oil and natural gas operations;*
- *The failure to obtain required regulatory approvals or extensions;*
- *The failure to satisfy the conditions under farm-in and joint venture agreements;*
- *The failure to secure required equipment and personnel;*
- *Changes in general global economic conditions including, without limitations, the economic conditions in North America and Australia;*
- *Uncertainties associated with estimating oil and natural gas reserves;*
- *Increased competition for, among other things: capital, acquisitions of reserves, undeveloped lands and skilled personnel;*
- *The availability of qualified operating or management personnel;*
- *Incorrect assessment of the value of acquisitions;*
- *Inability to meet commitments due to inability to raise funds or complete farm-outs;*
- *Geological, technical, drilling and processing problems;*
- *Bengal's development and exploration opportunities;*
- *The results of exploration and development drilling and related activities;*
- *Changes in laws and regulations including, without limitation, the adoption of new environmental, royalty and tax laws and regulations and changes in how they are interpreted and enforced;*
- *The ability to access sufficient capital from internal and external sources; and*
- *Counter-party credit risk, stock market volatility and market valuation of Bengal's stock.*
- *Weather*

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, which 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 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).

Disclosure of Oil and Gas Information

Unless otherwise specified, reserves data set forth in this document is based upon an independent reserve assessment and evaluation prepared by GLJ with an effective date of March 31, 2021 (the "GLJ Report"). The GLJ Report has been prepared in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") and the reserve definitions contained in National Instrument 51-101 – Standards of Disclosure For Oil and Gas Activities.

This document discloses unbooked drilling locations. Unbooked locations are internal estimates based on the Company's prospective acreage and an assumption as to the number of wells that can be drilled per area based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. There is no certainty that the Company will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which the Company actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors.

Test Rates

References in this MD&A to production test rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long term performance or ultimate recovery. Readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company. A pressure transient analysis or well-test interpretation has not been carried out in respect of all wells. Accordingly, the Company cautions that the test results are historical and not indicative of expected production.

Internal Estimates

Certain information contained herein is based on estimated values the Company believes to be reasonable and are subject to the same limitations as discussed under "Forward-looking Statements" above.

CORPORATE INFORMATION

AUDITORS

KPMG LLP • Calgary, Canada

LEGAL COUNSEL

Burnet, Duckworth & Palmer LLP • Calgary, Canada
Piper Alderman • Sydney, Australia

BANKERS

Royal Bank of Canada • Calgary, Canada
WestPac • Sydney, Australia

REGISTRAR AND TRANSFER AGENT

Computershare • Toronto, Canada

DIRECTORS

Chayan Chakrabarty
James B. Howe
Peter Lansom
Dr. Brian J. Moss
Robert D. Steele (Chairman)
W. B. (Bill) Wheeler

DISCLOSURE COMMITTEE

Chayan Chakrabarty
Jerrad Blanchard

AUDIT COMMITTEE

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

RESERVES COMMITTEE

Dr. Brian J. Moss (Chairman)
Peter Lansom
Robert D. Steele

COMPENSATION COMMITTEE

Dr. Brian J. Moss (Chairman)
Robert D. Steele
Peter Lansom

GOVERNANCE AND NOMINATING COMMITTEE

W.B. (Bill) Wheeler (Chairman)
Robert D. Steele
Jim Howe

HEALTH SAFETY AND ENVIRONMENT COMMITTEE

Peter Lansom (Chairman)
Robert D. Steele
Dr. Brian J. Moss

OFFICERS

Chayan Chakrabarty, President & Chief Executive Officer
Richard N. Edgar, Executive Vice President
Jerrad Blanchard, Chief Financial Officer
Bruce Allford, Secretary

STOCK EXCHANGE LISTING – TSX: BNG

Interim Condensed Consolidated Financial Statements

(Unaudited)

Three and Six Months Ended September 30, 2022 and 2021

BENGAL ENERGY LTD.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Thousands of Canadian dollars)

(unaudited)

As at		**September 30 2022**	**March 31 2022**
	Notes		
Assets			
Current assets:			
Cash and cash equivalents		$ 1,872	$ 5,413
Trade and other receivables		2,242	2,646
Prepaid expenses and deposits		497	658
		4,611	8,717
Exploration and evaluation assets	5	11,737	10,352
Property, plant and equipment	6	32,197	29,508
Total assets		$ 48,545	$ 48,577
Liabilities and Shareholders' Equity			
Current liabilities:			
Trade and other payables		$ 2,301	$ 3,211
Current portion of lease liability		40	37
		2,341	3,248
Decommissioning and restoration liability	7	4,435	3,379
Lease liability		11	31
		6,787	6,658
Shareholders' equity:			
Share capital	8	118,796	118,796
Contributed surplus		8,056	8,015
Accumulated and other comprehensive loss		(3,143)	(1,078)
Deficit		(81,951)	(83,814)
		41,758	41,919
Total liabilities and shareholders' equity		$ 48,545	$ 48,577

Commitments (Note 16)

See accompanying notes to the interim condensed consolidated financial statements.

BENGAL ENERGY LTD.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

(Thousands of Canadian dollars, except per share amounts)

(unaudited)

		Three months ended September 30		Six months ended September 30	
	Notes	2022	2021	2022	2021
Revenue					
Oil sales	10	$ 2,135	$ 1,884	$ 4,598	$ 3,431
Royalties		(128)	(113)	(276)	(206)
		2,007	1,771	4,322	3,225
		2,007	1,771	4,322	3,225
Expenses					
General and administrative		630	517	1,416	1,052
Operating		763	836	1,601	1,630
Depletion and depreciation	6	244	291	511	553
Share-based compensation		19	32	37	62
Loss (gain) on foreign exchange		(67)	(4)	(80)	2
		1,589	1,672	3,485	3,299
Other (income)/expense					
Other income	10	(1,093)	-	(1,093)	-
Finance expense	12	40	14	67	23
Net income (loss)		1,471	85	1,863	(97)
Exchange differences on translation of foreign operations		(61)	(521)	(2,065)	(1,527)
Comprehensive income (loss)		$ 1,410	$ (436)	$ (202)	$ (1,624)
Income (loss) per share - basic & diluted	11	$ 0.00	$ 0.00	0.00	$ (0.00)
Weighted average shares outstanding (000s) - basic	11	485,304	432,987	485,304	432,987
- diluted	11	486,132	435,255	487,528	432,987

See accompanying notes to the interim condensed consolidated financial statements.

BENGAL ENERGY LTD.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Thousands of Canadian dollars)

(unaudited)

For the six months ended September 30	2022	2021
Share capital		
Balance at beginning of period	$ 118,796	$ 114,636
Balance at end of period	$ 118,796	$ 114,636
Contributed surplus		
Balance at beginning of period	8,015	7,870
Share-based compensation - expensed	37	62
Share-based compensation – capitalized	3	3
Balance at end of period	8,056	7,935
Accumulated other comprehensive loss		
Balance at beginning of period	(1,078)	(336)
Exchange differences translation of foreign operations	(2,065)	(1,527)
Balance at end of period	(3,143)	(1,863)
Deficit		
Balance at beginning of period	(83,814)	(83,440)
Net income (loss)	1,863	(97)
Balance at end of period	(81,951)	(83,537)
Total shareholders' equity	$ 41,758	$ 37,171

See accompanying notes to the interim condensed consolidated financial statements.

BENGAL ENERGY LTD.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands of Canadian dollars)

(unaudited)

		Three months ended September 30		Six months ended September 30	
	Notes	**2022**	**2021**	**2022**	**2021**
Operating activities:					
Net income (loss)		$ 1,471	$ 85	$ 1,863	$ (97)
Add (deduct) non-cash items					
Depletion and amortization		244	291	511	553
Accretion on decommissioning and restoration liability		44	8	73	16
Share-based compensation		19	32	37	62
Interest on lease liability		1	1	2	2
Unrealized foreign exchange gain		(5)	-	(30)	-
Funds from operations		1,774	417	2,456	536
Change in non-cash working capital	15	(721)	148	(386)	(745)
Net cash from (used in) operating activities		1,053	565	2,070	(209)
Investing activities:					
Exploration and evaluation expenditures	5	(475)	(17)	(1,969)	(10)
Property, plant and equipment expenditures	6	(1,711)	(632)	(3,633)	(776)
Additions to corporate assets		-	-	(2)	-
Change in restricted cash		-	-	-	-
Change in non-cash working capital	15	169	265	32	258
Net cash used in investing activities		(2,017)	(384)	(5,572)	(528)
Financing activities:					
Lease payments		(10)	(9)	(19)	(18)
Net cash used in financing activities		(10)	(9)	(19)	(18)
Net increase (decrease) in cash and cash equivalents		(974)	172	(3,521)	(755)
Cash and cash equivalents, beginning of period		2,849	3,593	5,413	4,531
Impact of foreign exchange on cash and cash equivalents		(3)	(7)	(20)	(18)
Cash and cash equivalents, end of period		$ 1,872	$ 3,758	$ 1,872	$ 3,758

See accompanying notes to the interim condensed consolidated financial statements.

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, development and production of oil and gas reserves in Australia. The interim condensed consolidated financial statements (the "financial statements") of the Company for the three and six months ended September 30, 2022 and 2021 are comprised of the Company and its wholly-owned subsidiaries including Bengal Energy Australia (Pty) Ltd. ("Bengal Pty") and Bengal Energy International Inc., which are incorporated in Australia and Canada respectively. The Company conducts many of its activities jointly with others; these financial statements reflect only the Company's proportionate interest in such activities.

The Company has its registered office at 2400, 525 – 8th Avenue SW, Calgary, Alberta T2P 1G1 and its head and principal office at 1110, 715 5th Ave SW, Calgary, Alberta, Canada, T2P 2X6.

2. BASIS OF PREPARATION

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

These financial statements were approved and authorized for issuance by the Board of Directors on November 7, 2022.

The consolidated financial statements are prepared on a historical cost basis except as detailed in the accounting policies disclosed in the company's audited consolidated financial statements for the year ended March 31, 2022. The Company's presentation currency is Canadian dollars. The functional currency of the Canadian parent entity is Canadian dollars; the functional currency of the Australian subsidiary is Australian dollars.

Evolving Demand for Energy - Changing Regulation

Emission, carbon and other regulations impacting climate and climate related matter are dynamic and constantly evolving. With respect to environmental, social and governance ("ESG") and climate reporting, the International Sustainability Standards Board has issued an IFRS Sustainability Disclosure Standard with the aim to develop sustainability disclosure standards that are globally consistent, comparable and reliable. In addition, the Canadian Securities Administrators have issued a proposed National Instrument 51-107 Disclosure of Climate-related Matters. The cost to comply with these standards, and others that may be developed or evolve over time, has not yet been quantified by the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used are consistent with those of the previous financial year as described in Note 3 of the Company's consolidated financial statements for the year ended March 31, 2022.

4. MANAGEMENT JUDGMENTS AND ESTIMATES

The timely preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant estimates and judgments made by management in the preparation of these financial statements are outlined below.

During the past 24 months commodity prices have been materially impacted by COVID-19 pandemic, significant geopolitical conflicts and other factors outside of the Company's control.

The current volatile economic climate, including impacts on cost inflation and interest rates, may have significant adverse impacts on the Company, including material declines in revenue and cash flows or increase in cost of operations, and related impacts to working capital levels and/or debt balances, which may also have a direct impact on the Company's operating results and financial position. These and other factors may adversely affect the Company's liquidity and the Company's ability to generate income and cash flows to meet the Company's current and future obligations. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Company is not known at this time. Estimates and judgements made by management in the preparation of the financial statements are increasingly difficult and subject to a higher degree of measurement uncertainty during this volatile period.

A full list of the critical judgments in applying accounting policies and key sources of estimation uncertainty can be found in the Company's consolidated financial statements for the year ended March 31, 2022.

5. EXPLORATION AND EVALUATION ASSETS ("E&E ASSETS")

($000s)	
Balance, April 1, 2021	9,890
Additions	1,231
Impairment	(568)
Capitalized share-based compensation	4
Exchange adjustments	(205)
Balance, March 31, 2022	10,352
Additions	1,969
Capitalized share-based compensation	2
Exchange adjustments	(586)
Balance, September 30, 2022	11,737

A summary of E&E assets is shown in the table below:

($000s)	
ATP 732P – Tookoonooka	5,730
PL 303 – Barta Block Cuisinier (controlling permit ATP 752)	2,623
ATP 934 – Barrolka	1,972
Other	27
Balance, March 31, 2022	10,352

($000s)	
ATP 732P – Tookoonooka	7,195
PL 303 – Barta Block Cuisinier (controlling permit ATP 752)	2,494
ATP 934 – Barrolka	2,023
Other	25
Balance, September 30, 2022	11,737

Exploration and evaluation assets consist of the Company's exploration projects in Australia, 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 wells is complete and the results have been evaluated.

In December of 2021 the Company recorded $0.6 million of impairment associated with uneconomic drilling results in the ATP 752 Barta Block.

6. PROPERTY, PLANT AND EQUIPMENT ("PP&E")

($000s)	**Petroleum and natural gas properties**	**Other assets**	**Right-of-use assets**	**Total**
Cost:				
Balance, April 1, 2021	50,780	344	143	51,267
Additions	3,089	2	-	3,091
Capitalized share-based compensation	6	-	-	6
Change in decommissioning and restoration liability	(59)	-	-	(59)
Exchange adjustments	(1,499)	-	-	(1,499)
Balance, March 31, 2022	52,317	346	143	52,806
Additions	3,633	2	-	3,635
Capitalized share-based compensation	1	-	-	1
Change in decommissioning and restoration liability	1,177	-	-	1,177
Exchange adjustments	(3,839)	-	-	(3,839)
Balance, September 30, 2022	53,289	348	143	53,780

($000s)	**Petroleum and natural gas properties**	**Other assets**	**Right-of-use assets**	**Total**
Accumulated depletion, depreciation and impairment losses:				
Balance, April 1, 2021	22,765	325	61	23,151
Depletion and depreciation	1,033	4	30	1,067
Exchange adjustments	(920)	-	-	(920)
Balance, March 31, 2022	22,878	329	91	23,298
Depletion and depreciation	494	2	15	511
Exchange adjustments	(2,226)	-	-	(2,226)
Balance, September 30, 2022	21,146	331	106	21,583

($000s)				
Net carrying amount:				
At March 31, 2022	29,439	17	52	29,508
At September 30, 2022	32,143	17	37	32,197

At September 30, 2022, there were no external or internal indicators of impairment. As a result, a quantitative impairment test was not performed.

During the six months ended September 30, 2022, the Company capitalized $0.1 million general and administrative expense (2021 - $0.1 million).

The calculation of depletion for the three months ended September 30, 2022, included $61.5 million for estimated future development costs associated with proved and probable reserves in Australia (March 31, 2022 - $61.5 million).

7. DECOMMISSIONING AND RESTORATION LIABILITY

Changes to decommissioning and restoration obligations were as follows:

($000s)	
Balance, April 1, 2021	3,478
Change in estimate	(59)
Accretion	38
Exchange adjustments	(78)
Balance, March 31, 2022	3,379
Change in estimate	1,177
Accretion	73
Exchange adjustments	(194)
Balance, September 30, 2022	4,435

The Company's decommissioning liabilities result from ownership interests in petroleum and natural gas properties. The Company estimates the total unadjusted and uninflated cash flows required to settle its decommissioning and restoration costs at September 30, 2022 is approximately $3.3 million (March 31, 2022 – $3.4 million) which will be incurred between 2025 and 2059. An inflation factor of 6.00% (March 31, 2022 – 3.05%) and a risk-free discount rate of 4.00% (March 31, 2022 – 3.50%) have been applied to the decommissioning liability at September 30, 2022. The changes in inflation factor and risk-free rate result in a $1.2 million change in estimate from March 31, 2022.

8. SHARE CAPITAL

Authorized:

Unlimited number of common shares with no par value.

Unlimited number of preferred shares, of which none have been issued.

Issued:

The following provides a continuity of share capital:

($000s)	**Number of common shares**	**Amount**
Balance at March 31, 2022 and September 30, 2022	485,304,215	118,796

9. SHARE-BASED COMPENSATION

The Company has a share option plan for directors, officers and employees of the Company whereby share options representing up to 10% of the issued and outstanding common shares can be granted by the Board of Directors. Share options are granted for a term of up to five years and vest one-third after the first year and one-third on each of the next two anniversary dates. The exercise price of each option equals the market price of the Company's common shares on the date of the grant.

Stock options granted under the plan can be exercised on a cashless basis, whereby the recipient receives a lesser amount of shares in lieu of paying the exercise price based on the deemed market price of the shares on the exercise date, and withholding taxes if the employee so elects.

A summary of stock option activity is presented below:

	Options	Weighted average exercise price
		$
Balance, March 31, 2022	12,445,000	0.08
Expired	(1,825,000)	0.10
Issued	300,000	0.11
Balance, September 30, 2022	10,920,000	0.08
Exercisable, September 30, 2022	3,190,000	0.08

10. REVENUE

Revenue from the sales of crude oil is based on the consideration specified in the Liquids Aggregation Agreement with the joint venture operator. The Company recognizes revenue when it transfers control of the product to the joint venture operator, which is generally at the time the joint venture operator obtains legal title of the crude oil and when it is physically delivered to the pipeline at an estimated transaction price based on average US Brent price and is adjusted for quality and other factors specified in the Liquids Aggregation Agreement once the product is shipped to the end customer and lifted.

The transaction price as prescribed in the Liquids Aggregation Agreement is a variable price based on the benchmark US Brent commodity price index, and may be adjusted for quality, location, delivery method or other factors depending on the agreed upon terms of the contract. The amount of revenue recorded can vary depending on the grade, quality and quantity of crude oil transferred to the joint venture operator. Revenues are typically collected 60 days following delivery to Port Bonython. The Cuisinier Joint Venture has recently negotiated a revised Liquids Aggregation Agreement with corresponding transportation agreements effective July 1, 2022 through to December 31, 2023.

During the quarter, the Cuisinier JV was notified by the operator of an misallocation of sales revenue received in May 2020, at which time the purchasing party under the former Crude Oil Sales and Purchase Agreement had overallocated its purchase volumes to the Cuisinier Joint Venture, which resulted in a corresponding under reporting of crude oil stock inventory. In July of 2022, the Company received a net payment of $1.1 million from the operator representing the difference between the historic pricing in May 2020 and current pricing on the additional crude oil stock which has been reflected as other income.

11. PER SHARE AMOUNTS

Income (loss) per share is calculated based on net income (loss) and the weighted-average number of common shares outstanding.

($000s except per share amounts)	Three months ended September 30		Six months ended September 30	
	2022	2021	2022	2021
Net Income (loss) for the period	1,471	85	1,863	(97)
Weighted average number of				
Common shares - basic (000s)	485,304	432,987	485,304	432,987
- diluted (000s)	486,132	435,255	487,528	432,987
Basic and diluted income (loss) per share	0.00	0.00	0.00	(0.00)

For the three months ended September 30, 2022, there were nil (2021 - 13,475,000) options considered anti-dilutive.

12. FINANCE EXPENSE

($000s)	Three months ended September 30		Six months ended September 30	
	2022	2021	2022	2021
Interest income	(7)	-	(12)	-
Accretion on decommissioning				
and restoration liability	44	8	73	16
Interest on lease liability	1	1	2	2
Interest – other	2	5	4	5
	40	14	67	23

13. FINANCIAL RISK MANAGEMENT

The Company has exposure to credit, liquidity and market risk from its use of financial instruments. This note presents information about the Company's exposure to these risks, the Company's objectives and policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for identifying the principal risks of the Company and ensuring the policies and procedures are in place to appropriately manage these risks. Bengal's management identifies, analyzes and monitors risks and considers the implication of the market condition in relation to the Company's activities.

(a) 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 September 30, 2022, Bengal's receivables consisted of $2.2 million (March 31, 2022 - $2.6million) from joint venture partners (all of which has been collected subsequent to period end) and $nil (March 31, 2022 - $0.1) of other receivables.

Bengal has a Liquids Aggregation Agreement with a 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.

The Company had no accounts considered past due at September 30, 2022 (March 31, 2022 - $nil). Past due is considered greater than 90 days outstanding.

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 September 30, 2022 (March 31, 2022 – $nil) and did not provide for any doubtful accounts, nor was it required to write-off any receivables during the three and six months ended September 30, 2022.

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.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations, including work commitments, as they are due. Bengal prepares an annual budget and updates forecasts for operating, financing and investing activities on an ongoing basis to ensure it will have sufficient liquidity to meet its liabilities when due.

Bengal's financial liabilities consist of trade and other payables and lease liability and amounted to $2.4 million at September 30, 2022 (March 31, 2022 - $3.3 million).

At September 30, 2022, the Company had working capital, which the Company defines as total current assets less total current liabilities, of $2.3 million, including cash and cash equivalents of $1.9 million, compared to working capital of $5.5 million at March 31, 2022. This reduction in working capital has funded discretionary capital activities.

The Company has adequate working capital and anticipates sufficient cash flow to maintain operations and meet near term capital expenditures. The Company may advance its growth initiatives by accessing external sources of capital if attractive financing alternatives, either debt or equity, become available and are appropriate.

The majority of the Company's oil sales are benchmarked on US Brent prices. The Company incurs most of its expenditures in Australian dollars whereas the Company generates most of its revenues in US dollars. The Company is acting with its joint venture partners to reduce discretionary spending and focus capital towards lower risk projects with near-term cash flow upside.

(c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, commodity price risk and interest rate risk. The Company is exposed to market risks resulting from fluctuations in foreign exchange rates, commodity prices and interest rates in the normal course of operations. A variety of derivative instruments may be used to reduce exposure to these risks.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. Bengal receives US dollars for Australian oil sales and incurs expenditures in Australian and Canadian currencies. The Company may enter into derivative foreign currency contracts in order to manage foreign currency risk, but has not done so to date.

The table below shows the Company's exposure in Canadian dollar equivalent to foreign currencies for its financial instruments at September 30, 2022:

($000s)				
	CAD$	AUS$	US$	Total
Cash and cash equivalents	782	220	870	1,872
Trade and other receivables	8	5	2,229	2,242
Trade and other payables	(167)	(2,134)	-	(2,301)
Lease liability	(51)	-	-	(51)
	572	(1,909)	3,099	1,762

Exchange rates as at September 30:	2022	2021
Number of CAD$ for 1 AUS$	0.89	0.93
Number of CAD$ for 1 US$	1.37	1.24

Commodity Price Risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of a change in commodity prices. Commodity prices for petroleum and natural gas are impacted by not only the relationship between the Canadian and United States dollar, as outlined above, but also world economic events that dictate the levels of supply and demand. Australian oil prices are based on the US Brent reference price, which currently trades at a premium to WTI. The Company had no commodity derivatives at September 30, 2022 and 2021.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's exposure to interest rate risk on its cash and cash equivalents at September 30, 2022 is restricted to investments with a maturity of three months or less. The Company had no interest rate derivatives at September 30, 2022 and 2021.

14. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base for the objectives of maintaining financial flexibility which will allow it to execute on its capital investment program, provide creditor and market confidence and to sustain future development of the business.

The Company manages its capital structure and makes adjustments by continually monitoring its business conditions, including: changes in economic conditions, the risk profile of its drilling inventory, the efficiencies of past investments, the efficiencies of forecasted investments and the timing of such investments, the forecasted cash balances, the forecasted commodity prices and resulting cash flow.

In order to maintain or adjust the capital structure, the Company may from time to time issue shares (if available on reasonable terms), issue debt instruments, sell assets, farm out properties and adjust its capital spending to manage current and projected cash levels. There can be no assurance that equity financing will be available or sufficient to meet capital commitments, or for other corporate purposes, or if equity financing is available, that it will be on terms acceptable to the Company.

15. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash working capital items

($000s)	Three months ended September 30 2022	Three months ended September 30 2021	Six months ended September 30 2022	Six months ended September 30 2021
Trade and other receivables	(704)	110	404	(236)
Prepaid expenses and deposits	51	-	161	-
Trade and other payables	(164)	345	(910)	(216)
Effect of change in foreign exchange rates	265	(42)	(9)	(35)
	(552)	413	(354)	(487)

Attributable to:

Operating	(721)	148	(386)	(745)
Investing	169	265	32	258
	(552)	413	(354)	(487)

The following represents the cash interest paid and received in each period:

($000s)	Three months ended September 30 2022	Three months ended September 30 2021	Six months ended September 30 2022	Six months ended September 30 2021
Cash interest paid	3	4	5	4
Cash interest received	7	-	12	-

16. COMMITMENTS

The Queensland Government regulatory authority granted the Company Authority to Prospect 934 ("ATP 934") under a revised work program on March 1, 2015. In Q4 fiscal 2018, the Company consolidated its ownership of ATP 934 and now holds a 100% and 40% operating interest in the northern and southern block of this permit respectively. The work program consists of 260 km^2 of 3D seismic and up to three wells.

At September 30, 2022, the Company had the following capital work commitments:

Country and permit	Work program	Obligation period ending	Estimated expenditure (net) (millions CAD$) [(1)]
Onshore Australia – ATP 934	260 km^2 3D seismic and up to three wells	February 2027	7.9
Onshore Australia – ATP 732	Geological and geophysical studies	March 2023	0.1
Offshore Australia AC/RL 10	Geological and geophysical studies	March 2023	0.1

(1) Translated at September 30, 2022 at an exchange rate of AUS$1.00 = CAD$0.8884.

At September 30, 2022, the contractual obligations for which the Company is responsible are as follows:

($000s)

Contractual obligations

	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Office lease	131	105	26	-	-
Decommissioning and restoration	4,435	-	826	-	3,609
	4,566	105	852	-	3,609

17. SEGMENTED INFORMATION

As at September 30, 2022, the Company has two reportable operating segments being the Australian oil and gas operations and corporate.

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 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.

($000s)

For the Six months ended September 30, 2022

	Australia	Corporate	Total
Revenue	4,598	-	4,598
Interest revenue	-	12	12
Interest expense	4	2	6
Depletion and depreciation	494	17	511
Net income (loss)	2,345	(484)	1,863
Exploration and evaluation expenditures	1,969	-	1,969
Petroleum and natural gas property expenditures	3,633	-	3,633

($000s)			
As at September 30, 2022			
Exploration and evaluation assets	11,737	-	11,737
Petroleum and natural gas properties	32,143	-	32,143
Total assets	47,686	859	48,545
Total liabilities	6,569	218	6,787

($000s)

For the Six months ended September 30, 2021

	Australia	Corporate	Total
Revenue	3,431	-	3,431
Interest expense	4	3	7
Depletion and depreciation	536	17	553
Net income (loss)	348	(445)	(97)
Exploration and evaluation expenditures	10	-	10
Petroleum and natural gas property expenditures	776	-	776

($000s)			
As at September 30, 2021			
Exploration and evaluation assets	9,473	-	9,473
Petroleum and natural gas properties	27,046	-	27,046
Total assets	39,211	3,110	42,321
Total liabilities	4,940	210	5,150

($000s) For the three months ended September 30, 2022	Australia	Corporate	Total
Revenue	2,135	-	2,135
Interest revenue	-	12	12
Interest expense	2	1	3
Depletion and depreciation	235	9	244
Net income (loss)	1,703	(232)	1,471
Exploration and evaluation expenditures	475	-	475
Petroleum and natural gas property expenditures	1,711	-	1,711

($000s) For the three months ended September 30, 2021	Australia	Corporate	Total
Revenue	1,884	-	1,884
Interest revenue	-	-	-
Interest expense	4	2	6
Depletion and depreciation	283	8	291
Net income (loss)	300	(215)	85
Exploration and evaluation expenditures	17	-	17
Petroleum and natural gas property expenditures	632	-	632

CORPORATE INFORMATION

AUDITORS

KPMG LLP • Calgary, Canada

LEGAL COUNSEL

Burnet, Duckworth & Palmer LLP • Calgary, Canada
Piper Alderman • Sydney, Australia

BANKERS

Royal Bank of Canada • Calgary, Canada
WestPac • Sydney, Australia

REGISTRAR AND TRANSFER AGENT

Computershare • Toronto, Canada

DIRECTORS

Chayan Chakrabarty
James B. Howe
Peter Lansom
Dr. Brian J. Moss
Robert D. Steele (Chairman)
W. B. (Bill) Wheeler

DISCLOSURE COMMITTEE

Chayan Chakrabarty
Jerrad Blanchard

AUDIT COMMITTEE

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

RESERVES COMMITTEE

Dr. Brian J. Moss (Chairman)
Peter Lansom
Robert D. Steele

COMPENSATION COMMITTEE

Dr. Brian J. Moss (Chairman)
Robert D. Steele
Peter Lansom

GOVERNANCE AND NOMINATING COMMITTEE

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

HEALTH, SAFETY AND ENVIRONMENT COMMITTEE

Peter Lansom (Chairman)
Robert D. Steele
Dr. Brian J. Moss

OFFICERS

Chayan Chakrabarty, President & Chief Executive Officer
Richard N. Edgar, Executive Vice President
Jerrad Blanchard, Chief Financial Officer
Bruce Allford, Secretary

STOCK EXCHANGE LISTING – TSX: BNG