



International exploration & production

Consolidated Financial Statements

**Three and Nine Months Ended
December 31, 2009 and 2008**

BENGAL ENERGY LTD.

CONSOLIDATED BALANCE SHEETS

(thousands of dollars) (unaudited)

As at	December 31, 2009	March 31, 2009
ASSETS		
Current assets:		
Cash and short term deposits	\$ 2,853	\$ 2,676
Accounts receivable	565	835
Prepaid expenses and deposits	106	118
	<u>3,524</u>	<u>3,629</u>
Petroleum and natural gas properties (Note 4)	5,404	9,035
	<u>\$ 8,928</u>	<u>\$ 12,664</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,023	\$ 1,440
Asset retirement obligations (Note 5)	104	179
Shareholders' equity:		
Share capital (Note 6)	43,460	43,460
Warrants (Note 6)	437	229
Contributed surplus (Note 6)	3,723	3,577
Deficit	(39,819)	(36,221)
	<u>7,801</u>	<u>11,045</u>
Going concern (Note 2)		
Commitments (Note 10)		
	<u>\$ 8,928</u>	<u>\$ 12,664</u>

See accompanying notes to consolidated financial statements.

BENGAL ENERGY LTD.

CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT (thousands of dollars, except per share amounts) (unaudited)

Periods ended December 31	Three months		Nine months	
	2009	2008	2009	2008
Revenues				
Petroleum and natural gas sales	\$ 413	\$ 825	\$ 1,492	\$ 4,259
Royalties	(53)	(125)	(192)	(739)
Interest income	2	29	15	150
	362	729	1,315	3,670
Expenses				
General and administrative	540	570	1,590	1,741
Operating and transportation	164	211	640	862
Depletion, depreciation and accretion	370	4,357	1,373	6,476
Loss on sale of oil and gas properties (Note 4)	—	—	943	—
Stock based compensation (Note 6)	168	52	354	334
Goodwill impairment	—	1,759	—	1,759
Foreign exchange loss (gain)	5	(24)	13	(134)
	1,247	6,925	4,913	11,038
Loss before non-controlling interest	(885)	(6,196)	(3,598)	(7,368)
Non-controlling interest	—	—	—	9
Net loss and comprehensive loss	(885)	(6,196)	(3,598)	(7,359)
Deficit, beginning of period	(38,934)	(29,186)	(36,221)	(28,023)
Deficit, end of period	\$ (39,819)	\$ (35,382)	\$ (39,819)	\$ (35,382)
Weighted average number of shares outstanding (000s) (Note 6)				
	18,213	18,213	18,213	18,212
Basic and diluted loss per share (Note 6)				
	\$ (0.05)	\$ (0.34)	\$ (0.20)	\$ (0.40)

See accompanying notes to consolidated financial statements.

BENGAL ENERGY LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (thousands of dollars)

Periods ended December 31	Three months		Nine months	
	2009	2008	2009	2008
Cash provided by (used in)				
Operations				
Net loss	\$ (885)	\$ (6,196)	\$ (3,598)	\$ (7,359)
Items not affecting cash				
Depletion, depreciation and accretion	370	4,357	1,373	6,476
Unrealized foreign exchange gain	—	(1)	(12)	(13)
Loss on sale of oil and gas assets	—	—	943	—
Stock based compensation	168	52	354	334
Goodwill impairment	—	1,759	—	1,759
Abandonment expenditures	—	—	(21)	(12)
Changes in non-cash working capital (Note 9)	83	332	(196)	673
Cash flow from (used in) operations	(264)	303	(1,157)	1,858
Financing				
Exercise of stock options	—	—	—	22
Changes in non-cash working capital (Note 9)	5	(25)	5	(51)
Cash flow from (used in) financing	5	(25)	5	(29)
Investments				
Additions to petroleum and natural gas properties	(1,120)	(1,096)	(848)	(6,470)
Property disposition (Note 4)	—	—	2,111	—
Changes in non-cash working capital (Note 9)	494	(3,095)	56	(253)
Cash flow from (used in) investing	(626)	(3,913)	1,319	(4,894)
Foreign exchange gain (loss) on cash held in a foreign currency	(2)	—	10	—
Increase (decrease) in cash and short-term deposits	(887)	(3,913)	177	(4,894)
Cash and short-term deposits, beginning of period	3,740	6,871	2,676	7,852
Cash and short-term deposits, end of period	\$ 2,853	\$ 2,958	\$ 2,853	\$ 2,958
	2009	2008	2009	2008
Interest received	\$ 1	\$ 127	\$ 23	\$ 198

See accompanying notes to consolidated financial statements.

BENGAL ENERGY LTD.

Notes to Consolidated Financial Statements

Three and nine months ended December 31, 2009 and 2008

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

1. INCORPORATION:

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.

2. GOING CONCERN:

The Company's ability to continue as a going concern is dependent upon obtaining the necessary financing to complete development activities and generate profitable operations from its oil and natural gas interests in the future. The Company's financial statements as of and for the three and nine months ended December 31, 2009 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company incurred a net loss of \$3.6 million for the nine months ended December 31, 2009 and has a deficit of \$39.8 million. Management regularly monitors funding requirements along with the Company's asset portfolio, operational activities, and market conditions to ensure they are appropriately balanced by either revising the Company's financing plans, making changes to operational activities, realizing assets or raising capital as required. In the event that the Company is unable to make the future work commitment payments on certain of its permits, the Company's existing capital investment on those permits of \$584,000 in India and \$333,000 in Australia may be forfeited and recorded as an impairment loss in the consolidated financial statements of the Company.

Should the going concern assumption not be appropriate, certain asset and liability amounts would require adjustment and reclassification which may be material.

3. SIGNIFICANT ACCOUNTING POLICES:

The interim consolidated financial statements of Bengal have been prepared by management in accordance with accounting principles generally accepted in Canada. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

The consolidated financial statements include the accounts of the Company and its wholly-owned and majority owned subsidiaries.

These interim unaudited consolidated financial statements have been prepared by management following the same accounting policies and methods that were used and disclosed in the audited financial statements for the year ended March 31, 2009, supplemented as disclosed below. The disclosures provided below are incremental to those included with the annual audited consolidated financial statements. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended March 31, 2009.

Recent pronouncements

Effective April 1, 2011, the Company will be required to prepare its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), with appropriate comparative figures for the prior year. The Company is currently assessing the differences between Canadian GAAP and IFRS and the effect on the consolidated financial statements.

Future Accounting Changes

In May 2009, the CICA amended Section 3862, "Financial Instruments – Disclosures," to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three level hierarchy that reflects the significance of the inputs used in making fair value measurements. Fair value of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. These amendments are effective for Bengal for its annual financial statements for the year ended March 31, 2010.

4. PETROLEUM AND NATURAL GAS PROPERTIES

(\$000s)	Cost	Accumulated depletion & depreciation	Net book value
December 31, 2009			
Australia			
Petroleum and natural gas properties	\$ 18,699	\$ 15,535	\$ 3,164
Other assets	56	49	7
Canada			
Petroleum and natural gas properties	3,998	2,998	1,000
Other assets	525	313	212
Other			
Petroleum and natural gas properties	1,021	–	1,021
	\$ 24,299	\$ 18,895	\$ 5,404
March 31, 2009			
Australia			
Petroleum and natural gas properties	\$ 18,389	\$ 15,057	\$ 3,332
Other assets	56	39	17
Canada			
Petroleum and natural gas properties	6,796	2,176	4,620
Other assets	525	260	265
Other			
Petroleum and natural gas properties	801	–	801
	\$ 26,567	\$ 17,532	\$ 9,035

Undeveloped property costs of \$3.7 million (2008 - \$3.0 million) have been excluded from the depletion calculation. Future development costs of proven reserves of \$50,000 (2008 - \$322,000) are included in the depletion calculation.

On September 24, 2009 the Company disposed of interests in certain Canadian petroleum and natural gas assets for \$2,111,000 net of purchase price adjustments. The disposition also resulted in the removal of \$63,000 of asset retirement obligations. The disposition of assets resulted in a change greater than 20% in the depletion rate in the Canadian cost centre and, as a result, a loss of \$943,000 has been charged to earnings.

5. ASSET RETIREMENT OBLIGATIONS

The Company's asset retirement obligations result from ownership interests in petroleum and natural gas assets. The Company estimates the total inflation adjusted undiscounted amount of cash flow required to settle its asset retirement obligations at December 31, 2009 is approximately \$161,000 (March 31, 2009 - \$301,000) which will be incurred between 2009 and 2020. An inflation factor of 2% has been applied to the estimated asset retirement cost at December 31, 2009 and March 31, 2009. A credit-adjusted risk-free rate of between 7% and 10% was used to calculate the fair value of the asset retirement obligations.

A reconciliation of the asset retirement obligations is provided below:

(\$000s)	Nine months ended December 31, 2009	Year ended March 31, 2009
Balance, beginning of period	\$ 179	\$ 180
Revisions	-	(17)
Liabilities settled	(21)	(12)
Liabilities incurred	-	16
Liabilities disposed	(63)	-
Accretion	9	12
Balance, end of period	\$ 104	\$ 179

6. SHARE CAPITAL

(a) Authorized:

Unlimited number of common shares

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

(b) Issued (number of shares adjusted for 5:1 consolidation):

(\$000s)	Number of shares	Amount
Balance March 31, 2008	18,197,783	\$ 43,438
Issued on exercise of stock options	15,000	22
Balance March 31, 2009 and December 31, 2009	18,212,783	\$ 43,460

Stock consolidation:

On July 17, 2008, the Company's shareholders approved the consolidation of the Company's shares on a 5:1 basis and the change of the Company's name from Avery Resources Inc. to Bengal Energy Ltd., effective on the close of business July 21, 2008. The effect of the one-for-five consolidation was to reduce to one-fifth the number of common shares, warrants and stock options outstanding as of the close of business on July 21, 2008. In addition, the weighted average exercise prices and fair value per option and warrant have been adjusted to five times the pre-consolidation prices. All information included in these financial statements is calculated and presented subsequent to the one-for-five consolidation.

(c) Stock-based compensation - warrants:

On February 13, 2008 Bengal issued 940,000 common share purchase warrants in exchange for 1,807,692 Bengal Energy Inc. common share purchase warrants as part of the acquisition of Bengal Energy Inc. Each Bengal warrant shall vest and be exercisable as to one-third of the warrants on each of the first, second and third anniversaries of issuance or immediately upon the 20-day weighted average trading price of the Bengal shares being \$4.00 per share and upon vesting shall entitle the holder to acquire one Bengal share at an exercise price of \$2.00 until August 13, 2011.

The fair value of warrants issued on February 13, 2008 was estimated to be \$0.7 million using the Black-Scholes

option-pricing model and will be recorded in warrant capital and compensation expense over the 36 month vesting period of the warrants.

The table below provides details of common share purchase warrant activity (adjusted for 5:1 share consolidation):

(\$000s)	Number of warrants	Amount
Balance March 31, 2008	940,000	\$ 31
Amortization of warrant fair value	–	198
Balance March 31, 2009	940,000	\$ 229
Amortization of warrant fair value	–	208
Balance December 31, 2009	940,000	\$ 437

(d) Stock-based compensation – stock options:

The Company has a stock option plan for directors, officers, employees and consultants of the Company whereby stock options representing up to 10% of the issued and outstanding common shares can be granted by the Board of Directors. Stock options are granted for a term of three to five years and vest one-third immediately 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.

Bengal accounts for its stock-based compensation plan using the fair value method. Under this method, a compensation cost is charged over the vesting period and results in one-third of the fair value of the options being charged to earnings immediately at the time of grant and one-third of the fair value is charged to earnings on each of the next two anniversaries after the grant date.

Bengal has not incorporated an estimated forfeiture rate for stock options that will not vest, rather the Company accounts for actual forfeitures as they occur.

A summary of stock option activity is presented below:

	Options	Weighted average exercise price
Outstanding at March 31, 2008	1,142,373	\$ 2.90
Granted	685,000	0.36
Exercised	(15,000)	1.50
Expired	(16,007)	2.08
Forfeited	(231,000)	2.82
Outstanding at March 31 2009	1,565,366	\$ 1.81
Granted	612,000	1.26
Expired	(402,700)	2.92
Forfeited	(10,000)	1.60
Outstanding at December 31, 2009	1,764,666	\$ 1.37
Exercisable at December 31, 2009	900,009	\$ 1.93

The fair value of options and warrants granted were estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions and resulting values:

	Nine months ended Dec 31, 2009	Year ended March 31, 2009
Assumptions:		
Risk free interest rate (%)	2.0%	2.0%
Expected life (years)	3 yr	5 yr
Expected volatility (%)	60 %	60 %
Vesting period (years)	2 yr	2 yr
Results:		
Weighted average fair value of options granted	\$ 0.52	\$ 0.19

The fair value of stock options granted during the nine months ended December 31, 2009 was estimated to be \$320,000 and for the year ended March 31, 2009 the fair value was estimated to be \$129,000.

(e) Contributed surplus

A reconciliation of contributed surplus is provided below:

(\$000s)	Nine months ended Dec 31, 2009	Year ended March 31, 2009
Balance, beginning of period	\$ 3,577	\$ 3,341
Stock-based compensation expense	146	236
Balance, end of period	\$ 3,723	\$ 3,577

(f) Per share amounts:

Per share amounts are calculated using losses and the weighted-average number of common shares outstanding. The Company has recorded a loss in each of the last two years and therefore any addition to basic shares outstanding is anti-dilutive.

The weighted average number of shares outstanding for the nine months ended December 31, 2009 is 18,212,783 (2008 – 18,211,587) and for the three months ended December 31, 2009 is 18,212,783 (2008 – 18,212,783).

At December 31, 2009 there were 467,667 (2008 – 1,058,813) options that were anti-dilutive and at December 31, 2009 there were also 940,000 warrants that were anti-dilutive (2008 – 940,000).

7. 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, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

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) Fair value of financial instruments:

Financial instruments comprise cash and short term deposits, accounts receivable and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying amounts due to their short-term maturities.

(b) 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 December 31, 2009 Bengal's receivables consisted of \$0.4 million (March 31, 2009 - \$0.4 million) from joint venture partners, nil (March 31, 2009 - \$0.1 million) of receivables from petroleum and natural gas marketers and \$0.2 million (March 31, 2009 - \$0.3 million) of other trade receivables.

In Canada, receivables from petroleum and natural gas marketers are normally collected on the 25th day of the month following production. Bengal previously marketed its Kaybob gas and liquids production through large publically traded companies. The Kaybob property was sold on September 24, 2009 with the remaining term of the contracts to October 31, 2009 assigned to the purchaser. Oak production is marketed by the operator. Bengal has not experienced any collection issues with the operator of the Oak wells.

In Australia, production is purchased by a consortium led by one of Australia's largest public oil and gas companies who is also a joint venture partner and 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 December 31, 2009, the Company had no receivables that were considered past due (past due is considered greater than 90 days outstanding).

Bengal establishes an allowance for doubtful accounts as determined by management based on their assessment of collection, therefore the carrying amount of accounts receivable and cash and cash equivalents represents the maximum credit exposure. Bengal does not have an allowance for doubtful accounts as at December 31, 2009 and did not provide for any doubtful accounts nor was it required to write-off any receivables during the year ended March 31, 2009 or the three and nine months ended December 31, 2009.

Cash and short-term deposits, 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.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations 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 accounts payable and accrued liabilities and amounted to \$1.0 million at December 31, 2009. Bengal has \$2.9 million in cash and short-term deposits and a net working capital surplus of \$2.5 million at December 31, 2009.

As the Company is in the early stages of exploration and development, and although it is generating operating revenue, funding of most activities to date has been supplemented through the issuance of share capital. It is expected that further equity financings will be used to fund ongoing operations and the Company's projected capital program, supplemented by cash flow from operations, working capital and debt, when the level of operations provides borrowing capacity.

(d) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is exposed to market risks resulting from fluctuations in commodity prices, foreign exchange rates 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 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 had no forward exchange rate contracts in place as at December 31, 2009 and March 31, 2009.

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 December 31, 2009 (\$000s)	Total	CAD	AUD	USD
			<i>CAD \$ Equivalent</i>	
Cash and short-term deposits	2,853	2,023	74	756
Accounts receivable	565	147	236	182
Accounts payable and accrued liabilities	(1,023)	(225)	(798)	-
Balance sheet exposure	2,395	1,945	(488)	938

A five percent strengthening or weakening of the CAD\$ would have no material impact on earnings.

Commodity price risk is the risk that the fair value or 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 Tapis reference price, which tracks WTI but is also affected by refinery capacity in South East Asia and the U.S. There were no financial instruments in place to manage commodity prices during the periods ended December 31, 2009 and March 31, 2009.

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk on its cash and cash equivalents that have a floating interest rate. The Company is only receiving one quarter of one percent interest on its guaranteed investment certificates. If interest rates declined to zero, there would have been a \$15,000 decrease to earnings and cash flow in the nine months ended December 31, 2009 and a one percent increase in interest rates would add \$62,000 to earnings and cash flow over the same period. The Company had no interest rate swaps or hedges at December 31, 2009 and March 31, 2009.

8. 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. The Company currently has no debt.

In order to maintain or adjust the capital structure, the Company may from time to time issue shares (if available on reasonable terms), sell assets, farm out properties and adjust its capital spending to manage current and projected cash levels. The Company presently does not have a credit facility in place but based on project viability may arrange separate project financing.

Bengal's share capital is not subject to external restrictions and the Company has not paid or declared any dividends since the date of incorporation, nor does it expect to.

9. CHANGES IN NON-CASH WORKING CAPITAL

Nine months ended December 31 (\$000s)	2009	2008
Accounts receivable and prepaid expenses	\$ 282	\$ 429
Accounts payable and accrued liabilities	(417)	(60)
Total	\$ (135)	\$ 369
Relating to:		
Operating	\$ (196)	\$ 673
Financing	5	(51)
Investing	56	(253)
Total	\$ (135)	\$ 369

10. COMMITMENT

At December 31, 2009 the Company had the following lease commitment for office space in Canada:

(\$000s)	
Fiscal 2010 – Jan 2010 to March 2010	\$ 31
Fiscal 2011 – April to July 2010	42
	\$ 73

In order to retain the license on certain blocks, the Company is committed to spend funds over the next fiscal year in the normal course of business. See note 2.

On December 10, 2009 Bengal entered into a Purchase & Sale Agreement to acquire a one hundred percent interest in ATP 732P in the Cooper Basin of Australia. If all conditions of the Agreement are satisfied, Bengal will be required to pay AUD \$1,000,000 to acquire the property.

11. SEGMENTED INFORMATION

Nine months ended Dec 31, 2009				
(\$000s)				
	Australia	Canada	Other	Total
Revenue, net of royalties	\$ 659	\$ 641	\$ –	\$ 1,300
Net loss	(458)	(3,006)	(134)	(3,598)
Petroleum and natural gas property expenditures	\$ 282	\$ 317	\$ 249	\$ 848
Property disposition	\$ -	\$ 2,111	\$ -	\$ 2,111

As at Dec 31, 2009 (\$000s)				
Petroleum and natural gas properties				
Cost	\$ 18,755	\$ 4,523	\$ 1,021	\$ 24,299
Accumulated depletion, depreciation and accretion	(15,584)	(3,311)	–	(18,895)
Net Book Value	\$ 3,171	\$ 1,212	\$ 1,021	\$ 5,404

Nine months ended Dec 31, 2008				
(\$000s)				
	Australia	Canada	Other	Total
Revenue, net of royalties	\$ 1,908	\$ 1,612	\$ –	\$ 3,520
Net loss	(4,565)	(2,741)	(53)	(7,359)
Petroleum and natural gas property expenditures	\$ 5,099	\$ 942	\$ 429	\$ 6,470
Property disposition	\$ -	\$ -	\$ -	\$ -

As at Dec 31, 2008 (\$000s)				
Petroleum and natural gas properties				
Cost	\$ 18,143	\$ 7,394	\$ 762	\$ 26,299
Accumulated depletion, depreciation and accretion	(14,887)	(2,107)	–	(16,994)
Net Book Value	\$ 3,256	\$ 5,287	\$ 762	\$ 9,305

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

REGISTRAR AND TRANSFER AGENT

Valiant Trust Corporation • Calgary, Canada

INVESTOR RELATIONS

Bryan Mills Iradesso • Calgary, Canada

DIRECTORS

Chayan Chakrabarty
Richard N. Edgar
Edwin (Ted) S. Hanbury
James B. Howe
Bradley G. Johnson
Judith A. Stripling
Ian J. Towers

GOVERNANCE AND DISCLOSURE COMMITTEE

All Directors are members of the Committee

AUDIT COMMITTEE

James B. Howe
Judith A. Stripling
Ian J. Towers

RESERVES COMMITTEE

Richard N. Edgar
Edwin (Ted) S. Hanbury
Ian J. Towers

COMPENSATION COMMITTEE

Richard Edgar
Edwin (Ted) S. Hanbury
Judith A. Stripling
Ian J. Towers

OFFICERS

Bradley G. Johnson, Chief Executive Officer
Chayan Chakrabarty, President
James Mott, Vice President, Exploration
Bryan C. Goudie, Chief Financial Officer
Bruce Allford, Secretary

STOCK EXCHANGE LISTING

TSX: BNG