NIKO RESOURCES LTD

Q1 RESULTS FOR THE QUARTER ENDED JUNE 30, 2015

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Niko Resources Ltd. ("Niko" or the "Company") is pleased to report its operating and financial results for the quarter ended June 30, 2015. The operating results are effective August 13, 2015. All amounts are in US dollars unless otherwise indicated and all amounts are reported using International Financial Reporting Standards unless otherwise indicated.

CHAIRMAN'S MESSAGE TO THE SHAREHOLDERS

The Company is pursuing a strategic plan to maintain the Company's core assets until the value of such assets can be enhanced for the benefit of the Company's stakeholders. The Company believes it has sufficient liquidity to fund the cash requirements of its operating subsidiaries in India and Bangladesh and its corporate general and administrative expenses for the foreseeable future, provided that it receives concessions from its key stakeholders to significantly reduce the cash outflows to these stakeholders until the value of the Company's core assets can be enhanced. In the first quarter of fiscal 2016, the Company negotiated, among other things, a deferral from June to September of the interest payment due on its senior secured term loan facilities and agreed to not make the interest payment on its unsecured 7% convertible notes or the scheduled payment on the unsecured obligation pursuant to the Diamond Settlement Agreement, each due on June 30, 2015. The Company continues to negotiate the terms and basis for a strategic plan with its key stakeholders, and is evaluating all options for the preservation and enhancement of value.

Kevin J. Clarke – Chairman and interim Chief Executive Officer, Niko Resources Ltd.

LIQUIDITY AND CAPITAL RESOURCES

In fiscal 2015, after three deferrals, the Government of India ("GOI") approved a new domestic gas pricing policy for India that increased the price for gas sales from the D6 Block in India, but the formula in the new policy guidelines resulted in prices that are significantly lower than had been expected when the Company entered into a term loan facilities agreement with its senior lenders in December 2013.

The lower than expected gas price for D6 gas sales contributed to the Company's inability to meet its financial covenants under its term loan facilities in fiscal 2015, resulting in the recognition of the outstanding balances of the term loan facilities and the Company's 7 percent senior unsecured convertible notes due December 31, 2017 ("Notes") as current liabilities and necessitating the negotiation of amendments to the term loan facilities agreements in the fourth quarter of fiscal 2015 and the first quarter of fiscal 2016. These amendments waived certain financial covenants and undertakings until September 15, 2015 and provided the Company with time to pursue the potential sale of the Company's interest in the D6 Block or the sale of the Company, subject to the following conditions:

- Restrictions in the Company's capital expenditures for non-core assets and general and administrative expenditures and maintenance of specified minimum total cash balances during calendar 2015;
- Prepayments on the term loan facilities of \$50 million, reducing the principal amount outstanding to \$250 million as at June 30, 2015;
- Deferral of the quarterly interest payment due on June 23, 2015 under the term loan facilities agreement to September 23, 2015; and
- Restrictions from making any interest or other payments under the Notes or under the terms of the agreement entered into with Diamond Offshore (the "Diamond Settlement Agreement") until September 30, 2015 (see below under "Negotiations with Stakeholders").

The Company is no longer focused on the sale of its interest in the D6 Block or the Company in the near term, and is now pursuing a strategic plan to maintain the Company's core assets until the value of these assets can be enhanced for the benefit of the Company's stakeholders.

Negotiations with Stakeholders

As a result of the amendments to the facilities agreement, the Company initiated discussions and negotiations with holders of the Notes and their representatives to seek their consent to defer to September 30, 2015 the interest payment due on June 30, 2015. In addition, the Company sought the consent of the parties to the Diamond Settlement Agreement to defer any payments that are due and payable prior to September 30, 2015 and eliminate the required minimum balance in a reserve account specified in the Diamond Settlement Agreement. To date, no consents have been obtained from the holders of the Notes or the other parties to the Diamond Settlement Agreement.

The interest payment due on June 30, 2015 under the terms of the indenture governing the Notes was not made and as a result, an event of default occurred on July 30, 2015. Accordingly, the noteholders have the option to accelerate repayment of the Notes. A group of convertible noteholders have formed an ad hoc committee to evaluate proposals and next steps. Based on discussions with the ad hoc committee and the trustee under the Note indenture, the Company does not expect that any steps will be taken in the near term to enforce any rights under the indenture. Nevertheless, it is important to note that there can be no assurance that steps will not be taken, particularly if no arrangements are reached with the lenders under the facilities agreement by September 15, 2015.

The scheduled payment of \$5 million and the deposit into a reserve account of \$5 million due on June 30, 2015 were not made and an event of default occurred under the Diamond Settlement Agreement. Diamond Offshore has filed suit in a court in Texas seeking to enforce the scheduled payment and the deposit into the reserve account. The Company is currently considering the merits of the suit and available defences. Under the terms of Diamond Settlement Agreement, Diamond has the option to terminate the agreement and revert to the original drilling contracts that include termination provisions. To date, Diamond has not taken any steps to terminate the Diamond Settlement Agreement. The Company has estimated the maximum potential unsecured termination claim under the original drilling contracts could range from \$100 to \$220 million.

The discussions with the holders of the Notes and the parties to the Diamond Settlement Agreement are now focused on the strategic plan of the Company to enhance value over a longer period of time. Negotiations are also continuing with the Company's senior lenders in order to seek a resolution that allows for the pursuit of the strategic plan past September 15, 2015, the date that the waiver of certain financial covenants and undertakings cease to apply. This strategic plan would likely be subject to certain approvals by various stakeholders and could have a significant negative impact on stakeholders and the value of their interests in the Company. No assurance can be made that any strategic plan can be accomplished at all or on a timely basis. The failure to effect a transaction pursuant to a strategic plan on a timely basis could prove to be unsatisfactory for security holders, which would likely have a material adverse impact on the value of their interest in the Company.

Sources of Funding - Operating Subsidiaries in India and Bangladesh and Corporate

The Company has the following sources of funding for its planned operating, investing and financing cash outflows (including working capital requirements):

- Unrestricted cash and cash equivalents as at June 30, 2015 of $39 million;
- Restricted cash as at June 30, 2015 of $23 million (subject to terms of the facilities agreement, as amended);
- Receipts of oil and natural gas revenues from its producing assets in India and Bangladesh;
- Potential proceeds from asset sales, farm-outs and other arrangements; and
- Potential proceeds from future equity or debt issuances.

The Company believes that it has sufficient liquidity for the foreseeable future to satisfy the anticipated cash requirements of its operating subsidiaries in India and Bangladesh and its corporate general and administrative expenses, provided that it receives concessions from its key stakeholders to significantly reduce the cash outflows to these stakeholders until the value of the Company's core assets can be enhanced.

Exploration Subsidiaries in Indonesia and Trinidad

As at June 30, 2015, the Company's exploration subsidiaries in Indonesia and Trinidad had $82 million of accounts payable and accrued liabilities, $192 million of recorded liabilities for unfulfilled exploration work commitments, and $81 million of future exploration commitments. Unfulfilled and future exploration commitments of $133 million related to subsidiaries in Trinidad are backed by parent company guarantees.

The Company is continuing its efforts to sell or farm out interests in many of its exploration PSCs, reschedule its exploration commitments, and settle its vendor liabilities.

In April 2015, the Company closed on transactions for the sale of certain of its subsidiaries holding interests in four Indonesian PSCs (West Papua IV, Kofiau, Halmahera-Kofiau, and Aru) as the first phase of transactions under a definitive agreement executed in October 2014 with a subsidiary of Ophir Energy Plc ("Ophir"). The cash consideration of $16 million received reflects $9 million of combined net working capital obligations of the subsidiaries acquired by Ophir. Further payments under these transactions are contingent on future exploration success. Approximately $4 million of the cash consideration was used to reduce the amount outstanding under the Diamond Settlement Agreement and $9 million was used to pay outstanding tax liabilities in Indonesia and costs associated with the transactions. Subsequently, in July 2015, the Company obtained approval from the Government of Indonesia for the sale of its interest in the North Ganal PSC, for which net cash consideration of $4 million is expected to be received. Closings of the transaction for the sale of the Company's interest in one additional Indonesian PSC (North Makassar Strait) is subject to the satisfaction or waiver of the remaining conditions precedent. Niko is contesting the Land and Building Tax ("LBT") assessments related to certain Indonesian PSCs and has indemnified Ophir for any potential LBT obligations related to the subsidiaries that own interests in the Aru and North Ganal PSCs.

In May 2015, the Company executed agreements to sell its entire interests in the Guayaguayare Shallow and Deep PSCs to subsidiaries of Range Resources Ltd., effectively amending the terms of previously executed farm-out agreements. Under the sale agreements, the Company will sell its interests in the PSCs in exchange for the assumption of existing liabilities and commitments under the PSCs and for potential future payments that are contingent on certain future events in the PSCs. Closing of the sale transactions are subject to certain conditions, including the approval of the Government of Trinidad and Tobago.

The terms of the Company's term loan facilities limit the funding of capital expenditures and working capital requirements of the Company's exploration subsidiaries and the Company is evaluating its options for these subsidiaries as part of its strategic plan. There is significant uncertainty regarding whether these efforts will be sufficient to allow certain of the Company's exploration subsidiaries to meet existing and future obligations and continue activities in the future.

Contingent Liabilities

The Company and its subsidiaries are subject to various claims from other parties, as described in Note 27 of the condensed interim consolidated financial statements for the three months ended June 30, 2015, and is actively defending against these claims. An adverse outcome on one or more of these claims could significantly impact the future cash flows of the Company.

Ability of the Company to Continue as a Going Concern

As a result of the foregoing matters (including the ongoing obligations of the Company and its subsidiaries), there is material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

BUSINESS HIGHLIGHTS

The significant business highlights of the first quarter of fiscal 2016 are as follows:

Sales Volumes (mmcfe/d)	Quarter ended June 30, 2015	Quarter ended March 31, 2015	Quarter ended June 30, 2014
D6 Block, India	42	43	50
Block 9, Bangladesh	64	66	66
Hazira, India	1	2	2
Total(1)	108	111	118

(1) Figures may not add up due to rounding.

D6 Block, India

- Per India's new Domestic Natural Gas Guidelines, effective November 1, 2014 (the "Guidelines"), the price for natural gas sales from the D6 Block in India for April 2015 to September 2015 is $4.66 / MMbtu based on the gross calorific value ("GCV") of the sales gas, which equates to approximately $5.18 / MMbtu based on the net calorific value ("NCV") of the sales gas and represents an increase of 23 percent from the $4.20 / MMbtu NCV that natural gas sales had been priced at prior to the adoption of the Guidelines, and a decrease of approximately 8 percent from the price for the November 2014 to March 2015 period. For the Dhirubhai 1 and 3 fields ("D1 D3") in the D6 Block where a dispute between the contractor group and the GOI on the cost recovery of certain costs is under arbitration, the Guidelines indicate that the contractor group would be paid the earlier price of $4.20 / MMbtu and the difference between the revised price and $4.20 / MMbtu would be credited to a gas pool account and "whether the amount so collected is payable or not to the contractors of this block would be dependent on the outcome of the award of the pending arbitration and any attendant legal proceedings".
- The price for oil and condensate sales for the first quarter of fiscal 2016 decreased by approximately 45 percent compared to the first quarter of fiscal 2015 as a result of the decline in world oil prices.
- Total sales volumes from the D6 Block in the first quarter of fiscal 2016 of 42 mmcfe/d decreased from the first quarter of fiscal 2015 primarily due to the impact of natural production declines in the fields in the block, partially offset by incremental production from the re-activation of the previously shut-in B6 well in D1 D3 in May 2015 and the MA-5H sidetrack well brought on-stream in March 2015. During the first quarter of fiscal 2016, the MA-5H sidetrack well was shut-in due to sand production from the well and further sidetrack options for the MA field are being evaluated.
- The B1 substitute well in D1 D3 was successfully completed during the first quarter of fiscal 2016 and was brought on-stream in July 2015. The A1 sidetrack well in D1 D3 commenced drilling in the first quarter of fiscal 2016 and was brought on-stream in late July 2015.
- The Contractor group for the D6 Block elected to conduct drill stem tests ("DSTs") for two discoveries in the block and relinquish a third discovery, as a first step towards designing an integrated development scheme for the retained discoveries with the Satellites discoveries. The DST program for the first discovery is currently underway.

NEC-25 Block, India

- The Contractor group for the NEC-25 Block elected to conduct a DST for one discovery in the block and relinquish a second discovery. The DST program is expected to occur after the two DSTs in the D6 Block.

Block 9, Bangladesh

- Total sales volumes from Block 9 in the first quarter of fiscal 2016 of 64 mmcfe/d decreased slightly from the first quarter of fiscal 2015, reflecting decreased market demand and plant performance.

CAPITAL AND EXPLORATION EXPENDITURES

For the quarter ended June 30, 2015:

(millions of US Dollars)	Development capital(1)	Directly expensed exploration and evaluation costs(1)	Total
India and Bangladesh	11	-	11
Other	-	3	3
Total	11	3	14

(1) Share-based compensation and other non-cash items are excluded.

India and Bangladesh

Capital and exploration expenditures in India and Bangladesh totaled $11 million for the first quarter of fiscal 2016, related primarily to the completion and sidetrack of development wells in the D6 Block in India.

Other Countries

Capital and exploration expenditures outside of India and Bangladesh totaled $3 million for the first quarter of fiscal 2016, primarily related to payments due under the PSCs in Trinidad.

FINANCIAL RESULTS

	Three Months ended June 30,	
(millions of US dollars)	2015	2014
EBITDAX	19	26
Net loss	(29)	(55)

(1) EBITDAX is a non-IFRS measure as defined by the Company in its filings of its Management's Discussion and Analysis on SEDAR at www.sedar.com. The most comparable IFRS measure is net loss and a reconciliation of EBITDAX to net loss is contained in the Company's Management's Discussion and Analysis.

EBITDAX for the first quarter of fiscal 2016 was $19 million compared to $26 million in the first quarter of fiscal 2015, primarily due to lower oil prices, lower sales volumes, higher government share of revenue in Block 9 in Bangladesh, partially offset by higher natural gas prices for the D6 Block in India.

Complete details of the Company's financial results are contained in its condensed interim consolidated financial statements and Management's Discussion and Analysis for the three months ended June 30, 2015 which will be available on the Company's SEDAR profile at www.sedar.com.

For further information, please contact:

Niko Resources Ltd. (403) 262-1020, Glen Valk, VP Finance & CFO, or visit the Company's website at www.nikoresources.com.

Forward-Looking Information

Certain statements in this press release constitute forward-looking information. Specifically, this press release contains forward looking information relating to the ability of the Company to successfully complete its strategic plan on a timely basis, the ability of the Company to reach an agreement with its lenders that allows for the pursuit of the strategic plan past September 15, 2015, the Company complying with the terms of the facilities agreement, as amended, and the ability of the Company to give effect to its business plan. Such forward-looking information is based on a number of risks, uncertainties and assumptions, which may cause actual results or other expectations to differ materially from those anticipated and which may prove to be incorrect. There can be no assurances that the Company will be able to successfully complete its strategic plan on a timely basis, or that the Company will be able to comply with the terms of the facilities agreement, as amended, or that the Company will be able to meet the goals and purposes of its business plan. The failure to meet or satisfy any of the foregoing is likely to have a material adverse impact on the Company and could significantly impair the value of security holders' interest in the Company. Undue reliance should not be placed on forward-looking information. Such forward-looking information reflects the Company's current beliefs and assumptions and is based on information currently available to the Company. This forward-looking information is based on certain key expectations and assumptions, many of which are not within the control of the Company and include expectations and assumptions regarding future commodity prices, results of operations, production, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, plans for and results of drilling activity, environmental matters, business prospects and opportunities, prevailing exchange rates, applicable royalty rates and tax laws, future well production rates, the performance of existing wells, the success of drilling new wells, the availability of capital to undertake planned activities, the availability and cost of labour and services and general market conditions. The reader is cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be incorrect. Actual results may vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors and such variations may be material. Such risk factors include, but are not limited to: risks related to the ability of the Company to continue as a going concern, the risks associated with the Company meeting its obligations under the amended facilities agreement and successfully completing its strategic alternatives plan, risks related to the various legal claims against the Company, risks related to obtaining consents, risks relating to the Company’s default under the indenture governing the Notes and the Company’s default under the Diamond Settlement Agreement (as defined herein), as well as the risks associated with the oil and natural gas industry in general, such as operational risks in development, exploration and production, delays or changes in plans with respect to exploration or development projects or capital expenditures, the uncertainty of estimates and projections relating to production rates, costs and expenses, commodity price and exchange rate fluctuations, government regulation, marketing and transportation risks, environmental risks, competition, the ability to access sufficient capital from internal and external sources, changes in tax, royalty and environmental legislation, the impact of general economic conditions, imprecision of reserve estimates, the lack of availability of qualified personnel or management, stock market volatility, risks associated with meeting all of the Company's financing obligations and contractual commitments (including work commitments), the risks discussed under "Risk Factors" in the Company's Annual Information Form for the year-ended March 31, 2015 and in the Company's public disclosure documents, and other factors, many of which are beyond the Company's control. Niko makes no representation that the actual results achieved during the forecast period will be the same in whole or in part as those forecast.

The forward looking information included in this press release is expressly qualified in its entirety by this cautionary statement. The forward looking information included herein is made as of the date of this press release and Niko assumes no obligation to update or revise any forward looking information to reflect new events or circumstances, except as required by law.

Non-IFRS Measures

The selected financial information presented throughout this press release is prepared in accordance with IFRS, except for “EBITDAX”. The Company utilizes EBITDAX to assess performance and to help determine its ability to fund future capital projects and to repay debt. EBITDAX is calculated as net income before interest expense, income taxes, depletion and depreciation expenses, exploration and evaluation expenses, and other non-cash items (gain or loss on asset disposal, gain or loss on derivatives, asset impairment, share-based compensation expense, restructuring expenses, accretion expense, unfulfilled exploration commitment expense and unrealized foreign exchange gain or loss). EBITDAX should not be viewed as a substitute for measures of financial performance presented in accordance with IFRS or as a measure of a company’s profitability or liquidity. This non-IFRS measure do not have any standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other companies. Refer to the Company's Management’s Discussion and Analysis for details on these non-IFRS financial measures.