NIKO RESOURCES LTD

NIKO REPORTS RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2015

Niko Resources Ltd. ("Niko" or the "Company") is pleased to report its operating and financial results for the quarter ended September 30, 2015. The operating results are effective November 12, 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 continuing its negotiations with its key stakeholders regarding its proposed 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 that it will not be able to conclude such negotiations by November 15, 2015 and expects to seek an extension from its senior lenders to provide the Company with additional time to finalize these negotiations. While the Company has a significant working capital deficit, 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 complying with the terms of the amendments to the facilities agreement and related extensions, the Company continues to be in default of interest payment obligations under the indenture governing the Company's 7% senior unsecured convertible notes due December 31, 2017 (the "Notes") and certain obligations under the terms of the agreement entered into with Diamond Offshore (the "Diamond Settlement Agreement").

The strategic plan that the Company is pursuing will likely be subject to certain approvals by certain stakeholders and could have a significant negative impact on securityholders and other 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 stakeholders, which would likely have a material adverse impact on the value of their interest in the Company.

The Company's management is focused on reducing ongoing costs by reducing staff and closing branch offices in countries where it had been exploring. The Company will continue its efforts to monetize its non-core assets and minimize cash outflows outside of its core areas.

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

LIQUIDITY AND CAPITAL RESOURCES

The Company continues to pursue 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. While the Company has a significant working capital deficit, 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. These concessions are a key aspect of the strategic plan which the Company is currently negotiating with its senior lenders, representatives of the holders of the Notes and the parties to the Diamond Settlement Agreement.

The Company has negotiated a series of waivers of certain financial covenants and undertakings with its senior lenders to provide the Company with time to pursue its strategic plan and the current waiver expires on November 15, 2015. In addition, its senior lenders have agreed not to act until after November 15, 2015 on any rights or remedies arising directly from the failure by the Company to make interest payments which were due on the term loan on September 23, 2015. The Company intends to seek a further extension to the covenants in the third amendment to the facilities agreement and to the forbearance period in the forbearance agreement.

In complying with the terms of amendments to the facilities agreement with its senior lenders, the Company is restricted from making any interest or other payments under the indenture governing the Notes, and under the terms of the Diamond Settlement Agreement until November 30, 2015 and, as such, continues to be in default of interest payment obligations under the indenture governing the Notes and certain obligations under the Diamond Settlement Agreement. 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. There can be no assurance that steps will not be taken, particularly if no arrangements are reached with the lenders under the facilities agreement on a timely basis. On June 30, 2015, the Company did not make a scheduled payment of $5 million under the terms of the Diamond Settlement Agreement. Diamond has filed suit in a court in Texas seeking to enforce the payment and other obligations. 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 key stakeholder are now focused on the strategic plan of the Company to enhance value over a longer period of time. This strategic plan will likely be subject to certain approvals by certain stakeholders and could have a significant negative impact on securityholders and other 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 stakeholders, 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 September 30, 2015 of $37 million;
- Restricted cash as at September 30, 2015 of $22 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.

As per India's Domestic Natural Gas Guidelines, 2014 ("the Guidelines"), in late September 2015, the Government of India ("GOI") announced a price of $3.82 / MMbtu gross calorific value ("GCV") (equates to approximately $4.24 / MMbtu net calorific value ("NCV")) for the October 2015 to March 2016 period, which represents a reduction of approximately 18 percent from the price for natural gas sales for the April 2015 to September 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 reduction in gas price for the D6 Block for October 2015 to March 2016 is expected to negatively impact net cash flow by approximately $2 million per quarter for the next two quarters.

The Company believes that it has sufficient liquidity to fund the anticipated 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.

Exploration Subsidiaries in Trinidad

In the second quarter of fiscal 2016, the Company received approvals from the Government of Trinidad and Tobago for the sales of its entire interests in the Guayaguayare Shallow and Deep production sharing contracts ("PSCs") in Trinidad to subsidiaries of Range Resources Ltd. 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. Closings of the transactions are subject to the satisfaction or waiver of certain remaining conditions and are expected to occur in the third quarter of fiscal 2016.

In the second quarter of fiscal 2016, the Company closed its Trinidad office to reduce ongoing costs. The Company is continuing its efforts to sell or farm out interests in its exploration PSCs in Trinidad and reschedule its exploration commitments utilizing its Calgary office personnel and contractors including a representative in Trinidad.

As at September 30, 2015, the Company's exploration subsidiaries in Trinidad had $25 million of accounts payable and accrued liabilities (including PSC obligations), $75 million of recorded liabilities for unfulfilled exploration work commitments, and $54 million of unrecorded future exploration commitments, with the unfulfilled and future exploration commitments and PSC obligations backed by parent company guarantees.

Exploration Subsidiaries in Indonesia

In the second quarter of fiscal 2016, the Company received approval from the Government of Indonesia for the sale of its subsidiary holding an interest in the North Ganal PSC for net cash consideration of $1.5 million after working capital adjustments. Closing of this transaction is scheduled to occur in the third quarter of fiscal 2016. Closing 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.

In the second quarter of fiscal 2016, the Company closed its Indonesian office and discontinued operating activities related to its remaining Indonesia PSCs.

As at September 30, 2015, the Company's exploration subsidiaries with interests in Indonesian PSCs had $61 million of accounts payable and accrued liabilities and $144 million of recorded liabilities for unfulfilled exploration work commitments.

Ability of the Company's Exploration Subsidiaries to Meet Obligations and Continue Activities in the Future

There is significant uncertainty regarding whether certain of the Company's exploration subsidiaries will be able 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 28 of the condensed interim consolidated financial statements for the three months ended September 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 second quarter of fiscal 2016 are as follows:

Sales Volumes	Three months ended September 30,		Six months ended September 30,	
(mmcfe/d)	2015	2014	2015	2014
D6 Block, India	41	47	41	49
Block 9, Bangladesh	63	65	64	65
Hazira, India	1	2	1	2
Total[(1)]	105	114	106	116

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

D6 Block, India

- Per India's new Guidelines, effective November 1, 2014, the price for natural gas sales from the D6 Block in India for April 2015 to September 2015 was $4.66 / MMbtu based on the GCV of the sales gas, which equated to approximately $5.18 / MMbtu based on the NCV of the sales gas and represented 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 announced by the GOI for October 2015 to March 2016 of $3.82 / MMbtu GCV (equates to approximately $4.24 / MMbtu NCV) represents a reduction of approximately 18 percent from the price for natural gas sales for the April 2015 to September 2015 period.
- The price for oil and condensate sales for the second quarter of fiscal 2016 decreased by approximately 55 percent compared to the second quarter of fiscal 2015 as a result of the decline in world oil prices.
- Total sales volumes from the D6 Block in the second quarter of fiscal 2016 of 41 mmcfe/d decreased from the second quarter of fiscal 2015 primarily due to the impact of natural production declines in the fields in the block and the deferral from late September to early October of a scheduled crude oil lifting from the floating, production, storage and offloading vessel ("FPSO") in the MA field, partially offset by incremental production from sidetracks and reactivations during fiscal 2016.
- In the first quarter of fiscal 2016, the Contractor group for the D6 Block elected to conduct drill stem tests ("DSTs") for two discoveries in the block. The DSTs have been completed, confirming the potential of these discoveries, and the Contractor group plans to incorporate the information into the design of an integrated development scheme for the retained discoveries with the Satellites discoveries.
- With the completion of the second DST at the beginning of the third quarter of fiscal 2016, the drilling program in the D6 Block concluded for fiscal 2016 and is not expected to resume until fiscal 2017 with the potential drilling of one or more additional sidetracks in the MA field.

NEC-25 Block, India

- In the first quarter of fiscal 2016, the Contractor group for the NEC-25 block elected to conduct a DST for one discovery in the block. In the second quarter of fiscal 2016, the Company elected to withdraw from the NEC-25 block and relinquish its interest to the remaining interest holders, eliminating its obligation to fund its share of the DST program.

Block 9, Bangladesh

- Total sales volumes from Block 9 in the second quarter of fiscal 2016 of 63 mmcfe/d decreased slightly from the second quarter of fiscal 2015, primarily reflecting the impact of increased delivery pressure requirements of the sales trunkline and of a scheduled plant turnaround that began at the end of September and concluded in early October.

CAPITAL AND EXPLORATION EXPENDITURES

For the six months ended September 30, 2015:

(millions of US Dollars)	Development capital(1)	Exploration and evaluation capital(1)	Directly expensed exploration and evaluation costs(1)	Total
India and Bangladesh	17	5	-	22
Other	-	-	6	6
Total	17	5	6	28

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

India and Bangladesh

Capital and exploration expenditures in India and Bangladesh totaled $22 million for the first half of fiscal 2016, including $11 million in the second quarter. Development capital of $17 million related primarily to the completion and sidetrack of development wells in the D6 Block in India. Exploration and evaluation capital of $5 million related primarily to the cost of the DST programs on two discoveries in the D6 Block. These costs have been expensed as asset impairments in the current quarter as the costs of the discoveries that the DST were performed on had previously been impaired.

Other Countries

Capital and exploration expenditures outside of India and Bangladesh totaled $6 million for the first half of fiscal 2016, including $3 million in the second quarter, primarily related to payments due under the PSCs in Trinidad.

FINANCIAL RESULTS

	Three Months ended September 30,		Six Months ended September 30,	
(millions of US dollars)	2015	2014	2015	2014
EBITDAX from continuing operations	17	18	36	44
Net loss from continuing operations	(76)	(34)	(106)	(84)
Net loss from discontinued operations	(34)	(5)	(34)	(10)

(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 from continuing operations for the second quarter of fiscal 2016 was $17 million compared to $18 million in the second quarter of fiscal 2015, primarily due to lower oil prices and lower sales volumes, partially offset by higher natural gas prices and lower production and operating expenses for the D6 Block in India.

Net loss from continuing operations for the second quarter of fiscal 2016 reflects the impact of decreases in forecasted future natural gas prices and revised timing of forecasted future production on the carrying value of the Company's producing assets in the D6 Block in India.

Net loss from discontinued operations for the second quarter of fiscal 2016 reflects the Company's decision to discontinue its operating activities in Indonesia, resulting in the recognition of additional liabilities of $27 million for unfulfilled exploration commitments related to certain of its subsidiaries that own interests in Indonesia PSCs.

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 September 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 November 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 thereby 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 the future actions of the Company's lenders, 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 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.