NIKO RESOURCES LTD

# NIKO REPORTS RESULTS FOR THE YEAR ENDED MARCH 31, 2018

Niko Resources Ltd. ("Niko" or the "Company") is pleased to report its operating and financial results for the quarter and year ended March 31, 2018. The operating results are effective June 20, 2018. All amounts are in US dollars unless otherwise indicated and all amounts are reported using International Financial Reporting Standards unless otherwise indicated.

## CHIEF EXECUTIVE OFFICER'S MESSAGE TO THE SHAREHOLDERS

Development continues on the R-Cluster project in the D6 block with production projected to commence within 24 months. Progress also continues on the Satellite Cluster and MJ development projects that are projected to result in additional production commencing in 2021 and 2022, respectively. This progress, coupled with reduced capital costs and increased confidence in future commodity prices, have resulted in a substantial increase in the discounted net present value of future net revenues for the D6 Block as evaluated by our third-party reserves consultant as at March 31, 2018. Niko's share of the funding requirement for development of these projects is estimated at approximately $200 million between mid-2018 and mid-2020, after which time the future net operating revenues from the D6 Block are forecast to be sufficient to fund the development capital expenditures to complete the projects. Niko continues to meet its funding requirements for its share of the D6 Block expenditures at the present time but the Company's cash resources and projected internally generally cash flows are expected to be insufficient to meet the estimated total funding requirement of $200 million.

The Company's cash resources, and therefore its ability to fund its operations, could be positively enhanced by various factors, including the following:

- Obtaining financing for planned development projects in the D6 Block in India,
- Executing sale(s) of the Company's interests in its core assets in India and Bangladesh, or
- Receiving payments of amounts due from Bangladesh Oil, Gas and Mineral Corporation ("Petrobangla").

The improvements in value as noted above, progress on the development of the R-Cluster fields, and an expected favourable decision on or before 31 July 2018 by the arbitration tribunal on the alleged migration of gas dispute with the Government of India could enhance the potential to successfully monetize Niko's interest in the D6 Block. In parallel, the Company is pursuing financing options for the R-Cluster, Satellite Cluster and MJ development projects in the D6 Block in India to allow Niko to meet the funding requirements for D6. However, no assurance can be made that additional funding will be secured in a manner or on a timely basis so as to enable the Company to meet its funding obligations. See "Liquidity and Capital Resources" below.

The Board, Management and employees of Niko are totally focused and engaged on these objectives for the benefit of all of its stakeholders.

**William Hornaday** – Chief Executive Officer, Niko Resources Ltd.

## ESTIMATED RESERVES AND ESTIMATED AFTER-TAX NET PRESENT VALUE OF FUTURE NET REVENUE

*INDIA*

**Estimated Reserves - India**

| | As at March 31, | |
|---|---|---|
| Gross(1) (Bcfe) | 2018 | 2017 |
| Proved | 190 | 232 |
| Proved plus Probable | 314 | 362 |

(1) 'Gross' reserves are defined as those accruing to the Company's working interest share before deduction of royalties and government share of profit petroleum, and are reflected on a gas equivalent basis.

Deloitte LLP ("Deloitte"), an independent petroleum engineering firm, has prepared its reserves evaluation ("Reserves Evaluation") for the Company's interest in the D6 Block in India. The Reserves Evaluation has been prepared in accordance with National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* and the Canadian Oil and Gas Evaluation Handbook, with an effective date of March 31, 2018.

Deloitte has evaluated the reserves for the Company's interest in the D6 Block in India using its forecast of commodity prices and the Indian natural gas pricing formulas in effect for producing fields and for undeveloped discoveries in deepwater areas. For the decade of the 2020's, the natural gas price for currently undeveloped discoveries in the D6 Block is forecast to average approximately $10 / mmbtu assuming an estimated average Brent crude oil price of approximately $80 / barrel.

**Estimated Net Present Values of Future Net Revenue - India**

| As at March 31, 2018 | Before Deducting Income Taxes Discounted at | | | | | After Deducting Income Taxes Discounted at | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (millions of U.S. dollars) | 0% | 5% | 10% | 15% | 20% | 0% | 5% | 10% | 15% | 20% |
| Proved | 1,164 | 806 | 565 | 398 | 281 | 753 | 510 | 346 | 234 | 154 |
| Proved plus Probable | 2,077 | 1,404 | 972 | 686 | 489 | 1,286 | 857 | 581 | 399 | 274 |

The future net revenue numbers presented in the Reserves Evaluation, whether calculated without discount or using a discount rate, are estimated values and do not represent fair market value. It should not be assumed that the net present values of future net revenues presented in the table above are representative of the fair market value of the reserves. There is no assurance that the price and cost assumptions will be attained and variances could be material.

**Currently Producing Fields - India**

Deloitte evaluated the economic viability of the technically proved developed producing and proved developed reserves in the currently producing D1-D3 and MA fields in the D6 Block and concluded that future production of these technically proved developed producing and proved developed reserves is sub-commercial at this time, mainly due to relatively low domestic natural gas prices applicable to these fields, the decline in production rates, and the significant fixed operating costs for the block facilities and the floating, production, storage and offloading ("FPSO") vessel currently under contract until September 2018. Therefore, Deloitte has not recognized any proved developed producing or proved developed reserves for the D1-D3 and MA fields in the D6 Block in its Reserves Evaluation as at March 31, 2018. From an operational standpoint, the block facilities are expected to remain in operation during the period prior to the forecast start-up of the R Cluster fields in mid-2020, with revenues from D1-D3 and MA fields partly offsetting block facilities and FPSO costs during this period. In recognition of this fact, the remaining revenues and costs associated with production from the D1-D3 and MA fields have been reflected in the evaluation of the total proved and total proved plus probable reserves for the D6 Block.

*BANGLADESH*

**Estimated Reserves - Bangladesh**

As previously disclosed, from June 2016, Petrobangla withheld all payments for Niko's share of gas and condensate sales from the Block 9 production sharing contract ("PSC") due to legal disputes between Niko and the Government of Bangladesh, Petrobangla and Bangladesh Petroleum Exploration Co. (a wholly owned subsidiary of Petrobangla). As a result, as at March 31, 2017 and March 31, 2018, it has been the opinion of both Deloitte and Niko that reserves associated with Niko's interest in Block 9 should not be recognized. If the situation in Bangladesh can be resolved such that payments for the Company's share of Block 9 gas and condensate sales resume on an economic basis, then reserves for Block 9 could again be recognized.

Complete details of the Company's reserves and future net revenues attributable thereto will be contained in its Annual Information Form for the year ended March 31, 2018 which will be available on SEDAR at www.sedar.com on or before June 30, 2018.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's cash flow has been negatively impacted by the failure of Petrobangla to comply with its legal obligations as outlined below.

In fiscal 2018, the Company received certain consents under its amended and restated facilities agreement whereby the required restricted cash balance under this agreement was reduced from $7.3 million at March 31, 2017 to nil at March 31, 2018, with the cash released for use in funding the Company's requirements.

As at March 31, 2018, the Company`s unrestricted cash balances totalled $2.8 million. In May 2018, an indirect subsidiary of the Company received income tax refunds from the Government of India ("GOI") totalling the Indian Rupee equivalent of approximately $15.5 million (including interest).

*Funding of Projected Future Cash Requirements of the Company*
Major contracts for development of the R-Cluster fields in the D6 Block in India have been awarded with drilling expected to commence mid-2018, towards a targeted start-up of production by mid-2020. In addition, field development plans for the Satellite Cluster discoveries and the MJ discovery in the D6 Block have been approved by the GOI, with start-up of these projects projected for 2021 and 2022, respectively. Based on Deloitte's Reserve Evaluation as at March 31, 2018, Niko's share of the funding requirement for development of these projects is estimated at approximately $200 million between mid-2018 and mid-2020, after which time the future net operating revenues from the D6 Block are forecast to be sufficient to fund the development capital expenditures to complete the projects.

The Company's cash resources, and therefore its ability to fund its operations, could be positively enhanced by various factors, including the following:

- Obtaining financing for planned development projects in the D6 Block in India,
- Executing sale(s) of the Company's interests in its core assets in India and Bangladesh, or
- Receiving payments of amounts due from Petrobangla.

The Company is pursuing financing options for the R-Cluster, Satellite Cluster and MJ development projects in the D6 Block in India, but at this time, the Company has not secured funding and, as such, it may not have sufficient funds available to pay cash calls for the D6 production sharing contract ("PSC") after drilling for the R-Cluster development project commences. Under the terms of the joint operating agreement ("JOA") between the participating interest holders in the D6 PSC, if a cash call is not paid, the operator of the D6 PSC could issue a default notice to the defaulting party and during the continuance of a default, the defaulting party shall not have a right to its share of sales proceeds (which shall vest in and be the property of the non-defaulting parties who have paid to cover the amount in default in order to recover the amounts owed by the defaulting party). In addition, if the defaulting party does not cure a default within sixty days of the default notice, the non-defaulting parties have the option to require the defaulting party to withdraw from the D6 PSC and JOA.

The Company is also continuing its efforts to monetize its interest in the D6 Block in India for the benefit of all of its stakeholders.

No assurance can be made that the Company will be able to enhance the Company's cash resources on a timely basis or at all, so as to meet its funding requirements under the D6 PSC or its other obligations. The failure to enhance the Company's cash resources on a timely basis will have a material adverse impact on the ability of the Company to fund its operations and will therefore have a material adverse impact on all of its stakeholders.

*Non-payments by Petrobangla of Amounts Due*
From June 2016 to March 2018, Petrobangla paid reduced amounts to the operator of the Block 9 PSC for invoiced amounts due for gas and condensate supplied pursuant to the Block 9 gas and condensate sales agreements, with the amounts for March 2016 to March 2018 invoices totalling $53 million to date (equal to the 60 percent share in the Block 9 PSC held by Niko Exploration (Block 9) Limited ("Niko Block 9")). Niko Block 9 issued notices of dispute and force majeure under the Block 9 PSC and sales agreements to the Government of Bangladesh and Petrobangla and intends to initiate arbitration proceedings for these disputes under the rules of the International Centre for Settlement of Investment Disputes. As the cash flow that was expected to be generated by the Block 9 PSC was targeted to fund the capital and operating expenditure of the Block 9 PSC as well as other cash requirements of the Company, since late September 2016, Niko Block 9 has not paid cash calls totalling $19 million that were due, and the operator of the Block 9 PSC has issued default notices.

Under the terms of the JOA between the participating interest holders in the Block 9 PSC, during the continuance of a default, the defaulting party shall not have a right to its share of gas and condensate sales proceeds, which shall vest in and be the property of the non-defaulting parties who have paid to cover the amount in default in order to recover the amounts owed by the defaulting party. In addition, if the defaulting party does not cure a default within sixty days of the default notice, the non-defaulting parties have the option to require the defaulting party to withdraw from the PSC and JOA. To date, the non-defaulting parties have not exercised this option.

Subsequent to March 31, 2018, the Company was notified by the operator of the Block 9 PSC that Petrobangla had paid funds to the operator of the Block 9 for recovery of costs incurred by the operator related to Niko Block 9's interest in Block 9. The impact on the Company's position in Block 9 of Petrobangla's actions is currently under evaluation.

Refer to Notes 30(a)(ii) and 31 of the audited consolidated financial statements for the year ended March 31, 2018 for further details on this matter.

*Claim from the Government of India in Alleged Migration of Natural Gas Dispute*

In November 2016, the contractor group of the D6 Block in India received a letter from the GOI, in which the GOI made claims against the contractor group in respect of gas said to have migrated from neighboring blocks to the D6 Block. Later in November 2016, the operator of the D6 Block invoked the dispute resolution mechanism in the PSC on behalf of the contractor group and issued a Notice of Arbitration to the GOI, with the arbitration process currently underway. In March 2018, the GOI updated its base claim to $1.46 billion (Niko share $146 million) for its estimate of the gas migrated from neighboring blocks and produced and sold by the contractor group up to December 31, 2017 multiplied by the prevailing price, a deduction for royalties already paid, and without deduction for any capital and operating expenditures incurred by the contractor group. The GOI also included a claim for interest to December 31, 2017 of $245 million (Niko's share $24.5 million). Niko believes the contractor group is not liable for the amounts claimed by the GOI and has worked with the contractor group to defend against the claims through the arbitration process. A decision of the arbitration panel is expected by the end of July 2018.

*Exploration Subsidiaries*

The Company's exploration subsidiaries that previously owned interests in PSCs in Trinidad and Indonesia have significant accounts payable and accrued liabilities (including PSC obligations) and unfulfilled exploration work commitments reflected on the Company's balance sheet as at March 31, 2018. In May 2017, the Company's indirect subsidiaries received written notices from the Government of the Republic of Trinidad and Tobago terminating the three PSCs. In the Company's view, the parent guarantees for unfulfilled exploration commitments for the three PSCs have expired. Effective with the termination of the PSCs, the Company reclassified the Trinidad segment as discontinued operations in its consolidated financial statements.

*Contingent Liabilities*

The Company and its subsidiaries are subject to various claims from other parties, as described in Note 30 of the audited consolidated financial statements for the year ended March 31, 2018 and are 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 and contingent liabilities of the Company and its subsidiaries), there are material uncertainties that may cast significant doubt about the ability of the Company to continue as a going concern.

Complete details of the Company's financial results are contained in its audited consolidated financial statements and Management's Discussion and Analysis for the year ended March 31, 2018 which will be available under the Company's SEDAR profile at www.sedar.com.

## OVERALL PERFORMANCE AND RESULTS OF OPERATIONS BY REPORTABLE SEGMENT

The Company's results for the fourth quarter and year ended March 31, 2018 are as follows:

**Consolidated**

| (thousands of US Dollars, unless otherwise indicated) | Three months ended March 31, 2018 | 2017 | Year ended March 31, 2018 | 2017 |
|---|---|---|---|---|
| Sales volumes (MMcfe/d)[1] | 69 | 87 | 76 | 88 |
| Net oil and natural gas revenue | 3,545 | 8,097 | 20,351 | 44,385 |
| EBITDAX from continuing operations[2] | (2,003) | 520 | (4,526) | 17,587 |
| Net income (loss) from continuing operations | (25,881) | 24,142 | (81,617) | 267,166 |
| Net income (loss) from discontinued operations | - | (54) | 346 | (2,747) |

(1) Includes volumes in Bangladesh for which revenue has not been recognized since September 2016.
(2) Refer to "Non-IFRS Measures" for details.

***Highlights for the fourth quarter ended March 31, 2018:***

Lower sales volumes from the D6 Block in India, partially offset by increased natural gas and crude oil prices, contributed to lower net oil and natural gas revenue and lower EBITDAX for the Company in the fourth quarter of fiscal 2018 compared to the fourth quarter of fiscal 2017.

Net loss from continuing operations of $(26) million in the fourth quarter of fiscal 2018 decreased from net income from continuing operations of $24 million in the fourth quarter of fiscal 2017, primarily due to the impact of lower EBITDAX, higher depletion expense resulting from negative revisions to proved reserves for the D1-D3 and MA fields as at March 31, 2018, and a deferred income tax recovery in the fourth quarter of fiscal 2017.

***Highlights for the year ended March 31, 2018:***

Lower sales volumes from the D6 Block in India and the non-recognition of net revenue for Block 9 in Bangladesh since September 2016 contributed to lower net oil and gas revenue and lower EBITDAX for the Company for fiscal 2018 compared to fiscal 2017.

Net loss from continuing operations of $(82) million in fiscal 2018 decreased from net income from continuing operations of $267 million in fiscal 2017, primarily due to lower EBITDAX, and higher depletion expense for the D6 Block in India in fiscal 2018. Net income from continuing operations in fiscal 2018 also reflected recognition of commercial contract expense in India of $29 million as a result of an arbitration award in respect of the Hazira field in India. Net income from continuing operations in fiscal 2017 also reflected recognition of gains on debt modification totalling $283 million, deferred income tax recovery in India of $40 million, and interest expense prior to modification of Company's senior debt facilities and convertible notes of $21 million.

***Highlights by segment for the year ended March 31, 2018:***

**India**

| (thousands of US Dollars, unless otherwise indicated) | Three months ended March 31, 2018 | 2017 | Year ended March 31, 2018 | 2017 |
|---|---|---|---|---|
| Sales volumes (MMcfe/d)[1] | 14 | 29 | 19 | 30 |
| Net oil and natural gas revenue | 3,537 | 8,093 | 20,326 | 33,504 |
| Segment EBITDAX[1] | (230) | 2,972 | 6,031 | 16,669 |
| Segment income (loss) | (22,872) | 25,864 | (65,268) | 25,447 |

(1) Refer to "Non-IFRS Measures" for details.

Total sales volumes in fiscal 2018 of 19 MMcfe/d decreased from 30 MMcfe/d in fiscal 2017 primarily due to lower sales volumes from the D6 Block in India, reflecting the impact of natural production declines, underperformance, and water and sand ingress that resulted in the shut-in of wells, partially offset by the impact of incremental production from sidetrack wells brought on-stream in the second half of fiscal 2017.

Net oil and natural gas revenues and segment EBITDAX in fiscal 2018 decreased from fiscal 2017 primarily due to lower sales volumes and lower natural gas prices, partially offset by higher crude oil prices.

Segment loss of $(65) million in fiscal 2018 decreased compared to segment income of $25 million of fiscal 2017 primarily due to lower segment EBITDAX, higher depletion expense resulting from negative revisions to proved reserves for the D1 D3 and MA fields as at March 31, 2018, commercial claim expense of $28 million in fiscal 2018, and a deferred income tax recovery of $40 million in fiscal 2017.

*Hazira sale*

The sale of Niko's 33.33 percent interest in the Hazira PSC closed in the fourth quarter of fiscal 2018. Under the Company's operatorship, the Hazira Field was nearing the end of its life with an abandonment program planned for the near future, and the receipt of sale proceeds, net of closing adjustments, did not significantly impact the Company's liquidity.

**Bangladesh**

| (thousands of US Dollars, | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| unless otherwise indicated) | 2018 | 2017 | 2018 | 2017 |
| Sales volumes (MMcfe/d)[1] | 54 | 58 | 57 | 58 |
| Net oil and natural gas revenue | - | - | - | 10,867 |
| Segment EBITDAX[1] | (1,071) | (1,297) | (5,511) | 4,983 |
| Segment loss | (2,029) | (2,605) | (10,471) | (13,497) |

(1) Includes volumes for which revenue has not been recognized since September 2016.

(2) Refer to "Non-IFRS Measures" for details.

Total sales volumes from Block 9 in fiscal 2018 were relatively flat compared to fiscal 2017, as the impact of increased delivery pressure requirements of the sales trunkline nearly offset by the impact of a development well that was brought on-stream in the fourth quarter of fiscal 2017.

Net oil and natural gas revenues have not been recognized since September 2016 due to non-payments by Petrobangla (refer to discussion on *Non-payments by Petrobangla of Amounts Due* in the Liquidity and Capital Resources section), impacting reported segment net oil and gas revenue, EBITDAX and loss in fiscal 2018. Segment loss in fiscal 2017 also reflected the impairment of net oil and gas revenue recognized prior to September 2016.

**Other**

| (thousands of US Dollars, | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| unless otherwise indicated) | 2018 | 2017 | 2018 | 2017 |
| Segment EBITDAX from continuing operations[1] | (702) | (1,151) | (5,046) | (4,065) |
| Segment income (loss) from continuing operations | (980) | 883 | (5,878) | 255,216 |
| Net income (loss) from discontinued operations | - | (54) | 346 | (2,747) |

(1) Refer to "Non-IFRS Measures" for details.

Segment loss from continuing operations of ($6) million in fiscal 2018 decreased from segment income from continuing operations of $255 million in fiscal 2017, primarily due to the recognition of gains on debt modification of $283 million arising from the Amendments and 2016 Settlement Agreement in fiscal 2017, partially offset by lower finance expenses due to the Amendments in July 2016.

Net loss from discontinued operations in fiscal 2018 decreased from $(3) million in fiscal 2017 primarily due to recognition of liabilities of $2 million of unfulfilled exploration commitment in Indonesia in fiscal 2017.

## RECONCILIATION OF NON-IFRS MEASURES

The following tables reconcile the Company's gross revenue to EBITDAX to net income (loss) from continuing operations:

| | Three months ended March 31, 2018 | | | | Three months ended March 31, 2017 | | | |
|---|---|---|---|---|---|---|---|---|
| (thousands of US Dollars, unless otherwise indicated) | India | Bangladesh | Other | Total | India | Bangladesh | Other | Total |
| **Sales volume** | | | | | | | | |
| Natural gas (mcf/d) | 14,113 | 53,353 | - | 67,466 | 25,948 | 57,130 | - | 83,078 |
| Oil and condensate (bbl/d) | 13 | 163 | - | 176 | 531 | 168 | - | 699 |
| Natural gas equivalent (mcfe/d) | 14,189 | 54,333 | - | 68,522 | 29,136 | 58,135 | - | 87,271 |
| Natural gas revenue | 4,006 | - | - | 4,006 | 6,591 | - | - | 6,591 |
| Crude oil and condensate revenue | 76 | - | - | 76 | 2,360 | - | - | 2,360 |
| Royalties | (505) | - | 8 | (4987) | (815) | - | 4 | (811) |
| Profit petroleum | (40) | - | - | (40) | (43) | - | - | (43) |
| **Net oil and natural gas revenue** | **3,537** | **-** | **8** | **3,545** | **8,093** | **-** | **4** | **8,097** |
| Production and operating expenses | (3,767) | (1,071) | - | (4,838) | (5,121) | (1,297) | - | (6,418) |
| General and administrative expenses | - | - | (681) | (681) | - | - | (1,668) | (1,668) |
| Finance and other income | - | - | 76 | 76 | - | - | 1,260 | 1,260 |
| Bank charges and other finance costs | - | - | (2) | (2) | - | - | (11) | (11) |
| Realized foreign exchange loss | - | - | (103) | (103) | - | - | (740) | (740) |
| **EBITDAX from continuing operations[(1)]** | **(230)** | **(1,071)** | **(702)** | **(2,003)** | **2,972** | **(1,297)** | **(1,155)** | **520** |
| Cash interest expense | (308) | 344 | (2) | 34 | (449) | - | - | (449) |
| Restructuring costs | | | (6) | (6) | - | - | (41) | (41) |
| Depletion and depreciation expenses | (21,177) | (1,115) | - | (22,292) | (7,426) | (1,090) | - | (8,516) |
| Exploration and evaluation expenses | (66) | - | - | (66) | 73 | (48) | - | 25 |
| Asset impairment recovery | - | - | - | - | 1 | - | - | 1 |
| Accretion expense | (763) | (187) | - | (950) | (705) | (170) | - | (875) |
| Non-cash finance and other income | 1,008 | - | - | 1,008 | 239 | - | - | 239 |
| Commercial claim expense | (1,336) | - | - | (1,336) | - | - | - | - |
| Unrealized foreign exchange gain (loss) | - | - | (270) | (270) | - | - | 2,079 | 2,079 |
| Deferred income tax recovery | - | - | - | - | 31,159 | - | - | 31,159 |
| **Net income (loss) from continuing operations[(2)]** | **(22,872)** | **(2,029)** | **(980)** | **(25,881)** | **25,864** | **(2,605)** | **883** | **24,142** |
| **Net loss from discontinued operations[(2)]** | **-** | **-** | **-** | **-** | **-** | **-** | **(54)** | **(54)** |
| **Total net income (loss)** | **(22,872)** | **(2,029)** | **(980)** | **(25,881)** | **25,864** | **(2,605)** | **829** | **24,088** |

(1) Refer to "Non-IFRS Measures" for details.

(2) Refer to Note 27 of the audited consolidated financial statements for the year ended March 31, 2018 for detailed segment information.

| (thousands of US Dollars, unless otherwise indicated) | Year ended March 31, 2018 India | Bangladesh | Other | Total | Year ended March 31, 2017 India | Bangladesh | Other | Total |
|---|---|---|---|---|---|---|---|---|
| **Sales volume** | | | | | | | | |
| Natural gas (mcf/d) | 17,868 | 55,935 | - | 73,803 | 27,463 | 56,762 | - | 84,225 |
| Oil and condensate (bbl/d) | 203 | 167 | - | 370 | 381 | 170 | - | 551 |
| Natural gas equivalent (mcfe/d) | 19,084 | 56,937 | - | 76,021 | 29,747 | 57,784 | - | 87,531 |
| Natural gas revenue | 19,164 | - | - | 19,164 | 31,013 | 20,532 | - | 51,545 |
| Crude oil and condensate revenue | 3,767 | - | - | 3,767 | 6,323 | 1,083 | - | 7,406 |
| Royalties | (2,330) | - | 25 | (2,305) | (3,452) | - | 14 | (3,438) |
| Profit petroleum | (275) | - | - | (275) | (380) | (10,748) | - | (11,128) |
| **Net oil and natural gas revenue** | **20,326** | **-** | **25** | **20,351** | **33,504** | **10,867** | **14** | **44,385** |
| Production and operating expenses | (14,295) | (5,511) | - | (19,806) | (16,835) | (5,884) | - | (22,719) |
| General and administrative expenses | - | - | (4,481) | (4,481) | - | - | (5,439) | (5,439) |
| Finance and other income | - | - | 619 | 619 | - | - | 1,897 | 1,897 |
| Bank charges and other finance costs | - | - | (17) | (17) | - | - | (32) | (32) |
| Realized foreign exchange gain (loss) | - | - | (1,192) | (1,192) | - | - | (505) | (505) |
| **EBITDAX from continuing operations[1]** | **6,031** | **(5,511)** | **(5,046)** | **(4,526)** | **16,669** | **4,983** | **(4,065)** | **17,587** |
| Cash interest expense | (1,489) | - | (2) | (1,491) | (1,949) | - | (16,584) | (18,533) |
| Restructuring costs | - | - | (373) | (373) | - | - | (4,290) | (4,290) |
| Non-cash production and operating expenses | - | - | - | - | (5) | - | - | (5) |
| Depletion and depreciation expenses[3] | (38,028) | (4,417) | - | (42,445) | (26,176) | (4,719) | - | (30,895) |
| Exploration and evaluation expenses | (185) | - | - | (185) | (102) | (257) | - | (359) |
| Asset impairment loss | (1,328) | - | - | (1,328) | (1,326) | (13,010) | - | (14,336) |
| Share-based compensation expense | - | - | - | - | - | - | (23) | (23) |
| Accretion expense | (2,964) | (543) | - | (3,507) | (2,739) | (494) | (826) | (4,059) |
| Non-cash finance and other income | 1,635 | - | - | 1,635 | 1,083 | - | - | 1,083 |
| Gain on debt modification | - | - | - | - | - | - | 283,248 | 283,248 |
| Loss on derivative | - | - | - | - | - | - | (36) | (36) |
| Interest due upon repayment | - | - | - | - | - | - | (3,785) | (3,785) |
| Commercial claim expense | (28,940) | - | - | (28,940) | - | - | - | - |
| Unrealized foreign exchange gain (loss) | - | - | (457) | (457) | - | - | 1,577 | 1,577 |
| Deferred income tax recovery | - | - | - | - | 39,992 | - | - | 39,992 |
| **Net income (loss) from continuing operations[2]** | **(65,268)** | **(10,471)** | **(5,878)** | **(81,617)** | **25,447** | **(13,497)** | **255,216** | **267,166** |
| **Net income (loss) from discontinued operations[2]** | **-** | **-** | **346** | **346** | **-** | **-** | **(2,747)** | **(2,747)** |
| **Total net income (loss)** | **(65,268)** | **(10,471)** | **(5,532)** | **(81,271)** | **25,447** | **(13,497)** | **252,469** | **264,419** |

(1) Refer to "Non-IFRS Measures" for details.

(2) Refer to Note 27 of the audited consolidated financial statements for the year ended March 31, 2018 for detailed segment information.

**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 Company's ability to fund its cash requirements over the short term, the ability of the Company to successfully complete its strategic plan on a timely basis, the impact of Petrobangla paying funds to the operator of the Block 9 for recovery of costs incurred by the operator related to Niko Block 9's interest in Block 9 and an expected favourable decision on or before 31 July 2018 by the arbitration tribunal on the alleged migration of gas dispute with the GOI. 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 meet the goals and purposes of its business plan (including resolving various disputes against governments and others in its favour) or fund its operations over the short term. 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 completion of financings or monetizing of assets, the future actions of the Company's lenders, non-defaulting parties not seeking or being able to require a subsidiary of the Company to withdraw from the Block 9 PSC or JOA, the ability to satisfy cash calls in respect of the D6 Block, 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, risks related to the Company not being able to increase its cash resources (including failure to positively enhance its cash resources by not achieving any of the three matters set out under *Liquidity and Capital Resources* above), the risks associated with the Company meeting its obligations under the amended Facilities Agreement and successfully completing its strategic plan, risks related to the various legal claims against the Company or its subsidiaries, risks related to non-payments by Petrobangla of amounts due to subsidiaries of the Company and paying funds to the operator of the Block 9 for recovery of costs, 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, 2018 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 forecasts.

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" and "Segment EBITDAX". The Company utilizes EBITDAX and Segment EBITDAX to assess performance and to help determine its ability to fund future capital projects and to repay debt. EBITDAX and Segment 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 debt modification, 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, commercial claim expense and unrealized foreign exchange gain or loss). EBITDAX and Segment 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. These non-IFRS measures do not have any standardized meaning prescribed by IFRS and is therefore may not 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 and reconciliation of the non-IFRS measure to the most directly comparable measure defined under IFRS.