

NIKO REPORTS RESULTS FOR THE QUARTER ENDED DECEMBER 31, 2018

Niko Resources Ltd. (“Niko” or the “Company”) reports its operating and financial results for the quarter ended December 31, 2018. The operating results are effective February 13, 2019. All amounts are in US dollars unless otherwise indicated and all amounts are reported using International Financial Reporting Standards unless otherwise indicated.

LIQUIDITY AND CAPITAL RESOURCES

D6 Block in India

In the third quarter of fiscal 2019, a subsidiary of the Company received a default notice from the operator of the D6 production sharing contract (“PSC”) in India for non-payment of cash calls. Under the terms of the joint operating agreement (“JOA”) between the participating interest holders in the D6 PSC, during the continuance of a default, the defaulting party shall not have a right to its share of revenue (which shall vest in and be the property of the non-defaulting parties who have paid to cover the amount in default). 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. In December 2018, the subsidiary of the Company received a notice from the non-defaulting parties requiring the subsidiary to withdraw from the D6 PSC and JOA. The Company has filed a notice of arbitration challenging the withdrawal notice received from the non-defaulting parties. Nevertheless, the delivery of the withdrawal notice will have a material adverse impact on the Company’s stakeholders, particularly its shareholders.

Due to the non-payment of cash calls, an event of default occurred under the terms of the Company’s Facilities Agreement with its senior lenders (the “Lenders”). As a result, the Lenders may exercise rights and remedies in accordance with the Facilities Agreement and applicable law.

Block 9 in Bangladesh

In the first quarter of fiscal 2019, the Company was notified by the operator of the Block 9 PSC that Bangladesh Oil, Gas and Mineral Corporation (“Petrobangla”) 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 and the Company understands that Petrobangla has continued to do so for subsequent periods. The estimated cumulative amount of non-payments by Petrobangla of amounts due for Niko’s share of the profit petroleum portion of invoiced amounts due for gas and condensate sales supplied pursuant to the Block 9 gas and condensate sales agreements for March 2016 to December 2018 is \$38 million. In addition, the amount due from Petrobangla under the Payment Claim arbitration dispute (to be decided upon by Tribunals constituted under the rules of International Centre for Settlement of Investment Disputes) for gas delivered from the Feni field from November 2004 to April 2010 is estimated to be approximately \$39 million (including accrued interest). Refer to Note 30(a)(ii) of the audited consolidated financial statements for the year ended March 31, 2018 for further details on this matter.

Waterfall Distribution

Per the Waterfall Distribution mechanism defined in the agreements governing the Term Loan and the convertible notes of the Company, 100% of any net proceeds received for the Company’s assets up to \$180 million would be payable to the Lenders of the Term Loan. As such, if the Company were able to conclude any transaction to realize value up to \$180 million, this value would be required to be distributed to the Lenders. No assurance whatsoever can be made that the Company will realize any value for its core assets.

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 updated in Note 9 of the condensed interim consolidated financial statements for the quarter ended December 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, defaults 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.

RESULTS OF OPERATIONS

The Company's results for the three and nine months ended December 31, 2018 are as follows:

Consolidated

(thousands of US Dollars)	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
EBITDAX from continuing operations ⁽¹⁾	(795)	(1,369)	4,591	(2,523)
Net loss from continuing operations	(1,244)	(7,366)	(53,443)	(54,734)
Net income from discontinued operations	-	108	-	346

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

At the end of the second quarter of fiscal 2019, the Company recognized impairments of the value of its D6 and Block 9 property, plant and equipment and exploration and evaluation assets, inventory, restricted cash, income tax and other receivables in India and Bangladesh, net of associated liabilities, reducing the carrying value of these balance sheet items to nil. Effective for the third quarter of fiscal 2019, the Company is no longer recognizing net oil and gas revenue, production and operating expenses or depreciation and depletion expenses related to these assets.

EBITDAX and net loss from continuing operations in the third quarter of fiscal 2019 primarily reflected general and administrative expenses of the Company, which decreased from the third quarter of fiscal 2018 primarily due to cost savings efforts of the Company. EBITDAX from continuing operations in the third quarter of fiscal 2019 also reflected the non-recognition of oil and natural gas revenue in the D6 Block, offset by non-recognition of production and operating expense for the D6 Block in India and Block 9 in Bangladesh. Net loss from continuing operations in the third quarter of fiscal 2019 also reflected the non-recognition of depreciation and depletion expenses for the D6 Block in India and Block 9 in Bangladesh.

RECONCILIATION OF NON-IFRS MEASURES

The following table reconciles the Company's net oil and natural gas revenue to EBITDAX to net loss:

(thousands of US Dollars)	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
Net oil and natural gas revenue	-	6,116	9,680	16,806
Production and operating expenses	-	(5,914)	(8,759)	(14,968)
General and administrative expenses	(938)	(1,323)	(2,389)	(3,800)
Finance and other income	44	31	4,654	543
Bank charges and other finance costs	(8)	(4)	(23)	(15)
Realized foreign exchange gain (loss)	107	(275)	1,428	(1,089)
EBITDAX from continuing operations⁽¹⁾	(795)	(1,369)	4,591	(2,523)
Cash interest expense	-	(385)	(312)	(1,525)
Restructuring costs	-	(39)	-	(367)
Depletion and depreciation expenses	-	(5,629)	(41,405)	(19,151)
Exploration and evaluation expenses	-	(51)	(5)	(119)
Impairment loss, net	-	-	(10,886)	(1,328)
Accretion expense	-	(867)	(1,834)	(2,557)
Non-cash finance and other income	-	217	475	627
Commercial claim expense	(449)	-	(1,340)	(27,604)
Unrealized foreign exchange gain (loss)	-	757	(2,727)	(187)
Net loss from continuing operations⁽²⁾	(1,244)	(7,366)	(53,443)	(54,734)
Net income from discontinued operations⁽²⁾	-	108	-	346
Total net loss	(1,244)	(7,258)	(53,443)	(54,388)

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

(2) Refer to Note 8 of the condensed interim financial statements for the quarter ended December 31, 2018 for detailed segment information.

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 quarter ended December 31, 2018, which will be available under 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.

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 (net impairment loss, restructuring costs, accretion expense, non-cash finance and other income, commercial claim 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. These non-IFRS measures do not have any standardized meaning prescribed by IFRS and 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 non-IFRS financial measures and reconciliation of non-IFRS measures to the most directly comparable measures defined under IFRS.

Forward-Looking Information

Certain statements in this press release constitute forward-looking information, including forward-looking information relating to the impact of the arbitration proceedings in respect of the notice received requiring the Company's subsidiary to withdraw from the D6 PSC and JOA, the Company's efforts to realize value from its core assets and any ability to make any payments therefrom to anyone other than the Lenders, the evaluation of a potential application for listing on another Canadian stock exchange, the ability of the Company to fund its operations and meet its obligations, the Company defending certain claims and the possible actions of the Lenders. 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. 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 also based on certain key expectations and assumptions, many of which are not within the control of the Company. 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 in its favour) or fund its cash requirements. In particular, the Company has not been successful in its efforts to enhance its liquidity. In addition, the Company is in default under the Facilities Agreement and the Lenders have not agreed to waive the default. Further, the Company's ability to defend claims may be restricted or limited for various reasons. Absolutely no assurance can be made that the Company will be able to meet its funding requirements or its other obligations, and nothing herein should be read as stating or inferring otherwise. 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. The reader is cautioned that the assumptions used in the preparation of forward-looking 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 those set out above as well as: risks related to the ability of the Company to continue as a going concern, risks related to the Company not being able to maintain its cash resources, the risks associated with the Company meeting its obligations under the Facilities Agreement, risks related to the various legal claims against the Company or its subsidiaries, as well as the risks associated with the oil and natural gas industry in general, such as commodity price and exchange rate fluctuations, government regulation, environmental risks, competition, changes in tax, royalty and environmental legislation, the impact of general economic conditions, risks associated with meeting all of the Company's obligations, 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.