



**OIL AND GAS REPORT  
FOR THE YEAR ENDED MARCH 31, 2019**

**August 15, 2019**

## TABLE OF CONTENTS

<b>TABLE OF CONTENTS.....</b>	<b>1</b>
<b>ABBREVIATIONS AND CONVERSIONS .....</b>	<b>2</b>
<b>GLOSSARY OF TERMS .....</b>	<b>2</b>
<b>INFORMATION CONCERNING RESERVES.....</b>	<b>3</b>
<b>STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION .....</b>	<b>5</b>

APPENDIX "A" - Form 51-101F3 - Report of Management and Directors on Reserves Data and Other Information

## ABBREVIATIONS AND CONVERSIONS

The following abbreviations and conversions are used in this Oil and Gas Report:

"bbl"	barrel
"bbls/d"	barrels per day
"Mbbbl"	thousand barrels
"Mcf"	thousand cubic feet
"Mcf/d"	thousand cubic feet per day
"Mcfe"	thousand cubic feet of gas equivalent
"Mcfe/d"	thousand cubic feet of gas equivalent per day
"MMcf"	million cubic feet
"MMcfe"	million cubic feet of gas equivalent
"MM\$"	million US dollars

Mcfe may be misleading, particularly if used in isolation. An Mcfe conversion ratio of one (1) bbl to six (6) Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

## GLOSSARY OF TERMS

"**BAPEX**" means Bangladesh Petroleum Exploration and Production Co. Ltd, a wholly owned subsidiary of Petrobangla;

"**Block 9**" means the contract area Block 9 located in Bangladesh, onshore near the city of Dhaka, as identified in a production sharing contract entered into by Petrobangla and the Government of Bangladesh with Tullow Bangladesh Limited, Chevron International Bangladesh Limited, Texaco Exploration Asia Pacific Regional Pathfinding Inc., and BAPEX, in April 2001; on September 17, 2003, Niko, through its indirect wholly-owned subsidiary, Niko Resources (Cayman) Ltd., acquired all of the shares of Chevron International Bangladesh Limited;

"**Chattak**" means the contract areas of Chattak East and Chattak West located onshore Bangladesh on the northern Bangladesh/Indian border, as identified in the joint venture agreement;

"**D6 Block**" means the contract area Block KG-DWN 98/3 located offshore east coast India, as identified in a production sharing contract entered into by Niko, Reliance Industries Limited and the Government of India in April 2000;

"**Deloitte**" means Deloitte LLP;

"**Feni**" means the contract area of Feni located in the Chittagong region of Bangladesh, as identified in the joint venture agreement;

"**Fiscal 2019**" means the fiscal year of the Company ending March 31, 2019.

"**GOB**" means the Government of Bangladesh;

"**GOI**" means the Government of India;

"**Niko**" or the "**Company**" means Niko Resources Ltd. and, where the context requires, includes its wholly-owned subsidiaries;

"**NI 51-101**" means Canadian Securities Administrators' National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*;

"**Petrobangla**" means Bangladesh Oil, Gas and Mineral Corporation, the Bangladesh state-owned oil and gas company;

"**PSC**" means production sharing contract;

"**Working Interest**" means the percentage of undivided interest held by the Corporation in the oil and/or natural gas or mineral lease granted by the mineral owner, which interest gives the Corporation the right to "work" the property to explore for, develop, produce and market the leased substances.

## INFORMATION CONCERNING RESERVES

In the tables set forth in the "Statement of Reserves Data and Other Oil and Gas Information", unless otherwise indicated, the following definitions and other notes are applicable.

"**Gross**" means:

- (i) in relation to the Company's interest in production or reserves, its working interest (operating or non-operating) share before deduction of royalties and profit petroleum without including any royalty interest of the Company;
- (ii) in relation to wells, the total number of wells in which the Company has an interest; and
- (iii) in relation to properties, the total area of properties in which the Company has an interest.

"**Net**" means:

- (i) in relation to the Company's interest in production or reserves, its working interest (operating or non-operating) share after deduction of royalty obligations, which are profit petroleum, plus the Company's royalty interests in production or reserves;
- (ii) in relation to the Company's interest wells, the number of wells obtained by aggregating the Company's working interest in each of its gross wells; and
- (iii) in relation to the Company's interest in a property, the total area in which the Company has an interest multiplied by the working interest owned by the Company.

### Reserves Categories

"**Reserves**" are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on: analysis of drilling, geological, geophysical and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed. Reserves may be divided into proved and probable categories according to the degree of certainty associated with the estimates.

"**Proved reserves**" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

"**Probable reserves**" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

### Development and Production Status

Each of the reserves categories (proved and probable) may be divided into developed and undeveloped categories:

"**Developed reserves**" are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

- "**Developed producing reserves**" are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
- "**Developed non-producing reserves**" are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

"**Undeveloped reserves**" are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable) to which they are assigned.

In multi-well pools it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

## Levels of Certainty for Reported Reserves

The qualitative certainty levels referred to in the definitions above are applicable to individual reserve entities (which refers to the lowest level at which reserves calculations are performed) and to reported reserves (which refers to the highest level sum of individual entity estimates for which reserves estimates are presented). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- At least a ninety (90) percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves;
- At least a fifty (50) percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates are prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

## Well and Cost Information

"**Development well**" means a well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.

"**Development costs**" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

- gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines to the extent necessary in developing the reserves;
- drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and wellhead assembly;
- acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and
- provide improved recovery systems.

"**Exploration well**" means a well that is not a development well, a service well or a stratigraphic test well.

"**Exploration costs**" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

- costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies;
- costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence, and the maintenance of land and lease records;
- dry hole contributions and bottom hole contributions;
- costs of drilling and equipping exploratory wells; and
- costs of drilling exploratory type stratigraphic test wells.

## STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

The statement of reserves data and other information is presented in accordance with NI 51-101.

The Report of Management and Directors on Oil and Gas Disclosure on Form 51-101F3 is attached hereto as Appendix "A".

### Reserves as at March 31, 2019

The Company has no reported reserves or future net revenue as at March 31, 2019, as described below.

#### *Non-Recognition of Reserves for D6 Block in India*

It is the opinion of the Company that reserves associated with Niko's interest in the D6 Block in India should not be recognized as at March 31, 2019. In October 2018, a subsidiary of the Company received a default notice from the operator of the D6 PSC in India for non-payment of cash calls. After failure to cure the default within sixty (60) days of the default notice, in December 2018, the subsidiary received notices from the non-defaulting parties requiring the subsidiary to withdraw from the D6 PSC and JOA and providing that the subsidiary shall be deemed, as at the date of the notices, to have transferred its interests in the D6 Block to the non-defaulting parties. The subsidiary has filed a notice of arbitration challenging the withdrawal notice received from the non-defaulting parties.

#### *Non-Recognition of Reserves for Block 9 in Bangladesh*

It is the opinion of the Company that reserves associated with Niko's interest in Block 9 in Bangladesh should not be recognized as at March 31, 2019. Since June 2016, Petrobangla has withheld all payments for Niko's share of gas and condensate sales from the Block 9 PSC due to legal disputes between Niko and the GOB, Petrobangla and Bapex. As such, reserves for Block 9 have been excluded from the reserves information since March 31, 2017. 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.

### Reserves as at March 31, 2018

Reserves as at March 31, 2018 were based on a reserves evaluation of the D6 Block in India prepared by Deloitte.

### Reconciliations of Changes in Reserves

The following table reconciles the changes in the gross reserves estimates for the D6 Block in India as at March 31, 2018 estimated using forecast prices and costs and as at March 31, 2019:

<b>Reconciliation of Company Gross Reserves by Product Type</b>									
<b>India</b>									
<b>Forecast Prices and Costs</b>									
	<b>Light and Medium Oil<sup>(1)</sup></b>			<b>Natural Gas</b>			<b>NGL</b>		
<b>Factors</b>	<b>Gross</b>	<b>Gross</b>	<b>Gross</b>	<b>Gross</b>	<b>Gross</b>	<b>Gross</b>	<b>Gross</b>	<b>Gross</b>	<b>Gross</b>
	<b>Proved</b>	<b>Probable</b>	<b>Proved plus</b>	<b>Proved</b>	<b>Probable</b>	<b>Proved plus</b>	<b>Proved</b>	<b>Probable</b>	<b>Proved plus</b>
	<b>(Mbbbl)</b>	<b>(Mbbbl)</b>	<b>(Mbbbl)</b>	<b>(MMcf)</b>	<b>(MMcf)</b>	<b>(MMcf)</b>	<b>(Mbbbl)</b>	<b>(Mbbbl)</b>	<b>(Mbbbl)</b>
March 31, 2018	3,286	1,396	4,681	168,058	115,955	284,013	326	73	398
Production <sup>(2)</sup>	(26)	-	(26)-	(2,170)	-	(2,170)	(2)	-	(2)-
Technical revisions	-	-	-	-	-	-	-	-	-
Extensions and improved recovery	-	-	-	-	-	-	-	-	-
Discoveries	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-
Dispositions <sup>(3)</sup>	(3,260)	(1,396)	(4,655)	(165,888)	(115,955)	(281,843)	(324)	(73)	(396)
Economic factors	-	-	-	-	-	-	-	-	-
March 31, 2019	-	-	-	-	-	-	-	-	-

- (1) Oil volumes reported reflect FPSO liquid production from the MA Field in the D6 Block and were a combination of volatile oil and field condensate produced, treated and sold as a single fluid at representative oil pricing.
- (2) Production in the D6 Block reflects only the period of April 1, 2018 to September 30, 2018. Subsequent to the receipt of a default notice in October 2018, the Company stopped recognizing sales revenue and production of crude oil, natural gas and NGLs in the D6 Block.
- (3) In December 2018, a subsidiary of the Company received notices from the non-defaulting parties requiring the subsidiary to withdraw from the D6 PSC and JOA and providing that the subsidiary shall be deemed, as at the date of the notices, to have transferred its interests in the D6 Block to the non-defaulting parties.

## Oil and Gas Wells

The Company has no interests in oil and gas wells in India.

The following table outlines the Company's interests in oil and gas wells in Bangladesh as at March 31, 2019:

Producing and Non-Producing Wells - Bangladesh As at March 31, 2019						
	Oil Wells		Natural Gas Wells		Total	
	Gross	Net	Gross	Net	Gross	Net
<b>Total Producing</b>	-	-	5.0	3.0	5.0	3.0
<b>Total Non-Producing</b>	-	-	4.0	3.6	4.0	3.6

(1) Includes wells that are temporarily shut-in but which may be capable of production and not yet abandoned. Wells will be abandoned at the end of the field or block life.

## Properties with No Attributed Reserves

The following table outlines the Company's properties to which no reserves have been specifically attributed:

Properties with No Attributed Reserves As at March 31, 2019				
(Acres)	Unproved Properties		Expiring by March 31, 2020	
	Gross	Net	Gross	Net
Bangladesh <sup>(1)(2)</sup>	533,213	359,201	-	-
Brazil	243,322	72,997	-	-
<b>Total</b>	<b>776,535</b>	<b>432,198</b>	-	-

(1) Block 9 has 7,471 gross acres (6,607 net acres) of proved developed properties with no attributed reserves as at March 31, 2019 as a result of the non-recognition of reserves.

(2) Includes Block 9, Chattak and Feni in Bangladesh.

## Costs Incurred

The Company incurred the following costs for the year ended March 31, 2019:

(MM\$)	Proved Properties	Unproved Properties	Exploration Costs	Development Costs	Total Costs
	Acquisition Costs	Acquisition Costs			
Bangladesh	-	-	-	-	-
India	-	-	-	8	8
Brazil	-	-	-	-	-
<b>Total</b>	-	-	-	<b>8</b>	<b>8</b>

## Exploration and Development Activities

The Company did not complete any exploration and development wells during fiscal 2019.

## Production History

The following tables summarize the actual production volumes, average daily production volumes, average price received, royalties, profit petroleum, production and operating costs and the resulting netbacks for the periods indicated for the year ended March 31, 2019.

<b>Actual Production Working Interest to Niko by Field and Product Type For the Year Ended March 31, 2019</b>			
	<b>D6 Block, India<sup>(1)</sup></b>	<b>Block 9, Bangladesh</b>	<b>Total</b>
Crude Oil (Mbbbl)	26	-	26
NGL (Mbbbl)	2	58	60
Natural Gas (MMcf)	2,170	19,062	21,232
<b>Total (MMcfe)</b>	<b>2,339</b>	<b>19,409</b>	<b>21,748</b>

<b>Quarterly Production History Working Interest to Niko by Field and Product Type For the Year Ended March 31, 2019</b>				
	<b>June 30, 2018</b>	<b>September 30, 2018</b>	<b>December 31, 2018</b>	<b>March 31, 2019</b>
<b>D6 Block, India<sup>(1)</sup></b>				
Oil (bbls/d)	157	125	-	-
NGL (bbls/d)	10	17	-	-
Natural Gas (Mcf/d)	13,016	10,714	-	-
<b>Total - Mcfe/d</b>	<b>14,015</b>	<b>11,564</b>	-	-
<b>Block 9, Bangladesh<sup>(2)</sup></b>				
Oil (bbls/d)	-	-	-	-
NGL (bbls/d)	151	146	163	174
Natural Gas (Mcf/d)	51,062	47,414	53,655	56,850
<b>Total - Mcfe/d</b>	<b>51,969</b>	<b>48,291</b>	<b>54,632</b>	<b>57,894</b>
<b>Total - Mcfe/d</b>	<b>65,984</b>	<b>59,856</b>	<b>54,632</b>	<b>57,894</b>

(1) In October 2018, the Company ceased recognition of sales revenue and production of crude oil, NGLs and natural gas for the D6 Block and no longer received production information from the operator.

(2) In September 2016, the Company ceased recognition of sales revenue and volumes of NGLs and natural gas for Block 9. Actual production volumes are reported for information only.

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



**Quarterly Netback History  
For the Year Ended March 31, 2019**

(US\$/Mcf)	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019
<b>D6 Block, India <sup>(4)</sup></b>				
Average Price Received <sup>(1)</sup>	3.96	4.73	-	-
Royalties <sup>(2)</sup>	(0.39)	(0.36)	-	-
Gov't share of Profit Petroleum <sup>(2)</sup>	(0.04)	(0.05)	-	-
Production Costs <sup>(3)</sup>	(1.96)	(2.96)	-	-
<b>Netback</b>	<b>1.57</b>	<b>1.36</b>	-	-
<b>Block 9, Bangladesh <sup>(5)</sup></b>				
Average Price Received	-	-	-	-
Gov't share of Profit Petroleum	-	-	-	-
Production Costs <sup>(3)</sup>	(0.32)	(0.27)	-	-
<b>Netback</b>	<b>(0.32)</b>	<b>(0.27)</b>	-	-

- (1) Average price received for sales from the D6 Block in India was subject to the terms and conditions of the sales contracts and the natural gas pricing notifications issued by the GOI. Average price received for natural gas sales also included a marketing margin.
- (2) Royalties and profit petroleum for the D6 Block in India were subject to the terms specified in D6 PSC. The GOI was entitled to a percentage share of the profit oil and gas produced, which percentage is based upon the multiple of investment cost recovery by the Company.
- (3) Production costs were determined at producing field level and were not allocated by product type. The Company ceased recognition of production costs for the D6 Block in India and Block 9 in Bangladesh in October 2018.
- (4) The Company ceased recognition of sales revenue, royalties and profit petroleum for the D6 Block in India in October 2018.
- (5) The Company ceased recognition of sales revenue and profit petroleum related to Block 9 in Bangladesh in September 2016.
- (6) Figures may not add up due to rounding.

## APPENDIX "A"

### FORM 51-101F3 REPORT OF MANAGEMENT AND DIRECTORS ON RESERVES DATA AND OTHER INFORMATION

*Terms to which meanings are ascribed in National Instrument 51-101 have the same meanings herein.*

Management of Niko Resources Ltd. (the "Company") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data.

The Board of Directors of the Company has reviewed the oil and gas activities of the Company and has determined that the Company had no reserves as of March 31, 2019. An independent qualified reserves evaluator or qualified reserves auditor has not been retained to evaluate the Company's reserves data. No report of an independent qualified reserves evaluator or qualified reserves auditor will be filed with securities regulatory authorities with respect to the financial year ended on March 31, 2019.

The Board of Directors of the Company of the Company has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has, on the recommendation of the Reserves and Health, Safety & Environmental Committee, approved

- (a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;
- (b) the content and filing of this report.

(Signed) William T. Hornaday  
William T. Hornaday  
Chief Executive Officer and  
Director

(Signed) Glenn R. Carley  
Glenn R. Carley  
Director

(Signed) Glen R. Valk  
Glen R. Valk  
VP Finance, Chief Financial Officer,  
Corporate Secretary

(Signed) E. Alan Knowles  
E. Alan Knowles  
Director

(Signed) Scott K. Brandt  
Scott K. Brandt  
Director

(Signed) Christopher H. Rudge  
Christopher H. Rudge  
Director

August 15, 2019