

Niko Provides Corporate Updates

CALGARY, ALBERTA (July 18, 2016) – Niko Resources Ltd. (“Niko” or the “Company”)(TSX – “NKO”) provides the following updates.

Implementation of Strategic Plan

Niko is pleased to announce that it has (i) entered into an amendment to its senior term loan facilities agreement (the “Facilities Agreement”), (ii) formally amended the indenture (the “Indenture”) governing its 7 percent senior secured convertible notes due December 31, 2025 (the “Notes”) (such amendments to the Facilities Agreement and the Indenture are collectively referred to as the “Amendments”), and (iii) taken such other steps as were necessary to give effect to its previously announced strategic plan to maintain its core assets for a period of time with the goal of enhancing the value of such assets for the benefit of the Company’s stakeholders. As a result, the Company is no longer in default of the amended Facilities Agreement or Indenture. In addition, Niko is not required to make interest payments (including interest previously owing) under the Facilities Agreement or the Indenture during the term of the Amendments, other than in connection with previously disclosed waterfall distributions. For further information, please see the Company’s press releases of March 14, 2016, June 10, 2016 and June 28, 2016. In addition, copies of the amendment to the Facilities Agreement and the supplemental indenture amending the Indenture will be filed shortly on the Company’s SEDAR profile at www.sedar.com.

Diamond Settlement Agreement

As previously announced, commencing on June 30, 2015, the Company has not made scheduled payments under the terms of the Diamond Settlement Agreement, with unpaid amounts totalling \$20 million as at March 31, 2016. In July 2015, Diamond filed a lawsuit in a court in Texas seeking to enforce certain obligations. In May 2016, the Texas court issued a summary judgment in the amount of \$20 million plus interest and legal costs, and, in June 2016, Diamond filed a lawsuit in a court in Alberta seeking to enforce the summary judgment of the Texas court. The Company is in discussions with Diamond to seek a resolution of this matter. No assurance can be made that any resolution can be accomplished at all or on a timely basis. **The failure to achieve a resolution with Diamond may lead the Company to take steps (including pursuing an arrangement or reorganization proceeding) to ensure that it can continue to give effect to its strategic plan. In such circumstances, the interests of the holders of the Notes and the lenders under the amended Facilities Agreement may be prejudiced and the value of the Company’s common shares may be significantly impaired or entirely eroded.**

Appointment to the Board of Directors

The Company is also pleased to announce the appointment of Mr. Frederic F. (Jake) Brace to its Board of Directors (the “Board”), effective immediately. Mr. Brace is currently Interim President and CEO of Midstates Petroleum LLC (since March 2015). For the period of January to December 2014, Mr. Brace served as the President of Niko, after joining the Company in August 2013 as a senior advisor. From 2010 to 2012, Mr. Brace held various executive positions at the Great Atlantic & Pacific Tea Company (A&P grocery). Mr. Brace has also served on numerous boards and is also the Chairman and CEO of Beaucastel LLC.

Pursuant to the amendment to the Facilities Agreement, the Company has issued a preferred share for the benefit of its lenders. As previously disclosed, the preferred share provides the holder thereof with the right to nominate two persons to the slate of directors to be put forward by the Company for election at shareholders’ meetings. In order to facilitate this right and pursuant to the terms of the amended Facilities Agreement, the Board of the Company has appointed Mr. Brace. Mr. Robert S. Ellsworth Jr., who was appointed to the Board in March 2016, is also a nominee of the lenders.

Liquidity and Non-Payments by Petrobangla of Amounts Due

After giving effect to the Amendments, the Company's current cash balance and its projected cash flow from operating activities for fiscal 2017 are expected to be sufficient to fund the projected capital expenditures related to planned drilling programs in the producing fields in India and Bangladesh in fiscal 2017, assuming its customers fully comply with the terms of the respective agreements for natural gas, crude oil and condensate sales from these producing fields.

As previously disclosed in the Company's press release of May 30, 2016, the international tribunals (the "Tribunals") constituted under the rules of the International Centre for Settlement of Investment Disputes issued the Third Decision on the Payment Claim initiated by the Company's indirect subsidiary, Niko Resources (Bangladesh) Ltd. ("NRBL"), against Bangladesh Oil, Gas and Mineral Corporation ("Petrobangla"), a crown corporation of the Government of Bangladesh ("GOB"), for payment owing to NRBL by Petrobangla for gas deliveries made under the Feni Gas Purchase and Sale Agreement (the "Feni GPSA"). The Third Decision on the Payment Claim provides for the payment of approximately \$35 million by Petrobangla to NRBL, with the payment to be made immediately and not subject to any contrary orders of the Courts in Bangladesh (including the Stay Order described below).

To date, Petrobangla has not complied with the Third Decision on the Payment Claim. In addition, in June and July 2016, Petrobangla paid reduced amounts to the operator of the Block 9 production sharing contract (the "Block 9 PSC") for the invoiced amounts for gas and condensate supplied from the Block 9 PSC in March and April 2016, with the approximately \$4 million withheld to date by Petrobangla equivalent to the 60 percent share in the Block 9 PSC held by Niko Exploration (Block 9) Limited, a separate indirect subsidiary of the Company. As the cash flow generated by the Block 9 PSC is targeted to fund the projected capital expenditures related to the drilling program in Block 9 PSC in fiscal 2017 as well as other cash requirements of the Company, the continued withholdings by Petrobangla of amounts due to Niko Block 9 for gas and condensate supplied from the Block 9 PSC will significantly impact the Company's ability to fund its operating and capital budgets for fiscal 2017.

As previously disclosed in the Company's press release of May 16, 2016, a writ petition (the "Writ Petition") has been filed before the Supreme Court of Bangladesh, High Court Division (the "Court") in Dhaka by a citizen of Bangladesh against (i) the GOB, (ii) Petrobangla, (iii) Bangladesh Petroleum Exploration & Production Company Limited ("Bapex"), (iv) NRBL, and (v) Niko. The Writ Petition relates to the Feni GPSA and the Joint Venture Agreement (the "JVA") between Bapex and NRBL for the Feni and Chattak fields in Bangladesh, which agreements are, as previously disclosed, currently the subject of arbitration disputes to be decided upon by the Tribunals. Pending resolution of the Writ Petition, the Court ordered a stay (the "Stay Order") for a period of one month on any kind of benefit given by the GOB, Petrobangla or Bapex to NRBL or Niko or any of their affiliates or subsidiaries, including payments made for gas supplied from the Block 9 PSC. The Court subsequently extended the Stay Order for an additional period of three months (to September 2016).

Niko believes that the Tribunals have exclusive jurisdiction to decide all disputes relating to the Feni GPSA and the JVA. In addition, the Company believes that Petrobangla's withholding of funds related to invoiced amounts due for gas and condensate supplied from the Block 9 PSC constitutes breaches of the purchase and sales agreements governing gas and condensate supplied from the Block 9 PSC as well as a breach of the Block 9 PSC.

Niko will continue to vigorously pursue its rights in these matters.

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, fund the projected capital expenditures related to planned drilling programs in the producing fields in India and Bangladesh in fiscal 2017 and the possibility of resolving the dispute in connection with the Diamond Settlement Agreement. 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, ensure that its customers fully comply with the terms of the respective agreements for natural gas, crude oil and condensate sales from producing fields in India and Bangladesh or reach a satisfactory agreement with the parties to the Diamond Settlement Agreement. The failure to meet or satisfy any of the foregoing is expected to have a material adverse impact on the Company and could significantly impair or entirely erode the value of securityholders' 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. 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, the ability of the Company to reach an acceptable resolution with the parties to the Diamond Settlement Agreement, the ability of the Company to reverse or override the Stay Order or enforce the decisions of the Tribunals and the risks discussed under "Risk Factors" in the Company's Annual Information Form for the year-ended March 31, 2016 and in the Company's public disclosure documents, and other factors. 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.