

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

CALGARY, ALBERTA (November 4, 2016) – Niko Resources Ltd. (“Niko” or the “Company”)(TSX – “NKO”) announces that the Contractor group for the KG-D6 Block in India received a communication earlier today from the Ministry of Petroleum & Natural Gas of the Government of India (“GOI”), in which, based on the recommendations of the Shah Committee, the GOI has made a claim of about US\$1.55 billion (Niko share US\$155 million) against the Contractor group in respect of gas said to have migrated from neighboring blocks to the KG-D6 Block.

In a press release issued earlier today by Reliance Industries Ltd. (“RIL”), the operator of the KG-D6 Block, RIL stated:

- In carrying out petroleum operations, the Contractor has worked within the boundaries of the KG-D6 Block and has complied with all applicable regulations and the provisions of the KG-D6 Production Sharing Contract (the “PSC”).
- The claim of the GOI is based on misreading and misinterpretation of key elements of the PSC and is without precedent in the oil & gas industry, anywhere in the world.
- According to the GOI, the Contractor is restricted to producing only that quantity of hydrocarbon as existed at the point in time when the PSC was signed. This approach overlooks the fundamental fact that at that stage, the work of exploration of the block has not even commenced and a complete lack of data makes it impossible to estimate the quantity of hydrocarbons available in the block.
- The liability of the Contractor has not been established by any process known to law and the quantification of the purported claim is without any basis and arbitrary.
- RIL proposes to invoke the dispute resolution mechanism in the PSC and issue a Notice of Arbitration to the GOI. RIL remains convinced of being able to fully justify and vindicate its position that the GOI’s claim is not sustainable.

Niko believes the Contractor group is not liable for the amount claimed by the GOI and is considering joining RIL in invoking the dispute resolution mechanism in the PSC.

For further information, please contact:

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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 not being liable in respect of claims made by 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. The failure by the Company to prevail at arbitration or otherwise against the claim by the GOI would have a material adverse impact on 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, some 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, reliance by Niko on other Contractor parties 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, 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.