NIKO RESOURCES LTD

2015 RESULTS FOR THE YEAR ENDED MARCH 31, 2015

NIKO REPORTS RESULTS FOR THE YEAR ENDED MARCH 31, 2015

Niko Resources Ltd. (“Niko” or the “Company”) is pleased to report its operating and financial results for the quarter and year ended March 31, 2015. The operating results are effective June 24, 2015. All amounts are in US dollars unless otherwise indicated and all amounts are reported using International Financial Reporting Standards unless otherwise indicated.

CHAIRMAN’S MESSAGE TO THE SHAREHOLDERS

Fiscal 2015 was a very challenging year for Niko. The implementation of a new domestic natural gas pricing policy in India was initially deferred by the Government of India and then, due to revisions to the previously approved formula, a lower than expected price increase was announced. Due primarily to the projected impact of the new pricing policy on the Company’s future liquidity, the Company pursued the sale of assets of the Company or the sale of the Company itself, and agreed to amendments to its term loan facilities agreement to provide the Company with sufficient flexibility to complete the sales process. The Company’s efforts to sell its interest in the D6 Block in India are unlikely to be successful in the short term, and therefore further time is required to pursue a strategic plan to enhance value.

In June 2014, the Company closed on the sale of its interest in Block 5(c) in Trinidad, providing funds to reduce its outstanding liabilities and adding cash to its balance sheet. In April 2015, the Company closed on the sale of its interest in four PSCs in Indonesia and in May 2015, it executed agreements to effectively amend its previously executed farm-outs of two PSCs in Trinidad into sales of the Company’s entire interests in the PSCs, subject to government approval. Efforts continue to monetize other non-core assets and minimize cash outflows outside of the Company’s core areas.

The Company believes it has sufficient liquidity for the foreseeable future to fund the cash requirements of its operating subsidiaries in India and Bangladesh and its corporate general and administrative expenses, but requires concessions from its stakeholders to reduce the cash outflows to these stakeholders until the value of the Company’s assets can be enhanced. These negotiations are underway and the Company is hopeful that the result will be beneficial for all stakeholders.

Kevin J. Clarke – Chairman and interim Chief Executive Officer, Niko Resources Ltd.

ESTIMATED RESERVES and ESTIMATED AFTER-TAX NET PRESENT VALUE OF FUTURE NET REVENUE

Estimated Reserves

	As at March 31,	
Gross[1] (Bcfe)	2015	2014
Proved[2]	218	387
Proved plus Probable[2]	546	591

(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.

(2) Figures in the table for March 31, 2014 exclude 197 Bcf of proved natural gas reserves and 235 Bcf of proved plus probable natural gas reserves related to the Company's interest in Block 5(c) in Trinidad and Tobago that was sold subsequent to March 31, 2014.

Deloitte LLP ("Deloitte"), an independent petroleum engineering firm, has prepared its reserves evaluations for the Company's interests in the D6 and NEC-25 Blocks in India and Block 9 in Bangladesh. These evaluations have 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, 2015.

Deloitte has evaluated the reserves for the Company's assets in India using its forecast of commodity price inputs into the Indian natural gas pricing formula under the Guidelines (effective November, 2014).

India

Combined proved reserves and proved plus probable reserves for the D6 and NEC-25 Blocks in India of 70 Bcfe and 369 Bcfe, respectively, as at March 31, 2015, reflect the reclassification of the reserves for certain undeveloped fields from proved reserves to probable reserves due to the uncertainty in the economic viability of the development projects at the prices assumed in the reserve evaluations of these fields.

Bangladesh

Proved reserves for Block 9 in Bangladesh increased to 148 Bcfe, as at March 31, 2015, reflecting net additions to proved reserves of 44 Bcfe and production of 24 Bcfe. Proved plus probable reserves for Block 9 increased to 177 Bcfe from 172 Bcfe at March 31, 2014.

Estimated After-tax Net Present Value of Future Net Revenue

	As at March 31,	
(millions of U.S. dollars)	2015	2014
Proved[1]	128	570
Proved plus Probable[1]	235	988

(1) Figures in the table for March 31, 2014 excludes after-tax net present value of future net revenue of $125 million for proved reserves and $159 million for proved plus probable reserves related to the Company's interest in Block 5(c) in Trinidad and Tobago that was sold subsequent to March 31, 2014.

Complete details of the Company's reserves and future net revenues attributable thereto are contained in its Annual Information Form for the year ended March 31, 2015, which will be available on the Company's SEDAR profile at www.sedar.com.

CONTINGENT RESOURCES FOR MJ DISCOVERY IN THE D6 BLOCK IN INDIA

As previously disclosed, Deloitte prepared an independent resources evaluation report for the MJ Discovery in the D6 Block in India. The 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, 2015. Deloitte's best case estimate of gross unrisked contingent resources of 1.4 trillion cubic feet of equivalent (Niko's share 140 Bcfe) relates to the Central (North), Northern and Central (South) fault blocks that were drilled by the MJ-1, MJ-A1, and MJ-A3 wells, based on an estimated areal extent of approximately 24 square kilometers, approximately twice the areal extent of the analogous MA field that is currently producing. Further details of the independent resources report for the MJ Discovery in the D6 Block in India are contained in the Material Change Report dated April 6, 2015, filed on the Company's SEDAR profile at www.sedar.com.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Niko Resources Ltd. ("Niko" or the "Company") is a company incorporated in Alberta, Canada. The address of its registered office and principal place of business is Suite 4600 Devon Tower, 400 – 3 Avenue SW, Calgary, Alberta, Canada, T2P 4H2. The Company is engaged in the exploration for and development and production of oil and natural gas, primarily in India, Bangladesh, Indonesia, Brazil and Trinidad. The Company's common shares are traded on the Toronto Stock Exchange under the symbol "NKO".

The following Management's Discussion and Analysis ("MD&A") of the financial condition, results of operations and cash flows of the Company for the year ended March 31, 2015 should be read in conjunction with the audited consolidated financial statements for the year ended March 31, 2015. This MD&A is dated June 24, 2015. Additional information relating to the Company, including the Company's Annual Information Form ("AIF"), is available on SEDAR at www.sedar.com. All financial information is presented in thousands of US Dollars unless otherwise indicated.

The term "the current quarter" is used throughout the MD&A and in all cases refers to the period from January 1, 2015 through March 31, 2015. The term "prior year's quarter" is used throughout the MD&A for comparative purposes and refers to the period from January 1, 2014 through March 31, 2014. The term "current year" is used throughout the MD&A and in all cases refer to the period from April 1, 2014 through March 31, 2015. The term "prior year" is used throughout the MD&A and in all cases refer to the period from April 1, 2013 through March 31, 2014. The term "fiscal 2014" used throughout the MD&A and in all cases refer to the period from April 1, 2013 through March 31, 2014. The term "fiscal 2015" is used throughout the MD&A and in all cases refer to the period from April 1, 2014 through March 31, 2015. The term "fiscal 2016" is used throughout the MD&A and in all cases refer to the period from April 1, 2015 through March 31, 2016.

Mcfe (thousand cubic feet equivalent) is a measure used throughout the MD&A. Mcfe is derived by converting oil and condensate to natural gas in the ratio of 1 bbl:6 Mcf. Mcfe may be misleading, particularly if used in isolation. A Mcfe conversion ratio of 1 bbl: 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. MMBtu (million British thermal units) is a measure used in the MD&A. It refers to the energy content of natural gas (as well as other fuels) and is used for pricing purposes. One MMBtu is equivalent to 1 Mcf plus or minus up to 20 percent, depending on the composition and heating value of the natural gas in question.

Cautionary Statement Regarding Forward-Looking Information and Material Assumptions

Certain statements in this MD&A are "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws, herein referred to as "forward looking statements" or "forward looking information". Forward-looking information is frequently characterized by words such as "plan," "expect," "project," "intend," "believe," "anticipate," "estimate," "scheduled," "potential" or other similar words, or statements that certain events or conditions "may," "should" or "could" occur. Forward-looking information is based on the Company's expectations regarding its future growth, 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. Such forward-looking information reflects the Company's current beliefs and assumptions and is based on information currently available to it. Forward-looking information involves significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information including risks discussed below. Although the forward-looking information contained in this report is based upon assumptions which the Company believes to be reasonable, it cannot assure investors that actual results will be consistent with such forward-looking information. Because of the risks, uncertainties and assumptions inherent in forward-looking information, you should not place undue reliance on this forward-looking information. See also "Risk Factors."

Specific forward-looking information contained in this MD&A may include, among others, statements regarding:

- the Company's ability to achieve certain milestones in the amended terms of the facilities agreement related to the Company's strategic alternatives plan in respect of the potential sale of the Company's interest in the D6 Block in India;
- the Company's ability to comply with the terms of the term loan facilities agreement;
- whether the Company's restructuring efforts will be sufficient to allow certain of the Company's exploration subsidiaries to meet existing and future obligations and create necessary financial strength and flexibility needed to fully realize the inherent value of the Company's assets;
- debt and liquidity levels, and particularly in respect of:
    - the term loan facilities and settlement agreement with Diamond Offshore ("Diamond");
    - the proposed sale of non-core assets and farm-out transactions involving exploratory production sharing contracts ("PSC"), rescheduling of exploration commitments and settlement of vendor liabilities
    - deferred obligations under the D6 Royalty Agreements; and
    - the satisfaction of all covenants and conditions under the amended term loan facilities;

- a shift in strategic focus of the Company, specifically, the planned limitation of exploration outside of India and Bangladesh, and the planned decrease in commitments and capital obligations with respect to exploration and evaluation assets;
- the interpretation and quantification of India's new Domestic Natural Gas Guidelines ("the Guidelines") issued in October 2014, including the quantum and applicability of gas price premium on the Company's existing gas fields in D6 and NEC-25 blocks;
- the addition of compressor project at D6 Block and the sustained production levels resulting therefrom;
- the Company's future development and exploration activities and the timing of these activities, including drilling and workover activities in the D6 Block in India and the corresponding increases in sales volumes from these activities;
- the success in securing farm-outs, swaps, or asset sales in Indonesia, Trinidad and Brazil and the rescheduling of certain of the Company's work commitments;
- the ability to seek joint operating partners;
- sources of funding for the Company's planned operating, investing, and financing cash outflows;
- the performance characteristics of the Company's oil, natural gas liquids ("NGL") and natural gas properties;
- natural gas, crude oil, and condensate production levels, sales volumes and revenue;
- the volume and value of the Company's oil, NGL and natural gas reserves;
- projections of market prices and costs;
- the Company's ability to raise capital and to continually add to reserves through development;
- future funds from operations;
- future royalty rates;
- treatment under governmental regulatory regimes and tax laws;
- work commitments and capital expenditure programs;
- the Company's future ability to satisfy certain contractual obligations;
- future economic conditions, including future interest rates;
- the impact of governmental controls, regulations and applicable royalty rates on the Company's operations;
- the Company's expectations regarding the development and production potential of its properties;
- the Company's expectations regarding the costs for development activities;
- the resolution of various legal claims raised against the Company;
- the potential for asset impairment and recoverable amounts of such assets; and
- changes to accounting estimates and accounting policies.

Certain statements in this MD&A constitute forward-looking information. Specifically, this MD&A contains forward looking information relating to the ability of the Company to successfully complete its strategic alternatives plan on a timely basis (including meeting and satisfying certain milestones), the Company complying with the terms of the facilities agreement, as amended by the amendments, and the ability of the Company to give effect to its business plan. 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 alternatives plan on a timely basis, or that the Company will be able to comply with the terms of the facilities agreement, as amended by the amendment, or that the Company will be able to meet the goals and purposes of its business plan or meet and satisfy the milestones agreed to in the amendment. The failure to meet or satisfy any of the foregoing is likely to 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, many of which are not within the control of the Company and include expectations and assumptions regarding its future growth, 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 commodity prices and 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: the risks associated with the Company meeting its obligations under the amended facilities agreement and successfully completing its strategic alternatives plan, 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 ("AIF") for the year-ended March 31, 2015 and in the Company's public disclosure documents, and other factors, many of which are beyond the Company's control. The reserves estimates presented herein are derived from the report of Deloitte LLP, an independent qualified reserves evaluator and auditor. Information relating to "reserves" are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated, and can be profitably produced in the future to achieve the future net revenue calculated in accordance with certain assumptions. The assumptions relating to the reserves reported herein are contained in the reports of Deloitte LLP dated June 10, 2015 and effective March 31, 2015 and are summarized in Niko's Annual Information Form. Future net revenues associated with reserves do not necessarily represent fair market value. Additionally, test results from exploration discoveries may not be reflective of long-term performance or stabilized production levels of such wells or ultimate recovery.

The Company prepares production forecasts taking into account historical and current production, and actual and planned events that are expected to increase or decrease production and production levels indicated in its reserve reports.

The Company prepares capital spending forecasts based on internal budgets for operated properties, budgets prepared by the Company's joint operating partners, when available, for non-operated properties, field development plans and actual and planned events that are expected to affect the timing or amount of capital spending.

The Company prepares operating expense forecasts based on historical and current levels of expenses and actual and planned events that are expected to increase or decrease production and/or the associated expenses. The Company makes no representation that the actual results achieved during the forecasted period will be the same in whole or in part as those forecasts.

The Company updates forward-looking information related to operations, production and capital spending on a quarterly basis when the change is material and updates reserve estimates on an annual basis. See "Risk Factors" for discussion of uncertainties and risks that may cause actual events to differ from forward-looking information provided in this report. The information contained in this report, including the information provided under the heading "Risk Factors," identifies additional factors that could affect the Company's operating results and performance. The Company urges you to carefully consider those factors and the other information contained in this report.

The forward-looking statements contained in this report are made as of the date of this MD&A. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable law. The forward-looking statements and the forward-looking information contained in this report are expressly qualified by this cautionary statement.

Non-IFRS Measures

The selected financial information presented throughout this MD&A is prepared in accordance with International Financial Reporting Standards ("IFRS"), except for "EBITDAX", and "segment profit". These non-IFRS financial measures, which have been derived from the audited consolidated financial statements and applied on a consistent basis, are used by management as measures of performance of the Company. These non-IFRS measures should not be viewed as substitutes 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 are therefore unlikely to be comparable to similar measures presented by other companies. The non-IFRS measures are further defined for use throughout this MD&A as follows:

EBITDAX

EBITDAX is defined 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 investments, 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 and unrealized foreign exchange gain or loss). The Company utilizes EBITDAX to assess performance and to help determine its ability to fund future capital investments and to repay debt.

Segment Profit

Segment profit is defined as oil and natural gas revenues less royalties, government share of profit petroleum, production and operating expenses, depletion expense, exploration and evaluation expense, asset impairment and current and deferred income taxes related to each business segment. The Company utilizes segment profit to evaluate performance by segment and overall.

BUSINESS HIGHLIGHTS

The significant business highlights of fiscal 2015 are as follows:

Sales Volumes

	Three months ended March 31,		Year ended March 31	
(mmcfe/d)	2015	2014	2015	2014
D6 Block, India	43	50	47	51
Block 9, Bangladesh	66	67	65	59
Other(1)	2	2	2	2
Total	111	119	114	112

(1) Other includes Hazira in India, and Canada.

D6 Block, India

- Per the Guidelines announced by the Government of India ("GOI") in October 2014, the price for natural gas sales from the D6 Block in India increased effective November 2014 to $5.05 / MMbtu based on the gross calorific value ("GCV") of the sales gas, which equated to approximately $5.61 / MMbtu based on the net calorific value ("NCV") of the sales gas and represented an increase of 33 percent from the $4.20 / MMbtu NCV that natural gas sales had been priced at prior to the adoption of the guidelines. The price announced by the GOI for April 2015 to September 2015 of $4.66 / MMbtu GCV represents a reduction of approximately 8 percent from the price for the November 2014 to March 2015 period. Refer to the "Liquidity and Capital Resources" for a detailed discussion of the gas pricing policy and its impact on the Company and the Company's future outlook.
- The price for oil and condensate sales for fiscal 2015 decreased by approximately 20 percent compared to fiscal 2014 as a result of the decline in world oil prices.
- Total sales volumes from the D6 Block in fiscal 2015 of 47 mmcfe/d decreased from fiscal 2014 primarily due to the impact of natural production declines in the fields in the block, partially offset by incremental production from the MA-8 development well brought on-stream in January 2014, the MA-6H sidetrack well brought on-stream in April 2014, and the MA-5H sidetrack well brought on-stream in March 2015.
- Successful commissioning of three compressors for the Onshore Terminal Booster Compressor project occurred in the fourth quarter of fiscal 2015, providing operational flexibility to address the decline in reservoir pressure. A program to re-activate certain shut-in wells in the Dhirubhai 1 and 3 ("D1 D3") fields began in the first quarter of fiscal 2016.
- The appraisal of the MJ Discovery announced in fiscal 2014 continued during fiscal 2015 with the drilling of the second and third appraisal wells and the completion of phase 1 of a conceptual engineering study for potential development of the field.

Block 9, Bangladesh

- Total sales volumes from Block 9 in fiscal 2015 of 65 mmcfe/d increased from fiscal 2014, reflecting the impact of workovers on two wells in the Bangora field performed in the first half of fiscal 2014 and plant compression facilities which came on-line in the third quarter of fiscal 2015.

Restructuring

- In October 2014, the Company executed a definitive agreement with a subsidiary of Ophir Energy Plc ("Ophir") relating to the sale of the Company's interests in seven Indonesian PSCs for cash consideration, with further payments contingent on future exploration success. In April 2015, the Company closed on transactions for the sale of certain of its subsidiaries for combined cash consideration of $16 million. The subsidiaries hold interests in four Indonesian PSCs: West Papua IV, Aru, Kofiau and Halmahera-Kofiau. The cash consideration received reflects $9 million of combined net working capital obligations of the subsidiaries that have been acquired by Ophir.
- Due primarily to the projected impact of the new domestic gas pricing policy for India on the Company's future liquidity and significant uncertainty on the future long-term price outlook in India, in November 2014 the Company engaged Jefferies LLC as its financial advisor to assist the Company in pursuing strategic alternatives including the sale of assets of the Company, a merger or other business combination, the outright sale of the Company, a refinancing of its existing debt with replacement debt, or some combination thereof.
- In February 2015 and June 2015, the Company reached an agreement with the institutional lenders of its term loan facilities agreement to amend the terms respectively. Refer to "Liquidity and Capital Resources" for a description of the first and second amendments.

CAPITAL AND EXPLORATION EXPENDITURES

For the twelve months ended March 31, 2015:

(thousands of US Dollars)	Additions to property, plant and equipment[1]	Additions to capital inventory	Additions to exploration and evaluation assets[1][2]	Directly expensed exploration and evaluation costs[1]	Total
India and Bangladesh	31,415	4,027	15,222	701	51,365
Other	62	(5,767)	1,799	16,840	12,934
Total	31,477	(1,740)	17,021	17,541	64,299

(1) Share-based compensation and other non-cash items are excluded.
(2) Includes additions that were subsequently written off.

India and Bangladesh

Capital and exploration expenditures in India and Bangladesh totaled $51 million for fiscal 2015, including $8 million in the fourth quarter of the year. Development capital of $31 million for the year related primarily to the drilling, workover and sidetrack of wells in the D6 Block in India and compression projects in the D6 Block and in Block 9 in Bangladesh. Exploration and evaluation capital of $15 million for fiscal 2015 related primarily to the drilling of the MJ-A2 and MJ-A3 appraisal wells in the MJ field in the D6 Block in India. Costs related to the unsuccessful MJ-A2 well were expensed in the first quarter of the year.

Other Countries

Capital and exploration expenditures outside of India and Bangladesh totaled $13 million for fiscal 2015, including $2 million in the fourth quarter of the year. Exploration and evaluation costs expensed directly to income of $17 million and other exploration and evaluation expenditures of $2 million for the year have been partially offset by the impact of returning $6 million of drilling inventory to suppliers in the first quarter of the year.

FINANCIAL HIGHLIGHTS

EBITDAX / Net Loss

The following table provides a reconciliation of net loss under IFRS as disclosed in the audited consolidated financial statements of comprehensive loss to EBITDAX.

	Year ended March 31,	
(thousands of US Dollars)	2015	2014
Oil and natural gas revenue	121,088	129,402
Production and operating expenses	(37,206)	(41,995)
General and administrative expenses	(9,875)	(9,520)
Finance and other income	6,996	22,464
Bank charges and other finance costs	(259)	(780)
Realized foreign exchange gain	779	1,247
EBITDAX[(1)]	**81,523**	**100,818**
Cash interest expense	(58,339)	(35,685)
Cash restructuring costs	(7,921)	(9,418)
Current income tax expense	(24)	(2)
Non-cash production and operating expenses	(595)	(370)
Depletion and depreciation expenses	(96,594)	(109,222)
Exploration and evaluation expenses	(85,658)	(198,465)
Non-cash restructuring recovery (costs)	583	(25,743)
Non-cash other income	-	20,000
Loss on investments	-	(1,342)
Net gain on asset disposal	1,259	-
Asset impairment	(267,451)	(511,563)
Unfulfilled exploration commitment expense	(191,536)	-
Share-based compensation recovery (expense)	592	(7,948)
Accretion expense	(122,556)	(29,531)
Gain (loss) on derivative	64,824	(15,544)
Interest and fees due upon repayment	(12,278)	-
Unrealized foreign exchange gain (loss)	10,801	(7,645)
Deferred income tax recovery	10,456	174,654
Net loss	**(672,914)**	**(657,006)**

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

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Highlights for the twelve months ended March 31, 2015 in comparison to the twelve months ended March 31, 2014 are as follows:

Oil and natural gas revenue

Oil and natural gas revenue of $121 million in the current year decreased from $129 million in the prior year primarily due to lower oil prices, decreased sales volumes in India, and higher government share of revenue in Block 9 in Bangladesh, partially offset by higher natural gas prices for the D6 Block in India and increased sales volumes from Block 9 in Bangladesh.

Production and operating expenses

Production and operating expense of $38 million in the current year decreased from $42 million in the prior year primarily due to the costs of workovers in Block 9 in Bangladesh in the prior year, partially offset by the impact of the transfer of costs to expenses related to the change in crude oil and condensate inventory volumes.

General and administrative expenses

General and administrative expenses of $10 million in the current year were virtually unchanged from the prior year.

Finance and other income

Finance and other income of $7 million in the current year resulted from benefits recognized from the settlement of outstanding vendor obligations and insurance premiums refunds in India. Finance and other income of $22 million in the prior year primarily reflected the cash benefits from the farm-out of a portion of the Company's interest in a PSC in Madagascar and a transfer of the

Company's interest in a Canadian property as part of a retirement agreement and the recognition of non-cash other income in Indonesia resulting from consideration recorded on the audited consolidated financial statements as proceeds from farm-outs and other arrangements and as a non-cash adjustment in determining cash flow from operations.

Interest expense

Cash interest expense of $58 million in the current year increased from $36 million in the prior year primarily due to interest related to the Company's term loan facilities entered into in December 2013. Interest and fees due upon repayment of $12 million in the current year relates primarily to additional interest charged on the term loan facilities since June 2014 as security over the Company's interest in the D6 Block has not been provided to the term loan lenders (see Liquidity and Capital Resources section for additional details).

Restructuring costs

Cash restructuring costs of $8 million in the current year decreased from $9 million in the prior year due to lower severance and allocated costs partially offset by increased advisory costs related to the Company's restructuring efforts initiated in the third quarter of fiscal 2014. Non-cash restructuring costs of $26 million in the prior year reflected the recognition of $38 million costs related to the settlement of the Company's drilling contract obligations, partially offset by recoveries from the forfeiture of stock options by former management and employees of the Company.

Depletion and depreciation expenses

Depletion and depreciation expenses of $97 million in the current year decreased from $109 million in the prior year primarily due to lower production volumes in the D6 Block in India.

Exploration and evaluation expenses

Exploration and evaluation expenses of $86 million in the current year decreased from $198 million in the prior year, primarily as a result of the Company's continuing efforts to reduce exploration activities in countries outside of India, partially offset by the write-off in the current year of $55 million of costs related to certain undeveloped discoveries in the D6 and NEC-25 blocks in India. Exploration and evaluation expenses in the current year also included branch office costs in Indonesia and Trinidad, obligations specified in PSCs in Trinidad, and final costs related to the Company's Indonesian drilling program that was curtailed in October 2013. Exploration and evaluation expenses in the prior year primarily included costs associated with unsuccessful wells in Indonesia, standby costs related to the Company's Indonesian drilling program, branch office costs in Indonesia and Trinidad, and obligations specified in PSCs in Trinidad.

Asset impairments

Asset impairments of $267 million in the current year include $207 million of reductions in the carrying values of the Company's exploration and evaluation, development and producing assets in India to the Company's estimate of value in use for these assets, arising from a lower natural gas and oil price environment and uncertainty of future natural gas prices in India. The Company also recognized the impairments of $48 million related to the remaining carrying value of its exploration and evaluation assets in Trinidad, $24 million related to capital inventory in Indonesia and Trinidad, and $11 million related to receivables in India and Indonesia based on management's assessment of the net recoverable amount for these assets in the current environment. In addition, $23 million related to the Company's interests in four Indonesian PSCs sold in April 2015 was reversed. Asset impairments of $512 million in the prior year related to the reductions in the carrying values of exploration and evaluation assets and capital inventory in Indonesia and Trinidad.

Unfulfilled exploration commitments

For six PSCs in Indonesia that had commitments due in November 2014 and one PSC that had commitments due in May 2015, the Company requested amendments to the PSCs to extend the initial exploration period of the PSC to ten years and extend the deadlines for the commitments. Extensions have not been granted and certain of the Company's subsidiaries have recognized liabilities of $117 million in the current year for unfulfilled exploration commitments. In addition, liabilities of $75 million have been recognized in the current year for unfulfilled exploration commitments in certain PSCs in Trinidad as extensions to the deadlines for the commitments have not been received.

Share-based compensation recovery/expense

Share-based compensation recovery of $1 million in the current year reflected adjustments due to forfeitures of stock options, compared to $8 million of share-based compensation expense in the prior year.

Accretion expense

Accretion expense of $123 million in the current year increased from $30 million in the prior year. In the current year, the Company reclassified the outstanding balances of its term loan facilities and convertible notes from long-term to current liabilities and recognized $81 million of accelerated accretion expense. The Company also recognized $6 million of accelerated accretion related to repayment of $15 million on the contract settlement obligation. In the prior year, accretion expense resulted primarily from the

Company's financial restructuring in December 2013.

Gain/loss on derivative

In the current year, decreases in the price forecasts and reductions to the estimated future sales volumes in the reserve report as at March 31, 2015 for the D6 Block in India resulted in the recognition of a $65 million gain on revaluation of the Company's deferred obligation. In the prior year, increases in the price forecasts used in the revaluation as at March 31, 2014 resulted in the recognition of a $16 million loss on derivative.

Unrealized foreign exchange gain (loss)

On April 1, 2014, taking into consideration the US denominated term loan facilities the Company had entered into in fiscal 2014, management changed the functional currency of its Canadian entities from Canadian Dollars to US Dollars. Assets and liabilities of the Canadian entities were translated from Canadian Dollars to US Dollars at the exchange rate on the date of change in functional currency. Unrealized foreign exchange gains in the current year primarily reflected the impact of the weakening of the Canadian Dollar against the US Dollar on Canadian Dollar denominated convertible notes, partially offset by the impact of the weakening of the Indian Rupee against the US Dollar on Indian Rupee denominated restricted site restoration funds and income tax receivables.

Deferred income tax recovery

The deferred income tax recovery of $10 million in the current year relates primarily to the reductions in the carrying values of the Company's assets in India. The deferred income tax recovery of $175 million in the prior year related primarily to the reductions in the carrying values of the Company's exploration and evaluation assets in Indonesia.

SEGMENT PROFIT

India

(thousands of US Dollars)	Year ended March 31, 2015	2014
Natural gas revenue	74,292	75,016
Oil and condensate revenue	21,225	23,860
Royalties	(4,653)	(5,047)
Government share of profit petroleum	(1,431)	(1,357)
Production and operating expense	(27,724)	(25,370)
Depletion and depreciation expense	(88,995)	(101,400)
Asset impairment	(211,538)	-
Exploration and evaluation expense	(62,713)	(1,448)
Gain from asset disposal	626	-
Current tax expense	(24)	-
Deferred income tax recovery	10,456	13,808
Segment loss[1]	(290,479)	(21,938)
Daily natural gas sales (Mcf/d)	43,606	49,836
Daily oil and condensate sales (bbls/d)	714	625
Operating costs ($/Mcfe)	1.56	1.26
Depletion rate ($/Mcfe)	4.76	4.98

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

The India segment includes results from the Dhirubhai 1 and 3 natural gas fields and the MA oil and natural gas field in the D6 Block, the Hazira oil and natural gas field, and the undeveloped discoveries in the NEC-25 block.

Natural gas revenue in the current year decreased slightly from the prior year due to lower gas sales volumes in the D6 Block and Hazira field, partially offset by an increase in natural gas price, effective November 2014. The new gas price equated to approximately $5.61 / MMbtu based on the net calorific value, which was an increase of approximately 33 percent from the $4.20 / MMbtu NCV that natural gas sales had been priced at prior to the adoption of the Guidelines.

Oil and condensate revenue decreased from the prior year primarily due to the impact of lower oil and condensate prices experienced in the current market, partially offset by higher sales volumes during the year.

Production and operating expenses increased slightly from the prior year primarily due to the impact of the transfer of costs to expense related to the change in crude oil and condensate inventory volumes.

Depletion and depreciation expense decreased primarily due to lower production volumes in the D6 Block.

Exploration and evaluation expenses in the current year increased from the prior year primarily due to the write-off of costs related to certain undeveloped discoveries in the D6 and NEC-25 blocks and the unsuccessful MJ-A2 appraisal well drilled in the current year.

Asset impairments of $212 million in the current year resulted from reductions in the carrying value of the Company's assets in India to their estimated net recoverable amounts. In fiscal 2015, the formula adopted in the Guidelines has resulted in lower than anticipated natural gas prices for the periods from November 1, 2014 to March 31, 2015 and April 1, 2015 to September 30, 2015. In addition, forecasts for future world natural gas and crude oil prices have declined during the year. The lower natural gas and oil price environment and uncertainty of future natural gas prices in India have been considered in management's evaluations of the exploration and evaluation asset values related to undeveloped discoveries in the D6 and NEC-25 blocks in India. For the evaluation of producing assets of the D6 Block and development assets of the D6 and NEC-25 blocks, the Company determined the Value in Use based on the net present value of the cash flows from each cash generating unit ("CGU") using estimates of total proved plus probable reserves evaluated by independent reserve evaluators along with the associated year end commodity price forecast and an estimate of market discount rates between 12 and 15 percent to consider risks specific to the asset.

Bangladesh

(thousands of US Dollars)	Year ended March 31, 2015	2014
Natural gas revenue	54,005	48,852
Condensate revenue	5,646	6,213
Government share of profit petroleum	(28,044)	(18,611)
Production and operating expense	(10,075)	(16,711)
Depletion and depreciation expense	(5,669)	(6,920)
Exploration and evaluation expense	(234)	(197)
Segment profit[1]	15,629	12,626
Daily natural gas sales (Mcf/d)	63,831	57,780
Daily condensate sales (bbls/d)	188	163
Operating costs ($/Mcfe)	0.41	0.74
Depletion rate ($/Mcfe)	0.24	0.32

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

Natural gas revenues for the year increased due to higher sales volumes resulting from the successful completion of two well workovers in the prior year and plant compression facilities which came on-line in the third quarter of fiscal 2015.

Condensate revenue decreased from the prior year primarily as a result of lower condensate prices experienced in the market, partially offset by higher condensate sales volumes in the year.

The government share of profit petroleum increased compared to the prior year as past unrecovered allowable costs have been fully recovered in the year, resulting in a higher proportion of gross revenue being shared with the government under the terms of the PSC, and due to higher revenues in the year.

Production and operating expense for the current year decreased primarily due to the costs of workover activities incurred in the prior year.

Depletion and depreciation expense decreased due to a lower depletion rate arising from positive reserve revisions recorded at the end of fiscal 2014, partially offset by increased gas and condensate production volumes in the current year.

Indonesia

(thousands of US Dollars)	Year ended March 31, 2015	2014
Other income	358	20,000
Exploration and evaluation expenses	(12,339)	(161,036)
Depreciation expense	(1,361)	(233)
Asset impairment reversal (expense)	2,738	(478,427)
Restructuring cost	(635)	(36,031)
Deferred tax recovery	-	160,843
Unfulfilled exploration commitment expense	(116,896)	-
Segment loss[1]	(128,135)	(494,884)

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

In the prior year, the Company recognized other income resulting from $20 million of consideration received in exchange for assuming a 100 percent interest in the Semai V PSC (including a future drilling commitment).

Exploration and evaluation expenses in the current year decreased from the prior year as a result of the reduced exploration and evaluation efforts due to the Company's shift in strategic focus. Exploration and evaluation expense incurred in the current year reflect final costs related to the operation of the Ocean Monarch rig in Indonesia and branch office costs. In the prior year, exploration and evaluation expenses of $161 million included the costs of three unsuccessful wells, rig mobilization and standby costs, seismic and other exploration projects, and branch office costs.

Depreciation expense increased in the year as a result of accelerated depreciation recognized on remaining fixed assets including office equipment, furniture and fixture.

Net asset impairment in the year reflects $23 million reversal in impairment related to the realizable value of the four PSCs sold in April 2015, partially offset by $13 million of impairment loss recognized relating to capital inventory and $7 million of impairment loss recognized relating to receivable from a partner. In the prior year, the Company recognized $478 million of impairments of its exploration and evaluation assets and a resulting deferred tax recovery.
Restructuring cost decreased significantly from the prior year as the Company had recognized $36 million for the settlement of drilling contract obligations in fiscal 2014. In the current year, restructuring costs primarily reflect severance, allocated expenses and advisory costs.

Unfulfilled exploration commitment expense of $117 million relates to six PSCs in Indonesia that had commitments due in November 2014 and one PSC that had commitments due in May 2015. The Company requested amendments to the PSCs to extend the initial exploration period to ten years and extend the deadlines for the commitments. Extensions have not been granted and certain of the Company's subsidiaries have recognized liabilities in the current year for these unfulfilled exploration work commitments.

Trinidad

	Year ended March 31,	
(thousands of US Dollars)	2015	2014
Other income	1,158	-
Exploration and evaluation expenses	(7,511)	(28,717)
Depreciation expense	(103)	(113)
Loss on asset disposal	(1,704)	-
Asset impairment	(58,091)	(32,830)
Restructuring costs	(20)	(9)
Unfulfilled exploration commitment expense	(74,640)	-
Segment loss[1]	(140,911)	(61,669)

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

Other income in the current year relates to the settlement of outstanding vendor obligations in Trinidad.

Exploration and evaluation expenses in Trinidad decreased from the prior year due to the Company's shift in strategic focus. Expenses incurred in the current year primarily relate to branch office costs and obligations specified in the PSCs.

In the current year, the Company sold capital inventory to third parties and recognized $2 million of loss on asset disposal.

In the current year, the Company impaired the remaining $47 million of exploration and evaluation asset values for all of the blocks in Trinidad as a result of management's assessment of the Company's likelihood of realizing value for these assets in the current environment. The Company also recognized $11 million of asset impairment relating to the reduction of the carrying value of capital inventory to the Company's estimated net realizable value. In the prior year, the Company recognized $33 million of asset impairment related to reductions in the carrying values of certain exploration and evaluation assets in Trinidad.

Unfulfilled exploration commitment expense of $75 million in the current year resulted from recognition of liabilities for unfulfilled work commitments in certain PSCs in Trinidad as the extensions to the deadlines for the commitments have not been received.

All Other (Brazil, Madagascar, Pakistan)

(thousands of US Dollars)	Year ended March 31, 2015	2014
Other income	2,439	18,531
Gain on asset disposal	2,337	-
Exploration and evaluation expenses	(2,863)	(7,351)
Depreciation expenses	(466)	(556)
Asset impairment	(560)	(306)
Segment income[1]	887	10,318

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

Other income in the current year included $2 million related to settlements of outstanding vendor obligations in Brazil. In the prior year, the Company farmed out a portion of its interest in its Madagascar property and recorded income of $18 million for the proceeds of the farm-out in excess of the carrying value.

During the year, the Company sold its interest in a data acquisition entity in Brazil and recognized a $2 million gain on disposal.

Exploration and evaluation expenses decreased from the prior year as lower exploration activities were incurred due to the Company's strategic decision to focus on India and Bangladesh operations.

CORPORATE

(thousands of US Dollars)	Year ended March 31, 2015	2014
Finance and other income	3,089	4,412
General and administrative expenses	(9,875)	(9,520)
Share-based compensation recovery (expense)	592	(7,948)
Restructuring cost	(6,683)	879
Finance expense	(193,432)	(65,996)
Gain (loss) on derivative	64,824	(15,544)
Foreign exchange gain (loss)	11,580	(6,398)
Loss on investments	-	(1,342)
	(129,905)	(101,457)

Finance and other income

Other income in the current year includes $2 million of insurance premium refunds in India. Other income was higher in the prior year primarily due to the recorded benefits from the transfer of the Company's interest in a Canadian producing property as part of a retirement agreement with the Company's former Chairman, President and Chief Executive Officer.

General and administrative expenses

General and administrative expenses in the current year were virtually unchanged from the prior year.

Share-based compensation expense

Share-based compensation recovery in the current year reflected adjustments due to forfeitures of stock options, compared to share-based compensation expense in the prior year.

Restructuring costs

Restructuring costs in the current year relate primarily to advisory costs and allocated expenses incurred for the Company's restructuring efforts initiated in the third quarter of fiscal 2014, partially offset by recoveries from the forfeitures of stock options. Restructuring cost recoveries in the prior year related to the recoveries from the forfeiture of stock options, partially offset by retirement allowances of the Company's former Chairman, President and Chief Executive Officer and other former employees, and restructuring advisory costs.

Finance expense

(thousands of US Dollars)	Year ended March 31, 2015	2014
Interest expense	70,617	35,685
Accretion expense	122,556	29,531
Bank charges and other finance costs	259	780
Finance expense	193,432	65,996

Interest expense for the current year increased compared to the prior year primarily due to interest on the term loan facilities. Interest expense includes accrued interest and fees due upon maturity of the term loan facilities. Refer to "Liquidity and Capital Resources" for detail discussion.

Accretion expense in the current year increased from the prior year. In the current year, the Company reclassified the outstanding balances of its term loan facilities and convertible notes from long-term to current liabilities and recognized $81 million of accelerated accretion expense. The Company also recognized $6 million of accelerated accretion related to repayment of $15 million on the contract settlement obligation. In the prior year, accretion expense resulted primarily from the Company's financial restructuring in December 2013.

Gain / loss on derivatives

(thousands of US Dollars)	Year ended March 31, 2015	2014
Gain (loss) on derivatives	64,824	(15,544)

In the current year, decreases in the price forecasts and reductions to the estimated future sales volumes in the reserve report as at March 31, 2015 for the D6 Block in India resulted in the recognition of a $65 million gain on revaluation of the Company's deferred obligation. In the prior year, increases in the price forecasts used in the revaluation as at March 31, 2014 resulted in the recognition of a $16 million loss on derivative.

Foreign Exchange

(thousands of US Dollars)	Year ended March 31, 2015	2014
Realized foreign exchange gain	(779)	(1,247)
Unrealized foreign exchange (gain) loss	(10,801)	7,645
Total foreign exchange (gain) loss	(11,580)	6,398

On April 1, 2014, taking into consideration the US denominated term loan facilities the Company had entered into in fiscal 2014, management changed the functional currency of its Canadian entities from Canadian Dollars to US Dollars. Assets and liabilities of the Canadian entities were translated from Canadian Dollars to US Dollars at the exchange rate on the date of change in functional currency.

Realized foreign exchange gain experienced in the current year resulted mainly from the impact of the weakening of Indian Rupee against the US Dollar on payments made to joint venture partners for cash calls in Indian Rupees but credited in US Dollar.

Unrealized foreign exchange gains in the year primarily reflected the impact of the weakening of the Canadian Dollar against the US Dollar on Canadian Dollar denominated convertible notes, partially offset by the impact of the weakening of the Indian Rupee against the US Dollar on Indian Rupee denominated restricted site restoration funds and income tax receivables.

LIQUIDITY AND CAPITAL RESOURCES

Company Strategy

In fiscal 2014, the Company shifted its strategic focus to developing and appraising the assets in the D6 Block in India, while maintaining optionality of the balance of its exploration portfolio. To provide the financial capacity to implement this strategy, in December 2013, the Company entered into a definitive facilities agreement with certain institutional lenders (the "lenders") providing for term loan facilities. At that time, prices for natural gas sales from the D6 Block were expected to approximately double effective April 1, 2014, as per a pricing formula approved by the GOI in June, 2013.

After three deferrals, in October 2014, the GOI approved the new domestic gas pricing policy for India effective November 1, 2014, and issued the New Domestic Natural Gas Guidelines, 2014 (the "Guidelines"), which reflected a pricing formula that had been revised from the pricing formula approved in June, 2013. As per the Guidelines, the gas price is to be calculated based on a volume weighted average of prices in the US, Canada, Europe and Russia based on the twelve month trailing average price with a lag of three months, and is to be determined on a semi-annual basis.

The Guidelines indicate that, subject to certain exceptions, the revised price would be applicable to all natural gas produced from various types of blocks in India including NELP blocks (such as the D6 and NEC-25 blocks in which the Company holds a 10 percent interest). One of the exceptions noted in the Guidelines is the Dhirubhai 1 and 3 fields in the D6 Block where a dispute between the contractor group and the GOI on the cost recovery of certain costs is under arbitration. The Guidelines indicate that the contractor group would be paid the earlier price of $4.20 / MMbtu and the difference between the revised price and $4.20 / MMbtu would be credited to a gas pool account and "whether the amount so collected is payable or not to the contractors of this block would be dependent on the outcome of the award of the pending arbitration and any attendant legal proceedings".

In accordance with the new Guidelines, the price for the period of November 1, 2014 to March 31, 2015 increased by approximately 33 percent from the $4.20 / MMbtu NCV that natural gas sales had been priced at prior to the adoption of the Guidelines, significantly lower than anticipated when the facilities agreement with the lenders had been entered into. The price notified by the GOI for the period of April 1, 2015 to September 30, 2015 decreased by approximately 8 percent from the price for natural gas sales from November 1, 2014 to March 31, 2015.

The Guidelines indicate that "For all discoveries after the issuance of these guidelines, in Ultra Deep Water Areas, Deep Water Areas and High Pressure-High Temperature areas, a premium would be given on the gas price determined as per the formula" defined in the Guidelines, with the premium to be "determined as per prescribed procedure." The applicability of the premium to existing undeveloped discoveries in the D6 and NEC-25 blocks, such as the discoveries included in the approved plans of development for the R-Cluster and Satellite Areas, remains to be clarified. The development of these discoveries is dependent on the future economic viability of the required investments.

Due primarily to the projected impact of the new domestic gas pricing policy for India on the Company's future liquidity and significant uncertainty on the future long-term price outlook in India, in December 2014, the Company engaged Jefferies LLC as its financial advisor to assist the Company in pursuing strategic alternatives including the sale of assets of the Company, a merger or other business combination, the outright sale of the Company, a refinancing of its existing debt with replacement debt, or some combination thereof.

Financial Covenants

Prior to the amendments outlined below, the Company was subject to the following financial covenants under its term loan facilities agreement:

- Maximum ratio of (a) consolidated senior debt (defined as debt incurred under facilities A, B and C of the term loan facilities and finance lease obligations) to (b) the consolidated EBITDAX (as defined in the facilities agreement) for the trailing four quarters, commencing with the period ended June 30, 2014.
- Minimum ratio of (a) proved plus probable reserves for the D6 Block to (b) senior debt, commencing with the period ended March 31, 2014 (with the calculation performed annually based on its year-end reserves and financial statements).

The Company's operating results for the trailing four quarters ended December 31, 2014 were not sufficient to satisfy the senior debt to EBITDAX financial covenant and under the original agreement a breach of this covenant would have resulted in the right for the lenders to accelerate payment of the outstanding principal amount of the term loan facilities of $308 million. Due to cross default provisions of the note indenture for the Company's 7 percent senior unsecured convertible notes due December 31, 2017 ("Notes"), an event of default under the term loan facilities agreement that was not cured within 45 days would have permitted the holders of the Notes to accelerate payment of the outstanding principal amount of the Notes. As a result, and notwithstanding that an event of default did not occur under the facilities agreement, the Company has reflected the outstanding balances of the term loan facilities and Notes as current liabilities.

Amendments to the Facilities Agreement
In February 2015, the Company and its lenders agreed to amend the terms of the facilities agreement in order to ensure that an event of default did not occur. It was believed that the amendment would provide the Company with sufficient time to pursue the potential sale of the Company's interest in the D6 Block in India or the sale of the Company. As the process for the sale of the Company's interest in the D6 Block or the Company did not achieve certain milestones agreed to with the lenders in the first amendment, in May 2014, the Company and its lenders entered into two agreements which, subject to certain conditions, resulted in extensions of milestones to complete the sales process and further extended the waiver of certain financial covenants and undertakings set out in the facilities agreement until September 15, 2015.

In accordance with the provisions of the amendments to the facilities agreement, in the fourth quarter of fiscal 2015, the Company withdrew $23 million from the reserve accounts specified under facilities agreement and made $20 million of principal repayments, reducing the reserve account balances from $58 million at December 31, 2014 to $35 million at March 31, 2015, and the principal amount outstanding on the term loan from $300 million at December 31, 2014 to $280 million at March 31, 2015. Subsequent to March 31, 2015, the Company deferred its quarterly interest payment due on June 23, 2015 to September 23, 2015, withdrew $10 million from the reserve accounts and made $30 million of principal repayments, reducing the reserve account balances to $25 million and the principal outstanding on the term loan to $250 million.

As per the amendments to the facilities agreement, the Company is restricted to specified amounts of capital expenditures for non-core assets and general and administrative expenditures during calendar 2015, and must maintain specified minimum total cash balances. In addition, the Company is restricted from making any interest or other payments under the Notes or under the terms of the agreement entered into with Diamond Offshore (the "Diamond Settlement Agreement") until September 30, 2015.

The Company has therefore initiated discussions and negotiations with holders of Notes and representatives thereof to seek their consent to defer to September 30, 2015 the interest payment due on June 30, 2015. In addition, the Company has sought the consent of the parties to the Diamond Settlement Agreement to defer any payments that are due and payable prior to September 30, 2015 and eliminate the required minimum balance in a reserve account specified in the Diamond Settlement Agreement. To date, no consents have been obtained from the holders of the Notes or the parties to the Diamond Settlement Agreement (collectively, the "Consents"), and it appears unlikely that Consents will be obtained prior to June 30, 2015. As a result, it is probable that the Company will be in breach of the indenture governing the Notes and the Diamond Settlement Agreement. Under the terms of the indenture governing the Notes, an event of default would not occur until July 30, 2015. Under the Diamond Settlement Agreement, in the event of a breach, the parties thereto may seek to enforce their unsecured rights, but the extent of any damages they may suffer from a breach and the strength of any claim they could make is not clear at this time.

Since it now appears unlikely that the Company will be able to achieve the remaining milestones in the amended facilities agreement and that the Company will default under key unsecured obligations, the Company is pursuing an alternative strategic plan with the assistance of its advisors to enhance value over a longer period of time. The Company has been in discussions with its lenders about the structure of this plan and plans to have further discussions with other key stakeholders, including the holders of the Notes and the parties to the Diamond Settlement Agreement. This alternative plan would likely be subject to certain approvals by various stakeholders and could have negative impact on stakeholders and the value of their interests in the Company. No assurance can be made that any strategic plan can be accomplished at all or on a timely basis. The failure to effect a transaction pursuant to a strategic plan on a timely basis could prove to be unsatisfactory for security holders, which would likely have a material adverse impact on the value of their interest in the Company.

Sources of Funding - Operating Subsidiaries in India and Bangladesh and Corporate
The Company has the following sources of funding for its planned operating, investing and financing cash outflows (including working capital requirements):

- Unrestricted cash and cash equivalents as at March 31, 2015 of $60 million;
- Restricted cash as at March 31, 2015 of $38 million (subject to terms of the facilities agreement, as amended);
- Receipts of oil and natural gas revenues from its producing assets in India and Bangladesh;
- Potential proceeds from asset sales, farm-outs and other arrangements; and
- Potential proceeds from future equity or debt issuances.

The Company believes that it has sufficient liquidity for the foreseeable future to satisfy the anticipated cash requirements of its operating subsidiaries in India and Bangladesh and its corporate general and administrative expenses. In the alternative strategic plan that the Company is pursuing with its stakeholders, the Company is negotiating to reduce future cash outflows related to its term loan facilities agreement, Notes and Diamond Settlement Agreement until such time that the value of the Company's assets can be enhanced or alternative arrangements are agreed to.

Exploration Subsidiaries in Indonesia and Trinidad
As at March 31, 2015, the Company had $102 million of accounts payable and accrued liabilities related to its exploration subsidiaries in Indonesia and Trinidad and $273 million of exploration work commitments associated with these subsidiaries,

including commitments of the Trinidad subsidiaries that are backed by parent company guarantees. For six production sharing contracts ("PSCs") in Indonesia that had commitments due in November 2014 and one PSC that had commitments due in May 2015, the Company requested amendments to the PSCs to extend the initial exploration period to ten years and extend the deadlines for the commitments. Extensions have not been granted and as at March 31, 2015, certain of the Company's subsidiaries have recognized liabilities of $117 million for these unfulfilled exploration work commitments. In addition, liabilities of $75 million have been recognized as at March 31, 2015 for unfulfilled exploration work commitments in certain PSCs in Trinidad as extensions to the deadlines for the commitments have not been received.

The Company is continuing its efforts to sell or farm out interests in many of its exploration PSCs, reschedule its exploration commitments, and settle its vendor liabilities.

In April 2015, the Company closed on transactions for the sale of certain of its subsidiaries holding interests in four Indonesian PSCs (West Papua IV, Kofiau, Halmahera-Kofiau, and Aru) as the first phase of transactions under a definitive agreement executed in October 2014 with a subsidiary of Ophir Energy Plc ("Ophir"). The cash consideration of $16 million received reflects $9 million of combined net working capital obligations of the subsidiaries acquired by Ophir. Further payments under these transactions are contingent on future exploration success. Approximately $4 million of the cash consideration was used to reduce the amount outstanding under the Diamond Settlement Agreement and $9 million was used to pay outstanding tax liabilities in Indonesia and costs associated with the transactions. Closings of the transactions for the sale of the Company's interests in two additional Indonesian PSCs (North Ganal and North Makassar Strait) are subject to the satisfaction or waiver of the remaining conditions precedent. Niko is contesting the Land and Building Tax ("LBT") assessments related to certain Indonesian PSCs and has indemnified Ophir for any potential LBT obligations related to the subsidiary that owns an interest in the Aru PSC and at closing, would do so for the subsidiary that owns its interest in the North Ganal PSC.

In May 2015, the Company executed agreements to sell its entire interests in the Guayaguayare Shallow and Deep PSCs to subsidiaries of Range Resources Ltd., effectively amending the terms of previously executed farm-out agreements. Under the sale agreements, the Company will sell its interests in the PSCs in exchange for the assumption of existing liabilities and commitments under the PSCs and for potential future payments that are contingent on certain future events in the PSCs. Closing of the sale transactions are subject to certain conditions, including the approval of the Government of Trinidad and Tobago.

The terms of the Company's term loan facilities limit the funding of capital expenditures and working capital requirements of the Company's exploration subsidiaries and the Company is evaluating its options for these subsidiaries as part of its strategic plan. There is significant uncertainty regarding whether these efforts will be sufficient to allow certain of the Company's exploration subsidiaries to meet existing and future obligations and continue activities in the future.

Contingent Liabilities
The Company and its subsidiaries are subject to various claims from other parties, as described in Note 32 of the consolidated financial statements for year-ended March 31, 2015, and is 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 of the Company and its subsidiaries), there is material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

Term Loan Facilities
In December 2013, the Company entered into a definitive facilities agreement with certain institutional investors providing for senior secured term loan facilities in an aggregate principal amount of $340 million. As of March 31, 2015, the outstanding principal on the facilities is $280 million, reflecting the Company's decision to forego its option to drawdown on the $20 million amount of Facility D, the repayment in June 2014 of the $20 million drawn on Facility E, and the prepayments of $20 million on Facility A in the fourth quarter of fiscal 2015 resulting from the first amendment of the term loan facilities agreed with the lenders. In the first quarter of fiscal 2016, the Company and its lenders agreed to an extension and a second amendment to the facilities agreement, resulting in the prepayments of $30 million on Facility A and reducing the outstanding principal on the facilities to $250 million.

The key terms related to the outstanding facilities under the facilities agreement and related documentation are as follows:

Specific terms of facilities A/B/C

- Facilities amount: $300 million (combined)
- Prepayment: At the Company's option at any time after December 20, 2015 (at a 7 percent premium, decreasing to 4 percent after December 20, 2016)
  At the lenders option (without premium) from the remaining net proceeds of certain asset sales, farm-outs, equity and debt issuances, after contract settlement payments and Facility D/E prepayments
- Repayment: On September 30, 2017
- Use of proceeds: $175 million Facility A: General corporate purposes, subject to certain restrictions
  $125 million Facilities B/C: Restricted to expenditures related to the D6 Block in India

- Interest: Quarterly cash interest payments at 15 percent per annum; commencing June 2014, potential additional 5 percent per annum payable upon repayment ("D6 PIK interest") if first ranking security is not provided over the Company's participating interest in the D6 Block. The GOI has not yet approved the grant of security to the lenders. If security is provided prior to March 31, 2016, the D6 PIK interest to be paid will be reduced by 50 percent and if the security is provided thereafter, the D6 PIK interest will be reduced by 25 percent.

As per the second amendment to the facilities agreement agreed with the lenders in the first quarter of fiscal 2016, the quarterly cash interest payment due in June 2015 has been deferred until September 2015.

Uncommitted D6 facility
The facilities agreement also includes a provision for an uncommitted facility that can be funded at the option of any lenders if the Company is unable to fund the cash call requirements of the D6 Block. Advances under this facility are repayable from the Company's gross revenues from the D6 Block until an amount equal to 200 percent of the advanced amount has been paid.

Financial Covenants
In the original facilities agreement, the Company was subject to the following financial covenants:

- Maximum ratio of (a) consolidated senior debt (defined as debt incurred under facilities A, B and C and finance lease obligations) to (b) the consolidated EBITDAX (as defined in the facilities agreement) for the trailing four quarters, commencing with the period ending June 30, 2014.
- Minimum ratio of (a) proved plus probable reserves for the D6 Block to (b) senior debt, commencing with the period ending March 31, 2014.

As per the amendments to the facilities agreement agreed with the lenders in the fourth quarter of fiscal 2015 and the first quarter of fiscal 2016, these financial covenants are waived until September 15, 2015.

General covenants
In the original facilities agreement, the Company agreed to several other undertakings and covenants, including:

- Maintenance of certain reserve accounts, including:
  - A reserve account for anticipated expenditures in the D6 Block, with a minimum balance that increased over time to the greater of $30 million and the Company's forecasted capital expenditures in the D6 Block for the subsequent six month period.
  - A reserve account for settlement payments, with a minimum balance commencing December 31, 2014 equal to the payments required under the terms of the settlement agreement with Diamond Offshore for the subsequent six month period.
  - A reserve account for debt service, with a minimum balance commencing December 31, 2014 equal to the interest payments due under the facilities agreement for the subsequent six month period.
- Restrictions on cash expenditures relating to areas outside of India and Bangladesh, subject to certain exceptions.
- Requirement to raise certain minimum amounts from asset sales, farm-outs and/or equity issuances by June 30, 2015.
- Requirement that, subject to certain exceptions, asset sales be completed at fair market value with at least 90 percent of the consideration received in the form of cash (including assumed liabilities).
- Restrictions on the incurrence of debt, granting of liens, investments and similar transactions.

In the first amendment to the facilities agreement, the Company agreed to additional undertakings including:

- Requirement to achieve certain milestones related to the potential sale of the Company's interest in the D6 Block in India, which could include the sale of the Company.
- Requirement to maintain specified minimum cash balances.
- Restrictions on cash expenditures for non-core assets and general and administrative expenditures;

In the first amendment, the minimum balance requirement for the reserve accounts for settlement payments and debt service has been reduced to zero, and per the second amendment to the facilities agreement agreed with the lenders in the first quarter of fiscal 2016, the minimum balance requirement for the reserve account for anticipated expenditures in the D6 Block has been reduced to $20 million. In addition, the requirement to raise minimum amounts from asset sales, farm-outs and equity issuances has been waived until September 15, 2015. In addition, the Company is restricted from making any interest or other payments under the Notes, or under the terms of the agreement entered into the Diamond Settlement Agreement until September 30, 2015.

Since it appears unlikely the Company will be able to achieve the remaining milestones in the amended facilities agreement, the Company is pursuing an alternative strategic plan with the assistance of its advisors and stakeholders to enhance value over a longer period of time. The Company has been in discussions with its lenders about the structure of this plan and related further amendments to the facilities agreement.

Change in Control
If a change in control of the Company occurs or the Company's indirect subsidiary, Niko (NECO) Ltd., disposes of any part of its rights in respect of the D6 PSC, the Company shall make an offer to prepay all of the outstanding principal (plus a one percent

prepayment fee) and accrued and unpaid interest (including cash interest and D6 PIK interest) within ten days of the change of control.

Deferred Obligation
As a condition of the facilities agreement, the Company entered into an agreement that provides for a monthly payment equal to six percent of the Company's share of the gross revenues received from the D6 Block in India, commencing April 1, 2015 for a period of seven years.

Security
The obligations under the facilities agreement and the deferred obligation are initially secured by:

- charges over all of the present and after-acquired personal and real property of the Company and certain of its subsidiaries;
- specific pledges and charges over the shares of substantially all of the Company's subsidiaries; and
- specific charges over the bank accounts of the Company and certain of its subsidiaries.

The Company has entered into security deeds to grant first ranking security with respect to Block 9 in Bangladesh which will become effective upon consent by Petrobangla and the Bangladesh government, and has agreed to use best endeavours to obtain all necessary India governmental authorizations to provide first ranking security over the Company's participating interest in the D6 PSC in India. Authorization has been received from the Reserve Bank of India and authorization from the Government of India has been sought, but not yet granted.

Farm-in Options
As a condition of the facilities agreement, the Company entered into a farm-in rights agreement with an affiliate of the lenders that grants four exclusive, irrevocable, non-assignable rights to acquire interests in pre-selected Indonesian PSCs. Each farm-in right provides the holder with the option to purchase a 5 percent participating interest in selected PSCs (subject to a maximum acquired participating interest equal to the lesser of 50 percent of the Company's aggregate participating interests in the selected PSC and 10 percent) by paying its proportionate share of the previously incurred costs of the selected PSC. A farm-in right may be exercised by the holder by giving at least seven days' notice prior to the target spud date of a well to be drilled in the selected PSC. Unexercised farm-in rights expire on the earlier of (i) the date on which the eighth well on the selected PSCs is spudded and (ii) December 20, 2020.

Convertible Notes
In December 2012, the Company issued Cdn$115 million principal amount of convertible unsecured notes that mature on December 31, 2017 and bear interest at a rate of 7 percent, with interest payable semi-annually in arrears on June 30 and December 31 of each year, commencing June 30, 2013. The convertible notes are convertible at the option of each holder into common shares at a conversion price of Cdn$11.30 per share. After December 31, 2015, the convertible notes are redeemable by the Company, in whole or in part from time to time, provided that the market price of the Company's common shares (defined as the weighted average trading price of the common shares for the twenty consecutive trading days ending five trading days prior to the issue of the notice of redemption) is at least 130 percent of the conversion price. The Company has the right to use common shares to satisfy some or all of its obligations for the convertible notes.

The convertible notes are guaranteed on an unsecured basis by the Company's subsidiaries, Niko Resources (Cayman) Ltd., Niko (NECO) Ltd. and Niko Exploration (Block 9) Ltd. Each guarantor guarantees that the notes shall be paid in accordance with the agreement terms. The guarantees of the convertible notes are subordinated to the guarantees provided to the lenders of the Company's term loan facilities.

Undertakings and covenants in respect of the convertible notes include:

- Requirement to make offers to purchase the convertible notes at par plus accrued and unpaid interest within 30 days following a change of control (as defined below); and
- Requirement to obtain the consent of the holders of the convertible notes to sell all or substantially all of the Company's assets to another person, subject to certain exceptions.

For the purpose of such undertakings and covenants, subject to certain exceptions, a change of control includes a sale of all or substantially all of the Company's assets, and a sale of assets of a subsidiary of the Company that would constitute all or substantially all of the assets of the Company on a consolidated basis is deemed to be a sale of all or substantially all of the assets of the Company.

The note indenture provides that an event of default in respect of the convertible notes will occur, if an event of default occurs or exists under the term loan facilities agreement, if that default:

- is caused by a failure to pay obligations prior to the expiration of any applicable grace or cure period, or
- results in the lenders of the term loan facilities having the right to accelerate such obligations prior to their stated maturity,
- and that default is not cured or waived within a period of 45 days from the occurrence of that default.

If an event of default in respect of the convertible notes has occurred and is continuing, the note trustee may, in its discretion, and shall upon request of holders of not less than 25 percent of the principal amount of convertible notes then outstanding, declare the principal of and interest on all outstanding convertible notes to be immediately due and payable. In certain cases, the holders of more than 50 percent of the principal amount of the convertible notes then outstanding may, on behalf of the holders of all convertible notes, waive any event of default and/or cancel any such declaration upon such terms and conditions as such holders shall prescribe.

As discussed above, a breach of the senior debt to EBITDAX financial covenant of the original term loan facilities agreement would have resulted in the right of the lenders of the term loan facilities to accelerate payment of the outstanding principal amount of the term loan facilities. As a result of the cross default provisions of the note indenture, the Company has reflected the outstanding balances of the convertible notes as current liabilities as at March 31, 2015.

As a result of the second amendment to the term loan facilities, the Company will seek the consent of the holders of the Notes to defer to September 30, 2015 the interest payment due on June 30, 2015. To date, consent has not been obtained from the holders of the Notes and it appears unlikely that consent will be obtained prior to June 30, 2015. As a result, it is probable that the Company will be in breach of the indenture governing the Notes. Under the terms of the indenture governing the Notes, an event of default would not occur until July 30, 2015.

Contract Settlement Obligation

In December 2013, the Company entered into an agreement with Diamond Offshore relating to settlement of payment obligations and other commitments under the Ocean Monarch and Ocean Lexington drilling contracts. The settlement agreement includes a mutual release of claims in respect of certain rights and obligations under the drilling contracts, with the claims in respect of the Company's payment obligations under the drilling contracts to be released upon payment by the Company of $80 million. An initial payment of $25 million was made to Diamond Offshore using proceeds from the initial advance of the term loan facilities, with the outstanding balance to be paid over subsequent years up to September 30, 2017, subject to early prepayment upon the occurrence of certain events. The amounts due are non-interest bearing. In the current year, approximately $15 million was prepaid from proceeds of asset sales along with a $5 million scheduled payment, reducing the amount outstanding on the contract settlement obligation to $35 million as at March 31, 2015. In the first quarter of fiscal 2016, approximately $4 million was prepaid from proceeds of assets sales, reducing the amount outstanding to $31 million.

As a result of the second amendment to term loan facilities, the Company will seek the consent of the parties to the Diamond Settlement Agreement to defer any payments that are due and payable prior to September 30, 2015 and eliminate the required minimum balance in a reserve account specified in the Diamond Settlement Agreement. To date, consent has not been obtained from the parties to the Diamond Settlement Agreement, and it appears unlikely that consent will be obtained prior to June 30, 2015. As a result, it is probable that the Company will be in breach of the Diamond Settlement Agreement. Under the Diamond Settlement Agreement, in the event of a breach, the parties thereto may seek to enforce their unsecured rights, but the extent of any damages they may suffer from a breach and the strength of any claim they could make is not clear at this time.

Contractual Obligations

The Company has various contractual obligations, as follows:

As at March 31, 2015		Obligations by Period			
(thousands of US Dollars)	Total	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Term loan facilities[1]	363,837	363,837	-	-	-
Finance lease obligations[2]	36,779	10,757	26,022		-
Convertible notes[3]	95,108	95,108	-	-	-
Other long-term liabilities[4]	77,058	25,516	28,018	23,524	-
Decommissioning obligations[5]	85,613	1,796	6,484	-	77,333
Exploration work commitments[6][7][8][9]	275,320	202,600	69,720	3,000	-
Total contractual obligations	933,715	699,614	130,244	26,524	77,333

(1) The term loan facilities are recorded in the audited consolidated financial statements at $293 million. The term loan facilities is included in the table based on the sum of principal amount plus consent fee and quarterly interest payments until September 15, 2015, the end of the amendment period. This table includes additional D6 PIK interest of 5 percent per annum accrued since June 19, 2014 and payable upon repayment. The additional interest to be paid upon repayment will be reduced by 50 percent if first ranking security over the Company's participating interest in the D6 Block is provided prior to March 31, 2016, and by 25 percent if security is provided thereafter. As at March 31, 2015 the Company has reflected the outstanding balances of the term loan facilities as current liabilities (refer to note 2(b) and 16(a) of the audited consolidated financial statements.)

(2) The finance lease obligation relating to the charter of the floating, production, storage and offloading vessel ("FPSO") used in the MA field in the D6 Block is recorded in the audited consolidated financial statements at $30 million (including current and long-term portions).

(3) The convertible notes are recorded in the audited consolidated financial statements at $91 million. The convertible notes are included in the table based on the sum of the principal amount that would be required to repay in cash the Cdn$115 million convertible notes plus quarterly interest payments until September 15, 2015, the end of the amendment period for the term loan facilities, converted at the year-end exchange rate. As at March 31, 2015 the Company has reflected the outstanding balances of the convertible notes as current liabilities (refer to note 2(b) and 16(c) of the audited consolidated financial statements).

(4) Other long-term liabilities are recorded in the audited consolidated financial statements at $53 million (including current and long-term portions), reflecting the discounted value of the contract settlement obligation and the deferred obligation. Other long-term liabilities are included in the table based on the estimated undiscounted value of the contract settlement obligation and the deferred obligation.
(5) Decommissioning obligations are based on the undiscounted estimated future liability of the Company as disclosed in the notes of the audited consolidated financial statements. They do not include costs related to wells or facilities that were not completed as at March 31, 2015. Site restoration funds totalling $9 million have been set up for certain of these obligations and are reflected in restricted cash.
(6) The exploration work commitments reflect the amounts that the host government may claim if the Company does not perform the work commitments. Exploration work commitments totalling $133 million in Trinidad and $3 million in Brazil for the Company's PSCs in these countries are backed by parent company guarantees. Exploration work commitments for the Company's PSCs in Indonesia total $140 million, with certain commitments guaranteed with performance bonds that are secured by $2 million of cash deposits reflected in restricted cash. Refer to note 15 and 31 in the audited consolidated financial statements for discussion on unfulfilled exploration commitments recognized as liabilities as at March 31, 2015.
(7) The Company also signed an exploration option agreement granting a farm-in option to the option holder to (i) acquire a 5 percent working interest in a block in Indonesia, by paying its proportionate share of previously incurred costs within a specified period after the drilling of the first exploration well in the block, or (ii) receive a cash payment of approximately $10 million if a commercial discovery is made with the first exploration well drilled in the applicable block and the optionee elects not to exercise its farm-in option in the applicable block. Pursuant to the exploration option agreement, if a well is not spud in an applicable block in Indonesia prior to July 2016, the Company is obligated to pay approximately $5 million to the option holder, which is payable after the repayment of the term loan facilities. The amount has been excluded from the table above.
(8) In April, 2015, the Company completed the sale of four Indonesian PSCs, resulting in a reduction in outstanding work commitment obligations of approximately $1 million (see "Subsequent Events").
(9) The actual cost of fulfilling the work commitments may exceed the amount of the commitment included in the table. The majority of the exploration work commitments relate to PSCs where the Company is working on asset sales or farm-outs to joint operating partners in exchange for re-imbursement of a portion of the sunk costs, funding of a disproportionate share of future costs, and/or future payments related to commencement of production or other milestones. Completion of these asset sales and/or farm-outs could significantly reduce the Company's share of the future commitment costs. The Company has in the past received and has currently applied for extensions to the periods required to complete the work commitments related to several of its PSCs. A delay or rejection of the requested extensions may result in additional funding required to fulfill the commitments.

SUBSEQUENT EVENTS

Sale of the Company's interest in four PSCs in Indonesia

In April 2015, the Company closed on transactions for the sale of certain of its subsidiaries holding interests in four Indonesian PSCs (West Papua IV, Kofiau, Halmahera-Kofiau, and Aru) as the first phase of transactions under a definitive agreement executed in October 2014 with a subsidiary of Ophir. The cash consideration of $16 million received reflects $9 million of combined net working capital obligations of the subsidiaries acquired by Ophir. Further payments under these transactions are contingent on future exploration success. Approximately $4 million of the cash consideration was used to reduce the amount outstanding under the Diamond Settlement Agreement and $9 million was used to pay outstanding tax liabilities in Indonesia and costs associated with the transactions. Closings of the transactions for the sale of the Company's interests in two additional Indonesian PSCs (North Ganal and North Makassar Strait) are subject to the satisfaction or waiver of the remaining conditions precedent. Niko is contesting the LBT assessments related to certain Indonesian PSCs and has indemnified Ophir for any potential LBT obligations related to the subsidiary that owns an interest in the Aru PSC and at closing, would do so for the subsidiary that owns its interest in the North Ganal PSC. As a result of the sales in April 2015, the Company recognized reversals of impairments of $23 million as at March 31, 2015.

Execution of Agreements for the Sale of the Company's interests in two PSCs in Trinidad

In May 2015, the Company executed agreements to sell its entire interests in the Guayaguayare Shallow and Deep PSCs to Range, effectively amending the terms of previously executed farm-out agreements. Under the sale agreements, the Company will sell its interests in the PSCs in exchange for the assumption of existing liabilities and commitments under the PSCs and for potential future payments that are contingent on certain future events in the PSCs. Closing of the sale transactions are subject to certain conditions, including the approval of the Government of Trinidad and Tobago.

Amendment to terms of the facilities agreement and related prepayments

In the first quarter of fiscal 2016, the Company agreed with its lenders of its term loan facility agreement to further amend the terms of the facilities agreement, including the deferral to September 2015 of the interest payment of approximately $10 million due in June 2015, a reduction in the required minimum balance of the reserve account for anticipated expenditures in the D6 Block from $30 million to $20 million, an extension of the waiver of the certain financial covenants and undertakings until September 15, 2015, and restrictions on any interest or other payments under the Notes or under the Diamond Settlement Agreement until September 30, 2015. In conjunction, the Company made principal prepayments of $30 million on the term loan facilities, reducing the outstanding balance to $250 million. Refer to "Liquidity and Capital Resources" for details.

QUARTERLY RESULTS

(thousands of US Dollars)	Three months ended March 31, 2015	2014
Oil and natural gas revenue	28,447	31,623
Production and operating expenses	(9,382)	(8,714)
General and administrative expenses	(1,761)	(3,860)
Finance and other income	866	1,113
Bank charges and other finance costs	(18)	(32)
Realized foreign exchange gain	761	(278)
EBITDAX[(1)]	**18,913**	**19,852**
Cash interest expense	(14,240)	(15,282)
Cash restructuring costs	(1,783)	(1,437)
Current income tax expense	-	2
Non-cash production and operating expenses	(91)	177
Depletion and depreciation expenses	(26,238)	(24,759)
Exploration and evaluation expenses	(55,744)	(6,931)
Non-cash restructuring costs	-	3,867
Non-cash other income	-	20,000
Loss on asset disposal	2,163	-
Asset impairment	(199,444)	6,707
Unfulfilled exploration commitments	(191,536)	-
Share-based compensation	(191)	(1,194)
Accretion expense	(2,301)	(9,493)
Gain (loss) on derivative	16,522	(15,544)
Interest and fees due upon repayment	(4,433)	-
Unrealized foreign exchange gain	9,124	3,295
Deferred income tax recovery	14,015	19,624
Net loss	**(435,264)**	**(1,116)**

(1) Non-IFRS measures as defined under "Non-IFRS measures" in this MD&A.

Oil and natural gas revenue

Oil and natural gas revenue in the current quarter were lower than the prior year quarter by $3 million. The decrease was primarily a result of lower prices and decreased sales volumes in India and Bangladesh, partially offset by higher gas prices for the D6 Block.

General and administrative expenses

General and administrative expenses decreased primarily as a result of lower legal fees.

Exploration and evaluation expenses

In the current quarter, management evaluated the exploration and evaluation asset values related to undeveloped discoveries in the D6 and NEC-25 blocks in India and $56 million has been written-off relating to exploration wells in the these blocks.

Asset impairment

The lower natural gas and oil price environment and uncertainty of future natural gas prices in India have been considered in management's evaluations of the exploration and evaluation, development and producing asset values related to undeveloped discoveries in the D6 and NEC-25 blocks in India and the impairments of $207 million have been recognized for these blocks in the current quarter. The Company recognized $4 million of impairment loss associated with capital inventory in Trinidad as based on management's estimate of net realizable value to be recovered in the current quarter. In Indonesia, $23 million of reversal in impairment related to the realizable value of the four PSCs sold in April 2015 was recognized in the current quarter, which was partially offset by $7 million incurred in the current quarter.

Unfulfilled exploration commitments expense

As at March 31, 2015 the Company recorded liabilities for unfulfilled exploration work commitments relating to Indonesia and Trinidad of $117 and $75 million respectively.

Accretion expense
Current quarter accretion expenses primarily relate to FPSO lease, contract settlement obligation with Diamond Offshore, deferred royalty obligation and decommissioning liabilities. In the prior year quarter, the Company entered into the term loan facilities agreement and financially restructured the outstanding credit facilities, unsecured notes and 7 percent secured loan, resulting in additional accretion to be recognized in the fourth quarter.

Gain (loss) on derivative
In the current year, decreases in the price forecasts and reductions to the estimated future sales volumes in the reserve report as at March 31, 2015 for the D6 Block in India resulted in a $17 million gain on derivative recognized in the fourth quarter of fiscal 2015 on the outstanding deferred obligations as at March 31, 2015.

Interest expense
Interest expense includes accrued interest and fees due upon maturity of the term loan facilities. Refer to "Liquidity and Capital Resources" for detail discussion.

Unrealized foreign exchange gain
Unrealized foreign exchange gain in the current year quarter is primarily a result of a gain from the weakening of the Canadian Dollar against the US Dollar on Canadian denominated convertible notes. Prior year quarter's gain result the weakening of Indian Rupee against the US Dollar on Indian denominated site restoration restricted cash and income tax receivables.

Deferred income tax recovery
In the current year quarter deferred income tax recovery resulted from the write off of exploration and evaluation cost of D6 and NEC-25 blocks.

SUMMARY OF QUARTERLY RESULTS

Three months ended	Mar 31, 2015	Dec 31, 2014	Sept 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sept 30, 2013	June 30, 2013
(thousands of US Dollars, except per share amounts)								
Oil and natural gas revenue[1]	28,447	29,009	28,471	35,161	31,623	33,349	36,388	28,042
Net income (loss)	(435,264)	(143,532)	(39,173)	(54,943)	(1,116)	(448,177)	(148,541)	(59,171)
Per share - basic and diluted	(4.63)	(1.53)	(0.42)	(0.59)	(0.01)	(6.17)	(2.12)	(0.84)

(1) Oil and natural gas revenue is oil and natural gas sales less royalties and the government share of profit petroleum.
(2) Table may not add up due to rounding.

Oil and natural gas revenue fluctuated throughout the last eight quarters based on a number of underlying factors. Reserves have naturally declined, while exploration and development activities in India and Bangladesh have positively increased sales volumes.

Net loss fluctuated throughout the last eight quarters primarily reflected the fluctuations in oil and natural gas revenues, exploration expenses incurred, impact of interest and accretion expenses from engagement of financial restructuring, and asset impairment based on management's estimate of recoverability on the Company's assets. Key highlights include:

- In the quarter ended March 31, 2015, net loss was primarily a result of a $207 million impairment of the Company's assets in the D6 and NEC-25 blocks in India, $65 million write off due to impairment valuation, $4 million impairment of capital inventory in Trinidad, recognition of $192 million of liabilities for unfulfilled exploration commitments in Indonesia and Trinidad, partially offset by $23 million of reversal of asset impairments related to four Indonesia PSCs sold to Ophir in April 2015, and $17 million gain on derivative related to the revaluation of the Company's deferred obligation related to the D6 Block in India.
- In the quarter ended December 31, 2014, net loss of $143 million was due to accelerated accretion expense recognized from the reclassification of the term loan facilities and convertible notes from long-term to current liabilities. Impairment of exploration and evaluation costs and capital inventory in Trinidad and Indonesia contributed to the loss by $67 million. The loss was offset by a gain on derivative on deferred royalty obligation of $48 million.
- In the quarter ended December 31, 2013, net loss of $448 million resulted from asset impairment of $481 million related to exploration and evaluation costs and property, plant and equipment assets in Indonesia and Trinidad blocks along with $38 million of restructuring costs related to contract settlement, retirement and advisory costs. Interest and accretion expenses were higher from the impact of the Company entering into the term loan facilities.
- In the quarter ended September 30, 2013, net loss of $149 million primarily resulted from write-off of exploration and evaluation costs associated with unsuccessful wells in the Cendrawasih and Kofiau blocks in Indonesia. In addition, exploration and evaluation assets related to Central Range blocks in Trinidad and the four Cendrawasih blocks in Indonesia were impaired.

OFF-BALANCE SHEET ARRANGEMENTS

As at March 31, 2015, the Company had no off balance sheet arrangements in place.

RELATED PARTIES

As at March 31, 2015, the Company did not have any related parties.

FINANCIAL INSTRUMENTS

The Company has the following financial assets and financial liabilities: accounts receivables, accounts payable and accrued liabilities, long-term liabilities (including deferred obligations), term loan facilities and convertible notes.

The Company's deferred obligation as at March 31, 2015 has been assessed on the fair value hierarchy and has been classified as a Level 3 instrument. The fair value of the deferred obligation was based on estimates of production volumes and natural gas prices included in the reserve report for the D6 Block as at March 31, 2015. During the year, a $65 million gain (2014 – $16 million loss) on derivative resulted from the change in forecasted production volumes and natural gas prices for the D6 Block based on natural gas pricing guidelines announced by the GOI effective November 1, 2014.

The debt component of the convertible notes has been recorded net of the fair value of the conversion feature. The fair value of the conversion feature of the notes is included in shareholders' equity at the date of issue. The fair value of the conversion feature of the notes was determined based on the discounted future payments using a discount rate of a similar financial instrument without a conversion feature compared to the fixed rate of interest on the notes.

A detailed description of the Company's financial instruments is included in note 19 to the audited consolidated financial statements for the year ended March 31, 2015.

CHANGES IN ACCOUNTING STANDARDS

(a) New standards adopted

As of April 1, 2014, the Company adopted the following amendments to accounting standards and new interpretations issued by the International Accounting Standards Board in accordance with the transitional provisions of each amendment or interpretation.

IAS 32 - Financial Instruments: Presentation

The Company adopted an amendment to IAS 32 "Financial Instruments: Presentation" which prescribes rules for the offsetting of financial assets and financial liabilities. The amendment specifies the right of set-off must not be contingent on a future event and must be legally enforceable in all of the following circumstance such as the normal course of business, the event of default and the event of insolvency or bankruptcy of the entity and all of the counterparts. The amendment did not have an impact on the Company's consolidated financial statements

IFRIC 21 – Levies

The Company adopted an amendment to IFRIC 21. IFRIC 21 provides guidance on recognition of a liability for levies that are accounted for in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets". IFRIC 21 provides the following guidance on recognition of a liability to pay levies: (i) the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation, and (ii) the liability to pay a levy is recognized progressively if the obligating event occurs over a period of time. The amendment did not an impact on the Company's consolidated financial statements.

(b) Accounting pronouncements issued but not yet effective

IFRS 9 – Financial Instruments

IFRS 9 includes revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. In December 2011, amendments indicated instead of requiring restatement of comparative financial statements, entities are either permitted or required to provide modified disclosures on transition from IAS 39 to IFRS 9 on the basis of the entity's date of adoption and if the entity chooses to restate prior periods. In November 2013, amendments to IFRS 9 incorporated its new general hedge accounting model. The standard is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company is currently assessing the impact of adopting this new standard on its consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers

In May, IASB issued IFRS 15 which replaces IAS 11 "Construction Contracts", IAS 18 "Revenue", IFRIC 13 "Customer Loyalty Programmes", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfer of Assets from Customers" and SIC 31 "Revenue – Barter Transactions Involving Advertising Services". IFRS 15 establishes revenue recognition principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contract with customers. This standard is effective for annual periods beginning on or after January 1, 2017, and permits early adoption. The Company does not foresee any impact of adopting this new standard on its consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

The Company makes assumptions in applying certain critical accounting estimates that are uncertain at the time the accounting estimate is made and may have a significant effect on the audited consolidated financial statements of the Company.

Pricing Forecasts

The Company uses forecasted commodity prices for the assumptions in evaluating oil and gas reserves, asset impairment determination, and derivatives on deferred royalty obligations. Forecasted commodity prices are based on estimates from reserve experts in addition to the current gas prices announced from the Guidelines. The announcement of the Indian gas price is determined on a semi-annual basis. Prices will be calculated based on a volume weighted average of prices in the US, Canada, Europe and Russia based on the twelve month trailing average price with a lag of three months with deductions for transportation and treatment charges.

Oil and Natural Gas Reserves

Reserve estimates can have a significant effect on net earnings as a result of their impact on the depletion rate, provisions for decommissioning obligations and asset impairments. Independent qualified engineers, in conjunction with the Company's reserve engineer estimate, the value of oil and natural gas reserves on an annual basis. The estimation of reserves is an inherently complex process requiring significant judgments. Estimates of economically recoverable oil and gas reserves and future cash flows from those reserves are based on a number of variables and assumptions such as geological interpretation, commodity prices, operation and capital costs and production forecasts, all of which may vary considerably from actual results. These estimates are expected to revise upward or downward over time, as additional information such as reservoir performance becomes available, or as economic conditions change.

Depletion, Depreciation and Amortization

The Company's property and equipment is depreciated based upon estimates of useful lives and salvage values. The net carrying value of producing assets are depleted using the unit-of-production method by reference to the ratio of production in the year to the related total proved reserves of oil and natural gas reserves. By their nature the estimates of reserves, including the estimates of future commodity prices, future production rates, future costs, foreign exchange, discount rates and other relevant assumptions, are subject to measurement uncertainty. Revisions to reserve estimates and the associated future cash flows could significantly increase or decrease depletion expense charged to net income. Accordingly the impact to the consolidated financial statements in future periods could be material.

Asset Impairment

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Events and circumstances may change resulting in indicators of impairment in future periods that could result in a material impairment. Exploration and evaluation assets are tested for impairment when facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed their recoverable amount, by comparing the relevant costs to the fair value or value in use.

The recoverability of development and producing asset carrying values is assessed at the CGU level. Determination of what constitutes a CGU is subject to management judgements and the circumstances, but generally, each PSC constitutes a CGU. In assessing the recoverability of these assets, each CGU's carrying value is compared to its recoverable amount, defined as the greater of its fair value less cost to sell and value in use. The determination of the fair value of CGUs requires the use of assumptions and estimates including future commodity prices, quantity of reserves and expected production volumes, asset retirement obligations, future development and production costs, discount rates and income taxes. Changes in the assumptions used in determining the recoverable amount could affect the carrying value of the related assets and CGU.

Changes in any of these assumptions could impact the estimated recoverable amount and result in an impairment of exploration and exploration and evaluation assets, development and producing assets, and other property, plant and equipment. Accordingly, the impact to the consolidated financial statements in future periods could be material.

Property, Plant and Equipment

Transfer of assets from exploration and evaluation to producing and developing is based on management's judgement and assessment of technical feasibility and commercial viability.

Decommissioning Obligations

Production sharing contacts that the Company has entered into require an obligation for abandonment of wells and facilities including removal of all equipment and installations and site restoration, collectively termed decommissioning obligations. Amounts used for provision calculations are based on estimates of abandonment costs, inflation, interest rates and timing of decommissioning expenditures.

Share-Based Compensation

The fair value of share-based compensation is calculated using the Black-Scholes option pricing model which is based on significant assumptions such as volatility, expected life, dividends yields, risk-free interest rates and expected forfeiture rates.

Income Taxes

The Company estimates current and deferred income taxes based on interpretation and judgement in applying tax laws in the various jurisdictions in which it operates and pays income taxes. Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. Determination of income taxes is subject to measurement uncertainty. Management makes certain judgements in estimating the timing of temporary difference reversals and the realization of deferred tax assets. Deferred income tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings.

Contingencies

Contingencies are subject to measurement uncertainty as the related financial impact will only be confirmed by the outcome of a future event. The assessment of contingencies requires the application of judgements and estimates including the determination of whether a present obligation exists and the reliable estimation of the timing and amount of cash flows required to settle the contingency.

For a complete discussion of the critical accounting estimates, refer to note 5 of the audited consolidated financial statements for the Company's fiscal year-ended March 31, 2015, available on SEDAR at www.sedar.com.

CORPORATE GOVERNANCE

Disclosure Controls and Procedures

The Chief Executive Officer and Chief Financial Officer are responsible for designing disclosure controls and procedures or causing them to be designed under their supervision and evaluating the effectiveness of the Company's disclosure controls and procedures. The Chief Executive Officer and Chief Financial Officer oversee the design and evaluation process and have concluded that the design and operation of these disclosure controls and procedures ("DC&P") were effective in ensuring material information relating to the Company required to be disclosed by the Company in its quarterly and yearly filings or other reports filed or submitted under applicable Canadian securities laws is made known to management on a timely basis to allow decisions regarding required disclosure. As at March 31, 2015, the Chief Executive Officer and Chief Financial Officer evaluated the design and operation of the Company's DC&P. Based on the evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's DC&P was effective as at March 31, 2015.

Internal Controls over Financial Reporting

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting ("ICFR") or causing them to be designed under their supervision and evaluating the effectiveness of the Company's ICFR. The Chief Executive Officer and Chief Financial Officer have overseen the design and evaluation of internal controls over financial reporting and have concluded that the design and operation of these internal controls over financial reporting were effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Because of their inherent limitations, DC&P and ICFR may not prevent or detect misstatements, errors or fraud. Control systems, matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. ICFR were internally tested and evaluated as at March 31, 2015. Based on the evaluation of the design and operating effectiveness of the Company's ICFR, the Chief Executive Officer and Chief Financial Officer concluded that the Company's ICFR was effective as at March 31, 2015. In making this assessment, the Chief Executive Officer and Chief Financial Officer used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO 1992"). During 2015, the Company will be transitioning to the updated standards set out in the COSO 2013 framework.

RISK FACTORS

In the normal course of business the Company is exposed to a variety of actual and potential events, uncertainties, trends and risks.

In addition to the risks associated with the use of assumptions in the critical accounting estimates, financial instruments, the Company's commitments and actual and expected operating events, all of which are discussed above, the Company has identified the following events, uncertainties, trends and risks that could have a material adverse impact on the Company. For additional risk factors and uncertainties, refer to the 2015 AIF in respect to the year-ended March 31, 2015 available on SEDAR at www.sedar.com:

- The Company's ability to achieve certain milestones in the amended terms of the facilities agreement related to the Company's strategic alternatives plan in respect of the potential sale of the Company's interest in the D6 Block in India;
- The Company's ability to comply with the terms of its amended term loan facilities agreement;
- There can be no assurance that the Consents will be obtained and if not obtained, the Company would either be in breach of the indenture governing the Convertible Notes or the Diamond Settlement Agreement;
- There can be no assurance that debt or equity financing or cash generated by operations will be sufficient or available to meet our obligations for debt repayment and development, rehabilitation, production and acquisition of oil and natural gas reserves in the future;
- The Company's ability to meet all of its financing obligations and contractual commitments (including work commitments and settlement obligations) in fiscal 2016;
- Uncertainty surrounding the ability of the Company to successfully pursue and complete strategic alternatives including the sale of assets of the Company, a merger or other business combination, the outright sale of the Company, a refinancing of its existing debt with replacement debt, or some combination thereof;
- No assurance can be made that an alternative plan if pursued can be accomplished at all or on a timely basis, if the strategic alternatives noted above do not achieve the desired goal;
- The ability of the Company to continue as a going concern;
- The Company is subject to fluctuating natural gas and crude oil prices which could result in deferral of development plans and material adverse effect on the Company's operations and financial condition;
- Uncertainties in the future long-term natural gas price outlook in India;
- The Company's exploration subsidiaries may not be able to meet existing and future obligations and continue activities in the future;
- The Company's liability for any Land and Building Tax;
- The Company may not be able to find reserves at a reasonable cost, develop reserves within required time-frames or at a reasonable cost, or sell these reserves for a reasonable profit;
- Reserves may be revised, deferred or be subject to material reductions due to economic and technical factors;
- The Company may not be able to obtain approval, or obtain approval on a timely basis for exploration and development activities;
- Changes in capital markets and uncertainties as to the availability and cost of financing;
- Changing governmental policies, social instability and other political, economic or diplomatic developments in the countries in which the Company operates;
- Changing taxation policies, taxation laws and interpretations thereof;
- Adverse factors including climate and geographical conditions, weather conditions and labour disputes;
- Changes in foreign exchange rates that impact the Company's non-US Dollar transactions;
- Future oil and natural gas prices are subject to large fluctuations in the market;
- Uncertainties associated with the negotiations with foreign governments and the possibility of adverse decisions regarding outstanding litigations and arbitration; and
- Environmental regulations and legislations including restriction and prohibitions on the release of emission from oil and gas operations.

The Company's 2015 AIF containing additional information related to the Company and its identified risks is available on SEDAR at www.sedar.com.

A complete description of the potential effects of the Company's contingencies on the Company as at March 31, 2015 are described in note 32 of the audited consolidated financial statements for the year ended March 31, 2015.

OUTSTANDING SHARE DATA

The Company had the following outstanding shares as at:

	March 31, 2015		June 24, 2015	
	Number	Cdn$[1]	Number	Cdn$[1]
Common shares	94,019,172	1,733,266,350	94,019,172	1,733,266,350
Preferred shares	Nil	Nil	Nil	Nil
Stock options	2,223,975	-	2,223,975	-

(1) Equals the amount received in Canadian Dollars for common shares issued. The US Dollar equivalent at March 31, 2015 and at June 24, 2015 is $1,366,605,969.

MANAGEMENT'S REPORT

The accompanying consolidated financial statements and all other information contained elsewhere in this report is the responsibility of the management of Niko Resources Ltd. The consolidated financial statements necessarily include amounts that are based on estimates, which have been objectively developed by management using all relevant information. The financial information contained elsewhere in this report has been reviewed to ensure consistency with the consolidated financial statements.

Management maintains and evaluates the effectiveness of disclosure controls and procedures and internal control over financial reporting for Niko Resources Ltd. Disclosure controls and procedures are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with International Financial Reporting Standards. The Company evaluates the effectiveness of internal controls over financial reporting at the financial year end and discloses its conclusions about the effectiveness in the Company's annual Management's Discussion and Analysis.

The Audit Committee of the Board of Directors, comprised of non-management directors, has reviewed the consolidated financial statements with management and the auditors. The consolidated financial statements have been approved by the Board of Directors on recommendation of the Audit Committee.

The consolidated financial statements have been audited by KPMG LLP, the external auditors, in accordance with auditing standards generally accepted in Canada on behalf of the shareholders.

(Signed) "Kevin J. Clarke"
Kevin J. Clarke
Interim Chief Executive Officer
Chairman of the Board
June 24, 2015

(Signed) "Glen R. Valk"
Glen R. Valk
Vice President Finance and CFO
June 24, 2015

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Niko Resources Ltd.

We have audited the accompanying consolidated financial statements of Niko Resources Ltd., which comprise the consolidated statements of financial position as at March 31, 2015 and March 31, 2014, the consolidated statements of comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Niko Resources Ltd. as at March 31, 2015 and March 31, 2014, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without modifying our opinion, we draw attention to note 2 in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Niko Resources Ltd.'s ability to continue as a going concern.

(Signed) "KPMG LLP"
Chartered Accountants
Calgary, Canada
June 24, 2015

AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(thousands of US Dollars)	As at March 31, 2015	As at March 31, 2014
Assets		
Current assets		
Cash and cash equivalents	59,636	82,479
Restricted cash (note 7)	37,559	87,830
Accounts receivable (note 8)	29,871	42,608
Inventories (note 10)	7,892	10,599
Exploration assets held for sale (note 11)	22,936	-
	157,894	223,516
Restricted cash (note 7)	8,343	24,394
Long-term accounts receivable (note 9)	5,111	4,483
Exploration and evaluation assets (note 12)	37,321	167,665
Property, plant and equipment (note 13)	214,462	532,703
Income tax receivable	31,523	31,830
	454,654	984,591
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 14)	153,968	180,844
Unfulfilled exploration commitments obligation (note 15)	191,536	-
Current portion of long-term debt (note 2 and 16)	390,837	22,722
Current portion of long-term liabilities (note 17)	22,538	5,000
Current portion of decommissioning obligations (note 18)	1,785	-
Current tax payable	1,230	1,263
	761,894	209,829
Decommissioning obligations (note 18)	42,507	44,574
Long-term debt (note 2 and 16)	22,586	347,127
Long-term liabilities (note 17)	30,343	108,355
Deferred tax liabilities (note 27)	-	10,456
	857,330	720,341
Shareholders' Equity (Deficit)		
Share capital (note 20)	1,366,605	1,360,668
Contributed surplus	143,299	143,248
Equity component of convertible notes (note 16(c))	23,232	23,232
Currency translation reserve	2,147	2,147
Deficit	(1,937,959)	(1,265,045)
	(402,676)	264,250
	454,654	984,591

The accompanying notes are an integral part of these audited consolidated financial statements.

Approved on behalf of the Board,

(Signed) "Kevin J. Clarke"
Kevin J. Clarke
Interim Chief Executive Officer
Chairman of the Board

(Signed) "E. Alan Knowles"
E. Alan Knowles
Director, Chairman of the Audit Committee

AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(thousands of US Dollars, except per share amounts)	Year ended March 31, 2015	2014
Oil and natural gas revenue (note 21)	121,088	129,402
Production and operating expenses	(37,801)	(42,365)
General and administrative expenses	(9,875)	(9,520)
Gain from asset disposal	1,259	-
Finance and other income (note 23)	6,996	42,464
Finance expense (note 24)	(193,432)	(65,996)
Foreign exchange gain (loss)	11,580	(6,398)
Depletion and depreciation expenses (note 13)	(96,594)	(109,222)
Exploration and evaluation expenses (note 22)	(85,658)	(198,465)
Share-based compensation expense (note 20)	592	(7,948)
Restructuring costs (note 25)	(7,338)	(35,161)
Asset impairment (notes 26)	(267,451)	(511,563)
Loss on investments	-	(1,342)
Gain (loss) on derivative (note 17(b))	64,824	(15,544)
Unfulfilled exploration commitments expense (note 15 and 31)	(191,536)	-
Loss before income tax	(683,346)	(831,658)
Income tax expense (note 27)	(24)	(2)
Deferred income tax recovery (note 27)	10,456	174,654
Income tax recovery	10,432	174,652
Net loss	(672,914)	(657,006)
Foreign currency translation gain	-	4,904
Comprehensive loss	(672,914)	(652,102)
Loss per share		
Basic and diluted (note 28)	$ (7.19)	$ (8.67)

The accompanying notes are an integral part of these audited consolidated financial statements.

AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)

(thousands of US Dollars, except number of common shares)	Common shares (#)	Share capital	Contributed surplus	Currency translation reserve	Equity component of convertible notes	Deficit	Total
Balance, March 31, 2013	70,215,911	1,324,234	139,137	(2,757)	23,232	(608,039)	875,807
Share-based compensation expense	-	-	4,111	-	-	-	4,111
Issuance of common shares	16,853,575	29,531	-	-	-	-	29,531
Conversion of unsecured notes	3,643,452	6,903	-	-	-	-	6,903
Net loss for the year	-	-	-	-	-	(657,006)	(657,006)
Foreign currency translation	-	-	-	4,904	-	-	4,904
Balance, March 31, 2014	90,712,938	1,360,668	143,248	2,147	23,232	(1,265,045)	264,250
Share-based compensation expense	-	-	51	-	-	-	51
Conversion of unsecured notes	3,306,234	5,937	-	-	-	-	5,937
Net loss for the year	-	-	-	-	-	(672,914)	(672,914)
Balance, March 31, 2015	94,019,172	1,366,605	143,299	2,147	23,232	(1,937,959)	(402,676)

The accompanying notes are an integral part of these audited consolidated financial statements.

AUDITED CONSOLIDATED STATEMENTS OF CASHFLOWS

(thousands of US Dollars)	Year ended March 31, 2015	2014
Cash flows from operating activities:		
Net loss	(672,914)	(657,006)
Adjustments for:		
Depletion and depreciation expenses	96,594	109,222
Accretion expense	122,556	29,531
Deferred income tax recovery	(10,456)	(174,654)
Unrealized foreign exchange (gain) loss	(10,801)	7,645
Loss on investments	-	1,342
Asset impairment	267,451	511,563
Exploration and evaluation write-off (note 12)	64,729	100,120
Share-based compensation expense	627	3,484
Restructuring costs / (recovery) (note 25)	(583)	32,688
Gain from asset disposal	(1,259)	-
Other income (note 23)	-	(20,000)
(Gain) / loss on derivative (note 17(b))	(64,824)	15,544
Release of restricted cash (note 7)	8,701	(8,701)
Interest and fees due upon repayment of term loan facilities (note 16(a))	12,278	-
Unfulfilled exploration commitments expense (note 15 and 31)	191,536	-
Change in non-cash working capital	(3,089)	6,995
Change in long-term accounts receivable	(5,053)	(2,955)
Net cash used in operating activities	(4,507)	(45,182)
Cash flows from investing activities:		
Exploration and evaluation expenditures	(17,021)	(91,101)
Property, plant and equipment expenditures	(29,760)	(62,702)
Proceeds from farm-outs and other arrangements	-	25,008
Proceeds from asset sales, net of costs	63,523	-
Dispositions of exploration and evaluation assets	-	14,917
Contribution of restricted cash (note 7)	(1,138)	(34,440)
Release of restricted cash (note 7)	2,130	37,961
Change in non-cash working capital	(24,753)	59,398
Repayment of contract settlement obligation (note 17(a))	(20,250)	(25,000)
Net cash used in investing activities	(27,269)	(75,959)
Cash flows from financing activities:		
Proceeds from advances on long term debt, net of issuance costs (note 16)	(895)	415,962
Proceeds from issuance of common shares, net of issuance costs (note 16)	-	29,531
Repayment of long-term debt (note 16)	(46,801)	(206,899)
Contribution of restricted cash (note 7)	(27,875)	(125,000)
Release of restricted cash (note 7)	84,504	33,371
Net cash from financing activities	8,933	146,965
Change in cash and cash equivalents	(22,843)	25,824
Effect of translation on foreign currency cash	-	262
Cash and cash equivalents, beginning of year	82,479	56,393
Cash and cash equivalents, end of year	59,636	82,479

The accompanying notes are an integral part of these audited consolidated financial statements.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Business

Niko Resources Ltd. (the "Company") is a limited company incorporated in Alberta, Canada. The address of its registered office and principal place of business is Suite 4600 Devon Tower, 400 – 3 Avenue SW, Calgary, Alberta, Canada, T2P 4H2. The Company is engaged in the exploration, development and production of oil and natural gas in India, Bangladesh, Indonesia, Brazil and Trinidad. The Company's common shares are traded on the Toronto Stock Exchange under the symbol "NKO".

2. Going concern

Company Strategy

In fiscal 2014, the Company shifted its strategic focus to developing and appraising the assets in the D6 Block in India, while maintaining optionality of the balance of its exploration portfolio. To provide the financial capacity to implement this strategy, in December 2013, the Company entered into a definitive facilities agreement with certain institutional lenders (the "lenders") providing for term loan facilities. At that time, prices for natural gas sales from the D6 Block were expected to approximately double effective April 1, 2014, as per a pricing formula approved by the Government of India ("GOI") in June, 2013.

After three deferrals, in October 2014, the GOI approved the new domestic gas pricing policy for India effective November 1, 2014, and issued the New Domestic Natural Gas Guidelines, 2014 (the "Guidelines"), which reflected a pricing formula that had been revised from the pricing formula approved in June, 2013. As per the Guidelines, the gas price is to be calculated based on a volume weighted average of prices in the US, Canada, Europe and Russia based on the twelve month trailing average price with a lag of three months, and is to be determined on a semi-annual basis.

The Guidelines indicate that, subject to certain exceptions, the revised price would be applicable to all natural gas produced from various types of blocks in India including NELP blocks (such as the D6 and NEC-25 blocks in which the Company holds a 10 percent interest). One of the exceptions noted in the Guidelines is the Dhirubhai 1 and 3 fields in the D6 Block where a dispute between the contractor group and the GOI on the cost recovery of certain costs is under arbitration. The Guidelines indicate that the contractor group would be paid the earlier price of $4.20 / MMbtu and the difference between the revised price and $4.20 / MMbtu would be credited to a gas pool account and "whether the amount so collected is payable or not to the contractors of this block would be dependent on the outcome of the award of the pending arbitration and any attendant legal proceedings".

In accordance with the new Guidelines, the price of $5.05 / MMbtu on gross calorific value basis ("GCV") or $5.61 / MMbtu on net calorific value basis ("NCV") for the period of November 1, 2014 to March 31, 2015 increased by approximately 33 percent from the $4.20 / MMbtu NCV that natural gas sales had been priced at prior to the adoption of the Guidelines, significantly lower than anticipated when the facilities agreement with the lenders had been entered into. The price notified of $4.66 / MMbtu GCV (or $5.18 / MMbtu NCV) by the GOI for the period of April 1, 2015 to September 30, 2015 decreased by approximately 8 percent from the price for natural gas sales from November 1, 2014 to March 31, 2015.

The Guidelines indicate that "For all discoveries after the issuance of these guidelines, in Ultra Deep Water Areas, Deep Water Areas and High Pressure-High Temperature areas, a premium would be given on the gas price determined as per the formula" defined in the Guidelines, with the premium to be "determined as per prescribed procedure." The applicability of the premium to existing undeveloped discoveries in the D6 and NEC-25 blocks, such as the discoveries included in the approved plans of development for the R-Cluster and Satellite Areas, remains to be clarified. The development of these discoveries is dependent on the future economic viability of the required investments.

Due primarily to the projected impact of the new domestic gas pricing policy for India on the Company's future liquidity and significant uncertainty on the future long-term price outlook in India, in December 2014, the Company engaged Jefferies LLC as its financial advisor to assist the Company in pursuing strategic alternatives including the sale of assets of the Company, a merger or other business combination, the outright sale of the Company, a refinancing of its existing debt with replacement debt, or some combination thereof.

Financial Covenants

Prior to the amendments outlined below, the Company was subject to the following financial covenants under its term loan facilities agreement (see note 16(a)):

- Maximum ratio of (a) consolidated senior debt (defined as debt incurred under facilities A, B and C of the term loan facilities and finance lease obligations) to (b) the consolidated EBITDAX (as defined in the facilities agreement) for the trailing four quarters, commencing with the period ended June 30, 2014.
- Minimum ratio of (a) proved plus probable reserves for the D6 Block to (b) senior debt, commencing with the period ended March 31, 2014 (with the calculation performed annually based on its year-end reserves and financial statements).

The Company's operating results for the trailing four quarters ended December 31, 2014 were not sufficient to satisfy the senior debt to EBITDAX financial covenant and under the original agreement, a breach of this covenant would have resulted in the right for the lenders to accelerate payment of the outstanding principal amount of the term loan facilities of $308 million. Due to cross default provisions of the note indenture for the Company's 7 percent senior unsecured convertible notes due December 31, 2017 ("Notes"), an event of default under the term loan facilities agreement that was not cured within 45 days would have permitted the holders of the Notes to accelerate payment of the outstanding principal amount of the Notes. As a result, and notwithstanding that an event of default did not occur under the facilities agreement, the Company has reflected the outstanding balances of the term loan facilities and Notes as current liabilities.

Amendments to the Facilities Agreement
In February 2015, the Company and its lenders agreed to amend the terms of the facilities agreement in order to ensure that an event of default did not occur. It was believed that the amendment would provide the Company with sufficient time to pursue the potential sale of the Company's interest in the D6 Block in India or the sale of the Company. As the process for the sale of the Company's interest in the D6 Block or the Company did not achieve certain milestones agreed to with the lenders in the first amendment, in May 2014, the Company and its lenders entered into two agreements which, subject to certain conditions, resulted in extensions of milestones to complete the sales process and further extended the waiver of certain financial covenants and undertakings set out in the facilities agreement until September 15, 2015.

In accordance with the provisions of the amendments to the facilities agreement, in the fourth quarter of fiscal 2015, the Company withdrew $23 million from the reserve accounts specified under facilities agreement and made $20 million of principal repayments, reducing the reserve account balances from $58 million at December 31, 2014 to $35 million at March 31, 2015, and the principal amount outstanding on the term loan from $300 million at December 31, 2014 to $280 million at March 31, 2015. Subsequent to March 31, 2015, the Company deferred its quarterly interest payment due on June 23, 2015 to September 23, 2015, withdrew $10 million from the reserve accounts and made $30 million of principal repayments, reducing the reserve account balances to $25 million and the principal outstanding on the term loan to $250 million.

As per the amendments to the facilities agreement, the Company is restricted to specified amounts of capital expenditures for non-core assets and general and administrative expenditures during calendar 2015, and must maintain specified minimum total cash balances. In addition, the Company is restricted from making any interest or other payments under the Notes or under the terms of the agreement entered into with Diamond Offshore (the "Diamond Settlement Agreement") until September 30, 2015.

The Company has therefore initiated discussions and negotiations with holders of Notes and representatives thereof to seek their consent to defer to September 30, 2015 the interest payment due on June 30, 2015. In addition, the Company has sought the consent of the parties to the Diamond Settlement Agreement to defer any payments that are due and payable prior to September 30, 2015 and eliminate the required minimum balance in a reserve account specified in the Diamond Settlement Agreement. To date, no consents have been obtained from the holders of the Notes or the parties to the Diamond Settlement Agreement (collectively, the "Consents"), and it appears unlikely that Consents will be obtained prior to June 30, 2015. As a result, it is probable that the Company will be in breach of the indenture governing the Notes and the Diamond Settlement Agreement. Under the terms of the indenture governing the Notes, an event of default would not occur until July 30, 2015. Under the Diamond Settlement Agreement, in the event of a breach, the parties thereto may seek to enforce their unsecured rights, but the extent of any damages they may suffer from a breach and the strength of any claim they could make is not clear at this time.

Since it now appears unlikely that the Company will be able to achieve the remaining milestones in the amended facilities agreement and that the Company will default under key unsecured obligations, the Company is pursuing an alternative strategic plan with the assistance of its advisors to enhance value over a longer period of time. The Company has been in discussions with its lenders about the structure of this plan and plans to have further discussions with other key stakeholders, including the holders of the Notes and the parties to the Diamond Settlement Agreement. This alternative plan would likely be subject to certain approvals by various stakeholders and could have negative impact on stakeholders and the value of their interests in the Company. No assurance can be made that any strategic plan can be accomplished at all or on a timely basis. The failure to effect a transaction pursuant to a strategic plan on a timely basis could prove to be unsatisfactory for security holders, which would likely have a material adverse impact on the value of their interest in the Company.

Sources of Funding - Operating Subsidiaries in India and Bangladesh and Corporate
The Company has the following sources of funding for its planned operating, investing and financing cash outflows (including working capital requirements):

- Unrestricted cash and cash equivalents as at March 31, 2015 of $60 million;
- Restricted cash as at March 31, 2015 of $38 million (subject to terms of the facilities agreement, as amended);
- Receipts of oil and natural gas revenues from its producing assets in India and Bangladesh;
- Potential proceeds from asset sales, farm-outs and other arrangements; and
- Potential proceeds from future equity or debt issuances.

The Company believes that it has sufficient liquidity for the foreseeable future to satisfy the anticipated cash requirements of its operating subsidiaries in India and Bangladesh and its corporate general and administrative expenses. In the alternative strategic plan that the Company is pursuing with its stakeholders, the Company is negotiating to reduce future cash outflows related to its term loan facilities agreement, Notes and Diamond Settlement Agreement until such time that the value of the Company's assets can be enhanced or alternative arrangements are agreed to.

Exploration Subsidiaries in Indonesia and Trinidad
As at March 31, 2015, the Company had $102 million of accounts payable and accrued liabilities related to its exploration subsidiaries in Indonesia and Trinidad and $273 million of exploration work commitments associated with these subsidiaries, including commitments of the Trinidad subsidiaries that are backed by parent company guarantees. For six production sharing contracts ("PSCs") in Indonesia that had commitments due in November 2014 and one PSC that had commitments due in May 2015, the Company requested amendments to the PSCs to extend the initial exploration period to ten years and extend the deadlines for the commitments. Extensions have not been granted and as at March 31, 2015, certain of the Company's subsidiaries have recognized liabilities of $117 million for these unfulfilled exploration work commitments. In addition, liabilities of $75 million have been recognized as at March 31, 2015 for unfulfilled exploration work commitments in certain PSCs in Trinidad as extensions to the deadlines for the commitments have not been received.

The Company is continuing its efforts to sell or farm out interests in many of its exploration PSCs, reschedule its exploration commitments, and settle its vendor liabilities.

In April 2015, the Company closed on transactions for the sale of certain of its subsidiaries holding interests in four Indonesian PSCs (West Papua IV, Kofiau, Halmahera-Kofiau, and Aru) as the first phase of transactions under a definitive agreement executed in October 2014 with a subsidiary of Ophir Energy Plc ("Ophir"). The cash consideration of $16 million received reflects $9 million of combined net working capital obligations of the subsidiaries acquired by Ophir. Further payments under these transactions are contingent on future exploration success. Approximately $4 million of the cash consideration was used to reduce the amount outstanding under the Diamond Settlement Agreement and $9 million was used to pay outstanding tax liabilities in Indonesia and costs associated with the transactions. Closings of the transactions for the sale of the Company's interests in two additional Indonesian PSCs (North Ganal and North Makassar Strait) are subject to the satisfaction or waiver of the remaining conditions precedent. Niko is contesting the Land and Building Tax ("LBT") assessments related to certain Indonesian PSCs and has indemnified Ophir for any potential LBT obligations related to the subsidiary that owns an interest in the Aru PSC and at closing, would do so for the subsidiary that owns its interest in the North Ganal PSC.

In May 2015, the Company executed agreements to sell its entire interests in the Guayaguayare Shallow and Deep PSCs to subsidiaries of Range Resources Ltd. ("Range"), effectively amending the terms of previously executed farm-out agreements. Under the sale agreements, the Company will sell its interests in the PSCs in exchange for the assumption of existing liabilities and commitments under the PSCs and for potential future payments that are contingent on certain future events in the PSCs. Closing of the sale transactions are subject to certain conditions, including the approval of the Government of Trinidad and Tobago.

The terms of the Company's term loan facilities limit the funding of capital expenditures and working capital requirements of the Company's exploration subsidiaries and the Company is evaluating its options for these subsidiaries as part of its strategic plan. There is significant uncertainty regarding whether these efforts will be sufficient to allow certain of the Company's exploration subsidiaries to meet existing and future obligations and continue activities in the future.

Contingent Liabilities
The Company and its subsidiaries are subject to various claims from other parties, as described in Note 32, and is 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 of the Company and its subsidiaries), there is material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

3. Basis of Presentation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements present the Company's financial results of operations and financial position in accordance with International Financial Reporting Standards ("IFRS") as at and for the year ended March 31, 2015.

The financial statements were approved by the Board of Directors and authorized for issue on June 24, 2015.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments as described in sections note 4(g) and (o).

(c) Functional and presentation currency

On April 1, 2014, taking into consideration the US denominated term loan facilities the Company had entered into in fiscal 2014; management changed the functional currency of the Canadian entities from Canadian Dollars to US Dollars. This change in accounting treatment is applied prospectively. The assets and liabilities of the Canadian entities were translated from Canadian Dollars to US Dollars at the exchange rate on the date of change in functional currency.

The consolidated financial statements are presented in US Dollars and all values are rounded to the nearest thousand dollars ($000), except where otherwise indicated.

4. Significant accounting policies

(a) Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when an entity is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

(b) Cash and cash equivalents

Cash and cash equivalents consist of amounts on deposit with banks and term deposits.

(c) Business combinations

Business combinations are accounted for using the acquisition method. Assets acquired and liabilities assumed in a business combination are recognized at their fair value at the date of the acquisition. Any excess of the consideration paid over the fair value of the net assets acquired is recognized as goodwill. Any excess of the fair value of the net assets acquired over the consideration paid is recognized in net earnings.

(d) Joint arrangements

Joint arrangements are an arrangement of which two or more parties have joint control established by a contractual agreement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation, whereby the parties have rights to the assets and obligations for the liabilities, or a joint venture, whereby the parties have rights to the net assets. Those parties who participate in joint operations are called joint operators. A joint operator accounts for the Company's proportionate share of the assets, liabilities, revenues, expenses and cash flows of the joint arrangement. The consolidated financial statements include the proportionate share on a line-by-line basis, from the date that joint control commences. Those parties who participate in joint ventures are called joint venturers. A joint venturer recognises its interest in a joint venture as an investment and is accounted for using the equity method.

The following table sets out a listing and description of the Company's interests in joint operations as at March 31, 2015:

Block	Country	Working Interest %	Block	Country	Working Interest %
Block 9	Bangladesh	60	North Makassar Strait[(2)]	Indonesia	30
Feni/Chattak	Bangladesh	100	West Papua IV[(2)]	Indonesia	49.9
D6	India	10	Cendrawasih[(1)]	Indonesia	70
Hazira	India	33	Cendrawasih Bay III[(1)]	Indonesia	50
NEC-25	India	10	Cendrawasih Bay IV[(1)]	Indonesia	50
Surat[(1)]	India	100	Halmahera II[(1)]	Indonesia	20
East Bula	Indonesia	55	Guayaguayare, Shallow Horizon[(3)]	Trinidad	65
South East Seram	Indonesia	100	Guayaguayare, Deep Horizon[(3)]	Trinidad	80
Sunda Strait I	Indonesia	100	Block 4b	Trinidad	100
Bone Bay[(4)]	Indonesia	100	NCMA2	Trinidad	56
Kumawa[(4)]	Indonesia	100	NCMA3	Trinidad	80
Semai V[(4)]	Indonesia	100	MG Block	Trinidad	70
Seram[(4)]	Indonesia	55	PEPB-M-729	Brazil	30
South East Ganal I[(4)]	Indonesia	100	PEPB-M-621	Brazil	30
South Matindok[(4)]	Indonesia	100	Indus-X[(1)]	Pakistan	100
West Sageri[(4)]	Indonesia	100	Indus-Y[(1)]	Pakistan	100
Obi[(2)]	Indonesia	42	Indus-Z[(1)]	Pakistan	100
Aru[(2)]	Indonesia	60	Indus-North[(1)]	Pakistan	100
Halmahera-Kofiau[(2)]	Indonesia	80	D4[(1)]	India	15
Kofiau[(2)]	Indonesia	100	Cauvery[(1)]	India	100
North Ganal[(2)]	Indonesia	18.5			

(1) Relinquished blocks that are subject to government approval.

(2) The Company executed a definitive agreement for the sale of the Company's interest in seven Indonesian PSCs in October 2014, of which four PSCs (Aru, Kofiau, Halmahera Kofiau, West Papua IV) were subsequently sold in April 2015. The sales of the Company's interest in two additional PSCs (North Ganal and North Makassar Strait) are subject to satisfaction or waiver of the remaining conditions precedent. Ophir has decided not to proceed with the acquisition of the Company's interest in the Obi PSC.

(3) In January 2014, the Company farmed out 50 percent of the Company's interest in the Guayaguayare Shallow and Deep PSCs to Range. Subsequent to March 31, 2015, the Company executed agreements to sell its entire interests in the Guayaguayare Shallow and Deep PSCs to subsidiaries of Range, effectively amending the terms of previously executed farm-out agreements. Approval from the Government of Trinidad and Tobago is pending.

(4) The Government of Indonesia did not extended the exploration period of these PSCs and therefore, these PSCs have expired.

(e) Financial assets

Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value. All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value depending on their classification. The Company classifies financial assets into the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments and available-for-sale financial assets.

- Financial assets at fair value through profit or loss are measured at fair value with the corresponding gains or losses recognized in profit or loss. The Company classifies cash, cash equivalents and restricted cash as held-for-trading financial assets.
- Loans and receivables and held-to-maturity investments are measured at amortized cost using the effective interest method. The Company classifies accounts receivable and long-term accounts receivables as loans and receivables. The Company does not have any financial instruments classified as held-to-maturity.
- Available-for-sale and held-for-sale financial assets are recognized at fair value with the gains and losses, except for impairment losses and foreign exchange gains and losses, being recognized in other comprehensive income (loss) and

transferred to profit or loss when the asset is derecognized or impaired. The Company does not have any financial assets classified as held-for-sale.

The Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired at the end of each reporting period. Any loss determined is recognized through profit or loss.

(f) Inventories

Inventories of stock, spares and consumables are purchased for use in oil and gas operations and are valued at the lesser of cost and fair value less cost to sell. The costs of purchase of inventories comprise the purchase price, import duties and other taxes, and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services.

Inventory of oil and condensate is valued at the lower of cost and net realizable value. Cost is comprised of operating expenses that have been incurred in bringing inventories to their present location and condition and the portion of depletion expense associated with the oil and condensate production. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(g) Oil and natural gas exploration and development expenditure

Oil and natural gas exploration and development expenditures are accounted for using the method described below:

(i) Pre-license cost: Pre-licence costs are expensed in the period in which they are incurred.

(ii) Licence and property acquisition costs: Exploration licence and property acquisition costs are capitalized as exploration and evaluation assets.

(iii) Exploration and evaluation expenditure: Geological and geophysical exploration costs are expensed in the period in which they are incurred. Costs directly attributable to an exploration well are initially capitalized as exploration and evaluation assets. If hydrocarbons are not found, the exploration expenditure is written off as a dry hole. If hydrocarbons that may be capable of commercial development are found, subject to further appraisal activity that may include the drilling of further wells, the costs continue to be carried as an asset. All such carried costs are subject to regular technical, commercial and management review to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off or impaired. When proved reserves of oil and natural gas are determined and development is sanctioned, the relevant expenditure is transferred to development assets.

(iv) Development and production assets: Expenditures for development and production assets including the costs of drilling development wells and the construction of production facilities are capitalized under development assets after technical feasibility and commercial viability of producing hydrocarbons has been demonstrated. Development assets are transferred to producing assets when they are put in use. After recognition as an asset, development and producing assets are carried at cost less any accumulated depletion and impairment losses.

(v) Farm-outs: The Company may enter into agreements to transfer a portion of its interests in oil and gas properties to third parties. Proceeds from these arrangements are first deducted from any exploration and evaluation, development and producing assets recorded for the assets and any excess is recognized as other income.

(h) Other property, plant and equipment

Other property, plant and equipment are initially recorded at historical cost less accumulated depreciation and impairment losses. Initial costs include expenditures that are directly attributable to the acquisition of the asset. The costs of the day-to-day servicing of the equipment are recognized in profit or loss as incurred.

(i) Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at cost less accumulated amortization and impairment losses. Amortization of intangible assets with finite useful lives is provided on a straight-line basis over the lower of the term of the related agreement or the estimated useful life of the asset. Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in income when the asset is derecognized.

(j) Depletion and depreciation

Exploration and evaluation assets and development assets are not depreciated.

The net carrying value of producing assets is depleted using the unit-of-production method by reference to the ratio of production in the year to the related total proved reserves of oil and natural gas, taking into account estimated future development costs necessary to bring those reserves into production.

Depreciation for finance lease assets is consistent with that for other depreciable assets. Depreciation for finance lease assets is charged based on the unit-of-production method over the life of the total proved reserves.

For other property, plant and equipment, depreciation is recognized in profit or loss on a declining balance basis or straight-line basis depending on the nature of the asset over the estimated useful lives of each group of property, plant and equipment. Land is not depreciated.

The estimated useful lives of other property, plant and equipment are:

Buildings	30 years
Roads	10 years
Plant and machinery	10 - 15 years
Office equipment, furniture and fittings	5 - 10 years
Computers	1 - 3 years
Vehicles and aircrafts	8 - 20 years
Pipelines	30 years

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in income in the period in which they are incurred.

(l) Impairment

The carrying amount of the Company's property and equipment, intangible assets and exploration and evaluation assets is tested for impairment at each reporting period when indicators of impairment exist such as events and circumstances that indicate the carrying value may not be fully recoverable. At the end of each reporting period, impairment is assessed at the cash generating unit ("CGU") level in which the determination of CGU is an area of judgment. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the greater of the asset's fair value less cost to sell and value in use. Impairments are reversed when there is significant evidence that the impairment event and circumstances have been reversed.

(m) Financial liabilities and equity instruments

Financial liabilities at fair value through profit or loss are measured at fair value with the corresponding gains or losses recognized in profit or loss. Financial liabilities measured at fair value include deferred obligation. All other financial liabilities are measured at amortized cost using the effective interest method, less any impairment losses. The Company classified accounts payable, accrued liabilities, unfulfilled exploration commitments obligation, finance lease obligation, decommissioning obligations, contract settlement obligation, tax payable and term loan facilities as other financial liabilities.

The convertible notes are considered a compound instrument as they can be converted to a fixed number of common shares at the option of the holder. The liability component of a compound instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method.

Equity instruments are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects, if any.

(n) Derivative financial instruments

Derivative financial instruments are classified as fair value through profit or loss and measured at fair value with changes in fair value over a reporting period recognized in profit or loss. The Company's deferred obligation is considered to be a derivative financial instrument. The fair values of the deferred obligation are based on estimates of production volumes and natural gas prices in the reserve report for the D6 Block as at March 31, 2015. Any gains and losses on the deferred obligation are presented as gain or loss on derivative.

(o) Leases

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. At the commencement of the lease term, the Company recognizes the finance lease as assets and liabilities in the statements of financial position at the lesser of the fair value of the leased property and the present value of the minimum lease payments. Any initial direct costs of the lessee are added to the amount recognised as an asset.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's policy on borrowing costs. Contingent rents are charged as expenses in the periods in which they are incurred.

An operating lease is a lease other than a finance lease. Lease payments under an operating lease are generally recognised as an expense on a straight-line basis over the lease term.

(p) Decommissioning obligations

The PSCs that the Company has entered into include an obligation for abandonment of wells and facilities including removal of all equipment and installations and site restoration, collectively termed decommissioning obligations. Provision is made for the estimated cost of decommissioning obligations for a well that has been drilled and for equipment or installations upon completion. The provision is capitalized in the relevant asset category.

The provision is estimated using the present value of the estimated future cash outflows required to reclaim, settle and abandon wells and facilities in the future, discounted using a risk-free rate. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

(q) Revenue recognition

Revenues from the sale of crude oil, condensate and natural gas from properties in which the Company has interests with joint operators are recognized on the basis of the Company's working interest.

Revenues from the sale of crude oil, condensate and natural gas are recorded when the significant risks and rewards of ownership of have transferred to the buyer, which is at the delivery point as defined in the various sales contracts. Revenue is measured at the fair value of the consideration received or receivable. Revenue recorded is net of value-added tax ("VAT"), other sales-related taxes, royalties and the government share of the profit oil and gas as determined under the Company's production sharing arrangements.

(r) Finance income and finance expense

Finance income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Finance expense comprises (i) interest expense on debt obligations; (ii) accretion on decommissioning obligations, debt obligations and other long-term liabilities; and (iii) bank charges and other finance costs.

(s) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency), which is US Dollars for all entities. For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in US Dollars, which is the presentation currency for the consolidated financial statements.

In preparing financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Exchange differences are recognized in the statement of comprehensive income (loss) in the period in which they arise.

(t) Share-based payments

The Company follows the fair value method for recognition of all share-based compensation arrangements. Share-based compensation for options granted to employees, and others providing similar services, is based on the estimated fair value at the time of the grant. For stock options, the fair value is estimated using the Black-Scholes option-pricing model. Compensation costs are recognized over the vesting period of the stock options. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest.

(u) Taxation

Income tax expense is the sum of current tax, minimum alternate tax and deferred tax.

Current tax is the amount of income taxes payable in respect of the taxable profit for the period. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income (loss) because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Minimum alternate tax is the amount of tax payable in respect of accounting profits. The Company pays the greater of minimum alternate tax and current tax for blocks in India.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of taxable profit. Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences and the carry-forward of unused tax losses and unused tax credits.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint operations, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognized as an expense or income in net income, except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

(v) Per share amounts

Basic per share amounts are calculated by dividing the income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted per share amounts are determined by adjusting the income attributable to common shareholders and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares, which comprise convertible notes and share options granted to employees.

(w) Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. The Company has five reportable segments, which comprises oil and gas exploration, development and production activities within India, Bangladesh, Indonesia, Trinidad and Other (comprising of Brazil, Madagascar, and Pakistan).

(x) Assets held for sale

Non-current assets, or disposal groups consisting of assets and liabilities, are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is met when the sale is highly probably and the asset is available for immediate sale in its present condition. Non-current assets classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell, with impairments recognized in net earnings in the period measured. Non-current assets and disposal groups held for sale are presented in current assets and liabilities of the consolidated balance sheet.

5. Critical accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions regarding the application of accounting policies that affect the reported amounts of assets, liabilities, revenues and expenses and unsettled transactions and events as of the date of the consolidated financial statements. By their nature, these estimates are subject to measurement uncertainty and actual results may differ from those estimated. Estimates and their underlying assumptions are reviewed on an ongoing basis and revisions to these estimates are made in the year which the estimates are revised and any future years that are impacted. Significant estimates and judgement made by management in the preparation of these consolidated financial statements include the following:

Pricing Forecasts
The Company uses forecasted commodity prices for the assumptions in evaluating oil and gas reserves, asset impairment determination, and derivatives on deferred obligations. Forecasted commodity prices are based on estimates from reserve experts in addition to the current gas prices announced in accordance with the Guidelines. The Indian gas prices are to be determined on a semi-annual basis and will be calculated based on a volume weighted average of prices in the US, Canada, Europe and Russia based on the twelve month trailing average price with a lag of three months with deductions for transportation and treatment charges.

Oil and Natural Gas Reserves
Reserve estimates can have a significant effect on net earnings as a result of their impact on the depletion rate, provisions for decommissioning obligations and asset impairments. Independent qualified engineers, in conjunction with the Company's reserve engineer estimate, the value of oil and natural gas reserves on an annual basis. The estimation of reserves is an inherently complex process requiring significant judgments. Estimates of economically recoverable oil and gas reserves and future cash flows from those reserves are based on a number of variables and assumptions such as geological interpretation, commodity prices, operation and capital costs and production forecasts, all of which may vary considerably from actual results. These estimates are expected to revise upward or downward over time, as additional information such as reservoir performance becomes available, or as economic conditions change.

Depletion, Depreciation and Amortization
The Company's property and equipment is depreciated based upon estimates of useful lives and salvage values. The net carrying value of producing assets are depleted using the unit-of-production method by reference to the ratio of production in the year to

the related total proved reserves of oil and natural gas reserves. By their nature the estimates of reserves, including the estimates of future commodity prices, future production rates, future costs, foreign exchange, discount rates and other relevant assumptions, are subject to measurement uncertainty. Revisions to reserve estimates and the associated future cash flows could significantly increase or decrease depletion expense charged to net income. Accordingly the impact to the consolidated financial statements in future periods could be material.

Asset Impairment

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Events and circumstances may change resulting in indicators of impairment in future periods that could result in a material impairment. Exploration and evaluation assets are tested for impairment when facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed their recoverable amount, by comparing the relevant costs to the fair value or value in use.

The recoverability of development and producing asset carrying values is assessed at the CGU level. Determination of what constitutes a CGU is subject to management judgements and the circumstances, but generally, each PSC constitutes a CGU. In assessing the recoverability of these assets, each CGU's carrying value is compared to its recoverable amount, defined as the greater of its fair value less cost to sell and value in use. The determination of the fair value of CGUs requires the use of assumptions and estimates including future commodity prices, quantity of reserves and expected production volumes, asset retirement obligations, future development and production costs, discount rates and income taxes. Changes in the assumptions used in determining the recoverable amount could affect the carrying value of the related assets and CGU.

The following commodity price estimates were used in the calculation of net present value of the cash flows from oil and gas reserves:

Year ending March 31,	India natural gas ($/MMbtu)(GCV)	India crude oil ($/bbl)	India condensate ($/bbl)	Bangladesh natural gas ($/Mcf)	Bangladesh condensate ($/bbl)
2016	4.28	61.80	44.00	2.32	61.35
2017	3.59	71.49	53.69	2.32	70.87
2018	3.89	78.68	60.88	2.32	77.91
2019	4.21	84.00	66.20	2.32	83.12
2020	4.48	87.87	70.07	2.32	86.91
Average thereafter	+2%	+2%	+2%	2.32	+2%

Property, Plant and Equipment

Transfer of assets from exploration and evaluation to producing and developing is based on management's judgement and assessment of technical feasibility and commercial viability.

Decommissioning Obligations

PSCs that the Company has entered into require an obligation for abandonment of wells and facilities including removal of all equipment and installations and site restoration, collectively termed decommissioning obligations. Amounts used for provision calculations are based on abandonment costs, inflation, interest rates and timing of decommissioning expenditures.

Share-Based Compensation

The fair value of share-based compensation is calculated using the Black-Scholes option pricing model which is based on significant assumptions such as volatility, expected life, dividends yields, risk-free interest rates and expected forfeiture rates.

Income Taxes

The Company estimates current and deferred income taxes based on interpretation and judgement in applying tax laws in the various jurisdictions in which it operates and pays income taxes. Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. Determination of income taxes is subject to measurement uncertainty. Management makes certain judgements in estimating the timing of temporary difference reversals and the realization of deferred tax assets. Deferred income tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings.

Contingencies

Contingencies are subject to measurement uncertainty as the related financial impact will only be confirmed by the outcome of a future event. The assessment of contingencies requires the application of judgements and estimates including the determination of whether a present obligation exists and the reliable estimation of the timing and amount of cash flows required to settle the contingency.

6. Accounting pronouncements

(b) New standards adopted

As of April 1, 2014, the Company adopted the following amendments to accounting standards and new interpretations issued by the International Accounting Standards Board in accordance with the transitional provisions of each amendment or interpretation.

IAS 32 - Financial Instruments: Presentation
The Company adopted an amendment to IAS 32 "Financial Instruments: Presentation" which prescribes rules for the offsetting of financial assets and financial liabilities. The amendment specifies the right of set-off must not be contingent on a future event and must be legally enforceable in all of the following circumstance such as the normal course of business, the event of default and the event of insolvency or bankruptcy of the entity and all of the counterparts. The amendment did not have an impact on the Company's consolidated financial statements

IFRIC 21 – Levies
The Company adopted an amendment to IFRIC 21. IFRIC 21 provides guidance on recognition of a liability for levies that are accounted for in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets". IFRIC 21 provides the following guidance on recognition of a liability to pay levies: (i) the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation, and (ii) the liability to pay a levy is recognized progressively if the obligating event occurs over a period of time. The amendment did not have an impact on the Company's consolidated financial statements.

(b) Accounting pronouncements issued but not yet effective

IFRS 9 – Financial Instruments
IFRS 9 includes revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. In December 2011, amendments indicated instead of requiring restatement of comparative financial statements, entities are either permitted or required to provide modified disclosures on transition from IAS 39 to IFRS 9 on the basis of the entity's date of adoption and if the entity chooses to restate prior periods. In November 2013, amendments to IFRS 9 incorporated its new general hedge accounting model. The standard is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company is currently assessing the impact of adopting this new standard on its consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers
In May, IASB issued IFRS 15 which replaces IAS 11 "Construction Contracts", IAS 18 "Revenue", IFRIC 13 "Customer Loyalty Programmes", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfer of Assets from Customers" and SIC 31 "Revenue – Barter Transactions Involving Advertising Services". IFRS 15 establishes revenue recognition principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contract with customers. This standard is currently proposed to be effective for annual periods beginning on or after January 1, 2017, and permits early adoption. The Company does not foresee any impact upon adoption of this new standard on its consolidated financial statements.

7. Restricted cash

(thousands of US Dollars)	As at March 31, 2015	As at March 31, 2014
Current portion of restricted cash		
Bank guarantee[1]	-	8,701
Performance security guarantee[2]	900	-
Site restoration[3]	1,659	-
Term loan facilities reserve account[4]	35,000	79,129
	37,559	87,830
Non-current portion of restricted cash		
Performance security guarantee[2]	630	3,030
Site restoration[3]	7,713	8,864
Term loan facilities reserve accounts[4]	-	12,500
	8,343	24,394
	45,902	112,224

(1) In March 2014, the Company provided a bank guarantee to Reliance, the operator of the D6 Block, in connection with the anticipated requirements of the Domestic Natural Gas Guidelines, whereby a bank guarantee was to be provided by Reliance to the GOI as security in the case of an adverse outcome of the D6 arbitration proceedings. The bank guarantee expired in July 2014 and cash was released from the bank.
(2) The Company has performance security guarantees related to the work commitments for certain exploration blocks in Indonesia. The Company is required to provide funds to support the guarantees in the amounts indicated above. The subsidiary that provided the performance guarantee under the Aru PSC was sold to Ophir (see note 11).
(3) In accordance with the provisions of its PSCs, the Company is required to deposit funds in separate accounts restricted to funding of future decommissioning obligations. The funds may be used for site restoration on the expiry or termination of an agreement or relinquishment of part of the contract area. As at March 31, 2015, $2 million of site restoration funds related to the abandonment program of the Surat block in India have been reflected as current.
(4) Under the original terms of the term loan facilities agreement, the Company is required to maintain balances in the debt service and vendor financing reserve accounts for funding of interest on the term loan facilities and the repayment of contract settlement obligations. In addition, the advances under Facility B and C are required to be used by the Company to fund expenditures in the D6 Block, with a portion to be retained as a minimum balance. See note 16(a) for amended terms to the term loan facilities agreement.

8. Accounts receivable

(thousands of US Dollars)	As at March 31, 2015	As at March 31, 2014
Oil and gas revenues receivable	13,317	18,758
Receivable from joint operators	8,518	13,890
Advances to vendors	2,947	4,315
Prepaid expenses and deposits	824	2,115
VAT receivable	2,224	1,283
Other receivables	2,041	2,247
	29,871	42,608

9. Long-term receivable

(thousands of US Dollars)	As at March 31, 2015	As at March 31, 2014
Long term receivable(1)	967	4,483
Gas pool account receivable(2)	4,144	-
	5,111	4,483

(1) The Company had calculated government share of profit petroleum for Hazira field based on the assumption that all expenditures incurred and claimed by the Hazira joint operation would be allowable for cost recovery. However some of the cost overruns have not been approved by the GOI as they were in dispute. The unapproved cost overruns resulted in increased GOI share of profit petroleum of approximately $1 million, with additional interest due of approximately $1 million. In addition, GOI has disputed the methodology of calculation of royalties due to the GOI on natural gas sales in Hazira, with the Company's share of the disputed amounts totaling approximately $1 million, along with interest of approximately $1 million. However the GOI arbitrarily recovered the above disputed amounts of profit petroleum and royalty along with interest from gas sales revenue from other customers. The Company is in arbitration proceedings against the GOI challenging the above actions on cost recovery and royalty. The Company believes that the outcome of arbitration is uncertain and the recoverability of receivables is not probable. As a result, the Company recognized an impairment of $4 million as at March 31, 2015.
(2) Effective November 1, 2014, customers of the D6 Block in India pay for natural gas at the new gas price of $5.05 / MMBtu GCV, which equates to approximately $5.61 / MMBtu NCV for the period of November 1, 2014 to March 31, 2015. The contractor group is paid the earlier price of $4.20 / MMBtu NCV for the production in the Dhirubhai 1 and 3 fields in the D6 Block and the difference between the revised price and the $4.20 / MMBtu NCV is credited to a gas pool account. The Company has reflected the gas pool account receivable as long-term due to the uncertainty of timing regarding resolutions from the cost recovery arbitration described in note 32(c).

10. Inventories

(thousands of US Dollars)	As at March 31, 2015	As at March 31, 2014
Stock, spares and consumables	7,492	9,394
Oil and condensate inventories	400	1,205
	7,892	10,599

11. Exploration assets held for sale

(thousands of US Dollars)	As at March 31, 2015
Exploration and evaluation assets held for sale	22,936

In April 2015, the Company closed on transactions for the sales of certain of its subsidiaries holding interests in four Indonesian PSCs (West Papua IV, Kofiau, Halmahera-Kofiau, and Aru) as the first phase of transactions under a definitive agreement executed in October 2014 with a subsidiary of Ophir. The cash consideration of $16 million received reflects $9 million of combined net working capital obligations of the subsidiaries acquired by Ophir. Further payments under these transactions are contingent on future exploration success. As a result of the sales in April 2015, the Company recognized reversals of impairments of $23 million as at March 31, 2015.

Closings of the transactions for the sale of the Company's interests in each of two additional Indonesian PSCs (North Ganal and North Makassar Strait) are subject to the satisfaction or waiver of the remaining conditions precedent.

Niko is contesting the LBT assessments related to certain Indonesian PSCs and has indemnified Ophir for any potential LBT obligations related to the subsidiary that owns an interest in the Aru PSC and at closing, would do so for the subsidiary that owns its interest in the North Ganal PSC (see Note 32(f)).

As at March 31, 2015, the Company classified the exploration assets for the PSCs in the process of being sold as assets held for sale. The assets held for sale did not produce revenues and had losses of $4 million for the year ended March 31, 2015.

12. Exploration and evaluation assets

(thousands of US Dollars)	Year ended March 31, 2015	Year ended March 31, 2014
Opening balance	167,665	695,624
Additions	17,026	91,728
Disposals and other arrangements	(8,007)	(17,056)
Transfers	(3,904)	6,437
Expensed	(64,729)	(105,132)
Impairment	(47,794)	(498,775)
Foreign currency translation	-	(5,161)
Closing balance	60,257	167,665
Exploration and evaluation assets held for sale (note 11)	22,936	-
Total exploration and evaluation assets	37,321	167,665

In fiscal 2014 the Company shifted its focus to developing and appraising its assets in the D6 Block in India while striving to maintain optionality on its exploration and evaluation assets. The Company also entered into a definitive term loan facilities agreement in fiscal 2014 that limited capital expenditure spending outside of India and Bangladesh (see note 16(a)). In fiscal 2014, the Company recognized impairments of $499 million relating to its exploration and evaluation assets in Indonesia and Trinidad. For the year ended March 31, 2015, the Company recognized asset impairment of $48 million relating to its exploration and evaluation assets in Trinidad and a reversal of asset impairment in Indonesia of $23 million relating to four Indonesian PSCs sold in April 2015 (see note 11)

In fiscal 2015, the formula adopted in the India's New Domestic Natural Gas Guidelines, effective November 2014, resulted in lower than anticipated natural gas prices for the periods from November 1, 2014 to March 31, 2015 and April 1, 2015 to September 30, 2015. In addition, forecasts for future world natural gas and crude oil prices have declined during the year. The lower natural gas and oil price environment and uncertainty of future natural gas prices in India have been considered in management's evaluations of the exploration and evaluation asset values related to undeveloped discoveries in the D6 and NEC-25 CGUs in India. As a result, the Company recognized total impairment to exploration and evaluation assets of $22 million for the D6 and NEC-25 blocks in the current year. In addition $62 million of exploration and evaluation assets were written off for D6 and NEC-25 blocks relating to the discoveries which were either relinquished or for which there are no future development plans.

13. Property, plant and equipment

(a) Development assets

(thousands of US Dollars)	Year ended March 31, 2015	Year ended March 31, 2014
Opening balance	137,211	129,822
Additions	31,269	37,621
Disposals	(52,936)	-
Transfers from/to other asset categories	(44,888)	(30,232)
Asset impairment	(65,960)	-
Closing balance	4,696	137,211

(b) Producing assets

(thousands of US Dollars)	Year ended March 31, 2015	Year ended March 31, 2014
Cost		
Opening balance	1,070,231	1,039,208
Transfers from other asset categories	59,921	31,145
Disposals	-	(1)
Asset impairment	(118,801)	-
Foreign currency translation	-	(121)
Closing balance	1,011,351	1,070,231
Accumulated depletion		
Opening balance	(734,528)	(627,883)
Additions	(90,138)	(106,788)
Foreign currency translation	-	143
Closing balance	(824,666)	(734,528)
Net producing assets	186,685	335,703

In fiscal 2015, the formula adopted in the India's New Domestic Natural Gas Guidelines, effective November 2014, has resulted in lower than anticipated natural gas prices for the periods from November 1, 2014 to March 31, 2015 and April 1, 2015 to September 30, 2015. In addition, forecasts for future world natural gas and crude oil prices used by the independent reserve engineers to evaluate the Company's reserves have declined during the year. The Company used discount rates ranging from 12 percent to 15 percent in the determination of the value in use for the producing and development assets in the D6 CGU and development assets in the NEC-25 CGU. As a result, the Company recognized $185 million of total impairment to development and producing assets in the D6 and NEC-25 blocks in the current year.

Estimates of future world natural gas and crude oil prices are used in the preparation of reserves estimates and asset impairment evaluations and are subject to measurement uncertainty (see note 5). Variations between actual natural gas and oil prices and the forecasted prices used in the impairment evaluations and/or changes in the Company's plans could result in positive or negative changes in the carrying value of the assets in the future.

(c) Other property, plant and equipment

(thousands of US Dollars)	Land and buildings	Vehicles, helicopters and aircraft	Office equipment, furniture and fittings	Pipelines	Total
Cost					
Balance, March 31, 2014	18,234	2,346	9,245	10,747	40,572
Additions	447	726	166	35	1,374
Disposals	(258)	-	(297)	-	(555)
Balance, March 31, 2015	18,423	3,072	9,114	10,782	41,391
Accumulated depreciation and impairment					
Balance, March 31, 2014	(8,093)	(1,791)	(6,579)	(8,270)	(24,733)
Additions	(2,986)	(141)	(2,070)	(1,259)	(6,456)
Disposals	174	-	225	-	399
Asset impairment	(3)	-	(187)	-	(190)
Balance, March 31, 2015	(10,908)	(1,932)	(8,611)	(9,529)	(30,980)
Net book value, March 31, 2015	7,515	1,140	503	1,253	10,411

(thousands of US Dollars)	Land and buildings	Vehicles, helicopters and aircraft	Office equipment, furniture and fittings	Pipelines	Total
Cost					
Balance, March 31, 2013	18,234	2,346	9,353	10,762	40,695
Additions	-	-	278	(15)	263
Foreign currency translation	-	-	(320)	-	(320)
Balance, March 31, 2014	18,234	2,346	9,311	10,747	40,638
Accumulated depreciation and impairment					
Balance, March 31, 2013	(7,161)	(1,654)	(5,755)	(7,852)	(22,422)
Additions	(932)	(137)	(947)	(418)	(2,434)
Impairment	-	-	(227)	-	(227)
Foreign currency translation	-	-	261	-	261
Balance, March 31, 2014	(8,093)	(1,791)	(6,668)	(8,270)	(24,822)
Net book value, March 31, 2014	10,141	555	2,643	2,477	15,816

(d) Capital work-in-progress

(thousands of US Dollars)	Year ended March 31, 2015	Year ended March 31, 2014
Opening balance	43,973	34,746
Additions	(1,740)	24,810
Disposals	(3,550)	-
Transfers	(1,990)	(3,022)
Impairment	(24,023)	(12,561)
Closing balance	12,670	43,973

For the year ended March 31, 2015, the Company recognized $24 million of impairment related to reduction in the carrying value of capital inventory in Trinidad and Indonesia to the Company's estimated net realizable value.

14. Accounts payable and accrued liabilities

(thousands of US Dollars)	As at March 31, 2015	As at March 31, 2014
India	43,013	53,539
Bangladesh	1,271	3,341
Indonesia[1]	82,382	91,011
Trinidad	20,029	21,179
Other	7,273	11,774
	153,968	180,844

(1) Approximately $11 million of outstanding accounts payables and accrued liabilities included in the table above related to subsidiaries sold to Ophir as a result of the sales agreement completed in April 2015 (see note 11).

15. Unfulfilled exploration commitments obligation

(thousands of US Dollars)	As at March 31, 2015	As at March 31, 2014
Indonesia (note 31)	116,896	-
Trinidad (note 31)	74,640	-
	191,536	-

16. Long-term debt

(a) Term loan Facilities

(thousands of US Dollars)	Year ended March 31, 2015	Year ended March 31, 2014
Opening balance	249,014	-
Advances, net of issuance costs	(895)	305,450
Deferred obligation (note 17(b))	-	(60,540)
Accretion	72,162	3,823
Interest and fees due upon repayment	13,490	281
Repayment	(41,212)	-
Closing balance	292,559	249,014
Current portion	292,559	10,140
Long-term portion	-	238,874

In December 2013, the Company entered into a definitive facilities agreement with certain institutional investors providing for senior secured term loan facilities in an aggregate principal amount of $340 million. As of March 31, 2015, the outstanding principal on the facilities is $280 million, reflecting the Company's decision to forego its option to drawdown on the $20 million amount of Facility D, the repayment in June 2014 of the $20 million drawn on Facility E, and the prepayments of $20 million on Facility A in the fourth quarter of fiscal 2015 resulting from the first amendment of the term loan facilities agreed with the lenders. In the first quarter of fiscal 2016, the Company and its lenders agreed to an extension and a second amendment to the facilities agreement, resulting in the prepayments of $30 million on Facility A and reducing the outstanding principal on the facilities to $250 million.

The key terms related to the outstanding facilities under the facilities agreement and related documentation are as follows:

Specific terms of facilities A/B/C

- Facilities amount: $300 million (combined)
- Prepayment: At the Company's option at any time after December 20, 2015 (at a 7 percent premium, decreasing to 4 percent after December 20, 2016)
  At the lenders option (without premium) from the remaining net proceeds of certain asset sales, farm-outs, equity and debt issuances, after contract settlement payments and Facility D/E prepayments
- Repayment: On September 30, 2017
- Use of proceeds: $175 million Facility A: General corporate purposes, subject to certain restrictions
  $125 million Facilities B/C: Restricted to expenditures related to the D6 Block in India
- Interest: Quarterly cash interest payments at 15 percent per annum; commencing June 2014, potential additional 5 percent per annum payable upon repayment ("D6 PIK interest") if first ranking security is not provided over the Company's participating interest in the D6 Block. The GOI has not yet approved

the grant of security to the lenders. If security is provided prior to March 31, 2016, the D6 PIK interest to be paid will be reduced by 50 percent and if the security is provided thereafter, the D6 PIK interest will be reduced by 25 percent.

As per the second amendment to the facilities agreement agreed with the lenders in the first quarter of fiscal 2016, the quarterly cash interest payment due in June 2015 has been deferred until September 2015.

Uncommitted D6 facility
The facilities agreement also includes a provision for an uncommitted facility that can be funded at the option of any of the lenders if the Company is unable to fund the cash call requirements of the D6 Block. Advances under this facility are repayable from the Company's gross revenues from the D6 Block until an amount equal to 200 percent of the advanced amount has been paid.

Financial Covenants
In the original facilities agreement, the Company was subject to the following financial covenants:

- Maximum ratio of (a) consolidated senior debt (defined as debt incurred under facilities A, B and C and finance lease obligations) to (b) the consolidated EBITDAX (as defined in the facilities agreement) for the trailing four quarters, commencing with the period ending June 30, 2014.
- Minimum ratio of (a) proved plus probable reserves for the D6 Block to (b) senior debt, commencing with the period ending March 31, 2014.

As per the amendments to the facilities agreement agreed with the lenders in the fourth quarter of fiscal 2015 and the first quarter of fiscal 2016, these financial covenants are waived until September 15, 2015.

General covenants
In the original facilities agreement, the Company agreed to several other undertakings and covenants, including:

- Maintenance of certain reserve accounts, including:
  - A reserve account for anticipated expenditures in the D6 Block, with a minimum balance that increased over time to the greater of $30 million and the Company’s forecasted capital expenditures in the D6 Block for the subsequent six month period.
  - A reserve account for settlement payments, with a minimum balance commencing December 31, 2014 equal to the payments required under the terms of the settlement agreement with Diamond Offshore for the subsequent six month period.
  - A reserve account for debt service, with a minimum balance commencing December 31, 2014 equal to the interest payments due under the facilities agreement for the subsequent six month period.
- Restrictions on cash expenditures relating to areas outside of India and Bangladesh, subject to certain exceptions.
- Requirement to raise certain minimum amounts from asset sales, farm-outs and/or equity issuances by June 30, 2015.
- Requirement that, subject to certain exceptions, asset sales be completed at fair market value with at least 90 percent of the consideration received in the form of cash (including assumed liabilities).
- Restrictions on the incurrence of debt, granting of liens, investments and similar transactions.

In the first amendment to the facilities agreement, the Company agreed to additional undertakings including:

- Requirement to achieve certain milestones related to the potential sale of the Company’s interest in the D6 Block in India, which could include the sale of the Company.
- Requirement to maintain specified minimum cash balances.
- Restrictions on cash expenditures for non-core assets and general and administrative expenditures;

In the first amendment, the minimum balance requirement for the reserve accounts for settlement payments and debt service has been reduced to zero, and per the second amendment to the facilities agreement agreed with the lenders in the first quarter of fiscal 2016, the minimum balance requirement for the reserve account for anticipated expenditures in the D6 Block has been reduced to $20 million and the requirement to raise minimum amounts from asset sales, farm-outs and equity issuances has been waived until September 15, 2015. In addition, the Company is restricted from making any interest or other payments under the Notes, or under the terms of the agreement entered into the Diamond Settlement Agreement until September 30, 2015 (see note 16(c) and 17(a)).

Since it appears unlikely the Company will be able to achieve the remaining milestones in the amended facilities agreement, the Company is pursuing an alternative strategic plan with the assistance of its advisors and stakeholders to enhance value over a longer period of time. The Company has been in discussions with its lenders about the structure of this plan and related further amendments to the facilities agreement.

Change in Control
If a change in control of the Company occurs or the Company’s indirect subsidiary, Niko (NECO) Ltd., disposes of any part of its rights in respect of the D6 PSC, the Company shall make an offer to prepay all of the outstanding principal (plus a one percent prepayment fee) and accrued and unpaid interest (including cash interest and D6 PIK interest) within ten days of the change of control.

Deferred Obligation
As a condition of the facilities agreement, the Company entered into an agreement that provides for a monthly payment equal to six percent of the Company's share of the gross revenues received from the D6 Block in India, commencing April 1, 2015 for a period of seven years. Refer to note 17(b).

Security
The obligations under the facilities agreement and the deferred obligation are initially secured by:

- charges over all of the present and after-acquired personal and real property of the Company and certain of its subsidiaries;
- specific pledges and charges over the shares of substantially all of the Company's subsidiaries; and
- specific charges over the bank accounts of the Company and certain of its subsidiaries.

The Company has entered into security deeds to grant first ranking security with respect to Block 9 in Bangladesh which will become effective upon consent by Petrobangla and the Bangladesh government, and has agreed to use best endeavours to obtain all necessary India governmental authorizations to provide first ranking security over the Company's participating interest in the D6 PSC in India. Authorization has been received from the Reserve Bank of India and authorization from the Government of India has been sought, but not yet granted.

Farm-in Options
As a condition of the facilities agreement, the Company entered into a farm-in rights agreement with an affiliate of the lenders that grants four exclusive, irrevocable, non-assignable rights to acquire interests in pre-selected Indonesian PSCs. Each farm-in right provides the holder with the option to purchase a 5 percent participating interest in selected PSCs (subject to a maximum acquired participating interest equal to the lesser of 50 percent of the Company's aggregate participating interests in the selected PSC and 10 percent) by paying its proportionate share of the previously incurred costs of the selected PSC. A farm-in right may be exercised by the holder by giving at least seven days' notice prior to the target spud date of a well to be drilled in the selected PSC. Unexercised farm-in rights expire on the earlier of (i) the date on which the eighth well on the selected PSCs is spudded and (ii) December 20, 2020.

(b) Finance lease obligation

(thousands of US Dollars)	Year ended March 31, 2015	Year ended March 31, 2014
Opening balance	37,024	43,081
Repayments	(6,801)	(6,057)
Closing balance	30,223	37,024
Current portion	7,637	6,801
Long-term portion	22,586	30,223

The Company has recognized a finance lease for the floating, production, storage and offloading vessel ("FPSO") used in the D6 Block in India. The fair value of $37 million for the finance lease is calculated based on future lease payments discounted at a rate of 11.65 percent. The finance lease asset is included in producing properties within property, plant and equipment and the net carrying amount is $30 million.

(c) Convertible notes

(thousands of US Dollars)	Year ended March 31, 2015	Year ended March 31, 2014
Opening balance	78,030	79,785
Accretion	24,948	4,948
Foreign currency translation	(12,337)	(6,703)
Closing balance	90,641	78,030
Current portion	90,641	-
Long-term portion	-	78,030

In December 2012, the Company issued Cdn$115 million principal amount of convertible unsecured notes that mature on December 31, 2017 and bear interest at a rate of 7 percent, with interest payable semi-annually in arrears on June 30 and December 31 of each year, commencing June 30, 2013. The convertible notes are convertible at the option of each holder into common shares at a conversion price of Cdn$11.30 per share. After December 31, 2015, the convertible notes are redeemable by the Company, in whole or in part from time to time, provided that the market price of the Company's common shares (defined as the weighted average trading price of the common shares for the twenty consecutive trading days ending five trading days prior to the issue of the notice

of redemption) is at least 130 percent of the conversion price. The Company has the right to use common shares to satisfy some or all of its obligations for the convertible notes.

The convertible notes are guaranteed on an unsecured basis by the Company's subsidiaries, Niko Resources (Cayman) Ltd., Niko (NECO) Ltd. and Niko Exploration (Block 9) Ltd. Each guarantor guarantees that the notes shall be paid in accordance with the agreement terms. The guarantees of the convertible notes are subordinated to the guarantees provided to the lenders of the Company's term loan facilities.

Undertakings and covenants in respect of the convertible notes include:

- Requirement to make offers to purchase the convertible notes at par plus accrued and unpaid interest within 30 days following a change of control (as defined below); and
- Requirement to obtain the consent of the holders of the convertible notes to sell all or substantially all of the Company's assets to another person, subject to certain exceptions.

For the purpose of such undertakings and covenants, subject to certain exceptions, a change of control includes a sale of all or substantially all of the Company's assets, and a sale of assets of a subsidiary of the Company that would constitute all or substantially all of the assets of the Company on a consolidated basis is deemed to be a sale of all or substantially all of the assets of the Company.

The note indenture provides that an event of default in respect of the convertible notes will occur, if an event of default occurs or exists under the term loan facilities agreement, if that default:

- is caused by a failure to pay obligations prior to the expiration of any applicable grace or cure period, or
- results in the lenders of the term loan facilities having the right to accelerate such obligations prior to their stated maturity,
- and that default is not cured or waived within a period of 45 days from the occurrence of that default.

If an event of default in respect of the convertible notes has occurred and is continuing, the note trustee may, in its discretion, and shall upon request of holders of not less than 25 percent of the principal amount of convertible notes then outstanding, declare the principal of and interest on all outstanding convertible notes to be immediately due and payable. In certain cases, the holders of more than 50 percent of the principal amount of the convertible notes then outstanding may, on behalf of the holders of all convertible notes, waive any event of default and/or cancel any such declaration upon such terms and conditions as such holders shall prescribe.

As discussed above, a breach of the senior debt to EBITDAX financial covenant of the original term loan facilities agreement would have resulted in the right of the lenders of the term loan facilities to accelerate payment of the outstanding principal amount of the term loan facilities. As a result of the cross default provisions of the note indenture, the Company has reflected the outstanding balances of the convertible notes as current liabilities as at March 31, 2015.

As a result of the second amendment to the term loan facilities (note 16(a)), the Company will seek the consent of the holders of the Notes to defer to September 30, 2015 the interest payment due on June 30, 2015. To date, consent has not been obtained from the holders of the Notes and it appears unlikely that consent will be obtained prior to June 30, 2015. As a result, it is probable that the Company will be in breach of the indenture governing the Notes. Under the terms of the indenture governing the Notes, an event of default would not occur until July 30, 2015.

(d) Unsecured notes

(thousands of US Dollars)	Year ended March 31, 2015	Year ended March 31, 2014
Opening balance	5,781	-
Issuance, net of issuance costs	-	58,370
Repayment	-	(45,686)
Conversions	(5,781)	(6,903)
Closing balance	-	5,781

In June 2013, the Company issued $64 million of senior unsecured notes. The notes bore interest at 7 percent per annum, payable monthly, and were to be repaid through twelve equal monthly principal payments commencing August 13, 2013. Principal and interest payments were to be payable in cash or, at the Company's option, in common shares of the Company. The installment payments from August to November 2013 were made in cash.

In December 2013, the Company used the net proceeds from issuance of subscription receipts to repay $30 million of outstanding principal and accrued interest and agreed with the holders of the unsecured notes to amend the terms of the unsecured notes by deleting the required instalment payments, and granting the holders a conversion right in respect of the outstanding principal balance of the unsecured notes of approximately $13 million remaining after such repayment. At any time during the remaining

term of the unsecured notes, the holders of the unsecured notes were entitled to convert all or any portion of the outstanding principal and accrued interest into shares of the Company. The number of shares to be issued upon conversion is determined by dividing the amount to be paid in shares by 94.5 percent of the lower of the volume weighted average price of the shares for the fifteen trading days prior to the conversion and the volume weighted average price of the shares for the five trading days prior to the conversion.

From December 2013 to March 31, 2014, the holders of the unsecured notes converted approximately $7 million of outstanding principal plus accrued interest into a total of 3,643,452 common shares of the Company. For the year ended March 31, 2015, $6 million of remaining outstanding principal plus accrued interest was converted into 3,306,234 common shares.

17. Long-term liabilities

(a) Contract settlement obligation

(thousands of US Dollars)	Year ended March 31, 2015	Year ended March 31, 2014
Opening balance	34,686	-
Additions	-	57,688
Accretion	13,801	1,998
Repayments	(20,250)	(25,000)
Closing balance	28,237	34,686
Current portion	17,623	5,000
Long-term portion	10,614	29,686

In December 2013, the Company entered into an agreement with Diamond Offshore relating to settlement of payment obligations and other commitments under the Ocean Monarch and Ocean Lexington drilling contracts. The settlement agreement includes a mutual release of claims in respect of certain rights and obligations under the drilling contracts, with the claims in respect of the Company's payment obligations under the drilling contracts to be released upon payment by the Company of $80 million. An initial payment of $25 million was made to Diamond Offshore using proceeds from the initial advance of the term loan facilities, with the outstanding balance to be paid over subsequent years up to September 30, 2017, subject to early prepayment upon the occurrence of certain events. The amounts due are non-interest bearing. In the current year, approximately $15 million was prepaid from proceeds of asset sales along with a $5 million scheduled payment, reducing the amount outstanding on the contract settlement obligation to $35 million as at March 31, 2015. In the first quarter of fiscal 2016, approximately $4 million was prepaid from proceeds of assets sales, reducing the amount outstanding to $31 million.

As a result of the second amendment to term loan facilities (note 16(a)), the Company will seek the consent of the parties to the Diamond Settlement Agreement to defer any payments that are due and payable prior to September 30, 2015 and eliminate the required minimum balance in a reserve account specified in the Diamond Settlement Agreement. To date, consent has not been obtained from the parties to the Diamond Settlement Agreement, and it appears unlikely that consent will be obtained prior to June 30, 2015. As a result, it is probable that the Company will be in breach of the Diamond Settlement Agreement. Under the Diamond Settlement Agreement, in the event of a breach, the parties thereto may seek to enforce their unsecured rights, but the extent of any damages they may suffer from a breach and the strength of any claim they could make is not clear at this time.

(b) Deferred obligation

(thousands of US Dollars)	Year ended March 31, 2015	Year ended March 31, 2014
Opening balance	78,669	-
Additions	-	60,541
Accretion	10,799	2,584
(Gain) loss on valuation of derivative (note 19)	(64,824)	15,544
Closing balance	24,644	78,669
Current portion	4,915	-
Long-term portion	19,729	78,669

In December 2013, as a condition of the term loan facilities agreement, the Company entered into an agreement that provides for a monthly payment equal to 6 percent of the Company's share of the gross revenues from the D6 Block in India, commencing April 1, 2015 for a period of seven years. If the Company sells or disposes of all or any portion of its participating interest in the D6 PSC prior to the end of the term of this agreement, it must pay an amount equal to the pro-rata share of the net present value of the

remaining payments under the agreement. The Company may optionally redeem the entire remaining amount of the obligation at any time on terms satisfactory to the parties to the agreement. For so long as obligations under the term loan facilities agreement remain outstanding, the security for the term loan facilities also secures this obligation.

The deferred obligation has been reflected at the net present value of the estimated payments, with the imputed interest of 16.30 percent to be recorded as accretion expense over the term of the payments. The initial valuation of the deferred obligation was recognized as additional debt issuance cost of the term loan facilities. Subsequent changes in the valuation of the deferred obligation have been reflected on the statement of comprehensive loss as gain or loss on derivatives (see note 19).

18. Decommissioning obligations

(thousands of US Dollars)	Year ended March 31, 2015	Year ended March 31, 2014
Opening balance	44,574	41,177
Provisions made during the year	200	622
Change in estimate during the year	(1,328)	(134)
Accretion	846	2,909
Closing balance	44,292	44,574
Current portion	1,785	-
Long-term portion	42,507	44,574

The Company's decommissioning obligations are expected to be settled over a period of approximately one to fifteen years and discounted using a weighted average discount rate of 6 or 10 percent, depending on the block. The Company has estimated the net present value of the decommissioning obligations to be $44 million as at March 31, 2015 (March 31, 2014 - $45 million) based on an undiscounted total future liability of $86 million (March 31, 2014 - $84 million). As at March 31, 2015, $2 million of decommissioning obligations related to the abandonment program of the Surat block in India have been reflected as current. In accordance with provisions of its PSCs, the Company has deposited $9 million in restricted accounts for funding of future decommissioning obligations of Hazira, Surat and Block 9. These amounts have been reflected as restricted cash.

19. Financial instruments

(a) Capital risk management

The Company's objective is to maintain a strong capital base and related capital structure and as disclosed in note 2, the Company is undertaking steps to manage capital structuring. The objectives include the following:

- To promote confidence in the Company by the capital markets, by investors, by creditors and by government agencies in the countries in which the Company bids for concessions and/or operates;
- To maintain resources required to withstand financial difficulties due to exogenous influences such as financial, political, economic, social or market uncertainties and events; and
- To facilitate the Company's ability to fulfill exploration and development commitments, and to seek and execute growth opportunities.

The Company's capital base includes shareholders' equity and debt as follows:

(thousands of US Dollars)	As at March 31, 2015	As at March 31, 2014
Term loan facilities	292,559	249,014
Convertible notes	90,641	78,030
Unsecured notes	-	5,781
Shareholders' (deficit) equity	(402,676)	264,250

(b) Fair value measurements

The Company classifies fair value measurements using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market date (unobservable inputs).

The Company's investments were assessed on the fair value hierarchy described above and have been classified as Level 1. The fair value of the investments was based on publicly quoted market values. The investments were fully impaired as at March 31, 2014. For the year ended March 31, 2014, $1 million loss was recognized.

The Company's deferred obligation as at March 31, 2015 have been assessed on the fair value hierarchy described above and has been classified as a Level 3 instrument. The fair value of the deferred obligation was based on estimates of production volumes and natural gas and crude oil prices included in the reserve report for the D6 Block as at March 31, 2015. For the year ended March 31, 2015, $65 million gain on derivative (2014 - $16 million loss) resulted from the change in estimated production and prices in the reserve report.

(c) Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The carrying amounts of the cash and cash equivalents, restricted cash, and accounts receivable reflect management's assessment of the maximum credit exposure. The Company takes measures in order to mitigate any risk of loss, which may include obtaining guarantees. There were no changes in the Company's exposure to credit risks or any changes to the Company's processes for managing the risks from the previous period.

The aging of the accounts receivable[1] as at March 31, 2015 was:

(thousands of US Dollars)	As at March 31, 2015
0—30 days[2]	22,096
30—60 days	-
60—365 days[2]	9
	22,105

(1) Excludes accrued receivables that have not yet been cash called or invoiced, loans and advances, prepaid expenses, and VAT receivables which are not past due.
(2) Accounts receivables past due have been evaluated for impairment as at March 31, 2015.

(d) Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its exposure to this risk by preparing cash flow forecasts to assess when and if additional funds are required.

The Company has the following financial liabilities and due dates as at March 31, 2015:

(thousands of US Dollars)	Carrying amount	< 1 year	> 1 year
Accounts payable and accrued liabilities	153,968	153,968	-
Unfulfilled work commitments obligation	191,536	191,536	-
Current taxes payable	1,230	1,230	-
Term loan facilities[1][5]	292,559	292,559	-
Finance lease obligations[2][5]	30,223	7,637	22,586
Convertible notes[3][5]	90,641	90,641	-
Other long-term liabilities[4][5]	52,881	22,538	30,343

(1) The carrying amount of the term loan facilities is the fair value of $293 million. The outstanding principal is $280 million. As at March 31, 2015 the Company has reflected the outstanding balances of the term loan facilities as current (see note 2 and 16(a)).
(2) The carrying value of the finance lease obligation is the fair value of $30 million. The lease payments are $11 million per year (including principal and interest) until August 2018.
(3) The carrying amount of the convertible notes is $91 million. The amount that will be required to be repaid assuming that the notes are not converted or repaid in common shares is Cdn$115 million. The convertible notes will mature on December 31, 2017. As at March 31, 2015 the Company has reflected the outstanding balances of the convertible notes as current (see note 2 and 16(c)).
(4) The carrying amount of the other long-term liabilities is the fair value of $53 million. The amount that will be required to be repaid for the contract settlement obligation is $35 million, which will be repaid in instalments by March 31, 2017. The amount that will be paid on the deferred obligation is estimated to be $42 million over seven years, commencing in April 2015.
(5) The amount due relates to the principal portion and excludes interest.

(e) Market risk

Market risk consists of currency risk, commodity prices and interest rate risk. The Company may use both financial derivatives and physical delivery sales contracts to manage market risks. There were no changes in the Company's exposure to market risks or the Company's processes for managing the risks from the previous period.

(i) Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. All of the Company's revenues are denominated in US Dollars and the Company holds the majority of its funds in US Dollars, except as required to fund dividends and make interest payments on the convertible notes. The Company has limited cash exposure to fluctuations in the value of the US Dollar versus other currencies. Exposure to changes in the value of the Indian Rupee versus the US Dollar is applicable to the Company's working capital, income tax receivable and deferred tax liability of its subsidiaries in India; in addition to exposure to changes in the value of the Euros versus the US Dollar applicable to certain vendor payables for its subsidiary in India. The foreign exchange impact on Euro is capitalized under development projects and does not have impact on profit or loss. The Company does not have any foreign exchange contracts in place to mitigate currency risk as at March 31, 2015.

Assuming that all other variables remained constant, a 4 percent strengthening or weakening of the Indian Rupee against the US Dollar at March 31, 2015, based on historical movements in the foreign exchange rates, would respectively decreased or increased net loss for the year by approximately $0.3 million. The financial instruments are exposed to fluctuations in foreign exchange rates, which are used in the translation of Canadian corporate operations to US Dollars. The reported US Dollar value of the cash and cash equivalents, debt and accounts payable of the Canadian corporate operations is exposed to fluctuations in the value of the Canadian Dollar versus the US Dollar. A 3 percent strengthening or weakening of the Canadian Dollar against the US Dollar at March 31, 2015, which is based on historical movement in foreign exchange rates, would have respectively increased or decreased net loss for the year by $3 million. This analysis assumes that all other variables remained constant.

(ii) Commodity price risk

Commodity price risk is the risk that the fair value of future cash flows may have potential adverse impact due to changes in commodity prices. Commodity prices for petroleum and natural gas are impacted by global economic events that dictate the level of supply and demand as well as the relationship between the Canadian and US Dollar. Crude oil prices are subject to fluctuation and volatility as evident in today's market. A US$10.00/bbl increase or decrease in crude oil would respectively increase or decrease net income or loss for the year by $3 million.

As per the Guidelines, the announcement of the gas price will be determined on a semi-annual basis. Prices will be calculated based on a volume weighted average of prices in the US, Canada, Europe and Russia based on the twelve month trailing average price with a lag of three months with deductions for transportation and treatment charges. A US$0.10/mmcfe increase or decrease in natural gas would respectively increase or decrease net income or loss for the year by $4 million.

This analysis assumes that all other variables remained constant.

(iii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has minimum exposure to interest rates as the term loan facilities and convertible notes have a fixed interest rate. The Company has not entered into any contracts to hedge against interest rate risk as at March 31, 2015.

20. Share capital

(a) Fully paid ordinary shares

The Company has authorized for issue an unlimited number of common shares and an unlimited number of preferred shares. The common shares issued are fully paid and the shares have no par value. No preferred shares have been issued.

For the year ended March 31, 2015, the holders of the unsecured notes converted approximately $6 million of outstanding principal plus accrued interest into a total of 3,306,234 common shares of the Company.

(b) Share options granted under the employee share option plan

The Company has reserved for issue 9,401,917 common shares for granting under stock options to directors, officers, and employees. The options become vested immediately to five years after the date of grant and expire one to six years after the date of grant. The stock options are settled in equity.

Stock option transactions for the respective periods were as follows:

	Year ended March 31, 2015		Year ended March 31, 2014	
	Number of options	Weighted average exercise price (Cdn$)	Number of options	Weighted average exercise price (Cdn$)
Opening balance	3,128,188	27.04	4,953,145	45.04
Granted	579,071	2.22	1,248,485	3.53
Forfeited	(813,772)	34.63	(2,144,373)	36.90
Expired	(652,056)	19.73	(929,069)	68.67
Closing balance	2,241,431	20.00	3,128,188	27.04
Exercisable	1,496,742	20.41	830,630	40.48

The following table summarizes stock options outstanding and exercisable under the plan at March 31, 2015:

	Outstanding Options			Exercisable Options	
Exercise Price (Cdn$)	Options	Remaining life (years)	Weighted average exercise price (Cdn$)	Options	Weighted average exercise price (Cdn$)
2.00 – 3.00	1,019,571	0.94	2.51	644,666	2.55
3.00 – 10.00	675,986	0.65	8.59	542,077	8.65
10.00 – 112.64	545,874	0.92	66.81	309,999	78.11
	2,241,431	0.85	20.00	1,496,742	20.41

The weighted average share price during the year ended March 31, 2015 was $0.86 (2014 - $4.49).

(c) Fair value measure of equity instruments granted

The fair value of each option granted was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average inputs:

(thousands of US Dollars)	Year ended March 31, 2015	Year ended March 31, 2014
Grant-date fair value	Cdn$0.47	Cdn$1.66
Market price per share	Cdn$2.22	Cdn$3.53
Exercise price per option	Cdn$2.22	Cdn$3.53
Expected volatility	68%	102%
Expected life (years)	0.7	1.7
Expected dividend rate	0%	0%
Risk-free interest rate	1.1%	1.1%
Expected forfeiture rate	13%	7%

Expected volatility was determined based on the historical movements in the closing price of the Company's stock for a length of time equal to the expected life of each option. See note *d.* below for categorization of share-based payment expense during the period.

(d) Share-based compensation disclosure

The Company prepare its statement of comprehensive loss classifying costs according to function as opposed to the nature of the costs. As a result, share-based compensation expense is charged to various other headings in the statement of comprehensive loss.

(thousands of US Dollars)	Year ended March 31, 2015	Year ended March 31, 2014
Share-based compensation expense included in:		
Exploration and evaluation assets	4	627
Production and operating expenses	595	370
Exploration and evaluation expenses	625	2,110
Share-based compensation (recovery) expense	(592)	7,948
Restructuring costs	(583)	(6,944)
	49	4,111

21. Revenue

(thousands of US Dollars)	Year ended March 31, 2015	Year ended March 31, 2014
Natural gas sales	128,298	123,868
Oil and condensate sales	26,870	30,544
Less:		
Royalties	(4,605)	(5,042)
Government's share of profit petroleum	(29,475)	(19,968)
Oil and natural gas revenue	121,088	129,402

In Bangladesh, revenues from oil and gas sales to Petrobangla comprised 38 percent of total revenue for the year ended March 31, 2015 (2014 – 36 percent). In India, revenues from crude oil sales to Reliance Jamnagar represented 10 percent of total revenue for the year ended March 31, 2015.

22. Exploration and evaluation expenses

(a) Exploration and evaluation expenses incurred

(thousands of US Dollars)	Year ended March 31, 2015	Year ended March 31, 2014
Geological and geophysical	1,581	18,384
Exploration and evaluation (note 22(b))	67,492	145,495
General and administrative	10,819	24,482
Production sharing contract annual payments	5,141	7,994
Share-based compensation	625	2,110
Exploration and evaluation	85,658	198,465

(b) Exploration and evaluation expenses by nature

	Year ended March 31, 2015				
(thousands of US Dollars)	India	Indonesia	Trinidad	Other	Total
Dry hole costs	7,056	-	-	-	7,056
Standby and rig cancellation costs	-	3,787	-	-	3,787
Other drilling costs	-	1,175	6	131	1,312
Well write-off/impairment (note 12)	55,337	-	-	-	55,337
Exploration and evaluation	62,393	4,962	6	131	67,492

	Year ended March 31, 2014				
(thousands of US Dollars)	India	Indonesia	Trinidad	Other	Total
Dry hole costs	-	109,346	-	-	109,346
Standby and rig cancellation costs	-	25,542	2,825	-	28,367
Other drilling costs	-	-	6,880	479	7,359
New venture costs	-	-	-	423	423
Exploration and evaluation	-	134,888	9,705	902	145,495

23. Finance and other income

(thousands of US Dollars)	Year ended March 31, 2015	Year ended March 31, 2014
Finance income	1,162	3,689
Other income	5,834	38,775
Finance and other income	6,996	42,464

For the year ended March 31, 2015, other income included $3 million related to settlement of outstanding vendor obligations in Trinidad and Brazil and $2 million of insurance refunds received in India. For the year ended March 31, 2014, $18 million of other income included proceeds from the farm out of a 40 percent working interest in the Grand Prix block in Madagascar in excess of the

carrying value of the asset. Also the Company recognized other income resulting from $20 million of consideration received in exchange for assuming a 100 percent interest in the Semai V PSC (including a future drilling commitment) in the prior year.

24. Finance expense

(thousands of US Dollars)	Year ended March 31, 2015	Year ended March 31, 2014
Interest expense[(1)]	70,617	35,685
Accretion expense	122,556	29,531
Bank charges and other finance costs	259	780
Finance expense	193,432	65,996

(1) For the year ended March 31, 2015, interest expense included $13 million of D6 PIK interest and other fees due upon repayment of the term loan facilities agreement (see note 16(a)).

25. Restructuring costs

(thousands of US Dollars)	Year ended March 31, 2015	Year ended March 31, 2014
Contract settlement	-	38,393
Severance and allocated expenses	2,625	3,132
Advisory costs	5,296	580
Share-based compensation recovery	(583)	(6,944)
Restructuring costs	7,338	35,161

26. Asset impairment

(thousands of US Dollars)	Year ended March 31, 2015	Year ended March 31, 2014
Exploration and evaluation	70,730	498,775
Development	65,960	-
Producing properties	118,801	-
Other plant, property and equipment	190	227
Capital inventory	24,023	12,561
Accounts receivables	6,696	-
Long-term accounts receivables	4,425	-
Asset impairment loss	290,825	511,563
Reversal of asset impairment	(23,374)	-
Net asset impairment	267,451	511,563

27. Taxes

(a) Income tax expense

The Company pays income tax in India for the Hazira, Surat and D6 Blocks. India's federal tax law contains a tax holiday deduction for seven years for profits from the commercial production of mineral oil. As a result of the tax holiday provision in India, the Company pays the greater of 43.26 percent of taxable income in India after a deduction for the tax holiday or a minimum alternate tax of 20 percent of Indian income. Indian income is calculated in accordance with Indian Generally Accepted Accounting Principles. See discussion of the application of the tax holiday provisions in contingency note 32(d).

The Company is not obligated to make payments to the Government of Bangladesh for Block 9 with respect to income tax as it is indicated in the terms of the PSC that the Government of Bangladesh shall pay income taxes on behalf of the contractor.

The Company is subject to tax on income earned in the other jurisdictions in which it operates, however, the Company does not have oil and gas revenues in these jurisdictions. Income items taxed include interest income and capital gains. Income tax on these items was not significant during the period.

(thousands of US Dollars)	Year ended March 31, 2015	Year ended March 31, 2014
Current year	24	2
Current tax expense	24	2
Minimum alternate tax expense	-	-
Origination and reversal of temporary differences	(10,456)	(174,654)
Deferred income tax reduction	(10,456)	(174,654)
Total tax reduction	(10,432)	(174,652)

(b) Reconciliation of effective tax rate

(thousands of US Dollars)	Year ended March 31, 2015	Year ended March 31, 2014
Loss for the year	(672,914)	(657,006)
Total tax recovery	10,432	174,652
Loss excluding tax	(683,346)	(831,658)
Tax using the Company's domestic tax rate (25%)	(170,836)	(207,914)
Share-based compensation expensed	(148)	1,987
Income subject to tax holiday	20,955	(17,618)
Income exempt from tax	(2,457)	(1,109)
Adjustment to foreign statutory tax rates	(106,542)	(94,054)
Foreign tax credits	(1,581)	(1,361)
Other non-deductible expenses	1,558	5,069
Unrecognized deferred tax asset	253,604	153,508
Prior year adjustments	(10,674)	(15,286)
Other	5,689	2,126
Total tax reduction	(10,432)	(174,652)

(c) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following temporary differences:

(thousands of US Dollars)	As at March 31, 2015	As at March 31, 2014
Deductible temporary differences	371,193	503,721
Minimum alternate tax credit	5,115	-
Capital tax losses	30,296	30,856
Non-capital tax losses	630,349	364,067
	1,036,953	898,644

The deductible temporary differences do not expire. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom. The Canadian capital tax losses do not expire. The Canadian non-capital tax losses of $226 million will expire between fiscal 2027 and fiscal 2035. The remaining non-capital tax losses are in foreign countries and do not expire.

The Company has temporary differences associated with its investments in its foreign subsidiaries, branches and interests in joint operations. At March 31, 2015, the Company has no deferred tax liabilities in respect of these temporary differences.

(d) Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
(thousands of US Dollars)	2015	2014	2015	2014	2015	2014
Exploration and evaluation assets	-	-	-	(22,846)	-	(22,846)
Property, plant and equipment	-	-	(24,103)	(28,888)	(24,103)	(28,888)
Decommissioning obligations	13,302	12,919	-	-	13,302	12,919
Capital lease obligation	10,801	15,969	-	-	10,801	15,969
Convertible debentures	-	-	(1,448)	(3,165)	(1,448)	(3,165)
Minimum alternate tax credit[(1)]	-	49,638	-	(65,306)	-	(15,668)
Unused losses	1,448	31,223	-	-	1,448	31,223
Unrecognized tax assets	-	-	-	-	-	-
Tax assets / (liabilities)	25,551	109,749	(25,551)	(120,205)	-	(10,456)

Movements in deferred tax balances during the year are as follows:

(thousands of US Dollars)	As at March 31, 2014	Recognized in profit or loss	As at March 31, 2015
Exploration and evaluation assets	(22,846)	22,846	-
Property, plant and equipment	(28,888)	4,785	(24,103)
Decommissioning obligations	12,919	383	13,302
Capital lease obligation	15,969	(5,168)	10,801
Convertible debentures	(3,165)	1,717	(1,448)
Minimum alternate tax credit[(1)]	(15,668)	15,668	-
Unused losses	31,223	(29,775)	1,448
Unrecognized tax assets	-	-	-
Tax assets / (liabilities)	(10,456)	10,456	-

(1) The utilization of the minimum alternate tax credit (“MAT”) is dependent on future taxable profits from the D6 Block. MAT paid can be carried forward for 10 years and deducted against regular income taxes in future years. As a result, the Company also recognizes MAT as a deferred tax asset on the statement of financial position and a deferred income tax recovery in the statement of comprehensive loss. Based on cash flow projections from the reserve report for the D6 Block, the Company does not expect to realize the full benefit of the tax credit and as a result recognized an impairment of $42 million.

28. Per share amounts

The net loss used in the calculation of basic and diluted per share amounts is as follows:

(thousands of US Dollars)	Year ended March 31, 2015	Year ended March 31, 2014
Net loss	672,914	657,006
Weighted average number of common – basic and diluted	93,634,465	75,742,742
Basic and diluted loss per share	7.19	8.67

As a result of the net loss for the years ended March 31, 2015 and 2014, the outstanding stock options and shares issuable upon conversion of the outstanding notes as at March 31, 2015 were considered anti-dilutive to the loss per share and were excluded from the weighted average number of common shares for the purposes of diluted earnings per share. The average market value of the Company’s common shares for purposes of calculating the dilutive effect of stock options for the periods was based on quoted market prices for the periods that the options were outstanding. See note 16(c) and 16(d) for details of the conversion of the convertible notes and unsecured notes.

29. Segmented information

(a) Products and services from which reportable segments derive their revenues

The Company's operations are conducted in one business sector, the oil and natural gas industry. All revenues are from external customers. In Bangladesh, revenues from oil and gas sales to Petrobangla comprised 38 percent of total natural gas, oil and condensate sales for the year ended March 31, 2015 (2014 – 36 percent). In India, revenues from crude oil sales to Reliance Jamnagar represented 10 percent of total natural gas, oil and condensate sales for the year ended March 31, 2015.

(b) Determination of reportable segments

Geographical areas are used to identify the Company's reportable segments. A significant geographic segment is considered a reportable segment once its activities are regularly reviewed by the Company's management. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies.

(c) Segment assets, revenues and results

(thousands of US Dollars)	Year ended March 31, 2015		Year ended March 31, 2014	
	Additions to:			
Segment	Exploration and evaluation assets (E&E)	Property, plant and equipment (PP&E)	Exploration and evaluation assets (E&E)	Property, plant and equipment (PP&E)
Bangladesh	108	2,764	-	9,664
India	15,115	32,594	19,863	28,140
Indonesia	1,716	(5,520)	60,981	21,527
Trinidad	88	(246)	9,930	3,333
Other	-	145	954	230
Total	17,027	29,737	91,728	62,894

(thousands of US Dollars)	As at March 31, 2015			As at March 31, 2014		
Segment	Total E&E	Total PP&E	Total Assets	Total E&E	Total PP&E	Total Assets
Bangladesh	4,737	22,755	41,045	4,737	25,660	46,406
India	32,584	190,679	315,260	106,817	418,033	711,553
Indonesia	22,936	-	36,895	-	19,834	61,898
Trinidad	-	694	3,700	55,551	68,494	129,710
Other	-	334	57,754	560	682	35,024
Total	60,257	214,462	454,654	167,665	532,703	984,591

(thousands of US Dollars)

Year ended March 31, 2015

Segment	Natural gas, condensate and oil sales	Government share of profit petroleum	Royalty (expense) / income	Production and operating expenses	Depletion and depreciation expenses	Exploration and evaluation expenses	Gain / (loss) on derivatives	Share-based compensation	Asset reversal (impairment)	General and administrative expenses	Restructuring costs	Finance and other income, gain / (loss) from asset disposal	Finance expense and foreign exchange (loss) gain	Unfulfilled work commitments expense	Income tax recovery / (expense)	Segment profit (loss)
Bangladesh	59,651	(28,044)	-	(10,075)	(5,669)	(234)	-	-	-	-	-	-	-	-	-	15,629
India	95,517	(1,431)	(4,653)	(27,724)	(88,995)	(62,713)	-	-	(211,538)	-	-	626	-	-	10,432	(290,479)
Indonesia	-	-	-	-	(1,361)	(12,339)	-	-	2,738	-	(635)	358	-	(116,896)	-	(128,135)
Trinidad	-	-	-	-	(103)	(7,511)	-	-	(58,091)	-	(20)	(546)	-	(74,640)	-	(140,911)
All other	-	-	48	(2)	(466)	(2,861)	64,824	592	(560)	(9,875)	(6,683)	7,817	(181,852)	-	-	(129,018)
Total	155,168	(29,475)	(4,605)	(37,801)	(96,594)	(85,658)	64,824	592	(267,451)	(9,875)	(7,338)	8,255	(181,852)	(191,536)	10,432	(672,914)

(thousands of US Dollars)

Year ended March 31, 2014

Segment	Natural gas, condensate and oil sales	Government share of profit petroleum	Royalty (expense) / income	Production and operating expenses	Depletion and depreciation expenses	Exploration and evaluation expenses	Gain / (loss) on investments and derivatives	Share-based compensation	Asset impairment	General and administrative expenses	Restructuring costs	Finance and other income, gain / (loss) from asset disposal	Finance expense and foreign exchange (loss) gain	Income tax recovery / (expense)	Segment profit (loss)
Bangladesh	55,065	(18,611)	-	(16,711)	(6,920)	(197)	-	-	-	-	(3)	-	-	-	12,623
India	98,876	(1,357)	(5,047)	(25,370)	(101,400)	(1,448)	-	-	-	-	-	-	-	13,808	(21,938)
Indonesia	-	-	-	-	(233)	(161,036)	-	-	(478,427)	-	(36,031)	20,000	-	160,843	(494,884)
Trinidad	-	-	-	-	(113)	(28,717)	-	-	(32,830)	-	(9)	-	-	-	(61,669)
All other	471	-	5	(284)	(556)	(7,067)	(16,886)	(7,948)	(306)	(9,520)	882	22,464	(72,394)	1	(91,138)
Total	154,412	(19,968)	(5,042)	(42,365)	(109,222)	(198,465)	(16,886)	(7,948)	(511,563)	(9,520)	(35,161)	42,464	(72,394)	174,652	(657,006)

30. Related-party transactions

Key management personnel
Key management personnel of the Company include directors and executive officers. Non-management directors receive an annual fee and participate in the Company's stock option program. Executive officers (Chief Executive Officer, President, Chief Financial Officer and Chief Operating Officer) receive a salary, are eligible for an annual bonus and participate in the Company's stock option program. The Company does not have other short-term benefits, defined contribution plans or defined benefit plans and does not provide post-employment benefits.

Key management personnel compensation comprised the following:

(thousands of US Dollars)	Year ended March 31, 2015	Year ended March 31, 2014
Annual fee for non-management directors	398	223
Executive officers – salary[(1)]	2,557	4,252
Share-based compensation[(2)]	139	1,356
	3,094	5,831

(1) Executive officers salary amount includes former Chief Executive Officer's retirement arrangement and consulting fees to the former President in the year ended March 31, 2014.
(2) The value of share-based compensation related to stock options granted during the year is estimated using the Black-Scholes option-pricing model. See note 20.

31. Commitments and contractual obligations

(a) Exploration commitments

The Company has minimum work commitments as specified in the PSCs for its exploration properties. The work commitments relate to PSCs where the Company is working on asset sales or farm-outs to joint operators in exchange for a re-imbursement a portion of the sunk costs, funding of a disproportionate share of future costs, and/or future payments related to commencement of production or other milestones. Completion of these asset sales and/or farm-outs could significantly reduce the Company's share of the future commitment costs. The Company may apply for extensions to commitment deadline if it is unable to fulfill the commitment by the deadline or may relinquish the property (see note 2). A delay or rejection of the requested extensions may result in additional funding required to fulfill the commitments or payment of original commitment amounts.

Indonesia

(thousands of US Dollars)	As at March 31, 2015
Past due[(1)]	116,896
Due November 2015 to May 2016	22,214
Due for PSCs sold	480
	139,590

(1) The work commitments have been recognized as a liability as at March 31, 2015.

In November 2014, the initial exploration period of six years expired in seven PSCs. For six of the seven expired PSCs, requests for amendment to the PSCs to extend the initial exploration period to ten years were submitted to the Government of Indonesia for approval. As a result of the pending approval, the Company recognized a provision of $117 million for the unfulfilled work commitments (see note 15).

The Company also signed an exploration option agreement granting a farm-in option to the option holder to (i) acquire a 5 percent working interest in a block in Indonesia, by paying its proportionate share of previously incurred costs within a specified period after the drilling of the first exploration well in the block, or (ii) receive a cash payment of approximately $10 million if a commercial discovery is made with the first exploration well drilled in the applicable block and the optionee elects not to exercise its farm-in option in the applicable block. Pursuant to the exploration option agreement, if a well is not spud in an applicable block in Indonesia prior to July 2016, the Company is obligated to pay approximately $5 million to the option holder, which is payable after the repayment of the term loan facilities. The amount has not been reflected in the table above.

Subsequent to March 31, 2015, the Company completed the sale of four Indonesian PSCs, resulting in a reduction in outstanding work commitment obligations of $0.5 million (see notes 11 and 33).
Trinidad

(thousands of US Dollars)	As at March 31, 2015
Past due[1]	11,040
Due April 2015[1]	63,600
Due July 2015 to April 2016[2]	58,680
	133,320

(1) The work commitments have been recognized as a liability as at March 31, 2015.
(2) Does not reflect working interest changes in the sales arrangement that is subject to Government of Trinidad and Tobago approval.

Work commitments in Trinidad are backed by parent company guarantees. Approximately $11 million of work commitments are past due and $64 million were due subsequent to March 31, 2015. The Company's request for an extension until December 2015 however is pending approval from the Government of Trinidad and Tobago. As a result, the Company recognized a provision of $75 million for the unfulfilled work commitments to date (see note 15).

In January 2014, the Company farmed out 50 percent of its interest in the Guayaguayare Shallow and Deep PSCs to Range. Under the farm-out agreement, Range was expected to drill two onshore and one offshore well, which would reduce the outstanding work commitments on the two PSCs from $20 million to $5 million net to the Company. Subsequent to March 31, 2015, the Company executed agreements to sell its entire interests in the PSCs to Range (see note 33). Under the sale agreements, the Company will sell its interests in the PSCs in exchange for the assumption of existing liabilities and commitments under the PSCs and for potential future payments that are contingent on certain future events in the PSCs. Approval from the Government of Trinidad and Tobago is pending. Transfer of working interest from the sales agreement has not been assumed in the table above.

Brazil

(thousands of US Dollars)	As at March 31, 2015
Due September 2018	3,000

Work commitments in Brazil are backed by parent company guarantees.

(b) Finance lease obligation

The Company has recognized a finance lease for the FPSO used in the D6 Block in India. The fair value of $37 million for the finance lease is calculated based on future lease payments discounted at a rate of 11.65 percent. The finance lease asset is included in producing properties within property, plant and equipment and the net carrying amount is $30 million. The future minimum lease payments as at the end of the reporting period and their net present value are:

	Lease payments
<1 year	10,757
1 - 5 years	26,022
Subtotal	36,779
Imputed interest	(6,556)
Carrying value	30,223

The lease has an initial charter period of 3,650 days maturing in August 2018, which is cancellable by paying exit costs. The Company has an option to purchase the leased asset.

(c) Contract settlement obligation

In December 2013, the Company entered into a settlement agreement related to drilling rig contracts in Indonesia and Trinidad (see note 17(a)). The future minimum payments relate to this agreement are as follows:

(thousands of US Dollars)	Payments
<1 year	20,000
1 - 5 years	14,750
Total	34,750
Imputed interest	(6,513)
Carrying value	28,237

(d) Deferred obligation

In December 2013, as a condition of the term loan facilities agreement, the Company entered into an agreement related to D6 Block in India (see note 16(a) and 17(b)). The estimated future minimum payments related to this agreement are as follows:

(thousands of US Dollars)	Payments
1 - 5 year	22,451
> 5 years	19,655
Subtotal	42,106
Imputed interest	(17,462)
Carrying value	24,644

32. Contingent liabilities

(a) ***ICSID Arbitration***

The Company's indirect subsidiary, Niko Resources (Bangladesh) Ltd. ("NRBL"), is a party to two arbitration disputes to be decided upon by a tribunal panel ("Tribunal") under the International Centre for Settlement of Investment Disputes ("ICSID"). These disputes are related to its Feni Gas Purchase and Sales Agreement ("GPSA") with Bangladesh Oil, Gas and Mineral Corporation ("Petrobangla") and to its joint venture agreement ("JVA") with Bangladesh Petroleum Exploration & Production Company Limited ("BAPEX") for the Feni and Chattak fields in Bangladesh:

1. "Payment Claim": Dispute over payment for gas delivered from the Feni field from and after November 2, 2004 under the Feni GPSA with Petrobangla.
2. "Compensation Declaration": Dispute over compensation claims arising from the uncontrolled flow problems that occurred in Chattak field in January and June 2005, including the claims raised in the pleadings filed in the Money Suit discussed below.

In August 2013, the Tribunal delivered its decision that ICSID does have jurisdiction over the two arbitration disputes.

In September 2014, the Tribunal issued a favourable decision on the Payment Claim dispute. The Tribunal decided that:

i. Petrobangla owes NRBL $25 million plus Bangladeshi taka ("BDT") 140 million ($2 million) for gas delivered from November 2004 to April 2010;
ii. Petrobangla must pay interest on NRBL's invoices at the rate of six month London Interbank Offered Rate plus 2 percent on the US$ amounts and at 5 percent for the BDT amounts, with interest due from 45 days after the delivery date of each invoice until the funds are placed at NRBL's unrestricted disposition; and
iii. The parties were invited to seek an amicable settlement with respect to the implementation of the present decision and to report to the Tribunal by no later than September 30, 2014. Failing amicable settlement, either party may ask the Tribunal to order provisional measures or issue a final decision concerning the outstanding amounts.

The Payment Claim amount due to NRBL totals $34 million (including $7 million for accrued interest up to the awarded date). An amicable settlement has not been reached between the parties and the Company has requested that the Tribunal issue a final decision concerning the outstanding amounts. The Company believes that while the magnitude of the Payment Claim amount is determinable, the process and timing for implementation is not yet certain. As such, no amounts have been recorded in these consolidated financial statements.

At the direction of the Tribunal, the hearing on the Compensation Declaration originally scheduled for November 2014 has been rescheduled for November 2015.

Money Suit

During the year ended March 31, 2006, NRBL received a letter from Petrobangla demanding compensation related to the uncontrolled flow problems that occurred in the Chattak field in January and June 2005. In June 2008, NRBL was named as a defendant in a lawsuit (the "Money Suit") that was filed in Bangladesh by the GOB and Petrobangla, demanding compensation as follows:

i. $5 million for 3 Bcf of free natural gas delivered from the Feni field as compensation for the burnt natural gas;
ii. $10 million for 5.89 Bcf of free natural gas delivered from the Feni field as compensation for the subsurface loss;
iii. Bangladesh Taka 846 million ($11 million) for environmental damages, an amount subject to be increased upon further assessment;
iv. Bank guarantee for $79 million for 45 Bcf of natural gas as compensation for further subsurface loss to be finally determined on the basis of production data and analysis; and
v. any other claims that arise from time to time.

Various court dates for the Money Suit have been set for which the proceedings have been progressing at a slow pace. If NRBL were to lose the Money Suit, the Company may lose its rights to the assets of NRBL (including the receivable for gas sales supplied under the GPSA). The Company believes that the outcome of the Money Suit and the associated cost to the Company, if any, are not determinable. As such, no amounts have been recorded in these consolidated financial statements.

Settlement costs, if any, will be recorded in the period of determination.

(b) In accordance with natural gas sales contracts to customers of production from the Hazira field in India, the Company had committed to deliver certain minimum quantities and was unable to deliver the minimum quantities for a period ended December 31, 2007. The Company's partner in the Hazira field delivered the shortfall volumes in return for either: (a) delivery of replacement volumes five times greater than the shortfall; (b) a cash payment; or (c) a combination of (a) and (b). The Company's partner has served a notice of arbitration as the Company is unable to supply gas from the D6 Block to the partner and the arbitration process has commenced. The Company believes that the agreement with its partner is not effective as the GOI's gas utilization policy prevents the Company from supplying the gas to the partner.

Simultaneously, the Company's partner has also filed an alternate claim under arbitration for the above shortfall volumes should their original claim be rejected by the arbitration panel. Under the alternate claim, the joint operating partner is claiming compensation for the actual gas procured at market prices to meet the shortfall of gas supplied to the customers under the gas sales contract.

The arbitration for both claims is in process and the matter is sub judice. The Company believes that the outcome is not determinable.

The Company may not be able to supply gas to a customer in Hazira whose contract runs until April 2016. The Company has notified the customer that the underperformance of reservoir is a force majeure event. The customer does not agree with this position and has served a notice of arbitration on the Company. The arbitration is in process. The Company believes that the outcome is not determinable.

(c) In a May 2012 letter, the GOI alleged that the D6 contractor group is in breach of the PSC for the D6 Block as they failed to drill all of the wells and attain production levels contemplated in the Addendum to the Initial Development Plan for the Dhirubhai 1 and 3 fields. The GOI further asserted that certain joint venture costs are therefore disallowed for cost recovery. The contractor group is of the view that the disallowance of recovery of costs incurred by the joint operation has no basis in the terms of the PSC and that there are strong grounds to challenge the action of the GOI. The contractor group has commenced arbitration proceedings against the GOI challenging the allegations and the disallowance of cost recovery. In a July 2014 letter, the GOI updated their preliminary estimate of disallowed costs as at March 31, 2014 to $2.4 billion. To the extent that any amount of joint venture costs are disallowed, such amount would be removed from the calculation of profit petroleum, a portion of which would be payable to the GOI under the PSC. Because profit petroleum percentages for the contractor group and the GOI change as the contractor group recovers specified percentages of their investments, the potential impact on the GOI's share of profit petroleum is dependent on the future revenue and expenditures in the block and cannot be precisely determined. Based on the current profit petroleum percentage of 90 percent for the contractor group and 10 percent for the GOI, if the GOI were to be successful in the cost recovery arbitration and the entire $2.4 billion ($238 million Niko share) of costs were disallowed, Niko's share of the potential impact would be a total of $24 million, of which $12 million would to relate periods up to March 31, 2015 and $12 million would relate to future periods. The GOI has also raised issues regarding other potential adjustments to the profit petroleum calculation and the contractor group has refuted these potential adjustments.

In October 2014, the Cabinet Committee of Economic Affairs of the GOI approved the new domestic gas pricing policy for India, effective November 1, 2014, and the GOI issued the New Domestic Natural Gas Guidelines, 2014 (see note 2). The Guidelines indicate that the contractor group for the D6 Block will be paid the earlier price of $4.20 / MMbtu for gas sales from the Dhirubhai 1 and 3 fields and the difference between the revised price and the $4.20 / MMbtu will be credited to a gas pool account and "whether the amount so collected is payable or not to the contractors of this block would be dependent on the outcome of the award of the pending arbitration and any attendant legal proceedings".

(d) The Company is claiming tax holiday under the Income Tax Act ('Act') that provide for a tax holiday deduction for eligible undertakings related to the Hazira and Surat fields. However the tax department contends that the Company is not eligible for the requested tax holiday because: a) the holiday only applies to "mineral oil" which excludes natural gas; and / or b) the Company has inappropriately defined undertakings. With respect to undertakings eligible for the tax holiday deduction, the Act was retrospectively amended to include an "explanation" on how to determine undertakings. The Act now states that all blocks licensed under a single contract shall be treated as a single undertaking.

On March 26 2015, the High Court of Gujarat in India issued a favorable judgment on the retrospective application of the definition of undertakings and whether or not mineral oil includes natural gas for the purposes of the income tax holiday claims for the Company's fields in India. The judgment states that the Government of India's retrospective application of the definition of undertakings as "all blocks licensed under a single contract shall be treated as a single undertaking" is clearly unconstitutional and has been struck down. As such, the Company's position that an undertaking can be defined as a well or cluster of wells has been upheld for the purposes of the tax holiday provisions in the Act. The judgement also states that the term "mineral oil" for the purposes of the tax holiday provisions in the Act takes within its purview both petroleum products and natural gas.

Based on the High Court ruling, the accounting treatment of considering the advance tax of $18 million paid by the Company related to tax holiday as an income tax receivables is appropriate.

If the tax department appeals the High Court ruling in Supreme Court and should the Supreme Court overturn the ruling of the High Court, the Company would have to accordingly change its tax position and record a tax expense of approximately $50 million (comprised of additional taxes of $32 million and write off approximately $18 million of the net income tax receivable). In addition, the Company could be obligated to pay interest on taxes for the past periods.

The Company is facing a similar unfavorable tax assessment for the taxation year 2012 relating to tax holiday claimed by the Company's subsidiary that owns its interest in the D6 Block. The Company intends to file the appeal against this tax assessment which the Company is hopeful of winning based on the March 2015 High Court of Gujarat Ruling described above. Since the subsidiary was in a tax loss position for the taxation year 2012, there is no contingent obligation.

(e) The Cauvery and D4 blocks in India are under relinquishment. The Company believes it has fulfilled all commitments for the Cauvery block while the GOI contends that the Company has unfulfilled commitments of $2 million.

(f) The Tax Directorate General of Indonesia had assessed several oil and gas companies operating in Indonesia for Land and Building Tax using a new framework which applies to PSCs signed subsequent to the implementation of a government regulation effective December 20, 2010. The Surface and Sub Surface assessments of LBT have been applied to offshore PSCs out of which majority of the assessed tax relates to Surface Area. The LBT assessments are being challenged by the impacted oil and gas companies and industry associations.

Certain of the Company's Indonesian subsidiaries holding interests in three of its operated offshore PSCs (Obi, South East Seram and Aru) received assessment notices raising demands for a total of $31 million net for assessment years 2012 to 2014. Each subsidiary filed an objection letter with the tax department, which was subsequently rejected by the tax authorities. Each of the subsidiaries has filed an appeal in the tax court objecting to the decision of the tax department. The operator for two of the Company's partner-operated offshore PSCs (North Ganal and Halmahera II) has also received 2012 to 2014 assessments totaling $5 million net and filed objection letters and appeals regarding these assessments.

For assessment year 2014, the Tax Directorate General has further amended its framework, which will result in nil surface assessments for LBT for 2014. Effective January 1, 2015, assessments for exploration PSCs have been exempt from LBT as a result of a change in the law by the Finance Ministry. Appeal hearings were conducted in May and June 2015, no conclusion has been drawn. The Company believes that it has a strong legal position against the taxes assessed from 2012 to 2014 and therefore has not recorded these amounts in its financial statements. In the event that the appeal is not successful, the subsidiaries of the Company could be liable for a penalty of up to 100 percent of the LBT tax owing in addition to the amount of assessed tax, for a potential liability of $61 million.

In April 2015, the Company closed on transactions for the sale of certain of its subsidiaries holding interests in four Indonesian PSCs (West Papua IV, Kofiau, Halmahera-Kofiau, and Aru) as the first phase of transactions under a definitive agreement executed in October 2014 with a subsidiary of Ophir. The Company has indemnified Ophir for any potential LBT obligations related to the subsidiary that owns an interest in the Aru PSC and at closing, would do so for the subsidiary that owns its interest in the North Ganal PSC.

(g) Various lawsuits have been filed against the Company for incidents arising in the ordinary course of business. In the opinion of management, the outcome of the lawsuits, now pending, is not determinable or not material to the Company's operations. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

33. Subsequent Events

Sale of the Company's interest in four PSCs in Indonesia

In April 2015, the Company closed on transactions for the sale of certain of its subsidiaries holding interests in four Indonesian PSCs (West Papua IV, Kofiau, Halmahera-Kofiau, and Aru) as the first phase of transactions under a definitive agreement executed in October 2014 with a subsidiary of Ophir. The cash consideration of $16 million received reflects $9 million of combined net working capital obligations of the subsidiaries acquired by Ophir. Further payments under these transactions are contingent on future exploration success. Approximately $4 million of the cash consideration was used to reduce the amount outstanding under the Diamond Settlement Agreement and $9 million was used to pay outstanding tax liabilities in Indonesia and costs associated with the transactions. Closings of the transactions for the sale of the Company's interests in two additional Indonesian PSCs (North Ganal and North Makassar Strait) are subject to the satisfaction or waiver of the remaining conditions precedent. Niko is contesting the LBT assessments related to certain Indonesian PSCs and has indemnified Ophir for any potential LBT obligations related to the

subsidiary that owns an interest in the Aru PSC and at closing, would do so for the subsidiary that owns its interest in the North Ganal PSC. As a result of the sales in April 2015, the Company recognized reversals of impairments of $23 million as at March 31, 2015.

Execution of Agreements for the Sale of the Company's interests in two PSCs in Trinidad
In May 2015, the Company executed agreements to sell its entire interests in the Guayaguayare Shallow and Deep PSCs to Range, effectively amending the terms of previously executed farm-out agreements. Under the sale agreements, the Company will sell its interests in the PSCs in exchange for the assumption of existing liabilities and commitments under the PSCs and for potential future payments that are contingent on certain future events in the PSCs. Closing of the sale transactions are subject to certain conditions, including the approval of the Government of Trinidad and Tobago.

Amendment to terms of the facilities agreement and related prepayments
In the first quarter of fiscal 2016, the Company agreed with its lenders of its term loan facility agreement to further amend the terms of the facilities agreement, including the deferral to September 2015 of the interest payment of approximately $10 million due in June 2015, a reduction in the required minimum balance of the reserve account for anticipated expenditures in the D6 Block from $30 million to $20 million, an extension of the waiver of the certain financial covenants and undertakings until September 15, 2015, and restrictions on any interest or other payments under the Notes or under the Diamond Settlement Agreement until September 30, 2015. In conjunction, the Company made principal prepayments of $30 million on the term loan facilities, reducing the outstanding balance to $250 million. Refer to note 2 and 16(a) for details.