Niko Confirms Government of India Approval of Increased Gas Price for D6 Gas Sales

CALGARY, ALBERTA (Marketwired – July 3, 2013) – Niko Resources Ltd. (“Niko” or the “Company”) (TSX – “NKO”), confirms that the Cabinet Committee of Economic Affairs (“CCEA”) of the Government of India has approved a new pricing formula for domestic gas sales in India.

The pricing formula is based on the average of the prices of imported liquefied natural gas (“LNG”) into India and the weighted average of gas prices in North America, Europe and Japan, as follows:

- $P_{AV} = \{P_{IAV} + P_{WAV}\} / 2$
  - P_{AV} = Sales price for domestic natural gas sales in India
  - P_{IAV} = Netback price of Indian LNG term imports (excluding spot imports)
  - P_{WAV} = Weighted average of prevailing gas prices in global markets, based on:
    - Henry Hub gas price in U.S. and total volumes consumed in North America
    - National Balancing Point (“NBP”) gas price in U.K. and total volume consumed in Europe and Eurasia
    - Netback price of Japanese LNG imports and total volume imported by Japan

The pricing formula will be effective on April 1, 2014 for a period of five years, with the price to be revised quarterly using the approved formula. The price for each quarter will be calculated based on the 12 month trailing average price with a lag of one quarter (i.e. the price for April to June 2014 will be calculated based on the averages for the 12 months ended December 31, 2013).

At the present time, the Indian LNG term imports relate primarily to the Petronet LNG Limited contract (“Petronet”) with RasGas of Qatar. Per the Rangarajan Committee Report, the pricing terms of this contract are as follows:

- FOB = P_o x JCC_t / \$15
  - P_o = \$1.90 / MMBTU (therefore, FOB = 12.67% x JCC_t)
  - JCC_t = 12 trailing month average Japan Customs-cleared Crude (JCC) price, subject to a floor and ceiling:
    - Floor = {(60 – N) x \$20 + (N x A60)} / 60 - \$4
    - Ceiling = {(60 – N) x \$20 + (N x A60)} / 60 + \$4
      - N = 1 for January 2009, increasing by 1 every month until December 2013 after which it remains at 60
      - A60 = 60 trailing month average price of JCC

In the future, the Indian LNG term imports are expected to include imports related to the Petronet contract with ExxonMobil for import of LNG from the Gorgon venture in Australia. Per the Rangarajan Committee Report, the terms of this contract are as follows:

- FOB = 14.5% x JCC

Estimated liquefaction and transportation costs of \$3.00 / MMbtu for older LNG facilities (pre-2010) or \$4.00 / MMbtu for newer LNG facilities are to be deducted to arrive at the netback price for Indian LNG term imports.

Using the approved price formula, the price effective for April 1, 2014 is estimated at around \$8.40 / MMbtu, double the price of \$4.20 / MMbtu for current gas sales from the D6 Block. The pricing terms of the Petronet contracts are expected to result in further increases in the gas prices in future quarters, assuming current pricing levels of JCC, U.S. Henry Hub, U.K. NBP and Japan LNG imports.

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Forward-Looking Information

Certain statements in this press release constitute forward-looking information. These forward looking statements are based on certain key expectations and assumptions of management. The reader is cautioned that the assumptions used in the preparation of such forward looking information, although considered reasonable at the time of preparation, may prove to be incorrect. Actual results achieved 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.