

## Niko Announces Closing of Loan Facilities and Private Placement of Equity Securities

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CALGARY, ALBERTA (December 23, 2013) – Niko Resources Ltd. (“Niko” or the “Company”) (TSX – “NKO”) is pleased to announce the following:

### *Loan Facilities*

The Company has entered into a definitive facilities agreement (the “Facilities Agreement”) with certain institutional investors (the “Lenders”) providing for senior secured term loan facilities in an aggregate principal amount of US\$340 million (the “Facilities”). The Facilities have been arranged by JPMorgan and Credit Suisse.

The key terms of the Facilities Agreement and related documentation are as follows:

### Terms of all Facilities

- Secured on a first priority basis by substantially all of the assets of the Company and its subsidiaries.
- Quarterly cash interest payments of 15% per annum.
- Monthly royalty payments equal to 6% of the Company’s gross revenues received from the D6 Block, commencing April 1, 2015 for a term of seven years.
- Maintenance of certain reserve accounts, including:
  - A reserve account for anticipated capital expenditures in the D6 Block, with a minimum balance that increases over time to the greater of US\$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 (the “Diamond Settlement Agreement”) 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.
- Requirement to make offers to prepay the Facilities in certain circumstances, including:
  - Receipt of net proceeds of asset sales, farm-outs and equity issuances
  - Change of control
  - Disposal of all or any part of Niko's rights in respect of the D6 Block.
- Compliance with the following financial covenants:
  - A maximum ratio of Senior Debt to EBITDAX (each as defined in the Facilities Agreement) commencing with the period ending June 30, 2014.
  - A minimum ratio of D6 2P Reserves to Senior Debt (each as defined in the Facilities Agreement) commencing with the period ending March 31, 2014.
- Restrictions on cash expenditures relating to areas outside of India and Bangladesh, subject to certain exceptions.
- Requirements to raise certain minimum amounts by June 30, 2015 from asset sales, farm-outs or equity issuances.
- Restrictions on the incurrence of debt, granting of liens, investments and similar transactions.

### Specific Terms of Facility A/B/C:

- Facilities Amount: US\$300 million (combined)
- Prepayment: At the Company’s option at any time after December 20, 2015 (at a 7% premium, decreasing to 4% after December 20, 2016)
- Repayment Date: September 30, 2017
- Use of Proceeds: Facility A: General corporate purposes, subject to certain restrictions  
Facilities B/C: Expenditures related to the D6 Block in India
- Additional Interest: Potential 5% per annum payable upon repayment if fixed security package is not granted on the Company’s participating interest in the D6 PSC

#### Specific Terms of Facility D:

- Facility Amount: US\$20 million
- Prepayment: Required from payment due from Hess Corporation described below or from proceeds of assets sales, farm-outs and equity issuances (without premium)
- Repayment Date: Commencing April 30, 2015 from gross revenue of D6 Block
- Use of Proceeds: General corporate purposes, subject to certain restrictions
- Additional Interest: 5% per annum payable upon repayment

#### Specific Terms of Facility E:

- Facility Amount: US\$20 million
- Prepayment: Required from proceeds of assets sales, farm-outs and equity issuances (without premium)
- Repayment Date: Commencing December 31, 2014 from gross revenue of D6 Block
- Use of Proceeds: General corporate purposes, subject to certain restrictions
- Additional Interest: 5% per annum payable upon repayment

In addition to the above Facilities, the Facilities Agreement includes provisions 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 (inclusive of deemed interest) are repayable from the Company's gross revenues from the D6 Block until an amount equal to 200% of the advanced amount has been paid.

The Company has received an initial advance of US\$320 million under the Facilities which has been used to repay the Company's current revolving credit facilities with certain banks and current secured loan facility with certain institutional investors, to make an initial payment to Diamond Offshore pursuant to the Diamond Settlement Agreement, and to pay legal and other expenses associated with the Facilities Agreement and related documentation. The remaining US\$174 million of the initial advance will be used by the Company to fund its investments in the D6 Block and for general corporate and working capital purposes, subject to certain restrictions. The undrawn US\$20 million of Facility D is expected to be drawn in January, 2014 if the transaction with Hess Corporation related to the Semai V production sharing contract (announced by the Company on August 30, 2013) is not closed by January 15, 2014.

#### *Diamond Settlement*

Niko and Diamond Offshore have signed the Diamond Settlement Agreement, a definitive agreement 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 Niko's payment obligations under the drilling contracts to be released upon payment by Niko of US\$80 million. An initial payment of US\$25 million has been made to Diamond Offshore, with the outstanding balance to be paid over subsequent years, subject to early prepayment upon the occurrence of certain events. The amounts due are non-interest bearing.

#### *Private Placement of Equity Securities*

The Company has closed its previously announced offering of 16,853,575 subscription receipts of the Company ("Subscription Receipts") at a price of Cdn\$1.9715 per Subscription Receipt for gross proceeds of approximately Cdn\$33 million (the "Equity Offering") and the Subscription Receipts have been converted into an equivalent amount of common shares of the Company. The common shares are subject to a hold period which will expire on April 21, 2014. A portion of the Equity Offering was conducted pursuant to an agency agreement among the Company, JPMorgan and Credit Suisse.

#### *7% Senior Unsecured Notes*

The net proceeds from the Equity Offering have been used to repay US\$30 million of the outstanding balance of the Company's 7% senior unsecured notes due July 13, 2014 (the "Notes"). The Company has agreed with the holders of the Notes to amend the terms of the Notes by deleting the required instalment payments and granting the holders a conversion right in respect of the outstanding principal balance of the Notes of approximately US\$13 million remaining

after such repayment. At any time during the term of the Notes, the holders of the Notes will be entitled to convert all or any portion of the outstanding principal and accrued interest into shares of the Company. If the Notes are not fully converted into shares at the option of the holders prior to July 13, 2014, the Company may elect to make the final payment in shares for the full amount of the remaining balance and accrued interest, subject to certain limitations and provided that no event of default has occurred and is continuing. The number of shares to be issued will be determined by dividing the amount to be paid in shares by 94.5% 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, subject to certain restrictions.

This press release does not constitute an offer to sell or the solicitation of an offer to buy any securities of Niko in the United States. The Subscription Receipts and the common shares described in this press release have not been and will not be registered under the United States Securities Act of 1933, as amended, or the securities laws of any state and may not be offered, sold or delivered in the United States absent registration or an applicable exemption from registration requirements.

**For further information, please contact:**

**Niko Resources Ltd. (403) 262-1020, Jake Brace, Incoming President (effective January 1, 2014) or Glen Valk, VP Finance & CFO, or visit the Company's website at [www.nikoresources.com](http://www.nikoresources.com).**

**Forward-Looking Information**

Certain statements in this press release constitute forward-looking information. Specifically, this press release contains forward looking information relating to the use of proceeds from the Loan Facility and the Equity Offering, the repayment of the Loan Facility, the closing of the transaction with Hess Corporation, and the mutual release of claims with Diamond Offshore. These forward looking statements are based on certain key expectations and assumptions, including the intended use of proceeds of the Offering, the timely receipt of the customary approvals for the Offering or other expectations regarding future events. 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 achieved during the forecast period 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 factors include, but are not limited to: general economic, market and business conditions; decisions or approvals of regulatory or administrative bodies; risks and uncertainties associated with the debt and equity capital markets; and other factors, many of which are beyond our control. Niko makes no representation that the actual results achieved during the forecast period will be the same in whole or in part as those forecast. The forward-looking information is presented as of the date of this press release, and the Company assumes no obligation to update or revise such information to reflect new events or circumstances, except as required by law. Because of the risks, uncertainties and assumptions inherent in forward-looking information, readers should not place undue reliance on this forward-looking information.