NIKO RESOURCES LTD

Q2

RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2014

NIKO REPORTS RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2014

Niko Resources Ltd. ("Niko" or the "Company") is pleased to report its operating and financial results for the quarter ended September 30, 2014. The operating results are effective November 13, 2014. 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

I am pleased to have joined Niko as Chairman of the Board and interim Chief Executive Officer this quarter. Our new Board along with our executive team is focused, aligned and provides significant subject matter expertise to meet the challenges facing the Company at this time.

Our business strategy continues to be based on the following principles:

- Focus on value generation in the D6 Block in India;
- Reduce the Company's exposure to future drilling commitments in its exploration portfolio while, if possible, maintaining optionality to benefit from the exploration potential in its portfolio; and
- Continue to restructure the Company to create the necessary financial strength and flexibility to realize the inherent value of the Company's assets.

Thus far in fiscal 2015, the Company's strategic efforts have included the following:

- Closing the sale of its interest in the Block 5(c) asset in Trinidad, providing funds to repay $15 million of its settlement obligation for its drilling contracts and $20 million of the short-term Facility E portion of its term loan facilities, and adding an additional $26 million in cash to the balance sheet;
- Transferring its remaining interest in the Grand Prix block in Madagascar to an existing partner in exchange for contingent future success payments;
- Executing an agreement to sell its interest in seven PSCs in Indonesia for $31 million in proceeds, with further payments of up to $56 million contingent on future exploration success;
- Working with the governments to reschedule its exploration commitments and continuing its efforts to farm-out or sell assets in its exploration portfolio; and
- Focusing on innovative solutions to further improve the balance sheet and increase operating flexibility.

In October 2014, the Government of India announced its new domestic gas pricing policy effective November 1, 2014. The announced price for the period from November 2014 to March 2015 is a 33 percent increase over the price received previously and the Company expects to receive a cash benefit of $4 million over this period related to gas sales from the MA field in the D6 Block in India. However, there is uncertainty around the long-term natural gas price outlook in India and as a result, the Company is evaluating its plans for its assets in India.

At quarter end, the Company had available cash of over $130 million and will continue to focus its capital spending on core assets while minimizing cash outflows in other areas.

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

BUSINESS HIGHLIGHTS

The significant business highlights of the second quarter in fiscal 2015 are as follows:

Sales Volumes

(mmcfe/d)	Three months ended September 30, 2014	2013	Six months ended September 30, 2014	2013
D6 Block, India	47	54	49	54
Block 9, Bangladesh	65	56	65	53
Other(1)	2	2	2	3
Total(1)	114	113	116	110

(1) Other includes Hazira in India, and Canada.
(2) Figures may not add up due to rounding.

D6 Block, India

- Total sales volumes in the second quarter of fiscal 2015 from the D6 Block in India of 47 MMcfe/d were lower compared to the second quarter of 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 and the MA-6H sidetrack well brought on-stream in April 2014.
- Construction activities for the onshore terminal booster compression project continued in the second quarter of fiscal 2015 with targeted completion by the fourth quarter of fiscal 2015.
- Appraisal of the MJ field continued in the second quarter of fiscal 2015 with the spud of the MJ-A3 appraisal well in September 2014. A conceptual engineering study is underway to evaluate potential development options for the MJ field.
- A workover in the Dhirubhai 1 and 3 fields concluded in the second quarter and has been suspended pending evaluation after installation of booster compression.
- In October 2014, the Cabinet Committee of Economic Affairs of the Government of India ("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 (the "Guidelines"). 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.

Block 9, Bangladesh

- Total sales volumes in the second quarter of fiscal 2015 were higher compared to second quarter of fiscal 2014 primarily due to the impact of workovers performed during the first half of fiscal 2014.
- Installation of plant compression facilities was completed in the second quarter of fiscal 2015 and a scheduled plant turnaround was completed in early October.

Restructuring

- In July 2014, the Company transferred its remaining 35 percent interest in the Grand Prix block in Madagascar to an existing partner in exchange for potential future payments that are contingent on certain future events in the block.
- In October 2014, the Company executed a definitive agreement with a subsidiary of Ophir Energy Plc relating to the sale of the Company's interests in seven Indonesian production sharing contracts ("PSCs") for cash consideration of $31 million, with further payments of up to $56 million contingent on future exploration success. Upon closing of the transactions, a specified portion of the proceeds would be used to reduce the Company's outstanding contract settlement obligation to Diamond Offshore, with the remainder subject to conditions outlined in the Company's term loan facilities agreement.

Legal Proceedings

- In September 2014, the arbitral tribunal ("Tribunal") under the International Centre for Settlement of Investment Disputes issued a favourable decision on the Payment Claim dispute between Niko Resources (Bangladesh) Ltd. ("NRBL") and Bangladesh Oil, Gas and Mineral Corporation ("Petrobangla"). The Tribunal decided that Petrobangla owes NRBL approximately $34 million (including accrued interest to September 30, 2014) for gas delivered from the Feni field in Bangladesh from 2004 to 2010 pursuant to a gas purchase and sales agreement between the parties. The decision invited the parties to seek an amicable settlement with respect to implementing the present decision. An amicable settlement has not been reached between the parties and is currently under further negotiations.
- At the direction of the Tribunal, the hearing on the Compensation Declaration dispute over compensation claims arising from the uncontrolled flow problems that occurred in Chattak field in January and June 2005 has been deferred from the original scheduled date of November 2014 and has not yet been rescheduled.

CAPITAL AND EXPLORATION EXPENDITURES

For the six months ended September 30, 2014:

(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	23,124	1,053	7,743	586	32,506
Other	163	(5,812)	1,882	10,952	7,185
Total	23,287	(4,759)	9,625	11,538	39,691

(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 $33 million for the six months ended September 30, 2014, including $15 million in the current quarter. Development capital of $23 million incurred year to date related primarily to the drilling of wells and workover operations in the D1-D3 field in the D6 Block in India. Exploration and evaluation capital of $8 million year to date related primarily to the appraisal drilling in the MJ field in India. Costs related to drilling of the MJ-A2 well in the first quarter have been expensed.

Other Countries

Capital and exploration expenditures outside of India and Bangladesh totaled $7 million for the six months ended September 30, 2014, including $5 million in the current quarter. Exploration and evaluation costs expensed directly to income of $11 million and other exploration and evaluation expenditures of $2 million were partially offset by the impact of returning $6 million of drilling inventory to suppliers in the first quarter.

FINANCIAL RESULTS

	Three months ended September 30,		Six months ended September 30,	
(mmcfe/d)	2014	2013	2014	2013
EBITDAX	18	38	44	57
Net Loss	(39)	(149)	(94)	(208)

(1) EBITDAX is a non-IFRS measure as defined by the Company in its quarterly filings of its Management's Discussion and Analysis on SEDAR at www.sedar.com. The most comparable IFRS measure is net loss and a reconciliation of EBITDAX to net loss is contained in the Company's Management's Discussion and Analysis.

EBITDAX for the second quarter of fiscal 2015 was $18 million compared to $38 million in the second quarter of fiscal 2014 primarily due to other income of $18 million recorded in the prior year's quarter related to the farmout of a portion of the Company's interest in the Grand Prix block in Madagascar, while lower workover costs and increased sales volumes in Block 9 in Bangladesh and lower G&A costs in the current quarter were more than offset by the impact of increased government share of profit petroleum in Block 9 and decreased sales volumes from the D6 Block in India.

Complete details of the Company's financial results are contained in its unaudited condensed interim consolidated financial statements and Management's Discussion and Analysis for the quarter ended September 30, 2014 which will be available on SEDAR at www.sedar.com.

LIQUIDITY AND CAPITAL RESOURCES

To implement its strategy of developing and appraising the assets in the D6 Block in India while maintaining optionality in the balance of its exploration portfolio, 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 September 30, 2014 of $120 million;
- Restricted cash as at September 30, 2014 of $12 million that is available for funding of expenditures related to the D6 Block in India (including working capital requirements);
- 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 issues.

Subsequent Event: Domestic Natural Gas Pricing Policy for India

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 (the "Guidelines"). In accordance with the new Guidelines, the GOI issued a notification that the initial price for the period of November 1, 2014 to March 31, 2015 is $5.05 / MMbtu based on the gross calorific value of the sales gas. This price equates to approximately $5.61 / MMbtu based on the net calorific value ("NCV") of the sales gas, 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.

The Guidelines indicate that, subject to certain exceptions, this initial price is 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 will be paid the earlier price of $4.20 / MMbtu 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".

Approximately 40 percent of the natural gas sold from the D6 Block for the period of April to September of 2014 was produced from the MA field and approximately 60 percent was produced from the D1 D3 fields. Based on the Company's current projections of natural gas production from the MA field, the revised price will provide incremental revenue to Niko of approximately $4 million from the MA field for the period from November 1, 2014 to March 31, 2015, while the cash flow benefit of the revised price on the Company's share of gas sales from the D1 D3 fields is not expected to be available to the Company unless and until the cost pending arbitration is resolved in the favour of the contractors of the D6 Block.

As per the Guidelines, the announcement of the gas price for the period of April 1, 2015 to September 30, 2015 is expected to occur in mid-March 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 long-term price outlook for gas sales from these projects and the uncertainty in this outlook could mean that the development of these reserves could be deferred and/or material reductions in the Company's reported reserves or future net revenues could result.

Liquidity and Covenants

The Company is currently projecting that its current balances of unrestricted cash and restricted cash that is available for funding of expenditures related to the D6 Block in India and its receipts of oil and natural gas revenues from its producing assets in India and Bangladesh will be sufficient to satisfy the cash requirements of its operating subsidiaries in India and Bangladesh, its corporate general and administrative costs, and its interest obligations for at least the next twelve months, assuming that previously planned investments targeted towards the development projects in India are deferred as expected.

As at September 30, 2014, the Company had $107 million of accounts payable and accrued liabilities related to its exploration subsidiaries in Indonesia and Trinidad and has significant exploration work commitments associated with these subsidiaries, including commitments of the Trinidad subsidiaries that are backed up by parent company guarantees. The Company has requested extensions to the deadlines for fulfilling certain of these commitments, some of which have a current deadline of November 2014. The terms of the Company's term loan facilities limit the funding of capital expenditures and working capital requirements in these areas and the Company is evaluating its options for these subsidiaries as part of its strategy of maintaining optionality in its exploration portfolio. The Company is working on selling or farming out interests in many of its exploration production sharing contracts, rescheduling its exploration commitments, and settling its vendor liabilities. In October 2014, the Company executed an agreement to sell its interest in seven PSCs in Indonesia and plans to continue its efforts related to selected assets in its portfolio, as described below. The Company plans to continue its efforts to sell or farm out interests in many of its exploration production sharing contracts, reschedule its exploration commitments, and settle its vendor liabilities. 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.

The Company is 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 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).

As at September 30, 2014, the Company is in compliance with all of the covenants specified in the facilities agreement for the Company's term loan. For future periods, the Company's ability to meet its financial covenants is dependent on the issues noted above regarding gas pricing in India and other factors outside the control of the Company. While management currently believes that the Company will be able to meet such covenants, obtain a waiver with respect to a breach of such covenants, or take other appropriate actions, there can be no assurance that the Company will be successful.

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.

Conference Call

Niko will be hosting its Q2 results conference call on Friday, November 14, 2014 at 9:00 am MST/ 11:00 am EST. The conference call will be webcast and the link to the webcast is http://www.gowebcasting.com/5924.

About Niko Resources Ltd.:

With its head office in Calgary, Alberta, Canada, Niko is focused on value generation in the D6 Block in India, while maintaining optionality to benefit from the exploration potential in its portfolio.

For further information, please contact:

Niko Resources Ltd. (403) 262-1020, Glen Valk, VP Finance & CFO, or visit the Company's website at www.nikoresources.com.

Forward-Looking Information

Certain statements in this press release constitute forward-looking information within the meaning of applicable securities legislation. Specifically, this press release contains forward-looking information relating to the proposed shift in strategic focus of the Company, the proposed sale of non-core assets and farm-out transactions involving exploratory production sharing contracts, possible resolution of outstanding payables from the Indonesian and Trinidad drilling programs, sources of funding for planned operating activities, drilling activities in the D6 Block in India and the corresponding increases in sales volumes from these drilling activities anticipated in fiscal 2015, forecast EBITDAX for 2015, planned capital and exploration expenditures for 2015, and the interpretation and quantification of the India new domestic natural gas pricing 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. 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, including 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 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 for the year-ended March 31, 2014 (“AIF”) and in the Company's public disclosure documents, and other factors, many of which are beyond the Company's control. Niko makes no representation that the actual results achieved during the forecast period will be the same in whole or in part as those forecast.

The forward looking information included in this press release is expressly qualified in its entirety by this cautionary statement. The forward looking information included herein is made as of the date of this press release and Niko assumes no obligation to update or revise any forward looking information to reflect new events or circumstances, except as required by law.

Non-IFRS Measures

The selected financial information presented throughout this press release is prepared in accordance with IFRS, except for “EBITDAX”. The Company utilizes EBITDAX to assess performance and to help determine its ability to fund future capital projects and to repay debt. EBITDAX is calculated 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, asset impairment, share-based compensation expense, restructuring expenses, accretion expense, and unrealized foreign exchange gain or loss). EBITDAX should not be viewed as a substitute for measures of financial performance presented in accordance with IFRS or as a measure of a company’s profitability or liquidity. This non-IFRS measure do not have any standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other companies. Refer to the Company's Management’s Discussion and Analysis for details on these non-IFRS financial measures.