NIKO RESOURCES LTD

NIKO REPORTS RESULTS FOR THE QUARTER ENDED DECEMBER 31, 2015

Niko Resources Ltd. ("Niko" or the "Company") is pleased to report its operating and financial results for the quarter ended December 31, 2015. The operating results are effective February 10, 2016. 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

In the third quarter of fiscal 2015, the Board of Directors of the Company made a decision to pursue strategic alternatives, including the sale of the 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. Marketing efforts for the potential sale of the Company's interest in the D6 Block in India during the first half of calendar 2015 did not result in a successful conclusion and the Board elected to pursue an alternate strategic plan to maintain the Company's core assets until the value of such assets can be enhanced for the benefit of the Company's stakeholders. While the Company has a significant working capital deficit, the Company believes it has sufficient liquidity to fund the cash requirements of its operating subsidiaries in India and Bangladesh and its corporate general and administrative expenses for the foreseeable future, provided that it receives concessions from its key stakeholders to significantly reduce the cash outflows to these stakeholders until the value of the Company's core assets can be enhanced. The Company is continuing its negotiations with its key stakeholders.

The Company continues to be in default of interest payment obligations under its term loan facilities agreement and the indenture governing the Company's 7% senior unsecured convertible notes due December 31, 2017 (the "Notes") and certain obligations under the terms of the agreement entered into with Diamond Offshore (the "Diamond Settlement Agreement").

The strategic plan that the Company is pursuing will likely be subject to certain approvals by certain stakeholders and could have a significant negative impact on securityholders and other 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 stakeholders, which would likely have a material adverse impact on the value of their interest in the Company.

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

LIQUIDITY AND CAPITAL RESOURCES

The Company continues to pursue a strategic plan to maintain the Company's core assets until the value of such assets can be enhanced for the benefit of the Company's stakeholders. While the Company has a significant working capital deficit, the Company believes it has sufficient liquidity to fund the cash requirements of its operating subsidiaries in India and Bangladesh and its corporate general and administrative expenses for the foreseeable future, provided that it receives concessions from its key stakeholders to significantly reduce the cash outflows to these stakeholders until the value of the Company's core assets can be enhanced. These concessions are a key aspect of the strategic plan which the Company is currently negotiating with its senior lenders, representatives of the holders of the Notes and the parties to the Diamond Settlement Agreement.

In the third quarter of fiscal 2016, the Company reached an agreement with the institutional lenders of its US$340 million senior term loan facilities on a standstill period to provide the Company with additional time to pursue its strategic plan. Subject to certain conditions, the lenders agreed not to act until after January 15, 2016 on any rights or remedies arising from any default on the term loan, provided that the lenders could terminate the standstill period with 10 days notice if they became of the opinion that there was no reasonable prospect of agreeing to a commercially acceptable strategic plan. The standstill agreement expired on January 15, 2016. Negotiations are ongoing with the Company's key stakeholders regarding its proposed strategic plan and the Company has been advised that the lenders will not seek to enforce any of their rights or remedies arising from any default on the term loan without prior notice.

In complying with the terms of amendments to the facilities agreement with its senior lenders, the Company was restricted from making any interest or other payments under the indenture governing the Notes, and under the terms of the Diamond Settlement Agreement and, as such, continues to be in default of interest payment obligations under the indenture governing the Notes and certain obligations under the Diamond Settlement Agreement. Accordingly, the noteholders have the option to accelerate repayment of the Notes. A group of noteholders have formed an ad hoc committee to evaluate proposals and next steps. Based on discussions with the ad hoc committee and the trustee under the Note indenture, the Company does not expect that any steps will be taken in the near term to enforce any rights under the indenture. There can be no assurance that steps will not be taken, particularly if no arrangements are reached with the lenders under the facilities agreement on a timely basis. On June 30, 2015, the Company did not make a scheduled payment of $5 million under the terms of the Diamond Settlement Agreement. Diamond has filed a lawsuit in a court in Texas seeking to enforce the payment and other obligations. The Company is currently considering the merits of the lawsuit and available defences. Also, on September 30, 2015 and December 31, 2015, the Company did not make scheduled payments totaling $10 million. Under the terms of Diamond Settlement Agreement, Diamond has the option to terminate the agreement and revert to the original drilling contracts that include termination provisions. To date, Diamond has not taken any steps to terminate the Diamond Settlement Agreement. The Company has estimated the maximum potential unsecured termination claim under the original drilling contracts could range from $100 to $220 million.

The discussions with the key stakeholder are now focused on the strategic plan of the Company to enhance value over a longer period of time. This strategic plan will likely be subject to certain approvals by certain stakeholders and could have a significant negative impact on securityholders and other 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 stakeholders, 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 December 31, 2015 of $37 million;
- Restricted cash as at December 31, 2015 of $22 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.

As per India's Domestic Natural Gas Guidelines, 2014 ("the Guidelines"), in late September 2015, the Government of India ("GOI") announced a price of $3.82 / MMbtu gross calorific value ("GCV") (equates to approximately $4.24 / MMbtu net calorific value ("NCV")) for the October 2015 to March 2016 period, which represents a reduction of approximately 18 percent from the price for natural gas sales for the April 2015 to September 2015 period. For the Dhirubhai 1 and 3 fields ("D1 D3") 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 NCV and the difference between the revised price and $4.20 / MMbtu NCV 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".

Under the Guidelines, gas prices are to be determined on a semi-annual basis and 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 deductions for transportation and treatment charges. Using benchmark prices for the period of January 1, 2015 to December 31, 2015, the Company estimates that the price for gas sales from the D6 Block in India for the April 2016 to September 2016 period could decrease to approximately $3.15 / MMbtu GCV (approximately $3.50 / MMbtu NCV), with a potential negative impact on net cash flow of approximately $2 million per quarter during this period. Development of numerous existing discoveries in the D6 Block is dependent on the future economic viability of the required investments and the Company believes higher prices will be required before the Contractor Group of the D6 Block will make final investment decisions on these potential developments.

Exploration Subsidiaries in Trinidad
In the third quarter of fiscal 2016, the Company recognized the sales of its entire interests in the Guayaguayare Shallow and Deep production sharing contracts ("PSCs") in Trinidad to subsidiaries of Range Resources Ltd. 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.

As at December 31, 2015, the Company's exploration subsidiaries in Trinidad had $21 million of accounts payable and accrued liabilities (including PSC obligations), $75 million of recorded liabilities for unfulfilled exploration work commitments, and $54 million of unrecorded future exploration commitments due by April 2016, with the unfulfilled and future exploration commitments and PSC obligations backed by parent company guarantees.

Exploration Subsidiaries in Indonesia
In the third quarter of fiscal 2016, the Company closed on the sale of its subsidiary holding an interest in the North Ganal PSC for net cash consideration of $1.5 million after working capital adjustments. The transaction for the proposed sale of the Company's interest in one additional Indonesian PSC (North Makassar Strait) will not proceed under mutual agreement of the parties.

In the second quarter of fiscal 2016, the Company closed its Indonesian office and discontinued operating activities related to its remaining Indonesia PSCs.

As at December 31, 2015, the Company's exploration subsidiaries that previously held interests in Indonesian PSCs had $62 million of accounts payable and accrued liabilities and $139 million of recorded liabilities for unfulfilled exploration work commitments.

Ability of the Company's Exploration Subsidiaries to Meet Obligations and Continue Activities in the Future
There is significant uncertainty regarding whether certain of the Company's exploration subsidiaries will be able 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 28 of the condensed interim consolidated financial statements for the three months ended December 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.

BUSINESS HIGHLIGHTS

The significant business highlights of the third quarter of fiscal 2016 are as follows:

Sales Volumes	Three months ended December 31,		Nine months ended December 31,	
(mmcfe/d)	2015	2014	2015	2014
D6 Block, India	39	44	41	47
Block 9, Bangladesh	62	63	63	65
Hazira, India	1	2	1	2
Total	102	109	105	114

D6 Block, India

- Per India's new Guidelines, effective November 1, 2014, the price for natural gas sales from the D6 Block in India for April 2015 to September 2015 was $4.66 / MMbtu based on the GCV of the sales gas, which equated to approximately $5.18 / MMbtu based on the NCV of the sales gas and represented an increase of 23 percent from the $4.20 / MMbtu NCV that natural gas sales had been priced at prior to the adoption of the Guidelines, and a decrease of approximately 8 percent from the price for the November 2014 to March 2015 period. The price announced by the GOI for October 2015 to March 2016 of $3.82 / MMbtu GCV (equates to approximately $4.24 / MMbtu NCV) represents a reduction of approximately 18 percent from the price for natural gas sales for the April 2015 to September 2015 period. For the Dhirubhai 1 and 3 fields ("D1 D3") 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 NCV and the difference between the revised price and $4.20 / MMbtu NCV 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".
- The price for oil and condensate sales for the third quarter of fiscal 2016 decreased by approximately 25 percent compared to the third quarter of fiscal 2015 as a result of the decline in world oil prices.
- Total sales volumes from the D6 Block in the third quarter of fiscal 2016 of 39 mmcfe/d decreased from the third quarter of fiscal 2015 primarily due to the impact of natural production declines in the fields in the block, partially offset by incremental production from sidetracks and reactivations during fiscal 2016.
- At the beginning of the third quarter of fiscal 2016, the drilling program in the D6 Block concluded for fiscal 2016 and is not expected to resume until fiscal 2017 with the potential drilling of one or more additional sidetracks in the MA field.

Block 9, Bangladesh

- Total sales volumes from Block 9 in the third quarter of fiscal 2016 of 62 mmcfe/d decreased slightly from the third quarter of fiscal 2015, primarily reflecting the impact of increased delivery pressure requirements of the sales trunkline.

CAPITAL AND EXPLORATION EXPENDITURES

For the nine months ended December 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)(2)	Total
India and Bangladesh	19,109	-	5,166	103	24,378
Other	-	-	-	6,545	6,545
Total	19,109	-	5,166	6,648	30,923

(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 $24 million for the nine months ended December 31, 2015, including $3 million in the current quarter. Development capital of $19 million, including $2 million in the current quarter, related primarily to the completion and sidetrack of development wells in the D6 Block in India. Exploration and evaluation capital of $5 million related primarily to the cost of the DST programs on two discoveries in the D6 Block. These costs have been expensed as asset impairments in fiscal 2016 as the costs of the discoveries that the DST were performed on had previously been impaired.

Other Countries

Capital and exploration expenditures outside of India and Bangladesh totaled $7 million for the nine months ended December 31, 2015 primarily related to outstanding payments due under the PSCs in Trinidad.

FINANCIAL RESULTS

	Three Months ended December 31,		Nine Months ended December 31,	
(millions of US dollars)	2015	2014	2015	2014
EBITDAX from continuing operations	11	19	46	62
Net (loss) from continuing operations	(27)	(126)	(133)	(211)
Net income (loss) from discontinued operations	3	(17)	(30)	(27)

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

EBITDAX from continuing operations for the third quarter of fiscal 2016 was $11 million compared to $19 million in the third quarter of fiscal 2015, primarily due to lower natural gas and oil prices and lower sales volumes.

Net loss from continuing operations for the third quarter and nine months of fiscal 2016 reflects the impact of decreases in forecasted future natural gas and oil prices on the carrying value of the Company's producing assets in the D6 Block in India.

Complete details of the Company's financial results are contained in its condensed interim consolidated financial statements and Management's Discussion and Analysis for the three months ended December 31, 2015 which will be available on the Company's SEDAR profile at www.sedar.com.

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. Specifically, this press release contains forward looking information relating to the ability of the Company to successfully complete its strategic plan on a timely basis 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 plan on a timely basis or that the Company will be able to meet the goals and purposes of its business plan. The failure to meet or satisfy any of the foregoing is likely to have a material adverse impact on the Company and thereby significantly impair the value of security holders' interest in 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 the future actions of the Company's lenders and Noteholders, future commodity prices, 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 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: risks related to the ability of the Company to continue as a going concern, the risks associated with the Company meeting its obligations under the amended facilities agreement and successfully completing its strategic alternatives plan, risks related to the various legal claims against the Company, risks related to obtaining consents, risks relating to the Company's default under the indenture governing the Notes and the Company's default under the Diamond Settlement Agreement, 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 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. 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 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). 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.