

Niko Announces Commencement of Consent Solicitation

CALGARY, ALBERTA (June 10, 2016) – Niko Resources Ltd. (“Niko” or the “Company”)(TSX – “NKO”) announces that it has today commenced a solicitation of consents (the “Consent Solicitation”) to amend the trust indenture (the “Indenture”) governing its 7% convertible senior unsecured notes due December 31, 2017 (the “Notes”). The terms and conditions of the Consent Solicitation are set out in the consent solicitation statement of Niko dated May 31, 2016 (the “Consent Solicitation Statement”), a copy of which has been filed under the Company’s profile at www.sedar.com. The receipt of the Consent Solicitation Statement by holders of the Notes (the “Noteholders”) will be subject to standard mailing timelines.

Consent Solicitation

The purpose of the Consent Solicitation is to obtain approval for proposed amendments to the Indenture (the “Indenture Amendments”) as summarized below under “Terms of Indenture Amendments”. The Indenture Amendments require the consent of Noteholders holding not less than 66 2/3% of the principal amount of the outstanding Notes (the “Requisite Consents”). As previously disclosed by the Company, Niko executed a support agreement with institutional lenders (the “Lenders”) holding 100% of the senior term loan facilities (the “Term Loan”) and a support agreement with Noteholders (the “Consenting Noteholders”) holding approximately 60% of the Notes, each in support of the Company’s strategic plan of maintaining its core assets for a period of time with the goal of enhancing the value of such assets for the benefit of the Company’s stakeholders. The Consenting Noteholders have agreed to execute consents approving of the Indenture Amendments.

The Consent Solicitation will be open at least until 4:30 p.m. (Calgary Time) on July 11, 2016 (the “Expiration Date”), unless extended or cancelled by Niko.

Those Noteholders who validly deliver a consent to the Indenture Amendments, on or prior to the Expiration Date, where such consent is accepted, will be eligible to receive a consent fee, following the effective date of the Indenture Amendments (the “Implementation Date”), equal to their pro rata share of the Canadian dollar equivalent of US\$1,500,000 (the “Consent Fee”) as set out in the Consent Solicitation Statement, subject to the satisfaction or waiver of various conditions as described in the Consent Solicitation Statement and to the other provisions therein. If, on or after June 17, 2016 and prior to the Expiration Date, Niko has received the Requisite Consents, Niko may immediately proceed with implementing the Indenture Amendments. However, the Consent Solicitation will remain open until the Expiration Date and Noteholders who deliver a valid consent on or prior to the Expiration Date will still be eligible to receive their pro rata share of the Consent Fee.

The record date for purposes of the Consent Solicitation is 4:30 p.m. (Calgary Time) on March 29, 2016. The effectiveness of the Indenture Amendments and the payment of the Consent Fee are subject to the satisfaction or waiver of the conditions set out in the Consent Solicitation Statement.

Beneficial owners of the Notes whose Notes are held in the name of a broker, dealer, commercial bank, trust company or other intermediary, or in the name of a clearing agency of which such intermediary is a participant, should contact such intermediary promptly and obtain and follow their intermediary's instructions with respect to the applicable consent procedures and deadlines, which may be earlier than the deadlines set out in the Consent Solicitation Statement. **By executing and delivering a consent, a Noteholder will be representing that it is familiar with and in favour of the terms of the proposed Indenture Amendments.**

Terms of Indenture Amendments

The Indenture Amendments will be effected through a supplemental indenture, a copy of which is attached to the Consent Solicitation Statement. Subject to certain conditions, the key terms in the proposed Indenture Amendments are expected to be as follows:

- the Implementation Date will occur upon such date as set out in an amendment to the Term Loan (the “Facilities Agreement Amendment”) that also outlines the requirements for the Indenture Amendments;
- elimination of the requirements to pay cash interest under the Indenture during the period in which the Facilities Agreement Amendment continues to be in effect, including any cash interest that would otherwise be payable on conversion and all accrued and unpaid interest as of the Implementation Date, except pursuant to the waterfall distributions outlined below;
- accrual of cash interest under the Notes at the previously defined non-default rate of interest (7%);
- removal of the covenant of the Company under the Indenture requiring the Company to maintain a listing of the Notes on the Toronto Stock Exchange (the “TSX”);
- replacement of the events of default under the existing Indenture with events of default limited to specified defaults, including a breach of the waterfall payment obligations to Noteholders as set out below, the commencement of enforcement actions by the Lenders in respect of the indebtedness under the Term Loan, and if the security under the Notes ceases to be effective as a result of the deliberate action of Niko and is not rectified within 30 business days;
- a requirement to distribute any proceeds of potential transactions (sales of assets, settlements of insurance, arbitration and/or tax claims, excess operating cash above an agreed cash flow forecast, etc.) to the Lenders, Noteholders and the Company on the following waterfall basis:
 - First Tranche of the first US\$168 million:
 - (i) 100% to the Lenders,
 - capitalized interest on the Term Loan of up to US\$12 million:
 - (i) 100% to the Lenders,
 - Second Tranche of the next US\$100 million, on a *pro rata* basis:
 - (i) 62.67% to the Lenders,
 - (ii) 29.33% to the Noteholders, and
 - (iii) 8.00% to be retained by the Company,
 - Third Tranche of the next US\$120 million, on a *pro rata* basis:
 - (i) 40% to the Lenders,
 - (ii) 40% to the Noteholders, and
 - (iii) 20% to be retained by the Company,
 - Fourth Tranche of any proceeds above the Third Tranche, on a *pro rata* basis:
 - (i) 20% to the Lenders,
 - (ii) 20% to the Noteholders, and
 - (iii) 60% to be retained by the Company

The cumulative proceeds distributed to each of (A) the Lenders shall not exceed the total principal and interest amounts outstanding to the Lenders as at the Implementation Date plus interest accruing at a rate of 15% per annum from the Implementation Date plus any amounts owing under the royalty agreement dated December 23, 2013 between Cortes Royalty Limited, formed for the benefit of the Lenders, and Niko

(Neco) Ltd. relating to the Company's interest in the D6 Block property in India plus capitalized interest under the Term Loan and (B) the Noteholders shall not exceed the total principal and interest outstanding to the Noteholders as at the Implementation Date plus interest accruing at a rate of 7% per annum from the Implementation Date. All funds retained by the Company under the waterfall will be retained free from the security (and claims for payment) held by the Lenders and Noteholders;

- the maturity date of the Notes will be extended to December 31, 2025;
- elimination of the Company's ability to pay principal or interest in common shares;
- the redemption of the Notes will require the consent of the agent for the Lenders;
- the Notes will be secured by certain assets of the Company, including a share pledge from certain key subsidiaries and security over certain bank accounts; however, such security will be deeply subordinated to the Term Loan such that the Noteholders will have limited rights of enforcement and recourse; and
- the trustee under the Indenture will be authorized and directed to execute and deliver an intercreditor agreement, which will provide that the security granted to the Noteholders will be subordinated to the Term Loan. The intercreditor agreement will also provide that the Noteholders will agree that until the Lenders have been repaid in full, the Noteholders will not be entitled to take additional security, demand payment of the obligations under the Notes, appoint a receiver or initiate insolvency proceedings or take any enforcement action against the assets of the Company.

Preferred Share

The Facilities Agreement Amendment provides that a preferred share of the Company will be issued for the benefit of the Lenders on the Implementation Date. The holder of the preferred share shall be entitled to nominate up to two directors for the slate of directors to be put forward by the Company's management at any meeting of the common shareholders where the directors of the Company are to be elected. The failure of both of such nominees to be elected to the board of directors of the Company (the "Board") would constitute a breach of covenant of the Company under the Term Loan, which if not remedied, on a timely basis, would lead to an event of default, giving the Lenders the right to appoint a receiver to replace management of the Company and certain subsidiaries for the purposes of directing the operation of the business of the Company and such subsidiaries for the remaining term of the Facilities Agreement Amendment. Consent of the holder of the preferred share shall be required prior to: (a) altering, changing or amending the preferences, privileges or rights of the preferred share; (b) increasing or decreasing the authorized number of directors constituting the Board; (c) amending the Company's articles or bylaws, to the extent that any such amendment adversely affects the preferred share; or (d) authorizing, creating and/or issuing any new senior or *pari passu* class or series of securities of the Company.

Required Approvals

The implementation of the Indenture Amendments will require the prior approval of (i) the Board, (ii) the TSX, (iii) the Lenders, through the execution and delivery of the Facilities Agreement Amendment, and (iv) the Requisite Consents. On April 6, 2016, the TSX granted conditional approval of the Indenture Amendments, subject to the following requirements and conditions: (a) the issuance of a press release by the Company at least five business days in advance of the Implementation Date disclosing the material terms of the Indenture Amendments and that the Company has relied on the exemption contained in Section 604(d) of the TSX Company Manual allowing Niko to obtain Noteholder approval of the Indenture Amendments by way of written consent as opposed to the holding of a meeting of Noteholders; and (b) receipt by the TSX of certain documentation. The Company believes that this press release satisfies the condition referred to in clause (a) of this paragraph.

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

This press release is neither a solicitation of consents, an offer to purchase the Notes nor a solicitation of an offer to sell securities. The Consent Solicitation is being made solely by the Consent Solicitation Statement.

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 implement the Facilities Agreement Amendment, obtain the Requisite Consents and give effect to its strategic 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 obtain the required approvals to give effect to the Facilities Agreement Amendment and the Indenture Amendments or to otherwise successfully complete its strategic plan on a timely basis. The failure to meet or satisfy any of the foregoing is expected to have a material adverse impact on the Company and could significantly impair the value of securityholders' 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. 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 ability of the Company to obtain the Requisite Consents and the consent of all the Lenders to the Facilities Agreement Amendment and related agreements and documents, the ability of the Company to obtain regulatory approval of the transactions contemplated herein, the ability of the Company to resolve an ongoing dispute regarding a settlement reached with Diamond Offshore (Trinidad) LLC, and 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.