NIKO RESOURCES LTD

NIKO REPORTS RESULTS FOR THE QUARTER ENDED JUNE 30, 2017

Niko Resources Ltd. ("Niko" or the "Company") is pleased to report its operating and financial results for the quarter ended June 30, 2017. The operating results are effective August 11, 2017. All amounts are in US dollars unless otherwise indicated and all amounts are reported using International Financial Reporting Standards unless otherwise indicated.

CHIEF EXECUTIVE OFFICER'S MESSAGE TO THE SHAREHOLDERS

Our efforts continue to monetize the Company's core assets for the benefit of all its stakeholders. Market conditions in the industry coupled with our on-going legal issues in India and Bangladesh make this process challenging.

The Company's liquidity situation is a critical concern. As a result, the Company has recently requested consent of its senior lenders to access a portion of the funds in a reserve account to provide additional liquidity.

No assurance can be made that these efforts will provide a solution on a timely basis or at all.

We are committed to doing our best for the benefit of all stakeholders and while we remain hopeful, we acknowledge that much work has to be done.

William Hornaday – Chief Executive Officer, Niko Resources Ltd.

LIQUIDITY AND CAPITAL RESOURCES

Funding of Projected Cash Requirements of the Company

The Company's cash flow has been negatively impacted by the failure of Bangladesh Oil, Gas and Mineral Corporation ("Petrobangla") to comply with its legal obligations as outlined below. In addition, certain outcomes in respect of ongoing disputes noted below could have a material adverse impact on cash flow.

The Company's cash balances as at June 30, 2017 and projected revenues from its assets in India are not expected to be sufficient to fund the projected cash requirements of the Company's assets in India and its other cash requirements over the next several months. As a result, in August 2017, the Company requested consent from the Lenders under its amended and restated facilities agreement to use a portion of the funds in a restricted cash reserve account to meet its cash requirements. A decision from the Lenders is expected before the end of August 2017. An adverse decision from the Lenders will have a material adverse impact on the Company's ability to fund its operations and may lead the Company to take steps which could be adverse to all stakeholders.

The Company's cash resources, and therefore its ability to fund its operations, could be positively enhanced by various factors, including the following:

- Receiving payments from Petrobangla of amounts due,
- Executing sale(s) of the Company's interests in its core assets in India and Bangladesh, or
- Obtaining financing for planned development projects in the D6 Block.

No assurance can be made that appropriate steps will be taken, or goals accomplished, in a manner or on a timely basis so as to enhance the Company's cash resources sufficiently. The failure to enhance the Company's cash resources on a timely basis will have a material adverse impact on the ability of the Company to fund its operations.

Non-payments by Petrobangla of Amounts Due

Since June 2016, Petrobangla has paid reduced amounts to the operator of the Block 9 PSC for invoiced amounts due for gas and condensate supplied from March 2016 to March 2017 pursuant to the Block 9 gas and condensate sales agreements, with the amounts withheld equal to the 60 percent share in the Block 9 PSC held by Niko Exploration (Block 9) Limited ("Niko Block 9") and totalling $37 million to date. Niko Block 9 has issued notices of dispute and force majeure under the Block 9 PSC and sales agreements to the Government of Bangladesh ("GOB") and Petrobangla. As the cash flow that was expected to be generated by the Block 9 PSC was targeted to fund the capital and operating expenditure of Block 9 as well as other cash requirements of the Company, since late September 2016 Niko Block 9 has not paid cash calls that were due and has been issued default notices by the operator of the Block 9 PSC. Under the terms of the joint operating agreement ("JOA") between the participating interest holders in the Block 9 PSC, during the continuance of a default, the defaulting party shall not have a right to its share of gas and condensate sales proceeds, which shall vest in and be the property of the non-defaulting parties who have paid to cover the amount in default in order to recover the amounts owed by the defaulting party. In addition, if the defaulting party does not cure a default within sixty days of the default notice, the non-defaulting parties have the option to require the defaulting party to withdraw from the PSC and JOA. To date, the non-defaulting parties have not exercised this option. Refer to Note 24(a)(ii) of the condensed interim consolidated financial statements for the three months ended June 30, 2017 for further details on this matter.

Minimum Contract Quantities Dispute - India

As previously disclosed in Note 32(c) in the audited consolidated financial statements for the year ended March 31, 2017, in accordance with previous contracts for natural gas sales from the Hazira field in India, the Company had committed to deliver certain minimum quantities. For the period ended December 31, 2007, the Company was unable to deliver the minimum quantities to certain customers and the Company's joint operating partner in the Hazira field delivered the shortfall volumes from other gas sources. The Company's joint operating partner filed arbitration claims for losses incurred as a result of the delivery of these shortfall volumes.

In June 2017, the arbitration tribunal issued an award in favour of the Company's joint operating partner in an amount of approximately $17.8 million along with the interest thereon at the rate of 10% per annum from 2012 to the date of award (approximately $9.7 million) plus further interest at 10% per annum from the date of the award until payment. The Company plans to appeal the award in the Indian court system under the rules governing Indian arbitration. The results of this dispute could have a material adverse impact on the Company's future cash flows.

Exploration Subsidiaries

The Company's exploration subsidiaries that previously owned interests in PSCs in Trinidad and Indonesia have significant accounts payable and accrued liabilities (including PSC obligations) and unfulfilled exploration work commitments reflected on the Company's balance sheet as at June 30, 2017. In May 2017, the Company's indirect subsidiaries received written notices from the GORTT terminating the three PSCs. In the Company's view, the parent guarantees for unfulfilled exploration commitments for the three PSCs have expired. Effective with the termination of the PSCs, the Company reclassified the Trinidad segment as discontinued operations in the condensed interim consolidated financial statements for the three months ended June 30, 2017.

Contingent Liabilities
The Company and its subsidiaries are subject to various claims from other parties, as described in Note 24 of the condensed interim consolidated financial statements as at and for the three months ended June 30, 2017 and are 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 are material uncertainties that may cast significant doubt about the ability of the Company to continue as a going concern.

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 June 30, 2017 which will be available under the Company's SEDAR profile at www.sedar.com.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS BY REPORTABLE SEGMENT

The Company's financial results for the three months ended June 30, 2017 were impacted by the following significant items:

Non-payments by Petrobangla of Amounts Due
As a result of the continued non-payments by Petrobangla of amounts due and Niko Block 9's non-payments of cash calls due to the operator and the default mechanism in the Block 9 JOA, the invoices issued by the operator of the Block 9 PSC for gas and condensate sales to Petrobangla for September 2016 to June 30, 2017 reflect the non-defaulting parties' entitlement to the sales proceeds and, as such, the Company has not recognized $24 million of net oil and gas revenues that it otherwise would have been entitled to, of which $6 million related to natural gas and condensate sales in the first quarter of fiscal 2018. In addition, the Company recognized an impairment of $13 million in the second quarter of fiscal 2017 related to the net revenue receivable from Petrobangla for the months of March 2016 to August 2016, of which $6 million related to the natural gas and condensate sales in the first quarter of fiscal 2017.

If the non-defaulting parties to the Block 9 exercise their option to require Niko Block 9 to withdraw from the PSC and JOA and if this results in a loss of Niko Block 9's interest in the PSC and JOA, then a full impairment of the Company's carrying value of the assets and liabilities related to Block 9 could result.

Minimum Contract Quantities Dispute - India
As a result of the arbitration award described above in respect of the Hazira field in India, in the first quarter of fiscal 2018, the Company recognized a liability of $28 million for awarded amount plus accrued interest to June 30, 2017.

The Company's results for the first quarter ended June 30, 2017 are as follows:

Consolidated

(thousands of US Dollars,	Three months ended June 30,	
unless otherwise indicated)	2017	2016
Sales volumes (MMcfe/d)(1)	83	93
Net oil and natural gas revenue	5,764	16,355
EBITDAX from continuing operations(2)	(680)	8,831
Net income (loss) from continuing operations	(34,337)	(20,831)
Net income (loss) from discontinued operations	180	(812)

(1) Includes volumes for April 2017 to June 2017 in Bangladesh for which revenue has not been recognized (see below).
(2) Refer to "Non-IFRS Measures" for details.

Production declines and lower natural gas prices for the D6 Block in India and the non-recognition of net revenue for Block 9 in Bangladesh contributed to lower net oil and natural gas revenue and lower EBITDAX for the Company in the first quarter of fiscal 2018 compared to the first quarter of fiscal 2017.

Net loss from continuing operations of $34 million in the first quarter of fiscal 2018 was primarily due to the recognition of a liability of $28 million for an arbitration award relating to the minimum contracted quantities dispute in India. Net loss from continuing operations of $21 million in the first quarter of fiscal 2017 related primarily to interest expense recorded on the term loan and convertible notes and restructuring costs associated with the amendments to the term loan facilities agreement and convertible note indenture executed in July 2016 (the Amendments) that do not require the Company to make interest payments, other than in connection with waterfall distributions (as described in Note 13 of the condensed interim consolidated financial statements for the three months ended June 30, 2017).

India

(thousands of US Dollars, otherwise indicated)	Three months ended June 30, 2017	2016
Sales volumes (MMcfe/d)	23	33
Net oil and natural gas revenue	5,759	10,029
Segment EBITDAX(1)	3,087	5,214
Segment loss	(29,023)	(2,853)

(1) Refer to "Non-IFRS Measures" for details.

Total sales volumes from the D6 Block in the first quarter of fiscal 2018 of 23 MMcfe/d decreased from 33 MMcfe/d in the first quarter of fiscal 2018 primarily due to the impact of natural production declines and water and sand ingress that resulted in the shut-in of wells, partially offset by the impact of incremental production from sidetrack wells brought on-stream in the second half of fiscal 2017.

Net oil and natural gas revenues decreased in the first quarter of fiscal 2018 compared to the first quarter of fiscal 2017 primarily due to lower sales volumes and natural gas prices. The notified price for gas sales from the D6 Block was $2.48 / MMbtu for April 1, 2017 to September 30, 2017, which is approximately 20 percent lower than the price of $3.06 / MMbtu for April 1, 2016 to September 30, 2016.

Segment EBITDAX of $3 million in the first quarter of fiscal 2018 decreased compared to the first quarter of fiscal 2017 primarily due to lower net oil and natural gas revenues, partially offset by lower production and operating expenses for the D6 Block.

Segment loss of $29 million in the first quarter of fiscal 2018 increased compared to segment loss of $3 million in the first quarter of fiscal 2017 primarily due to lower EBITDAX and the recognition of a liability of $28 million for an arbitration award relating to the minimum contracted quantities dispute in India, partially offset by lower depletion expense in first quarter of fiscal 2018.

Bangladesh

(thousands of US Dollars, unless otherwise indicated)	Three months ended June 30, 2017	2016
Sales volumes (MMcfe/d)(1)	59	60
Net oil and natural gas revenue	-	6,322
Segment EBITDAX(2)	(1,510)	4,282
Segment income (loss)	(2,713)	2,792

(1) Includes volumes for April 2017 to June 2017 for which revenue has not been recognized (see below).
(2) Refer to "Non-IFRS Measures" for details.

Total sales volumes from Block 9 in the first quarter of fiscal 2018 were slightly lower than the first quarter of fiscal 2017, as the impact of increased delivery pressure requirements of the sales trunkline, was nearly offset by the impact of a development well that was brought on-stream in the fourth quarter of fiscal 2017.

Net oil and natural gas revenue in the first quarter of fiscal 2018 was not recognized due to non-payment of sales revenue by Petrobangla (refer to discussion on *Non-payments by Petrobangla of Amounts Due* in the Liquidity and Capital Resources section).

Segment EBITDAX in the first quarter of fiscal 2018 decreased compared to first quarter of fiscal 2017 primarily as a result of the non-recognition of net oil and gas revenues, partially offset by lower production and operating expenses.

Segment loss of $3 million in the first quarter in fiscal 2018 increased compared to segment income of $3 million in first quarter of fiscal 2017 primarily as a result of lower segment EBITDAX, partially offset by lower depletion expense.

Other

(thousands of US Dollars,	Three months ended June 30,	
unless otherwise indicated)	2017	2016
Segment EBITDAX from continuing operations[1]	(2,257)	(665)
Segment loss from continuing operations	(2,601)	(20,770)
Net income (loss) from discontinued operations	180	(812)

(1) Refer to "Non-IFRS Measures" for details.

Segment EBITDAX from continuing operations in the first quarter in fiscal 2018 decreased from the first quarter of fiscal 2017, primarily due to increased legal costs associated with the Company's ICSID arbitration cases and foreign exchange loss.

Segment loss from continuing operations in the first quarter in fiscal 2018 decreased from a segment loss of $21 million in first quarter of fiscal 2017, as the Company recorded $17 million interest expense and $2 million of restructuring costs related to the Term Loan and Convertible Notes in the first quarter of fiscal 2017.

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 Company's ability to fund its cash requirements over the next several months, the ability of the Company to successfully complete its strategic plan on a timely basis, the ability to receive consent from the Lenders for the release of funds from a restricted cash reserve account, and the ability to successfully appeal an arbitration award in respect of Hazira field in India. 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 (including resolving various disputes against governments and others in its favour) or fund its operations over the next several months. 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, non-defaulting parties not seeking to require a subsidiary of the Company to withdraw from the Block 9 PSC or JOA, a successful appeal of an arbitration award in respect of Hazira field in India, 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, risks related to the Company not being able to increase its cash resources, the risks associated with the Company meeting its obligations under the amended Facilities Agreement and successfully completing its strategic plan, risks related to the various legal claims against the Company or its subsidiaries, risks related to non-payments by Petrobangla of amounts due to subsidiaries of the Company, 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, 2017 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 forecasts.

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" and "Segment EBITDAX". The Company utilizes EBITDAX and Segment EBITDAX to assess performance and to help determine its ability to fund future capital projects and to repay debt. EBITDAX and Segment 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 debt modification, 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, commercial claim expense and unrealized foreign exchange gain or loss). EBITDAX and Segment 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. These non-IFRS measures do not have any standardized meaning prescribed by IFRS and is therefore may not 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.