

NIKO SIGNS FIRST PRODUCTION SHARING CONTRACT IN KURDISTAN

Niko Resources Ltd. (TSX – NKO) is pleased to announce that as operator for a consortium, it has entered into its first Production Sharing Contract (“PSC”) with the Kurdistan Regional Government (“KRG” or “Government”) for the exploration, development and production of petroleum resources in the 846 square kilometre Qara Dagh Block in Sulaymaniyah governorate of the Federal Region of Kurdistan – Iraq.

One of the members of the consortium has been in advance negotiations with the KRG over the past 8 months. Forming an acceptable consortium, with a qualified operator was one of the terms to be finalized.

The PSC provides that Niko will operate and have a 27% participating interest. The Block lies on trend with existing discoveries, a portion of which covers a large unexplored 65 kilometer long by 6 kilometer wide surface structure with existing oil seeps. Of interest Qara Dagh translates to Black Mountain.

The consortium has a 60% participating interest that is not subject to further dilution by the KRG. The Government will have a direct 20% interest and will be carried exclusively by the consortium. The remaining 20% will be assigned by the Government to a third party or parties, within a period of 8 months, with the requirement to pay back their share of costs incurred by the consortium.

The obligations under the PSC include a onetime signature bonus and capacity building bonus paid to the Government within 30 days from the execution date of the contract. Annual contributions to personnel, training and technological funds established by the Government, as well as community support contributions to be paid over a period of 15 months to assist with infrastructure projects in the area. The consortium will also be responsible for paying its proportionate share of certain production bonuses in the case of commercial discovery. The remaining minimum work program obligations represents an exploration commitment, expected to commence in the near future, which includes the acquisition, processing and interpretation of a minimum of 300 kilometers of 2D seismic data and drilling of one well during the first exploration period.

Edward Sampson - CEO and Bill Hornaday, COO, were both in Erbil for the signing and stated, “Niko is excited about the potential for the Block and is planning to commence operations immediately.”

May 20, 2008

For further information, please contact:

Niko Resources Ltd. (403) 262-1020, Edward S. Sampson, Chairman of the Board, President & CEO or Murray Hesje, VP Finance & CFO or visit the Company's website at www.nikoresources.com.

Certain statements in this press release are forward-looking statements. Specifically, this press release contains forward-looking statements relating to management's approach to operations, estimates of future sales, production and deliveries, business plans for drilling and development, estimated amounts and timing of capital expenditures, anticipated operating costs, royalty rates, cash flows, transportation plans and capacity, anticipated access to infrastructure or other expectations, beliefs, plans, goals, objectives, assumptions and statements about future events or performance. The reader is cautioned that the assumptions used in the preparation of such information, although considered reasonable by Niko at the time of preparation, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. Such factors include, but are not limited to: general economic, market and business conditions; industry capacity; competitive action by other companies; fluctuations in oil and gas prices; the results of exploration and development drilling and related activities; the uncertainty of estimates and projections relating to productions, costs and expenses; uncertainties as to the availability and cost of financing; fluctuations in currency exchange rates; the imprecision in reserve estimates; risks associated with oil and gas operations, such as operational risks in exploring for, developing and producing crude oil and natural gas; risks and uncertainties involving geology of oil and gas deposits; the weather in the Company's area of operations; the ability of suppliers to meet commitments; changes in environmental and other regulations; actions by governmental authorities including changes in laws and increases in taxes; decisions or approvals of administrative tribunals; risks in conducting foreign operations (for example, political and fiscal instability or the possibility of civil unrest or military action in countries such as India and Bangladesh); the effect of acts of, or actions against international terrorism; and other factors, many of which are beyond the control of Niko. There is no representation by Niko that the actual results achieved during the forecast period will be the same in whole or in part as those forecast.