



**OIL AND GAS REPORT
FOR THE YEAR ENDED MARCH 31, 2020**

July 28, 2020

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GLOSSARY OF TERMS

"**BAPEX**" means Bangladesh Petroleum Exploration and Production Co. Ltd, a wholly owned subsidiary of Petrobangla.

"**Block 9**" means the contract area Block 9 located in Bangladesh, onshore near the city of Dhaka, as identified in a PSC entered into by Petrobangla and the GOB with Tullow Bangladesh Limited, Chevron International Bangladesh Limited, Texaco Exploration Asia Pacific Regional Pathfinding Inc., and BAPEX, in April 2001; on September 17, 2003, Niko, through its indirect wholly-owned subsidiary, Niko Resources (Cayman) Ltd., acquired all of the shares of Chevron International Bangladesh Limited.

"**Chattak**" means the contract areas of Chattak East and Chattak West located onshore Bangladesh on the northern Bangladesh/Indian border, as identified in the joint venture agreement entered into by Niko Resources (Bangladesh) Ltd. and BAPEX in October 2003.

"**D6 Block**" means the contract area Block KG-DWN 98/3 located offshore east coast India, as identified in a production sharing contract entered into by Niko, Reliance Industries Limited and the Government of India in April 2000.

"**Development well**" means a well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.

"**Development costs**" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from reserves.

"**Exploration well**" means a well that is not a development well, a service well or a stratigraphic test well.

"**Exploration costs**" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property and after acquiring the property.

"**Feni**" means the contract area of Feni located in the Chittagong region of Bangladesh, as identified in the joint venture agreement entered into by Niko Resources (Bangladesh) Ltd. and BAPEX in October 2003.

"**Fiscal 2020**" means the fiscal year of the Company ending March 31, 2020.

"**GOB**" means the Government of Bangladesh.

"**JOA**" means joint operating agreement.

"**Niko**" or the "**Company**" means Niko Resources Ltd. and, where the context requires, includes its wholly-owned subsidiaries.

"**NI 51-101**" means Canadian Securities Administrators' National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*;

"**Petrobangla**" means Bangladesh Oil, Gas and Mineral Corporation, the Bangladesh state-owned oil and gas company.

"**PSC**" means production sharing contract.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

The statement of reserves data and other information is presented in accordance with NI 51-101.

The Report of Management and Directors on Oil and Gas Disclosure on Form 51-101F3 is attached hereto as Appendix "A".

Reserves as at March 31, 2020 and as at March 31, 2019

The Company had no reported reserves or future net revenue as at March 31, 2020 and as at March 31, 2019, as described below.

D6 Block in India

It was the opinion of the Company that reserves associated with the Company's interest in the D6 Block in India should not be recognized as at March 31, 2019. In October 2018, an indirect subsidiary of the Company received a default notice from the operator of the D6 PSC in India for non-payment of cash calls. After failure to cure the default within sixty (60) days of the default notice, in December 2018, the subsidiary received notices from the non-defaulting parties requiring the subsidiary to withdraw from the D6 PSC and JOA and providing that the subsidiary shall be deemed, as at the date of the notices, to have transferred its interests in the D6 Block to the non-defaulting parties. The subsidiary has filed a notice of arbitration challenging the withdrawal notice received from the non-defaulting parties. As such, reserves for the D6 Block were excluded from the reserves information as at March 31, 2019.

In fiscal 2020, pursuant to a settlement agreement, the subsidiary of the Company agreed to withdraw from D6 PSC and JOA and settle the arbitration case in exchange for a settlement amount, with the closing of the settlement transaction subject to certain conditions precedent including approval of the assignment of the subsidiary's interest in the D6 PSC to the non-defaulting parties and the execution of an amendment to the D6 PSC by the parties to the PSC (including the Government of India). The settlement transaction closed in January 2020 and the Company no longer holds an interest in the D6 Block in India.

Non-Recognition of Reserves for Block 9 in Bangladesh

It is the opinion of the Company that reserves associated with the Company's interest in Block 9 in Bangladesh should not be recognized at March 31, 2020. Since June 2016, Petrobangla has withheld all payments for the Company's share of gas and condensate sales from the Block 9 PSC due to legal disputes between the Company and the GOB, Petrobangla and Bapex. As such, reserves for Block 9 have been excluded from the reserves information since March 31, 2017. If the situation in Bangladesh can be resolved such that payments for the Company's share of Block 9 gas and condensate sales resume on an economic basis, then reserves for Block 9 could again be recognized.

Oil and Gas Wells

The Company has no interests in oil and gas wells in India.

The following table outlines the Company's interests in oil and gas wells in Bangladesh as at March 31, 2020:

Producing and Non-Producing Wells - Bangladesh As at March 31, 2020						
	Oil Wells		Natural Gas Wells		Total	
	Gross	Net	Gross	Net	Gross	Net
Total Producing	-	-	5.0	3.0	5.0	3.0
Total Non-Producing	-	-	4.0	3.6	4.0	3.6

(1) Includes wells that are temporarily shut-in but which may be capable of production and not yet abandoned. Wells will be abandoned at the end of the field or block life.

Properties with No Attributed Reserves

The following table outlines the Company's properties to which no reserves have been specifically attributed:

Properties with No Attributed Reserves As at March 31, 2020				
(Acres)	Unproved Properties		Expiring by March 31, 2020	
	Gross	Net	Gross	Net
Bangladesh ⁽¹⁾⁽²⁾	533,213	359,201	-	-
Brazil	243,322	72,997	-	-
Total	776,535	432,198	-	-

(1) Block 9 has 7,471 gross acres (6,607 net acres) of proved developed properties with no attributed reserves as at March 31, 2020 as a result of the non-recognition of reserves.

(2) Includes Block 9, Chattak and Feni in Bangladesh.

Costs Incurred

The Company did not incur any acquisition, exploration or development costs during fiscal 2020.

Exploration and Development Activities

The Company did not complete any exploration or development wells during fiscal 2020.

Production and Netback History

The Company did not recognize any sales volumes, revenue, royalties, government share of profit petroleum or production costs during fiscal 2020. In October 2018, the Company ceased recognition of sales revenue and volumes of crude oil, NGLs and natural gas for the D6 Block. In September 2016, the Company ceased recognition of sales revenue and volumes of NGLs and natural gas for Block 9.

APPENDIX "A"

FORM 51-101F3 REPORT OF MANAGEMENT AND DIRECTORS ON RESERVES DATA AND OTHER INFORMATION

Terms to which meanings are ascribed in National Instrument 51-101 have the same meanings herein.

Management of Niko Resources Ltd. (the "Company") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data.

The Board of Directors of the Company has reviewed the oil and gas activities of the Company and has determined that the Company had no reserves as of March 31, 2020.

An independent qualified reserves evaluator or qualified reserves auditor has not been retained to evaluate the Company's reserves data. No report of an independent qualified reserves evaluator or qualified reserves auditor will be filed with securities regulatory authorities with respect to the financial year ended on March 31, 2020.

The Board of Directors of the Company has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The Board of Directors has approved:

- (a) the content and filing with securities regulatory authorities of Form 51-101F1 containing information detailing the Company's oil and gas activities; and
- (b) the content and filing of this report.

(Signed) William T. Hornaday
William T. Hornaday
Chief Executive Officer and
Director

(Signed) Glenn R. Carley
Glenn R. Carley
Director

(Signed) Glen R. Valk
Glen R. Valk
VP Finance, Chief Financial Officer,
Corporate Secretary

(Signed) E. Alan Knowles
E. Alan Knowles
Director

(Signed) Frederic F. (Jake) Brace
Frederic F. (Jake) Brace
Director

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