Niko Provides Update on Impact of New Domestic Gas Pricing Policy in India

CALGARY, ALBERTA (November 4, 2014) – Niko Resources Ltd. ("Niko" or the "Company")(TSX – "NKO") provides the following updates on the impact of the new domestic gas price policy in India:

Gas Price for November 1, 2014 to March 31, 2015

The Government of India ("GOI") has issued the New Domestic Natural Gas Guidelines, 2014 (the "Guidelines"), which are consistent with the information in the GOI press release of October 18, 2014 (as previously announced by Niko on October 20, 2014). In accordance with the new Guidelines, the Directorate General of Hydrocarbons of the Ministry of Petroleum & Natural Gas has issued a notification that the initial price for the period of November 1, 2014 to March 31, 2015 is $5.05 / MMbtu based on the gross calorific value of the sales gas. This price equates to approximately $5.61 / MMbtu based on the net calorific value ("NCV") of the sales gas, an increase of approximately 33 percent from the $4.20 / MMbtu NCV that natural gas sales had been priced at prior to the adoption of the Guidelines.

The Guidelines indicate that, subject to certain exceptions, this initial price is applicable to all natural gas produced from various types of blocks in India including NELP blocks (such as the D6 and NEC-25 blocks in which the Company holds a 10 percent interest). One of the exceptions noted in the Guidelines is the D1 D3 fields 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 "Cost Recovery Dispute"). The Guidelines indicate that the contractor group will be paid the earlier price of $4.20 / MMbtu and the difference between the revised price and the $4.20 / MMbtu will 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".

Approximately 40 percent of the natural gas sold from the D6 Block for the period of April to September of 2014 was produced from the MA field and approximately 60 percent was produced from the D1 D3 fields. Based on the Company's current projections of natural gas production from the MA field, the revised price will provide incremental revenue to Niko of approximately $4 million from the MA field for the period from November 1, 2014 to March 31, 2015, while the cash flow benefit of the revised price on the Company's share of gas sales from the D1 D3 fields is not expected to be available to the Company unless and until the Cost Recovery Dispute is resolved in the favour of the contractors of the D6 Block.

As per the Guidelines, the announcement of the gas price for the period of April 1, 2015 to September 30, 2015 is expected to occur in mid-March 2015.

Premium for Ultra Deep Water, Deep Water and High Pressure-High Temperature Areas

The Guidelines indicate that "For all discoveries after the issuance of these guidelines, in Ultra Deep Water Areas, Deep Water Areas and High Pressure-High Temperature areas, a premium would be given on the gas price determined as per the formula" defined in the Guidelines, with the premium to be "determined as per prescribed procedure." The applicability of the premium to existing undeveloped discoveries in the D6 and NEC-25 blocks, such as the discoveries included in the approved plans of development for the R-Cluster and Satellite Areas, remains to be clarified. The development of these discoveries is dependent on the future long-term price outlook for gas sales from these projects and the uncertainty in this outlook could mean that development of these discoveries could be deferred.

Potential Impact on the Company's Liquidity

Cash available at September 30, 2014 for funding of the Company's planned operating, investing and financing activities was $132 million, comprised of approximately $120 million of unrestricted cash and cash equivalents and approximately $12 million of restricted cash that is available for funding of expenditures related to the D6 Block. The Company is currently projecting that its current balances of unrestricted cash and restricted cash that is available for funding of expenditures related to the D6 Block in India and its receipts of oil and natural gas revenues from its producing assets in India and Bangladesh will be sufficient to satisfy the cash requirements of its operating subsidiaries in India and Bangladesh, its corporate general and administrative costs, and its interest obligations for at least the next twelve months, assuming that the previously planned investments targeted towards the development of undeveloped reserves in the R-Cluster and Satellite Areas in the D6 Block and in NEC-25 are deferred.

As at September 30, 2014, the Company had $107 million of accounts payable and accrued liabilities related to its exploration subsidiaries in Indonesia and Trinidad and has significant exploration work commitments associated with these subsidiaries. The Company has requested extensions to the deadlines for fulfilling certain of these commitments, some of which have a current deadline of November 2014 (as disclosed in the Company's financial statements for the quarter ended June 30, 2014 that were filed on www.sedar.com on August 14, 2014). The terms of the Company's term loan facilities limit the funding of capital expenditures and working capital requirements in these areas and the Company is evaluating its options for these subsidiaries as part of its strategy of maintaining optionality in its exploration portfolio. The Company is working on selling or farming out interests in many of its exploration production sharing contracts ("PSCs"), rescheduling its exploration commitments, and settling its vendor liabilities. The Company recently announced the execution of an agreement to sell its interest in seven PSCs in Indonesia and plans to continue its efforts related to selected assets in its portfolio. There is significant uncertainty regarding whether these efforts will be sufficient to allow certain of the Company's exploration subsidiaries to meet existing and future obligations and continue activities in the future.

Potential Impact on the Company's Reported Reserves and Net Book Values for the D6 and NEC-25 blocks

As a result of the uncertainty in the future long-term natural gas price outlook in India, the Company is evaluating the development plans for the undeveloped proved and probable reserves in the D6 and NEC-25 blocks. Material reductions in the reported reserves, future net revenues and net book values for these blocks could result.

Potential Impact on the Debt Covenants

The Company is subject to the following financial covenants under its term loan facilities agreement:

- Maximum ratio of (a) consolidated senior debt (defined as debt incurred under facilities A, B and C of the term loan and finance lease obligations) to (b) the consolidated EBITDAX (as defined in the facilities agreement) for the trailing four quarters, commencing with the period ending June 30, 2014.
- Minimum ratio of (a) proved plus probable reserves for the D6 Block to (b) senior debt, commencing with the period ending March 31, 2014 (with the calculation performed annually based on its year-end reserves and financial statements).

Based on the preliminary financial information available for the quarter ended September 30, 2014, the Company expects that it will be in compliance with its Senior Debt to EBITDAX financial covenant as of September 30, 2014. The final calculation of this financial covenant for the period ended September 30, 2014 will occur upon approval of the Company’s financial statements by its Board of Directors, with this approval currently targeted for November 13, 2014.

For future periods, the Company’s ability to meet its financial covenants is dependent on the issues noted above regarding gas pricing in India as well as other future events that are outside of the Company’s control.

About Niko Resources Ltd.:

With its head office in Calgary, Alberta, Canada, Niko is focused on value generation in the D6 Block in India, while maintaining optionality to benefit from the exploration potential in its portfolio.

For further information, please contact:
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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 evaluation of the impact of the new Indian domestic gas pricing policy on its liquidity, future development plans, reserve volumes and associated future net revenues, financial condition and its ability to meet financial covenants under its term loan facilities. 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. Undue reliance should not be placed on forward-looking information. Such forward-looking information reflects the Company's current beliefs, and assumptions and interpretation of governmental policies and is based on information currently available to the Company. These forward looking statements are based on certain key expectations and assumptions which are set forth in greater detail in the Company's annual information form for the year ended March 31, 2014. 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. The forward-looking information is presented as of the date of this press release, and the Company assumes no obligation to update or revise such information to reflect new events or circumstances, except as required by law. Reference is made to the Company's annual information form for the year ended March 31, 2014 for more information on the risks and uncertainties associated with the Company and its business and affairs.