



**QUARTERLY REPORT**  
**FOR THE QUARTER ENDED JUNE 30, 2024**

August 29, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Niko Resources Ltd. (the "Company") is a company incorporated in Alberta, Canada. The address of its registered office and principal place of business is Suite 2700, 255 – 5th Avenue SW, Calgary, Alberta, T2P 3G6. The Company was engaged in the exploration for and development and production of oil and natural gas, primarily in India and Bangladesh. Effective March 13, 2019, the Company's common shares and convertible notes were delisted from the Toronto Stock Exchange.

The following Management's Discussion and Analysis ("MD&A") of the financial condition, financial performance and cash flows of the Company for the three months ended June 30, 2024 should be read in conjunction with the condensed interim consolidated financial statements for the three months ended June 30, 2024. Additional information relating to the Company, is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.nikoresources.com](http://www.nikoresources.com). This MD&A is dated August 29, 2024.

The MD&A contains forward-looking information and statements. Refer to the end of this MD&A for the Company's advisory on forward-looking information and statements.

### LIQUIDITY AND CAPITAL RESOURCES

#### *Going Concern*

Commencing June 2016, the Company's indirect subsidiary, Niko Exploration (Block 9) Ltd. ("Niko Block 9"), ceased receiving revenue related to its 60 percent interest in the Block 9 production sharing contract ("PSC") in Bangladesh, due to legal cases related to this and other ownership interests in Bangladesh (see Note 19(a) to the audited consolidated financial statements for the year ended March 31, 2024 for further details on these matters). In addition, since 2018, the Company has been in default of its Facilities Agreement (see Note 10 to the audited consolidated financial statements for the year ended March 31, 2024) with its senior lenders (the "Lenders") and has not recognized or received any oil and gas revenue. At June 30, 2024, the Company had limited cash resources and may not be able to fund its activities during fiscal 2025 without additional funding being provided and there is no guarantee that this funding will be provided. In addition, the Company had significant other liabilities, obligations and contingent liabilities (see Note 19 to the audited consolidated financial statements for the year ended March 31, 2024). An adverse outcome on one or more of the claims impacting the Company and its subsidiaries could significantly and negatively impact the Company. Currently, the Company's primary focus is on attempting to realize value related to amounts for which the Company believes are owed to its subsidiaries that hold interests in Bangladesh and attempting to collect income and other tax refunds in India, with any realized value likely to be for the ultimate benefit of its Lenders. There is no guarantee that the Company will be successful in realizing any value in these endeavors.

As a result of the foregoing matters (including the obligations, defaults and contingent liabilities 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.

The condensed interim consolidated financial statements for the three months ended June 30, 2024 do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue as a going concern and therefore be required to realize on its assets and liabilities in other than the normal course of business and potentially at amounts significantly different from those recorded in these financial statements.

#### *Bangladesh*

In 2010, the Company's indirect subsidiary, Niko Resources (Bangladesh) Ltd. ("NRBL"), filed two arbitration cases under the rules of International Centre for Settlement of Investment Disputes ("ICSID") regarding i) a dispute over payment for gas delivered from the Feni field to Petrobangla from November 2004 to April 2010 (the "Payment Claim") and ii) a dispute over compensation claims arising from the uncontrolled flow problems that occurred in Chattak field in January and June 2005 (the "Compensation Claim"). In 2019, Niko Block 9 filed an arbitration case against Petrobangla and the Government of Bangladesh under the rules of ICSID regarding a dispute over non-payment of amounts due from Petrobangla under the Block 9 gas and condensate purchase and sale agreements and effective expropriation of Niko Block 9's 60 percent interest in the Block 9 PSC (the "Block 9 Claim"). In September 2021, the tribunal for the Payment Claim issued an award of approximately \$44 million in favor of NRBL and in October 2023, an ICSID ad hoc committee dismissed Petrobangla's application to annul the award on the Payment Claim. There is no assurance that Petrobangla will comply with the award of the tribunal and as such, no amounts have been recorded in the interim condensed consolidated financial statements. In fiscal 2021, the Company recorded a provision of \$2.2 million for the Compensation Claim. Final hearings on the Compensation Claim occurred in November 2021. Final hearings on the Block 9 Claim occurred in December 2023. Refer to Note 19(a) to the audited consolidated financial statements for the year ended March 31, 2024 for further details on these matters.

#### *Contingent Liabilities*

The Company and its subsidiaries are subject to various claims from other parties, as described in Note 19 to the audited consolidated financial statements for the year ended March 31, 2024, and are actively defending against these claims.

## OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

The Company's results for the quarters ended June 30, 2024 and June 30, 2023 are as follows:

(thousands of US Dollars)	Three months ended June 30,	
	2024	2023
Net loss from continuing operations	(269)	(369)
Net loss from discontinued operations	(260)	(557)
Total net loss	(529)	(926)

Net loss from continuing operations for the quarter ended June 30, 2024 of \$0.3 million primarily reflected general and administrative expenses, which decreased from the quarter ended June 30, 2023 primarily due to decreased legal expenses.

Net loss from discontinued operations for the quarter ended June 30, 2024 of \$0.3 million reflected \$0.4 million of commercial claim expense that was virtually unchanged from the quarter ended June 30, 2023, partially offset by \$0.2 million of net foreign exchange gains compared to \$0.1 million of net foreign exchange losses for the quarter ended June 30, 2023.

## SUMMARY OF QUARTERLY RESULTS

(thousands of US Dollars)	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
<b>Net income (loss) from continuing operations</b>	(269)	(267)	(706)	(527)	(369)	(637)	(367)	(453)
<b>Net income (loss) from discontinued operations</b>	(260)	5,384	(686)	1,585	(557)	(653)	(913)	2,182
<b>Total net income (loss)</b>	(529)	5,117	(1,392)	1,058	(926)	(1,290)	(1,280)	1,729
<b>Earnings (loss) per share – Basic and diluted</b>								
Continuing operations	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)	(0.01)	(0.00)	(0.00)
Discontinued operations	(0.00)	0.06	(0.01)	0.02	(0.01)	(0.01)	(0.01)	0.02
Total <sup>(1)</sup>	(0.01)	(0.05)	(0.01)	0.01	(0.01)	(0.01)	(0.01)	0.02

(1) May not add up due to rounding.

The Company's net loss from continuing operations for the past eight quarters primarily reflected general and administrative expenses, which varied primarily due to changes in the amount of legal fees each quarter.

Net income (loss) from discontinued operations for the past eight quarters primarily reflected \$0.4 million of commercial claim expense each quarter, along with the following: a net reversal of provisions of \$5.7 million in the quarter ended March 31, 2024; a reversal of provision of \$1.8 million in the quarter ended September 30, 2023; an income tax refund of \$1.8 million in the quarter ended December 31, 2022; net foreign exchange gains of \$0.2 million in the quarter ended June 30, 2024, \$0.1 million in the quarter ended March 31, 2024, \$0.3 million in the quarter ended September 30, 2023, and \$0.8 million in the quarter ended September 30, 2022; and net foreign exchange losses of \$0.2 million in the quarter ended December 31, 2023, \$0.1 million in the quarter ended June 30, 2023, \$0.2 million in the quarter ended March 31, 2023 and \$0.5 million in the quarter ended December 31, 2022.

Refer to the Company's previously issued annual and interim MD&A's, available on SEDAR at [www.sedar.com](http://www.sedar.com) for further information regarding changes in the prior quarters.

## GENERAL AND ADMINISTRATIVE EXPENSES

(thousands of US Dollars)	Three months ended June 30,	
	2024	2023
Salaries	60	61
Legal fees	46	132
Management fees	33	34
Audit fees	17	44
Insurance	8	8
Consultants	4	2
Office costs	3	3
Rent	2	5
Other	106	102
	279	391

## OUTSTANDING SHARE DATA

The Company did not issue any common shares or securities convertible or exchangeable into common shares in the three months ended June 30, 2024. As at June 30, 2024 and August 29, 2024, the Company had 94,049,967 common shares, 1 preferred share, and no stock options outstanding.

## OFF BALANCE SHEET ARRANGEMENTS

The Company had no off balance sheet arrangements in place as at June 30, 2024, other than those previously disclosed.

## FINANCIAL INSTRUMENTS

The Company is exposed to credit risk, liquidity risk, foreign currency risk and commodity price risk as a part of normal operations. A detailed description of the Company's financial instruments and risk management is included in Note 11 to the audited consolidated financial statements for the year ended March 31, 2024.

## DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's Chief Executive Officer and the Vice President, Finance and Chief Financial Officer have assessed the design and effectiveness of internal controls over financial reporting ("ICFR") and disclosure controls and procedures as at June 30, 2024. There have been no significant changes in ICFR during the three ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, ICFR.

## CRITICAL ACCOUNTING ESTIMATES

The Company makes assumptions in applying certain critical accounting estimates that are uncertain at the time the accounting estimate is made and may have a significant effect on the condensed interim consolidated financial statements of the Company. For a complete discussion of the critical accounting estimates, refer to Note 5 of the audited consolidated financial statements for the year ended March 31, 2024.

## RISK FACTORS

In the normal course of business, the Company is exposed to a variety of actual and potential events, uncertainties, trends and risks. In addition to the risks associated with the use of assumptions in the critical accounting estimates, financial instruments, the Company's commitments and actual and expected operating events, all of which are discussed above, the Company has identified the following events, uncertainties, trends and risks that could have a material adverse impact on the Company.

- The ability of the Company to continue as a going concern;
- The ability of the Company to maintain its cash resources;
- The ability of the Company to meet all of its obligations, including those under the facility agreement;
- The risks related to the various legal claims against the Company or its subsidiaries;
- Changing governmental policies, social instability and other political, economic or diplomatic developments in the countries in which the Company has operated;
- Changes in taxation policies, taxation laws and interpretations thereof; and
- Commodity price and foreign exchange rate risk.

Additional information related to the Company and its identified risks is included in the Company's Annual Information Form for the year ended March 31, 2018 available on SEDAR at [www.sedar.com](http://www.sedar.com).

For a complete description of the potential effects of the Company's contingencies on the Company, refer to Note 19 of the audited consolidated financial statements for the year ended March 31, 2024.

## **BASIS OF PRESENTATION**

The financial data included in this MD&A is in accordance with the IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee that are effective as at June 30, 2024. All financial information is presented in thousands of US Dollars unless otherwise indicated.

## **FORWARD LOOKING INFORMATION STATEMENTS**

Certain statements in this MD&A constitute forward-looking information, including forward-looking information relating to the Company defending certain claims. 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 is based on information currently available to the Company. This forward-looking information is also based on certain key expectations and assumptions, many of which are not within the control of the Company. There can be no assurances that the Company will be able to meet the goals and purposes of its business plan (including resolving various disputes in its favour) or fund its cash requirements. In addition, the Company is in default under the Facilities Agreement and the Lenders have not agreed to waive the default. Further, the Company's ability to defend claims may be restricted or limited for various reasons. Absolutely no assurance can be made that the Company will be able to meet its funding requirements or its other obligations, and nothing herein should be read as stating or inferring otherwise. The reader is cautioned that the assumptions used in the preparation of forward-looking 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 those set out above as well as: risks related to the ability of the Company to continue as a going concern, risks related to the Company not being able to maintain its cash resources, risks associated with the Company meeting its obligations under the facilities agreement, risks related to the various legal claims against the Company or its subsidiaries, risks associated with meeting all of the Company's obligations, risks discussed under "Risk Factors" in the Company's Annual Information Form for the year ended March 31, 2018, 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 MD&A is expressly qualified in its entirety by this cautionary statement. The forward-looking information included herein is made as of the date of this MD&A and Niko assumes no obligation to update or revise any forward-looking information to reflect new events or circumstances, except as required by law.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(thousands of US Dollars)	As at June 30, 2024	As at March 31, 2024
<b>Assets</b>		
Current assets		
Cash and cash equivalents	349	431
Restricted cash	2	262
Accounts receivable and prepaid expenses	68	43
	419	736
<b>Liabilities</b>		
Current liabilities		
Trade payables	120	167
Other payables	406,407	406,148
	406,527	406,315
<b>Shareholders' Deficit</b>		
Share capital	1,366,867	1,366,867
Contributed surplus	143,142	143,142
Currency translation reserve	2,147	2,147
Deficit	(1,918,264)	(1,917,735)
	(406,108)	(405,579)
	419	736

Going Concern (Note 2)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(thousands of US Dollars)	Three months ended June 30,	
	2024	2023
General and administrative expenses	(279)	(391)
Net finance income	10	22
Net loss before and after income tax from continuing operations	(269)	(369)
Net loss before and after income tax from discontinued operations (Note 5)	(260)	(557)
Total net loss and comprehensive loss	(529)	(926)
Net income (loss) per share		
Basic and diluted – continuing operations	(0.00)	(0.00)
Basic and diluted – discontinued operations	(0.00)	(0.01)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

(thousands of US Dollars, except number of common shares)	Number of Common shares	Share capital	Contributed surplus	Currency translation reserve	Deficit	Total
Balance, March 31, 2023	94,049,967	1,366,867	143,142	2,147	(1,921,592)	(409,436)
Net loss for the period	-	-	-	-	(926)	(926)
Balance, June 30, 2023	94,049,967	1,366,867	143,142	2,147	(1,922,518)	(410,362)
Net income for the period	-	-	-	-	4,783	4,783
Balance, March 31, 2024	94,049,967	1,366,867	143,142	2,147	(1,917,735)	(405,579)
Net loss for the period	-	-	-	-	(529)	(529)
Balance, June 30, 2024	94,049,967	1,366,867	143,142	2,147	(1,918,264)	(406,108)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.



## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(thousands of US Dollars)	Three months ended June 30,	
	2024	2023
<b>Cash flows from operating activities:</b>		
Net loss from continuing operations	(269)	(369)
Release of restricted cash	260	132
Change in non-cash working capital	(73)	65
Net cash used in operating activities of continuing operations	(82)	(172)
Net cash from operating activities of discontinued operations (Note 5)	-	-
Net cash from operating activities	(82)	(172)
Change in cash and cash equivalents	(82)	(172)
Cash and cash equivalents, beginning of period	431	673
Cash and cash equivalents, end of period	349	501

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 1. Nature of Business

Niko Resources Ltd. (the "Company") is a company incorporated in Alberta, Canada. The address of its registered office and principal place of business is Suite 2700, 255 – 5th Avenue SW, Calgary, Alberta, T2P 3G6. The Company was engaged in the exploration, development and production of oil and natural gas primarily in India and Bangladesh. Effective March 13, 2019, the Company's common shares and convertible notes were delisted from the Toronto Stock Exchange.

### 2. Going Concern

Commencing June 2016, the Company's indirect subsidiary, Niko Exploration (Block 9) Ltd. ("Niko Block 9"), ceased receiving revenue related to its 60 percent interest in the Block 9 production sharing contract ("PSC") in Bangladesh, due to legal cases related to this and other ownership interests in Bangladesh (see Note 19(a) to the audited consolidated financial statements for the year ended March 31, 2024 for further details on these matters). In addition, since 2018, the Company has been in default of its Facilities Agreement (see Note 10 to the audited consolidated financial statements for the year ended March 31, 2024) with its senior lenders (the "Lenders") and has not recognized or received any oil and gas revenue. At June 30, 2024, the Company had limited cash resources and may not be able to fund its activities during fiscal 2025 without additional funding being provided and there is no guarantee that this funding will be provided. In addition, the Company had significant other liabilities, obligations and contingent liabilities (see Note 19 to the audited consolidated financial statements for the year ended March 31, 2024). An adverse outcome on one or more of the claims impacting the Company and its subsidiaries could significantly and negatively impact the Company. Currently, the Company's primary focus is on attempting to realize value related to amounts for which the Company believes are owed to its subsidiaries that hold interests in Bangladesh and attempting to collect income and other tax refunds in India, with any realized value likely to be for the ultimate benefit of its Lenders. There is no guarantee that the Company will be successful in realizing any value in these endeavors.

As a result of the foregoing matters (including the obligations, defaults and contingent liabilities 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.

These condensed interim consolidated financial statements for the three months ended June 30, 2024 do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue as a going concern and therefore be required to realize on its assets and liabilities in other than the normal course of business and potentially at amounts significantly different from those recorded in these financial statements.

#### *Bangladesh*

In 2010, the Company's indirect subsidiary, Niko Resources (Bangladesh) Ltd. ("NRBL"), filed two arbitration cases under the rules of International Centre for Settlement of Investment Disputes ("ICSID") regarding i) a dispute over payment for gas delivered from the Feni field to Petrobangla from November 2004 to April 2010 (the "Payment Claim") and ii) a dispute over compensation claims arising from the uncontrolled flow problems that occurred in Chattak field in January and June 2005 (the "Compensation Claim"). In 2019, Niko Block 9 filed an arbitration case against Petrobangla and the Government of Bangladesh under the rules of ICSID regarding a dispute over non-payment of amounts due from Petrobangla under the Block 9 gas and condensate purchase and sale agreements and effective expropriation of Niko Block 9's 60 percent interest in the Block 9 PSC (the "Block 9 Claim"). In September 2021, the tribunal for the Payment Claim issued an award of approximately \$44 million in favor of NRBL and in October 2023, an ICSID ad hoc committee dismissed Petrobangla's application to annul the award on the Payment Claim. There is no assurance that Petrobangla will comply with the award of the tribunal and as such, no amounts have been recorded in these condensed interim consolidated financial statements. In fiscal 2021, the Company recorded a provision of \$2.2 million for the Compensation Claim. Final hearings on the Compensation Claim occurred in November 2021. Final hearings on the Block 9 Claim occurred in December 2023. Refer to Note 19(a) to the audited consolidated financial statements for the year ended March 31, 2024 for further details on these matters.

### Contingent Liabilities

The Company and its subsidiaries are subject to various claims from other parties, as described in Note 19 to the audited consolidated financial statements for the year ended March 31, 2024, and are actively defending against these claims.

### 3. Basis of Presentation

#### (a) Statement of compliance

The condensed interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. These condensed interim consolidated financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements and notes for the year ended March 31, 2024. The condensed interim consolidated financial statements have been prepared, for all periods presented, following the same accounting policies and methods as described in Note 4 of the audited consolidated financial statements for the year ended March 31, 2024. These condensed interim consolidated financial statements have not been reviewed by the Company's independent external auditors.

The condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on August 29, 2024.

### 4. General and Administrative Expenses

(thousands of US Dollars)	Three months ended June 30,	
	2024	2023
Salaries	60	61
Legal fees	46	132
Management fees	33	34
Audit fees	17	44
Insurance	8	8
Consultants	4	2
Office costs	3	3
Rent	2	5
Other	106	102
	279	391

### 5. Discontinued Operations

Net income (loss) from discontinued operations for the three months ended June 30, 2024 and 2023 was as follows:

(thousands of US Dollars)	Three months ended June 30,	
	2024	2023
Commercial claim expense	(444)	(444)
Foreign exchange gain (loss)	184	(113)
Net loss from discontinued operations	(260)	(557)

Discontinued operations reported in the condensed interim consolidated statements of cash flows are as follows:

(thousands of US Dollars)	Three months ended June 30,	
	2024	2023
Cash flow from operating activities	-	-

## 6. Per Share Amounts

(thousands of US Dollars, except number of common shares)	Three months ended June 30,	
	2024	2023
<b>Continuing Operations</b>		
Basic and diluted		
Net loss	(269)	(369)
Weighted average number of common shares	94,049,967	94,049,967
Net loss per share	(0.00)	(0.00)
<b>Discontinued Operations</b>		
Basic and diluted		
Net loss	(260)	(557)
Weighted average number of common shares	94,049,967	94,049,967
Net loss per share	(0.00)	(0.01)

(1) For the periods ended June 30, 2024 and 2023, the outstanding convertible notes were excluded from the diluted earnings per share calculation as they were anti-dilutive.

## 7. Subsequent Events

In July 2024, the Board of Directors approved resolutions authorizing the Company to execute agreements whereby effective July 1, 2024, the services of the Company's executive officers, non-management directors and certain other contractors will be provided by a corporation owned equally by the Company's Chief Executive Officer and Chief Financial Officer in exchange for payments wholly contingent upon receiving value from the Company's claims in Bangladesh (refer to Note 19(a) to the audited consolidated financial statements for the year ended March 31, 2024 for further details).