

Niko Announces Government of India's Decision on Marketing including Pricing freedom for gas to be produced from Discoveries in High Pressure-High Temperature, Deepwater and Ultra Deepwater Areas

CALGARY, ALBERTA (March 11, 2016) – Niko Resources Ltd. (“Niko” or the “Company”)(TSX – “NKO”) announces that, as per the attached press release issued by the Press Information Bureau of the Government of India, the Cabinet Committee of Economic Affairs of the Government of India has approved a proposal to grant certain marketing freedom to producers, including pricing freedom for the gas produced from discoveries in high pressure high temperature, deepwater and ultra deepwater areas in India. The marketing freedom so granted would be capped by a ceiling price arrived at on the basis of landed price of alternative fuels.

The policy guidelines would be applicable to future discoveries as well as existing discoveries which are yet to commence commercial production as of January 1, 2016. However, in case of existing discoveries which are yet to commence commercial production as of January 1, 2016, if there is pending arbitration or litigation filed by the contractors directly pertaining to gas pricing covering such fields, the policy guideline shall be made applicable only on the conclusion/withdrawal of such litigation/arbitration and the attendant legal proceedings.

All gas fields currently under production will continue to be governed by the pricing regime which is currently applicable to them.

The ceiling price in US\$ per mmbtu (GCV) shall be the lowest of:

- (i) Fuel oil import landed price;
- (ii) Weighted average import landed price of alternative fuels (0.3 x price of coal + 0.4 x price of fuel oil + 0.3 x price of naphtha); and
- (iii) LNG import landed price.

The landed price-based ceiling will be calculated once in six months and applied prospectively for the next six months. The price data used for the calculation of the ceiling price in US\$ per mmbtu (GCV) shall be the trailing four quarters data with one quarter lag. The Director General of Petroleum Planning and Analysis Cell under the Ministry of Petroleum and Natural Gas will announce the periodic revision of the gas price ceiling under these guidelines.

At this time, the Company is not in a position to outline the specific impact of these new guidelines and will be evaluating the impact on its undeveloped discoveries located in the deepwater D6 Block in India.

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 evaluation of the impact of the Government of India's decision on the Company's undeveloped discoveries in the deepwater D6 Block in India. 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. These forward looking statements are based on certain key expectations and assumptions. 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.

**Press Information Bureau
Government of India
Ministry of Petroleum & Natural Gas**

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Decision on Marketing including Pricing freedom for the gas to be produced from Discoveries in High Pressure-High Temperature, Deepwater and Ultra Deepwater Areas

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, has approved a proposal to grant marketing including pricing freedom for the gas produced from High Pressure High Temperature, Deepwater and Ultra Deepwater areas. The marketing freedom so granted would be capped by a ceiling price arrived at on the basis of landed price of alternative fuels.

The policy guidelines would be applicable to future discoveries as well as existing discoveries which are yet to commence commercial production as on 1.1.2016. However, in case of existing discoveries which are yet to commence commercial production as on 1.1.2016, if there is pending arbitration or litigation filed by the contractors directly pertaining to gas pricing covering such fields, this policy guideline shall be made applicable only on the conclusion/ withdrawal of such litigation/ arbitration and the attendant legal proceedings. All gas fields currently under production will continue to be governed by the pricing regime which is currently applicable to them.

The ceiling price in US \$ per mmbtu (GCV) shall be the, lowest of the (i) Fuel oil import landed price (ii) Weighted average import landed price of substitute fuels ($0.3 \times \text{price of coal} + 0.4 \times \text{price of fuel oil} + 0.3 \times \text{price of naphtha}$) and (iii) LNG import landed price, whichever is lower.

The landed price-based ceiling will be calculated once in six months and applied prospectively for the next six months. The price data used for calculation of ceiling price in US \$ per mmbtu (GCV) shall be the trailing four quarters data with one quarter lag. Director General of Petroleum Planning and Analysis Cell (DG, PPAC) under the Ministry of Petroleum and Natural Gas will notify the periodic revision of gas price ceiling under these guidelines.

Production Enhancement:

The decision is expected to improve the viability of some of the discoveries already made in such areas and also would lead to monetization of future discoveries as well. The reserves which are expected to get monetized are of the order of 6.75 tcf or 190 BCM or around 35 mmscmd considering a production profile of 15 years. The associated reserves are valued at 28.35 Billion USD (1,80,000 Crore) The country's present gas production is around 90 mmscmd. Besides, these there are around 10 discoveries which have been notified and whose potential is yet to be established.

Employment Generation:

The decision is expected to result into monetization of the 28 discoveries mentioned above which can result into substantial investment by the contractors.

There would be substantial employment generated during the development phase of these discoveries and a part of it would continue during the production.

ONGC has estimated that in the development of discoveries in the block KG-DWN-98/2, there would be deployment of 3850 direct skilled labours. Besides, these there would be around 20,000 persons required during the construction phase. GSPC presently in the block KG-OSN-2001/3 is deploying around 690 personnel in the block.

Transparency and Minimum Government and Maximum Governance:

Government will not interfere in the price fixation for every block covered under the policy.

Provision of ceiling to balance the requirements of consuming sectors

Incentivize upstream investment and not getting into unnecessary details.
