

Niko Announces Settlement Agreement with Diamond Offshore

CALGARY, ALBERTA (October 18, 2016) – Niko Resources Ltd. (“Niko” or the “Company”)(TSX – “NKO”) announces that it has executed an agreement (the “2016 Settlement Agreement”) with subsidiaries of Diamond Offshore (“Diamond”) relating to the settlement of outstanding claims under drilling contracts and the Diamond Settlement Agreement executed in December 2013 (the “2013 Settlement Agreement”) (including related judgements granted by courts in Texas and Alberta), in compliance with the terms of the previously disclosed amended and restated facilities agreement (the “Amended and Restated Facilities Agreement”) (see the Company’s press releases of March 14, 2016, June 10, 2016 and July 18, 2016).

Under the 2016 Settlement Agreement, in exchange for full and final mutual releases of outstanding claims under the drilling contracts and the 2013 Settlement Agreement (including related judgements), Niko has:

- (i) agreed to make future payments to Diamond equal to 20 percent of amounts to be retained by Niko pursuant to the waterfall distribution under the terms of the Amended and Restated Facilities Agreement, subject to a cap;
- (ii) paid to Diamond a cash settlement amount; and
- (iii) assigned to Diamond a portion of potential contingent payments under the previously announced sale agreement for Niko’s interest in five Indonesian production sharing contracts.

“The settlement agreement with Diamond represents another important step in advancing the Company’s strategic plan to maintain its core assets for a period of time with the goal of enhancing value and ultimately monetizing these assets for the benefit of the Company’s stakeholders,” said Robert S. Ellsworth Jr., interim Chief Executive Officer of Niko.

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 future payments to Diamond and the release with respect to outstanding claims under agreements and related judgements. 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. The failure by the Company to comply with the terms of the 2016 Settlement Agreement could have a material adverse impact on the Company. 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 based on certain key expectations and assumptions, some of which are not within the control of the Company. 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. 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, unforeseen litigation and the risks discussed under “Risk Factors” in the Company’s Annual Information Form for the year-ended March 31, 2016 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 forecast.

The forward-looking information included in this press release is expressly qualified in its entirety by this cautionary statement. The forward-looking information included herein is made as of the date of this press release and Niko assumes no obligation to update or revise any forward looking information to reflect new events or circumstances, except as required by law.