Niko Resources Ltd. Provides Updates

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CALGARY, ALBERTA -- (Marketwire - Oct. 19, 2012) - Niko Resources Ltd. ("Niko" or the "Company") (TSX:NKO), is pleased to provide the following updates.

Update on the Quarter Ended September 30, 2012

The Company provides an operational and corporate update on the quarter ended September 30, 2012 (the "current quarter") compared to the quarter ended June 30, 2012 (the "prior quarter"). Financial information for the current quarter is based on currently available information and is subject to revision in connection with the finalization of actual results scheduled to be reported on November 13, 2012.

Total average sales volumes for the current quarter are expected to be 173 MMcfe/d compared to 189 MMcfe/d for the prior quarter, primarily due to anticipated natural declines in the D6 Block in India.

Oil and gas revenue for the current quarter is expected to be $58 million compared to $55 million for the prior quarter. In the prior quarter, Niko recorded an adjustment of $6 million of additional profit petroleum expense for the Hazira field, thereby reducing oil and gas revenue for the period.

Production and operating expenses and general and administrative expenses for the current quarter are expected to be consistent with the prior quarter.

Capital additions and expensed exploration spending, net of proceeds of farm-outs and other arrangements, is expected to be between $48 million and $53 million for the current quarter. Spending related primarily to exploration wells, seismic, other exploration projects, and branch office costs in Indonesia and Trinidad and Tobago. In addition, the Company recorded proceeds of farm-outs of an estimated $9 million, received $36 million from a former partner in exchange for assuming the partner's obligations for future drilling commitments and recorded costs related to pre-drilling activities and drilling inventory to prepare for the upcoming multi-year drilling campaign in Indonesia using the Ocean Monarch drilling rig.

Exploration and evaluation expenses are expected to be between $50 million and $55 million for the current quarter, including $35 million to $40 million related to unsuccessful exploration wells. Exploration and evaluation expenses were $36 million in the prior quarter.

Cash and cash equivalents at September 30, 2012 totalled $91 million, compared to $50 million at June 30, 2012. Amounts outstanding under our credit facility remained at $41 million throughout the current quarter, consistent with the June 30, 2012 balance.

Update on Full Year Guidance

Production for the full year ended March 31, 2013 is now forecast to be 168 MMcfe/d, four percent lower than the Company's previous guidance of 175 MMcfe/d, due to temporary mechanical constraints in Block 9 in Bangladesh. This decrease is expected to reduce oil and gas revenue by approximately $2 million for the full year ended March 31, 2013.

The Company's guidance on its capital program for the year ended March 31, 2013, net of proceeds of negotiated farm-outs and other arrangements, has been revised from $210 million to $170 million, due primarily to deferrals of development spending. In addition, Niko has funded and will continue to fund certain drilling inventory and other costs related to its drilling program in future years. Total spending for the year is expected to be approximately $205 million. The Company is also currently in negotiations with various third parties regarding further farm-outs and other arrangements that have the potential to provide additional proceeds of $135 million during the year ended March 31, 2013.

Update on Convertible Debenture maturing on December 30, 2012

The Company intends to make a prepayment to reduce the amount outstanding on its convertible debenture from Cdn$310 million to Cdn$220 million utilizing cash on hand and advances under its credit facility.

Niko plans to satisfy the remaining principal amount owing on the convertible debentures through a combination of any of:

i. cash on hand,
ii. cash proceeds from the sales of assets, farm-outs or other arrangements,
iii. cash proceeds from an offering of high yield debt,
iv. cash proceeds from the sale of its equity securities, or
v. issuance of common shares in accordance with the terms of the convertible debenture agreement.

Update on Exploration Drilling Activities

Indonesia

Niko has now entered into the most significant exploration drilling program in its corporate history with the Ocean Monarch deepwater semi-submersible drilling rig spudding the Jayarani-1 well in the Lhokseumawe block in Indonesia on October 10, 2012. This rig has been contracted for a four-year term with an option for one additional year and will be utilized to drill numerous prospects in the Company's extensive exploration portfolio in Indonesia. Results from the Jayarani-1 well are expected within 30 to 60 days after which the rig is expected to move across Indonesia to commence drilling of the Ajek-1 prospect in the Kofiau block, followed by the Cikar-1 prospect in the West Papua IV block.

Trinidad and Tobago

Drilling of the Maestro‐1 well in Block 2ab in Trinidad is continuing with the well currently at 3,753 feet towards a target well depth of 8,307 feet.

Update on D6 Block Gas Pricing

According to press reports, the Government of India ("GOI") has decided in principle that the price of gas from the D6 Block can be raised. The press reported that a recent high-level meeting convened at the Prime Minister's Office decided that Reliance, the operator of the D6 Block, can begin negotiations with the petroleum ministry on fresh pricing for the gas currently being sold at $4.20/MMBtu. The press also reported that the government plans to initiate the 10th round of auction under the New Exploration Licensing Policy regime after making changes to the existing policy to attract more domestic and foreign investors. "We look forward to a more investor-friendly regime before the next round both for investment and from the point of pricing," oil minister S Jaipal Reddy said. "We have referred the issue to a committee headed by C Rangarajan," Reddy said. The committee is likely to submit its report on October 31st.

Niko believes that gas market demand fundamentals are strong in India, where gas markets have historically been supply-constrained. Despite increases in LNG imports and domestic production, the gap between supply and demand in India has remained high and the Company believes the gap could grow in the future. In June 2012, Reliance submitted to the GOI for approval a proposal for a new crude oil-linked pricing formula to be used in new sales contracts for the period commencing April 1, 2014. If the formula is approved, it would result in a gas price of slightly under $13.00/MMBtu based on current crude oil price levels, and apply to current and future developments in the D6 Block.

The revised field development plan for the D1 D3 gas fields submitted in August 2012 to the Management Committee of the D6 Block estimates that production from the D1 D3 fields will extend into the next decade, consistent with the Company's estimates of proved plus probable reserves evaluated by Ryder Scott Company as at March 31, 2012.

October 19, 2012

Forward-Looking Information

Certain statements in this press release constitute forward-looking information. Specifically, this press release contains forward looking information relating to forecast fiscal 2013 production and capital spending, additional sources of funding from farm-outs and other arrangements, plans to prepay a portion of the outstanding convertible debentures prior to maturity, financing plans with respect to the retirement of the remaining outstanding debentures, anticipated exploration activities in Indonesia and Trinidad and Tobago, anticipated increases in gas prices applicable to current and future developments in the D6 Block and the *projected life of the reserves in the D6 Block. In addition, statements regarding financial results are estimates and are subject to revision based on the finalization of the quarterly financial statements that will be issued November 13, 2012. These forward looking statements are based on certain key expectations and assumptions, including management's estimates of future commodity sales prices, estimates of future sales, production and deliveries, estimated amounts and timing of capital expenditures, anticipated operating costs, royalty rates, cash flows, transportation plans and capacity, anticipated access to infrastructure, or other expectations regarding future events.*

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 achieved during the forecast period 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 factors include, but are not limited to: general economic, market and business conditions; industry capacity; competitive action by other companies; fluctuations in oil and gas prices; the results of exploration and development drilling and related activities; the uncertainty of estimates and projections relating to production, costs and expenses; uncertainties as to the availability and cost of financing; fluctuations in currency exchange rates; the imprecision in reserve estimates; risks associated with oil and gas operations, such as operational risks in exploring for, developing and producing crude oil and natural gas; risks and uncertainties involving geology of oil and gas deposits; the weather in our area of operations; the ability of suppliers to meet commitments; changes in environmental and other regulations; actions by governmental authorities including changes in laws and increases in taxes; decisions or approvals of judicial or administrative tribunals; risks in conducting foreign operations (for example, political and fiscal instability or the possibility of civil unrest or military action); the effect of acts of, or actions against international terrorism; uncertainties associated with negotiations with commercial parties; risks and uncertainties associated with the debt and equity capital markets; and other factors, many of which are beyond our 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.

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