

Niko Reports Results for the Quarter Ended June 30, 2013

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CALGARY, ALBERTA--(Marketwired - Aug 13, 2013) - [Niko Resources Ltd.](#) ("Niko" or the "Company") (TSX:NKO) is pleased to report its operating and financial results for the quarter ended June 30, 2013. The operating results are effective August 13, 2013. All amounts are in U.S. dollars unless otherwise indicated and all amounts are reported using International Financial Reporting Standards unless otherwise indicated.

PRESIDENT'S MESSAGE TO THE SHAREHOLDERS

The first quarter of fiscal 2014 included several significant events for the Company:

- Testing of the MJ-1 well, a significant gas and condensate discovery in the D6 Block in India (in which Niko owns a 10 percent interest). Initial evaluations indicate 155 meters of gross pay (125 meters of net pay) and a field size estimate of approximately 60 square kilometers. The appraisal program for the MJ field is expected to be initiated in this quarter.
- Approval by the Government of India of a new pricing formula for domestic gas sales in India, which is expected to effectively double Niko's gas price realizations effective April 1, 2014.
- Progress on improving the Company's liquidity, with the closing of a \$63.5 million unsecured notes financing transaction, receipt of \$19 million from the Company's program of non-core asset sales, farm-outs and other arrangements (with an additional \$24 million received in July), and work on a secured loan agreement that resulted in the Company entering into a \$60 million secured loan agreement in July.

In light of the MJ discovery in India, the Company is re-evaluating its go-forward exploration capital spending priorities and expects to make decisions in the near future on various options that it is pursuing. Guidance on spending for the remainder of fiscal 2014 will be provided when this review has been completed.

Edward S. Sampson - President and Chief Executive Officer, [Niko Resources Ltd.](#)

REVIEW OF OPERATIONS AND GUIDANCE

Sales Volumes

	Quarter ended June 30, 2013	Quarter ended March 31, 2013
(MMcfe/d)		
D6 Block, India	53	71
Block 9, Bangladesh	50	51
Other ⁽¹⁾	3	4
Total ⁽²⁾	107	126

⁽¹⁾ Other includes Hazira in India, and Canada.

⁽²⁾ Figures may not add up due to rounding.

Total sales volumes for the first quarter of fiscal 2014 averaged 107 MMcfe/d compared to 126 MMcfe/d for the fourth quarter of fiscal 2013, primarily due to anticipated natural declines and reservoir management activities in the D6 Block in India along with the approximately 600 b/d (3.6 MMcfe/d) of the Company's share of crude oil and condensate production volumes for the D6 Block held in inventory at the end of the quarter that are expected to be sold in the second quarter of fiscal 2014. At the Bangora field in Block 9 in Bangladesh, the workover of a well that was suspended in the third quarter of fiscal 2013 was completed at the end of the first quarter of fiscal 2014 and the workover of a producing well has been completed in the

second quarter of the fiscal year.

For fiscal 2014, the workovers in Bangladesh, and an additional well in the MA field and workovers for the Dhirubhai 1 and 3 and MA fields in the D6 Block in India, are expected to provide additional volumes starting in the second quarter and third quarter of the fiscal year, respectively, contributing to an annual average sales volumes forecast between 112 and 116 MMcfe/d for the year. For fiscal 2015, the Company is targeting 133 MMcfe/d, benefiting from the development activities in fiscal 2014 and fiscal 2015.

Funds from Operations

	Quarter ended	Quarter ended
(millions of U.S. dollars)	June 30, 2013	March 31, 2013
Funds from operations	15	30

Funds from operations for the first quarter of fiscal 2014 were \$15 million compared to \$30 million for the fourth quarter of fiscal 2013. The impact of the 600 b/d of crude oil and condensate volumes held in inventory that are expected to be sold in the second quarter of fiscal 2014 is approximately \$5 million. The fourth quarter of fiscal 2013 benefitted from a minimum alternate tax recovery of \$6 million for the D6 Block in India.

For fiscal 2014, funds from operations are forecast to be approximately \$65 to \$70 million. For fiscal 2015, funds from operations are forecast to increase by \$100 million or more, reflecting higher sales volume and the Company's estimate of the projected benefit of improved pricing for natural gas sales in India.

Capital Expenditures, net of Proceeds of Farm-outs and Other Arrangements

	Quarter ended
(millions of U.S. dollars)	June 30, 2013
Total	37

Capital expenditures, net of proceeds of farm-outs and other arrangements, totaled \$37 million for the first quarter of fiscal 2014. Spending in the quarter related primarily to exploration activities in Indonesia, Trinidad and Tobago, and India. The Company also received \$19 million of proceeds of farm-outs and other arrangements in the quarter and recorded \$24 million as an offset to the costs of a commitment well spudded in the quarter (related to funds received in the second quarter of this year from a former partner in exchange for assuming the partner's obligation for the commitment well).

The Company is currently reviewing its go-forward capital spending plans and guidance on the level of capital spending forecast for fiscal 2014 will be provided when this review has been completed.

Indonesian Exploration Update

The Elang-1 exploration well, located in the Cendrawasih PSC offshore Papua province in eastern Indonesia, has been drilled in a water depth of 5,033 feet to a total depth of 15,865 feet in 27 days. The well did not encounter commercial reservoir pay zones and has been plugged and abandoned. Drilled by the Diamond Offshore drilling rig, the Ocean Monarch, the well was drilled safely, under budget and ahead of schedule.

The Ocean Monarch has mobilized to the Niko-operated Kofiau PSC where it has spud the Elit-1 well as a follow up to the Ajek-1 well drilled by Niko in January 2013.

Credit Facility

The Company is in discussions with its credit facility syndicate banks regarding the re-determination of the borrowing base under its credit facility. The re-determination scheduled to occur on or before July 31, 2013 has been deferred to August 31, 2013. Any required adjustment to outstanding borrowings to reflect the new borrowing base amount is now scheduled to occur on or before September 30, 2013.

Q1 Interim Report

Copies of the Company's Q1 Interim Report for the quarter ended June 30, 2013 (including Management's Discussion and Analysis and the consolidated Financial Statements for the quarter ended June 30, 2013) are available on the Company's website and have been filed with securities regulatory authorities and will be available by referring to the Company's profile on SEDAR at www.sedar.com.

Conference Call

Niko will be hosting its Q1 Results conference call on Wednesday, August 14th, 2013 at 9:00am MDT/ 11:00am EDT.

The conference call will be webcast and the link to the webcast is <http://www.gowebcasting.com/4795>.

A transcript of the conference call will be available on the Company's website until August 28, 2013.

For further information, please contact:

[Niko Resources Ltd.](http://www.nikoresources.com) (403) 262-8208; 1020, Edward Sampson, Chairman of the Board, President & CEO, or 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 funds from operations, sales volumes, capital spending forecast, proceeds from anticipated sales from inventory and the re-determination of the Company's borrowing base under the credit facility. These forward-looking statements are based on certain key expectations and assumptions, including anticipated drilling and market conditions. 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 and that there can be no assurance that the expected sales from inventory will occur or occur on terms acceptable to the Company. 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 factors include, but are not limited to: risks associated with oil and gas operations including equipment failures or accidents; the ability of suppliers and third party contractors to meet commitments; pressure or irregularities in geological formations; and adverse weather conditions. 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.

Non-IFRS Measures

The selected financial information presented throughout this press release is prepared in accordance with IFRS, except for "funds from operations". Funds from operations, which have been derived from the financial statements and applied on a consistent basis, is used by management to assess past performance and to help determine its ability to fund future capital projects and investments. Funds from operations is calculated as cash flows from operating activities prior to the change in operating non-cash working capital, the change in long-term accounts receivable and exploration and evaluation costs expensed to the statement of comprehensive income. Funds from operations should not be viewed as a substitute for measures of financial performance presented in accordance with IFRS or as a measure of a company's profitability or liquidity. This non-IFRS measure do not have any standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other companies.

Contact

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