Oando Energy Resources Inc. Announces new Loan Agreement

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CALGARY, May 30, 2013 - Oando Energy Resources Inc. ("OER" or the "Company") (TSX: OER), a company focused on oil exploration and production in Nigeria, today announced that it had entered into a loan agreement ("LoanAgreement") with Oando Plc ("Oando") to refinance and supplement the loan extended by Oando to OER on December 20, 2012. OER and Oando also executed a deed of repayment ("Repayment Deed") permitting OER to repay amounts owing under the Loan Agreement by the issuance of common shares of OER. Oando owns 94.6% of the common shares of OER ("Shares"), on a non-diluted basis.

"This refinancing of our original loan from Oando Plc underscores the strong financial backing and ongoing support that OER continues to receive from its majority shareholder," said Pade Durotoye, CEO of Oando Energy Resources. "The financial flexibility afforded to us by this relationship is a key differentiator for OER, as it provides our young company with the stability and means to pursue an ambitious growth agenda within Nigeria."

Pursuant to the Loan Agreement, Oando provided a facility ("Facility") to OER of up to US$386,000,000, bearing an annual interest rate of 5%. Of the Facility, US$362,000,000 plus accrued interest is required to be repaid by September 30, 2013 while the remainder of the Facility is required to be repaid on or before December 31, 2013.

Pursuant to the Repayment Deed, OER is permitted to elect to repay the Facility by the issuance of Shares, provided that all regulatory approvals have been obtained, at the earliest of the following events: (i) a receipt has been issued for a final prospectus ("Final Prospectus") in respect of an offering of Shares (or securities convertible into Shares at no additional cost to the subscriber thereof); (ii) completion of the proposed acquisition by OER of the Nigerian oil and gas assets of ConocoPhillips Company ("Acquisition"), as announced by OER in December 2012; and (iii) termination of the Acquisition. Should OER elect to repay the Facility by the issuance of Shares, the price per Share will be (i) the price per Share (or security convertible into a Share at no additional cost to the subscriber) identified in the Final Prospectus (as adjusted, if necessary, to comply with maximum discount rules of the TSX), provided that the Acquisition has not been terminated; or (ii) in all other circumstances, the 5-day VWAP at the time of election by OER that it wishes to repay the Facility by the issuance of Shares. The election to repay the Facility by the issuance of Shares can be exercised no later than five business days prior to September 30, 2013. In the event that the election by OER to repay the Facility by the issuance of Shares would result in Oando having an ownership interest in OER that is higher than Oando's current ownership interest of 94.6% (on a non-diluted basis), the number of Shares to be issued by OER will be reduced so as to ensure that Oando's stake in OER does not exceed such current ownership interest and the balance, if any, of amounts owing under the Loan Agreement will be payable in cash.

By way of example, if (i) the Facility had been provided, (ii) OER were permitted to elect to repay the Facility by the issuance of Shares, and (iii) OER made such election on today's date, OER would need to issue approximately 263,368,815 Shares to Oando as repayment of the Facility (based on the closing price of the Shares on the TSX on May 28, 2013 and assuming no interest had accrued). However, pursuant to the terms of the Repayment Deed, OER would not be permitted to repay the Facility by the issuance of Shares on today's date and would instead be required to repay it in cash.

The Corporate Governance Committee of OER, comprising independent directors unrelated to Oando, unanimously recommended approval of the Loan Agreement and Repayment Deed to the board of OER who then approved it (with directors affiliated with Oando abstaining from the vote).

Depending on the number and price of Shares issued by OER to Oando as repayment of the Facility under the Repayment Deed, such issuance, if any, could (i) provide consideration to OER in excess of 10% of OER's market capitalization; and/or (ii) constitute a private placement for an aggregate number of Shares greater than 25% of the number of OER's current outstanding Shares, on a non-diluted basis, at a price per Share less than the market price of Shares on the date hereof; and/or (iii) constitute a private placement to insiders for greater than 10% of the number of OER's current outstanding Shares, on a non-diluted basis, each of which requires shareholder approval under Sections 501(c), 607(g)(i) and 607(g)(ii), respectively, of the TSX Company Manual. However, Section 604(f) of the TSX Company Manual provides an exemption from such shareholder approval requirements where there is a holder of at least 90% of a listed issuer's shares and the listed issuer issues a press release at least 10 business days in advance of the closing of the transaction disclosing the material terms of the transaction and that the issuer has relied upon this exemption. As Oando owns 94.6% of OER's Shares, OER intends to rely on this exemption. The effective date of the Repayment Deed will not occur until the expiry of 10 business days from the date hereof.

About Oando Energy Resources Inc. (OER)

OER currently has a broad suite of producing, development and exploration properties in the Gulf of Guinea (predominantly in Nigeria) with current production of approximately 5,205 bopd from the Abo Field in OML 125 and the Ebendo Field in OML 56. OER has been specifically structured to take advantage of current opportunities for indigenous companies in Nigeria, which currently has the largest population in Africa, and one of the largest oil and gas resources in Africa.

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