Oando Energy Resources Inc. announces second quarter results

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CALGARY, August 15, 2013 - Oando Energy Resources Inc. ("OER" or the "Company") (TSX:OER), a company focused on oil exploration and production in Nigeria, today announced financial and operating results for the quarter ended June 30, 2013. The unaudited financial statements, notes and management's discussion and analysis (MD&A) pertaining to the period are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at http://www.sedar.com and by visiting www.oandoenergyresources.com. All monetary figures reported herein are U.S. dollars unless otherwise stated.

Operational Highlights

- 2,500 barrels of oil per day ("bopd") (1,069 bopd net to OER) in additional production capacity from the Ebendo Marginal Field following the successful completion of the Ebendo-5 well;

- 3,924 bopd (net to OER) in average production for the six months ended June 30, 2013. This represented an 12% decrease from the same period last year;

- $36.1 million in revenue from the sale of crude for the quarter ended June 30, 2013. This represented an 8% increase from the same period last year and was a reflection of comparatively higher oil prices in 2013 versus 2012; and

- Average gross sales price realized per barrel of oil produced was $109 for the six months ended June 30, 2013.

Financial Highlights

- Filed a Cdn$550 million preliminary short form base shelf prospectus with the securities regulators in each province of Canada, except for the Province of Quebec;

- $(22.2) million in cash flow from operating activities for the six months ended June 30, 2013. The decrease was primarily a result of changes in working capital brought about by increase in receivables;

- $41.6 million in cash flow from operating activities excluding changes in working capital for the six months ended June 30, 2013. This represented an increase of 6% from the same period last year.

- $24.0 million in property, plant and equipment for the six months ended June 30, 2013. This represented an increase of 68% from the same period last year;

- $1.89 million in cash and cash equivalents as at June 30, 2013; and

- $208.0 million in long-term liabilities as at June 30, 2013. This represented an increase of 17% from the period ended December 31, 2012. The increase was primarily a result of an additional loan from Diamond Bank plc to fund the Qua Ibo Marginal Field development project.

"Our second quarter was characterized by the continued progression of our proposed acquisition of ConocoPhillips' Nigerian assets through the filing of a Cdn$550 million preliminary short form base shelf prospectus as well as by our operational activities that have grown our existing production capacity by 3,454 bopd," said OER CEO, Pade Durotoye. "Looking forward, our team remains focused on becoming Nigeria's leading indigenous energy company by completing this proposed acquisition and maximizing the value inherent in our current suite of high quality assets."

Selected Second Quarter Results

	Six months ended June 30 2013	2012	$ Change (US$'000s, except otherwise indicat
	US$'000s, except as otherwise indicated		2013/201
Total Revenue	65,774	68,908	(3,134)
Barrels of oil equivalent produced (bbl)	687,778	784,775	(96,997)
Average sales price per barrel (US$) (Gross)	109	91	18
Average sales price per barrel (US$) (Net)(1)	96	89	7
Cashflow from operations	-22,171	26,977	-49,148
Total Comprehensive Income	-8,866	20,805	-29,671
Total Comprehensive Income on a per-share basis	-0.08	0.17	-0.25
Total Assets	1,193,585	1,127,050	66,535
Total non-current financial liabilities	207,981	177,699	30,282

(1)Price excludes royalties (8% on OML 125 and 5% on Ebendo Marginal Field), Nigerian Government profit share of profit oil on the production sharing contract in respect of OML 125.

OPERATIONAL UPDATE

Ebendo Marginal Field

Oando Petroleum Development Company (OPDC) in conjunction with Energia Limited, the operator of the Ebendo Marginal Field, drilled and initially completed the Ebendo-5 well with the Acme Rig 5, after which the rig was demobilized. The well was drilled to a total vertical depth (TVD) of 11,513 (12,325 ftah) and encountered eight hydrocarbon bearing sands. Ebendo-5 was initially completed as a two string multiple on three zones (XV, XVIIIc & XVIIId). The well, which is expected to provide an additional 1,069 bopd (net to OER) in production capacity, is currently closed-in pending the completion of the alternative Umugini pipeline & evacuation infrastructure.

With the completion of the surface locations for additional wells, 6 and 7, another rig, Deutag T-26, was mobilized to drill the Ebendo-6 well in order to appraise the shallow reservoir and develop the intermediate reservoirs earlier discovered during the drilling of the Ebendo-4 and Ebendo-5 wells. The Ebendo-6 well was drilled to a total depth of 11,268 ft MD (10,712 ft TVD) and discovered two shallow reservoirs (located in the XIIa & XIII sands) and further appraised five intermediate reservoirs (located in the XV, XVI, XVII, XVIIIa & XVIIIb sands).The Ebendo-6 well was being perforated and tested across the XV and XVI sands during the end of the reporting period and will be initially completed as a dual producer and closed-in.

A contract has been awarded and work has commenced on laying the alternative pipeline to the Umusadege-Kwale-Agip's Brass evacuation route, which is intended to go to Shell's Ogini-Forcados terminal. The total contract sum, which was originally sanctioned at $35.5 million by the pipeline consortium, has been subsequently revised to $64.1 million, (OER's share: $6.9 million). Expected completion is in the fourth quarter of 2013 with commissioning anticipated by the first quarter of 2014.

OML 125 (Abo Field)

Oando OML125 Ltd, in conjunction with Nigeria Agip Energy ("NAE"), operator of OML 125, has commenced the Abo Phase 3 development plan and successfully completed the sidetrack of the Abo-4 well with a moored semi-submersible rig, the GSF-135, which was subsequently demobilized. Another dynamically positioning rig, the Sedco-Express, has since mobilized and commenced work to re-enter the Abo-3 well for an up-dip sidetrack.

Akepo Field Marginal Field

The second part of Akepo field development, which comprises the construction of evacuation infrastructure (wellhead jacket, pipelines, and a tie-in to Nigerian National Petroleum Corporation/NAE/ConocoPhillips' Beniboye flow station) remained stalled in 2013 due to contractor issues, which limited execution capability. With escalating costs and a limited favourable offshore weather window for shallow offshore activities, the original lump sum contract has been broken up and the offshore jacket installation and pipe lay scope was re-awarded.

Qua Ibo Field Marginal Field

OER, through its companies Oando Qua Iboe (OQIL) & Oando Reservoir and Production Services (ORPS) owns a 40% operating interest (subject to government consent) in the Qua Ibo Marginal Field and provides financial and technical services to Network Exploration & Production Nigeria Limited, the 60% equity owner of the field and operator.

The Company completed Phase 1 activities during the second quarter of 2013, which consisted of drilling and completing the QI-4 and QI-3ST1 wells. The QI-4 well, which was intended as an appraisal/development well, was drilled to a total depth of 6,840 ft MD (3,964 ft TVD) in order to appraise the shallower C-levels sands. It encountered natural gas in the C1 reservoir and oil in the C4 reservoir. The well was subsequently converted to a development well and was completed as a single string electrical submersible pump producer. Owing to currently limited crude storage & handling capacity, the production testing has been postponed until the oil evacuation infrastructure & surface facilities are completed.

QI-3ST1, a sidetrack targeting the D5 North reservoir, was drilled to a total depth of 10,773 ft MD (7,118 ft TVD), and encountered oil in two distinct lobes (upper and lower) in the D5 North reservoir. The well, which was initially completed as a single string selective producer, was subsequently re-completed as a dual string producer with the D5 north lower reservoir producing 950 bopd (0.51 mmscf/d) and the D5 North upper reservoir producing 1,078 bopd (0.83 mmscf/d), on 28/64" choke.

Both strings are currently shut-in pending the completion & commissioning of the crude processing facilities & evacuation infrastructure.

The Qua Ibo oil evacuation infrastructure, consisting of the crude processing facility which is undergoing front end engineering design (FEED) and tie-in to a jointly operated group gathering facility (GGF) that subsequently will tie in to ExxonMobil's Qua Ibo Terminal, is in advanced stages of completion.

Acquisition of ConocoPhillips' Nigerian Assets

During the second quarter of 2013, the Company pursued a number of integration-related activities in order to ensure the appropriate technical synergies and a more robust assessment of Concophillips' Nigerian assets. This included finalizing specifications for subsurface software applications, hardware, document and data archiving, as well as progressing the various procurement processes. Financing-related efforts are continuing as scheduled.

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 5,100 barrels of oil per day. 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.

Cautionary Statements

See the Company's Form 51-101F1 filed under the Company's profile on SEDAR at http://www.sedar.com on April 1, 2013.

Oil and Gas Equivalents

Production information is commonly reported in units of barrel of oil equivalent ("boe" or "Mboe" or "MMboe") or in units of natural gas equivalent ("Mcfe" or "MMcfe" or Bcfe"). However, boe's or Mcfe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf = 1 barrel, or a Mcfe conversion ratio of 1 barrel = 6 Mcf, is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Readers are cautioned that boe may be misleading, particularly if used in isolation.

Forward Looking Statements:

This news release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. In particular, this news release contains forward-looking statements relating to intended acquisitions.

Although the Company believes that the expectations and assumptions on which such forward-looking statements and information are reasonable, undue reliance should not be placed on the forward-looking statements and information because the Company can give no assurance that such statements and information will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: risks related to international operations, the actual results of current exploration and drilling activities, changes in project parameters as plans continue to be refined and the future price of crude oil. Accordingly, readers should not place undue reliance on the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive.

Additional information on these and other factors that could affect the Company's financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) for the Company. The forward-looking statements and information contained in this news release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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