Oando Energy Resources Inc. Announces Third Quarter Results

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CALGARY, November 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 September 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 www.sedar.com and by visiting www.oandoenergyresources.com. All monetary figures reported herein are U.S. dollars unless otherwise stated.

Operational Highlights

- 3,946 bbl/day in average production for the quarter ended September 30, 2013. This represented a 2% decrease from the same period last year;

- $37.5 million in revenue from the sale of crude for the quarter ended September 30, 2013. This represented a 3% decrease from the same period last year; and

- Average gross sales price realized per barrel of oil produced was $108 for the quarter ended September 30, 2013.

Financial Highlights

- Entered into an amendment agreement with ConocoPhillips (NYSE: COP) to extend the long stop date for completion of the proposed acquisition of COP's Nigerian upstream oil and gas business (the "COP Acquisition");

- Terminated the Brass LNG Purchase Agreement with COP, which was previously announced in connection with the COP Acquisition;

- Received signed commitment letters for up to US$815 million of term bank financing towards the COP Acquisition;

- $2.8 million in net income for the nine months ended September 30, 2013. This represented a decrease of 89% from same period last year and was a result of interest paid on the deposit for the COP acquisition;

- $31.7 million in net income for the nine months ended September 30, 2013, excluding the interest paid on the deposit for the COP acquisition. This represented an increase of 24% from same period last year;

- $21.3 million in net cash outflow from operating activities for the quarter ended September 30, 2013, compared to $34.9 million in net cash inflow from operating activities for the quarter ended September 30, 2012;

- $5.3 million in cash and cash equivalents for the quarter ended September 30, 2013. This represented an increase of 13% from the period ended December 31, 2012; and

- $604.9 million in borrowings as at September 30, 2013. This represented an increase of 20% from the period ended December 31, 2012. The increase was primarily a result of additional loans used to finance the COP Acquisition.

"During our third quarter we moved forward with the financing activities related to our acquisition of ConocoPhillips' Nigerian assets," said OER CEO, Pade Durotoye. "We were successful in receiving signed commitment letters for up to $815 million in credit facilities. We continue to focus on closing the transaction and plan to update the market in the weeks to come."

Selected Third Quarter Results

	Nine months ended September 30, 2013	2012	$ Change ($'000s, except as otherwise indicated) 2013/2012
	$'000s except as otherwise indicated		
Total Revenue	103,235	107,454	(4,219)
Barrels of oil equivalent produced (bbl)	1,050,789	1,155,703	(104,914)
Average sales price per barrel (US$) (Gross)	108	106	2
Average sales price per barrel (US$) (Net)[1]	98	93	5
Cash flow from operations	(21,323)	34,929	(56,251)
Total Comprehensive Income(Loss)	2,778	25,646	(22,868)
Total Comprehensive Income(Loss) on a per-share basis	0.03	0.24	(0.21)
Total Assets	1,223,808[2]	1,127,050[3]	96,758
Total non-current financial liabilities	206,150[2]	177,699[3]	28,451

(1) Price excludes royalties (8% on OML 125 and 5% on the Ebendo Marginal Field) and the Nigerian Government profit share of profit oil in the production sharing contract in respect of OML 125.
(2) As at September 30, 2013.
(3) As at December 31, 2012

OPERATIONAL UPDATE(July - September 2013)

Ebendo Marginal Field Development

OER owners of 42.75% of the Ebendo Marginal Field, in conjunction with Energia Limited, operator of the Ebendo Marginal Field in OML 56, drilled and completed the Ebendo-6 well. The well drilled to a total depth of 11,268 ft and discovered two shallow reservoirs (XIIa and XIII sands) and encountered five hydrocarbon bearing reservoirs (XV, XVI, XVII, XVIIIa and XVIIIb). Another five reservoirs (X, XI, XIb, XIc & XII), suspected to be possibly hydrocarbon bearing based on gas shows, will be further appraised with the next well, Ebendo-7. The Ebendo 6 well was perforated on levels XV and XVI respectively, completed as a dual string on both sands and then shut-in. The flow lines and tie-back to the Ebendo flow station were being installed as at the end of the reporting period.

Current technical allowable production for the field is 5,250 bbl/d (2,362.5 bbl/d OER share[9]) based on wells 1, 4, and 5. With the tie-in of the Ebendo-6 well, the field will be capable of up to 7,140 bbl/d (3,213 bbl/d OER share) via seven strings. However, export is currently constrained at 3,093 bbbl/d (1,391.85 bbl/d OER share) via the Agip operated Kwale-Brass NAOC/JV infrastructure. The Company is currently in discussion NAOC/JV to increase the volume that can be exported through the Agip operated Kwale-Brass NAOC/JV infrastructure. The Company is also advancing in the construction of the alternative pipeline via the Shell operated Eriemu-Forcados SPDC infrastructure discussed below.

In the first quarter of 2013, the construction and installation contract was awarded and work then commenced on the 52 km "Umugini" pipeline planned as an alternative 45,000 bbl/d evacuation route via the Shell operated SPDC/JV Eriemu-Forcados system. To date, approximately 35% of the pipeline has been completed (approximately 19 km out of the 52 km). Work was suspended at the start of the third quarter of 2013 due to rising water levels in the seasonally flooded areas of the traversing terrains. The contractor is expected to be remobilized to the site during the dry season (November 2013) to complete the remainder of the work. The 12" x 52 km pipeline is expected to add 45,000 bbl/d of additional evacuation capacities (5,062 bbl/d OER share) when complete and commissioned in the third quarter of 2014.

OML 125 (Abo Field)

OER 15% owners of the Production Sharing Contract license in OML 125 (Abo field), in conjunction with

Nigeria Agip Energy, operator of OML 125 (Abo field), continued the Abo field development phase 3. The dynamically positioning "Sedco Express" Rig was mobilized for the Abo-3 side-track well, Abo-12 drill & complete and Abo-8 initial completion.

The Abo-3 side-track well was spudded on July 10, 2013 as a deviated development well and drilled to a total depth of 2,340 m MD (1,922 m total vertical depth) with maximum inclination of 77.60 degrees mainly to appraise the B200 reservoirs. The well found two (2) hydrocarbon bearing sands (B197 and B200) with a total hydrocarbon pay of 30 m total vertical depth. It was completed in September 2013 as a single string producer on the B200 reservoirs and it was unloading prior to testing at end of reporting period.

Akepo Marginal Field Development

The second part of the field development, which comprises the construction of evacuation infrastructure (well head jacket and pipelines) and tie-in to the Agip operated NAOC/POCNL/NNPC Beniboye flow station), remained stalled in 2013 owing to contractor insolvency that limited execution capability. With escalating costs and a limited favourable weather window for shallow offshore activities, the original lump sum contract has had to be broken up and the offshore jacket installation and pipe lay scope re-awarded. It is expected that the second part of the field development works will recommence in the fourth quarter of 2013.

Qua-Ibo Marginal Field Development

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

Qua Ibo Marginal Field development phase 1 started with a drilling campaign in September 2012 and two (2) wells have been successfully drilled and completed; namely Qua Ibo-4 & Qua Ibo-3 ST1.

Oil production is expected to commence in the first quarter of 2014 after the commissioning of the OER/NEPN crude processing facility and pipeline sanctioned at $22 Million ($8.8 million OER Share).

Acquisition of ConocoPhillips's Nigerian Upstream Operations

Extension of the outside date for the proposed COP Acquisition

On September 13, 2013, the Company entered into an amendment agreement with COP pursuant to which, among other things, it extended the outside date for completion of the COP Acquisition from September 19, 2013 to November 30, 2013.

Termination of Brass LNG Purchase Agreement

On September 13, 2013, the Company terminated the Brass LNG Purchase Agreement. The Company will no longer have an obligation to fund the purchase price pertaining to PBL of $140 million (approximately $198.4 million after giving effect to purchase price adjustments as of the date hereof).

The $35 million deposit paid in respect of the Brass LNG Purchase Agreement has been applied to the purchase of the remaining assets associated with the COP Acquisition. As a result, the net purchase price for the COP Acquisition is estimated to be approximately $1.65 billion (after giving effect to adjustments as of the date hereof). The balance to pay after deducting the Deposit is estimated to be approximately $1.2 billion.

Financing

On October 10, 2013, the Company announced that it had received commitment letters for up to $815 million of bank credit facilities, which will be largely applied towards payment of the purchase price in respect of the COP Acquisition.

The credit facilities comprise:

1. up to $465 million Reserve Based Lending Facility, internationally placed and led by BNP Paribas, Standard Bank and Standard Chartered Bank ("RBL"); and

2. a $350 million Senior Secured Loan, jointly arranged locally in Nigeria, by FBN Capital and FCMB Capital Markets ("Senior Loan").

The commitments described above remain subject to, among other closing conditions, the banks' final approval and execution of definitive documentation.

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 3,946 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 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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