

# Oando Energy Resources Executes Binding Loan Agreement for Acquisition of Nigerian Assets from ConocoPhillips

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CALGARY, January 31, 2014 - [Oando Energy Resources Inc.](#) ("Oando Energy Resources" or the "Company") (TSX: OER), a company focused on oil and gas exploration and production in Nigeria, today announced that, further to its press release dated October 10, 2013, it has entered into binding documentation for the following credit facilities:

(i) a US\$350 million corporate facility agreement with a syndicate of Nigerian lenders, as well as FBN Capital Limited and FCMB Capital Markets Limited, as Mandated Lead Arrangers, FBN Capital Limited as Facility Agent and Financial Modelling Bank, FCMB Capital Markets Limited as Technical Bank and First Trustees Nigeria Limited as Security Trustee (the "Corporate Facility").

The Corporate Facility will bear interest at an annual rate of LIBOR plus 9.5% for the first 57 months following the date of first drawdown and LIBOR plus 10.5% thereafter until the final maturity date of 72 months following the date of first drawdown. The Corporate Facility is an amortising loan, with interest and principal payable quarterly from the date of first drawdown until maturity; and

(ii) a US\$450 million senior secured facility agreement arranged by a group of Nigerian and international banks including Standard Chartered Bank, BNP Paribas and The Standard Bank of South Africa Limited, Standard Chartered Bank acting as Facility Agent and Security Agent (the "RBL").

The RBL amortises quarterly from the first utilisation date and has a final repayment date of the earlier of the "Reserve Tail Date" (as defined in the RBL) and June 30, 2019. Interest is payable quarterly from the first utilisation date at an annual rate of LIBOR plus 8.5%.

The Company's obligations under the Corporate Facility are guaranteed by certain subsidiaries and affiliates of the Company. The obligations of the Company under the Corporate Facility will be secured by (a) fixed and floating charges over the assets of the Company and certain of its affiliates; (b) fixed charges over the shares of certain subsidiaries and affiliates of the Company; and (c) a second ranking charge over the shares of an indirect wholly-owned subsidiary of the Company ("Acquisitionco") which will acquire the shares of one of the companies pursuant to the Acquisition (as defined below).

Proceeds from the Corporate Facility are intended to be used partially for payment of a portion of the purchase price in respect of the proposed acquisition by Oando Energy Resources of the Nigerian upstream oil and gas business of ConocoPhillips (the "Acquisition") with the remainder to be used to refinance other existing debt within the Oando Energy Resources group.

The borrower under the RBL is Acquisitionco and its obligations under the RBL are guaranteed by Oando Energy Resources, with the guarantee being subordinated to the Corporate Facility. The obligations of Acquisitionco under the RBL will be secured by fixed and floating charges over the shares and assets of Acquisitionco.

Proceeds from the RBL are intended to be used to fund a portion of the purchase price for the Acquisition.

The Corporate Facility and RBL remain subject to certain conditions precedent to drawdown.

Closing of the [ConocoPhillips](#) Acquisition remains subject to satisfaction of closing conditions, including the anticipated consent of the Honourable Minister of Petroleum Resources in Nigeria.

## **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 (<http://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.*

- All \$ are US

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