Oando Energy Resources BC:0902702

OANDO ENERGY RESOURCES ANNOUNCES YEAR END 2014 RESULTS

CALGARY, ALBERTA, April 1, 2015 – Oando Energy Resources Inc. ("OER" or the "Company") (TSX: OER), a company focused on oil and gas exploration and production in Nigeria, today announced financial and operating results for the year ended December 31, 2014. The audited consolidated financial statements, notes and management's discussion and analysis 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.

"In 2014 we executed on our growth strategy by acquiring the Nigerian upstream business of ConocoPhillips Company and our continued focus over the near term will be on optimizing the performance of these key assets," said Pade Durotoye, CEO of Oando Energy Resources Inc. "While the acquisition propelled sizable improvements in our production base, we also invested in our legacy assets, which we expect will support further organic production growth in the near future. In the wake of the acquisition we have acted on a number of opportunities to improve our balance sheet including converting debt to equity and, subsequent to year end, resetting our oil hedging program, which contributed $234 million of the $238 million debt reduction in a $50 per barrel environment."

Key Operational Highlights

- On July 30, 2014, the Company completed the acquisition of the Nigerian upstream oil and gas business of ConocoPhillips Company ("COP" or the "Acquisition Assets") for a total cash consideration of $1.5 billion, which included substantial production and a considerable base of exploration and exploitation opportunities;

- 2014 production increased to 9.1 MMboe (average 24,945 boe/day) from 1.5 MMboe (average 3,991 boe/day) in 2013. Fourth quarter production increased to 54,721 boe/day from 4,413 boe/day in 2013 which included 50,226 boe/day from the assets acquired in the COP Acquisition;

- 2014 Revenue contribution from the production is as follows crude oil (84%), NGL's (1%) and Natural Gas (15%);

- In the fourth quarter, the Company and its partners completed the construction of the 45,000bbls/d Umugini pipeline project and commenced filling the pipeline in the final weeks of the year making it possible for net production from the Ebendo field to increase from 1,410bopd to over 2,565bopd;

- Subsequent to year end, in March 2015, OER announced that initial production commenced from the Qua Iboe field at approximately 2,150 boepd gross; and

- Also subsequent to year end, the Company successfully realized $234 million by resetting its crude oil hedge floor price from an average of $95.35 per barrel to $65.00 per barrel on 10,223 bbls/day of oil production for the next 18 months and another 1,553 bbls/day for a further 18 months until January 2019. The proceeds, in addition to $4 million cash on hand, were used to prepay $238 million of certain loan facilities.

Financial Highlights

US$'000, except production per share data

	Selected Annual Information			Fourth Quarter	
	2014	2013	2012	2014	2013
Financial:					
Revenue	421,422	127,211	135,200	174,042	23,976
Cash flows from operating activities	116,087	77,409	23,991	63,652	34,523
Comprehensive income/(loss)	(320,041)	(38,230)	16,021	(199,595)	(41,008)
Net income/(loss)per share: Basic	(0.53)	(0.36)	0.16	(0.40)	(0.32)
Net income/(loss)per share: Diluted (1)	(0.53)	(0.36)	0.16	(0.40)	(0.32)
Total assets	3,242,791	1,299,422	1,127,050	3,247,172	1,299,422
Total non-current liabilities	1,088,996	275,195	177,699	1,088,996	275,195
Operational:					
Production (2)					
Crude oil (bbl)	4,092,973	1,456,818	1,482,522	2,000,821	406,029
NGL (boe) (3)	475,053	-	-	291,907	-
Natural Gas (mcf)	27,221,832	-	-	16,449,778	-
Total production (boe) (3)	9,104,998	1,456,818	1,482,522	5,034,358	406,029
Boe/day - Legacy assets (4)	4,273	3,991	4,051	4,495	4,413
Boe/day - Acquisition assets (4)	20,672	-	-	50,226	-
Boe/day - total	24,945	3,991	4,051	54,721	4,413
Gross realized prices (5)					
Crude oil ($/bbl)	95.72	110.30	110.20	81.29	111.40
BGL ($/boe)	11.77	-	-	10.91	-
Natural Gas (mcf)	2.54	-	-	2.46	-
Net realized prices (6)					
Crude oil ($/bbl)	87.81	87.32	91.20	66.83	59.05
BGL ($/boe)	10.95	-	-	10.14	-
Natural Gas (mcf)	2.33	-	-	2.21	-

(1) In determining the diluted EPS antidilutive instruments have been excluded.
(2) Barrels abbreviated to "bbl", barrels of oil equivalent to "boe", thousand cubic feet abbreviated to "mcf".
(3) Natural gas volumes are converted to boe using at six mcf of natural gas to one boe
(4) Legacy asset production means production from OML 125 and OML 56; Acquisition assets production means production from OMLs 60 to 63 that were acquired on July 30, 2014. Calculation of boe/day used 365 days and 92 days for the annual and quarterly periods, respectively. Actual production from Acquisition assets from July 30 to December 31, 2014 was 49,316boe/day.
(5) Before royalties, the Government share of profit oil, oil losses and unrecognized revenues from excessive NNPC liftings at OML 125.
(6) After royalties, the Government share of profit oil losses, and unrecognized revenues from excessive NNPC liftings at OML 125. In 2014, net realized prices were $87.81/bbl annually and $66.83/bbl in the fourth quarter without unrecognized revenues incorporated.

For the year ended December 31, 2014 the Company reported:

- Net revenue was $421.4 million in 2014, an increase of $294.2 million over $127.2 million earned in 2013, primarily as a result of the COP Acquisition. OER had hedged 10,223 bbl/day of crude oil production between $91/bbl and $97/bbl until July 2017 and January 2019, respectively, with further upside available if certain price targets were met. The hedges represent approximately 47% of the fourth quarter production rates of crude oil. In February 2015, the hedge price was reset to $65/bbl following the restructuring of the hedge agreement; proceeds of $234 million were realized and used to repay debt;

- From July 30 to December 31, 2014, the Acquisition Assets contributed $136.8 million to net income before taxes based on $299.0 million in revenue, $116.5 million of production expenses, and $45.7 million in depreciation, depletion and amortization ("DD&A") expense;

- The Company incurred a net loss of $320.0 million during the year, as compared to a net loss of $38.2 million in 2013. This was mainly due to non-cash asset impairment charges of $462.8 million, as well as approximately $84.9 million in transaction costs associated with the acquisition of the ConocoPhillips Nigerian business. These amounts were partially offset by the $288.3 million net gain on financial instruments;

- The Company recognized impairments on property, plant and equipment ("PP&E") of $61.4 million and impairments on exploration & evaluation assets ("E&E") of $401.4 million, as a result of lower crude oil prices;

- Production Expenses increased by $122.9 million to $152.9 million from $30.0 million in 2013. The increase was primarily due to additional production expenses from the Acquisition Assets of $116.5 million of which $38.6 million related to non-recurring acquisition accounting fair value adjustments. Production expenses improved to $16.66/boe in 2014 from $20.57/boe in 2013;

- General and administrative costs ("G&A costs") for 2014 increased by $47.9 million to $70.0 million from $22.1 million in 2013. The increase was related to the $41.2 million non-recurring governmental consent fee, $25.4 million write off of OML 125 receivables due from the Nigerian National Petroleum Corporation ("NNPC"), $84.9 million of non-recurring COP Acquisition costs, and other write offs of joint venture and trade receivables of $4.4 million;

- Cash flows from operating activities were $116.1 million, an increase of $38.7 million from $77.4 million in 2013, primarily as a result of increased cash flow generated by the Acquisition Assets;

- The COP Acquisition on July 30, 2014 added $1,099 million in fair value of assets and $161.0 million was incurred on capital expenditures during the year. The capital expenditures consisted of $38.1 million for enhancing the Acquisition Assets and $122.9

million for Legacy Assets' drilling and completion activities, construction of gathering systems and facilities, and capital asset maintenance projects; and

- As at December 31, 2014 the Company had a working capital deficiency of $567.2 million, and significant levels of debt for which specific debt covenants must be satisfied. An additional $345.6 million of borrowings was reclassified to current borrowings as a result of debt covenant breaches (refer the Borrowings Section); the breach of the covenant gave the lenders associated with the $450 million loan the ability to accelerate the maturity of the loan on demand. However, the lenders chose not to exercise the rights to exercise their acceleration rights under that facility and the Corporation received a waiver of the current ratio requirement for the December 31, 2014 calculation at March 31, 2015. OER has taken measures to improve liquidity by converting long-term debt to equity, attracting equity financing, focusing on projects with highest short-term cash flow returns, and realizing financial commodity contract gains subsequent to year end. Since December 2014, the Company has since paid $238 million of debt down out of this working capital deficiency with money received from hedges.

Selected Quarterly Results

US$'000, except production per share data

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Production (boe)	5,035,053	3,248,158	413,985	407,803	406,029	363,032	353,145	334,612
Total Revenue	174,042	184,777	30,440	32,163	23,976	37,461	36,072	29,702
Net Income for the Period	(232,033)	89,541	(137,668)	(39,881)	(41,008)	11,645	(1,168)	(7,699)
Earnings Per Share	(0.40)	0.12	(0.24)	(0.14)	(0.32)	0.12	(0.01)	(0.07)
Diluted Earnings Per Share	(0.40)	0.12	(0.24)	(0.14)	(0.32)	0.12	(0.01)	(0.07)
Capital Expenditures	41,206	52,910	24,355	42,550	45,573	29,684	36,353	8,345
Total Assets	3,242,791	3,693,880	1,662,142	1,689,937	1,299,422	1,223,808	1,193,585	1,079,899
Total Non-Current Liabilities	1,088,996	1,523,019	245,925	274,812	275,195	206,150	207,981	156,457

OPERATIONAL UPDATE AND OUTLOOK

Acquisition Assets

OML 60-63

From July 30 to December 31, 2014 capital expenditures on the Acquisition Assets totalled $38.1 million, which was primarily attributed to OML 60 to 63 assets. Capital expenditures included $9.9 million spent on development drilling activities in the Ogbogene NE and Ogbainbiri Deep C projects and a number of work-over activities in the area. In addition, the Company incurred $28.2 million on facilities related to the Ebocha Oil Centre, production facility enhancements and the repair of gas pipelines.

In 2015 the Company will prudently utilise capital recognizing the current crude oil environment but fund essential projects in the Acquisition Assets and estimates that $35.6 million will be expended on crude oil related projects and $24.1 million on gas projects in the OML 60 to 63 areas. Planned Oil and natural gas projects consist of drilling and completing new wells, along with Asset Integrity projects and enhancements to natural gas facilities and pipelines.

Legacy Assets

OML 13 (Qua Ibo Field)

In 2014, the Company incurred capital expenditures of $14.7 million on pipeline, facility costs and the construction of a flow station. The Qua Iboe field commenced production in January 2015 from the field's C4 and D5 reservoirs. Budgeted capital expenditures for OML 13 were $40.6 million in 2014. The reduction in capital expenditures in 2014 as compared to budget was a result of conserving cash flow due to lower crude oil prices in the second half of the year. In 2015, the Corporation has budgeted $0.6 million in capital expenditures for facility enhancements.

OML 56 (Ebendo Field)

The Corporation budgeted $22.7 million in capital expenditures for OML 56 in 2014 and actually incurred a total of $10.7 million, which included the drilling of Ebendo 7, the construction of additional crude oil storage tanks for the field and the Company's prorate share of the costs for completing the Umugini Pipeline.

In 2015, the Company has budgeted $7.7 million for facility and pipeline repairs.

OML 125 (Abo Field)

During 2014 the Company incurred $89.7 million of capital expenditures primarily on drilling and completions and production infrastructure, compared to budgeted capital expenditures of $37.5 million for OML 125 in 2014. The Corporation drilled and completed ABO 8 and ABO 12 South wells and re-entered the ABO 3 well. Production infrastructure expenditures included enhancements to its floating production storage and offloading vessel ("**FPSO**"), capital maintenance on flowlines and a new phase of gathering systems. The significant increase in actual expenditures as compared to the 2014 budget was primarily the result of the additional project of re-entering the ABO 3 well, expanded work scope for Life Extension works for the FPSO and the successful drilling of an Exploration leg on ABO 12, with the subsequent plug-back and side-track of the Development leg which will be brought on stream in 2015.

In 2015, the Company has budgeted $67.1 million on the OML 125 Asset. The planned expenditures include gathering system construction projects, Completing and hooking up of ABO 12 Upper, Drilling ABO 13, along with safety projects and extending the life of the FPSO.

About Oando Energy Resources Inc. (OER)

OER currently has a broad suite of producing, development and exploration assets in the Gulf of Guinea (predominantly in Nigeria). OER's sales production was 53,161 boe/d for the month ending January 31, 2015.

Cautionary Statements

More information about the Company's oil and gas assets, including cautionary language regarding the estimation of reserves and resources, can be found in the most recent Form 51-101F1 filed under the Company's profile on SEDAR at www.sedar.com. "Gross" or "gross" means, when used in relation to production, reserves and resources, OER's working interest share of production, reserves and resources before deduction of royalties. "Net" or "net" means, when used in relation to production, reserves and resources, either OER's working interest share of production, reserves and resources after deduction of royalties or OER's entitlement to production reserves and resources after deduction of royalties and PPT for production sharing contracts. In relation to OER's interest in wells, "Net" or "net" means the number of wells obtained by aggregating OER's working interest in each of its gross wells. In relation to OER's interest in property, "Net" or "net" means the total area in which OER has an interest multiplied by the working interest owned by OER. "WI" means with respect to interests governed by a JOA, PSC, farm-in agreement or farm-out agreement, the undivided interest of such party (expressed as a percentage of the total interests of all parties in the contract) in the rights and obligations derived from such contract, which may be an operating or non-operating interest.

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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 integration of assets acquired under the COP acquisition, 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) under 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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