



## OANDO ENERGY RESOURCES REDUCES DEBT BY US\$98 MILLION THROUGH CONVERSION OF OANDO PLC LOAN TO EQUITY

CALGARY, August 20, 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, is pleased to announce the conversion to equity of principal and interest in the amount of US\$ 98 million, outstanding under the US\$ 1.2 billion facility agreement dated 10 February, 2014 with Oando Plc (the "**Oando Loan**") (the "**Conversion**"). US\$ 41 million of principal remains outstanding under the Oando Loan and an aggregate principal amount of approximately US\$ 292 million remains available to be drawn under the Oando Loan.

OER has issued 68,144,115 units (the "**Units**") to Oando Resources Limited ("**Oando Resources**"), a subsidiary of Oando Plc, as repayment of amounts outstanding under the Oando Loan at a conversion price of C\$1.57 per Unit. Each Unit consists of one common share of the Company (a "**Common Share**") and one-half of one warrant to purchase an additional Common Share at a price of CAD\$ 2.00 per Common Share (each whole common share purchase warrant being a "**Warrant**") up until 30 July 2016, a 24 month period from which the Company closed the acquisition of the Nigerian upstream oil and gas business of ConocoPhillips. The terms of the Units, other than the denomination of the conversion price and exercise price in United States dollars, have the same terms as the Units issued to third party investors and Oando Resources on previous tranches.

Prior to the completion of the Conversion, Oando Plc owned, and exercised control or direction over, 677,963,723 Common Shares, representing approximately 93.2% of the issued and outstanding Common Shares. As a result of the Conversion, Oando Plc currently beneficially owns, or exercises control or direction over, 746,107,838 Common Shares, representing approximately 93.8% of the issued and outstanding Common Shares. Assuming exercise of the Warrants and warrants previously issued to Oando Plc on previous tranches of the loan, Oando Plc would beneficially own, or exercise control or direction over, 1,071,500,708 Common Shares, representing approximately 95.6% of the Company's issued and outstanding Common Shares; however, Oando Plc is restricted from exercising any warrants that would result in its ownership of the Company exceeding 94.6%.

Amounts owing under the Oando Loan in the future may be converted into Units at one or more prices to be determined in accordance with the pricing mechanism described in OER's press release dated February 10, 2014.

A copy of the early warning report required to be filed with the applicable securities commissions in connection with the Conversion will be available for viewing at [www.sedar.com](http://www.sedar.com) or can be obtained by contacting Ayotola Jagun,

Chief Compliance Officer & Company Secretary of Oando Plc, by email at [ajagun@oandopl.com](mailto:ajagun@oandopl.com) or by telephone on +234 806 9806190.

**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, successful and timely integration of the business, subsidiaries and assets acquired from ConocoPhillips, 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 under the Company's profile on SEDAR website ([www.sedar.com](http://www.sedar.com)). 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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