CALGARY, March 29, 2016 /CNW/ - Oando Energy Resources Inc. ("OER" or the "Corporation") (TSX: OER), a company focused on oil and gas exploration and production in Nigeria, today announced financial and operating results for the three and twelve months ended December 31, 2015. 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.

"Despite broader macroeconomic and commodity price challenges, 2015 proved to be an operationally successful year for us as we maintained our production output and successfully reduced our debt obligations with the restructuring of our hedge instrument," said Pade Durotoye, CEO of Oando Energy Resources. "2016 will be focused on maintaining our production levels through low cost rigless activities and intensifying our efforts on Cash and Cost management".

Key Financial and Operational Highlights

- Production in 2015 increased to 19.9 MMboe (average 54,520 boe/day) from 9.1 MMboe (average 24,945 boe/day) in 2014. During the fourth quarter of 2015 production decreased to 4.8 MMboe (average 52,637 boe/day), compared with 5.0 MMboe (average 54,721 boe/day) in the fourth quarter of 2014. The increase between the annual periods is primarily as a result of the input from the Nigerian onshore and offshore assets acquired on July 30, 2014 from the ConocoPhillips Company ("COP Acquisition") that included substantial production from OMLs 60 to 63, significant reserves and resources, and a considerable base of development and exploration opportunities. Gas production reduced quarter on quarter as a result of the production constraints arising from the Ebocha flowstation fire;
- During 2015 revenues increased by $33.5 million, to $455.0 from $421.4 million in 2014, primarily as a result of the COP Acquisition producing assets of OMLs 60 to 63, countered by a substantial decline in crude oil and natural gas sales prices;
- In 2015, approximately 46% of crude oil production was hedged. At December 31, 2015, 9,617 bbls/day of crude oil production was hedged at $65/bbl (average) with expiries ranging from July 2017 to Jan 2019, and further upside if certain price targets are met, which represented 43% of the fourth quarter production of crude oil;
- The Corporation recognized net income of $16.1 million in 2015, compared to a net loss of $320.0 million in 2014. The increase was primarily the result of the decrease in the non-cash impairment of assets, which was partially offset by lower commodity prices;
- In December 2015, OER entered into an agreement to sell its interest in OMLs 125 and 134 to the operator for cash proceeds of $5.5 million and assumption of $84.5 million in cash call liabilities due to the joint venture. The divesture requires lender and regulatory consent;
- In October 2015, the Corporation increased the capacity of the Senior Secured Facility and Corporate Finance Facility by $90.7 million; proceeds from the loan and cash on hand were used to repay the $100 million subordinated debt facility and fees of $4.6 million;
- In December 2015, OER entered into a definitive agreement with Oando PLC and Oando E&P Holdings Limited to acquire, by way of an arrangement, all of the issued and outstanding common shares of OER for a cash consideration of US$1.20 per share. Following consideration of the transaction by a committee comprised of the Corporation's independent directors (the "Independent Committee") and the receipt of a formal valuation and fairness opinion, the Independent Committee and board of directors recommended that OER's shareholders vote in favour of the transaction. At the meeting of OER's shareholders held on February 25, 2016 for the purposes of considering the transaction, 100% of the votes cast were voted in favour of the resolution to approve the transaction. On February 26, 2016 the Supreme Court of British Columbia issued a final order approving the arrangement. Completion of the transaction is subject to satisfaction or waiver of certain conditions precedent including the consent of lenders under one of OER's loan facilities and Oando PLC's lenders. The outside date for completion of the transaction is April 29, 2016; and
- As at December 31, 2015, OER had a working capital deficiency of $835.8 million, compared with a working capital deficiency of $567.2 million at December 31, 2014. The increase in the working capital deficiency was due to the reclassification of non-current borrowings to current borrowings as a result of breaching a loan agreement requirement at December 31, 2015. The Corporation had amalgamated two of its subsidiaries, one of which was a party to the Senior Secured Facility, prior to receiving lender consent which triggered a default and prompted lenders to exercise their right to restrict cash payments from lender-held cash deposits. The default gives the lenders the ability to accelerate the maturity of the facility on demand. As of the date of these financial statements, the lenders have chosen not to exercise their acceleration rights under the loans. As a result of this default, $268.6 million of borrowings was reclassified to current borrowings as at December 31, 2015.

Selected Financial and Operational Review

The table below summarizes selected financial and operational information for the years ended December 31, 2015, 2014 and 2013 and for the three months ended December 31, 2015 and 2014.

	Selected Annual Information			Fourth Quarter	
	2015	2014	2013	2015	2014
Financial:					
Revenue	454,965	421,422	127,211	99,798	174,042
Funds from operations [1]	181,308	101,303	52,632	29,509	52,945
Comprehensive income (loss)	16,119	(320,041)	(38,230)	79,577	(232,033)
Net income (loss) per share: Basic	0.02	(0.53)	(0.36)	0.10	(0.29)
Net income (loss) per share: Diluted	0.02	(0.53)	(0.36)	0.10	(0.29)
Total assets	3,141,596	3,242,791	1,299,422	3,141,596	3,242,791
Total non-current liabilities	868,771	1,088,996	275,195	868,771	1,088,996
Operational:					
Production:					
Crude oil (bbl)	7,826,926	4,092,973	1,456,818	2,039,138	2,000,821
NGL (boe)	1,216,101	475,053	-	301,536	291,907
Natural Gas (mcf)	65,138,487	27,221,832	-	15,011,170	16,449,778
Total production (boe)	19,899,442	9,104,998	1,456,818	4,842,536	5,034,358
Daily production:					
Crude oil (bbls/day)	21,444	11,214	3,991	22,165	21,748
NGLs (boe/day)	3,332	1,302	-	3,278	3,173
Natural Gas (mcf/day)	178,462	74,580	-	163,165	178,802
Total (boe/day)	54,520	24,945	3,991	52,637	54,721
Average selling prices [2, 3]					
Crude oil ($/bbl)	51.07	95.22	110.30	43.32	81.29
NGL ($/boe)	10.49	11.77	-	9.96	10.91
Natural gas ($/mcf)	1.68	2.54	-	1.38	2.46

[1] See definition under non-GAAP measures.

[2] Before royalties and the Government share of profit oil.

[3] Average selling prices are calculated from volumes sold during the period.

Revenues in the fourth quarter of 2015 were $99.8 million compared with $174.0 million in the same quarter of 2014. The $74.2 million decrease was the result of the significant reduction in crude oil and natural gas prices, which was partially offset by additional revenue from Qua Ibo coming on-stream in the first quarter of 2015. Revenue from sales during the fourth quarter of 2015 consisted of $83.4 million of crude oil, $18.6 million of natural gas, $3.0 million of NGLs, $4.2 million related to the sale of power generated by the Kwale-Okpai independent power plant ("IPP"), and $0.7 million related to oil transportation tariffs. In the fourth quarter of 2015, royalties on oil and gas sales were $10.1 million, compared with $37.5 million in the same quarter of 2014. The decrease in royalties was a result of the reduction in sales from lower commodity prices and an adjustment reducing prior year government royalties at OML 56.

In 2015 the Corporation generated $455.0 million in revenue, net of royalties, compared with $421.4 million in 2014. Gross oil and gas sales increased $45.1 million to $507.1 million from $461.9 million in 2014. The increase in gross oil and gas revenues in 2015 was primarily a result of the acquisition of OMLs 60 to 63, which was significantly offset by lower commodity selling prices in 2015. In addition, royalties increased by $15.8 million to $71.4 million in 2015, compared with $55.6 million incurred in 2014. The increase in royalties, which are paid on production volumes, was attributed to the purchase of OMLs 60 to 63 in mid-2014, compared to a full year of production in 2015, which was also significantly countered by lower selling price of crude oil and natural gas.

Production expenses in the fourth quarter of 2015 were $66.5 million compared with $62.8 million in the fourth quarter of 2014. During 2015 production expenses were $238.7 million, which was an increase of $85.7 million over the $152.9 million incurred in 2014. The increase in 2015, compared with 2014, was primarily related to the additional production expenses from OMLs 60 to 63, offset by the $38.6 million fair value adjustment related to the COP Acquisition. On a per boe basis, production expenses, net of fair value adjustments, were $11.99/boe in 2015 and $12.56/boe in 2014. The modest decrease was the result of the operating cost reductions realized at each of the Corporation's properties resulting from focusing on increasing efficiency, along with the effect of increasing production volumes at Ebendo.

General and administrative ("G&A") costs in the fourth quarter decreased to $20.7 million from $39.5 million in the fourth quarter of 2014. The decrease of $18.8 million was primarily a result of a significant reduction in professional fees incurred that was partially offset by an increase in equipment maintenance costs during the quarter. In addition, management has taken steps during the quarter to reduce its G&A overhead costs by reducing its employee count and taking steps to delist the Corporation from the TSX Exchange. The impairment of the joint venture receivable in the fourth quarter of 2015 was $nil, compared to $48.0 million recognized in 2015.

G&A costs during 2015 were $69.6 million, remaining consistent with the $70.6 million incurred in 2014. On a per boe basis the G&A costs improved to $3.50/boe from $7.76/boe in 2014, as a result of the increase in production between the years. G&A in 2015 include $2.8 million (2014 - $1.1 million) of non-cash share-based payments expense and $15.1 million (2014 – $29.4 million) related to shared and management costs for services provided by Oando PLC, which the Corporation would otherwise have incurred separately. The Corporation expects its G&A costs to decrease in 2016 as a result of reductions in the number of employees in the fourth quarter of 2015, and the expected delisting of the Corporation from the TSX Exchange upon closing of the OER share buyout by Oando PLC and Oando E&P Holdings Limited. During 2014 the Corporation incurred $84.9 million in relation to non-reoccurring acquisition costs to effect the COP Acquisition. No acquisition costs were incurred in 2015.

The Corporation recognized net income of $79.6 million in the fourth quarter of 2015, compared to a net loss of $232.0 million in the same quarter of 2014. The improvement in earnings during the fourth quarter of 2015 was primarily attributed to the significant asset and joint venture receivable impairment charges recognized in 2014 and the 2015 impairment reversal at OML 125, which were partially offset by the reduction of net fair value gains on financial instruments and decreased income from production activities in 2015. During the year ended December 31, 2015 net income was $16.1 million, which was a $311.6 million improvement from the $320.0 million loss recognized in 2014. The increase in income between the periods was due to a decrease in non-recurring asset impairments and the non-reoccurring acquisition expenses regarding the purchase of OMLs 60 to 63 recognized in 2014, which were offset by a significant decrease in net gains on financial instruments between the periods. Production increased 119% in 2015 which led to greater production expenses and depletion expense, however these expenses improved on a per boe basis compared with the same period of 2014. Production expenses improved to $11.99/boe in 2015, from $16.80/boe in 2014 and depreciation, depletion and amortization ("DD&A") expense improved to $6.57/boe in 2015, from $9.74/boe in 2014. Net income in 2015 also included a non-recurring net loss from financial instruments of $34.9 million, as a result of the early settlement and reset arrangements, along with a non-recurring charge of $16.4 million in net financing expenses related to unamortized transaction costs as a result of loan repayments in the first quarter of 2015.

During the year ended December 31, 2015 funds from operations increased $80.0 million to $181.3 million from $101.3 million generated in 2014. The increase in funds from operations during 2015 was primarily a result of the acquisition of OMLs 60 to 63 on July 30, 2014 that added a full year of cash flows in 2015, along with increased cash flows at Ebendo through enhanced production and Qua Ibo being brought on-stream in 2015, all of which was partially offset by decreased revenues at OML 125 from lower crude oil prices. Furthermore, funds from operations in 2015 was also positively affected by increased realized net gains on financial commodity contracts and a reduction in financing expenses, compared to 2014.

As at December 31, 2015, the Corporation had a working capital deficiency of $835.8 million (December 31, 2014 – $567.2 million) and an accumulated deficit of $621.2 million (December 31, 2014 – $638.1 million). In addition to its on-going working capital requirements, the Corporation must secure sufficient funding to fund ongoing operations and commitments and repay at least $149.9 million in loan principal, as set out by loan repayment schedules. An additional $356.7 million of borrowings was reclassified to current borrowings as a result of debt defaults; the defaults gives the lenders associated with the Senior Secured Facility and Corporate Facility the ability to accelerate the maturity of the loans on demand. The lenders chose not to exercise their acceleration rights under the loans; despite this there can be no assurances that the lenders will not exercise these rights at a future date. The Corporation has incurred significant levels of debt financing to finance on-going operations and acquisitions. Furthermore, the decline in global oil prices has reduced cash flows from operations. Global oil prices could remain at current low levels for 2016 and possibly longer, further impacting revenues and operating cash flows and the ability of the Corporation to repay amounts due and its various debt facilities. These circumstances lend significant doubt as to the ability of the Corporation to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

In February 2015, the Corporation entered into early settlement and reset arrangements with hedging counterparties which resulted in the receipt of $226.2 million in net cash ($234.0 million including scheduled February cash settlements) which was used to repay existing debt obligations. As a result of the early settlement and reset arrangements, the Corporation has reduced short-term principal and interest payments. In September 2015, the Corporation received consent from the lenders on the Senior Secured Facility to remove the current ratio requirement. Also, as at December 31, 2015, the Corporation has been advanced $83.9 million from the operator of OML 125; the arrangement with the operator of OML 125, which is in line with the joint operating agreement, allows the Corporation to defer the payment of cash calls until revenue from OML 125 is realized. In October 2015, the Corporation increased the capacity of the senior secured facility by $90.7 million; proceeds from the loan and cash on hand were used to repay the $100 million subordinated debt facility effectively converting the $100 million obligation to a longer term obligation repaid over a 3-4 year period. By repaying the $100 million loan, the Corporation expects a return of collateral of $50 million which was advanced to Oando PLC to secure the letter of credit associated with the loan. Finally, in December 2015, the Corporation signed an agreement to sell its interest in OML 125 and 134 to the operator. Despite these actions, requirements to maintain cash balances with the lenders and to repay principal with excess cash from oil and gas sales (albeit at lower levels) remain. Furthermore, resetting the hedges in the first quarter has reduced cash flow whilst also successfully decreasing debt levels.

During 2015, two unfortunate operational incidents occurred at facilities owned by the Nigerian Agip Oil Company Joint Venture ("NAOC JV"), which is operated by Nigerian Agip Oil Company ("NAOC"). The Corporation owns 20% of the NAOC JV. On June 28th, 2015 there was a fire involving three crude storage tanks at the Ebocha flowstation in Rivers State, Nigeria, as a result of acts of sabotage. The fire was successfully extinguished with no injuries, fatalities, or environmental spill. Most production in the land area (LAR) was initially shut-in, leading to July production from crude oil, NGLs and natural gas production being reduced by approximately 10,000 boe/day net during the month. Production was restored near the end of July by the combination of installing booster pumps at the Ebocha terminal and reconfiguring lines to bypass the storage facility, along with redirecting production along existing pipelines. The Corporation estimates its share of repairs at $6.7 million. As a result the operator has increased the level of security in and around the Ebocha terminal in conjunction with OER.

On July 9, 2015 a fire occurred during the inspection and repair of a crude theft point on Tebidaba-Clough Creek Line, an oil pipeline in Nigeria's onshore Niger Delta. The incident resulted in the unfortunate death of 14 members of the contractor's inspection and repair team. The fire occurred away from the repair point and pipeline, igniting some of the spilled hydrocarbon. The Corporation expresses its deepest condolences to the families involved in this tragic accident. Investigations into the immediate and remote causes of the fire have been carried out to ensure such an incident does not occur again. The line was fully repaired and brought back on-stream during the quarter with minimal interruption to production.

Selected Quarterly Results

The table below summarizes selected financial and operational information for the last eight quarters. The Corporation's quarterly results have been impacted primarily by acquisitions, fluctuating commodity prices, asset impairments, gains and losses on financial instruments, and borrowing activities.

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Production (boe)	4,842,536	4,891,579	5,179,383	4,985,944	5,034,358	3,248,158	413,984	408,497
Total revenue	99,798	132,512	90,240	132,415	174,042	184,777	30,440	32,163
Net Income (loss) for the period	79,577	(13,107)	(29,255)	(21,096)	(232,033)	89,541	(137,668)	(39,881)
Earnings per share	0.10	(0.02)	(0.04)	(0.03)	(0.29)	0.12	(0.24)	(0.14)
Diluted earnings per share	0.10	(0.02)	(0.04)	(0.03)	(0.29)	0.12	(0.24)	(0.14)
Capital expenditures	8,321	22,505	19,127	37,804	41,206	52,910	24,355	42,550
Total assets	3,141,596	2,900,574	2,922,598	2,971,858	3,242,791	3,693,880	1,662,142	1,689,937
Total non-current liabilities	868,771	1,177,793	1,201,823	1,033,688	1,088,996	1,523,019	245,925	274,812

Figures in $'000 unless otherwise stated

Capital Expenditures

The corporation spent $8.3 million on capital expenditures in the fourth quarter of the 2015, compared to $41.2 million in the fourth quarter of 2014. During 2015 the Corporation spent $87.8 million on capital expenditures related to the development of oil and gas assets and exploration and evaluation activities, compared to $161.0 million in 2014.

The following provides a summary of 2015 focus area capital expenditures and compares the budgeted expenditures to actual spending to date.

	Actual 2015	Budgeted 2015	Budgeted 2016
OMLs 60 to 63	41,308	59,680	60,000
Qua Ibo (in OML 13)	3,755	3,590	850
Ebendo (in OML 56)	1,678	7,650	6,710
OML 125	36,373	67,130	-
Other assets, net	4,643	3,670	5,670
Capital expenditures, net	87,757	141,720	73,230

Figures in $'000 unless otherwise stated

OMLs 60 to 63

During 2015, capital expenditures on OMLs 60 to 63 totalled $41.3 million. Capital expenditures during the period included $11.7 million spent on development drilling and completion activities in the Ogbainbiri Deep 4 well, $27.5 million spent on pipeline and facility upgrades and $2.1 million spent on geophysical exploration studies and other assets. The reduction of capital spending in 2015 compared to the budgeted amount was due to project delays and a reduction of spending as a result of the lower crude oil and natural gas price environment.

In 2016, the Corporation estimates that a total of $60.0 million will be spent at OMLs 60 to 63, consisting of $44.4 million directed to facilities for asset integrity, water disposal and flare down, and $15.6 million on drilling three development wells and a workover.

Qua Ibo

In 2015, the Corporation incurred capital expenditures of $3.8 million at Qua Ibo on pipeline and crude oil facility costs. The Qua Ibo field commenced production late February 2015 and realized its first sales from production in the second quarter of 2015. The Corporation revised its 2015 budget from $0.6 million capital spending to $3.5 million to account for additional facility requirements for water handling, in addition to the previously planned facility enhancements.

In 2016, the Corporation has budgeted $0.9 million to be spent on gathering facilities and water treatment facilities.

Ebendo

During 2015, the Corporation incurred $1.7 million in capital expenditures at Ebendo, which included the pipeline facility enhancements and drilling site preparation costs.

Throughout 2016, the Corporation has estimated $6.7 million in capital expenditures for five well workovers, a storage tank and Umugini pipeline upgrades.

OML 125

The Corporation incurred $36.4 million of capital expenditures during 2015 at OML 125 related to gathering and transportation infrastructure enhancements and facility maintenance. The enhancements included $23.1 million spent on Abo phase 3 gathering and transportation construction, $4.2 million on well completion costs at Abo 12, $5.6 million on its floating production storage and offloading vessel ("FPSO") on capital maintenance, and $3.5 million on other capital maintenance projects. The significant reduction of capital spending in 2015 compared to the budgeted amount was primarily due to delaying planned projects as a result of the lower crude oil and natural gas price environment to ration capital spending.

The Corporation has an agreement to divest of the OML 125 property in 2016 to the operator and has currently classified the property as held for sale. The sale will generate $5.5 million in cash and reduce cash call liabilities by $84.5 million. Therefore, no capital spending has been budgeted in 2016 at OML 125.

Other Assets

Other asset capital expenditures include spending on OML 131, OML 134 and EEL. During 2015 the Corporation spent $4.7 million to advance exploration of the respective properties with geological and technical studies.

In 2016, the Corporation estimates that $5.7 million will be expended on exploration projects and corporate assets. The exploration is focused on OML 131, OML 145 and Block 5, to assess the geological and geophysical aspects of the project areas, along with the environmental impacts through technical studies and seismic acquisition.

Additionally, the Corporation has farmed out 65% of its participating interest in Block 5 for $7.4 million to equalize past costs and will retain a 20% participating interest, with a 50% carry up to $9.0 million each for both Phases II and III. The Corporation has also entered into an agreement to farm out 65% of its participating interest in Block 12, retaining a 22.5% participating interest with a carry of the first $2.0 million of OER's portion of project costs. The farm-out for Block 12 is yet to be completed. The Government of Sao Tome & Principe (through its national petroleum agency) hold 15% and 12.5% carried interests in Blocks 5 and 12, respectively. Blocks 5 and 12 are prospective offshore exploration projects in São Tomé and Príncipe within the Gulf of Guinea. The farmouts will allow for the projects to move forward with minimal capital requirements and provide immediate cost recoveries.

Current Outlook

Operationally, 2015 has been a successful year for the Corporation notwithstanding broader macroeconomic and commodity price challenges. Production remained relatively steady in 2015, averaging 54,520 boe/day despite a number of operational incidents. In February 2015 OER used its expertise to bring the Qua Ibo opportunity on-stream, which was its first in-house development project from concept to development, through design and construction, up to commissioning of the 10,000 bbls/d crude processing facility and tie-in to the nearby FUN Group gathering facility, with the production operatorship eventually being relinquished to the JV partner after commissioning. The Corporation expects 2016 production to marginally decrease as a consequence of the scaled back capital expenditures in 2015 and the continuation of natural gas pipeline constraints.

Financially, 2016 is expected to be a challenging year for the Corporation and the oil and gas industry as a whole. Low crude oil prices have taken a toll on the Corporation's finances. Throughout the remainder of 2016 management only expects a modest improvement in crude oil prices. Therefore, in response to the low prices, the Corporation has cooperated with its JV partners to cut operating costs and has taken steps to decrease its monthly G&A expenses through employee reductions and the intended delisting of the Corporation from the TSX upon completion of the OER share buyout.

The 2016 capital budget has been significantly reduced as a result of the decline in operating cash flows and difficulties in raising equity in the oil and gas industry. Therefore, management has concentrated its efforts on maximizing the immediate impact of capital spending by focusing on essential asset integrity projects, production optimization projects with immediate returns, and facility projects that will increase production and decrease per boe operating costs. In rationalizing capital spending, management anticipates minimal exploration spending to hold blocks due to the significant capital requirements and long-term nature of those opportunities. However, exploration will continue at Blocks 5 and 12 by means of farmouts and equalizing of capital spent to provide an immediate return and future upside. The Corporation looks forward to improving cash flow and working capital deficit by divesting of its interest in OML 125 and 134, which has been operating at a deficit.

Non-GAAP Measures

Funds from Operations

Funds from operations is not a measurement defined in IFRS, but is a financial term commonly used in the oil and gas industry. The Corporation believes that in addition to cash flows from operating activities as reported in the consolidated statements of cash flows, funds from operations is a useful supplemental measure, as it provides an indication of the funds generated by OER's principal business activities prior to adjusting for proceeds from early hedge settlements and changes in non-cash working capital. The Corporation considers this to be a key measure of performance as it demonstrates its ability to generate cash flow necessary to fund growth through additional capital investments. Funds from operations may not be directly comparable to similar measures presented by other companies, as there is no standardized measure. A reconciliation of funds from operations to cash flows from operating activities is available under results of operations in the Company's MD&A for the three and twelve months ended December 31, 2015.

About Oando Energy Resources Inc. (OER)

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).

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.

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.

SOURCE Oando Energy Resources Inc.

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