Oando Energy Resources

Nigeria's Future Strategy In Global Context: Nigerian Oil & Gas Conference

Presented by

Wale Tinubu
Chairman Oando Energy Resources &
Group Chief Executive Oando Plc
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Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.All estimates of reserves and resources are classified in line with NI 51-101 regulations and Canadian Oil & Gas Evaluation Handbook standards. All estimates are from Petrenel Report having an effective date of 31st December 2013.

BOEs [or McfGEs, or other applicable units of equivalency] may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 bbl [or an McfGE conversion ratio of 1 bbl: 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.

The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

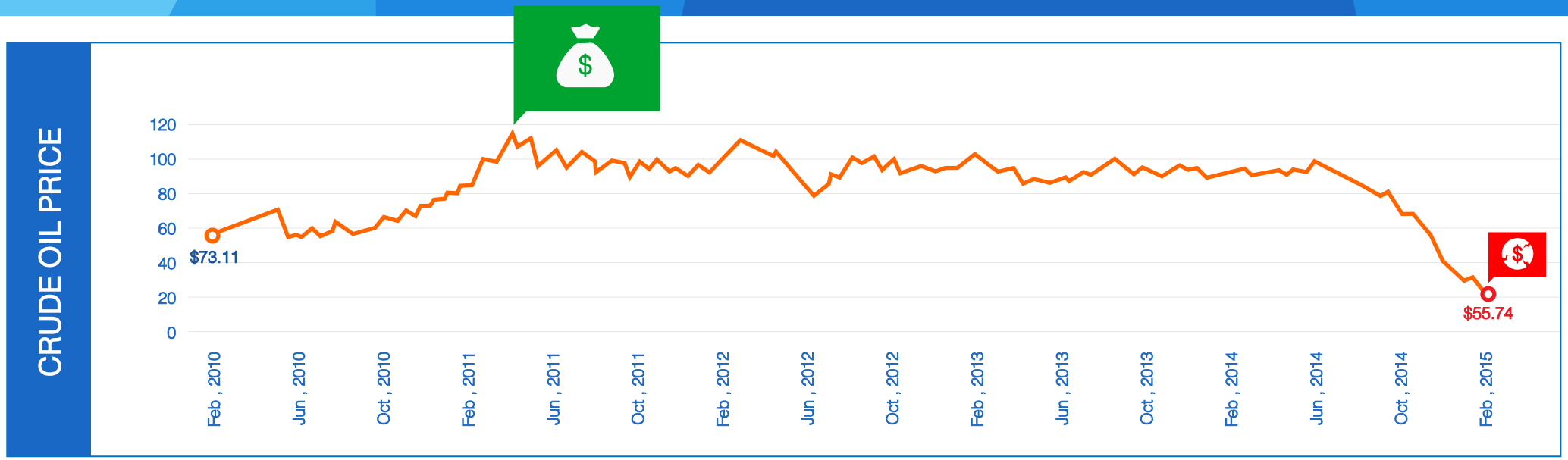
Reserves: Reserves are volumes of hydrocarbons and associated substances estimated to be commercially recoverable from known accumulations from a given date forward by established technology under specified economic conditions and government regulations. Specified economic conditions may be current economic conditions in the case of constant price and un-inflated cost forecasts (as required by many financial regulatory authorities) or they may be reasonably anticipated economic conditions in the case of escalated price and inflated cost forecasts.

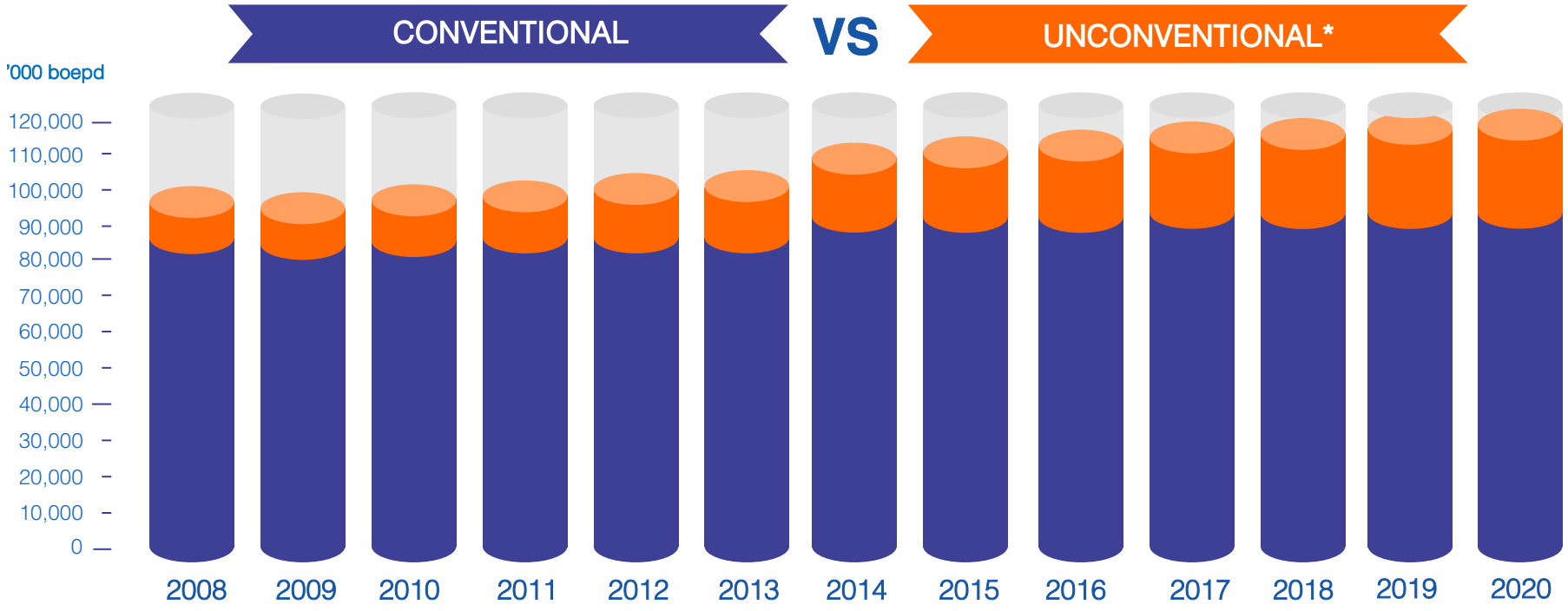
Possible Reserves: Possible reserves are quantities of recoverable hydrocarbons estimated on the basis of engineering and geological data that are less complete and less conclusive than the data used in estimates of probable reserves. Possible reserves are less certain to be recovered than proved or probable reserves which means for purposes of reserves classification there is a 10% probability that more than these reserves will be recovered, i.e. there is a 90% probability that less than these reserves will be recovered. This category includes those reserves that may be recovered by an enhanced recovery scheme that is not in operation and where there is reasonable doubt as to its chance of success.

Proved Reserves: Proved reserves are those reserves that can be estimated with a high degree of certainty on the basis of an analysis of drilling, geological, geophysical and engineering data. A high degree of certainty generally means, for the purposes of reserve classification, that it is likely that the actual remaining quantities recovered will exceed the estimated proved reserves and there is a 90% confidence that at least these reserves will be produced, i.e. there is only a 10% probability that less than these reserves will be recovered. In general reserves are considered proved only if supported by actual production or formation testing. In certain instances proved reserves may be assigned on the basis of log and/or core analysis if analogous reservoirs are known to be economically productive. Proved reserves are also assigned for enhanced recovery processes which have been demonstrated to be economically and technically successful in the reservoir either by pilot testing or by analogy to installed projects in analogous reservoirs.

Probable Reserves: Probable reserves are quantities of recoverable hydrocarbons estimated on the basis of engineering and geological data that are similar to those used for proved reserves but that lack, for various reasons, the certainty required to classify the reserves are proved. Probable reserves are less certain to be recovered than proved reserves; which means, for purposes of reserves classification, that there is 50% probability that more than the Proved plus Probable Additional reserves will actually be recovered. These include reserves that would be recoverable if a more efficient recovery mechanism develops than was assumed in estimating proved reserves; reserves that depend on successful work-over or mechanical changes for recovery; reserves that require infill drilling and reserves from an enhanced recovery process which has yet to be established and pilot tested but appears to have favorable conditions

Oil & Gas Trends - Crude Oil





Sources: Wood Mackenzie Global Oil Supply, Yahoo Finance

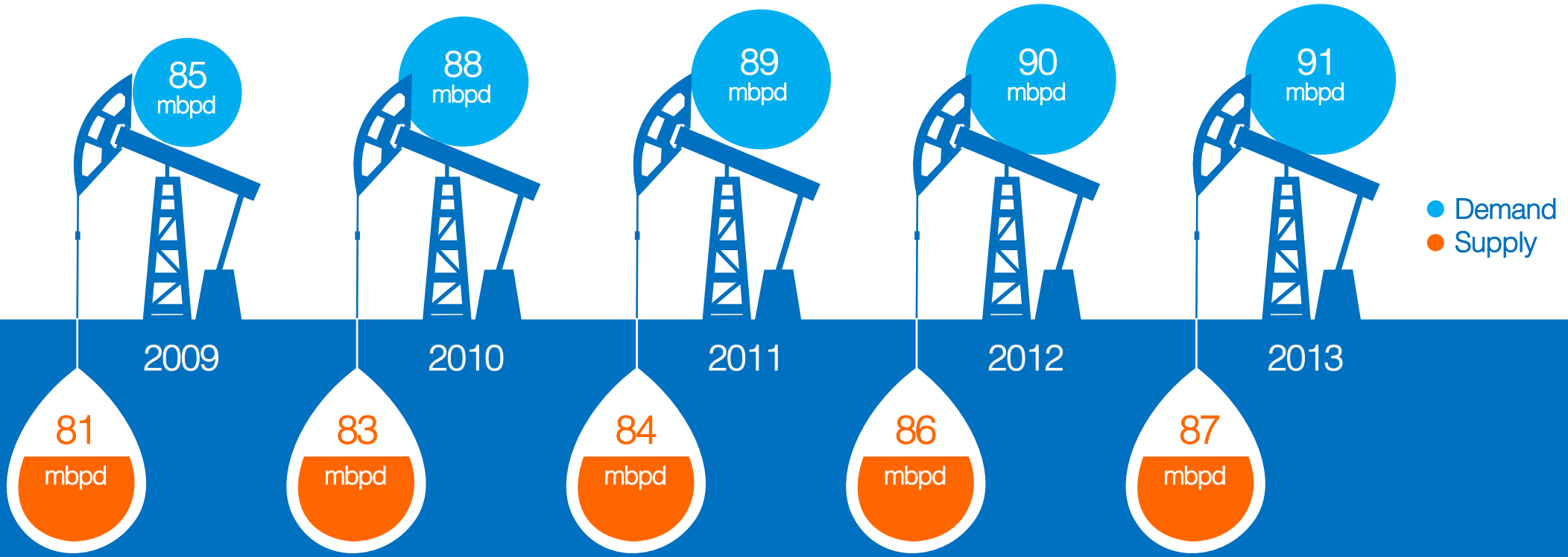
* Includes Tight Oil, Deepwater, Canada Oil Sands **Biofuels, Gas-to-liquids, Coal-to-liquids, Oil Shale(Kerogen)

Crude Oil Demand & Supply

Crude Oil Demand: Compounded Annual Growth Rate 2009 -2013

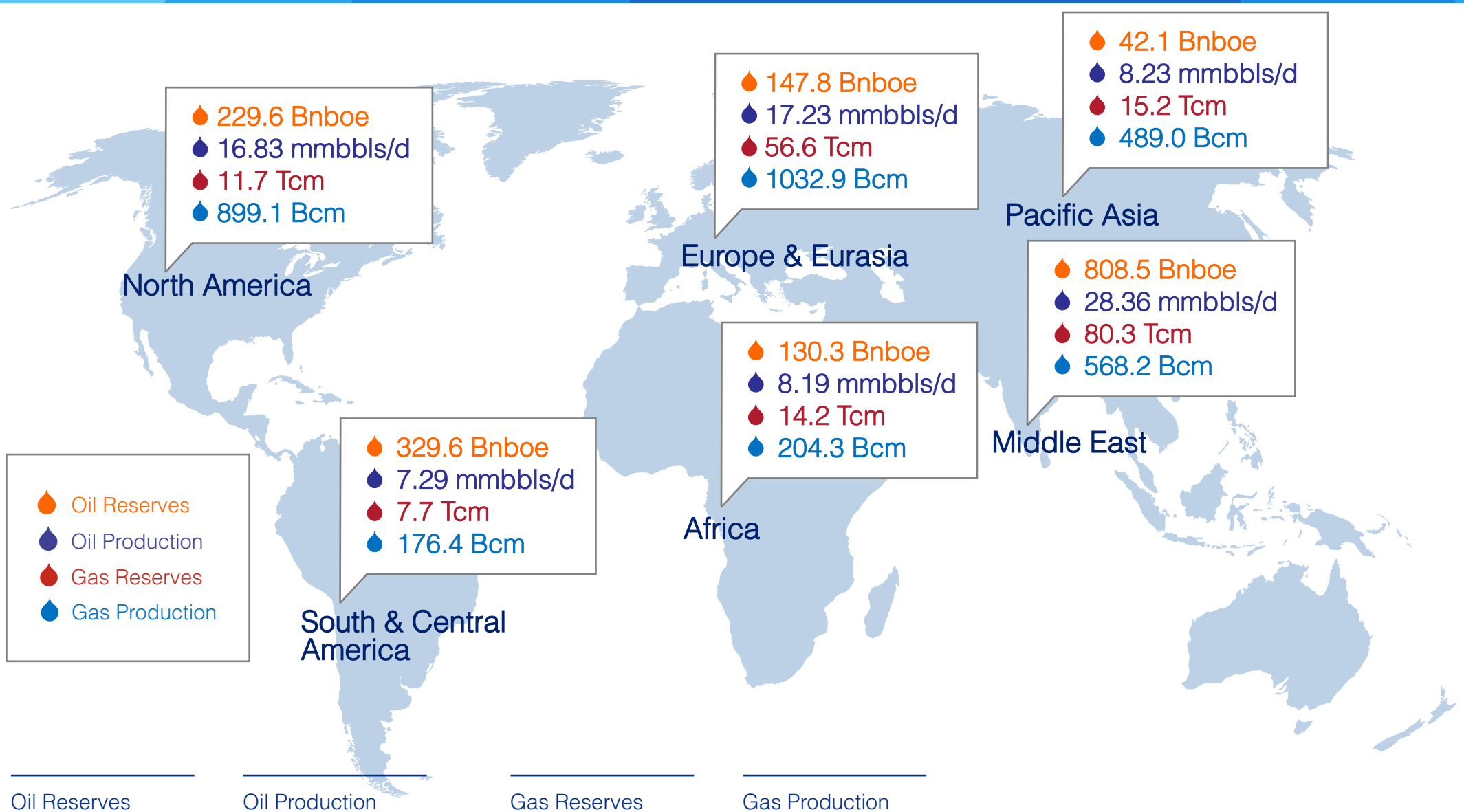
India	China	UAE	Africa	Europe	US
3.6%	6.7%	3.3%	2.3%	-0.7%	0.2%

Crude Oil Demand vs Supply 2009 -2013



Sources: BP Statistical Review 2014

Oil & Gas Global Industry Overview



Oil Reserves	Oil Production	Gas Reserves	Gas Production
1,688 bnboe	**86.75** MMbbls/d	**186** Tcm	**3,370** Bcm

Source: BP Statistical Review 2014

Creating An Enabling Environment for Investment

Nigerian Oil: Global Play

13th Largest Oil Producer Globally

11th Largest Oil Reserves Globally

MAIN PROBLEMS

Demand Shift

Crude oil and petroleum products exports to USA has dropped by 67% to 33 mbls in 2014

Unutilized Capacity

Nigeria's oil production has remained stagnant since 2010 as Foreign investments inflow have reduced over the last 5 years

Bunkering & Oil Theft

Oil theft in Nigeria is believed to be about 6 -30 percent of the country's daily production

Lack of Refineries

Nigeria currently imports petroleum products even though it's the 13th largest oil producer

SOLUTIONS

Create Bi-lateral Relationships

Develop relationships with growing energy dependent economies such as India & China

Attractive Fiscal Terms

Improved Government regulation and attractive fiscal terms to emcourage foreign investments & confidence in the oil industry

Security

Ensure Efficient Security measures are in place to prevent bunkering and oil theft

Investments in Refineries

Given the importance of crude oil derivative products, crude oil must be refined into consumable products

Source: NNPC, EIA, BP Statistical Review 2014

Nigerian Gas: Continental Play

3rd Largest Gas Producer in Africa

1st Largest Gas Reserves in Africa

MAIN PROBLEMS

Gas Flaring

Nigeria flares the second largest amount of gas in the world. Flaring about 18% of the associated gas

Transportation

Nigeria lacks proper gas distribution and transportation systems

Power Deficit

Over 70% of Africa's population have no access to electricity, which acts as a fundamental brake on development in the region

SOLUTIONS

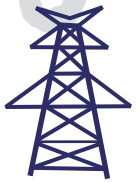
Gas to Power Solutions

Utilization of turbines at gas flaring sites to convert gas to power for surrounding environs

Investment in Infrastructure

Investment in gas infrastructure including pipelines, compressors, gas tanks and gas refineries for processing and delivery of gas to the end user

Exportation of Gas to Support Power



Nigeria has the largest gas reserves which is sufficient to power up the country and still export energy to other African Countries

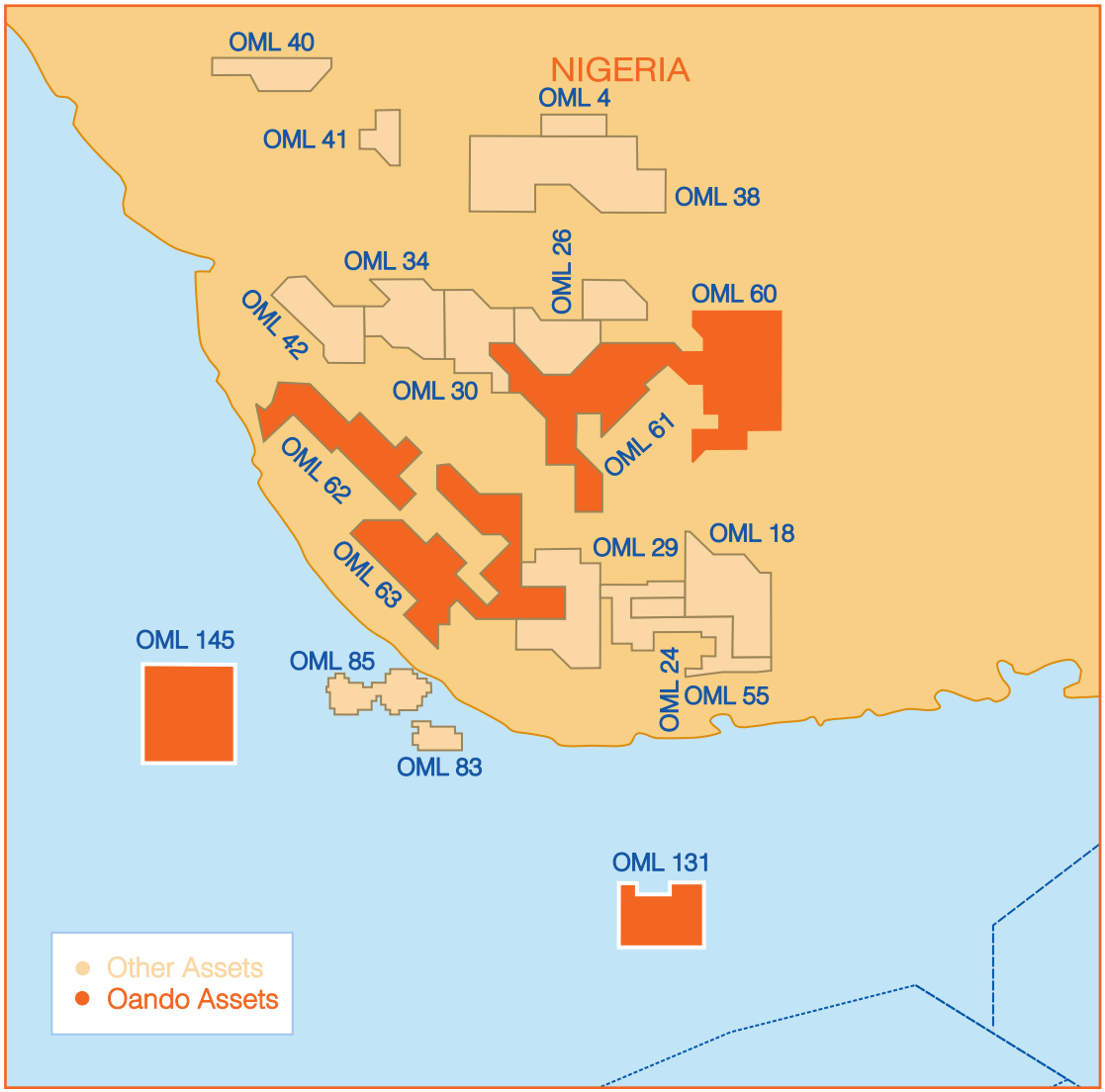
Source: NNPC, EIA, BP Statistical Review 2014

Nigeria: Rise of Indigenous Participation

M&A is a major value driver for indigenous E&P Companies in Nigeria

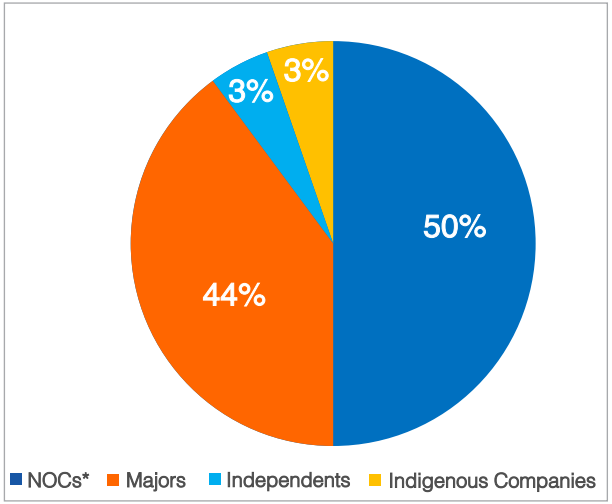
- OML 40 — eland oil & gas plc; Shell; Total; eni
- OML 29 — aiteo; Shell; Total; eni
- OML 4, 38 & 41 — seplat; Shell; Total; eni
- OML 42 — Neconde Energy Limited; Shell; Total; eni
- OML 26 — FHN; Afren; Shell
- OML 83 & 85 — First E&P (First Exploration & Petroleum Development Company Limited); Chevron
- OML 18 — Mart Resources Inc.; Shell; Total; eni

● Entry ● Exit



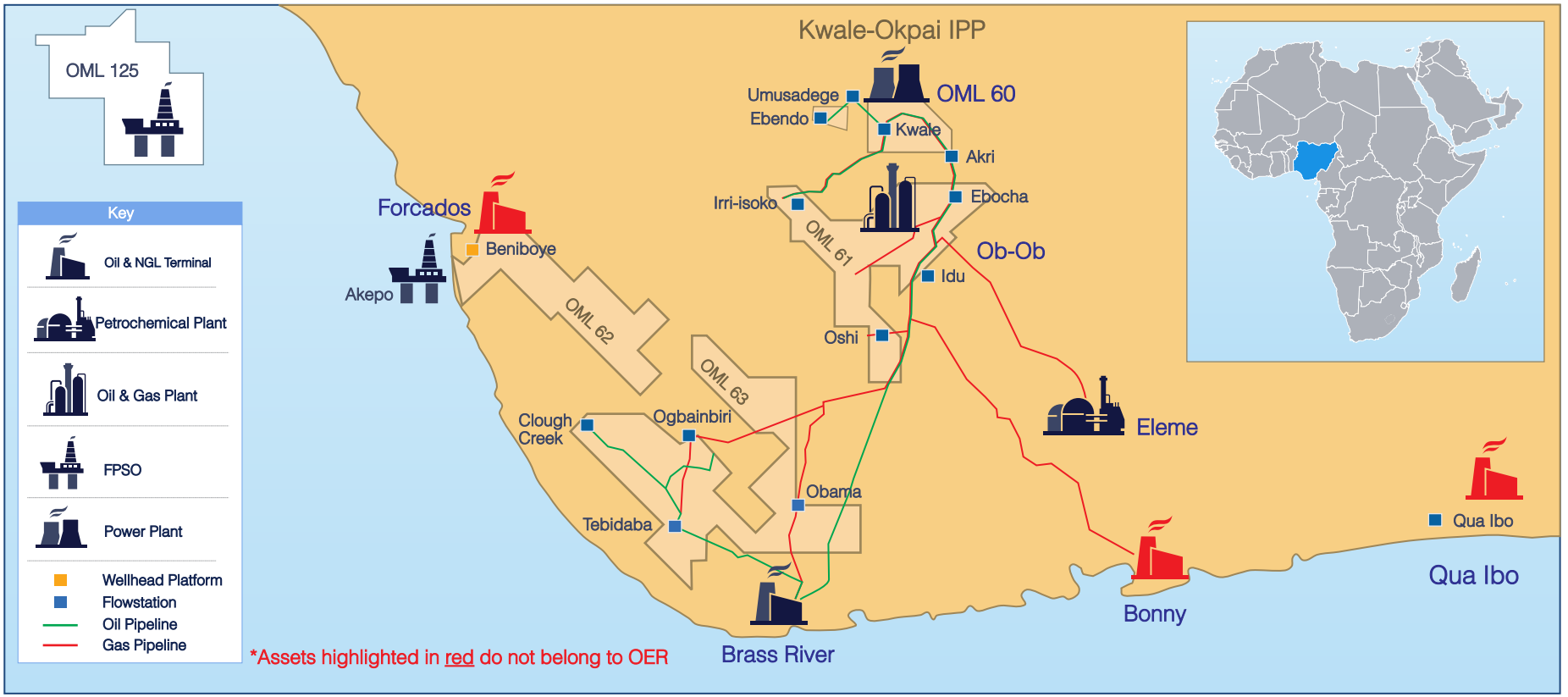
- OML 34 — Niger Delta Exploration & Production Plc; Shell
- OML 53 — seplat; Chevron
- OML 30 — Shoreline Natural Resources; Shell
- OML 55 — seplat; Belemaoil Producing
- OML 24 — Pan Ocean; Shell
- OML 4, 38 & 41 — FHN; Chevron
- OML 55 — Belemaoil Producing; Chevron
- OMLs 60-63, OML 145, OML 131 — Oando; ConocoPhillips

Total Production (2006 - 2013)

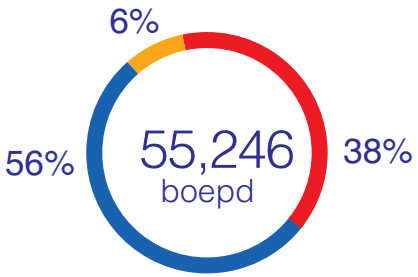


Source: Wood Mackenzie, Renaissance Capital Research

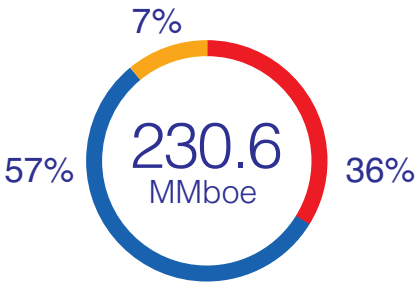
Case Study: OER Growth



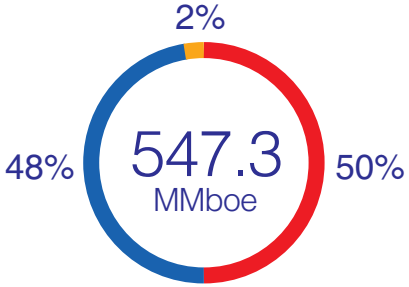
Net Production



2P Reserves



2C Resources



Oil & Condensate Gas NGL

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