ROOSTER ENERGY LTD.

Management Discussion and Analysis (Amended and Restated)
March 31, 2014

This amended and restated management discussion and analysis ("MD&A") of Rooster Energy Ltd. ("Rooster" or, the "Company") reflects its March 31, 2014 financial results and operations as well as updated subsequent event disclosures and developments following March 31, 2014 through July 17, 2014 which amends and restates in its entirety the MD&A previously filed by the Company on SEDAR. This MD&A should be read in conjunction with the Company's amended unaudited condensed consolidated interim financial statements and related notes as at and for the three months ended March 31, 2014 which contain updated subsequent events disclosures from the condensed interim consolidated financial statements previously filed by the Company on SEDAR, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by International Accounting Standards Board ("IASB"), and with the Company's audited consolidated financial statements and related notes at and for the year ended December 31, 2013. All dollar amounts are stated in U.S. dollars, unless otherwise noted.

Restatement

In the context of the review by the Company's auditors of the Company's unaudited condensed consolidated interim financial statements and related notes as at and for the three months ended March 31, 2014 in connection with the New Note Offering (as defined below), the MD&A has been amended and restated to include disclosure of certain events subsequent to March 31, 2014. Such subsequent events include: (i) the Company's intention to commence a private offering (the "New Note Offering") to eligible purchasers, subject to market and other conditions, of US$100 million in aggregate principal amount of senior secured notes due 2019 (the "New Notes"); (ii) that the Company has received a proposal for a new revolving credit facility (the ''New Credit Facility'') of up to US$25.0 million from Wells Fargo Bank, National Association; and (iii) the acquisition of an additional 25% working interest in the Vermilion 376 #A-3 and #A-4 wells in consideration of payment of the sum of US$3,500,574 pursuant to the terms of settlement of that certain litigation the Company has been involved with concerning its 2012 assignment of the interest to an affiliate of the seller. The previously filed information in respect of the MD&A is unchanged other than the addition of the subsequent event disclosure.

Overview

The Company is an independent oil and natural gas exploration and production company focused on the development of resources in the shallow waters of the Gulf of Mexico. At March 31, 2014, our primary assets consist of operating rights interests and/or record title interests in 14 oil and gas leases or blocks granted by the United States of America that contain 20 gross producing oil and/or natural gas wells.

Our core business and strategy is focused on the development of our inventory of oil and natural gas leases and the production and sale of oil and natural gas from those leases. The Company has identified drilling locations to which it will selectively allocate capital by applying an intensive screening analysis in order to maximize potential financial returns considering associated risks, among other factors. We are the operator of the majority of our properties, daily oil and gas production, and almost all identified potential drilling prospects; therefore we can control, to the best of our ability, the timing, costs, and drilling procedures.

Finding and economically developing oil and natural gas reserves is critical to our financial success. Key drivers of performance in the business for the Company are the: (i) ability to successfully discover, develop, and exploit commercial oil and natural gas reserves on our properties; and (ii) the ability to optimize profitability from the operation of our properties. Further, our ability to successfully discover, develop, and exploit properties is a function of, among other things: (i) our ability, or the ability of our partners that operate wells in which the Company is a non-operating interest owner, to retain drilling rigs, drillers, personnel and supplies to carry out drilling and workover operations in a professional and cost effective manner; (ii) the ultimate results of such drilling or workover operations; (iii) the availability, on commercially reasonable terms, of transportation, storage, handling, processing and other facilities to service producing wells; and (iv) our ability to finance the costs of such operations. Our ability to optimize profitability from the operation of producing properties is a function of, among other things: (i) lease operating expenses, which may be beyond our control, particularly on wells operated by third parties; (ii) volumes of oil and natural gas produced; and (iii) prevailing prices for oil and natural gas.

The Company was incorporated in British Columbia in 1988. On April 30, 2012 the Company completed the acquisition of all of the membership interest in Rooster Energy, L.L.C. ("Rooster"). The transaction was treated as a reverse acquisition of the Company by Rooster. The Company conducts business through its wholly owned subsidiaries, Rooster Energy, L.L.C., Rooster Petroleum, LLC, Rooster Oil & Gas, LLC, and Probe Resources US Ltd.

Our common stock trades on the TSX Venture Exchange under the ticker symbol "COQ". The terms "the Company", "we", "us", "our" and similar terms, when used in the present tense, prospectively or for historical periods since April 30, 2012 refer to us and our subsidiaries, and for historical periods prior to May 1, 2012 refer to Rooster Energy, L.L.C. and its wholly owned subsidiaries, Rooster Petroleum, LLC, and Rooster Oil & Gas, LLC, unless the context indicates otherwise.

Review of Q1 2014

The Company produced 108,703 barrels of oil equivalent ("BOE") in the quarter ended March 31, 2014, compared to 242,135 BOE produced in the quarter ended March 31, 2013, a 55% decline. The lower sales volumes were primarily the result of natural production declines at its largest fields, as the Company has not brought any new wells online since July, 2012. In Q1 2014, the Company generated EBITDAX of $3,763,933 compared to $6,984,221 generated in Q1 2013, a 46% decrease. Lower production volumes were partially offset by higher realized prices (primarily the result of a shift in the Company's production mix to a higher percentage of liquids) and lower operating expenses (for calculation, see Appendix A).

The Company recorded a net income of $1,085,682 in Q1 2014 compared to a net loss of $721,474 recorded in Q1 2013. However, recorded net income benefited from non-cash gains including impairment recovery and a gain on financing warrants. Funds generated from operations (including dry hole costs) totaled $2,639,704 in Q1 2014, compared to $1,615,606 in Q1 2013, an increase of $1,024,098 (see Non-IFRS Financial Measures on page 9). The increase is primarily the result lower dry hole expenses, partially offset by lower operating income.

In January, 2014, the Company recompleted the Vermilion 376 #A-1 well (100% working interest ("WI") owned by the Company) in the Q1 sand; the well is currently producing approximately 1,000 thousand cubic feet per day (MCFPD). In April, 2014, the Company added compression equipment to increase production at Grand Isle 70 (100% WI); the field is currently producing approximately 2,700 MCFGPD. On May 25, 2014, the Company recommenced production from two wells at High Island 141 (30%-33% WI) following a settlement of litigation with the owner of the host production facility at High Island 154 regarding the rights of the Company to process production from the two wells at High Island 141. In July, 2014, the Company expects to complete a tubing exchange in the Eugene Island 28 #A-3 well (50% WI) and, if successful, bring the well back on production.

Business

At March 31, 2014, the Company's interests in oil and natural gas leases consisted of ownership in 14 leases or blocks, all of which are located in the shallow waters (< 400' water depth) of the Gulf of Mexico adjacent to the states of Louisiana and Texas. In Q1 2014, the Company's net crude oil sales averaged 634 barrels per day (BOPD), net natural gas liquids (NGLs) sales averaged 58 barrels of oil equivalent per day (BOEPD), and net natural gas sales averaged 2,941 thousand cubic feet per day (MCFPD) (or 490 BOEPD); in aggregate, total crude oil, NGL, and natural gas sales averaged 1,182 BOEPD. The Company's four primary operated properties located at Vermilion 376, Eugene Island 28, Grand Isle 70 and East Cameron 36 and 37, comprised 92% of Q1 2014 sale volumes.

On March 19, 2014, the Company submitted the high bid of $172,172 on an oil and gas lease of Ship Shoal 172 at the Central Gulf of Mexico Federal Lease Sale 231. In May 2014, the lease was awarded to the Company. With the award of the new lease at Ship Shoal 172, the Company will have an inventory of five (5) primary term oil and gas leases with potential future drilling locations.

Selected Annual Information

The following financial and operating data are selected information for the Company for the three (3) most recently completed financial years, reflecting the results of operations of the Company for the years ended December 31, 2013, 2012, and 2011:

Financial	For the years ended December 31,		
	2013	2012	2011
Total revenues	$ 41,048,401	$ 34,221,262	$ 21,001,250
Operating income (loss)	3,239,373	2,448,865	4,477,521
Unrealized gain (loss) on financing warrants	(25,000)	1,317,000	-
Net interest expense and financing costs	(5,961,224)	(2,165,534)	(952,237)
Deferred income tax expense (recovery)	(713,000)	(5,288,000)	-
Net income (loss)	(2,033,851)	(3,687,669)	3,525,284
Income (loss) per share - basic	(0.02)	(0.04)	0.04
Income (loss) per share - diluted	(0.02)	(0.04)	0.04
Total assets	107,524,633	96,577,261	39,965,322
Total long-term financial liabilities	22,178,904	54,331,401	13,008,253
Cash dividends per share	-	-	-

Results of Operations

The following table summarizes production volumes, average sales prices, operating costs, and net income (loss) for the three months ended March 31, 2014 and 2013:

	For the three months ended March 31, 2014	For the three months ended March 31, 2013
Sales		
Oil (Bbl)	58,312	74,565
NGL (Bbl)	5,301	9,876
Natural gas (Mcf)	270,545	946,163
Total Oil (BOE) [(a)]	108,703	242,135
Total Oil (BOE/day) [(a)]	1,182	2,632
Oil ($/Bbl)	$ 99.72	$ 106.93
NGL ($/Bbl)	37.76	29.20
Natural gas ($/Mcf)	6.21	3.48
Summary statement of income		
Revenue	$ 7,694,141	$ 11,558,554
Expenses		
Lease operating costs	2,810,903	3,325,587
Depreciation and depletion	1,311,684	2,514,255
Exploration and evaluation	-	2,113,129
Plug and abandonment	-	-
General and administrative	1,119,303	1,248,746
Transaction costs	-	-
Bad debt expense	86,973	2,486,177
Impairment expense	(714,050)	-
Asset retirement expense	-	-
Stock-based compensation	416,097	217,413
Total costs and expenses	5,030,910	11,905,307
Operating income (loss)	2,663,231	(346,753)
Unrealized loss on financing warrants	751,000	51,000
Finance expenses [(b)]	(1,712,549)	(1,269,721)
Income (loss) before tax expense	1,701,682	(1,565,474)
Deferred tax expense (recovery)	616,000	(844,000)
Income (loss)	1,085,682	(721,474)
Income (loss) per share		
Basic	0.01	(0.01)
Diluted	0.01	(0.01)
Weighted average shares outstanding [(c)]		
Basic	105,466,967	105,465,823
Diluted	105,466,967	105,465,823
Capital expenditures	$ 1,988,493	$ 242,314
EBITDAX [(d)]	$ 3,763,933	$ 6,984,221

(a) Gas volumes are converted to BOE on the basis of 6 Mcfe per 1 barrel.

(b) Finance expenses include accretion for asset retirement obligations.

(c) The weighted average number of common shares for 2012 is weighted for the before and after merger shares and for 2011 is based on 1,000 units.

(d) EBITDAX is a non-IFRS measure commonly used in the oil and gas industry. Such measures do not conform to IFRS and may not be comparable to those reported by other companies nor should they be viewed as an alternative to other measures of financial performance calculated in accordance with IFRS. The Company defines EBITDAX as net income before finance expense, taxes, depreciation, depletion, amortization, accretion, exploration and evaluation expense, bad debt, impairments, stock-based compensation, and the non-cash portion of plug and abandonment expense. (See Appendix A.)

Sale Volumes

Crude oil sales totaled 58,312 barrels (634 BOPD) in Q1 2014 compared to 74,565 barrels (810 BOPD) in Q1 2013, a decline of 16,253 barrels (-22%). The Company completed a three-well drilling program at Vermilion 376 in June, 2012, which contributed to higher production volumes in Q1 2013. However, with no new wells brought online since, natural production declines – particularly at Vermilion 376 and Grand Isle 70 – led to a year-over-year decline in sale volumes in Q1 2014.

Natural gas liquid (NGL) sales totaled 5,301 BOE (58 BOEPD) in Q1 2014 compared to 9,876 BOE (107 BOEPD) in Q1 2013, a decline of 4,575 BOE (-46%). Natural gas sales totaled 270,545 MCF (2,941 MCFPD) in Q1 2014 compared to 946,163 MCF (10,284 MCFPD) in Q1 2013, a decline of 675,618 MCF (-71%). Lower sales primarily reflect production declines at Grand Isle 70 and East Cameron 37. At Grand Isle 70, the #A-1 completion was shut in after reaching line pressure in March, 2013, and has produced intermittently while waiting on compression. A compressor was installed in April, 2014, and production has more than doubled from Q1 2014 levels to approximately 2,700 MCFGPD (gross). In November, 2013, the East Cameron 37 well, which had been producing more than 8,000 MCFGPD (gross), watered out and was shut in; the well produced only 100 MCFGPD in Q1 2014. This was partially offset by higher production volumes at Vermilion 376; the Company recompleted the #A-1 well in January, 2014.

In aggregate, crude oil, NGL and natural gas sales totaled 108,703 BOE (1,182 BOEPD) in Q1 2014 compared to 242,135 BOE (2,631 BOEPD) in Q1 2013, a decline of 133,432 BOE (-55%). Sales volumes in Q1 2014 comprised: 54% crude oil, 5% NGLs, and 41% natural gas.

Realized Prices

Realized crude oil prices averaged $99.72 per barrel in Q1 2014 compared to $106.93 per barrel in Q1 2013, a decline of $7.21 per barrel (-7%). Most of the Company's crude pricing is derived from a combination of West Texas Intermediate (WTI) crude prices and the Louisiana Light Sweet (LLS) spread relative to WTI prices. Though WTI prices increased 5% in Q1 2014, the LLS premium to WTI dropped from 21% to 6%.

Realized NGL prices averaged $37.76 per barrel in Q1 2014 compared to $29.20 per barrel in Q1 2013, an increase of $8.56 per barrel (+29%). The increase in Q1 2014 primarily reflects overall increases in domestic NGL prices.

Realized natural gas prices averaged $6.21 per MCF in Q1 2014 compared to $3.48 per MCF in Q1 2013 (+78%). Higher realized prices primarily reflect higher domestic natural gas prices; prices at the Henry Hub were up 49% in Q1 2014 from year-ago levels. The Company's realized price also benefited from a refund of gathering and transportation charges at East Cameron 36/37 and High Island 201 after the Federal Energy Regulatory Commission (FERC) retroactively rejected the pipeline company's proposal to raise tariffs. The refund contributed revenues in Q1 2014 for production volumes produced in prior periods, which resulted in an abnormally high realized price on a per unit basis.

In aggregate, realized prices averaged $70.78 per BOE in Q1 2014 compared to $47.74 per BOE in Q1 2013, an increase of $23.05 per BOE (+48%). Higher aggregate prices are primarily the result of a shift in the Company's production mix to a higher percentage of liquids (crude and NGLs).

Revenues

Crude oil revenues totaled $5,814,696 in Q1 2014 compared to $7,973,082 in Q1 2013, a decline of $2,158,386 (-27%). The decline reflects a 22% drop in sale volumes and a 7% decline in the average realized price.

NGL revenues totaled $200,178 in Q1 2014 compared to $288,325 in Q1 2014, a decline of $88,147 (-31%). The decline reflects a 46% drop in sales volumes, partially offset by a 29% increase in the average realized price.

Natural gas revenues totaled $1,679,267 in Q1 2014 compared to $3,297,147 in Q1 2013, a decline of $1,617,880 (-49%). The decline reflects a 71% drop in sales volumes, partially offset by a 78% increase in the average realized price.

Total revenues totaled $7,694,141 in Q1 2014 compared to $11,558,554 in Q1 2013, a decline of $3,864,413 (-33%). The decline reflects a 55% drop in sales volumes, partially offset by a 48% increase in the average realized price.

Expenses

Lease operating expenses totaled $2,810,903 in Q1 2014 compared to $3,325,587 in Q1 2013, a decline of $514,684 (-15%). Lower lease operating expenses primarily reflect reduced costs associated with the Company's producing fields, especially Grand Isle 70 and East Cameron 36/37. Lease operating expenses averaged $25.86 per BOE in Q1 2014 compared to $13.73 per BOE in Q1 2013, which represents an 88% increase in per unit operating expenses. The higher per unit expenses in Q1 2014 primarily reflect the shift in the Company's production mix to a higher percentage of liquids, as oil fields generally require greater fixed operating costs than natural gas fields.

Depreciation and depletion expenses totaled $1,311,684 in Q1 2014 compared to $2,514,255 in Q1 2013, a decline of $1,202,717 (-48%). Lower depreciation and depletion expenses reflect lower production volumes. Depreciation and depletion expenses averaged $12.07 per BOE in Q1 2014 compared to $10.38 per BOE in Q1 2013, which represents an 16% increase in per unit expenses.

General and administrative expenses totaled $1,119,303 in Q1 2014 compared to $1,248,746 in Q1 2013, a decrease of $129,443 (-10%). General and administrative expenses averaged $10.30 per BOE in Q1 2014 compared to $5.16 per BOE in Q1 2013, which represents a 100% increase in per unit expenses.

Exploration and evaluation expenses totaled $0 in Q1 2014 and $2,113,129 in Q1 2013. Exploration and evaluation expenses in Q1 2013 reflect drilling costs associated with the South Timbalier 198 #A-7ST1 well, which was deemed to be non-commercial in January, 2013.

Impairment recovery in Q1 2014 totaled $714,050. At High Island 141, the Company recorded impairment expense in 2013 to reflect capital expenditures that would be required to construct a flowline to a new host production facility. However, subsequent to year-end 2013, the Company entered into a settlement with the owner of the facility to which the High Island 141 field had previously produced. The High Island 141 field recommenced production in May, 2014, without the need for additional capital expenditures. As a result, the Company reversed the impairment charge recorded in 2013.

Bad debt expenses totaled $86,973 in Q1 2014 and $2,486,177 in Q1 2013. The majority of the bad debt expense in Q1 2013 relates to an allowance for the non-payment of capital and operating expenses by the owner of a participating interest in two wells at Vermilion 376 (see "Legal Proceedings").

Stock-based compensation expenses totaled $416,097 in Q1 2014 and $217,413 in Q1 2013. These expenses relate to the amortization of costs associated with employee and director stock options granted in June, 2012, and September, 2013.

Finance expenses totaled $1,828,799 (cash expenses totaled $675,000) in Q1 2014 and $1,269,721 in Q1 2013. Finance expenses primarily comprised: 1) interest and accretion of debt discounts associated with the Company's related party notes payable; 2) interest and accretion of debt discount associated with $22,500,000 of 12% Senior Secured Notes that were issued on October 22, 2012; and 3) accretion of the Company's liability for asset retirement obligations ("ARO").

Other gains (losses) totaled $751,000 in Q1 2014 and $51,000 in Q1 2013. Other items relate to unrealized gains or losses on financing warrants issued in conjunction with the 12% Senior Secured Notes (see "Liquidity"). The decline in the Company's publicly-traded stock price reduced the liability associated with the financing warrants, which required the Company to record an unrealized (non-cash) gain in Q1 2014.

Deferred tax expense totaled $616,000 in Q1 2014 and compared to a dererred tax recovery of $844,000 in Q1 2013. Deferred taxes reflect 35% (corporate tax rate) of the Company's pretax income, excluding non-taxable deductions for debt accretion, stock-based compensation, and unrealized gains or losses on financing warrants.

Net Income

Net income totaled $1,085,683 in Q1 2014 compared to a net loss of $721,474 in Q1 2013, an increase of $1,807,157. Recorded net income benefited from several non-cash gains, including impairment recovery and a gain on financing warrants.

Funds generated from operations (including dry hole costs) totaled $2,991,886 in Q1 2014, compared to $1,708,857 in Q1 2013, an increase of $1,283,299 (+75%) (see Non-IFRS Financial Measures below). The increase is primarily the result lower dry hole expenses, partially offset by lower cash operating income.

Other Non-IFRS Financial Measurements

Included in the MD&A are references to certain financial measures commonly used in the oil and natural gas industry, such as funds generated from operations including dry hole costs. These measures have no standardized meanings, are not defined by IFRS, and accordingly are referred to as non-IFRS measures. The determination of these measures may not be comparable to the same as reported by other companies and should not be considered an alternative to, or more meaningful than, cash provided by operating, investing and financing activities or net income as determined by IFRS.

The Company considers funds generated from operations including dry hole costs to be a key measure as it demonstrates the Company's ability to generate the cash necessary to repay debt and to fund future growth through capital investment. The company determines funds generated from operations including dry hole costs as cash provided by operating activities prior to changes in non-cash working capital items and decommissioning expenditures and including dry hole costs. A reconciliation of cash provided by operating activities to funds generated from operations is presented below.

	For the three months ended March 31,	
	2014	2013
Cash provided (used) by operating activities	4,084,340	2,784,315
Change in non-cash working capital items	(1,098,114)	354,966
Cash abandonment costs	5,660	682,435
Dry hole costs	-	(2,113,129)
Funds generated from operations (including dry hole costs)	2,991,886	1,708,587

Seasonality

In general, the Company's business is not subject to seasonal factors and trends, although adverse weather conditions may result in temporary declines in production volumes and revenues and resulting decreases in profitability. In particular, operations in the Gulf of Mexico expose the Company to hurricane and tropical storm risks (which are insured by the Company) and, less often, cold weather risks that may result in declines in production associated with temporary cessations of production during such weather events and extended cessations of production associated with damage to facilities and/or pipelines arising from such risks. The Company did not incur any declines in production volumes and revenues or a resulting decrease in profitability as a result of any adverse weather conditions in Q1 2014.

Summary Quarterly Results

The following is a summary of selected quarterly information that has been derived from both the unaudited quarterly financial statements and the audited annual financial statements of the Company. This summary should be read in conjunction with the respective financial statements for the periods indicated.

	For the three months ended							
	Mar. 31, 2014	Dec. 31, 2013	Sep. 30, 2013	Jun. 30, 2013	Mar. 31, 2013	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012
Revenues	$ 7,694,141	$ 8,128,381	$ 10,630,237	$ 10,731,229	$ 11,558,554	$ 12,061,865	$ 12,997,594	$ 5,403,881
Income (loss)	1,085,682	(3,394,147)	2,022,974	58,796	(721,474)	(5,792,837)	5,020,879	(619,091)
Net income (loss)	1,085,682	(3,394,147)	2,022,974	58,796	(721,474)	(5,792,837)	5,020,879	(619,091)
Net income (loss) per share - basic	0.01	(0.03)	0.02	-	(0.01)	(0.05)	0.05	(0.01)
Net income (loss) per share - diluted	0.01	(0.03)	0.02	-	(0.01)	(0.05)	0.05	(0.01)
OPERATIONS								
Sales								
Oil (Bbl)	58,312	63,260	75,096	76,498	74,565	78,242	82,984	30,903
NGL (Bbl)	5,301	9,193	5,990	8,816	9,876	19,592	29,581	6,483
Natural gas (Mcf)	270,545	462,735	695,145	752,227	946,163	969,198	1,175,480	811,970
Oil (BOE) (1)	108,703	149,575	196,944	210,685	242,135	259,368	308,478	172,714
Oil (BOE/day) (1)	1,182	1,626	2,141	2,315	2,690	2,819	3,353	1,898
Oil ($/Bbl)	$ 99.72	$ 98.12	$ 108.99	$ 103.63	$ 106.93	$ 103.48	$ 103.94	$ 104.80
NGL ($/Bbl)	37.76	33.62	19.01	26.00	29.20	30.12	30.09	47.14
Natural gas ($/Mcf)	6.21	3.48	3.35	3.42	3.48	3.48	2.96	2.28
Operating revenue								
Oil	$ 5,814,696	$ 6,207,383	$ 8,184,498	$ 7,927,741	$ 7,973,082	$ 8,096,185	$ 8,625,723	$ 3,238,659
NGL	200,178	309,030	113,880	229,173	288,325	590,160	890,182	305,607
Natural gas	1,679,267	1,611,968	2,331,859	2,574,315	3,297,147	3,375,520	3,478,439	1,852,868
Handling fees	-	-	-	-	-	-	3,250	6,747
Total	7,694,141	8,128,381	10,630,237	10,731,229	11,558,554	12,061,865	12,997,594	5,403,881
Expenses								
Lease operating expense	2,810,903	2,934,138	2,791,161	3,299,099	3,325,587	3,497,410	3,381,855	2,736,580
Lease operating expense per BOE (1)	25.86	19.62	14.17	15.66	13.73	13.48	10.96	15.84

(1) Gas volumes are converted to BOE on the basis of 6 Mcfe per 1 barrel.

Liquidity

As disclosed in prior periods, on October 22, 2012, the Company entered into a Note Purchase Agreement (the "NPA") under which Rooster Oil & Gas, LLC, and Probe Resources US Ltd., as Co-Issuers, issued Senior Secured Notes due on October 22, 2014 in the aggregate principal amount of $22,500,000 (the "Notes"). The Notes are secured by a first priority security interest, lien and mortgage on all assets, including oil and gas leases and proceeds therefrom, owned by the Co-Issuers. The Notes bear interest at a rate equal to 12% per annum with interest payments due quarterly. The Company and its wholly owned subsidiary, Rooster Energy, L.L.C., are guarantors of the obligations of the Co-Issuers under the NPA and each has also granted a security interest in all of its property to secure the obligations of the Co-Issuers. No holder of the Notes is a related party to the Company nor is any holder a chartered bank, trust company or treasury bank. The proceeds from the sale of the Notes were used to repay certain obligations of the Company.

On October 11, 2013, the Company entered into a subordinated secured credit facility with The K2 Principal Fund, L.P. and Chester F. Morrison, Jr., who are both significant shareholders of the Company (and Mr. Morrison is a director) that provides for borrowing up to CDN $8.0

million to be used for general corporate purposes. The initial advance under the credit facility was CDN $4.0 million (less a 2% original issue discount and administrative fees) resulting in proceeds to the Company of $3,234,466. The interest rate is nine percent (9%) per annum on all advances, and the credit facility matures 181 days following full satisfaction of the terms of the NPA, as amended. Additionally, it is secured only by certain oil and gas properties and proceeds therefrom owned by Probe Resources US Ltd. The net proceeds of the initial advance were used to pay certain accounts payable of the Company.

Effective March 7, 2014, the Company entered into an additional secured credit facility (the "Second Credit Facility") which provides for borrowing up to US $10 million, to be used for general corporate purposes. The initial advance under the Second Credit Facility was US $4.4 million, net of an original issue discount of 10% for a funded amount equal to US $4 million. In May, 2014, the Company drew an additional US $2.8 million for a funded amount equal to US $2.5 million net of original issue discount. The interest rate is fourteen (14%) per annum on all advances under the Second Credit Facility and the maturity date is 181 days after the full satisfaction of the terms of the Notes. The Second Credit Facility is secured by all oil and gas properties and assets owned by Rooster Oil & Gas, LLC, a wholly owned subsidiary of the Company, and the Company is the guarantor of any indebtedness owed under the Second Credit Facility. The Second Credit Facility is fully subordinated to the Notes pursuant to the terms of a subordination and intercreditor agreement.

In order to enter into the Second Credit Facility, the Company obtained the consent of the holders of the Notes pursuant to a second amendment to NPA dated March 7, 2014 (the "Second Amendment"). The Second Amendment material terms include that (a) the holders of the Notes waive any provisions under the Notes that would prohibit, impair or restrict the ability of the Company to consummate the loan under the Second Credit Facility; (b) that the Company restrict any payments under the Second Credit Facility as provided for in a subordination agreement; and (c) that in addition to all amounts repaid under the terms of the Notes, the Company shall pay an additional payment in an amount equal to three percent (3%) of the principal amount repaid.

Effective March 7, 2014, the Company entered into membership interest contribution agreements whereby the Company will acquire all of the membership interests of Morrison Well Services, LLC, ("Well Services") and Cochon Properties, LLC, ("Cochon") for aggregate consideration of $125 million, with $95 million and $30 million relating to the acquisitions of Well Services and Cochon, respectively, subject to working capital adjustments as outlined in the membership interest contribution agreements. Of the total consideration, $10 million (plus or minus any working capital adjustments) is payable by the Company in cash (or assumed indebtedness of Well Services), with the remaining amount payable by way of common shares of the Company (or proportionate voting shares of the Company, if so elected by any of the members of Cochon or the sole member of Wells Services). The number of common shares to be issued will equal that number obtained by dividing $115 million by the average daily closing price of the Rooster common shares for the 20 consecutive trading days on which shares are actually traded and quoted on the TSX Venture Exchange ending on and including the date that is 10 business days prior to the special shareholder meeting to approve the transactions, subject to a minimum price of CDN $0.40 and a maximum price of CDN $0.70. Pursuant to the transactions, Well Services and Cochon will each become a wholly-owned subsidiary of the Company. Well Services and Cochon are owned, in whole or in significant part, and controlled by Chester F. Morrison, Jr., a related party who is an approximate 62% shareholder and director of the Company. The transactions are expected close late second quarter or early third quarter of fiscal 2014, subject to, among other conditions, receipt of required regulatory approval.

Chester F. Morrison, Jr., the majority shareholder of the Company and a director, owns 90% of the membership interest in Cochon and wholly owns and controls, indirectly, Wells Services. Accordingly, the acquisition constitutes a related party transaction for the purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") and must receive minority approval (as such term is defined in MI 61-101) of the shareholders of the Company. The majority required to pass the resolution approving the acquisition was not less than 50% of the votes cast by the shareholders represented in person or by proxy at the special meeting of shareholders to be held on May 16, 2014, excluding votes attributable to those shares of the Company owned or controlled, directly or indirectly, by Mr. Morrison. The K2 Principal Fund, L.P. ("K2"), owner of approximately 51.29% of the issued and outstanding common shares of the Company and approximately 19.65% of the equity in voting interests in the Company, entered into a support agreement to vote all of its shares in favor of the acquisition. The common shares held by K2 represent more than 51% of the votes attached to the minority of Company shares entitled to vote on the acquisitions.

Well Services is a special purpose entity organized to acquire the assets of the well services division of Chet Morrison Contractors, LLC and thereafter conduct a well services business that will generate revenues and cash flows primarily by performing down-hole and subsea oil and gas well plug and abandonment services. The services provided are marketed to almost all operators of oil and gas wells located in the U.S. Gulf of Mexico.

Cochon owns twelve (12) oil and gas leases containing approximately 15,985 gross acres covering leases at Eugene Island 18, Vermilion 67, and West Delta 44 & 45; for the three months ended September 30, 2013, the three fields produced 77,561 BOE, or 843 BOE per day (16% liquids). At October 31, 2013, Cochon's proved and probable reserves totaled 4,361,242 BOE (62% proved, 29% liquids) with a NPV-10% of $61,186,593.

In order to enter into the membership interest contribution agreements for Well Services and Cochon, the Company obtained the consent of the holders of the Notes pursuant to a limited consent and forbearance agreement dated March 7, 2014 (the "Limited Consent"). Therein, the holders of the Notes and the Company acknowledged that at the end of fourth quarter of 2013, the Company was in existing and continuing default of the collateral coverage ratio covenant of the Notes (the "Specified Default") and in order to allow for the acquisition of Cochon and Well Services, the Limited Consent provides that, the holders of the Notes will forbear from exercising certain rights and remedies under the Note Purchase Agreement and certain related documents in respect of the Specified Default until the date which is the earliest to occur of the date *inter alia* (a) that any representation or warranty made by any holder of the Notes in the Limited Consent is false; (b) that certain voluntary or involuntary insolvency proceedings in relation to a holder of the Notes is commenced; (c) of the occurrence after the effective date of the forbearance obligations in the Limited Consent of an event of default other than the Specified Default; (d) that any litigation is commenced by a holder of the Notes in relation to the Note Purchase Agreement or the Limited Consent or other documents related thereto; (e) of the exercise by any creditor or holder of indebtedness of the Company of any rights available to them in connection with the indebtedness including but not limited to foreclosure or enforcement against any collateral of the Company; (f) of the payment in full of the obligations under the Note Purchase Agreement; (g) March 21, 2014 unless the Company received a fairness opinion in respect of the acquisition of Cochon and Well Services prior to such date and; (h) July 7, 2014.

On March 14, 2014, Cowen and Company, LLC, issued an opinion to the Company opining that subject to certain assumptions and limitations, the purchase price to be paid for Cochon and Well Services is fair from a financial point of view to the Company.

At March 31, 2014, the Company had a working capital deficiency of $50,077,953, including outstanding loans payable amounts which are due within the current year. In addition, a significant portion of the Company's accounts payable were past due. Management has taken a number of steps to address the Company's liquidity situation, including entering into two material acquisition agreements which are anticipated to contribute significant additional positive cash flows and cost synergies. The Company is also currently engaged in discussions for a new credit facility, and may pursue issuing additional equity following the anticipated closing of the acquisitions (see Other Subsequent Events).

Management believes that these transactions, combined with the Company's ongoing positive cash flows from operating activities and the continued support of its major shareholders, will be sufficient to fund its ongoing operations and fund its capital expenditures program over the upcoming year.

There is however, no assurance that the necessary financing will be obtained and accordingly there is a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and to realize its assets and discharge its liabilities in the normal course of business.

Asset Retirement Obligations

In addition to the amounts owed at March 31, 2014, the Company has an ongoing liability with respect to the plugging and abandonment of wells and decommissioning of facilities totaling $18,708,714 on a discounted basis. The timing and amount of settling such asset retirement obligations are based on management's best estimate at this time. In the event of unforeseen developments, the Company may be required to incur asset retirement costs sooner than otherwise anticipated and in amounts exceeding the asset retirement obligations recorded on the balance sheet.

Contractual Obligations

At March 31, 2014, principal contractual obligations requiring fixed payments consisted of the following:

	Payments Due By Period				
	Total	Less Than 1 Year	1 - 2 Years	2 - 5 Years	Over 5 Years
First Amended and Restated Term Note [1]	$ 6,000,000	$ 6,000,000	$ -	$ -	$ -
Term Promissary Note [1]	463,000	463,000	-	-	-
Senior Secured Notes [2]	22,500,000	22,500,000	-	-	-
Related Party Subordinate Note [3]	4,000,000	4,000,000	-	-	-
Related Party Subordinate Note [4]	4,500,000	4,500,000	-	-	-
	$ 37,463,000	$ 37,463,000	$ -	$ -	$ -

(1) Matures on April 2014. However, subject to an intercreditor subordination agreement payment is not required until July 7, 2014.

(2) Payable on July 7, 2014 with interest at 12% paid quarterly. The Company aslo has 9,000,000 warrants outstanding in connection with the Senior Secured Notes.

(3) CAN$4,000,000 payable 181 days after full satisfaction of the Senior Secured Notes with interest at 9% paid in arrears.

(4) Payable 181 days after full satisfaction of the Senior Secured Notes with interest at 9% paid in arrears.

Additionally, the Company leases its corporate headquarters located at 16285 Park Ten Place, Suite 120, Houston, Texas 77084 pursuant to a lease agreement with a five (5) year term beginning July 1, 2012 through June 30, 2017. For the period beginning July 1, 2013 through June 30, 2014 the base rental rate is $16,720 per month.

Capital Expenditures

Capital expenditures totaled $1,988,493 in Q1 2014 and $242,314 in Q1 2013. Capital expenditures in Q1 2014 primarily reflect: 1) costs associated with recompleting the #A-1 well at Vermilion 376; and 2) costs associated with installing a compressor at Grand Isle 70.

Off-Balance Sheet Arrangements

At March 31, 2014 the Company is not party to, and not currently party to, any off-balance sheet arrangements.

Financial Instruments and Other Instruments

As at March 31, 2014, the Company has one fixed price physical delivery contract pursuant to which it has agreed to sell certain quantities of natural gas and crude oil. Specifically, for the period November 1, 2013 through April 30, 2014, the Company is obligated to sell 350 barrels per day of crude oil at a fixed price of $102.95 per barrel less discounts.

At March 31, 2014, the Company did not have, and currently does not have, any derivative securities, financial or other instruments.

Transactions with Related Parties

During the year ended March 31, 2014, the Company had the following transactions and balances with related parties:

- Accounts payable and accrued liabilities to directors and/or entities associated with directors, totaled $nil at March 31, 2014. During the quarter ended March 31, 2014 the Company recorded additional purchases from Chet Morrison Contractors, LLC in the amount of $161,553. In addition, at March 31, 2014, the Company had accounts payable in the amount of $4,131,901 due and owing to Chet Morrison Contractors, LLC, which is indirectly owned and controlled by Chester F. Morrison, Jr., who is a director of the Company.

- The Company is indebted to The K2 Principal Fund L.P. in the total amount of $6,463,000 plus accrued interest of $1,561,181. Interest expense recorded during Q1 2014 was $234,284. The debt is secured by certain assets of Probe Resources US Ltd. Paul Crilly is a director of the Company and a managing director of K2 & Associates Investment Management Inc., the general partner of The K2 Principal Fund L.P.

- In October, 2013, the Company entered into a subordinated secured credit facility which provides for borrowing up to CDN $8.0 million, with an initial advance of CDN $4.0 million (see "Liquidity"). At March 31, 2014, accrued interest related to the credit facility totaled $162,042 and the liability on the financial statements was $3,319,575. The K2 Principal Fund L.P. serves as "Administrative Agent" under the credit facility and it is also a participating lender in the credit facility along with Chester F. Morrison, Jr. The K2 Principal Fund, L.P. and Mr. Morrison are related parties to the Company and neither is a chartered bank, trust company or treasury bank.

- In March 2014, the Company entered into a secured credit facility with Chester F. Morrison, Jr., who is a related party, which provides for borrowing up to $10 million, with an initial advance of $4.4 million (see "Liquidity"). At March 31, 2014, accrued interest related to the credit facility totaled $51,333 and the liability on the financial statements was $4,025,187. Subsequent to March 31, 2014, the Company drew an additional $2.8 million ($2.5 million net of original issue discount) from this credit facility. Mr. Morrison is a related party to the Company and is not a chartered bank, trust company or treasury bank.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares (that may be converted to proportionate voting shares) and an unlimited number of preferred shares issuable in series with no par value. As of the date hereof, there were 65,071 proportionate voting shares (each convertible to 1,000 common shares) and 40,397,323 common shares issued and outstanding or the issued share capital on a fully diluted basis was the equivalent of 105,468,323 common shares. No preferred shares are issued or outstanding.

In association with the NPA, as amended (see "Liquidity"), the Company entered into a Warrant Purchase Agreement with a five-year term with the holders of the Notes pursuant to which it has agreed to sell warrants for up to 9,000,000 common shares of the Company at an exercise price of CDN $1.00 per common share.

Pursuant to the stock option plan approved by shareholders on April 20, 2012, on June 5, 2012, the Company approved the grant of incentive stock options to directors, officers and employees for acceptance in the total amount of 4,820,645. The exercise price is CDN $0.50 per option and expiry date is June 5, 2022. As of March 31, 2014 there have been 6,666 options exercised and 53,334 options forfeited.

On July 16, 2013, the shareholders of the Company voted to amend and restate the stock option plan and approved the Rooster Energy Ltd. 2013 Stock Incentive Plan. On September 11, 2013, the Company awarded stock options to directors, senior officers and employees for acceptance in the total amount of 4,532,759 common shares. The exercise price is CDN $0.82 per option and expiry date is September 11, 2023. Subsequent to the foregoing award, the number of common shares available for future award under the Rooster Energy Ltd. 2013 Stock Incentive Plan is 12,043,106.

Other than those issued under Warrant Purchase Agreement or the Rooster Energy Ltd. 2013 Stock Incentive Plan (and the proportionate voting shares (each of which is convertible into 1,000 common shares), there were no warrants, stock options or other securities convertible into common shares outstanding on March 31, 2014.

Legal Proceedings

The Company is a party to several legal proceedings which are incidental to the ordinary course of business. We regularly analyze current information and, as necessary, provide accruals for probable liabilities on the eventual disposition of these matters. In the opinion of management, as of the date of the filing of this MD&A, there are only two threatened or pending legal matters that could have a material impact on our consolidated results of operations, financial position or cash flows.

376 OG Holdings, LLC, vs. Texas OG Acquisitions, LLC, CA No. 6:12CV2534, USDC, W.D. La. (Lafayette Div)

On February 5, 2013, Rooster Petroleum, LLC, intervened in the above noted action to assert an operators oil and gas lien or privilege in the amount of $2,264,701 for unpaid drilling and completion costs against the working interest allegedly owned by Texas OG Holdings, LLC, in the Rooster Vermilion 376 #A-3 & #A-4 Wells (for purposes of this section only, the "Wells") which was pending foreclosure by 376 OG Holdings, LLC, and sale by the U.S. Marshall. Rooster Petroleum, LLC asserted that its lien on the Wells for moneys owed to it by Implicit Oil & Gas (VR 376), LLC ("Implicit"), the alleged successor to Texas OG Holdings, was superior in rank to the mortgage at issue. The foreclosure order was subsequently withdrawn.

On September 30, 2013, Rooster Petroleum, LLC, and Rooster Oil & Gas, LLC (for purposes of this section only, together "the Rooster Interveners") filed a first amended complaint in intervention against the defendants (and added additional related parties including Implicit and its owner, Ron Beneke, individually) an alleged 20 causes of action seeking primarily rescission of the sale of the working interest to Implicit, declaratory relief and money damages all related to the drilling, completion and operation of the Wells and the attempted sale to enforce the mortgage on the working interest. At the date of this MD&A, there has not been any counterclaim asserted against the Rooster Interveners.

In connection with this case, in July 2013, the Rooster Interveners agreed to deposit 18.1665% (approximately the net revenue interest attributable to the Implicit working interest in dispute) of the proceeds that it receives from the sale of oil and gas production from the Wells after June 18, 2013 into an escrow account with JPMorgan Chase Bank, NA. The funds in the escrow account can only be released upon consent of all parties to the escrow agreement or by order of the court in this matter. The Rooster Interveners claim they are entitled to all of the funds held in the escrow account which amount to the approximate sum of $3,391,841 as at the date of the previously filed MD&A.

Subsequent to the quarter ended March 31, 2014, on July 16, 2014, the Company settled this litigation matter. Pursuant to the terms of the settlement, the Company acquired an additional 25% working interest in the Vermilion 376 #A-3 and #A-4 wells which are operated by the Company in consideration of payment of the sum of US$3,500,574. The seller retained a first priority mortgage and security interest on the working interest pending payment in full by the Company.

For additional events subsequent to the quarter ended March 31, 2014, see "Other Subsequent Events".

Rooster Oil & Gas, LLC, & Rooster Petroleum, LLC vs. Birnham Energy Investment Company, L.P. (f/k/a Implicit Oil & Gas, L.P.) & Implicit Oil & Gas (VR 375), LLC, Cause No. 2013-17984, 165th JDC, Harris County, Texas.

On March 27, 2013, Rooster Petroleum, LLC, and Rooster Oil & Gas, LLC (for the purposes of this section only, together, the "Rooster Plaintiffs") filed suit to collect outstanding accounts receivable related to the drilling, completion and operation of the Rooster Vermilion 376 #A-3 & #A-4 Wells (for the purposes of this section only, the "Wells"). On November 21, 2013, Birnham *et al* filed a first amended counterclaim (and added Rooster Energy, L.L.C., and Rooster Energy Ltd. (for purposes of this section only, together with the Rooster Plaintiffs, the "Rooster Entities") as defendants in counterclaim). On or about May 14, 2014, Birnham *et al* filed a second amended counterclaim against the Rooster Entities as defendants in counterclaim. In the second amended counterclaim, Birnham *et al* have alleged nine causes of action. Six of the causes of action seek money damages and indemnity against the Rooster Entities for various amounts resulting primarily from breach of contract and the subsequent failure or refusal of the Rooster Entities to pay Birnham *et al* for its alleged share of production from the Wells. The remaining three causes of action seek declaratory relief, a request for accounting and appointment of an auditor of the account for the Wells and the appointment of a receiver for each of the Rooster Entities. The Rooster Entities consented to the appointment of the auditor who is currently auditing the joint interest account for the Wells. On May 22, 2014 the Birnham *et al* application for appointment of a receiver was denied. Rooster's management believes that

Rooster has valid defenses to all of the counterclaims and is defending against such counterclaims.

Birnham *et al* is seeking punitive damages in connection with its claims. However, since all claims are concerning or related to the Wells on federal leases offshore of the state of Louisiana, Louisiana law should apply. Under Louisiana law, punitive damages are only available in limited instances and none of those have been asserted by Birnham *et al*. Accordingly, Rooster's management believes that in the unlikely event that Birnham *et al* were to obtain judgment in their favor, it would not have a material adverse effect on the Company.

Other Subsequent Events

On April 16, 2014, the Company filed Amended Condensed Interim Consolidated Financial Statements of the Company for the Three and Nine Months Ended September 30, 2013 and 2012 and corresponding Amended Management's Discussion and Analysis (the "Q3 Filings"). The Q3 filings have been amended to include disclosure of certain events subsequent to September 30, 2013, including that in connection with the proposed acquisition by the Company of Well Services and Cochon, the Company and the holders of the Notes acknowledged that the Company was in default of the collateral coverage ratio under the senior secured notes and the Notes holders agreed to forbear from exercising certain rights and remedies. The previously filed information in respect of such September 30, 2013 filings is unchanged other than the addition of the subsequent event disclosure.

The Company's deficiency in satisfying the collateral coverage ratio was primarily the result of over expenditures in the second and third quarters of 2013 related to the drilling and completion of the High Island A-494 #B-4 well. The Company intends to move forward with a plan to develop the potential oil and gas reserves identified in the well and is engaged in discussions for a new credit facility that will allow the Company to resolve its working capital deficit, satisfy its obligations to the Note holders and continue the Company's growth to maximize shareholder value. The Company will also continue to examine other corporate strategies, including asset divestitures and additional debt or equity financings, in order to finance its ongoing capital expenditure program and settle its long-term liabilities as they fall due.

On April 16, 2014, the Company filed and mailed to shareholders a Management Information Circular disclosing information related to the Company's proposed acquisition of Cochon and Well Services.

On May 16, 2014, at a special meeting of the shareholders, the requisite majority of the minority of Rooster shareholders approved the acquisitions of Cochon and Well Services. Upon close, the Company will issue 218,631,179 common shares of which 57,034,221 shares will be issued to the members of Cochon, and 161,596,958 shares will be issued to the member of Well Services.

As a result of the acquisition, the percentage of issued and outstanding equity shares, on a fully diluted basis, owned or controlled, directly or indirectly, by Mr. Morrison will increase from 62% to approximately 86%.

On July 17, 2014, the Company announced that that it intends to commence the New Note Offering. The Company intends to use the net proceeds from the New Note Offering to repay existing indebtedness, fund the cash portion of the acquisition of all of the membership interest of Well Services and for general corporate purposes.

Also on July 17, 2014, the Company announced that it has received a proposal for the New Credit Facility, which will be secured by a first priority lien on substantially all of the Company's assets and those of its subsidiaries, including Well Services and Cochon once the Company's acquisition of same are complete. The Company expects the New Credit Facility will provide it and its subsidiaries with an initial borrowing base of approximately US$11.5 million based solely upon a recent evaluation of eligible assets of Well Services. Further borrowing capacity is expected to be made available dependent upon the lender's review of oil and gas collateral of the Company's subsidiaries. The New Credit Facility is expected to be finalized and made available substantially concurrently with the issuance of the New Notes, but remains subject to satisfactory completion of lender due diligence and credit and security documentation. Accordingly, the availability of the New Credit Facility is not a condition to the closing of the New Note Offering and there is no assurance the New Credit Facility will be made available on the terms described or at all following issuance of the New Notes.

Forward Looking Information and Statements

This MD&A may contain forward looking information related to planned drilling program, production, revenue, commodity prices, royalties, capital expenditures and commitments, operating costs, general and administrative expenses, funds flow from operations, financing plans, liquidity and capital resources and debt settlement. Forward-looking information is based on expectations and estimates as of the date of this document, and is information that is subject to known and unknown risks and other factors that may cause future actions, conditions or events to differ materially from the anticipated actions, conditions or events expressed or implied by such forward-looking information. Forward-looking information is information that does not relate strictly to historical or current facts, and can be identified by the use of the future tense or other forward-looking words such as "believe", "expect", "anticipate", "intend", "plan", "estimate", "should", "could" "may", "objective", "projection", "forecast", "continue", "strategy", "position" or the negative of those terms or other variations of them or comparable terminology.

Further examples of such forward-looking information in this document include but are not limited to the following, each of which is subject to significant risks and uncertainties and is based on a number of assumptions, which may prove to be incorrect including: the acquisitions of Cochon and Well Services, including the benefits and timing of completion thereof; the commencement of, and intended use of proceeds from, the offering of the New Notes; availability and terms of the New Credit Facility; the amounts recorded for depletion, depreciation and accretion, the provision for asset retirement obligations and the ceiling test, which are based on estimates of reserves, production rates, petroleum and natural gas prices, future costs and other relevant assumptions. Stock-based compensation expense is based upon estimates using the Black-Scholes option pricing model.

Risks include, but are not limited to, the availability and costs of financing, general economic conditions, storm weather risks, and risks associated with the oil and gas industry (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the financial health of joint venture partners; health, safety and environmental risks; and the uncertainty of dealing with government and obtaining regulatory approvals).

At this time, the most significant risk relates to the uncertainty of the Company's ability to finance development plans and ongoing operations, the results of any such development operations and future oil and gas prices and the current volatility in these markets. Revenues and funds flow from operations will be impacted positively or negatively depending on the ultimate variance to our forecast assumptions. Furthermore, the outcome of commodity price changes are expected to impact our capital spending plans and the ability of joint venture partners and other sources of capital funding to provide financing for projects.

Operations may be unsuccessful or delayed as a result of competition for services, supplies and equipment, mechanical and technical difficulties, ability to attract and retain employees on a cost effective basis, commodity and marketing risk and seasonality. The company is subject to significant drilling risk and uncertainties including the ability to find oil and gas reserves on an economic basis, and is also exposed to risks relating to the inability to obtain timely regulatory approvals, surface access, access to third party gathering and processing facilities, transportation and other third party related operational risks.

Financial risks that the Company is exposed to include, but are not limited to, access to debt or equity markets and fluctuations in commodity prices, interest rates and the Canadian/US dollar exchange rate.

It is anticipated that subsequent events and developments may cause a change to the assumptions made by us. The Company does not have an intention to update this forward-looking information, except as required by applicable securities laws. This forward-looking information represents the Company's views as of the date of this document and such information should not be relied upon as representing its views as of any date subsequent to the date of this document. Highlighted here are important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations.

There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are not intended to represent a complete list of factors that could affect the Company.

Date

This Amended and Restated MD&A is dated July 17, 2014.

Additional Information

Additional information regarding the Company is available at SEDAR www.sedar.com and at www.roosterenergyltd.com

APPENDIX A

	For the three months ended March 31,	
	2014	2013
EBITDAX [a] Calculation:		
Income (loss)	1,085,682	(721,474)
DD&A	1,311,684	2,514,255
Exploration and evaluation	-	2,113,129
Non-cash plug and abandonment	-	-
Bad debt expense	86,973	2,486,177
Stock-based compensation	416,097	217,413
Finance expenses and unrealized loss on financing warrants	961,549	1,218,721
Impairment expense	(714,050)	-
Asset retirement expense	-	-
Deferred tax expense (recovery)	616,000	(844,000)
EBITDAX	3,763,933	6,984,221