ROOSTER ENERGY LTD.

Management Discussion and Analysis
September 30, 2014

This management discussion and analysis ("MD&A") of Rooster Energy Ltd. ("Rooster" or, the "Company") reflects its September 30, 2014 financial results and operations as well as all material developments following September 30, 2014 to November 24, 2014, the date this MD&A was approved by the Board of Directors of the Company. This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and related notes as at and for the three months ended September 30, 2014 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 United States of America dollars, unless otherwise noted.

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 September 30, 2014, our primary assets consist of operating rights interests and/or record title interests in 15 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 obtain and retain drilling rigs, personnel and supplies to carry out drilling and other operations in a safe and cost effective manner; (ii) the ultimate results of such drilling or other 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. The transaction was treated as a reverse acquisition of the Company by Rooster Energy, L.L.C. 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 Rooster and its wholly owned 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 Q3 2014

At September 30, 2014, the Company's interests in oil and natural gas leases consisted of ownership in 15 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 the quarter ended September 30, 2014 ("Q3 2014"), the Company's net crude oil sales averaged 615 barrels oil per day (BOPD), net natural gas liquids (NGL) sales averaged 50 barrels of oil equivalent per day (BOEPD), and net natural gas sales averaged 2,337 thousand cubic feet per day (MCFPD) (or 389 BOEPD); in aggregate, total crude oil, NGL, and natural gas sales averaged 1,055 BOEPD in Q3 2014. The Company's five operated properties located at Vermilion 376, Grand Isle 70, East Cameron 36/37, Eugene Island 28 and High Island 141, comprised 90% of Q3 2014 sale volumes.

The Company produced 97,078 barrels of oil equivalent ("BOE") in Q3 2014, compared to 196,943 BOE produced in the quarter ended September 30, 2013 ("Q3 2013), a 51% decline. Lower production primarily reflects the lack of new production since our 2012 drilling program, as well as the loss of production from the East Cameron 37 #A-2 well, which was shut-in after watering out in November, 2013. In Q3 2014, the Company generated EBITDAX of $624,184, which was weighed down by $310,357 of transaction expenses related to the previously-announced acquisitions of Cochon Properties, LLC, and Morrison Well Services, LLC. Excluding such transaction expenses, EBITDAX in Q3 2014 totaled $934,541 compared to $6,595,206 generated in Q3 2013, an 86% decline. Loss of revenue from lower production volumes in Q3 2014 were partially offset by higher realized prices from the sales of production that resulted largely from a shift in the Company's production mix to a higher percentage of liquids. In addition, higher operating expenses resulted from the resumption of production at High Island 141, as well as higher repair and maintenance expenses (for calculation, see Appendix A).

The Company recorded a net loss of $1,181,096 in Q3 2014 compared to net income of $2,022,974 recorded in Q3 2013. Funds generated (lost) from operations (including dry hole costs) totaled ($454,986) in Q3 2014, compared to $5,138,203 in Q3 2013 (see Non-IFRS Financial Measures on page 9). The decline is primarily the result of lower EBITDAX, as a bad debt recovery recorded in Q3 2014 was largely offset by fees associated with the limited consent and forbearance agreements agreed with the Company's senior lender.

In September, 2014, the Company completed a tubing exchange of the #A-3 well at Eugene Island 28. The well resumed production on September 21, 2014, and averaged 393 BOEPD (net) through the end of the month.

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 and nine months ended September 30, 2014 and 2013:

	For the three months ended September 30,		For the nine months ended September 30,	
	2014	2013	2014	2013
Sales				
Oil (Bbl)	56,608	75,096	176,560	226,159
NGL (Bbl)	4,639	5,990	15,203	24,681
Natural gas (Mcf)	214,984	695,145	799,302	2,393,535
Total Oil (BOE) [a]	97,078	196,943	324,981	649,762
Total Oil (BOE/day) [a]	1,055	2,141	1,190	2,380
Oil ($/Bbl)	$ 97.71	$ 108.99	$ 100.01	$ 106.50
NGL ($/Bbl)	24.89	19.01	34.09	25.58
Natural gas ($/Mcf)	4.00	3.35	4.88	3.43
Summary statement of income				
Revenue	$ 6,507,598	$ 10,630,237	$ 22,079,367	$ 32,920,020
Expenses				
Lease operating costs	4,327,571	2,791,161	10,454,413	9,415,848
Depreciation and depletion	1,213,634	2,142,053	3,853,200	6,806,797
Exploration and evaluation	-	3,205	-	2,162,364
Impairment expense (recovery)	-	-	(714,050)	-
Plug and abandonment	-	-	-	-
General and administrative	1,245,486	1,243,870	3,607,286	3,737,816
Transaction costs	310,357	-	310,357	-
Bad debt expense (recovery), net	(2,734,759)	125,584	(2,558,483)	2,796,446
Asset retirement expense	-	-	-	-
Stock-based compensation	344,521	200,085	1,162,423	595,382
Total costs and expenses	4,706,810	6,505,958	16,115,146	25,514,653
Operating income (loss)	1,800,788	4,124,279	5,964,221	7,405,366
Unrealized (gain) loss on financing warrants	682,000	921,000	395,000	(543,000)
Finance expenses [b]	(4,104,884)	(1,861,305)	(9,335,847)	(4,426,071)
Income (loss) before tax expense	(1,622,096)	3,183,974	(2,976,626)	2,436,296
Deferred tax expense (recovery)	(441,000)	1,161,000	(137,000)	1,076,000
Income (loss)	(1,181,096)	2,022,974	(2,839,626)	1,360,296
Income (loss) per share				
Basic	(0.01)	0.02	(0.03)	0.01
Diluted	(0.01)	0.02	(0.03)	0.01
Weighted average shares outstanding [c]				
Basic	105,468,323	105,465,823	105,468,323	105,465,823
Diluted	105,468,323	106,661,600	105,468,323	105,465,823
Capital expenditures	$ 10,511,431	$ 16,369,381	$ 13,073,768	$ 26,289,412
EBITDAX [d]	$ 624,184	$ 6,595,206	$ 7,707,311	$ 19,766,356

(a) Gas volumes are converted to BOE on the basis of 6 Mcf 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 including unrealized (gain)/loss on financing warrants, 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.)

Sales Volumes

Crude oil sales totaled 56,608 barrels (615 BOPD) in Q3 2014 compared to 75,096 barrels (816 BOPD) in Q3 2013, a decline of 18,488 barrels (-25%). For the nine months ended September 30, 2014, crude oil sales totaled 176,560 barrels (647 BOPD) compared to 226,159 barrels (828 BOPD) for the nine months ended September 30, 2013, a decline of 49,599 barrels (-22%). Lower sales primarily reflect lack of new production since our 2012 drilling program. Declines at Vermilion 376 were partially offset by higher production at High Island 141, which resumed production in May, 2014. In addition, Rooster exchanged the production tubing in the Eugene Island 28 #A-3; the well resumed production on September 21, 2014, and averaged 285 BOPD (net) through the end of the month.

NGL sales totaled 4,639 BOE (50 BOEPD) in Q3 2014 compared to 5,990 BOE (65 BOEPD) in Q3 2013, a decline of 1,351 BOE (-23%). For the nine months ended September 30, 2014, NGL sales totaled 15,203 BOE (56 BOEPD) compared to 24,681 BOE (90 BOEPD) for the nine months ended September 30, 2013, a decline of 9,478 BOE (-38%).

Natural gas sales totaled 214,984 MCF (2,337 MCFPD) in Q3 2014 compared to 695,145 MCF (7,556 MCFPD) in Q3 2013, a decline of 480,161 MCF (-69%). For the nine months ended September 30, 2014, natural gas sales totaled 799,302 MCF (2,928 MCFPD) compared to 2,393,535 MCF (8,768 MCFPD) for the nine months ended September 30, 2013, a decline of 1,594,233 MCF (-67%). Lower sales primarily reflect lack of new production since our 2012 drilling program, as well as lower production from the East Cameron 37 #A-2 well, which was shut-in after watering out in November, 2013.

In aggregate, crude oil, NGL and natural gas sales totaled 97,078 BOE (1,055 BOEPD) in Q3 2014 compared to 196,943 BOE (2,141 BOEPD) in Q3 2013, a decline of 99,865 BOE (-51%). For the nine months ended September 30, 2014, aggregate sales totaled 324,981 BOE (1,190 BOEPD) compared to 649,762 BOE (2,380 BOEPD) for the nine months ended September 30, 2013, a decline of 324,781 BOE (-50%). Sales volumes in Q3 2014 were comprised of 58% crude oil, 5% NGLs, and 37% natural gas.

Realized Prices

Realized crude oil prices averaged $97.71 per barrel in Q3 2014 compared to $108.99 per barrel in Q3 2013, a decline of $11.28 per barrel (-10%). For the nine months ended September 30, 2014, realized crude oil prices averaged $100.01 per barrel compared to $106.50 per barrel for the nine months ended September 30, 2013, a decline of $6.49 per barrel (-6%). 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. The decline in the realized price in Q3 2014 was the result of an 8% decline in WTI crude prices, augmented by a 48% drop in the LLS premium to WTI.

Realized NGL prices averaged $24.89 per barrel in Q3 2014 compared to $19.01 per barrel in Q3 2013, an increase of $5.88 per barrel (+31%). For the nine months ended September 30, 2014, realized NGL prices averaged $34.09 per barrel compared to $25.58 per barrel for the nine months ended September 30, 2013, an increase of $8.51 per barrel (+33%). The increase in Q3 2014 primarily reflects overall increases in domestic NGL prices, as well as improvements in product mix.

Realized natural gas prices averaged $4.00 per MCF in Q3 2014 compared to $3.35 per MCF in Q3 2013, an increase of $0.65 per MCF (+19%). For the nine months ended September 30, 2014, realized natural gas prices averaged $4.88 per MCF compared to $3.43 per MCF for the nine months ended September 30, 2013, an increase of $1.45 per MCF (+42%). Higher realized prices primarily reflect higher domestic natural gas prices; prices at the Henry Hub were up 12% in Q3 2014 from year-ago levels. In addition, we have historically realized a relatively low price at our East Cameron 36/37 field; lower sale volumes associated with this field resulted in a higher overall company-wide realized price.

In aggregate, realized prices averaged $67.03 per BOE in Q3 2014 compared to $53.98 per BOE in Q3 2013, an increase of $13.05 per BOE (+24%). For the nine months ended September 30, 2014, aggregate realized prices averaged $67.94 per BOE compared to $50.66 per BOE for the nine months ended September 30, 2013, an increase of $17.28 per BOE (+34%). Higher aggregate prices are primarily the result of a shift in the Company's production mix to a higher percentage of liquids (crude, condensate and NGLs).

Revenues

Crude oil revenues totaled $5,531,159 in Q3 2014 compared to $8,184,498 in Q3 2013, a decline of $2,653,339 (-32%). The decline in Q3 2014 reflects a 25% drop in sales volume and a 10% decline in the average realized price. For the nine months ended September 30, 2014, crude oil revenues totaled $17,657,150 compared to $24,085,322 for the nine months ended September 30, 2013, a decline of $6,428,172 (-27%). The decline for the nine months ended September 30, 2014, reflects a 22% drop in sales volume and a 6% decline in the average realized price.

NGL revenues totaled $115,485 in Q3 2014 compared to $113,879 in Q3 2014, an increase of $1,606 (+1%). The increase in Q3 2014 reflects a 31% increase in the average realized price, mostly offset by a 23% drop in sale volumes. For the nine months ended September 30, 2014, NGL revenues totaled $518,268 compared to $631,376 for the nine months ended September 30, 2013, a decline of $113,108 (-18%). The decline for the nine months ended September 30, 2014, reflects a 38% drop in sale volumes, partially offset by a 33% increase in the average realized price.

Natural gas revenues totaled $860,954 in Q3 2014 compared to $2,331,859 in Q3 2013, a decline of $1,470,905 (-63%). The decline reflects a 69% drop in sales volume, partially offset by a 19% increase in the average realized price. For the nine months ended September 30, 2014, natural gas revenues totaled $3,903,950 compared to $8,203,321 for the nine months ended September 30, 2013, a decline of $4,299,371 (-52%). The decline for the nine months ended September 30, 2014, reflects a 67% drop in sales volume, partially offset by a 43% increase in the average realized price.

Total revenues totaled $6,507,598 in Q3 2014 compared to $10,630,237 in Q3 2013, a decline of $4,122,639 (-39%). The decline reflects a 51% drop in sales volume, partially offset by a 24% increase in the average realized price. For the nine months ended September 30, 2014, total revenues totaled $22,079,367 compared to $32,920,020 for the nine months ended September 30, 2013, a decline of $10,840,653 (-33%). The decline for the nine months ended September 30, 2014, reflects a 50% drop in sales volume, partially offset by a 34% increase in the average realized price. Revenues in Q3 2014 were comprised of 85% crude oil, 2% NGLs, and 13% natural gas.

Expenses

Lease operating expenses totaled $4,327,571 in Q3 2014 compared to $2,791,161 in Q3 2013, an increase of $1,536,410 (+55%). For the nine months ended September 30, 2014, lease operating expenses totaled $10,454,413 compared to $9,415,848 for the nine months ended September 30, 2013, an increase of $1,038,565 (+11%). Higher operating costs were driven primarily by the reactivation of the High Island 141 field that included platform repairs, which resumed production in May, 2014, as well as platform repairs at Vermilion 376. Lease operating expenses averaged $44.58 per BOE in Q3 2014 compared to $14.17 per BOE in Q3 2013, which represents a 215% increase in per unit operating expenses. The higher per unit expenses in Q3 2014 primarily reflect the shift in the Company's production mix to a higher percentage of liquids, as well as higher repair and maintenance expenses compared to the year-ago period.

Depreciation and depletion expenses totaled $1,213,634 in Q3 2014 compared to $2,142,053 in Q3 2013, a decline of $928,419 (-43%). For the nine months ended September 30, 2014, depreciation and depletion expenses totaled $3,853,200 compared to $6,806,797 for the nine months ended September 30, 2013, a decline of $2,953,597 (-43%). Lower depreciation and depletion expenses reflect lower production volumes. Depreciation and depletion expenses averaged $12.50 per BOE in Q3 2014 compared to $10.88 per BOE in Q3 2013, which represents a 15% increase in per unit expenses.

General and administrative expenses totaled $1,245,486 in Q3 2014 compared to $1,243,870 in Q3 2013, an increase of $1,616 (+0%). For the nine months ended September 30, 2014, general and administrative expenses totaled $3,607,286 compared to $3,737,816 for the nine months ended September 30, 2013, a decline of $130,530 (-3%). General and administrative expenses averaged $12.83 per BOE in Q3 2014 compared to $6.32 per BOE in Q3 2013, which represents a 103% increase in per unit expenses.

Transaction costs for the three and nine months ended September 30, 2014 were $310,357 and comprise cost associated with the proposed Cochon and Well Services acquisitions. (See subsequent event disclosures in the MD&A.)

Impairment recovery for the nine months ended September 30, 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 since we were no longer able to process at High Island 154 due to ongoing litigation. However, subsequent to year-end 2013, the Company entered into a settlement with the owner of the facility at High

Island 154 to which the High Island 141 field had previously produced. As a result, the High Island 141 field recommenced production in May, 2014, without the need for additional capital expenditures that would have been required to construct a flowline to a new host facility. In recognition of the fact that capital will not be expended to construct a new flowline, the Company reversed the $714,050 impairment charge recorded in 2013.

Bad debt recovery, net of expense, totaled $2,734,759 in Q3 2014, and $2,558,483 for the nine months ended September 30, 2014. In Q1 2013, Rooster recorded bad debt expense for delinquent receivables (primarily capital expenditures and lease operating expenses) related to a minority partner's working interest in the Vermilion 376 #A-3 and #A-4 wells. In Q3 2014, the Company settled related litigation and as part of that settlement, the Company purchased the minority partner's working interest in the two wells. As a result, the Company has reversed the bad debt expense related to this partner and classified the recovery as an addition to the purchase price (see "Legal").

Stock-based compensation expenses totaled $344,521 in Q3 2014 and $1,162,423 for the nine months ended September 30, 2014. These expenses relate to the amortization of costs associated with employee, officer and director stock options granted in June 2012, September 2013 and May 2014.

Finance expenses totaled $4,104,884 in Q3 2014 and $9,335,847 for the nine months ended September 30, 2014. 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 senior secured notes that were issued on October 22, 2012 (the "Senior Secured Notes"); and 3) accretion of the Company's liability for asset retirement obligations ("ARO"). In addition, Rooster recorded a $2,025,000 expense to reflect fees charged in conjunction with the limited consent and forbearance agreements (maturity and repayment extensions) with the holders of the Senior Secured Notes (see "Legal").

Other expenses totaled $682,000 in Q3 2014 and $395,000 for the nine months ended September 30, 2014. Other items relate to unrealized (gains) losses on financing warrants issued in conjunction with the 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.

Deferred tax expense (recovery) totaled $(441,000) in Q3 2014 and $(137,000) for the nine months ended September 30, 2014. 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 (loss) totaled ($1,181,096) in Q3 2014 compared to $2,022,974 in Q3 2013, a decline of $3,204,070. For the nine months ended September 30, 2014, net income (loss) totaled ($2,839,626) compared to $1,360,296 for the nine months ended September 30, 2013, a decline of $4,199,922.

Funds generated (lost) from operations (including dry hole costs) totaled ($454,986) in Q3 2014 compared to $5,138,203 in Q3 2013, a decline of $5,593,189 (-109%). For the nine months ended September 30, 2014, funds generated from operations (including dry hole costs) totaled $3,541,885 compared to $11,935,400 for the nine months ended September 30, 2013, a decline of $8,393,515 (see Non-IFRS Financial Measures below). The decline in Q3 2014 is primarily the result of lower EBITDAX (for calculation, see Appendix A). In addition, a bad debt recovery recorded in Q3 2014 was largely offset by fees associated with the forbearance agreements agreed with the Company's senior lender.

Other Non-IFRS Financial Measurements

Included in this 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 September 30,		For the nine months ended September 30,	
	2014	2013	2014	2013
Cash provided (used) by operating activities	$ 9,675,432	$ 7,597,655	$ 11,352,255	$ 17,263,869
Change in non-cash working capital items	(11,184,988)	(2,501,417)	(9,301,259)	(3,935,255)
Cash abandonment costs	1,054,570	45,170	1,490,889	769,150
Dry hole costs	-	(3,205)	-	(2,162,364)
Funds generated from operations (including dry hole costs)	(454,986)	5,138,203	3,541,885	11,935,400

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 in the late summer/early fall (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 Q3 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							
	Sep. 30, 2014	Jun. 30, 2014	Mar. 31, 2014	Dec. 31, 2013	Sep. 30, 2013	Jun. 30, 2013	Mar. 31, 2013	Dec. 31, 2012
Revenues	$ 6,507,598	$ 7,877,628	$ 7,694,141	$ 8,128,381	$ 10,630,237	$ 10,731,229	$ 11,558,554	$ 12,061,865
Income (loss)	(1,181,096)	(2,744,212)	1,085,682	(3,394,147)	2,022,974	58,796	(721,474)	(5,792,837)
Net income (loss) per share - basic	(0.01)	(0.03)	0.01	(0.03)	0.02	-	(0.01)	(0.05)
Net income (loss) per share - diluted	(0.01)	(0.03)	0.01	(0.03)	0.02	-	(0.01)	(0.05)
OPERATIONS								
Sales								
Oil (Bbl)	56,608	61,640	58,312	63,260	75,096	76,498	74,565	78,242
NGL (Bbl)	4,639	5,263	5,301	9,193	5,990	8,816	9,876	19,592
Natural gas (Mcf)	214,984	313,772	270,545	462,735	695,145	752,227	946,163	969,198
Oil (BOE) (1)	97,078	119,199	108,703	149,575	196,944	210,684	242,135	259,368
Oil (BOE/day) (1)	1,055	1,310	1,182	1,626	2,141	2,315	2,690	2,819
Oil ($/Bbl)	$ 97.71	$ 102.39	$ 99.72	$ 98.12	$ 108.99	$ 103.63	$ 106.93	$ 103.48
NGL ($/Bbl)	24.89	38.49	37.76	33.62	19.01	26.00	29.20	30.12
Natural gas ($/Mcf)	4.00	4.35	6.21	3.48	3.35	3.42	3.48	3.48
Operating revenue								
Oil	$ 5,531,159	$ 6,311,295	$ 5,814,696	$ 6,207,383	$ 8,184,498	$ 7,927,741	$ 7,973,082	$ 8,096,185
NGL	115,485	202,605	200,178	309,030	113,880	229,173	288,325	590,160
Natural gas	860,954	1,363,728	1,679,267	1,611,968	2,331,859	2,574,315	3,297,147	3,375,520
Handling fees	-	-	-	-	-	-	-	-
Total	6,507,598	7,877,628	7,694,141	8,128,381	10,630,237	10,731,229	11,558,554	12,061,865
Expenses								
Lease operating expense	4,327,571	3,315,940	2,810,903	2,934,138	2,791,161	3,299,099	3,325,587	3,497,410
Lease operating expense per BOE (1)	44.58	27.82	25.86	19.62	14.17	15.66	13.73	13.48

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

Liquidity

As disclosed in prior periods, on October 22, 2012, the Company entered into a Note Purchase Agreement (the "NPA"), as amended, under which Rooster Oil & Gas, LLC, and Probe Resources US Ltd., as Co-Issuers, issued the Senior Secured Notes due on October 22, 2014 in the aggregate principal amount of $22,500,000. The Senior Secured 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. In March 2014, the Company acknowledged a default under the NPA and as a result the Senior Secured Notes bear interest at a default rate equal to 18% 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.

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 provided 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 net proceeds to the Company of $3,234,466. The interest rate is 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.

Effective March 7, 2014, the Company entered into an additional secured credit facility with Chester F. Morrison, Jr. (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 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, and the Company is the guarantor of any indebtedness owed under the Second Credit Facility. The Second Credit Facility is fully subordinated to the Senior Secured 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 Senior Secured Notes pursuant to a second amendment to NPA dated March 7, 2014 (the “Second Amendment”). The Second Amendment material terms provided that (a) the holders of the Senior Secured Notes waive any provisions under the Senior Secured 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 Senior Secured Notes, the Company shall pay an additional repayment premium in an amount equal to three percent (3%) of the principal amount of the Senior Secured Notes.

Effective March 7, 2014, the Company entered into membership interest contribution agreements whereby the Company agreed to acquire all of the membership interests of Well Services and 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 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). 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 were approved by shareholder vote at a special meeting held on May 16, 2014. The Company entered into amendments of the membership contribution agreements on September 30, 2014 that extended the time to close its acquisitions of Well Services and Cochon through October 31, 2014.

Well Services is an 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, 2014, the three fields produced 182,784 BOE, or 1,987 BOE per day (21% liquids). At December 31, 2013, Cochon's proved and probable reserves totaled 4,276,276 BOE (63% proved, 28% liquids) with a NPV-10% of $63,966,136 (53% proved).

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 Senior Secured 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 Senior Secured 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 Senior Secured Notes will forbear from exercising certain rights and remedies under the NPA 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 Senior Secured Notes in the Limited Consent is false; (b) that certain voluntary or involuntary insolvency proceedings in relation to a holder of the Senior Secured 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 Senior Secured Notes in relation to the NPA 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 NPA; (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. The Limited Consent was subsequently amended three times with the last being on September 30, 2014 with a termination date of October 15, 2014. Pursuant to the terms of the amendments to the Limited Consent, the Company agreed to a repayment premium equal to a total of nine percent (9%) of the principal amount of the Senior Secured Notes.

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 September 30, 2014, the Company had a working capital deficiency of $63,444,926 including outstanding loans payable amounts, i.e., the Senior Secured Notes and the related party loans, which are due within the current year.

Subsequent to September 30, 2014, the Company entered a note purchase agreement pursuant to which the Company issued senior secured notes in the amount of $45 million due on February 14, 2016 (the "Notes"). The proceeds of the Notes were used to: 1) repay the outstanding obligations owed to the holders of the Senior Secured Notes issued pursuant to the NPA; 2) fund the $10 million cash portion of the purchase price for Well Services; and 3) payment towards trade accounts payable over sixty days and provide for other general corporate purposes. Net proceeds to the Company totaled the sum of $8,510,126, after deducting the original issue discount, the outstanding principal, fees, and interest paid to the holders of the Senior Secured Notes, the $10 million portion of the purchase price for Well Services and certain transaction fees and expenses; the majority of these funds will be used to reduce trade accounts payable over 60 days. As a result of the Notes and extension of maturity dates on all related party subordinated secured debt until after satisfaction of obligations of the Company owed on the Notes, at the time of approval of this MD&A all secured indebtedness owed by the Company are long term liabilities. (See also, "Other Subsequent Events" and "Transactions with Related Parties").

Asset Retirement Obligations

In addition to the amounts owed at September 30, 2014, the Company has an ongoing liability with respect to the plugging and abandonment of wells and decommissioning of facilities totaling $17,546,136 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 September 30, 2014, principal contractual obligations requiring fixed payments consisted of the following (See further discussion in "Other Subsequent Events"):

	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)	3,746,800	3,746,800	-	-	-
Related Party Subordinate Note (4)	7,150,000	7,150,000	-	-	-
	$ 39,859,800	$ 39,859,800	$ -	$ -	$ -

(1) Matures on April 2014. However, subject to an intercreditor subordination agreement payment is not required until payment of the Senior Secured Notes.

(2) Payable on August 31, 2014 with interest at 18% 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 14% 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, 2014 through June 30, 2015 the base rental rate is $17,024 per month.

Capital Expenditures

Capital expenditures totaled $10,511,431 in Q3 2014 compared to $16,369,381 in Q3 2013, a decline of $5,857,950 (-36%). For the nine months ended September 30, 2014, capital expenditures totaled $13,073,768 compared to $26,289,412 for the nine months ended September 30, 2013, a decline of $13,215,944 (-50%). Capital expenditures in Q3 2014 primarily reflect: 1) costs associated with the tubing exchange for the #A-3 well at Eugene Island 28; and 2) costs related to the acquisition of additional working interest in the #A-3 and #A-4 wells at Vermilion 376.

Off-Balance Sheet Arrangements

At September 30, 2014 the Company is not party to, and not currently party to, any off-balance sheet arrangements.

Financial Instruments and Other Instruments

As at September 30, 2014, the Company had no fixed price delivery contracts, nor did the Company have any derivative securities, financial or other instruments.

Transactions with Related Parties

As at September 30, 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 September 30, 2014. In Q3 2014 the Company recorded additional purchases from Chet Morrison Contractors, LLC in the amount of $738,050. In addition, at September 30, 2014, the Company had accounts payable in the amount of $5,172,044 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 $2,037,560. Interest expense recorded during Q3 2014 was $239,491. The debt is secured by certain assets of Probe Resources US Ltd. Paul Crilly is a director of the Company and through July 31, 2014 was 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 September 30, 2014, accrued interest related to the credit facility totaled $321,192 and the liability on the financial statements was $3,436,963. 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"). In May, 2014, the Company drew an additional $2.8 million from the credit facility. At September 30, 2014, accrued interest related to the credit facility totaled $519,748 and the liability on the financial statements was $7,058,924. 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 September 30, 2014, 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
common shares. No preferred shares are issued or outstanding. As of the date of approval of this MD&A, there are outstanding 65,071 proportionate voting shares and 259,028,502 common shares or the issued share capital on a fully diluted basis is the equivalent of 324,099,502 common shares.

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 September 30, 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.

On May 16, 2014, the Company awarded stock options to an employee for acceptance in the total amount of 300,000 common shares. The exercise price is CDN $0.61 per option and expiry date is May 16, 2024. Subsequent to the foregoing awards, the number of common shares available for future award under the Rooster Energy Ltd. 2013 Stock Incentive Plan is 11,743,106.

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 Senior Secured 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. Subsequent to September 30, 2014, the terms of the warrants were adjusted primarily to reflect the new shares issued as consideration for the acquisitions of Cochon and Well Services. The warrants give the holders of the Senior Secured Notes the right to purchase 12,757,123 common shares of the Company at an exercise price of CDN $0.70 (See also, "Subsequent Events").

Other than those issued under the 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 September 30, 2014.

Legal Proceedings

At September 30, 2014, the Company was a party to only one legal proceeding which is 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, at September 30, 2014 there were no lawsuits threatened or pending legal matters that could have a material impact on our consolidated results of operations, financial position or cash flows and subsequent to the end of Q3 2014 both of the following actions (the "Implicit Lawsuits") were settled and the cases dismissed (See "Other Subsequent Events").

In early Q3 2014 the previously disclosed lawsuits entitled *376 OG Holdings, LLC, vs. Texas OG Acquisitions, LLC*, CA No. 6:12CV2534, USDC, W.D. La. (Lafayette Div); and *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, were settled and the cases dismissed.

Other Subsequent Events

At the 2014 annual general and special shareholders meeting on October 14, 2014 the shareholders approved a special resolution authorizing the continuance of the Company into the State of Delaware, USA, under the General Corporation Law of Delaware and the Business Corporations Act of British Columbia and to take certain other enumerated actions which may be necessary to effectuate the continuance.

Cochon and Well Services Acquisitions

The Company closed its acquisition of all of the membership interest of Cochon and Well Services on November 17, 2014. The total consideration for the acquisitions was $125 million in common shares and cash.

Morrison Energy Group, LLC, the sole member of Well Services, received 161,596,958 common shares of the Company to satisfy $85 million of the purchase price plus the sum of $10 million cash, and the three members of Cochon received a total of 57,034,221 common shares to satisfy the $30 million purchase price.

The number of common shares issued to satisfy the purchase price for the membership interest in Cochon and Well Services was obtained by using the average daily closing price for the common shares of the Company for the twenty (20) consecutive trading days on which shares were actually traded and quoted on the TSXV ending on and including May 2, 2014 which was Cdn$0.577 per share and US$0.526 per share after considering an average currency exchange rate (US$/CDN$) of $0.911.

As a result, effective November 17, 2014 both Cochon and Well Services became wholly owned subsidiaries of the Company.

$45 Million Term Loan Facility

The Company also issued the Notes on February 17, 2014 which mature on February 14, 2016 (the "Notes").

The Notes are secured by a first priority security interest, lien and mortgage on all of the Company's assets including its oil and gas properties. The Notes bear interest at a rate equal to LIBOR + 11.5% per annum with interest payments due monthly; the minimum interest rate will be 13.0% per annum.

As a condition for closing the Notes, the Company was required to sell forward certain quantities of its oil and natural gas production over the term of the Notes. Accordingly, the Company has entered into fixed swap agreements to sell an average of 653 BOPD and 7,033 MMBTUPD at $77.50 per BO and $3.81 per MMBTU, respectively.

Subordination of Related Party Debt

Effective November 17, 2014, the Company, Chet Morrison Contractors, LLC, and the Notes holder entered into a subordination agreement that prohibits payment by the Company of accounts payable, classified as due to related parties on the consolidated balance sheet of the Company, due and owing on that date to Chet Morrison Contractors, LLC, in excess of the amount of $2,717,581.

In connection with the Notes, the Notes holder, the Company and each of the loan payable related parties (see the Company's September 30, 2014 financial statement notes 6(ii), (iii) and (iv)) entered into intercreditor and subordination agreements that prohibit any payments on the related party indebtedness until the Notes are fully satisfied. Additionally, each of the loan or credit agreements between the Company and each related party were amended to extend the maturity date of each of those loans to no earlier than one year following the maturity date of the 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 MD&A is dated November 24, 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 September 30,		For the nine months ended September 30,	
	2014	2013	2014	2013
EBITDAX [(a)] Calculation:				
Income (loss)	$ (1,181,096)	$ 2,022,974	$ (2,839,626)	$ 1,360,296
DD&A	1,213,634	2,142,053	3,853,200	6,806,797
Exploration and evaluation	-	3,205	-	2,162,364
Non-cash plug and abandonment	-	-	-	-
Bad debt expense (recovery), net	(2,734,759)	125,584	(2,558,483)	2,796,446
Stock-based compensation	344,521	200,085	1,162,423	595,382
Finance expenses and unrealized (gain) loss on financing warrants	3,422,884	940,305	8,940,847	4,969,071
Impairment expense (recovery)	-	-	(714,050)	-
Asset retirement expense	-	-	-	-
Deferred tax expense (recovery)	(441,000)	1,161,000	(137,000)	1,076,000
EBITDAX	624,184	6,595,206	7,707,311	19,766,356

(a) 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 including unrealized (gain)/loss on financing warrants, 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.)