Management's Discussion and Analysis

This management's discussion and analysis ("MD&A") of Rooster Energy Ltd. ("Rooster" or, the "Company") reflects its September 30, 2015 financial results and operations This MD&A, dated November 18, 2015, should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and related notes as at and for the three and nine months ended September 30, 2015, 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, 2014. All dollar amounts are stated in U.S. dollars, unless otherwise noted. Additional information regarding the Company is available on SEDAR at www.sedar.com and on the Company's website at www.roosterenergyltd.com.

Overview

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, LLC. The transaction was treated as a reverse acquisition of the Company by Rooster Energy, LLC. On November 17, 2014, the Company completed the acquisitions of all of the membership interests of Cochon Properties, LLC, ("Cochon") and Morrison Well Services, LLC ("Well Services"). Because all three entities had a common controlling shareholder, the acquisitions were accounted for using the "continuity of interest" method; as such, all historical financials have been adjusted to incorporate the two recently-acquired wholly-owned subsidiaries. The Company conducts business through its wholly owned subsidiaries, Rooster Energy, LLC, Rooster Petroleum, LLC, Rooster Oil & Gas, LLC, Probe Resources US Ltd., Cochon and Well Services.

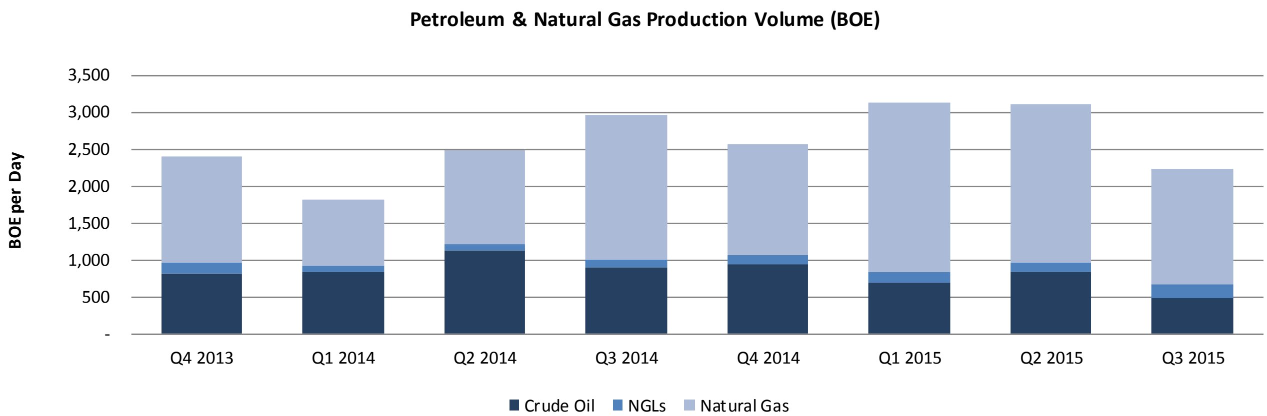
Our common stock trades on the TSX Venture Exchange under the ticker symbol "COQ". The terms "the Company", "we", "us", "our" and similar terms, when used in the present tense, prospectively or for historical periods since April 30, 2012 refer to us and our subsidiaries, and for historical periods prior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

We are an integrated oil and natural gas company with an exploration and production (E&P) business and a leading downhole and subsea well intervention and well plugging and abandonment (P&A) service business. This combination enables us to operate and manage the entire lifecycle of a well from drilling through abandonment and provides us with a significant advantage in exploiting offshore reserves and resources in the Gulf of Mexico. Our operations are located in the state waters of Louisiana and the shallow federal waters of the Gulf of Mexico, mature regions that have produced since 1936.

Exploration and Production (E&P) business

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.

At September 30, 2015, our E&P operations consisted of 41 gross wells capable of producing, some of which are on leases that have been producing since the 1950s. We have six primary term leases and the remaining leases that we have interest in are held by production. We believe that the quality of our properties and our field acquisition strategy reduces our development risk and promotes operating efficiencies.



Well Services business

Our Well Services business primarily provides P&A services in the shallow waters of the Gulf of Mexico with 16 rigless complementary sets of P&A equipment, or "spreads". A spread generally consists of a pump powered by a diesel engine, wireline units, cement blenders, tanks and assorted tools. Our team includes both E&P engineers (specializing in reservoir, drilling, completion, and construction) and P&A engineers. The combined expertise of our engineers allows us to provide our customers with extensive technical support, exceptional safety performance and high quality customer service. Our customers include many of the largest operators of wells in the Gulf of Mexico.

In addition to our work for third party customers, our Well Services business is strategic to our E&P business, as we are able to utilize our Well Services business to evaluate and acquire mature fields with exploitable upside for minimal costs. Through the utilization of our in-house P&A expertise, we are able to cost effectively manage our own E&P liabilities.

See Note 17 to the financial statements for segment information pertaining to the E&P business and the Well Services business.

Non-IFRS Measures

This report contains financial terms that are not considered measures under IFRS, such as funds flow from operations, funds flow per share, EBITDA, EBITDAX, net debt, operating netback and working capital. These measures are commonly utilized in the oil and gas industry and are considered informative for management and shareholders. Specifically, funds flow from operations and funds flow per share reflect cash generated from operating activities before changes in non-cash working capital. Management considers funds flow from operations and funds flow per share important as they help evaluate performance and demonstrate the Company's ability to generate sufficient cash to fund future growth opportunities and repay debt. EBITDA is defined as earnings before interest, taxes, depreciation, and amortization adjusted for non-cash items such as unrealized gains and losses on risk management contracts, and stock based compensation. EBITDAX is an industry measure equivalent to EBITDA but for the fact that it neutralizes the impact of some companies expensing rather than capitalizing exploration costs. Profitability relative to commodity prices per unit of production is demonstrated by an operating netback. Working capital represents current assets less current liabilities.

Funds flow from operations, funds flow per share, EBITDA, EBITDAX, net debt, operating netbacks and working capital are not defined by IFRS, and consequently are referred to as non-IFRS measures. Accordingly, these amounts may not be compatible to those reported by other companies where similar terminology is used, nor should they be viewed as an alternative to cash flow from operations, net income or other measures of financial performance calculated in accordance with IFRS.

Financial and Operating Highlights

Financial Highlights	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Total BOE Volumes [a]	205,115	272,483	770,683	662,490
Average BOEPD Volumes [a]	2,230	2,962	2,823	2,427
Well Services Utilization	49%	55%	34%	45%
Total revenue	$ 18,953,043	$ 23,883,429	$ 44,052,395	$ 65,983,525
Net Income (loss)	$ 145,533	$ 405,717	$ (4,300,422)	$ (981,814)
Net income (loss) per share				
Basic	$0.00	$0.00	($0.01)	$0.00
Diluted	$0.00	$0.00	($0.01)	$0.00
Weighted average shares outstanding				
Basic	324,099,502	324,099,502	324,099,502	324,099,502
Diluted	324,099,502	324,099,502	324,099,502	324,099,502
EBITDAX [b]				
Oil & Gas	$ 431,014	$ 1,697,526	3,244,316	$ 9,231,859
Well Services	4,770,060	3,237,502	13,376,608	7,317,613
Corporate allocation & eliminations	(2,069,608)	(440,349)	(3,877,406)	(2,943,316)
Total EBITDAX	$ 3,131,466	$ 4,494,679	$ 12,743,518	$ 13,606,156
Capital expenditures	$ 8,250,754	$ 11,120,660	$ 12,044,016	$ 15,332,269

(a) Natural gas volumes are converted to BOE on the basis of 6 Mcf per 1 barrel
(b) This is non-IFRS measures commonly used in the oil and natural gas industry.

The following table provides reconciliation from net income (loss) to EBITDAX.

EBITDAX [a] Calculation	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Net income (loss)	$ 145,533	$ 405,717	$ (4,300,422)	$ (981,814)
Unrealized (gain) loss on Commodity Contracts	(4,292,899)	-	544,755	-
Depreciation and depletion	1,365,711	2,356,454	5,091,479	7,086,590
Bad debt	-	(2,734,759)	17,174	(2,558,483)
Stock-based compensation	161,018	344,521	1,282,047	1,162,423
Impairment, net	-	-	-	(714,050)
Asset retirement expense	-	-	-	-
Unrealized gain on financing warrants	-	(682,000)	(1,000)	(395,000)
Finance expenses	3,279,103	4,363,746	9,427,485	10,143,490
Deferred income tax expense (recovery)	2,473,000	441,000	682,000	(137,000)
EBITDAX	$ 3,131,466	$ 4,494,679	$ 12,743,518	$ 13,606,156

(a) This is a non-IFRS measure commonly used in the oil and gas industry.

Third Quarter 2015 Highlights

The Company produced 205,115 barrels of oil equivalent ("BOE") in the quarter ended September 30, 2015 ("Q3 2015"), which was down 25% from the 272,483 BOE produced in the quarter ended September 30, 2014. The decline in sale volumes, combined with lower commodity prices, resulted in a 66% drop in oil & gas revenues in Q3 2015 to $4.3 million. However, the decline in commodity prices was partially mitigated by a $1.9 million gain on the Company's derivative contracts and a 44% drop in lease operating expenses. The Oil & Gas segment reported EBITDAX of $0.4 million in Q3 2015 compared to $1.7 million in Q3 2014, which represents a 67% drop from year-ago levels.

Well Services utilization in Q3 2015 averaged 49% compared to 55% in Q3 2014 as lower commodity prices continue to weigh on activity levels. As a result, Well Services revenues declined 21% in Q3 2015 to $7.7 million. However, lower revenues were partially offset by a 34% drop in operating expenses and a 39% drop in repair & maintenance expenses. Decommissioning revenues dropped 56% from year-ago levels as the Company wound down its well abandonment programs at West Delta 44/45 and Eugene Island 18. A gain of $427,574 was recorded on settlement of asset retirement obligations (year-to-date gain sums to $3.8 million) as decommissioning costs continue to be completed below original cost estimates. The Well Services segment reported EBITDAX of $4.8 million in Q3 2015 compared to $3.2 million in Q3 2014, which represents a 44% increase from year-ago levels.

In Q3 2015, the Company's consolidated EBITDAX totaled $3.1 million compared to $4.4 million in Q3 2014, which represents a 30% decline from year-ago levels. The Company recorded net income of $1.6 million in Q3 2015 compared to net income of $0.4 million recorded in Q3 2014.

Financial Review

The following tables are an analysis of the line items in the Company's Condensed Interim Consolidated Statement of Income (Loss) and Comprehensive Income (Loss) and are comparisons of the current quarter activities vs. the same quarter in the prior year, unless otherwise noted.

	Three months ended September 30,			Nine months ended September 30,		
Petroleum and Natural Gas Volumes	2015	2014	Change	2015	2014	Change
Crude Oil (Bbls)	43,334	82,641	-48%	181,449	259,996	-30%
Natural Gas Liquids ("NGL") (BOE)	17,682	10,595	67%	42,847	25,872	66%
Natural Gas (mcf)	864,596	1,075,481	-20%	3,278,324	2,259,734	45%
Total (BOE) (a)	205,115	272,483	-25%	770,683	662,490	16%
Average Crude Oil (BOPD)	471	898	-48%	665	952	-30%
Average NGL (BOEPD)	192	115	67%	157	95	66%
Average Natural Gas (MCFPD)	9,398	11,690	-20%	12,009	8,277	45%
Average Total (BOEPD) (a)	2,230	2,962	-25%	2,823	2,427	16%

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

Lower crude sales resulted from lower production at West Delta 44/45 (shut in for abandonment), and Vermilion 376 (experienced 22% downtime in Q3 2015). Lower natural gas sales resulted from lower production at Grand Isle 70 (natural declines), East Cameron 36 (well shut in earlier this year), and Eugene Island 18 (gas production diverted to meet gas-lift needs).

Higher NGL sales resulted from utilizing a different gas processing facility, which has resulted in a higher NGL yield. In aggregate, production averaged 2,230 BOE per day in Q3 2015 compared to 2,962 BOE per day in Q3 2014, a 25% decline.

Sales volumes in Q3 2015 were comprised of 21% crude oil, 9% NGLs, and 70% natural gas.

Petroleum and Natural Gas Sales, Average Benchmark and Realized Prices	Three months ended September 30, 2015	2014	Change	Nine months ended September 30, 2015	2014	Change
Crude Oil Sales	$ 1,863,322	$ 8,158,200	-77%	$ 8,288,995	$ 26,247,356	-68%
NGL Sales	124,690	295,009	-58%	246,658	856,494	-71%
Natural Gas Sales	2,265,621	3,919,860	-42%	8,278,283	9,447,779	-12%
Total Petroleum & Natural Gas Revenues	$ 4,253,633	$ 12,373,069	-66%	$ 16,813,936	$ 36,551,629	-54%
Realized Crude Oil Prices ($/Bbl)	$43.00	$98.72	-56%	$45.68	$100.95	-55%
West TX Intermediate (Benchmark - $/Bbl)	$46.42	$97.78	-53%	$50.93	$99.96	-49%
Sales Price as a percent of Benchmark	93%	101%		90%	101%	
Realized NGL prices ($/Bbl)	$7.05	$27.84	-75%	$5.76	$33.11	-83%
EIA NGL Index (Benchmark - $/Bbl)	$4.72	$9.83	-52%	$5.12	$10.39	-51%
Sales Price as a percent of Benchmark	149%	283%		113%	319%	
Realized Natural Gas prices ($/mcf)	$2.62	$3.64	-28%	$2.53	$4.18	-39%
Henry Hub (Benchmark - $/mcf)	$2.76	$3.96	-30%	$2.80	$4.59	-39%
Sales Price as a percent of Benchmark	95%	92%		90%	91%	

The decline in crude oil revenue for the three months ended September 30, 2015, reflects a 56% drop in average realized price, combined with a 48% decline in sale volumes. Most of the Company's crude oil 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 2015 was largely the result of a 53% decline in WTI crude prices, combined with a lower LLS premium relative to WTI.

The decline in NGL revenues for the three months ended September 30, 2015, reflects a 75% drop in the average realized price, partially offset by a 67% increase in sale volumes. The drop in NGL prices primarily reflects overall decline in domestic NGL prices, as the Energy Information Administration's NGL composite index fell 52% in Q3 2015. The Company's average realized price was further depressed due to higher production at Vermilion 67, which incurs relatively high processing fees.

The drop in natural gas revenues reflects a 28% decline in average realized prices and a 20% decrease in sale volumes. Lower realized natural gas prices primarily reflect lower domestic natural gas prices; prices at the Henry Hub were down 30% in Q3 2015 from year-ago levels.

Total revenues related to the sale of oil, NGLs, and natural gas fell 66% in Q3 2015, as a result of a 25% decrease in sale volumes and lower realized prices. Oil and gas revenues in Q3 2015 were comprised of 44% crude oil, 3% NGLs, and 53% natural gas.

Production Handling Revenues	Three months ended September 30, 2015	2014	Change	Nine months ended September 30, 2015	2014	Change
Production Handling	$ 59,402	$ 163,881	-64%	$ 147,213	$ 1,144,088	-87%

The decline in production handling revenues reflects lower third-party volumes being processed through the Company's platforms.

Well Services and Decommissioning Contracts Revenue		Three months ended September 30, 2015		2014	Change		Nine months ended September 30, 2015		2014	Change
Well Services	$	7,714,705	$	9,728,895	-21%	$	15,026,522	$	22,828,659	-34%
Decommissioning Contracts	$	719,821	$	1,617,584	-56%	$	6,583,446	$	5,459,148	21%

The decrease in well services revenues reflects a 10% drop in revenues per day combined with a 6% drop in utilization. Though utilization in Q3 2015 improved seasonally, it continued to be hampered by lower customer cash flows resulting from lower commodity prices.

The decrease in decommissioning revenues reflects lower activity levels, as the Company wound down its well abandonment programs at West Delta 44/45 and Eugene Island 18. In Q3 2015, Rooster successfully abandoned seven wells; its remaining backlog at September 30, 2015 was comprised of 28 wells and 27 platforms that the Company has been contracted to plug and/or abandon.

Gain on Commodity Contracts		Three months ended September 30, 2015		2014	Change		Nine months ended September 30, 2015		2014	Change
Realized Gain on Commodity Contracts	$	1,912,583	$	-	-	$	6,026,033	$	-	-
Unrealized Gain (Loss) on Commodity Contracts	$	4,292,899	$	-	-	$	(544,755)	$	-	-

The Company was required by the initial terms of the Senior Secured Notes to enter into certain commodity contracts in November, 2014. Additional commodity contracts were entered into in June, 2015. Declines in oil and natural gas prices resulted in realized gains on those commodity contracts that were settled in Q3 2015. Furthermore, declines in forecasted oil and natural gas prices at September 30, 2015, resulted in unrealized gains on those commodity contracts that remain outstanding. See “Financial Instruments and Other Instruments” on page 14 for additional details regarding the Company’s commodity contracts.

Total Revenue		Three months ended September 30, 2015		2014	Change		Nine months ended September 30, 2015		2014	Change
Total Revenue	$	18,953,043	$	23,883,429	-21%	$	44,052,395	$	65,983,525	-33%

Lower revenues in Q3 2015 were largely the result of lower oil and gas, well services sales, and decommissioning contracts, partially offset by gains (realized and unrealized) on derivative contracts.

Expenses		Three months ended September 30, 2015		2014	Change		Nine months ended September 30, 2015		2014	Change
Lease Operating	$	4,593,980	$	8,229,623	-44%	$	16,189,634	$	23,454,787	-31%
Cost of Well Services		4,036,739		6,081,906	-34%		9,278,608		14,970,190	-38%
Depreciation and Depletion		1,365,711		2,356,454	-42%		5,091,479		7,086,590	-28%
Repairs and Maintenance		287,241		469,537	-39%		815,270		1,291,595	-37%
General and administrative		3,038,292		3,892,509	-22%		9,356,793		11,945,622	-22%
Bad debt		-		(2,734,759)	-100%		17,174		(2,558,483)	-101%
Stock-based compensation		161,018		344,521	-53%		1,282,047		1,162,423	10%
Impairment, net		-		-	-		-		(714,050)	-100%
Total Expenses		$13,482,981		$18,639,791	-28%		$42,031,005		$56,638,674	-26%

Lower lease operating costs were driven primarily by lower expenses at West Delta 44/45, which the Company shut in in June, 2015, for abandonment. In addition, the Company has successfully reduced lease operating expenses at most of its fields owing to a combination of lower service costs and lower production rates. Lease operating expenses averaged $22 per BOE in Q3 2015 compared to $30 per BOE in Q3 2014, which represents a 27% drop in per unit operating expenses.

Lower well service expenses were related primarily to lower labor costs resulting from cost-cutting efforts initiated earlier in the year.

Lower general and administrative expenses are primarily attributable to the Well Services segment, which benefited from cost cutting efforts initiated earlier this year, as well as the realization of cost synergies following Rooster's acquisition of Morrison Well Services, LLC, in November, 2014.

Lower depreciation and depletion expenses primarily reflect the impact of lower production volumes.

Lower repair and maintenance expenses, which reflect non-capitalized costs associated with Well Services' equipment, likewise reflect cost cutting efforts initiated earlier this year.

Stock-based compensation expenses relate to the amortization of costs associated with employee, officer and director stock options granted since 2013. The decrease in stock-based compensation expenses in Q3 2015 resulted from lower amortization, as the options issued in June, 2012, are fully vested.

The Company incurred no impairment expenses in Q3 2015.

Gain (Loss) on Settlement of Asset Retirement Obligations	Three months ended September 30, 2015	2014	Change	Nine months ended September 30, 2015	2014	Change
Gain (Loss) on Settlement of Asset Retirement Obligations	$ 427,574	$ (404,818)	206%	$ 3,786,673	$ (404,818)	1035%

The recorded gain resulted from actual costs related to the asset retirement obligations coming in below estimates.

Unrealized Gain on Financing Warrants	Three months ended September 30, 2015	2014	Change	Nine months ended September 30, 2015	2014	Change
Unrealized Gain on Financing Warrants	$ -	$ 682,000	-100%	$ 1,000	$ 395,000	-100%

The recorded gains relate to financing warrants issued in 2012. 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.

Finance Expenses, net	Three months ended September 30, 2015	2014	Change	Nine months ended September 30, 2015	2014	Change
Finance Expenses, net	$ 3,279,103	$ 4,363,746	-25%	$ 9,427,485	$ 10,143,490	-7%

Finance expenses are comprised of the following: 1) interest and accretion of debt discounts associated with the Company's senior secured notes and related party subordinated notes payable; 2) accretion of the Company's liability for asset retirement obligations ("ARO"), and 3) gain on debt modification. A detailed schedule is provided in note 12 to the financial statements.

Deferred income tax expense (recovery)	Three months ended September 30, 2015	2014	Change	Nine months ended September 30, 2015	2014	Change
Deferred income tax expense (recovery)	$ 2,473,000	$ 441,000	461%	$ 682,000	$ (137,000)	-598%

Deferred taxes reflect 35% (corporate tax rate) of the Company's pretax income, excluding non-taxable deductions for stock-based compensation, and unrealized gains or losses on financing warrants.

Net Income (Loss)	Three months ended September 30, 2015	2014	Change	Nine months ended September 30, 2015	2014	Change
Net Income (Loss)	$ 145,533	$ 405,717	64%	$ (4,300,422)	$ (981,814)	-338%

The decrease in net income recorded in Q3 2015 was primarily the result of higher deferred tax expense due to change in estimates, offset partially by lower finance expenses, as the Company incurred $2.0 million of expenses in Q3 2014 related to fees charged in conjunction with limited consent and forbearance agreements with its prior lenders.

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, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013
Financial								
Total revenue	$18,953,043	10,625,832	14,473,520	28,393,494	23,883,429	25,392,627	16,707,469	20,335,012
Net income (loss)	$145,533	(3,527,701)	(918,254)	(8,757,554)	1,287,717	1,356,630	(3,626,159)	(7,739,098)
Net income (loss) per share								
Basic	0.00	0.00	0.00	(0.03)	0.02	0.00	(0.01)	(0.05)
Diluted	0.00	0.00	0.00	(0.03)	0.02	0.00	(0.01)	(0.05)
Oil & Gas Operations								
Sale volumes								
Crude oil (Bbls)	43,334	75,873	62,242	85,686	82,641	102,218	75,137	75,945
NGLs (Bbls)	17,682	11,498	13,667	13,182	10,595	8,173	7,104	12,168
Natural gas (Mcf)	864,596	1,180,441	1,233,287	826,837	1,075,481	693,917	490,336	796,086
Total (BOE) [1]	205,115	284,111	281,457	236,674	272,483	226,043	163,964	220,794
Daily (BOE per day) [1]	2,230	3,122	3,127	2,573	2,962	2,484	1,822	2,400
Realized prices								
Crude oil (per Bbl)	$ 43.00	$ 49.00	$ 43.51	$ 70.50	$ 98.72	$ 103.23	$ 100.32	$ 96.75
NGLs (per BOE)	7.05	7.93	2.26	16.96	27.84	37.43	35.98	33.06
Natural gas (per Mcf)	2.62	2.41	2.57	3.35	3.64	4.25	5.26	3.47
Total (per BOE)	$ 20.74	$ 23.41	$ 21.00	$ 38.16	$ 45.41	$ 61.08	$ 63.26	$ 47.63
Revenue								
Crude oil	$ 1,863,322	$ 3,717,726	$ 2,707,947	$ 6,040,663	$ 8,158,200	$10,551,457	$ 7,537,699	$ 7,347,729
NGLs	124,690	91,140	30,828	223,601	295,009	305,882	255,603	402,323
Natural gas	2,265,621	2,841,284	3,171,378	2,766,254	3,919,860	2,948,794	2,579,125	2,765,593
Production handling	59,402	45,755	42,056	118,747	163,881	434,515	545,692	581,078
Realized gain on commodity contracts	1,912,583	1,751,890	2,361,560	270,742	0	0	0	0
Unrealized gain (loss) on commodity contracts	4,292,899	(4,139,789)	(697,865)	7,169,970	0	0	0	0
Total	$10,518,517	$ 4,308,006	$ 7,615,904	$16,589,977	$12,536,950	$14,240,649	$10,918,119	$11,096,723
Expenses								
Lease operating expenses	$ 4,593,980	$ 5,384,030	$ 6,211,624	$ 6,686,265	$ 8,229,623	$ 7,314,255	$ 7,910,908	$ 8,533,639
Lease operating expenses per BOE [1]	$ 22.40	$ 18.95	$ 22.07	$ 28.25	$ 30.20	$ 32.36	$ 48.25	$ 38.65
Well Services Operations								
Average spreads	16.0	16.0	16.0	16.0	16.0	15.0	15.0	13.7
Days worked	716	383	383	611	815	653	398	825
Average utilization	49%	26%	27%	42%	55%	48%	29%	66%
Revenue								
Well services	$ 7,714,705	$ 3,640,590	$ 3,671,227	$ 7,134,422	$ 9,728,895	$ 8,319,470	$ 4,780,294	$ 8,546,100
Decommissioning contract revenue	719,821	2,677,236	3,186,389	4,669,095	1,617,584	2,832,508	1,009,056	692,189
Total	$ 8,434,526	$ 6,317,826	$ 6,857,616	$11,803,517	$11,346,479	$11,151,978	$ 5,789,350	$ 9,238,289
Expenses								
Cost of well services	$ 4,036,739	$ 2,295,030	$ 2,946,839	$ 5,137,607	$ 6,081,906	$ 5,040,106	$ 3,848,178	$ 5,014,082
Repairs and maintenance	287,241	352,813	175,216	393,063	469,537	368,324	453,734	303,462
Total	$ 4,323,980	$ 2,647,843	$ 3,122,055	$ 5,530,670	$ 6,551,443	$ 5,408,430	$ 4,301,912	$ 5,317,544
Gain (loss) on asset retirement obligation	$ 427,574	$ 2,308,657	$ 1,050,442	$ (1,176,314)	$ (404,818)	$ 209,382	$ (209,382)	$ (147,314)

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 Q3 2015.

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 ("Notes") due on October 22, 2014 in the aggregate principal amount of $22.5 million.

On November 17, 2014, the Company entered a note purchase agreement pursuant to which the Company issued senior secured notes in the amount of US$45 million due on February 14, 2016 ("Senior Secured Notes"). The proceeds of the Senior Secured Notes were used to: 1) repay the outstanding obligations owed to the holders of the 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.

On June 25, 2015, the Company expanded and extended the term of its existing credit facility by entering into an amended and restated Note Purchase Agreement and issuing Senior Secured Notes in the amount of US$60 million that are due on June 25, 2018. The proceeds of the Notes were used to: 1) repay existing senior secured debt in the principal amount of US$45 million, plus accrued interest and closing costs; 2) fund the Company's development drilling program; and 3) provide for working capital and other general corporate purposes. As part of the amended and restated Note Purchase Agreement, the Company granted the note holders certain overriding royalty interests in the Company's oil & gas properties which were valued by the Company at approximately $2.4 million.

On April 26, 2012, the Company entered into a secured credit facility (the "Subordinated Note #1") with a significant shareholder of the Company for $6,463,000 with interest at Libor +5% per annum, due at maturity. Effective November 17, 2014, the interest rate was increased to 14.5%. As at September 30, 2015, this shareholder ceased to be a related party.

On October 11, 2013, the Company entered into a secured credit facility (the "Subordinated Note #2") with The K2 Principal Fund, L.P., and Chester F. Morrison, Jr., who were both significant shareholders of the Company (Mr. Morrison is still a significant shareholder and a director, and K2 Principal Fund, L.P. ceased to be a related party as at September 30, 2015) that provided for borrowing up to CAD $8.0 million to be used for general corporate purposes.

The interest rate is 9% per annum on all advances, and the only advance under the credit facility was CAD $4.0 million (less a 2% original issue discount and administrative fees).

Effective March 7, 2014, the Company entered into an additional secured credit facility with Chester F. Morrison, Jr. (the "Subordinated Note #3") which provides for borrowing up to US$10 million, to be used for general corporate purposes. The interest rate is 14% per annum on all advances under the Second Credit Facility. The initial advance in March, 2014, was US $4.4 million; in May, 2014, the Company drew an additional US $2.8 million (less a 10% original issue discount and administrative fees).

In connection with the Senior Secured Notes, the holder, the Company and each of the parties to the Subordinated Note #1, Subordinated Note #2 and Subordinated Note #3 (see the Company's September 30, 2015 financial statement note 8) entered into intercreditor and subordination agreements that prohibit any payments on the related party indebtedness until the Senior Secured Notes are fully satisfied. Additionally, the Subordinated Note #1, Subordinated Note #2 and Subordinated Note #3 were amended to extend the maturity date of each of those loans to no earlier than one year following the maturity date of the Senior Secured Notes.

As a result of the extension of maturity dates on the Subordinated Note #1, the Subordinated Note #2 and the Subordinated Note #3 until after satisfaction of obligations of the Company owed on the Senior Secured Notes, all subordinated secured indebtedness owed by the Company have had their maturity extended to June 25, 2019.

At September 30, 2015, the Company had a working capital deficit of $15,314,675. This working capital deficiency includes the following:

- The decommissioning contract receivable booked in current assets totals $24,563,024. The Company entered into three turnkey decommissioning contracts in 2012-2013 with aggregated payments (both milestone and completion) totaling approximately $126.4 million, and assumed the ARO liability. At September 30, 2015, $75,773,750 of this contract remained to be invoiced, of which $43,395,750 is expected to be invoiced within the next twelve months. However, under IFRS the decommissioning contract receivable has been recorded to match the ARO liability (before accretion and discounting). As a result, the Company includes the incremental $18,832,726 of current decommissioning contract receivable as part of its internal analysis of working capital.

- The deferred revenues booked in current liabilities total $3,872,526. The deferred revenues relate to milestone payments associated with the aforementioned turnkey decommissioning contracts. The Company has allocated the milestone payments to all work covered by the three contracts, and will recognize such payments as income as the work is completed. At September 30, 2015, $10,305,500 of deferred revenues remained on the Company's balance sheet, of which $3,872,526 is expected to be recognized within the next twelve months. As a result, the Company excludes the $3,872,526 of current deferred revenues as part of its internal analysis of working capital.

Management has accounted for the decommissioning contracts in accordance with IFRS. Internally, the Company views the entire decommissioning contract in its analysis of working capital. Therefore, the Company's internal analysis of working capital at September 30, 2015 is improved by $22,705,252 ($18,832,726 for the current portion of the remaining contract receivable, plus $3,872,526 for the current portion of the deferred revenue) to a surplus of $7,390,577.

Management believes that the Company's ongoing positive cash flows from operating activities, combined with its decommissioning backlog and its petroleum and natural gas derivative contracts, will be sufficient to fund its ongoing operations and capital expenditures program over the upcoming year. There is, however, no assurance that sufficient cash flows will be generated and, accordingly, there is uncertainty that may cast 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 September 30, 2015, the Company has an ongoing liability with respect to the plugging and abandonment of wells and decommissioning of facilities totaling $68,292,879 on a discounted basis; however, $53,231,935 of this liability is covered by a turnkey contract with a third party. 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, 2015, principal contractual obligations requiring fixed payments consisted of the following:

		Payments Due By Period				
	Current Balance	Total	Less Than 1 Yr	1 - 2 Years	2 - 5 Years	Over 5 Years
Senior Secured Notes (1)	$ 56,127,167	$ 60,000,000	$ 10,000,000	$ 20,000,000	$ 30,000,000	$ -
Subordinated Note #1 (2)	5,304,894	6,463,000	-	-	6,463,000	-
Subordinated Note #2 (3)	1,949,173	2,986,400	-	-	2,986,400	-
Subordinated Note #3 (4)	5,561,744	7,150,000	-	-	7,150,000	-
Promissory Notes (5)	3,548,788	3,548,788	3,548,788	-	-	-
	$ 72,491,766	$ 80,148,188	$ 13,548,788	$ 20,000,000	$ 46,599,400	$ -

(1) $60,000,000 Payable in quarterly minimum installments of $5 million beginning April 15, 2016 with a final installment of $15 million on June 25, 2018, with interest payable monthly at LIBOR + 11.5% per annum
(2) $6,463,000 Payable on June 25, 2019 with interest at 15.5% per annum payable at maturity
(3) Cdn$4,000,000 Payable on June 25, 2019 with interest at 9% per annum payable at maturity
(4) $7,150,000 Payable on June 25, 2019 with interest at 14% per annum payable at maturity
(5) Payable in monthly installments of $456,519, including interest at 3.25% per annum, through May 25, 2016.

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 July 1, 2015 through June 30, 2016 the base rental rate is $17,328 per month.

Capital Expenditures

Capital expenditures totaled $8,250,755 in Q3 2015 and $11,120,660 in Q3 2014. Capital expenditures in Q3 2015 primarily reflect drilling and completion costs associated with the High Island A494 #B-4 sidetrack.

Off-Balance Sheet Arrangements

The Company has no off balance sheet arrangements and is not a party to any off-balance sheet arrangements.

Financial Instruments and Other Instruments

As a condition for closing the Senior Secured Notes, the Company was required to sell forward certain quantities of its oil and natural gas production over the term of the Senior Secured Notes. The following is a summary of all derivative commodity contracts that were in place as of September 30, 2015:

Reference Point	Volume	Term	Price
Crude Oil Contracts:			
Louisiana Light Sweet	250 bbl/d	Oct 1 2015 - Feb 29, 2016	$77.50 / bbl
Louisiana Light Sweet	315 bbl/d	Mar 1, 2016 - Dec 31, 2016	$63.98 / bbl
Louisiana Light Sweet	260 bbl/d	Jan 1 2017 - Dec 31, 2017	$65.62 / bbl
Louisiana Light Sweet	232 bbl/d	Jan 1 2018 - Jun 30, 2018	$66.90 / bbl
Natural Gas Contracts:			
NYMEX Henry Hub	6,300 MMBtu/d	Oct 1 2015 - Feb 29, 2016	$3.81 / MMBtu
NYMEX Henry Hub	1,200 MMBtu/d	Oct 1 2015 - Feb 29, 2016	$2.86 / MMBtu
NYMEX Henry Hub	6,680 MMBtu/d	Mar 1, 2016 - Dec 31, 2016	$3.03 / MMBtu
NYMEX Henry Hub	5,817 MMBtu/d	Jan 1 2017 - Dec 31, 2017	$3.21 / MMBtu
NYMEX Henry Hub	5,300 MMBtu/d	Jan 1 2018 - Jun 30, 2018	$3.31 / MMBtu

During Q2 2015, the Company fixed the price on a portion of its crude oil derivative contracts, effectively locking in a gain of approximately $308,000 that will be realized over the period of five months from October, 2015 through February, 2016.

At September 30, 2015, the Company did not have, and currently does not have, any derivative securities, financial or other instruments.

Transactions with Related Parties

During the three months ended September 30, 2015, the Company had the following transactions and balances with related parties:

- At September 30, 2015, the Company had accounts payable in the amount of $13,085,763 (of which $9,414,410 is current) primarily due and owing to Chet Morrison Contractors, LLC, which is indirectly owned and controlled by Chester F. Morrison, Jr., who is a director and significant shareholder of the Company.

- In October, 2013, the Company entered into a subordinated secured credit facility ("Subordinated Note #2") which provides for borrowing up to CAD $8.0 million, with an initial advance of CAD $4.0 million (see "Liquidity"). Chester F. Morrison, Jr., who funded 40% of the credit facility, is a director and significant shareholder of the Company. The other party, who funded 60% of the credit facility, has ceased to be a related party. At September 30, 2015, accrued interest related to the 40% of the credit facility funded by Chester F. Morrison, Jr. totaled $213,136 and the liability due to Chester F. Morrison Jr. on the financial statements was $779,669.

- In March, 2014, the Company entered into a secured credit facility ("Subordinated Note #3") 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, 2015, accrued interest related to the credit facility totaled $1,473,759 and the liability on the financial statements was $5,561,744. Mr. Morrison is a director and significant shareholder of the Company.

- In March, 2014, the Company received a promissory note from Chester F. Morrison, Jr. in the principal amount of $4 million, with an interest rate of 3.25% per annum. Accrued interest receivable on this note totaled $201,944 at September 30, 2015. The note will mature on June 25, 2019. Mr. Morrison is a director and significant shareholder of the Company.

In conjunction with the acquisition of Morrison Well Services, LLC, in November, 2014, the Company entered into a transition services agreement with the seller, Chet Morrison Contractors, LLC, with initial payments summing to $85,000 per month. Chet Morrison Contractors, LLC, is indirectly owned and controlled by Chester F. Morrison, Jr., who is a director and significant shareholder of the Company.

Equity Capital

Share Capital

The Company is authorized to issue an unlimited number of common shares (that may be converted to proportionate voting shares on the basis of 1,000 common shares to 1 proportionate voting share), an unlimited number of 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 259,028,502 common shares issued and outstanding, or the issued share capital on a fully diluted basis is the equivalent of 324,099,502 common shares. No preferred shares are issued or outstanding.

Warrants

As of December 31, 2014, the Company had 13,429,813 warrants outstanding exercisable at USD$0.67 per share until October 22, 2017. During the first nine months of 2015 no warrants were issued or exercised. Subsequent to September 30, 2015, no warrants have been issued or exercised.

Options

During the nine months ended September 30, 2015, the Company granted 10,545,963 stock options, had no options exercised and 700,177 options were forfeited. Subsequent to September 30, 2015, no options were exercised and forfeited. As of the date of this MD&A, the following stock options were outstanding:

Grant Date	Number Outstanding	Remaining Contractual Life	Exercise Price	Expiry Date	Number Exercisable
Jun. 05, 2012	4,035,468	6.75 years	CAD $0.50	Jun. 05, 2022	4,035,468
Sep. 11, 2013	4,157,759	8.00 years	CAD $0.82	Sep. 11, 2023	1,419,253
May 16, 2014	300,000	8.75 years	CAD $0.61	May 16, 2024	100,000
Mar. 02, 2015	300,000	9.50 years	CAD $0.07	Mar. 02, 2025	-
May 06, 2015	10,245,963	9.50 years	CAD $0.14	May 06, 2025	10,245,963
	19,039,190				15,800,684

At September 23, 2015, the maximum number of common shares reserved for issuance under the Company's stock option plan was 21,396,510 shares with 2,357,320 shares remaining available for issue under the terms of the stock option plan. Subsequent to September 30, 2015, the shareholders of the Company passed a special resolution approving, ratifying and confirming amendment of the stock option plan providing that the maximum number of common shares under the option plan cannot exceed twenty percent (20%) of the common shares on a fully diluted basis as at September 23, 2015 or 64,819,900.

Legal Proceedings

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, 2015 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.

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 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.

Critical Accounting Policies, Estimates and New Accounting Pronouncements

A detailed summary of the Company’s critical accounting policies and estimates is included in Notes 2 and 3 to the audited financial statements for the year ended December 31, 2014. Any changes to these policies and estimates are included in Note 3 to the unaudited condensed interim consolidated financial statements for the period ended September 30, 2015.

Risks and Uncertainties

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.

Management's Report on Internal Control Over Financial Reporting

In connection with National Instrument 52-109 - *Certification of Disclosure in Issuer's Annual and Interim Filings* ("NI 52-109") adopted by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company are required to file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and the respective accompanying Management's Discussion and Analysis.

The Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Other Information

Abbreviations Commonly Used in the Oil & Natural Gas Industry

bbl	barrel
bblpd	barrels of oil per day
boe	barrel of oil equivalent – see note
boepd	barrels of oil equivalent per day
mbbls	thousand barrels
mcf	thousand cubic feet
mcfpd	thousand cubic feet per day

Note: The boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf to 1 boe is based on the energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead

Directors

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J. Munro M. Sutherland
Steven A. Weyel

Senior Officers

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Chief Executive Officer and President
Tod J. Darcey
Sr. Vice President – Operations
Kenneth F. Tamplain, Jr.
Sr. Vice President, General Counsel & Secretary
Gary L. Nuschler, Jr.
Chief Financial Officer

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Netherland, Sewell & Associates, Inc.

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Collins Barrow Calgary LLP

Legal Counselors:
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Baker, Donelson, Bearman, Caldwell & Berkowitz, PC (United States)

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