ROOSTER ENERGY LTD.

Management Discussion and Analysis
December 31, 2014

This management discussion and analysis (MD&A) of Rooster Energy Ltd. (“Rooster” or, the “Company”) reflects its December 31, 2014 financial results and operations as well as all material developments following December 31, 2014 to April 29, 2015, 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 audited consolidated financial statements and related notes at and for the year ended December 31, 2014, which were prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by International Accounting Standards Board (IASB). All dollar amounts are stated in United States of America dollars, unless otherwise noted.

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. The Company conducts business through its wholly owned subsidiaries, Rooster Energy, LLC, Rooster Petroleum, LLC, Rooster Oil & Gas, LLC, and Probe Resources US Ltd. 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.

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, 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 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 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 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.

At December, 31, 2014, our E&P operations consisted of 43 gross wells capable of producing, some of which are on leases that have been producing since the 1950s. We have five 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.

Oil & Gas Reserves

The Company's reserves as of December 31, 2014 were evaluated by Netherland, Sewell & Associates, Inc. (NSAI) in accordance with Canadian National Instrument 51-101. Their report, dated March 31, 2015, is available on SEDAR at www.sedar.com. Natural gas is converted to equivalent barrels (BOE) at the energy equivalent conversion rate of six thousand cubic feet (6 mcf) to one barrel (1 Bbl) of crude oil, reflecting the approximate relative energy content. The following summary data reflect the Company's consolidated reserve figures. Future cash flow of the net revenues of the reserves are expressed in United States dollars before income taxes.

	Net Reserves				Future Cash Flow (Pre-Tax)	
Reserves as at December 31, 2014	Oil MBbls	Cond / NGLs MBbls	Natural Gas MMCF	Total MBOE	Undiscounted ($000s)	NPV @10% ($000s)
Proved						
Proved Developed Producing	960.2	237.9	24,490.0	5,279.8	$ 96,276.5	$ 69,416.4
Proved Developed Nonproducing	187.3	51.5	2,556.2	664.8	9,738.8	7,166.5
Proved Undeveloped	434.1	32.3	451.0	512.6	5,990.8	3,962.8
Total Proved	1,581.6	321.7	27,497.2	6,457.2	112,006.1	80,545.7
Probable	2,234.8	266.7	23,336.6	6,390.9	163,083.4	105,683.8
Total Proved and Probable	3,816.4	588.4	50,833.8	12,848.1	$ 275,089.5	$ 186,229.5

Reserves as at December 31, 2013 (a)	Net Reserves Oil MBbls	Cond / NGLs MBbls	Natural Gas MMCF	Total MBOE	Future Cash Flow (Pre-Tax) Undiscounted ($000s)	NPV @10% ($000s)
Proved						
Proved Developed Producing	1,105.6	117.9	1,255.7	1,432.7	$ 58,862.4	$ 51,235.7
Proved Developed Nonproducing	121.4	74.6	3,682.9	809.8	16,433.0	14,003.4
Proved Undeveloped	516.7	4.4	389.5	586.0	16,638.1	12,146.2
Total Proved	1,743.7	196.9	5,328.1	2,828.5	91,933.5	77,385.3
Probable	2,376.6	348.2	25,504.3	6,975.5	252,505.0	188,497.3
Total Proved and Probable	4,120.3	545.1	30,832.4	9,804.0	$ 344,438.5	$ 265,882.6

(a) These amounts do not include the reserves of Cochon Properties, LLC, which was acquired in Q4 2014. The reserves associated with Cochon have been treated as acquisitions in the NSIA report dated March 31, 2015.

The future cash flow for these reserves is based on the following benchmark future prices.

As at December 31, 2014

Period Ending	WTI Oil US$ / Bbl	Henry Hub Nat. Gas US$ / MMBtu
Feb 1 2015	$53.27	$2.889
Mar 1, 2015	$53.70	$2.896
Apr 1, 2015	$54.26	$2.881
May 1, 2015	$54.96	$2.904
Jun 1, 2015	$55.65	$2.953
Jul 1, 2015	$56.26	$3.012
Aug 1, 2015	$56.87	$3.026
Sep 1, 2015	$57.50	$3.011
Oct 1, 2015	$58.13	$3.038
Nov 1, 2015	$58.79	$3.170
Dec 1, 2015	$59.45	$3.378
Dec 1, 2016	$62.63	$3.461
Dec 1, 2017	$66.55	$3.764
Dec 1, 2018	$68.50	$3.959
Dec 1, 2019	$69.75	$4.120
Dec 1, 2020	$70.58	$4.255
Dec 1, 2021	$77.89	$4.370
Thereafter	$77.68	$4.495

As at December 31, 2013

Period Ending	WTI Oil US$ / Bbl	Henry Hub Nat. Gas US$ / MMBtu
Feb 1 2014	$110.80	$4.230
Mar 1, 2014	$110.53	$4.193
Apr 1, 2014	$110.27	$4.105
May 1, 2014	$109.92	$4.095
Jun 1, 2014	$109.50	$4.114
Jul 1, 2014	$109.02	$4.115
Aug 1, 2014	$108.47	$4.157
Sep 1, 2014	$107.87	$4.145
Oct 1, 2014	$107.32	$4.162
Nov 1, 2014	$106.81	$4.204
Dec 1, 2014	$106.33	$4.312
Dec 1, 2015	$102.88	$4.144
Dec 1, 2016	$97.05	$4.128
Dec 1, 2017	$92.78	$4.153
Dec 1, 2018	$88.62	$4.213
Thereafter	$86.09	$4.306

In 2014, we grew our proved & probable reserves by 3.0 million barrels of oil equivalent (MMBOE), or 31%, to 12.8 MMBOE at December 31, 2014, primarily the result of the acquisition of Cochon. As of December 31, 2014, our total proved & probable reserves were 12.8 MMBOE (50% proved), consisting of 3.8 MMBO of crude oil, 0.6 MMBOE of condensate & NGLs, and 50.8 BCF of natural gas. The pre-tax NPV-10 value of our proved & probable reserves as of December 31, 2014 was approximately $186.2 million. For the quarter ended December 31, 2014 (Q4 2014), our production averaged 2,573 barrels of oil equivalent per day (BOEPD).

Well Services business

Our Well Services business primarily provides P&A service in the shallow waters of the Gulf of Mexico with 16 rigless complementary sets of P&A equipment, or "spreads". A spread 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.

The following tables present the Company's financial information by segment as of December 31, 2014 and 2013 and the respective years then ended.

			2014		
Operating Segments	**Petroleum and natural gas**	**Well services**	**Corporate allocations**	**Intercompany eliminations**	**Consolidated**
Revenue					
Petroleum and natural gas	$ 45,582,148	$ -	$ -	$ -	$ 45,582,148
Well services	-	36,594,828	-	(6,631,747)	29,963,081
Decommissioning contracts	-	8,210,857	-	1,917,386	10,128,243
Production handling	1,262,835	-	-	-	1,262,835
Revenue before the following	46,844,983	44,805,685	-	(4,714,361)	86,936,307
Realized gain on commodity contracts	270,742	-	-	-	270,742
Unrealized gain on commodity contracts	7,169,970	-	-	-	7,169,970
Total revenue	54,285,695	44,805,685	-	(4,714,361)	94,377,019
Expenses					
Lease operating	30,141,053	-	-	-	30,141,053
Cost of well services	-	24,405,993	-	(4,298,196)	20,107,797
General and administrative	5,133,942	5,774,122	4,755,399	-	15,663,463
Depreciation and depletion	5,916,494	3,857,587	78,141	-	9,852,222
Repairs and maintenance	-	1,684,658	-	-	1,684,658
Bad debt recovery	(2,539,473)	-	-	-	(2,539,473)
Stock-based compensation	508,910	-	796,323	-	1,305,233
Impairment, net	17,637,343	-	-	-	17,637,343
Transaction costs	-	-	310,357	-	310,357
Total expenses	56,798,269	35,722,360	5,940,220	(4,298,196)	94,162,653
Operating income (loss)	(2,512,574)	9,083,325	(5,940,220)	(416,165)	214,366
Loss on settlement of asset retirement obligations	-	(1,581,132)	-	-	(1,581,132)
Unrealized gain on financial warrants	1,091,000	-	-	-	1,091,000
Finance expenses, net	(11,824,631)	(330,969)	-	-	(12,155,600)
Loss before income taxes	$ (13,246,205)	$ 7,171,224	$ (5,940,220)	$ (416,165)	$ (12,431,366)

			2014		
Operating Segments	**Petroleum and natural gas**	**Well services**	**Corporate allocations**	**Intercompany eliminations**	**Consolidated**
Current assets	$ 67,740,008	$ 3,291,332	$ -	$ (12,131,340)	$ 58,900,000
Total assets	218,445,093	14,663,840	-	(15,248,607)	217,860,326
Fair value of commodity contracts	531,234	-	-	-	531,234
Decommissioning contracts receivable	40,113,972	-	-	-	40,113,972
Exploration and evaluation assets	207,172	-	-	-	207,172
Property and equipment	95,263,312	11,372,508	147,771	-	106,783,591
Note and accrued interest receivable	-	-	4,104,712	-	4,104,712
Asset retirement deposits	1,654,645	-	-	-	1,654,645
Current liabilities	67,929,832	3,404,446	-	(4,740,541)	66,593,737
Total liabilities	189,316,317	13,404,446	-	(4,740,541)	197,980,222

Operating Segments	Petroleum and natural gas	Well services	Corporate allocations	Intercompany eliminations	Consolidated
	2013				
Revenue					
Petroleum and natural gas	$ 48,167,910	$ -	$ -	$ -	$ 48,167,910
Well services	-	42,095,487	-	(3,159,752)	38,935,735
Decommissioning contracts	-	1,323,833	-	1,130,988	2,454,821
Production handling	2,705,086	-	-	-	2,705,086
Revenue before the following	50,872,996	43,419,320	-	(2,028,764)	92,263,552
Realized gain on commodity contracts	-	-	-	-	-
Unrealized gain on commodity contracts	-	-	-	-	-
Total revenue	50,872,996	43,419,320	-	(2,028,764)	92,263,552
Expenses					
Lease operating	23,136,616	-	-	-	23,136,616
Cost of well services	-	25,224,159	-	(1,936,863)	23,287,296
General and administrative	4,617,790	6,256,247	6,387,595	-	17,261,632
Depreciation and depletion	8,614,062	3,882,425	62,182	-	12,558,669
Repairs and maintenance	-	1,627,897	-	-	1,627,897
Bad debt expense	2,885,059	-	-	-	2,885,059
Stock-based compensation	157,302	-	848,589	-	1,005,891
Impairment, net	4,802,756	-	-	-	4,802,756
Asset retirement expense	586,305	-	-	-	586,305
Exploration and evaluation	2,483,731	-	-	-	2,483,731
Total expenses	47,283,621	36,990,728	7,298,366	(1,936,863)	89,635,852
Operating income	3,589,375	6,428,592	(7,298,366)	(91,901)	2,627,700
Loss on settlement of asset retirement obligations	-	(487,765)	-	-	(487,765)
Unrealized loss on financial warrants	(25,000)	-	-	-	(25,000)
Finance expenses, net	(6,860,724)	-	-	-	(6,860,724)
(Loss) income before income taxes	$ (3,296,349)	$ 5,940,827	$ (7,298,366)	$ (91,901)	$ (4,745,789)

Operating Segments	Petroleum and natural gas	Well services	Corporate allocations	Intercompany eliminations	Consolidated
	2013				
Current assets	$ 31,533,173	$ 1,556,856	$ -	$ (19,853)	$ 33,070,176
Decommissioning contract receivable	68,107,107	-	-	-	68,107,107
Exploration and evaluation assets	186,152	-	-	-	186,152
Property and equipment	100,776,593	15,230,095	200,499	-	116,207,187
Asset retirement deposits	300,000	-	-	-	300,000
Total assets	206,668,524	16,786,951	-	(19,853)	223,435,622
Current liabilities	80,256,291	-	-	-	80,256,291
Total liabilities	183,374,832	-	-	-	183,374,832

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 share 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. Net debt includes short term and revolving credit facilities less cash and cash equivalents and restricted cash, and is used to evaluate the Company's financial leverage.

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.

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, 2014, 2013, and 2012. These results are the combination of the entity financial statements of Rooster, the entity financial statements of Cochon and the carved-out financial information of Well Services:

	For the twelve months ended December 31,		
	2014	2013	2012
Financial			
Total revenue	$ 94,377,019	$ 92,263,552	$ 69,112,898
Operating income (loss)	214,366	2,627,700	3,460,817
Loss on asset retirement obligation	(1,581,132)	(487,765)	-
Unrealized gain (loss) on financing warrants	1,091,000	(25,000)	1,317,000
Finance expenses	(12,155,600)	(6,860,724)	(2,538,597)
Deferred income tax recovery	2,692,000	713,000	(5,288,000)
Net income (loss)	(9,739,366)	(4,032,789)	(3,930,500)
Net income (loss) per share			
Basic	(0.03)	(0.01)	(0.02)
Diluted	(0.03)	(0.01)	(0.02)
Total assets	217,860,326	223,435,622	168,679,908
Total long-term financial liabilities	131,386,485	103,118,541	55,760,456
Cash dividends per share	-	-	-

Review of Fourth Quarter Ended December 31, 2014 (Q4 2014)

At December 31, 2014, the Company's interests in oil and natural gas leases consisted of ownership in 26 leases or blocks, all of which are located in the state waters of Louisiana and the shallow waters of the Gulf of Mexico. In Q4 2014, the Company's net crude oil sales averaged 931 barrels oil per day (BOPD), net natural gas liquids (NGL) sales averaged 143 barrels of oil equivalent per day (BOEPD), and net natural gas sales averaged 8,987 thousand cubic feet per day (MCFPD) (or 1,498 BOEPD). In aggregate, total crude oil, NGL, and natural gas sales averaged 2,573 BOEPD in Q4 2014. The Company's eight operated properties located at Vermilion 67, Vermilion 376, West Delta 44/45, Eugene Island 18, Eugene Island 28, High Island 141, Grand Isle 70, and East Cameron 36, comprised 98% of Q4 2014 sale volumes.

The Company produced 236,674 BOE in Q4 2014, compared to 220,794 BOE produced in Q4 2013, a 7% increase. Higher production was primarily the result of a successful recompletion program at Vermilion 67, as well as the resumption of production at the West Delta 44/45 field in March, 2014. However, higher volumes were only partially offset a 20% reduction in realized prices, resulting in a 14% drop in oil & gas revenues. Utilization at the Well Services segment averaged 42% in Q4 2014, compared to 66% in Q4 2013, a decline of 24%, as industry consolidation and lower commodity prices continued to weigh on activity levels. However, lower utilization among external customers was largely offset by strong performance related to the Company's decommissioning contracts. In Q4 2014, the Company generated EBITDAX of $4,112,432, compared to $762,712 generated in Q4 2013, a 439% increase.

Net loss totaled $8,757,554 in Q4 2014 compared to $7,739,098 in Q4 2013,a decrease of $1,018,456 (-13%). Numerous non-cash items affected net income in Q4 2014, including unrealized gains on derivative contracts and impairment expenses. EBITDAX totaled $4,112,432 in Q4 2014 compared to $762,712 in Q4 2013, an increase of $3,349,720.

The Company closed its acquisitions of all of the membership interests 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 to satisfy secured debt on the assets. 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.

As further discussed in Note 2 to the Company's audited consolidated financial statements as of December, 31, 2014, these two acquisitions have been accounted for using the predecessor values since inception method. The consolidated financial statements have been presented by combining the entity financial statements of Rooster, the entity financial statements of Cochon and the carved-out financial information of Well Services at their carrying value since the closing date, November 17, 2014 along with comparative periods as if the transaction had occurred as at the earliest period presented.

The Company also entered into a term loan facility and issued $45 million of Senior Secured Notes on November 17, 2014, which mature on February 14, 2016.

The Senior Secured 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 Senior Secured 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 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 (December, 2014, through February, 2016). Accordingly, the Company has entered into fixed price swap agreements; at December 31, 2014, the Company is obligated swap 642 BOPD and 6,962 MMBTUPD of oil and natural gas sales priced monthly at floating prices for the same quantity at fixed prices of $77.50 per barrel of oil and $3.81 per MMBTU of natural gas, respectively.

Results of Operations

The following table summarizes net income (loss) for the three and twelve months ended December 31, 2014 and 2013:

	Three months ended December 31,		Year ended December, 31,	
	2014	2013	2014	2013
Revenues				
Petroleum and natural gas revenue	$ 9,030,518	$ 10,515,645	$ 45,582,148	$ 48,167,910
Production handling	118,747	581,078	1,262,835	2,705,086
Well services	7,134,422	8,546,100	29,963,081	38,935,735
Decommissioning contract revenue	4,669,095	692,189	10,128,243	2,454,821
Realized gain (loss) on commodity contracts	270,742	-	270,742	-
Unrealized gain (loss) on commodity contracts	7,169,970	-	7,169,970	-
Total revenue	28,393,494	20,335,012	94,377,019	92,263,552
Expenses				
Lease operating expenses	(6,686,267)	(8,533,639)	(30,141,053)	(23,136,616)
Cost of well services	(5,137,607)	(5,014,082)	(20,107,797)	(23,287,296)
General and administrative	(3,717,841)	(5,573,803)	(15,663,463)	(17,261,632)
Depreciation and depletion	(2,765,633)	(2,820,409)	(9,852,222)	(12,558,669)
Repairs and maintenance	(393,063)	(303,462)	(1,684,658)	(1,627,897)
Bad debt expense (recovery)	(19,010)	(88,613)	2,539,473	(2,885,059)
Stock-based compensation	(142,810)	(410,509)	(1,305,233)	(1,005,891)
Impairment, net	(18,351,393)	(4,802,756)	(17,637,343)	(4,802,756)
Asset retirement expense	-	(586,305)	-	(586,305)
Exploration and evaluation, net	-	(321,367)	-	(2,483,731)
Transaction expenses	-	-	(310,357)	-
Total expenses	(37,213,624)	(28,454,945)	(94,162,653)	(89,635,852)
Operating income (loss)	(8,820,130)	(8,119,933)	214,366	2,627,700
Loss on asset retirement obligation	(1,176,314)	(147,314)	(1,581,132)	(487,765)
Unrealized gain (loss) on financing warrants	696,000	518,000	1,091,000	(25,000)
Finance expenses [(b)]	(2,012,110)	(1,778,851)	(12,155,600)	(6,860,724)
Income before income taxes	(11,312,554)	(9,528,098)	(12,431,366)	(4,745,789)
Deferred income tax recovery	2,555,000	1,789,000	2,692,000	713,000
Net income (loss)	$ (8,757,554)	$ (7,739,098)	$ (9,739,366)	$ (4,032,789)
Net income (loss) per share				
Basic	(0.03)	(0.02)	(0.03)	(0.01)
Diluted	(0.03)	(0.02)	(0.03)	(0.01)
Weighted average shares outstanding				
Basic	324,099,502	324,099,502	324,099,502	324,098,146
Diluted	324,099,502	324,099,502	324,099,502	324,098,146
EBITDAX [(c)]				
Oil & Gas	$ 1,280,525	$ 1,317,424	$ 11,840,730	$ 23,118,590
Well Services	4,075,156	1,000,674	11,359,780	$ 9,823,252
Corporate allocation & eliminations	(1,243,249)	(1,555,386)	(5,481,921)	(6,479,496)
Total EBITDAX	$ 4,112,432	$ 762,712	$ 17,718,589	$ 26,462,346
Capital expenditures	$ 3,601,474	$ 13,101,242	$ 18,934,743	$ 45,121,256

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

	Three months ended December 31,		Year ended December 31,	
	2014	2013	2014	2013
EBITDAX* [(a)] *Calculation				
Net income (loss)	$ (8,757,554)	$ (7,739,098)	$ (9,739,366)	$ (4,032,789)
Unrealized gain (loss) on commodity contracts	(7,169,970)	-	(7,169,970)	-
Depreciation and depletion	2,765,633	2,820,409	9,852,222	12,558,669
Exploration and evaluation, net	-	321,367	-	2,483,731
Bad debt expense (recovery)	19,010	88,613	(2,539,473)	2,885,059
Stock-based compensation	142,810	410,509	1,305,233	1,005,891
Impairment, net	18,351,393	4,802,756	17,637,343	4,802,756
Asset retirement expense	-	586,305	-	586,305
Unrealized gain (loss) on financing warrants	(696,000)	(518,000)	(1,091,000)	25,000
Finance expenses	2,012,110	1,778,851	12,155,600	6,860,724
Deferred income tax recovery	(2,555,000)	(1,789,000)	(2,692,000)	(713,000)
EBITDAX	$ 4,112,432	$ 762,712	$ 17,718,589	$ 26,462,346

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

The following tables are analysis of the line items in the Company's Consolidated Statement of Loss and Comprehensive Loss.

	Three months ended December 31,			Year ended December 31,		
Petroleum & Natural Gas Volumes	2014	2013	Change	2014	2013	Change
Crude Oil (Bbls)	85,686	75,945	13%	345,682	324,478	7%
Natural Gas Liquids ("NGL") (BOE)	13,182	12,168	8%	39,054	44,238	-12%
Natural Gas (mcf)	826,837	796,086	4%	3,086,571	3,730,239	-17%
Total (BOE) [(a)]	236,674	220,794	7%	899,164	990,422	-9%
Average Crude Oil (BOPD)	931	825	13%	947	889	7%
Average NGL (BOEPD)	143	132	8%	107	121	-12%
Average Natural Gas (MCFPD)	8,987	8,653	4%	8,456	10,220	-17%
Average Total (BOEPD) [(a)]	2,573	2,400	7%	2,463	2,713	-9%

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

Higher crude oil sales primarily reflect the resumption of production at West Delta 44/45 (March, 2014) and High Island 141 (May, 2014), as well as the recompletion of the #A-3 well at Eugene Island 28 (September, 2014); however, higher sales at these three fields were partially offset by lower production at Vermilion 376.

Higher natural gas sales at Vermilion 67, where we recompleted the #B-7 well (June, 2014), were offset by production declines at East Cameron 36/37, Grand Isle 70 and Eugene Island 28.

Sales volumes in Q4 2014 were comprised of 36% crude oil, 6% NGLs, and 58% natural gas.

Petroleum & Natural Gas Sales, Average Benchmark and Realized Prices	Three months ended December 31, 2014	2013	Change	Year ended December 31, 2014	2013	Change
Crude Oil Sales	$6,040,663	$7,347,729	-18%	$32,288,020	$33,883,933	-5%
NGL Sales	223,601	402,323	-44%	1,080,095	1,232,564	-12%
Natural Gas Sales	2,766,254	2,765,593	0%	12,214,033	13,051,412	-6%
Total Oil & Gas Revenues	$9,030,518	$10,515,645	-14%	$45,582,148	$48,167,909	-5%
Realized Crude Oil Prices ($/Bbl)	$70.50	$96.75	-27%	$93.40	$104.43	-11%
W. TX Intermediate (Benchmark - $/Bbl)	$73.16	$97.34	-25%	$94.37	$106.32	-11%
Sales Price as a percent of Benchmark	96%	99%		99%	98%	
Realized NGL prices ($/Bbl)	$16.96	$33.06	-49%	$27.66	$27.86	-1%
EIA. NGL Index (Benchmark - $/Bbl)	$7.41	$10.53	-30%	$9.56	$9.94	-4%
Sales Price as a percent of Benchmark	229%	314%		289%	280%	
Realized Natural Gas prices ($/mcf)	$3.35	$3.47	-3%	$3.96	$3.50	13%
Henry Hub (Benchmark - $/mcf)	$3.79	$3.86	-2%	$4.39	$3.73	18%
Sales Price as a percent of Benchmark	88%	90%		90%	94%	

The decline in crude oil revenue for the twelve months ended December 31, 2014, reflects an 11% drop in average realized price, partially offset by a 7% increase in sales 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 Q4 2014 was largely the result of a 25% decline in WTI crude prices, partially offset by a small increase in the LLS premium to 3%.

The decline in NGL revenues for the twelve months ended December 31, 2014, reflects a 12% drop in sale volumes, and a 1% decline in the average realized price. The drop in Q4 2014 NGL prices primarily reflects overall decline in domestic NGL prices, as the Energy Information Administration's NGL composite index fell 30% in Q4 2014. The Company's average realized price was further depressed due to higher production at Vermilion 67, which incurs relatively high processing fees.

The quarter-over-quarter increase in natural gas revenue reflects a 4% increase in sales volume partially offset by a 3% decline in average realized prices. Lower realized natural gas prices in Q4 2014 primarily reflect lower domestic natural gas prices; prices at the Henry Hub were down 2% in Q4 2014 from year-ago levels. The decline in natural gas revenue for the twelve months ended December 31, 2014, reflects a 17% drop in sales volume, partially offset by a 13% increase in the average realized price.

The quarter-over-quarter decline reflects a 20% drop in the average realized price, partially offset by a 7% increase in sale volumes. The year-over-year decline reflects a 9% drop in sales volume, partially offset by a 4% increase in the average realized price. Oil & gas revenues in Q4 2014 were comprised of 66% crude oil, 2% NGLs, and 31% natural gas.

Production Handling Revenues	Three months ended December 31, 2014	2013	Change	Year ended December 31, 2014	2013	Change
Production Handling Revenues	$118,748	$581,078	-80%	$1,262,835	$2,705,086	-53%

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

Well Services & Decommissioning Contracts Revenue	Three months ended December 31, 2014	2013	Change	Year ended December 31, 2014	2013	Change
Well Services Revenues	$7,134,422	$8,546,100	-17%	$29,963,081	$38,935,735	-23%
Decommissioning Contracts Revenue	$4,669,095	$692,189	575%	$10,128,243	$2,454,821	313%

The quarter-over-quarter decrease in well services reflects a 24% drop in utilization, partially offset by a 21% increase in revenues per day. The year-over-year decline reflects a 27% drop in utilization, partially offset by a 14% increase in revenues per day. Utilization was hampered in 2014 by industry consolidation among Gulf of Mexico operators, unusually poor weather early in the year, and lower operator cash flows later in the year resulting from lower commodity prices.

The quarter-over-quarter increase in decommissioning relates to higher activity levels, as the Company successfully abandoned six wells and two platforms; it also began a four-well abandonment project at Vermilion 67 in December, 2014. The 2014 abandonment program included 17 wells and 2 platforms, compared with 21 wells and no platforms in 2013. The remaining inventory at year-end 2014 included 54 wells and 27 platforms that the Company has been contracted to plug and/or abandon.

Gain on Commodity Contracts	Three months ended December 31, 2014	2013	Change	Year ended December 31, 2014	2013	Change
Realized Gain on Commodity Contracts	$270,742	$0	-	$270,742	$0	-
Unrealized Gain on Commodity Contracts	$7,169,970	$0	-	$7,169,970	$0	-

The Company was required by its Senior Secured Notes holders to put commodity contracts in place. With the decline of oil and natural gas prices, these contracts are "in the money."

Total Revenue	Three months ended December 31, 2014	2013	Change	Year ended December 31, 2014	2013	Change
Total Revenue	$28,393,494	$20,335,012	40%	$94,377,019	$92,263,552	2%

Higher revenues were largely the result of higher decommissioning revenues and gains recorded on oil & gas derivative contracts, partially offset by lower well services, oil & gas, and production handling revenues.

Expenses	Three months ended December 31, 2014	2013	Change	Year ended December 31, 2014	2013	Change
Lease Operating Expenses	$6,686,265	$8,533,639	-22%	$30,141,053	$23,136,616	30%
Cost of Well Services	5,137,607	5,014,082	2%	20,107,797	23,287,296	-14%
General and Administrative	3,717,841	5,573,803	-33%	15,663,463	17,261,632	-9%
Depreciation and Depletion	2,765,633	2,820,409	-2%	9,852,222	12,558,669	-22%
Repairs and Maintenance	393,063	303,462	30%	1,684,658	1,627,897	3%
Bad Debt Expense (Recovery)	19,010	88,613	-79%	(2,539,473)	2,885,059	-
Stock-based Compensation	142,810	410,509	-65%	1,305,233	1,005,891	30%
Impairment, net	18,351,393	4,802,756	282%	17,637,343	4,802,756	267%
Asset Retirement Expense	-	586,305	-	-	586,305	-
Exploration and Evaluation	-	321,367	-	-	2,483,731	-
Transaction Costs	-	-	-	310,357	-	-
Total Expenses	$37,213,622	$28,454,945	31%	$94,162,653	$89,635,852	5%

Higher operating costs were driven primarily by the resumption of production at West Delta 44/45 and High Island 141. Lease operating expenses averaged $28 per BOE in Q4 2014 compared to $31 per BOE in Q4 2013, which represents a 10% drop in per unit operating expenses.

Lower well service expenses were primarily related to lower costs associated with consumables and third-party services. Labor expenses were largely unchanged despite a drop in activity levels, as more customers utilized 24-hour crews.

Lower general and administrative expenses are primarily attributable to a lower allocation of corporate overhead expenses at Well Services.

Lower depreciation and depletion expenses reflect lower production volumes.

Repair and maintenance expenses reflect non-capitalized costs associated with Well Services' equipment.

Bad debt expense totaled $19,010 in Q4 2014, due primarily to minority partners in non-producing fields who have failed to pay operating expenses. In Q1 2013, the Company 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.

The annual increase in stock-based compensation represents having more options granted in 2014 while the quarterly cost comparison decrease is the result of forfeitures. 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.

Impairment expenses in Q4 2014 primarily related to Eugene Island 28, Grand Isle 70, and Eugene Island 18, due to a combination lower commodity prices and downward revisions to estimated reserves.

Transaction costs for the twelve months ended December 31, 2014 comprise cost associated with the acquisitions of Cochon and Well Services.

Loss on Settlement of Asset Retirement Obligations	Three months ended December 31, 2014	2013	Change	Year ended December 31, 2014	2013	Change
Loss on Settlement of Asset Retirement Obligations	$1,176,314	$147,314	699%	$1,581,132	$487,765	224%

The recorded loss relates to those costs that exceeded estimates to satisfy asset retirement obligations on turnkey contracts.

Unrealized Gain (Loss) on Financing Warrants	Three months ended December 31, 2014	2013	Change	Year ended December 31, 2014	2013	Change
Unrealized Gain (Loss) on Financing Warrants	$696,000	$518,000	34%	$1,091,000	($25,000)	-

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 December 31, 2014	2013	Change	Year ended December 31, 2014	2013	Change
Finance Expenses, net	$2,012,110	$1,778,851	13%	$12,155,600	$6,860,724	77%

Finance expenses primarily comprised: 1) interest and accretion of debt discounts associated with the Company's senior secured notes and related party notes payable; and 2) accretion of the Company's liability for asset retirement obligations ("ARO"). In Q3 2014, 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 that were repaid in November, 2014.

Deferred income tax recovery	Three months ended December 31, 2014	2013	Change	Year ended December 31, 2014	2013	Change
Deferred income tax recovery	$2,555,000	$1,789,000	43%	$2,692,000	$713,000	278%

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 (Loss)	Three months ended December 31, 2014	2013	Change	Year ended December 31, 2014	2013	Change
Net Income (Loss)	($8,757,554)	($7,739,098)	13%	($9,739,366)	($4,032,789)	142%

Numerous non-cash items affected net income in 2014, including unrealized gains on derivative contracts and impairment expenses.

For the twelve months ended December 31, 2014, funds generated from operations totaled $6,692,812 compared to $15,393,869 for the twelve months ended December 31, 2013, a decline of $8,701,057. Lower funds generated from operations relates primarily to lower EBITDAX and higher finance expenses.

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 Q4 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							
	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013
Financial								
Total revenue	31,393,494	23,883,429	22,392,627	16,707,469	20,335,012	28,186,709	21,223,817	22,518,014
Net income (loss)	(8,757,554)	1,287,717	1,356,630	(3,626,159)	(7,739,098)	4,478,059	(291,743)	(480,007)
Net income (loss) per share								
Basic	-	-	-	-	-	-	-	-
Diluted	-	-	-	-	-	-	-	-
Oil & Gas Operations								
Sale volumes								
Crude oil (Bbls)	85,686	82,641	102,218	75,137	75,945	84,829	83,809	79,895
NGLs (Bbls)	13,182	10,595	8,173	7,104	12,168	9,052	10,560	12,458
Natural gas (Mcf)	826,837	1,075,481	693,917	490,336	796,086	1,083,740	815,877	1,034,536
Total (BOE) [1]	236,674	272,483	226,043	163,964	220,794	274,504	230,348	264,775
Daily (BOE per day) [1]	2,573	2,962	2,484	1,822	2,400	2,984	2,531	2,942
Realized prices								
Crude oil (per Bbl)	$ 70.50	$ 98.72	$ 103.23	$ 100.32	$ 96.75	$ 109.25	$ 103.91	$ 107.15
NGLs (per BOE)	16.96	27.84	37.43	35.98	33.06	21.67	25.87	28.97
Natural gas (per Mcf)	3.35	3.64	4.25	5.26	3.47	3.25	3.54	3.74
Total (per BOE)	$ 38.16	$ 45.41	$ 61.08	$ 63.26	$ 47.63	$ 47.32	$ 51.52	$ 48.33
Revenue								
Crude oil	$ 6,040,663	$ 8,158,200	$ 10,551,457	$ 7,537,699	$ 7,347,729	$ 9,267,302	$ 8,708,341	$ 8,560,561
NGLs	223,601	295,009	305,882	255,603	402,323	196,196	273,169	360,877
Natural gas	2,766,254	3,919,860	2,948,794	2,579,125	2,765,593	3,525,416	2,886,355	3,874,048
Production handling	118,747	163,881	434,515	545,692	581,078	624,956	757,381	741,671
Realized gain on commodity contracts	270,742	0	0	0	0	0	0	0
Unrealized gain on commodity contracts	7,169,970	0	0	0	0	0	0	0
Total	$ 16,589,977	$ 12,536,950	$ 14,240,649	$ 10,918,119	$ 11,096,723	$ 13,613,870	$ 12,625,246	$ 13,537,157
Expenses								
Lease operating expenses	$ 6,686,265	$ 8,229,623	$ 7,314,255	$ 7,910,909	$ 8,533,639	$ 5,634,826	$ 4,840,826	$ 4,127,325
Lease operating expenses per BOE [1]	$ 28.25	$ 30.20	$ 32.36	$ 48.25	$ 38.65	$ 20.53	$ 21.02	$ 15.59
Well Services Operations								
Average spreads	16.0	16.0	15.0	15.0	13.7	12.7	12.0	12.0
Days worked	611	815	653	398	825	1,096	714	623
Average utilization	42%	55%	48%	29%	66%	94%	65%	58%
Revenue								
Well services	$ 7,134,422	$ 9,728,895	$ 8,319,470	$ 4,780,294	$ 8,546,100	$ 13,011,220	$ 8,397,558	$ 8,980,857
Decommissioning contract revenue	4,669,095	1,617,584	2,832,508	1,009,056	692,189	1,561,619	201,013	-
Total	$ 11,803,517	$ 11,346,479	$ 11,151,978	$ 5,789,350	$ 9,238,289	$ 14,572,839	$ 8,598,571	$ 8,980,857
Expenses								
Cost of well services	$ 5,137,607	$ 6,081,906	$ 5,040,106	$ 3,848,178	$ 5,014,082	$ 7,377,879	$ 5,059,273	$ 5,836,062
Repairs and maintenance	393,063	469,537	368,324	453,734	303,462	497,837	420,002	406,596
Total	$ 5,530,670	$ 6,551,443	$ 5,408,430	$ 4,301,912	$ 5,317,544	$ 7,875,716	$ 5,479,275	$ 6,242,658
Loss on asset retirement obligation	$ 1,176,314	$ 404,818	$ (209,382)	$ 209,382	$ 147,314	$ 340,451	$ -	$ -

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$45.0 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. Net proceeds to the Company totaled approximately $8.5 million, after deducting the original issue discount, the outstanding principal, fees, and interest paid to the holders of the Notes, the $10 million portion of the purchase price for Well Services and certain transaction fees and expenses; the majority of these funds were used to reduce trade accounts payable exceeding 60 days.

On October 11, 2013, the Company entered into a secured credit facility (the "First Related Party Loan") 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 interest rate is 9% per annum on all advances, and the only advance under the credit facility was CDN $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 "Second Related Party Loan") 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 First Related Party Loan and the Second Related Party Loan (see the Company's December 31, 2014 financial statement notes 10(iii), (iv) and (v)) 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 First Related Party Loan and the Second Related Party Loan 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 First Related Party Loan and the Second Related Party Loan until after satisfaction of obligations of the Company owed on the Senior Secured Notes, all secured indebtedness owed by the Company are long term liabilities at December 31, 2014.

At December 31, 2014, the Company had a working capital deficit of $7,693,737. This working capital deficiency includes the following:

- The *decommissioning contract receivable* booked in current assets totals $30,542,962. 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 December 31, 2014, $91,136,315 of this contract remained to be collected, of which $37,145,663 is expected to be collected within the next twelve months. However, under IFRS the decommissioning contact receivable has been recorded to match the ARO liability (before accretion and discounting). As a result, the Company includes the incremental $6,602,701 of current decommissioning contract receivable as part of its internal analysis of working capital.

- The *deferred revenues* booked in current liabilities total $5,418,348. The deferred revenues relate to milestone payments associated with the aforementioned turnkey decommissioning contract. 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 December 31, 2014, $12,534,602 of deferred revenues remained on the Company's balance sheet, of which $5,418,348 is expected to be recognized within the next twelve months. As a result, the Company excludes the $5,418,348 of current deferred revenues as part of its internal analysis of working capital.

Management believes that the Company's accounting methodology for the decommissioning contract is 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 December 31, 2014 is improved by $12,021,049 ($6,602,701 for the current portion of the remaining contract receivable plus $5,418,348 for the current portion of the deferred revenue) to a surplus of $4,327,312.

Asset Retirement Obligations

In addition to the amounts owed at December 31, 2014, the Company has an ongoing liability with respect to the plugging and abandonment of wells and decommissioning of facilities totaling $89,444,429 on a discounted basis; however, $72,662,363 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 December 31, 2014, principal contractual obligations requiring fixed payments consisted of the following:

	Payments Due By Period				
	Total	Less Than 1 Yr	1 - 2 Years	2 - 5 Years	Over 5 Years
Senior Secured Notes (1)	$ 40,535,340	$ -	$ 40,535,340	$ -	$ -
Related Party Subordinated Note (2)	6,170,965			6,170,965	
Related Party Subordinated Note (3)	2,962,015			2,962,015	
Related Party Subordinated Note (4)	6,781,741			6,781,741	
Promissory Note (5)	1,296,819	1,296,819			
	$ 57,746,880	$ 1,296,819	$ 40,535,340	$ 15,914,721	$ -

(1) $45,000,000 Payable on February 14, 2016 with interest payable quarterly at LIBOR + 11.5% per annum
(2) $6,463,000 Payable on February 14, 2017 with interest at 15.5% per annum payable at maturity
(3) $4,000,000 Payable on February 14, 2017 with interest at 9% per annum payable at maturity
(4) $7,150,000 Payable on February 14, 2017 with interest at 14% per annum payable at maturity
(5) Matures on May 25, 2015 with interest at 2.5% per annum. Monthly payments of $262,650

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 $3,601,474 in Q4 2014 compared to $13,101,242 in Q4 2013, a decline of $9,499,768 (-73%). For the twelve months ended December 31, 2014, capital expenditures totaled $16,086,543 compared to $45,121,256 for the twelve months ended December 31, 2013, a decline of $29,034,713 (-64%). Capital expenditures in Q4 2014 primarily reflect the recompletion activity at Vermilion 67 and Eugene Island 18.

Off-Balance Sheet Arrangements

At December 31, 2014 the Company is not party to, and not currently 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 (December, 2014, through February, 2016). Accordingly, the Company has entered into fixed price swap agreements; at December 31, 2014, the Company is obligated swap 642 BOPD and 6,962 MMBTUPD of oil and natural gas sales priced monthly at floating prices for the same quantity at fixed prices of $77.50 per barrel of oil and $3.81 per MMBTU of natural gas, respectively.

Transactions with Related Parties

As at December 31, 2014, the Company had the following transactions and balances with related parties:

- At December 31, 2014, the Company had accounts payable in the amount of $10,578,872 (of which $6,635,761 is current) 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 the First Related Party Loan which provides for borrowing up to CDN $8.0 million, with an initial advance of CDN $4.0 million (see "Liquidity"). At December 31, 2014, accrued interest related to the credit facility totaled $355,712 and the liability on the financial statements was $2,962,015. Chester F. Morrison, Jr., who funded 40% of the credit facility, is a related party to the Company.

- In March 2014, the Company entered into the Second Related Party Loan 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 December 31, 2014, accrued interest related to the credit facility totaled $734,739 and the liability on the financial statements was $6,781,741.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares (that may be converted to proportionate voting shares), proportionate voting shares, and an unlimited number of preferred shares issuable in series with no par value. As of December 31, 2014, 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.

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 December 31, 2014 there have been 6,666 options exercised and 53,334 options forfeited.

On July 16, 2013, the shareholders of the Company voted to amend and restate the stock option plan and approved the Rooster Energy Ltd. 2013 Stock Incentive Plan. On September 11, 2013, the Company awarded stock options to directors, senior officers and employees for acceptance in the total amount of 4,532,759 common shares. The exercise price is CDN $0.82 per option and expiry date is September 11, 2023. As of December 31, 2014 there have been 400,000 options forfeited.

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 11,899,760.

In association with the NPA, as amended (see “Liquidity”), the Company entered into a warrant purchase agreement with a five-year term with the holders of the Notes pursuant to which it has agreed to sell warrants for up to 9,000,000 common shares of the Company at an exercise price of USD $1.00 per common share. 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 the right to purchase 13,429,813 common shares of the Company at an exercise price of USD $0.67.

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 December 31, 2014.

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 December 31, 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.

Subsequent Events

On February 14, 2015, the Senior Secured Notes were within one year of the maturity date per the terms of the Note Purchase Agreement. Absent an extension of the maturity date, the Company will have to raise capital in order to pay the Senior Secured Notes at maturity. To address its funding requirements, the Company will have to seek financing through debt and/or equity financing, asset sales or other alternatives. There is, however, no assurance that the outcome of these matters will be successful.

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 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.

Date

This MD&A is dated April 29, 2015.

Additional Information

Additional information regarding the Company is available on SEDAR at www.sedar.com and on the Company's website at www.roosterenergyltd.com