

## **ROOSTER ENERGY ANNOUNCES FIRST QUARTER 2016 FINANCIAL RESULTS**

CALGARY, ALBERTA (May 16, 2016) ROOSTER ENERGY LTD. (the “Company”) (www.roosterenergy.com) (TSXV: COQ) is pleased to announce it has filed on SEDAR (www.sedar.com) its interim financial statements and management discussion and analysis (MD&A) for the first quarter ended March 31, 2016 (“Q1 2016”).

### **HIGHLIGHTS:**

- **Q1 2016 EBITDAX \$6.6 Million**
- **Q1 2016 Production Averaged 2,001 BOEPD**
- **Decommissioning Activity Sees Seasonal Increase in Q2 2016**

In the Oil & Gas segment, production averaged 2,001 Boepd in Q1 2016, down 36% from year-ago levels as the Company shut-in and began to abandon three fields that have been rendered uneconomic due to the decline in commodity prices. The decline in sales volumes, combined with significantly lower commodity prices, resulted in a 54% drop in oil and gas revenues in Q1 2016 to \$2.7 million; this was partially offset by a 45% drop in lease operating expenses. However, the Company terminated its derivative commodity contracts, which contributed to a \$7.8 million realized gain in Q1 2016. The Oil & Gas segment reported EBITDAX of \$6.8 million in Q1 2016 (including \$5.6 million related to terminating the derivative commodity contracts) compared to \$2.1 million in Q1 2015.

The Well Services segment, utilization averaged 5% in Q1 2016 compared to 27% in Q1 2015, a decline of 22%, as lower commodity prices continued to weigh on activity levels. As a result, Well Services revenues declined 62% in Q1 2016 to \$1.4 million. Lower revenues were offset by a 64% drop in operating expenses. Decommissioning revenues fell 49% to \$1.6 million from the prior year period; the only work completed in Q1 2016 related to the removal of a platform at the West Delta 44/45 field. The Well Services segment reported EBITDAX of \$0.1 million in Q1 2016 compared to \$2.6 million in Q1 2015. The Company’s consolidated EBITDAX totaled \$6.6 million in Q1 2016 compared to \$3.8 million in Q1 2015.

Robert P. Murphy, Chief Executive Officer, commented that “the drop in commodity prices over the last 18 months has led the Company to review the profitability of its oil and gas fields. As such, the Company has shut-in production from three offshore fields. Though this resulted in lower production, we would note that the year-over-year decline in Oil & Gas segment revenues was nearly offset by a similar decline in lease operating expenses.

Well Services utilization in Q1 2016 was also hindered due to low commodity prices and low activity levels due to seasonality during the winter months. Utilization levels are scheduled to increase in Q2 2016 as weather patterns are more conducive to performing offshore decommissioning during the late spring and summer months. In addition to work performed for our valued external clients, the Company’s backlog of contracted decommissioning business is expected to provide substantial revenues during the upcoming months as we ramp up our 2016 program. The Company also continues to evaluate decommissioning opportunities in the Gulf of Mexico and certain international offshore basins.”

## SUMMARY OF OPERATING AND FINANCIAL RESULTS FOR Q1 2016

	For the three months ended	
	March 31,	
	2016	2015
<b><i>Oil &amp; Gas Sale Volumes</i></b>		
Crude oil (Bbls)	33,092	62,242
NGLs (Bbls)	25,933	13,667
Natural gas (Mcf)	738,292	1,233,287
Total (BOE) <sup>(a)</sup>	182,073	281,457
Daily (BOE per day) <sup>(a)</sup>	2,001	3,127
<b><i>Financials</i></b>		
Revenues	\$ 6,549,719	\$ 14,473,520
Operating Expenses	(8,068,911)	(13,803,903)
Operating income (loss)	(1,519,192)	669,617
Gain on asset retirement obligation	(61,083)	1,050,442
Unrealized gain (loss) on financing warrants	-	1,000
Finance expenses <sup>(b)</sup>	(3,527,502)	(3,034,313)
Income before income taxes	(5,107,778)	(1,313,254)
Deferred income tax expense (recovery)	(1,778,401)	(395,000)
Net income (loss)	\$ (3,329,377)	\$ (918,254)
Net income (loss) per share		
Basic	(0.01)	0.00
Diluted	(0.01)	0.00
Weighted average shares outstanding		
Basic	324,099,502	324,099,502
Diluted	324,099,502	324,099,502
EBITDAX <sup>(c)</sup>		
Oil & Gas	\$ 6,751,942	\$ 2,136,653
Well Services	144,467	2,577,874
Corporate allocation & eliminations	(337,528)	(881,320)
Total EBITDAX	\$ 6,558,881	\$ 3,833,207

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

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

(c) EBITDAX is a non-IFRS measure commonly used in the oil and gas industry; see MD&A.

As previously disclosed, on March 14, 2016, the Company and the holders of its senior secured indebtedness entered into the First Amendment and Waiver to the Amended and Restated Note Purchase Agreement effective December 31, 2015. Pursuant to the First Amendment, all of the financial and performance covenants of the senior secured credit facility and scheduled loan amortization are waived for the fiscal quarters ending March 31, 2016 and June 30, 2016. If the Company is unable to restructure the financial and performance covenants of the loan or extend the term of the waiver on or before the end of the fiscal quarter ending June 30, 2016, then the Company will be in default of one or more of the loan covenants and the outstanding balance will become current; in that event the holders of the senior secured indebtedness may exercise their remedies against the Company. No assurances can be given that the Company will be able to reach agreement with the holders of the indebtedness on the consequences of any possible default at that time, and in that event the Company may not be able to continue as a going concern.

## **ABOUT ROOSTER ENERGY LTD.**

Rooster Energy Ltd. is a Houston, Texas, based vertically integrated oil and gas exploration production company combined with a well service intervention/plugging and abandonment subsidiary focused in the shallow waters of the US Gulf of Mexico. Our primary oil and gas assets consist of producing oil and gas wells located on US federal and state oil and gas leases and the well service assets consists primarily of rigless well plugging and abandonment/intervention units.

Investors are welcome to visit our website at [www.roosterenergyltd.com](http://www.roosterenergyltd.com) or contact the following for all corporate updates and investor inquiries:

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### *Forward Looking Information and Statements*

*Certain statements and information in this press release may constitute “forward-looking information” or statements as such terms are used in applicable Canadian securities laws. Any statement that expresses, involves or includes expectations of the anticipated benefits of the refinancing or modification of existing debt or future operations (including drill rig commitments and use of proceeds), commerciality of any hydrocarbon discovered, production rates, operating costs, commodity prices, administrative costs, commodity price risk and other components of cash flow and earnings, management activity, acquisitions and dispositions, capital spending, access to credit facilities taxes, regulatory changes, projections, objective, assumptions or future events that are not statements of historical fact should be viewed as “forward-looking statements”. Events or circumstances may cause actual results to differ materially from those predicted, a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. These risks include, but are not limited to, the risks associated with the oil and gas industry, commodity prices, and interest and exchange rate changes. Industry related risks could include, but are not limited to, operational risks in exploration, development and production, delays or changes in plans, risks associated with the uncertainty of reserve estimates, or reservoir performance, health and safety risks and the uncertainty of estimates and projections of production, costs and expenses. The reader is cautioned not to place undue reliance on any forward-looking statement in this press release. The Company disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.*

*Financial outlook information contained in this press release about the Company's prospective cash flows and/or financial position is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available. Readers are cautioned that any such financial outlook information contained herein should not be used for purposes other than for which it is disclosed herein.*

*Note Regarding Boe*

*The term barrel of oil equivalent ("boe") may be misleading, particularly if used in isolation. A conversion ratio for gas of 6 mcf//1 boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly equivalency conversion ratio of 6:1, utilizing a conversion on a 6:1 basis is misleading as an indication of value.*

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