

## **ROOSTER ENERGY LTD.**

October 23, 2012

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### **ROOSTER ENERGY LTD. ANNOUNCES COMPLETION OF ISSUANCE OF SENIOR SECURED NOTES FOR US\$22.5 MILLION.**

CALGARY, ALBERTA (October 23, 2012) Rooster Energy Ltd. ("Rooster" or the "Company") (TSXV: COQ) –Rooster announced today that it and two (2) of its wholly owned subsidiaries, Rooster Oil & Gas, LLC, and Probe Resources US Ltd. (together "Co-Issuers) have entered into a Note Purchase Agreement under which the Co-Issuers have issued Senior Secured Notes due on October 22, 2014 in the aggregate principal amount of US\$22.55 Million (the "Notes"). The proceeds of the Notes will be used to repay existing secured indebtedness of the Company, certain accounts payable and for other general corporate purposes.

The Notes are secured by a first priority security interest, lien and mortgage on all assets, including oil and gas leases and proceeds therefrom, owned by the Co-Issuers. The Notes bear interest at a rate equal to 12% per annum with interest payments due quarterly. Rooster and its wholly owned subsidiary, Rooster Energy, L.L.C., a Louisiana limited liability company, are guarantors of the obligations of the Co-Issuers under the Note Purchase Agreement and each has also granted a security interest in all of its property to secure the obligations of the Co-Issuers. No holder of the Note is a related party to Rooster nor is any holder a chartered bank, trust company or treasury bank.

Finally, Rooster has entered into a Warrant Purchase Agreement with the holders of the Notes pursuant to which it has agreed to sell warrants exercisable for up to 9 Million common shares of the Company at an exercise price of US\$1.00 per common share. The warrants are subject to mandatory exercise or conversion, as applicable, in the event that certain conditions are satisfied, including that the trading price of the common shares is equal to or greater than 150% of the Warrant exercise price for a period of thirty (30) consecutive trading days.

The Notes, the warrants and the common shares are issuable upon exercise or conversion, as applicable, The warrants are subject to applicable United States federal and state securities laws which may impose a hold period of not less than 12 months. In addition, unless permitted under applicable Canadian securities legislation, the securities may not be traded in Canada before February 22, 2013.

Robert Murphy, President and Chief Executive Officer commented "Rooster has now completed its capitalization process that began last April with the merger and capital raise associated with the reverse take-over of Probe Resources Ltd. We would like welcome our new financial partners and are pleased to have the support of our lenders in Rooster's offshore Gulf of Mexico exploration and development program".

## **United States Securities Matters**

This press release does not constitute an offer to sell or a solicitation of an offer to buy any securities in the United States. The securities of Rooster have not been and will not be registered under the United States Securities Act of 1933, as amended (the "US Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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