ROOSTER ENERGY LTD.

ANNUAL INFORMATION FORM

For the Year Ended December 31, 2013

This Annual Information is dated July 3, 2014

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INTRODUCTORY INFORMATION

Information contained in this Annual Information Form ("**AIF**") is given as of December 31, 2013, unless otherwise specifically stated and except that information in documents incorporated by reference herein is given as of the dates noted therein.

All capitalized terms used in this AIF but not otherwise defined herein have the meanings set forth herein under "*Definitions*".

Unless otherwise indicated, the terms "Rooster" and the "Company" are used interchangeably in this AIF to refer to Rooster Energy Ltd. and, where the context permits, its wholly owned subsidiaries.

Unless otherwise indicated, all references to "**US$**" or "**US dollars**" or "**$**" in this AIF refer to United States dollars and all references to "**Cdn$**" or "**Canadian dollars**" in this AIF refer to Canadian dollars.

FORWARD LOOKING STATEMENTS

This AIF may contain forward looking information, including without limitation, statements related to planned drilling programs, 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, timing of the meeting to approve the Acquisition (as herinafter defined), the completion of the Acquisition and the timing thereof, the anticipated closing date of the Acquisition and the satisfaction of the conditions thereto. 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 regarding possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action, 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. Forward-looking information is subject to significant risks and uncertainties and is based on a number of assumptions which, while considered reasonable by Rooster, may prove to be incorrect. 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; the uncertainty of dealing with government and obtaining regulatory approvals); and other factors discussed in this AIF under the heading "*Risk Factors*".

At this time, the most significant risk relates to the uncertainty of the ability of the Company to finance its development plans and ongoing operations, the results of any such development operations and future oil and gas prices and the current volatility in the markets. Revenues and funds flow from operations will be impacted positively or negatively depending on the ultimate variance to the Company's forecast assumptions. Furthermore, the outcome of commodity price changes are expected to impact the Company's 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, and 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 any intention to update this forward-looking information, except as required by applicable securities laws. This forward-looking information represents the views of the Company on 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 AIF. 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.

CAUTION RESPECTING BOE

In this AIF, the abbreviation Boe means "barrel of oil equivalent" on the basis of 1 Boe to 6 Mcf of natural gas when converting natural gas to Boe's. The Boe may be misleading, particularly if used in isolation. A Boe conversion ratio of 6 Mcf to 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.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this AIF from reports and other information filed by the Company with Canadian provincial securities commissions. Copies of these reports and information may be obtained on request free of charge from Kenneth F. Tamplain, Jr., Senior Vice President, 16285 Park Ten Place, Suite 120, Houston, Texas 77084 Tel: (832) 772-6313 ext. 558. In addition, copies of the documents incorporated herein by reference are available to the public free of charge on SEDAR at www.sedar.com.

The following documents, filed by Rooster with securities commissions or similar authorities in certain provinces of Canada, are specifically incorporated by reference into this AIF:

1. the management information circular of Rooster dated March 31, 2014 relating to the special meeting of the holders of the common shares of Rooster (the "**Common Shares**") and the proportionate voting shares of Rooster (the "**Proportionate Voting Shares**", and together with the Common Shares, the "**Rooster Shares**") held on May 16, 2014 (the "**Acquisition Circular**"); and

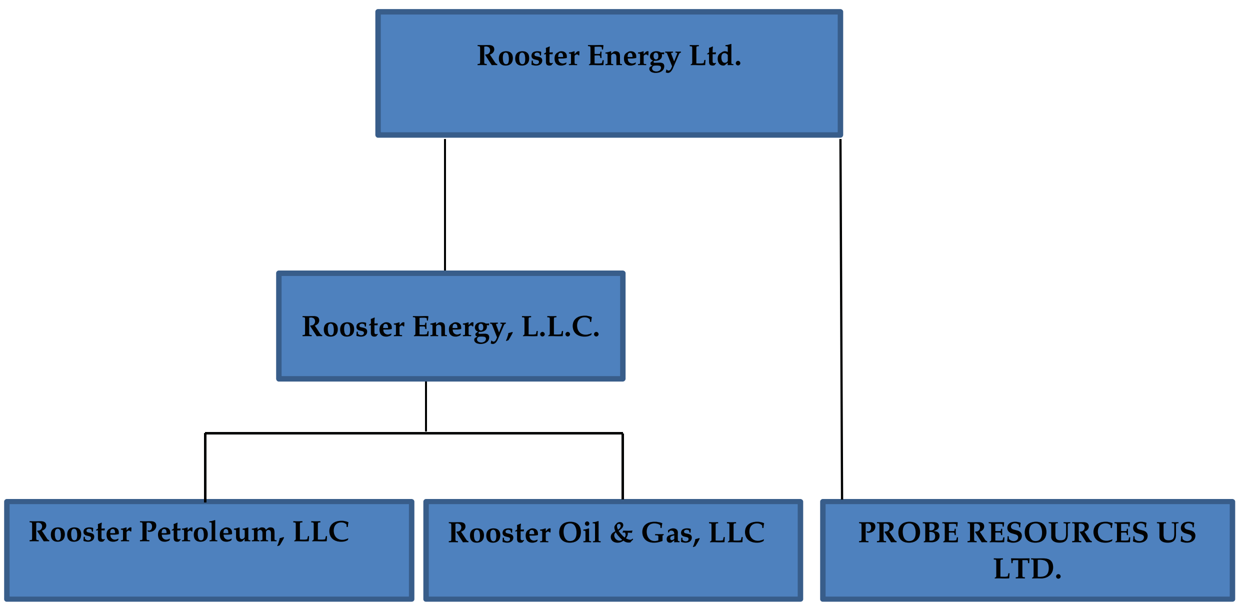
2. the Form of 51-101F1 – *Statement of Reserves Data and Other Oil and Gas Information*, the Form 51-101F2 – *Report on Reserves Data by an Independent Qualified Reserves Evaluator* and the Form 51-101F3 – *Report of Management and Directors on Oil and Gas Disclosure*, each for the year ended December 31, 2013.

CORPORATE STRUCTURE

ROOSTER ENERGY LTD.

Incorporation:	British Columbia
Name:	Rooster Energy Ltd.
Address:	16285 Park Ten Place, Suite 120 Houston, TX 77084
Registered Address:	Suite 1700, Park Place 666 Burrard Street Vancouver, British Columbia, Canada V6C 2X8

The Company is engaged in the oil and gas exploration and production business through its wholly owned, direct and indirect, subsidiaries identified as follows:



PROBE RESOURCES US LTD., a Nevada corporation, whose sole shareholder is the Company, is the owner of interests in two oil and gas leases and operates both of those leases.

Rooster Energy, L.L.C., a Louisiana limited liability company, is the sole member of Rooster Oil & Gas, LLC, and Rooster Petroleum, LLC. Rooster Energy, L.L.C., does not own or operate any other assets. The Company is the sole member of Rooster Energy, L.L.C.

Rooster Oil & Gas, LLC, a Delaware limited liability company, owns interests in various oil and gas leases.

Rooster Petroleum, LLC, a Delaware limited liability company, does not own interest in any oil and gas leases but operates many of the leases owned by, and manages the operations of, Rooster Oil & Gas, LLC. Rooster Petroleum, LLC, is the only subsidiary of the Company with employees.

GENERAL DEVELOPMENT OF THE BUSINESS

Prior to April 30, 2012, the Company was known as Probe Resources Ltd. ("**Probe**") which was incorporated in British Columbia in 1988 and was transitioned under *the Business Corporations Act* (British Columbia) (the "**BCBCA**") on March 27, 2006. On December 7, 2010, Probe filed a voluntary petition for reorganization in the Supreme Court of British Columbia. On or about December 8, 2010, Probe and all of its then subsidiaries filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code. The bankruptcy cases were jointly administered by the United States Bankruptcy Court for the Southern District of Texas, Houston Division. Effective on April 15, 2011, a plan of reorganization was confirmed and all of the bankruptcy cases were subsequently closed in 2012. However, even after confirming a plan of reorganization, Probe continued to experience financial difficulty and considered its strategic alternatives.

On April 30, 2012, pursuant to the "Transaction" as described below, Rooster Energy, L.L.C. completed the reverse takeover of Probe. In conjunction with the takeover, Probe changed its name to Rooster Energy Ltd. On May 4, 2012, the Company's common stock began to trade on the TSX Venture Exchange (the "**TSXV**") under the ticker symbol "COQ".

Rooster Energy, L.L.C. was organized in 2005 as a limited liability company in the United States of America pursuant to the laws of the State of Louisiana to become a holding company for all the member interests of its two wholly owned subsidiaries, Rooster Oil & Gas, LLC, and Rooster Petroleum, LLC. Rooster Oil & Gas, LLC, owns oil and gas leases and assets thereon located in the shallow waters of the Gulf of Mexico adjacent to the states of Louisiana and Texas and Rooster Petroleum, LLC operates most of those leases. With the completion of the reverse takeover, the Company now conducts its oil and gas exploration and production business through its wholly owned subsidiaries, Rooster Energy, L.L.C., Rooster Petroleum, LLC, Rooster Oil & Gas, LLC, and Probe Resources US Ltd.

As used under this heading, "General Development of the Business", the terms "the Company", "Rooster", "we", "us", "our" and similar terms, when used in the present tense, prospectively or for historical periods since April 30, 2012 refer to the Company and its subsidiaries, and for historical periods prior to May 1, 2012 refer to Rooster Energy, L.L.C. and its subsidiaries, unless the context indicates otherwise.

The Transaction

On February 21, 2012, it was announced that Probe had entered into an arm's length arrangement agreement, as amended, with Morrison Energy Group, LLC, Rooster Resources, LLC, The K2 Principal Fund L.P. and Rooster Probe GOM Oil & Gas Ltd. ("**Canco**") to amalgamate Probe with Canco under the BCBCA and subsequently complete the reverse takeover by Rooster Resources, L.L.C. of Probe (the "**Transaction**"). Canco was a private entity formed expressly to conduct a private placement, then merge with Probe and immediately thereafter make the proceeds of the private placement available to facilitate funding the acquisition from Rooster Resources, LLC, of all the membership interest of Rooster Energy, L.L.C.

As required by the arrangement agreement, Probe held an annual general and special meeting of its shareholders on April 20, 2012. At the annual general and special meeting, the shareholders of Probe approved resolutions authorizing the Transaction, the creation of the Proportionate Voting Share, a name change (to Rooster Energy Ltd.), and the creation of a new incentive stock option plan for the Company following the completion of the Transaction. The shareholders also elected as directors and appointed as auditors those nominees set forth in the information circular and proxy statement dated February 24, 2012 with respect to the Transaction.

Pursuant to the arrangement agreement (and Probe shareholder approval), on April 30, 2012, Probe and Canco were amalgamated, the issued and outstanding common shares of Probe ("**Probe Shares**") was consolidated, a new Board of Directors of the Company was installed and the name of Probe was changed to Rooster Energy Ltd. Thereafter the reverse takeover by Rooster Energy, L.L.C., was completed and its senior management became the senior management of the Company and its assets now comprise the large majority of the assets of the Company.

Senior Secured Notes

On October 22, 2012, the Company and the administrative agent for a lending group entered into a Note Purchase Agreement (the "**Note Purchase Agreement**") under which Rooster Oil & Gas, LLC, and Probe Resources US Ltd., as Co-Issuers, issued senior secured notes due on October 22, 2014 in the aggregate principal amount of $22,500,000 (the "**Notes**"). 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. The Company and its subsidiary, Rooster Energy, L.L.C., 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 Notes is a related party to the Company nor is any holder a chartered bank, trust company or treasury bank. The proceeds from the sale of the Notes were used to repay certain obligations of the Company.

In association with the Note Purchase Agreement, the Company entered into a Warrant Purchase Agreement with a five (5) 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 at an exercise price of $1.00 per Common Share. The warrants are subject to mandatory exercise, 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 details of the warrants are discussed under the heading *"Description of the Capital Structure – Options, Warrants, and Other Securities"*.

Effective October 11, 2013, Rooster entered into a first amendment to the Note Purchase Agreement (the "**First Amendment**"). Pursuant to the First Amendment, Rooster and the holders of the Notes agreed to covenant revisions related to altering the approved plan of drilling by Rooster. Rooster also received approval to enter into a subordinated secured credit facility for borrowings of up to Cdn$8.0 million, as more specifically described below. Rooster paid a consent fee of US$450,000 to the holders of the Notes and legal fees incurred by the holders of the Notes.

Credit Facilities

In association with the First Amendment and also effective October 11, 2013, Rooster entered into a secured credit facility which provides for borrowing of up to Cdn$8 Million, to be used for general corporate purposes (the "**October 2013 Credit Facility**"). The initial advance under the October 2013 Credit Facility was Cdn$4 Million (less a 2% original issue discount). At March 31, 2014, the liability on the financial statements in respect of the October 2013 Credit Facility was $3,319,575, and accrued interest related to the October 2013 Credit Facility totaled $162,042. The October 2013 Credit Facility is fully subordinated to the Notes in the principal amount of US$22.5 million and due October 22, 2014 issued pursuant to the Note Purchase Agreement. The interest rate is 9% per annum on all advances under the October 2013 Credit Facility and the maturity date is 180 days after the full satisfaction of the terms of the Notes. The October 2013 Credit Facility is secured by the leases at East Cameron Block 36 and East Cameron Block 37 owned by Probe Resources US Ltd., and the Company is the guarantor of any indebtedness owed thereunder. The net proceeds of the initial advance were used to pay certain accounts payable. The K2 Principal Fund L.P. ("**K2**") serves as "Administrative Agent" under the October 2013 Credit Facility. K2 is also a participating lender in the October 2013 Credit Facility along with Chester F. Morrison, Jr. Both K2 and Mr. Morrison are related parties of Rooster. None of the participants in the October 2013 Credit Facility is a chartered bank, trust company or treasury bank.

Effective March 7, 2014, Rooster entered into an additional second lien credit facility with Chester F. Morrison, Jr. as the sole lender which provides for borrowing of up to US$10 Million, to be used for general corporate purposes (the "**March 2014 Credit Facility**"). The initial advance under the March 2014 Credit Facility was US$4.4 Million, net of an original issue discount of 10% for a funded amount equal to US$4 Million. At March 31, 2014, the liability on the financial statements in respect of the March 2014 Credit Facility was $4,025,187 and the accrued interest related to the March 2014 Credit Facility totaled $51,333. Subsequent to March 31, 2014, the Company drew an additional $2.8 million ($2.5 million net of original issue discount) from the March 2014 Credit Facility. Pursuant to the terms of a subordination and intercreditor agreement, the March 2014 Credit Facility is fully subordinated to the Notes in the principal amount of US$22.5 million and due October 22, 2014 issued pursuant to the Note Purchase Agreement. The interest rate is fourteen percent (14%) per annum on all advances under the March 2014 Credit Facility and the maturity date is 181 days after the full satisfaction of the terms of the Notes. The March 2014 Credit Facility is secured by all oil and gas properties and assets owned by Rooster Oil & Gas, LLC, a wholly owned subsidiary of Rooster, and the Company is the guarantor of any indebtedness owed thereunder. Chester F. Morrison, Jr., is the sole lender and serves as second lien "Administrative Agent" for the lender(s) under the March 2014 Credit Facility. Mr. Morrison is a related party of Rooster since he indirectly holds, and held at the effective date of the March 2014 Credit Facility, approximately 62% of the equity and voting interest in Rooster, and serves as a director of Rooster.

In order to enter into the March 2014 Credit Facility, Rooster obtained the consent of the holders of the Notes pursuant to a second amendment to Note Purchase Agreement dated March 7, 2014 (the "**Second Amendment**"). The material terms of the Second Amendment include that: (a) the holders of the Notes waive any provisions under the Notes that would prohibit, impair or restrict the ability of Rooster to consummate the loan under the March 2014 Credit Facility; (b) Rooster restrict any payments under the March 2014 Credit Facility as provided for in a subordination agreement; and (c) in addition to all amounts repaid under the terms of the Notes, Rooster shall pay an additional payment in an amount equal to three percent (3%) of the principal amount repaid.

The Acquisition

Effective March 7, 2014, the Company entered into:

(a) a membership interest contribution agreement (the "**Well Services Agreement**") with Morrison Energy Group, LLC ("**MEG**") pursuant to which the Company proposes to acquire (the "**Well Services Acquisition**") 100% of the membership interest of Morrison Well Services, LLC, a Delaware limited liability company ("**Well Services**") for consideration of US$95,000,000 pursuant to ; and

(b) a membership interest contribution agreement (the "**Cochon Agreement**", and together with the Well Services Agreement, the "**Acquisition Agreements**") with the members of Cochon Properties, LLC, a Louisiana limited liability company ("**Cochon**") pursuant to which the Company proposes to acquire (the "**Cochon Acquisition**", and together with the Well Services Acquisition, the "**Acquisition**") 100% of the membership interest of Cochon for consideration of US$30,000,000.

On May 16, 2014, a special meeting of shareholders of the Company (the "**Meeting**") was held for the purpose of approving the Acquisition. Chester F. Morrison, Jr. is the holder of a majority voting interest, indirectly, in the Company and Chairman of the Company's board of directors (the "**Board**" or the "**Board of Directors**"), holds ninety percent (90%) of the membership interest in Cochon, wholly owns and controls, indirectly, Well Services, and is an "interested party" (as defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**")) for the purposes of the Acquisition.

At the Meeting, the Acquisition was approved by a majority of the votes cast by shareholders present in person or by proxy, excluding votes cast by persons whose votes could not be included in determining minority approval of a related party transaction under MI 61-101. Votes attributable to the Rooster Shares owned or controlled, indirectly, by Mr. Morrison were excluded from voting on the resolution to approve the Acquisition. The Acquisition is subject to final acceptance by the TSXV and certain other conditions set out in the Acquisition Agreements, including: (i) that all of the requirements to closing each of the Well Services Acquisition and the Cochon Acquisition shall have been satisfied including, but not limited to, the payment of US$10 million to MEG; and (ii) certain other customary closing conditions for a transaction of this nature.

The Acquisition is expected to close late second quarter or early third quarter 2014. As a result of the Acquisition, each of Well Services and Cochon will become a wholly-owned subsidiary of Rooster. The percentage of issued and outstanding equity shares, on a fully diluted basis, owned or controlled, directly or indirectly, by Mr. Morrison will increase from 62% to approximately 86% after closing of the Acquisition.

As consideration for the Cochon Acquisition, the members of Cochon will receive aggregate consideration of US$30,000,000, such consideration to be comprised entirely of Common Shares (or Proportionate Voting Shares if so elected by any member of Cochon). As consideration for the Well Services Acquisition, MEG, the sole member of Well Services, will receive consideration of US$95,000,000, comprised of US$10,000,000 cash or a combination of cash and assumed indebtedness of Well Services, and US$85,000,000 in Common Shares (or Proportionate Voting Shares if so elected by MEG). Aggregate consideration to be paid by Rooster pursuant to the Acquisition is US$125,000,000 (the "**Purchase Price**") of which US$115,000,000 will be paid in Common Shares (or Proportionate Voting Shares if so elected by any member of Cochon or by MEG, as applicable), subject to certain adjustments for certain working capital of Cochon and Well Services, respectively, at closing.

Upon closing of the Acquisition, the Company will issue an aggregate of 218,631,179 Common Shares for all of the membership interest in Well Services and Cochon: 57,034,221 Common Shares will be issued to the members of Cochon, and 161,596,958 Common Shares will be issued to MEG, the sole member of Well Services. The number of Common Shares to be issued to satisfy the Company's Common Share portion of the Purchase Price was calculated by dividing US$115,000,000 dollars by Cdn$0.577 (US$0.526), being the average daily closing price for the Common Shares on the TSXV for the twenty (20) consecutive trading days on which shares were actually traded and quoted on the TSXV ending on and included the date that was ten (10) business days prior to the Meeting, provided that, for the purposes of this calculation, the average daily closing price of such Common Shares was subject to a minimum price of Cdn$0.40 and a maximum price of Cdn$0.70. The exchange rate utilized for the purpose of the above calculation was (US$/Cdn$) $0.911, being the average foreign exchange rate for the exchange of United States dollars to Canadian dollars published on the Bank of Canada's website as being in effect at approximately noon on each trading day for the twenty (20) business days ending on and including the date that was ten (10) business days prior to the Meeting. In order to enter into the Acquisition Agreements, the Company obtained the consent of the holders of the Notes pursuant to a limited consent and forbearance agreement dated March 7, 2014 (the "**Limited Consent**"). Therein, the holders of the Notes and the Company acknowledged that at the end of fourth quarter of 2013, the Company was in existing and continuing default of the collateral coverage ratio covenant of the Notes (the "**Specified Default**") and in order to allow for the acquisition of Cochon and Well Services, the Limited Consent provides that, the holders of the Notes will forbear from exercising certain rights and remedies under the Note Purchase Agreement and certain related documents in respect of the Specified Default until the date which is the earliest to occur of the date *inter alia* (a) that any representation or warranty made by any holder of the Notes in the Limited Consent is false; (b) that certain voluntary or involuntary insolvency proceedings in relation to a holder of the Notes is commenced; (c) of the occurrence after the effective date of the forbearance obligations in the Limited Consent of an event of default other than the Specified Default; (d) that any litigation is commenced by a holder of the Notes in relation to the Note Purchase Agreement or the Limited Consent or other documents related thereto; (e) of the exercise by any creditor or holder of indebtedness of Rooster of any rights available to them in connection with the indebtedness including but not limited to foreclosure or enforcement against any collateral of Rooster; (f) of the payment in full of the obligations under the Note Purchase Agreement; (g) March 21, 2014 unless the Company received a fairness opinion in respect of the acquisition of Cochon and Well Services prior to such date and; (h) July 7, 2014.

The Company's deficiency in satisfying the collateral coverage ratio was primarily the result of its over expenditures in the second and third quarters of 2013 related to the drilling and completion of the High Island A-494 #B-4 well. The Company intends to move forward with a plan to develop the potential oil and gas reserves identified in the well and is actively engaged in discussions for a new credit facility that will allow the Company to resolve its working capital deficit, satisfy its obligations to the holders of the Notes and continue the Company's growth to maximize shareholder value.

The Company will also continue to examine other corporate strategies, including asset divestitures and additional debt or equity financings, in order to finance its ongoing capital expenditure program and settle its long-term liabilities as they fall due.

Please refer to the Acquisition Circular incorporated by reference herein for additional information concerning the Acquisition. Copies of the Well Services Agreement and the Cochon Agreement are available on the Company's SEDAR profile at www.sedar.com.

DESCRIPTION OF THE BUSINESS

Overview

The Company is an independent oil and gas exploration, development and production company with operations based in Houston, Texas, USA. It conducts business through its wholly owned subsidiaries. In particular, all of the day to day business and operation of assets is handled primarily by Rooster Petroleum, LLC. The Company's oil and gas properties are all located in the shallow offshore waters of the Outer Continental Shelf of the Gulf of Mexico adjacent to the states of Louisiana and Texas. The Company identifies prospective oil and gas properties through acquisitions and lease sales primarily by relying on 3-D seismic technology. After acquiring an interest in a prospective lease, the Company evaluates the area for additional exploitive and exploratory opportunities. If the new drilling results with commercial oil and/or gas accumulations, the Company completes the well and begins producing the oil or gas. Because operations are located in the Gulf of Mexico, the Company installs facilities such as offshore platforms and gathering pipelines in order to produce the oil and gas and deliver it to the marketplace. Certain leases require additional drilling to fully develop the oil and gas reserves and maximize the production from a particular discovery. In order to increase its oil and gas reserves and production, the Company continually reinvests its net operating cash flow into new or existing exploration, development, and acquisition activities.

The core business and strategy of the Company is focused on the development of its inventory of oil and natural gas leases and the production and sale of oil and natural gas from those properties. The Company has identified drilling locations to which it will selectively allocate capital by applying an intensive screening analysis in order to maximize potential financial returns considering associated risks, among other factors. The Company is the operator of the majority of its leases, daily oil and gas production, and almost all identified potential drilling prospects; therefore it can control, to the best of its ability, the timing, costs, and drilling procedures.

Finding and economically developing oil and natural gas reserves is critical to the Company's financial success. Key drivers of performance in the business are the: (i) ability to successfully discover, develop, and exploit commercial oil and natural gas reserves on the Company's leases; and (ii) ability to optimize profitability from operation of producing wells. Further, the Company's ability to successfully discover, develop, and exploit leases is a function of, among other things: (i) the ability, or the ability of its partners, to retain drilling rigs, drillers, personnel and supplies to carry out drilling operations in a professional and cost effective manner; (ii) the ultimate results of such drilling operations; (iii) the availability, on commercially reasonable terms, of transportation, storage, handling, processing and other facilities to service producing wells; and (iv) the ability to finance the costs of such operations. The Company's ability to optimize profitability from the operation of producing wells is a function of, among other things: (i) lease operating expenses, which may be beyond its 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.

Oil and Gas Activities

The Company's oil and gas reserves data and other oil and gas information are disclosed in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*, Form 51-101F1 - *Statement of Reserves Data and Other Oil and Gas Information* ("**Form 51-101F1**"), Form 51-101F2 - *Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor* ("**Form 51-101F2**") and Form 51-101F3 - *Report of Management and Directors on Oil and Gas Disclosure Form* ("**Form 51-101F3**") for the year ended December 31, 2013. The Form 51-101F1, Form 51-101F2 and Form 51-101F3 have been filed with the securities commission or similar authorities in Canada and are incorporated by reference herein.

As of December 31, 2013, the Company's primary assets consist of operating rights interests and/or record title interests in 14 oil and gas leases or blocks granted by the United States of America that contain 20 gross producing oil and/or natural gas wells. On March 20, 2013, the Company submitted high bids on two oil and gas leases at the Central Gulf of Mexico Federal Lease Sale 227 - Vermillion 20, and East Cameron 39. Both leases were awarded by the United States Department of the Interior. The lease on Vermilion 20 was effective May 1, 2013 and the lease on East Cameron 39 was effective July 1, 2013. The lease bonus paid by the Company for Vermilion 20 was $100,020.00 and the lease bonus paid by the Company for East Cameron 39 was $151,152.00. In addition to those successful bids, the Company acquired leases on East Cameron 246 and Eugene Island 44 on November 1, 2012.

Additionally, on March 19, 2014, the Company submitted the high bid of approximately $172,000 on the oil and gas lease for Ship Shoal 172 at the Central Gulf of Mexico Federal Lease Sale 231. In May 2014, the lease was awarded to the Company. With the award of the new lease at Ship Shoal 172, the Company has an inventory of five (5) primary term oil and gas leases with potential future drilling locations.

The Company's four primary operated leases averaged approximately 94% of its sales volumes for 2013. These four leases are on blocks at Vermilion 376, Eugene Island 28, Grand Isle 70 and East Cameron 36 and 37.

Vermilion 376 – The Company is the operator and owner of 100% of the operating rights in the lease covering Vermilion Block 376 and owner of all seven wells thereon with the exception of the Vermilion 376 #A-3 and #A-4 wells, in which it owns a 70% working interest ("**WI**"). The Company commenced a drilling program on the lease in late February, 2012 and in June, 2012 oil and gas production in the field resumed following the successful drilling and completion of two new exploratory wells (i.e., the #A-3 and #A-4 wells), and one development well (the #A-5 well) in which the Company owns 100% WI. The #A-3 well has changed its ratio of production from 76% natural gas at the start of production in June, 2012 to 93% crude oil by December, 2013. All seven wells produce natural gas and/or condensate.

Grand Isle 70 – The Company owns all of the record title and operating rights interest in the lease and operates two wells at Grand Isle 70, located offshore Louisiana. In September, 2006 the #1 well was drilled on the lease by another operator and then temporarily abandoned for future completion. The Company acquired the lease for assumption of the plugging and abandonment liability of the #1 well. In October, 2011, the Company installed a tripod platform and a 4-inch export pipeline, and successfully completed the #A-1 and #A-1D wells in March, 2012, both of which have produced natural gas and condensate.

Eugene Island 28 - The Company operates and owns a 100% record title in the lease covering Eugene Island 28. The field has two wells producing natural gas and condensate, the #A-2 and the #A-6, and the #A-3 well which is an oil well.

East Cameron 36 and 37 – The Company owns a 52% WI in the two leases on East Cameron 36 and 37, and operates the field located approximately three miles offshore Louisiana. In 2013 the East Cameron 36 #A-1 well and the East Cameron 37 #A-2 well each produced natural gas and condensate.

Production and Sales Volume

The Company produced 799,337 Boe in the year ended December 31, 2013 compared to 821,354 Boe produced in the year ended December 31, 2012, a 3% annual decline totaling 22,017 Boe. The reduced production was primarily the result of natural production declines at its largest fields, as the Company has not brought any new wells online since July, 2012.

Crude oil sales for the year ended December 31, 2013 totaled 289,419 barrels or 793 Bopd compared to 218,408 Bbls or 597 Bopd for the year ended December 31, 2012. This is an increase of 71,011 Bbls (33%) and reflects the higher ratio of liquids to natural gas production for the year.

Natural gas liquids ("**NGL**") sales for 2013 totaled 33,874 Boe or 93 Boepd compared to 57,586 Boe or 157 Boepd for the year ended December 31, 2012, a decline of 23,712 Boe (41%). Lower sales primarily reflect production declines at Grand Isle 70 and Vermilion 376.

Natural gas sales totaled 2,856,270 Mcf or 7,825 Mcfd for the year ended December 31, 2013, compared to 3,272,161 Mcf or 8,940 Mcfd for the year ended December 31, 2012, a decline of 415,891 Mcf (13%). Lower sale volumes resulted from production declines at Grand Isle 70, Vermilion 376 and High Island 115. Production declines were partially offset by higher volumes at East Cameron 37 from the #A-2 well, recompleted in October, 2012.

Reserves

The Company's proved and probable reserves totaled 9,804,086 Boe (48% liquids) at year end December 31, 2013, compared to 11,024,896 Boe booked at year end 2012. Proved reserves, which were 81% developed, totaled 2,828,559 Boe (69% liquids). The net present value of proved and probable reserves, discounted at 10% (NPV-10%), totaled $265,882,600. The decline in the Company's proved and probable reserves as compared to the year ended December 31, 2012 was primarily due to a write-down of proved reserves at Grand Isle 70.

Additional reserve information can be obtained from the Company's Form 51-101F1 containing the Statement of Reserves and Other Oil and Gas Information which has been incorporated herein by reference and is available at www.sedar.com. The accuracy of resource estimates is based on price and cost assumptions contained in the evaluation and summary prepared by Netherland, Sewell & Associates, Inc. ("**NSAI**") as at December 31, 2013, as presented in the Company's Form 51-101F1 and incorporated herein by reference (the "**NSAI Report**"), and there is no assurance that such assumptions will be attained and variances could be material. Other assumptions and qualifications relating to costs and other matters are included in the NSAI Report. The estimates of net present value of future net revenue do not necessarily represent the fair market value of the Company's reserves. The recovery and reserves estimates on the Company's leases described are estimates only. The actual reserves on the Company's leases may be greater or less than those calculated.

Asset Retirement Obligations

Asset Retirement cost are a significant liability to any offshore operation. At March 31, 2014, the Company had an ongoing liability with respect to the plugging and abandonment of wells and decommissioning of facilities totaling $18,708,714 on a discounted basis. The timing and amount of settling such asset retirement obligations are based on management's best estimate at this time. In the event of unforeseen developments, the Company may be required to incur asset retirement costs sooner than otherwise anticipated and in amounts exceeding the asset retirement obligations recorded on the balance sheet. However, the Well Services Acquisition will help the Company schedule and regulate the costs of its plugging and abandonment obligations.

Specialized Skill and Knowledge

The acquisition of oil and gas leases and properties and the exploration and production of oil and gas in the offshore environment requires highly specialized skill and knowledge and requires access to people with scientific, engineering, legal, accounting, financial and construction skills. The officers and employees of the Company have many of those skills and, to the extent necessary, the Company has been able to hire persons with those skills to satisfy its needs. While skilled labor and persons with the forgoing specialized skills are in demand in the U.S. Gulf Coast area where the Company operates, the Company expects to continue to be able to access the skilled labor it requires to carry on its business.

Competitive Conditions

The oil and gas business is highly competitive in general but the competition for oil and gas leases located in the shallow waters of the U.S. Gulf of Mexico where the Company operates is not as robust as the competition for leases located on land. The number of leases granted by the United States government in the offshore area where the Company operates has dropped significantly since 2008. Furthermore, there is very little competition for leases that have minimal proved reserves with existing plugging and abandonment obligations and liability. As a result, the Company believes that it will be able to acquire additional leases in the U.S. Gulf of Mexico at attractive prices and that after the Acquisition, it will have a competitive advantage in acquiring leases from other operators that may have existing well plugging and abandonment obligations that can be satisfied by Well Services.

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 (potential losses from same are insured against 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.

Economic Dependence

Due to significant fluctuations of the prices of oil and gas, the Company generally enters into shorter term month to month sales contracts with multiple product purchasers so that it is not dependent upon any one contract or purchaser in order to maintain or conduct its business and operate its assets. As at December 31, 2013, the Company was party to one contract with a term from November 1, 2013 through April 30, 2014 pursuant to which it is obligated to sell 350 net barrels per day of oil at $102.95 per barrel. This contract has not been extended or renewed. The Company has not subsequently entered into any other long term contracts with any product purchasers.

Changes to Contracts

As previously stated, the Company uses shorter term month to month contracts so the terms of said contracts will vary, sometime materially. Changes in the price of oil and gas affect the Company's revenues and funds flow from operations will be impacted positively or negatively depending on the ultimate variance in prices realized from the sale of production. Furthermore, the outcome of commodity price changes may impact Rooster's capital spending plans.

Employees

As at December 31, 2013 and the date of this AIF, the Company had a total of fourteen (14) full-time employees. Included in that number are the senior officers, but not the directors. There were thirteen (13) employees at the corporate office in Houston, Texas, and one (1) employee at the district office located in Abbeville, Louisiana. The Company primarily contracts with third parties to supply personnel to staff its offshore platforms and conduct offshore operations.

Corporate Strategy

The Company's long-term strategy is to increase its oil and gas reserves and production while keeping its finding, development and operating costs low. The Company implements this strategy through drilling exploratory and development wells from an inventory of available prospects that it has evaluated for geologic and mechanical risk and future reserve potential. The Company's drilling program contains some high risk/high reserve potential opportunities as well as some lower risk/lower reserve potential opportunities, in order to attempt to deliver a balanced program of reserve and production growth for its shareholders.

Health, Safety, and Environmental Management

The Company's operations are subject to laws and regulations pertaining to protection of the environment, and the management of waste products and materials. These laws and regulations require the Company to obtain permits for its activities and to minimize the effects of its activities on the environment at its operating sites. The Company diligently works with the United States government through its agencies to stay in compliance with all environmental requirements to keep infractions to a minimum. The operational and legal staff at the Company has extensive experience in dealing with the United States Department of the Interior through the Bureau of Ocean Energy Management ("**BOEM**"), the Bureau of Safety and Environmental Enforcement ("**BSEE**"), and other governmental agencies. The Company maintains current certification with BOEM and insurance for Oil Spill Financial Responsibility ("**OSFR**") in accordance with the requirements of the Oil Pollution Act of 1990, as amended, 33 U.S.C. § 2701 et seq.

Foreign Operations

All of the Company's day to day business and operation of assets are handled by its wholly owned subsidiary, Rooster Petroleum, LLC, a Delaware limited liability company. The Company's interests in oil and natural gas properties are all located in the shallow waters of the Gulf of Mexico adjacent to the States of Louisiana and Texas in the United States of America.

The details of the Company’s properties and leases are discussed under the heading “Oil and Gas Activities”.

Bankruptcy and Similar Proceedings and Reorganizations

Probe ST 214 Ltd., Probe Resources US Ltd., Probe High Island 115 Ltd., and Probe Resources Energy Marketing US Ltd., all subsidiaries of Probe in early 2012, each filed a voluntary petition for Chapter 11 relief under the United States Bankruptcy Code on November 16, 2010, in Houston, Texas. Probe filed a similar voluntary petition for relief under Chapter 11 on December 8, 2010 (on December 7, 2010 it also filed for similar relief in the Supreme Court of British Columbia). All of the bankruptcy cases were jointly administered.

The Supreme Court of British Columbia in Vancouver, Canada, ordered the recognition of all orders entered by the U.S. Bankruptcy Court in the Chapter 11 cases. The order also confirmed and recognized the U.S. Court’s Joint Chapter 11 Plan and Reorganization of Probe Canada and the U.S. Subsidiaries (the “**Reorganization**”) made March 21, 2011. Under the Reorganization, Probe’s principal creditors were issued Probe Shares representing 97% of the issued and outstanding securities of Probe, and a change of control was effected, whereby the current directors and officers of Probe were appointed.

A cease trade order was issued against Probe by the British Columbia Securities Commission ("**BCSC**") dated January 7, 2011, and the TSXV suspended trading of the common shares of Probe on January 10, 2011. The Alberta Securities Commission (the “**ASC**”) issued a cease trade order against Probe on April 18, 2011. The BCSC and the ASC revoked the cease trade orders on February 3, 2012. The TSXV revoked its suspension and trading of the Company stock was reinstated to the on May 4, 2012.

Effective April 11, 2012, Probe ST 214 Ltd., Probe High Island 115 Ltd., and Probe Resources Energy Marketing US Ltd., merged into Probe Resources US Ltd., and ceased to exist. On June 29, 2012, the United States Bankruptcy Court, Southern District of Texas (Houston), ordered the closing of the Chapter 11 cases of Probe ST 214 Ltd. (Case No. 10-40396), Probe High Island 115 Ltd. (Case No. 10-40397), Probe Resources Energy Marketing US Ltd. (Case No. 10-40398), and Probe (Case No. 10-41286). On October 1, 2012, the US Bankruptcy Court ordered the closing of the Chapter 11 case of Probe Resources US Ltd. (Case No. 10-40395).

RISK FACTORS

Substantial Capital Requirements

The most significant risk relates to the uncertainty of the ability of the Company to finance its development plans and ongoing operations. The Company had a substantial working capital deficit at year end 2013 and anticipates making substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. If the Company’s future revenues or reserves decline, it may have limited ability to expend the capital necessary to undertake or complete its oil and natural gas acquisition, exploration and development activities. There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly, including selling a portion or all of its interest in one or more of its assets. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition and/or its results of operations.

The Acquisition

For risks specific to the Acquisition, please refer to the Acquisition Circular incorporated herein by reference.

Additional Funding Requirements

The Company's cash flow from its reserves, once developed, may not be sufficient to fund its ongoing activities at all times. From time to time, the Company may require additional financing in order to carry out its oil and gas acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations.

If the Company's revenues from its reserves, once developed, decrease as a result of lower oil and natural gas prices or otherwise, it will affect the Company's ability to expend the necessary capital to replace its reserves or to maintain its production. If cash flow from operations is not sufficient for the Company to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to the Company.

Issuance of Debt

From time to time, the Company may enter into transactions to acquire assets or the shares of other corporations or legal entities. These transactions may be financed partially or wholly with debt, which may increase the Company's debt levels above industry standards. Depending on future exploration and development plans, the Company may require additional equity and/or debt financing that may not be available or, if available, may not be available on favorable terms. Neither the Company's articles nor its by-laws limit the amount of indebtedness that the Company may incur. The level of the Company's indebtedness, from time to time, could impair the Company's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

The Company's current lenders will have a security interest in all of the assets of the Company. If the Company becomes unable to pay its debt service charges or otherwise commits an event of default, such as bankruptcy, these lenders may foreclose on or sell the Company's properties. The proceeds of any such sale would be applied to satisfy amounts owed to the Company's lenders and other creditors and only the remainder, if any, would be available to the Company.

Delay in Cash Receipts

In addition to the usual and customary delays in payment by purchasers of oil and natural gas from the Company's leases, and to the Company by the operators of leases that are not operated by the Company, payments between any of such parties may also be delayed by restrictions imposed by lenders. Other delays may result from delays in the sale or delivery of products, delays in the connection of wells to a gathering system, blowouts or other accidents, recovery by the operator from non-operators of expenses incurred in the operation of the Company's properties or the establishment by the operator of reserves for such expenses.

Hedging

From time to time the Company may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, the Company will not benefit from such increases and may nevertheless be obligated to pay royalties on such higher prices, even though not received by it, after giving effect to such agreements. Similarly, from time to time the Company may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar; however, if the Canadian dollar declines in value compared to the United States dollar, the Company will not benefit from the fluctuating exchange rate.

Dilution

The Proportionate Voting Shares and Common Shares, including rights, warrants, special warrants and other securities to purchase, to convert into or to exchange into equity shares, may be created, issued, sold and delivered on such terms and conditions and at such times as the Board of Directors of the Company may determine. The issuance of these equity shares could result in dilution to holders of equity shares.

Capital Markets

Capital and credit markets have experienced volatility and disruption in the recent past and continue to be unpredictable. Due to capital and credit market conditions, the Company cannot be certain that funding will be available if needed and to the extent required, on acceptable terms. If funding is not available when needed, or is available only on unfavorable terms, the Company may be unable to meet its obligations as they come due, or it may be unable to implement its capital expenditure program, grow its business through acquisitions or joint ventures or otherwise take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on the Company’s business, financial condition and results of operations.

Price, Markets and Marketing

The marketability and price of oil and natural gas that may be acquired or discovered by the Company will be affected by numerous factors beyond its control. The Company's ability to market its natural gas may depend upon its ability to acquire space on pipelines that deliver natural gas to commercial markets. The Company may also be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing facilities, and related to operational problems with such pipelines and facilities as well as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business. The Company's future revenues, profitability, future growth and the carrying value of its oil and gas properties, provided such properties yield production, are substantially dependent on prevailing prices of oil and gas. The Company's ability to borrow and to obtain additional capital on attractive terms is also substantially dependent upon oil and gas prices. Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty and a variety of additional factors beyond the control of the Company. These factors include economic conditions, in the United States and Canada, the actions of the Organization of Petroleum Exporting Countries, governmental regulation, and political stability in the Middle East and elsewhere, the foreign supply of oil and gas, the price of foreign imports and the availability of alternative fuel sources. Any substantial and extended decline in the price of oil and natural gas would have an adverse effect on the Company's carrying value of its proved reserves, borrowing capacity, revenues, profitability and cash flows from operations.

Volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects. In addition, bank borrowings that maybe available to the Company are in part determined by the Company’s borrowing base. A sustained material decline in prices from historical average prices could reduce the Company’s borrowing base, thereby reducing the bank credit available to the Company which could require that a portion, or all, of any bank debt may be repaid.

Competitive Conditions

There is strong competition relating to all aspects of the oil and natural gas industry. The Company actively competes for capital, skilled personnel, undeveloped leases, reserve acquisitions, access to drilling rigs, service rigs and other equipment, access to processing facilities and pipeline and refining capacity, and in all other aspects of its operations with a substantial number of other organizations, many of which may have greater technical and financial resources than the Company. Some of those organizations not only explore for, develop and produce oil and natural gas but also carry on refining operations and market petroleum and other products on a world-wide basis and as such have greater and more diverse resources on which to draw. The Company’s ability to compete is affected by the amount of funds available, information available and any standards established by the Company for the minimum projected return on investment. Further details of the Company’s competitive conditions are discussed under the heading “*Description of the Business – Competitive Conditions*”.

Exploration, Development and Production Risks

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Company depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves that the Company may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in the Company's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that the Company will be able to locate and continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that any commercial quantities of oil and natural gas will be discovered or acquired by the Company.

Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or in personal injury. Offshore operations of the Company may also be subject to natural disasters as well as to hazards inherent in marine operations and damage to pipelines and subsea facilities from trawlers, anchors and vessels. In accordance with industry practice, the Company is not fully insured against all of these risks, nor are all such risks insurable. Although the Company maintains liability insurance in an amount that it considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks could have a material adverse effect on future results of operations, liquidity and financial condition.

Drilling Activities

The Company cannot assure that it will be able to successfully drill wells that can produce commercial quantities of oil and natural gas in the future. The total cost of drilling, completing and operating a well is uncertain before drilling commences. Overruns in budgeted expenditures is a common risk that can make a particular project uneconomical. The use of seismic data and other technologies and the study of producing fields in the same area will not enable the Company to know conclusively prior to drilling whether oil or natural gas will be present or, if present, whether oil or natural gas will be present in commercial quantities. Use of seismic data is subject to interpretation and may not accurately identify the presence of natural gas and oil. Further, many factors may curtail, delay or cancel drilling, including the following:

- delays and restrictions imposed by or resulting from compliance with regulatory requirements;
- pressure or irregularities in geological formations;
- shortages of or delays in obtaining equipment and qualified personnel;
- equipment failures or accidents;
- adverse weather conditions;
- reductions in oil and natural gas prices;
- land title problems; and
- limitations in the market for oil and natural gas.

Any of these risks can cause substantial losses, including personal injury or loss of life, damage to or destruction of property, natural resources and equipment, pollution, environmental contamination or loss of wells and regulatory penalties. The occurrence of any of these events could negatively affect the Company's ability to successfully drill wells that can produce oil or natural gas in commercially viable quantities.

Reserve and Resource Estimates

There are numerous uncertainties inherent in estimating quantities of oil and natural gas reserves and resources and associated future net cash flows to be derived thereof, including many factors beyond the Company’s control. The reserve and resources and associated cash flow information set forth herein represents estimates only. In general, estimates of economically recoverable oil and natural gas reserves and resources and the future net cash flows thereof are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary from actual results. For those reasons, estimates of the economically recoverable oil and natural gas reserves or resources attributable to any particular group of properties, classification of such reserves or resources based on risk of recovery, and estimates of future net revenues expected thereof and prepared by different engineers, or by the same engineers at different times, may vary. The Company’s actual production, revenues, taxes and development and operating expenditures with respect to its reserves and resources will vary from estimates thereof and such variations could be material.

Reserve Replacement

The Company’s future oil and natural gas reserves, resources, production, and cash flows to be derived therefrom are highly dependent on the Company successfully acquiring or discovering and developing new reserves. Without the continual addition of new reserves, any existing reserves the Company may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in the Company’s reserves will depend not only on the Company’s ability to develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that the Company’s future exploration and development efforts will result in the discovery and development of commercial accumulations of oil and natural gas.

Assessments of Value of Acquisitions

Acquisitions of oil and natural gas companies and oil and natural gas assets are typically based on engineering and economic assessments made by independent engineers. These assessments will include a series of assumptions regarding such factors as recoverability and marketability of oil and natural gas, future prices of oil and natural gas and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the Company’s control. In particular, the prices of, and markets for, oil and natural gas products may change from those anticipated at the time of making such assessment. In addition, all such assessments involve a measure of geologic and engineering uncertainty which could result in lower production and reserves than anticipated. Initial assessments of acquisitions may be based on reports by a firm of independent engineers that are not the same as the firm that the Company uses for its year end reserve evaluations. Because each of these firms may have different evaluation methods and approaches, these initial assessments may differ significantly from the assessments of the firm used by the Company.

Transportation Costs

Disruption in or increased costs of transportation services could make oil and natural gas a less competitive source of energy or could make the Company's oil and natural gas less competitive than other sources. The industry depends on rail, trucking, ocean-going vessels, pipeline facilities, and barge transportation to deliver shipments, and transportation costs are a significant component of the total cost of supplying oil and natural gas. Disruptions of these transportation services because of weather related problems, strikes, lockouts, delays or other events could temporarily impair the ability to supply oil and natural gas to customers and may result in lost sales. In addition, increases in transportation costs, or changes in transportation costs for oil and natural gas produced by competitors, could adversely affect profitability. To the extent such increases are sustained, the Company could experience losses and may decide to discontinue certain operations forcing the Company to incur closure and/or care and maintenance costs, as the case may be. Additionally, lack of access to transportation may hinder the expansion of production at some of the Company's properties and the Company may be required to use more expensive transportation alternatives.

Pipeline Capacity

Although pipeline expansions are ongoing, the availability of sufficient pipeline capacity continues to affect the oil and natural gas industry in general and limit the ability to produce and to market natural gas production. In addition, the pro-rationing of capacity on the inter-provincial pipeline systems also continues to affect the ability to export oil and natural gas.

Disruptions in Production

Other factors affecting the production and sale of oil and natural gas that could result in decreases in profitability include: (i) expiration or termination of leases, permits or licenses, or sales price re-determinations or suspension of deliveries; (ii) future litigation; (iii) the timing and amount of insurance recoveries; (iv) work stoppages or other labor difficulties; (v) worker vacation schedules and related maintenance activities; and (vi) changes in the market and general economic conditions. Weather conditions, equipment replacement or repair, fires, amounts of rock and other natural materials and other geological conditions can have a significant impact on operating results.

Reliance on Operators and Key Personnel

To the extent the Company is not the operator of its oil and natural gas leases, the Company will be dependent on other operators for the timing of activities related to such leases and will largely be unable to direct or control the activities of the operators. In addition, the Company's future success will depend in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse effect on the Company. The Company does not have key person insurance in effect for senior management. The contributions of senior management to the future operations of the Company are of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company.

Weather Conditions

The Company's operations may be conducted in areas subject to extreme weather conditions. Primarily in the winter and spring, operations are often curtailed because of cold, wet and adverse sea conditions and in the summer operations are often curtailed by tropical weather, including hurricanes. Unusually severe weather could further curtail these operations, including drilling of new wells or production from existing wells, and depending on the severity of the weather, could have a material adverse effect on the Company's business, financial condition and results of operations.

Third Party Credit Risk

The Company may be exposed to third party credit risk through its contractual arrangements with future joint venture partners, purchasers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to the Company, such failures could have a material adverse effect on the Company and its cash flow from operations.

Conflicts of Interest

Some of the Company's directors and senior officers may also become directors, officers, contractors, shareholders or employees of other companies engaged in oil and natural gas exploration and development. To the extent that such other companies may participate in ventures in which the Company may participate, those persons may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Any conflicts of interest will be resolved in accordance with applicable corporate legislation.

Foreign Subsidiaries

The Company conducts almost all of its operations through its subsidiaries located outside of Canada. The ability of its subsidiaries and other companies to make payments to the Company may be constrained by among other things: the level of taxation, particularly corporate profits and withholding taxes, in the jurisdiction in which it/they operate(s); and the introduction of exchange controls or repatriation restrictions or the availability of hard currency to be repatriated.

Environmental

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, state, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills and releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Company to incur costs to remedy such discharge. Although the Company believes that it is in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a future curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

Abandonment and Reclamation Costs

The Company will be responsible for compliance with terms and conditions of environmental and regulatory approvals and all laws and regulations regarding abandonment and reclamation in respect of its properties, which abandonment and reclamation costs may be substantial. A breach of such legislation or regulations may result in the imposition of fines and penalties, including an order for cessation of operations at the site until satisfactory remedies are made.

Safety

The Company must also conduct its operations in accordance with various laws and regulations concerning occupational safety and health. Currently, the Company does not foresee expending material amounts to comply with these occupational safety and health laws and regulations. However, since such laws and regulations are frequently changed, the Company is unable to predict the future effect of these laws and regulations.

Insurance

The Company's involvement in the exploration for and development of oil and natural gas properties may result in it becoming subject to liability for pollution, blow-outs, property damage, personal injury or other hazards. Although prior to drilling the Company will obtain insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not in all circumstances be insurable or, in certain circumstances, the Company may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Company. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Company's financial position, results of operations or prospects.

Failure to Realize Benefits of Acquisitions

The Company may complete acquisitions to strengthen its position in the oil and natural gas industry and to create the opportunity to realize certain benefits including, among other things, potential cost savings. Achieving the benefits of any future acquisitions depends, in part, on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the Company's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with its own. The integration of acquired businesses requires the dedication of substantial management effort, time and resources which may divert management’s focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect the Company's ability to achieve the anticipated benefits of these and future acquisitions.

Government Regulations

The oil and natural gas industry is subject to extensive controls and regulations governing its operations (including, but not limited to, exploration, development, production, refining, transportation, and marketing activities) imposed by legislation enacted by various levels of government in the United States and Canada. With respect to pricing and taxation of oil and natural gas, the oil and natural gas industry is subject to additional controls and regulations, all of which should be considered by investors in the oil and natural gas industry. It is not expected that any of these controls or regulations will affect the operations of the Company in a manner materially different than they would affect other oil and natural gas companies of similar size. All current legislation is a matter of public record and the Company is unable to predict what additional legislation or amendments may be enacted.

Companies that explore for and develop, produce and sell oil and natural gas in the United States are subject to extensive federal, state and local laws and regulations, including complex tax and environmental laws and the corresponding regulations, and are required to obtain various permits and approvals from federal, state and local agencies. If these permits are not issued or unfavorable restrictions or conditions are imposed on the Company's drilling activities, the Company may not be able to conduct its operations as planned. The Company may be required to make large expenditures to comply with governmental regulations. Matters subject to regulation include, without limitation:

- water discharge and disposal permits for drilling operations;
- bonds;
- drilling permits;
- reports concerning operations;
- air quality, noise levels and related permits;
- spacing of wells;
- rights-of-way and easements;
- unitization and pooling of properties;
- gathering, transportation and marketing of oil and natural gas;
- taxation; and
- waste transport and disposal permits and requirements.

Failure to comply with these laws may result in the suspension or termination of operations and subject companies to liabilities under administrative, civil and criminal penalties. Compliance costs can be significant. Moreover, these laws could change in ways that substantially increase the costs of doing business. Any such liabilities, penalties, suspensions, terminations or regulatory changes could materially and adversely affect the Company's business, financial condition and results of operations.

Permits, Leases and Licenses

The operations of the Company may require permits, leases and licenses from various governmental authorities including BOEM and BSEE, collectively referred to as "leasehold interests." There can be no assurance that the Company will be able to obtain all necessary leasehold interests that may be required to carry out exploration and development at its projects. The Company's properties may also be held in the form of working interests in leasehold interests. If the Company or the holder of its leasehold interests fails to meet the specific requirement(s) of a particular leasehold interest, the leasehold interest may terminate or expire. There can be no assurance that any of the obligations required to maintain each leasehold interest will be met. The termination or expiration of a particular leasehold interest may have a material adverse effect on the Company's financial condition and/or its results of operations.

Title to Properties

Title to oil and natural gas interests is often not capable of conclusive determination without incurring substantial expense. While it is expected that the practice of the Company in acquiring significant oil and gas leases or interests in oil and gas leases will be to fully examine the title to the interest under the lease, this should not be construed as a guarantee of title. In the case of minor acquisitions the Company may have relied upon the judgment of oil and gas lease brokers or landmen who perform the field work in examining records in the appropriate governmental office before attempting to place under lease a specific interest. There may be title defects that affect properties comprising a portion of the Company's properties. To the extent title defects do exist, it is possible that the Company may lose all or a portion of its right, title, estate and interest in and to the properties to which the title relates.

Although title reviews will be done according to industry standards prior to the purchase of most crude oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the claim of the Company which could result in a reduction of the revenue received by it. In civil law jurisdictions, legal title is not perfected until such time as the appropriate governmental authorities and the executive branch approve the assignment of a participating interest, record the title holder in the applicable registry and issue a decree. This process can take time. As a result, it is common business practice for commercial parties to proceed with the completion of a purchase and sale transaction, notwithstanding the fact that governmental approval may take years to properly reflect these business dealings. In these cases, title review due diligence involves ensuring that the current title holder has started the different authorization procedures, and also involves an update as to the status of the required authorizations.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expend, train and manage its employee base. The inability of the Company to deal with this growth could have a material adverse impact on its business, operations and prospects.

Foreign Operations

The Company's interests in oil and natural gas properties are located in the shallow waters of the Gulf of Mexico adjacent to the states of Louisiana and Texas in the United States of America. As such, the Company may be subject to political, economic and other uncertainties, including, but not limited to, changes in energy policies or the personnel administering them, currency fluctuation, exchange controls, royalty and tax increases and other risks arising out of foreign governmental sovereignty over areas in which the Company’s operations are conducted.

The Company’s proposed operations may also be affected by laws and policies of Canada affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with the Company’s operations outside of Canada, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in other jurisdictions. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, the Company’s exploration, development and production activities outside of Canada could be substantially impacted by factors beyond the Company’s control, any of which could have a material impact on the Company. The Company seeks to operate in such a manner as to minimize and mitigate its exposure to these risks. However, there can be no assurance that the Company will be successful in protecting itself from the impact of all of these risks. Further details of the Company’s foreign operations are discussed under the heading “*Description of the Business – Foreign Operations*”.

DIVIDEND RECORD AND POLICY

Dividends are declared at the discretion of the Board of Directors of the Company. No dividends have been declared or paid in any of the three most recently completed financial years. The Company does not anticipate paying cash dividends on the equity shares in the foreseeable future. Any decision to pay dividends in the future will be dependent upon the financial condition and requirements of the Company and other factors which the Board of Directors may consider appropriate in the circumstances.

DESCRIPTION OF THE CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of Common Shares (that may be converted to Proportionate Voting Shares) and an unlimited number of preferred shares issuable in series with no par value (“**Preferred Shares**”). As at December 31, 2013 and the date of this AIF, there were 65,071 Proportionate Voting Shares and 40,397,323 Common Shares issued and outstanding. The issued share capital on a fully diluted basis was the equivalent of 105,468,323 Common Shares. No Preferred Shares are issued or outstanding.

Except as described herein, the Common Shares and Proportionate Voting Shares have the same rights, are equal in all respects and shall be treated as if they were shares of one class only.

Conversion Rights

Common Shares may at any time, at the option of the holder, be converted into Proportionate Voting Shares on the basis of 1,000 Common Shares for 1 Proportionate Voting Share. Each issued and outstanding Proportionate Voting Share may at any time, at the option of the holder, be converted into 1,000 Common Shares. Except as provided for below, no fractional equity share will be issued on any conversion of another equity share.

Liquidation Entitlement

In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of its assets among its shareholders for the purpose of winding-up its affairs, whether voluntarily or involuntarily, the holders of equity shares are entitled to participate in the remaining property and assets of the Company available for distribution to the holders of equity shares on the basis, and otherwise without preference or distinction among or between such shares, that each Proportionate Voting Share will be entitled to 1,000 times the amount distributed per Common Share.

Dividend Rights

Each equity share is entitled to dividends if, as and when dividends are declared by the Board of Directors, on the basis, and otherwise without preference or distinction among or between such shares, that each Proportionate Voting Share will be entitled to 1,000 times the amount paid or distributed per Common Share.

Voting Rights

The Common Shares carry one vote per share for all matters coming before shareholders and the Proportionate Voting Shares carry 1,000 votes per share for all matters coming before shareholders.

Unless a different majority is required by law or by the Company's articles, resolutions to be approved by holders of equity shares require approval by a simple majority of the total number of votes of all equity shares cast at a meeting of shareholders at which a quorum is present with holders of Common Shares entitled to one vote per share and holders of Proportionate Voting Shares entitled to 1,000 votes per share.

The holders of Common Shares and Proportionate Voting Shares are entitled to receive notice of any meeting of shareholders of the Company, and to attend and vote at those meetings, except those meetings at which holders of a specific class of shares are entitled to vote separately as a class under the BCBCA.

Take-Over Bid Protection

In addition to the conversion rights described above, if an offer (the "**Offer**") is being made for Proportionate Voting Shares where:

(a) by reason of applicable securities legislation or stock exchange requirements, the offer must be made to all holders of the class of Proportionate Voting Shares; and

(b) no equivalent offer is made for the Common Shares, the holders of Common Shares have the right, at their option, to convert their Common Shares into Proportionate Voting Shares for the purpose of allowing the holders of the Common Shares to tender to that offer.

In the event that holders of Common Shares are entitled to convert their Common Shares into Proportionate Voting Shares in connection with an Offer pursuant to (b) above, holders of an aggregate of Common Shares of less than 1,000 (an "**Odd Lot**") will be entitled to convert all but not less than all of such Odd Lot of Common Shares into a fraction of one Proportionate Voting Shares, at a conversion ratio equivalent to 1,000 to one, provided that such conversion into a fractional Proportionate Voting Shares will be solely for the purpose of tendering the fractional Proportionate Voting Shares to the offer in question and that any fraction of a Proportionate Voting Shares that is tendered to the Offer but that is not, for any reason, taken up and paid for by the offeror will automatically be reconverted into the Common Shares that existed prior to such conversion.

Options, Warrants and Other Securities

As previously discussed, in association with the Note Purchase Agreement, the Company entered into a Warrant Purchase Agreement with the holders of the Notes pursuant to which it sold warrants, with a five (5) year term, for up to 9,000,000 Common Shares at an exercise price of $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 warrants contain an anti-dilution provision whereby the issuance of Common Shares under the Acquisition Agreements will result in additional warrants being issued to holders of the warrants based on the number of Common Shares issued. It is expected that after giving effect to the Acquisition, there will be 12,591.511 warrants outstanding with an exercise price of Cdn$0.71 per Common Share.

Pursuant to the stock option plan approved by shareholders on April 20, 2012, on June 5, 2012 (the "**Stock Option Plan**") 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. The options vest ratably over a three-year period subsequent to the grant date.

On July 16, 2013, the shareholders of the Company voted to amend and restate the Stock Option 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. The exercise price is Cdn$0.82 per option and expiry date is September 11, 2023. Subsequent to the foregoing award, the number of Common Shares available for future award under the Stock Option Plan is 12,043,106. As of December 31, 2013 there have been 6,666 options exercised and 53,334 options forfeited.

MARKET FOR SECURITIES

The Common Shares are listed on the TSXV and trade under the symbol "COQ". The following table sets out the price range for, and the trading volume of, the Common Shares as reported by the TSXV for 2013:

Common Share Trading Details

Month	High	Low	Close	Volume
Jan-13	**$.53**	**$.40**	**$.42**	**70,824**
Feb-13	**$.50**	**$.40**	**$.50**	**551,140**
Mar-13	**$.50**	**$.50**	**$.50**	**18,283**
Apr-13	**$.75**	**$.45**	**$.75**	**188,688**
May-13	**$.70**	**$.50**	**$.70**	**16,147**
Jun-13	**$.81**	**$.50**	**$.80**	**51,130**
Jul-13	**$.80**	**$.70**	**$.74**	**32,290**
Aug-13	**$.82**	**$.75**	**$.82**	**78,364**
Sep-13	**$.82**	**$.65**	**$.65**	**33,140**
Oct-13	**$.85**	**$.65**	**$.85**	**20,219**
Nov-13	**$.85**	**$.60**	**$.60**	**33,863**
Dec-13	**$.60**	**$.55**	**$.55**	**5,099**

On September 11, 2013, the Company granted directors, senior officers and certain employees of the Company options to purchase 4,532,759 Common Shares at an exercise price of Cdn$0.82 per Common Share.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The shares owned on May 4, 2012 by the directors and senior officers of the Company were subject to escrow pursuant to the terms of that certain escrow agreement dated April 30, 2012. Computershare Investor Services Inc. was appointed as the escrow agent under the escrow agreement. A total of 22,741,704 Common Shares and 65,071 Proportionate Voting Shares were originally held in escrow to be released on a scheduled basis. As of November, 2013, all Common Shares and Proportionate Voting Shares were released from escrow.

DIRECTORS AND SENIOR OFFICERS

The following sets out the name, residence, position with the Company and date appointed/elected to that position along with a description of the occupation and professional experience for at least the prior five years of each of the directors and senior officers of the Company.

The term of office of each director of the Company expires at the annual general meeting of shareholders each year. The senior officers serve at the discretion of the Board of Directors. The Board of Directors has an Audit Committee, a Compensation Committee, a Corporate Governance Committee, a Corporate Disclosure Committee, a Reserves Committee, and a Special Committee.

Board of Directors

Chester F. Morrison, Jr. – Schriever, Louisiana, USA
Chairman - April 30, 2012

Chester F. Morrison, Jr. serves as Chairman of the Board of Directors. He is the Chief Executive Officer of MEG, which is the holding company for a group of diversified oilfield service companies engaged primarily in providing construction, fabrication, pipelay, diving and well services to oil and gas production companies and pipeline companies operating in the U.S. Gulf Coast area and the shallow waters of the Gulf of Mexico. Mr. Morrison has over thirty years of experience organizing, managing and building successful companies involved in the oil and gas industry including Rooster Energy L.L.C. and subsidiaries which he founded in late 2005.

Mr. Morrison is a member of the Compensation Committee, the Corporate Disclosure Committee and the Corporate Governance Committee.

Robert P. Murphy – Dallas, Texas, USA
Director, Chief Executive Officer and President - April 30, 2012

Robert P. Murphy is a Director and the Chief Executive Officer and President of the Company and all of its subsidiaries. Mr. Murphy served as President and Chief Operating Officer of Helix Oil & Gas Inc. (NYSE: HLX) from July, 2006 to March, 2010. From January, 1998 to July, 2006, Mr. Murphy was a director, the president and chief operating officer of Remington Oil & Gas, Inc. From August, 1990 to January, 1998, Mr. Murphy served as Vice President – Exploration and Director of Cairn Energy USA Inc.

Mr. Murphy is a member of the Corporate Disclosure Committee and the Reserves Committee.

Paul A. Crilly – Calgary, Alberta, Canada
Director – April 18, 2011

Paul A. Crilly is and has been a Director since April, 2011. He is a managing director of K2 Associates Investment Management Inc. From February, 2006 to April, 2010 he was President and CEO of Norex Exploration Services Inc., a TSX listed seismic acquisition company operating throughout Canada and the United States. Mr. Crilly previously held senior management positions with oil and gas services companies in the pressure pumping, directional drilling and oilfield equipment industries. Mr. Crilly is a Chartered Accountant.

Mr. Crilly is a member of the Audit Committee and chairman of the Corporate Governance Committee and the Compensation Committee.

Steven A. Weyel – Houston, Texas, USA
Director - April 30, 2012

Steven A. Weyel has been a Director of the Company since April, 2012. He is the Chief Executive Officer and Founder of Equigen LLC, focused on equity investments in emerging market energy infrastructure. Previously Mr. Weyel was a Founder and served as President, Chief Operating Officer and Director of Energy XXI (Bermuda) Limited (Nasdaq: EXXI) from its inception in October, 2005, until August, 2010. Energy XXI was initially issued on the Alternative Investment market of the London Stock Exchange ("**AIM**") in October, 2005. Prior to that, Mr. Weyel co-founded and served as a member, President and Chief Operating Officer of EnerVen LLC, a developer and supporter of strategic ventures in the emerging energy industry. From 1999 to 2002, Mr. Weyel was President, Chief Operating Officer and Director of InterGen North America, a Shell-Bechtel joint venture. From 1994 to 1999, Mr. Weyel served in various executive leadership positions at Dynegy Inc. including Executive Vice President – Integrated Energy and Senior Vice President – Power Development. At the end of year 2013, Mr. Weyel served as director of Bahamas Petroleum Company PLC (AIM: BPC).

Mr. Weyel is a member of the Audit Committee, the Compensation Committee and the Corporate Governance Committee, and chairman of the Special Committee and the Reserves Committee.

Richard Buski – Vancouver, British Columbia, Canada
Director - July 20, 2009

Richard Buski, is and has been a Director of the Company since July, 2009. He is also a Chartered Accountant and was a managing partner with PricewaterhouseCoopers LLP from 2001 to 2004. Since retiring from PricewaterhouseCoopers in 2004, Mr. Buski has acted as a consultant and expert witness on accounting and auditing issues. Mr. Buski further currently acts as a director and as chairman of the Audit Committee for Great Canadian Gaming

Corporation (TSX: GC), and previously acted as director and chairman of the Audit Committee for East Energy Corporation, a TSXV listed company from June, 2007 to September, 2009.

Mr. Buski is a member of the Reserves Committee, the Special Committee, and chairman of the Audit Committee and the Corporate Disclosure Committee.

Senior Officers

Robert P. Murphy – Dallas, Texas, USA
Chief Executive Officer and President - April 30, 2012

See above.

Tod J. Darcey – Houston, Texas, USA
Senior Vice President – Operations - April 30, 2012

Tod J. Darcey is the Senior Vice President–Operations. Mr. Darcey has served on the management team of Rooster Energy, L.L.C. and its subsidiaries since inception in 2005 and he is in charge of daily production operations for the Company. Mr. Darcey has over 17 years of operations management experience in all phases of offshore production, construction and drilling. Mr. Darcey has held several management positions of increasing responsibility at Chet Morrison Contractors, LLC ("**CMC**"), J. Ray McDermott, Inc., Offshore Pipelines, Inc. and the APMC Division of Maersk Drilling.

Kenneth F. Tamplain, Jr. – Houston, Texas, USA
Senior Vice President, General Counsel and Secretary - April 30, 2012

Kenneth F. Tamplain, Jr. is the Senior Vice President, General Counsel and Secretary. Mr. Tamplain has served on the management team and as general counsel of Rooster Energy, L.L.C. and its subsidiaries since early 2007. Prior to joining Rooster, for over 15 years Mr. Tamplain was a member of the U.S. regional law firm of Adams and Reese, LLP. Prior to practicing law, Mr. Tamplain was an independent petroleum landman. Mr. Tamplain is licensed to practice law in the States of Louisiana and Michigan (inactive).

James D. Shockney – Katy, Texas, USA
Chief Financial Officer - April 30, 2012

James D. Shockney is Chief Financial Officer of the Company. Mr. Shockney has served on the management team of Rooster Energy, L.L.C. and its subsidiaries since 2007. He is a Certified Public Accountant and has over 26 years of accounting experience primarily in the exploration and production segment of the oil and gas industry. Mr. Shockney has held accounting positions at Cabot Oil & Gas Corporation (NYSE: COG) and Castex Energy, Inc. Mr. Shockney holds memberships in the AICPA, the Texas Board of Public Accountancy (state and local), the Council of Petroleum Accountants Society, and the Petroleum Accountants Society of Houston.

Security Holdings

The percentage of Common Shares (on a fully diluted basis) owned beneficially, directly or indirectly, or over which control or direction is exercised by the directors, senior officers and any expert whose report is contained or incorporated in this AIF, as a group, is greater than five percent (5%) by directors and senior officers. The security holdings (both directly and indirectly held) of the directors and senior officers are included in Exhibit A attached hereto and incorporated herein.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

Paul Crilly and Richard Buski, current directors of Rooster, were appointed directors of Probe on April 15, 2011 following completion of the Reorganization. They were directors of Probe on April 18, 2011 when the cease trade order discussed above under the heading "*Description of the Business – Bankruptcy and Similar Proceedings and Reorganizations*" was issued by the Alberta Securities Commission.

Except as described above, no director or senior officer of the Company is, as at the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any corporation that was:

(a) subject to a cease trade or similar order or an order that denied the relevant corporation access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as manager, chief executive officer or chief financial officer; or

(b) subject to a cease trade or similar order or an order that denied the relevant corporation access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

No director or executive officer of the Company or shareholder holding a sufficient number of Rooster Shares to affect materially the control of the Company:

(a) is, at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold its assets; or

(b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold the assets of the director, executive officer, or shareholder.

Penalties or Sanctions

No director or executive officer of the Company shareholder holding a sufficient number of Rooster Shares to affect materially the control of the Company, has been subject to:

1. any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

2. any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

There are no existing or potential material conflicts of interest between the Company or a subsidiary of the Company. Also, there are no existing or potential material conflicts of interest between the Company and a director or senior officer of the Company or a subsidiary of the Company except as described herein.

Chester F. Morrison, Jr., a director and indirectly the largest shareholder of the Company, indirectly owns and controls MEG, and its subsidiaries, including CMC. The Company through its subsidiaries and in the ordinary course of business regularly purchases goods and services from CMC. All transactions between CMC and the Company are at arms-length and on similar terms and conditions as then prevailing in the market. However, this is not considered material nor does it give rise to a potential material conflict in the opinion of the Board of Directors or management of the Company unless there were to be a dispute over services or payment for same.

Effective October 11, 2013, the Company entered into the October 2013 Credit Facility with K2 and Chester F. Morrison, Jr., who are both significant shareholders of the Company the proceeds of which were and are to be used for general corporate purposes. The details of the loan are discussed under the heading "*General Development of the Business – Credit Facilities*".

Effective March 7, 2014, the Company entered into the March 2014 Credit Facility with Chester F. Morrison, Jr. as the sole lender which provides for borrowing of up to US$10 Million, to be used for general corporate purposes. Chester F. Morrison, Jr., is the sole lender and serves as second lien "Administrative Agent" for the lender(s) under the March 2014 Credit Facility. Mr.

Morrison is a related party of Rooster since he indirectly holds approximately 62% of the equity and voting interest in Rooster and serves as a director of Rooster. The details of the loan are discussed under the heading "*General Development of the Business – Credit Facilities*".

Chester F. Morrison, Jr., the majority shareholder of Rooster and Chairman of the Board of Directors, owns 90% of the membership interest in Cochon and wholly owns and controls, indirectly, Well Services. Upon closing of the Acquisition, Mr. Morrison, is expected to receive, directly, US$27,000,000 to be comprised entirely of Common Shares (or Proportionate Voting Shares, if so elected by Mr. Morrison) for the Cochon Acquisition and, indirectly through MEG, US$95,000,000 to be comprised to US$10,000,000 in cash or a combination of cash and assumed indebtedness of Well Services and US$85,000,000 in Common Shares (or Proportionate Voting Shares, if so elected by MEG), subject to certain adjustments for certain working capital of Cochon and Well Services, respectively, at closing. See "*General Description of the Business – Proposed Acquisition*".

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Except as described herein, Rooster is not a party to any legal proceedings or regulatory actions material to it and, to its knowledge, no such proceedings or actions are contemplated.

During 2013, the Company was not a party to any material adverse legal proceedings with any governmental or regulatory agency. BSEE, which enforces safety and environmental regulations on oil and gas leases in the Gulf of Mexico, did issue the Company citations for various incidents of non-compliance with regulations concerning or related to operated facilities which violations are incidental to the ordinary course of business. The Company has cured or otherwise satisfied all such regulatory violations and there was no material impact on the Company or its assets.

376 OG Holdings, LLC, vs. Texas OG Acquisitions, LLC, CA No. 6:12CV2534, USDC, W.D. La. (Lafayette Div)

On February 5, 2013, Rooster Petroleum, LLC, intervened in the above noted action to assert an operators oil and gas lien or privilege in the amount of $2,264,701 for unpaid drilling and completion costs against the working interest allegedly owned by Texas OG Holdings, LLC, in the Company's Vermilion 376 #A-3 & #A-4 wells (for purposes of this section only, the "**Wells**") which was pending foreclosure by 376 OG Holdings, LLC, and sale by the U.S. Marshall. Rooster Petroleum, LLC asserted that its lien on the Wells for moneys owed to it by Implicit Oil & Gas (VR 376), LLC ("**Implicit**"), the alleged successor to Texas OG Holdings, was superior in rank to the mortgage at issue. The foreclosure order was subsequently withdrawn.

On September 30, 2013, Rooster Petroleum, LLC, and Rooster Oil & Gas, LLC (for purposes of this section only, together "the Rooster Interveners") filed a first amended complaint in intervention against the defendants (and added additional related parties including Implicit and its owner, Ron Beneke, individually) of an alleged 20 causes of action seeking primarily rescission of the sale of the working interest to Implicit, declaratory relief and money damages all related to the drilling, completion and operation of the Wells and the attempted sale to enforce the mortgage on the working interest. At the date of this AIF there has not been any counterclaim asserted against the Rooster Interveners.

In connection with this case, in July, 2013, the Rooster Interveners agreed to deposit 18.1665% (approximately the net revenue interest attributable to the Implicit working interest in dispute) of the proceeds that it receives from the sale of oil and gas production from the Wells after June 18, 2013 into an escrow account with JPMorgan Chase Bank, NA. The funds in the escrow account can only be released upon consent of all parties to the escrow agreement or by order of the court in this matter. The Rooster Interveners claim they are entitled to all of the funds held in the escrow account which amounts to the approximate sum of $3,391,841 at March 31, 2014.

Rooster Oil & Gas, LLC, & Rooster Petroleum, LLC vs. Birnham Energy Investment Company, L.P. (f/k/a Implicit Oil & Gas, L.P.) & Implicit Oil & Gas (VR 375), LLC, Cause No. 2013-17984, 165th JDC, Harris County, Texas.

On March 27, 2013, Rooster Petroleum, LLC, and Rooster Oil & Gas, LLC (for the purposes of this section only, together, the "**Rooster Plaintiffs**") filed suit to collect outstanding accounts receivable related to the drilling, completion and operation of the Company's Vermilion 376 #A-3 & #A-4 Wells (for the purposes of this section only, the "**Wells**"). On November 21, 2013, Birnham et al filed a first amended counterclaim (and added Rooster Energy, L.L.C., and Rooster Energy Ltd. (for purposes of this section only, together with the Rooster Plaintiffs, the "**Rooster Entities**") as defendants in counterclaim). On or about May 14, 2014, Birnham *et al* filed a second amended counterclaim against the Rooster Entities as defendants in counterclaim. In the second amended counterclaim, Birnham *et al* have alleged nine causes of action. Six of the causes of action seek money damages and indemnity against the Rooster Entities for various amounts resulting primarily from breach of contract and the subsequent failure or refusal of the Rooster Entities to pay Birnham *et al* for its alleged share of production from the Wells. The remaining three causes of action seek declaratory relief, a request for accounting and appointment of an auditor of the account for the Wells and the appointment of a receiver for each of the Rooster Entities. The Rooster Entities consented to the appointment of the auditor who is currently auditing the joint interest account for the Wells. On May 22, 2014 the Birnham *et al* application for appointment of a receiver was denied. Rooster's management believes that Rooster has valid defenses to all of the counterclaims and is defending against such counterclaims.

Birnham *et al* is seeking punitive damages in connection with its claims. However, since all claims are concerning or related to the Wells on federal leases offshore of the state of Louisiana, Louisiana law will apply. Under Louisiana law, punitive damages are only available in limited instances and none of those have been asserted by Birnham *et al*. Accordingly, the Company's management believes that in the unlikely event that Birnham *et al* were to obtain judgment in their favor, it would not have a material adverse effect on the Company.

MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business and not otherwise required to be disclosed and filed, entered into by the Company and its subsidiaries during the past year or that are still in effect:

(a) the Note Purchase Agreement (see "General Development of the Business – Senior Secured Notes");

(b) the Well Services Agreement (see "*General Development of the Business – Proposed Acquisition*"); and

(c) the Cochon Agreement (see "*General Development of the Business – Proposed Acquisition"*).

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

During the year ended December 31, 2013, the Company was party to the following transactions with related parties:

Accounts payable and accrued liabilities to directors and/or entities associated with directors, totaled $165,500 at December 31, 2013 ($0 at March 31, 2014). At December 31, 2013, the Company had accounts payable in the amount of $3,970,348 due and owing to CMC, which is indirectly owned and controlled by Chester F. Morrison, Jr., who is a director of the Company ($4,131,901 at March 31, 2014). The transactions resulting in the accounts payable involved the Company purchasing goods, services, and labor from CMC in the ordinary course of business and pricing for same was primarily determined by competitive bids.

At December 31, 2013, the Company was indebted to K2 in the total amount of $6,463,000. At March 31, 2014, accrued interest totaled $1,561,181. The Company is the guarantor of the obligation. The debt is secured by certain assets of Probe Resources US Ltd. Paul Crilly is a director of the Company and a managing director of K2 & Associates Investment Management Inc., the general partner of K2.

Effective October 11, 2013, the Company entered into the October 2013 Credit Facility with K2 and Chester F. Morrison, Jr., who are both significant shareholders of the Company (Mr. Morrison is also a director of the Company) that provides for borrowing up to Cdn$8.0 million to be used for general corporate purposes. K2 serves as "Administrative Agent" under the credit facility K2 and Mr. Morrison are related parties to the Company and neither is a chartered bank, trust company or treasury bank. See "*General Development of the Business – Credit Facilities*".

During 2013, Cochon and Cretaceous, LLC, participated in the drilling and completion of the High Island A494 #B-4 well with 6.25% WI and 1.25% WI, respectively. Cochon Properties, LLC, is owned ninety percent (90%) and controlled by Chester F. Morrison, Jr., who is a director and indirectly the largest shareholder of the Company. Cretaceous, LLC, is owned by Robert P. Murphy, who is President, Chief Executive Officer and a director of the Company. The terms and conditions of their participation in the well is the same as that negotiated by the Company with the other two, non-related parties participating in the well.

Effective March 7, 2014, Rooster entered into the March 2014 Credit Facility with Chester F. Morrison, Jr. as the sole lender which provides for borrowing of up to US$10 Million, to be used for general corporate purposes. Chester F. Morrison, Jr., is the sole lender and serves as second lien "Administrative Agent" for the lender(s) under the March 2014 Credit Facility. Mr. Morrison is a related party of Rooster since he indirectly holds approximately 62% of the equity and voting interest in Rooster and serves as a director of Rooster. See "*General Development of the Business – Credit Facilities*".

Chester F. Morrison, Jr., the majority shareholder of Rooster and Chairman of the Board of Directors, owns 90% of the membership interest in Cochon and wholly owns and controls, indirectly, Well Services. Upon closing of the Acquisition, Mr. Morrison, is expected to receive, directly, US$27,000,000 to be comprised entirely of Common Shares (or Proportionate Voting Shares, if so elected by Mr. Morrison) for the Cochon Acquisition and, indirectly through MEG, US$95,000,000 to be comprised to US$10,000,000 in cash or a combination of cash and assumed indebtedness of Well Services and US$85,000,000 in Common Shares (or Proportionate Voting Shares, if so elected by MEG), subject to certain adjustments for certain working capital of Cochon and Well Services, respectively, at closing. See "*General Description of the Business – Proposed Acquisition*".

TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar for the Common Shares and Proportionate Voting Shares of the Company is Computershare Trust Company of Canada, 501 Burrard Street, 2nd Floor, Vancouver, British Columbia V6C 3B9. No preferred shares of the Company have been issued as at the date of this AIF.

INTERESTS OF EXPERTS

The auditors of the Company are Collins Barrow Calgary LLP, 777 8 Avenue SW First Alberta Place, Calgary, AB T2P 3R5. Collins Barrow Calgary LLP is independent in accordance with the Rules of Professional Conduct as outlined by the Institute of Chartered Accountants of Alberta. Collins Barrow Calgary LLP signed the Independent Auditors' Report for the Company's for the year ended December 31, 2013 which is available on SEDAR at www.sedar.com.

NSAI, located at 1301 McKinney Street, Ste. 3200, Houston, Texas 77010, is the Company's independent qualified reserves evaluator and has evaluated the Company's oil, natural gas and natural gas liquids reserves and the net present values of future net revenue for these reserves using forecast prices and costs for the year ended December 31, 2013. NSAI and the designated professionals of NSAI do not have any registered or beneficial interests, direct or indirect, in any securities or other property of the Company, its associates, or its affiliates.

ADDITIONAL INFORMATION

Additional information about the Company and its business activities is available via SEDAR at www.sedar.com.

The following additional information regarding the Company can be found in the specified documents:

1. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is are contained in the Company's management information circular dated June 11, 2013.

2. Additional financial information is provided in the Company's consolidated financial statements and Management's Discussion and Analysis of Operations and Financial Condition for the year ended December 31, 2013.

DEFINITIONS

In this AIF the abbreviations set forth below have the following meanings:

AIF	Annual Information Form for the year ended December 31, 2013
Bbls	Barrels
Boe	Barrels of oil equivalent (ratio of 6 thousand cubic feet of gas to 1 barrel of oil)
Boepd	Barrels of oil equivalent per day
Bopd	Barrels of oil per day
Mcf	Thousands of cubic feet
Mcfd	Thousands of cubic feet per day
NGL	Natural gas liquids
WI	Working interest

Exhibit A

Director and Officer Security Holdings

See Attachment.

EXHIBIT "A"

Rooster Energy Ltd.
Security Holders - Directors

Chester F. Morrison, Jr.
Chairman
Schriever, Louisiana, USA

Type of Security	Number of Securities	Exercise Price	Expiration Date
Common stock	250,000 (1)	N/A	N/A
Proportionate Voting Shares	65,071 (2)	N/A	N/A
Options - 2012	250,000	$0.50	6/5/2017
Options - 2013	250,000	$0.82	9/11/2018

(1) Morrison Equipment, Inc. is the owner and its sole member is Chester F. Morrison, Jr.
(2) Rooster Resources, LLC, owns 56,738 Proportionate Voting Shares. Mr. Morrison is the manager and sole trustee of the CMC Grantor Trust, which is the sole member of Rooster Resources, LLC and is therefore considered to exercise control or direction over the 56,738 Proportionate Voting Shares. Mr. Morrison also owns 8,333 Proportionate Voting Shares.

Robert P. Murphy
Director, Chief Executive Officer,
and President
Dallas, Texas, USA

Type of Security	Number of Securities	Exercise Price	Expiration Date
Common stock	1,756,667	N/A	N/A
Options - 2012	1,883,330	$0.50	6/5/2022
Options - 2013	1,883,330	$0.82	9/11/2023

Paul A. Crilly
Director
Calgary, Alberta, Canada

Type of Security	Number of Securities	Exercise Price	Expiration Date
Common stock	84,000	N/A	N/A
Options - 2012	250,000	$0.50	6/5/2022
Options - 2013	250,000	$0.82	9/11/2023

Mr. Crilly is the Managing Director - Energy of K2 & Associates Investment Management, Inc. which currently holds 20,723,004 Common Shares via its wholly owned subsidiary K2 Principle Fund L.P.

Steven A. Weyel
Director
Houston, Texas, USA

Type of Security	Number of Securities	Exercise Price	Expiration Date
Common stock	83,333	N/A	N/A
Options - 2012	250,000	$0.50	6/5/2022
Options - 2013	250,000	$0.82	9/11/2023

Richard Buski
Director
Vancouver, British Columbia,
Canada

Type of Security	Number of Securities	Exercise Price	Expiration Date
Common stock	16,000	N/A	N/A
Options - 2012	250,000	$0.50	6/5/2022
Options - 2013	250,000	$0.82	9/11/2023

EXHIBIT "A"

Rooster Energy Ltd.
Security Holders - Senior Officers

Robert P. Murphy
Director, Chief Executive Officer,
and President
Dallas, Texas, USA
See: Security Holders - Directors

Tod J. Darcey
Senior Vice President-Operation
Houston, Texas USA

Type of Security	Securities	Exercise Price	Date
Common stock	82,700	N/A	N/A
Options - 2012	425,892	$0.50	6/5/2022
Options - 2013	300,000	$0.82	9/11/2023

Kenneth F. Tamplain, Jr.
Senior Vice President, General
Counsel and Secretary
Houston, Texas, USA

Type of Security	Number of	Exercise Price	Expiration
Common stock	81,000	N/A	N/A
Options - 2012	425,892	$0.50	6/5/2022
Options - 2013	425,892	$0.82	9/11/2023

James D. Shockney
Chief Financial Officer
Katy, Texas, USA

Type of Security	Number of	Exercise Price	Expiration
Common stock	5,000	N/A	N/A
Options - 2012	300,531	$0.50	6/5/2022
Options - 2013	150,000	$0.82	9/11/2023