DRAFT - NOT YET APPROVED BY BANKRUPTCY COURT

UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF LOUISIANA

IN RE:	*	**CASE NO. 15-12229**
AMERICAN NATURAL ENERGY CORPORATION	*	**SECTION "A"**
DEBTOR	*	**CHAPTER 11**
	*	

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FIRST AMENDED JOINT DISCLOSURE STATEMENT SUBMITTED BY AMERICAN NATURAL ENERGY CORPORATION AND HILLAIR CAPITAL INVESTMENTS L.P.

INTRODUCTORY STATEMENT

THIS FIRST AMENDED JOINT DISCLOSURE STATEMENT UNDER SECTION 1125 OF THE BANKRUPTCY CODE WITH RESPECT TO THE JOINT PLAN OF REORGANIZATION (THIS "JOINT DISCLOSURE STATEMENT") IS SUBMITTED BY AMERICAN NATURAL ENERGY CORPORATION (SOMETIMES REFERRED HEREIN TO AS DEBTOR OR ANEC) AND HILLAIR CAPITAL INVESTMENTS, LP (SOMETIMES REFERRED TO HEREIN AS HILLAIR) AND SOMETIMES JOINTLY REFERRED TO AS PROPONENTS AND CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN UNDER CHAPTER 11 RELATING TO THE DEBTOR, AND SUMMARIES OF CERTAIN OTHER DOCUMENTS RELATING TO THE CONSUMMATION OF THE PLAN OR THE TREATMENT OF CERTAIN CLAIMS AND EQUITY INTERESTS OF PARTIES-IN-INTEREST, AND CERTAIN FINANCIAL INFORMATION RELATING THERETO. WHILE THE PROPONENTS BELIEVE THAT THESE SUMMARIES PROVIDE ADEQUATE INFORMATION WITH RESPECT TO THE DOCUMENTS SUMMARIZED, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS. EACH HOLDER OF AN IMPAIRED CLAIM OR AN

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IMPAIRED EQUITY INTEREST SHOULD REVIEW THE ENTIRE PLAN AND SEEK THE ADVICE OF ITS OWN COUNSEL BEFORE CASTING A BALLOT.

NO PARTY IS AUTHORIZED BY THE PROPONENTS TO PROVIDE ANY INFORMATION WITH RESPECT TO THE PLAN OTHER THAN THAT CONTAINED IN THIS JOINT DISCLOSURE STATEMENT. THE PROPONENTS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTOR, ITS ANTICIPATED FINANCIAL POSITION OR OPERATIONS AFTER CONFIRMATION OF THE PLAN, OR THE VALUE OF THE BUSINESS AND PROPERTY OF THE DEBTOR OTHER THAN AS SET FORTH IN THIS JOINT DISCLOSURE STATEMENT. TO THE EXTENT INFORMATION IN THIS JOINT DISCLOSURE STATEMENT RELATES TO THE DEBTOR, THE DEBTOR HAS PROVIDED THE INFORMATION IN THIS JOINT DISCLOSURE STATEMENT.

NOTHING CONTAINED IN THIS JOINT DISCLOSURE STATEMENT, EXPRESS OR IMPLIED, IS INTENDED TO GIVE RISE TO ANY COMMITMENT OR OBLIGATION OF THE DEBTOR OR SHALL CONFER UPON ANY PERSON ANY RIGHTS, BENEFITS OR REMEDIES OF ANY NATURE WHATSOEVER.

FIRST AMENDEDJOINT DISCLOSURE STATEMENT UNDER SECTION 1125 OF THE BANKRUPTCY CODE WITH RESPECT TO DEBTORS' JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 PROPOSED BY THE DEBTOR AND HILLAIR

I.
INTRODUCTION

This Chapter 11 proceeding commenced as an involuntary petition filed on August 31, 2015 under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §101, *et seq.* (the "Bankruptcy Code") with the United States Bankruptcy Court for the Eastern District of Louisiana, (the "Bankruptcy Court"). ANEC[1] consented to entry of an Order for Relief on October 2, 2015. An Order for Relief was entered on the same date. Since the entry of the Order for Relief, the Debtor has continued to operate its business as debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code. On October 28, 2015, the United States Trustee appointed an Official Unsecured Creditors' Committee (the "Committee")

The Debtor and Hillair concurrently file herewith their First Amended Joint Plan. The Debtor and Hillair submit this First Amended Joint Disclosure Statement under Section 1125 of the Bankruptcy Code with respect to the Amended Joint Plan in connection with the solicitation of votes to accept or reject the Joint Plan. A copy of the First Amended Joint Plan is attached hereto as Exhibit "A." Capitalized terms used herein, if not defined herein, have the defined meanings as set forth in the Joint Plan.

[1] Unless otherwise defined herein, capitalized terms shall have the meanings set forth in the Plan.

II.
NOTICE TO HOLDERS OF CLAIMS

The purpose of this Joint Disclosure Statement is to enable you, as the holder of a Claim against the Debtor, to make an informed decision with respect to voting on acceptance or rejection of the Joint Plan.

All persons receiving this Joint Disclosure Statement and the Joint Plan attached hereto are urged to review fully the provisions of the Joint Plan and all other exhibits attached hereto, in addition to reviewing the text of this Joint Disclosure Statement. This Joint Disclosure Statement is not intended to replace careful review and analysis of the Joint Plan. Rather, it is submitted as an aid in your review of the Joint Plan and in an effort to explain the terms and implications of the Joint Plan. Every effort has been made to explain fully the various aspects of the Joint Plan as it affects all holders of Claims and Equity Interests. However, to the extent any questions arise, the Debtors urge you to seek independent legal advice.

On _____, 2016, after notice and hearing, the Bankruptcy Court entered an order approving this Joint Disclosure Statement as containing information of a kind and in sufficient detail adequate to enable holders of Claims against the Debtor, whose votes on the Joint Plan are being solicited, to make an informed judgment whether to accept or reject the Joint Plan.

You should read this Joint Disclosure Statement in its entirety prior to voting on the Joint Plan. No solicitation of votes on the Joint Plan may be made except pursuant to this Joint Disclosure Statement and Section 1125 of the Bankruptcy Code, and no person has been authorized to utilize any information concerning the Debtor or its business other than the information contained in this Joint Disclosure Statement or in other information approved for

dissemination to holders of Claims or Equity Interests by the Bankruptcy Court. You should not rely on any information relating to the Debtor and its business, other than that contained in this Joint Disclosure Statement, the Joint Plan and any exhibits attached thereto, except as otherwise approved by the Bankruptcy Court.

SECTION 1125(b) OF THE BANKRUPTCY CODE PROHIBITS SOLICITATION OF AN ACCEPTANCE OR REJECTION OF A CHAPTER 11 PLAN UNLESS A COPY OF THE CHAPTER 11 PLAN OR A SUMMARY THEREOF IS ACCOMPANIED OR PRECEDED BY A COPY OF A DISCLOSURE STATEMENT APPROVED BY THE BANKRUPTCY COURT.

THE DESCRIPTION HEREIN OF THE PLAN IS A SUMMARY ONLY AND HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE URGED TO REVIEW THE ENTIRE PLAN WHICH IS ATTACHED AS EXHIBIT "A" HERETO. IN THE EVENT THAT ANY INCONSISTENCY OR CONFLICT EXISTS BETWEEN THIS JOINT DISCLOSURE STATEMENT AND THE PLAN, THE TERMS OF THE PLAN SHALL CONTROL.

EXCEPT AS SET FORTH IN THIS JOINT DISCLOSURE STATEMENT AND ANY EXHIBITS, NO REPRESENTATIONS CONCERNING THE DEBTOR, ITS ASSETS, PAST OR FUTURE BUSINESS OPERATIONS, OR THE PLAN ARE AUTHORIZED, NOR ARE ANY SUCH REPRESENTATIONS TO BE RELIED UPON IN ARRIVING AT A DECISION WITH RESPECT TO THE PLAN. ANY REPRESENTATIONS MADE TO SECURE ACCEPTANCE OR REJECTION OF THE PLAN OTHER THAN AS CONTAINED IN THIS JOINT DISCLOSURE STATEMENT SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR.

THERE HAS BEEN NO RECENT INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION AND PROJECTIONS CONTAINED IN THIS JOINT DISCLOSURE STATEMENT (UNLESS OTHERWISE INDICATED) AND NO FAIRNESS OPINION HAS BEEN OBTAINED REGARDING THE VALUE OF THE ASSETS AND THE AMOUNT OF THE LIABILITIES. THE FACTUAL INFORMATION REGARDING THE DEBTOR AND ITS ASSETS AND LIABILITIES HAS BEEN DERIVED FROM THE DEBTOR'S SCHEDULES, AVAILABLE PUBLIC RECORDS, PLEADINGS AND REPORTS ON FILE WITH THE BANKRUPTCY COURT, THE DEBTOR'S INTERNAL DOCUMENTS, AND RELATED DOCUMENTS SPECIFICALLY IDENTIFIED HEREIN. WHILE EVERY EFFORT HAS BEEN MADE BY THE TO PROVIDE ACCURATE INFORMATION HEREIN, THE PROPONENTS AND THEIR ADVISORS, CANNOT AND DO NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED IN THIS JOINT DISCLOSURE STATEMENT IS WITHOUT ANY INACCURACY.

CERTAIN STATEMENTS SET FORTH IN THIS JOINT DISCLOSURE STATEMENT, INCLUDING ANY PROJECTIONS CONTAINED HEREIN, ARE FORWARD-LOOKING IN NATURE AND SUBJECT TO RISKS AND UNCERTAINTIES THAT MAY NOT BE WITHIN THE CONTROL OF THE DEBTOR. ARTICLE XVI SETS FORTH CERTAIN RISK FACTORS TO BE CONSIDERED IN CONNECTION WITH THE PLAN AND SHOULD BE CAREFULLY READ. THE DEBTOR DOES NOT MAKE ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY AS TO THE ATTAINABILITY OF ANY PROJECTIONS INCLUDED WITH THIS JOINT DISCLOSURE STATEMENT.

THE APPROVAL BY THE BANKRUPTCY COURT OF THIS JOINT DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE PLAN OR A GUARANTEE OF THE ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

THIS JOINT DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

EACH HOLDER OF AN IMPAIRED CLAIM SHOULD REVIEW THE ENTIRE PLAN AND SEEK THE ADVICE OF ITS OWN COUNSEL BEFORE CASTING A BALLOT.

After carefully reviewing this Joint Disclosure Statement and all exhibits attached hereto, the Joint Plan and any exhibits to the Joint Plan, if you have received a ballot to vote for or against the Joint Plan, please indicate your acceptance or rejection of the Joint Plan by voting in favor of or against the Joint Plan on such ballot, in accordance with the instructions thereon, and return the ballot in the enclosed return envelope so as to be actually received no later than 5:00 p.m. Central Time on _____ ___, 2016 to Jan M. Hayden at Baker Donelson Bearman Caldwell and Berkowitz, 201 St. Charles Avenue, Suite 3600, New Orleans, Louisiana, 70170, via mail or _____ (via hand delivery or overnight), as Balloting Agent. PLEASE NOTE THAT FACSIMILE COPIES OF THE BALLOT WILL NOT BE ACCEPTED AND THE BALLOT MUST BEAR AN ORIGINAL SIGNATURE.

ANY BALLOTS RECEIVED
AFTER _____ P.M. CENTRAL TIME
ON _____, 2016 WILL NOT BE COUNTED.

For further information concerning voting, see Article IV herein ("Voting Procedures and Requirements").

On _____, the Bankruptcy Court entered an order (i) fixing _____, 2016 at _____:00 a.m., Central Time, United States District Court, Eastern District of Louisiana, 500 Poydras Street, Suite B-601, New Orleans, LA 70130, as the date, time and place for a hearing on confirmation of the Joint Plan, and (ii) fixing _____ 2016, as the last date for the filing with the Bankruptcy Court and serving upon counsel for the Debtor any objections to confirmation of the Joint Plan. The hearing on confirmation may be adjourned from time to time without further written notice.

III.
PLAN OVERVIEW

A. General Summary

The Joint Plan treats all Claims and Equity Interests fairly and equitably. The following is a brief summary of the Joint Plan's treatment of Claims against and Equity Interests in the Debtor. This summary is qualified in its entirety by reference to the provisions of the entire Joint Plan. A copy of the Joint Plan is attached hereto as Exhibit "A." You are urged to read the Joint Plan in its entirety. To the extent there is any conflict between this Joint Disclosure Statement and the Joint Plan, the terms of the Joint Plan control.

B. Summary Of Classification and Treatment

The Joint Plan designates six (6) Classes of Claims and Equity Interests taking into account their differing nature and priority as established under the Bankruptcy Code. The following is a summary of the Classes and the treatment of Allowed Claims and Allowed Equity

Interests under the Joint Plan. The Debtor has prepared the following chart in an effort to provide holders of Claims and holders of Equity Interests with the Debtor's estimates of the expected outstanding amounts due and owing with respect to each Class of Claims as of the projected Effective Date, March 1, 2016. The calculations, percentages and amounts set forth below are estimates which shall not affect the obligations of any party under the Joint Plan.

CLASSES OF CLAIMS AND EQUITY INTERESTS	**TREATMENT OF CLASSES**
Unclassified Claims (Administrative Claims) Estimate of Claims: $25,000.00 Estimate of Claims based on the DIP Budget being approved and used as suggested; the Claims represent estimated attorneys' fees to be owed to counsel for the Creditors' Committee and counsel for the Debtor	Administrative Claims will be paid (a) in Cash, in full, on the later of the Effective Date or the Date of Allowance; or (b) in such amounts and on such terms as agreed upon by the Claimant and the Debtor.
Class 1. Priority Claims Estimate of Claims: $106,032.27. This estimate includes the tax claims of Louisiana and Oklahoma taxing authorities, but does not include the tax Claims of Canadian authorities as the Debtor believes those Claims are not entitled to priority. All wage claims have been paid.	The holders of Class 1 Claims be paid in full on the later of the Effective Date or the date that such claim becomes an Allowed Claim. .
Class 2. Secured GAP Claims of Hillair This Claim is Allowed at $3,100,000.00 This represents the	Hillair's Allowed Secured Claim and Gap Claim will be paid in full by converting or swapping those Claims for 92.5% of the Common Stock in the Reorganized Debtor to be issued no later than the Effective Date.

CLASSES OF CLAIMS AND EQUITY INTERESTS	TREATMENT OF CLASSES
$180,000 advanced by Hillair during the Gap Period which in addition to being secured by the security interests of Hillair, as well as Allowed Secured Claim representing the prepetition sum of $2,920,000. Hillair asserts a security interest in all of the Debtors' property including tangible and intangible property.	Class 2 is Impaired.
Class 3. Lien Claims Estimate of Claims: $0.00	Class 3 Lien Claimants, as ultimately determined in the Lawsuit, will receive payment in full of the principal balance due on their Claim without interest or attorney's fees in Cash on or after the Closing Date but in no event later than the Effective Date or the date of a Final Order Allowing such Cali mans a Class 3 Lien Claim. The Debtor believes that no Class 3 Lien Claims exist. If such a Claimant exists, they will be treated as a Class 3 Claimant and will receive a cash payment equal to the principal balance of the claim. Any such payments to Class 3 shall increase the Preferred Stock held by Hillair dollar for dollar. Class 3 is Impaired.
Class 4. General Unsecured Claims Estimate of Claims: $9,489,992.13	Allowed Class 4 Claims will receive a Pro Rata interest in the Liquidating Trust which shall hold 7.5% of the New Common Stock. In addition, to the Extent that the Unsecured Creditors Committee requests to preserve Causes of Action, these will be assigned to the Liquidating Trustee to pursue for the Trust's beneficiaries. As disclosed elsewhere in this disclosure statement, the Proponents do not think there will be significant recovery from these Causes of Action. Hillair will on the Effective Date fund the Liquidating Trust

CLASSES OF CLAIMS AND EQUITY INTERESTS	TREATMENT OF CLASSES
	with $10,000 to meet operating costs, with the funding serving to increase Hillair's Preferred Stock unless the funds are available within the Court-approved $1.36 million DIP Loan. In the event there are any net recoveries in Causes of Action by the Liquidating Trust created under the Joint Plan, then holders of Class 4 Claims shall share Pro Rata in the proceeds. As noted above in Class 3, the Debtor believes all lien claimants and holders of judicial mortgages are actually Class 4 Unsecured Claimants. Debtor estimates the 7.5% interest in the Liquidating Trust to have a value of $250,000, with the possibility of appreciation in the future. Class 4 is Impaired.
Class 5. Subordinated Claims of Gothic Resources, Inc. Estimate of Claims: $9,336,516.00 This Class is composed of Debtor's affiliate and subsidiary holding the largest unsecured claim	The only Claim holder in this Class is Gothic, a wholly owned subsidiary of the Debtor and it consents to entry of the Confirmation Order, even though it receives nothing on account of the Joint Plan. Class 5 is Impaired and deemed to reject the Joint Plan.
Class 6. Equity Interests	The current ownership interests of the stock in the Debtor will be extinguished upon confirmation of the Joint Plan and will receive nothing on account of these interests. Class 6 is Impaired and is deemed to reject the Joint Plan.

IV.

VOTING PROCEDURES AND REQUIREMENTS

A. Ballots and Voting Deadline

ONLY HOLDERS OF IMPAIRED CLAIMS IN CLASSES UNDER THE PLAN ARE BEING SOLICITED TO VOTE TO ACCEPT OR REJECT THE PLAN.

The holders of Equity Interests will receive no distributions under the Joint Plan, and are thus deemed to reject the Joint Plan. They will not be solicited to vote to accept or reject the Joint Plan.

A ballot to be used for voting to accept or reject the Joint Plan is enclosed with this Joint Disclosure Statement for those entitled to vote. The holder of a Claim that is entitled to vote must: (i) carefully review the ballot and the instructions thereon, (ii) complete and execute the ballot, and (iii) return the ballot to the address indicated thereon by the deadline to enable the ballot to be considered for voting purposes. Any ballot received by the Balloting Agent that does not reflect a vote for either the acceptance or rejection of the Joint Plan will be deemed a vote for acceptance of the Joint Plan.

The Bankruptcy Court has directed that, in order to be counted for voting purposes, ballots for the acceptance or rejection of the Joint Plan must be received no later than 5:00 p.m. Central Standard Time, on _____ ___, 2016, at the following address:

Jan M. Hayden

Baker Donelson Bearman Caldwell & Berkowitz

201 St. Charles Avenue, Suite 3600

New Orleans, LA 70170

TO BE COUNTED, YOUR BALLOT MUST BE RECEIVED AT THE ABOVE ADDRESS NO LATER THAN 5:00 P.M., CENTRAL STANDARD TIME, ON _____ ___, 2016

NOTE: FAXED BALLOTS OR BALLOTS WITHOUT AN ORIGINAL SIGNATURE WILL NOT BE COUNTED.

B. Holders of Claims Solicited to Vote

Any holder whose Claim is within a Class impaired under the Joint Plan and who is eligible (upon Allowance of such Claim) to receive distributions under the Joint Plan is being solicited to vote to accept or reject the Joint Plan if either (i) its Claim has been scheduled by the Debtor, but such Claim is not scheduled by the Debtor as disputed, contingent or liquidated, or (ii) such holder has filed a proof of claim (a) on or before the February 15, 2016, for holders that are individuals or non-governmental entities, or on or before March 31, 2016, for holders that are governmental units, or (b) after the bar date with leave of the Bankruptcy Court pursuant to a Final Order, and as to which no timely objection has been filed, or if a timely objection has been filed, to the extent which such Claim is Allowed by a Final Order of the Bankruptcy Court or temporarily Allowed for purposes of voting only. As of the filing of this Joint Disclosure Statement, the Debtor is continuing to review Claims to assess their validity and may identify objectionable Claims and file objections thereto.

Any Claim as to which an objection has been filed (and such objection is still pending on the voting date) is not entitled to have its vote counted unless the Bankruptcy Court temporarily allows the Claim for voting purposes in an amount which the Bankruptcy Court deems proper upon motion by the holder of such Claim. Such a motion must be heard and determined by the Bankruptcy Court prior to the date and time established by the Bankruptcy Court for commencement of the Confirmation Hearing. In addition, a vote may be disregarded if the

Bankruptcy Court determines that such vote was not solicited or procured in good faith, in accordance with the provisions of the Bankruptcy Code.

C. Definition of Impairment

Under Section 1124 of the Bankruptcy Code, a class of claims or interests is impaired under a plan of reorganization unless, with respect to each claim or interest of such class, the Joint Plan:

1. leaves unaltered the legal, equitable, and contractual rights of the holder of such claim or interest; or

2. notwithstanding any contractual provision or applicable law that entitles the holder of a claim or interest to receive accelerated payment of such claim or interest after the occurrence of a default:

   (a) cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code, other than a default of a kind specified in Section 365(b)(2) of the Bankruptcy Code;

   (b) reinstates the maturity of such claim or interest as it existed before the default;

   (c) compensates the holder of such claim or interest for damages incurred as a result of reasonable reliance on such contractual provision or applicable law; and

   (d) does not otherwise alter the legal, equitable, or contractual rights to which such claim or equity interest entitles the holder of such claim or interest.

D. No Solicitation of Equity Interests

The Holders of Equity Interest are deemed to reject the Joint Plan and their votes will not be solicited, although they will receive notice of the confirmation hearing. The Proponents intend to seek to confirm the Joint Plan by cram down as to the holders of these interests.

E. Vote Required for Class Acceptance

As a condition of confirmation, the Bankruptcy Code requires acceptance of a plan of reorganization by all impaired classes (except as discussed below). The Bankruptcy Code defines acceptance of a plan by a class of claims as acceptance by holders of two-thirds in dollar amount and one-half in number of the claims of that class which actually cast ballots for acceptance or rejection of the plan, i.e., acceptance takes place only if two-thirds in amount and majority in number of the holders of claims in a given class actually voting cast their ballots in favor of acceptance. Notwithstanding the requirement of class acceptance, a plan may be confirmed even if one or more impaired classes does not accept the plan if at least one impaired class of non-insider claims has accepted the plan and the Court determines that the plan does not discriminate unfairly, and is fair and equitable, with respect to each class that is impaired and has not accepted the plan.

If the Joint Plan is confirmed, all holders of Claims against and Equity Interests in the Debtor, whether voting or non-voting and, if voting, whether accepting or rejecting the Joint Plan, will be bound by the terms of the Joint Plan.

V.
CONFIRMATION OF THE PLAN

Under the Bankruptcy Code, the following steps must be taken to confirm the Joint Plan:

A. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing to determine whether all requirements for confirmation of the Joint Plan have been satisfied. The Bankruptcy Court has scheduled the Confirmation Hearing to commence on _____, 2016, at ___:00 __.m., Central Time, at the United States Bankruptcy Court,

United States District Court, Eastern District of Louisiana, 500 Poydras Street, Suite B-601, New Orleans, LA 70130 (the "Confirmation Hearing"). The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement made at the Confirmation Hearing or any adjournment thereof.

ANY ANNOUNCEMENT OF ADJOURNMENT OF THE DATE AND TIME OF THE CONFIRMATION HEARING MADE IN COURT SHALL BE THE ONLY NOTICE PROVIDED TO HOLDERS OF CLAIMS AND EQUITY INTERESTS, UNLESS THE BANKRUPTCY COURT ORDERS OTHERWISE.

Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to confirmation of the Joint Plan. Any objection to confirmation must be made in writing and filed with the Bankruptcy Court with proof of service and served upon the Debtor's counsel on or before _____ ___, 2016 at __:00 _.m. Central Time.

UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED UPON THE DEBTOR'S COUNSEL AND FILED WITH THE BANKRUPTCY COURT, IT WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

B. Requirements for Confirmation of the Joint Plan

At the Confirmation Hearing, the Bankruptcy Court shall determine whether the confirmation requirements of Section 1129 of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court shall enter an order confirming the Joint Plan. The applicable requirements for confirmation are as follows:

1. The Joint Plan complies with the applicable provisions of the Bankruptcy Code.
2. The Debtor has complied with the applicable provisions of the Bankruptcy Code.
3. The Joint Plan has been proposed in good faith and not by any means forbidden by law.

4. Any payment made or promised by the Debtor, or by a person acquiring property under the Joint Plan, for services or for costs and expenses in or in connection with the Chapter 11 Cases, or in connection with the Joint Plan and incident to the Chapter 11 Cases, has been disclosed to the Bankruptcy Court, and any such payment made before the confirmation of the Joint Plan is reasonable, or if such payment is to be fixed after confirmation of the Joint Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.

5. The Debtor has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Joint Plan, as a director, officer, or voting trustee of the Debtor, an affiliate of the Debtor participating in a Joint Plan with the Debtor, or a successor to the Debtor under the Joint Plan, and the appointment to, or continuance in, such office of such individual, is consistent with the interests of creditors and equity security holders and with public policy, and the Debtor has disclosed the identity of any insider that will be employed or retained by the reorganized Debtor, and the nature of any compensation for such insider.

6. With respect to each Class of impaired Claims or Equity Interests, either each holder of a Claim or Equity Interest of such class has accepted the Joint Plan, or will receive or retain under the Joint Plan on account of such Claim or Equity Interest property of a value, as of the Effective Date of the Joint Plan, that is not less than the amount that such holder would so receive or retain if the Debtors were liquidated on such date under Chapter 7 of the Bankruptcy Code; or if Section 1111(b)(2) of the Bankruptcy Code applies to the Claims of such Class, each holder of a Claim will receive or retain under the Joint Plan on account of such Claim property of a value, as of the Effective Date of the Joint Plan, that is not less than the value of such holder's interest in the Debtor's estate's interest in the property that secures such Claims.

7. Each Class of Claims or Equity Interests has either accepted the Joint Plan or is not impaired under the Joint Plan, except as set forth in Section V.C., below.

8. Except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, the Joint Plan provides that Allowed Administrative Expense Claims and Allowed Other Priority Claims will be paid in full on the Effective Date and that Allowed Priority Tax Claims will receive on account of such Allowed Claims deferred cash payments, over a period not exceeding six years after the date of assessment of such Claim, of a value, as of the Effective Date, equal to the Allowed amount of such Claim.

9. At least one Class of impaired Claims has accepted the Joint Plan, determined without including any acceptance of the Joint Plan by any insider holding a Claim of such Class.

10. Confirmation of the Joint Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the

Debtor under the Joint Plan, unless such liquidation or reorganization is proposed in the Joint Plan.

11. The Joint Plan must provide that the quarterly fees required under 28 U.S.C. §1930 have been paid or that they will be paid on the Effective Date of the Joint Plan.

The Proponents believe that the Joint Plan satisfies all of the statutory requirements of Chapter 11 of the Bankruptcy Code, that it has complied or will have complied with all of the requirements of Chapter 11, and that the proposal of the Joint Plan is made in good faith. To the extent that any Class votes to reject the Joint Plan, the Proponents intend to seek confirmation of the Joint Plan under the cramdown provisions of the Bankruptcy Code discussed below.

C. Cramdown

Generally, under the Bankruptcy Code, a plan of reorganization must be approved by each impaired class of creditors. A Bankruptcy Court, however, may confirm a plan that has not been approved by each impaired class if at least one impaired class accepts the plan by the requisite vote and the Bankruptcy Court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to each class that is impaired and has not accepted the plan. A plan of reorganization does not discriminate unfairly within the meaning of the Bankruptcy Code if each dissenting class is treated equally with other classes of equal rank. "Fair and equitable" has different meanings with respect to the treatment of secured claims, unsecured claims and equity interests.

As set forth in Section 1129(b)(2) of the Bankruptcy Code, the condition that a plan of reorganization be fair and equitable with respect to a class includes the following requirements.

With respect to an unsecured claim, "fair and equitable" means either, (i) each impaired unsecured creditor receives or retains property of a value equal to the amount of its allowed

claim, or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan.

With respect to equity interests, "fair and equitable" means either (i) each impaired equity interest receives or retains on account of such interest property of a value equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest; and (ii) the holder of any interest that is junior to the interest of such class will not receive under the plan any property on account of such junior interest.

This is often referred to as the "absolute priority rule." The Proponents believe that the Joint Plan does not violate the absolute priority rule. Indeed, current equity interests are to be terminated and canceled under the Joint Plan.

In the event one or more Classes of impaired Claims rejects the Joint Plan, the Debtor reserves the right to proceed with confirmation pursuant to Section 1129(b) of the Bankruptcy Code, and the Bankruptcy Court will determine at the Confirmation Hearing whether the Joint Plan is fair and equitable and does not discriminate unfairly against any rejecting impaired Class of Claims.

VI.
GENERAL INFORMATION REGARDING DEBTOR

A. Description of Business Historically

1. General Overview of the Debtor

Debtor is engaged in the acquisition, development, exploitation and production of oil and natural gas.

Debtor is an Oklahoma corporation, and its wholly-owned subsidiary, Gothic Resources Inc., is a corporation organized under the Canada Business Corporation Act. References to Gothic refer exclusively to Debtor's wholly-owned subsidiary, Gothic Resources Inc. and references to ANEC refer exclusively to Debtor, organized under the laws of Oklahoma. Through December 2001, ANEC's activities were conducted through Gothic, and Gothic may be deemed a predecessor of ANEC.

ANEC holds mineral interests in approximately 1,320 acres of land in St. Charles Parish, Louisiana. This acreage is encompassed by the Bayou Couba leases in which ANEC holds a 97.497% working interest in the leasehold from the surface to the top of the Cibicides Opima Sand, as seen on the electric log of the Gulf Refining Company – Delta Securities Company, Inc. – Well No. 88 at 9,875' measured depth or its equivalent, and a 26.797% working interest below that point. ANEC also owns an approximately 97.49% interest in all but 7 producing wells." The ownership results from ANEC's acquisition on December 31, 2001, of the assets and outstanding stock of Couba Operating Company ("Couba") and the consolidation of other working interests in the field during 2009. ANEC continues to need and seek material amounts of additional capital to further our oil and natural gas development and exploitation activities.

From 2002 through December 31, 2013, ANEC returned to production 5 (4.86 net) well bores drilled by the prior owners on the Couba properties. ANEC's drilling activities commenced in February 2003 and as of December 31, 2013, ANEC had drilled and completed 9 (6.11 net) wells. For the year ended December 31, 2013, ANEC's combined production from all producing wells (14 gross, 10.97 net) averaged approximately 126(84net) barrels of oil equivalent per day. Production from the existing wells is subject to fluctuation from time to time based upon the zones of the wells where ANEC is obtaining production.

The Couba Properties.

Couba, was organized in 1993, and was primarily engaged in the production of oil from properties located in St. Charles Parish, Louisiana. Couba's principal acreage was the Bayou Couba Lease under which Couba owned a 72% working interest in 1,320 gross acres. Production from the wells commenced in 1941, and only oil and non-commercial quantities of natural gas were produced. Natural gas had never been produced in commercial quantities, and all gas production wells from the original development of the property were plugged.

The principal asset of Couba that ANEC acquired was the Bayou Couba Lease. The lessor is ExxonMobil and the lease is held by production of oil and gas on the property. The additional Couba assets acquired include a gathering system covering approximately 25 miles located on the Bayou Couba Lease, used solely as a production collection system among the wells on the leased property leading to a product distribution point, and various production facilities, geological data, well logs and production information. The information includes 3-D seismic information completed in 1997. The seismic information relates to an area of approximately 23.5 square miles that includes the Bayou Couba Lease, among other acreage. The gathering system ANEC acquired was initially not in operable condition. Subsequently, as part of approximately $1.1 million ANEC expended to restore existing wells to production, ANEC refurbished and upgraded the system so as to be usable. At present, the system, which consists of flow lines, connections and related facilities, is used to transport oil and gas to points where it is trans-shipped and sold.

In July 2002, ANEC completed the restoration activities on the Bayou Couba Lease and brought the operation into compliance with applicable regulatory requirements. ANEC also completed reprocessing the 1997 3-D seismic information it acquired as part of the Couba

transaction and is continuing to review that data. It also was able to get five well bores on the Bayou Couba lease that had been drilled by the former owners into a producing condition.

ANEC's activities in 2002 also included refurbishing the gathering line connected to the wells. This gathering line delivers its current production of natural gas to the Transco pipeline for further delivery to an interstate pipeline.

In February 2003, ANEC commenced drilling on the Bayou Couba Lease and by December 31, 2003, it had drilled and completed 6 (2.19 net) wells on the property. One well drilled during 2003 was unsuccessful and was plugged.

During 2005, ANEC restored to production 1(.81 net) well that had been acquired as part of the original Bayou Couba acquisition. ANEC also drilled and completed 3 (.61 net) development wells.

During 2006, ANEC drilled and completed 2 (.05 net) development wells.

During 2009 ANEC acquired all of the working interest of Dune Energy as well as other small interest owners in the field. The acquisitions effectively added an additional 6.56 net wells to its ownership interest.

For the year ended December 31, 2010, combined production from all ANEC producing wells on the property averaged approximately 162(92 net) barrels of oil equivalents per day.

For the year ended December 31, 2011, combined production from all of the producing wells on the property averaged approximately 84 (51 net) barrels of oil equivalents per day.

For the year ended December 31, 2012, ANEC drilled and completed 1 (1 net) development well. Combined production from all of the producing wells on the property averaged approximately 84 (52 net) barrels of oil equivalents per day.

For the year ended December 31, 2013, combined production from all producing wells on the property averaged approximately 126 (84 net) barrels of oil equivalents per day.

For the year ended December 31, 2014, combined production from all producing wells on the property averaged approximately 72 (47 net) barrels of oil equivalents per day. Production declined from prior years in part resulting from restrictions place on available cash flow by ANEC's secured lender TCA Global Credit Master Fund ("TCA"). These restrictions limited ANEC's ability to adequately provide needed maintenance and supplies necessary to sustain previous production levels. As a result, in July 2014, ANEC entered into a financing agreement with Hillair Capital to replace TCA. In addition to the replacement of the previous debt, Hillair provided some incremental capital for use in the field. In November 2014, significant declines to commodity prices further reduced available cash from operations. By December 31, 2014 ANEC did not have sufficient cash to meet payments to Hillair required on January 1, 2015.

During 2015, cash flow continued to deteriorate with declining commodity prices. In February 2015, sales of oil were curtailed due to a leak discovered in the oil gathering line owned by a third party. Permits to repair the line were finally received during the summer but the line was determined to be beyond repair, and the line is in the process of being abandoned by its owner. Consequently, ANEC sought the necessary documentation, upgrades and approvals required to begin barging oil to market. ANEC obtained a firm proposal from Shell Oil for the barged oil; however, the sustained period of time without a market for oil resulted in default of obligations. As a result, the Involuntary Petition was filed against the company.

2. Assets

(a) Real Property

At the Petition Date the only interest the Debtor has in Real Property is its mineral lease. The lease covers approximately 1,320 gross acres of land in St. Charles Parish more particularly described on Exhibit "B" and Section VI, Subpart A above. The value of this lease is a negative value if analyzed solely according to a traditional reserve report. That is because the current production i.e. the proven production is dwindling and absent significant additional development costs, that production will not sustain the cost to operate. But there are significant undeveloped proven, probable and possible reserves that significantly enhance the value of the lease. Properly developed, the Debtor believes there is significant value to be obtained.

(b) Personal Property

The Debtor's scheduled personal property as of the Petition Date reflected the "book value" of the assets rather than the current value or liquidation value of the assets. The current value of the Debtor's' assets as of October 26, 2015, are as follows:

(i) Accounts with Citizens Bank of Oklahoma --- $0.00

(ii) Stock and interests in wholly owned subsidiary, Gothic Resources, Inc. --- $0.00

(iii) Accounts Receivable --- $21,218.00

(iv) Boats and accessories ---$3,000.00

(v) Office equipment, furnishings, and supplies --- $1,500.00

(vi) Machinery, fixtures, equipment, and supplies used in ordinary course of business --- $2,500.00

(vii) Oil Inventory --- $40,440.00

There is no liquidation value to the Debtor's mineral lease. The balance of the Debtor's assets has liquidation value substantially lower than that listed in the Debtor's schedules.

3. Pre-Petition Marketing Efforts

The financial struggles of the Debtor prompted an aggressive approach to raising capital, including attempting to locate and engage investment partners. Beginning in January 2013 and continuing through December 2015, these efforts included exposure of the Debtor's assets to no less than 79 parties. Attached hereto and incorporated herein as Exhibit "C" is a spreadsheet that summarizes those unsuccessful efforts.

The Proponents believe that the sale of the tangible assets of the company alone will not generate significant value. However a sale of the Enterprise, which includes various intangibles, allows parties to obtain the Debtor's interest in its seismic work and operate the field under the grandfathered bonding provision with the state. Such a course of action increases the value of all of the assets. For this reason, the Proponents suggest that the best value to be obtained for all creditors is through a transaction that includes not just the corporeal assets but the Debtor's intangibles as well.

Significant Prepetition Indebtedness and Transactions

4. Secured Debt and Gap Claim

As of October 26, 2015, Debtor had approximately $3,663,925.01 in principal balances owed on alleged secured debt held by 18 creditors.

Hillair is by far the largest secured creditor and has a security interest in any and all of the Debtor's property of any kind or description, i.e. tangible or intangible, real, personal or mixed wherever located and whether now existing or hereafter arising or acquired. The Debtor believes Hillair's balance to be $2,956,805.00 as of the date of the filing of the petition for relief. Additionally, during the period between the filing of the petition for relief and the entry of the

order for relief, Hillair advanced $180,000 to the Debtor. This Claim is a Gap Claim and is also secured by the security interests held by Hillair bringing the total according to the Debtor of pre-order for relief debt due to Hillair and secured by the security interest to $3,136,805.00. However, Hillair asserts that it holds a claim for $4,091,000.00. Confirmation of the Joint Plan herein will constitute approval of a settlement whereby Hillair and the Debtor agree that these Claims will be reduced to 3.1 million dollars. These Claims will be satisfied in full by issuance of 92.5% of the New Common Stock. The balance of the alleged secured debt, the validity and extent of the alleged lien claim, alleged judicial mortgage claims and other mortgage claims are being challenged by Hillair. On November 20, 2015, Hillair filed a "Complaint to Determine the Validity, Extent and Ranking of Liens and Encumbrances" in order to determine the full extent of Debtor's secured, and to a large degree, its unsecured debt. Hillair is challenging whether the other alleged secured creditors made the necessary and timely filings in order to maintain and preserve their privileges or liens.

In the Debtor's opinion, all of the security interests asserted by holders of these Claims are either invalid, or in the alternative, if the Claims are valid, are inferior to Hillair's Secured Claim. Accordingly, the Debtor believes all such Claims are General Unsecured Claims and subject to treatment under Class 4 of the Plan. Nevertheless, to the extent that such Claims are valid and prime the Class 4 Claims, they will be paid as Class 3 Claims.

5. Unsecured Debt.

As of October 26, 2015, Debtor has approximately $19,047,525.30 in alleged unsecured debt. Of the total, $130,073.50 is scheduled as priority, and $18,917,451.80 is scheduled as non-priority. Of the approximately nineteen million dollars in unsecured debt, some of the debt is disputed, and nearly half of the unsecured debt belongs to Debtor's affiliate, Gothic Natural

Resources, Inc. The holder of the Gothic Claim will be subordinated under the Joint Plan and will receive nothing on account of its Claim. Thus the Debtor believes that the Class 4 Claims total approximately $9,489,992.13. Under the Joint Plan a Trustee will hold 7.5% of the New Common Stock on account of the holders of Class 4 Claims. The 7.5% calculation for the Class 4 Claims is based on the Enterprise Value of $4,850,000, and more specifically, the portion of the debt for equity conversion between Hillair's $3,100,000 Secured Claim and GAP Claim, attributable to the lease and the overall $3,100,000 that takes into account the access to seismic data as well.

The Priority Claims, to the extent they represented wages, salaries, and commissions Claims, have been paid pursuant to a court order. The balance of the Priority Claims will be paid in full under the Joint Plan.

The General Unsecured Claims consists largely of trade debt, with the majority of Claims falling around or below $50,000.00. The largest non-priority unsecured debt, $9,336,516.00, is owed to Gothic Resources, Inc., the Debtor's wholly owned subsidiary. The next three largest debts are: Palo Verdes Acquisitions LLC ($3,639,123.00); Louisiana Oil Properties ($989,751.00); and Riggs, Abney, Neal, Turpen, Orbison & Lewis ($653,547.70). Pursuant to a subordination agreement between Hillair and Palo Verdes, Hillair has alleged that it has the power of attorney and express authority and in fact intends to vote Palo Verdes' Unsecured Claim.

C. Valuation of the Debtor's Assets and Enterprise Value

It is difficult in the current environment of plunging oil and gas prices to use traditional methods of valuation to determine the value of the assets of the Debtor. For instance, if the

Debtor valued its oil and gas reserves based on only its current proven and producing reserves, the Debtor would have a negative value. The Debtor believes that its assets continue to have value and Exhibits "D" and "E" attached hereto demonstrate the Debtor's analysis. Additionally, there are two other significant attributes of value. First, the Debtor has developed a significant amount of seismic work and analysis of this field which in and of itself has significant value. Hillair, by reason of its security interests in all intangible assets of the Debtor asserts a security interest in these assets. Additionally, the Debtor has strategic legal positions available to it such as favorable grandfathering bonding exceptions. Again by way of its assignment in intangibles, Hillair asserts a security interest in these attributes as well. Based on the Debtor's efforts to market this property, Hillair's willingness to continue to invest in the property and the value of the potential to develop the oil and gas reserves, the Debtor asserts that the Enterprise Value of the Debtor is $4.85 million. Of that value, the Proponents assert that the collateral held by Hillair is worth at least $2,920,000.

The Plan distributes that Enterprise Value to the holders of Claims. Except Hillair, those parties who hold Priority Claims and have first call on the unsecured assets of the Debtor; receive Cash under the Joint Plan. Hillair, on account of its DIP loan and satisfaction of other cash obligations necessary to substantially consummate the Joint Plan, will receive preferred stock. As to the Secured Claim of Hillair and its Gap Claim, under the Joint Plan, Hillair agrees to take Common Stock on account of those claims. As a result, although Hillair asserts a security interest in the entirety of the Enterprise Value, its treatment under the Joint Plan effectively recognizes the prepetition Secured Claim as secured at $2,920,000.

THE FINANCIAL INFORMATION CONTAINED HEREIN AND IN THE ATTACHED EXHIBITS HAVE NOT BEEN INDEPENDENTLY AUDITED FOR PURPOSES OF INCLUSION IN THIS JOINT DISCLOSURE STATEMENT.

VII.
THE DEBTOR'S CHAPTER 11 CASES

A. Factors Precipitating Commencement of the Chapter 11 Cases

The loss of its principal mode of transporting its product to market and the steep decline in commodity prices in the oil and gas sector caused the Debtor to default on key payments to select creditors and occasioned four creditors to file an involuntary petition under Chapter 11 of the Bankruptcy Code.

B. Chapter 11 Filing

On August 31, 2015, four creditors of the Debtor, including Hillair, commenced an involuntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtor consented to entry of an order for relief and the Order for Relief was entered on October 2, 2015. From the date the Order for Relief was entered to the filing of this Disclosure Statement, the price of oil has further dropped from approximately $45.00 a barrel to below $30.00 a barrel.

C. Post-Petition Business Operations

1. Post-Petition Operations

On October 27, 2015, the Bankruptcy Court entered an order permitting Hillair to make a debtor-in-possession loan in the amount of up to $1,000,000 to Debtor (the "DIP Loan") in order to cover the working capital costs of the Debtor and help restart system operations for the production and transportation of oil produced on the Couba property.

Upon receipt of the DIP Loan proceeds, the Debtor made necessary repairs and improvements to its assets in order to return the oil wells to production. In addition, and due to the abandonment of the pipeline owned by a non-affiliated third party, which was Debtor's main transportation source of its product, upgrades to vessel containment systems were required in order for Debtor to ship its product via waterways. With the restart of the production systems and upgrades to vessels, Debtor will be able to resume production and delivery of its products to market. On or about December 11, 2015, the Debtor filed a motion seeking to borrow an additional $430,000 from Hillair on the DIP facility. A hearing on that request was held on January 12, 2016, and based on certain modifications made in open court, the additional funding was reduced from $430,000 to $360,000.

D. Other Significant Events During The Course of the Chapter 11 Cases

During the course of the Debtor's Chapter 11 Case, numerous pleadings have been filed with the Bankruptcy Court and numerous hearings have been conducted. The following is a general description of additional significant events which have transpired during the pendency of the Chapter 11 Case. For a comprehensive listing of the pleadings which have been filed in the Chapter 11 Case, however, the docket for the Chapter 11 Cases should be consulted. The relevant pleadings referenced thereby may be obtained and reviewed from the Bankruptcy Court.

1. Order for Relief

On October 2, 2015, Debtor filed its Consent to an Order for Relief. The Court approved the Order for Relief on the same day.

2. Employment of professionals by the Debtor

(a) Bankruptcy Counsel and Special Counsel

(i) *Baker Donelson Bearman Caldwell & Berkowitz, PC*: On October 2, 2015, the Debtor filed its Application to Employ Baker Donelson Bearman Caldwell & Berkowitz, PC as Attorneys for the Debtor *Nunc Pro Tunc* to August 31, 2015, pursuant to 11 U.S. C. § 327(a). Interim relief was granted to engage the firm and after a hearing on January 12, 2015, final relief was granted.

(ii) *Northpoint Energy Partners, LLC*: On October 20, 2015, the Debtor filed its Motion for Entry of an Order Pursuant to 11 U.S.C. §§105(a) and 363(b) Authorizing the Employment and Retention of Northpoint Energy Partners, LLC as Chief Restructuring Officer ("CRO") for the Debtor in Possession *Nunc Pro Tunc*, to August 31, 2015. The appointment of a CRO was a condition precedent to obtaining the DIP Loan from Hillair. The Court approved the application, authorizing the Debtor to employ Andrew Reckles and James Schroeder of Northpoint Energy Partners, LLC to serve as Chief Restructuring Officer, on November 19, 2015 through December 31, 2015. Although the Debtor requested to extend this period, after a hearing on January 12, 2016, the Court denied the request to continue North Point Energy Partners, LLC as CRO but did permit Hillair to engage them as consultants at no cost to the Estate.

3. Appointment of Official Unsecured Creditors' Committee

On October 28, 2015, the United States Trustee appointed an Official Unsecured Creditor Committee.

(a) Employment of counsel for the Committee

(i) On November 2, 2015, the Committee filed an Application for Entry of Order Authorizing the Retention and Employment of the firm of Lugenbuhl, Wheaton, Peck, Rankin ("Lugenbuhl Wheaton") as their Counsel *Nunc Pro Tunc* to October 28, 2015.

(ii) On December 21, 2015, the Court entered an order approving Lugenbuhl Wheaton's retention as counsel for the Committee.

4. Section 341(a) Meeting of Creditors

On November 24, 2015, the first meeting of creditors held pursuant to §341(a) of the Bankruptcy Code was conducted in New Orleans, Louisiana.

5. Establishment of Claims Bar Date

On December 21, 2015, the Debtor filed its Ex Parte Motion to Set Last Day to File Proofs of Claim (the "Bar Date Motion"). On December 21, 2015, The Bankruptcy Court entered an Order granting the Bar Date Motion, and set non-government proofs of claim for February 15, 2016, and governmental proofs of claim for March 31, 2016.

6. Procedures for Interim Payment of Professionals

On October 2, 2015, the Debtor filed a Motion, Pursuant to Sections 331 and 105 of the Bankruptcy Code, to Establish Procedures for Interim Compensation and Reimbursement of Expenses of Professionals. The Court approved the motion and an order was entered on November 24, 2015.

7. Debtor in Possession Financing

By final order entered on October 30, 2015, the Bankruptcy Court authorized the Debtor to obtain Debtor in Possession Financing from its existing primary secured creditor, Hillair, in the maximum amount of 1,000,000 dollars. Subsequently on December 11, 2015 the Debtor requested to raise the maximum to be borrowed under that facility. After a hearing on January 12, 2016, the court authorized the Debtor to borrow up to a maximum of $1,360,000 under that same facility.

8. Lien Ranking Lawsuit

On November 20, 2015, Hillair filed its Complaint to Determine the Validity, Extent and Ranking of Liens and Encumbrances (Adversary Case 15-01078) wherein Hillair has sought to determine the validity, rank and priority of liens and judgments against the Bayou Couba lease. Hillair takes the position that it outranks all of these claimants. As set forth above, the Debtor

and Hillair contend all such claimants are properly classified in Class 4 and thus General Unsecured Claims. The Plan does provide that in the event a final non-appealable judgment declaring one or more defendants have Secured Claims outranking Hillair that they will be classified and treated in Class 3. On January 15, 2016, the clerk of court entered sixteen preliminary defaults against certain defendants who failed to file responsive pleadings during the time allowed by applicable law. On January 20, 2016, Hillair filed its motion for default judgment against these sixteen defendants and the hearing has been scheduled for January 29, 2016. It is anticipated that Hillair will be filing a motion for partial summary judgment against the remaining six defendants who filed responsive pleadings with a target hearing date of February 16, 2016.

9. Extension of Time to Assume or Reject Leases of Nonresidential Real Property

The Debtor has filed a motion to assume or reject the leases on any non-residential real property and the motion was granted after a hearing on January 12, 2016.

10. Broker for Auction

By Ex Parte Application filed on December 18, 2015, the Debtor sought to employ PLS, Inc. as its broker for the contemplated Auction. PLS, Inc. was recommended to the Debtor by the Committee and its appointment was endorsed by the CRO and Hillair. A hearing on the ex parte application was scheduled for January 12, 2016 at which time the Debtor asked to continue the motion to January 29, 2016 which request was granted. Based on a shared opinion now that an auction would not benefit the estate, the Broker will not be employed for that reason. It is possible that PLS may be retained for some other purpose.

VIII.
SUMMARY OF THE PLAN

A. Introduction

A summary of the Joint Plan is set forth below. This Joint Disclosure Statement does not summarize all of the provisions of the Joint Plan. You must read the Joint Plan itself in order to understand all of the terms and conditions of the Joint Plan. The limited summary contained below is qualified in its entirety by reference to the Joint Plan, which shall be controlling for all purposes. A copy of the Joint Plan is attached hereto as Exhibit "A".

THIS JOINT DISCLOSURE STATEMENT IS NOT INTENDED TO REPLACE YOUR CAREFUL REVIEW AND ANALYSIS OF THE PLAN. RATHER, IT IS SUBMITTED AS AN AID AND SUPPLEMENT TO YOUR REVIEW OF THE PLAN IN AN EFFORT TO FURTHER EXPLAIN THE TERMS THEREOF. EVERY EFFORT HAS BEEN MADE TO EXPLAIN THE VARIOUS ASPECTS OF THE PLAN, BUT TO THE EXTENT QUESTIONS ARISE, THE DEBTORS URGE YOU TO CONTACT YOUR LEGAL COUNSEL.

Holders of Claims should read this Joint Disclosure Statement and the Joint Plan in their entirety prior to voting on the Joint Plan. No solicitation of votes may be made, except pursuant to this Joint Disclosure Statement and Section 1125 of the Bankruptcy Code, and no person has been authorized to use any information concerning the Debtor or their business to solicit acceptances or rejections of the Joint Plan, other than information in this Joint Disclosure Statement.

B. SUMMARY OF THE JOINT PLAN

IX.
TREATMENT OF CLASSES OF CLAIMS AND INTERESTS

A. UNCLASSIFIED CLAIMS.

1. Administrative Claims.

(a) Generally.

Subject to the bar date provisions herein, the Reorganized Debtor shall pay each holder of an Allowed Administrative Claim against the Debtor on account of and in full satisfaction of such Allowed Administrative Claim, Cash equal to the amount of the Allowed Administrative Claim, on the later of: (a) the Effective Date, or (b) the date such Administrative Claim becomes an Allowed Administrative Claim, or, except to the extent that the holder of an Allowed Administrative Claim has agreed to a different treatment.

(b) Payment of Statutory Fees.

On or before the Effective Date, all fees payable to the United States Trustee, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid in Cash in full.

(c) Bar Date For Administrative Claims.

(i) General Provisions.

Except as provided below for professionals and non-tax liabilities incurred in the ordinary course of business by the Debtor in Possession, requests for payment of Administrative Claims must be Filed no later than thirty (30) days after the Effective Date. Holders of Administrative Claims that are required to File a request for payment of such claims and that do not File such

requests by such bar date shall be forever barred from asserting such claims against the Debtor, Reorganized Debtor, any other Person, or any of their respective property.

Holders of Allowed Administrative Claims shall not be entitled to interest on their Administrative Claims.

(ii) Professionals.

All professionals or other entities requesting compensation or reimbursement of expenses under sections 327, 328, 330, 331, 503(b), 506 and 1103 of the Bankruptcy Code for services rendered before the Effective Date (including any compensation requested by any professional for any other entity for making a substantial contribution in the Reorganization Case) shall File and serve on the Reorganized Debtor an application for final allowance of compensation and reimbursement of expenses no later than ninety (90) days after the Effective Date.

(iii) Ordinary Course Liabilities.

Holders of Administrative Claims based on liabilities incurred in the ordinary course of business of the Debtor in Possession prior to the Effective Date (other than professionals or other entities described in subparagraph (ii) above, and governmental units that hold claims for taxes or claims and/or penalties related to such taxes) shall not be required to File any request for payment of such claims. Such Administrative Claims shall be assumed and paid by the Reorganized Debtor in the ordinary course of business under the terms and conditions of the particular transaction giving rise to such Administrative Claim, without any further action by the holders of such claims.

2. Priority Claims.

Each holder of an Allowed Priority Claim shall receive on account of and in full satisfaction of such Allowed Priority Claim Cash on the later of the Effective Date, or on such other date on which such Priority Claim becomes an Allowed Claim, in an amount equal to the amount of the Allowed Priority Claim.

B. CLASSES

1. CLASS 1: (NON-VOTING) PRIORITY CLAIMS

   (a) Treatment: Administrative Claims will be paid by the out of the Cash Reserve (a) in cash, in full, on the later of the Effective Date and the Date of Allowance; or (b) in such amounts and on such terms as agreed upon by the Claimant and the Debtor.

   (b) Impairment: Class 1 Priority Claims are unimpaired

2. CLASS 2: SECURED CLAIM OF HILLAIR

   (a) Treatment Hillair's Allowed Secured Claim, alleged to total approximately $4.1 million, is compromised and discounted to $3,100,000. Hillair's Secured Claims and GAP Claim will be converted or swapped for 92.5% of the New Equity Interests or Common Stock in the Reorganized Debtor as soon as practicable on or after the Closing Date but in no event later than the Effective Date.

   (b) Impairment: Class 2 Claims are Impaired and shall have the right to vote to accept or reject the Joint Plan.

3. CLASS 3: LIEN CLAIMS

   (a) Treatment: Class 3 Lien Claims, if any, as ultimately determined in the Lawsuit, will receive payment in full of the principal balance due on Claim, without interest or attorneys' fees in Cash on or after the Closing Date but in no event later than the Effective Date or the date of a final order allowing same as a valid and allowed Class 3 Lien claim.

   (b) Impairment: Class 3 Claims are Impaired and shall have the right to vote to accept or reject the Joint Plan.

4. CLASS 4: GENERAL UNSECURED CLAIMS

   (a) Treatment: Allowed Class 4 Claims will receive a Pro Rata interest in the Liquidating Trust of 7.5% of the Common Stock in the Reorganized

Debtor. Based on the current Enterprise Value, the 7.5% interest is valued at $250,000 but the liquidation value of the Common Stock in the future may fluctuate extensively depending upon risk factors, such as the prevailing price of oil per barrel at the time of liquidation. The Common Stock will have no voting or so-called "blocking" rights or a right to hold or nominate a seat on the board of directors of the Reorganized Debtor. However, the minority position shall not be diluted and shall be protected further by so-called "tagalong" and "dragalong" rights, meaning if Hillair, as the majority shareholder, sells its shares the buyer must likewise purchase the Class 4 shares..

(b) Impairment: Class 4 Claims are Impaired and shall have the right to vote to accept or reject the Joint Plan.

5. CLASS 5: SUBORDINATED CLAIM

(a) Treatment: These claims will receive nothing under the Joint Plan. .

(b) Impairment: Class 5 Claims are Impaired and are deemed to have rejected the Plan.

6. CLASS 6: EQUITY INTERESTS

(a) Treatment: The current ownership interests of the stock in the Debtor will be extinguished upon confirmation of the Joint Plan and will receive nothing on account of these interests.

(b) Impairment: Class 6 Interests are Impaired and deemed to have rejected the Plan.

C. Means for Implementation of Joint Plan

1. Debt Conversion or Equity Acquisition Transaction

The Proponents have concluded that an asset auction would not be in the best interest of the Estate. Accordingly, the Proponents place no value at all on a straight liquidation, whether through conversion to chapter 7 or dismissal followed by state court foreclosure. The real value in this reorganization is measured by the going concern or Enterprise Value, which is only preserved through maintaining the company as a going concern. This value takes into account certain intangibles such as attractive legal positions concerning grandfathered plugging and

abandonment bonding exceptions and access to non-assignable seismic data deemed crucial to enhancing the value of the Common Stock to be issued to creditors in this case.

Specifically, Hillair has agreed to (a) pay the cash necessary to implement and consummate the Joint Plan, including the payment of all Allowed Administrative Claims, Class 1 Claims and, if any exist, Class 3 Lien Claims and the $10,000 necessary to fund the Liquidating Trust; (b) convert its DIP Loan balance, together with any additional cash necessary to consummate the Joint Plan and any additional advances designed to enhance the Enterprise Value post-Effective Date, into Preferred Stock with a PIK interest rate of 12%; and (c) convert its compromised and discounted Class 2 Claims of $3,100,000 into 92.5% of the Common Stock issued in the Reorganized Debtor. It is estimated that the cash necessary to satisfy the obligations in subpart (a) above will not exceed $1,500,000 but Hillair commits to satisfy those obligations regardless, provided Hillair has the right to withdraw this Joint Plan at any time prior to substantial consummation if those cash obligations materially exceed the estimates described herein. The Class 4 General Unsecured Claims will aggregately receive an interest in the Liquidating Trust which will hold 7.5% of the Common Stock in the Reorganized Debtor in exchange for all Class 4 Claims. The 7.5% stake in the Reorganized Debtor is currently valued at roughly $250,000 by the Proponents. A confirmation order approving the Equity Interest Transaction shall authorize the Reorganized Debtor to cancel the inscription of any and all liens, judgments, mortgages, encumbrances and claims of any kind as recorded in the public records of any state.

2. The Debtor will preserve Causes of Action pursuant to the following procedure. By no later than March 10 2016, the Committee shall file a notice of intent to prosecute any potential Causes of Actions. In the event the Committee files such a notice these Causes of

Action shall be transferred to the Liquidating Trust. In the absence of such timely notice of intent, no Causes of Actions will be prosecuted if the Joint Plan is confirmed and the Confirmation Order shall have become a Final Order. Notice of that Intent shall be served by the Creditors Committee on all creditors and parties at interest by February 19, 2016.

The Liquidating Trustee on behalf of the Trust shall be given authority to pursue and settle any Causes of Action without court approval, upon confirmation of this Joint Plan. The Trustee of the Liquidating Trust shall periodically make Pro Rata distributions to the class members until all Cause of Actions are fully administered. The Liquidating Trustee shall file a notice with the Court upon successful completion of the administration of the Causes of Action. Additionally, as the Liquidating Trustee shall hold the Common Stock of the Reorganized Debtor, the Liquidating Trustee shall be required to distribute, after payment of all cost of administration, the proceeds received by the Trust for the benefit of its beneficiaries including any sales proceeds. The Liquidating Trustee shall have sole authority to determine if a sale of stock is in the best interests of the beneficiaries. The Liquidating Trust will exist for eight years. In the event the Common Stock has not been sold by that time, the Liquidating Trustee shall distribute that stock Pro Rata to the beneficiaries.

X.
CAUSES OF ACTION

A. Preferences

Pursuant to the Bankruptcy Code, a debtor may recover certain preferential transfers of property, including cash, made while insolvent during the ninety (90) days immediately prior to the filings of its bankruptcy petition in respect of pre-existing debts to the extent the transferee received more than it would have in respect of the pre-existing debt had the debtor been

liquidated under chapter 7 of the Bankruptcy Code. The recovery period is one year if the recipient of the preferential transfer is an Insider of the Debtor. There are certain defenses to such recoveries. Transfers made in the ordinary course of the debtor's and the transferee's business or according to the ordinary business terms are not recoverable. Furthermore, if the transferee extended credit subsequent to the transfer (and prior to the commencement of the bankruptcy case) for which transferee was not repaid, such extension constitutes an offset against any otherwise recoverable transfer of property. If a transfer is recovered by the Debtor, the transferee has a general unsecured claim against the debtor to the extent of the recovery. Any recovery for such suits will be paid to the Liquidating Trust. The Debtor does not believe recovery will be significant. There were few, if any, payments made to noninsiders during the 90 days prior to the filing of the petition. Most of those payments seem to be small and contemporaneous exchanges for value or paid in the ordinary course of business. Creditors should assume no recovery from these potential causes of action.

As to the payments to Insiders during the year prior to the filing of the petition, there are a number of payments and they are listed on Exhibit "F" attached hereto. Again, many of these may be contemporaneous exchanges of value, paid in the ordinary course of business or subject to the defense of new value. The Debtor has not completed its analysis of these Causes of Action but based on the face value of them, even if there are no defenses, the potential recovery on a percentage basis to Class 4 Claimants is not significant.

B. Fraudulent conveyances

Under the Bankruptcy Code and under various state laws, a debtor may recover certain transfers or property, including the grant of a security interest in property, made while insolvent or which rendered it insolvent if and to the extent the debtor received less than fair value for such

property. The Debtor is unaware of any transfers that could constitute a Fraudulent Conveyance. No value has been given to any possible recovery for such claims.

C. Other Causes of Action

The Debtor is unaware of any other Causes of Action that may belong to it.

XI.

XII.MANAGEMENT OF THE REORGANIZED DEBTOR

It is anticipated that Michael Paulk and Steven Ensz will continue in their roles as Chief Executive Officer and Vice President/Chief Financial Officer. The seats on the Board of Directors shall be held by Hillair designees only, specifically:

Sean McAvoy

Neal Kaufman

No employment agreement with Mr. Paulk and Mr. Ensz has yet been negotiated, but Hillair does intend to enter into such an agreement on mutually acceptable terms.

XIII.
CONDITIONS TO CONFIRMATION AND EFFECTIVENESS OF PLAN

The following conditions must be met as a precondition of the effectiveness of the Joint Plan: (1) the Confirmation Order in form and substance reasonably acceptable to the Debtor shall have been signed by the judge presiding over the Chapter 11 Case, and there shall not be a stay or injunction in effect with respect thereto; (2) all actions, documents and agreements necessary to implement the Joint Plan shall have been effected or executed; and (3) the Debtor shall have received all authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions or documents that are determined by the Debtor to be necessary to implement the Joint Plan. The Debtor may waive one or more of these conditions.

XIV.
LIQUIDATING ANALYSIS

If the Joint Plan is not confirmed, the Debtor expects that the alternative will be to liquidate the Debtor's assets after converting the Debtor's case to Chapter 7 liquidation case. In the case of a liquidation, the Debtor sees no attainable value for its Assets.

First, Debtor's only substantial assets are the Bayou Couba Lease and the intangible assets associated with it. The lease can only be maintained and held by continuous production of oil and gas. Any stop to production could result in the loss of the Bayou Couba Lease and any value that Debtor might have in the lease. Further, a Trustee in a Chapter 7 proceeding would not be able to avail itself of the grandfather provision on P&A bonding nor would the Trustee be able to use or sell the seismic expertise developed by the Debtor as both assets cannot be used to the benefit of any transferees. Thus, a sale of the Debtor's Assets is not practical, necessitating the need to reorganize the Debtor to maintain any Asset's value.

As a result, in the case of a Chapter 7 liquidation, the major asset, the Bayou Couba Lease, would likely be abandoned and no creditors would be able to recover any value.

XV.
MATERIAL TAX CONSEQUENCES OF THE PLAN

In connection with the Joint Plan and all instruments issued in connection therewith and distributed thereon, the Debtor or any other paying agent, as applicable, shall comply with all applicable withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all distributions under the Joint Plan shall be subject to any such withholding or reporting requirements. Notwithstanding the above, each holder of an Allowed Claim that is to receive a distribution under the Joint Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including

income, withholding, and other tax obligations, on account of such distribution. Any party issuing any instrument or making any distribution under the Joint Plan has the right, but not the obligation, to refrain from making a distribution, until such holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations.

XVI.
CONSIDERATIONS IN VOTING ON THE PLAN/RISK FACTORS

The Proponents have proposed a Joint Plan which in essence provides that all creditors except holders of Administrative Claims (other the Administrative Claim of Hillair) and Priority Claims (other than Hillair as the holder of a Gap Claim) will be paid in a debt for equity swap. The value of such a transaction is highly dependent on the value of the Reorganized Debtor. Although the Proponents have calculated an Enterprise Value of $4.85 million, that valuation is contingent on a number of assumptions that may well not happen such as that the price of oil will go up significantly from the 30 dollars a barrel price today, that the Reorganized Debtor will be able to borrow money to do significant development, that development operations run smoothly and do not exceed estimated costs and that, when developed, that the undeveloped reserves have the value suggested by the Debtor. Today the Debtor's reserves per its Reserve Report have a negative value. See attached Exhibit "D", but the Proponents believe after making certain assumptions that the Reorganized Debtor's reserves could have the value identified in Exhibit "E". This is because absent placing value on proven undeveloped reserves or possible reserves, there is no way to attribute significant value to the Debtor because even the intangible assets such as the seismic and the ability to grandfather in on the bonding rules are worthless if the reserves are worthless.

HOLDERS OF CLAIMS IN CLASS 2 AND CLASS 4 SHOULD CONSIDER THE CHANCES OF RECOVERY UNDER THE JOINT PLAN AS HIGHLY RISKY. THIS PLAN IS BEING OFFERED BECAUSE THE PROPONENTS BELIEVE THAT ABSENT THIS PLAN, CREDITORS WILL RECEIVE NOTHING. .

It is possible that the Joint Plan may not be confirmed. In the event the Joint Plan cannot be confirmed, the Debtor will likely liquidate and creditors will receive nothing on account of their Claims.

NO REPRESENTATIONS CONCERNING THE DEBTOR ARE AUTHORIZED BY THE PROPONENTS OTHER THAN AS SET FORTH IN THIS JOINT DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE OTHER THAN AS CONTAINED IN THIS JOINT DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION. ANY SUCH OTHER OR ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE PROPONENTS, WHO IN TURN SHALL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE. THE UNDERSIGNED ATTORNEY FOR THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT OTHER INFORMATION HEREIN IS WITHOUT ANY INACCURACIES.

XVII.
CONCLUSIONS AND RECOMMENDATIONS

The Proponents believe that confirmation and implementation of the Joint Plan will provide each creditor with the potential of a recovery which will not happen if the Debtor

liquidated and distributed its assets under Chapter 7 and creditors would likely receive no distributions. Thus, the Proponents believe that confirmation and implementation of the Joint Plan is the best possible outcome for creditors and is in their best interests and therefore recommend acceptance of the Joint Plan.

Respectfully submitted this 20th day of January, 2016.

AMERICAN NATURAL ENERGY COMPANY

By: /s/ Michael K. Paulk
President

HILLAIR CAPITAL INVESTMENTS L.P.

By: Hillair Capital Advisors LLC

By: /s/ Sean McAvoy
Managing Member