

IN RE HOUSTON AMERICAN ENERGY CORP.
SECURITIES LITIGATION

Master File No. 4:12-cv-01332 (Harmon, J.)

**THIS DOCUMENT RELATES TO:
ALL ACTIONS**

**NOTICE OF PENDENCY AND
PROPOSED SETTLEMENT OF CLASS ACTION**

If you purchased or otherwise acquired the publicly traded common stock (“Stock”) and/or call options and/or sold put options (collectively, “Securities”) of Houston American Energy Corp. (“HUSA”) during the period from November 9, 2009 through April 18, 2012, inclusive, (the “Class Period”) you could get a payment from a class action settlement (the “Settlement”).

Under law, a federal court has authorized this notice.

- If approved by the Court, the Settlement will provide \$7,000,000, plus interest earned thereon (the “Settlement Amount”), to pay claims of investors who purchased HUSA Stock and/or call options and/or sold HUSA put options during the period November 9, 2009 through April 18, 2012, *i.e.*, the Class Period.
- The Settlement represents an average recovery of \$0.35 per share of HUSA Stock for the approximately 19.5 million estimated shares that Lead Plaintiffs allege were “damaged” and declined in value as a result of Defendants’ alleged misconduct during the Class Period.¹ This estimate solely reflects the average recovery per damaged share of HUSA Stock prior to the deduction of attorney fees and expenses. This is not an estimate of the actual recovery per share you should expect. Your actual recovery will depend on the aggregate losses of all Class Members, the date(s) you purchased and sold HUSA Stock and the total number of valid claims filed.
- Attorneys for the Lead Plaintiffs (“Class Counsel”) intend to ask the Court to award them fees of up to one-third of the Settlement Amount, and reimbursement of litigation expenses not to exceed \$115,000. Class Counsel also intends to ask the Court to grant Lead Plaintiffs an award not to exceed \$7,500 each. Collectively, the attorneys’ fees and litigation expenses and the award to Lead Plaintiffs are estimated to average \$0.13 per damaged share of HUSA Stock. If approved by the Court, these amounts will be paid from the Settlement Fund.

¹ All recoveries per share estimated are exclusive of the 1.2% of the Net Settlement Fund that has been allocated for potential claims based on losses resulting from options transactions. *See* The Plan of Allocation and footnote 2, below.

- The approximate recovery, after deduction of attorneys' fees and expenses approved by the Court, is an average of \$0.23 per damaged share of HUSA Stock. This estimate is based on the assumptions set forth in the preceding paragraph. Your actual recovery, if any, will vary depending on your purchase price and sales price and the number of valid Proof of Claim forms filed.
- The Settlement resolves the lawsuit concerning whether Defendants violated the federal securities laws by allegedly issuing materially false and misleading statements. All Defendants in the action, including HUSA, deny the allegations in the lawsuit and deny any wrongdoing. The Defendants and Lead Plaintiffs disagree on liability and damages. Plaintiffs believe that, if they prevailed on all their claims and the Court accepted their theory of damages, that they would have been able to collect a substantial amount of monies, before deductions for fees and expenses and assuming that the full amount of the judgment was collectable. Defendants believe that they have not engaged in any wrongdoing, committed any violation of law, or acted improperly in any way. They expressly have denied and continue to deny all charges of wrongdoing, fault or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigation.
- Your legal rights will be affected whether you act or do not act. If you do not act, you may permanently forfeit your right to recover on this claim. Therefore, you should read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

SUBMIT A CLAIM FORM NO LATER THAN JULY 30, 2015	The only way to get a payment.
EXCLUDE YOURSELF NO LATER THAN JULY 8, 2015	Get no payment. This is the only option that allows you to be part of any other lawsuit against Defendants about the legal claims in this case.
OBJECT NO LATER THAN JULY 8, 2015	Write to the Court about why you do not like the Settlement.
GO TO A HEARING ON JULY 29, 2015	Speak in Court about the fairness of the Settlement.
DO NOTHING	Get no payment. Give up rights.

INQUIRIES

Please do not contact the Court regarding this Notice. All inquiries concerning this Notice, the Proof of Claim form, or any other questions by Class Members should be directed to:

In re Houston American Energy Corp. Securities Litigation
c/o Heffler Claims Group
P.O. Box 58820
Philadelphia, Pa 19102-8820
Toll Free: 1-800-528-7199

COMMON QUESTIONS AND ANSWERS CONCERNING THE SETTLEMENT

1. Why did I get this Notice?

You or someone in your family may have acquired HUSA Stock and/or call options and/or sold HUSA put options during the Class Period.

2. What is this lawsuit about?

The case is known as *In re Houston American Energy Corp. Securities Litigation*, Master File No. 4:12-cv-01332 (Harmon, J.) and the Court in charge of the case is the United States District Court for the Southern District of Texas.

Defendants in this case are HUSA, and certain of its officers and directors. Lead Plaintiffs allege that the Defendants violated the federal securities laws by issuing false and misleading statements regarding the amount of recoverable oil reserves in the CPO4 drilling block (in which the Company owned a substantial interest), as well as the success of the Company's oil drilling efforts in that region. The Defendants and Lead Plaintiffs disagree on liability and damages. The Defendants deny they can be held liable under the federal securities laws. The Settlement resolves all of the claims in the Class Action.

3. Why is this a class action?

In a class action, one or more persons and/or entities, called Lead Plaintiffs, sue on behalf of all persons and/or entities that have similar claims. All of these persons and/or entities are referred to collectively as a Class, and these individual persons and/or entities are known as Class Members. One court resolves all of the issues for all Class Members, except for those Class Members who exclude themselves from the Class.

4. Why is there a Settlement?

Lead Plaintiffs and Defendants do not agree regarding the merits of Lead Plaintiffs' allegations with respect to liability or the average amount of damages per share that would be recoverable if Lead Plaintiffs were to prevail at trial on each claim. The issues on which the Lead Plaintiffs and Defendants disagree include: (1) whether Defendants issued actionable materially false and misleading statements to investors during the Class Period; (2) whether the alleged materially false statements and omissions were made with fraudulent intent; (3) whether the statements were the cause of the Class Members' alleged damages; and (4) the amount of damages, if any, suffered by the Class Members.

This matter has not gone to trial and the Court has not decided in favor of either Lead Plaintiffs or Defendants. Instead, Lead Plaintiffs and Defendants have agreed to settle the Class Action. The Lead Plaintiffs and Class Counsel believe the settlement is best for all Class Members because of the risks associated with continued litigation and the nature of the defenses raised by the Defendants. Among the reasons that Lead Plaintiffs' Counsel believe the Settlement is fair are the risk of proving damages and that there are risks in collectability given that HUSA has limited insurance coverage and is simultaneously defending against an enforcement action by the Securities and Exchange Commission. Because of the difficulty in enforcing and being able to collect from a judgment, even if Lead Plaintiffs win at trial, and also prevail on any appeal, Lead Plaintiffs might not be able to collect some, or all, of any judgment they are awarded. Moreover, while litigation of this type is usually expensive, it appears that, even if Lead Plaintiffs' allegations are eventually found to be true, the total amount of damages to which Class Members would be entitled

could be substantially reduced as the Lead Plaintiffs and Defendants vastly differ on their view of damages.

5. How do I know if I am part of the Class settlement?

To be a Class Member, you must have purchased or otherwise acquired HUSA Stock and/or call options and/or sold HUSA put options during the period from November 9, 2009 through April 18, 2012, inclusive, and suffered losses in your investment as a result of the decline in the value of HUSA Securities.

6. Are there exceptions to being included?

Yes. You are not a Class Member if you are a Defendant, a member of a Defendant's immediate family, a Defendant's legal representative, heir, predecessor, successor, assign, or any entity in which any Defendant has or had a controlling interest. Also, if you exclude yourself from the Class, as described below, you are not a part of the Class.

7. What does the Settlement provide?

a. What is the Settlement Fund?

The proposed Settlement calls for Defendants to create a Settlement Fund (the "Settlement Fund") in the amount of \$7,000,000. The Settlement will not become effective unless it is approved by the Court. Subject to the Court's approval, a portion of the Settlement Fund will be used to pay Lead Plaintiffs' attorneys' fees and reasonable litigation expenses and awards to Lead Plaintiffs. A portion of the Settlement Fund will also be used to pay taxes due on interest earned by the Settlement Fund, if necessary, and any notice and claims administration expenses permitted by the Court. After these deductions from the Settlement Fund have been made, the amount remaining (the "Net Settlement Fund") will be distributed to Class Members who submit valid claims.

b. What can you expect to receive under the proposed Settlement?

The Net Settlement Fund shall be distributed to Class Members who submit acceptable Proofs of Claim and Release forms ("Authorized Claimants") in the following manner:

The Claims Administrator shall determine each Authorized Claimant's share of the Net Settlement Fund based upon the recognized loss formula (the "Recognized Loss") described below. The Recognized Loss formula is intended to equitably apportion the Net Settlement Fund among Authorized Claimants. The Recognized Loss formula is not an estimate of what an Authorized Claimant would have recovered after trial; nor is it the amount that the Authorized Claimant will be paid pursuant to the Settlement.

As within the groups of Authorized Claimants described below, an Authorized Claimant's actual share of the Net Settlement Fund will be determined by the ratio of the Authorized Claimant's Recognized Loss divided by the aggregate of the Recognized Loss of all Authorized Claimants within the Claimant's group.

This Plan of Allocation is based on the following principles applicable to Class Members if the Action had gone to trial: Lead Plaintiffs asserted claims pursuant to Section 10(b) of the Securities Exchange Act of 1934 ("Section 10(b)"). Damages under Section 10(b) are calculated, among other things, by determining the stock price drop caused by the disclosure of information correcting prior materially false and misleading statements or reflecting materializations of risks which were a foreseeable consequence of the alleged concealment.

THE PLAN OF ALLOCATION

HUSA Securities for which a Class Member may be entitled to receive a distribution from the Net Settlement Fund consist of the following:

- HUSA common stock (“Stock”) purchased or otherwise acquired during the Class Period;
- Exchange-traded call options on HUSA Stock (“Call Options”) purchased or otherwise acquired during the Class Period;
- Exchange-traded put options on HUSA Stock (“Put Options”) sold (written) during the Class Period.

A “Recognized Loss” or “Recognized Gain” will be calculated as set forth below for each eligible HUSA Security for which adequate documentation is provided. The calculation of Recognized Loss or Recognized Gain will depend upon several factors, including when the HUSA Security was purchased or otherwise acquired during the Class Period, and in what amount, and whether the Security was sold, and if sold, when it was sold, and for what amount.

An Authorized Claimant’s Net Recognized Loss shall be calculated by totaling all of the Authorized Claimant’s Recognized Loss amounts and subtracting from that total the sum of all of the Authorized Claimant’s Recognized Gain amounts. If this calculation results in a positive number, that figure will be the Authorized Claimant’s Net Recognized Loss; if this calculation results in a negative number or zero, the Authorized Claimant’s Net Recognized Loss shall be zero.

If the amount in the Net Settlement Fund is not sufficient to permit payment of the total claims of all Authorized Claimants, each Authorized Claimant shall be paid a percentage of the Net Settlement Fund equal to the percentage that such Authorized Claimant’s Net Recognized Loss represents in relation to the total Net Recognized Loss amounts claimed by all Authorized Claimants. The amounts distributed by reason of Recognized Losses on call and put options on HUSA Stock may not exceed 1.2% of the Net Settlement Fund except if the Net Settlement Fund is greater than the total claims of all Authorized Claimants.² Payment in this manner shall be deemed conclusive against all Authorized Claimants.

The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund among Authorized Claimants who suffered economic losses as a result of the alleged violations of the federal securities laws, as opposed to losses caused by market- or industry-wide factors, or Company-specific factors not related to the alleged violations of the federal securities laws. Based on the opinions of Lead Plaintiffs’ Counsel’s damages consultant, the Plan of Allocation assumes that there were varied amounts of artificial inflation in the prices of HUSA Stock during the Class Period. The artificial price inflation in HUSA Stock during the Class Period reflects the price change in the Stock, net of market- and industry-wide factors, in response to public announcements that corrected or reinforced the misrepresentations alleged by Lead Plaintiffs in the Consolidated Class Action Complaint.

² Initially, 98.8% of the Net Settlement Fund will be allocated to the payment of claims that are based on HUSA Stock, and 1.2% of the Net Settlement Fund will be allocated to the payment of claims based on call and put options on HUSA Stock. In the unlikely event that the Net Settlement Fund allocated as such, is sufficient to pay 100% of either the HUSA Stock-based claims or the HUSA option-based claims, any excess amount will be paid to the remaining claims. If the Net Settlement Fund is greater than the total claims of all Authorized Claimants, the excess funds will be distributed on a pro rata basis across all claims.

Federal securities laws allow investors to recover for losses caused by disclosures which correct Defendants' previous false or misleading statements. Thus, in order to have been damaged by the alleged violations of the federal securities laws, shares of HUSA Stock and Call Options purchased or otherwise acquired during the Class Period must have been held during a period of time in which its price declined due to the disclosure of information which corrected an allegedly false or misleading statement. Accordingly, if HUSA Stock or Call Options were purchased and then sold between dates of corrective disclosures, or sold prior to the earliest corrective disclosure date, the Recognized Loss for those shares or options is \$0.00, and any loss suffered is not compensable under the federal securities laws. With respect to Put Options, those options must have been sold (written) during the Class Period and not closed (through repurchase, exercise or expiration) through at least one of the corrective disclosure dates in order to have been damaged by the alleged violations of the federal securities laws. Lead Plaintiffs' damages experts have determined that corrective disclosures occurred on the following six dates: April 7, 2010, June 28, 2010, March 1, 2012, March 8, 2012, March 19, 2012, and April 19, 2012.

The estimate of artificial inflation in the price of HUSA Stock during the Class Period, assuming that Lead Plaintiffs could adequately allege and prove liability for that entire period, is reflected in Table 1 below:

Table 1
Artificial Inflation in HUSA Stock

From	To	Price Inflation (Not to Exceed Purchase Price*)
11/10/2009	4/6/2010	\$11.15
4/7/2010	6/27/2010	\$5.44
6/28/2010	8/15/2010	\$3.96
8/16/2010	2/29/2012	\$5.31
3/1/2012	3/7/2012	\$1.37
3/8/2012	3/15/2012	\$0.86
3/16/2012	3/18/2012	\$2.31
3/19/2012	4/18/2012	\$1.57
4/19/2012	4/19/2012	\$0.33
4/20/2012	and thereafter	\$0.00

* If the price inflation reflected in Table 1 exceeds the purchase price paid for the shares of HUSA Stock, then price inflation shall be equal to the purchase price paid for the shares of HUSA Stock.

The “90-day look back” provision of the Private Securities Litigation Reform Act of 1995 (“PSLRA”) is incorporated into the calculation of the Recognized Loss.³

CALCULATION OF RECOGNIZED LOSS OR GAIN PER SECURITY

HUSA Stock:

For each share of HUSA Stock purchased or acquired on November 9, 2009, the Recognized Loss per share is \$0.⁴

For each share of HUSA Stock purchased or acquired during the period November 10, 2009 through April 18, 2012, inclusive:

- (1) and sold on or before April 18, 2012, the Recognized Loss per share is the minimum of:
 - i. the amount of per-share price inflation on the date of purchase or acquisition as appears in Table 1 above, **minus** the amount of per-share price inflation on the date of sale or disposition as appears in Table 1 above. If this calculation results in a negative number, then the Recognized Loss shall be \$0, and a Recognized Gain shall be calculated. The Recognized Gain shall be the amount of per-share price inflation on the date of sale or disposition as appears in Table 1 above, **minus** the amount of per-share price inflation on the date of purchase or acquisition as appears in Table 1 above; and
 - ii. the purchase/acquisition price **minus** the price at which the stock was sold or disposed of. If this calculation results in a negative number, then the Recognized Loss shall be \$0.

³ Pursuant to Section 21(D)(e)(1) of the PSLRA (15 U.S.C. § 78u-4(e)(1)), “the award of damages to the plaintiff shall not exceed the difference between the purchase...price paid...by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated.” The mean closing price of HUSA Stock during the 90-day period beginning on April 20, 2012 and ending on July 17, 2012 was \$1.58.

Pursuant to Section 21(D)(e)(2) of the PSLRA (15 U.S.C. § 78u-4(e)(2)), “if the plaintiff sells...the subject security prior to the expiration of the 90-day period described in paragraph (1), the plaintiff’s damages shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the security and the mean trading price of the security during the period beginning immediately after dissemination of information correcting the misstatement or omission and ending on the date on which the plaintiff sells or repurchases the security.”

Pursuant to Section 21(D)(e)(3) of the PSLRA (15 U.S.C. § 78u-4(e)(3)), the “mean trading price” of a security shall be an average of the daily trading price of that security, determined as of the close of the market each day during the 90-day period referred to in paragraph (1).

⁴ The first misstatement alleged by Plaintiffs occurred in HUSA’s SEC Form 8-K for the period ended November 9, 2009, filed prior to the opening of the market on November 10, 2009. Accordingly, there is no Recognized Loss for HUSA Stock purchased prior to the opening of the market on November 10, 2009.

- (2) and sold on April 19, 2012, the Recognized Loss per share is the minimum of:
- i. the amount of per-share price inflation on the date of purchase or acquisition as appears in Table 1 above, **minus** the amount of per-share price inflation on April 19, 2012 as appears in Table 1 above, which is \$0.33;
 - ii. the purchase/acquisition price **minus** the closing price of HUSA Stock on April 19, 2012, which is \$2.25. If this calculation results in a negative number, then the Recognized Loss shall be \$0; and
 - iii. the purchase/acquisition price **minus** the price at which the stock was sold or disposed of. If this calculation results in a negative number, then the Recognized Loss shall be \$0.
- (3) and sold from the opening of trading on April 20, 2012 through the close of trading on July 17, 2012 (*i.e.*, the end of the 90-day period following the Class Period), the Recognized Loss per share is the minimum of:
- i. the amount of artificial inflation per share on the date of purchase/acquisition as appears in Table 1 above;
 - ii. the purchase/acquisition price **minus** the “90-Day Look Back Value” on the date of sale/disposition provided in Exhibit A to this Notice. If this calculation results in a negative number, then the Recognized Loss shall be \$0; and
 - iii. the purchase/acquisition price **minus** the price at which the stock was sold or disposed of. If this calculation results in a negative number, then the Recognized Loss shall be \$0.
- (4) and held after the close of trading on July 17, 2012, the Recognized Loss per share is the minimum of:
- i. the amount of artificial inflation per share on the date of purchase/acquisition as appears in Table 1 above; and
 - ii. the purchase/acquisition price **minus** the average closing price of HUSA Stock during the 90 days following the Class Period, which is \$1.58. If this calculation results in a negative number, then the Recognized Loss shall be \$0.

HUSA Call Options and Put Options:

For Call Options and Put Options, in order to have a Recognized Loss, the options must have been held through at least one of the corrective disclosure dates, otherwise the Recognized Loss is \$0.00. Lead Plaintiffs’ damages experts have determined that corrective disclosures occurred on the following six dates: April 7, 2010, June 28, 2010, March 1, 2012, March 8, 2012, March 19, 2012, and April 19, 2012. Accordingly, the Recognized Loss is \$0.00 for options sold, repurchased, exercised or expired prior to April 7, 2010 (the earliest corrective disclosure date). In addition, with respect to Call Options, the Recognized Loss is \$0.00 for options acquired and then sold, exercised or expired between corrective disclosure dates (*i.e.*, acquired on or after a corrective disclosure date and then sold, exercised or expired before the subsequent corrective disclosure date). With respect to Put Options, the Recognized Loss is \$0.00 for options sold and then repurchased,

exercised or expired between corrective disclosure dates. For each option that was held through at least one corrective disclosure date, the Recognized Loss shall be calculated as follows:

For Call Options purchased or acquired on November 9, 2009, the Recognized Loss is \$0.

For Call Options purchased or acquired during the period November 10, 2009 through April 18, 2012, inclusive:

- (1) and subsequently sold or exercised, the Recognized Loss per option is equal to the purchase/acquisition price **minus** the price of the option on the date of sale/exercise.⁵ If this calculation results in a negative number, then the Recognized Loss shall be \$0.
- (2) and expired unexercised while still owned, the Recognized Loss per option is equal to the purchase/acquisition price.

No loss shall be recognized based on a sale or writing of any call option that was subsequently repurchased, exercised or expired.

For Put Options sold (written) on November 9, 2009, the Recognized Loss is \$0.

For Put Options sold during the period November 10, 2009 through April 18, 2012, inclusive:

- (1) and subsequently repurchased or exercised (*i.e.*, put to the Class Member), the Recognized Loss per option is equal to the price of the option on the repurchase/exercise date⁶ **minus** the sale price. If this calculation results in a negative number, then the Recognized Loss shall be \$0.
- (2) and expired unexercised, the Recognized Loss shall be \$0.00.

No loss shall be recognized based on a purchase of any put option that was subsequently sold, exercised or expired.

The Recognized Loss per share for “short sales” is \$0. In the event that there is a short position in HUSA Stock, the date of covering a “short sale” is deemed to be the date of purchase of the stock. The date of a “short sale” is deemed to be the date of sale of the stock. The earliest Class Period purchases shall be matched against such short position, and not be entitled to a recovery, until that short position is fully covered.

With respect to HUSA Stock purchased or sold through the exercise of an option, the purchase/sale date of the common stock is the exercise date of the option and the purchase/sale price of the Stock is the exercise price of the option. Any Recognized Loss arising from purchases of HUSA Stock acquired during the Class Period through the exercise of an option on HUSA Stock⁷ shall be computed as provided for other purchases of HUSA Stock in the Plan of Allocation.

⁵ For sold Call Options, the price of the option on the date of sale is the sale price. For exercised Call Options, the price of the option on the date of exercise shall be HUSA Stock closing price on the date of exercise minus the strike (exercise) price of the option.

⁶ For repurchased Put Options, the price of the option on the date of repurchase is the purchase price. For exercised Put Options, the price of the option on the date of exercise shall be the strike (exercise) price of the option minus HUSA Stock closing price on the date of exercise.

⁷ Including (1) purchases of HUSA Stock as the result of the exercise of a call option, and (2) purchases of HUSA Stock by the seller of a put option as a result of the buyer of such put option exercising that put option.

The foregoing Plan of Allocation is the plan that is being proposed to the Court for its approval by Lead Plaintiffs after their consultation with the damages experts.

Any Class Member who does not complete and submit a valid and timely Proof of Claim will not receive any distribution from the Net Settlement Fund (unless otherwise ordered by the Court), but will otherwise be bound by all of the terms of the Stipulation of Settlement, dated December 30, 2014 (the “Stipulation”).

Exhibit A

Sale/Disposition Date	Rolling Average Price during 90-day Look Back Period as of the Sale/Disposition Date
4/20/2012	\$2.08
4/23/2012	\$1.98
4/24/2012	\$1.90
4/25/2012	\$1.88
4/26/2012	\$1.97
4/27/2012	\$2.06
4/30/2012	\$2.09
5/1/2012	\$2.12
5/2/2012	\$2.14
5/3/2012	\$2.12
5/4/2012	\$2.09
5/7/2012	\$2.07
5/8/2012	\$2.04
5/9/2012	\$2.01
5/10/2012	\$2.00
5/11/2012	\$1.98
5/14/2012	\$1.95
5/15/2012	\$1.93
5/16/2012	\$1.92
5/17/2012	\$1.90
5/18/2012	\$1.88
5/21/2012	\$1.87
5/22/2012	\$1.86
5/23/2012	\$1.84
5/24/2012	\$1.84
5/25/2012	\$1.83
5/29/2012	\$1.83
5/30/2012	\$1.82
5/31/2012	\$1.81
6/1/2012	\$1.80
6/4/2012	\$1.79
6/5/2012	\$1.78
6/6/2012	\$1.78

Sale/Disposition Date	Rolling Average Price during 90-day Look Back Period as of the Sale/Disposition Date
6/7/2012	\$1.77
6/8/2012	\$1.77
6/11/2012	\$1.77
6/12/2012	\$1.76
6/13/2012	\$1.76
6/14/2012	\$1.75
6/15/2012	\$1.75
6/18/2012	\$1.74
6/19/2012	\$1.73
6/20/2012	\$1.73
6/21/2012	\$1.72
6/22/2012	\$1.72
6/25/2012	\$1.71
6/26/2012	\$1.70
6/27/2012	\$1.69
6/28/2012	\$1.68
6/29/2012	\$1.67
7/2/2012	\$1.66
7/3/2012	\$1.66
7/5/2012	\$1.65
7/6/2012	\$1.64
7/9/2012	\$1.63
7/10/2012	\$1.62
7/11/2012	\$1.61
7/12/2012	\$1.60
7/13/2012	\$1.59
7/16/2012	\$1.58
7/17/2012	\$1.58

INSTRUCTIONS APPLICABLE TO ALL CLAIMANTS

The payment you receive will reflect your proportionate share of the Net Settlement Fund. Such payment will depend on the number of eligible securities that participate in the Settlement, and when those securities were purchased and sold. The number of claimants who send in claims varies widely from case to case.

A purchase or sale of HUSA Stock shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date.

Acquisition by Gift, Inheritance, or Operation of Law: If a Class Member acquired HUSA securities during the Class Period by way of gift, inheritance or operation of law, such a claim will be computed by using the date and price of the original purchase and not the date and price of transfer. To the extent that HUSA securities were originally purchased prior to commencement of the Class Period, the Recognized Loss for that acquisition shall be deemed to be Zero (\$0.00).

Notwithstanding any of the above, receipt of HUSA Stock during the Class Period in exchange for securities of any other corporation or entity shall not be deemed a purchase or sale of HUSA Stock.

The first-in-first-out (“FIFO”) basis will be applied to purchases and sales. Sales will be matched in chronological order, by trade date, first against the securities held as of the close of trading on November 8, 2009 (the last day before the Class Period begins) and then against the purchases during the Class Period.

Class Members who do not submit a timely request for exclusion and do not submit an acceptable Proof of Claim by the deadline for submitting claims, will not share in the recovery, but nevertheless will be bound by the Settlement and the Judgment of the Court dismissing this Litigation.

Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement.

A Class Member may be eligible to receive a distribution from the Net Settlement Fund only if they had a net loss after all profits from transactions in HUSA Securities during the Class Period are subtracted from all losses. A Class Member’s net loss or gain is based on the difference between the total amount paid for all HUSA Securities acquired during the Class Period less the total proceeds received from sales of HUSA Securities during the Class Period, or for HUSA Stock held as of the end of the Class Period, less the holding value of such HUSA Stock, which shall be \$1.58 (the average closing price for HUSA Stock during the 90 days following the Class Period). Where sales of Stock during the Class Period have been applied against Stock held at the beginning of the Class Period, the proceeds of such sales will not be used in the calculation of such net loss. Gains and losses on both HUSA Stock and options on HUSA Stock will be combined and thereafter netted against each other. If, during the Class Period, a Class Member had a net loss in his, her or its trading in HUSA Stock and options, the Class Member’s Net Recognized Loss shall be limited to the Class Member’s net loss.

The Plan of Allocation is a matter separate and apart from the proposed Settlement, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed Settlement. The Plan of Allocation may be modified in connection with, among other things, a ruling by the Court on an objection filed by a Class Member, without further notice to the Class.

The Claims Administrator shall determine each Authorized Claimant’s *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant’s Recognized Loss. The Recognized Loss formula is not intended to be an estimate of the amount a Class Member might have been able to recover after a trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Loss formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants.

The date of purchases or sale is the “contract” or “trade” date as distinguished from the “settlement” date. Therefore, you need to list all your purchases of HUSA Stock during the period November 9, 2009 through April 18, 2012, inclusive and all your sales of HUSA Stock during the period November 9, 2009 through July 17, 2012. Each claimant is deemed to have submitted to the jurisdiction of the Court with respect to the claimant’s claim, and the claim will be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such

investigation and discovery shall be limited to that claimant's status as a Class Member and the validity and amount of that claimant's claim. No discovery shall be allowed on the merits of the Action.

Payments will be final and conclusive against all Class Members. All Class Members whose claims are not approved by the Court will be barred from participating in distributions from the Net Settlement Fund, but otherwise shall be bound by all of the terms of the Settlement, including the terms of the Order and Judgment to be entered in the Litigation and will be barred from bringing any settled claim against any Released Party, as detailed in the Notice and in the Stipulation, which is available on the Internet at www.HoustonAmericanSettlement.com or through the mail upon request to the Claims Administrator).

8. How can I get a payment?

To qualify for a payment, you must send in a form entitled "Proof of Claim and Release." This claim form accompanies this Notice. You may also obtain a claim form on the Internet at www.HoustonAmericanSettlement.com. Read the instructions carefully, fill out the form, sign it in the location indicated, and mail the claim form together with all documentation requested in the form, postmarked no later than July 30, 2015, to:

In re Houston American Energy Corp. Securities Litigation
c/o Heffler Claims Group
P.O. Box 58820
Philadelphia, Pa 19102-8820

The Claims Administrator will process your claim and determine whether you are an "Authorized Claimant."

9. How can I get more information?

You can get more information by contacting the Claims Administrator at 1-800-528-7199. A copy of the Stipulation of Settlement which has been filed with the Court and related documents can be found on the Claims Administrator's web site at www.HoustonAmericanSettlement.com. Copies of Lead Plaintiffs' motions for final approval of the Settlement and for an award of attorneys' fees and expenses will be posted on the Claim Administrator's website promptly after they have been filed with the Court.

10. What am I giving up to get a payment or stay in the Class?

Unless you exclude yourself, you will remain in the Class. That means that if the Settlement is approved, you and all Class Members will release (agreeing never to sue, continue to sue, or be part of any other lawsuit) all claims against Defendants, any of their current, former, or future parents, subsidiaries, affiliates, partners, joint venturers, officers, directors, principals, shareholders, members, agents (acting in their capacity as agents), employees, attorneys, insurers, reinsurers, advisors, accountants, associates, and/or any other individual or entity in which any Defendant has a controlling interest or which is related to or affiliated with any of the Defendants and the current, former, and future legal representatives, heirs, successors in interest, or assigns of the Defendants ("Released Parties") in connection with your transactions in HUSA Securities during the Class Period, except that you do not release the Released Parties from any claim or action to enforce the Settlement. It also means that all of the Court's orders will apply to you and legally bind you. If you sign the claim form, you are agreeing to the "Release of Claims" provided for in the Settlement, which will bar you from ever filing a lawsuit against any Released Party to recover losses from the acquisition or sale of HUSA Securities during the Class Period, except to enforce the Settlement. That

means you will accept a share in the Net Settlement Fund as sole compensation for any losses you have suffered in the acquisition and sale of HUSA Securities during the Class Period. **If you do not exclude yourself from the Settlement you will be considered to have agreed to the Release of Claims unless you exclude yourself from the Settlement by following the instructions in the answer to the following question.**

11. How do I get out of the Settlement?

If you do not want to receive a payment from this Settlement, and you want to keep the right to sue or continue to sue Defendants on your own based on the legal claims raised in this Class Action, then you must take steps to get out of the Settlement. This is called excluding yourself from -- or "opting out" of -- the Settlement. To exclude yourself from the Settlement, you must mail a letter stating you want to be excluded as a Class Member from *In re Houston American Energy Corp. Securities Litigation*, Master File No. 4:12-cv-01332 (Harmon, J.) Be sure to include your name, address, telephone number and your signature, along with an accurate list of all of your purchases and sales of HUSA Securities. You must mail your exclusion request, so that it is **received** no later than July 8, 2015, to:

In re Houston American Energy Corp. Securities Litigation
c/o Heffler Claims Group
P.O. Box 58820
Philadelphia, Pa 19102-8820

You cannot exclude yourself by telephone or by e-mail. If you properly exclude yourself, you will not receive a settlement payment, you cannot object to the Settlement and, you will not be legally bound by anything that happens in this Class Action.

12. If I do not exclude myself, can I sue Defendants for the same thing later?

No. Unless you exclude yourself, you give up any right to sue Defendants for the claims that this Settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately, since you may have to exclude yourself from this Class to continue your own lawsuit.

13. Do I have a lawyer in this case?

The Court appointed Federman & Sherwood and Pomerantz LLP to represent you and the other Class Members. These lawyers are called Lead Counsel or Class Counsel. If you want to be represented by your own lawyer, you may hire one at your own expense. Contact information for Class Counsel is provided in the response to question 15, below.

14. How will the lawyers be paid?

Class Counsel and counsel working under their direction have expended considerable time litigating this action on a contingent fee basis, and have paid for the expenses of the litigation themselves with the expectation that if they are successful in recovering money for the Class, they will receive attorneys' fees and be reimbursed for their litigation expenses from the Settlement Fund, as is customary in this type of litigation. Class Counsel will not receive attorneys' fees or be reimbursed for their litigation expenses except from the Settlement Fund. Therefore, Class Counsel will file a motion asking the Court at the Settlement Hearing to make an award of attorneys' fees in an amount not to exceed one-third of the Settlement amount, for reimbursement of reasonable litigation expenses not to exceed \$115,000. The Court may award less than these amounts. Any amounts awarded by the Court will come out of the Settlement Fund.

15. How do I tell the Court that I do not like the Settlement or any part of it?

You can tell the Court you do not agree with the Settlement, any part of it, including the proposed Plan of Allocation or the proposed award of attorneys’ fees and expenses to Class Counsel or the proposed reimbursement awards to Lead Plaintiffs by mailing a letter stating that you object to the Settlement in: *In re Houston American Energy Corp. Securities Litigation*, Master File No. 4:12-cv-01332 (Harmon, J.). Be sure to include your name, address, telephone number, your signature, a list of your purchases and sales of HUSA Securities in order to show your membership in the Class, and all of the reasons you object to the Settlement. Be sure to mail the objections to the four different places listed below, so that it is **received** no later than July 8, 2015, so the Court will consider your views:

COURT	PLAINTIFFS’ COUNSEL	DEFENSE COUNSEL
Clerk of the Court United States District Court Southern District of Texas P.O. Box 61010 Houston, TX 77208	Murielle Steven Walsh, Esq. Star M. Tyner, Esq. Pomerantz LLP 600 Third Avenue, 20 th Floor New York, New York 10016 Email: mjsteven@pomlaw.com and William B. Federman, Esq. 10205 North Pennsylvania Ave. Oklahoma City, OK 73120 Telephone: (405) 235-1560 Facsimile: (405) 239-2112 wbf@federmanlaw.com <i>Lead Counsel for Lead Plaintiffs</i>	Gerard G. Pecht, Esq. State Bar No. 15701800 Fulbright Tower 1301 McKinney, Suite 5100 Houston, TX 77010-3095 Telephone: (713) 651-5151 Facsimile: (713) 651-5246 gerard.pecht@nortonrosefulbrigh.com <i>Counsel for Defendants</i>

16. What is the difference between objecting and requesting exclusion?

Objecting is simply telling the Court you do not like something about the Settlement. You can object only if you stay in the Class. Requesting exclusion is telling the Court you do not want to be part of the Class and Settlement. If you exclude yourself, you cannot object to the Settlement because it no longer concerns you.

17. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Settlement Hearing on July 29, 2015, at 10:00 a.m., at the United States District Court for the Southern District of Texas, 515 Rusk Avenue, Houston, Texas, 77002, Courtroom 9C, 9th Floor.

At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate and whether to approve the Settlement. If there are objections, the Court will consider them, and the Court will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay Class Counsel for attorneys’ fees and expenses and whether and how much to award Lead Plaintiffs as reimbursement awards. The Court may adjourn or postpone the date of the hearing without further notice to the Class.

18. Do I have to come to the hearing?

No. Class Counsel will answer any questions the Court may have. However, you are welcome to attend at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mail your written objection on time, the Court will consider it. If, however, you, or an attorney you hire, intend to appear at the Settlement Hearing you must indicate that you will do so in the letter containing your objections or in a separate letter which must be sent to the same persons by the same deadline.

19. What happens if I do nothing at all?

If you do nothing, you will not receive a payment from the Settlement. However, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Defendants about the claims made in this case ever again if the Settlement is Approved.

DATED: May 1, 2015.

BY ORDER OF THE UNITED STATES DISTRICT
COURT FOR THE SOUTHERN DISTRICT OF TEXAS