ROK RESOURCES

INTERIM CONDENSED FINANCIAL STATEMENTS

JUNE 30, 2024

ROK RESOURCES INC.

INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

(Unaudited, expressed in Canadian Dollars)	**June 30, 2024**	December 31, 2023
Assets		
Current Assets		
Accounts receivable (Note 11)	**12,439,856**	13,021,111
Prepaids and deposits	**347,352**	364,090
Risk management contracts (Note 11)	**-**	4,521,075
	12,787,208	17,906,276
Non-current Assets		
Property, plant and equipment (Note 3)	**140,177,958**	144,684,677
Exploration and evaluation assets (Note 4)	**379,334**	495,192
Investment in lithium exploration project (Note 8)	**2,369,264**	1,981,275
	155,713,764	165,067,420
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	**17,924,739**	17,560,130
Current portion of lease liability	**92,658**	99,810
Risk management contracts (Note 11)	**1,634,514**	-
	19,651,911	17,659,940
Non-current Liabilities		
Non-current portion of debt (Note 5)	**9,759,340**	14,083,639
Non-current portion of lease liability	**309,773**	356,131
Decommissioning obligations (Note 6)	**17,908,630**	17,660,569
Deferred income tax	**11,934,214**	13,875,338
	59,563,868	63,635,617
Shareholders' Equity		
Share capital (Note 7a)	**28,052,555**	28,052,264
Warrants (Note 7b)	**4,562,166**	4,562,207
Contributed surplus (Note 7c)	**3,535,820**	3,287,226
Retained earnings	**59,999,355**	65,530,106
	96,149,896	101,431,803
	155,713,764	165,067,420

Subsequent events (Note 13)

See accompanying notes to the interim condensed financial statements.

ROK RESOURCES INC.

INTERIM CONDENSED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

For the three and six months ended June 30

(Unaudited, expressed in Canadian Dollars)	**Three months ended** **2024**	2023	**Six months ended** **2024**	2023
Revenue:				
Oil and natural gas sales (Note 9)	**21,742,281**	17,737,937	**42,673,516**	41,875,450
Royalties	**(3,782,175)**	(3,788,007)	**(7,737,218)**	(8,559,392)
Oil and natural gas sales, net of royalties	**17,960,106**	13,949,930	**34,936,298**	33,316,058
Realized gain (loss) on commodity contracts (Note 11)	**(65,261)**	2,459,098	**860,756**	5,125,545
Unrealized gain (loss) on commodity contracts (Note 11)	**920,020**	1,157,330	**(6,155,589)**	2,849,167
Processing and other income	**647,195**	260,805	**1,509,273**	995,536
Total revenue and other income	**19,462,060**	17,827,163	**31,150,738**	42,286,306
Expenses and other items:				
Operating expenses	**11,555,289**	9,770,012	**22,279,328**	19,241,548
General and administrative	**1,144,394**	1,435,804	**2,389,980**	2,729,676
Business development	**-**	72,742	**-**	356,228
Gain on dispositions	**-**	-	**-**	(5,144,652)
Stock-based compensation (Note 7c)	**78,568**	209,496	**248,594**	661,116
Depletion and depreciation (Note 3)	**5,680,125**	4,908,839	**11,843,836**	11,802,189
Loss on debt settlement	**-**	-	**-**	7,320,119
Net finance expense (Note 10)	**929,442**	1,862,824	**1,826,004**	5,548,192
Foreign exchange loss (gain)	**60,605**	(48,731)	**34,871**	(391,971)
Total expenses and other items	**19,448,423**	18,210,986	**38,622,613**	42,122,445
Income (loss) before income taxes	**13,637**	(383,823)	**(7,471,875)**	163,861
Deferred income tax expense (recovery)	**(67,866)**	(57,285)	**(1,941,124)**	227,608
Net income (loss) and comprehensive income (loss)	**81,503**	(326,538)	**(5,530,751)**	(63,747)
Net income (loss) per share (Note 7d)				
Basic	**0.00**	(0.00)	**(0.03)**	(0.00)
Diluted	**0.00**	(0.00)	**(0.03)**	(0.00)

See accompanying notes to the interim condensed financial statements.

ROK RESOURCES INC.

INTERIM CONDENSED STATEMENTS OF CASH FLOWS

For the three and six months ended June 30

	Three months ended		Six months ended	
(Unaudited, expressed in Canadian Dollars)	**2024**	2023	**2024**	2023
Cash flows provided by (used in):				
Operating activities				
Net income (loss)	**81,503**	(326,538)	**(5,530,751)**	(63,747)
Adjustments for:				
Gain on dispositions	**-**	-	**-**	(5,144,652)
Unrealized loss (gain) on commodity contracts (Note 11)	**(920,020)**	(1,157,330)	**6,155,589**	(2,849,167)
Depletion and depreciation (Note 3)	**5,680,125**	4,908,839	**11,843,836**	11,802,189
Stock-based compensation (Note 7c)	**78,568**	209,496	**248,594**	661,116
Unrealized foreign exchange loss (gain)	**59**	45,917	**(862)**	(393,044)
Loss on debt settlement	**-**	-	**-**	7,320,119
Net finance expense (Note 10)	**929,442**	1,862,824	**1,826,004**	5,548,192
Net interest expense paid	**(408,146)**	(370,035)	**(787,114)**	(2,200,892)
Abandonment costs paid (Note 6)	**(372,780)**	(160,326)	**(471,069)**	(268,284)
Deferred income tax expense (recovery)	**(67,866)**	(57,285)	**(1,941,124)**	227,608
Change in non-cash working capital (Note 12)	**1,483,321**	4,411,159	**(683,172)**	(216,762)
	6,484,206	9,366,721	**10,659,931**	14,422,676
Investing activities				
Acquisitions	**(232,568)**	-	**(232,568)**	(22,297,528)
Expenditures on property, plant and equipment	**(5,275,862)**	(3,559,136)	**(7,094,622)**	(9,004,786)
Proceeds on property, plant and equipment disposals	**-**	1,128,497	**-**	45,342,352
Expenditures on lithium exploration project (Note 8)	**(139,283)**	(366,553)	**(387,989)**	(557,142)
Change in non-cash working capital (Note 12)	**1,962,814**	(798,660)	**1,645,774**	(562,582)
	(3,684,899)	(3,595,852)	**(6,069,405)**	12,920,314
Financing activities				
Proceeds on debt financing, net of costs	**-**	-	**-**	64,887,714
Proceeds on warrant exercises (Note 7b)	**-**	790,790	**250**	1,123,290
Proceeds on option exercises	**-**	-	**-**	20,834
Debt principal payments	**-**	(7,143,533)	**-**	(52,500,000)
Senior Loan Facility payout	**-**	-	**-**	(42,896,705)
Amounts (paid) drawn on Credit Facility	**(2,763,137)**	750,000	**(4,519,416)**	750,000
Change in restricted cash	**-**	-	**-**	1,908,475
Lease payments	**(36,111)**	(8,791)	**(72,222)**	(12,551)
	(2,799,248)	(5,611,534)	**(4,591,388)**	(26,718,943)
Foreign exchange gain (loss) on cash and cash equivalents	**(59)**	(45,919)	**862**	(47,424)
Increase in cash and cash equivalents	**-**	113,416	**-**	576,623
Cash and cash equivalents, beginning of period	**-**	5,722,088	**-**	5,258,881
Cash and cash equivalents, end of period	**-**	5,835,504	**-**	5,835,504

See accompanying notes to the interim condensed financial statements.

ROK RESOURCES INC.

INTERIM CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited, expressed in Canadian Dollars)	**Number of Shares**	**Share Capital**	**Warrants**	**Contributed Surplus**	**Retained Earnings**	**Total**
Balance at December 31, 2023	218,418,315	28,052,264	4,562,207	3,287,226	65,530,106	101,431,803
Net loss	-	-	-	-	(5,530,751)	(5,530,751)
Warrant exercises	1,000	291	(41)	-	-	250
Stock-based compensation	-	-	-	248,594	-	248,594
Balance at June 30, 2024	**218,419,315**	**28,052,555**	**4,562,166**	**3,535,820**	**59,999,355**	**96,149,896**
Balance at December 31, 2022	211,580,484	25,853,185	5,050,223	2,087,123	76,517,040	109,507,571
Net loss	-	-	-	-	(63,747)	(63,747)
Warrant exercises	3,209,400	1,270,463	(147,173)	-	-	1,123,290
Stock option exercises	83,333	34,566	-	(13,732)	-	20,834
Warrant expiries	-	-	(196,757)	196,757	-	-
Stock-based compensation	-	-	-	661,116	-	661,116
Balance at June 30, 2023	214,873,217	27,158,214	4,706,293	2,931,264	76,453,293	111,249,064

See accompanying notes to the interim condensed financial statements.

1. REPORTING ENTITY

ROK Resources Inc. ("ROK" or the "Company") is a public company that is engaged in oil and gas exploration and development activities in Western Canada. The Company's head offices are located in Regina, Saskatchewan, Canada and Calgary, Alberta, Canada, and the Company's shares are listed and publicly traded on the TSX Venture Exchange (the "Exchange") under the trading symbol "ROK".

2. BASIS OF PRESENTATION

These interim condensed financial statements (the "Financial Statements") have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" under IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS").

These Financial Statements follow the same accounting policies and method of computation as the Company's annual audited financial statements for the year ended December 31, 2023, with the exception of certain disclosures that are normally required to be included in annual financial statements which have been condensed or omitted.

On January 1, 2024, the Company adopted amendments to IAS 1 *Presentation of financial statements* regarding classification of liabilities as current or non-current. The amendment clarifies that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. These amendments to IAS 1 did not have a material impact on the Company's financial statements.

These Financial Statements should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2023. These Financial Statements were approved and authorized for issuance by the Company's Board of Directors on August 20, 2024.

3. PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment ("PP&E") consist of development and production assets ("D&P") and right-of-use leased assets ("ROU"). D&P include the Company's interests in developed petroleum and natural gas properties, and interests in infrastructure such as facilities and pipelines. PP&E consist of the following amounts:

Cost	**D&P**	**ROU**	**Total**
Balance, December 31, 2023	179,516,536	499,788	180,016,324
Additions	7,094,622	-	7,094,622
Transfers from exploration and evaluation	115,858	-	115,858
Acquisitions	232,568	-	232,568
ARO Additions	211,409	-	211,409
Change in decommissioning provisions	(317,340)	-	(317,340)
Balance, June 30, 2024	**186,853,653**	**499,788**	**187,353,441**
Accumulated Depletion & Depreciation			
Balance, December 31, 2023	35,282,039	49,608	35,331,647
Depletion & depreciation	11,779,866	63,970	11,843,836
Balance, June 30, 2024	**47,061,905**	**113,578**	**47,175,483**
Net Carrying Amount			
Balance, December 31, 2023	144,234,497	450,180	144,684,677
Balance, June 30, 2024	**139,791,748**	**386,210**	**140,177,958**

Future development costs in the amount of $179.8 million (December 31, 2023 - $184.7 million) were included in the depletion calculated for the period ended June 30, 2024.

4. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation ("E&E") assets consist of the following amounts:

Balance, December 31, 2023	495,192
Transferred to property, plant and equipment	(115,858)
Balance, June 30, 2024	**379,334**

The Company's E&E assets represent the recognized acquisition value and subsequent costs incurred in relation to the undeveloped land interests on which it intends to conduct petroleum and natural gas exploratory work. At June 30, 2024, there were no indicators of impairment.

5. DEBT

The Company maintains a $22.5 million revolving credit facility with a syndicate of banks (the "Credit Facility"). At June 30, 2024, the amount drawn on the Credit Facility was $10.0 million. A review and redetermination of the borrowing base is scheduled to occur semi-annually on or before June 30 and November 30 of each year. The facility is available on a revolving basis until June 30, 2025 (the "Term Out Date"), at which time the facility (and the Term Out Date) may be extended for a further one-year period at the request of the Company and subject to the approval of the syndicate. Such one-year extensions may continue to occur on each subsequent Term Out Date, subject to the approval of the syndicate. Alternatively, on the Term Out Date, at the Company's discretion, the facility is available on a non-revolving basis for an additional one-year period, at the end of which time the facility would be due and payable. As the available lending limits of the facility are based on the syndicate's interpretation of the Company's reserves, commodity prices and decommissioning obligations, there can be no assurance that the amount of the available facility will not decrease at the next scheduled review.

The Credit Facility provides that advances may be made by way of direct advances, CORRA loans or letters of credit/guarantees. The facility bears interest at the bank's prime lending or CORRA rates plus applicable margins. The applicable margin charged by the bank is dependent upon the Company's debt to cash flow ratio (as defined in the lending agreement) for the most recent quarter. The CORRA loans bear interest at the prevailing CORRA rate plus an explicit stamping fee based upon the Company's debt to cash flow ratio. For the six months ended June 30, 2024, the Credit Facility had an effective interest rate of 8.9% per annum. The Credit Facility is secured by a floating charge debenture on the assets of the Company.

A summary of outstanding debt as at June 30, 2024, is as follows:

Credit Facility	
Total commitment	22,500,000
Amount drawn	9,982,332
Amount drawn, net of unamortized issue costs	9,759,340
Current portion	-
Non-current portion	9,759,340

The Company is required to maintain certain debt covenants throughout the term of the Credit Facility, as follows:

- Maintain a minimum liability management rating of 2.00 in the Provinces of Alberta and Saskatchewan and a minimum licensee liability rating of 1.00 in the Province of British Columbia.
- Maintain oil and gas price hedges on a minimum of 75% of Company oil and gas production for a period of not less than 12 months. Please refer to Note 11 for oil and gas price hedges held by the Company as of the date of these Financial Statements.
- Establish one-time oil and gas price hedges on 25% of Company oil and gas production for the months of July 2025 through June 2026 with such hedges eventually forming part of the 12-month rolling oil and gas price

hedges on a minimum of 75% of Company oil ad gas production mentioned above as time transpires. Please refer to Note 11 for oil and gas price hedges held by the Company as of the date of these Financial Statements.
- Make expenditures of not less than $2,000,000 during each fiscal year toward asset retirement and abandonment and reclamation liabilities.
- Maintain a debt to cash flow ratio (as defined in the lending agreement) of less than 2.00. As of June 30, 2024, the Company's debt to cash flow ratio was 0.50 : 1.

As at June 30, 2024, the Company was compliant with all restrictions and covenants for the Credit Facility.

6. DECOMMISSIONING OBLIGATIONS

Decommissioning obligations arise as a result of the Company's net ownership interests in petroleum and natural gas assets including well sites, processing facilities and infrastructure. The following table provides a reconciliation of the carrying amount of the obligation associated with the retirement of oil and gas properties:

Balance, December 31, 2023	17,660,569
Change in estimate	(317,340)
Net additions	211,409
Accretion expense	825,061
Liabilities settled	(471,069)
Balance, June 30, 2024	**17,908,630**

At June 30, 2024, the total estimated amount to settle ROK's decommissioning obligations on an uninflated and undiscounted basis was $64.3 million (December 31, 2023 - $63.9 million) and on an inflated and undiscounted basis was $95.5 million (December 31, 2023 - $95.9 million). The inflated, undiscounted future value of decommissioning obligation was determined by applying an inflation factor of 2.0% (2023 – 2.0%), and subsequently discounting the inflated amount using the Company credit-adjusted rate of 12.0% (2023 – 12.0%) to arrive at the balance of $17.9 million. These costs are expected to be incurred over the next 20 years.

There are material uncertainties about the amount and timing of the decommissioning obligations, which include the future market prices for services and equipment required to undertake decommissioning activities, the government regulations and industry practices that set out the relevant standards, and the lifespan of the Company's portfolio of exploration and production assets.

7. SHARE CAPITAL

a) Common shares

At June 30, 2024, the Company was authorized to issue an unlimited number of Class B Shares, with no par value, with holders of Class B Shares entitled to one vote per share and to dividends, if declared. Outstanding Class B Shares as of June 30, 2024, are as follows:

	Class B shares	Amount
Balance, January 1, 2023	211,580,484	25,853,185
Stock option exercise	603,333	146,180
Warrant exercise	6,234,498	2,052,899
Balance, December 31, 2023	218,418,315	28,052,264
Warrant exercise	1,000	291
Balance, June 30, 2024	**218,419,315**	**28,052,555**

b) Warrants

The Company has issued and outstanding warrants exercisable to acquire Class B Shares of the Company that were issued as part of particular financings carried out over time. A summary of the changes in warrants is presented below:

	Warrants	Weighted average exercise price
Balance, December 31, 2022	122,434,426	0.26
Warrant exercise	(4,721,949)	0.35
Warrant expiries	(4,570,600)	0.35
Balance, December 31, 2023	113,141,877	0.25
Warrant exercise	(1,000)	0.25
Balance, June 30, 2024	**113,140,877**	**0.25**

The following summarizes information about total warrants outstanding as at June 30, 2024:

Exercise prices	Number of warrants outstanding	Weighted average term to expiry (years)	Number of warrants exercisable
0.25	113,140,877	0.68	113,140,877

c) Stock options

The Company has a stock option plan whereby options can be granted from time to time to directors, officers, employees and consultants at the discretion of the Board of Directors. The number of options that can be granted is limited to 10% of the total shares issued and outstanding. Options issued typically vest one-third on the date of the grant, one-third after one year following the date of the grant, and one-third after two years following the grant date. Options issued expire five years following the date of the grant.

A summary of the changes in stock options is presented below:

	Stock options	Weighted average exercise price
Balance, December 31, 2022	18,763,333	0.25
Options issued	1,775,000	0.39
Options exercised	(603,333)	0.15
Options forfeited	(75,000)	0.40
Balance, December 31, 2023	19,860,000	0.27
Options issued	450,000	0.30
Balance, June 30, 2024	**20,310,000**	**0.27**
Exercisable, June 30, 2024	**18,601,663**	**0.26**

The following summarizes information about stock options outstanding as at June 30, 2024:

Exercise prices	Number of options outstanding	Weighted average term to expiry (years)	Number of options exercisable
0.15	1,600,000	0.43	1,600,000
0.25	10,260,000	2.73	10,260,000
0.28	4,050,000	2.06	4,050,000
0.30	1,900,000	3.56	1,116,668
0.35	1,075,000	3.55	625,000
0.40	1,425,000	3.67	949,995
	20,310,000	**2.60**	**18,601,663**

For the three and six months ended June 30, 2024, the Company recognized $78,568 and $248,594 (June 30, 2023 - $209,496 and $661,116) in stock-based compensation expense, respectively. Recognized stock-based compensation is recorded as an expense and as contributed surplus.

d) Net income (loss) per share

The table below summarizes the weighted average ("WA") number of common shares outstanding used in the calculation of net income (loss) per share for the three and six months ended June 30, 2024 and 2023:

	Three months ended		Six months ended	
	2024	**2023**	**2024**	**2023**
WA common shares outstanding, basic	218,419,315	214,382,652	218,418,831	213,156,298
Dilutive effect of stock options	2,327,243	-	-	-
Dilutive effect of warrants	15,605,639	-	-	-
WA common shares outstanding, diluted	236,352,197	214,382,652	218,418,831	213,156,298
Net income (loss)	81,503	(326,538)	(5,530,751)	(63,747)
$ per common share, basic	0.00	(0.00)	(0.03)	(0.00)
$ per common share, diluted	0.00	(0.00)	(0.03)	(0.00)

The Company uses the treasury stock method to determine the impact of dilutive securities. Under this method, only "in-the-money" dilutive instruments impact the calculation of diluted net income per share. The treasury stock method assumes that the proceeds received from the exercise of all potentially dilutive instruments are used to repurchase common shares at the average market price during the period.

In computing diluted net income per share for the three months ended June 30, 2024, a total of 4,400,000 stock options were excluded as their impact was anti-dilutive to the net income per share determined for the period. For the six months ended June 30, 2024, 20,310,000 stock options and 113,140,877 warrants were excluded as their impact was anti-dilutive to the net loss per share determined for the period. For the three and six months ended June 30, 2023, 20,105,000 stock options and 114,904,426 warrants were excluded as their impact was anti-dilutive to the net loss per share determined for each respective period.

8. LITHIUM EXPLORATION PROJECT

In July 2021, the Company entered into an exploration management agreement wherein the Company was issued a 25% interest in a private entity (the "Investee") which currently holds certain Subsurface Mineral Dispositions in Saskatchewan, with a focus on potential lithium resource prospects.

The Company's interest in the Investee is accounted for using the equity method. As of June 30, 2024, expenditures reported by the Company's partner for project activities had reached a total of $11.0 million (December 31, 2023 - $9.4 million), with the Company's financial contribution towards the project activities equating to $2.4 million (December 31, 2023 - $2.0 million).

9. REVENUE

The following table presents the Company's oil and natural gas revenue disaggregated by product type for the three and six months ended June 30, 2024 and 2023:

	Three months ended		Six months ended	
	2024	2023	2024	2023
Oil sales	18,949,690	14,290,245	35,472,755	33,829,222
NGL sales	1,739,445	1,407,751	3,819,212	3,581,770
Natural gas sales	1,053,146	2,039,941	3,381,549	4,464,458
Total	**21,742,281**	**17,737,937**	**42,673,516**	**41,875,450**

As at June 30, 2024, receivables from contracts with customers, which are included in accounts receivable, were $7,264,613 (December 31, 2023 - $7,756,737).

10. NET FINANCE EXPENSE

The components of net finance expense for the periods ended June 30, 2024 and 2023, are as follows:

	Three months ended		Six months ended	
	2024	2023	2024	2023
Interest income	(740)	(39,171)	(1,423)	(51,495)
Interest expenses and bank charges	136,823	103,822	141,438	143,531
Debt interest expense	272,063	305,384	647,099	2,108,856
Lease liability interest expense	9,072	1,221	18,712	1,662
Accretion on debt	97,558	975,863	195,117	2,371,188
Accretion on decommissioning obligations	414,666	515,705	825,061	974,450
Total net finance expense	**929,442**	**1,862,824**	**1,826,004**	**5,548,192**

11. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks, and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk reflects the risk of loss if counterparties do not fulfill their contractual obligations and arises principally from the Company's receivables from joint operations partners and petroleum and natural gas customers. In determining the recoverability of trade and other receivables, the Company considers the type and age of the outstanding receivables, the credit risk of the counterparties, and the recourse available to the Company. The maximum exposure to credit risk for accounts receivable and accruals, net of expected credit loss at the reporting date by type of customer was:

Carrying Amount	June 30, 2024	December 31, 2023
Oil and natural gas customers	7,264,613	7,756,737
Joint operations partners	5,113,495	4,237,670
Accruals and other	61,748	1,026,704
Total	**12,439,856**	**13,021,111**

The Company applies the simplified approach to providing for expected credit losses as prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable and accrued receivables. The expected credit losses below also incorporate forward looking information.

Aging	June 30, 2024	December 31, 2023
0 - 30 days	8,436,408	10,011,741
30 - 90 days	947,223	1,561,514
Greater than 90 days	3,250,062	1,656,763
Expected credit loss	(193,837)	(208,907)
Total	**12,439,856**	**13,021,111**

The Company considers amounts outstanding greater than 90 days to be at greater risk of being uncollectible, unless circumstances on particular balances provide certainty of collection. Receivables normally collectible within 30 to 60 days can take longer as information requests and timing can come into effect in dealing with receivables from joint venture partners. At June 30, 2024, there were $193,837 in receivables which were considered uncollectible (December 31, 2023 - $208,907).

Liquidity risk

The table below outlines the contractual maturities of the Company's financial liabilities as at June 30, 2024:

	Less than 1 year	1-2 years	Thereafter	Total
Accounts payable	17,924,739	-	-	17,924,739
Credit Facility	-	9,982,332	-	9,982,332
Lease obligations (1)	123,766	126,308	225,099	475,173
	18,048,505	**10,108,640**	**225,099**	**28,382,244**

1) Reflects timing of lease payments on existing lease obligations

Commodity price risk

Commodity price risk is the risk that the fair value of the future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices have fluctuated widely in recent years due to global and regional factors including supply and demand fundamentals, inventory levels, weather and economic and geopolitical factors.

The Company manages risk associated with the changes in commodity prices by entering into a variety of risk management contracts. The Company assesses the effects of movement in commodity prices on income before tax.

As of June 30, 2024, the Company has the following commodity risk management contracts outstanding:

Derivative swap contracts [(1)(2)]

	WTI Crude		AECO[(3)]		Propane	
Period	*Volumes (bbl/d)*	*USD/bbl*	*Volumes (mmbtu/d)*	*USD/ mmbtu*	*Volumes (gal/d)*	*USD/gal*
Q3 2024	1,537	75.04	6,500	2.03	2,079	0.76
Q4 2024	1,539	74.48	5,397	2.13	-	.
Q1 2025	1,200	72.57	5,000	2.42	-	-
Q2 2025	696	73.39	3,488	2.04	-	-

1) Prices reported are the average price for the period.
2) Swaps include trades in USD and CAD. Canadian swaps are converted from CAD to USD at a rate of 0.75.
3) Includes Henry Hub swaps, AECO differential swaps and AECO swaps.

Subsequent to June 30, 2024, the Company entered into additional risk management contracts for 2025 and 2026 periods. See Note 13 for further details.

Foreign currency risk

The Company is exposed to the risk of fluctuations in foreign exchange rates between the Canadian dollar and the US dollar given the risk of changes in the USD/CAD exchange rate on crude oil sales based on USD benchmark prices and certain commodity contracts that are settled in USD (see above).

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in prevailing market interest rates. The Company is exposed to interest rate risk on the Credit Facility, with interest rates based on the bank's prime lending or CORRA rates plus applicable margins. The applicable margin charged by the bank is dependent upon the Company's debt to cash flow ratio for the most recent quarter. Fluctuations of interest rates could result in an increase or decrease in the amount ROK pays to service the variable interest rate debt.

As at June 30, 2024, if interest rates applicable to the Credit Facility were to have increased or decreased by 50 basis points, it is estimated that the Company’s income before tax would similarly change by approximately $37,000 for the year three and six months ended June 30, 2024.

Fair value of financial instruments

The Company’s financial instruments as at June 30, 2024, include accounts receivable, risk management contracts, accounts payable and accrued liabilities, and debt.

The Company’s financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in accordance with the following hierarchy:

Level 1 - inputs are based on quoted market prices in active markets that the Company has the ability to access at the measurement date.

Level 2 - inputs are based on quoted prices in the markets that are not active or based on prices that are observable for the asset or liability.

Level 3 - inputs are based on unobservable market data for the asset or liability.

The Company aims to maximize the use of observable inputs when preparing calculations of fair value. Classification of each measurement into the fair value hierarchy is based on the lowest level of input that is significant to the fair value calculation.

The fair value of accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to their short terms to maturity. The fair value measurement of the risk management contracts and debt have a fair value hierarchy of Level 2.

The fair values of financial derivatives are recurring measurements and are determined whenever possible based on observable market data. If not available, the Company uses third party models and valuation methodologies that utilize observable market data including forward benchmark commodity prices, forward interest rates and forward foreign exchange rates to estimate the fair value of financial derivatives. In addition to market information, the Company incorporates transaction specific details that market participants would utilize in a fair value measurement, including the impact of non-performance risk. The valuation technique used has not changed in the period.

Capital management

The Company's objectives when managing capital are to ensure the Company will have sufficient financial capacity, liquidity, and flexibility to fund the Company's operations and potential strategic transactions for the foreseeable future. The Company is dependent upon funding these activities through a combination of available cash, debt and equity, which it considers to be the components of its capital structure as outlined below.

The Company monitors leverage and adjusts its capital structure based on its net debt level. Net debt is defined as the principal amount of its outstanding long-term obligations less adjusted working capital. In order to facilitate the management of its net debt, the Company prepares annual budgets, which are updated as necessary depending on varying factors including current and forecast commodity prices, changes in capital structure, execution of the Company's business plan and general industry conditions. The annual budget is approved by the Board of Directors and updates are prepared and reviewed as required.

	June 30, 2024	**December 31, 2023**
Accounts receivable	12,439,856	13,021,111
Prepaids and deposits	347,352	364,090
Current portion of risk management contracts	(1,634,514)	4,521,075
Accounts payable	(17,924,739)	(17,560,130)
Adjusted working capital (2)	**(6,772,045)**	**346,146**
Credit Facility (8.4%) (1)	9,982,332	14,501,748
Lease obligations (1)	475,173	545,851
Less: adjusted working capital (2)	6,772,045	(346,146)
Net debt	**17,229,550**	**14,701,453**

1) Represents undiscounted face value of debt balances and lease obligations outstanding as of each respective date presented.
2) Calculation of adjusted working capital excludes current portion of debt and lease liabilities as presented on the statement of financial position. The mark-to-market fair value of the current portion of risk management contracts is included within adjusted working capital.

The Company regularly monitors its capital structure and, as necessary, adjusts to changing economic circumstances and the underlying risk characteristics of its assets in order to meet current and upcoming obligations and investments by the Company. The Company frequently reviews alternate financing options and arrangements to meet its current and upcoming commitments and obligations.

The Company's objectives when managing capital are: (i) to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and (ii) to maintain investor, creditor and market confidence in order to sustain the future development of the business. The Company's share capital is not subject to external restrictions with the exception of lender approval on payment of dividends.

12. SUPPLEMENTAL CASH FLOW INFORMATION

For the periods ended June 30	Three months ended		Six months ended	
	2024	2023	2024	2023
Accounts receivable	(19,683)	4,053,751	581,255	125,124
Prepaids and deposits	233,502	3,129,235	16,738	128,545
Accounts payable and accrued liabilities	3,232,316	(3,570,487)	364,609	(1,033,013)
Change in non-cash working capital	**3,446,135**	**3,612,499**	**962,602**	**(779,344)**
Relating to:				
Operating activities	1,483,321	4,411,159	(683,172)	(216,762)
Investing activities	1,962,814	(798,660)	1,645,774	(562,582)
Change in non-cash working capital	**3,446,135**	**3,612,499**	**962,602**	**(779,344)**

13. SUBSEQUENT EVENTS

Lithium Transaction

In August 2024, the Company entered into a Share Exchange Agreement with EMP Metals Corp. ("EMP Metals"), effective August 1, 2024 (the "Share Exchange Agreement") wherein ROK exchanged its 25% ownership interest in the Investee, known as Hub City Lithium Corp. ("HCL"), in return for 17,085,000 common shares of EMP Metals, a public entity which trades on the Canadian Securities Exchange under the trading symbol "EMPS". The Company also entered into a Management Agreement with HCL after effect of the Share Exchange Agreement wherein the Company will continue to manage and administer the operational objectives of HCL in return for an additional 1,840,000 common shares of EMP Metals in renumeration for an initial one year period of management services with an option to renew the Management Agreement for an additional six months at a stipulated monthly fee paid in cash.

The EMP common shares to be received by ROK as a result of the aforementioned transactions are subject to escrow provisions that were agreed upon in each of the Share Exchange Agreement and the Management Agreement. Under the escrow provisions, 50% of the EMP common shares received are to be released from escrow 24 months from closing and the remaining 50% are to be released 36 months from closing.

Commodity Risk Management Contracts

The Company entered into the following commodity risk management contracts subsequent to June 30, 2024:

Derivative swap contracts (1)(2)

	WTI Crude		AECO(3)		Propane	
Period	*Volumes (bbl/d)*	*USD/bbl*	*Volumes (mmbtu/d)*	*USD/ mmbtu*	*Volumes (gal/d)*	*USD/gal*
Q2 2025	322	76.65	1,582	1.90	-	-
Q3 2025	532	73.07	2,618	1.72	-	-
Q4 2025	297	71.98	1,487	2.26	-	-
Q1 2026	276	70.96	1,416	2.52	-	-
Q2 2026	260	70.10	1,348	1.85	-	-

1) Prices reported are the average price for the period.
2) Swaps include trades in USD and CAD. Canadian swaps are converted from CAD to USD at a rate of 0.75.
3) Includes Henry Hub swaps, AECO differential swaps and AECO swaps.