



INTERIM CONDENSED FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

ROK RESOURCES INC.

INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

(Unaudited, expressed in Canadian Dollars)

September 30, 2024

December 31, 2023

Assets

Current Assets

Accounts receivable (Note 11)	11,905,340	13,021,111
Prepays and deposits	318,624	364,090
Risk management contracts (Note 11)	4,816,700	4,521,075
	17,040,664	17,906,276

Non-current Assets

Risk management contracts (Note 11)	502,935	-
Property, plant and equipment (Note 3)	137,436,976	144,684,677
Exploration and evaluation assets (Note 4)	379,334	495,192
Marketable securities (Note 8)	9,651,750	-
Investment in lithium exploration project (Note 8)	-	1,981,275
	165,011,659	165,067,420

Liabilities

Current Liabilities

Accounts payable and accrued liabilities	13,894,910	17,560,130
Current portion of lease liability	119,204	99,810
	14,014,114	17,659,940

Non-current Liabilities

Non-current portion of debt (Note 5)	11,659,544	14,083,639
Non-current portion of lease liability	314,457	356,131
Decommissioning obligations (Note 6)	17,397,564	17,660,569
Deferred income tax	15,374,299	13,875,338
	58,759,978	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)	3,597,759	3,287,226
Retained earnings	70,039,201	65,530,106
	106,251,681	101,431,803
	165,011,659	165,067,420

Subsequent event (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 nine months ended September 30

	Three months ended		Nine months ended	
<i>(Unaudited, expressed in Canadian Dollars)</i>	2024	2023	2024	2023
Revenue:				
Oil and natural gas sales (Note 9)	21,349,004	22,144,104	64,022,520	64,019,554
Royalties	(3,664,327)	(2,931,103)	(11,401,545)	(11,490,495)
Oil and natural gas sales, net of royalties	17,684,677	19,213,001	52,620,975	52,529,059
Realized gain (loss) on commodity contracts (Note 11)	953,121	563,524	1,813,877	5,689,069
Unrealized gain (loss) on commodity contracts (Note 11)	6,954,149	(9,253,495)	798,560	(6,404,328)
Processing and other income	993,943	708,047	2,503,216	1,703,583
Total revenue and other income	26,585,890	11,231,077	57,736,628	53,517,383
Expenses and other items:				
Operating expenses	11,700,674	13,353,260	33,980,002	32,594,808
General and administrative	1,218,366	976,270	3,608,346	3,705,946
Business development	-	14,878	-	371,106
Gain on dispositions (Note 8)	(5,497,575)	-	(5,497,575)	(5,687,123)
Stock-based compensation (Note 7c)	61,939	235,828	310,533	896,944
Depletion and depreciation (Note 3)	5,592,033	5,753,402	17,435,869	17,555,591
Exploration and evaluation expense (Note 4)	-	42,684	-	42,684
Loss on debt settlement	-	-	-	7,320,119
Net finance expense (Note 10)	870,043	950,669	2,696,047	6,498,861
Unrealized gain on marketable securities (Note 8)	(898,950)	-	(898,950)	-
Foreign exchange loss (gain)	59,429	24,363	94,300	(367,608)
Total expenses and other items	13,105,959	21,351,354	51,728,572	62,931,328
Income (loss) before income taxes	13,479,931	(10,120,277)	6,008,056	(9,413,945)
Deferred income tax expense (recovery)	3,440,085	(2,368,008)	1,498,961	(2,140,400)
Net income (loss) and comprehensive income (loss)	10,039,846	(7,752,269)	4,509,095	(7,273,545)
Net income (loss) per share (Note 7d)				
Basic	0.05	(0.04)	0.02	(0.03)
Diluted	0.05	(0.04)	0.02	(0.03)

See accompanying notes to the interim condensed financial statements.

ROK RESOURCES INC.

INTERIM CONDENSED STATEMENTS OF CASH FLOWS

For the three and nine months ended September 30

<i>(Unaudited, expressed in Canadian Dollars)</i>	Three months ended		Nine months ended	
	2024	2023	2024	2023
Cash flows provided by (used in):				
Operating activities				
Net income (loss)	10,039,846	(7,752,269)	4,509,095	(7,273,545)
Adjustments for:				
Gain on dispositions (Note 8)	(5,497,575)	-	(5,497,575)	(5,687,123)
Unrealized loss (gain) on commodity contracts (Note 11)	(6,954,149)	9,253,495	(798,560)	6,404,328
Unrealized gain on marketable securities (Note 8)	(898,950)	-	(898,950)	-
Depletion and depreciation (Note 3)	5,592,033	5,753,402	17,435,869	17,555,591
Exploration and evaluation expense (Note 4)	-	42,684	-	42,684
Other income from deferred revenue (Note 8)	(92,000)	-	(92,000)	-
Stock-based compensation (Note 7c)	61,939	235,828	310,533	896,944
Unrealized foreign exchange loss (gain)	(446)	(39,155)	(1,308)	(432,199)
Loss on debt settlement	-	-	-	7,320,119
Net finance expense (Note 10)	870,043	950,669	2,696,047	6,498,861
Net interest expense paid	(332,619)	(315,907)	(1,119,733)	(2,516,799)
Abandonment costs paid (Note 6)	(777,469)	(773,466)	(1,248,538)	(1,041,750)
Deferred income tax expense (recovery)	3,440,085	(2,368,008)	1,498,961	(2,140,400)
Change in non-cash working capital (Note 12)	(1,820,017)	297,499	(2,503,189)	80,737
	3,630,721	5,284,772	14,290,652	19,707,448
Investing activities				
Acquisitions	-	(87,612)	(232,568)	(22,385,140)
Expenditures on property, plant and equipment	(2,958,065)	(7,580,757)	(10,052,687)	(16,585,543)
Proceeds on property, plant and equipment disposals	-	588,124	-	45,930,476
Expenditures on lithium exploration project (Note 8)	(333,961)	(233,554)	(721,950)	(790,696)
Change in non-cash working capital (Note 12)	(2,106,568)	(1,267,764)	(460,794)	(1,830,346)
	(5,398,594)	(8,581,563)	(11,467,999)	4,338,751
Financing activities				
Proceeds on debt financing, net of costs	-	-	-	64,887,714
Proceeds on warrant exercises (Note 7b)	-	-	250	1,123,290
Proceeds on option exercises	-	72,000	-	92,834
Debt principal payments	-	-	-	(52,500,000)
Senior Loan Facility payout	-	-	-	(42,896,705)
Amounts (paid) drawn on Credit Facility	1,801,573	(2,636,414)	(2,717,843)	(1,886,414)
Change in restricted cash	-	-	-	1,908,475
Lease payments	(34,146)	(13,455)	(106,368)	(26,006)
	1,767,427	(2,577,869)	(2,823,961)	(29,296,812)
Foreign exchange gain (loss) on cash and cash equivalents	446	39,156	1,308	(8,268)
Increase in cash and cash equivalents	-	(5,835,504)	-	(5,258,881)
Cash and cash equivalents, beginning of period	-	5,835,504	-	5,258,881
Cash and cash equivalents, end of period	-	-	-	-

See accompanying notes to the interim condensed financial statements.

ROK RESOURCES INC.

INTERIM CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(Unaudited, expressed in Canadian Dollars)</i>	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 income	-	-	-	-	4,509,095	4,509,095
Warrant exercises	1,000	291	(41)	-	-	250
Stock-based compensation	-	-	-	310,533	-	310,533
Balance at September 30, 2024	218,419,315	28,052,555	4,562,166	3,597,759	70,039,201	106,251,681
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	-	-	-	-	(7,273,545)	(7,273,545)
Warrant exercises	3,209,400	1,270,463	(147,173)	-	-	1,123,290
Stock option exercises	603,333	146,180	-	(53,346)	-	92,834
Warrant expiries	-	-	(208,803)	208,803	-	-
Stock-based compensation	-	-	-	896,944	-	896,944
Balance at September 30, 2023	215,393,217	27,269,828	4,694,247	3,139,524	69,243,495	104,347,094

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 November 19, 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	10,052,687	56,449	10,109,136
Transfers from exploration and evaluation assets	115,858	-	115,858
Acquisitions	232,568	-	232,568
ARO Additions	226,738	-	226,738
Change in decommissioning provisions	(496,132)	-	(496,132)
Balance, September 30, 2024	189,648,255	556,237	190,204,492
Accumulated Depletion & Depreciation			
Balance, December 31, 2023	35,282,039	49,608	35,331,647
Depletion & depreciation	17,341,861	94,008	17,435,869
Balance, September 30, 2024	52,623,900	143,616	52,767,516
Net Carrying Amount			
Balance, December 31, 2023	144,234,497	450,180	144,684,677
Balance, September 30, 2024	137,024,355	412,621	137,436,976

Future development costs in the amount of \$177.1 million (December 31, 2023 - \$184.7 million) were included in the depletion calculated for the period ended September 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, September 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 September 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 September 30, 2024, the amount drawn on the Credit Facility was \$11.8 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 nine months ended September 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 September 30, 2024, is as follows:

Credit Facility	
Total commitment	22,500,000
Amount drawn	11,783,905
Amount drawn, net of unamortized issue costs	11,659,544
Current portion	-
Non-current portion	11,659,544

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 and 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 September 30, 2024, the Company's debt to cash flow ratio was 0.45 : 1.

As at September 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	(496,132)
Net additions	226,738
Accretion expense	1,254,927
Liabilities settled	(1,248,538)
Balance, September 30, 2024	17,397,564

At September 30, 2024, the total estimated amount to settle ROK's decommissioning obligations on an uninflated and undiscounted basis was \$64.1 million (December 31, 2023 - \$63.9 million) and on an inflated and undiscounted basis was \$94.8 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% (December 31, 2023 - 2.0%), and subsequently discounting the inflated amount using the Company credit-adjusted rate of 12.0% (December 31, 2023 - 12.0%) to arrive at the balance of \$17.4 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 September 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 September 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, September 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, September 30, 2024	113,140,877	0.25

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

Exercise prices	Number of warrants outstanding	Weighted average term to expiry (years)	Number of warrants exercisable
0.25	113,140,877	0.42	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 forfeited	(500,000)	0.26
Options issued	450,000	0.30
Balance, September 30, 2024	19,810,000	0.27
Exercisable, September 30, 2024	18,676,660	0.26

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

Exercise prices	Number of options outstanding	Weighted average term to expiry (years)	Number of options exercisable
0.15	1,600,000	0.18	1,600,000
0.25	9,910,000	2.48	9,910,000
0.28	3,900,000	1.81	3,900,000
0.30	1,900,000	3.31	1,599,999
0.35	1,075,000	3.30	716,666
0.40	1,425,000	3.42	949,995
	19,810,000	2.35	18,676,660

For the three and nine months ended September 30, 2024, the Company recognized \$61,939 and \$310,533 (September 30, 2023 - \$235,828 and \$896,944) in stock-based compensation expense, respectively.

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 nine months ended September 30, 2024 and 2023:

	Three months ended		Nine months ended	
	2024	2023	2024	2023
WA common shares outstanding, basic	218,419,315	215,249,087	218,418,994	213,861,560
Dilutive effect of stock options	457,143	-	1,058,078	-
Dilutive effect of warrants	-	-	4,351,573	-
WA common shares outstanding, diluted	218,876,458	215,249,087	223,828,645	213,861,560
Net income (loss)	10,039,846	(7,752,269)	4,509,095	(7,273,545)
\$ per common share, basic	0.05	(0.04)	0.02	(0.03)
\$ per common share, diluted	0.05	(0.04)	0.02	(0.03)

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 September 30, 2024, a total of 18,210,000 stock options and 113,140,877 warrants were excluded as their impact was anti-dilutive to the net income per share determined for the period. For the nine months ended September 30, 2024, a total of 8,300,000 stock options and nil warrants were excluded as their impact was anti-dilutive to the net loss per share determined for the period. For the three and nine months ended September 30, 2023, 19,860,000 stock options and 114,564,426 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 holds certain Subsurface Mineral Dispositions in Saskatchewan, with a focus on potential lithium resource prospects.

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 remuneration 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. For the nine months ended September 30, 2024, \$92,000 of deferred revenue was recognized within processing and other income on account of this new Management Agreement.

The Company's interest in the Investee was accounted for using the equity method. As of the date of disposition of ROK's ownership in the Investee, expenditures reported by the Company's partner for project activities had reached a total of \$12.3 million (December 31, 2023 - \$9.4 million), with the Company's financial contribution towards the project activities equating to \$2.7 million (December 31, 2023 - \$2.0 million). With an assessed fair value of \$8.2 million for the 17,085,000 common shares of EMP Metals received as consideration for sale of ROK's ownership in the Investment, a resulting gain on disposition of \$5.5 million was recognized at the closing of this transaction.

The EMP common shares 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. The EMP common shares are accounted for as a financial asset and are measured at fair value through profit or loss at each period end. As of September 30, 2024, these marketable securities had an assessed fair value of \$9.7 million, resulting in an unrealized gain of \$0.9 million for the three and nine months ended September 30, 2024.

9. REVENUE

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

	Three months ended		Nine months ended	
	2024	2023	2024	2023
Oil sales	19,681,907	18,570,662	55,154,661	52,399,884
NGL sales	1,284,152	1,653,398	5,103,364	5,235,168
Natural gas sales	382,945	1,920,044	3,764,495	6,384,502
Total	21,349,004	22,144,104	64,022,520	64,019,554

As at September 30, 2024, receivables from contracts with customers, which are included in accounts receivable, were \$6,504,449 (December 31, 2023 - \$7,756,737).

10. NET FINANCE EXPENSE

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

	Three months ended		Nine months ended	
	2024	2023	2024	2023
Interest income	(2,327)	(118)	(3,750)	(51,613)
Interest expenses and bank charges	61,249	44,012	202,687	187,543
Debt interest expense	273,697	272,013	920,796	2,380,869
Lease liability interest expense	8,927	2,078	27,639	3,740
Accretion on debt	98,631	98,630	293,748	2,469,818
Accretion on decommissioning obligations	429,866	534,054	1,254,927	1,508,504
Total net finance expense	870,043	950,669	2,696,047	6,498,861

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	September 30, 2024	December 31, 2023
Oil and natural gas customers	6,504,449	7,756,737
Joint operations partners	4,864,080	4,237,670
Accruals and other	536,811	1,026,704
Total	11,905,340	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	September 30, 2024	December 31, 2023
0 - 30 days	7,943,697	10,011,741
30 - 90 days	920,803	1,561,514
Greater than 90 days	3,228,004	1,656,763
Expected credit loss	(187,164)	(208,907)
Total	11,905,340	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 September 30, 2024, there were \$187,164 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 September 30, 2024:

	Less than 1 year	1-2 years	Thereafter	Total
Accounts payable	13,894,910	-	-	13,894,910
Credit Facility	-	11,783,905	-	11,783,905
Lease obligations ⁽¹⁾	143,427	142,874	219,348	505,649
	14,038,337	11,926,779	219,348	26,184,464

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 September 30, 2024, the Company has the following commodity risk management contracts outstanding:

Derivative swap contracts ⁽¹⁾

	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026
WTI Crude							
Volumes (bbl/d)	1,539	1,200	1,019	665	297	276	260
C\$/bbl	99.31	96.76	99.23	95.98	95.98	94.62	93.46
AECO ⁽²⁾							
Volumes (mmbtu/d)	5,397	5,000	5,070	2,618	1,487	1,416	1,348
C\$/mmbtu	2.84	3.22	2.66	2.30	3.01	3.37	2.47

1) Prices reported are the average price for the period.

2) Includes Henry Hub swaps, AECO differential swaps and AECO swaps.

Subsequent to September 30, 2024, the Company entered into additional risk management contracts for 2025 periods.

Type of Contract	Quantity	Period	Contract Price (C\$)
Swap Contracts - WTI Crude	365 bbl/d	Q3 2025	\$93.66/bbl
Swap Contracts - WTI Crude	246 bbl/d	Q4 2025	\$93.16/bbl
Swap Contracts - AECO	1,257 mmbtu/d	Q3 2025	\$2.07/mmbtu
Swap Contracts - AECO	639 mmbtu/d	Q4 2025	\$2.31/mmbtu

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 September 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 \$53,000 for the nine months ended September 30, 2024.

Fair value of financial instruments

The Company's financial instruments as at September 30, 2024, include, accounts receivable, accounts payable and accrued liabilities, risk management contracts, marketable securities, 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 cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to their short terms to maturity. The fair value measurement of the marketable securities have a fair value hierarchy of Level 1. 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.

	September 30, 2024	December 31, 2023
Accounts receivable	11,905,340	13,021,111
Prepays and deposits	318,624	364,090
Current portion of risk management contracts	4,816,700	4,521,075
Accounts payable	(13,894,910)	(17,560,130)
Adjusted working capital ⁽²⁾	3,145,754	346,146
Credit Facility ⁽¹⁾	11,783,905	14,501,748
Lease obligations ⁽¹⁾	505,649	545,851
Less: adjusted working capital ⁽²⁾	(3,145,754)	(346,146)
Net debt	9,143,800	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 September 30	Three months ended		Nine months ended	
	2024	2023	2024	2023
Accounts receivable	534,516	(1,876,911)	1,115,771	(1,751,787)
Prepays and deposits	28,728	570,837	45,466	699,382
Accounts payable and accrued liabilities	(4,489,829)	335,809	(4,125,220)	(697,204)
Change in non-cash working capital	(3,926,585)	(970,265)	(2,963,983)	(1,749,609)
Relating to:				
Operating activities	(1,820,017)	297,499	(2,503,189)	80,737
Investing activities	(2,106,568)	(1,267,764)	(460,794)	(1,830,346)
Change in non-cash working capital	(3,926,585)	(970,265)	(2,963,983)	(1,749,609)

13. SUBSEQUENT EVENT

GOR Disposition

In October 2024, the Company closed on the disposition of gross overriding royalty interests held by ROK on certain Saskatchewan properties for gross proceeds of \$4 million.