ROK RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021

The following is management's discussion and analysis ("**MD&A**") of the operating and financial results of ROK Resources Inc. ("**ROK**" or the "**Company**"), for the three and six months ended June 30, 2022, as compared to the three and six months ended June 30, 2021, as well as information and expectations concerning the Company's outlook based on currently available information.

This MD&A should be read in conjunction with ROK's interim condensed financial statements for the three and six months ended June 30, 2022, as well as the audited annual financial statements for the year ended December 31, 2021 (collectively, the "**Financial Statements**") prepared in accordance with IFRS (as defined below), together with the accompanying notes.

This MD&A contains forward-looking information about our current expectations, estimates, projections and assumptions. Additional information on the Company, its financial statements, this MD&A and other factors that could affect the Company's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

All dollar values are expressed in Canadian dollars, unless otherwise indicated, and are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

This MD&A is prepared as of August 26, 2022.

NON-IFRS MEASURES

The non-IFRS measures referred to below do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures used by other companies. Management uses these non-IFRS measurements to provide its shareholders and investors with a measurement of the Company's financial performance and are not intended to be viewed as an alternative to cash provided by operating activities, net income or other measures of financial performance calculated in accordance with IFRS. The reader is cautioned that these amounts may not be directly comparable to measures for other companies where similar terminology is used.

Funds Provided by (Used in) Operations

"Funds Provided by (Used in) Operations" include all cash used in operating activities and are calculated before the change in non-cash working capital. A reconciliation of cash provided by (used in) operating activities to funds provided by (used in) operations for the three and six months ended June 30, 2022 and 2021, are as follows:

Funds used in operations ($)	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Cash provided by (used in) operating activities	18,661,683	(308,562)	16,355,845	(451,779)
Change in non-cash working capital	(1,460,716)	190,873	3,224,158	136,743
Funds provided by (used in) operations	17,200,967	(117,689)	19,580,003	(315,036)

Operating Income and Netback

"Operating Income" is calculated by deducting operating expense from total revenue. Total revenue is comprised of oil and natural gas sales, net of royalties. The Company refers to Operating Income expressed per unit of production as an "Operating Netback". "Operating Income Profit Margin" is calculated by the Company as Operating Income as

a percentage of oil and natural gas sales. A reconciliation of the measures for the three and six months ended June 30, 2022 and 2021, are as follows:

	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Oil and Natural Gas Sales	28,710,012	709,209	36,831,890	1,149,236
Royalties	(4,593,258)	(136,277)	(5,882,316)	(220,469)
Operating Expenses	(5,781,028)	(265,088)	(7,625,159)	(480,653)
Operating Income	18,335,726	307,844	23,324,415	448,114
Sales volume (boe)	277,877	15,101	362,524	28,587
Per boe				
Oil and Natural Gas Sales	103.32	46.96	101.60	40.20
Royalties	(16.53)	(9.02)	(16.23)	(7.71)
Operating Expenses	(20.80)	(17.55)	(21.03)	(16.81)
Operating Netback per boe	65.99	20.39	64.34	15.68
Operating Income Profit Margin	63.9%	43.4%	63.3%	39.0%

Net Debt

Throughout this MD&A, references to “Net Debt” include Debt Notes and the Senior Loan Facility (defined further below), net of Adjusted Working Capital. “Adjusted Working Capital” is calculated as current assets less current liabilities, excluding current portion of debt as presented on the statement of financial position. As at June 30, 2022, the Adjusted Working Capital surplus includes cash and cash equivalents, accounts receivable, prepaid expenses and deposits, and accounts payable and accrued liabilities. ROK uses “Net Debt” as a measure of the Company’s financial position and liquidity, however it is not intended to be viewed as an alternative to other measures calculated in accordance with IFRS.

	June 30, 2022	March 31, 2022	December 31, 2021
Senior Loan Facility (12.75%)	58,298,629	62,549,849	-
Debt Notes (14%)	-	-	4,000,000
Less: adjusted working capital	19,912,783	16,750,311	478,610
Net debt	**38,385,846**	**45,799,538**	**3,521,390**

BUSINESS PROFILE AND STRATEGY

The Company’s head office is located in Regina, Saskatchewan, Canada, and the Company’s shares are traded on the TSX Venture Exchange (“**TSXV**”) under the trading symbol “ROK”. ROK continued to execute on its acquisitive growth strategy with a series of property acquisitions in 2021 and a large acquisition of production assets closing in early 2022. The assets acquired are concentrated in Southern Saskatchewan and Central Alberta.

Although these events have improved the financial condition of the Company, future strategic opportunities for the Company or the development of petroleum and natural gas properties may require additional financing to execute. The Board of Directors and management continue to develop existing properties to maximize production from existing reserves and have also continued to evaluate potential transactions available to the Company with the mission to identify opportunities that may provide the best future for the Company and the shareholders with the goal to maximize shareholder value.

FCL ACQUISITION

In March 2022, the Company successfully closed the acquisition (the "FCL Acquisition") of certain oil & gas assets in Saskatchewan and Alberta (the "Assets"), from Federated Co-operatives Limited and its wholly-owned subsidiary,

2214896 Alberta Ltd. (collectively, "FCL"). Total consideration paid for the FCL Acquisition was approximately $71.7 million, prior to a preliminary purchase price adjustment of $10.4 million in favor of the Company. The FCL Acquisition was funded through a combination of proceeds from the Prospectus Offering and the Senior Loan Facility (see below).

LIQUIDITY AND CAPITAL RESOURCES

The Company's approach to managing liquidity is to ensure a balance between expenditure requirements and cash used in operations and working capital. As at June 30, 2022, the Company had a working capital deficiency of $8.6 million ($0.8 million working capital deficiency at December 31, 2021). Changes in working capital have been primarily due to proceeds from the Prospectus Offering and the Senior Loan Facility (see below), the recognition of new debt obligations, and cash flows on account of oil and natural gas sales, net of royalties and operating expenses, as well as general and administrative costs, business development expenses, and acquisition costs of the Company incurred during the period.

In recent years, global economic conditions, financial markets, and commodity prices in particular, have experienced significant volatility and uncertainty. While the current outlook for commodity prices is relatively strong, long-term price support from future demand remains uncertain. The scale and duration of these developments remain uncertain but could impact the Company's operations, future net earnings and cash flows given the aforementioned global events are an evolving situation that will continue to have widespread implications for the Company's business environment and financial condition. Management cannot reasonably estimate the length or severity of these global events, or the extent to which any disruption may materially impact the Company's financial position in fiscal 2022 and beyond.

The Company also faces uncertainties related to future environmental laws and climate-related regulations, which could affect the Company's financial position and future earnings. This transition to a lower-carbon society, as well as the potential impacts of climate change, could result in increased operating costs and reduced demand for oil and gas products. As a result, this could change a number of variables and assumptions used to determine the estimated recoverable amounts of the Company's oil and gas assets. The unpredictable nature, timing and extent of climate-related initiatives presents various risks and uncertainties.

In 2022, the Company has obtained additional equity and debt financing (see below) pursuant to the FCL Acquisition consisting of producing oil and gas assets with cash flow positive operations. These events have significantly improved the financial position of the Company.

Prospectus Offering

In March 2022, the Company completed a bought deal public offering (the "Prospectus Offering) for a total gross proceeds of $17.3 million, whereby 95,834,100 units of the Company were issued at a price of $0.18 per unit. Each unit consisted of one Class B Share in the capital of the Company and one purchase warrant. Each purchase warrant is exercisable for one Class B Share at an exercise price of $0.25 per purchase warrant for a period of three years.

Senior Loan Facility

In March 2022, the Company entered into a senior secured loan facility with Anvil Channel Energy Solutions ("ACES") for an aggregate principal amount of $65 million (the "Senior Loan Facility"), denominated as $51.35 million US dollars. The Senior Loan Facility bears interest at a rate of US prime interest rate plus 8% (June 30, 2022 – 12.75%) and will amortize over a four-year period, with monthly combined payments of principal and interest as well as additional quarterly "excess cash flow" payments based upon a prescribed formula wherein 25% of excess cash flow from the recently completed quarter is paid directly against the principal of the Senior Loan Facility. Under the terms of the Senior Loan Facility, the Company also granted an overriding royalty to ACES on the future oil and natural gas sales from the existing oil and gas properties of the Company. The overriding royalty is 2.5% of oil and natural gas production until the maturity date of the loan facility, and 1.5% thereafter. The Company is required to maintain

certain debt covenants and other financial terms throughout the term of the Senior Loan Facility. One such covenant includes the requirement for the Company to maintain three months of debt service reserve (interest only) into a deposit account subject to a blocked account control agreement satisfactory to the Agent (the “Debt Service Reserve”), which ACES may withdraw from the deposit account in the event of a payment default. The initial Debt Service Reserve deposit held by the Company is $1.8 million, which is classified as restricted cash. Further financial covenants include compliance with certain financial ratios commencing for the three months ended June 30, 2022, until the maturity date of the Senior Loan Facility. Such financial ratio covenants include the following:

- a minimum consolidated current ratio (consolidated current assets including restricted cash to consolidated current liabilities excluding current portion of any long-term indebtedness of the Company) of 1:1 over the term of the Senior Loan Facility;
- a minimum consolidated debt service coverage ratio (sum of interest expense payable and scheduled principal amortization payable for a certain period to consolidated earnings before interest, taxes, depreciation and amortization (“EBITDA”) for same such period) of a graduating range of 1.15:1 to 1.50:1 over the term of the Senior Loan Facility;
- a minimum collateral coverage ratio (sum of proved developed producing reserve value (discounted at 10%) to total unpaid principal and interest balance) of a graduating range of 1.25:1 to 2.50:1 over the term of the Senior Loan Facility;
- a maximum consolidated leverage ratio (consolidated total debt to consolidated annualized EBITDA) of a graduating range of 2:1 to 1:1 over the term of the Senior Loan Facility; and
- a minimum liability management rating of 2.00 in the Province of Alberta and a minimum licensee liability rating of 1.00 in the Province of Saskatchewan.

As of June 30, 2022, the Company was in compliance with each of the aforementioned financial ratios, as follows:

Consolidated current ratio	2.87
Consolidated debt service coverage ratio	2.17
Collateral coverage ratio	1.95
Consolidated leverage ratio	0.84
Liability management rating (Alberta)	2.75
Licensee liability rating (Saskatchewan)	1.00

The Company is also required, under the terms of the loan, to enter into oil and gas price hedges on 75% of Company oil and gas production for a period of not less 24 months, and on 50% of oil and gas production for a period of not less than 12 months thereafter. Please refer to “Commodity Price Risk” section below for oil and gas price hedges held by the Company as of June 30, 2022. The Senior Loan Facility is secured by the assets of the Company and is senior to all other indebtedness of the Company.

Debt Note Financing

In June 2021, the Company completed the first tranche of $3,500,000 of senior secured notes of the Company ("Debt Notes"), with each Debt Note consisting of a principal amount of $1,000 and with interest payable thereon at a rate of 14% per annum over a term of three years from the date of issuance thereof (the "Note Financing"). In July 2021, a second tranche of $500,000 of Debt Notes was closed by the Company under the same terms. The maturity date of the Debt Notes was May 28, 2024; however, the Company had the option to fully repay the Debt Notes at no penalty after two years from the date of issuance. Similarly, the debtholders could demand repayment after two years from the date of issuance. Payments of interest only of approximately $150,000 per quarter were to be made during the first year of the term of the Debt Notes and blended payments of interest and principal of approximately $520,000 per quarter were to be made during the second and third year of the term of the Debt Notes. The Debt Notes were secured by the assets of the Company and were senior to all other indebtedness of the Company.

In addition, 500 purchase warrants were issued to participants in the Note Financing for each $1,000 principal amount of Debt Notes purchased, with each purchase warrant being exercisable for one Class B Share at an exercise price of $0.35 per warrant for a period of two years.

In March 2022, in connection with the acquisition of the FCL assets and the Senior Loan Facility, the Company converted $2.8 million principal amount of the Debt Notes into units of the Company on the same terms as the Prospectus Offering. The remaining $1.2 million principal amount of the Debt Notes were fully repurchased by the Company, pursuant to the applicable terms of the Debt Notes. Interest outstanding on all Debt Notes as of the date of conversion and/or repurchase was paid in cash. This settlement on Debt Notes resulted in a loss on settlement of $320,170.

PETROLEUM AND NATURAL GAS PROPERTIES

At year end 2021, ROK had an approximate acreage position of 7,300 gross (6,500 net) acres within the Glen Ewen, Florence and Carnduff areas of Southeastern Saskatchewan. This acreage has production from both the Midale and Frobisher beds.

The FCL Acquisition added an additional 1,380,556 gross (333,347 net) acres of land within Saskatchewan and Alberta. Producing zones include the Midale and Frobisher within Southeast Saskatchewan, the upper and lower Shaunavon within Southwestern Saskatchewan, and the Cardium, Dunvegan, Bluesky, Gething and Montney formations within the Kaybob area of Alberta. Of significant importance within the acquired properties is a 2.1% interest in the Weyburn CCUS EOR project. This project, operated by Whitecap Resources, is a large CO_2 flood of the Weyburn oil pool producing form the Midale formation. The Weyburn property provides a long life, low decline oil project and the Weyburn CCUS EOR project provides significant CO_2 & GHG production offsets for the Company.

Production in the second quarter of 2022 averaged 3,054 boe/d, which was comprised of 2,085 bbl/d of Light/Medium Oil, 179 bbl/d of Natural Gas Liquids and 4,740 Mcf/d of Natural Gas. This production average exceeded initial expectations and has continued to outperform internal forecasts.

OUTLOOK

Management is committed to moving the Company forward and increasing value for shareholders. With the FCL Acquisition the Company's financial and operational strength has expanded through the addition of light oil assets in Southeast Saskatchewan, medium oil assets in Southwest Saskatchewan and light oil and gas assets in the Kaybob Southern area of Alberta. The Company has now drilled 4 gross wells in Southeastern Saskatchewan and has another 6 gross wells budgeted for the remainder of the year.

In addition, the Company will focus on a large inventory of re-activation, workover and optimization targets that have been delayed due to wet conditions.

2022 Capital Budget

The capital budget for 2022 estimates total capital expenditures of $18.2 million, which include:

- $10.5 million allocated to drilling, completing and equipping of 10 gross (9 net) oil wells
- $1.5 million allocated to workovers of 12 gross (9.5 net) oil wells and 3 gross (3 net) gas wells

The drill program commenced in June 2022 with approximately $4.5 million spent up to the end of the month, with expectations that the program will be completed in October 2022.

Production & Estimated Net Operating Income

- Management forecasts 2022 exit production rate of approximately 3,500 boe/d (73% oil + natural gas liquids), representing an approximate 18% increase from April 2022 production levels
- Using a combination of the Company's hedged volume pricing[1] and current strip pricing, estimated Operating Income for the period April - December 2022 is $48 to 55 million ($64 to 73 million annualized)
- The Company expects to exit 2022 with less than $26 million of Net Debt, which would represent an approximate 40% debt reduction from existing debt levels as of the date of this MD&A.

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 which currently holds certain Subsurface Mineral Dispositions in Saskatchewan, with a focus on potential lithium resource prospects. Under the terms of the agreement, the Company earns its beneficial interest as ROK personnel will manage the following objectives of the project:

- Identify additional strategic lithium land prospects
- Complete multi-layer perforation and flow testing of a wellbore
- Obtain samples and conduct test for lithium concentrations
- Identify a location for a pilot project
- Identify a strategic partner to negotiate a lithium extraction technology pilot project
- Obtain a third party NI43-101 resource report
- Facilitate the completion of a preliminary economic assessment

The initial activities of this project will be wholly funded by the Company's partner (who holds the remaining 75% interest), up to $1.5 million. Any costs that exceed this financial threshold will then be proportionally financed by each partner based on their interest in the private entity. Alternatively, either partner may elect to proportionally reduce their interest in the private entity for any portion of additional costs above the threshold. These additional costs beyond the initial $1.5 million may be voluntarily paid for by the other partner who elects to participate in additional project activities, earning a proportionally increased interest in the private entity.

As of June 30, 2022, expenditures reported by the Company's partner for project activities have not exceeded the aforementioned financial threshold. For costs incurred prior to reaching the $1.5 million threshold, $118,956 is currently owed by the Company's partner to ROK for costs paid for by the Company on behalf of the partner and is included in ROK's account receivable balance as of June 30, 2022.

COMMITMENT SUMMARY UPDATE

Current capital commitments consist of the drilling, completion, and equipping of one commitment well, paying 70% of the costs to earn a 35% working interest in the well, plus a 35% working interest in 2,900 gross acres of prospective land, under the terms of the associated farmout agreement. The expected cost of the commitment well is estimated at $700,000. Spud date of this well is currently being discussed with the operator.

[1] Hedge volumes and pricing reference the Company's hedging program which represents 75% of ROK's declining proved developed producing reserves, evaluated by McDaniel effective April 1, 2022

DISCUSSION OF OPERATING RESULTS

Production

	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Crude oil (bbl/d)	2,085	98	1,376	81
NGLs (boe/d)	179	35	124	38
Natural gas (Mcf/d)	4,740	201	3,023	233
Total (boe/d) (1)	3,054	166	2,003	158

(1) Barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. Refer to the section entitled "Conversion Measures" at the end of this MD&A.

Oil and Natural Gas Sales

	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Crude Oil	24,399,247	656,481	31,660,731	1,024,887
NGLs	1,309,917	36,003	1,680,230	81,758
Natural gas	3,000,848	16,725	3,490,929	42,591
Total	28,710,012	709,209	36,831,890	1,149,236

Realized Sales Prices

	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Crude oil ($/bbl)	128.60	73.77	127.12	69.89
NGLs ($/boe)	80.60	11.43	75.13	11.86
Natural gas ($/Mcf)	6.96	0.91	6.38	1.01
Total ($/boe)	103.32	46.96	101.60	40.20

Increases in revenue are a combination of both increased petroleum and natural gas production and improving commodity prices. Increased production is due to the additional producing assets that have been acquired over the 2021 year and the first quarter of 2022, as described above, which has offset natural production declines in the production assets that were acquired in 2020. Commodity pricing has been steadily increasing since the significant declines in global prices in March 2020 on account of the COVID-19 pandemic, with substantial increases in Q1 2022 on account of international conflicts between Russia and Ukraine. Realized sales prices on petroleum and natural gas volumes sold have continued to increase as global prices have increased.

Royalties

	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Total royalties	4,593,258	136,277	5,882,316	220,469
Total royalties (% of sales)	16.0%	19.2%	16.0%	19.2%
Total royalties ($/boe)	16.53	9.02	16.23	7.71

Royalties as a percentage of total oil and natural gas sales are highly sensitive to commodity prices and adjustments to gas cost allowance. Thus, royalty rates can fluctuate from quarter-to-quarter and year-to-year. Royalties as a percentage of revenues in YTD 2022 were 16.0 percent compared to 19.2 percent in YTD 2021.

The decreases in royalty rates were primarily attributable to varying royalty rates on production from recent acquisitions when compared to royalty rates on the Company's other producing properties.

Operating Expenses

	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Total operating expenses	5,781,028	265,088	7,625,159	480,653
Total operating expenses ($/boe)	20.80	17.55	21.03	16.81

Operating costs include expenses incurred to operate wells, gather, treat, and transport production volumes as well as costs to perform well and facility repairs and maintenance. Operating expenses in Q2 2022 increased quarter-over-quarter due to increased fixed and variable costs associated with acquired production assets. As the Company focuses its objectives on a development phase for its petroleum and natural gas assets, it expects operating costs to trend back down.

Gain on Acquisition

For the six months ended June 30, 2022, the Company recognized a gain on acquisition of $62.4 million in relation to the FCL Acquisition that closed in March 2022. The acquisition has been accounted for as a business combination under IFRS 3. As such, the net assets from the acquisition are to be recorded at fair value as of the closing date of the acquisition. The significant increase in fair value of the net assets when compared to the purchase price paid by the Company is primarily a result of commodity price volatility between effective and closing date of the acquisition. The original gain of $57.9 million recognized as of the closing date was adjusted for 1) reduction of $3.7 million to estimated deferred income tax liability as at the date of the acquisition, and 2) further purchase price adjustments of $0.8 million in favor of the Company as of June 30, 2022. These adjustments are being recognized retrospectively as of the closing date of the acquisition.

General and Administrative Expenses

	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Professional Fees	611,298	88,496	651,555	123,576
Wages & Salaries	521,241	151,894	821,760	301,939
Fees, Rent, Investor Relations and Other	543,025	180,859	861,448	251,247
Total	1,675,564	421,249	2,334,763	676,762

Increases in G&A expenses for Q2 2022 and YTD 2022 is attributable to the overall growth and expansion of the Company's business operations in 2022 in comparison to 2021. With the FCL Acquisition, an increase in relation to overhead, staff, and consultants costs has naturally occurred on account of increased operations. Increased efforts for investor relations with shareholders and investors has also increased overall G&A.

Business Development Expenses

Business development expenses relate to business initiatives towards the promotion, development, and growth of the Company's operations and assets outside the normal course of the Company's day-to-day endeavours. For the six months ended June 30, 2022, the Company incurred business development expenses of $2,010,314 relating to efforts towards strategic acquisitions, including the FCL Acquisition (June 30, 2021 - $81,726).

	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Costs related to FCL Acquisition	-	-	1,818,139	-
Other business development expenses	4,756	-	192,175	81,726
Total	4,756	-	2,010,314	81,726

Stock-Based Compensation

For the three and six months ended June 30, 2022, the Company recorded stock-based compensation expense of $270,477 and $945,504, respectively ($8,437 and $16,781 for the three and six months ended June 30, 2021). Stock options were granted in Q1 2022, with the vesting of these new options accounting for the majority of stock-based compensation expense in 2022.

Depletion and Depreciation

The carrying costs for property, plant and equipment directly associated with oil and gas operations, including estimated future development costs, are recognized as depletion expense in the statements of loss and comprehensive loss on a unit of production basis over proved plus probable reserves. The carrying costs of office and computer equipment are recognized as depreciation expense in the statements of loss and comprehensive loss on a straight-line or declining-balance basis.

For the three and six months ended June 30, 2022, the Company recorded depletion expense of $5,177,087 and $6,859,600, respectively ($171,704 and $302,682 for the comparative period to June 30, 2021). Depletion is calculated based on oil and gas production on the Company's developed properties.

Gains and Losses on Commodity Contracts

For the six months ended June 30, 2022, the Company recognized realized gains of $235,975 on risk management commodity contracts maturing in the period and unrealized losses of $1,035,453 on existing risk management commodity contracts to mature at a future date. The unrealized losses reflect the mark-to-market fair value of the oil and gas price hedges in June 2022 on future oil and gas production from the Company's oil and gas assets (see below) while realized gains/losses reflect the cash settlement on oil and gas price hedges at the time of maturity of each hedge contract. No such risk management contracts were maintained by the Company prior to Q1 2022.

Finance Expenses

	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Interest income	-	(100)	(113)	(213)
Interest expense & bank charges	89,854	905	161,985	1,360
Debt interest expense	1,870,093	48,329	2,499,303	48,329
Accretion on debt	2,182,682	4,382	2,972,590	4,382
Accretion on decommissioning obligations	364,212	38,494	444,714	72,675
Total	4,506,841	92,010	6,078,479	126,533

Finance expenses were $6,078,479 for the six months ended June 30, 2022, compared to finance expenses of $126,533 for the comparative period up to June 30, 2021. Finance expenses includes accretion on decommissioning obligations that are associated with oil and gas properties acquired, and accretion and interest expense related to Debt Notes and the Senior Loan Facility.

CAPITAL EXPENDITURES

For the six months ended June 30, 2022, the Company incurred $4.5 million in capital expenditures towards drilling, completion and equipping of new wells, including surface infrastructure. In the first quarter of 2022, the Company was focused on the closing of the FCL Acquisition, with an acquisition price of $71.7 million prior to purchase price adjustments.

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.

Receivables from petroleum and natural gas marketers are normally collected on the 25th day of the month following production. When production is not taken in kind, payment comes from the common stream operator and facility operator in which payment is typically received on the 25th day of the month following production. The Company's approach to mitigate credit risk associated with these balances is to maintain marketing relationships with established and reputable customers, common stream operators and facility operators that are considered to be creditworthy. The Company has not experienced any collection issues with its current common stream and facility operators.

Joint operations receivables are typically collected within two to three months of the joint operations billing being issued to the partner. The Company mitigates collection risk from joint operations receivables by obtaining partner approval of significant capital and operating expenditures prior to expenditure and, in certain circumstances, may collect cash deposits in advance of incurring financial obligations on behalf of joint operations partners. Joint operations receivables are from partners in the petroleum and natural gas industry who are subject to the risks and conditions of the industry. Significant changes in industry conditions and risks that negatively impact partners' ability to generate cash flow will increase the risk of not collecting joint operations receivables.

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, 2022**	**December 31, 2021**
Oil and natural gas customers	673,071	502,827
Joint operations partners	724,322	50,812
Accruals and other	10,083,804	-
Total	**11,481,197**	**553,639**

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, 2022**	**December 31, 2021**
0 - 30 days	10,609,505	505,019
30 - 90 days	588,482	28,536
Greater than 90 days	283,210	20,084
Expected credit loss	-	-
Total	**11,481,197**	**553,639**

The Company considers amounts outstanding greater than 90 days to be past due, 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, 2022 there were no significant receivables which were considered past due (December 31, 2021 - $nil).

The Company held cash and cash equivalents of $19,261,182 as at June 30, 2022 (December 31, 2020 - $1,208,776). The Company manages the credit exposure related to cash and cash equivalents by selecting counter parties based on credit ratings and monitors all investments to ensure a stable return, avoiding complex investment vehicles with higher risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due and describes the Company's ability to access cash. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient cash resources in order to finance operations, fund capital expenditures, and to repay debt and other liabilities of the Company as they come due, without incurring unacceptable losses or risking harm to the Company's reputation. The Company's processes for managing liquidity risk include preparing and monitoring capital and operating budgets, coordinating, and authorizing project expenditures, and authorization of contractual agreements. Management and the board of directors use budgets and forecasts to direct and monitor the strategy, operations and liquidity of the Company as well as the ongoing ability of the Company to remain in compliance with its commitments and the terms and covenants associated with its Senior Loan Facility. The budgets are updated when required as conditions change.

The following table outlines the contractual maturities of the Company's financial liabilities at June 30, 2022:

	Less than 1 year	1-2 years	Thereafter	Total
Accounts payable	11,620,207	-	-	11,620,207
Senior Loan Facility - principal	26,603,036	17,783,083	13,912,510	58,298,629
Senior Loan Facility - interest	6,030,255	3,129,339	1,255,217	10,414,811
	44,253,498	**20,912,422**	**15,167,727**	**80,333,647**

Volatility in commodity prices in the oil and gas sector creates inherent challenges with the preparation of financial forecasts and may ultimately lead to adverse changes in the Company's future cash flows, working capital levels and/or debt balances. These and other factors may adversely affect the Company's liquidity and the ability to generate profits and cash flows in the future as well as the ability of the Company to remain in compliance with the terms and covenants of its Senior Loan Facility.

Market risk

Market risk is the risk or uncertainty that changes in price, such as commodity prices, foreign exchange rates, and interest rates will affect the Company's net earnings and the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. From time to time, the Company may utilize financial derivative contracts to manage market risks in accordance with the risk management policy that has been approved by the Board of Directors. The Company's consolidated balance sheet at June 30, 2022 includes risk management assets for crude oil, natural gas and liquids derivative contracts recorded at a net negative fair market value of $1.0 million. The Company's consolidated statement of comprehensive income (loss) for the six months ended June 30, 2022 includes unrealized losses on risk management contracts of $1.0 million.

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 for petroleum and natural gas are impacted by not only the US dollar, but also by world economic events that dictate the levels of supply and demand.

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.

The Company has the following commodity risk management contracts outstanding:

WTI Crude oil derivative contracts

Type	Remaining Term	Total Volume (bbls)	Swap Price (US$/bbl)[1]
Swap	Jul - Sept 2022	128,717	102.49
Swap	Oct - Dec 2022	123,231	96.47
Swap	Jan - Mar 2023	115,291	91.48
Swap	Apr - June 2023	111,886	88.44
Swap	Jul - Sept 2023	108,775	85.58
Swap	Oct - Dec 2023	104,914	83.12
Swap	Jan - Mar 2024	98,908	79.72
Swap[2]	Apr - June 2024	94,670	74.40
Swap[2]	Jul - Aug 2024	62,474	73.27

(1) Prices reported are the weighted average price for the period

(2) Entered into subsequent to June 30, 2022

Crude Edmonton Light differential contracts

Type	Remaining Term	Total Volume (bbls)	Swap Price (US$/bbl)[1]
Swap	Jul - Sept 2022	110,697	-2.45
Swap	Oct - Dec 2022	105,978	-2.95
Swap	Jan - Mar 2023	99,150	-4.31
Swap	Apr - June 2023	96,221	-4.09
Swap	Jul - Sept 2023	93,546	-4.25
Swap	Oct - Dec 2023	90,225	-4.48

(1) Prices reported are the weighted average price for the period

WCS Crude differential contracts

Type	Remaining Term	Total Volume (bbls)	Swap Price (US$/bbl)[1]
Swap	Jul - Sept 2022	18,020	-11.40
Swap	Oct - Dec 2022	17,253	-13.61

(1) Prices reported are the weighted average price for the period

Henry Hub Natural Gas contracts

Type	Remaining Term	Total Volume (mmbtu)	Swap Price (US$/mmbtu)[1]	Swap Price (US$/GJ)[2]
Swap	Jul - Sept 2022	335,274	4.57	4.33
Swap	Oct - Dec 2022	325,106	4.69	4.45
Swap	Jan - Mar 2023	308,452	4.66	4.42
Swap	Apr - June 2023	302,721	3.35	3.18
Swap	Jul - Sept 2023	292,751	3.40	3.22
Swap	Oct - Dec 2023	283,342	3.58	3.39
Swap	Jan - Mar 2024	263,468	3.74	3.54
Swap[3]	Apr - June 2024	258,283	4.43	4.20
Swap[3]	Jul - Aug 2024	171,223	4.55	4.32

(1) Prices reported are the average price for the period
(2) Prices reported are converted from mmbtu to GJ by a conversion factor of 1.0551
(3) Entered into subsequent to June 30, 2022

AECO differential contracts

Type	Remaining Term	Total Volume (mmbtu)	Swap Price (US$/mmbtu)[1]	Swap Price (US$/GJ)[2]
Swap	Jul - Sept 2022	335,274	-1.48	-1.40
Swap	Oct - Dec 2022	325,106	-1.28	-1.21
Swap	Jan - Mar 2023	308,452	-1.18	-1.12
Swap	Apr - June 2023	302,721	-1.09	-1.03
Swap	Jul - Sept 2023	292,751	-1.15	-1.09
Swap	Oct - Dec 2023	283,342	-1.00	-0.95
Swap	Jan - Mar 2024	263,468	-1.01	-0.96
Swap[3]	Apr - June 2024	258,283	-1.47	-1.39
Swap[3]	Jul - Aug 2024	171,223	-1.56	-1.48

(1) Prices reported are the average price for the period
(2) Prices reported are converted from mmbtu to GJ by a conversion factor of 1.0551
(3) Entered into subsequent to June 30, 2022

Propane contracts

Type	Remaining Term	Total Volume (gal)	Swap Price (US$/gal)[1]
Swap	Jul - Sept 2022	396,554	1.32
Swap	Oct - Dec 2022	384,109	1.32
Swap	Jan - Mar 2023	363,408	1.25
Swap	Apr - June 2023	357,100	1.05
Swap	Jul - Sept 2023	341,467	1.01
Swap	Oct - Dec 2023	329,881	1.02
Swap	Jan - Mar 2024	309,397	0.99
Swap[2]	Apr - June 2024	288,996	0.78
Swap[2]	Jul - Aug 2024	191,278	0.76

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

(2) Entered into subsequent to June 30, 2022

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The majority of the Company's administrative and operational costs will be based and paid in Canadian dollars. However, the Company is exposed to the risk of fluctuations in foreign exchange rates between the Canadian dollar and the US dollar (US$) given the Company is exposed to the risk of changes in the US/Canadian dollar exchange rate on crude oil sales based on US dollar benchmark prices and commodity contracts that are settled in US dollars (see above). Furthermore, the Company is exposed to the risk of changes in the US/Canadian dollar exchange rate on the US denominated Senior Loan Facility, with debt service payments denominated in US dollars. As at June 30, 2022, the Company had not entered into any foreign currency derivatives to manage its exposure to currency fluctuations. Given that a significant amount of the Company's crude oil sales as well as all financial commodity contracts are settled in US dollars, such proceeds are to be used to directly service debt service payments on the Senior Loan Facility, eliminating a certain amount of potential foreign exchange rate fluctuation risk within the Company's cash flows.

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. Currently, the Company is exposed to interest rate risk on the Senior Loan Facility, which bears interest at US prime interest rate plus 8%. Fluctuations of interest rates could result in an increase or decrease in the amount ROK pays to service the variable interest rate debt.

If interest rates applicable to the floating US prime interest rate at June 30, 2022 were to have increased or decreased by 50 basis points, it is estimated that the Company's income before tax would change by approximately $79,000 for the six months ended June 30, 2022. This assumes that the change in interest rate is effective from the beginning of the Senior Loan Facility on March 7, 2022.

Fair value of financial instruments

The Company's financial instruments as at June 30, 2022, include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, risk management contracts, and Senior Loan Facility.

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 risk management contracts and the Senior Loan Facility 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 (definition and details of the underlying calculation are provided under the heading "Non-GAAP Measures"). 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, 2022	March 31, 2022	December 31, 2021
Senior Loan Facility (12.75%)	58,298,629	62,549,849	-
Debt Notes (14%)	-	-	4,000,000
Less: adjusted working capital	19,912,783	16,750,311	478,610
Net debt	**38,385,846**	**45,799,538**	**3,521,390**

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.

ROK RESOURCES

SHAREHOLDERS' EQUITY

Common shares

At June 30, 2022, 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 two votes per share and to dividends, if declared. Outstanding Class B Shares as of June 30, 2022, are as follows:

	Class B shares	Amount
Balance, December 31, 2020	58,996,576	3,607,761
Shares issued for asset acquisitions	4,250,000	785,000
Private placement	11,000,000	1,875,359
Stock option exercise	225,000	41,147
Balance, December 31, 2021	74,471,576	6,309,267
Prospectus Offering March 2022	95,834,100	11,714,629
Shares issued for Debt Note conversion	15,555,550	2,075,326
Stock option exercise	285,000	42,509
Warrant exercise	9,014,359	1,431,540
Balance, June 30, 2022	**195,160,585**	**21,573,271**

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, 2020	17,758,975	0.18
Purchase warrants issued, private placement	5,500,000	0.35
Broker warrants issued, private placement	280,000	0.35
Purchase warrants issued, Note Financing	2,000,000	0.35
Balance, December 31, 2021	25,538,975	0.23
Purchase warrants issued, Prospectus Offering	95,834,100	0.25
Broker warrants issued, Prospectus Offering	6,125,054	0.25
Purchase warrants issued, Debt Note Conversion	15,555,550	0.25
Warrant exercise	(9,014,359)	0.15
Balance, June 30, 2022	**134,039,320**	**0.25**

The following summarizes information about total purchase warrants outstanding as at June 30, 2022:

Exercise prices	Number of warrants outstanding	Weighted average term to expiry (years)	Number of warrants exercisable
0.15	5,194,616	0.08	5,194,616
0.25	117,514,704	2.68	117,514,704
0.30	3,550,000	0.36	3,550,000
0.35	7,780,000	0.86	7,780,000
	134,039,320	**2.41**	**134,039,320**

ROK RESOURCES

Subsequent to June 30, 2022, a total of 5,194,616 warrants expiring in July 2022 were exercised resulting in the issuance of 5,194,616 common shares. Based on the exercise price of $0.15 per warrant, $779,192 in gross proceeds was received by the Company.

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

	Stock options	Weighted average exercise price
Balance, December 31, 2020	2,740,000	0.13
Options issued	4,150,000	0.28
Options exercised [1]	(300,000)	0.10
Balance, December 31, 2021	6,590,000	0.23
Options issued	10,760,000	0.25
Options exercised [1]	(210,000)	0.10
Balance, June 30, 2022	**17,140,000**	**0.24**
Exercisable, June 30, 2022	**7,200,004**	**0.22**

(1) Of the 300,000 stock options exercised during the year ended December 31, 2021, and the 210,000 stock options exercised during the six months ended June 30, 2022, common shares were issued for 225,000 of those stock options prior to December 31, 2021. Shares for the remaining 285,000 stock options were issued during the six months ended June 30, 2022.

The following summarizes information about stock options outstanding as at June 30, 2022:

Exercise prices	Number of options outstanding	Weighted average term to expiry (years)	Number of options exercisable
0.10	630,000	1.05	630,000
0.15	1,600,000	2.43	1,600,000
0.25	10,760,000	4.74	3,586,674
0.28	4,150,000	4.06	1,383,330
	17,140,000	**4.22**	**7,200,004**

In March 2022, the Company granted 10,760,000 options to acquire common shares to certain directors, officers and employees of the Company at a price of $0.25 per common share. The options are for a five-year term, expiring in March 2025, and vesting one-third on date of grant, one-third on the first anniversary date and one-third on the second anniversary date from the date of grant.

As of the date of this MD&A, the Company maintained balances of 200,565,201 Class B Shares, 128,844,704 warrants, and 16,930,000 stock options.

NEW ACCOUNTING STANDARDS

The IASB has issued a number of new accounting standards, amendments to accounting standards, and interpretations that are effective for annual periods beginning on or after January 1, 2022. None of the accounting pronouncements are expected to have a material impact upon initial adoption. The Company will continue to evaluate the impact of the pronouncements which will be adopted on their respective effective dates.

Financial derivative instruments policy

Financial derivative instruments are included in current assets and liabilities except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets and liabilities. The Company has not designated any of its financial derivative contracts as hedging instruments. The Company's financial derivative instruments are classified as financial assets or liabilities at fair value through profit or loss and are reported at fair value with changes in fair value recorded in net income or loss. The Company has accounted for its forward physical delivery sales contracts, which were entered into and continue to be held for the purpose of receipt or delivery of non-financial items, in accordance with its expected purchase, sale or usage requirements as executory contracts. As such, these contracts are not considered to be derivative financial instruments and have not been recorded at fair value on the consolidated balance sheet. Realized gains or losses from physically settled commodities sales contracts are recognized in petroleum and natural gas sales as the contracts are settled.

Voluntary change in accounting policy

Under the Company's previous accounting policy, ROK used a risk-free rate based on the Bank of Canada published bond rates in the measurement of the present value of its decommissioning obligations. The Company has now elected to change its policy for the measurement of decommissioning obligations to utilize a credit-adjusted rate. The use of a credit-adjusted rate results in reliable and more relevant information for the readers of the financial statements as this methodology provides a more accurate representation of the value at which such liabilities could be transferred to a third party, provides a better indication of the risk associated with such obligations, and increases the comparability of the Corporation's financial statements to those of its peers.

Management has applied the voluntary change in accounting policy retrospectively, including the restatement of certain comparative amounts with the Financial Statements. The impact of the change in accounting policy is presented within Note 2 of the interim condensed financial statements for the three and six months ended June 30, 2022.

With the exception of the aforementioned, there were no material changes in the Company's significant accounting policies from those disclosed in the 2021 annual audited financial statements.

USE OF ESTIMATES AND JUDGMENTS

The timely preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant estimates and judgments made by management in the preparation of the financial statements are outlined below.

The Company continues to assess the impact of climate change on the financial statements. The Company is currently analyzing potential internal greenhouse gas reduction initiatives and is continually monitoring regulatory initiatives that may impact its existing businesses. The impact of these changes will be assessed in future reporting periods to ensure any changes in assumptions that would impact estimates listed below are adjusted on a timely basis.

Critical judgments in applying accounting policies

The following are the critical judgments that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

i) Identification of cash-generating units

The Company's assets are aggregated into cash-generating units, for the purpose of calculating impairment, based on their ability to generate largely independent cash flows. By their nature, these estimates and assumptions are subject to measurement uncertainty and may impact the carrying value of the Company's assets in future periods.

ii) Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires management to make certain judgments as to future events and circumstances as to whether economic quantities of reserves have been found in assessing economic and technical feasibility.

iii) Impairment of property, plant and equipment and exploration and evaluation assets

Judgments are required to assess when impairment indicators, or reversal indicators, exist and impairment testing is required. In determining the recoverable amount of assets, in the absence of quoted market prices, impairment tests are based on estimates of reserves, production rates, future oil and natural gas prices, future costs, discount rates, market value of land and other relevant assumptions.

iv) Income taxes

Judgments are made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

v) Asset Acquisitions

The application of the Company's accounting policy for business combinations requires management to make certain judgments in applying the optional concentration test under IFRS 3 Business Combinations, to determine whether the acquired assets meet the definition of a business combination or an asset acquisition. Where an acquisition involves a group of assets and liabilities, and does not constitute a business, the acquirer must identify and recognize the individual assets acquired and liabilities assumed. The cost of the transaction is allocated to the assets acquired and liabilities assumed based on their relative fair values at the date of purchase.

Key sources of estimation uncertainty

The following are the key assumptions concerning the sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities, where applicable.

i) Reserves and resource assessment

The assessment of reported recoverable quantities of proved and probable reserves and prospective resource estimates include estimates regarding production profile, commodity prices, exchange rates, remediation costs, timing and amount of future development costs, and production, transportation, and marketing costs for future cash flows. It also requires interpretation of geological and geophysical models in anticipated recoveries. The economical, geological and technical factors used to estimate reserves and prospective resources may change from period to period. Changes in reported reserves and prospective resources can impact the carrying values of the Company's petroleum and natural gas properties and exploration and evaluation assets and equipment, the calculation of depletion and depreciation, the provision for decommissioning obligations, and the recognition of deferred tax assets due to changes in expected future cash flows.

The Company's petroleum and natural gas reserves represent the estimated quantities of petroleum, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be economically recoverable in future years from known reservoirs and which are

considered commercially viable. Such reserves may be considered commercially producible if management has the intention of developing and producing them and such intention is based upon (i) a reasonable assessment of the future economics of such production; (ii) a reasonable expectation that there is a market for all or substantially all the expected petroleum and natural gas production; and (iii) evidence that the necessary production, transmission, and transportation facilities are available or can be made available. Reserves may only be considered proven and probable if the ability to produce is supported by either actual production or conclusive formation tests. Prospective resources are determined using an externally prepared valuation report which reflects estimated prospective resources and external pricing and costs assumptions reflective of the current market. The Company's petroleum and gas reserves and prospective resources are determined pursuant to National Instrument 51-101, Standard of Disclosures for Oil and Gas Activities.

ii) Decommissioning obligations

The Company estimates future remediation costs of production facilities, wells and pipelines at different stages of development and construction of assets or facilities. In most instances, removal of assets occurs many years into the future. This requires assumptions regarding abandonment date, future environmental and regulatory legislation, the extent of reclamation activities, the engineering methodology for estimating cost, future removal technologies in determining the removal cost and liability-specific discount rates to determine the present value of these cash flows.

iii) Business combinations

In a business combination, management makes estimates of the fair value of assets acquired and liabilities assumed as part of the acquisition transaction.

iv) Share-based payments

All equity-settled, share-based awards issued by the Company are recorded at fair value using the Black-Scholes option-pricing model. In assessing the fair value of equity-based compensation, estimates have to be made regarding the expected volatility in share price, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant date.

v) Tax provisions

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods. Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse.

RELATED PARTY TRANSACTIONS

In March 2022, the Company completed the aforementioned Prospectus Offering for proceeds of $17,250,138 before transaction costs. Of the total proceeds, approximately $416,000 were from subscriptions by directors and officers or by investors related to directors and officers of the Company.

In March 2022, as part of the conversion of Debt Notes to units (see above), the Company issued units to Debt Note holders at a price of $0.18 per unit on the principal of $2.8 million of Debt Notes on the same terms as the Prospectus Offering, resulting in the issuance of 15,555,550 units of the Company. Of the units issued, $0.5 million of the Debt Notes converted to 2,777,777 units were issued to certain directors and officers of the Company.

PRINCIPAL BUSINESS RISKS

The Company's business and results of operations are subject to a number of risks and uncertainties which include, but are not limited to, the following:

Crude Oil and Natural Gas Development

Exploration, development, production of oil and natural gas involves a wide variety of risks which include, but are not limited to, the uncertainty of finding oil and gas in commercial quantities, securing markets, commodity price fluctuations, exchange and interest rate exposure and changes to government regulations, including regulations relating to prices, taxes, royalties, and environmental protection. The oil and gas industry is intensely competitive and the Company competes with a large number of companies with greater resources.

The Company's ability to obtain reserves in the future will depend not only on its ability to develop its current properties, but also on its ability to acquire new prospects and producing properties. The acquisition, exploration and development of new properties also require that sufficient capital from outside sources will be available to the Company in a timely manner. The availability of equity or debt financing is affected by many factors, many of which are beyond the control of the Company.

Addition of Reserves and Resources

The Company's future crude oil and natural gas reserves, production, and cash flows to be derived therefrom are highly dependent on the Company successfully discovering and developing or acquiring new reserves and resources. The addition of new reserves and resources will depend not only on the Company's ability to explore and develop properties but also, in the case of reserves, on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that the Company's exploration, development or acquisition efforts will result in the discovery and development of commercial accumulations of oil and natural gas.

Reserve Estimates

There are numerous uncertainties inherent in estimating quantities of reserves, including many factors beyond the control of the Company. Estimates of reserves depend in large part upon the reliability of available geological and engineering data and require certain assumptions to be made in order to assign reserve volumes. Geological and engineering data is used to determine the probability that a reservoir of oil and/or natural gas exists at a particular location, and whether, and to what extent, such hydrocarbons are recoverable from the reservoir. Accordingly, the ultimate reserves discovered by the Company may be significantly less than the total estimates.

Exploration Risks

The exploration of the Company's properties may from time to time involve a high degree of risk that no production will be obtained or that the production obtained will be insufficient to recover drilling and completion costs. The costs of seismic operations and drilling, completing and operating wells are uncertain to a degree. Cost overruns can adversely affect the economics of the Company's exploration programs and projects. In addition, the Company's seismic operations and drilling plans may be curtailed, delayed or cancelled as a result of numerous factors, including, among others, equipment failures, weather or adverse climate conditions, shortages or delays in obtaining qualified personnel, shortages or delays in the delivery of or access to equipment, necessary governmental, regulatory or other third-party approvals and compliance with regulatory requirements.

Environmental Risks

Oil and gas exploration and production can involve environmental risks such as litigation, physical and regulatory risks. Physical risks include the pollution of the environment, climate change and destruction of natural habitat, as well as safety risks such as personal injury. The Company works hard to identify the potential environmental impacts of its new projects in the planning stage and during operations. The Company conducts its operations with high standards in order to protect the environment, its employees and consultants, and the general public. ROK maintains current insurance coverage for comprehensive and general liability as well as limited pollution liability. The amount and terms of this insurance are reviewed on an ongoing basis and adjusted as necessary to reflect current corporate requirements, as well as industry standards and government regulations. Without such insurance, and if the

Company becomes subject to environmental liabilities, the payment of such liabilities could reduce or eliminate its available funds or could exceed the funds the Company has available and result in financial distress.

Climate Change Risks

Our exploration and production facilities and other operations and activities emit greenhouse gasses ("GHG") which may require us to comply with federal and/or provincial GHG emissions legislation. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place to prevent climate change or mitigate our effects. The direct or indirect costs of compliance with GHG-related regulations may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company. Some of ROK's facilities may ultimately be subject to future regional, provincial and/or federal climate change regulations to manage GHG emissions. In addition, climate change has been linked to long-term shifts in climate patterns and extreme weather conditions both of which pose the risk of causing operational difficulties.

Key Personnel

The Company's success depends in large part on the ability of its executive management team to deal effectively with complex risks and relationships and execute the Company's business plan. The members of the management team contribute to the Company's ability to obtain, generate and manage opportunities. There can be no assurance that the Company's present key personnel and directors will remain with the Company. The departure of any such key person or director may materially affect the Company's business, financial condition, results of operations, and the value of the Class B Shares.

Public Market Risk

There can be no assurance that an active trading market in the Company's securities will be sustained. The market price for the Company's securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of the Company's peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of the Company. The stock market from time to time has experienced extreme price and volume fluctuations, which may be unrelated to the operating performance of particular companies.

Dividends

To date, the Company has not paid regular dividends on its outstanding securities and does not anticipate paying any dividends in the foreseeable future. There are no restrictions in the Company's articles or elsewhere which would prevent the Company from paying dividends. It is not contemplated that any dividends will be paid on the Class B Shares in the immediate future as it is anticipated that all available funds will be invested to finance the growth of the Company's business. The directors of the Company will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Company's earnings, financial position and other conditions at the relevant time. All of the Class B Shares are entitled to an equal share in any dividends declared and paid.

Failure to Maintain Listing of the Class B Shares

The Class B Shares are currently listed for trading on the facilities of the TSXV. The failure of the Company to meet the applicable listing or other requirements of the TSXV in the future may result in the Class B Shares ceasing to be listed for trading on the TSXV, which would have a material adverse effect on the value of the Class B Shares. There can be no assurance that the Class B Shares will continue to be listed for trading on the TSXV.

Structure of the Company

From time to time, the Company may take steps to organize its affairs in a manner that minimizes taxes and other expenses payable with respect to the operation of the Company and its subsidiaries. If the manner in which the Company structures its affairs is successfully challenged by a taxation or other authority, the Company and the holders of Class B Shares may be adversely affected.

Management's Report on Internal Control over Financial Reporting

In connection with National Instrument 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company are required to file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52- 109.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A offers an assessment of the Company's future plans and operations as of the date hereof and may contain forward-looking information. All statements other than statements of historical fact are forward-looking statements. Such information is generally identified by the use of words such as "anticipate", "continue", "estimate", "expect", "may", "plan", "will", "project", "should", "believe" and similar expressions. Statements relating to "reserves" or "resources" are also forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the resources and reserves described can be profitably produced in the future. All such statements involve known and unknown risks, uncertainties, and assumptions.

Management believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct. Such forward-looking information included in this MD&A should not be unduly relied upon as the plans, assumptions, intentions, or expectations upon which it is based may not occur. Actual results or events may vary from the forward-looking information.

In particular, this MD&A may contain forward-looking information pertaining to the following:

- the potential of the Company's assets,
- the Company's growth strategy and opportunities,
- performance characteristics of the Company's oil properties and estimated capital commitments and probability of success,
- crude oil production and recovery estimates and targets,
- forecasted Operating Income in future periods,
- the existence and size of the oil reserves and resources,
- capital expenditure programs and estimates, including the timing of activity,
- plans for, and results of, exploration and development activities,
- projections of market prices and costs,
- the supply and demand for oil,
- expectations regarding forecasted Net Debt balances in the future and Company expectations for servicing existing debt,
- expectations regarding the ability to raise equity and debt capital on acceptable terms, including the ability to negotiate and complete any agreements contemplated,
- the timing for receipt of regulatory approvals, and
- treatment of the Company under governmental regulatory regimes and tax laws.

The purpose of providing any financial outlook in this MD&A is to illustrate how the business of the Company might develop without the benefit of specific historical financial information. Readers are cautioned that this information may not be appropriate for other purposes.

The forward-looking information herein is based on certain assumptions and analysis by the management of the Company in light of its experience and perception of historical trends, current conditions and expected future developments and other factors that it believes are appropriate and reasonable under the circumstances. The forward-looking information herein is based on a number of assumptions, including but not limited to:

- the availability on acceptable terms of funds for capital expenditures,
- the availability in a cost-efficient manner of equipment and qualified personnel when required,
- the stability of the regulatory framework governing taxes and environmental matters in any jurisdiction in which the Company may conduct its business in the future,
- continuing strong demand for oil,
- the ability to market production of oil successfully to customers,
- future production levels and oil prices,
- the applicability of technologies for recovery and production of oil reserves,
- the existence and recoverability of any oil reserves,
- geological and engineering estimates in respect of resources and reserves in which the Company has an interest,
- the geography of the areas in which the Company has an interest, and
- the impact of increasing competition on the Company.

The actual results, performance and achievements of the Company could differ materially from those anticipated in these forward-looking statements as a result of the risks and uncertainties set forth elsewhere in the MD&A and the following risks and uncertainties:

- global financial conditions,
- general economic, market and business conditions,
- volatility in market prices, the stock market, foreign exchange and interest rates,
- risks inherent in oil and gas operations, exploration, development and production,
- the failure by counterparties to make payments or perform their operational or other obligations to the Company in compliance with the terms of contractual arrangements between the Company and such counterparties,
- risks related to the timing of completion of the Company's projects and plans,
- uncertainties associated with estimating oil and natural gas reserves and resources,
- competition for, among other things, capital, acquisitions of resources, and skilled personnel,
- the ability to hold existing leases through drilling or lease extensions or otherwise,
- incorrect assessments of the value of acquisitions,
- claims made in respect of the Company's properties or assets,
- geological, technical, drilling and processing problems, including the availability of equipment and access to properties,
- environmental risks and hazards,
- the inaccuracy of third parties' reviews, reports and projections,
- rising costs of labour and equipment,
- the failure to engage or retain key personnel,
- changes in income tax laws or changes in tax laws and incentive programs, and
- other factors discussed under "Principal Business Risks" in this MD&A.

Readers are cautioned that the foregoing lists of assumptions, risks and uncertainties are not exhaustive. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. The forward-looking information speaks only as of the date of this MD&A, and the Company does not undertake any

obligation to publicly update or revise any forward-looking information except as required by applicable securities laws.

SELECTED QUARTERLY INFORMATION

The following table sets out selected unaudited quarterly financial information of the Company and is derived from unaudited quarterly financial data prepared by management in accordance with IFRS.

Quarterly Results ($)	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Oil and natural gas sales	28,710,012	8,121,878	1,211,817	1,075,829
Oil and natural gas sales, net of royalties	24,116,754	6,832,820	1,000,910	870,472
Net income (loss)	(1,460,541)	71,759,746	(639,280)	(919,222)
Net income (loss) per share:				
Basic	(0.01)	0.69	(0.01)	(0.01)
Diluted	(0.01)	0.65	(0.01)	(0.01)

Quarterly Results ($)	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Oil and natural gas sales	709,209	440,027	322,935	275,513
Oil and natural gas sales, net of royalties	572,932	355,835	250,579	208,514
Net loss	(386,530)	(371,687)	(448,430)	(301,301)
Net loss per share (basic & diluted)	(0.01)	(0.01)	(0.01)	(0.01)

Over the past eight quarters, fluctuations in production volumes and realized commodity prices have impacted the Company's petroleum and natural gas revenues and funds flow. Net income (loss) has fluctuated due to effects of operating results from the acquisition of new producing assets, additional financing costs, and share-based compensation expense. Capital expenditures and production volumes have fluctuated over time as a result of the timing of acquisitions and the impact of market conditions on the Company's development capital expenditures.

Operating results for the first two quarters of 2022 and for each quarter of 2021 have continued to improve quarter-over-quarter when comparing the Operating Income Profit Margin of each 3-month period, which is mainly attributable to continued increases in realized commodity prices and increased production from recent acquisitions. Quarter-over-quarter results also include increased general and administrative expenses and finance expenses due to the continued growth of the Company, and the costs of new debt financing in 2021 and 2022 to help finance that growth. Beyond these factors, extraordinary or new items such as the gain on the FCL Acquisition in Q1 2022 and the gain/loss results in Q1 and Q2 2022 on commodity contracts and effects of deferred tax were additional contributors to net income (loss) in each quarter.

CONVERSION MEASURES AND SHORT-TERM PRODUCTION RATES

Production volumes and reserves are commonly expressed on a boe basis whereby natural gas volumes are converted at the ratio of 6 thousand cubic feet to 1 barrel of oil. Although the intention is to sum oil and natural gas measurement units into one basis for improved analysis of results and comparisons with other industry participants, boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf to 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In recent years, the value ratio based on the price of crude oil as compared to natural gas has been significantly higher than the energy equivalency of 6:1 and utilizing a conversion of natural gas volumes on a 6:1 basis may be misleading as an indication of value.

Short-term production rates can be influenced by flush production effects from fracture stimulations in horizontal wellbores and may not be indicative of longer-term production performance or ultimate recovery of reserves. Individual well performance may vary.

ROK RESOURCES

ABBREVIATIONS USED

bbl	barrel	AECO	Alberta Energy Company
bbl/d	barrels per day	GJ	gigajoule
boe	barrels of oil equivalent	Mcf	thousand cubic feet
boe/d	barrels of oil equivalent per day	Mcf/d	thousand cubic feet per day
bopd	barrels of oil per day	MMBtu	million British thermal units
Mbbls	thousand barrels	MMcf	million cubic feet
Mboe	thousand barrels of oil equivalent	MMcf/d	million cubic feet per day
MMboe	million barrels of oil equivalent	Bcf	billion cubic feet
NGL	natural gas liquids	WTI	West Texas Intermediate
m^3	cubic metres	Cdn	Canadian
e^3m^3	thousand cubic metres	US	United States
CO_2	Carbon dioxide	GHG	Greenhouse gas
EOR	Enhanced oil recovery	CCUS	Carbon capture, utilization & storage