ROK RESOURCES

INTERIM CONDENSED FINANCIAL STATEMENTS

JUNE 30, 2025

ROK RESOURCES INC.

INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

(Unaudited, expressed in $000s)	**June 30, 2025**	December 31, 2024
Assets		
Current Assets		
Cash and cash equivalents	**3,316**	-
Accounts receivable (Note 12)	**8,321**	11,528
Prepaids and deposits	**828**	284
Risk management contracts (Note 12)	**270**	-
	12,735	11,812
Non-current Assets		
Property, plant and equipment (Note 3)	**124,794**	135,953
Exploration and evaluation assets (Note 4)	**363**	363
Marketable securities (Note 9)	**4,542**	8,516
	142,434	156,644
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 12)	**8,751**	15,346
Current portion of RSU liability (Note 8)	**382**	-
Current portion of lease liability	**122**	114
Risk management contracts (Note 12)	**-**	771
	9,255	16,231
Non-current Liabilities		
Non-current portion of debt (Note 5)	**-**	7,323
Non-current portion of lease liability	**230**	293
Non-current portion of RSU liability (Note 8)	**2**	-
Risk management contracts (Note 12)	**-**	41
Decommissioning obligations (Note 6)	**15,207**	17,547
Deferred income tax	**14,518**	13,802
	39,212	55,237
Shareholders' Equity		
Share capital (Note 7a)	**28,390**	28,420
Warrants (Note 7b)	**-**	4,562
Contributed surplus (Note 7c)	**8,205**	3,531
Retained earnings	**66,627**	64,894
	103,222	101,407
	142,434	156,644

See accompanying notes to the interim condensed financial statements.

ROK RESOURCES INC.

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

For the three and six months ended June 30

	Three months ended		Six months ended	
(Unaudited, expressed in $000s)	**2025**	2024	**2025**	2024
Revenue:				
Oil and natural gas sales (Note 10)	**16,641**	21,742	**37,621**	42,674
Royalties	**(2,558)**	(3,782)	**(6,036)**	(7,737)
Oil and natural gas sales, net of royalties	**14,083**	17,960	**31,585**	34,937
Realized gain (loss) on commodity contracts (Note 12)	**6,869**	(65)	**6,535**	861
Unrealized gain (loss) on commodity contracts (Note 12)	**1,951**	920	**1,081**	(6,156)
Processing and other income	**553**	647	**1,190**	1,509
Total revenue and other income	**23,456**	19,462	**40,391**	31,151
Expenses and other items:				
Operating expenses	**10,543**	11,555	**19,574**	22,279
General and administrative	**1,277**	1,144	**2,472**	2,390
Stock-based compensation (Note 7c & 8)	**458**	79	**496**	249
Depletion and depreciation (Note 3)	**4,900**	5,680	**10,091**	11,844
Net finance expense (Note 11)	**640**	929	**1,256**	1,826
Unrealized loss on marketable securities (Note 9)	**1,041**	-	**3,974**	-
Foreign exchange	**83**	61	**80**	35
Total expenses and other items	**18,942**	19,448	**37,943**	38,623
Income (loss) before income taxes	**4,514**	14	**2,448**	(7,472)
Deferred income tax expense (recovery)	**1,236**	(68)	**715**	(1,941)
Net income (loss) and comprehensive income (loss)	**3,278**	82	**1,733**	(5,531)
Net income (loss) per share (Note 7d)				
Basic	**0.01**	0.00	**0.01**	(0.03)
Diluted	**0.01**	0.00	**0.01**	(0.03)

See accompanying notes to the interim condensed financial statements.

ROK RESOURCES INC.

INTERIM CONDENSED STATEMENTS OF CASH FLOWS

For the three and six months ended June 30

	Three months ended		Six months ended	
(Unaudited, expressed in $000s)	**2025**	**2024**	**2025**	**2024**
Cash flows provided by (used in):				
Operating activities				
Net income (loss)	**3,278**	82	**1,733**	(5,531)
Adjustments for:				
Unrealized loss (gain) on commodity contracts (Note 12)	**(1,951)**	(920)	**(1,081)**	6,156
Unrealized loss on marketable securities (Note 9)	**1,041**	-	**3,974**	-
Depletion and depreciation (Note 3)	**4,900**	5,680	**10,091**	11,844
Other income from deferred revenue	**(138)**	-	**(276)**	-
Stock-based compensation (Note 7c and 8)	**458**	79	**496**	249
Unrealized foreign exchange	**(1)**	-	**-**	(2)
Net finance expense (Note 11)	**640**	929	**1,256**	1,826
Net interest expense paid	**(121)**	(408)	**(291)**	(787)
Abandonment costs paid (Note 6)	**(365)**	(373)	**(491)**	(471)
Deferred income tax expense (recovery)	**1,236**	(68)	**715**	(1,941)
Change in non-cash working capital (Note 13)	**519**	1,483	**(3,593)**	(683)
	9,496	6,484	**12,533**	10,660
Investing activities				
Acquisitions (Note 5)	**-**	(233)	**-**	(233)
Expenditures on property, plant and equipment (Note 3)	**(1,034)**	(5,276)	**(1,703)**	(7,095)
Expenditures on lithium exploration project	**-**	(139)	**-**	(388)
Change in non-cash working capital (Note 13)	**7**	1,963	**(63)**	1,646
	(1,027)	(3,685)	**(1,766)**	(6,070)
Financing activities				
Amounts paid on Credit Facility	**(5,087)**	(2,763)	**(7,349)**	(4,519)
Share buyback	**(30)**	-	**(30)**	-
Lease payments	**(36)**	(36)	**(72)**	(72)
	(5,153)	(2,799)	**(7,451)**	(4,591)
Foreign exchange on cash and cash equivalents	**-**	-	-	1
Increase in cash and cash equivalents	**3,316**	-	**3,316**	-
Cash and cash equivalents, beginning of period	**-**	-	-	-
Cash and cash equivalents, end of period	**3,316**	-	**3,316**	-

See accompanying notes to the interim condensed financial statements.

ROK RESOURCES INC.

INTERIM CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited, expressed in $000s)	**Number of Shares**	**Share Capital**	**Warrants**	**Contributed Surplus**	**Retained Earnings**	**Total**
Balance at December 31, 2024	219,769,315	28,420	4,562	3,531	64,894	101,407
Net income	-	-	-	-	1,733	1,733
Share buyback	(162,000)	(30)	-	-	-	(30)
Warrant expiry	-	-	(4,562)	4,562	-	-
Stock-based compensation	-	-	-	112	-	112
Balance at June 30, 2025	**219,607,315**	**28,390**	**-**	**8,205**	**66,627**	**103,222**
Balance at December 31, 2023	218,418,315	28,052	4,562	3,287	65,530	101,431
Net loss	-	-	-	-	(5,531)	(5,531)
Warrant exercises	1,000	-	-	-	-	1
Stock-based compensation	-	-	-	249	-	249
Balance at June 30, 2024	218,419,315	28,052	4,562	3,536	59,999	96,150

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, 2024, with the exception of certain disclosures that are normally required to be included in annual financial statements which have been condensed or omitted.

These Financial Statements should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2024. These Financial Statements were approved and authorized for issuance by the Company's Board of Directors on August 13, 2025.

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, as well as interests in infrastructure such as facilities and pipelines. PP&E consist of the following amounts:

Cost ($000s)	**D&P**	**ROU**	**Total**
Balance, December 31, 2024	193,531	556	194,087
Additions	1,703	-	1,703
Change in decommissioning provisions	(2,771)	-	(2,771)
Balance, June 30, 2025	**192,463**	**556**	**193,019**
Accumulated Depletion & Depreciation ($000s)			
Balance, December 31, 2024	57,959	175	58,134
Depletion & depreciation	10,028	63	10,091
Balance, June 30, 2025	**67,987**	**238**	**68,225**
Net Carrying Amount ($000s)			
Balance, December 31, 2024	135,572	381	135,953
Balance, June 30, 2025	**124,476**	**318**	**124,794**

Future development costs in the amount of $172.5 million (December 31, 2024 - $174.2 million) were included in the depletion calculated for the period ended June 30, 2025.

4. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets represent the recognized acquisition value and subsequent costs incurred in relation to the undeveloped land interests on which the Company intends to conduct petroleum and natural gas exploratory work. At December 31, 2024, and June 30, 2025, the exploration and evaluation assets balance was $363,000. As of June 30, 2025, there were no indicators of impairment.

5. DEBT

a) Credit Facility

In June 2025, the Company formalized a new revolving credit facility of $5.0 million with a Canadian chartered bank (the "Credit Facility") replacing the former $22.5 million revolving credit facility. The facility is available on a revolving basis. The bank may cancel the availability of the Credit Facility at any time without prior notice or demand, acting in its sole discretion.

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 based upon the margin assigned to each loan instrument as defined in the lending agreement. For the six months ended June 30, 2025, the Credit Facility had an effective interest rate of 6.0% per annum. The Credit Facility is secured by a floating charge debenture on the assets of the Company.

A summary of outstanding debt as at June 30, 2025, is as follows:

Credit Facility ($000s)	**June 30, 2025**	**December 31, 2024**
Total commitment	5,000	22,500
Amount drawn	-	7,349
Amount drawn, net of unamortized issue costs	-	7,323
Current portion	-	-
Non-current portion	-	7,323

b) Financial covenants

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

- Make expenditures toward asset retirement and abandonment and reclamation liabilities each fiscal year to the extent necessary to remain compliant with provincial, federal, and/or energy industry regulator requirements.
- When more than 70% of the Credit Facility is drawn, maintain oil and gas price hedges on a minimum of 25% of Company oil and gas production for a period of not less than 12 months.
- Maintain a minimum adjusted working capital ratio (as defined in the lending agreement) of 1.00. As of June 30, 2025, the Company's adjusted working capital ratio was 1.89.

As at June 30, 2025, 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 obligations associated with the retirement of oil and gas properties:

($000s)	
Balance, December 31, 2024	17,547
Change in estimate	(2,771)
Accretion expense	922
Liabilities settled	(491)
Balance, June 30, 2025	**15,207**

At June 30, 2025, the total estimated amount to settle ROK's decommissioning obligations on an uninflated and undiscounted basis was $66.6 million (December 31, 2024 - $63.8 million) and on an inflated and undiscounted basis was $107.7 million (December 31, 2024 - $95.9 million). The inflated, undiscounted future value of decommissioning obligations was determined by applying an inflation factor of 2.0% (December 31, 2024 – 2.0%) and subsequently discounting the inflated amount using the Company credit-adjusted rate of 12.0% (December 31, 2024 – 12.0%) to arrive at the balance of $15.2 million. These costs are expected to be incurred over the next 20 years.

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

7. SHARE CAPITAL

a) Common shares

At June 30, 2025, the Company was authorized to issue an unlimited number of Class B shares, with no par value, with holders of Class B shares entitled to one vote per share and to dividends, if declared. Outstanding Class B shares as of June 30, 2025, are as follows:

	Class B shares	**Amount** ($000s)
Balance, December 31, 2024	219,769,315	28,420
Shares purchased and cancelled	(162,000)	(30)
Balance, June 30, 2025	**219,607,315**	**28,390**

In June 2025, the Company announced its intention to effect a normal course issuer board ("NCIB") through the facilities of the Exchange. Pursuant to the NCIB, the Company is entitled to, during the period from June 10, 2025 to June 9, 2026, purchase on the Exchange up to 18,284,409 Class B shares in total, representing 10% of Class B shares issued and outstanding as of June 5, 2025 after excluding shares beneficially owned by directors and executive officers of the Company and persons who beneficially own or exercise control or direction over more than 10% of the issued and outstanding Class B shares of the Company. The price which the Company paid for purchased shares was the market price at the time of acquisition. The actual number of Class B shares which were purchased and the timing of the purchases was determined by the Company. All shares purchased under the NCIB are cancelled. During the six months ended June 30, 2025, the Company purchased and cancelled 162,000 Class B shares at an average price of $0.186 per share for total cost of $30,000.

b) Warrants

The Company had 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, 2023	113,141,877	0.25
Warrants exercised	(1,000)	0.25
Balance, December 31, 2024	113,140,877	0.25
Warrants expired	(113,140,877)	0.25
Balance, June 30, 2025	-	-

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, 2023	19,860,000	0.27
Options issued	1,885,000	0.23
Options exercised	(1,350,000)	0.15
Options forfeited	(1,400,000)	0.25
Balance, December 31, 2024	**18,995,000**	**0.27**
Options issued	1,250,000	0.20
Options forfeited	(13,485,000)	0.27
Balance, June 30, 2025	**6,760,000**	**0.28**
Exercisable, June 30, 2025	**4,844,986**	**0.28**

The following summarizes information about stock options outstanding as at June 30, 2025:

Exercise prices	Number of options outstanding	Weighted average term to expiry (years)	Number of options exercisable
0.20	1,250,000	4.98	416,658
0.21	1,260,000	4.53	419,997
0.25	1,150,000	1.98	1,150,000
0.28	200,000	1.31	200,000
0.30	1,400,000	2.81	1,249,999
0.35	275,000	2.80	183,332
0.40	1,225,000	2.92	1,225,000
0.28	**6,760,000**	**3.37**	**4,844,986**

For the three and six months ended June 30, 2025, the Company recognized $74,000 and $112,000 (June 30, 2024 - $79,000 and $249,000) in stock-based compensation expense in relation to the vesting of stock options.

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 loss per share for the three and six months ended June 30, 2025 and 2024:

	Three months ended		Six months ended	
	2025	2024	2025	2024
WA common shares outstanding, basic	219,761,458	218,419,315	219,765,365	218,418,831
Dilutive effect of stock options	-	2,327,243	-	-
Dilutive effect of warrants	-	15,605,639	-	-
WA common shares outstanding, diluted	219,761,458	236,352,197	219,765,365	218,418,831
Net income (loss) ($000s)	3,278	82	1,772	(5,531)
$ per common share, basic	0.01	0.00	0.01	(0.03)
$ per common share, diluted	0.01	0.00	0.01	(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 and six months ended June 30, 2025, a total of 6,760,000 stock options were excluded as they were not in-the-money based on the volume weighted average trading price of the Company's common shares of $0.17 during both the three- and six-month periods, and therefore anti-dilutive. For the three months ended June 30, 2024, 4,400,000 stock options and 113,140,877 warrants were excluded as they were not in-the-money based on the volume weighted average trading price of the Company's common shares of $0.29 during the period, and therefore anti dilutive. For the six months ended June 30, 2024, 20,310,000 stock options and 113,140,877 warrants were excluded as their impact was anti-dilutive to the net loss per share in the period.

8. LONG-TERM INCENTIVE COMPENSATION

In June 2025, the Company's Board of Directors approved a new Restricted Share Unit Plan ("RSU Plan") as an additional form of long-term incentive compensation which allows the Board to grant Restricted Share Units ("RSUs") to directors, officers, employees and consultants of the Company. At the time of redemption of RSUs granted, a cash payment equal to the fair market value of each redeemed RSU is to be paid to the RSU holders. The fair market value is determined based on the volume weighted average trading price per Class B share of the Company on the Exchange for the last five trading days ending immediately before the redemption date.

For RSUs granted to non-directors, one-third of the granted RSUs will vest on each of the first, second and third years following the date of grant, unless otherwise determined by the Board of Directors of the Company. RSUs granted to directors vest immediately but are not redeemable until the holder ceases to be a director of the Company. As such, the cost and liability associated with RSUs granted to non-directors are recognized evenly over the term of vesting, while the cost and liability of RSUs granted to directors are fully recognized on the date of grant due to their immediate vesting. As previously mentioned, the initial cost and liability of granted RSUs is based on a 5-day volume weighted average trading price per Class B share of the Company at the time of grant. This initial cost valuation of RSUs is recognized as part of stock-based compensation. Subsequent revaluation of RSUs on a periodic basis is based on the same process at each subsequent period end with the results of each revaluation recognized as a gain or loss on RSU liability in finance expenses.

As of June 30, 2025, a total of 4,400,000 RSUs were granted to directors and officers of the Company. For the three and six months ended June 30, 2025, the Company recognized $384,000 (June 30, 2024 - $nil) in stock-based compensation expense in relation to the vesting of RSUs.

9. MARKETABLE SECURITIES

The Company maintains ownership of 18,925,000 common shares of EMP Metals Corp. ("EMP"), a public entity which trades on the Canadian Securities Exchange under the trading symbol "EMPS". The EMP common shares are subject to escrow provisions under which 50% of the EMP common shares are to be released from escrow in September 2026 and the remaining 50% are to be released from escrow in September 2027. 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 June 30, 2025, these marketable securities had an assessed fair value of $4.5 million, resulting in an unrealized loss of $1.0 million and $4.0 million for the three and six months ended June 30, 2025, respectively.

10. REVENUE

The following table presents the Company's oil and natural gas revenue disaggregated by product type for the periods ended June 30, 2025 and 2024:

	Three months ended		Six months ended	
($000s)	2025	2024	2025	2024
Oil sales	14,125	18,950	31,640	35,473
NGL sales	1,241	1,739	3,092	3,819
Natural gas sales	1,275	1,053	2,889	3,382
Total	**16,641**	**21,742**	**37,621**	**42,674**

As at June 30, 2025, receivables from contracts with customers, which are included in accounts receivable, were $5.7 million (December 31, 2024 - $7.7 million).

11. NET FINANCE EXPENSE

The components of net finance expense for the three months ended June 30, 2025 and 2024, are as follows:

	Three months ended		Six months ended	
($000s)	2025	2024	2025	2024
Interest income	(6)	(1)	(7)	(1)
Interest expenses and bank charges	50	137	57	141
Debt interest expense	77	272	241	647
Lease liability interest expense	8	9	17	19
Accretion on debt	-	97	26	195
Accretion on decommissioning obligations	511	415	922	825
Total net finance expense	**640**	**929**	**1,256**	**1,826**

12. 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 ($000s)	**June 30, 2025**	**December 31, 2024**
Oil and natural gas customers	5,664	7,701
Joint operations partners	2,357	3,503
Accruals and other	300	324
Total	**8,321**	**11,528**

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 ($000s)	**June 30, 2025**	**December 31, 2024**
0 - 30 days	4,611	7,799
30 - 90 days	665	846
Greater than 90 days	3,233	3,069
Expected credit loss	(188)	(186)
Total	**8,321**	**11,528**

The Company considers amounts outstanding greater than 90 days to be at greater risk of being uncollectible, unless circumstances on particular balances provide certainty of collection. Receivables normally collectible within 30 to 60 days can take longer as information requests and timing can come into effect in dealing with receivables from joint venture partners. At June 30, 2025, there were $0.2 million in receivables which were considered uncollectible (December 31, 2024 - $0.2 million).

Liquidity risk

The table below outlines the contractual maturities of the Company's financial liabilities as at June 30, 2025:

($000s)	**Less than 1 year**	**1-2 years**	**Thereafter**	**Total**
Accounts payable	8,751	-	-	8,751
Lease obligations [1]	148	119	131	398
	8,899	**119**	**131**	**9,149**

1) Reflects timing of lease payments on existing lease obligations

Commodity price risk

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

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

As of June 30, 2025, the Company has the following commodity risk management contracts outstanding:

	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Swap Contracts - AECO				
Volumes (mmbtu/d)	4,676	4,463	4,594	1,348
C$/mmbtu [(1)]	2.15	2.81	3.17	2.47

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

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.

Interest rate risk

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

As at June 30, 2025, 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 $19,000 for the six months ended June 30, 2025.

Fair value of financial instruments

The Company’s financial instruments as at June 30, 2025, include, accounts receivable and deposits, 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 and deposits, and 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.

($000s)	June 30, 2025	December 31, 2024
Cash and cash equivalents	3,316	-
Accounts receivable	8,321	11,528
Prepaids and deposits	828	284
Current portion of risk management contracts	270	(771)
Accounts payable and accrued liabilities	(8,751)	(15,346)
Adjusted working capital (2)	**3,984**	**(4,305)**
Credit Facility (1)	-	(7,349)
Lease obligations (1)	(398)	(475)
Less: adjusted working capital (2)	3,984	(4,305)
Net surplus (debt)	**3,586**	**(12,129)**

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.

13. SUPPLEMENTAL CASH FLOW INFORMATION

For the periods ended June 30	Three months ended		Six months ended	
($000s)	**2025**	**2024**	**2025**	**2024**
Accounts receivable	1,463	(20)	3,207	581
Prepaids and deposits	187	234	(544)	17
Accounts payable and accrued liabilities	(1,124)	3,232	(6,319)	365
Change in non-cash working capital	**526**	**3,446**	**(3,656)**	**963**
Relating to:				
Operating activities	519	1,483	(3,593)	(683)
Investing activities	7	1,963	(63)	1,646
Change in non-cash working capital	**526**	**3,446**	**(3,656)**	**963**