



**AUDITED ANNUAL CONSOLIDATED FINANCIAL
STATEMENTS**

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

MANAGEMENT'S REPORT

The accompanying consolidated financial statements and related financial information are the responsibility of management and have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). They include certain amounts that are based on estimates and judgments relating to matters not concluded by year-end. Financial information presented elsewhere in this document is consistent with that contained in the consolidated financial statements.

In management's opinion, the consolidated financial statements have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies adopted by management. If alternate accounting methods exist, management has chosen those policies it deems the most appropriate in the circumstances.

The independent external auditors, KPMG LLP, have conducted an examination of the consolidated financial statements on behalf of shareholders. The auditors have unrestricted access to the Company and the Audit Committee.

The Board of Directors, currently composed of six directors, five of which are independent, carries out its responsibility for the consolidated financial statements principally through its Audit Committee, consisting of three members. This Committee reviews the consolidated financial statements with management and the auditors, as well as recommends to the Board of Directors the external auditors to be appointed by the shareholders at each annual meeting. The Audit Committee meets at least quarterly to review and approve interim consolidated financial statements prior to their release and recommend their approval to the Board of Directors.

The Board of Directors on the recommendation of the Audit Committee has approved the consolidated financial statements and information as presented.

(signed)

Bryden Wright
President
& Chief Executive Officer

April 23, 2026
Regina, Saskatchewan

(signed)

Lynn Chapman
Vice President of Finance
& Chief Financial Officer



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ROK Resources Inc.

Opinion

We have audited the consolidated financial statements of ROK Resources Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2025 and December 31, 2024
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of the impact of estimated proved and probable petroleum and natural gas reserves on development and production assets

Description of the matter

We draw attention to Note 2(d), Note 3, and Note 5 to the financial statements. The Entity uses estimated proved and probable petroleum and natural gas reserves to deplete its development and production assets, to assess for indicators of impairment or impairment reversal on each of the Entity's cash generating units (CGUs) and if such indicators exist, to perform an impairment test to estimate the recoverable amount of a CGUs.

The Entity has \$103,577 thousand of development and production assets as at December 31, 2025.

The Entity depletes its net carrying value of development and production assets using the unit-of-production method by reference to the ratio of production in the period to the related proved and probable petroleum and natural gas reserves as determined by independent third-party reserve evaluators, taking into account estimated forecasted future development costs necessary to bring those reserves into production. Depletion expense on development and production assets was \$19,052 thousand for the year ended December 31, 2025.

The Entity identified indicators of impairment during the year ended December 31, 2025 for the Alberta and Saskatchewan CGUs and performed impairment tests to estimate the recoverable amounts of the CGUs. It was determined the carrying values of the Alberta and Saskatchewan CGUs exceeded the CGUs' recoverable amounts, resulting in a \$6.1 million impairment being recorded in the Alberta CGU and an \$8.7 million impairment being recorded in the Saskatchewan CGU.

The estimated recoverable amounts of the Alberta and Saskatchewan CGUs involve significant estimates including:

- The estimate of proved and probable petroleum and natural gas reserves and the related future cash flows
- The discount rates.

The estimate of proved and probable petroleum and natural gas reserves and the related future cash flows include significant estimates and assumptions related to:

- Forecasted petroleum and natural gas commodity prices
- Forecasted production volumes
- Forecasted operating costs
- Forecasted royalty costs



- Forecasted future development costs.

The Entity engages independent third-party reserve evaluator to estimate the proved and probable petroleum and natural gas reserves and the related future cash flows as at December 31, 2025.

Why the matter is a key audit matter

We identified the assessment of the impact of estimated proved and probable petroleum and natural gas reserves on development and production assets as a key audit matter. Significant auditor judgment was required to evaluate the results of our audit procedures regarding the estimate of proved and probable petroleum and natural reserves and the related cash flows and discount rates. Additionally, the assessment of the recoverable amounts for impairment requires the use of professionals with specialized skills and knowledge in valuation.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter:

We assessed the depletion expense and impairment test calculations for compliance with the relevant accounting standards.

With respect to the estimate of proved and probable petroleum and natural gas reserves and the related future cash flows as at December 31, 2025:

- We evaluated the competence, capabilities and objectivity of the independent third-party reserve evaluator engaged by the Entity
- We compared forecasted petroleum and natural gas commodity prices to those published by other independent third-party reserve evaluators
- We compared the 2025 actual production volumes, operating costs, royalty costs and development costs of the Entity to those estimates used in the prior year's estimate of proved petroleum and natural gas reserves to assess the Entity's ability to accurately forecast
- We evaluated the appropriateness of forecasted production volumes and forecasted operating costs, royalty costs and future development costs assumptions by comparing to 2025 historical results. We took into account changes in conditions and events affecting the Entity to assess the adjustments or lack of adjustments made by the Entity in arriving at the assumptions.

We involved valuation professionals with specialized skills and knowledge, who assisted in:

- Evaluating the appropriateness of the discount rates by comparing the discount rates to market and other external data
- Assessing the reasonableness of the Entity's estimate of the recoverable amounts by comparing the Entity's estimate to market metrics and other external data.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is David Yung.

Calgary, Canada

April 23, 2026

ROK RESOURCES INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Audited, expressed in \$000s)

December 31, 2025

December 31, 2024

Assets

Current Assets

Cash and cash equivalents	5,744	-
Accounts receivable (Note 15)	6,675	11,528
Prepays and deposits	220	284
Risk management contracts (Note 15)	141	-
	12,780	11,812

Non-current Assets

Property, plant and equipment (Note 5)	103,832	135,953
Exploration and evaluation assets	-	363
Marketable securities (Note 11)	9,179	8,516
	125,791	156,644

Liabilities

Current Liabilities

Accounts payable and accrued liabilities (Note 15)	8,154	15,346
Current portion of RSU liability (Note 10)	556	-
Current portion of lease liability	114	114
Risk management contracts (Note 15)	-	771
Current portion of decommissioning obligations (Note 8)	1,572	-
	10,396	16,231

Non-current Liabilities

Non-current portion of debt (Note 7)	-	7,323
Non-current portion of lease liability	179	293
Non-current portion of RSU liability (Note 10)	80	-
Risk management contracts (Note 15)	-	41
Decommissioning obligations (Note 8)	14,426	17,547
Deferred income tax (Note 14)	10,306	13,802
	35,387	55,237

Shareholders' Equity

Share capital (Note 9a)	28,035	28,420
Warrants (Note 9b)	-	4,562
Contributed surplus (Note 9c)	8,270	3,531
Retained earnings	54,099	64,894
	90,404	101,407
	125,791	156,644

Subsequent events (Note 18)

See accompanying notes to the consolidated financial statements.

ROK RESOURCES INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the year ended December 31

(Audited, expressed in \$000s)

	2025	2024
Revenue:		
Oil and natural gas sales (Note 12)	68,175	85,190
Royalties	(11,275)	(14,972)
Oil and natural gas sales, net of royalties	56,900	70,218
Realized gain on commodity contracts (Note 15)	7,230	2,676
Unrealized gain (loss) on commodity contracts (Note 15)	953	(5,333)
Processing and other income	2,991	3,416
Total revenue and other income	68,074	70,977
Expenses and other items:		
Operating expenses	38,458	44,306
General and administrative	5,508	5,847
Business development	976	-
Gain on dispositions	-	(8,209)
Stock-based compensation (Note 9c & 10)	702	408
Depletion and depreciation (Note 5)	19,178	22,802
Exploration and evaluation expense (Note 6)	75	16
Impairment expense (Note 5)	15,787	2,700
Net finance expense (Note 13)	2,239	3,505
Unrealized loss (gain) on marketable securities (Note 11)	(662)	237
Foreign exchange loss	104	74
Total expenses and other items	82,365	71,686
Loss before income taxes	(14,291)	(709)
Deferred income tax recovery	(3,496)	(73)
Net loss and comprehensive loss	(10,795)	(636)
Net loss per share (Note 9d)		
Basic	(0.05)	(0.00)
Diluted	(0.05)	(0.00)

See accompanying notes to the consolidated financial statements.

ROK RESOURCES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended December 31

(Audited, expressed in \$000s)

2025

2024

Cash flows provided by (used in):

Operating activities

Net loss	(10,795)	(636)
Adjustments for:		
Gain on dispositions	-	(8,209)
Unrealized loss (gain) on commodity contracts (Note 15)	(953)	5,333
Unrealized loss (gain) on marketable securities (Note 11)	(662)	237
Depletion and depreciation (Note 5)	19,178	22,802
Impairment expense (Note 5)	15,787	2,700
Exploration and evaluation expense (Note 6)	75	16
Other income from deferred revenue	(322)	(230)
Stock-based compensation (Note 9c and 10)	702	408
Unrealized foreign exchange	-	(2)
Net finance expense (Note 13)	2,239	3,504
Net interest expense paid	(246)	(1,390)
Deferred income tax (recovery)	(3,496)	(73)
Abandonment costs paid (Note 8)	(1,113)	(2,067)
Change in non-cash working capital (Note 17)	(1,791)	(192)
	18,603	22,201

Investing activities

Acquisitions	-	(232)
Expenditures on property, plant and equipment (Note 5)	(5,012)	(17,387)
Proceeds on property, plant and equipment disposals (Note 5)	194	4,000
Expenditures on lithium exploration project	-	(722)
Change in non-cash working capital (Note 17)	(162)	(770)
	(4,980)	(15,111)

Financing activities

Proceeds on option exercises	-	203
Amounts paid on Credit Facility	(7,349)	(7,153)
Share buyback	(385)	-
Lease payments	(145)	(142)
	(7,879)	(7,092)

Foreign exchange on cash and cash equivalents	-	2
Increase in cash and cash equivalents	5,744	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	5,744	-

See accompanying notes to the consolidated financial statements.

ROK RESOURCES INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Retained Earnings	Total
<i>(Audited, expressed in \$000s)</i>						
Balance at December 31, 2024	219,769,315	28,420	4,562	3,531	64,894	101,407
Net loss	-	-	-	-	(10,795)	(10,795)
Share buyback (Note 9a)	(2,005,500)	(385)	-	-	-	(385)
Warrant expiry	-	-	(4,562)	4,562	-	-
Stock-based compensation	-	-	-	177	-	177
Balance at December 31, 2025	217,763,815	28,035	-	8,270	54,099	90,404
Balance at December 31, 2023	218,418,315	28,052	4,562	3,287	65,530	101,431
Net loss	-	-	-	-	(636)	(636)
Stock option exercises	1,350,000	367	-	(165)	-	202
Warrant exercises	1,000	1	-	1	-	2
Stock-based compensation	-	-	-	408	-	408
Balance at December 31, 2024	219,769,315	28,420	4,562	3,531	64,894	101,407

See accompanying notes to the consolidated 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

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). A summary of material accounting policies is presented in Note 3.

These consolidated financial statements were approved and authorized for issuance by the Company's Board of Directors on April 23, 2026.

b) Basis of measurement

These consolidated financial statements have been prepared on a going concern basis, under the historical cost basis, unless otherwise noted. The methods used to measure fair values are discussed in Note 4.

c) Functional and presentation currency

Unless otherwise stated, these consolidated financial statements are presented in Canadian dollars ("CAD"). The functional currency of the Company is the Canadian dollar, which is the primary economic environment in which the Company operates.

d) Use of estimates and judgments

The timely preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the consolidated financial statements. 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 these consolidated financial statements are outlined below.

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 these consolidated 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) *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 with respect to forecasted production volumes, forecasted petroleum and natural gas prices, forecasted operating costs, forecasted royalties, and forecasted future development costs, discount rates, market value of land and other relevant assumptions.

iii) *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.

i) *Reserves assessment*

The estimate of proved and probable petroleum and natural gas reserves and the related cash flows includes significant estimates and assumptions related to: 1) forecasted petroleum and natural gas commodity prices; 2) forecasted production volumes; 3) forecasted operating costs; 4) forecasted royalty costs; and 5) forecasted future development costs. Other estimates which impact the assessment of the reported recoverable quantities of proved and probable reserves and prospective resource estimates include estimates regarding exchange rates, remediation costs, timing and production, transportation and marketing costs for future cash flows.

It also requires interpretation of geological and geophysical models in anticipated recoveries and estimates with respect to production profiles. 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, future cash flows, and the estimated fair value of property, plant and equipment acquired in a business combination.

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.

The Company uses estimated proved and probable petroleum and natural gas reserves from an independent third-party reserve evaluation to estimate the fair value of property, plant and equipment acquired and the

fair value of the property, plant and equipment disposed in a business combination. Further, the Company uses estimated proved and probable petroleum and natural gas reserves to deplete its development and production assets, to assess for indicators of impairment or impairment reversal on each of the Company's cash generating units ("CGU") and if any such indicators exist, to perform an impairment test to estimate the recoverable amount of the CGUs.

The Company engaged independent third-party reserve evaluators to estimate proved and probable petroleum and natural gas reserves as at December 31, 2024, and December 31, 2025.

For the Company's depletion calculations (Note 6) and impairment tests (Note 6), the Company used the December 31, 2025, independent third-party reserve evaluators estimate of proved and probable petroleum and natural gas reserves and the related future cash flows.

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, environmental and regulatory legislation, the extent of reclamation activities, the engineering methodology for estimating cost, 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, which includes assessing the value of oil and gas properties based upon the estimation of recoverable quantities and cash flows from proved and probable oil and gas reserves being acquired, discounted at an estimated rate that reflects a market participants view of the risks associated with the cash flows.

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.

Matters relating to economic uncertainty

Estimates are more difficult to determine, and the range of potential outcomes can be wider, in periods of higher volatility and uncertainty. The impacts of the higher levels of uncertainty due to the Russian invasion of Ukraine, the Israel-Hamas war, and ongoing international politically driven trade uncertainty and their impact on energy markets, rising interest and inflation rates, and constrained supply chains have created a higher level of volatility and uncertainty. Management has, to the extent reasonable, incorporated known facts and circumstances into the estimates made, however, actual results could differ from those estimates and those differences could be material.

Changing regulations

Emissions, carbon and other regulations impacting climate and climate related matters are dynamic and constantly evolving. With respect to environmental, social and governance ("ESG") and climate reporting, the International Sustainability Standards Board has issued an IFRS Sustainability Disclosure Standard with the aim to develop sustainability disclosure standards that are globally consistent, comparable and reliable. In addition, the Canadian Securities Administrators have issued a proposed National Instrument 51-107 Disclosure of Climate-related Matters. The cost to comply with these standards, and others that may be developed or evolve over time, has not yet been quantified by the Company.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

a) Jointly controlled operations

Certain portions of the Company's exploration and production activities are conducted under joint operating agreements, whereby two or more parties jointly control the assets. These consolidated financial statements reflect only the Company's share of these jointed controlled assets and, once production commences, a proportionate share of the relevant revenue and related costs.

b) Exploration and evaluation assets

All license acquisition, exploration and appraisal costs of technical services and studies, seismic acquisition, exploratory drilling and testing are initially capitalized by well, field, unit of account or specific exploration unit as appropriate. Expenditures incurred during the various exploration and appraisal phases are carried forward, until the existence of commercial reserves and when the technical feasibility and commercial viability are demonstrable. Commercial reserves are typically considered to have been achieved when proven and/or probable reserves have been assigned. If commercial reserves have been discovered and technical feasibility and commercial viability are demonstrable, the carrying value of the exploration and evaluation assets, after any impairment loss, are reclassified as oil and gas properties. If technical feasibility and commercial viability can not be demonstrated upon completion of the exploration phase, the carrying value of the exploration and evaluation costs incurred are expensed in the period this determination is made. Exploration and evaluation assets are not depleted or depreciated.

Exploration and evaluation assets are allocated to related cash-generating units ("CGUs") and are tested for impairment when indicators of impairment are present, and when exploration and evaluation assets are transferred to oil and gas properties.

Pre-licence costs

Costs incurred prior to having obtained the legal rights to explore an area are expensed to the statement of income as they are incurred.

c) Oil and gas properties and other property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depletion and depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any cost directly attributable to bringing the asset into operation, including costs transferred from exploration and evaluation assets, the initial estimate of the decommissioning obligation, directly attributable general and administrative costs, and for qualifying assets, finance costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Expenditure on the construction, installation or completion of infrastructure facilities such as pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalized in oil and gas properties when they increased the future economic

benefits embodied in the specific asset to which they relate. The costs of day to day servicing are expensed as incurred. Property, plant and equipment are grouped into CGUs for impairment testing purposes.

Depletion, depreciation and amortization

Development and production assets are depleted using the unit-of-production method by reference to the ratio of production in the year, before royalties, to the related proved and probable petroleum and natural gas reserves as determined by independent third-party reserve evaluators, taking into account estimated forecasted future development costs necessary to bring those reserves into production. The Company's reserves are determined pursuant to National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities. For purposes of this calculation, natural gas is converted to equivalent volumes of crude petroleum based on the approximate energy equivalent ratio of six thousand cubic feet of natural gas to one barrel of crude oil. Future development costs are estimated taking into account the level of development required to produce the reserves. When significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for and depreciated as separate components.

Furniture and equipment are depreciated over their estimated remaining lives using the declining balance method of depreciation. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount with any gain or loss recognized in earnings.

d) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries and any reference to the Company throughout these consolidated financial statements refers to the Company and its subsidiaries. All intercompany balances, transactions, revenue and expenses are eliminated on consolidation. The consolidated accounts are prepared using uniform accounting policies

e) Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. Exploration and evaluation assets are assessed for impairment when they are reclassified to oil and gas properties and also if facts and circumstances suggest that the carrying amount exceeds the recoverable value, at which point the Company estimates the asset's recoverable amount. Exploration and evaluation assets are allocated to related CGU when they are assessed for impairment, both at the time of triggering events as well as at the time of their transfer to oil and gas properties. For non-financial assets, the recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use. Individual non-financial assets are grouped into CGU for impairment assessment purposes, which is the lowest level at which there are identifiable cash inflows that are largely independent of the cash inflows of other groups of non-financial assets. Where the carrying amount of a CGU exceeds its recoverable amount, the non-financial asset is considered impaired and is written down to its recoverable amount.

Value in use is determined as the amount that would be obtained from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties, adjusted for incremental costs that would be directly attributable to the disposal of the asset. In assessing value-in-use, the estimated future cash flows expected to arise from the continued use of the CGU including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account, are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed

the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of loss.

f) Financial instruments

Classification and measurement of financial assets and financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized on the Statement of Financial Position at the time the Company becomes a party to the contractual provisions. The Company's financial assets and financial liabilities are classified into two categories: Amortized Cost and Fair Value through Profit and Loss ("FVTPL"). The classification of financial assets is determined by their context in ROK's business model and by the characteristics of the financial asset's contractual cash flows.

Financial assets and financial liabilities are measured at fair value on initial recognition. Subsequent measurement is dependent on the financial instrument's classification.

Amortized Cost

Cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities, lease obligations and long-term debt are measured at amortized cost. The contractual cash flows received from financial assets are payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. Financial assets and liabilities classified as amortized cost are subsequently measured at amortized cost using the effective interest rate method.

FVTPL

The Company's risk management contracts and marketable securities are measured initially at FVTPL and are subsequently measured at fair value with changes in fair value immediately recognized in the Statement of Loss and Comprehensive Loss.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in its principal or most advantageous market at the measurement date. The Company

classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company maximizes the use of observable inputs when preparing calculations of fair value, where possible.

The fair value hierarchy has the following levels:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Values are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect the placement within the fair value hierarchy.

Impairment of Financial Assets

The Company recognizes loss allowances for Expected Credit Losses ("ECLs") on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal

to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the related financial asset. The Company does not have any financial assets that contain a financing component.

g) Equity accounted investment

The Company's investment in the lithium exploration project outlined below had been accounted for as an equity investment until the time of disposition as the Company had significant influence but not control. Significant influence is the ability to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies. In general, significant influence is presumed to exist when the Company has between 20% and 50% of voting power. Significant influence may also be evidenced by factors such as the Company's representation on the board of directors, participation in policy-making of the investee, material transactions with the investee, interchange of managerial personnel or the provision of essential technical information. Such investments are equity accounted for from the date of commencement of significant influence to the date that the Company ceases to have significant influence.

The financial results of the Company's significantly influenced investments are included in the Company's consolidated financial statements using the equity method of accounting, whereby the investment is initially recognized at cost, and the carrying amount is then subsequently adjusted to recognize the Company's share of earning or losses of the underlying investment. If the Company's carrying value in the equity accounted investment is reduced to zero, further losses are not recognized except to the extent that the Company has incurred legal or constructive obligations or has made payments on behalf of the equity accounted investee. At the end of each reporting period, the Company assesses whether there is objective evidence that the investment is impaired. If the investment is considered impaired, the Company estimates its fair value, and any difference is charged to the statement of income.

h) Decommissioning obligations

The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration and capitalized in the relevant asset category. Decommissioning obligations are measured at the present value of management's best estimate of expenditure required to settle the present obligation at the statement of financial position date. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation.

Changes in the estimated timing of decommissioning or decommissioning cost estimates, or discount rate are recognized prospectively by recording an adjustment to the decommissioning obligation, and a corresponding adjustment to the corresponding asset. The increase in the provision due to the passage of time is recognized as a finance cost. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

i) Revenue from petroleum and natural gas sales

Revenue from the sale of commodities, which include oil and gas, is recognized when performance obligations are met and control has transferred from the Company to customers. The transfer of control of oil and natural gas usually occurs at a point in time and coincides with title passing to the customer and the customer taking physical possession. The Company considers its performance obligations to be satisfied and control to be transferred when all the following conditions are satisfied:

- The Company has transferred title and physical possession of the commodity to the buyer;

- The Company has transferred the significant risks and rewards of ownership to the buyer; and
- The Company has the present right to payment.

Revenue is measured based on the consideration specified in the sales contracts with customers and is recorded on a net working interest basis for producing properties, of which the Company has a related ownership interest. The transaction price for variable price contracts is based on the commodity price, adjusted for quality, location and other factors. Any variability in the transaction price is recognized in the same period which the related revenue is earned and recorded.

The Company does not have any contracts where the period between the transfer of promised goods and services to the customer and payment by the customer exceeds one year. As a result, the Company does not adjust its revenue transactions for the time value of money. The Company's revenue transactions do not contain significant financing components.

j) Income taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the balance sheet method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income taxes are recognized for all taxable temporary differences, except:

- Where deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting earnings nor taxable earnings or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable earnings will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable earnings will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of income. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right

exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

k) Business combinations and goodwill

On the acquisition of a business, the acquisition method of accounting is used whereby the identifiable assets, liabilities and contingent liabilities (identifiable net assets) are recognized on the basis of fair value at the date of acquisition. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of closing.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the fair value attributable to the Company's share of the identifiable net assets exceeds the fair value of the consideration, the Company reassesses whether it has correctly identified and measured the assets acquired and liabilities assumed and recognizes any additional assets or liabilities that are identified in that review. If an excess remains after reassessment, the Company recognizes the resulting gain in profit or loss on the acquisition date. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

l) Accounting standards adoptions & pronouncements

The Company plans to adopt the following amendments to accounting standards, issued by the IASB, that are effective for annual periods beginning on or after January 1, 2026. The pronouncements will be adopted on their respective effective dates; however, each is not expected to have a material impact on the consolidated financial statements.

IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures

In May 2024, the IASB issued amendments to clarify the date of recognition and derecognition of financial assets and liabilities, including the settling of financial liabilities using an electronic payment system, and the classification of certain financial assets. In addition, there are new disclosure requirements related to equity instruments designated as fair value through other comprehensive income. These amendments are effective for fiscal years beginning on or after January 1, 2026, with early adoption permitted. As a result of the adoption of these amendments, ROK expects to increase its cash and cash equivalents and accounts payable and accrued liabilities balances for the amount of outstanding cheques at the end of each reporting period.

IFRS 18 – Presentation and Disclosure in Consolidated financial statements

IFRS 18 'Presentation and Disclosure in Consolidated financial statements' was issued in April 2024 by the International Accounting Standards Board and replaces IAS 1 'Presentation of Consolidated financial statements'. The standard introduces a new defined structure to the Statement of Comprehensive Income with related disclosure requirements. Key changes to the Statement of Comprehensive Income and Notes to the Consolidated financial statements include:

- classification of income and expenses into defined categories with mandatory new subtotals;
- disclosure of management-defined performance measures in the notes to the consolidated financial statements; and
- enhanced aggregation and disaggregation requirements to improve the effectiveness of how information is communicated.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and is required to be applied retrospectively. Early adoption is permitted. The Company is currently assessing the extent of the impact of IFRS 18 on its consolidated financial statements.

4. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment and exploration and evaluation assets

The fair value of property, plant and equipment and exploration and evaluation assets recognized in a business combination and in assessing the recoverable value for impairment testing, is based on market values. The determination of the fair value of the property, plant and equipment acquired in a business combination involves significant estimates and assumptions related to proved and probable petroleum and natural gas reserves and the discount rates. The market value of property, plant and equipment and exploration and evaluation assets is the estimated amount for which the assets could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of oil and natural gas interests included in property, plant and equipment is estimated with reference to the discounted cash flows expected to be derived from oil and natural gas production based on independent third-party reserve evaluators estimate of proved and probable petroleum and natural gas reserves. The risk-adjusted discount rate is specific to the asset with reference to general market conditions. The market value for exploration and evaluation assets is determined based on quoted market prices for similar assets, if available, or discounted cash flows expected to be derived from oil and natural gas production based on available resource reports. The discount rate is specific to the exploration and evaluation asset with reference to general market conditions.

Financial assets and liabilities

The fair value of financial assets and liabilities is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date, except for marketable securities which are fair valued based on quoted trading prices.

Derivatives

The fair value of forward contracts and swaps is determined by discounting the difference between the contracted prices and published forward price curves as at the statement of financial position date, using the remaining contracted amounts and discounted using an appropriate interest rate (based on published government rates and considering counterparty credit risk). The fair value of options and costless collars is based on option models that use published information with respect to volatility, prices and interest rates.

Stock options

The fair value of employee stock options is measured using a Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments (based on historical experience and general option and warrant behaviour), expected dividends, expected forfeiture rate and the risk-free interest rate (based on government bonds).

5. 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, 2023	179,517	500	180,017
Acquisitions	233	-	233
Additions	17,386	56	17,442
Transferred from E&E assets	116	-	116
Impairment	(2,700)	-	(2,700)
Disposals	(1,289)	-	(1,289)
Change in decommissioning provisions (Note 8)	268	-	268
Balance, December 31, 2024	193,531	556	194,087
Additions	5,011	-	5,011
Transferred from E&E assets (Note 7)	289	-	289
Impairment	(15,787)	-	(15,787)
Disposals	(194)	-	(194)
Change in decommissioning provisions (Note 8)	(2,262)	-	(2,262)
Balance, December 31, 2025	180,588	556	181,144

Accumulated Depletion & Depreciation (\$000s)			
Balance, December 31, 2023	35,282	50	35,332
Depletion & depreciation	22,677	125	22,802
Balance, December 31, 2024	57,959	175	58,134
Depletion & depreciation	19,052	126	19,178
Balance, December 31, 2025	77,011	301	77,312

Net Carrying Amount (\$000s)			
Balance, December 31, 2024	135,572	381	135,953
Balance, December 31, 2025	103,577	255	103,832

At December 31, 2025, future development costs in the amount of \$172.8 million (2024 - \$174.2 million) were included in the depletion calculated for the year ended December 31, 2025. For capital additions recognized during the year ended December 31, 2025, non-cash additions of \$249,000 (2024 - \$240,000). Additionally, capital additions of \$1.3 million related to capitalized general and administrative cost for the year ended December 31, 2025 (2024 - \$1.6 million).

Right-of-use assets

ROK recognized right-of-use assets and corresponding lease liabilities related to certain office facilities and field vehicles.

Net Carrying Amount (\$000s)	Offices	Vehicles	Total
Right-of-use assets	369	187	556
Less: accumulated depreciation	(160)	(141)	(301)
Balance, December 31, 2025	209	46	255

Acquisitions & Dispositions

During the year ended December 31, 2025, the Company closed minor dispositions of oil and gas assets in Southeast Saskatchewan for total consideration of \$0.2 million, after closing adjustments.

In October 2024, the Company closed on the disposition of gross overriding royalty interests held by ROK on certain Saskatchewan properties for gross proceeds of \$4.0 million. The assets had a carrying value of \$1.3 million, resulting in a gain on disposal of \$2.7 million.

During the year ended December 31, 2024, the Company closed one minor acquisition of oil and gas assets in Southeast Saskatchewan for total consideration of \$0.2 million, after closing adjustments.

2025 Impairment test of PP&E

ROK reviews its CGUs for indicators of potential impairment at the end of each reporting period. In light of deteriorating commodity prices in global markets and the Company entering into the Arrangement Agreement (Note 18), an impairment test on the Company's Alberta CGU and Saskatchewan CGU was performed.

During the year and as at December 31, 2025, the Company identified indicators of impairment and performed an impairment test to estimate the recoverable amounts of the Alberta CGU and Saskatchewan CGU. The recoverable amounts of the CGUs were estimated using the "value in use" methodology, or VIU, as the valuation method providing the highest assessed recoverable amount for the CGU as of December 31, 2025. The Company used discount rates between 12-27 percent for different reserve types within the Company's Alberta CGU. It was determined that the carrying value of the Alberta CGU of \$12.3 million exceeded the CGU's recoverable amount of \$6.2 million resulting in a \$6.1 million impairment being recorded. The Company used discount rates of 11-20 percent for the reserve types within the Company's Saskatchewan CGU. It was determined that the carrying value of the Saskatchewan CGU of \$105.8 million exceeded the CGU's recoverable amount of \$97.1 million, resulting in an \$8.7 million impairment being recorded.

Changes in any of the key judgments, such as an increase in the discount rate, a downward revision in reserves, a decrease in forecast benchmark commodity prices, future costs or an increase in operating costs would decrease the estimated recoverable amounts of assets and any impairment charges would affect net income.

The projected cash flows used in the VIU calculation were derived from a report on the Company's petroleum and natural gas reserves which was prepared by McDaniel's and Associates, an independent qualified reserve evaluator, as of December 31, 2025.

The following table details the forward pricing used in estimating the recoverable amounts of CGUs at December 31, 2025.

Year	Edmonton Light	WTI Crude Oil	AECO Natural	NYMEX Henry	Exchange rates
	Crude Oil		Gas	Hub Natural Gas	
	(CAD/bbl) ⁽¹⁾	(USD/bbl) ⁽¹⁾	(CAD/MMBtu) ⁽¹⁾	(USD/MMBtu) ⁽¹⁾	(CAD/USD) ⁽¹⁾
2026	77.54	59.92	3.00	3.74	1.37
2027	83.60	65.10	3.30	3.78	1.36
2028	90.17	70.28	3.49	3.85	1.35
2029	92.32	71.93	3.58	3.93	1.35
2030 ⁽²⁾	94.17	73.37	3.65	4.01	1.35

(1) Source: McDaniel 3 Consultant average price forecast January 1, 2026

(2) Prices escalated at 2.0% thereafter, CAD/USD exchange rate is held constant at 1.35 CAD/USD thereafter

During the year ended December 31, 2025, the Company also recognized impairment expense of \$1.0 million for working interest held in lost facilities in Southeast Saskatchewan due to fire. The Company received \$1.0 million as a result of the insurance payout, which has been recorded in other income.

2024 Impairment test of PP&E

At December 31, 2024, the Company identified decreasing forward gas prices when compared to December 31, 2023, as an indicator of impairment for the Alberta CGU and performed an impairment test to estimate the recoverable amount of the CGU. The recoverable amount of the CGU was estimated using the "fair value less costs

of disposal” methodology, or FVLCD, as the valuation method providing the highest assessed recoverable amount for the CGU as of December 31, 2024. The Company used discount rates between 12-27 percent for different reserve types within the Company’s Alberta CGU. It was determined the carrying value of the Alberta CGU of \$20.8 million exceeded the CGU’s recoverable amount of \$18.1 million resulting in a \$2.7 million impairment being recorded.

Changes in any of the key judgments, such as an increase in the discount rate, a downward revision in reserves, a decrease in forecast benchmark commodity prices, future costs or an increase in operating costs would decrease the estimated recoverable amounts of assets and any impairment charges would affect net income.

The projected cash flows used in the FVLCD calculation were derived from a report on the Company’s petroleum and natural gas reserves which was prepared by McDaniel’s and Associates, an independent qualified reserve evaluator, as of December 31, 2024.

The following table details the forward pricing used in estimating the recoverable amounts of CGUs at December 31, 2024.

Year	Edmonton Light	WTI Crude Oil	AECO Natural	NYMEX Henry	Exchange rates
	Crude Oil		Gas	Hub Natural Gas	
	(CAD/bbl) ⁽¹⁾	(USD/bbl) ⁽¹⁾	(CAD/MMBtu) ⁽¹⁾	(USD/MMBtu) ⁽¹⁾	(CAD/USD) ⁽¹⁾
2025	94.79	71.58	2.36	3.31	1.41
2026	97.04	74.48	3.33	3.73	1.37
2027	97.37	75.81	3.48	3.85	1.35
2028	99.80	77.66	3.69	3.93	1.35
2029 ⁽²⁾	101.79	79.22	3.76	4.01	1.35

(1) Source: McDaniel 3 Consultant average price forecast January 1, 2025

(2) Prices escalated at 2.0% thereafter, CAD/USD exchange rate is held constant at 1.35 CAD/USD thereafter

6. EXPLORATION AND EVALUATION ASSETS

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

(\$000s)	2025	2024
Balance, January 1	363	495
Transferred to PP&E	(288)	(116)
Land expiries and write-offs	(75)	(16)
Balance, December 31	-	363

The Company’s E&E assets represent the recognized acquisition value and subsequent costs incurred in relation to the undeveloped land interests on which it intends to conduct petroleum and natural gas exploratory work. At December 31, 2025, there was no remaining balance.

7. 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. During the periods of time over the twelve months ended December 31, 2025, when a drawn balance existed, 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 December 31, 2025, is as follows:

(\$000s)	2025	2024
Credit Facility		
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 December 31, 2025, the Company's adjusted working capital ratio was 1.70.

As at December 31, 2025, the Company was compliant with all restrictions and covenants for the Credit Facility.

In February 2026, the Bank and the Company agreed upon amended terms to the Credit Facility to reduce the available draw balance from \$5.0 million to \$1.5 million. The facility continues to be available on a revolving basis. All other terms, conditions and covenants of the Credit Facility remain unchanged.

8. DECOMMISSIONING OBLIGATIONS

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

(\$000s)	2025	2024
Balance, January 1	17,547	17,661
Additions	249	240
Change in estimate	(2,511)	29
Accretion expense	1,826	1,684
Liabilities settled	(1,113)	(2,067)
Balance, December 31	15,998	17,547

At December 31, 2025, the total estimated amount to settle ROK's decommissioning obligations on an uninflated and undiscounted basis was \$66.7 million (December 31, 2024 - \$63.9 million) and on an inflated and undiscounted basis was \$106.2 million (December 31, 2024 - \$95.9 million). The inflated, undiscounted future value of

decommissioning obligation was determined by applying an inflation factor of 2.0% (2024 – 2.0%), and subsequently discounting the inflated amount using the Company credit-adjusted rate of 12.0% (2024 – 12.0%) to arrive at the balance of \$16.0 million. These costs are expected to be incurred over the next 20 years.

The Company's assets in both Saskatchewan and Alberta are subject to provincial programs that mandate the minimum spend targets on the Company's decommissioning obligations each calendar year. Such annual minimum spending targets constitute the current portion of decommissioning obligations, net of current year expenditures as incurred. As of December 31, 2025, the current portion of decommissioning obligations was \$1.6 million, representing the 2026 calendar year minimum spend requirements for the Company's existing operations.

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

9. SHARE CAPITAL

a) Common shares

At December 31, 2025, the Company was authorized to issue an unlimited number of Class B common shares ("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 December 31, 2025, are as follows:

	Class B shares	Amount (\$000s)
Balance, January 1, 2024	218,418,315	28,052
Stock option exercise	1,350,000	367
Warrant exercise	1,000	1
Balance, December 31, 2024	219,769,315	28,420
Shares purchased and cancelled	(2,005,500)	(385)
Balance, December 31, 2025	217,763,815	28,035

In June 2025, the Company announced its intention to affect a normal course issuer board ("NCIB") through the facilities of the Exchange. Pursuant to the NCIB, the Company is entitled, during the period from June 10, 2025 to June 9, 2026, to 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 year ended December 31, 2025, the Company purchased and cancelled 2,005,500 Class B Shares at an average price of \$0.192 per share for total cost of \$385,000.

b) Warrants

During the year ended December 31, 2025, 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, January 1, 2024	113,141,877	0.25
Warrant exercise	(1,000)	0.25
Balance, December 31, 2024	113,140,877	0.25
Warrant expiries	(113,140,877)	0.25
Balance, December 31, 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, January 1, 2024	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, December 31, 2025	6,760,000	0.28
Exercisable, December 31, 2025	5,356,623	0.29

In May and June 2025, the Company granted 250,000 and 1,000,000 options, respectively, to acquire Class B Shares to certain employees of the Company at a price of \$0.20 per share. For options granted, one-third of the options vest on date of grant, one-third on the first anniversary date, and one-third on the second anniversary date. The options under each grant expire five years from the date of grant. For the stock options granted in May 2025, the Black-Scholes option pricing model was used to estimate a fair value of \$0.11 per option based on the assumptions of expected stock price volatility of 65%, option life of 5 years, expected dividend yield of 0%, and a risk-free interest rate of 2.97%. For the stock options granted in June 2025, the Black-Scholes option pricing model was used to estimate a fair value of \$0.11 per option based on the assumptions of expected stock price volatility of 65%, option life of 5 years, expected dividend yield of 0%, and a risk-free interest rate of 2.83%.

The following summarizes information about stock options outstanding as at December 31, 2025:

Exercise prices	Number of options outstanding	Weighted average term to expiry (years)	Number of options exercisable
0.20	1,250,000	4.73	416,658
0.21	1,260,000	4.02	839,966
0.25	1,150,000	1.48	1,150,000
0.28	200,000	0.81	200,000
0.30	1,400,000	2.45	1,249,999
0.35	275,000	2.91	275,000
0.40	1,225,000	2.42	1,225,000
	6,760,000	2.96	5,356,623

For the year ended December 31, 2025, the Company recognized \$178,000 (December 31, 2024 - \$408,000) in stock-based compensation expense. Recognized stock-based compensation is recorded as an expense and as contributed surplus.

d) Net 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 years ended December 31, 2025 and 2024:

	2025	2024
WA common shares outstanding, basic	218,964,405	218,546,943
Dilutive effect of stock options	-	-
Dilutive effect of warrants	-	-
WA common shares outstanding, diluted	218,964,405	218,546,943
Net loss (\$000s)	(10,795)	(636)
\$ per common share, basic	(0.05)	(0.00)
\$ per common share, diluted	(0.05)	(0.00)

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

In computing diluted net loss per share for the year ended December 31, 2025, a total of 6,760,000 stock options were excluded as their impact was anti-dilutive to the net loss per share for the year. Similarly, for the year ended December 31, 2024, a total of 18,995,000 stock options and 113,140,877 warrants were excluded as their impact was anti-dilutive to the net loss per share for the comparative year.

10. 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 common 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 common 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 December 31, 2025, a total of 4,400,000 RSUs were granted to directors and officers of the Company. For the year ended December 31, 2025, the Company recognized \$524,000 in stock-based compensation expense in relation to the vesting of RSUs. Furthermore, the Company recognized a \$110,000 loss in finance expense on revaluation of the existing RSU liability as of December 31, 2025. As such, the RSU liability as at December 31, 2025, was \$636,000 (December 31, 2024 - \$nil).

11. MARKETABLE SECURITIES

The Company maintains ownership of 18,925,000 common shares of EMP Metals Corp., 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 December 31, 2025, these marketable securities had an assessed fair value of \$9.2 million (December 31, 2024 - \$8.5 million), resulting in an unrealized gain of \$0.7 million for the year ended December 31, 2025 (December 31, 2024 - \$0.2 million unrealized loss).

12. REVENUE

The following table presents the Company's oil and natural gas revenue disaggregated by product type for the years ended December 31, 2025 and 2024:

(\$000s)	2025	2024
Oil sales	58,035	73,671
NGL sales	5,428	6,785
Natural gas sales	4,712	4,734
Total revenue	68,175	85,190

As at December 31, 2025, receivables from contracts with customers, which are included in accounts receivable, were \$4.6 million (December 31, 2024 - \$7.7 million).

13. NET FINANCE EXPENSE

The components of net finance expense for the years ended December 31, 2025 and 2024, are as follows:

(\$000s)	2025	2024
Interest income	(107)	(8)
Lease liability interest expense	31	37
Interest expenses and bank charges	107	263
RSU liability revaluation loss	110	-
Debt interest expense	246	1,136
Accretion on debt	26	393
Accretion on decommissioning obligations	1,826	1,684
Total net finance expense	2,239	3,505

14. INCOME TAXES**Reconciliation of effective tax rate**

Income tax expense varies from the amount that would be computed by applying the expected basic federal and provincial income tax rates for Canada for the year ended December 31, 2025, of 25.6% (December 31, 2024 – 25.6%) to income before income taxes. A reconciliation of this difference is presented below.

(\$000s)	2025	2024
Net loss before income taxes	(14,291)	(709)
Tax rate	25.60%	25.60%
Computed income tax recovery	(3,658)	(182)
Increase (decrease) in taxes:		
Stock-based compensation and true-ups	162	2
Change in income tax rate	-	8
Change in unrecognized tax assets and other	-	99
Total tax recovery	(3,496)	(73)

Recognized deferred tax assets & liabilities

The analysis of deferred tax assets and deferred tax liabilities is as follows:

(\$000s)	2025	2024
Deferred income tax assets:		
Non-capital loss carryforwards	(1,245)	(2,262)
Decommissioning obligations	(4,095)	(4,492)
Lease liability	(75)	(104)
Share & debt issue costs	(1,063)	(2,025)
RSU liability	(162)	-
Risk management contracts	-	(208)
Debt termination costs	(2)	(10)
Deferred income tax liabilities:		
Risk management contracts	36	-
Property, Plant and Equipment and Other	15,396	21,549
Marketable securities	1,516	1,347
Debt	-	7
	10,306	13,802

(\$000s)	2024	Recognized in income	2025
Non-capital loss carryforwards	(2,262)	1,017	(1,245)
Decommissioning obligations	(4,492)	396	(4,096)
RSU liability	-	(162)	(162)
Lease liability	(104)	29	(75)
Debt termination costs	(10)	9	(1)
Share & debt issue costs	(2,025)	962	(1,063)
Risk management contracts	(208)	244	36
Marketable securities	1,347	170	1,517
Property, Plant and Equipment	21,549	(6,154)	15,395
Debt	7	(7)	-
	13,802	(3,496)	10,306

Unrecognized Deductible Temporary Differences

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

(\$000s)	2025	2024
Capital loss carryforwards	101,425	101,425

The non-capital loss carryforwards are from Canada, which expire between 2028 and 2044. All the capital loss carryforwards presented above are also from Canada and have no expiration period. The deductible temporary differences presented in "Property, plant and equipment and other" do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of capital loss carryforwards because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

15. 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 2nd 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 (\$000s)	December 31, 2025	December 31, 2024
Oil and natural gas customers	4,619	7,701
Joint operations partners	1,861	3,503
Accruals and other	195	324
Total	6,675	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)	December 31, 2025	December 31, 2024
0 - 30 days	4,984	7,799
30 - 90 days	101	846
Greater than 90 days	1,912	3,069
Expected credit loss	(322)	(188)
Total	6,675	11,526

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 December 31, 2025, there were \$0.3 million in receivables which were considered uncollectible (December 31, 2024 - \$0.2 million).

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 Credit Facility (see Note 8). The budgets are updated when required as conditions change.

The table below outlines the contractual maturities of the Company's financial liabilities as at December 31, 2025:

(\$000s)	Less than 1 year	1-2 years	Thereafter	Total
Accounts payable	8,154	-	-	8,154
Lease obligations ⁽¹⁾	134	110	80	324
	8,288	110	80	8,478

1) Reflects timing of lease payments on existing lease obligations

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 Credit 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 balance sheet at December 31, 2025, includes risk management assets for crude oil, natural gas and liquids derivative contracts recorded at fair value which was a net asset position of \$0.1 million (December 31, 2024 - \$0.8 million, net liability). The Company's statement of comprehensive income (loss) for the year ended December 31, 2025, includes unrealized gain on risk management contracts of \$1.0 million (December 31, 2024 - \$5.3 million unrealized loss).

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 December 31, 2025, the Company has the following commodity risk management contracts outstanding:

Type of Contract	Quantity	Period	Contract Price (C\$) ⁽¹⁾
Swap Contracts - AECO	4,594 mmbtu/d	Q1 2026	\$3.17/mmbtu
Swap Contracts - AECO	1,348 mmbtu/d	Q2 2026	\$2.47/mmbtu

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

Subsequent to December 31, 2025, the Company entered into the following additional risk management contracts:

Type of Contract	Quantity	Period	Contract Price (C\$) ⁽¹⁾
Swap Contracts - WTI Crude	198 bbl/d	Q2 2026	\$104.63/bbl
Swap Contracts - WTI Crude	200 bbl/d	Q3 2026	\$109.28/bbl

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

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 CAD.

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. Fluctuations of interest rates could result in an increase or decrease in the amount ROK pays to service the variable interest rate debt.

Fair value of financial instruments

The Company's financial instruments as at December 31, 2025, include, accounts receivable, accounts payable and accrued liabilities, risk management contracts, marketable securities, and debt.

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

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

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

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

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

The fair value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to their short terms to maturity. The fair value measurement of the marketable securities have a fair value hierarchy of Level 1. The fair value measurement of the risk management contracts and debt have a fair value hierarchy of Level 2.

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

Capital management

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

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

(\$000s)	December 31, 2025	December 31, 2024
Cash and cash equivalents	5,744	-
Accounts receivable	6,675	11,528
Prepays and deposits	220	284
Current portion of risk management contracts	141	(771)
Accounts payable and accrued liabilities	(8,154)	(15,346)
Adjusted working capital ⁽²⁾	4,626	(4,305)
Credit Facility ⁽¹⁾	-	(7,349)
Lease obligations ⁽¹⁾	(324)	(475)
Less: adjusted working capital ⁽²⁾	4,626	(4,305)
Net surplus (debt)	4,302	(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.

16. RELATED PARTY DISCLOSURES

The Company has determined that key management personnel consist of its managers and officers. In addition to the salaries paid to company officers, these groups participate in the stock option plan and the RSU Plans. The total compensation expense, including salaries, fees and stock-based compensation relating to key management personnel for the years ended December 31, 2025 and 2024, was as follows:

(\$000s)	2025	2024
Salary, fees and other benefits	1,049	1,188
Stock-based compensation ⁽¹⁾	524	128
	1,573	1,316

(1) Represents the amortized portion recognized in the consolidated financial statements.

17. SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended December 31 (\$000s)	2025	2024
Accounts receivable	4,853	1,493
Prepays and deposits	64	80
Deferred revenue on management agreement	-	(322)
Accounts payable and accrued liabilities	(6,870)	(2,214)
Change in non-cash working capital	(1,953)	(963)
Relating to:		
Operating activities	(1,791)	(192)
Investing activities	(162)	(770)
Change in non-cash working capital	(1,953)	(962)

18. SUBSEQUENT EVENTS**Termination of Arrangement Agreement**

On September 23, 2025, the Company entered into an arrangement agreement (the "Arrangement Agreement") between 17312539 Canada Inc., a private Canadian company formed for the sole purpose of completing the Arrangement (defined below) (the "Purchaser"), and Blue Alaska Oil Trading LLC ("Blue Alaska") as the sole shareholder of Purchaser. Pursuant to the Arrangement Agreement, the Purchaser was to acquire all of the issued outstanding Class B Shares of the Company for total consideration of \$52 million in cash, subject to adjustments as provided for in the Arrangement Agreement (the "Arrangement"). As part of the Arrangement, a \$3 million deposit was placed into trust by Blue Alaska and the Purchaser until releasable under the terms of the Arrangement Agreement. A reciprocal break fee of \$3 million was also part of the Arrangement and was to be provided to the respective party if the Arrangement is terminated under certain conditions in the Arrangement Agreement.

On March 2, 2026, Blue Alaska and the Purchaser served ROK with a notice (the "Notice") to immediately terminate the Arrangement Agreement. In the Notice, Blue Alaska and the Purchaser assert a unilateral ability to terminate the Arrangement Agreement. The Notice provided by Blue Alaska and the Purchaser of the unilateral termination of the Arrangement Agreement amounts to a repudiation of the Arrangement Agreement. ROK, as a result of such repudiation by Blue Alaska and the Purchaser, has provided Blue Alaska and the Purchaser with notice of termination of the Arrangement Agreement.

ROK is currently seeking payment of the reciprocal break fee of \$3 million given Blue Alaska's inability to fulfill the terms and conditions of the Arrangement Agreement. In turn, Blue Alaska has claimed that the reciprocal break fee is not owed and has presented an unwillingness to honor ROK's claim. Legal steps are being taken by both parties to enforce their respective positions.