



INTERIM CONDENSED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

ROK RESOURCES INC.

INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

<i>(Unaudited, expressed in Canadian Dollars)</i>	September 30, 2021	December 31, 2020
Assets		
Current Assets		
Cash and cash equivalents	1,031,864	1,420,067
Accounts receivable	652,964	445,095
Prepays and deposits	161,204	86,974
	1,846,032	1,952,136
Non-current Assets		
Property, plant and equipment (Note 5)	9,608,608	3,434,274
Exploration & evaluation assets (Note 6)	1,310,159	1,178,458
	12,764,799	6,564,868
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	581,181	355,611
Current portion of debt notes (Note 7)	888,889	-
	1,470,070	355,611
Non-current Liabilities		
Non-current portion of debt notes (Note 7)	2,959,228	-
Decommissioning obligations	3,793,546	3,304,071
	8,222,844	3,659,682
Shareholders' Equity		
Share capital (Note 8a)	6,309,267	3,607,761
Warrants (Note 8b)	802,020	446,044
Contributed surplus (Note 8c)	329,617	54,263
Deficit	(2,898,949)	(1,202,882)
	4,541,955	2,905,186
	12,764,799	6,564,868

Going concern (Note 2)

Commitments (Note 11)

Subsequent event (Note 13)

See accompanying notes to the interim condensed financial statements.

ROK RESOURCES INC.

INTERIM CONDENSED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three and nine months ended September 30

<i>(Unaudited, expressed in Canadian Dollars)</i>	Three months ended		Nine months ended	
	2021	2020	2021	2020
Revenue:				
Oil and natural gas sales (Note 9)	1,075,829	275,513	2,225,065	275,513
Royalties	(205,357)	(66,999)	(425,826)	(66,999)
Revenue	870,472	208,514	1,799,239	208,514
Expenses and other items:				
Operating expenses	473,924	198,394	954,577	198,394
General and administrative	399,851	214,049	1,076,613	518,802
Business development	32,839	295	114,565	66,042
Stock-based compensation (Note 8c)	277,220	27,832	294,001	82,564
Depletion and depreciation (Note 5)	252,508	86,329	614,408	86,329
Exploration & evaluation expense (Note 6)	184,086	-	184,086	-
Net finance expense	178,485	10,052	257,075	7,780
Foreign exchange loss (gain)	(1,865)	1,579	(19)	(1,919)
	1,797,048	538,530	3,495,306	957,992
Net loss and comprehensive loss	(926,576)	(330,016)	(1,696,067)	(749,478)
Loss per share – basic and diluted (Note 8d)	(0.01)	(0.01)	(0.03)	(0.02)
Weighted average number of Class B shares outstanding	74,471,576	48,949,277	66,142,730	45,179,745

See accompanying notes to the interim condensed financial statements.

ROK RESOURCES INC.

INTERIM CONDENSED STATEMENTS OF CASH FLOWS

For the three and nine months ended September 30

<i>(Unaudited, expressed in Canadian Dollars)</i>	Three months ended		Nine months ended	
	2021	2020	2021	2020
Cash flows provided by (used in):				
Operating activities				
Loss	(926,576)	(330,016)	(1,696,067)	(749,478)
Adjustments for:				
Depletion and depreciation	252,508	86,329	614,408	86,329
Exploration & evaluation expense	184,086	-	184,086	-
Stock-based compensation	277,220	27,832	294,001	82,564
Foreign exchange loss (gain)	(1,864)	1,579	(18)	(1,919)
Other liability	-	(8,000)	-	(8,000)
Net finance expense	178,485	10,052	257,075	7,780
Abandonment costs paid	(8,289)	-	(12,951)	-
Change in non-cash working capital (Note 12)	(152,774)	40,597	(289,517)	53,528
	(197,204)	(171,627)	(648,983)	(529,196)
Investing activities				
Net asset acquisitions (Note 4)	(35,730)	-	(3,963,490)	(274,446)
Expenditures on property, plant and equipment	(1,535,102)	(181,949)	(1,650,334)	(181,949)
Proceeds on property, plant and equipment disposals	70,000	-	70,000	-
Expenditures on exploration and evaluation assets	(193,687)	(39,757)	(315,787)	(63,851)
Change in non-cash working capital (Note 12)	812,333	86,383	232,988	86,383
	(882,186)	(135,323)	(5,626,623)	(433,863)
Financing activities				
Proceeds on private placement, net of costs (Note 8a)	-	486,071	2,134,968	486,071
Proceeds on debt financing, net of costs (Note 7)	500,000	-	3,909,725	-
Proceeds on subscription receipts	-	909,000	-	909,000
Proceeds on warrant exercises	-	22,500	-	22,500
Proceeds on option exercises (Note 8c)	-	-	22,500	-
Net finance received (paid)	(178,662)	(312)	(179,809)	1,960
Change in non-cash working capital (Note 12)	35,000	2,500	-	2,500
	356,338	1,419,759	5,887,384	1,422,031
Foreign exchange gain (loss) on cash	1,865	(1,579)	19	1,919
Increase (decrease) in cash and cash equivalents	(721,187)	1,111,230	(388,203)	460,891
Cash and cash equivalents, beginning of period	1,753,051	599,961	1,420,067	1,250,300
Cash and cash equivalents, end of period	1,031,864	1,711,191	1,031,864	1,711,191

Cash is defined as cash and cash equivalents.

See accompanying notes to the interim condensed financial statements.

ROK RESOURCES INC.

INTERIM CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited, expressed in Canadian Dollars)

	Number of Shares	Share Capital	Subscription Receipts	Warrants	Contributed Surplus	Deficit	Total
Balance at December 31, 2020	58,996,576	3,607,761	-	446,044	54,263	(1,202,882)	2,905,186
Net loss	-	-	-	-	-	(1,696,067)	(1,696,067)
Private placement, June 2021	11,000,000	1,875,359	-	259,609	-	-	2,134,968
Shares issued in net asset acquisitions	4,250,000	785,000	-	-	-	-	785,000
Warrants issued in Note Financing	-	-	-	96,367	-	-	96,367
Stock option exercise	225,000	41,147	-	-	(18,647)	-	22,500
Stock-based compensation	-	-	-	-	294,001	-	294,001
Balance at September 30, 2021	74,471,576	6,309,267	-	802,020	329,617	(2,898,949)	4,541,955
Balance at December 31, 2019	43,274,268	87,210,218	-	40,004	31,586,276	(116,790,578)	2,045,920
Net loss	-	-	-	-	-	(749,478)	(749,478)
Private placement	7,692,308	314,030	-	172,041	-	-	486,071
Subscription receipts	-	-	909,000	-	-	-	909,000
Stock option exercise	920,000	138,036	-	-	(46,036)	-	92,000
Warrant exercise	150,000	23,400	-	(900)	-	-	22,500
Stock-based compensation	-	-	-	-	82,564	-	82,564
Balance at September 30, 2020	52,036,576	87,685,684	909,000	211,145	31,622,804	(117,540,056)	2,888,577

See accompanying notes to the interim condensed financial statements.

ROK RESOURCES INC.
Notes to the Interim Condensed Financial Statements
For the periods ended September 30, 2021 and 2020

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 Canada. The Company’s head office is located in Regina, Saskatchewan, Canada. The Company’s shares are listed and publicly traded on the TSX Venture Exchange (the “Exchange”) under the trading symbol “ROK”.

2. GOING CONCERN

These interim condensed financial statements have been prepared on a going concern basis, which assumes that the Company will be able to discharge its obligations and realize its assets in the normal course of operations for the foreseeable future. During the nine months ended September 30, 2021, the Company incurred a loss of \$1.7 million and used \$0.6 million of cash flows in its operating activities, which were financed principally from proceeds from share and debt issuances. As at September 30, 2021, the Company had working capital of \$0.4 million.

In the past year, the Company has acquired petroleum and natural gas assets with production capabilities. Until such time that these new producing assets generate sufficient cash flow to fund the Company’s operations, the Company is reliant upon its remaining financial resources or its ability to raise additional capital to fund administrative costs and the development of its oil and gas properties. These conditions indicate the existence of a material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern. While the Company intends to move forward with the development of its oil and gas assets, there is no guarantee that the Company will be successful in raising the capital required to fund ongoing operations and exploration and development activities or that the terms of a financing, if any, will be acceptable to the Company. The continued volatility of commodity prices and the COVID-19 global pandemic and its impact on the economy further increases the risk associated with obtaining the capital necessary to develop the Company’s oil and gas properties.

Management believes that the going concern assumption is appropriate for these interim condensed financial statements and that the Company will be able to fund its operations during the upcoming year. Should the going concern assumption not be appropriate and the Company is not able to realize its assets and settle its liabilities in the normal course of operations, these financial statements would require adjustments to the amounts and classifications of assets and liabilities.

3. BASIS OF PRESENTATION

Statement of compliance

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

These interim condensed financial statements follow the same accounting policies and method of computation as the Company’s annual audited financial statements for the year ended December 31, 2020, with the exception of certain disclosures that are normally required to be included in annual financial statements which have been condensed or omitted and the following accounting policy which was adopted during the three months ended September 30, 2021:

The Company’s investment (see Note 4e) has been accounted for as an equity investment as the Company has significant influence but not control. 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

ROK RESOURCES INC.
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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 recoverable amount, and any difference is charged to the consolidated statement of income.

These interim condensed financial statements should be read in conjunction with the Company's annual audited financial statements for the year ended December 31, 2020. These interim condensed financial statements were authorized for issue by the Board of Directors on November 29, 2021.

Basis of measurement

These interim condensed financial statements have been prepared on the historical cost basis except for certain financial and non-financial assets and liabilities, which have been measured at fair value. The methods used to measure fair value are consistent with the Company's December 31, 2020 audited financial statements.

COVID-19 continues to impact global economic conditions. Global financial markets, and commodity prices in particular, have experienced significant volatility and uncertainty. Crude oil and natural gas prices have recovered from the historic lows observed in the first two quarters of 2020 and exceeded pre-pandemic levels during 2021. While the current outlook for commodity prices is relatively strong, long-term price support from future demand remains uncertain. The scale and duration of these developments remain uncertain but could impact the Company's operations, future net earnings and cash flows given the COVID-19 pandemic is an evolving situation that will continue to have widespread implications for the Company's business environment and financial condition. Management cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact the Company's financial statements in fiscal 2021 and beyond.

The preparation of 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 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 years affected.

Estimates and judgements made by management in the preparation of these interim condensed financial statements are subject to a higher degree of measurement uncertainty during this volatile period.

Functional and presentation currency

These interim condensed financial statements are presented in Canadian dollars ("CAD") which is also the Company's functional currency.

Significant accounting policies

The Company's significant accounting policies can be read in Note 4 to the Company's annual audited financial statements as at and for the year ended December 31, 2020.

There were no material changes in the Company's significant accounting policies from those disclosed in the 2020 annual audited financial statements other than those outlined in Note 3 of these interim condensed financial statements.

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Notes to the Interim Condensed Financial Statements
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4. CORPORATE TRANSACTIONS

a) Carievale Farmout

In March 2021, the Company entered into a farmout agreement to acquire the rights to earn certain undeveloped oil and gas assets in the Carievale area of Southeastern Saskatchewan. The Company will participate in the drilling, completion and equipping of two earning wells, paying 70% of the costs to earn a 35% working interest in the two earning wells, plus a 35% working interest in approximately 2,900 gross acres of undeveloped lands. Prior to March 31, 2022, the Company has the option to purchase up to a 50% interest in the undeveloped oil and gas assets, which includes two producing oil and gas wells for proceeds totaling \$2 million.

b) Non-Operated Carnduff Acquisition

In February 2021, the Company entered into a purchase and sale agreement to acquire certain producing and non-producing petroleum and natural gas assets and interest in a multi-well facility within the Carnduff area of Southeastern Saskatchewan. Total consideration for the acquisition was the assumption of all liabilities associated with the acquired assets.

The transaction was accounted for as an acquisition of net assets with the following net fair values assigned:

Development and production assets	97,269
Decommissioning liability	(97,269)
Total net assets acquired	-

c) Non-Operated Florence Asset Acquisition

In April 2021, the Company closed the acquisition of non-operated working interests in certain producing petroleum and natural gas properties located within the Florence area of Southeastern Saskatchewan. The acquired assets also include associated facilities and land, as well as associated liabilities relating to future abandonment obligations on well and facility sites.

The transaction was accounted for as an acquisition of net assets with the following preliminary net fair values assigned:

Development and production assets	1,959,301
Decommissioning liability	(94,475)
Total net assets acquired	1,864,826
Cash consideration	1,500,000
Share consideration	380,000
Purchase price adjustments	(45,120)
Transaction costs	29,946
Total purchase price	1,864,826

d) Operated Florence Asset Acquisition

In May 2021, the Company closed the acquisition of operated working interests in certain producing petroleum and natural gas properties located within the Florence area of Southeastern Saskatchewan. The acquired assets also include associated facilities and land, as well as associated liabilities relating to future abandonment obligations on well and facility sites.

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The transaction was accounted for as an acquisition of net assets with the following preliminary net fair values assigned:

Development and production assets	2,978,933
Decommissioning liability	(95,269)
Total net assets acquired	2,883,664
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Cash consideration	2,500,000
Share consideration	405,000
Purchase price adjustments	(66,961)
Transaction costs	45,625
Total purchase price	2,883,664

e) Lithium Exploration Management Agreement

In July 2021, the Company entered into an exploration management agreement wherein the Company was issued a 25% interest in a private entity which currently holds certain Subsurface Mineral Dispositions in Saskatchewan, with a focus on potential lithium resource prospects. Under the terms of the agreement, the Company earns its beneficial interest as ROK personnel will manage the following objectives of the project:

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

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

As of September 30, 2021, no costs nor any liabilities have been incurred by the Company relating to the above objectives.

5. PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment ("PP&E") consist of development and production assets ("D&P"). D&P assets 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 D&P asset amounts:

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Cost	
Balance, December 31, 2019	-
Acquisitions	1,238,691
Change in discount rate on acquisition	2,287,770
Additions	241,865
Change in decommissioning provision	(74,516)
Balance, December 31, 2020	3,693,810
Acquisitions (Note 4a, 4b, 4c, 4d)	5,035,503
Change in discount rate on acquisition	475,204
Additions	1,650,334
Change in decommissioning provision	(302,299)
Disposals	(70,000)
Balance, September 30, 2021	10,482,552
Accumulated Depletion & Depreciation	
Balance, December 31, 2019	-
Depletion & depreciation	259,536
Balance, December 31, 2020	259,536
Depletion & depreciation	614,408
Balance, September 30, 2021	873,944
Net Book Value	
Balance, December 31, 2020	3,434,274
Balance, September 30, 2021	9,608,608

Future development costs in the amount of \$18.8 million were included in the depletion calculated for the period ended September 30, 2021.

6. EXPLORATION AND EVALUATION ASSETS

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

Balance, December 31, 2019	918,246
Additions	260,212
Balance, December 31, 2020	1,178,458
Additions	315,787
Land expiries and write-offs	(184,086)
Balance, September 30, 2021	1,310,159

The Company's E&E assets represent the recognized acquisition value and subsequent costs incurred in relation to the undeveloped land interests located in Saskatchewan on which it intends to conduct petroleum and natural gas exploratory work. Land expiries and write-offs represents those leases that the Company did not renew or does not expect to renew at expiry.

7. DEBT NOTES

In June 2021, the Company completed the first tranche of \$3,500,000 of senior secured notes of the Company ("Debt Notes"), with each Debt Note consisting of a principal amount of \$1,000 and with interest payable thereon at a rate of 14% per annum over a term of three years from the date of issuance thereof (the "Note Financing"). In July 2021, a second tranche of \$500,000 of Debt Notes was closed by the Company under the same terms. The maturity date of the Debt Notes is May 28, 2024; however, the Company has the option to fully repay the Debt Notes at no penalty

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after two years from the date of issuance. Similarly, the debtholders can demand repayment after two years from the date of issuance. Payments of interest only of approximately \$150,000 per quarter will be made during the first year of the term of the Debt Notes and blended payments of interest and principal of approximately \$520,000 per quarter will be made during the second and third year of the term of the Debt Notes. The Debt Notes are secured by the assets of the Company and are senior to all other indebtedness of the Company.

The Debt Notes have various terms, conditions and covenants which the Company is to comply with including maintaining a liability management rating (“LMR”) of at least 1:00 in all jurisdictions and the Company’s debt cannot exceed the maximum permitted debt at anytime with both debt and maximum permitted debt defined within the agreement. In the event that the Company is not in compliance with terms, conditions and covenants this would represent an event of default which would enable the Debt Note holders to demand immediate repayment of all amounts outstanding. In addition, the Debt Notes have subjective material adverse change clauses, which if determined by the Debt Note holders to exist, enables the Debt Note holders to demand immediate repayment of the Debt Notes outstanding.

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

Given the Note Financing consisted of Debt Notes and purchase warrants, the equity and debt components must be bifurcated. The value assigned to the liability on the date of issuance was the present value of the contractually determined stream of future cash flows. From the date of issuance, the liability component accretes up to its principal value using the effective interest method, with the charge recorded in finance (income) expenses in the consolidated statement of loss.

The components of the Company’s Debt Notes as of September 30, 2021, are as follows:

	Liability Component	Warrants	Total
On date of issuance, net of transaction costs	3,813,359	96,367	3,909,726
Accretion	34,758	-	34,758
Balance, September 30, 2021	3,848,117	96,367	3,944,484

Of the liability component of the Debt Notes, \$888,889 has been classified as current debt and is due within the next twelve months and \$2,959,228 has been classified as non-current. Of the total proceeds of the Note Financing, approximately \$500,000 were from subscriptions by directors or by investors related to directors of the Company.

8. SHARE CAPITAL

a) Common shares

At September 30, 2021, the Company was authorized to issue an unlimited number of Class B Shares, with no par value, with holders of Class B Shares entitled to two votes per share and to dividends, if declared. Outstanding Class B Shares as of September 30, 2021, are as follows:

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	Class B shares	Amount
Balance, December 31, 2019	43,274,268	87,210,218
Private placement, July 2020	7,692,308	362,012
Private placement, November 2020	6,960,000	1,078,397
Stock option exercise	920,000	138,036
Warrant exercise	150,000	23,400
Elimination of deficit ⁽¹⁾	-	(85,204,302)
Balance, December 31, 2020	58,996,576	3,607,761
Shares issued for asset acquisitions (Note 4c, 4d)	4,250,000	785,000
Private placement, June 2021	11,000,000	1,875,359
Stock option exercise	225,000	41,147
Balance, September 30, 2021	74,471,576	6,309,267

(1) At the Company's annual general meeting on December 18, 2020, the shareholders of the Company approved a resolution to reduce share capital and contributed surplus for accounting purposes, without the payment of or a reduction to stated or paid-up capital, by the amount of the deficit on December 31, 2019, of \$116.8 million. As a result, share capital was reduced by \$85.2 million and contributed surplus was reduced by \$31.6 million as of December 31, 2020.

2021 Private Placement

In May 2021, the Company completed the first closing of a private placement for a total of \$1,790,000, whereby 8,950,000 units of the Company were issued at a price of \$0.20 per unit. In June 2021, the second closing of the aforementioned private placement for a total of \$410,000 through the issuance of an additional 2,050,000 units of the Company was completed, bringing total gross proceeds to \$2,200,000, before issuance costs, for 11,000,000 units. Each unit consists of one Class B Share in the capital of the Company and one half of one purchase warrant. Each purchase warrant is exercisable for one Class B Share at an exercise price of \$0.35 per purchase warrant for a period of two years. The Company allocated \$1,945,292 of net proceeds from the private placement to share capital and \$254,708 to purchase warrants. The warrant fair value was determined based on a Black-Scholes option pricing model (see Note 8b).

In connection with the offering, commissions were paid to brokers and finders in an amount of \$56,000 plus the issuance of a total of 280,000 broker warrants, with each such broker warrant exercisable for one Class B Share at an exercise price of \$0.35 per broker warrant for a period of two years. The issuance costs on the private placement totaling \$79,090 were allocated to share capital of \$69,933 and warrants of \$9,157.

b) Warrants

The Company has issued and outstanding warrants exercisable to acquire Class B Shares of the Company that were issued as part of various private placement financings carried out in prior years.

A summary of the changes in warrants is presented below:

	Warrants	Weighted average exercise price
Balance, December 31, 2019	6,666,667	0.15
Purchase warrants issued, July private placement	7,692,308	0.15
Purchase warrants issued, November private placement	3,480,000	0.30
Broker warrants issued, November private placement	70,000	0.30
Warrants exercised	(150,000)	0.15
Balance, December 31, 2020	17,758,975	0.18
Purchase warrants issued, June private placement	5,500,000	0.35
Broker warrants issued, June private placement	280,000	0.35
Purchase warrants issued, Note Financing (Note 7)	2,000,000	0.35
Balance, September 30, 2021	25,538,975	0.23

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Purchase warrants on private placement

Pursuant to the private placement of units (see Note 8a), the Company issued 11,000,000 units, each consisting of one Class B Share in the capital of the Company and one half of one purchase warrant, for a total 5,500,000 purchase warrants. Each warrant can be exercised to purchase one additional Class B Shares at an exercise price of \$0.35 for a period of two years. A fair value of \$245,551 was recognized at the time of issuance of these purchase warrants. In connection with the above, brokers and finders received 280,000 non-transferable broker warrants. Each broker warrant is exercisable into one Class B Share at a price of \$0.35 per share for a period of 2 years. A fair value \$14,058 was recognized at the time of the issuance of these broker warrants.

Purchase warrants on Note Financing

Pursuant to the Note Financing (See Note 7), the Company issued 2,000,000 purchase warrants to Noteholders. Each purchase warrant can be exercised to purchase one Class B Shares at an exercise price of \$0.35 for a period of two years. A fair value of \$96,367 was recognized at the time of issuance of these purchase warrants.

The following summarizes information about total purchase warrants outstanding as at September 30, 2021:

Exercise prices	Number of warrants outstanding	Weighted average term to expiry (years)	Number of warrants exercisable
0.15	14,208,975	0.78	14,208,975
0.30	3,550,000	1.11	3,550,000
0.35	7,780,000	1.61	7,780,000
	25,538,975	1.08	25,538,975

c) Stock options

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

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

	Stock options	Weighted average exercise price
Balance, December 31, 2019	3,910,000	0.12
Options forfeited	(166,667)	0.15
Expired options	(83,333)	0.15
Options exercised	(920,000)	0.10
Balance, December 31, 2020	2,740,000	0.13
Options issued	4,150,000	0.28
Options exercised	(225,000)	0.10
Balance, September 30, 2021	6,665,000	0.22
Exercisable, September 30, 2021	3,364,996	0.19

In July 2021, the Company granted 4,150,000 options to acquire common shares to certain officers, employees and consultants of the Company at an exercise price of \$0.28 per common share. The options are for a five-year term, expiring on July 21, 2026, and vesting one-third on the date of grant, one-third on the first anniversary date and one-third on the second anniversary date from the date of grant.

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For the stock options issued, the Black-Scholes option pricing model was used to estimate their fair value based on the assumptions of expected stock price volatility of 80%, risk-free interest rate of 0.80%, expected dividend yield of 0%, and an expected option life of 5 years, resulting in an assessed fair value per option of \$0.15.

For the nine months ended September 30, 2021, the Company recognized \$294,001 (September 30, 2020 - \$82,564) in stock-based compensation expense. Recognized stock-based compensation is recorded as an expense and as contributed surplus.

The following summarizes information about stock options outstanding as at September 30, 2021:

Exercise prices	Number of options outstanding	Weighted average term to expiry (years)	Number of options exercisable
0.10	915,000	1.66	915,000
0.15	1,600,000	3.18	1,066,666
0.28	4,150,000	4.81	1,383,330
	6,665,000	3.99	3,364,996

d) Loss per share

For purposes of the loss per share calculations for the periods ended September 30, 2021 and 2020, there is no difference between the basic loss per share and the diluted loss per share amounts. For the period ended September 30, 2021, 6,665,000 options and 25,538,975 warrants (September 30, 2020 – 2,740,000 options and 14,208,975 warrants) were excluded as their impact was anti-dilutive.

9. REVENUE

The following table presents the Company's oil and natural gas revenue disaggregated by product type for the three and nine months ended September 30, 2021 and 2020:

	Three months ended		Nine months ended	
	2021	2020	2021	2020
Oil sales	945,898	287,799	1,970,785	287,799
Natural gas sales	95,523	(7,733)	177,281	(7,733)
NGL sales	34,408	(4,553)	76,999	(4,553)
Total	1,075,829	275,513	2,225,065	275,513

As at September 30, 2021, receivables from contracts with customers, which are included in accounts receivable, were \$514,643 (December 31, 2020 - \$250,523). For the nine months September 2020, oil and natural gas revenue has been restated to reflect net revenue after costs to bring to point of sale, reclassifying certain costs previously included in operating expenses against previously-presented oil and natural gas revenue.

10. 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

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capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk reflects the risk of loss if counterparties do not fulfill their contractual obligations and arises principally from the Company's receivables from joint operations partners and petroleum and natural gas customers.

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

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

The Company has considered the impact of the COVID-19 outbreak and the resulting decreases to commodity prices during the early stages of the pandemic on the expected credit loss of the Company and has not noted a significant impact.

In determining the recoverability of trade and other receivables, the Company considers the type and age of the outstanding receivables, the credit risk of the counterparties, and the recourse available to the Company. The maximum exposure to credit risk for accounts receivable and accruals, net of expected credit loss at the reporting date by type of customer was:

Carrying Amount	September 30, 2021	December 31, 2020
Oil and natural gas customers	514,643	250,523
Joint operations partners	64,919	18,530
Accruals and other	73,402	176,042
Total	652,964	445,095

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

Aging	September 30, 2021	December 31, 2020
0 - 30 days	543,219	431,413
31 - 90 days	95,465	12,165
Greater than 90 days	14,280	1,517
Expected credit loss	-	-
Total	652,964	445,095

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The Company considers amounts outstanding greater than 90 days to be past due, unless circumstances on particular balances provide certainty of collection. Receivables normally collectible within 30 to 60 days can take longer as information requests and timing can come into effect in dealing with receivables from joint venture partners. At September 30, 2021 there were no significant receivables which were considered past due (December 31, 2020 - \$nil).

The Company held cash and cash equivalents of \$1,031,864 as at September 30, 2021 (December 31, 2020 - \$1,420,067). The Company manages the credit exposure related to cash and cash equivalents by selecting counter parties based on credit ratings and monitors all investments to ensure a stable return, avoiding complex investment vehicles with higher risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due and describes the Company's ability to access cash. The impacts of the COVID-19 outbreak and the resulting impact on commodity prices has increased the liquidity risk of the Company. 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. The Company seeks additional financing based on the results of these processes. The budgets are updated when required as conditions change. See further discussion relating to liquidity in Note 2.

The following table outlines the contractual maturities of the Company's financial liabilities at September 30, 2021:

	Less than 1 year	1-2 years	Thereafter	Total
Trade accounts payable	436,989	-	-	436,989
Capital payables	144,192	-	-	144,192
Debt Notes - principal ⁽¹⁾	888,889	1,777,778	1,333,333	4,000,000
Debt Notes - interest ⁽¹⁾	544,317	342,137	87,793	974,247
	2,014,387	2,119,915	1,421,126	5,555,428

(1) Assumes a payment is not demanded in June 2023. The notes have a three-year term, but the holders can demand repayment after the end of the second year.

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. There were no financial contracts outstanding at September 30, 2021 or December 31, 2020.

Commodity price risk

Commodity price risk is the risk that the fair value of the future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted by not only the US dollar, but also by world economic events that dictate the levels of supply and demand.

Despite modest recovery from the 20-year low reached in April 2020, oil prices continue to be volatile as a result of factors such as the COVID-19 outbreak. Natural gas prices have also been adversely affected by oversupply and

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expectation of lower industrial demand, however the AECO gas reference price has improved relative to the comparative period of 2020.

As at September 30, 2021, the Company had not entered into any derivative contracts or forward commodity sales contracts to manage its exposure to commodity price fluctuations.

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. While the majority of the Company's financing and administrative costs will be based and paid in Canadian dollars, the Company is exposed to the risk of fluctuations in foreign exchange rates between the Canadian dollar and the US dollar (US\$) given the Company's realized pricing in Canadian dollars is directly influenced by US\$ denominated benchmark pricing. As at September 30, 2021, the Company had not entered into any foreign currency derivatives to manage its exposure to currency fluctuations.

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. Fluctuations of interest rates for the period ended September 30, 2021, would not have had a significant impact on cash and cash equivalents. Furthermore, the Company is not currently exposed to interest rate risk on its interest-bearing loans given these debt instruments are all subject to fixed interest rates.

Fair value of financial instruments

The Company's financial instruments as at September 30, 2021, include cash and cash equivalents, accounts receivable, prepaids, accounts payable and accrued liabilities, and Debt Notes.

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 of the Debt Notes is approximately \$4.0 million (level 3 fair value).

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 (see Note 2). 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. To maintain or adjust the capital structure, from time to time the Company may issue or repurchase common shares or other securities, sell assets or adjust its capital spending to manage current and projected debt levels.

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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 working capital, as defined above. In order to facilitate the management of its net debt, the Company prepares annual budgets, which are updated as necessary depending on varying factors including current and forecast commodity prices, changes in capital structure, execution of the Company's business plan and general industry conditions. The annual budget is approved by the Board of Directors and updates are prepared and reviewed as required.

	September 30, 2021	December 31, 2020
Debt Notes (14%)	4,000,000	-
Less: working capital ⁽¹⁾	1,264,851	1,596,525
Net debt (surplus)	2,735,149	(1,596,525)

1) Calculation of working capital excludes current portion of debt as presented on the interim condensed consolidated statement of financial position.

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 (see further discussion in Note 2).

11. COMMITMENTS

Mineral Lease Commitments

The Company has financial commitments for fees and taxes related to the existing mineral leases held in Saskatchewan that equate to a total financial commitment of approximately \$260,000 per year. Fees or royalties on production are only derived once production is realized on existing mineral leases.

Carievale Farmout Commitments

In March 2021, the Company entered into a farmout agreement to acquire the rights to earn certain oil and gas assets in the Carievale area of Southeastern Saskatchewan (see Note 4a). Under the terms of the farmout agreement, ROK must participate in the drilling, completion and equipping of two earning wells, paying 70% of the costs to earn a 35% working interest in the earning wells, plus a 35% working interest in 2,900 gross acres of prospective land in the Carievale area. The Company currently estimates related costs for the two earning wells to be \$1.4 million to the Company. The first commitment well was completed in October 2021. The second commitment well must be spud by January 31, 2022, under the current terms of the farmout agreement.

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12. SUPPLEMENTAL CASH FLOW INFORMATION

For the periods ended September 30	Three months ended		Nine months ended	
	2021	2020	2021	2020
Accounts receivable and prepaids	652,163	(255,308)	(282,099)	(247,588)
Accounts payable and accrued liabilities	42,396	384,788	225,570	389,999
Change in non-cash working capital	694,559	129,480	(56,529)	142,411
Relating to:				
Operating activities	(152,774)	40,597	(289,517)	53,528
Investing activities	812,333	86,383	232,988	86,383
Financing activities	35,000	2,500	-	2,500
Change in non-cash working capital	694,559	129,480	(56,529)	142,411

13. SUBSEQUENT EVENT

Steelman Farmout

In October 2021, the Company entered into a farmout agreement to acquire the rights to earn certain undeveloped oil and gas assets in the Steelman area of Southeastern Saskatchewan. ROK will participate in the drilling, completion and equipping of one test well, paying 100% of the costs to earn a 100% interest in the test well and the quarter section containing the test well. Furthermore, the Company will have the option to drill additional option wells within 120 days of drilling of the test well, earning a 100% interest in each option well and two contiguous quarter sections (including the quarter section that each option well is drilled upon) for each option well to a maximum earning of eight additional quarter sections on top of the test well quarter section. The test well, option well(s) and associated undeveloped acreage are subject to a 1% non-convertible overall gross overriding royalty, a 4% non-convertible additional gross overriding royalty on the test well and 6.5% non-convertible additional gross overriding royalty on the option well(s) up to 6,000 m³ of oil production (the "Incentive Period"), declining to 4% after the Incentive Period. The test well is required to be spud on or before March 15, 2022, or a non-performance fee of \$50,000 will be paid by ROK to the farmor counterparty, and the farmout agreement will terminate without earning.