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## **ROK Resources Files Financial Results and Management Discussion & Analysis for the Third Quarter of 2024**

REGINA, SK / ACCESSWIRE / November 20, 2024 / ROK Resources Inc. ("**ROK**" or the "**Company**") (TSXV:ROK) (OTCQB:ROKRF) has filed its interim Financial Results and Management Discussion & Analysis for the nine months ended September 30, 2024.

The Company successfully executed its Q3 2024 drilling program, drilling 2 gross (1.5 net) wells in Saskatchewan. At September 30, 2024, one well was on-stream, achieving an IP30 of 240 boepd<sup>1</sup> (85% liquids). Both wells drilled in the quarter had no prior reserve value associated. The 2024 drilling program continues, on average, to outperform internal type curves, with an average IP90 of 130 boepd<sup>1</sup> (85% liquids). The successful results set up the Company with future drilling prospects in core areas of Saskatchewan.

In addition, effective October 1, 2024, the Company sold an existing non-core gross overriding royalty interest held by the Company (the "**Non-Core Asset**") for \$4 million dollars. The proceeds represent 5.5X of 2025 estimated cashflow for the Non-Core Asset, which had a year end 2023 reserve value of \$1 million PDP. The proceeds from the accretive transaction were used to further reduce debt, resulting in a revised year end Adjusted Net Debt estimate for 2024 of \$12.6 million (24% reduction from previous guidance), or 0.4X of estimated Adjusted Net Debt/debt adjusted cashflow for 2024.

The Company remains well positioned to continue the balance of its 2024 drilling program which includes 3 gross (2.9 net) wells, targeting inventory growth in the Frobisher and testing of its first multi-lateral Midale well in Southeast Saskatchewan. Given the Company's continued drilling success, construction of a multi-well facility remains on schedule for Q4 2024, which will lower operating costs and allow for continued optimization of existing wells.

### **Q3 2024 HIGHLIGHTS**

- **Production In-line with Forecast:** Production averaged 3,773 boepd<sup>2</sup> (71% liquids);
- **Successful Drill Program:** Drilled 2 gross (1.5 net) wells in unbooked areas of Saskatchewan;
- **Exceeded Debt Reduction Forecast:** Achieved adjusted Net Debt of \$12.9 million, representing an 8% improvement from the Company's target; and
- **Revised Year End 2024 Adjusted Net Debt:** With the sale of the Non-Core Asset the Company revised its Adjusted Net Debt estimate at 2024 from \$16.6 million to \$12.6 million (24% reduction from previous guidance)

#### Notes:

1. Based on field production data.
2. The Company had shut-in ~300 boepd (80% natural gas) in its Kaybob, Alberta area. The strategic shut-ins have since been reactivated.

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## Q3 2024 FINANCIALS

<b>Financial</b>	<b>Q3 2024</b>	<b>Q3 2023</b>	<b>YTD 2024</b>	<b>YTD 2023</b>
Net income (loss)	10,039,846	(7,752,269)	4,509,095	(7,273,545)
Basic (\$/share)	0.05	(0.04)	0.02	(0.03)
Diluted (\$/share)	0.05	(0.04)	0.02	(0.03)
Funds flow	5,450,738	4,987,273	16,793,841	19,626,711
Basic (\$/share)	0.02	0.02	0.08	0.09
Diluted (\$/share)	0.02	0.02	0.08	0.09
Expenditures on property, plant and equipment	2,958,065	7,580,787	10,052,687	16,585,543
<b>Operating</b>				
Oil and Natural Gas Sales	21,349,004	22,144,104	64,022,520	64,019,554
Royalties	(3,664,327)	(2,931,103)	(11,401,545)	(11,490,495)
Operating Expenses	(11,700,674)	(13,353,260)	(33,980,002)	(32,594,808)
Operating Income	5,984,003	5,859,741	18,640,973	19,934,251
Realized gain (loss) on commodity contracts	953,121	563,524	1,813,877	5,689,069
Processing and other income	993,943	708,047	2,503,216	1,703,583
Funds from Operations	7,931,067	7,131,312	22,958,066	27,326,903
Average daily production				
Crude oil (bbl/d)	2,348	1,986	2,210	2,046
NGLs (boe/d)	347	432	405	391
Natural gas (mcf/d)	6,467	8,647	8,281	7,961
Total (boe/d)	3,773	3,858	3,995	3,764
Operating Netback per boe				
Oil and Natural Gas Sales	61.51	62.38	58.49	62.30
Royalties	(10.56)	(8.26)	(10.42)	(11.18)
Operating Expenses	(33.71)	(37.60)	(31.04)	(31.72)
Operating Netbacks (\$/boe)	17.24	16.52	17.03	19.40
Funds from Operations (\$/boe)	22.85	20.09	20.97	26.59
Operating Income Profit Margin	28.0%	26.5%	29.1%	31.1%
Funds from Operations Profit Margin	37.1%	32.2%	35.9%	42.7%
<b>Share information</b>				
Common shares outstanding, end of period	218,419,315	215,393,217	218,419,315	215,393,217
Weighted average basic shares outstanding	218,419,315	215,321,152	218,418,994	214,247,621
Weighted average diluted shares outstanding	218,876,458	215,321,152	223,828,645	214,247,621

## Q3 2024 FINANCIAL SUMMARY

In Q3 2024, the Company realized average daily production volume of 3,773 boepd (71% liquids), resulting in oil and natural gas sales of \$21.3 million and realized hedge gain of \$1.0 million. The Company realized Funds from Operations of \$7.9 million, after royalties, operating expenses, and processing and other income.

Operating costs, which include expenses incurred to operate wells, gather, treat, and transport production volumes, as well as costs to perform well and facility repairs and maintenance, were consistent with Company expectations for the quarter, averaging \$33.71 per boe. This represents a 10% reduction when compared to Q3 2023, when corporate operating costs averaged \$37.60 per boe. Recall, costs incurred in the Company's third quarter include one-time annual costs such as property taxes, government fees and levies.

Capital expenditures in Q3 2024 totaled \$3.0 million, which included \$2.2 million towards the Company's drilling programs, \$0.2 million towards well reactivations, \$0.3 million towards land and seismic acquisitions, and \$0.3 million towards facilities and gathering systems. Total capital allocation, year-to-date, is \$10 million.

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## NET DEBT

Net Debt as at September 30, 2024, and December 31, 2023, as outlined below:

	September 30, 2024	December 31, 2023
Accounts receivable	11,905,340	13,021,111
Prepays and deposits	318,624	364,090
Risk management contracts	4,816,700	4,521,075
Accounts payable	(13,894,910)	(17,560,130)
<b>Adjusted working capital<sup>(2)</sup></b>	<b>3,145,754</b>	<b>346,146</b>
Credit Facility (8.4%) <sup>(1)</sup>	11,783,905	14,501,748
Lease obligations <sup>(1)</sup>	505,649	545,851
Less: adjusted working capital <sup>(2)</sup>	(3,145,754)	(346,146)
<b>Net debt</b>	<b>9,143,800</b>	<b>14,701,453</b>

(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 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.

ROK uses "Net Debt" as a measure of the Company's financial position and liquidity, however it is not intended to be viewed as an alternative to other measures calculated in accordance with IFRS.

Complete reports and statements will be made available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Company website [www.rokresources.ca](http://www.rokresources.ca).

### About ROK

ROK is primarily engaged in exploring for petroleum and natural gas development activities in Alberta and Saskatchewan. It has offices located in both Regina, Saskatchewan, Canada and Calgary, Alberta, Canada. ROK's common shares are traded on the TSX Venture Exchange under the trading symbol "ROK".

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### Non-IFRS Measures

The non-IFRS measures referred to above do not have any standardized meaning prescribed by IFRS Accounting Standards ("IFRS") and, therefore, may not be comparable to similar measures used by other companies. Management uses this non-IFRS measurement to provide its shareholders and investors with a measurement of the Company's financial performance and are not intended to represent operating profits nor should they be viewed as an alternative to cash provided by operating activities, net income or other measures of financial performance calculated in accordance with IFRS. The reader is cautioned that these amounts may not be directly comparable to measures for other companies where similar terminology is used.

“**Operating Income**” is calculated by deducting royalties and operating expense from total sales revenue. Total sales revenue is comprised of oil and gas sales. The Company refers to Operating Income expressed per unit of production as an “**Operating Netback**”. “**Operating Income Profit Margin**” is calculated by the Company as Operating Income as a percentage of oil and natural gas sales. “**Funds from Operations**” is calculated by adding other income and realized gains/losses on commodity contracts (“hedging”) to Operating Income.

The following table reconciles the aforementioned non-IFRS measures:

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Oil and natural gas sales	21,349,004	22,144,104	64,022,520	64,019,554
Royalties	(3,664,327)	(2,931,103)	(11,401,545)	(11,490,495)
Operating expenses	(11,700,674)	(13,353,260)	(33,980,002)	(32,594,808)
Operating Income	5,984,003	5,859,741	18,640,973	19,934,251
Processing and other income	993,943	708,047	2,503,216	1,703,583
Realized gain on commodity contracts	953,121	563,524	1,813,877	5,689,069
Funds from Operations	7,931,067	7,131,312	22,958,066	27,326,903
Sales volume (boe)	347,089	354,975	1,094,652	1,027,551
Per boe				
Oil and natural gas sales	61.51	62.38	58.49	62.30
Royalties	(10.56)	(8.26)	(10.42)	(11.18)
Operating expenses	(33.71)	(37.60)	(31.04)	(31.72)
Operating netback	17.24	16.52	17.03	19.40
Funds from Operations	22.85	20.09	20.97	26.59
Operating Income Profit Margin	28.0%	26.5%	29.1%	31.1%
Funds from Operations Profit Margin	37.1%	32.2%	35.9%	42.7%

“**Net Debt**” includes all indebtedness of the Company, such as the Credit Facility and Lease Obligations (each as defined within the Company’s interim condensed financial statements for the nine months ended September 30, 2024), net of Adjusted Working Capital. “**Adjusted Working Capital**” is calculated as current assets less current liabilities, excluding current portion of debt and lease liability as defined on the Company’s statement of financial position within the Company’s interim condensed financial statements for the nine months ended September 30, 2024. “**Adjusted Net Debt**” is calculated by removing the “mark-to-market fair value of the current portion of risk management contracts” and “lease obligations” (each as defined within the Company’s interim condensed financial statements for the nine months ended September 30, 2024) and non-cash deferred revenue liability derived from non-core business activities from Net Debt.

The following table reconciles Net Debt to Adjusted Net Debt:

	September 30, 2024	December 31, 2023
Net Debt	9,143,800	14,701,453
Remove: Current portion of risk management contracts	4,816,700	4,521,075
Remove: Lease obligations	(505,649)	(545,851)
Remove: Deferred revenue liability (non-cash)	(460,000)	-
<b>Adjusted Net Debt</b>	<b>12,994,851</b>	<b>18,676,677</b>

“**Funds Flow**” includes all cash from (used in) operating activities and is calculated before the change in non-cash working capital. “**Funds Flow Basic (\$/share)**” and “**Funds Flow Diluted (\$/share)**” are calculated by dividing Funds Flow by the weighted average number of basic shares and weighted average number of diluted shares outstanding, respectively, for the relevant period, as presented within the Company’s interim condensed financial statements for

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the nine months ended September 30, 2024. These are considered key measures of operating performance and capital management as they demonstrate the Company's ability to generate the cash necessary to repay debt and fund capital investments. Management believes that by excluding the temporary impact of changes in non-cash operating working capital, each of these provide useful measures of ROK's ability to generate cash that are not subject to short-term movements in non-cash operating working capital.

The following table reconciles cash flow from operating activities to Funds Flow:

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Cash from operating activities	3,630,721	5,284,772	14,290,652	19,707,448
Change in non-cash working capital	1,820,017	(297,499)	2,503,189	(80,737)
Total	5,450,738	4,987,273	16,793,841	19,626,711

### Conversion Measures

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

### Abbreviations

bbls/d	barrels per day
bopd	barrels per day
boepd	barrels oil equivalent per day
IP	Initial Production
NGLs	Natural Gas Liquids
Mboe	Thousands of barrels of oil equivalent
Mg/l	Milligrams per Litre
MMboe	Millions of barrels of oil equivalent
PDP	Proved Developed Producing
TP	Total Proved Reserves
TPP	Total Proved and Probable Reserves
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for the crude oil standard grade
CA\$	Canadian dollars
US\$	U.S. dollars

### Cautionary Statement Regarding Forward-Looking Information

This news release includes certain "**forward-looking statements**" under applicable Canadian securities legislation that are not historical facts. Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results, performance, prospects, and opportunities to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements in this news release include, but are not limited to, statements with respect to the Company's objectives, goals, or future plans and the expected results thereof. Forward-looking statements are necessarily based on several estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause actual results

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and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include but are not limited to general business, economic and social uncertainties; litigation, legislative, environmental, and other judicial, regulatory, political and competitive developments; delay or failure to receive board, shareholder or regulatory approvals; those additional risks set out in ROK's public documents filed on SEDAR at [www.sedar.com](http://www.sedar.com); and other matters discussed in this news release. Although the Company believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except where required by law, the Company disclaims any intention or obligation to update or revise any forward-looking statement, whether because of new information, future events, or otherwise.

**Neither the Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Exchange) accepts responsibility of the adequacy or accuracy of this release.**

SOURCE: ROK Resources Inc.