

ROK Resources Files Financial Results, Reserve Report, and Management Discussion & Analysis

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REGINA, April 13, 2023 - [ROK Resources Inc.](#) ("ROK" or the "Company") (TSXV:ROK) has filed its Annual Financial Results, Reserve Report, and Management Discussion & Analysis for the year ended December 31, 2022.

Financial and Operating Highlights

In Q4 2022, the Company realized production volume of 326,469 total boe (3,549 boe/d), resulting in crude and natural gas sales of \$23.9 million and funds from operations of \$14.9 million. This equates to an operating netback, after hedging, per boe of \$43.87 and an operating income profit margin, after hedging, of 59.9%.

Q4 2022	Q4 2021	Year 2022	Year 2021	
Net income (loss)	(5,566,994)	(639,279)	80,002,750	(2,316,717)
Basic (\$/share)	(0.03)	(0.01)	0.46	(0.03)
Diluted (\$/share)	(0.03)	(0.01)	0.40	(0.03)
Funds flow	14,416,121	(151,093)	45,577,283	(510,559)
Basic (\$/share)	0.07	(0.00)	0.26	(0.01)
Diluted (\$/share)	0.07	(0.00)	0.23	(0.01)
Expenditures on property, plant and equipment	11,938,870	1,535,102	16,441,696	1,650,334
Operating Income				
Oil and Gas Sales	28,925,141	1,211,817	87,311,542	3,436,882
Operating Expenses	(4,105,298)	(210,907)	(14,321,258)	(636,733)
Operating Income	(1,804,463)	(403,949)	(25,356,346)	(1,358,527)
Operating Income	1,985,380	596,961	47,633,938	1,441,622

Realized gain					
or 2,336,149 commodity contracts	-		4,124,648	-	
Processing and other income					
574,624	-		1,787,246	-	
Funds from operations		596,961	53,545,832	1,441,622	
Average daily production					
Crude oil (bbl/d)		126	1,848	105	
2,453					
NGLs (boe/d)		37	177	37	
219					
Natural gas (mcf/d)		186	4,473	208	
5,263					
Total (boe/d)		194	2,770	177	
3,549					
Operating Netback per boe					
Oil and Natural Gas Sales		70.28	86.36	53.24	
70.28		66.49			
Royalties) (11.81) (14.17) (9.86)	
11.81					
Operating Expenses) (22.62) (25.08) (21.04)	
22.62					
Operating Netbacks (\$/boe)		32.06	47.11	22.34	
32.06					
Operating Netbacks, after hedging (\$/boe)		32.06	51.20	22.34	
32.06					
Operating Income Profit Margin	% 48.2	% 54.6	% 42.0	%	
50.1					
Operating Income Profit Margin, after hedging	% 48.2	% 59.3	% 42.0	%	
59.9					
Share information					

Common shares outstanding end of period	211,580,484	74,471,576	211,580,484	74,471,576
Weighted average base shares outstanding	207,067,757	74,471,576	175,426,071	68,242,055
Weighted average diluted shares outstanding	207,067,757	74,471,576	197,961,960	68,242,055

Net Debt

The continued reduction of Net Debt quarter over quarter is a result of organically generated funds flows utilized to reduce Company indebtedness. 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.

	Dec 31, 2022	Dec 31, 2021
Senior Loan Facility (15%) (1)	4,000,000	-
Debt Notes (14%) (1)		4,000,000
Less: adjusted working capital (2)	6,000,020	478,610
Net debt	35,341,546	3,521,390

1. Represents undiscounted face value of debt balances outstanding as of each respective date presented.
2. Calculation of working capital excludes current portion of debt as presented on the statement of financial position.

Fourth Quarter Highlights:

- Record production of 3,549 boe/d (75% liquids) for Q4 2022;
- Net Debt of \$35.3 million as of December 31, 2022. An increase of only \$4.6 million from Q3 2022 end after Q4 2022 capital expenditures of \$12.0 million;
- Achieved 2022 capital efficiencies of just under \$18,000 per boe/d on 22 gross (12.9 net) drill, complete, equip and tie-in and 7 gross (4.2 net) reactivation and workover capital projects, which averaged gross IP30 production of 112 boe/d (53 boe/d, net); and
- Realized an annual hedge gain on commodity contracts of \$4.1 million.

Complete reports and statements are available on SEDAR at www.sedar.com

About ROK

ROK is primarily engaged in exploring for petroleum and natural gas development activities in Alberta and Saskatchewan. Its head office is located in Regina, Saskatchewan, Canada and ROK's common shares are traded on the 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 International Financial Reporting 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. "Net Debt" includes all indebtedness of the Company, such as the Debt Notes and the Senior Loan Facility (as defined within the Company's annual financial statements for the year ended December 31, 2022), net of Adjusted Working Capital. "Adjusted Working Capital" is calculated as current assets less current liabilities, excluding current portion of debt as presented on the Company's statement of financial position within the Company's annual financial statements for the year ended December 31, 2022.

"Funds Flow" includes all cash for (used in) operating activities and is calculated before the change in non-cash working capital. "Funds flow", "funds flow basic (\$/share)" and "funds flow diluted (\$/share)" are capital management measures and are key measures of operating performance 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, funds flow, funds flow basic (\$/share) and funds flow diluted (\$/share) provide useful measures of ROK's ability to generate cash that are not subject to shorter term movements in non-cash operating working capital. Funds flow on a per share basis (basic and diluted) is calculated by dividing funds flow by the weighted average number of basic shares and weighted average number of diluted shares outstanding for the relevant period.

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

	Q4 2022	Q4 2021	Year 2022	Year 2021
Cash provided by (used in) operating activities	46,345,029	647,510	45,128,816	(1,473)
Change in non-cash working capital	(1,028,908)	(798,603)	448,467	(509,086)

Funds
Flow 14,416,121 (151,093) 45,577,283 (510,559)

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.

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 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; 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.

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