CORMARK SECURITIES INC.

RESEARCH REPORT

FRIDAY, JUNE 30, 2023

Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

Recommendation: **Buy**
Target Price: **$0.85**

OIL & GAS

ROK Resources Inc.

(ROK - TSXV)

An Ambitious Light Oil Consolidator With A Proven Team And Lithium Upside

Current Price	$0.30	Shares Outstanding (MM)	
52 Wk High	$0.55	Basic	214.9
52 Wk Low	$0.22	Diluted	349.9
Net Debt (MM)	$11.2	Mgmt and Dir	35.7
NAV	$0.53	Mkt Cap. (MM)	$64.5
P/NAV	0.57x	Float (MM)	$53.8
Dividend	$0.00	EV (MM)	$75.7
Dividend Yield	NA	Net Debt/EBITDA	0.3x
Total Return	183%		

Fiscal YE Dec 31		**2022A**	**2023E**	**2024E**
Prod'n (BOE/d)	Q1	941	4,140A	4,800
	Q2	3,054	3,275	4,525
	Q3	3,500	3,200	4,800
	Q4	3,549	4,588	5,150
	FY	2,770	3,800	4,820
Production Y/Y		1,466%	37%	27%
EV/EBITDA		2.2x	2.0x	1.7x
CFPS, diluted	Q1	$0.01	$0.04A	$0.05
	Q2	$0.07	$0.03	$0.04
	Q3	$0.03	$0.03	$0.04
	Q4	$0.04	$0.04	$0.05
	FY	$0.16	$0.16	$0.18

Net Debt (MM): 2023E

Unless otherwise denoted, all figures shown in C$

Investment Thesis:

One of the few aggressive small/microcap asset consolidators & exploiters remaining in Western Canada, ROK is focused on highly profitable, quick-cycle light oil in southeast Saskatchewan with a free option on an emerging lithium brine project in the province.

Highlights:

- **Highly Economic Light Oil** – With well costs of just $1.0-1.7 MM, limited facility requirements and fast cycle (drill-to-produce) times, conventional Frobisher and fracked Midale light oil wells in southeast Saskatchewan payout in 5-10 months with IRRs up to 500%, ranking them amongst the most economic in the WCSB.
- **Comfortable Well Inventory** – ROK has accumulated 117 gross sections of land in southeast Saskatchewan with 100 Frobisher and Midale wells booked to reserves. Another 60 identified but unbooked locations bring the Company's drilling inventory (based on 2023 plans) to ~10-15 years.
- **Proven Management Track Record** – Having successfully started, grown (organically and through M&A) and monetized four private ventures for a 3x equity investor return, ROK's management team has proven itself adept at creating shareholder value in southeast Saskatchewan through the commodity cycle.
- **Balance Sheet Strength** – After the highly accretive sale of an ~2.1% interest in the Weyburn Unit for $44.5 MM, ROK exited Q1/23 with just $13.0 MM of net debt against a $22.5 MM credit facility, providing ample financial flexibility to fund this year's drilling program and execute on M&A opportunities as they arise.
- **M&A Catalysts** – With names like TORC, Raging River and Spartan Energy long gone and larger players Whitecap and Crescent Point repositioning elsewhere, the competitive landscape for acquisitions in Southeast Saskatchewan has (in our opinion) loosened considerably with ROK one of the few names likely to benefit.
- **Compelling Valuation** – On strip pricing and current guidance that sees material volume and cash flow growth, ROK trades at 1.7x 2024E EV/EBITDA and 1.7x P/CF versus Cormark's conventional oil universe at 3.1x and 2.6x, respectively, making ROK a compelling valuation play.
- **Lithium Asset Upside/Optionality** – ROK's 25% interest in private company Hub City Lithium provides exposure to an emerging lithium brine project in southeast Saskatchewan currently absent in the Company's market valuation.
- **Recommendation** – We are initiating coverage on ROK Resources with a Buy rating and $0.85 target based on a 4.4x 2024E EV/EBITDA target multiple and see the Company as one of the few aggressive, proven, small-cap asset consolidators and exploiters remaining in Western Canada.

Company Description:

ROK Resources is an ambitious, small-cap, light oil consolidator focused in asset (and M&A) rich southeast Saskatchewan led by a proven management team with a free option on lithium brine exploration in the province.

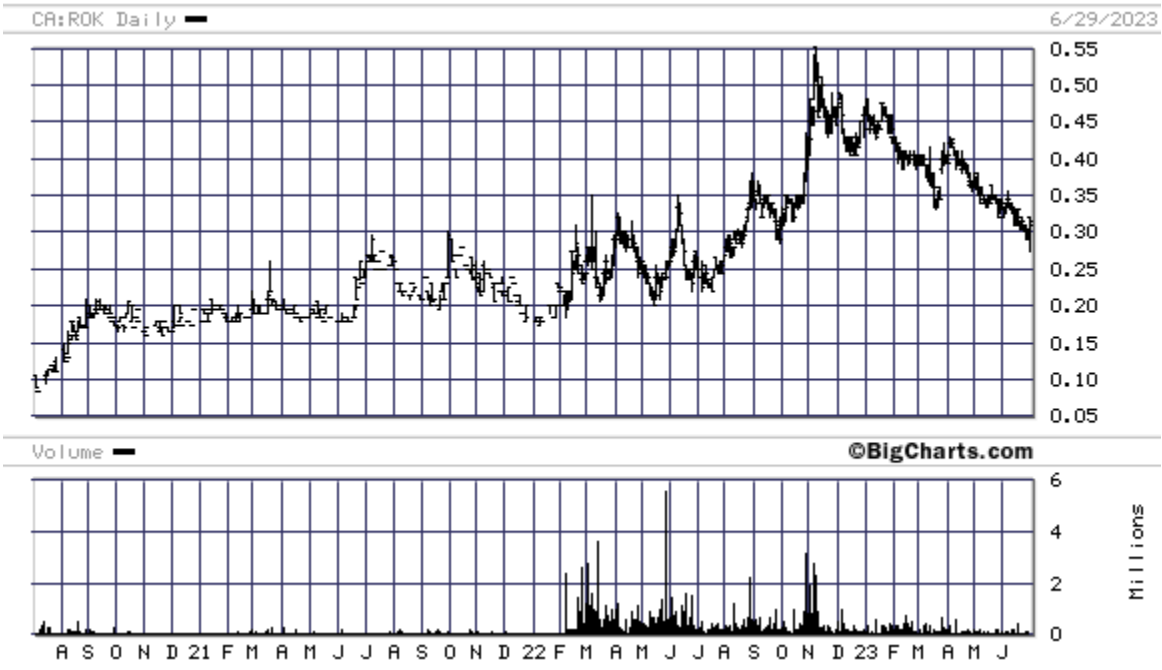
Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

Investment Highlights

Investment Thesis

ROK Resources represents one of the few aggressive small/microcap asset consolidators & exploiters remaining in Western Canada. Focused on high profitability, quick-cycle light oil in southeast Saskatchewan, ROK's executive team has returned to a basin in which they have unmatched expertise and experience accumulated through four very successful previous private ventures. A clean balance sheet, superior individual well economics, comfortable drilling inventory and ambitious 2H/23 drilling program should drive material organic volume and cash flow growth in 2023 and 2024 while a complementary M&A strategy represents regular catalysts for investors as management consolidates reserves and production in an area once the backyard of industry darlings. Trading at a discount to larger conventional oil peers, we expect ROK's valuation to re-rate in the market as management demonstrates an ability to grow organically and consolidate oil assets and the Company's market reaches critical mass.

Figure 1 **Price Chart**



Source: BigCharts.com (May 29, 2023)

Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

Company Outline

Highlights

- **Management Track Record –** Having grown and sold four private E&Ps for total equity proceeds of ~$458 MM and a 3x investor return over the last decade, ROK's management has a proven track record of growing (through organic drilling and M&A) and successfully monetizing small-cap E&P companies to the benefit of shareholders.
- **Southeast Saskatchewan Expertise** – The acquisition of Southeast Saskatchewan assets from Whitecap Resources (WCP-T, Buy, $13.75 target, Garett Ursu) has returned acreage, wells, production and facilities to ROK that management had previously sold to TORC Oil & Gas (then merged into Whitecap) and provided ROK with core assets that are known to the team and from which further development will follow rapidly and efficiently.
- **Light Oil Economics** – Organic growth is focused on Southeast Saskatchewan Frobisher and Midale light oil wells with Frobisher locations boasting payouts of 5-10 months, pre-tax IRRs up to 500% and NPVs up to $2.7 MM on drill costs of just $1.0 MM, making ROK's near term drilling amongst the most economical in Canada. Cardium light oil wells at Kaybob also boast competitive economics while Montney natural gas locations at Kaybob represent longer term natural gas upside.
- **Opening / Loosening M&A "Playground"** – With names like TORC, Raging River and Spartan Energy long gone and larger players like Whitecap and Crescent Point Energy (CPG-T, not covered) aggressively refocusing elsewhere in the WCSB, the competitive landscape for acquisitions in Southeast Saskatchewan has (in our opinion) loosened considerably. Relatively weaker players such as Surge Energy (SGY, Buy, $12.00 target, Garett Ursu) and Saturn Oil & Gas (SOIL-V, not covered) represent limited competition for quality assets in Saskatchewan, making ROK's success much more likely.
- **Falling Leverage and "Dry Powder"** – Following the $44.5 MM sale of an ~2.1% interest in the Weyburn Unit and $2.75 MM sale of other non-core assets earlier this year, net debt exited Q1/23 at just $13.0 MM or 0.3x D/EBITDA. At the time, the retirement of 85% of ROK's outstanding high-cost senior term debt on conclusion of the dispositions was expected to save ~$5.8 MM in interest this year. The remainder of the senior debt, however, was retired in early May (20 months ahead of schedule), providing ROK with material "dry powder" to acquire incremental assets in the form of a $22.5 MM revolving credit facility.
- **Attractive Valuation** – On strip pricing and current guidance that sees material volume and cash flow growth, ROK currently trades at 1.7x 2024E EV/EBITDA and 1.7x P/CF versus Cormark's conventional oil universe (JOY, LOU, RBY, SGY, TVE, WCP) at 3.1x and 2.6x, respectively, making ROK one of the cheapest names in our group.
- **Comfortable Drilling Inventory** – Despite a relatively small production base, ROK has accumulated 117 gross sections of land and booked 100 highly profitable Frobisher and Midale locations in southeast Saskatchewan (124 gross locations across the asset base) with another 60+ additional identified drilling locations yet to be booked to reserves. Currently planning 10 gross wells in 2H/23, the Company's oil drilling inventory should support field activity for 10-15 years.
- **High Growth Within Cash Flow** – Despite selling a material interest in Weyburn earlier this year, ROK will grow top line volumes by almost 50% this year and (on our estimates) more than 20% in 2024, all within cash flow. Such volume growth should see falling per barrel G&A, interest and operating costs while allowing management to retire debt.
- **Lithium Asset Upside/Optionality** – ROK's 25% interest in private company Hub City Lithium Corp. provides investors with exposure to an emerging lithium brine project at Mansur and Viewfield in southeast Saskatchewan currently absent in the Company's market valuation.

Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

Background & Management/Directors

Company Formation / History

ROK Resources is a small (micro) cap oil & gas company focused in Southeast Saskatchewan and West Central Alberta with operations established through land purchases/auctions and strategic acquisitions. Previously known as Petrodorado Energy, a share exchange saw ROK Resources Inc. (a private Saskatchewan oil and gas company) acquired in 2019 with the owners (current management) of ROK Resources receiving 20.0 MM Class B Shares valued at $1.1 MM.

In June of 2020, ROK acquired Midale and Frobisher assets (including 27 suspended wells and 11 inactive facility sites) in the Glen Ewen area of Saskatchewan with additional Midale and Frobisher assets added in April and May of 2021 for $4.0 MM in cash and ~4.2 MM shares of the Company. The assets acquired in 2021 also included a multi-well facility and ~2,500 gross acres of prospective land proximal to the Company's (then) current land base. As part of this acquisition, ROK entered into a gas purchase agreement for the area with private company Steel Reef Infrastructure.

In mid-2021, ROK raised $4.0 MM by issuing senior secured notes with a 14% coupon, three-year maturity and 500 share purchase warrants ($0.35 strike and two-year term) accompanying each $1,000 of principal.

In March 2022, ROK acquired assets from Federated Co-operatives Limited ("FCL") for $72 MM ($58 MM net of closing adjustments), adding ~3,000 BOE/d of low-decline, oil-weighted production and 120,000 net acres of land in Saskatchewan and Alberta prospective for Midale, Frobisher, upper and lower Shaunavon, Cardium, Dunvegan, Bluesky, Gething and Montney development. Based on the reserve report for the assets at the time, ROK added 6.7 MMBOE of proved developed producing ("PDP") and 13.5 MMBOE of proved and probable ("2P") reserves, implying acquisition metrics of ~$10.75/BOE and ~$5.33/BOE, respectively. Expecting to generate ~$37.00/BOE operating netbacks at US$75.00/B WTI, the FCL transaction suggested impressive recycle ratios of ~3.4x for PDP reserves and ~6.9x for 2P reserves. The FCL deal was financed with a ~$17.0 MM bought public offering (with the shoe fully exercised) and a $65.0 MM senior secured facility.

Continuing a brisk M&A pace, earlier this year (January) ROK closed the acquisition of ~1,500 BOE/d (69% liquids) in southeast Saskatchewan (Pinto, Steelman, and Gainsborough) from Whitecap for $26.5 MM in cash and 475 BOE/d of non-core production in southwest Saskatchewan. Largely low decline, liquids weighted Midale production very familiar to the team, the deal also added 59,435 gross (48,720 net) acres of land and more than 80 gross (>65 net) booked drilling locations to ROK's portfolio. Highly profitable ($40.00/BOE operating netback at US$80.00/B WTI) the assets acquired had an 18-year reserve life index ("RLI") and reserve values (BT-10) of $36 MM, $96 MM, and $155 MM for PDP, proved ("1P") and 2P reserves, respectively.

In late March ROK agreed to sell the Company's 2.11685% interest in the Weyburn Unit to Rife Resources for ~$44.5 MM with another $2.75 MM coming in the door from the sale of two smaller non-core dispositions. The combined assets sold accounted for just ~11% of corporate production and ~21% of 2022 NOI but brought in proceeds equal to ~35% of the Company's pre-sale enterprise value with Weyburn being sold at ~$99,000/BOE/d or 4.6x NOI. At the time of the transaction 85% of the Company's relatively expensive senior term debt was to be retired with sale proceeds, lowering annual corporate interest costs by ~$5.8 MM. The term loan was fully retired in May 2023 through operating cash flow and non-core sales.

Management Team

Cameron Taylor (CEO) – Co-founder of ROK Resources, Mr. Taylor is a geoscientist with over 30 years of experience in oil & gas exploration and development. Mr. Taylor has worked the Williston Basin, Foothills, deep Devonian and heavy oil exploration within Canada and has served as President and CEO of Villanova 4 Oil Corp. from April 2013 to October 2014, Villanova Oil Corp. from May 2010 to April 2013 and Villanova Resources Inc. from January 2009 to May 2010. All three companies were private companies with operations focused in SE Saskatchewan.

Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

Lynn Chapman (CFO) – Mr. Chapman was appointed as CFO of ROK in early 2016, after spending four years as controller (2012-2016) and manager of financial reporting from September 2011 to January 2012. Prior thereto, Mr. Chapman worked for KPMG from January 2008 to September 2011 and has over 13 years of experience in international business with disciplines in finance, accounting, and financial reporting.

Bryden Wright (COO) – Mr. Wright is the Co-founder of ROK Resources and former Vice-President Engineering of Villanova 4 Oil Corp. and has over 14 years of experience in Williston Basin oil exploration and production, specifically in SE Saskatchewan conventional and unconventional oil plays. Mr. Wright holds a BSc. in Petroleum Systems Engineering and is a registered Professional Engineer with the Association of Professional Engineers and Geoscientists of Saskatchewan.

Jared Lukomski (Senior VP Land & Business Development) – Co-founder of ROK Resources, Mr. Lukomski was appointed as Senior Vice-President, Land & Business Development in November of 2019, having previously served as Vice-President Land with Villanova 4 Oil Corp. from January 2008 to July 2018. Prior to joining the Villanova Group, Mr. Lukomski was employed by Conexus Credit Union, where he managed a book of business in his role as a Commercial Account Manager.

Peter Yates (Corporate Secretary) – Counsel and owner with EnerNext Counsel, a boutique legal and advisory firm since August 2017. Previously an associate at field LLP in the corporate/securities department from November 2015 until August 2017. Prior thereto, Partner in the securities/ corporate finance group at Dentons Canada LLP (formerly Fraser Milner Casgrain LLP) from May 2012 to October 2015.

ROK Team Track Record

ROK's executive team has a solid track record of creating shareholder/investor value having built and successfully sold four private oil companies in southeast Saskatchewan. The first Company (Villanova Energy) was started in 2007 and sold in 2009 for $139.2 MM to Crescent Point when that company was consolidating the Canadian Bakken play. Villanova Resources Inc. then followed with that company growing to ~1,050 BOE/d in just one year before being sold to Legacy Oil + Gas in 2010 for ~$130 MM. The third enterprise, Villanova Oil Corp, consolidated southeast Saskatchewan oil assets over two years before selling itself (and its ~1,600 BOE/d) for a second time to Legacy Oil + Gas. The most recent private company, Villanova 4 Oil Corp., targeted Frobisher in southeast Saskatchewan and grew to ~1,700 BOE/d before being sold to TORC Oil & Gas in 2018 for $64.0 MM with TORC then rolling into Whitecap for stock in 2020.

In aggregate ROK's current executive team raised ~$154 MM of equity across four private ventures with sale proceeds reaching ~$458 MM or a 3x return to shareholders involved in all four ventures.

Figure 2 **ROK Team Track Record**



Previous Experience

	Company	Exit Date	Production	Proceeds
1	Villanova Energy Corp.	January 2009	2,389 boe/d	$139.2mm
2	Villanova Resources Inc.	May 2010	1,048 boe/d	$130.1mm
3	Villanova Oil Corp.	April 2013	1,597 boe/d	$124.4mm
4	Villanova 4 Oil Corp.	July 2018	1,715 boe/d	$64.0mm

Source: Company reports

Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

Board Of Directors

The Board of Directors of ROK Resources comprises the following individuals:

Cameron Taylor (Chair) – CEO of the Company.

Jeffrey Chisholm – Independent businessman.

Kent McDougall – Independent businessman.

Peter Yates – Corporate Secretary.

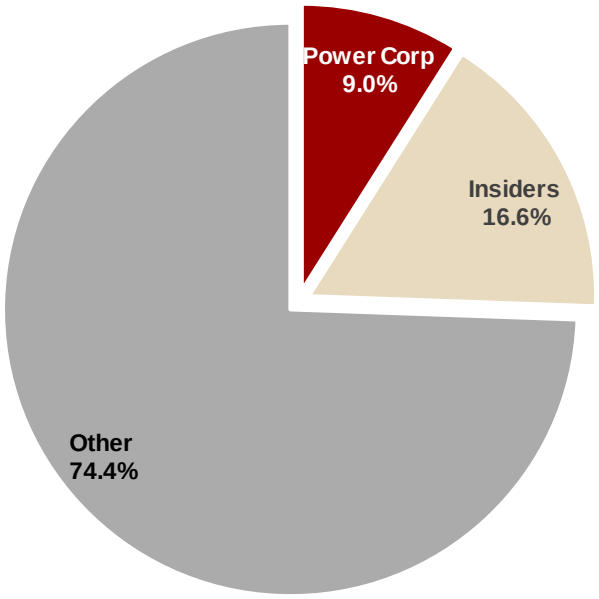
David Hergenhein – Independent businessman.

Tom MacInnis – Independent businessman.

Capitalization / Ownership

ROK currently has 214.9 MM shares outstanding, of which management and directors own ~35.7 MM shares or ~16.6% while the largest reporting institutional shareholder, Power Corp. (Mackenzie and IGM) holds ~19.3 MM shares or 9.0% of the common stock outstanding. An additional 113.1 MM public warrants that were issued in connection with a $17.0 MM subscription receipt financing completed in March 2022 that carry a $0.25 strike price and March 2025 expiry also remain outstanding, as do 1.8 MM non-public warrants with an average $0.20 strike price. Finally, there are also 20.1 MM common share options outstanding with an average $0.26 strike price. On a fully diluted basis, management and insiders own ~15.3% of shares outstanding.

Figure 3 **Current ROK Shareholders**



Source: Company reports, Bloomberg, Cormark Securities Inc.

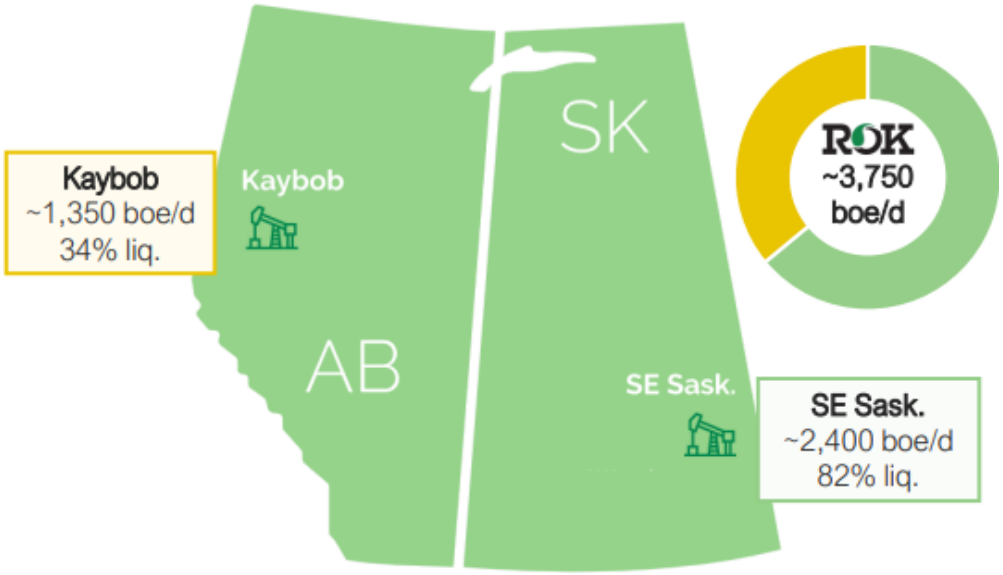
Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

Western Canadian Core Assets

ROK Western Canada Asset Base

ROK Resources has ~317,000 gross (163,000 net) acres of land in Saskatchewan and Alberta with current production of 3,750 BOE/d largely (~65%) weighted to light/medium oil and liquids. Just under a third of current volumes are from the Kaybob region with drilling prospective for the Cardium, Dunvegan, Bluesky, Gething and Montney and the remainder (~2/3) of corporate volumes concentrated in southeast Saskatchewan with development there prospective in the Midale and Frobisher.

Figure 4 **ROK Resources Saskatchewan and Alberta Acreage**

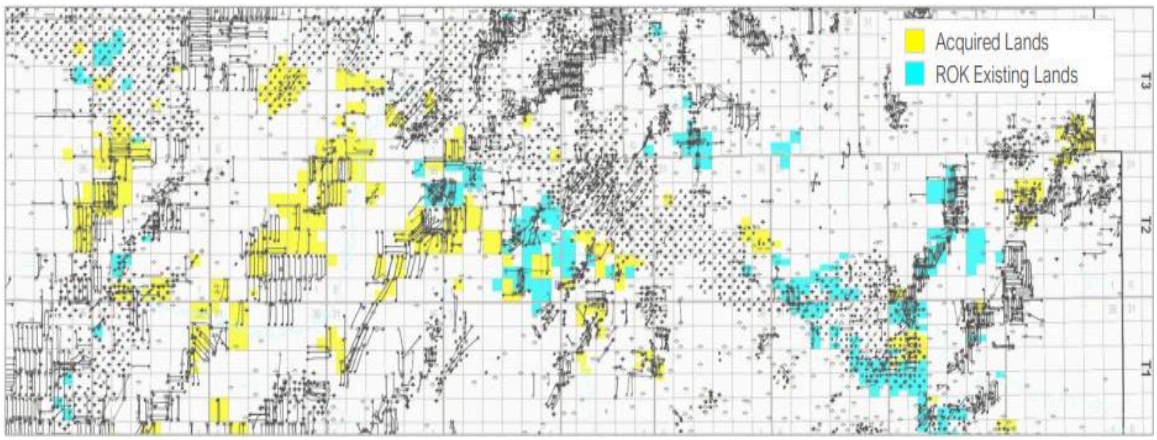


Source: Company Reports

Southeast Saskatchewan

Consolidating assets from FCL and Whitecap in the Pinto, Alameda, Oxbow, Glen Ewen, Florence, Benson, Steelman, Workman, and Gainsborough areas in southeast Saskatchewan, ROK now has 117 gross (~104 net) sections of land and ~100 Frobisher and Midale drilling locations booked to reserves. Much of the acreage and production acquired from Whitecap was adjacent to FCL lands previously purchased along Midale and Frobisher subcrops.

Figure 5 **ROK Saskatchewan Land Base**



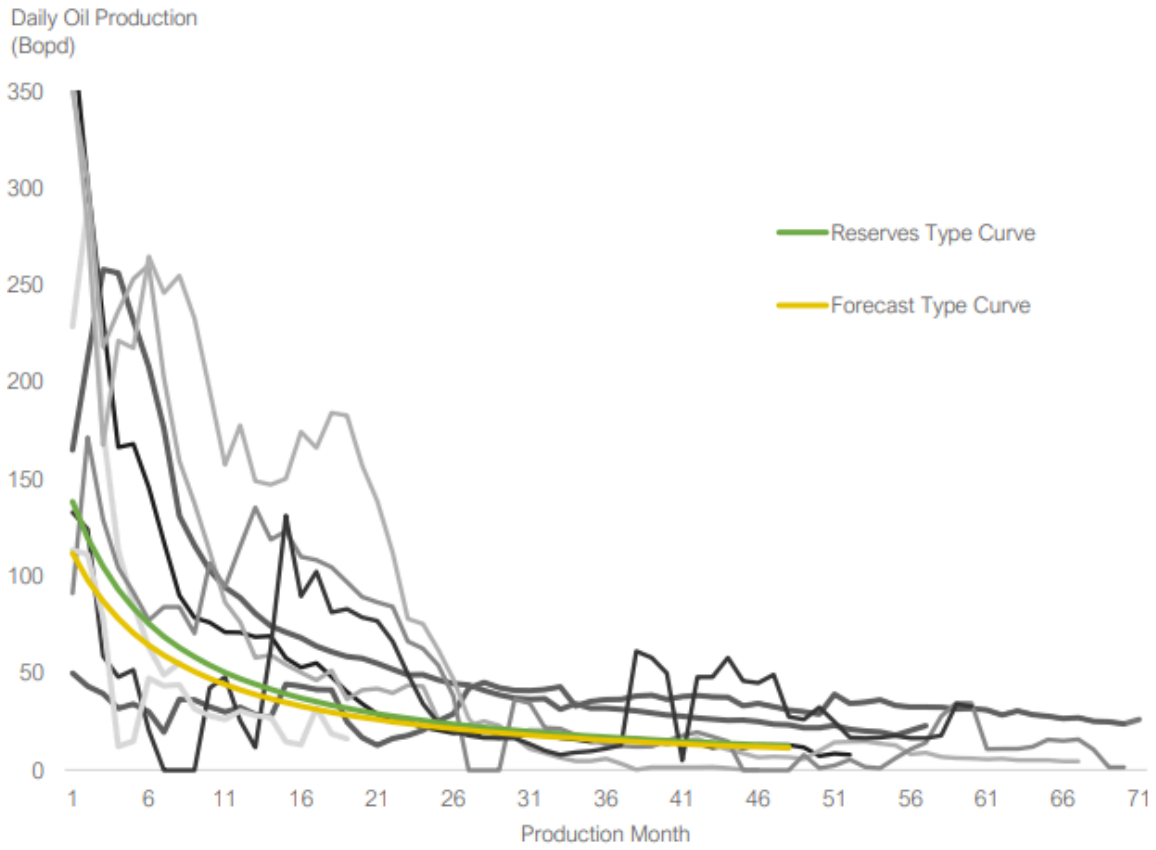
Source: Company Reports

Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

As conventional (unfracked or uncompleted) Frobisher wells don't require intensive completion services or the "breaking up" of reservoir rock, drilling, "completion" and equipping (D,C,E) costs remain very reasonable at ~$1.0 MM per well (adjusted to account for pre-purchased casing and tubing for the 2023/2024 drilling programs) with very fast cycle / drill-to produce times. Reserves are currently booked based on EURs of 68 MB of oil on initial (IP-30) rates of ~150 B/d, though we note management bases forecasts and guidance on a slightly lower type-curve and analog wells proximate to Company acreage can come onstream at 350 B/d or more. Assuming US$80.00/B WTI and $3.00/GJ AECO, Frobisher wells pay out in ~seven months (0.6 years) with a reported 340% IRR, $2.1 MM NPV and 3.3x recycle ratio.

Current plans are to drill 6-7 Frobisher wells this year out of more than 25 locations booked to reserves.

Figure 6 **Southeast Saskatchewan Conventional Frobisher Type Curve**

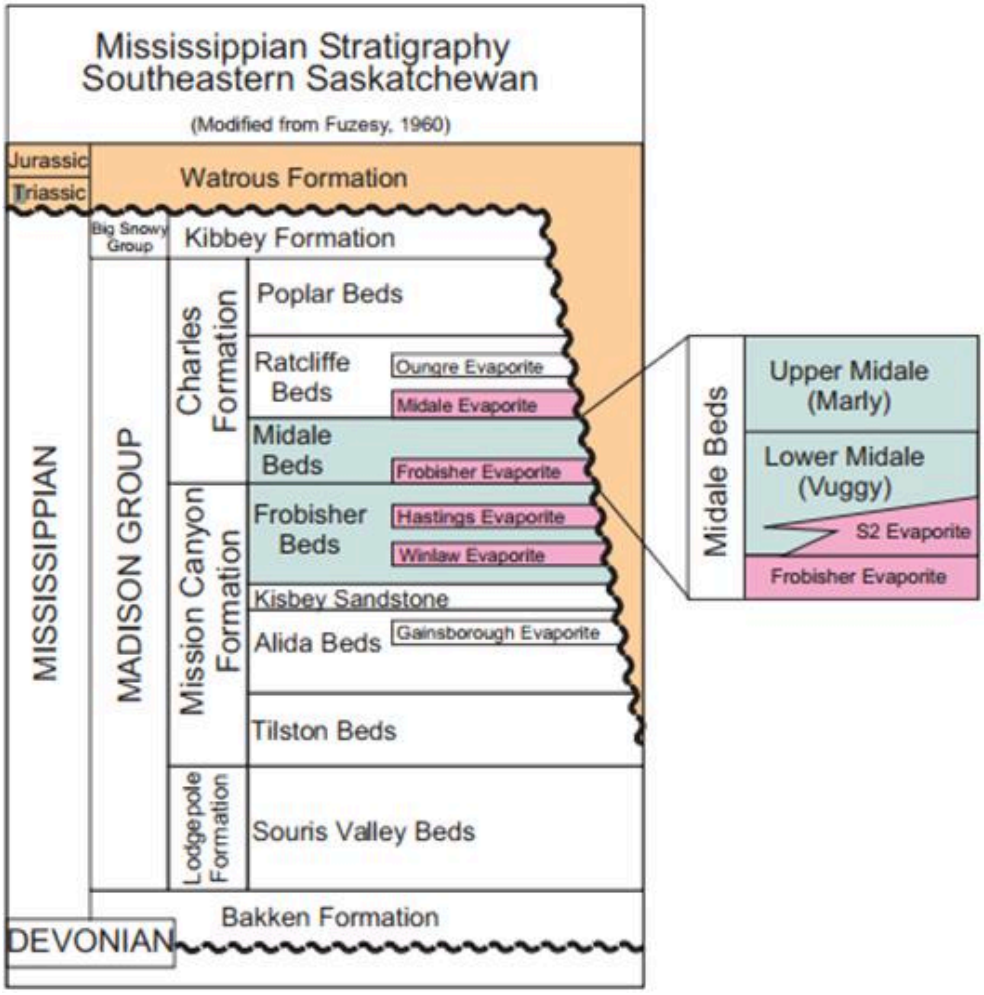


Source: Company Reports

The Mississippian Midale beds of the Madison Group overlie the Frobisher beds and are overlain by the Ratcliffe beds in SE Saskatchewan. Typically found at depths of ~1,300-1,700 m (TVD), the carbonate Midale reservoirs hold light oil (34-40° API). In the Midale, traditional subdivisions are the Lower (Vuggy) and Upper (Marly) with three different play types including the "Halo" play like the Cardium Halo in Alberta where rock quality (permeability and porosity) as well as thickness typically degrade outwards towards the fringe. Most past drilling in the Midale targeted these Halo opportunities given the presence of infrastructure, mapping, and vertical well control. The second "type" of play is relatively virgin stratigraphic traps in the Midale created when Frobisher highs below the Midale create draped structures, while the final "play" is when one or more intervals of the Midale within historically conventional lenses is tighter than the other layers and requires energy (i.e., hydraulic completions) to produce. This is the focus of ROK's Midale drilling.

Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

Figure 7 **Southeast Saskatchewan Stratigraphy**



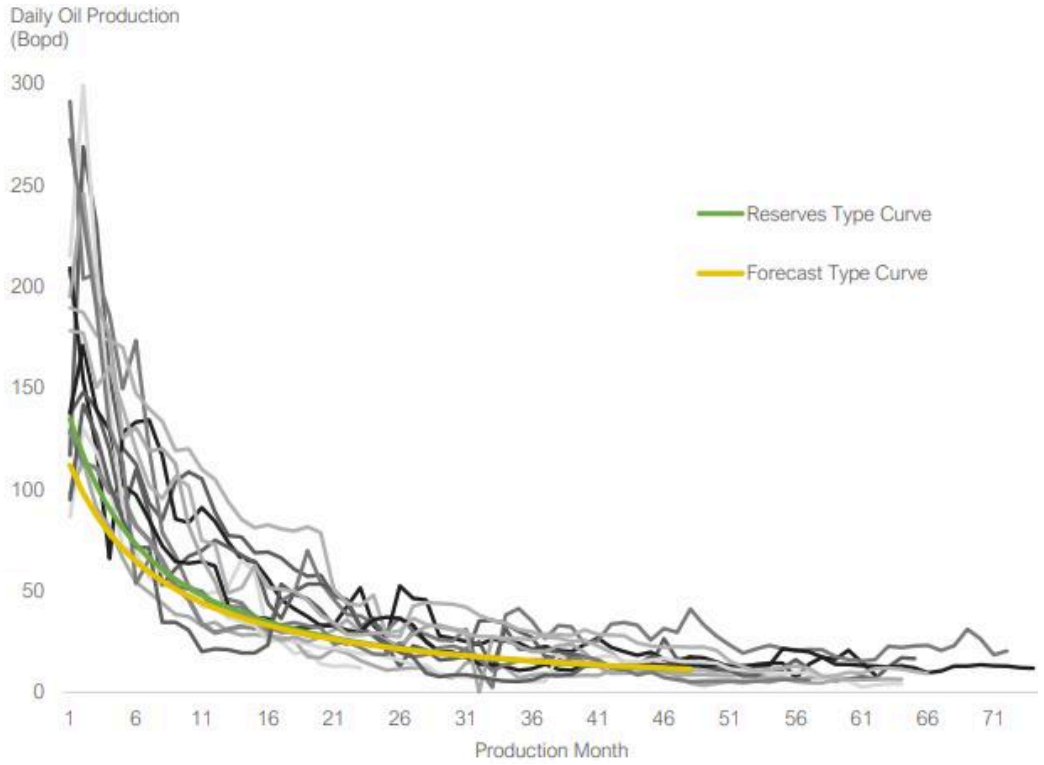
Source: Nimegeers, A.R. and Nickel, E. (2005)

Wellbores are typically placed towards the base of the Midale beds (Vuggy) with fracks directed upward into the producing Midale. Additionally, drilling through the (relatively) more porous and permeable Vuggy beds allows for faster drilling times (down to 7-8 days) and can result in larger IP rates. OOIP in the unconventional/conventional Midale is up to 5-10 MMB per section with primary vertical recovery factors of 10-15% expected and ultimate recovery factors of 25-30% with waterfloods. While the Midale can be up to 30 m thick with several individual intervals (Vuggy, M1 and M4/3) as separate targets for horizontal drilling and completions, typical net pay is ~10-15 m. The need to avoid breaking through either the Midale or Frobisher evaporite with frack energy limits the size of completions to 5-7 tonnes per stage and a pump rate of 2-3 m^3/min.

With well costs (D, C, E) of $1.7 MM and EURs of 75 MB (oil) on IP-30 rates of just under 150 B/d, fracked or unconventional Midale wells will payout in 1.2 years (~14 months) within a US$80.00/B WTI and $3.00/GJ AECO price environment with 85% IRRs and $1.7 MM NPVs. Like the Frobisher, fracked Midale wells have come onstream at 200-300 B/d while management forecasts an IP-30 of just ~120 B/d and books reserves on an ~150 B/d type curve. Current plans are to drill 3-4 Midale wells this year out of the more than 60 locations currently booked to reserves.

Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

Figure 8 **Southeast Saskatchewan Unconventional Midale Type Curve**

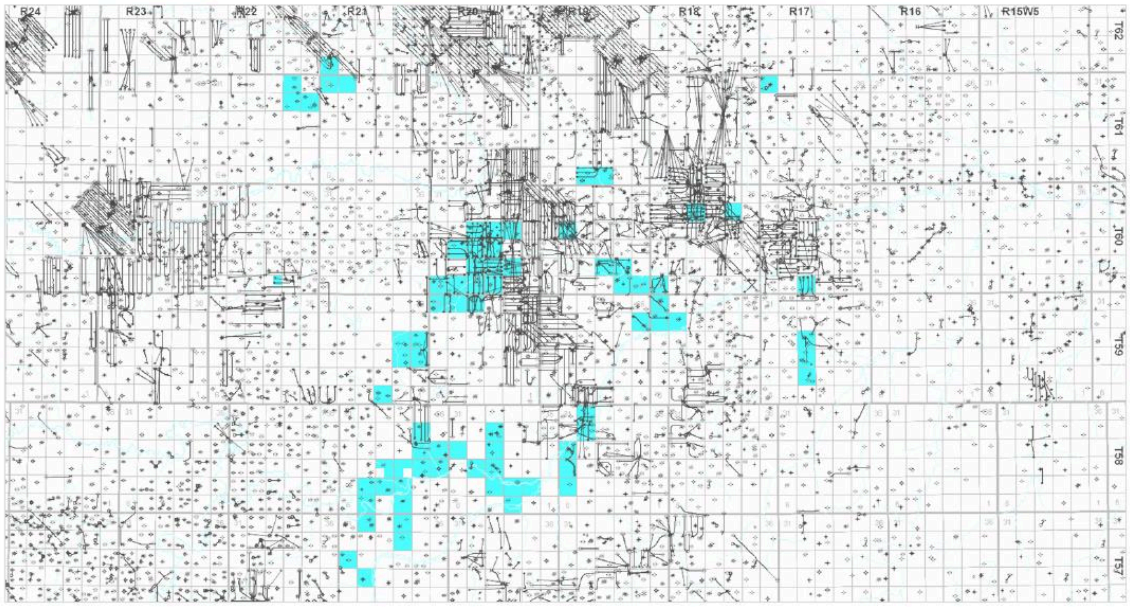


Source: Company Reports

West Central Alberta

While drilling this year is focused on higher profitability locations in southeast Saskatchewan, ROK's west central Alberta (Kaybob) acreage (~83 gross sections) does provide some natural gas upside optionality and Cardium oil economics that are roughly competitive with / slightly inferior to, the Midale. In the current commodity price environment, we expect optimization and maintenance activity to represent the majority of operations in the area this year.

Figure 9 **ROK Kaybob Acreage / Operations**

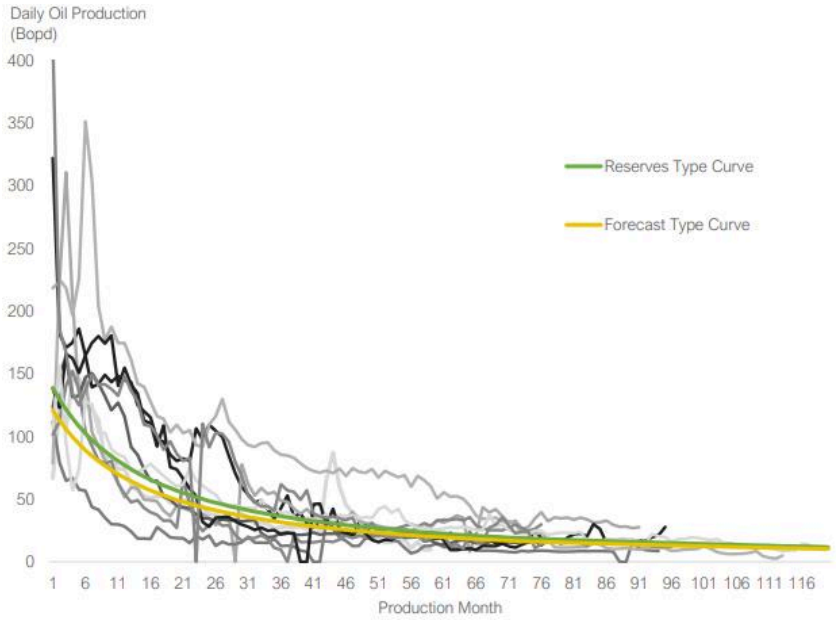


Source: Company reports

Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

While more expensive (on an absolute D,C,E basis) at $3.2MM, Cardium light oil wells at Kaybob in Alberta recover more oil (125 MB of oil and liquids only) compared to single wells in southeast Saskatchewan and can pay out in ~19 months with a $2.3 MM NPV and 58% IRR under a US$80.00/B WTI price environment. Relative economics become compelling at US$90.00/B, however, suggesting that no Cardium wells will be drilled this year out of the 12 locations currently booked to reserves.

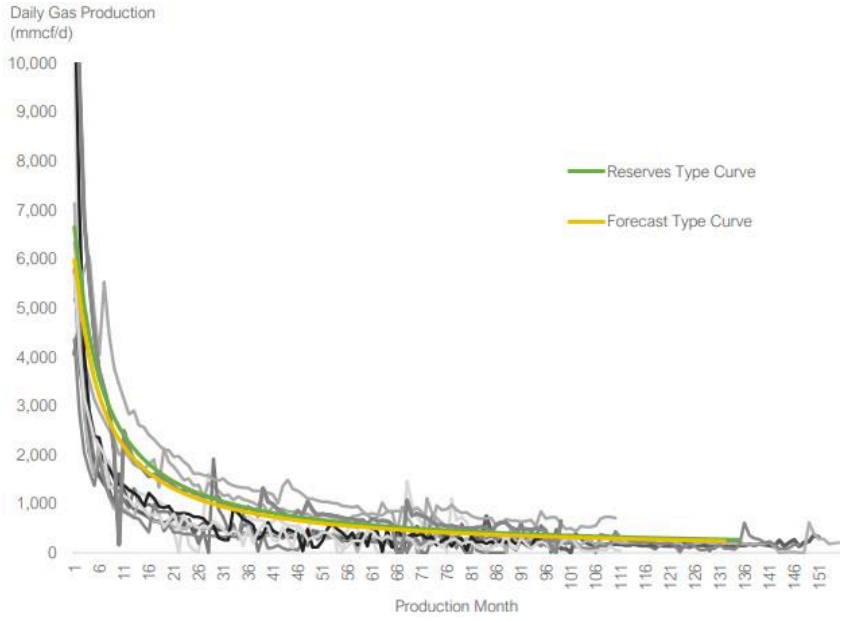
Figure 10 **Kaybob Cardium Type Curve**



Source: Company reports

Despite only two booked locations in reserves, the Montney at Kaybob does provides longer term upside for ROK given Cormark's structurally bullish view on North American natural gas fundamentals beginning later this year. At $5.3 MM (D,C,E), Kaybob Montney wells are the most expensive in ROK's inventory and require $5.00/Mcf AECO to pay out in 19 months with a 55% IRR and $3.0 MM NPV.

Figure 11 **Kaybob Montney Type Curve**



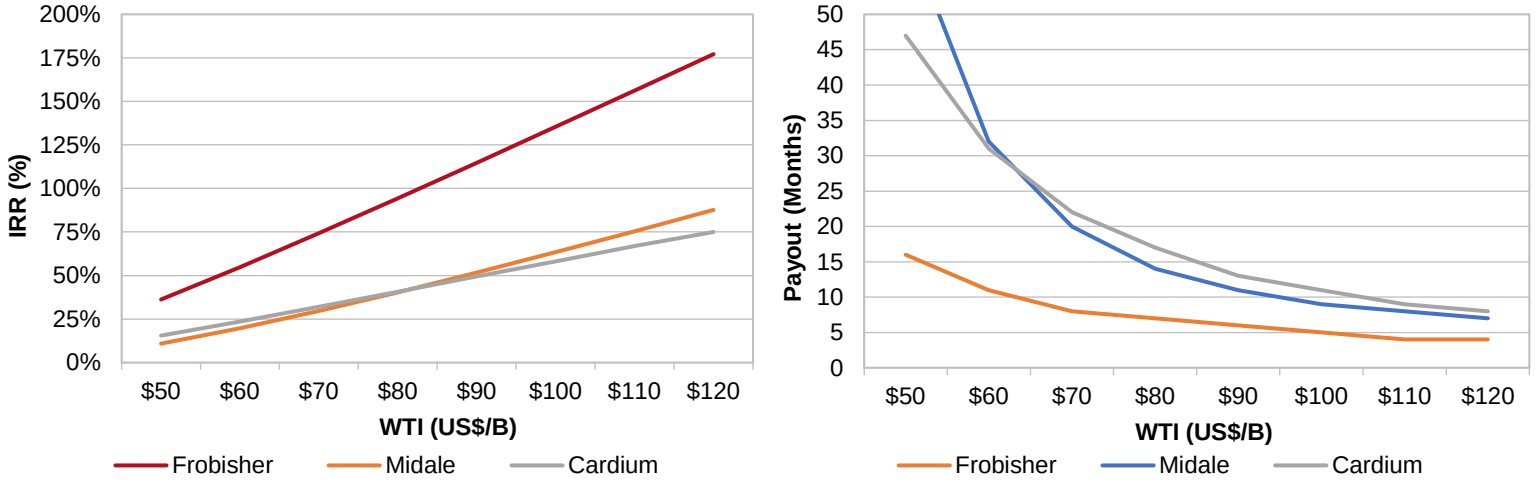
Source: Company reports

Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

Well Economics

As discussed above, in a US$80.00/B WTI environment, conventional Frobisher wells are by far the most compelling opportunities in ROK's portfolio. We do note that as oil prices rise and IRRs increase to US$100-110/B, payout times across the portfolio (Frobisher, Midale and Cardium) compress well under one year.

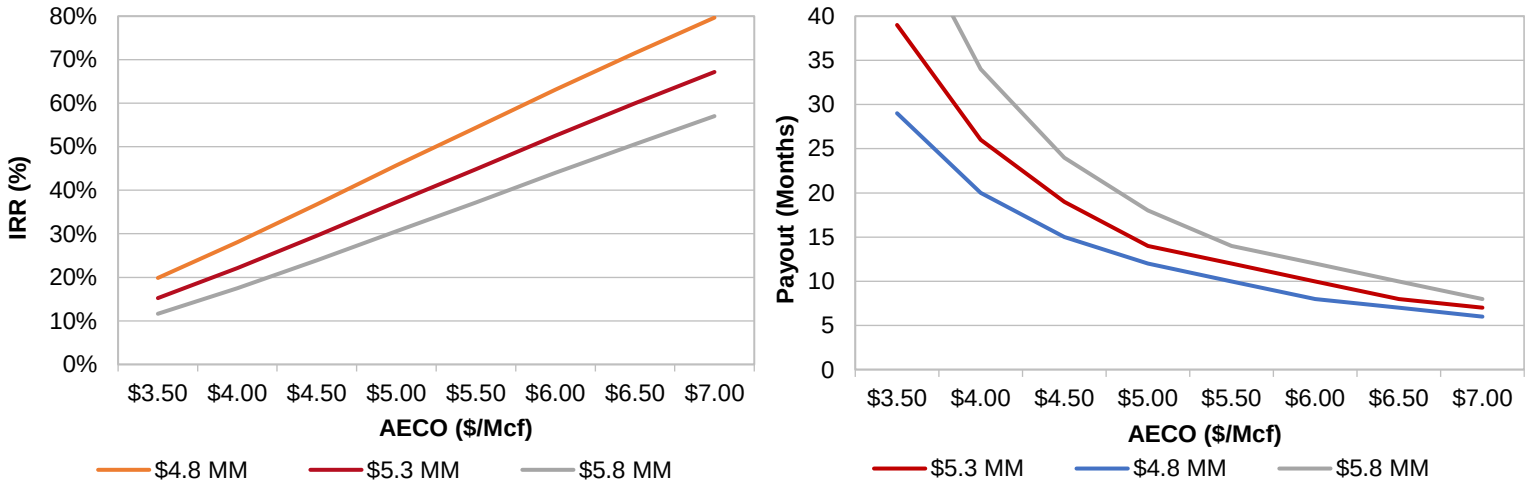
Figure 12 **ROK Resources Oil Well Economic Sensitivities**



Source: Cormark Securities Inc., Company reports

As also discussed, while Kaybob Montney gas wells post the least attractive profitability metrics for ROK, we have provided a scenario analysis for both at different gas prices as well as varying well costs to provide a sense of relative upside.

Figure 13 **ROK Resources Gas (Montney) Well Economic Sensitivities**



Source: Cormark Securities Inc., Company reports

Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

Reserves And Inventory

While the sale of the ~2.1% working interest in Weyburn materially deleveraged the Company and the acquisition of assets from Whitecap replenished inventories and upside, we do note that Weyburn was, as an operating tertiary recovery operation, much more weighted to producing reserves than drilling locations in southeast Saskatchewan. As such, the sale of the Weyburn interest has a disproportionate impact on PDP reserves and reserves values. We do expect the active drilling program this year to lift PDP reserves and reserve life index to more normalized levels and do note the healthy 2P RLI ROK boasts compared to many other conventional oil names. We also note the very large discount between the Company's market cap (~$65 MM) and the present value (BT-10) of 2P reserves ($258 MM).

Figure 14 **ROK Reserves, RLI And NPV**

Company Reserves	Q1/23	2022	%
PDP			
Liquids (MMB)	3.3	4.8	-33%
Natural Gas (Bcf)	14.8	12.0	24%
Total (MMBOE)	5.7	6.8	-16%
Proved			
Liquids (MMB)	8.6	7.0	22%
Natural Gas (Bcf)	26.8	16.2	66%
Total (MMBOE)	13.0	9.7	34%
Proved + Probable			
Liquids (MMB)	13.8	11.0	26%
Natural Gas (Bcf)	46.5	30.3	53%
Total (MMBOE)	21.6	16.0	34%

Reserve Life Index (Years)	Q1/23	2022	%
PDP			
Liquids	3.1	5.0	-37%
Natural Gas	5.3	6.2	-15%
Total	3.8	5.3	-28%
Proved			
Liquids	8.2	7.2	13%
Natural Gas	9.6	8.4	14%
Total	8.6	7.5	15%
Proved + Probable			
Liquids	13.2	11.3	17%
Natural Gas	16.7	15.8	6%
Total	14.3	12.4	15%

Net Present Value ($MM)	Q1/23	2022	%
PDP			
BT-0	$4.5	$115.5	-96%
BT-10	$54.8	$97.3	-44%
BT-15	$55.0	$87.8	-37%
Proved			
BT-0	$156.3	$185.7	-16%
BT-10	$135.2	$135.8	0%
BT-15	$115.3	$117.5	-2%
Proved + Probable			
BT-0	$388.8	$363.4	7%
BT-10	$257.7	$218.8	18%
BT-15	$210.1	$181.2	16%

Source: Company Reports, Cormark Securities Inc.

While the Company's 3rd party reserve engineer, McDaniel & Associates, has booked 115 locations to reserves as at April 1st, 2023, the most economic of these wells (Frobisher and Midale) comprise most identified locations. Another ~60 locations have been identified by management but have not yet been booked to reserves. Based on this year's drilling program, we believe the Company to have a comfortable 10-15 years of drilling in inventory.

Figure 15 **ROK Drilling Inventory**

Core Area	Target Formations	Gross # Sections	Average WI%	Booked Drilling Locations
Pinto / Alameda / Oxbow	Frobisher & Midale	45	85%	74
Glen Ewen / Florence	Frobisher & Midale	26	85%	15
Benson / Steelman	Frobisher & Midale	16	90%	4
Workman / Gainsborough	Frobisher & Midale	30	70%	7
Kaybob	Cardium, Montney, Gething, Dunvegan	83	70%	15
Total		**200**	**77%**	**115**

Source: Company Reports

Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

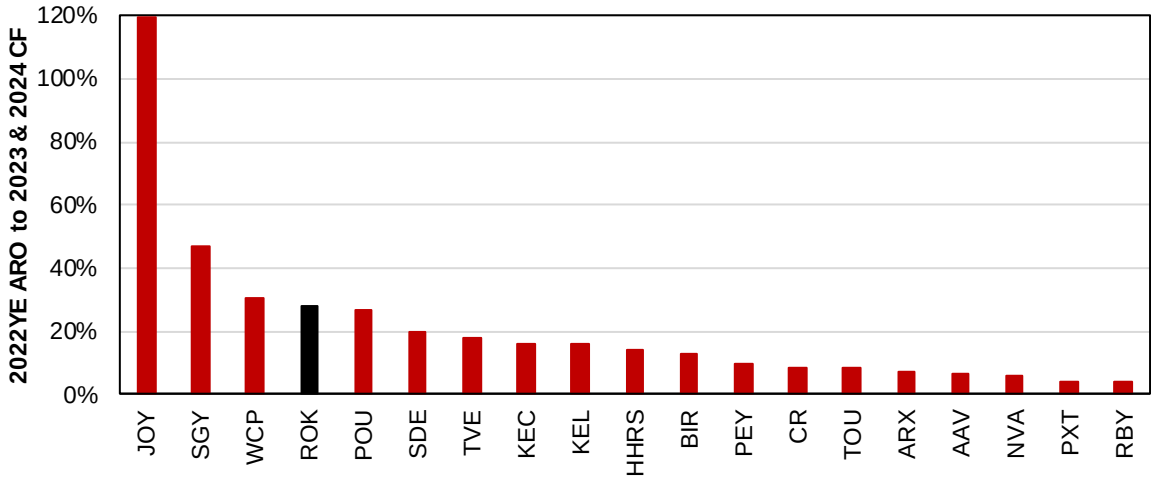
Financial Flexibility / Tax Horizon / Hedging / ARO

Having retired relatively high-cost term debt several months early, at the end of Q1/23 the Company had $13.0 MM of net debt against a $22.5 MM credit facility while on strip pricing and based on current guidance we expect net debt to exit 2023 at $11.3 MM. Even after crystalizing hedge gains earlier this year, the Company has most expected oil & gas volumes hedged for this year with Cormark (on strip) forecasting ~$9.7 MM of hedge gains this year and just over $3.0 MM of gains next year.

Despite the highly profitable nature of the Company's core assets in southeast Saskatchewan, recent non-core asset sales and free cash flow (despite growth), ROK has sufficient tax pools to shelter income from cash taxes this year. Dependent on commodity prices, acquisitions, spending, etc. we do expect the Company to be taxable beginning in 2024.

Taking discounted ARO from the balance sheets of our research coverage universe (at year-end 2022) compared to forecast cash flow for 2023 and 2024 (on strip pricing) provides an idea of ARO burden and materiality. As illustrated, ROK's Q1/23 (i.e. after the sale of Weyburn) ARO of ~$22.5 MM represents (approximately) 30% of the Company's 2023 and 2024 cash flow stream, making the Company (on this metric) better positioned than Surge, Journey or Whitecap.

Figure 16 **Cormark Universe ARO Liabilities vs. 2023 & 2024 Forecast Cash Flow (%)**



Source: Company Reports, Cormark Securities Inc.

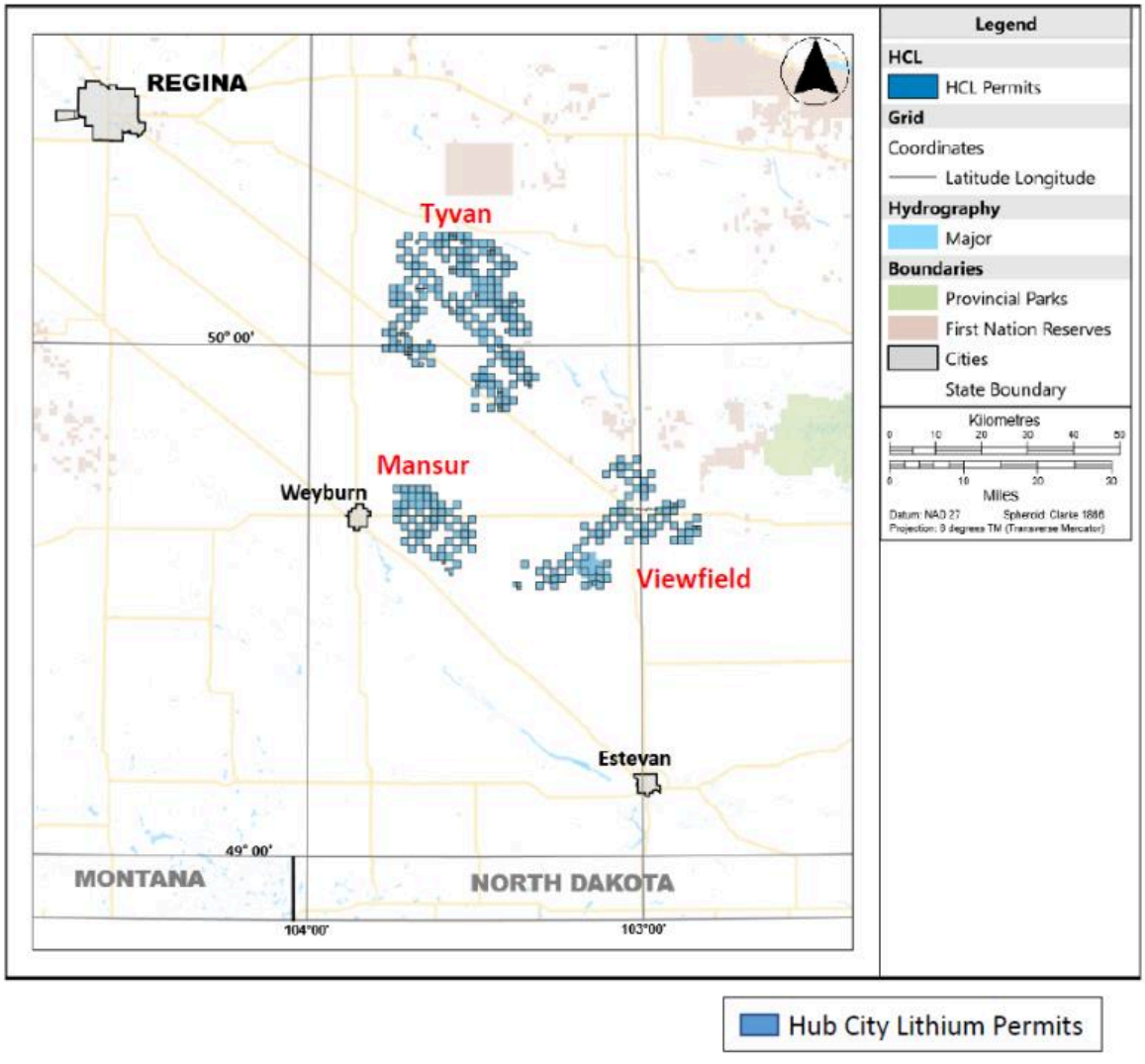
Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

Lithium Exploration Project

Through a 25% shareholder interest in private company Hub City Lithium Corp. ("Hub City" or "HCL") and acting as management of operations, ROK has material upside exposure to growing global demand for lithium in Saskatchewan. With a current market cap of ~$27 MM, public company EMP Metals (EMPS-C, not covered) currently owns the other 75% of Hub City (suggesting a value of ~$8.0 MM for ROK's ownership in Hub City).

Through 2021 Hub City acquired more than 77,700 hectares (~192,000 acres) of land across three project areas in Southeast Saskatchewan with permits for the acreage held under primary term until 2029. HCL's Mansur and Viewfield properties comprise more than 34,800 hectares (~86,000 acres) of land in the heart of a prospective lithium fairway with third-party testing confirming high-grade lithium concentrations 43–148 mg/l at Mansur and 63.9-258.9 mg/l at Viewfield) from multiple (eight) aquifers within the Devonian-aged Duperow carbonates.

Figure 17 **Hub City Lithium Exploration Lands**

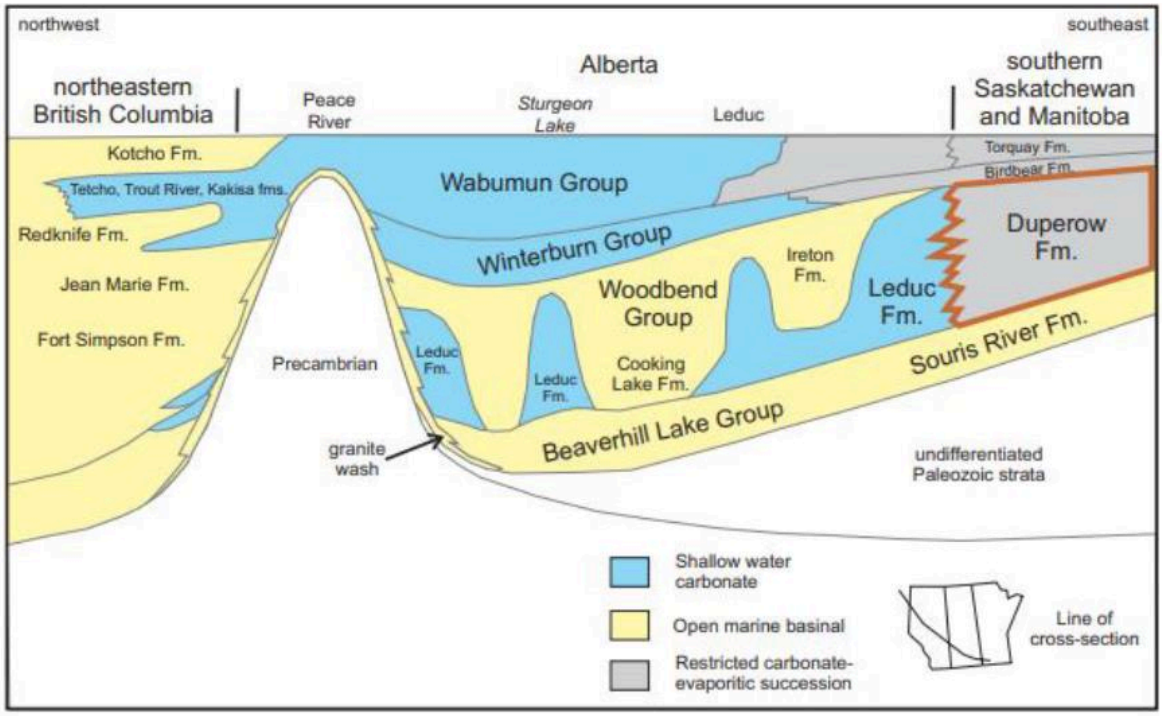


Source: Company reports

Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

While most Duperow reservoirs in the southeast Saskatchewan portion of the Williston Basin are stratigraphically below most historical oil development in the province, there are several areas where there has been exploration and development of deeper oil-prone targets like the Souris River (Lodgepole) which allows for the Duperow to be mapped. At Mansur and Viewfield, the depositional history (reportedly) appears favorable for the leaching of lithium as brines with multiple shallowing upward sequences separating the porous limestone and dolostone layers into regionally extensive reservoirs that are believed to be hydrodynamically isolated.

Figure 18 **Saskatchewan Lithium Paleography**

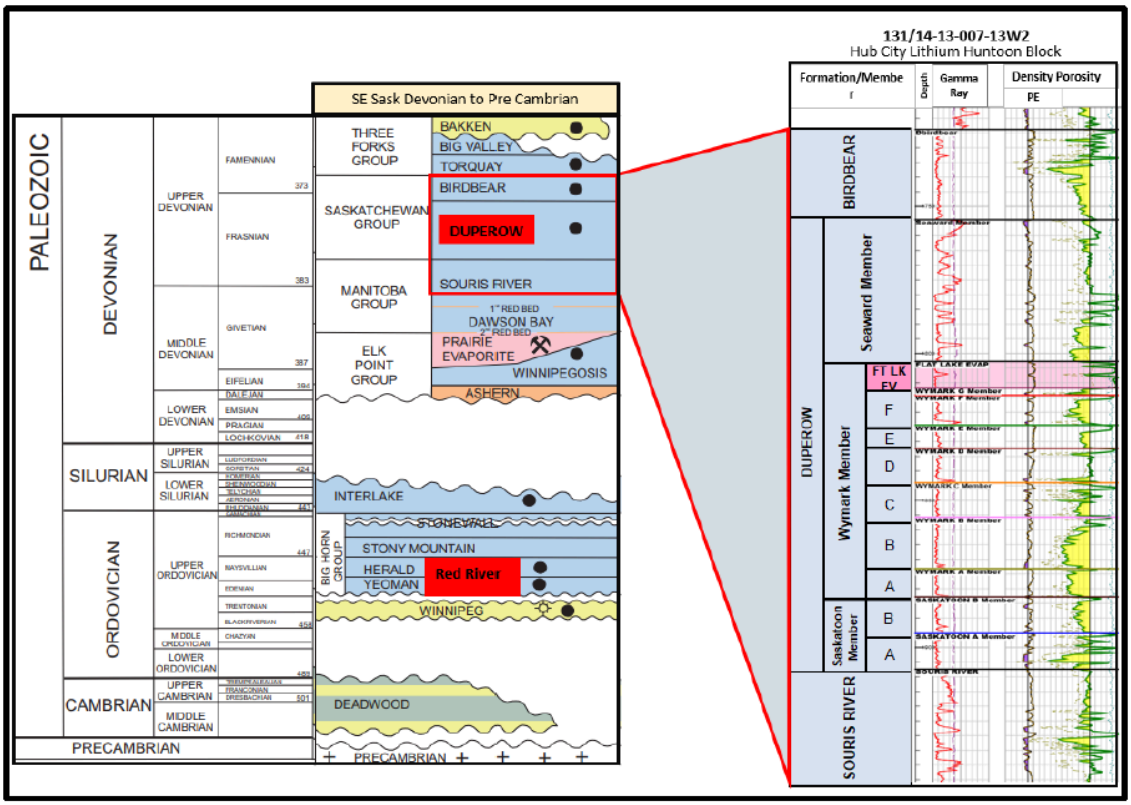


Source: Company reports

Where Hub City's acreage is concentrated, the Duperow can be up to 190 m thick overlaying the Souris River and below the Birdbear (and then the Torquay) and is typically divided into three members (Saskatoon, Wymark and Seward) with both the Saskatoon and Wymark further broken down into informal carbonate reservoirs having unique depositional sequences and trends (Figure 19). Hub City's 3rd party engineers (Red Tree Exploration Inc.) identified eight separate carbonate reservoirs within the Duperow that represent (potential) lithium-rich aquifers/reservoirs as well as carbonate packages within the underlying Souris River that could be lithium enriched.

Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

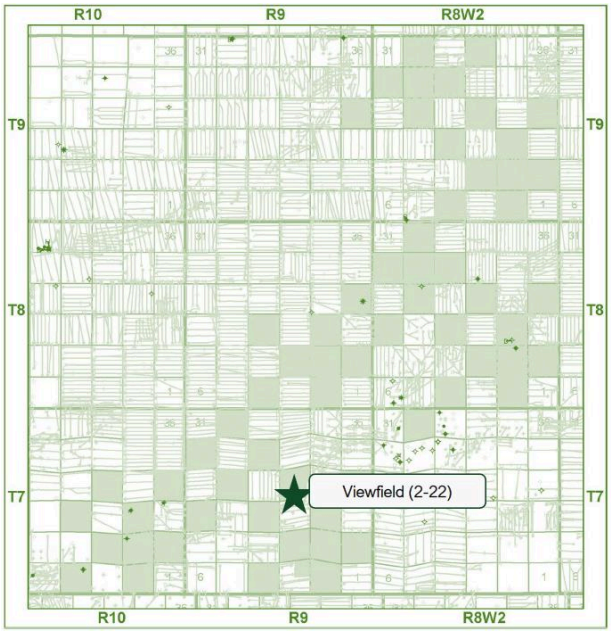
Figure 19 **Saskatchewan Lithium Stratigraphy**



Source: Company reports

Within the Viewfield property, HCL has acquired over 21,450 hectares or ~53,000 acres of leased mineral rights. A 62 section (~40,500 acre) block in which Hub City has ~44.5 sections (~28,400 acres) net to their interest was selected by that company's third-party evaluators for analysis, based on well data and results.

Figure 20 **Hub City Viewfield Project**



Source: Company reports

Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

While there are fewer (existing) well bores at Viewfield suitable for lithium testing, HCL drilled an exploration well (the 2-22 well) in late 2022 to test/delineate lithium potential on the block. A total of seven zones were sampled for lithium concentrations (including several extended production tests) with six zones showing lithium concentrations over 90 mg/L and the highest concentration confirmed at 259 mg/l, one of the highest recorded in Western Canada.

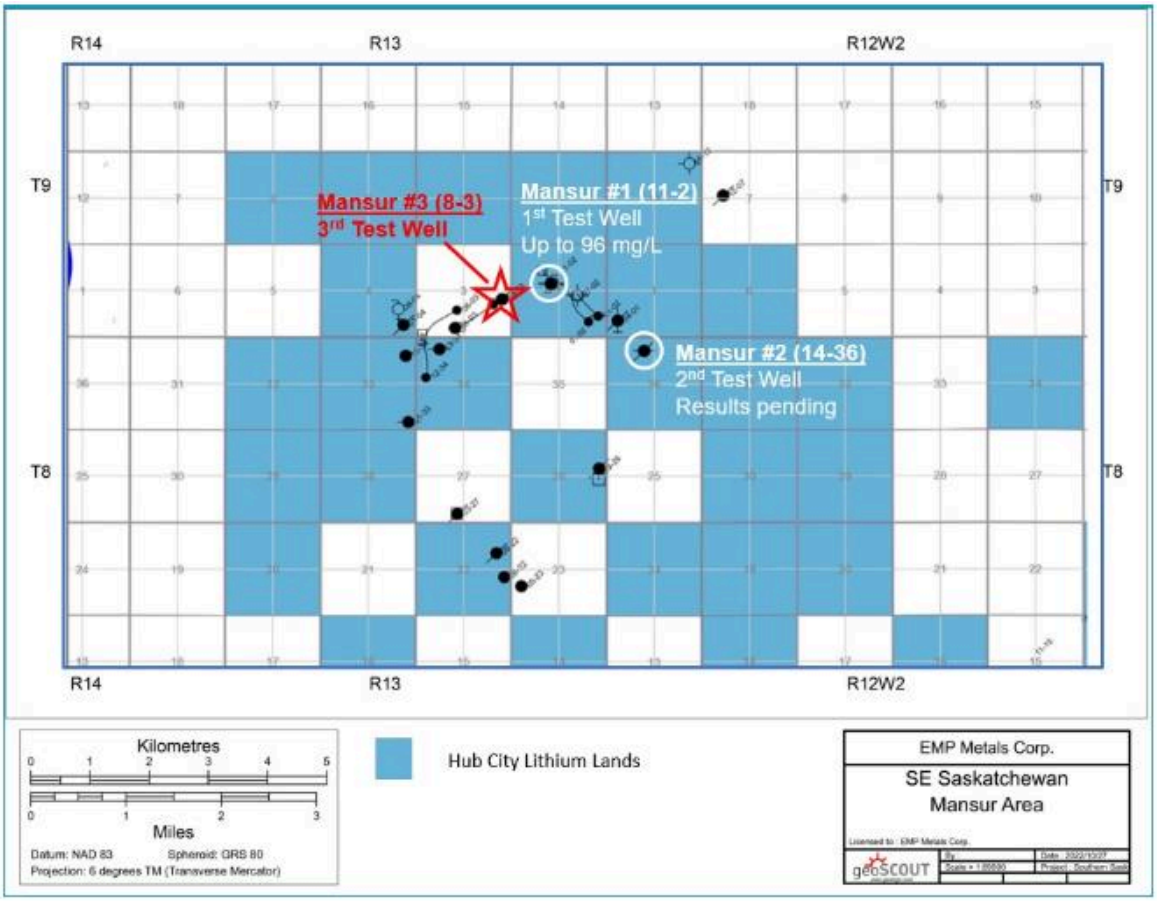
Figure 21 **Hub City Viewfield 2-2 Well Tests**

Target Duperow Interval	Average Porosity %	Zone Thickness (m)	Lithium Concentration (mg/l)
Wymark E	14.5	3.6	**220**
Wymark D	20.4	10.6	**259**
Wymark C	14.1	10.29	**167**
Wymark B	16.2	16.41	**98**
Wymark A	14	8.9	**94**
Saskatoon A	14	10.6	**145**

Source: EMP Metals

At Mansur (the western block of HCL's two primary areas), HCL's 3rd party evaluator assessed ~88 sections or ~57,400 acres including ~56 sections or ~34,800 acres leased by Hub City. In the Northern part of Mansur, there is an active oil field producing from the Red River formation with more than 20 wells that have also penetrated the Duperow with modern logs.

Figure 22 **Hub City Mansur Property**



Source: Company reports

Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

HCL acquired two existing wellbores (11-2 and 14-36) that were previously produced from the Mansur oil pool and were utilized as test wells for lithium brine evaluation. A detailed brine sampling and production testing program was carried out by HCL in 2022 to evaluate eight prospective Duperow zones with third-party testing confirming three high-concentration lithium zones with measured lithium concentrations of 77, 103 and 148mg/l, respectively.

Figure 23 **Hub Mansur Property Lithium Concentrations**

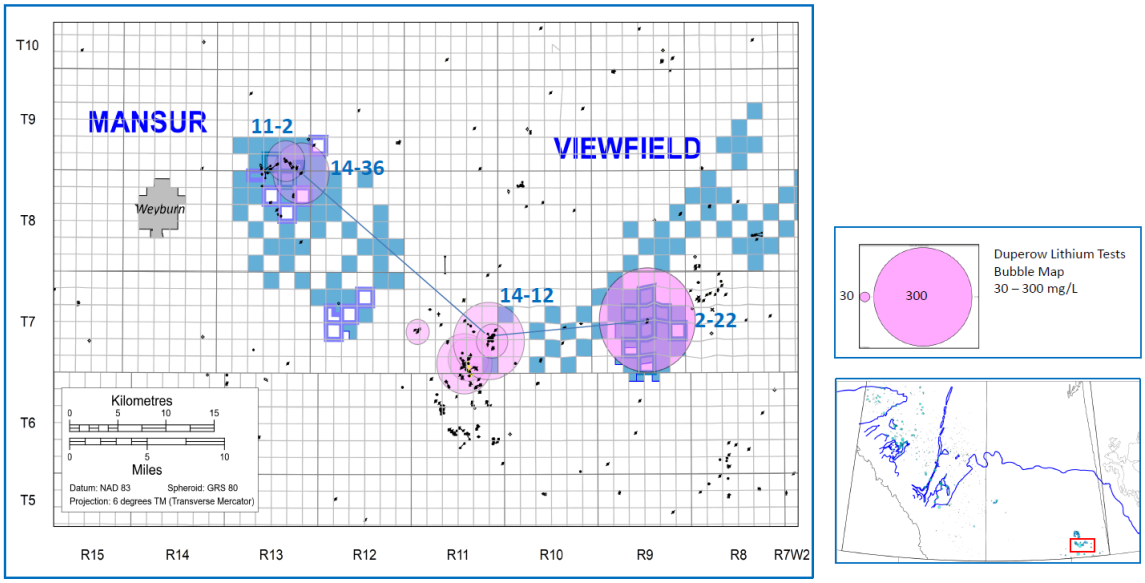
	Wymark E	Wymark C	Wymark B	TOTAL LCE/Section
Ave Porosity LAS Value	0.11	0.102	0.138	
Effective Porosity LAS Value	0.102	0.094	0.128	
Net Thickness LAS Value	4.86	9.67	16.19	
Li Conc Est Value	103.4	148	76.9	
Brine por vol (per section)	1,229,948	2,255,301	5,141,703	
Est Li in place (per section)	127	334	395	
Calculated LCE Tonne per section	**677**	**1,777**	**2,105**	**4,558**

Source: EMP Metals

A third wellbore (08-03) was also acquired in late 2022 on the property but tests (inflow potential and lithium concentrations) have yet to be conducted on this well.

The two existing wellbores at Mansur (11-2 and 14-36) were correlated with test results from the Viewfield 2-22 well and a Vermilion Energy (VET-T, not covered) Midale well ("14-12" below) west of Hub City's Viewfield block (not on Hub City acreage) that had encountered lithium concentrations of up to 190 mg/L in the Wymark F member of the Duperow.

Figure 24 **Saskatchewan Lithium Project Tests**



Source: EMP Metals

Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

Having confirmed more than 20,000 t of LSE in place per section at Viewfield and more than 8,000 t in place per section at Mansur, and given the above test concentrations and sampling, a volumetric analysis of lithium in place indicates Hub City's interest in Viewfield to be ~747,500 t of LCE with ~399,400 t at Mansur, for ~1.2 MMt of total LCE in place for Hub City in southeast Saskatchewan.

Figure 25 **Hub City Resource in Place**

Lithium in Place by Grade (HCL Interest)

Li concentration grade cutoff (mg/L)	Weighted Average Li Concentration Above cutoff (mg/L)	Resource in Place (000 tonnes)					
		Viewfield		Mansur		Total	
		Li (T)	LCE (T)	Li (T)	LCE (T)	Li (T)	LCE (T)
Total all zones > 50	143.4	142.5	747.5	75.0	399.4	**217.5**	**1,146.9**
Total all zones > 75	151.4	122.1	650.0	46.0	244.9	**168.1**	**894.8**
Total all zones > 140	198.1	83.6	445.2	14.0	72.4	**97.6**	**517.5**

Source: Company Reports

While permeability, transmissivity and economic viability questions remain, we believe a US$20-30/t valuation on Hub City's mid-point (>75 mg/L cutoff) is reasonable given current public market comparatives. As such, we would expect ROK's interest in Hub City to potentially be worth ~$6.0-9.0 MM with upside as the project develops.

Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

Outlook / Guidance

Company Guidance

Anticipating a somewhat more robust oil price environment for 2H/23 (US$80.00/B) than is currently indicated in the futures curve, management has laid out a $29.9 MM E&D budget for this year that should drive average volumes of just under 4,000 BOE/d and exit net debt of just $7.5 MM. Given current credit facilities and what should be a softening M&A market (i.e., more reasonable expectations amongst sellers), we note that current guidance excludes acquisitions that could materially transform the Company.

Figure 26 **ROK 2023 Quarterly & Annual Guidance**

	US$73/B WTI Q1/2023	US$70/B WTI Q2/2023	US$80/B WTI Q3/2023	US$80/B WTI Q4/2023	US$76/B WTI Total 2023
Average Production	~4,175 boe/d	~3,530 boe/d	~3,730 boe/d	~4,500 boe/d	~3,985 boe/d
Net Operating Income (NOI)	$13.3 MM	$10.4 MM	$9.7 MM	$12.5 MM	$45.9 MM
Cash Flow from Operating Activities	$11.5 MM	$8.5 MM	$8.1 MM	$10.9 MM	$38.9 MM
Cash Flow Per Share (Basic)	$0.05	$0.04	$0.04	$0.05	$0.18
Cash Flow Per Share (Fully Diluted)	$0.03	$0.02	$0.02	$0.03	$0.11
Capital Expenditures (Excl. Acquisitions)	$5.5 MM	$3.9 MM	$14.3 MM	$6.2 MM	$29.9 MM
Debt Interest Costs	$1.8 MM	$0.5 MM	$0.4 MM	$0.4 MM	$3.1 MM
Free Cash Flow (FCF)	$4.2 MM	$4.1 MM	$(6.7) MM	$4.3 MM	$5.9 MM
Net Debt	$10.0 MM	$5.2 MM	$11.8 MM	$7.5 MM	$7.5 MM

Source: Company reports

Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

Our estimates for 2023, 2024 and 2025 are provided below.

Figure 27 **Cormark Estimates – Income Statement & Cash Flow**

Fiscal YE Dec. 31	2022	2023					2024					2025
(In $MM, except where noted)	FYA	Q1A	Q2E	Q3E	Q4E	FYE	Q1E	Q2E	Q3E	Q4E	FYE	FYE
Operations Summary												
Daily Production (BOE/d)	2,770	4,140	3,275	3,200	4,588	3,800	4,800	4,525	4,800	5,150	4,820	5,540
% Natural Gas	27%	31%	31%	31%	31%	31%	30%	29%	28%	29%	29%	31%
Benchmark Prices - Strip												
WTI (US$/B)	$94.19	$76.13	$73.68	$69.88	$69.87	$72.37	$69.36	$68.74	$68.05	$67.25	$68.34	$65.47
Edmonton Par ($/B)	$119.71	$99.82	$95.98	$90.11	$88.16	$93.48	$87.27	$87.24	$86.39	$84.39	$86.31	$83.02
NYMEX (US$/MMBtu)	$6.58	$2.76	$2.37	$2.65	$3.14	$2.73	$3.63	$3.14	$3.32	$3.76	$3.46	$3.92
Chicago (US$/MMBtu)	$6.12	$2.65	$2.10	$2.31	$2.76	$2.45	$3.33	$2.95	$3.03	$3.28	$3.15	$3.58
AECO-C ($/Mcf)	$5.21	$3.22	$2.32	$2.25	$2.91	$2.67	$3.31	$2.74	$2.65	$3.50	$3.05	$3.65
Station 2 ($/Mcf)	$4.37	$2.75	$1.67	$1.65	$2.20	$2.06	$3.16	$1.92	$1.84	$3.12	$2.51	$3.43
Dawn ($/Mcf)	$7.92	$3.53	$2.85	$3.09	$3.67	$3.29	$4.57	$3.82	$4.02	$4.58	$4.25	$4.85
FX Rate	$0.7687	$0.7397	$0.7460	$0.7555	$0.7563	$0.7494	$0.7570	$0.7570	$0.7570	$0.7572	$0.7571	$0.7572
Real. Prices (Excl. Hedging)												
Conventional Oil ($/B)	$109.35	$88.04	$87.34	$82.00	$80.23	$84.16	$79.42	$79.39	$78.61	$76.79	$78.50	$75.53
NGLs ($/B)	$69.42	$60.25	$52.79	$49.56	$48.49	$53.85	$48.00	$47.98	$47.51	$46.41	$47.44	$45.63
Natural Gas ($/Mcf)	$5.56	$3.53	$2.16	$2.09	$2.70	$2.67	$3.08	$2.55	$2.46	$3.26	$2.86	$3.41
Income Statement												
Total Revenue	**$93.2**	**$27.5**	**$20.9**	**$19.6**	**$26.8**	**$94.9**	**$27.8**	**$25.9**	**$27.1**	**$28.4**	**$109.3**	**$122.1**
Operating Expenses												
Royalties	$14.3	$4.8	$3.3	$3.2	$4.5	$15.7	$4.6	$4.2	$4.5	$4.8	$18.2	$20.8
Transportation	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
Operating Costs	$25.4	$9.5	$7.5	$7.2	$9.9	$34.1	$10.3	$9.5	$10.0	$10.8	$40.6	$46.1
G&A (incl. share-based comp.)	$7.5	$1.6	$1.5	$1.5	$1.5	$6.1	$1.5	$1.5	$1.5	$1.5	$6.0	$6.0
EBITDA	**$44.3**	**$11.3**	**$8.7**	**$7.7**	**$11.0**	**$38.6**	**$11.4**	**$10.6**	**$11.1**	**$11.3**	**$44.5**	**$49.2**
DD&A	$19.2	$6.9	$5.5	$5.4	$7.8	$25.7	$8.3	$7.8	$8.4	$9.1	$33.6	$39.7
Other	$(60.2)	$2.1	$-	$-	$-	$2.1	$-	$-	$-	$-	$-	$-
EBIT	**$82.3**	**$0.4**	**$3.1**	**$2.2**	**$3.1**	**$9.0**	**$3.2**	**$2.8**	**$2.8**	**$2.3**	**$11.0**	**$9.5**
Net Interest Expense	$12.8	$1.8	$0.5	$0.5	$0.5	$3.3	$0.5	$0.5	$0.5	$0.5	$2.0	$2.0
EBT	**$69.5**	**$(1.4)**	**$2.6**	**$1.7**	**$2.6**	**$5.6**	**$2.7**	**$2.3**	**$2.3**	**$1.8**	**$9.0**	**$7.5**
Taxes	$(1.6)	$0.3	$0.7	$0.4	$0.7	$2.0	$0.9	$0.9	$0.9	$0.7	$3.4	$3.1
Net Income	**$71.1**	**$0.3**	**$2.0**	**$1.3**	**$2.0**	**$5.6**	**$1.7**	**$1.4**	**$1.4**	**$1.0**	**$5.6**	**$4.4**
EPS (Diluted)	*$0.36*	*$0.00*	*$0.01*	*$0.01*	*$0.01*	*$0.02*	*$0.01*	*$0.01*	*$0.01*	*$0.00*	*$0.02*	*$0.02*
CFPS (Diluted)	***$0.16***	***$0.04***	***$0.03***	***$0.03***	***$0.04***	***$0.16***	***$0.05***	***$0.04***	***$0.04***	***$0.05***	***$0.18***	***$0.20***
Diluted Shares Outstanding	352.78	354.23	349.93	349.93	349.93	349.93	351.55	351.55	351.55	351.55	351.55	351.55
Cash Flow												
Discretionary CF (DCF)	$30.7	$11.5	$8.2	$7.2	$10.5	$37.3	$10.7	$9.9	$10.3	$10.5	$41.4	$46.0
Capital Expenditures (CAPEX)	$90.5	$(15.4)	$4.3	$14.2	$6.3	$9.3	$20.0	$4.0	$15.0	$3.6	$42.6	$50.0
Dividend	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
Free Cash Flow (FCF)	$2.3	$5.9	$3.9	$(7.0)	$4.2	$7.0	$(9.3)	$5.9	$(4.7)	$7.0	$(1.2)	$(4.0)
EBITDA	$44.3	$11.3	$8.7	$7.7	$11.0	$38.6	$11.4	$10.6	$11.1	$11.3	$44.5	$49.2

Source: Cormark Securities Inc., Company reports

Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

Figure 28 **Cormark Estimates – Balance Sheet and Leverage**

Fiscal YE Dec. 31	2022	2023					2024					2025
(In $MM, except where noted)	FYA	Q1A	Q2E	Q3E	Q4E	FYE	Q1E	Q2E	Q3E	Q4E	FYE	FYE
Balance Sheet												
Current Assets	$17.3	$23.8	$23.8	$23.8	$23.8	$23.8	$23.8	$23.8	$23.8	$23.8	$23.8	$23.8
Net PP&E	$164.4	$153.6	$152.3	$161.1	$159.5	$159.5	$171.3	$167.4	$174.0	$168.5	$168.5	$178.8
Other Assets	$10.4	$7.7	$7.7	$7.7	$7.7	$7.7	$7.7	$7.7	$7.7	$7.7	$7.7	$7.7
Total Assets	**$192.1**	**$185.0**	**$183.7**	**$192.5**	**$190.9**	**$190.9**	**$202.7**	**$198.8**	**$205.4**	**$199.9**	**$199.9**	**$210.2**
Current Liabilities	$36.4	$22.5	$22.5	$22.5	$22.5	$22.5	$22.5	$22.5	$22.5	$22.5	$22.5	$22.5
Long Term Debt	$12.9	$14.3	$9.7	$16.7	$12.5	$12.5	$21.8	$16.0	$20.7	$13.7	$13.7	$17.7
Other Non-Current Liabilities	$18.5	$22.6	$22.6	$22.6	$22.6	$22.6	$22.6	$22.6	$22.6	$22.6	$22.6	$22.6
Deferred Income Tax	$14.8	$15.1	$15.7	$16.2	$16.8	$16.8	$17.5	$18.1	$18.6	$19.1	$19.1	$20.9
Total Liabilities	**$82.6**	**$74.4**	**$70.5**	**$77.9**	**$74.4**	**$74.4**	**$84.4**	**$79.1**	**$84.4**	**$77.8**	**$77.8**	**$83.7**
Shareholders' Equity	**$109.5**	**$110.6**	**$113.3**	**$114.6**	**$116.6**	**$116.6**	**$118.3**	**$119.8**	**$121.1**	**$122.2**	**$122.2**	**$126.6**
Netbacks & Hedging												
Revenue ($/BOE)	**86.353**	**64.790**	**61.950**	**58.270**	**58.828**	**60.982**	**59.044**	**58.725**	**58.395**	**58.051**	**58.539**	**56.878**
Hedging ($/BOE)	4.079	7.157	8.279	8.240	4.768	6.901	3.224	2.400	1.440	0.000	1.715	0.000
Royalties ($/BOE)	14.164	12.807	11.151	10.780	10.589	11.346	10.333	9.983	9.927	9.869	10.024	9.669
Transportation ($/BOE)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Operating Costs ($/BOE)	25.078	25.423	25.000	24.500	23.500	24.551	23.000	22.500	22.000	22.000	22.363	21.500
Operating Netback ($/BOE)	**51.191**	**33.717**	**34.078**	**31.230**	**29.507**	**31.985**	**28.935**	**28.641**	**27.907**	**26.182**	**27.866**	**25.709**
G&A ($/BOE)	7.434	4.234	5.033	5.095	3.554	4.381	3.360	3.538	3.310	3.063	3.309	2.795
Interest Cost/Other ($/BOE)	12.749	4.947	1.678	1.698	1.185	2.410	1.715	1.857	1.852	1.596	1.750	1.488
Cash Netback ($/BOE)	**31.008**	**24.536**	**27.367**	**24.437**	**24.768**	**25.194**	**23.859**	**23.246**	**22.745**	**21.523**	**22.807**	**21.425**
% Liquids Hedged	-	90%	116%	109%	73%	94%	32%	34%	20%	-	21%	-
% Gas Hedged	-	-	90%	88%	61%	57%	57%	56%	35%	-	36%	-
Total Est. Hedge Gns./(Loss.)	**$4.1**	**$2.7**	**$2.5**	**$2.4**	**$2.0**	**$9.6**	**$1.4**	**$1.0**	**$0.7**	**$-**	**$3.1**	**$-**
Metrics												
Net Debt	$32.1	$13.0	$8.4	$15.4	$11.2	$11.2	$20.6	$14.7	$19.4	$12.4	$12.4	$16.4
FCF	$2.3	$5.9	$3.9	$(7.0)	$4.2	$7.0	$(9.3)	$5.9	$(4.7)	$7.0	$(1.2)	$(4.0)
EV/EBITDA	2.2x	1.7x	2.1x	2.6x	1.7x	2.0x	1.9x	1.9x	1.9x	1.7x	1.7x	1.6x
Net Debt/EBITDA	0.7x	0.3x	0.2x	0.5x	0.3x	0.3x	0.5x	0.3x	0.4x	0.3x	0.3x	0.3x

Source: Cormark Securities Inc., Company reports

Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

Valuation and Recommendation

Valuation

As a small cap producer with limited liquidity, ROK Resources currently trades at a material discount to our conventional oil group on 2024 estimates despite a cleaner balance sheet, more aggressive volume growth and management track record. At 1.7x 2024E EV/EBITDA, ROK is currently trading at more than one multiple point below peers, while our current $0.85 target equates to a 4.4x EV/EBITDA target multiple, in line with the group average. Should ROK accelerate its M&A activity or begin to attract increasing market attention as volumes grow organically, it would not be unreasonable to increase our target multiple to a premium to the group.

Figure 29 **Cormark Oil-Weighted E&P Comparative Universe**

					2024 Metrics								
Company	Target	Rec.	Market Cap ($MM)	EV ($MM)	Prod. (BOE/d)	% Oil	Volume Growth (%)	Debt / EBITDA (x)	EV / EBITDA (x)	Target EV/ EBITDA (x)	Target Return (%)	P/CF (x)	FCF Yield (%)
Journey Energy	$7.75	Buy	$328.4	$405.7	13,150	55%	4%	0.4x	3.7x	5.4x	44%	3.9x	13%
Lucero Energy	$1.20	Buy	$331.7	$256.4	10,150	80%	-4%	-0.7x	1.6x	4.5x	131%	2.7x	12%
Rubellite Energy	$3.75	Buy	$105.1	$131.7	3,900	100%	27%	0.5x	2.3x	4.6x	121%	2.0x	0%
Surge Energy	$8.25	Buy	$687.4	$974.1	25,800	87%	3%	0.8x	3.0x	4.6x	72%	2.5x	14%
Tamarack Valley	$12.00	Buy	$1,776.2	$2,959.1	71,900	82%	4%	1.2x	3.2x	4.7x	72%	2.4x	15%
Whitecap Res.	$85.00	Buy	$5,496.5	$6,828.6	169,500	63%	5%	0.8x	3.8x	5.3x	50%	3.6x	10%
Group Median			**$509.5**	**$689.9**	**19,475**	**81%**	**4%**	**0.6x**	**3.1x**	**4.6x**	**72%**	**2.6x**	**12%**
ROK Resources	**$0.85**	**Buy**	**$64.5**	**$75.7**	**4,820**	**71%**	**27%**	**0.3x**	**1.7x**	**4.4x**	**183%**	**1.7x**	**-2%**

Source: Cormark Securities Inc., Company reports

Recommendation

We are initiating research coverage on ROK Resources with a Buy rating and $0.85 target price. ROK Resources represents one of the few aggressive small/microcap asset consolidators & exploiters remaining in Western Canada. Focused on high profitability, quick-cycle light oil in southeast Saskatchewan, ROK's executive team has returned to a basin in which they have unmatched expertise and experience accumulated through four very successful previous private ventures. A clean balance sheet, superior individual well economics, comfortable drilling inventory and ambitious 2H/23 drilling program should drive material organic volume and cash flow growth in 2023 and 2024 while a complementary M&A strategy represents regular catalysts for investors as management consolidates reserves and production in an area once the backyard of industry darlings. Trading at a discount to larger conventional oil peers, we expect ROK's valuation to re-rate in the market as management demonstrates an ability to grow organically and consolidate oil assets and the Company's market reaches critical mass.

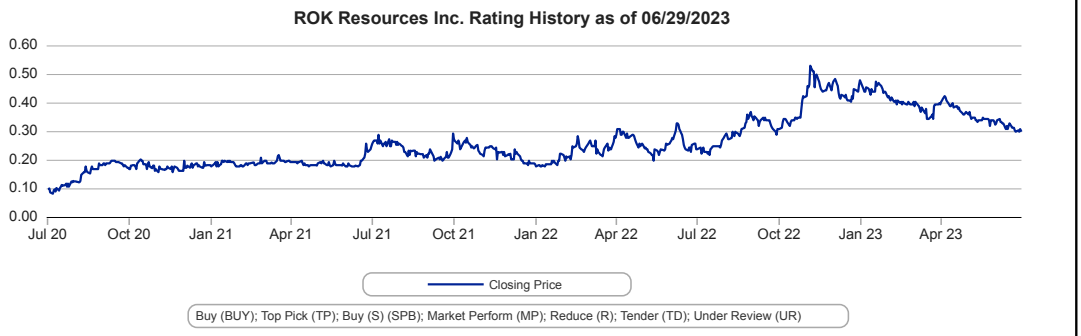
Risk Factors

- Economic risk from changes in the fiscal regimes in which the company operates in, whether on a provincial or federal level;
- Liquidity risk arising from investing in energy companies;
- The ability to raise debt or equity capital to carry out intended spending programs;
- Geologic and engineering risks associated with the finding and ultimate recovery of oil and gas reserves in the quantities estimated in determining the company's value;
- Volatility in oil and gas prices, which may materially affect the accuracy of the forecasts; and,
- Sector rotation risk.

Garett Ursu, CFA (403) 750-7221, gursu@cormark.com
Ankit Puri, CFA, Associate (403) 750-7212, apuri@cormark.com

Price Chart and Disclosure Statement

Updated June 30, 2023
*Information updated monthly on or about the 5th of each month



* Cormark has this percentage of its universe assigend as the following:

Buy or Top Pick	87%
Market Perform	11%
Reduce or Tender	2%
Not Rated	0%

This report has been prepared by Cormark Securities Inc., which is regulated by the Investment Industry Regulatory Organization of Canada ("IIROC"). Cormark Securities Inc. and, its wholly owned affiliate, Cormark Securities (USA) Limited (collectively ":CSI") are in compliance with IIROC and the Financial Industry Regulatory Authority research report rules and regulations where they apply. The firm does not receive compensation for any non-securities or non-investment banking related services. Neither the analyst nor the associate (if any), or any member of his/her household, serve as an officer, director or employee or serve in any advisory capacity of the subject company(ies) under their coverage.

CSI actively solicit investment banking business, including underwriting and advisory services, from its research coverage list. As a result, although uncertain, revenue from these activities may be received at any time.
All relevant disclosures required by regulatory rules (including IIROC) and Cormark's recommendation statistics and research dissemination policies can be obtained at www.cormark.com.
Cormark will provide, upon request, a statement of its financial condition and a list of the names of its Directors and senior officers.

CORMARK SECURITIES INC.

RESEARCH REPORT

FRIDAY, JUNE 30, 2023

Recomendation Terminology

Cormark's recommendation terminology is as follows:
Top Pick our best investment ideas, the greatest potential value appreciation
Buy expected to outperform its peer group
Market Perform expected to perform with its peer group
Reduce expected to underperform its peer group
Tender clients are advised to tender their shares to a takeover bid
Not Rated currently restricted from publishing, or our recommendation is under review
Our ratings may be followed by "(S)" which denotes that the investment is speculative and has a higher degree of risk associated with it.
Additionally, our target prices are set based on a 12-month investment horizon.

For Canadian Residents: This report has been approved by Cormark Securities Inc. ("CSI"), member IIROC and CIPF, which takes responsibility for this report and its dissemination in Canada. Canadian clients wishing to effect transactions in any security discussed should do so through a qualified salesperson of CSI. **For US Residents:** Cormark Securities (USA) Limited ("CUSA"), member FINRA and SIPC, accepts responsibility for this report and its dissemination in the United States. This report is intended for distribution in the United States only to certain institutional investors. US clients wishing to effect transactions in any security discussed should do so through a qualified salesperson of CUSA. Any research analyst contributing to this report is not registered as a research analyst with FINRA and is not an associated person of CUSA and therefore may not be subject to FINRA Rule 2241 restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account.
Every province in Canada, state in the US, and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, some of the securities discussed in this report may not be available to every interested investor. This report is not, and under no circumstances, should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. This material is prepared for general circulation to all clients and does not have regard to the particular circumstances or needs of any specific person who may read it. This report is provided for information purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein.
The information and any statistical data contained herein have been obtained from sources believed to be reliable as of the date of publication, but the accuracy or completeness of the information is not guaranteed, nor in providing it does CSI or CUSA assume any responsibility or liability. All opinions expressed and data provided herein are subject to change without notice. The inventories of CSI or CUSA, its affiliated companies and the holdings of their respective directors, officers and companies with which they are associated may have a long or short position or deal as principal in the securities discussed herein. A CSI or CUSA company may have acted as underwriter or initial purchaser or placement agent for a private placement of any of the securities of any company mentioned in this report, may from time to time solicit from or perform financial advisory, or other services for such company. The securities mentioned in this report may not be suitable for all types of investors; their prices, value and/or the income they produce may fluctuate and/or be adversely affected by exchange rates.
No part of any report may be reproduced in any manner without prior written permission of CSI.
A full list of our disclosure statements as well as our research dissemination policies and procedures can be found on our web-site at: www.cormark.com

Each research analyst and research associate who authored this document hereby certifies that the recommendations and opinions expressed in the research report accurately reflect their personal views about the subject company (ies) and its (their) securities and that they have not been and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.