

# An exciting year ahead

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November, 2009



Solid Oil Foundation  
and Long Term Gas  
Resource Potential

■ rockenergy



# Forward Looking Statements

- All statements other than statements of historical fact may be forward-looking statements. Forward looking statements include forecasts for production, cash flow, capital expenditures and debt levels and are based on estimates for commodity prices, reservoir performance, drilling performance and industry conditions including availability of services and weather. These statements involve known and unknown risks, uncertainties, assumptions and other factors, some of which are beyond Rock Energy's control, that may cause actual results to differ materially from a conclusion, forecast or projection in such forward-looking statements. Rock Energy believes that the expectations reflected in those forward-looking statements are reasonable at the time made but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this presentation should not be unduly relied upon. These statements speak only as of the date of such information, as the case may be, and may be superseded by subsequent events. Rock Energy does not intend, and does not assume any obligation, to update these forward-looking statements whether as a result of information, future events or otherwise



# A Summary of Rock

## Two Core Areas

### Plains

- **Heavy oil and shallow gas**
- **Build production and prospect inventory**
- **Maximize Alberta Royalty Incentive program**
- **80-90 drilling locations**

### West Central Alberta

- **Deep Basin multi-zone stacked gas and light oil**
  - **Potential for Horizontal Multi-stage development**
- **Emerging resource play (Montney, Nikanassin) in Elmworth**
- **70-80 Vertical drilling locations**
- **4 Horizontal drilling locations for 2010**
  - **Over 300 potential horizontal drilling locations**



# Corporate Profile

|                                       |                                   |                       |
|---------------------------------------|-----------------------------------|-----------------------|
| <b>Stock Exchange:</b>                |                                   | <b>TSE; Symbol RE</b> |
| <b>Current Stock Price</b>            |                                   | <b>\$3.50/share</b>   |
| <b>Capital Structure:</b>             | <b>Common Stock (basic)</b>       | <b>30.6 MM</b>        |
|                                       | <b>(fully diluted)</b>            | <b>32.2 MM</b>        |
|                                       | <b>Market Cap</b>                 | <b>\$100-110 MM</b>   |
|                                       | <b>Net Debt (Sept 30/09)</b>      | <b>\$35.0 MM</b>      |
|                                       | <b>(net of financing)</b>         | <b>\$20.9 MM</b>      |
|                                       | <b>Total Bank Lines Available</b> | <b>\$47.0 MM</b>      |
| <b>Production (boe/d, 55% Oil)</b>    |                                   | <b>(Q3/2009)</b>      |
|                                       |                                   | <b>3,225</b>          |
|                                       |                                   | <b>Current</b>        |
|                                       |                                   | <b>3,300-3,400</b>    |
| <b>Reserves (P+P, 55% Oil )</b>       | <b>(Dec 31/08)</b>                | <b>10.2 MMBOE</b>     |
| <b>Land (gross undeveloped acres)</b> |                                   | <b>130,000</b>        |
| <b>(net undeveloped acres)</b>        |                                   | <b>78,000</b>         |
| <b>Tax Pools</b>                      | <b>(Dec 31/08)</b>                | <b>\$115 MM</b>       |



# What's new at Rock

## Heavy Oil

- Current prices are generating a field netback of over \$35.00/boe
- With Alberta Royalty incentive program the net drilling cost is reduced to \$350 thousand, generating a go forward F&D of \$5.00-\$7.00/boe
- Wells drilled in Alberta pay out in 6 months with a re-cycle ratio over 5 with current pricing
- Rock has 80-90 drilling locations

## Emerging Elmworth Resource Play

- Rock has developed a significant land position in Elmworth with 44 net sections of Montney rights and 52 net sections of Nikanassin rights
- Industry players are drilling horizontal test wells adjacent to our lands
- If successful on 10 % of our lands, these plays have the potential to triple Rock's reserve base



# A Value Proposition

## Historical Results

|                          |      |
|--------------------------|------|
| 5 Year CAGR P+P Reserves | 76%  |
| 5 Year CAGR Production   | 109% |
| 2009 Drilling Success    | 100% |

## Stock Trading Metrics

|                     |                   |              |
|---------------------|-------------------|--------------|
| Current Stock Price |                   | \$3.50/Share |
| NAV/Share *         | (BTAX 10%)        | \$4.92/Share |
|                     | P/NAV             | 70%          |
| Cash Flow           | (2009 forecast)   | \$0.73/Share |
|                     | (2010 forecast)   | \$1.08/Share |
| P/CF Share          | (2009)            | 4.9          |
|                     | (2010)            | 3.2          |
| EV/boepd            | (2009 production) | \$36,500     |
|                     | (2010 production) | \$32,700     |

# Areas of Operations



## Plains

- **Heavy Oil & Shallow gas**
- **Mannville group**
- **500-1000 m deep**
- **80 - 90 drilling locations**

# Heavy Oil Drilling Opportunities

## Primary Zones

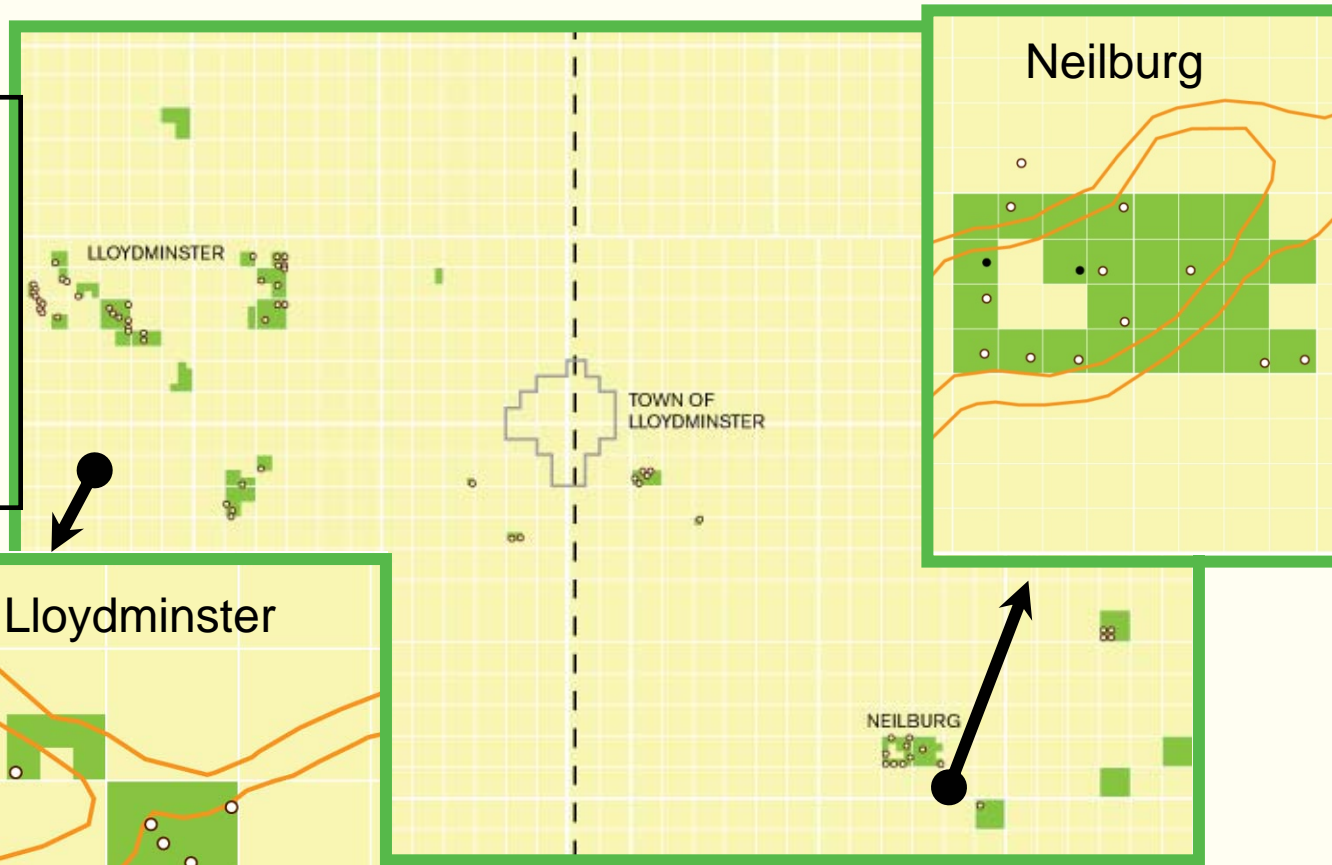
McLaren

Colony

Sparky

GP

Waseca

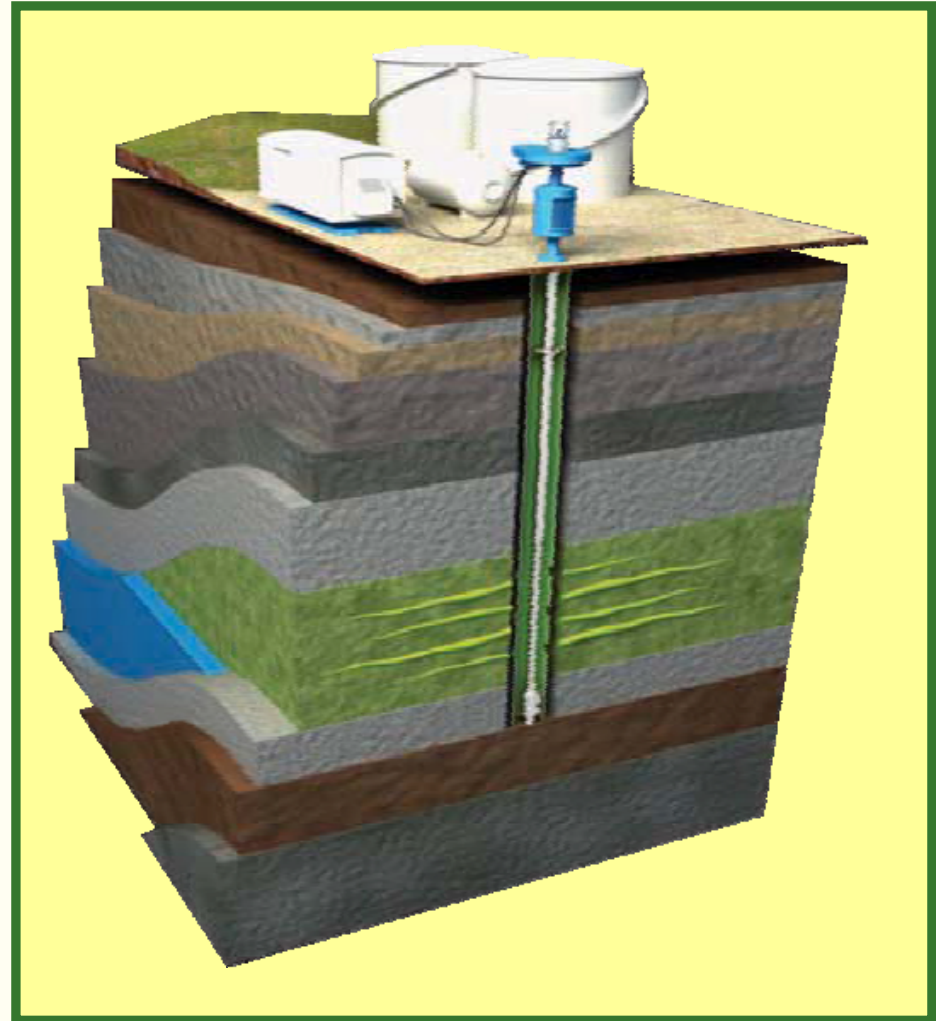


80 – 90 Drilling Locations

# Heavy oil Completion Technique

## Cold Flow Production

- Progressive Cavity Pumps
- Worm Holes
- High initial sand production
- Increased recovery factor





# Increasing Oil Recovery – Reduces F&D

- **Heavy oil wells on 40 acre spacing have 1.0 million boe of TPIIP**
- **Current recovery factor is 6-8%**
- **Last step change in technology was the progressive cavity pump (vs. rod pumps) allowing the production of sand, and the creation of worm holes**
- **Rock is exploring the next step change in technology to increase the production efficiency for these wells to more effectively recover the oil in place**
  - **Drilling techniques**
  - **Completion techniques**
  - **Secondary floods**

Total Petroleum Initially in Place (TPIIP) is defined as the quantity of hydrocarbons that are estimated to be in place within a known accumulation, plus those estimated quantities in accumulations yet to be discovered. There is no certainty that it will be economically viable or technically feasible to produce any portion of this TPIIP except for those identified as proved or probable reserves.



# Heavy Oil Netbacks

|                             | 2009 YTD     | Current Est. |
|-----------------------------|--------------|--------------|
| Edmonton Par                | 62.36        | 80.00        |
| Western Canada Select       | 55.67        | 70.00        |
| Heavy Oil Wellhead Price    | 50.08        | 65.00        |
| Less                        |              |              |
| • Royalties                 | 8.61         | 11.00        |
| • Operating Costs           | 15.77        | 16.00        |
| <b>Net Back Field Price</b> | <b>25.77</b> | <b>38.00</b> |
| Historic F&D                | 12.26        | 12.26        |
| Recycle Ratio               | <b>2.1</b>   | <b>3.1</b>   |
| Go Forward F&D              | 5.00         | 5.00         |
| Recycle Ratio               | <b>5.2</b>   | <b>7.6</b>   |

*We believe narrow differentials are here to stay:*

- *Increased upgrading capacity in the refining complex*
- *Increased pipeline capacity accessing markets in USGC*
- *Declining production from Mexico and Venezuela*



# Plains Core Area

**Current Production**

**1,600-1,700 boepd**

**DCET Cost**

**\$450-\$500 thousand**

**less Alberta Royalty Incentive**

**\$140-\$150 thousand**

**Net Cost**

**\$310-\$350 thousand**

**Initial Rate**

**30-50 boepd**

**Average P+P Reserves/Well**

**70,000 boe (recoverable)**

**Pay Out**

**6 months (Alberta)**

**11 months (Sask)**

## **2010 Plans**

- **Drill 30 wells**
- **Take advantage of royalty incentives**
- **Continue to build drilling inventory**
- **Explore enhanced recovery techniques**

# Areas of Operations



## West Central

- **Multi-zone stacked gas & light oil in the Deep Basin**
- **70-80 Vertical drilling locations**
- **4 Horizontal drilling locations for 2010**
  - **Over 300 potential horizontal drilling locations**



# West Central Core Area – Vertical drilling

## Deep Basin/Kaybob

|                                  |   |
|----------------------------------|---|
| <b>Targets</b>                   | <b>Bluesky, Gehing, Dunvegan, Falhers</b> |
| <b>DCET Cost</b>                 | <b>\$2.5-\$3.5 million</b>                |
| <b>Initial Rate</b>              | <b>2-5 mmcf/d</b>                         |
| <b>Liquid Content</b>            | <b>30-50 bbls/mmscf</b>                   |
| <b>Average P+P Reserves/Well</b> | <b>2-4 BCF</b>                            |

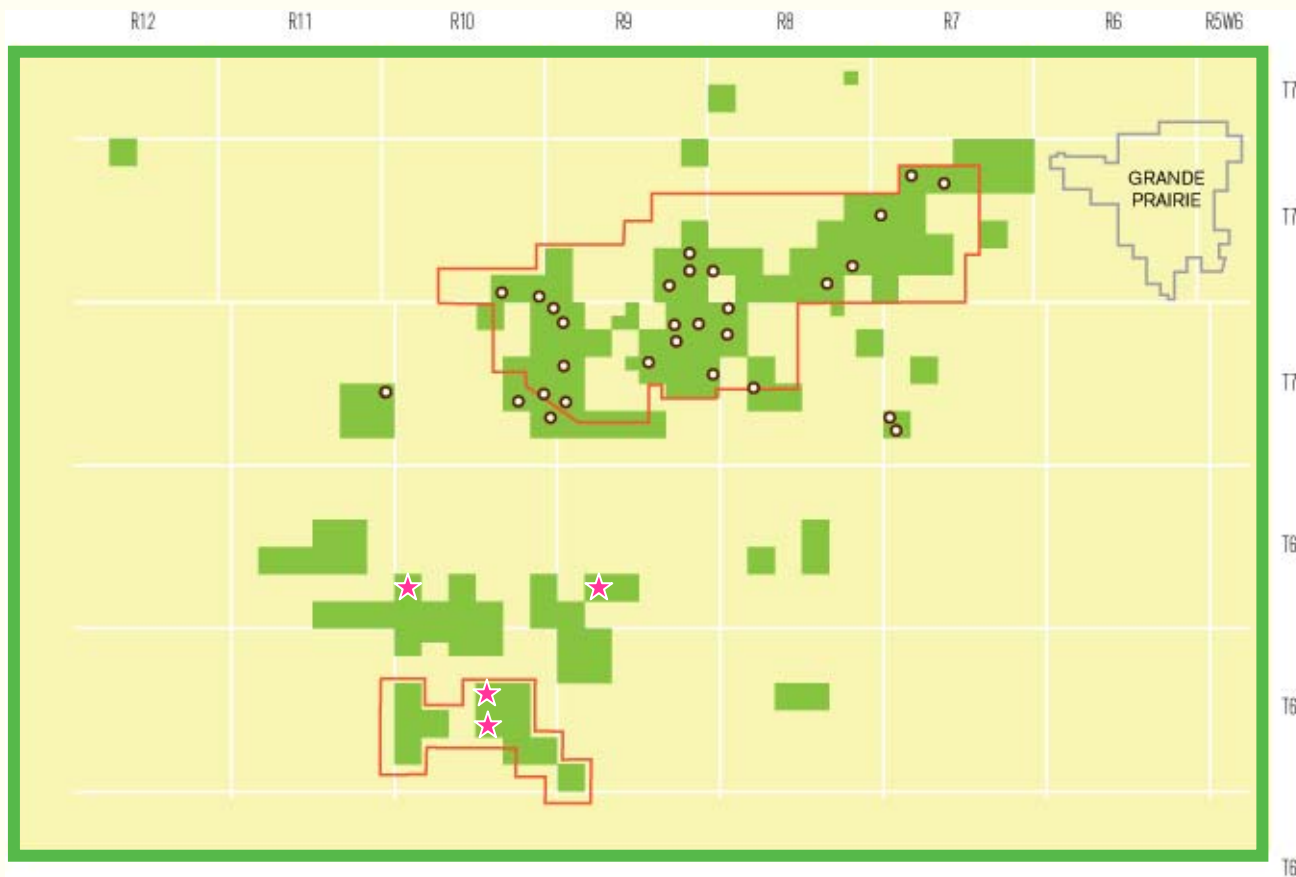
## Elmworth

|                                  |                                     |
|----------------------------------|-------------------------------------|
| <b>Targets</b>                   | <b>Gething, Bluesky, Nikanassin</b> |
| <b>DCET Cost</b>                 | <b>\$2.0-\$2.5 million</b>          |
| <b>Initial Rate</b>              | <b>1-3 mmcf/d</b>                   |
| <b>Average P+P Reserves/Well</b> | <b>2-3 BCF</b>                      |

## 2010 Plans

- **Drill 5-10 wells**
- **Continue to build land position**
- **Investigate Horizontal drilling techniques**

# Elmworth Vertical Drilling



## Current Production

500-600 boepd

## Land Position

64,000 gross acres

42,300 net acres

66.2 net sections

## Primary targets:

Bluesky

Gething

Nikanassin

## Secondary targets:

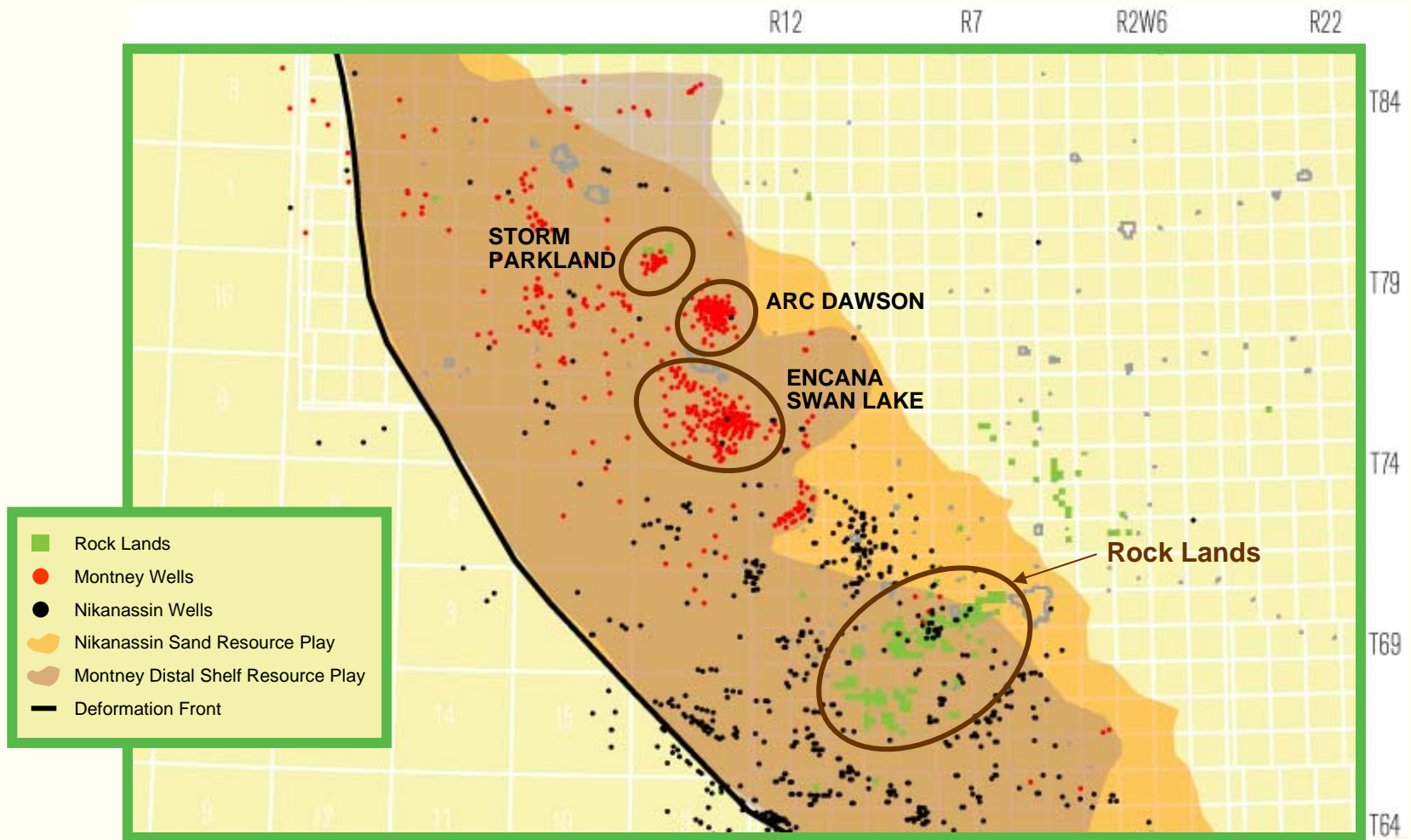
Halfway

Charlie lake

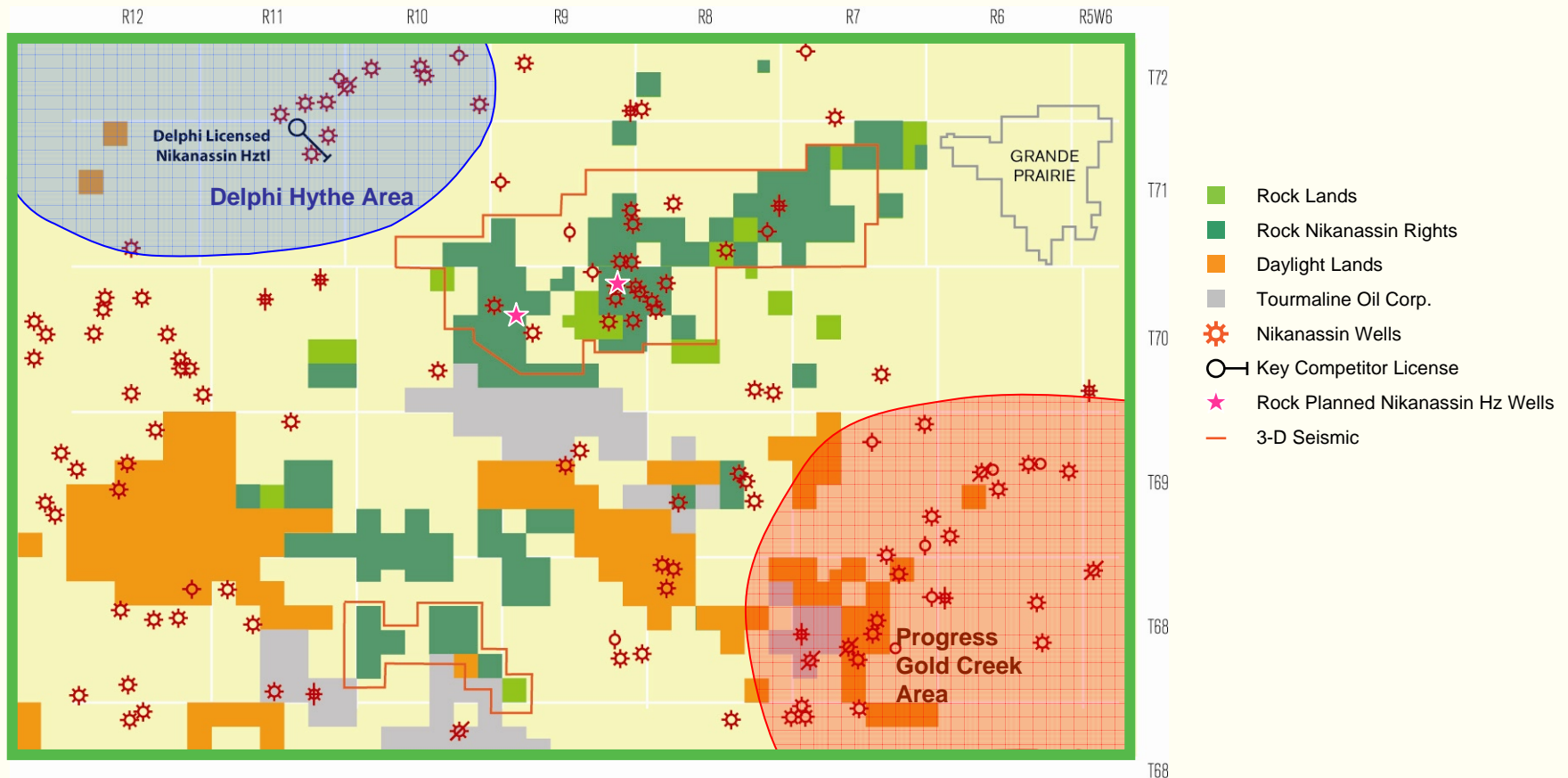
## 30+ Drilling locations

- Rock Lands
- Future Drilling Locations
- ★ Exploration Drilling Locations
- 3-D Seismic

# Elmworth Resource Play Fairway



# Nikanassin Prospect



**Up to 157 net un-risked horizontal well locations (Primary Interval)**

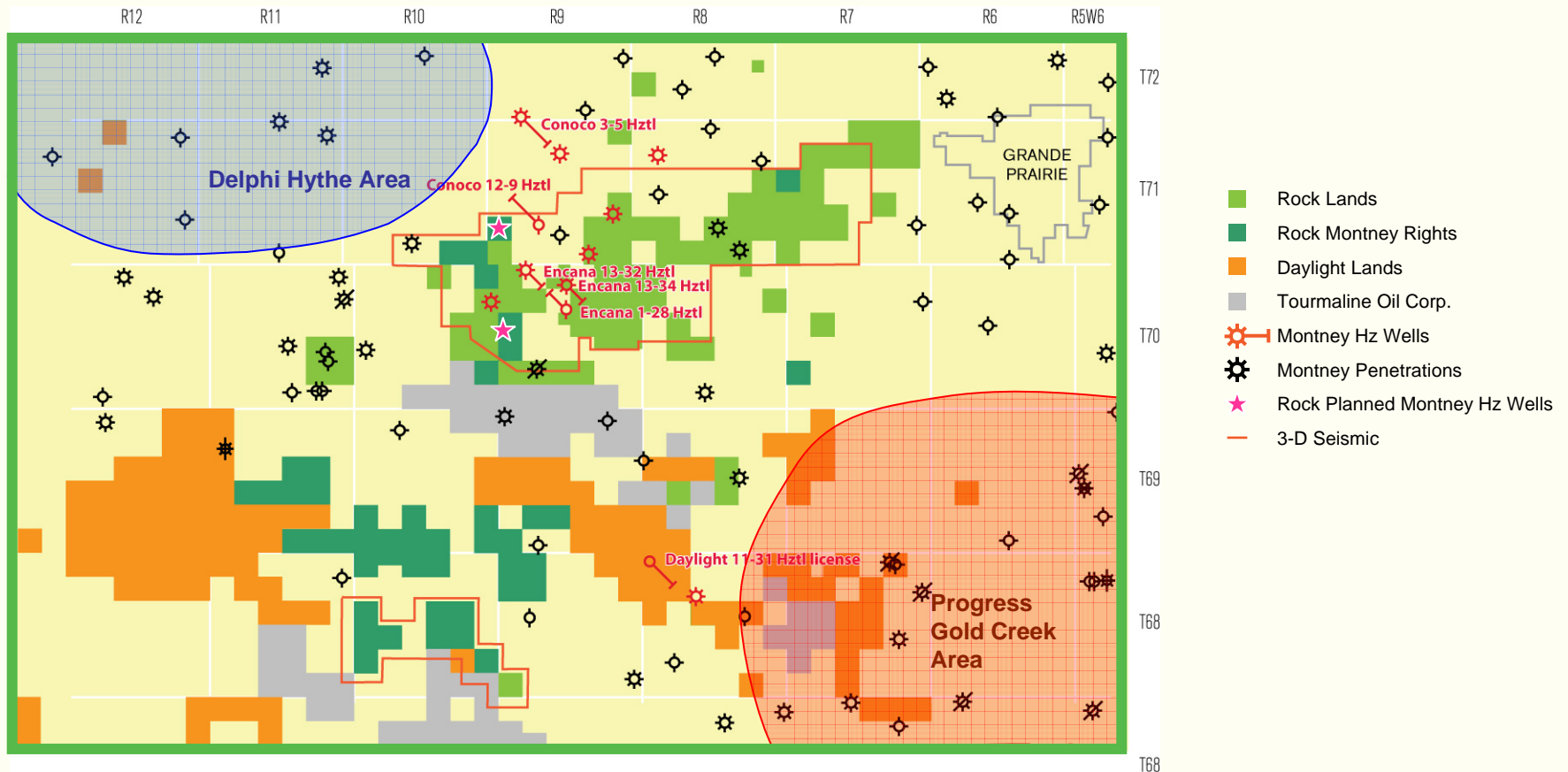


# Nikanassin Potential (Management Best Estimates)

|                                   |                        |              |
|-----------------------------------|------------------------|--------------|
| <b>Land Position</b>              | <b>Gross Sections</b>  | <b>77.25</b> |
|                                   | <b>Net Sections</b>    | <b>52.55</b> |
|                                   | <b>Average WI%</b>     | <b>68</b>    |
| <b>2-3 Pay intervals</b>          |                        |              |
| <b>Per Interval</b>               |                        |              |
| <b>Pay Thickness</b>              | <b>10-20m</b>          |              |
| <b>Porosity</b>                   | <b>6-12%</b>           |              |
| <b>TPIIP/Section</b>              | <b>15 BCF</b>          |              |
| <b>Wells /Section</b>             | <b>3</b>               |              |
| <b>Prospective Resources/well</b> | <b>4 BCF</b>           |              |
| <b>DCET Cost/Well</b>             | <b>\$4-\$6 million</b> |              |

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# Montney Prospect



Up to 176 net un-risked horizontal well locations (Primary Interval)



# Montney Potential (Management Best Estimates)

|                                   |                       |                        |
|-----------------------------------|-----------------------|------------------------|
| <b>Land Position</b>              | <b>Gross Sections</b> | <b>46.5</b>            |
|                                   | <b>Net Sections</b>   | <b>44.0</b>            |
|                                   | <b>Average WI%</b>    | <b>94.6</b>            |
| <b>3 Pay Intervals</b>            |                       |                        |
| <b>Per Interval</b>               |                       |                        |
| <b>Pay Thickness</b>              |                       | <b>20-30m</b>          |
| <b>Porosity</b>                   |                       | <b>3-9%</b>            |
| <b>TPIIP/Section</b>              |                       | <b>20 BCF</b>          |
| <b>Wells /Section</b>             |                       | <b>4</b>               |
| <b>Prospective Resources/well</b> |                       | <b>4 BCF</b>           |
| <b>DCET Cost/Well</b>             |                       | <b>\$5-\$7 million</b> |

Total Petroleum Initially in Place (TPIIP) is defined as the quantity of hydrocarbons that are estimated to be in place within a known accumulation, plus those estimated quantities in accumulations yet to be discovered. There is no certainty that it will be economically viable or technically feasible to produce any portion of this TPIIP except for those identified as proved or probable reserves.



# How big could the resource be?

|   | <b>Nikanassin</b> | <b>Montney</b> | <b>Total</b> |
|---|-------------------|----------------|--------------|
| Net Sections                              | 52.6              | 44.0           | 96.6         |
| Prospective Resource Potential/Sect (BCF) | 12                | 16             |              |
| Managements Estimate of Prospective Land  | 10%               | 10%            | 10%          |
| Prospective Resource Potential            | BCF 63.1          | 70.4           | 133.5        |
|   | MMBOE 10.5        | 11.7           | 22.2         |

**Total Prospective Resource Potential 22.2 MMBOE**

**Company P+P Reserves as of December 31, was 10.2 MMBOE**



# Rock's Growth Strategy

## Near Term

Capital focused on Heavy Oil

- Rock has 80-90 low risk drilling locations
- 6 month payout at current oil price with Alberta Royalty Incentives

## Medium Term

Monitor Elmworth unconventional gas activity to prove up play

- No expiry issues on prospective land
- Monitor drilling/production results of offset wells

Pursue development drilling at Saxon and Elmworth (vertical) to add production and reserves

## Long Term

Develop a plan to exploit the resource potential of the unconventional reserve base at Elmworth



# Results and Guidance

|                               | <b>2008</b><br>(12 months) | <b>Fcst 2009</b><br>(12 months) | <b>Fcst 2010</b><br>(12 months) |
|-------------------------------|----------------------------|---------------------------------|---------------------------------|
| Production Avg. (boepd)       | <b>3,436</b>               | <b>3,300-3,500</b>              | <b>3,800-4,000</b>              |
| Funds from Ops. (\$Millions)  | <b>40.7</b>                | <b>19.6</b>                     | <b>33</b>                       |
| Funds/Share                   | <b>1.57</b>                | <b>0.73</b>                     | <b>1.08</b>                     |
| Capital Spending (\$Millions) | <b>50.2</b>                | <b>19</b>                       | <b>43</b>                       |
| Debt (\$ Millions)            | <b>38.6</b>                | <b>24.0</b>                     | <b>34.0</b>                     |
| WTI (\$US/bbl)                | <b>99.65</b>               | <b>61.51</b>                    | <b>75.00</b>                    |
| AECO (\$CDN/mcf)              | <b>8.16</b>                | <b>3.90</b>                     | <b>5.75</b>                     |
| F/X                           | <b>0.94</b>                | <b>0.88</b>                     | <b>0.95</b>                     |

2010 Sensitivities:      \$1.00 US/bbl Change in WTI = \$0.78 million Change in annual Cash Flow  
 (Note: royalties not changed)      \$.25 CDN/mcf Change in AECO = \$0.60 million Change in annual Cash Flow



# Analyst Coverage

|                                  | <b>Rating</b>     |
|----------------------------------|-------------------|
| <b>FirstEnergy Capital Corp.</b> | <b>Outperform</b> |
| <b>Macquarie Capital Markets</b> | <b>Outperform</b> |
| <b>Wellington West Capital</b>   | <b>Strong Buy</b> |
| <b>National Bank Financial</b>   | <b>Outperform</b> |
| <b>Dundee Securities</b>         | <b>Buy</b>        |
| <b>Acumen Capital</b>            | <b>Buy</b>        |
| <b>Research Capital</b>          | <b>Buy</b>        |



# Conclusions

1. **Rock has laid a solid balanced foundation of production, cash flow and financial capability, and is building production with its heavy oil drilling inventory**
  
2. **Rock has developed a large inventory of drilling locations which will provide meaningful growth:**
  - a) **Short Term**                      **Solid base of heavy oil drilling locations that pay out in 6 months**
  
  - b) **Medium Term**                      **Strong inventory of development drilling at Saxon and Elmworth that can add significant production**
  
  - c) **Long Term**                      **An emerging gas resource play in Elmworth where management has identified significant gas resource potential**



# Supplemental Information



# Market Profile

|                              |                            |                      |
|------------------------------|----------------------------|----------------------|
| <b>TSX stock symbol</b>      | <b>RE</b>                  |                      |
| <b>Shares outstanding</b>    |                            |                      |
| <b>Basic</b>                 | <b>30.6 million</b>        |                      |
| <b>Fully diluted</b>         | <b>32.2 million</b>        |                      |
| <b>Ownership</b>             | <b>Basic</b>               | <b>Fully Diluted</b> |
| <b>Management</b>            | <b>7.1%</b>                | <b>11.7%</b>         |
| <b>ARC</b>                   | <b>23.8%</b>               | <b>22.7%</b>         |
| <b>Recent trading range</b>  | <b>\$3.25 – \$3.50</b>     |                      |
| <b>Market capitalization</b> | <b>\$100-\$110 million</b> |                      |



# Strong Management Team

## Management Team

**Allen J. Bey**

**President, CEO and Director**

**John H. Van de Pol**

**Vice President, Finance and CFO**

**Jeffrey G. Campbell**

**Vice President, Operations and COO**

**Arezki Ioughlissen**

**Vice President, Exploration**

## Directors

**Stuart G. Clark – Chairman of the Board**

**Malcolm T.D. Adams**

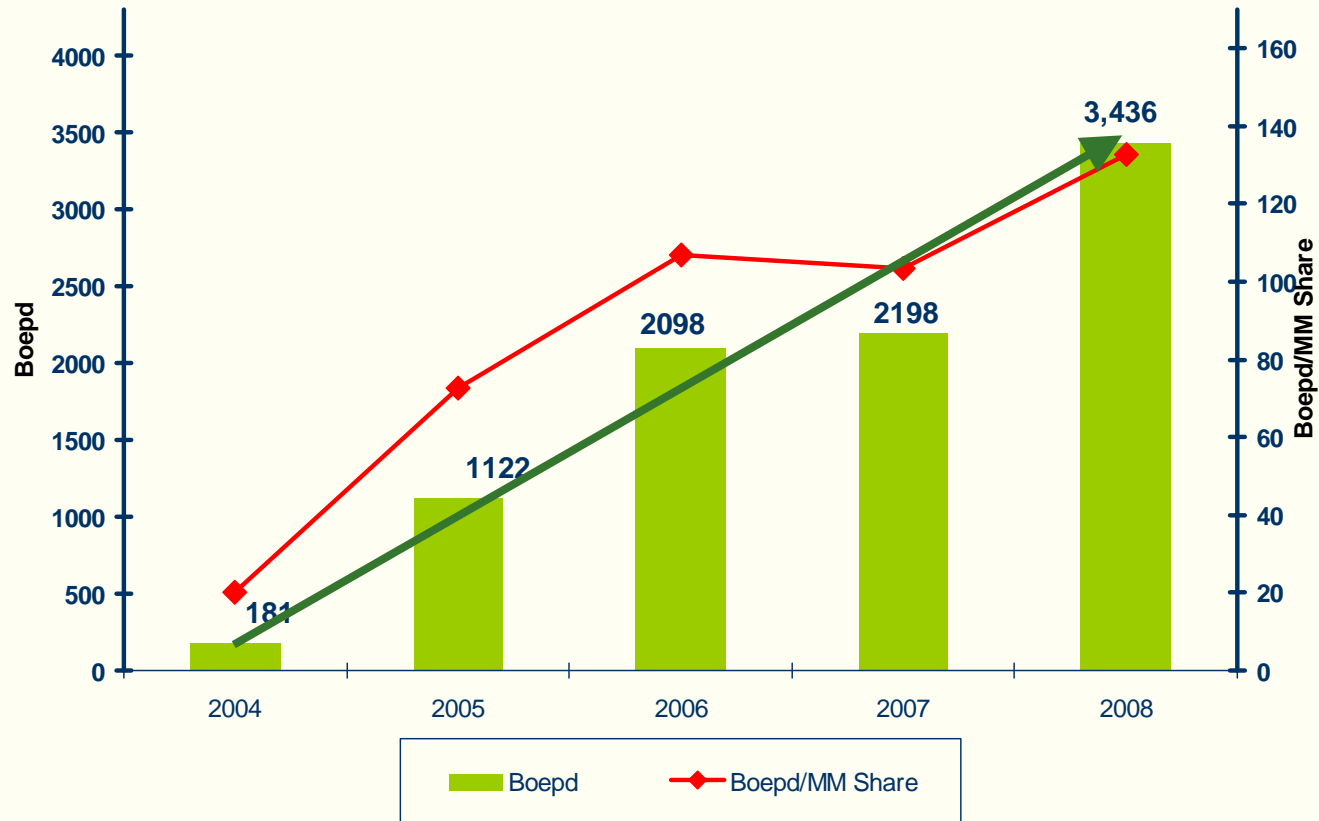
**James K. Wilson**

**Peter V. Malowany**

**Allen J. Bey**

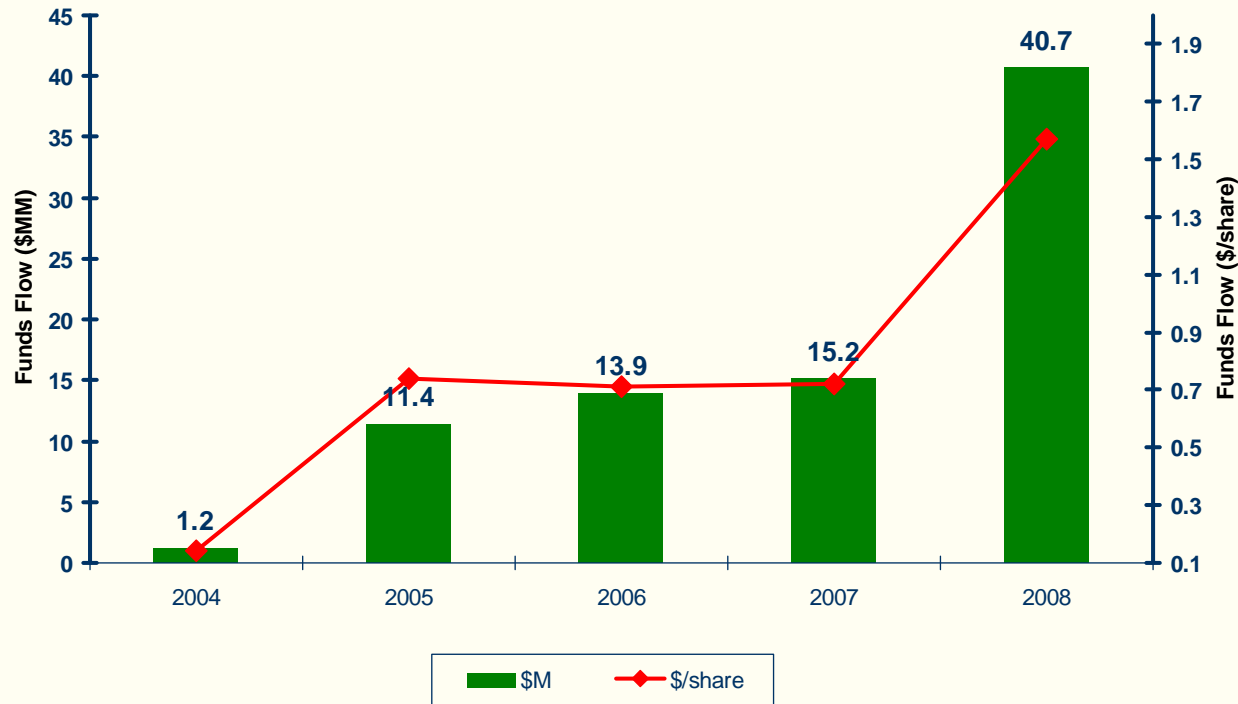
**Management, Directors and ARC own or control 34% of fully diluted shares**

# Production History



**CAGR/Share = 185%**  
**CAGR Absolute = 109%**

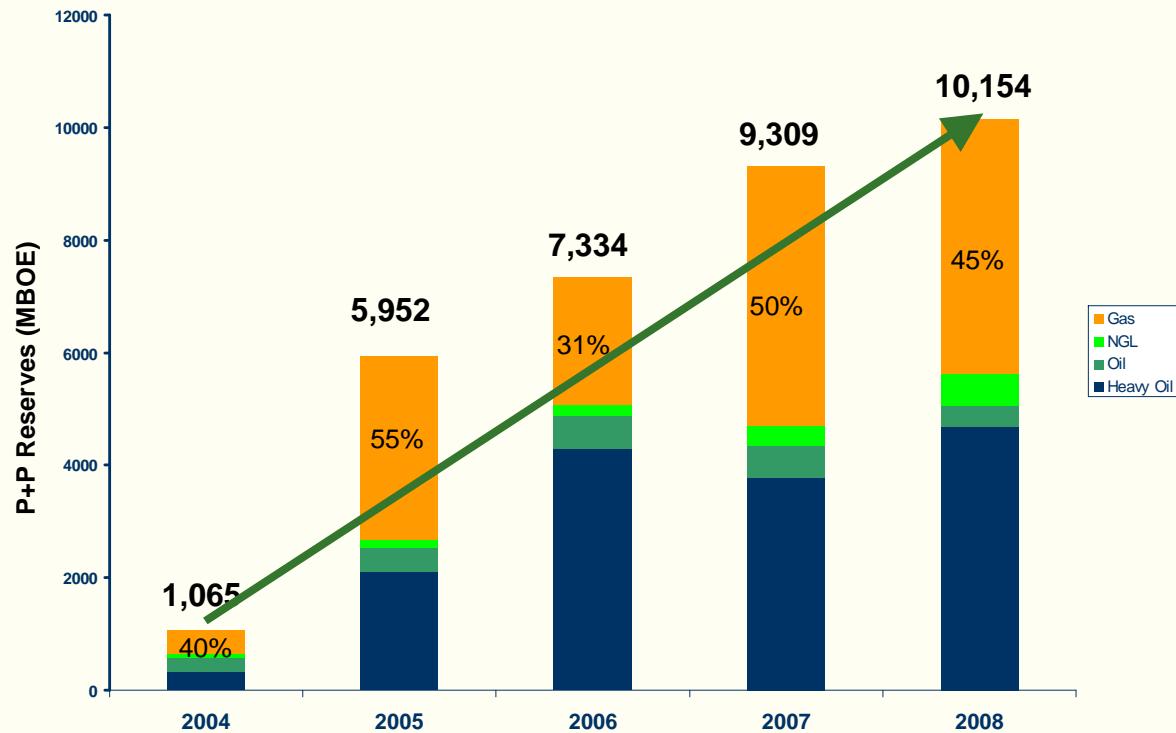
# Funds from Operations



**2009 Q3 = \$4.4 Million  
\$0.17/Share**

**2009 YTD= \$13.5 Million  
\$0.52/Share**

# Reserve Growth



**CAGR per Share = 36%**  
**CAGR Absolute = 76%**

# Net Asset Value (July 1, 2009)

|                    |              |        | Net Present Value (BTAX) (\$MM) |       |       |      |      |
|--------------------|--------------|--------|---------------------------------|-------|-------|------|------|
|                    |              | MBOE   | 10%                             | 15%   | 20%   | 25%  | 30%  |
| <b>Reserves</b>    | <b>TP</b>    | 5.828  | 93.1                            | 82.3  | 74.0  | 67.4 | 62.0 |
|                    | <b>P+P</b>   | 10.154 | 151.9                           | 129.1 | 112.1 | 99.0 | 88.6 |
| <b>Land</b>        |              |        | 11.7                            | 11.7  | 11.7  | 11.7 | 11.7 |
| <b>Debt</b>        |              |        | 34.8                            | 34.8  | 34.8  | 34.8 | 34.8 |
| <b>NAV</b>         |              |        | 128.8                           | 106.0 | 89.0  | 75.9 | 65.5 |
| <b>Shares</b>      | <b>Basic</b> |        | 26.2                            | 26.2  | 26.2  | 26.2 | 26.2 |
|                    | <b>FD</b>    |        | 27.7                            | 27.7  | 27.7  | 27.7 | 27.7 |
| <b>Option \$MM</b> |              |        | 1.4                             | 1.4   | 1.4   | 1.4  | 1.4  |
| <b>Total NAV</b>   |              |        | 130.2                           | 107.4 | 90.4  | 77.3 | 66.9 |
| <b>NAV/Share</b>   | <b>Basic</b> |        | 4.92                            | 4.05  | 3.40  | 2.90 | 2.50 |
|                    | <b>FD</b>    |        | 4.70                            | 3.88  | 3.21  | 2.79 | 2.42 |

Assumptions: GLJ July 1, 2009 Price Forecast, Land at \$150/acre, Debt at June 30, 2009, Reserves at Dec 31, 2008



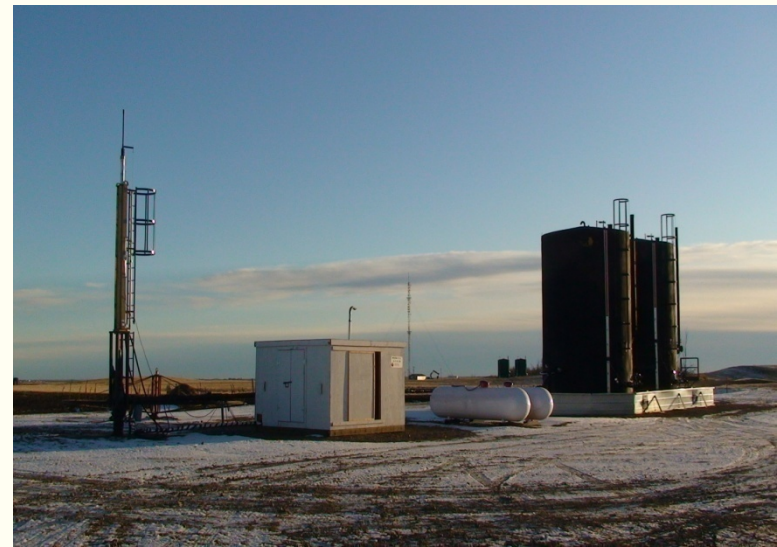
# Drilling Results

|                               | 2006          | 2007           | 2008          | 2009 YTD      |
|-------------------------------|---------------|----------------|---------------|---------------|
| <b>Heavy Oil</b>              | 25 (25.0 net) | 8 (8.0 net)    | 18 (18.0 net) | 17 (17.0 net) |
| <b>Light Oil</b>              | 2 (0.7 net)   | Nil            | Nil           | Nil           |
| <b>Gas</b>                    | 4 (1.4 net)   | 6 (3.09 net)   | 14 (5.3 net)  | 2 (1.3 net)   |
| <b>D/A</b>                    | 2 (1.1 net)   | 2 (1.12 net)   | 1 (1.0 net)   | Nil           |
| <b>Total</b>                  | 33 (28.2 net) | 16 (12.21 net) | 33 (24.3 net) | 19 (18.3 net) |
| <b>Success Rate<br/>(net)</b> | 96%           | 91%            | 96%           | 100%          |

# Heavy Oil Pumping Systems



**Progressive Cavity Pump**  
(Screw pump) used on most of Rocks heavy oil wells to accommodate sand production.



**Continuous Pump to Surface System** used on a few of Rocks heavy oil wells that have particularly high sand production