

2010 THIRD QUARTER REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

 **rockenergy**

TSX: RE

CORPORATE SUMMARY

FINANCIAL	Three Months Ended Sept. 30, 2010	Three Months Ended Sept. 30, 2009	Nine Months Ended Sept. 30, 2010	Nine Months Ended Sept. 30, 2009
Crude oil and natural gas revenue ('000)	\$ 15,497	\$ 12,124	\$ 47,622	\$ 35,428
Funds from operations ('000) ⁽¹⁾	\$ 6,506	\$ 4,403	\$ 19,752	\$ 13,494
Per share - basic	\$ 0.21	\$ 0.17	\$ 0.64	\$ 0.52
- diluted	\$ 0.21	\$ 0.16	\$ 0.62	\$ 0.52
Cash provided by operating activities ('000)	\$ 11,403	\$ 2,505	\$ 23,173	\$ 8,459
Net loss ('000)	\$ (779)	\$ (1,712)	\$ (1,327)	\$ (5,718)
Per share - basic	\$ (0.03)	\$ (0.07)	\$ (0.04)	\$ (0.22)
- diluted	\$ (0.03)	\$ (0.07)	\$ (0.04)	\$ (0.22)
Capital expenditures, net ('000)	\$ 9,320	\$ 4,599	\$ 30,173	\$ 10,068
	As at Sept. 30, 2010	As at Sept. 30, 2009		
Bank debt, net of working capital ('000)	\$ 35,935	\$ 35,035		
Common shares outstanding	30,837,079	26,207,243		
Options outstanding	2,089,828	1,626,682		
OPERATIONS	Three Months Ended Sept. 30, 2010	Three Months Ended Sept. 30, 2009	Nine Months Ended Sept. 30, 2010	Nine Months Ended Sept. 30, 2009
Average daily production				
Crude oil and natural gas liquids (bbls/d)	2,453	1,763	2,385	1,788
Natural gas (mcf/d)	7,715	8,775	7,663	10,005
Total (boe/d)	3,739	3,225	3,662	3,455
Average product prices				
Crude oil and natural gas liquids (Cdn\$/bbl)	\$ 56.74	\$ 59.20	\$ 59.21	\$ 49.38
Natural gas (Cdn\$/mcf)	\$ 3.79	\$ 3.12	\$ 4.33	\$ 4.15
Combined (Cdn\$/boe)	\$ 45.05	\$ 40.84	\$ 47.63	\$ 37.55
Field netback (Cdn\$/boe) ⁽¹⁾	\$ 22.55	\$ 18.38	\$ 24.07	\$ 17.59

Note ⁽¹⁾ Funds from operations, funds from operations per share and field netback are not terms under generally accepted accounting principles (GAAP). Funds from operations represents cash generated from operating activities before changes in non-cash working capital and asset retirement expenditures. Rock considers funds from operations a key measure as it demonstrates the Company's ability to generate the cash necessary to fund future growth through capital investment. Funds from operations per share is calculated using the same share basis which is used in the determination of net income (loss) per share. Field netback is calculated as crude oil and natural gas revenues after deducting royalties, operating costs and transportation costs, resulting in an approximation of initial cash margin in the field on crude oil and natural gas production. Rock's use of these non GAAP measurements may not be comparable with the calculation of similar measures for other companies.

LETTER TO THE SHAREHOLDERS

During the third quarter of 2010 Rock continued to generate growth in its operating and financial results. The quarter was highlighted by the following achievements:

- Daily production increased for the fourth quarter in a row and averaged 3,739 boe per day;
- Increased funds from operations for the third quarter of 2010 to \$6.5 million (\$0.21/share) compared to \$4.4 (\$0.17/share) in the third quarter of 2009;
- Drilled and cased 8 (8.0 net) successful heavy oil wells.

Rock's daily production for the third quarter of 2010 averaged 3,739 boe per day (66% crude oil and natural gas liquids) despite adverse weather conditions which impacted the Company's operations. With improved weather conditions and a return to normal operations, current production is estimated to be approximately 4,000 boe per day. Rock has maintained its production guidance throughout 2010 and anticipates daily production to reach 4,400 - 4,600 boe per day by year end with a product mix that is expected to be approximately 71% crude oil and natural gas liquids.

Operations Update

Year to date, Rock has drilled 27 (27.0 net) heavy oil wells, 5 (2.3 net) natural gas wells and one (1.0 net) dry hole. The Company is completing its planned capital program for 2010 including the drilling of three natural gas wells in West Central Alberta and an additional four heavy oil wells in the Plains region.

Elmworth, West Central Alberta

The Company is proceeding with the drilling of its first operated 50% working interest Montney horizontal natural gas well at Elmworth in the fourth quarter of 2010. The well is planned to be completed in the first quarter of 2011 using multistage fracturing techniques and is expected to be brought on stream later in 2011.

During the fourth quarter of 2010 Rock has initiated the deepening of a well on our northern Elmworth land block to confirm the existence of the Montney formation on this portion of our lands. Rock is currently completing and testing this well and expects results by year end. In addition, Rock is planning to drill another vertical test well in the fourth quarter of 2010 to begin the evaluation of our southern Elmworth land block. This well is the first of five vertical test wells planned in 2010 and 2011 that will prove up the resource potential of Rock's significant land position in this area.

Rock expects the combination of horizontal producing wells and vertical test wells to further confirm the productive capability of deeper Montney natural gas reserves on our Elmworth natural gas resource play following on the success of our 100% working interest vertical Montney test well drilled earlier this year and the positive results of offsetting operators near our lands.

Heavy Oil, Plains Region

During 2010 Rock plans to drill a total of 31 (31.0 net) heavy oil wells and to exit the year producing 2,800 - 3,000 barrels per day of heavy oil. The company has been successful in adding more lands to our inventory and now has 150 heavy oil drilling locations. Rock has been proceeding with its heavy oil recompletion/re-activation program and preliminary results with radial drilling are encouraging. Rock will continue utilizing this technique and expects to have more measureable results on this initiative in 2011.

Financial Update

Rock generated funds from operations of \$6.5 million (\$0.21 per basic share) in the third quarter of 2010. Rock's realized price in the third quarter of 2010 was \$45.05 per boe compared to \$40.84 per boe in the third quarter of 2009. The increase in price realizations can be attributed to the increase in crude oil prices despite a widening in heavy oil differentials due to several pipeline outages during the quarter. These positive crude oil price movements more than offset the decline in natural gas prices. Rock generated funds from operations per boe of \$18.91 compared to \$14.84 per boe in the third quarter of 2009. An increase in the Company's operating costs occurred during the third quarter of 2010 as heavy oil production increased. Although operating costs have increased, the Company realized a field netback of \$22.55 per boe, an increase of 23% compared to \$18.38 per boe realized in the same period of 2009. Net capital expenditures for the third quarter of 2010 were \$9.3 million and total net debt at the end of the third quarter of 2010 was \$35.9 million against total available bank credit lines of \$50 million.

On October 28, 2010, the Company announced a bought deal financing of 1,855,000 common shares to be issued on a flow-through basis at a price of \$5.40 per flow-through common share for gross proceeds of \$10.0 million (net proceeds \$9.3 million). The financing is expected to close on November 16, 2010. The proceeds from the equity issue will be used to fund eligible Canadian Exploration Expenses incurred pursuant to the Company's ongoing exploration activities.

Outlook

Rock's Board of Directors have approved a capital program of \$42 million for 2010 which is planned to be funded from expected cash flow of \$27 million with the remainder financed from debt. The 2010 capital program, which includes drilling 31 heavy oil wells, will provide significant growth in our daily production and will further exploit our vertical crude oil and natural gas drilling opportunities.

Rock has developed a large inventory of over 250 vertical drilling opportunities including approximately 150 heavy oil drilling locations. In addition, with respect to our natural gas resource play at Elsworth, Rock has built an extensive inventory of natural gas opportunities and plans to drill, complete, test and tie-in one horizontal well and drill up to 6 vertical wells by the end of 2011 to confirm the extent of the play on our lands. This program is expected to add significant natural gas resources to Rock's portfolio that can be brought on production in 2011 and beyond.

With the proceeds from our recently announced equity financing, a planned disposition of minor non-core properties and projected cash flows, Rock's Board of Directors have approved a capital budget of \$54 million for 2011. This capital program is expected to provide significant growth in our daily average production and will include the drilling of up to 50 wells including 40 heavy oil wells.

Rock is forecasting average production to increase in 2011 by approximately 20% to average 4,400 – 4,600 boe per day and to exit the year at over 5,000 boe per day. Assuming that crude oil prices average US \$82.00 WTI per barrel and natural gas at AECO averages \$4.00 CDN/mcf with an exchange rate of \$0.97 CDN\$/US\$ the Company would generate funds flow of \$38 million (or \$1.16/share) and have year-end 2011 net debt of approximately \$48 million.

To date in 2010, Rock has successfully focused on increasing our crude oil production and proving up our natural gas reserves. The Company is in a strong financial position with a foundation of cash flow and excess debt capacity to execute on our 2011 capital program. For 2011, Rock is very well positioned to proceed with an exciting year of activity and to build on an already strong portfolio of opportunities.

On behalf of the Board of Directors,

(Signed) "John H. Van de Pol"
President & CFO

November 9, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Rock Energy Inc. ("Rock" or the "Company") is a publicly traded energy company engaged in the exploration for and development and production of crude oil and natural gas in Western Canada. Rock's corporate strategy is to continue to grow and develop an oil and gas exploration and production company through internal operations and acquisitions.

Rock evaluates its performance based on net income, funds from operations and field netbacks. Funds from operations are a measure used by the Company to analyze operations, performance, leverage and liquidity. Field netback is a benchmark used in the oil and gas industry to measure the financial contribution of crude oil and natural gas operations after the deduction of royalties, transportation costs, and operating expenses.

Rock faces competition in the oil and gas industry for resources, including technical personnel and third-party services. The Company focuses on hiring and retaining personnel with the expertise to develop opportunities on existing lands and control operating and administrative cost structures. Rock also seeks to obtain the best price available based on the quality of its produced commodities.

The following discussion and analysis is dated November 9, 2010 and is management's assessment of Rock's historical financial and operating results, together with future prospects, and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2009. The discussion provided herein is incremental to that included in management's discussion and analysis in respect of its audited consolidated financial statements for the year ended December 31, 2009.

Basis of Presentation

Certain financial measures referred to in this discussion, such as funds from operations and funds from operations per share, are not prescribed by GAAP in Canada. Funds from operations is a key measure that demonstrates the ability to generate cash to fund expenditures. Funds from operations is calculated by taking cash provided by operations from the consolidated statement of cash flows and adjusting for changes in non-cash working capital and asset retirement expenditures. Funds from operations per share is calculated using the same methodology for determining net income (loss) per share. Field netback is calculated as crude oil and natural gas revenues after deducting royalties, operating costs and transportation costs, resulting in an approximation of initial cash margin in the field on crude oil and natural gas production. Rock's use of these non GAAP financial measures may not be comparable to similar measures presented by other companies. These financial measures are not intended to represent operating profits for the period nor should they be viewed as an alternative to cash provided by operating activities, net income (loss) or other measures of financial performance calculated in accordance with GAAP. The reconciliation between funds from operations and cash flow from operations for the three and nine months ended September 30, 2010 and 2009 is presented in the table below.

('000's)	Three Months Ended 09/30/10	Three Months Ended 09/30/09	Nine Months Ended 09/30/10	Nine Months Ended 09/30/09
Cash provided by operations	\$ 11,403	\$ 2,505	\$ 23,173	\$ 8,459
Add (deduct):				
Changes in non-cash working capital	(4,986)	1,844	(3,629)	4,981
Asset retirement expenditures	89	54	208	54
Funds from operations	\$ 6,506	\$ 4,403	\$ 19,752	\$ 13,494

All barrels of oil equivalent ("boe") conversions in this report are derived by converting natural gas to crude oil in the ratio of six thousand cubic feet ("mcf") of natural gas to one barrel ("bbl") of crude oil. Certain financial values are presented on a boe basis and such measurements may not be consistent with those used by other companies. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of six mcf to one boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Certain statements and information contained in this document, including but not limited to management's assessment of Rock's plans and future operations, production, reserves, revenue, commodity prices, operating and administrative expenditures, interest expense, future income taxes, drilling plans, acquisitions and dispositions, funds from operations, capital expenditure programs and debt levels, contain forward-looking statements. All statements other than statements of historical fact may be forward-looking statements. These statements, by their nature, are subject to numerous risks and uncertainties, some of which are beyond Rock's control including the effect of general economic conditions, industry conditions, regulatory and taxation regimes, volatility of commodity prices, currency fluctuations, the availability of services, imprecision of reserve estimates, geological, technical, drilling and processing problems, environmental risks, weather, the lack of availability of qualified personnel or management, stock market volatility, the ability to access sufficient capital from internal and external sources and competition

from other industry participants for, among other things, capital, services, acquisitions of reserves, undeveloped lands and skilled personnel, any of which may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such forward-looking statements, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated in the statements made and, therefore, should not unduly be relied on. These statements speak only as of the date of this document. Rock does not intend and does not assume any obligation to update these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

All financial amounts are in thousands of Canadian dollars (Cdn\$) unless otherwise noted.

Guidance and Outlook

2010 Update

Rock issued guidance on August 11, 2010 for projected 2010 results. The Company is updating its guidance at this time primarily to reflect changes in commodity prices which have affected our estimate of funds from operations. Throughout 2010 Rock plans to maintain a balance sheet that has debt to annualized quarterly funds from operations ratio that is not in excess of 1.5:1.0. Rock's capital budget has been designed and can be adjusted taking into account changes in commodity prices and resulting funds flows. Rock expects to drill 8 (4.8 net) wells in the West Central Alberta core area and 31 (31.0 net) heavy oil wells and one (1.0 net) dry hole in the Plains core area.

Current strip pricing shows the WTI crude oil price forecast in excess of US \$80.00/bbl for the remainder of the year. Natural gas prices have been forecast to decline from the first nine month AECO prices of \$4.13 per mcf to an average AECO price of \$3.50 per mcf for the remaining three months of 2010. Primarily due to lower than anticipated natural gas prices during the last half of 2010, guidance for funds from operations estimates have been reduced from \$31 million to \$27 million. As a result of the adjustment in natural gas pricing and the Alberta royalty incentive program, royalty rates have been decreased to approximately 18 percent. Forecasted operating costs have increased to \$16.51 per boe for 2010 compared to \$13.40 per boe in 2009. This increase reflects the steady increase of higher cost heavy oil wells in our production mix. General and administrative expenses are expected to be \$3.09 per boe compared to \$2.53 per boe in 2009. Interest costs on both an absolute and per boe basis are anticipated to be comparable to 2009.

The planned activities and assumptions outlined above result in a \$42 million capital budget from which Rock is projecting 2010 annual production to increase by a range of 11 percent to 16 percent over average 2009 levels. Funds from operations of \$27 million (\$0.86 per basic share) are projected to increase by approximately 38 percent from 2009 levels due to higher commodity prices and production. After applying the proceeds from the recently announced equity financing, year-end net debt is projected to be \$32 million with a debt to annualized fourth quarter funds from operations ratio of 1.1:1. The table below provides Rock's guidance.

	November 9, 2010 Guidance	August 11, 2010 Guidance
Annual	3,800 –4,000	3,800 –4,000
Exit (December average)	4,400 –4,600	4,400 –4,600
2010 funds from operations		
Annual	\$ 27 million	\$ 31 million
Annual - per basic share	\$0.86	\$1.00
2010 capital budget		
Expenditures	\$ 42 million	\$ 43 million
Wells Drilled	40 – 45	40 – 45
Total year-end net debt ⁽¹⁾	\$ 32 million	\$ 38 million
Pricing	(October to December)	(July to December)
Crude oil – WTI	US\$80.00/bbl	US\$82.00/bbl
Natural gas – AECO	\$ 3.50/mcf	\$ 4.00/mcf
Cdn\$/US\$ exchange rate	\$ 0.97	\$ 0.96

⁽¹⁾ Net debt is the working capital deficiency including bank debt.

2011 Guidance

The table below provides Rock's preliminary guidance for 2011. The budget for 2011 has been prepared based on capital expenditures of \$54 million and estimated funds from operations of \$38 million. As the budget for 2011 is based on capital expenditures that are in excess of funds from operations additional financing sources will be required. These additional sources include proceeds from the recently announced equity financing and from available credit facilities. The Company plans to maintain a balance sheet that has debt to annualized quarterly funds from operations ratio that is not in excess of 1.5:1. With anticipated proceeds from the financing along with planned capital expenditures and expected funds from operations total year-end net debt is expected to be \$48 million. At this debt level, the debt to annualized quarterly funds from operations would be approximately 1.2:1. In addition, our capital budget, which has a focus on spending during the first and third quarters, has been designed to monitor commodity prices and resulting funds flows and can be adjusted accordingly.

Based on the budgeted capital expenditures, Rock is projecting 2011 annual production to increase in the range of 15 to 20 percent to 4,500 – 4,700 boe per day over average 2010 levels. Rock expects to drill 5 to 10 natural gas wells in the West Central area and approximately 40 heavy oil wells in the Plains core area.

WTI crude oil prices are forecast to average US \$82.00/bbl and natural gas prices are forecast to average an AECO price of \$4.00 per mcf in 2011. As a result of pricing, royalty rates have been forecast at approximately 16 percent. Other cash costs, including operating costs, G&A costs and interest expense are forecast to be comparable on a boe basis to those realized in 2010.

	November 9, 2010 2011 Guidance
2011 Production (boe/d)	
Annual	4,500 – 4,700
Exit (December average)	5,000 – 5,200
2011 funds from operations	
Annual	\$ 38 million
Annual - per basic share	\$1.16
2011 capital budget	
Expenditures	\$ 54 million
Wells Drilled	45 – 50
Total year-end net debt ⁽¹⁾	\$ 48 million
Pricing (annual)	
Crude oil – WTI	US\$82.00/bbl
Natural gas – AECO	\$ 4.00/mcf
Cdn\$/US\$ exchange rate	\$ 0.97

⁽²⁾ Net debt is the working capital deficiency including bank debt.

Production

Production by Product	Three	Three	Change	Nine	Nine	Change
	Months	Months		Months	Months	
	Ended	Ended		Ended	Ended	
	09/30/10	09/30/09		09/30/10	09/30/09	
Heavy oil (bbls/d)	2,155	1,468	47%	2,076	1,444	44%
Light oil (bbls/d)	113	121	(7)%	107	132	(19)%
Natural gas (mcf/d)	7,715	8,775	(12)%	7,663	10,005	(23)%
Natural gas liquids (bbls/d)	185	174	6%	202	212	(5)%
Total boe/d (6:1)	3,739	3,225	16%	3,662	3,455	6%

Production for the three and nine months ended September 30, 2010 has increased 16% and 6%, respectively, over the same period in 2009 due to the increase in heavy oil production offsetting the decrease in natural gas, light oil and natural gas liquids production. A decline in natural gas and related natural gas liquids production is related to reduced drilling activity in 2009 and 2010 due to low natural gas prices. Light oil declines are attributed to a non-core property which is experiencing natural production declines. Heavy oil production increases were primarily attributable to the successful heavy oil drilling programs in 2010 and 2009. Rock currently anticipates completing a 31 well heavy oil drilling program in the Plains area in 2010, of which 27 were drilled in the first nine months of 2010. Of the heavy oil wells drilled in the nine months ended September 30, 2010, 25 were producing by September 30, 2010 with all wells completed at the date of this report.

Product Prices

	Three	Three	Change	Nine	Nine	Change
	Months	Months		Months	Months	
	Ended	Ended		Ended	Ended	
	09/30/10	09/30/09		09/30/10	09/30/09	
Realized product prices						
Heavy oil (\$/bbl)	56.79	59.26	(4)%	58.92	50.08	18%
Light oil (\$/bbl)	66.09	71.27	(7)%	72.54	56.57	28%
Natural gas (\$/mcf)	3.79	3.12	21%	4.33	4.15	4%
Natural gas liquids (\$/bbl)	50.43	50.28	-	55.12	40.06	38%
Combined average (\$/boe)	45.05	40.84	10%	47.63	37.55	27%
Cdn\$/US\$ exchange rate	0.962	0.911	6%	0.965	0.857	13%
Average reference prices						
Crude oil – WTI Cushing, Oklahoma (US\$/bbl)	76.14	68.30	12%	77.63	57.01	36%
Crude oil – Edmonton light (Cdn\$/bbl)	74.44	71.54	4%	76.56	62.36	23%
Heavy oil – WCS (Cdn\$/bbl)	62.91	63.75	(1)%	67.02	55.67	20%
Natural gas – Henry Hub Daily Spot (US\$/mmbtu)	4.30	3.16	36%	4.59	3.81	20%
Natural gas – AECO C Daily Spot (Cdn\$/mcf)	3.55	2.94	21%	4.13	3.78	9%
Differentials						
Realized heavy oil price to Edmonton light	24%	17%	41%	23%	20%	15%
Realized heavy oil price to WCS	10%	7%	43%	12%	10%	20%

In the third quarter of 2010 average realized commodity prices of \$45.05 per boe were 10% percent higher than the same quarter of 2009. The overall increase is the result of strengthening natural gas prices in the third quarter of 2010, representing a 21% increase from the same period of 2009. Average heavy oil prices of \$56.79 per boe for the third quarter of 2010 were 4% lower compared to same quarter of 2009. Although WTI crude oil prices have increased, the Company experienced a temporary widening of the heavy oil differential in the third quarter of 2010. This widening differential was due to several operational issues experienced in the North American oil transportation and upgrading infrastructure. During the quarter, there were several pipeline disruptions which restricted a significant volume of heavy crude oil from the market. In addition, a major upgrader at Lloydminster shut down for a major maintenance turnaround during the same time period. Corporate heavy oil price to Edmonton light represented a 24% differential in the third quarter of 2010 compared to 17% in the same period of 2009. The Company believes that this widening is short lived and expects heavy oil differentials to return to levels realized earlier in 2010.

For the nine months of 2010, the Company experienced continued improvement in commodity prices, for both crude oil-based products and natural gas. Corporate heavy oil prices for the nine months ended September of 2010 were \$58.92 per barrel, representing an 18% increase over the same period of 2009. The futures markets currently indicate that WTI prices may average approximately US \$80.00 per barrel for the remainder of 2010 therefore averaging US \$78.22 for the year. Average natural gas

prices of \$4.33 for the nine months ended 2010 were 4% higher compared to the same period of 2009. The current AECO natural gas price is approximately \$3.50 per mcf for the remainder of 2010 or 37% lower than the year end 2009 natural gas prices. Rock has not hedged any of its production at this point in time.

Revenue

The Company's revenue is derived from crude oil and natural gas operations.

	Three Months Ended 09/30/10	Three Months Ended 09/30/09	Change	Nine Months Ended 09/30/10	Nine Months Ended 09/30/09	Change
Crude oil and natural gas	\$ 15,497	\$ 12,124	28%	\$ 47,622	\$ 35,428	34%

Crude oil and natural gas revenue for the third quarter of 2010 increased by 28% compared to the same quarter of 2009. This increase is the result of a 16% increase in average production and from improved commodity prices representing a 10% increase in the realized sales price over the third quarter of 2009. Similarly, crude oil and natural gas revenue for the nine months ended September 30, 2010 was impacted by increased production and commodity prices.

Royalties

	Three Months Ended 09/30/10	Three Months Ended 09/30/09	Change	Nine Months Ended 09/30/10	Nine Months Ended 09/30/09	Change
Royalties	\$ 2,241	\$ 2,363	(5)%	\$ 7,140	\$ 6,541	9%
As a percentage of crude oil and natural gas revenue	14.5%	19.5%	(26)%	15.0%	18.5%	(19)%
Per boe (6:1)	\$ 6.52	\$ 7.96	(18)%	\$ 7.14	\$ 6.93	3%

Royalties for the third quarter of 2010 are lower on an absolute and per boe basis in comparison to the same period of 2009. Royalties for the nine months ended September 30, 2010 are higher on an absolute and per boe basis in comparison to 2009 as a result of increased commodity prices. On a percentage basis royalty rates were 14.5% and 15.0% of crude oil and natural gas revenue for the three and nine months ended September 30, 2010 compared to 19.5% and 18.5% for the same periods of 2009 reflective of a royalty incentive program initiated by the Alberta Government in 2009. The royalty incentive program allows for a reduced crown royalty rate of five percent for new wells tied in for production from April 1, 2009 to March 31, 2011. The incentive is subject to a limit based on the earlier of twelve months production or production limits of 50,000 bbls of crude oil production or 500 mmcf of natural gas production.

Operating Expense

	Three Months Ended 09/30/10	Three Months Ended 09/30/09	Change	Nine Months Ended 09/30/10	Nine Months Ended 09/30/09	Change
Operating costs	\$ 5,342	\$ 4,130	29%	\$ 15,975	\$ 11,729	36%
Transportation costs	154	171	(10)%	441	565	(22)%
	\$ 5,496	\$ 4,301	28%	\$ 16,416	\$ 12,294	34%
Per boe (6:1)	\$ 15.98	\$ 14.50	10%	\$ 16.42	\$ 13.03	26%

Operating expenses have increased on an absolute and boe basis during the three and nine months ended September 30, 2010 over the same period in 2009 due to the increase in the overall production mix to higher cost heavy oil production. Operating expenses for the remainder of the year are expected to continue on this trend resulting in an average of \$16.51 per boe for the year.

General and Administrative (G&A) Expense

	Three Months Ended 09/30/10	Three Months Ended 09/30/09	Change	Nine Months Ended 09/30/10	Nine Months Ended 09/30/09	Change
Gross	\$ 1,226	\$ 1,116	10%	\$ 4,534	\$ 3,302	37%
Per boe (6:1)	\$ 3.57	\$ 3.76	(5)%	\$ 4.54	\$ 3.50	30%
Capitalized	\$ 354	\$ 370	(4)%	\$ 1,203	\$ 1,122	7%
Per boe (6:1)	\$ 1.03	\$ 1.25	(18)%	\$ 1.20	\$ 1.19	1%
Net	\$ 872	\$ 746	17%	\$ 3,331	\$ 2,180	53%
Per boe (6:1)	\$ 2.53	\$ 2.51	1%	\$ 3.33	\$ 2.31	44%

Gross and net G&A expenses increased on an absolute basis in the three months ended September 30, 2010 compared to the same period in 2009. Overall costs increased due to increased staffing levels as a result of increased activity levels. However, with increased production, G&A expenses per boe were comparable at \$2.53 in the third quarter of 2010 compared to \$2.51 for the same period of 2009.

Overall costs for the nine months ended September 30, 2010 compared to the same period in 2009 increased on an absolute and per boe basis due to one-time, non-recurring termination costs and bonus payments made in 2010 relating to 2009 performance with no corresponding bonus recorded in 2009. The impact of the restructuring costs and bonuses for the nine month period in 2010 net G&A was an increase of \$575 or \$0.58 per boe. G&A expenses for the remainder of the year are expected to decrease on a per boe basis and are expected to average \$3.09 per boe for the year. The Company capitalizes certain G&A expenses based on personnel involved in exploration and development activities, including certain salaries and related overhead costs.

Interest Expense

	Three Months Ended 09/30/10	Three Months Ended 09/30/09	Change	Nine Months Ended 09/30/10	Nine Months Ended 09/30/09	Change
Interest	\$ 306	\$ 283	8%	\$ 755	\$ 818	(8)%
Per boe (6:1)	\$ 0.89	\$ 0.95	(6)%	\$ 0.76	\$ 0.87	(13)%

Interest incurred is as a result of bank borrowings. Interest expense has increased in the third quarter of 2010 compared to the same period in 2009 due to higher interest rates. The average effective interest rate on debt for the third quarter of 2010 was 3.5% compared to 3.2% for the same period in 2009. Interest expense for the nine months ended September 30, 2010 has decreased by 8% compared to the same period of 2009 due to lower debt levels. The average interest rate for the nine months ended 2010 was 3.2% compared to 3.0% for the same period in 2009.

Stock-Based Compensation Expense

	Three Months Ended 09/30/10	Three Months Ended 09/30/09	Change	Nine Months Ended 09/30/10	Nine Months Ended 09/30/09	Change
Stock-based compensation	\$ 288	\$ 162	78%	\$ 608	\$ 975	(38)%
Per boe (6:1)	\$ 0.84	\$ 0.55	53%	\$ 0.61	\$ 1.03	(41)%

Stock-based compensation costs are non-cash charges which reflect the estimated value of stock options issued to directors, officers and employees of Rock. The value of the award is recognized as an expense over the period from the grant date to the date of vesting of the award. The amount is primarily determined by the number of options granted, the vesting period and the estimated fair value of the options. During the nine months ended September 30, 2010, 1,136,900 options were granted compared to 1,615,399 options granted in the same period in 2009. The Company capitalizes a portion of stock-based compensation expense related to personnel involved in exploration and development activities.

Depletion, Depreciation and Accretion (DD&A) Expense

	Three Months Ended 09/30/10	Three Months Ended 09/30/09	Change	Nine Months Ended 09/30/10	Nine Months Ended 09/30/09	Change
Depletion and depreciation expense	\$ 6,978	\$ 6,432	9%	\$ 20,447	\$ 20,618	(1)%
Accretion expense	\$ 135	\$ 65	108%	\$ 377	\$ 195	93%
DD&A	\$ 7,113	\$ 6,497	9%	\$ 20,824	\$ 20,813	-
Per boe (6:1)	\$ 20.68	\$ 21.90	(6)%	\$ 20.83	\$ 22.06	(6)%

The depletion and depreciation expense per boe for the three and nine months ended September 30, 2010 decreased 6% compared to the same quarters in 2009 primarily due to reserve additions for the year ended December 31, 2009 and the nine months ended September 30, 2010. Lower depletion and depreciation expense per boe is also expected to continue for the remainder of 2010.

Accretion represents the change in the time value of the asset retirement obligation ("ARO"). Accretion expense increased for the three and nine months ended September 30, 2010 compared to the same periods of 2009 due to increased estimates of abandonment costs recognized in the ARO liability at December 31, 2009 and new wells drilled during the year. The underlying ARO may increase over a period based on new obligations incurred from drilling wells, constructing facilities, acquiring operations or adjusting future estimates of timing or amounts. Similarly this obligation can be reduced as a result of abandonment work undertaken and reducing estimates or timing of future obligations.

Taxes

The Company pays Saskatchewan resource capital taxes based on its production in the province. Rock does not have current income tax payable and does not expect to pay current income taxes in 2010 as the Company has estimated resource tax pools available at September 30, 2010 of \$127 million.

Funds from Operations and Net Loss

	Three Months Ended 09/30/10	Three Months Ended 09/30/09	Change	Nine Months Ended 09/30/10	Nine Months Ended 09/30/09	Change
Funds from operations	\$ 6,506	\$ 4,403	48%	\$ 19,752	\$ 13,494	45%
Per boe (6:1)	\$ 18.91	\$ 14.84	27%	\$ 19.76	\$ 14.31	37%
Per share						
Basic	\$ 0.21	\$ 0.17	24%	\$ 0.64	\$ 0.52	23%
Diluted	\$ 0.21	\$ 0.16	31%	\$ 0.62	\$ 0.52	19%
Cash provided by operating activities	\$ 11,403	\$ 2,505	355%	\$ 23,173	\$ 8,459	174%
Net loss	\$ (779)	\$ (1,712)	54%	\$ (1,327)	\$ (5,718)	77%
Per boe (6:1)	\$ (2.26)	\$ (5.77)	61%	\$ (1.33)	\$ (6.06)	78%
Per share						
Basic	\$ (0.03)	\$ (0.07)	(57)%	\$ (0.04)	\$ (0.22)	82%
Diluted	\$ (0.03)	\$ (0.07)	(71)%	\$ (0.04)	\$ (0.22)	82%
Weighted average shares outstanding:						
Basic	30,852,318	26,207,243	18%	30,656,682	26,089,340	18%
Diluted	31,714,835	26,696,120	19%	31,682,206	26,095,646	21%

Funds from operations increased over the prior year period as a result of higher production and higher commodity prices. Cash provided by operating activities has also increased for the three and nine months ended September 30, 2010 as a result of increased production and commodity prices. The higher production and commodity prices also contributed to a reduced net loss of \$0.8 million during the three months ended September 30, 2010 compared to a net loss of \$1.7 million during the same period of 2009. Basic and diluted shares outstanding have increased due to the equity issue completed in October 2009 and dilutive stock options.

Capital Expenditures

	Three Months Ended 09/30/10	Three Months Ended 09/30/09	Change	Nine Months Ended 09/30/10	Nine Months Ended 09/30/09	Change
Land	\$ 954	\$ 454	110%	\$ 1,425	\$ 836	70%
Seismic	\$ 27	\$ 232	(88)%	\$ 543	\$ 698	(22)%
Drilling and completions	\$ 7,188	\$ 4,314	67%	\$ 24,684	\$ 8,521	190%
Facilities	\$ 615	\$ 123	400%	\$ 1,821	\$ 347	425%
Property acquisitions	\$ 35	\$ -	100%	\$ 1,786	\$ -	100%
Capitalized G&A and stock based compensation	\$ 512	\$ 370	38%	\$ 1,538	\$ 1,122	37%
	\$ 9,331	\$ 5,493	70%	\$ 31,797	\$ 11,524	176%
Drilling incentive credits	\$ (11)	\$ (898)	(99)%	\$ (1,627)	\$ (1,468)	108%
	\$ 9,320	\$ 4,595	103%	\$ 30,170	\$ 10,056	200%
Office equipment	\$ -	\$ 4	(100)%	\$ 3	\$ 12	(75)%
Total net capital expenditures	\$ 9,320	\$ 4,599	103%	\$ 30,173	\$ 10,068	200%

Capital spending for the three and nine months ended September 30, 2010 were significantly higher than the same periods of 2009 due to increased drilling activity. The Company drilled 8 (8.0 net) heavy oil wells in the Plains core area during the third quarter of 2010. Drilling activity for nine months of September 2010 includes 27 (27.0 net) heavy oil wells and one (1.0 net) dry hole in the Plains core area and 5 (2.3 net) natural gas wells in the West Central Alberta core area. Rock's current capital budget for 2010 of \$42 million includes drilling an additional 4 (4.0 net) heavy oil wells in the Plains core area of 2010 and an additional 3 (2.5 net) wells in the West Central Alberta core area prior to year end.

Liquidity and Capital Resources

Rock currently plans to finance the capital expenditure program for 2010 of \$42 million from anticipated funds from operations of \$27 million, with the remainder financed with bank debt. The Company has a net debt position of \$35.9 million including a working capital deficiency position of \$0.5 million as at September 30, 2010. The Company's total debt to third quarter 2010 annualized funds from operations ratio was 1.4 to 1. This ratio has continued to fall from 2.4 to 1 for the first quarter of 2009 primarily due to improved crude oil pricing and the equity financing completed during the fourth quarter of 2009. After applying the proceeds from the recent equity financing, the Company expects to have a net debt position of approximately \$32 million by the end of 2010 with a debt to fourth quarter 2010 annualized funds from operations ratio of 1.1 to 1. The Company will continue to monitor capital, debt and cash levels and make adjustments in order to maintain an appropriate debt to funds from operations level.

The Company has a demand operating loan facility with a Canadian chartered bank. The limit under the facility at September 30, 2010 was \$50 million. The facility is subject to the bank's valuation of the Company's crude oil and natural gas assets. The facility bears interest at the bank's prime rate or at prevailing banker's acceptance rate plus an applicable bank fee, which varies depending on the Company's debt to funds from operations ratio. The facility also bears a standby charge for un-drawn amounts. The facility is secured by a first ranking floating charge on all real property of the Company, its subsidiary and partnership and a general security agreement. The next review for the facility is scheduled to be completed by the end of December 2010.

Selected Quarterly Data

The following table provides selected quarterly information for Rock (unaudited):

	Three Months Ended 09/30/10	Three Months Ended 06/30/10	Three Months Ended 03/31/10	Three Months Ended 12/31/09	Three Months Ended 09/30/09	Three Months Ended 06/30/09	Three Months Ended 03/31/09	Three Months Ended 12/31/08
Production (boe/d)	3,739	3,720	3,524	3,376	3,225	3,329	3,818	3,959
Crude oil and natural gas revenues	\$ 15,497	\$ 15,285	\$ 16,840	\$ 14,597	\$ 12,124	\$ 11,621	\$ 11,683	\$ 15,746
Average realized price (\$/boe)	\$ 45.05	\$ 45.15	\$ 53.09	\$ 47.00	\$ 40.84	\$ 38.37	\$ 33.99	\$ 43.23
Royalties (\$/boe)	\$ 6.52	\$ 5.07	\$ 10.03	\$ 8.37	\$ 7.96	\$ 5.16	\$ 7.61	\$ 9.24
Operating Expense (\$/boe)	\$ 15.98	\$ 16.91	\$ 16.38	\$ 14.49	\$ 14.50	\$ 12.40	\$ 12.33	\$ 14.99
Field netback (\$/boe) ⁽ⁱ⁾	\$ 22.55	\$ 23.17	\$ 26.68	\$ 24.14	\$ 18.38	\$ 20.81	\$ 14.05	\$ 19.00
G&A expense (\$/boe)	\$ 2.54	\$ 3.80	\$ 3.70	\$ 3.20	\$ 2.51	\$ 2.58	\$ 1.90	\$ 2.72
Interest expense (\$/boe)	\$ 0.89	\$ 0.75	\$ 0.62	\$ 0.70	\$ 0.95	\$ 0.92	\$ 0.75	\$ 0.91
Funds from operations ⁽ⁱ⁾	\$ 6,506	\$ 6,283	\$ 6,963	\$ 6,150	\$ 4,403	\$ 5,195	\$ 3,896	\$ 5,520
Per share								
Basic	\$ 0.21	\$ 0.21	\$ 0.23	\$ 0.21	\$ 0.17	\$ 0.20	\$ 0.15	\$ 0.21
Diluted	\$ 0.21	\$ 0.20	\$ 0.22	\$ 0.20	\$ 0.16	\$ 0.20	\$ 0.15	\$ 0.21
Net income (loss)	\$ (779)	\$ (601)	\$ 53	\$ (556)	\$ (1,712)	\$ (1,745)	\$ (2,261)	\$ (2,083)
Per share								
Basic	\$ (0.03)	\$ (0.02)	\$ -	\$ (0.02)	\$ (0.07)	\$ (0.07)	\$ (0.09)	\$ (0.08)
Diluted	\$ (0.03)	\$ (0.02)	\$ -	\$ (0.02)	\$ (0.07)	\$ (0.07)	\$ (0.09)	\$ (0.08)
Capital expenditures	\$ 9,320	\$ 7,188	\$ 13,665	\$ 10,424	\$ 4,599	\$ 2,095	\$ 3,374	\$ 9,254
	As at	As at	As at	As at	As at	As at	As at	As at
	09/30/10	06/30/10	03/31/10	12/31/09	09/30/09	06/30/09	03/31/09	12/31/08
Working capital deficiency (surplus) ⁽ⁱⁱⁱ⁾	\$ 495	\$ (2,069)	\$ 3,153	\$ 2,335	\$ (2,485)	\$ (975)	\$ 3,083	\$ 4,447

⁽ⁱ⁾ Funds from operations is calculated as cash generated from operating activities before changes in non-cash working capital and asset retirement expenditures.

⁽ⁱⁱ⁾ Field netback is calculated as crude oil and natural gas revenues less royalties, transportation and operating expenses.

⁽ⁱⁱⁱ⁾ Working capital deficiency is calculated as current assets less current liabilities excluding bank debt.

Crude oil and natural gas production decreased in the first three quarters of 2009 due to normal production declines as drilling activity was reduced due to low commodity prices. Production in the fourth quarter of 2009 started to increase as Rock began to execute an expanded heavy oil drilling program. Production continues to increase due to increased capital spending and is expected to increase in each quarter of 2010 and into 2011. Crude oil and natural gas revenues declined throughout the first three quarters of 2009 due to depressed commodity prices and decreased production. Prices and production began to increase during the fourth quarter of 2009 resulting in increased crude oil and natural gas revenues for the fourth quarter of 2009 and the first quarter of 2010. For the second and third quarter of 2010, crude oil and natural gas revenues increased as a result of increased production which has been offset by a lower average realized natural gas price. Royalties per boe have decreased since 2008 and averaged approximately 18% in 2009 primarily due to lower commodity prices. Royalties were lower for the first three quarters of 2010, due to the Alberta royalty incentive program initiated in 2009 and a retroactive gas cost allowance adjustment received in 2010 from the Alberta government. Royalty rates are expected to be approximately 17% for 2010. During the first half of 2009, well servicing was reduced due to low commodity prices resulting in lower operating expenses in the first two quarters of 2009. Operating costs increased through the remainder of 2009 and the first three quarters of 2010 due to a change in the Company's product mix as heavy oil prices improved, heavy oil drilling increased and work-over costs associated with its heavy oil wells were completed. G&A expenses for the first and second quarters of 2010 included bonus payments related to 2009 performance and one-time termination costs. Without incurring these one-time items, G&A expenses for the third quarter of 2010 have returned to normal levels on a per boe basis. Funds from operations have varied primarily due to changes in commodity price levels particularly in the fourth quarter of 2009 and first and second quarters of 2010. Management decided to reduce capital expenditures in the first three quarters of 2009 primarily due to an uncertain commodity price environment. For the fourth quarter of 2009 and the first three quarters of 2010, capital expenditures increased as the Company initiated an expanded heavy oil program due to an improvement in crude oil prices, heavy oil differentials and the introduction of the Alberta royalty incentive program.

Contractual Obligations

In the course of its business the Company enters into various contractual obligations including the following:

- Royalty agreements;
- Processing agreements;
- Right of way agreements; and
- Lease obligations for leased premises.

Obligations with a fixed term are as follows:

	2010	2011	2012
Office lease premises	\$ 131	\$ 523	\$ 349
Processing agreements	\$ 65	\$ 230	\$ 159

Outstanding Share Data

At September 30, 2010 Rock had 30,837,079 common shares outstanding and 2,089,828 stock options outstanding with an average exercise price of \$2.84. At November 9, 2010 Rock has 30,865,413 common shares outstanding and 2,061,494 options to purchase common shares outstanding with an average exercise price of \$2.87.

Disclosure Controls and Procedures

Management reported on its disclosure controls and procedures and the design of its internal controls over financial reporting in the year end 2009 MD&A. There has been no material change to the Company's disclosure controls or procedures or to the design of internal controls over financial reporting since that time.

International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Institute of Chartered Accountants' (CICA) Accounting Standards Board (AcSB) confirmed that changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises' interim and annual financial statements effective for fiscal years beginning on or after January 1, 2011 including comparatives for 2010. This changeover to IFRS represents a change due to new accounting standards. The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations.

The Company has created a high-level plan to execute and complete this conversion project that included the completion of a preliminary assessment of the significant differences between Canadian GAAP and IFRS. This assessment highlighted areas of difference that may impact the Company. Differences have been categorized as significant, moderate or low priority items. Significant priority items have fundamental differences between IFRS and Canadian GAAP and will require detailed analysis to facilitate policy decisions and may involve measurement differences or a combination of measurement and disclosure differences.

The Company is currently in the second phase of the project that is focusing on significant items that result in measurement differences. The Company is gathering data and analyzing the impact of these significant items. This detailed analysis will assess the impact of the significant differences to the Company and identify options available where choices in accounting policies are available. This analysis includes quantifying the effect on the Company's consolidated financial statements while considering impact on all external reporting including commonly reported ratios, covenants and investor and analyst information. Policy selection documentation will include the impacts the decision will have on internal processes and controls, system requirements, external disclosure requirements and a plan for implementation.

To date, the Company has completed its assessment of the key measurement differences between IFRS and Canadian GAAP. However, the Company will continue to monitor IFRS developments throughout the process. The Company has completed its evaluation on IFRS accounting policy choices and transitional exemptions. As such, the Company has drafted IFRS accounting policies which remain subject to change throughout the year as a result of IFRS developments and peer benchmarking. Rock has completed the drafting of its opening balance sheet as at January 1, 2010 including the preliminary review by the Company's auditors.

The Company considers the following to be the key areas that may impact the consolidated financial statements;

(A) Transition Decisions

IFRS 1 “First Time Adoption of IFRS” provides certain optional exemptions for entities adopting IFRS for the first time.

IFRS 1 contains exemptions whereby a Company may choose to apply IFRS to Property, Plant and Equipment (“PP&E”) prospectively to its full cost pool provided a ceiling test under IFRS standards be conducted at the transition date. More specifically, a Company may choose to allocate the historical full cost pool to cost centers by utilizing either volume or values from current reserves at the transition date. The Company has elected to apply this optional exemption under IFRS 1 and has allocated the historical full cost pool to cash generating units based on proved and probable reserve values. The Company has performed ceiling test calculations at the transition date and did not have any transitional ceiling test write-downs associated with its petroleum and natural gas properties.

As part of the aforementioned exemption, the Company will re-measure its asset retirement obligation as at the date of transition in accordance with IFRS and recognize directly into retained earnings any difference from the amount recorded under Canadian GAAP. To date, the Company has not yet concluded on the appropriate discount rate to use under IFRS. If the Company uses a lower risk free discount rate, the impact would be a significant increase to ARO liability with a corresponding downward revision to retained earnings. The Company is currently in discussion with its auditors with respect to the discount rate.

The Company also intends to apply the optional exemptions in respect of business combinations and share based payment transactions, both of which grant a first time adopter relief from retrospective restatement in accordance with IFRS prior to the date of transition to IFRS. The Company expects other optional exemptions and mandatory exceptions to be of limited significance.

(B) Property, Plant and Equipment (PP&E) and Impairment of Assets

The Company believes there are differences in this area between IFRS and Canadian GAAP that may significantly impact the Company. Rock will be required to adopt new accounting policies for PP&E upon transition to IFRS, including pre-exploration costs, exploration and evaluation costs and development costs. Differences include items that may be expensed or capitalized, numbers of depletable bases, reserves used in depletion calculations, accounting treatment for disposition of assets, levels at which ceiling tests are performed and differences in detailed ceiling test calculations.

Currently, the Company capitalizes and depletes pre-exploration costs within the country cost centre. The Company expects some pre-license exploration costs such as seismic costs where the Company has no petroleum and natural gas rights will be expensed under IFRS.

Exploration and evaluation costs (E&E) are those expenditures for an area or project for which technical feasibility and commercial viability have not yet been determined. Under IFRS, the Company will initially capitalize these costs as Exploration and Evaluation assets. When technical feasibility and commercial viability is determined, the costs will be transferred to PP&E. Exploration and evaluation costs will be expensed if technical feasibility and commercial viability cannot be established. E&E assets will not be amortized.

Development and production (D&P) costs include those expenditures for areas or projects where technical feasibility and commercial viability have been determined. Under IFRS, the Company will continue to capitalize these costs within PP&E. The costs must be depleted on a unit-of-production basis at a lower unit of account than the country cost centre level currently utilized under Canadian GAAP. The Company has determined the area level to be appropriate unit of account and will likely use both proved plus probable reserves. This will likely result in a lower DD&A charge per barrel of production.

Under Canadian GAAP, with respect to divestitures, there is no recognition of a gain or loss unless the deduction would result in a change to the depletion rate of 20 percent or greater, in which case a gain or loss is recorded. This is not the case with IFRS. PP&E divestitures will generally result in recognition of a gain or loss.

Under IFRS, the Company is required to recognize and measure an impairment loss if the carrying value exceeds the recoverable amount for a cash-generating unit. Under IFRS, the recoverable amount is the higher of fair value less cost to sell and value in use. The Company will group its PP&E assets into six cash-generating units for the impairment calculation. Currently under Canadian GAAP impairment tests are calculated at the country level.

(C) ARO Liability

The Company has evaluated the methodology by which its ARO liability will be calculated under IFRS. To date, the Company has not yet concluded on the appropriate discount rate to be used in valuing the liability.

(D) Disclosure Requirements

Increased disclosure requirements are also necessary for IFRS. As each significant item is analyzed, disclosure requirements will be documented to ensure required information is available.

Staff training programs began in 2009 and will be ongoing as the project unfolds. The Company will also continue to monitor standards development and regulatory pronouncements which may affect the timing, nature or disclosure of its adoption of IFRS. Additional disclosures of the key elements of the transition plan and progress of the project will be provided as information becomes available.

Due to the impact of various accounting policy alternatives and anticipated changes to IFRS prior to the conversion date, Rock has not been able to fully assess the impact of IFRS conversion on its consolidated financial statements.

Critical Accounting Estimates

Management is required to use judgment and estimates in the application of generally accepted accounting principles when preparing the financial results of the Company. The use of judgments and estimates may have a significant impact on the financial results of the Company. Please refer to the Management's Discussion and Analysis for the year ended December 31, 2009 for a discussion outlining these accounting policies and practices, which are critical in determining Rock's interim financial results.

Business Risks

Rock is exposed to a number of business risks, some of which are beyond its control, as are all companies in the oil and gas industry. These risks can be categorized as operational, financial and regulatory.

Operational risks include generating, finding and developing, and acquiring crude oil and natural gas reserves on an economical basis (including acquiring land rights or gaining access to land rights), reservoir production performance, marketing, production, hiring and retaining employees, and accessing contract services on a cost-effective basis. Rock attempts to mitigate these risks by employing highly qualified staff and operating in areas where employees have expertise. In addition the Company outsources certain activities to be able to lever industry expertise, without having the burden of hiring full-time staff given the current scope of operations. Typically the Company has outsourced the marketing, information technology and certain engineering and land functions. Rock is attempting to acquire existing oil and gas operations; however, Rock will be competing against many other companies for such operations, many of which will have greater access to resources. As a small company, gaining access to contract services may be difficult given the competitive nature of the industry, but Rock will attempt to mitigate this risk by utilizing existing relationships.

Financial risks include commodity prices, the US/Canadian dollar exchange rate and interest rates, all of which are largely beyond the Company's control. Currently Rock has not used any financial instruments to mitigate these risks. The Company may consider using financial instruments depending on the operating environment. The Company also requires access to capital. Currently Rock has a debt facility in place and intends to use its debt capacity in the future to finance capital expenditures including acquisitions. It intends to use prudent levels of debt to fund capital programs based on the expected operating environment. It also intends to access equity markets to fund opportunities; however, the ability to access these markets will be determined by many factors, many of which will be beyond the control of the Company.

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, have caused significant volatility to commodity prices. These conditions worsened in 2008, continued in 2009, and are slowly improving in 2010. These conditions caused a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial

institutions caused the broader credit markets to deteriorate and stock markets to decline substantially. However, in recent months these concerns are starting to moderate. These factors have negatively impacted company valuations and will impact the performance of the global economy going forward.

Petroleum prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and the demand of these commodities due to the current state of the world economies, OPEC actions and the ongoing credit and liquidity concerns. Volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

In addition, bank borrowings available to the Company may, in part, be determined by the Company's borrowing base. A sustained material decline in commodity prices from historical average prices could reduce the Company's borrowing base, therefore reducing the bank credit available to the Company which could require that a portion, or all, of the Company's bank debt be repaid. In the current economic climate, including the recent deterioration in commodity prices, the Company's ability to access both credit and equity markets may be compromised or prohibited as many credit lenders and equity investors are restricting funds available to companies like Rock and as a result, Rock may have to alter its future spending plans.

Environmental Regulation and Risk

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. The Company has put in place a corporate safety program and a site-specific emergency response program to help manage these risks. The Company hires third-party consultants to help develop and manage these programs and help Rock comply with current environmental legislation. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. In 2002, the Government of Canada ratified the Kyoto Protocol (the "Protocol"), which calls for Canada to reduce its greenhouse gas emissions to six percent below 1990 emission levels. The Federal government has introduced legislation aimed at reducing greenhouse gas emissions using a "intensity based" approach, the specifics of which have yet to be determined. Bill C-288, which is intended to ensure that Canada meets its global climate change obligations under the Kyoto Protocol, was passed by the House of Commons on February 14, 2007. There has been much public debate with respect to Canada's ability to meet these targets and the Federal government's strategy or alternative strategies with respect to climate change and the control of greenhouse gases. Implementation of strategies for reducing greenhouse gases whether to meet the limits required by the Protocol or as otherwise determined could have a material impact on the nature of oil and natural gas operations, including those of the Company.

There were no changes to environmental regulations and risks during the third quarter of 2010, from those outlined in the MD&A of the Company as at December 31, 2009 which has been filed on SEDAR at www.sedar.com.

Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not possible to predict the impact of those requirements on the Company and its operations and financial condition.

ROCK ENERGY INC.

Interim Consolidated Balance Sheets

September 30, 2010 and December 31, 2009
(*unaudited*)

(all amounts in \$'000)	September 30, 2010	December 31, 2009
Assets		
Current assets:		
Accounts receivable	\$ 8,634	\$ 10,755
Prepaid expenses and deposits	914	1,324
	9,548	12,079
Property, plant and equipment (note 1)	144,502	133,653
	\$ 154,050	\$ 145,732
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 10,043	\$ 14,414
Bank debt (note 5)	35,440	22,997
	45,483	37,411
Future tax liability	2,024	2,320
Asset retirement obligation (note 6)	8,824	7,533
Shareholders' equity		
Share capital (note 3)	96,575	96,225
Contributed surplus (note 3)	4,781	4,553
Deficit	(3,637)	(2,310)
	97,719	98,468
Commitments (note 8)		
Subsequent event (note 10)		
	\$ 154,050	\$ 145,732

See accompanying notes to the unaudited interim consolidated financial statements.

ROCK ENERGY INC.Interim Consolidated Statements of Loss, Comprehensive Loss and Deficit
(*unaudited*)

(all amounts in \$'000 except per share amounts)	Three Months Ended Sept 30, 2010	Three Months Ended Sept 30, 2009	Nine Months Ended Sept 30, 2010	Nine Months Ended Sept 30, 2009
Revenues				
Crude oil and natural gas	\$ 15,497	\$ 12,124	\$ 47,622	\$ 35,428
Royalties	(2,241)	(2,363)	(7,140)	(6,541)
	13,256	9,761	40,482	28,887
Expenses				
Operating	5,496	4,301	16,416	12,294
General and administrative	872	746	3,331	2,180
Interest	306	283	755	818
Stock-based compensation (note 4)	288	162	608	975
Depletion, depreciation and accretion	7,113	6,497	20,824	20,813
	14,075	11,989	41,934	37,080
Loss before income taxes	(819)	(2,228)	(1,452)	(8,193)
Taxes				
Provincial capital taxes	76	28	228	101
Future income tax (reduction) (note 7)	(116)	(544)	(353)	(2,576)
Net loss and comprehensive loss	(779)	(1,712)	(1,327)	(5,718)
Retained earnings (deficit), beginning of period	(2,858)	(42)	(2,310)	3,964
Deficit, end of period	\$ (3,637)	\$ (1,754)	\$ (3,637)	\$ (1,754)
Basic and diluted loss per share (note 3)	\$ (0.03)	\$ (0.07)	\$ (0.04)	\$ (0.22)

See accompanying notes to the unaudited interim consolidated financial statements.

ROCK ENERGY INC.Interim Consolidated Statements of Cash Flows
(*unaudited*)

(all amounts in \$'000)	Three Months Ended Sept 30, 2010	Three Months Ended Sept 30, 2009	Nine Months Ended Sept 30, 2010	Nine Months Ended Sept 30, 2009
Cash provided by (used in):				
Operating:				
Net loss	\$ (779)	\$ (1,712)	\$ (1,327)	\$ (5,718)
Add (less) non-cash items:				
Depletion, depreciation and accretion	7,113	6,497	20,824	20,813
Stock-based compensation	288	162	608	975
Future income tax reduction	(116)	(544)	(353)	(2,576)
Asset retirement expenditures	(89)	(54)	(208)	(54)
	6,417	4,349	19,544	13,440
Changes in non-cash working capital	4,986	(1,844)	3,629	(4,981)
	11,403	2,505	23,173	8,459
Financing:				
Issuance of common shares	38	-	263	226
Repurchase of stock options	-	(10)	(572)	(12)
Increase in bank debt	141	1,769	12,443	3,346
	179	1,759	12,134	3,560
Investing:				
Property, plant and equipment expenditures	(9,160)	(4,599)	(29,838)	(10,068)
Changes in non-cash working capital	(2,422)	335	(5,469)	(1,951)
	(11,582)	(4,264)	(35,307)	(12,019)
Change in cash	-	-	-	-
Cash at beginning and end of period	\$ -	\$ -	\$ -	\$ -
Interest and cash taxes paid and received:				
Interest paid	\$ 257	\$ 283	\$ 768	\$ 818
Cash taxes paid	\$ 25	\$ -	\$ 135	\$ -

See accompanying notes to the unaudited interim consolidated financial statements.

Notes to the Interim Consolidated Financial Statements

For the Period Ended September 30, 2010 (all amounts in \$'000 except per share amounts) (unaudited)

These unaudited interim consolidated financial statements include the accounts of Rock Energy Inc. (“Rock” or the “Company”) and its wholly-owned subsidiaries, Rock Energy Ltd. and Rock Energy Production Partnership. These unaudited interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the audited financial statements for the year ended December 31, 2009. The disclosures herein are incremental to those included with the annual consolidated financial statements. These unaudited interim consolidated financial statements and notes should be read in conjunction with the audited consolidated financial statements and the notes thereto in the Company’s annual report for the year ended December 31, 2009. Preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results may differ from these estimates.

1. Property, Plant and Equipment

	September 30, 2010	December 31, 2009
Petroleum and natural gas properties	\$ 255,585	\$ 224,291
Office Equipment	1,513	1,511
	257,098	225,802
Accumulated depletion and depreciation	(112,596)	(92,149)
	\$ 144,502	\$ 133,653

At September 30, 2010, the depletable base for the petroleum and natural gas properties included \$21,996 (December 31, 2009 – \$14,628) of future development costs and excluded \$17,251 (December 31, 2009 – \$17,860) of unproved property costs.

During the nine months ended September 30, 2010, \$1,203 (September 30, 2009 – \$1,122) of administrative costs and \$335 (September 30, 2009 – nil) of stock based compensation costs relating to exploration and development activities were capitalized as part of property, plant and equipment.

2. Risk Management and Financial Instruments

Commodity Price Risk:

Due to the volatile nature of commodity prices the Company is potentially exposed to adverse consequences if commodity prices decline. However, if commodity prices are hedged potential upside gains may also be forfeited. As of September 30, 2010 the Company did not have any commodity price contracts.

Foreign Currency Exchange Risk:

The Company is exposed to foreign currency fluctuations as crude oil and natural gas prices received are referenced in U.S. dollar-denominated prices. As of September 30, 2010 the Company did not have any foreign currency exchange contracts in place.

Credit Risk:

Substantially all of the Company’s accounts receivable are with customers, joint interest partners and oil and natural gas marketers and are subject to normal industry credit risks. Receivables from customers, joint interest partners and oil and natural gas marketers are generally collected within one to three months. The Company attempts to mitigate this risk by entering into transactions with long-standing and reputable organizations and by obtaining partner approval of significant capital expenditures and payment of cash advances whenever possible. Further risk exists with joint interest partners as disagreements occasionally arise and may increase the potential for non-collection. Currently, there is no indication that amounts are non-collectable; thus, an allowance has not been set up. Receivables related to oil and natural gas marketers are normally collected on the 25th day of the month following production. To mitigate the risk on these receivables the Company will predominately establish relationships with large marketers that have strong credit ratings and solid reputations. Historically, the Company has not experienced any issues in collecting from its oil and natural gas marketers. As at September 30, 2010 the Company’s receivables consisted of \$621 (December 31, 2009 – \$637) from joint interest partners, \$4,832 (December 31, 2009 – \$5,377) from oil and natural gas

marketers, \$2,772 (December 31, 2009 –\$3,786) of drilling incentive credits and \$409 (December 31, 2009 – \$955) of other trade receivables.

Fair Value of Financial Instruments:

The Company's exposure under its financial instruments is limited to financial assets and liabilities, all of which are included in these financial statements. The fair values of the financial assets and liabilities included in the balance sheet approximate their carrying amounts.

CICA Handbook Section 3862 "Financial Instruments – Disclosure" require the Company to present information about financial instruments measured at fair value in accordance with a three level hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels;

- Level 1 – quoted prices are available in active markets for identical assets or liabilities;
- Level 2 – pricing inputs other than quoted prices in active markets included in level 1, which are observable either directly and/or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data.

As at September 30, 2010, the Company does not have any instrument that is subject to valuation through the hierarchy.

Interest Rate Risk:

The Company is exposed to interest rate risk to the extent that bank debt is at a floating short-term rate of interest. The Company does not have any financial or interest rate contracts in place as of September 30, 2010. A one percent change to the floating short-term interest rates is estimated to result in a \$64 change in net loss for the third quarter of 2010.

3. Share Capital and Contributed Surplus

Authorized:

Unlimited number of voting common shares, without stated par value.
300,000 preferred shares, without stated par value of which none have been issued.

Common Shares Issued:

	Number	Amount
Issued and outstanding on December 31, 2008	25,899,843	\$ 81,600
Issued for flow-through shares ⁽ⁱ⁾	300,000	219
Issued on exercise of stock options	7,400	11
Issued for cash on equity financing ⁽ⁱⁱ⁾	4,350,000	15,225
Share issue costs (net of future income taxes of \$292)	-	(830)
Issued and outstanding on December 31, 2009	30,557,243	\$ 96,225
Issued on exercise of stock options	279,836	407
Future tax effect of flow-through share renouncements	-	(57)
Issued and outstanding on September 30, 2010	30,837,079	\$ 96,575

⁽ⁱ⁾ The Company issued flow-through shares to a new management appointee in April 2009.

⁽ⁱⁱ⁾ The Company completed an equity financing on October 29, 2009 of 4,350,000 common shares at \$3.50 per share for gross proceeds of \$15,225 (net proceeds of \$14,103).

Per Share Amounts:

Per share amounts have been calculated on the weighted average number of shares outstanding. The weighted average number of common shares outstanding for the three month period ended September 30, 2010 was 30,852,318 (September 30, 2009 – 26,207,243) and 30,656,682 (September 30, 2009 – 26,089,340) for the nine months ended September 30, 2010.

In computing the diluted per share amount, the treasury method was used. For the three and nine month period ended September 30, 2010 on a diluted basis there were 31,714,835 and 31,682,206 weighted average shares outstanding (September 30, 2009 – 26,696,120 and 26,095,646) after giving effect to dilutive stock options.

Stock Options:

The Company has a stock option plan (“Plan”) under which it may grant options to directors, officers and employees for the purchase of up to 10 percent of the issued and outstanding common shares of the Company. Options are granted at the discretion of the Board of Directors. The exercise price, vesting period and expiration period are also fixed at the time of grant at the discretion of the Board of Directors. The initial grant of options vests yearly in one-third tranches beginning on the first anniversary of the grant date and expires one year after vesting. The following table summarizes the stock options outstanding at September 30, 2010;

	Number of Options	Weighted Average Exercise Price
December 31, 2008	1,744,204	\$ 3.09
Granted	1,615,399	1.03
Exercised ⁽ⁱ⁾	(50,985)	1.38
Forfeited	(302,676)	2.50
Cancelled	(1,367,028)	3.15
Expired	(46,666)	4.79
December 31, 2009	1,592,248	\$ 1.06
Granted	1,136,900	4.31
Exercised ⁽ⁱⁱ⁾	(416,472)	0.91
Forfeited	(222,848)	1.20
September 30, 2010	2,089,828	\$ 2.84

⁽ⁱ⁾ 43,585 options were put back to the Company for the in-the-money gain.

⁽ⁱⁱ⁾ 136,636 options were put back to the Company for the in-the-money gain.

Options outstanding and exercisable under the stock option plan are summarized below as at September 30, 2010:

Exercise Prices	Number of Options	Outstanding Options		Exercisable Options	
		Weighted Average Exercise Price	Weighted Average Years to Expiry	Number of Options	Weighted Average Exercise Price
\$0.84 - \$0.99	711,029	\$ 0.87	1.86	66,235	\$ 0.85
\$1.61 - \$2.09	264,999	\$ 1.94	1.85	58,334	\$ 2.05
\$4.06 - \$4.54	929,200	\$ 4.18	2.51	-	\$ -
\$4.55 - \$5.27	184,600	\$ 4.99	2.73	-	\$ -
	2,089,828	\$ 2.84	2.23	124,569	\$ 1.41

Contributed Surplus:

	Nine Months Ended September 30, 2010	Year Ended December 31, 2009
Opening balance	\$ 4,553	\$ 3,458
Stock-based compensation expense	944	1,180
Net benefit on options exercised ⁽ⁱ⁾	(716)	(85)
Closing balance	\$ 4,781	\$ 4,553

⁽ⁱ⁾ The benefit of options exercised for shares are recorded as a reduction of contributed surplus and an increase to share capital.

4. Stock Based Compensation

Options granted to employees and non-employees are accounted for using the fair value method. The fair value of 1,136,900 common share options granted during the nine months ended September 30, 2010 was estimated to be \$2,557. The fair value of common share options as at the grant date is determined using the Black-Scholes option pricing model with the following assumptions for options issued during the period ended September 30, 2010:

Risk free interest rate (%)	2.1%
Expected life (years)	3.0
Expected volatility (%)	83.0%
Expected dividend yield (%)	0.0%
Weighted average fair value per share (\$)	\$2.29

5. Bank Debt

The Company has a demand operating credit facility with a Canadian chartered bank subject to the bank's valuation of the Company's crude oil and natural gas properties. The limit under the facility at September 30, 2010 was \$50 million. The facility is secured by a first ranking floating charge on all real property of the Company, its subsidiary and partnership, and a general security agreement. The facility bears interest at the bank's prime rate or at prevailing bankers acceptance rate plus an applicable bank fee, which varies depending on the Company's debt-to-funds from operations ratio (as defined by the bank). The facility also bears a standby charge for un-drawn amounts. The amount of the facility is subject to a borrowing base test performed on a periodic basis by the lender, based primarily on reserves and using commodity prices estimated by the lender as well as other factors. A decrease in the borrowing base could result in a reduction to the credit facility. The next review for the facility is to be completed by the end of December, 2010.

6. Asset Retirement Obligation (ARO)

The ARO results from net ownership interests in petroleum and natural gas assets including well sites, gathering systems and processing facilities. The Company estimates the total undiscounted amount of cash flows required to settle its ARO at September 30, 2010 to be approximately \$14,348 (December 31, 2009 – \$12,459) including expected annual inflation of 1.5 percent (December 31, 2009 – 1.5 percent). A credit-adjusted risk-free rate of 8 percent (December 31, 2009 – 8 percent) was used to calculate the fair value of the ARO. These obligations are expected to be incurred from the current year through 2028 and are expected to be funded through general corporate funds at the time of retirement.

The following table outlines a reconciliation of the ARO:

	Nine Months Ended September 30, 2010	Year Ended December 31, 2009
Opening balance	\$ 7,533	\$ 4,497
Liabilities incurred	999	390
Accretion	377	262
Revisions ⁽ⁱ⁾	123	2,496
Actual retirement expenditures	(208)	(112)
Closing balance	\$ 8,824	\$ 7,533

⁽ⁱ⁾ Revisions to the ARO are a result of changes in current estimates of future abandonment costs.

7. Income Taxes

The provision for income taxes varies from the amount that would be computed by applying the expected tax rate to loss before income taxes. The principal reasons for differences between such "expected" income tax expense and the amount actually recorded are as follows:

	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Loss before income taxes	\$ (1,452)	\$ (8,193)
Statutory income tax rate	28.4%	29.8%
Expected income taxes (reduction)	(412)	(2,442)
Add (deduct):		
Stock-based compensation	157	291
Change in rate and estimated tax pools	(117)	(448)
Other	19	23
Future income tax (reduction)	\$ (353)	\$ (2,576)

8. Commitments

The Company has the following obligations with fixed terms:

	2010	2011	2012
Office lease premises	\$ 131	\$ 523	\$ 349
Processing arrangements	\$ 65	\$ 230	\$ 159

9. Capital Disclosures

In order to continue the Company's future exploration and development program, the Company must maintain a strong capital base. A strong capital base will enable the Company to access the equity and debt markets when deemed advisable and maintain existing shareholders as well as attract new investors. In order to maintain a strong capital base, the Company continually monitors the risk-reward profile of its exploration and development projects and the economic indicators in the market including commodity prices, interest rates and foreign exchange rates. It then determines increases or decreases to its capital budget.

The Company considers shareholders' equity, bank debt and working capital to be components of its capital base. The Company can access or increase capital through the issuance of shares, through bank borrowings, which are based on crude oil and natural gas reserves, and by building cash reserves by reducing its capital expenditure program.

The Company monitors its capital based primarily on its debt to annualized funds flow ratio. Debt includes bank debt plus or minus working capital. Annualized funds flow is calculated as cash flow from operations before changes in non-cash working capital and asset retirement expenditures from the Company's most recent quarter multiplied by four. The Company intends to manage its debt at a ratio not to exceed 1.5:1 depending on the timing and nature of the Company's activities. To facilitate the management and control of this ratio, the Company prepares an annual operating and capital expenditure budget. The budget is updated when critical factors change. These factors include economic factors such as the state of equity markets, changes to commodity prices, interest rates and foreign exchange rates and non-economic factors such as the Company's drilling results and its production profile. The Company's Board of Directors approves the budget and changes thereto.

At September 30, 2010 the Company's debt to third quarter annualized funds flow ratio was 1.4:1.

The Company's share capital is not subject to external restrictions but the Company does have financial covenants in regards to its operating bank facility. The facility requires that the Company maintain a working capital ratio, as defined, of not less than 1:1. The calculation allows for the unused portion of the credit facility to be added to current assets and deduction of the current portion of bank debt from the current liabilities. The Company was in compliance with this covenant as at September 30, 2010.

10. Subsequent Event

On October 28, 2010, the Company announced an equity financing of 1,855,000 common shares to be issued on a flow-through basis at a price of \$5.40 per flow-through common share for gross proceeds of \$10.0 million, expected to close on November 16, 2010. The proceeds from the equity issue will be used to fund the Company's ongoing exploration activities to incur eligible Canadian Exploration Expenses prior to December 31, 2011.

Corporate Information

BOARD OF DIRECTORS

Stuart G. Clark ^{(1) (2) (3)}
Chairman of the Board
Independent Businessman
Calgary, Alberta

Allen J. Bey
Chief Executive Officer
Rock Energy Inc.
Calgary, Alberta

Malcolm T. D. Adams ^{(2) (4)}
Vice President Corporate Development
Surge Energy Inc.
Calgary, Alberta

Kenneth H. F. Severs ⁽⁴⁾
President
Charob Resources Inc.
Calgary, Alberta

James K. Wilson ^{(2) (3)}
Managing Director
Walwil Resources Inc.
Calgary, Alberta

William H. Slavin ^{(3) (4)}
Managing Director
ARC Financial Corp.
Calgary, Alberta

⁽¹⁾ Chairman of the Board

⁽²⁾ Member of the Audit Committee

⁽³⁾ Member of the Compensation,
Nomination and Governance
Committee

⁽⁴⁾ Member of the Reserves Committee

OFFICERS

Allen J. Bey
Chief Executive Officer

John H. Van de Pol
President and
Chief Financial Officer

Jeffrey G. Campbell
Senior Vice President and
Chief Operating Officer

Grant A. Zawalsky
Corporate Secretary

AUDITORS

KPMG LLP

BANK

National Bank of Canada

SOLICITORS

Burnet, Duckworth & Palmer LLP

STOCK EXCHANGE LISTING: TSX

Stock Symbol: RE

ENGINEERING CONSULTANT

GLJ Petroleum Consultants Ltd.

REGISTRAR & TRANSFER AGENT

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ABBREVIATIONS

bbbl	barrel(s)	mbbls	thousand barrels
bcf	billion cubic feet	mboe	thousand barrels of oil equivalent
boe	barrels of oil equivalent	mboe/day	thousand barrels of oil equivalent per day
bps	basis points	mcf	thousand cubic feet
CDOR	Certificate of Deposit Offered Rate	mmcf	million cubic feet
GJ	gigajoule	mmbbls	million barrels
hectare	1 hectare is equal to 2.47 acres	mmboe	million barrels of oil equivalent
km	kilometer	WTI	West Texas Intermediate
NGL	natural gas liquids	WCS	Western Canadian Select