MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is management's discussion and analysis ("MD&A") of Rubellite Energy Inc.'s ("Rubellite", the "Company" or the "Corporation") activity from incorporation on July 12, 2021 and operating and financial results for the period from September 3, 2021, being the effective date of the completion of the plan of arrangement (the "Arrangement") involving Perpetual Energy Inc. ("Perpetual"), the shareholders of Perpetual and Rubellite, to December 31, 2021. This MD&A should be read in conjunction with the Corporation's audited financial statements for the year ended December 31, 2021. The Corporation's financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") which require publicly accountable enterprises to prepare their financial statements using International Financial Reporting Standards ("IFRS"). The date of this MD&A is March 9, 2022. All amounts are in Canadian dollars unless specified otherwise.

This MD&A contains certain specified financial measures that are not recognized by GAAP and used by management to evaluate the performance of the Corporation and its business. Since certain specified financial measures may not have a standardized meaning, securities regulations require that specified financial measures are clearly defined, qualified and, where required, reconciled with their nearest GAAP measure. See "Non-GAAP and Other Financial Measures" for further information on the definition, calculation and reconciliation of these measures. This MD&A also contains forward-looking information. See "Forward-Looking Information". Readers are also referred to the other advisory sections at the end of this MD&A for additional information.

NATURE OF BUSINESS: Rubellite is a Canadian energy company headquartered in Calgary, Alberta and engaged in the exploration, development and production of heavy crude oil from the Clearwater formation in Eastern Alberta, utilizing multi-lateral drilling technology. Rubellite has a pure play Clearwater asset base and is pursuing a robust organic growth plan focused on superior corporate returns and free funds flow generation while maintaining a conservative capital structure and prioritizing ESG excellence. Additional information on Rubellite can be accessed at www.sedar.com and found at www.rubelliteenergy.com.

Rubellite's common shares are publicly traded on the Toronto Stock Exchange under the symbol "RBY".

2021 MATERIAL TRANSACTIONS

Rubellite commenced operations with the acquisition of Perpetual's Clearwater lands, wells, roads and related facilities in northeast Alberta (the "Clearwater Assets") on July 15, 2021. Operating results for 2021 reflect the period from September 3, 2021, the effective date of the completion of the Arrangement, to December 31, 2021.

The Clearwater Assets were acquired for aggregate consideration of $65.5 million. The consideration consisted of promissory notes totaling $59.4 million, which were paid in cash on October 5, 2021, the issuance of 680,485 Rubellite common shares valued at $1.3 million, the return of 8.2 million Perpetual common shares exchanged in the Arrangement and valued at $2.8 million, and issuance to Perpetual of warrants to purchase 4.0 million Rubellite common shares at a price of $3.00 per share for a period of five years and valued at $2.0 million.

The acquisition has been accounted for as a business combination using the acquisition method of accounting, whereby the assets acquired and the liabilities assumed are recorded at the estimated fair value on September 3, 2021. There were $1.1 million of transaction costs incurred by the Company and expensed through earnings for the year. With the recognition of a $9.1 million deferred tax asset at September 3, 2021, a gain of $9.1 million was recognized in net income.

In conjunction with the Arrangement, the Company undertook the following financing activities (the "Rubellite Financings"):

i) a backstopped arrangement warrant financing, which closed on October 5, 2021 and resulted in the issuance of 16.7 million Rubellite common shares for total proceeds of $33.5 million;

ii) a non-brokered $20.0 million private placement financing that closed on October 5, 2021, resulting in the issuance of 10.0 million Rubellite common shares; and

iii) a brokered $30.0 million subscription receipt financing (15.0 million subscription receipts) that closed on July 13, 2021 with cash held in escrow by a third-party trustee that was released on October 5, 2021. On October 5, 2021, each subscription receipt issued was exchanged on a one-to-one basis for 15.0 million common shares of Rubellite.

Following closing of the Rubellite Financings, the Company entered into a first lien credit facility with a syndicate of lenders to establish a $3.0 million revolving credit facility with an initial term to May 31, 2022 and which may be extended for a further twelve months to May 31, 2023 subject to lender approval (the "Credit Facility"). As at December 31, 2021, $nil was drawn against the Credit Facility. Subsequent to year end, the borrowing limit for the Credit Facility was increased to $25.0 million.

FOURTH QUARTER 2021 HIGHLIGHTS

- On October 5, 2021 Rubellite completed the Rubellite Financings raising $83.5 million in the aggregate through the issuance of approximately 41.7 million shares. The Rubellite Financings were priced at $2.00 per share.
- Concurrently, proceeds from the Rubellite Financings fully repaid $59.4 million in promissory notes related to the acquisition of the Clearwater Assets from Perpetual and established Rubellite with no net debt and positive net working capital(1) of approximately $21.6 million at that time.
- Exploration and development capital expenditures(1) totaled $15.7 million, in-line with previous guidance of fourth quarter 2021 spending of between $16.0 and $18.0 million. Including land purchases, total capital expenditures(1) were $17.2 million.

- Drilling activity for the fourth quarter totaled eight (8.0 net) horizontal, multi-lateral Clearwater wells, including six (6.0 net) wells rig released at Ukalta and two (2.0 net) wells rig released at Figure Lake prior to year-end 2021. The Company secured a second drilling rig in late November to follow-up positive results in the Figure Lake area**.**
- Sixteen (15.0 net) wells were contributing to sales production at year-end 2021, while an additional five (5.0 net) wells were rig released and recovering oil-based drilling mud ("OBM") used during the drilling process. OBM recoveries are not recorded as sales production as the OBM is recycled for future drilling operations to the extent possible or sold and credited back to drilling capital.
- Production ramped up progressively through the fourth quarter of 2021 as new wells fully recovered base-oil load fluid, filled tank inventories and then commenced delivery to sales terminals. Rubellite recorded average sales production of 603 bbl/d (100% conventional heavy oil), slightly lower than previously forecast production based on field estimates as extremely cold weather conditions in late December hindered trucking of produced volumes to sales terminals and deferred the sale of several loads of produced heavy oil volumes to early January.
- Operating netbacks[1] were $2.6 million, or $47.31/bbl, reflecting strong Western Canadian Select ("WCS") benchmark prices and a realized oil price after hedging[1] of $72.77/bbl.
- Adjusted funds flow[1] in the fourth quarter of 2021 was $1.5 million ($0.03/share), which included $0.7 million in transaction costs related to the acquisition of the Clearwater Assets. Excluding transaction costs, adjusted funds flow[1] was $2.2 million ($0.09/share). Cash flow from operating activities in the fourth quarter and period ended 2021 were $1.1 million.
- Net loss for the fourth quarter of 2021 was $1.3 million ($0.03/share).
- Total proved plus probable reserves as reported by the independent engineering firm McDaniel and Associates Consultants Ltd ("McDaniel") were 6.0 MMboe at December 31, 2021, an increase of 68% relative to the reserves recognized in the report of McDaniel for the Clearwater Assets effective June 1, 2021 immediately prior to the inception of Rubellite. The net present value ("NPV") of Rubellite's total proved plus probable reserves (discounted at 10%), was $123.2 million.
- Net positive working capital[1] at year-end 2021 was $5.4 million. Subsequent to year-end, the borrowing limit on the Company's reserves-based revolving credit facility was increased to $25.0 million and the initial term was extended by 12 months to May 31, 2023.
- [1] Non-GAAP measure, non-GAAP ratio or supplementary financial measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

SUMMARY OF FOURTH QUARTER AND 2021 ANNUAL RESULTS

($ thousands, except as noted)	**Q4 2021**	Q3 2021	**2021[1]**
Financial			
Oil revenue	**3,931**	992	**4,923**
Net income (loss)	**(1,265)**	8,967	**7,702**
Per share – basic[3]	**(0.03)**	12.34	**0.34**
Per share – diluted[3]	**(0.03)**	5.16	**0.33**
Total assets	**115,862**	132,370	**115,862**
Cash flow from (used in) operating activities	**1,115**	-	**1,115**
Adjusted funds flow – pre-transaction costs[2]	**2,158**	760	**2,666**
Adjusted funds flow[2]	**1,469**	378	**1,595**
Per share – basic[2][3]	**0.03**	0.70	**0.07**
Per share – diluted[2] [3]	**0.03**	0.29	**0.07**
Common shares *(thousands)*			
Weighted average – basic	**41,834**	726	**22,702**
Weighted average – diluted	**42,360**	1,739	**23,228**
Operating			
Daily average heavy oil sales production *(bbl/d)*	**603**	561	**593**
Average prices			
Realized oil price – before hedging *($/bbl)*	**70.94**	65.50	**69.76**
Realized oil price – after hedging *($/bbl)*[2]	**72.77**	65.50	**71.20**

(1) Reflects activity from incorporation on July 12, 2021 and operating results from September 3, 2021 the effective date of the Arrangement to December 31, 2021.

(2) Non-GAAP measure, non-GAAP ratio or supplementary financial measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

(3) Per share amounts are calculated using the weighted average number of basic or diluted common shares.

Operations update

Rubellite has been running a two-rig drilling program since late November and currently has a total of 26 (24.5 net) multi-lateral wells contributing to oil sales production, with an additional 4 (3.5 net) wells rig released and in the start-up stage of recovering load oil.

Current production is approximately 1,700 bbl/d of conventional heavy oil, based on field estimates, and will continue to ramp up throughout the remainder of the first quarter as new wells reach full recovery of base oil load fluid and are optimized. As per previous guidance, the Company is on track to reach its sales production milestone of in excess of 2,000 bbl/d in late March.

At Ukalta, ten (10.0 net) new development wells targeting the primary lower Clearwater zone have been rig released since Rubellite's inception. As of today's date, eight of the new development wells at Ukalta are now contributing to oil sales production volumes, and five of those wells have completed their respective IP30 production periods. IP30 rates ranging from 96 to 189 bbl/d, and averaging 148 bbl/d have been recorded as compared to the Ukalta type curve of approximately 140 bbl/d. Three of the remaining Ukalta development wells completed their load oil recovery in mid to late February and are showing similar positive indications of type curve performance based on initial sales production rates. The remaining Ukalta wells recently commenced OBM recovery operations and are expected to reach full recovery of OBM and start producing sales volumes prior to the end of March. Performance from the new Ukalta wells will be monitored closely as operating parameters are optimized.

Drilling operations at Ukalta will continue through spring break-up with three (3.0 net) multi-lateral development wells and a vertical water disposal well planned at the existing 13-35 pad situated proximal to a high-grade access road. When field conditions allow, drilling operations at Ukalta will continue to a six-well pad, targeting to extend the primary lower Clearwater zone development to the north.

At Figure Lake, Rubellite contracted a second drilling rig in late November to execute a four well winter follow-up drilling program at the existing South Figure Lake pad. The first two development wells completed their OBM recovery operations in late January and recorded IP30 rates of 86 and 115 bbl/d respectively, bringing the IP30 average of the four Figure Lake south pad wells, that have had at least 30 days of sales production to an average of 116 bbl/d, as compared to the Figure Lake Type curve of approximately 120 bbl/d. Two additional wells drilled on the same pad were rig released in January, reached the end of their OBM recovery periods during the third week of February, and are now producing volumes to sales with positive indications of performance at or above the Figure Lake type curve. The drilling rig moved north in early February to execute a development program at Marten Hills prior to spring break-up. Drilling operations are expected to recommence at Figure Lake late in the second quarter, with up to 12 new horizontal multi-lateral wells and a vertical water disposal well planned for the remainder of 2022.

At Marten Hills, the planned four (2.0 net) well drilling program commenced in early February of which two (1.0 net) eight-leg multi-lateral wells have been rig released. One (0.5 net) well has recently commenced sales production while the other is just beginning OBM recovery operations. The remaining two (1.0 net) wells in the program are expected to be rig-released prior to the end of March or early April. New wells will continue to be brought on in a step-wise fashion and operating conditions will be optimized through their early start-up production periods.

Drilling costs have escalated somewhat due to increased OBM costs which are directly related to the price of base oil. Rubellite has recently secured a lower cost source of base oil in closer proximity to drilling operations to mitigate the rising costs. The Company is successfully reducing time lags for production start-up on new multi-well pads by constructing pads to accommodate concurrent drilling and production operations and pre-building permanent production facilities, thereby improving capital efficiencies and accelerating economic returns. In addition, the new on-site water disposal wells to be drilled at Ukalta and Figure Lake are expected to enhance field netbacks during the second half of 2022.

2021 FOURTH QUARTER AND ANNUAL CAPITAL EXPENDITURES

($ thousands)	**Q4 2021**	Q3 2021	**2021**
Exploration	**1,520**	27	**1,547**
Development	**15,660**	151	**15,811**
Capital expenditures [(1)]	**17,180**	178	**17,358**

(1) Non-GAAP measure, non-GAAP ratio or supplementary financial measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

Wells drilled by area

(gross/net)	**Q4 2021**	Q3 2021	**Pre Sept 3, 2021[(1)]**
Ukalta	**6/6.0**	1/1.0	**–/–**
Figure Lake [(2)]	**2/2.0**	1/1.0	3/3.0
Marten Hills	**–/–**	-/-	2/1.0
Total	**8/8.0**	2/2.0	5/4.0

(1) Wells drilled in 2021 by Perpetual prior to the effective date of the completion of the Arrangement on September 3, 2021.
(2) One additional Figure Lake well was spud on December 29, 2021 and rig released January 13, 2022 and not included in the Q4 2021 well count.

2022 OUTLOOK AND GUIDANCE

Rubellite's Board of Directors has approved an exploration and development capital spending[5] budget of up to $48 million for 2022 to drill, complete equip and tie-in up to 33 (30 net) horizontal multi-lateral wells in its three core operating areas as well as two (2.0 net) vertical water disposal wells to mitigate water handling costs. Forecast capital activities are expected to be fully funded from adjusted funds flow[5] and the recently expanded credit facility. The Figure Lake drilling program will be partially funded by the Figure Lake GORR financing, which will provide approximately $0.2 million per well for the next 12 wells planned in Figure Lake area.

The table below summarizes Rubellite's anticipated exploration and development capital spending and drilling activities during the first quarter and full year for 2022.

2022 Exploration and Development Forecast Capital Expenditures

	Q1 2022 ***($ millions)***	**# of wells[1]** ***(gross/net)***	**Full Year 2022** ***($ millions)***	**# of wells[1]** ***(gross/net)***
Ukalta		6 /6.0		14 / 14.0
Figure Lake[2]		2 /2.0		13 / 13.0
Marten Hills		3 /1.5		6 / 3.0
Total[3][4][5]	**$20 - $22**	**11 /9.5**	**$44 - $48**	**33 / 30.0**

(1) Well count reflects wells rig released during the period. One (1.0 net) well at Ukalta and one (0.5 net) well at Marten Hills are expected to spud late in Q1 2022 and rig release in early April. Full year 2022 well counts exclude two (2.0 net) vertical water disposal wells in Q2 and Q3 2022 at Ukalta and Figure Lake respectively.
(2) Capital expenditures at Figure Lake are reduced for the Figure Lake GORR financing which is forecast to contribute $0.4 million in Q1 2022 and $2.0 million in 2022.
(3) Q1 2022 capital expenditures include $3.5 million for equipment, tubulars and OBM inventory procurement for the remainder of 2022 drilling program. Full year 2022 capital expenditures include spending for two vertical water disposal wells.
(4) Excludes activity on exploratory option blocks, undeveloped land purchases and acquisitions, if any.
(5) Non-GAAP measure or Non-GAAP ratio that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

Development drilling activity across Rubellite's three core operating areas is forecast to drive rapid production growth. Daily average sales production is expected to increase 91% to 107% from fourth quarter 2021 levels to average 1,150 to 1,250 boe/d (100% heavy oil) for the first quarter of 2022. The two-rig drilling program planned after spring break-up at Ukalta and Figure Lake is expected to continue to drive progressive growth over the remainder of 2022 and deliver full year 2022 average sales production levels of between 2,200 to 2,400 bbl/d.

2022 guidance assumptions are as follows:

Guidance Assumptions

	2022
Annual average sales production (bbl/d)	**2,200-2,400**
Exploration and development expenditures[1][2](*$ millions*)	**$44 - $48**
Heavy oil wellhead differential (C$/bbl)[3]	**$8.00 - $9.00**
Royalties	**11% - 12%**
Operating costs ($/bbl)	**$5.50 - $6.50**
Transportation costs ($/bbl)	**$5.50 - $6.50**
G&A ($/bbl)	**$4.00 - $4.50**

(1) Excludes activity on exploratory option blocks, undeveloped land purchases and acquisitions, if any.
(2) Non-GAAP measure, non-GAAP ratio or supplementary financial measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.
(3) Differential relative to the Western Canadian Select (Cdn$/bbl) reference price prior to any price management activities.

Production

	Q4 2021	Q3 2021	**2021**
Production			
Crude oil (bbl/d)	**603**	561	**593**
Total production (*boe/d*)	**603**	561	**593**

Fourth quarter production averaged 603 boe/d, up 42 boe/d or 7% from 561 boe/d in the third quarter. For the period ended December 31, 2021, production averaged 593 boe/d, which reflects activity from September 3, 2021, the effective date of the Arrangement, to December 31, 2021.

As at December 31, 2021, there were 16 (15.0 net) wells on production, compared to 11 (10.0 net) wells on production at the end of the third quarter of 2021, while an additional five (5.0 net) wells were rig released and recovering OBM.Current production is approximately 1,700 bbl/d of conventional heavy oil, based on field estimates, and will continue to ramp up throughout the remainder of the first quarter as new wells reach full recovery of base oil load fluid and are optimized. As per previous guidance, the Company is on track to reach its sales production milestone of in excess of 2,000 bbl/d in late March and Rubellite expects sales production to average between 1,150 and 1,250 bbl/d for the first quarter of 2022.

Revenue

($ thousands, except as noted)	Q4 2021	Q3 2021	2021
Oil revenue	**3,931**	992	**4,923**
Realized gains on derivatives	**101**	-	**101**
Realized revenue[1]	**4,032**	992	**5,024**
Unrealized gains (losses) on derivatives	**(1,337)**	-	**(1,337)**
Total revenue[1]	**2,695**	992	**3,687**
Average realized prices[1]			
Realized oil price – before hedging (*$/bbl*)	**70.94**	65.52	**69.76**
Realized oil price – after hedging (*$/bbl*)	**72.77**	65.52	**71.20**

(1) Non-GAAP measure, non-GAAP ratio or supplementary financial measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

	Q4 2021	Q3 2021	2021
Reference prices			
West Texas Intermediate ("WTI") light oil (*US$/bbl*)	**77.13**	71.54	**75.73**
Western Canadian Select ("WCS") differential (*US$/bbl*)	**(14.63)**	(13.52)	**(14.36)**
WCS average (*Cdn$/bbl*)[1]	**78.65**	73.52	**77.37**

(1) Derived using the Bank of Canada average foreign exchange rate of US$1.00 = Cdn$1.26 for the three months ended December 31, 2021 and $1.25 for the period ended December 31, 2021.

Rubellite's oil revenue, before financial derivatives, for the three months ended December 31, 2021 of $3.9 million increased from $1.0 million during the third quarter of 2021, due to the inclusion of a full quarter of operating results, compared to only 27 days of during the third quarter as a result of the effective date of the completion of the Arrangement on September 3, 2021. Additionally, commodity prices increased during the fourth quarter when compared to the third quarter of 2021 driven by higher WTI reference prices. The increase in the WCS average price was due to the increase in WTI light oil prices to US$77.13/bbl (Q3 2021 - $71.54/bbl) partially offset by a slight increase in the WCS differential to US$14.63/bbl (Q3 2021 - US$13.52/bbl).

The Company entered into certain financial derivatives during the fourth quarter of 2021 that resulted in realized gains on derivatives of $0.1 million and unrealized losses of $1.3 million. Unrealized gains and losses represent the change in mark-to-market value of derivative contracts as forward commodity prices and foreign exchange rates change. Unrealized gains and losses on derivatives are excluded from the Corporation's calculation of cash flow from (used in) operating activities as non-cash items. Derivative gains and losses vary depending on the nature and extent of derivative contracts in place, which in turn, vary with the Corporation's assessment of commodity price risk, committed capital spending and other factors.

Royalties

($ thousands, except as noted)	Q4 2021	Q3 2021	2021
Oil royalties – crown	**277**	10	**287**
Oil royalties – freehold	**127**	77	**204**
Total royalties	**404**	87	**491**
$/boe	**7.28**	5.75	**6.95**
Crown *(% of revenue)*	**7.1**	1.0	**5.8**
Freehold and overriding *(% of revenue)*	**3.2**	7.8	**4.1**
Total *(% of revenue)*	**10.3**	8.8	**9.9**

For the fourth quarter of 2021, royalties were $0.4 million, compared to $0.1 million in the third quarter of 2021. The increase in royalties was due to increased revenues from a full quarter of operations relative to the 27 day period constituting the third quarter 2021. Royalty rates as a percentage of revenue were driven by stronger oil reference prices.

Royalties totaled $0.5 million for the period ended December 31, 2021, or 9.9% of revenue. The Company expects royalties to average 11% to 12% of revenue for 2022.

Production and operating expenses

($ thousands, except as noted)	Q4 2021	Q3 2021	2021
Production and operating expenses	**684**	118	**802**
$/boe	**12.35**	7.78	**11.36**

Total production and operating expenses for the fourth quarter of 2021 increased significantly when compared to the third quarter as a result of more production days due to the effective date of Arrangement of September 3, 2021.

Total production and operating expenses increased 59% on a unit-of-production basis to $12.35/boe for the fourth quarter of 2021, compared to $7.78/boe for the third quarter of 2021. The increase was the result of higher operating costs due to extreme cold weather in Alberta that lasted for an extended period of time during December. Specifically, increased costs related to pump changes, increased propane, chemicals, emulsion treating and overall contract services many of which were driven by the cold weather and the start of operations for new wells. In addition, multiple new wells were recovering OBM as they progressively came on production through the quarter, contributing to operating costs while OBM sales are not recorded as sales production but instead are credited back to capital.

For the period ended December 31, 2021, production and operating expenses on a unit-of-production basis were $11.36/boe.

For 2022, the Company expects unit operating costs to normalize with growing production volumes and a return to seasonal weather. With the ongoing drilling activity, sales production levels are forecast to increase, and load oil recoveries are expected to represent a progressively lower percentage of sales production. On average, the Company expects operating costs to average between $5.50 and $6.50 per bbl for the year.

Transportation costs

($ thousands, except as noted)	Q4 2021	Q3 2021	2021
Transportation costs	**323**	87	**410**
$/boe	**5.83**	5.73	**5.82**

Transportation costs include clean oil trucking costs. For the fourth quarter of 2021, transportation costs were $0.3 million, an increase from the third quarter as a result of increased production. On a unit-of-production basis, transportation costs were relatively unchanged at $5.83/boe in the fourth quarter of 2021 (Q3 2021 – $5.73/boe).

The Company expects transportation costs to average between $5.50 and $6.50 per bbl in 2022.

Operating netbacks[(1)]

The following table highlights Rubellite's operating netbacks[(1)] for the three months and period ended December 31, 2021:

($/boe) ($ thousands)	Q4 2021		Q3 2021		2021	
Production (boe/d)		**603**		561		**593**
Oil revenue	**70.94**	**3,931**	65.52	992	**69.76**	**4,923**
Realized gains on derivatives	**1.83**	**101**	-	-	**1.44**	**101**
Royalties	**(7.28)**	**(404)**	(5.75)	(87)	**(6.95)**	**(491)**
Production and operating expenses	**(12.35)**	**(684)**	(7.78)	(118)	**(11.36)**	**(802)**
Transportation costs	**(5.83)**	**(323)**	(5.73)	(87)	**(5.82)**	**(410)**
Total operating netback[(1)]	**47.31**	**2,621**	46.26	700	**47.07**	**3,321**

(1) Non-GAAP measure, non-GAAP ratio or supplementary financial measure ratio that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

For the fourth quarter, Rubellite's operating netback[(1)] was $2.6 million ($47.31/boe) compared to $0.7 million ($46.19/boe) for the approximate one month period ended September 30, 2021, based on realized revenue[(1)] of $3.9 million ($70.84/boe) driven by strong oil prices, with WTI benchmark prices of US$77.13/bbl for the period. Higher prices were partially offset by higher operating costs driven by cold weather in Alberta and the start of new field operations.

During the period ended December 31, 2021, Rubellite's results were impacted by a shorter reporting period, reflective of 27 days of operations in the third quarter of 2021 as a result of the Arrangement date of September 3, 2021.

General and administrative ("G&A") expenses

(*$ thousands, except as noted*)	**Q4 2021**	Q3 2021	**2021**
G&A expenses – excluding MSA costs[(1)]	**180**	136	**316**
G&A expenses – MSA costs [(1)]	**303**	56	**359**
Total G&A expenses	**483**	192	**675**
$/boe	**8.70**	12.67	**9.55**

(1) In conjunction with the Arrangement, Rubellite has a MSA with Perpetual whereby Rubellite makes payment for certain technical and administrative services provided to Rubellite on a relative production split cost sharing basis.

In conjunction with the Arrangement, Rubellite entered into a Management Services Agreement and Operating ("MSA") with Perpetual whereby Rubellite makes payments for certain technical and administrative services provided to Rubellite on a relative production split cost sharing basis. For the fourth quarter of 2021, the amounts of costs billed under the MSA to Rubellite were $0.3 million and for the period ended December 31, 2021, MSA costs were $0.4 million.

During the fourth quarter of 2021, G&A expenses, excluding MSA costs, were $0.1 million and for the period ended December 31, 2021 were $0.3 million. General and administrative expenses, excluding MSA costs, consist primarily of legal fees, information systems licenses, audit fees, reserves assessment and tax related consulting fees.

Depletion

(*$ thousands, except as noted*)	**Q4 2021**	Q3 2021	**2021**
Depletion	**1,095**	294	**1,389**
$/boe	**19.74**	19.41	**19.68**

The Company calculates depletion using the net book value of the asset, future development costs associated with proved and probable reserves, salvage values on associated production equipment, as well as proved plus probable reserves. As at December 31, 2021, depletion was calculated on a $74.0 million depletable balance, $46.5 million in future development costs and excluded an estimated $0.4 million of salvage value.

Depletion expense for the fourth quarter of 2021 was $1.1 million or $19.74/boe. The increase from the third quarter of 2021 reflects the increase in production volumes, and an increased depletable base on higher capital spending and increased in proved plus probable reserves.

Impairment

In accordance with IFRS, the Company is required to assess when internal or external indicators of impairment exist, and impairment testing is required. At December 31, 2021, the Company conducted an assessment of indicators of impairment for the Company's cash-generating unit ("CGU"). In performing the assessment, management determined there were no indicators of impairment.

E&E assets are tested for impairment when internal or external indicators of impairment exist as well as upon their eventual reclassification to oil and natural gas properties in PP&E. At December 31, 2021, the Company conducted an assessment of indicators of impairment for the Company's E&E assets. In performing the assessment, management determined there were no indicators of impairment.

LIQUIDITY, CAPITALIZATION AND FINANCIAL RESOURCES

Rubellite's strategy targets the maintenance of a strong capital base to retain investor, creditor and market confidence to support the execution of its business plans. The Company manages its capital structure and adjusts its capital spending in light of changes in economic conditions, available liquidity, and the risk characteristics of its underlying heavy oil assets. The Company considers its capital structure to include share capital, revolving bank debt, and net working capital[(1)]. To manage its capital structure and available liquidity, the Company may from time to time issue equity or debt securities, sell assets, and adjust its capital spending to manage current and projected debt levels. The Company will continue to regularly assess changes to its capital structure and repayment alternatives, with considerations for both short-term liquidity and long-term financial sustainability.

Capital Management and Net Debt[(1)]

(*$ thousands, except as noted*)	**December 31, 2021**
Revolving bank debt	**-**
Net working capital deficiency (surplus)[(1)]	**(5,375)**
Net debt[(1)]	**(5,375)**
Shares outstanding at end of period (*thousands*)	**43,809**
Market price at end of period (*$/share*)	**2.24**
Market value of shares[(1)]	**98,132**
Enterprise value[(1)]	**92,757**

(1) Non-GAAP measure, non-GAAP ratio or supplementary financial measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

At December 31, 2021, Rubellite had a working capital[(1)] surplus of $5.4 million, down from $49.1 million as at September 30, 2021 as a result of the Rubellite Transactions and the active capital program which drilled 8 (8.0 net) well since September 3, 2021.

Rubellite had available liquidity at December 31, 2021 of $8.4 million, comprised of the $3.0 million Credit Facility Borrowing Limit and net positive working capital(1) of $5.4 million.

Subsequent to December 31, 2021, Rubellite's Credit Facility Borrowing Limit was increased to $25.0 million with an initial term to May 31, 2023 and which may be extended for a further twelve months to May 31, 2024 subject to lender approval. If not extended by May 31, 2023, all outstanding advances would be repayable on May 31, 2024. The next semi-annual borrow base redetermination is scheduled on or before November 30, 2022.

Equity

At December 31, 2021 and March 9, 2022 there were 43.8 million common shares outstanding and 4.0 million Share Purchase Warrants.

The following table summarizes information about options and performance and restricted awards outstanding as the date of this MD&A:

(millions)	**March 9, 2022**
Restricted share units	203
Share options	757
Performance share units	185
Total	**1,145**

Commodity price risk management

As at March 9, 2022, the Company entered into the following swap commodity contracts:

Commodity	**Volumes sold** ***(bbl/d)***	**Term**	**Reference/ Index**	**Contract Traded Bought/sold**	**Average Price** ***(CAD$/bbl)***
Crude Oil	500 bbls/d	Jan 1 – Jun 30, 2022	WTI (CAD$/bbl)	Swap – sold	$92.77
Crude Oil	300 bbls/d	Feb 1 – Dec 31, 2022	WTI (CAD$/bbl)	Swap – sold	$88.64
Crude Oil	200 bbls/d	Apr 1 – Jun 30, 2022	WTI (CAD$/bbl)	Swap – sold	$104.61
Crude Oil	300 bbls/d	Apr 1 – Dec 31, 2022	WTI (CAD$/bbl)	Swap – sold	$87.45
Crude Oil	500 bbls/d	Jul 1 – Dec 31, 2022	WTI (CAD$/bbl)	Swap – sold	$95.28
Crude Oil	200 bbls/d	Jan 1 – Dec 31, 2022	WCS FP (CAD$/bbl)	Swap – sold	$76.15
Crude Oil	100 bbls/d	Feb 1 – Feb 28, 2022	WCS FP (CAD$/bbl)	Swap – sold	$69.50
Crude Oil	200 bbls/d	Mar 1 – Mar 31, 2022	WCS FP (CAD$/bbl)	Swap – sold	$70.40
Crude Oil	200 bbls/d	Jan 1 – Mar 31, 2022	WTI (USD$/bbl)	Swap – sold	$75.00
Crude Oil	100 bbls/d	Jan 1, 2023 – Dec 31, 2023	WTI (USD$/bbl)	Swap – sold	$64.50

As at March 19, 2022, the Company entered into the following swap WTI-WCS basis differential:

Commodity	**Volumes sold**	**Term**	**Reference/ Index**	**Average Price** ***(CAD$/bbl)***
Crude Oil	500 bbls/d	Jan 1 - June 30, 2022	WCS Differential	(20.93)
Crude Oil	300 bbls/d	Feb 1 – Dec 31, 2022	WCS Differential	(17.55)
Crude Oil	300 bbls/d	Mar 1 – Dec 31, 2022	WCS Differential	(18.30)
Crude Oil	300 bbls/d	Apr 1 – Dec 31, 2022	WCS Differential	(18.05)
Crude Oil	200 bbls/d	Jul 1 – Dec 31, 2022	WCS Differential	(17.25)
Crude Oil	200 bbls/d	Jan 1, 2023 – Dec 31, 2023	WCS Differential	(17.75)

COMMITMENTS AND CONTRACTRUAL OBLIGATIONS

Rubellite has no operating commitments and no amounts are currently drawn under the Credit Facility.

OFF BALANCE SHEET ARRANGEMENTS

Rubellite has no off balance sheet arrangements.

RELATED PARTY TRANSACTIONS

In conjunction with the Arrangement, Rubellite entered into the MSA with Perpetual whereby Perpetual receives payment for certain technical and administrative services provided to Rubellite on a cost recovery basis. For the year ended December 31, 2021, the amount of general and administrative costs charged to Rubellite through the MSA was $0.4 million. As a result of various other transactions between the parties, the Company recorded an accounts receivable of $3.9 million owing from Perpetual and an accounts payable of $3.8 million owing to Perpetual.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstances may result in actual results or changes to estimates that differ materially from current estimates.

Rubellite's financial and operational results incorporate certain estimates including:

- estimated commodity sales from production at a specific reporting date for which actual revenues have not yet been received, including associated estimated credit losses;
- estimated royalty obligations, transportation, and operating expenses at a specific reporting date for which costs have been incurred but have not yet been settled;
- estimated capital spending on projects that are in progress;
- estimated depletion charges that are based on estimates of reserves that Rubellite expects to recover in the future;
- estimated future recoverable value of PP&E and E&E and any associated impairment charges or reversals;
- estimated fair values of financial instruments that are subject to fluctuation depending upon the underlying forward curves for commodity prices, foreign exchange rates and interest rates, as well as volatility curves, and the risk of non-performance;
- estimated value of ARO that is dependent upon estimates of future costs and timing of expenditures;
- estimated compensation expense under Rubellite's share-based compensation plans including the PSUs awarded under the PSU Plans that are dependent on the final number of PSU awards that eventually vest based on a performance multiplier; and
- estimated fair values of assets acquired and liabilities assumed in a business combination.

CONTROL ENVIRONMENT

As of December 31, 2021, Rubellite conducted an internal evaluation of the effectiveness of Rubellite's disclosure controls and procedures as defined in Canada by National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective to ensure that the information required to be disclosed in the reports that Rubellite files or submits under securities legislation is recorded, processed, summarized, and reported, within the time periods specified in the rules and forms therein. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that the information required to be disclosed by Rubellite in the reports that it files or submits under securities legislation is accumulated and communicated to Rubellite's Management, including the senior executive and officers, as appropriate to allow timely decisions regarding the required disclosure.

Internal Control over Financial Reporting ("ICFR") is a set of processes designed to provide reasonable assurance that all assets are safeguarded, transactions are appropriately authorized, and facilitate the preparation of relevant, reliable, and timely information. Because of its inherent limitations, ICFR may not prevent or detect misstatements. Management has assessed the effectiveness of Rubellite's ICFR as defined in Canada by NI 52-109. The assessment was based on the framework in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management concluded that Rubellite's ICFR was effective as of December 31, 2021. No changes were made to Rubellite's ICFR during the year ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, the ICFR.

NON-GAAP AND OTHER FINANCIAL MEASURES

Throughout this MD&A and in other materials disclosed by the Company, Rubellite employs certain measures to analyze financial performance, financial position, and cash flow. These non-GAAP measures, non-GAAP ratios and other supplemental financial measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities. The non-GAAP measures, non-GAAP ratios and other supplemental financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as net income (loss), cash flow from operating activities, and cash flow used in investing activities, as indicators of Rubellite's performance.

Adjusted funds flow: Adjusted funds flow is calculated based on net cash flows from operating activities, excluding changes in non-cash working capital and expenditures on decommissioning obligations since the Company believes the timing of collection, payment or incurrence of these items is variable. Expenditures on decommissioning obligations may vary from period to period depending on capital programs and the maturity of Rubellite's operating areas. Expenditures on decommissioning obligations are managed through the capital budgeting process which considers available adjusted funds flow. Management uses adjusted funds flow and adjusted funds flow per boe as key measures to assess the ability of the Company to generate the funds necessary to finance capital expenditures, expenditures on decommissioning obligations and meet its financial obligations.

Adjusted funds flow pre-transaction costs is calculated as adjusted funds flow less transaction costs. Management has excluded transaction costs from the calculation as these are not related to cash flow from operating activities as they relate to the acquisition of Perpetual's Clearwater assets.

Adjusted funds flow per share is calculated using the weighted average number of shares outstanding used in calculating net income (loss) per share. Adjusted funds flow is not intended to represent net cash flows from operating activities calculated in accordance with IFRS.

Adjusted funds flow per boe is calculated as adjusted funds flow divided by total production sold in the period.

The following table reconciles net cash flows from (used in) operating activities as reported in the Company's consolidated statements of cash flows, to adjusted funds flow and adjusted funds flow - pre transaction costs:

($ thousands, except as noted)	**Q4 2021**	Q3 2021	**2021**
Net cash flows from operating activities	**1,115**	-	**1,115**
Change in non-cash working capital	**354**	126	**480**
Adjusted fund flow	**1,469**	126	**1,595**
Transaction costs	**689**	382	**1,071**
Adjusted funds flow – pre transaction costs	**2,158**	507	**2,666**
Adjusted funds flow per share	**0.03**	0.70	**0.07**
Adjusted funds flow per boe	**26.50**	33.55	**22.60**
Adjusted funds flow – pre transaction costs - per share	**0.06**	0.70	**0.12**
Adjusted funds flow – pre transaction costs - per boe	**38.93**	33.55	**37.78**

Operating netback: Operating netback is calculated by deducting royalties, production and operating expenses, and transportation costs from realized revenue. Operating netback is also calculated on a per boe basis using total production sold in the period. Rubellite considers operating netback to be an important performance measure to evaluate its operational performance as it demonstrates its profitability relative to current commodity prices. Realized revenue is realized oil revenue which includes realized gains (losses) on financial crude oil and foreign exchange contracts. Realized revenue is used by management to calculate the Company's net realized commodity prices, taking into account the monthly settlements of financial crude oil and natural gas forward sales, collars, basis differentials, and forward foreign exchange sales. These contracts are put in place to protect Rubellite's adjusted funds flow from potential volatility. Refer to reconciliations earlier in the MD&A.

Net Debt and Working Capital: Net debt is calculated by deducting any borrowing under the Credit Facility from working capital. Working capital is calculated by adding cash, accounts receivable and prepaids less accounts payables and accrued liabilities. Rubellite uses net debt as an alternative measure of outstanding debt. Management considers net debt and working capital as important measures in assessing the liquidity of the Company.

The following table reconciles working capital as reported in the Company's statements of financial position:

	As at December 31, 2021
Cash and cash equivalents	**15,287**
Accounts receivable	**6,845**
Prepaid expenses and deposits	**247**
Accounts payable and accrued liabilities	**(17,004)**
Working capital deficiency (surplus)	**(5,375)**
Bank indebtedness	**-**
Net debt	**(5,375)**

Realized Revenue and Total Revenue: Realized revenue is calculated as oil revenue less realized gains on derivatives. Total revenue is calculated as realized revenue less unrealized gain on derivates. The Company considers realized revenue and total revenue as important measures in assessing the operating performance of the Company after taking into consideration risk management activities. Refer to reconciliations earlier in the MD&A.

Capital Expenditures: Rubellite uses capital expenditures to measure its capital investments compared to the Company's annual capital budgeted expenditures. Rubellite's capital budget excludes acquisition and disposition activities as well as the accounting impact of any accrual changes.

The most directly comparable GAAP measure for capital expenditures is cash flow used in investing activities. A summary of the reconciliation of cash flow used in investing activities to capital expenditures, is set forth below:

	Q4 2021	Q3 2021	**2021**
Net cash flows used in (from) investing activities	**71,062**	(3,901)	**67,161**
Acquisitions	**(59,373)**	4,051	**(55,322)**
Change in non-cash working capital	**5,491**	28	**5,519**
Capital expenditures	**17,180**	178	**17,358**

Enterprise value: Enterprise value is calculated by multiplying the current shares outstanding by the market price at the end of the period and then adjusting it by the net debt. Rubellite considers enterprise value as an important measure as it normalizes the market value of the Company's shares for its capital structure. Refer to reconciliations earlier in the MD&A.

Non-GAAP Financial Ratios: Rubellite calculates certain non-GAAP measures per boe as the measure divided by weighted average daily production. Management believes that per boe ratios are a key industry performance measure of operational efficiency and one that provides investors with information that is also commonly presented by other crude oil and natural gas producers. Rubellite also calculates certain non-GAAP measures per share as the measure divided by outstanding common shares.

Supplementary Financial Measures

"Average realized price" is comprised of total commodity sales from production, as determined in accordance with IFRS, divided by the Company's total production.

"Depletion expense per boe" is comprised of DD&A expense, as determined in accordance with IFRS, divided by the Company's total production.

"G&A expense per boe" is comprised of G&A expense, as determined in accordance with IFRS, divided by the Company's total production.

"Operating expense per boe" is comprised of operating expense, as determined in accordance with IFRS, divided by the Company's total production.

"Realized gain on derivative per boe" is comprised of realized gain on derivative, as determined in accordance with IFRS, divided by the Company's total production.

"Transportation expense per boe" is comprised of operating expense, as determined in accordance with IFRS, divided by the Company's total production.

"Royalties as a percentage of oil revenue" is comprised of royalties, as determined in accordance with IFRS, divided by oil revenue from production as determined in accordance with IFRS.

"Royalties per boe" is comprised of royalties, as determined in accordance with IFRS, divided by the Company's total production.

“Market value of shares” is comprised of common shares outstanding multiplied by the market price of shares.

RESERVES DATA

There are numerous uncertainties inherent in estimating quantities of crude oil, natural gas and NGL reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth above are estimates only. In general, estimates of economically recoverable crude oil, natural gas and NGL reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially. For those reasons, estimates of the economically recoverable crude oil, NGL and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. The Company's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

All evaluations and reviews of future net revenue are stated prior to any provisions for interest costs or general and administrative costs and after the deduction of estimated future capital expenditures for wells to which reserves have been assigned. The after-tax net present value of the Company's oil and gas properties reflects the tax burden on the properties on a stand-alone basis and utilizes the Company's tax pools. It does not consider the corporate tax situation, or tax planning It does not provide an estimate of the after-tax value of the Company, which may be significantly different. The Company's financial statements and the management's discussion and analysis should be consulted for information at the level of the Company.

The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to effects of aggregations. The estimated values of future net revenue disclosed in this MD&A do not represent fair market value. There is no assurance that the forecast prices and cost assumptions used in the reserve evaluations will be attained and variances could be material.

The reserve data provided in this MD&A presents only a portion of the disclosure required under NI 51-101. All of the required information will be contained in the Company’s Annual Information Form for the year ended December 31, 2021, which will be filed on SEDAR (accessible at www.sedar.com) on or before March 31, 2022.

FORWARD-LOOKING INFORMATION

Certain information in this MD&A including management's assessment of future plans and operations, and including the information contained under the headings "Fourth Quarter 2021 Highlights - Operations Update" and “2022 Outlook and Guidance” may constitute forward-looking information or statements (together "forward-looking information") under applicable securities laws. The forward-looking information includes, without limitation, statements with respect to: future capital expenditure and production forecasts; expectations for enhanced field netbacks in 2022 as a result of on-site water disposal wells to be drilled at Ukalta and Figure Lake; expectations as to drilling activity plans and the benefits to be derived from such drilling including the production growth and ability for the business plan to be fully funded; expectations respecting Rubellite's future exploration, development and drilling activities and Perpetual's business plan.

Forward-looking information is based on current expectations, estimates and projections that involve a number of known and unknown risks, which could cause actual results to vary and in some instances to differ materially from those anticipated by Rubellite and described in the forward-looking information contained in this MD&A. In particular and without limitation of the foregoing, material factors or assumptions on which the forward-looking information in this MD&A is based include: the successful operation of the assets; forecast commodity prices and other pricing assumptions; forecast production volumes based on business and market conditions; foreign exchange and interest rates; near-term pricing and continued volatility of the market; accounting estimates and judgments; future use and development of technology and associated expected future results; the ability to obtain regulatory approvals; the successful and timely implementation of capital projects; ability to generate sufficient cash flow to meet current and future obligations; Rubellite's ability to operate under the management of Rubellite pursuant to the MSA; the ability of Rubellite to obtain and retain qualified staff and equipment in a timely and cost-efficient manner, as applicable; the retention of key properties; forecast inflation and other assumptions inherent in Rubellite's current guidance and estimates; the continuance of existing tax, royalty, and regulatory regimes; the accuracy of the estimates of reserves volumes; ability to access and implement technology necessary to efficiently and effectively operate assets; and the ongoing and future impact of the coronavirus and Russia's military actions in Ukraine on commodity prices and the global economy, among others.

Undue reliance should not be placed on forward-looking information, which is not a guarantee of performance and is subject to a number of risks or uncertainties, including without limitation those described herein and under "Risk Factors" in Rubellite's Annual Information Form for the year ended December 31, 2021 and in other reports on file with Canadian securities regulatory authorities which may be accessed through the SEDAR website (www.sedar.com) and at Rubellite's website www.rubelliteenergy.com. Readers are cautioned that the foregoing list of risk factors is not exhaustive. Forward-looking information is based on the estimates and opinions of Perpetual's management at the time the information is released, and Rubellite disclaims any intent or obligation to update publicly any such forward-looking information, whether as a result of new information, future events or otherwise, other than as expressly required by applicable securities law.

OIL AND GAS METRICS

This MD&A contains certain oil and gas metrics which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included in this document to provide readers with additional measures to evaluate Rubellite's performance; however, such measures are not reliable indicators of Rubellite's future performance and future performance may not compare to Rubellite's performance in previous periods and therefore such metrics should not be unduly relied upon.

INITIAL PRODUCTION RATES

Any references in this MD&A to initial production rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter and are not necessarily indicative of long-term performance or ultimate recovery. Readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company. Such rates are based on field estimates and may be based on limited data available at this time.

BOE VOLUME CONVERSIONS

Barrel of oil equivalent ("boe") may be misleading, particularly if used in isolation. In accordance with NI 51-101, a conversion ratio for conventional natural gas of 6 Mcf:1 bbl has been used, which is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, utilizing a conversion on a 6 Mcf:1 bbl basis may be misleading as an indicator of value as the value ratio between conventional natural gas and heavy crude oil, based on the current prices of natural gas and crude oil, differ significantly from the energy equivalency of 6 Mcf:1 bbl. A conversion ratio of 1 bbl of heavy crude oil to 1 bbl of NGL has also been used throughout this MD&A.

The following abbreviations used in this MD&A have the meanings set forth below:

bbl barrels
bbl/d barrels per day
boe barrels of oil equivalent
MMboe million barrels of oil equivalent