



NEWS RELEASE

RUBELLITE ENERGY INC. ANNOUNCES PEAVINE TRANSACTION, REPORTS YEAR-END 2021 FINANCIAL AND OPERATING RESULTS AND RESERVES, AND PROVIDES OPERATIONS UPDATE AND 2022 GUIDANCE

Calgary, Alberta – March 9, 2022 (TSX:RBY) – Rubellite Energy Inc. ("Rubellite", or the "Company"), a pure play Clearwater oil exploration and development company, is pleased to:

1. Report fourth quarter and year-end 2021 financial and operating results;
2. Provide a summary of the Company's year-end 2021 reserves as evaluated by the independent engineering firm McDaniel and Associates Consultants Ltd. ("McDaniel");
3. Provide a drilling operations update;
4. Announce that Rubellite has entered into a letter of intent to execute a farm-in and option arrangement in the Peavine area of northern Alberta, capturing exposure to an additional 61 sections of land prospective for the Clearwater formation; and
5. Provide 2022 guidance.

Annual financial and operating results reflect the period from September 3, 2021, which was the effective date of the completion of the Plan of Arrangement under the Business Corporations Act (Alberta) involving Perpetual Energy Inc. ("Perpetual"), the shareholders of Perpetual, and Rubellite. Select financial and operational information is outlined below, and should be read in conjunction with Rubellite's audited financial statements and related Management's Discussion and Analysis ("MD&A") for the period ended December 31, 2021. A complete copy of Rubellite's audited financial statements, MD&A and Annual Information Form are available through the Company's website at www.rubelliteenergy.com and SEDAR at www.sedar.com.

This release contains certain specified financial measures that are not recognized by GAAP and used by management to evaluate the performance of the Company 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 release also contains forward-looking information. See "Forward-Looking Information". Readers are also referred to the other advisory sections at the end of the MD&A for additional information.

HIGHLIGHTS

- Rubellite has steadily executed its business plan, 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 production milestone of in excess of 2,000 bbl/d in late March.
- The Company has grown its land position for exposure to the Clearwater play to close to 180 net sections, up 72% from the 104 net sections held by Rubellite at its inception in July of 2021.

Fourth Quarter 2021

- Fourth quarter 2021 exploration and development capital expenditures⁽¹⁾ totaled \$15.7 million, in-line with previous guidance 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) 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 \$47.10/bbl, reflecting strong Western Canadian Select ("WCS") benchmark prices and a realized oil price after hedging of \$72.67/bbl.
- Adjusted funds flow⁽¹⁾ in the fourth quarter of 2021 was \$1.5 million (\$0.03/share), and included \$0.7 million in transaction costs related to the acquisition of the Clearwater Assets. Excluding transaction costs, adjusted funds flow was \$2.2 million (\$0.09/share). Cash flow from operating activities in the fourth quarter and year-ended 2021 were \$1.1 million and \$1.1 million, respectively.
- Total proved plus probable reserves 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. See "*Year-End 2021 Reserves*".
- 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 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 release.

OPERATIONS UPDATE

Rubellite is continuing to operate a two-rig drilling program across its three core producing properties to follow up its initial exploration success in Figure Lake, and accelerate development at Ukalta, and Marten Hills.

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 135 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 just recently commenced OBM recovery 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 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 116 bbl/d, as compared to the Figure Lake type curve IP30 of approximately 115 bbl/d. Two additional wells drilled on the south 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.

SIGNIFICANT PEAVINE TRANSACTION AND EXPLORATION OPPORTUNITY

Rubellite is pleased to announce that the Company has signed a letter of intent to pursue a farm-in and option agreement (the "Peavine Transaction") in the Peavine area, in the vicinity of recent industry Clearwater drilling activity and southwest of Rubellite's existing option acreage at West Dawson in northern Alberta. The arrangement provides exposure to an additional 61.25 gross sections of land prospective for the Clearwater formation. A minimum of two exploratory wells will be drilled and completed prior to April 1, 2023, targeting to establish production and evaluate the future development potential of these Clearwater lands.

Commensurate with growing production and adjusted funds flow, Rubellite plans to continue to pursue transactions to grow its land base and expand its inventory of opportunities across this emerging play.

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⁽⁵⁾ and drilling activities during the first quarter and full year for 2022.

2022 Exploration and Development Forecast Capital Expenditures⁽⁵⁾

	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⁾	\$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 of \$44 to \$48 million 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, 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 release.

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 release.

⁽³⁾ Differential relative to the Western Canadian Select (Cdn\$/bbl) reference price prior to any price management activities.

2022 guidance excludes capital spending for undeveloped lands, acquisitions, if any, and for commitment wells to earn lands pursuant to the Peavine Transaction and for other exploratory option blocks. The Company expects to fund the drilling of four to six (3.0 – 4.0 net) exploratory wells to earn acreage and delineate area type curves prior to April 1, 2023. In addition, Rubellite plans to pursue additional investments to continue to grow its land base and the inventory of prospective Clearwater drilling locations.

YEAR-END 2021 RESERVES

The Company's year-end 2021 reserves information is based on an independent reserves evaluation report prepared by McDaniel & Associates Consultants Ltd. (the "McDaniel Reserve Report"). Rubellite's proved plus probable reserves at year-end 2021 are 6.0 MMboe, comprised of 100% crude oil. The reserves are a combination of the initial Clearwater asset acquisition of 3.9 MMboe from Perpetual that closed September 3, 2021 and reserve extensions of 2.1 MMboe that represented incremental growth of 54% over the four months period ended December 31, 2021.

The McDaniel Reserve Report highlights include:

- Total proved reserves were 3.2 MMboe at year-end 2021, representing 53% of the Company's proved plus probable reserves.
- Proved plus probable producing reserves were 1.8 MMboe at December 31, 2021, representing 30% of total proved plus probable reserves.
- Future development costs ("FDC") are \$46.5 million in the proved plus probable category. McDaniel recognized proved plus probable undeveloped reserves for 40 (36.0 net) multi-lateral horizontal heavy crude oil location in the Clearwater play.
- Based on an equal weighting of three consultant average price (McDaniel, GLJ, Sproule) forecasts (the "Consultant Average Price Forecast") used by McDaniel, the net present value ("NPV") of Rubellite's total proved plus probable reserves (discounted at 10%) before income tax, was \$123.2 million.
- All abandonment, decommissioning and reclamation obligations are included in the McDaniel Reserve Report.

- Based on the Consultant Average Price Forecast, Rubellite's reserve-based net asset value ("NAV") (discounted at 10%) at year-end 2021 is estimated at \$143.4 million (\$3.27 per share).

Reserves Disclosure

Working interest reserves included herein refer to working interest reserves before royalty deductions. Reserves information is based on the McDaniel Reserve Report, with an effective date of December 31, 2021, and has been prepared in accordance with National Instrument 51-101 ("NI 51-101") using the Consultant Average Price Forecast. Complete NI 51-101 reserves disclosure including after-tax reserve values, reserves by major property and abandonment costs will be included in Rubellite's Annual Information Form, which, when filed, will be available on the Company's website at www.rubelliteenergy.com and SEDAR at www.sedar.com. Rubellite's reserves at December 31, 2021 are summarized below:

Working Interest Reserves at December 31, 2021⁽¹⁾

	Light and Medium Crude Oil (Mbbf)	Heavy Oil (Mbbf)	Conventional Natural Gas (MMcf)	Natural Gas Liquids (Mbbf)	Oil Equivalent (Mboe)
Proved Producing	-	1,366	-	-	1,366
Proved Non-Producing	-	-	-	-	-
Proved Undeveloped	-	1,809	-	-	1,809
Total Proved	-	3,174	-	-	3,174
Probable Producing	-	426	-	-	426
Probable Non-Producing	-	-	-	-	-
Probable Undeveloped	-	2,421	-	-	2,421
Total Probable	-	2,847	-	-	2,847
Total Proved plus Probable	-	6,022	-	-	6,022

⁽¹⁾ May not add due to rounding.

Reserves Reconciliation

Working Interest Reserves⁽¹⁾

Barrels of Oil Equivalent (Mboe)	Proved	Probable	Proved and Probable
Opening Balance, July 12, 2021	-	-	-
Extensions and Improved Recovery	578	1,566	2,144
Discoveries	-	-	-
Technical Revisions	-	-	-
Acquisitions	2,671	1,281	3,953
Dispositions	-	-	-
Production	(75)	-	(75)
Economic Factors	-	-	-
Closing Balance, December 31, 2021	3,174	2,847	6,022

⁽¹⁾ May not add due to rounding.

Acquisition reserves include the initial Clearwater assets acquired from Perpetual as well as reserves added to land purchased in the Figure Lake property.

In the proved plus probable reserve category, the acquisition of 3,953 Mboe was comprised of 9 (8.0 net) producing wells and 31 (27.0 net) undeveloped locations. Following the acquisition, 13 (13.0 net) locations were drilled that resulted in proved plus probable adds of 2,144 Mboe attributed to the addition of 5 (5.0 net) producing wells, the transfer of 7 (7.0 net) wells from the proved plus probable undeveloped category to the proved plus probable developed category and the addition of 16 (16.0 net) proved plus probable undeveloped locations.

The table below summarizes the FDC estimated by McDaniel by play type to bring proved plus probable non-producing and undeveloped reserves to production.

Future Development Capital⁽¹⁾

<i>(\$ millions)</i>	2022	2023	2024	2025	2026	Remainder	Total
Figure Lake	10.6	9.9	–	–	–	–	20.5
Ukalta	17.7	2.5	–	–	–	–	20.3
Marten Hills	3.6	2.2	–	–	–	–	5.7
Total	31.9	14.6	0.0	0.0	0.0	0.0	46.5

⁽¹⁾ May not add due to rounding.

The McDaniel Reserve Report estimates that FDC of \$46.5 million will be required to drill 40 (36.0 net) multi-lateral horizontal heavy oil locations to develop the Company’s proved plus probable reserves recognized in the Clearwater play.

RESERVE LIFE INDEX

Rubellite’s proved plus probable reserves to production ratio, also referred to as reserve life index (“RLI”), was 6.6 years at year-end 2021, while the proved RLI was 4.6 years, based upon the 2022 production estimates in the McDaniel Reserve Report.

NET PRESENT VALUE OF RESERVES SUMMARY

Rubellite’s heavy crude oil reserves were evaluated by McDaniel using the Consultant Average Price Forecast effective January 1, 2022, but does not include provision for financial oil and natural gas price hedges, foreign exchange contracts, income taxes, interest, debt service charges and general and administrative expenses. The following table summarizes the NPV of future revenue from reserves at December 31, 2021, assuming various discount rates:

NPV of Reserves, before income tax⁽¹⁾⁽²⁾⁽³⁾

<i>(\$ millions except as noted)</i>	Undiscounted	5%	10%	15%	Discounted at 20%	Unit Value Discounted at 10%/Year (\$/boe)⁽⁴⁾
Proved Producing	48	44	41	37	35	33.08
Proved Non-Producing	0	0	0	0	0	-
Proved Undeveloped	44	37	31	27	23	19.24
Total Proved	93	82	72	64	58	25.19
Probable Producing	15	11	9	7	6	22.29
Probable Non-Producing	0	0	0	0	0	-
Probable Undeveloped	70	54	43	35	29	19.65
Total Probable	85	65	51	42	35	20.05
Total Proved plus Probable	178	146	123	106	93	22.76

⁽¹⁾ January 1, 2022 Consultant Average price forecast

⁽²⁾ Inclusive of all future asset retirement obligations.

⁽³⁾ May not add due to rounding.

⁽⁴⁾ Unit values are based on net reserve volumes.

McDaniel’s NPV10 estimate of Rubellite’s total proved plus probable reserves at year-end 2021 was \$123.2 million. At a 10% discount factor, total proved reserves account for 58% of the proved plus probable value. Proved plus probable producing reserves represent 40% of the total proved plus probable value (discounted at 10%) as obligations for non-producing wells, facilities and pipelines and forecast corporate marketing adjustments reduce the value of the developed producing reserves.

FAIR MARKET VALUE OF UNDEVELOPED LAND

Rubellite held 80,371 net undeveloped acres of land at December 31, 2021. Undeveloped acres refers to land where there are not any existing active wells within the rights associated with those, and includes 72,380 net acres where there are no proved or probable reserves assigned that were assigned value at year-end 2021. An independent third-party estimate of the fair market value of the Company’s undeveloped, non-reserve acreage was prepared by Seaton-

Jordan & Associates Ltd. ("Seaton-Jordan") and is based on past Crown land sale activity, adjusted for tenure and other considerations. The fair market value of Rubellite's undeveloped land at year-end 2021 is estimated by Seaton-Jordan at \$15.0 million, an increase of 6% from \$14.1 million relative to the undeveloped land assessment at June 2021.

NET ASSET VALUE

The following NAV table shows what is normally referred to as a "produce-out" NAV calculation under which the Company's reserves would be produced at forecast future prices and costs. The value is a snapshot in time and is based on various assumptions including commodity prices and foreign exchange rates that vary over time. It should not be assumed that the NAV represents the fair market value of Rubellite's shares. The calculations below do not reflect the value of the Company's prospect inventory to the extent that the prospects are not recognized within the NI 51-101 compliant reserve assessment, except as they are valued through the estimate of the fair market value of undeveloped land.

<i>(\$ millions, except as noted)</i>	Pre-tax NAV at December 31, 2021			
	Undiscounted	5%	10%	Discounted at 15%
Total Proved plus Probable Reserves ⁽²⁾	177.9	146.5	123.2	105.8
Fair market value of undeveloped lands ⁽³⁾	15.0	15.0	15.0	15.0
Bank debt, net of working capital ⁽¹⁾⁽⁴⁾	5.4	5.4	5.4	5.4
NAV	198.1	166.7	143.4	126.0
Common shares outstanding (<i>million</i>)	43.8	43.8	43.8	43.8
NAV per share (\$/share)	4.52	3.81	3.27	2.88

⁽¹⁾ Financial information is per Rubellite's 2021 audited consolidated financial statements.

⁽²⁾ Reserve values per McDaniel Reserve Report as at December 31, 2021. All asset retirement obligations including future abandonment and reclamation costs are included in the McDaniel Reserve Report.

⁽³⁾ Independent third-party estimate; Excludes undeveloped land with reserves assigned.

⁽⁴⁾ 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 release.

The above evaluation includes FDC expectations required to bring undeveloped reserves on production, as recognized by McDaniel, that meet the criteria for booking under NI 51-101. The fair market value of undeveloped land does not reflect the value of the Company's extensive prospect inventory which is anticipated to be converted into reserves and production over time through future capital investment.

Financial and Operating Highlights

	Three months ended December 31, 2021	Year ended December 31, 2021 ⁽¹⁾
<i>(\$ thousands, except as noted)</i>		
Financial		
Oil revenue	3,931	4,923
Net income (loss)	(1,265)	7,702
Per share – basic ⁽³⁾	(0.03)	0.34
Per share – diluted ⁽³⁾	(0.03)	0.33
Cash flow from operating activities	863	1,115
Adjusted funds flow – pre-transaction costs ⁽²⁾	2,158	2,666
Adjusted funds flow ⁽²⁾	1,469	1,595
Per share – basic ⁽²⁾⁽³⁾	0.03	0.07
Per share – diluted ⁽²⁾⁽³⁾	0.03	0.07
Total net debt		
Net capital expenditures⁽²⁾	17,180	83,914
Exploration and development ⁽²⁾	15,660	15,811
Land and acquisitions ⁽²⁾	1,520	68,103
Wells Drilled⁽⁴⁾ – gross (net)	8/8.0	10/10.0
Common shares outstanding (<i>thousands</i>)		
Weighted average – basic	41,834	22,702
Weighted average – diluted	42,360	23,228
Operating		
Daily average heavy oil sales production (<i>bb/d</i>)	603	593
Average prices		
West Texas Intermediate (\$/US/bbl)	77.13	75.73
Western Canada Select ((\$Cdn/bbl)	78.65	77.37
Realized oil price ⁽⁵⁾ – before hedging (<i>\$/bbl</i>)	70.94	69.76
Realized oil price ⁽⁵⁾ – after hedging (<i>\$/bbl</i>)	72.77	71.20

⁽¹⁾ Reflects activity from incorporation on July 12, 2021 and operating results from September 3, 2021, the effective date of the completion 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 release.

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

⁽⁴⁾ Five (4.0 net) additional wells were drilled in 2021 prior to the effective date of the completion of the Plan of Arrangement on September 3, 2021.

⁽⁵⁾ Realized oil prices included physical sales contracts for which delivery was made during the reporting period; After hedging includes realized gains and losses on financial derivatives and foreign exchange contracts.

ADDITIONAL INFORMATION

About Rubellite

Rubellite is a Canadian energy company 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 the Company's website at www.rubelliteenergy.com and on SEDAR at www.sedar.com.

The Toronto Stock Exchange has neither approved nor disapproved the information contained herein.

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ADVISORIES

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 news release 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 news release 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.

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 news release.

The following abbreviations used in this news release have the meanings set forth below:

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

INITIAL PRODUCTION RATES

Any references in this news release 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.

ESTIMATES OF DRILLING LOCATIONS

Unbooked drilling locations are the internal estimates of Rubellite based on the Clearwater assets prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources (including contingent and prospective). Unbooked locations have been identified by Rubellite's management as an estimation of Rubellite's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that Rubellite will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and natural gas reserves, resources or production. The drilling locations on which Rubellite will actually drill wells, including the number and timing thereof is ultimately dependent upon the availability of funding, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While a certain number of the unbooked drilling locations have been de-risked by Rubellite by drilling existing wells in relative close proximity to such unbooked drilling locations, the majority of other unbooked drilling locations are farther away from existing wells where management of Rubellite has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

NON-GAAP AND OTHER FINANCIAL MEASURES

Throughout this news release 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 the 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 statements of cash flows, to adjusted funds flow and adjusted funds flow - pre transaction costs:

<i>(\$ thousands, except as noted)</i>	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

Free funds flow: Free funds flow is defined as adjusted funds flow less total net capital expenditures.

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 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.

Working capital: Working capital is calculated by adding cash, accounts receivable and prepaids less accounts payables and accrued liabilities. Rubellite considers working capital to be an important measure as it demonstrates liquidity.

Net Debt: Net debt is calculated by deducting any borrowing under the Credit Facility from working capital. Rubellite considers working capital to be an important measure as it demonstrates long-term capital management and operating performance.

Realized revenue: Realized revenue is calculated as oil revenue less realized gains on derivatives and is an important measure of risk management activities to demonstrate operating performance.

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 or payments under certain lease arrangements. Total net capital expenditures are defined as capital expenditures adjusted for any acquisitions and non-core dispositions.

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.

FORWARD-LOOKING INFORMATION

Certain information in this news release including management's assessment of future plans and operations, and including the information contained under the headings "Fourth Quarter 2021 Highlights" 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 Rubellite'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 news release. In particular and without limitation of the foregoing, material factors or assumptions on which the forward-looking information in this news release is based include: the successful operation of the Clearwater 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 Perpetual pursuant to the management services agreement; 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 and MD&A 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 Rubellite'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.