



## NEWS RELEASE

### **RUBELLITE ENERGY INC. REPORTS FIRST QUARTER 2022 FINANCIAL AND OPERATING RESULTS AND PROVIDES OPERATIONS AND LAND ACQUISITION UPDATE**

**Calgary, Alberta – May 11, 2022 (TSX:RBY)** – Rubellite Energy Inc. (“Rubellite”, or the “Company”), a pure play Clearwater oil exploration and development company, is pleased to report first quarter 2022 financial and operating results and provide an operations and land acquisition update.

Select financial and operational information is outlined below and should be read in conjunction with Rubellite’s unaudited condensed interim financial statements and related Management’s Discussion and Analysis (“MD&A”) for the three months ended March 31, 2022, which are available through the Company’s website at [www.rubelliteenergy.com](http://www.rubelliteenergy.com) and SEDAR at [www.sedar.com](http://www.sedar.com).

*This news 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” in this news release and in the MD&A 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 information under the “Advisories” section in this news release for additional information.*

#### **FIRST QUARTER 2022 HIGHLIGHTS**

- Rubellite has steadily executed its business plan, running a two-rig drilling program since late November. As of March 31, 2022 there were twenty eight (26.0 net) wells contributing to sales production, with another four (3.5 net) wells rig released and recovering oil-based drilling mud (“OBM”), as compared to sixteen (15.0 net) wells on production at the end of the fourth quarter of 2021 with an additional five (5.0 net) wells recovering OBM. Recoveries of OBM 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.
- The Company averaged 1,525 bbl/d of sales production during the month of March and achieved its 2,000 bbl/d production milestone in late March. Production progressively ramped up through the first quarter of 2022 as new wells fully recovered base-oil load fluid, filled tank inventories and then commenced delivery to sales terminals. Daily average sales production increased 108% from fourth quarter 2021 levels to average 1,251 bbl/d of conventional heavy oil in the first quarter of 2022 (Q4 2021 - 603 bbl/d), at the high end of first quarter guidance of 1,150 to 1,250 bbl/d (100% conventional heavy oil).
- Capital expenditures<sup>(1)</sup> totaled \$35.5 million in the first quarter of 2022 (Q4 2021 – \$17.2 million). Exploration and development spending of \$21.8 million was in-line with previous guidance of first quarter 2022 spending of between \$20.0 and \$22.0 million, and included \$3.1 million for equipment, tubulars and OBM inventory procurement for the remainder of the 2022 drilling program. Land purchases during the first quarter of 2022 were \$13.7 million (Q4 2021 – \$1.5 million) and comprised 65.1 net sections of highly prospective Clearwater undeveloped lands in strategic areas of the Clearwater play.
- During the quarter, the Company 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 Peavine Transaction provides exposure to 61.25 gross (36.75 net) sections of land highly prospective for the Clearwater formation. Subsequent to the end of the quarter, the Company executed the definitive agreement with respect to the Peavine Transaction.

- Drilling activity for the first quarter of 2022 totaled eleven (9.5 net) multi-lateral horizontal Clearwater wells, including six (6.0 net) wells rig released at Ukalta, two (2.0 net) wells rig released at Figure Lake and three (1.5 net) wells rig released at Marten Hills prior to the end of the first quarter. The two-rig winter drilling program extended into the early part of the second quarter as one (1.0 net) multi-lateral horizontal well at Ukalta was spud on March 24, 2022 and rig released April 5, 2022, followed by the drilling of a vertical water disposal well at Ukalta, and one (0.5 net) multi-lateral horizontal well at Marten Hills was spud on March 20, 2022 and rig released April 8, 2022.
- Operating netbacks<sup>(1)</sup> in first quarter of 2022 were \$8.0 million, or \$71.02/bbl (Q4 2021 – \$1.5 million or \$45.48/boe), reflecting strong Western Canadian Select (“WCS”) benchmark prices and increased production. After realized losses on risk management contracts of \$3.3 million or \$29.02/boe (Q4 2021 – gain of \$0.1 million or \$1.83/boe), operating netbacks were \$4.7 million or \$42.00/boe (Q4 2021 – \$2.6 million or \$47.31/boe).
- Adjusted funds flow<sup>(1)</sup> was \$3.8 million in the first quarter of 2022 (Q4 2021 - \$1.5 million), up 153% quarter-over-quarter, driven by the growth in sales production. Cash flow from operating activities was \$3.2 million (Q4 2021 - \$1.1 million).
- Net loss was \$9.3 million in the first quarter of 2022 (Q4 2021 – \$1.3 million) as a result of an unrealized loss on risk management commodity contracts of \$10.6 million.
- On March 30, 2022, Rubellite completed its previously announced bought deal and non-brokered private placement financings, raising gross proceeds of \$38.7 million through the issuance of approximately 10.9 million shares priced at \$3.55 per share.
- Adjusted positive working capital<sup>(1)</sup> at the end of the first quarter of 2022 was \$10.9 million, an increase from the end of the fourth quarter of 2021 of \$5.4 million as a result of the equity financings and adjusted funds flow, offset by capital spending on drilling activity and land purchases. The borrowing limit on the Company’s reserves-based revolving credit facility was increased to \$25.0 million during the quarter and the initial term was extended by 12 months to May 31, 2023.

<sup>(1)</sup> 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 news release.

## OPERATIONS UPDATE

At Ukalta, six (6.0 net) wells were rig released in the first quarter and drilling operations continued through the first two weeks of April as the final Clearwater multi-lateral horizontal well on the 13-35 pad was rig released and a vertical water disposal well was drilled to reduce future water handling costs and enhance field netbacks. Drilling in the Ukalta area is now shut down for spring break-up. During the first quarter, three previously drilled Ukalta development wells completed their OBM recovery in mid-to-late February and recorded an average IP30 rate of 137 bbl/d which is on the Ukalta area type curve<sup>(1)</sup> of approximately 135 bbl/d. The first three wells of the first quarter 2022 drilling program (the “9-9 pad”) completed their OBM recovery phase and IP30 period during the quarter. These wells have been experiencing higher water cuts than directly offsetting wells, are still cleaning up and are producing below the Ukalta area type curve. The last pad of the first quarter 2022 drilling program (the “13-35” pad) had two (2.0 net) wells that rig released in March and one (1.0 net) that was rig released in April. Two of the wells have fully recovered their respective OBM and are in their initial 30-day production periods. The final well has been experiencing higher gas rates during start-up operations which has delayed full recovery of OBM. Production is beginning to stabilize on this pad. Since its inception, Rubellite has drilled 9 wells in the primary Clearwater development zone at Ukalta that have completed their initial 30-day production periods, with an average IP30 rate of 113 bbl/d. Excluding the three high water cut wells on the 9-9 pad, the average IP30 rate is 145 bbl/d. When field conditions allow, drilling operations at Ukalta will re-commence at a new six-well pad, targeting to extend the primary Clearwater zone development to the north end of Rubellite’s Ukalta area land base.

At Marten Hills, the final eight-leg multi-lateral well of the four (2.0 net) well winter drilling program was rig released in early April. All four wells are located on the same new surface pad and have all recovered their respective OBM and are now producing volumes to sales. Two of the four wells have reached the end of their initial 30-day production periods, recording average IP30 rates of 182 bbl/d as compared to the Marten Hills type curve<sup>(1)</sup> IP30 of approximately 120 bbl/d. The remaining two wells of the Marten Hills winter drilling program are also performing slightly stronger than the Marten Hills type curve IP30 and are expected to reach the end of their initial 30-day production periods during May.

At Figure Lake, during the first quarter, the Company drilled and rig released the last two wells of the four well winter drilling program, which followed up last summer’s exploration success at the South Figure Lake pad. The first two south

pad development wells in the winter program completed their OBM recovery in late January while the last two wells on the same pad completed their OBM recovery in February. On average, the 4 south pad follow up wells recorded average IP30 rates of 133 bbl/d which compares favorably with the Figure Lake type curve<sup>(1)</sup> of approximately 115 bbl/d. Drilling operations are expected to recommence at Figure Lake later in the second quarter as surface access conditions permit, with a vertical water disposal well and 12 new horizontal multi-lateral wells planned for the remainder of 2022. In addition to enhancing field netbacks during the second half of 2022, the new on-site water disposal well at Figure Lake is also designed to provide additional reservoir quality information on the prospective Clearwater zone.

Drilling costs escalated 5 to 10% during the quarter due to increased OBM costs which are directly related to the price of base oil. In addition, the flow through of higher fuel surcharges and personnel costs and supply chain issues has further impacted the cost of tubulars and other goods and services. The Company has been successful mitigating the impact of inflationary pressures by improving average drilling performance and employing bulk-purchasing and other capital efficiency strategies.

<sup>(1)</sup> Type curve assumptions are based on the Total Proved plus Probable Undeveloped reserves contained in the McDaniel Reserve Report as disclosed in the Company's Annual Information Form which is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). "McDaniel" means McDaniel & Associates Consultants Ltd. independent qualified reserves evaluators. "McDaniel Reserve Report" means the independent engineering evaluation of the crude oil, natural gas and NGL reserves, prepared by McDaniel with an effective date of December 31 2021 and a preparation date of March 9 2022.

## **LAND ACQUISITION UPDATE**

Subsequent to the end of the first quarter, Rubellite executed a definitive agreement for the previously announced Peavine Transaction located in the vicinity of recent industry Clearwater drilling activity and southwest of Rubellite's existing option acreage at West Dawson in northern Alberta. The Peavine Transaction provides exposure to 61.25 gross (36.75 net) sections of land highly prospective for the Clearwater formation. Rubellite plans to access the Peavine lands late in 2022 when frozen ground conditions permit to drill a minimum of two exploratory wells prior to April 1, 2023, targeting to establish production and evaluate the future development potential of these Clearwater lands.

Since the end of the first quarter, Rubellite has spent an additional \$2.9 million to acquire 52.7 net sections of land through Crown land purchase and other transactions. Including lands acquired in the second quarter of 2022, the Company has grown its land position for exposure to the Clearwater play to over 270 net sections, up 160% from the 104 net sections held by Rubellite at its inception in July of 2021. A significant portion of the newly acquired lands are complementary to existing operating areas in Ukalta and Figure Lake on the southern Clearwater trend, while the remainder of the additional new acreage supplements Rubellite's exploratory acreage in the Northern Clearwater play fairway.

## **2022 OUTLOOK AND GUIDANCE**

Rubellite forecasts capital spending<sup>(5)</sup> of \$26.0 to \$28.0 million for the remainder of 2022 to drill, complete equip and tie-in up to 22 (20.1 net) multi-lateral horizontal wells in its three core operating areas at Ukalta, Figure Lake and Marten Hills, as well as two (2.0 net) vertical water disposal wells to mitigate water handling costs. The Company is finalizing its licensing, access and logistical plans to drill four to six (3.0 – 4.0 net) exploratory wells on its northern exploration blocks, including lands at West Dawson and Peavine, to complete earning requirements and delineate area type curves prior to April 1, 2023. In addition, Rubellite plans to continue to pursue additional investments to further grow its land base and its inventory of prospective Clearwater drilling locations.

Forecast drilling activities are expected to be fully funded from adjusted funds flow<sup>(5)</sup> and the Company's credit facility. The Figure Lake drilling program will be partially funded by the Figure Lake GORR, which contributed approximately \$0.4 million during the first quarter of 2022 and is forecast to contribute \$2.0 million in 2022.

The table below summarizes Rubellite's exploration and development capital spending<sup>(5)</sup> and anticipated core area drilling activities for 2022, excluding activity on its northern Clearwater trend exploratory land blocks and undeveloped land purchases and acquisitions.

**2022 Exploration and Development Forecast Capital Expenditures<sup>(1)(5)</sup>**

	<b>Q1 2022<sup>(4)</sup></b> <b>(\$ millions)</b>	<b># of wells</b> <b>(gross/net)</b>	<b>Q2 – Q4 2022</b> <b>(\$ millions)</b>	<b># of wells</b> <b>(gross/net)</b>	<b>2022</b> <b>(\$ millions)</b>	<b># of wells</b> <b>(gross/net)</b>
Ukalta <sup>(2)</sup>		6 / 6.0		7 / 7.0		13 / 13.0
Figure Lake <sup>(2)(3)</sup>		2 / 2.0		12 / 12.0		14 / 14.0
Marten Hills <sup>(2)</sup>		3 / 1.5		3 / 1.1		6 / 2.6
<b>Total<sup>(4)</sup></b>	<b>\$21.8</b>	<b>11 / 9.5</b>	<b>\$26 - \$28</b>	<b>22 / 20.1</b>	<b>\$48 - \$50</b>	<b>33 / 29.6</b>

<sup>(1)</sup> Excludes activity on exploratory option blocks, undeveloped land purchases and acquisitions, if any.

<sup>(2)</sup> 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 were spud late in Q1 2022 and rig released 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.

<sup>(3)</sup> Capital expenditures at Figure Lake are reduced for the Figure Lake GORR which contributed \$0.4 million in Q1 2022 and is forecast to contribute \$2.0 million in 2022.

<sup>(4)</sup> Q1 2022 capital expenditures included \$3.1 million for equipment, tubulars and OBM inventory procurement for the remainder of 2022 drilling program. Forecast 2022 exploration and development capital expenditures include spending for two vertical water disposal wells.

<sup>(5)</sup> 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 news release.

The drilling program planned after spring break-up at Ukalta, Figure Lake and Marten Hills is expected to continue to drive progressive growth over the remainder of 2022. With spring breakup conditions and new wells being optimized during their initial production phases, sales production volumes will fluctuate during the second quarter. Second quarter production volumes are expected to average between 1,525 and 1,625 bbl/d and will continue to ramp up through the balance of the year. The Company's full year 2022 average sales production levels of between 2,200 and 2,400 bbl/d is unchanged from previous guidance.

2022 Guidance assumptions are unchanged from those released March 9, 2022 and exclude undeveloped land purchases and additional acquisitions as well as activity on exploration blocks in the Northern Clearwater trend which are dependent on timing of surface access.

## Financial and Operating Highlights

<i>(\$ thousands, except as noted)</i>	<b>Three months ended March 31, 2022</b>	Three months ended December 31, 2021
<b>Financial</b>		
Oil revenue	<b>10,876</b>	3,931
Net loss	<b>(9,272)</b>	(1,265)
Per share – basic <sup>(1)(2)</sup>	<b>(0.21)</b>	(0.03)
Per share – diluted <sup>(1)(2)</sup>	<b>(0.21)</b>	(0.03)
Cash flow from operating activities	<b>3,192</b>	1,115
Adjusted funds flow <sup>(1)</sup>	<b>3,835</b>	1,469
Per share – basic <sup>(1)(2)</sup>	<b>0.09</b>	0.03
Per share – diluted <sup>(1)(2)</sup>	<b>0.09</b>	0.03
Net debt	<b>(10,858)</b>	(5,375)
<b>Capital expenditures<sup>(1)</sup></b>		
Exploration and development	<b>21,774</b>	15,660
Land and acquisitions	<b>13,737</b>	1,520
<b>Wells Drilled<sup>(3)</sup> – gross (net)</b>	<b>11 / 9.5</b>	8 / 8.0
<b>Common shares outstanding<sup>(4)</sup> (thousands)</b>		
Weighted average – basic	<b>43,930</b>	41,834
Weighted average – diluted	<b>43,930</b>	42,360
End of period	<b>54,723</b>	43,809
<b>Operating</b>		
Daily average oil sales production <sup>(5)</sup> (bbl/d)	<b>1,251</b>	603
<b>Average prices</b>		
West Texas Intermediate (“WTI”) (\$/US/bbl)	<b>94.29</b>	77.13
Western Canadian Select (“WCS”) (\$/CAD/bbl)	<b>101.01</b>	78.65
Average Realized oil price <sup>(2)</sup> (\$/bbl)	<b>96.61</b>	70.94
Average Realized oil price <sup>(2)</sup> – after risk management contracts (\$/bbl)	<b>67.57</b>	72.77

<sup>(1)</sup> Non-GAAP measure. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this news release and in the MD&A for an explanation of composition.

<sup>(2)</sup> Non-GAAP ratio. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this news release and in the MD&A for an explanation of composition.

<sup>(3)</sup> Well count reflects wells rig released during the period.

<sup>(4)</sup> Per share amounts are calculated using the weighted average number of basic or diluted common shares outstanding.

<sup>(5)</sup> Conventional heavy crude oil sales production excludes tank inventory volumes.

## 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 funds flow generation while maintaining a conservative capital structure and prioritizing environmental, social and governance (“ESG”) excellence. Additional information on Rubellite can be accessed at the Company’s website at [www.rubelliteenergy.com](http://www.rubelliteenergy.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

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

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## 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.

## 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 and other 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 and other 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 from investing activities, as indicators of Rubellite's performance.

### Non-GAAP Financial Measures

**Capital Expenditures:** Rubellite uses capital expenditures (or "capital spending") related to exploration and development 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:

	Q1 2022	Q4 2021
Net cash flows used in investing activities	28,472	71,062
Acquisitions	–	(59,373)
Change in non-cash working capital	7,039	5,491
Capital expenditures	35,511	17,180

**Operating netbacks and total operating netbacks after risk management contracts:** Operating netback is calculated by deducting royalties, production and operating expenses, and transportation costs from oil revenue. Operating netback is also calculated on a per boe basis using total production sold in the period. Total operating netbacks after management contracts is presented after adjusting for realized gains or losses from risk management contracts. Rubellite considers that netback is a key industry performance indicator and one that provides investors with information that is also commonly presented by other crude oil and natural gas producers. 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. Rubellite considers the presentation after risk management contracts an important measure to evaluate performance after risk management activities.

**Net debt:** Net debt is calculated by deducting any borrowing from adjusted working capital. Adjusted working capital is current assets less current liabilities, adjusted for the removal of the current portion of risk management contracts. Rubellite uses net debt as an alternative measure of outstanding debt. Management considers net debt and adjusted working capital as important measures in assessing the liquidity of the Company. Net debt, net bank debt, and net debt to adjusted funds flow ratios are used by management to assess the Company's overall debt position and borrowing capacity. Net debt to adjusted funds flow ratios are calculated on a trailing twelve-month basis. debt is not a standardized measure and therefore may not be comparable to similar measures presented by other entities.

**Adjusted working capital:** Adjusted working capital deficiency or surplus includes total current assets and current liabilities excluding short-term risk management assets and liabilities related to the Company's risk management activities and any borrowings under the revolving bank debt.

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

	As at March 31, 2022	As at December 31, 2021
Current assets	37,165	22,441
Current liabilities	(37,509)	(18,317)
Working capital (surplus) deficiency	344	(4,124)
Fair value of risk management contracts – current asset	–	62
Fair value of risk management contracts – current liability	(11,202)	(1,313)
Adjusted working capital surplus	(10,858)	(5,375)
Bank indebtedness	–	–
Net debt	(10,858)	(5,375)

**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 from Perpetual Energy Inc. ("Perpetual"), in the comparative period.

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 operating activities as reported in the Company's condensed statements of cash flows, to adjusted funds flow and adjusted funds flow - pre transaction costs:

<i>(\$ thousands, except as noted)</i>	<b>Q1 2022</b>	<b>Q4 2021</b>
Net cash flows from operating activities	<b>3,192</b>	1,115
Change in non-cash working capital	<b>643</b>	354
Adjusted fund flow	<b>3,835</b>	1,469
Transaction costs	–	689
Adjusted funds flow – pre transaction costs	<b>3,835</b>	2,158
Adjusted funds flow per share	<b>0.09</b>	0.03
Adjusted funds flow per boe	<b>34.06</b>	26.50
Adjusted funds flow – pre transaction costs - per share	<b>0.09</b>	0.06
Adjusted funds flow – pre transaction costs - per boe	<b>34.06</b>	38.93

**Available Liquidity:** Available Liquidity is defined as Rubellite's reserve-based credit facility (the "Credit Facility") borrowing limit (the "Borrowing Limit"), plus any cash and cash equivalents, less any borrowings and letters of credit issued under the Credit Facility. Management uses available liquidity to assess the ability of the Company to finance capital expenditures and expenditures on decommissioning obligations, and to meet its financial obligations.

**Enterprise value:** Enterprise value is equal to net debt plus the market value of issued equity, and is used by management to analyze leverage. 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. The Company considers enterprise value as an important measure as it normalizes the market value of the Company's shares for its capital structure.

#### **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.

**Net debt to adjusted funds flow ratio:** Net debt to adjusted funds flow ratios are calculated on a trailing twelve-month basis.

#### **Supplementary Financial Measures**

"Average realized oil price" is comprised of total oil revenue, as determined in accordance with IFRS, divided by the Company's total sales oil production on a per barrel basis.

"Average realized price after gain or loss on risk management" is comprised of realized gain on risk management contracts, as determined in accordance with IFRS, divided by the Company's total sales oil production.

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

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

"Transportation cost per boe" is comprised of transportation cost, as determined in accordance with IFRS, divided by the Company's total sales oil production.

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

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

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

"Adjusted funds flow per share" is calculated using the weighted average number of basic and diluted shares outstanding used in calculating net income (loss) per share.

#### **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 "Operations Update", "Land Acquisition 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; and the anticipated sources of funds to be used for capital spending; expectations as to drilling activity plans in various areas and the benefits to be derived from such drilling including the production growth; 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, supply chain access 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 invasion of Ukraine and related sanctions 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](http://www.sedar.com)) and at Rubellite's website ([www.rubelliteenergy.com](http://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.