

## **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") operating and financial results for the three months ended March 31, 2022, as well as information and estimates concerning the Corporation's future outlook based on currently available information. This discussion should be read in conjunction with the Corporation's unaudited condensed interim financial statements and accompanying notes for the three months ended March 31, 2022 as well as the audited financial statements and accompanying notes for the year ended December 31, 2021. Disclosure which is unchanged from the December 31, 2021 MD&A has not been duplicated herein. 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"). Readers are referred to the advisories for additional information regarding forecasts, assumptions and other forward-looking information contained in the "Forward-Looking Information" section of this MD&A.*

*The date of this MD&A is May 11, 2022. All amounts are in Canadian dollars unless specified otherwise. Rubellite commenced operations with the acquisition of Perpetual Energy Inc.'s ("Perpetual") 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 plan of arrangement between Perpetual, shareholders of Perpetual and Rubellite (the "Arrangement"), to December 31, 2021. As result, there are no Q1 2021 comparatives and the Company has provided comparison to the most recent prior quarter of Q4 2021.*

*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".*

**NATURE OF BUSINESS:** Rubellite is a Canadian energy company headquartered in Calgary, Alberta and engaged in the exploration, development and production of conventional heavy crude oil from the Clearwater formation in Eastern Alberta, utilizing multi-lateral horizontal 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 [www.sedar.com](http://www.sedar.com) and found at [www.rubelliteenergy.com](http://www.rubelliteenergy.com).

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

### **FIRST QUARTER 2022 OPERATIONAL AND FINANCIAL HIGHLIGHTS**

- Capital expenditures (see "Non-GAAP and Other Financial Measures") 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. Land purchases during the first quarter of 2022 were \$13.7 million (Q4 2021 - \$1.5 million), adding 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 (34.75 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) rig released at Marten Hills prior to the end of the first quarter. At the end of first quarter, one (1.0) well at Ukalta was spud on March 24, 2022 and rig released April 5, 2022 and one (0.5 net) well at Marten Hills was spud on March 20, 2022 and rig released April 8, 2022.
- 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 OBM, 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).
- Operating netbacks (see "Non-GAAP and Other Financial Measures") in first quarter of 2022 were \$8.0 million, or \$71.02/bbl (Q4 2021 - \$2.5 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 (see "Non-GAAP and Other Financial Measures") in the first quarter of 2022 was \$3.8 million (Q4 2021 - \$1.5 million) up 153% quarter-over-quarter, driven by the growth in sales production. Cash flow from operating activities in the first quarter of 2022 were \$3.2 million (Q4 2021 - \$1.1 million).

- Net loss for the first quarter of 2022 was \$9.3 million (Q4 2021 – \$1.3 million) driven by an unrealized loss on risk management commodity contracts of \$10.6 million.
- On March 30, 2022 Rubellite completed 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 working capital surplus (see "Non-GAAP and Other Financial Measures") 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.

<i>(\$ thousands, except as noted)</i>	<b>Q1 2022</b>	<b>Q4 2021</b>	<b>Q3 2021<sup>(1)</sup></b>
<b>Financial</b>			
Oil revenue	<b>10,876</b>	3,931	992
Net income (loss)	<b>(9,272)</b>	(1,265)	8,967
Per share – basic <sup>(4)</sup>	<b>(0.21)</b>	(0.03)	12.34
Per share – diluted <sup>(4)</sup>	<b>(0.21)</b>	(0.03)	5.16
Total assets	<b>164,009</b>	115,862	132,370
Cash flow from operating activities	<b>3,192</b>	1,115	–
Adjusted funds flow – pre-transaction costs <sup>(2)</sup>	<b>3,835</b>	2,158	760
Adjusted funds flow <sup>(2)</sup>	<b>3,835</b>	1,469	378
Per share – basic <sup>(3)(4)</sup>	<b>0.09</b>	0.03	0.70
Per share – diluted <sup>(3)(4)</sup>	<b>0.09</b>	0.03	0.29
<b>Common shares (thousands)</b>			
Weighted average – basic	<b>43,930</b>	41,834	726
Weighted average – diluted	<b>43,930</b>	42,360	1,739
<b>Operating</b>			
Daily average oil sales production (bbl/d) <sup>(5)</sup>	<b>1,251</b>	603	561
<b>Rubellite average realized oil price<sup>(3)</sup></b>			
Average realized oil price (\$/bbl) <sup>(3)</sup>	<b>96.61</b>	70.94	65.50
Average realized oil price – after risk management contracts (\$/bbl) <sup>(3)</sup>	<b>67.57</b>	72.77	65.50

<sup>(1)</sup> Reflects activity from incorporation on July 12, 2021 and operating results from September 3, 2021 the effective date of the Arrangement to September 30, 2021.

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

<sup>(3)</sup> Non-GAAP ratio. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

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

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

## 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 nine 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 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 four 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 twelve 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.

(1) 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 expenditures (see "Non-GAAP and Other Financial Measures") 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 (see "Non-GAAP and Other Financial Measures") 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 Q1 2022 and is forecast to contribute \$2.0 million in 2022.

The table below summarizes Rubellite's exploration and development capital expenditures and anticipated 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>

	Q1 2022 <sup>(4)</sup> (\$ millions)	# of wells (gross/net)	Q2 – Q4 2022 (\$ millions)	# of wells (gross/net)	2022 (\$ millions)	# of wells (gross/net)
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>

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

(2) 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.

(3) 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.

(4) 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.

(5) Non-GAAP measure. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

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 sales 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 forecast 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.

## FIRST QUARTER 2022 FINANCIAL AND OPERATING RESULTS

### Cash Flow used in Investing Activities, Capital Expenditures, Acquisitions and Dispositions

Cash flow used in investing activities was \$28.5 million as compared to \$71.1 million in the fourth quarter of 2021. In addition to cash flow used in investing activities, Rubellite uses capital expenditures to measure its capital investments compared to the Company's annual budgeted expenditures. The capital budget excludes acquisition and disposition activities as well as the accounting impact of any accrual changes. "Capital expenditures" is not a standardized measure and, therefore, may not be comparable with the calculation of similar measures by other entities. For reconciliation of cash flow used in investing activities to capital expenditures, refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

The following table summarizes capital spending for both property, plant and equipment assets and exploration and evaluation assets, excluding non-cash items:

<i>(\$ thousands)</i>	Q1 2022	Q4 2021
Exploration and development	21,774	15,660
Land and acquisitions	13,737	1,520
<b>Capital expenditures<sup>(1)</sup></b>	<b>35,511</b>	<b>17,180</b>

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

### Wells drilled by area

<i>(gross/net)</i>	Q1 2022	Q4 2021
Ukalta <sup>(1)</sup>	6/6.0	6/6.0
Figure Lake	2/2.0	2/2.0
Marten Hills <sup>(2)</sup>	3/1.5	-/-
<b>Total</b>	<b>11/9.5</b>	<b>8/8.0</b>

<sup>(1)</sup> One (1.0 net) additional Ukalta well was spud on March 24, 2022 and rig released April 5, 2022 and not included in the Q1 2022 well count.

<sup>(2)</sup> One (0.5 net) additional Marten Hills well was spud on March 20, 2022 and rig released April 8, 2022 and not included in the Q1 2022 well count.

Rubellite's exploration and development spending in the first quarter of 2022 was \$21.8 million. The spending represented six (6.0 net) wells drilled at Ukalta, two (2.0 net) wells drilled at Figure Lake and three (1.5 net) wells drilled at Marten Hills. A seventh well at Ukalta and fourth well at Marten Hills were largely spent during the first quarter and were rig released in the beginning of the second quarter of 2022. An additional twelve (11.0 net) wells were contributing to sales production at the end of first quarter of 2022 as compared to the end of 2021 with few wells still recovering OBM. Land spending in the first quarter of 2022 was \$13.7 million to purchase an additional 65.1 net sections of land in the Clearwater area.

Drilling activity for the fourth quarter of 2021 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. 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.

### 2021 significant acquisitions

On September 3, 2021, the Clearwater Assets were acquired from Perpetual 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 \$1.4 million, the return of 8.2 million Perpetual common shares exchanged in the Arrangement valued at \$2.8 million and issuance of warrants to purchase 4.0 million Rubellite common shares at a price of \$3.00 per share for a period of five years, valued at \$2.0 million.

### Production

	Q1 2022	Q4 2021
Production		
Average daily heavy crude oil ( <i>bb/d</i> ) – production <sup>(1)</sup>	1,223	710
Average daily heavy crude oil ( <i>bb/d</i> ) – sales <sup>(1)</sup>	1,251	603
<b>Total production (<i>bb/d</i>)</b>	<b>1,251</b>	<b>603</b>

<sup>(1)</sup> The Company's heavy oil sales volumes and production volumes differ due to changes in inventory.

First quarter sales production averaged 1,251 bbl/d, up 648 bbl/d from 603 bbl/d in the fourth quarter.

As of March 31, 2022, there were twenty eight (26.0 net) wells contributing to sales production, as compared to sixteen (15.0 net) wells on production at the end of the fourth quarter of 2021, while an additional five (5.0 net) wells were rig released and recovering OBM. The Company 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. 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 forecast sales production guidance of between 2,200 and 2,400 bbl/d is unchanged from previous guidance.

## Oil Revenue

<i>(\$ thousands, except as noted)</i>	<b>Q1 2022</b>	Q4 2021
<b>Oil revenue</b>		
Oil revenue	<b>10,876</b>	3,931
<b>Reference prices</b>		
West Texas Intermediate ("WTI") (US\$/bbl)	<b>94.29</b>	77.13
Exchange rate (US\$/bbl)	<b>1.27</b>	1.26
West Texas Intermediate ("WTI") (CAD\$/bbl)	<b>119.39</b>	97.18
Western Canadian Select ("WCS") differential (US\$/bbl)	<b>(14.53)</b>	(14.63)
WCS (CAD\$/bbl)	<b>101.01</b>	78.65
<b>Rubellite average realized prices<sup>(1)</sup></b>		
Average realized oil price (\$/bbl)	<b>96.61</b>	70.94

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

Rubellite's oil revenue for the three months ended March 31, 2022 of \$10.9 million increased from \$3.9 million during the fourth quarter of 2021, due to the increase in production. Additionally, commodity prices increased during the first quarter of 2022 when compared to the fourth quarter of 2021 driven by higher WTI reference prices. The increase in the WCS average price was due to the increase in WTI oil prices to US\$94.29/bbl (Q4 2021 – US\$77.13/bbl).

## Risk Management Contracts

The Company's realized price deviates from the index due to the Company's market diversification strategies that balances pricing exposure. The Company uses "average realized prices after risk management contracts" which is not a standardized measure, and therefore may not be comparable with the calculation of similar measures by other entities. The measure is used by management to calculate the Company's net realized commodity prices, taking into account the monthly settlements of financial crude oil forward sales, collars and basis differentials. These contracts are put in place to protect Rubellite's cash flows from potential volatility.

<i>(\$ thousands, except as noted)</i>	<b>Q1 2022</b>	Q4 2021
Unrealized loss on risk management contracts	<b>(10,580)</b>	(1,337)
Realized gain (loss) on risk management contracts	<b>(3,269)</b>	101
Realized gain (loss) on risk management contracts (\$/bbl)	<b>(29.04)</b>	1.83
<b>Average realized oil price after risk management contracts<sup>(1)</sup></b>	<b>67.57</b>	72.77

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

Realized losses on risk management contracts totaled \$3.3 million or \$29.04/boe for the first quarter of 2022, compared to gains of \$0.1 million for the same period of 2021. Hedging losses are attributable to benchmark price fluctuations relative to pricing on commodity contracts with strengthening benchmark pricing.

For the first quarter of 2022, Rubellite recorded an unrealized loss on risk management contracts of \$10.6 million (Q4 2021 – \$1.3 million unrealized loss). Unrealized gains and losses represent the change in mark-to-market value of risk management contracts as forward commodity prices and foreign exchange rates change. Unrealized gains and losses on risk management contracts are excluded from the Company's calculation of cash flow from (used in) operating activities as non-cash items. Risk management contract gains and losses vary depending on the nature and extent of the risk management contracts in place, which in turn, vary with the Company's assessment of commodity price risk, committed capital spending and other factors.

## Royalties

<i>(\$ thousands, except as noted)</i>	<b>Q1 2022</b>	Q4 2021
Oil royalties – crown	<b>694</b>	277
Oil royalties – freehold	<b>424</b>	127
Total royalties	<b>1,118</b>	404
\$/boe	<b>9.93</b>	7.28
Crown (% of oil revenue) <sup>(1)</sup>	<b>6.4</b>	7.1
Freehold and overriding (% of oil revenue) <sup>(1)</sup>	<b>3.9</b>	3.2
Total (% of oil revenue) <sup>(1)</sup>	<b>10.3</b>	10.3

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

Total royalties for the first quarter of 2022 were \$1.1 million, 177% higher than the fourth quarter of 2021 as a result of increased production and higher reference prices. On a unit-of-production basis, royalties were up 36% to \$9.93/boe (Q4 2021 – \$7.28/boe). Royalties as a percentage of revenue for the first quarter of 2022 were 10.3% which was consistent with the fourth quarter of 2021. The Company expects royalties to average 11% to 12% of revenue for 2022.

## Production and operating expenses

<i>(\$ thousands, except as noted)</i>	Q1 2022	Q4 2021
Production and operating expenses	<b>1,110</b>	684
\$/boe	<b>9.86</b>	12.35

Total production and operating expenses for the first quarter of 2022 increased significantly when compared to the fourth quarter as a result of increased production and a return to seasonal weather.

Total production and operating expenses decreased 20% on a unit-of-production basis to \$9.86/boe for the first quarter of 2022, compared to \$12.35/boe for the fourth quarter of 2021. The decrease was the result of the effect of higher production across the fixed component of operating costs and higher operating costs during the prior quarter due to extreme cold weather in Alberta in December. Specifically, the fourth quarter of 2021 experienced 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-up operations for new wells.

For 2022, the Company expects unit-of-production costs to normalize with growing production volumes. 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.

## Transportation costs

<i>(\$ thousands, except as noted)</i>	Q1 2022	Q4 2021
Transportation costs	<b>653</b>	323
\$/boe	<b>5.80</b>	5.83

Transportation costs include clean oil trucking costs. For the first quarter of 2022, transportation costs were \$0.7 million, an increase from the fourth quarter of 2021 as a result of increased production. On a unit-of-production basis, transportation costs were relatively unchanged at \$5.80/boe in the first quarter of 2022 (Q4 2021 – \$5.83/boe).

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

## Operating netbacks

"Operating netback" is a non-GAAP measure determined 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. Rubellite considers operating netback to be an important performance measure to evaluate its operational performance as it demonstrates its profitability relative to commodity prices. Operating netback is not a standardized measure and, therefore, may not be comparable with the calculation of similar measures by other entities.

The following table highlights Rubellite's operating netbacks:

<i>(\$/boe) (\$ thousands)</i>	Q1 2022	Q4 2021
Production (bbl/d)	<b>1,251</b>	603
Oil revenue	<b>96.61</b>	70.94
Royalties	<b>(9.93)</b>	(7.28)
Production and operating expenses	<b>(9.86)</b>	(12.35)
Transportation costs	<b>(5.80)</b>	(5.83)
Operating netback <sup>(1)</sup>	<b>71.02</b>	45.48
Realized gains (losses) on risk management contracts	<b>(29.02)</b>	1.83
Total operating netback, including risk management contracts	<b>42.00</b>	47.31

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

For the first quarter, Rubellite's operating netback, excluding risk management contracts, was \$8.0 million (\$71.02/boe) compared to \$2.5 million (\$45.48/boe) in the fourth quarter of 2021. The increase was due to higher oil revenue driven by higher production and strong oil prices, with WTI benchmark prices of US\$94.29/bbl for the period. This increase was partially offset by higher costs in all areas as a result of increased production and higher royalties per unit-of-production.

For the first quarter, Rubellite's operating netback, including risk management contracts, was \$4.7 million (\$42.00/boe) compared to \$2.6 million (\$47.31/boe) in the fourth quarter of 2021 as realized losses on risk management contracts reduced operating netbacks by \$3.3 million (\$29.02/bbl). On a unit-of-production basis, operating netbacks, including risk management contracts decreased due to the realized losses from risk management contracts and higher royalties.

## General and administrative (“G&A”) expenses

<i>(\$ thousands, except as noted)</i>	Q1 2022	Q4 2021
G&A expenses – excluding MSA costs <sup>(1)</sup>	404	180
G&A expenses – MSA costs <sup>(1)</sup>	313	303
Total G&A expenses	717	483
<i>\$/boe</i>	6.37	8.70

<sup>(1)</sup> 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 and Operating Services Agreement (“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 first quarter of 2022, the costs billed under the MSA to Rubellite were \$0.3 million which was consistent with the fourth quarter of 2021.

During the first quarter of 2022, G&A expenses, excluding MSA costs, were \$0.4 million as compared to \$0.2 million in the fourth quarter of 2021. General and administrative expenses, excluding MSA costs, consist primarily of legal fees, information systems licenses, audit fees, reserves assessment and tax related consulting fees. The increase in costs in the first quarter of 2022 related to increased legal fees for professional services. On a unit-of-production basis, G&A costs decreased to \$6.37/boe from \$8.70/boe in the fourth quarter of 2021 as a result of increased production which more than offset higher costs.

## Depletion

<i>(\$ thousands, except as noted)</i>	Q1 2022	Q4 2021
Depletion	2,258	1,095
<i>\$/boe</i>	20.05	19.74

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 March 31, 2022, depletion was calculated on a \$94.6 million depletable balance (December 31, 2021 – \$74.0 million), \$33.9 million in future development costs (December 31, 2021 – \$46.5 million) and excluded an estimated \$0.4 million of salvage value (December 31, 2021 – \$0.4 million).

Depletion expense for the first quarter of 2022 was \$2.3 million or \$20.05/boe (Q4 2021 – \$1.1 million or \$19.74/boe). The increase from the fourth quarter of 2021 reflects the increase in production volumes, and an increase in the depletable base on higher capital spending and increased 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 March 31, 2022, 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 March 31, 2022, 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. During the first quarter of 2022, there were no transfers of E&E assets to PP&E.

## 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 adjusted working capital. 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, with considerations for both short-term liquidity and long-term financial sustainability.

Rubellite uses net debt, adjusted working capital, enterprise value and trailing twelve-months adjusted funds flow as important indicators of capital resources, management and liquidity. Net debt includes the carrying value of net bank debt and deducting any borrowings 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. For calculation of adjusted working capital and adjusted funds flow, refer to the section entitled “Non-GAAP and Other Financial Measures” contained within this MD&A.

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.

## Capital Management

<i>(\$ thousands, except as noted)</i>	March 31, 2022	December 31, 2021
Revolving bank debt	—	—
Adjusted working capital surplus <sup>(1)</sup>	<b>(10,858)</b>	(5,375)
Net debt <sup>(1)</sup>	<b>(10,858)</b>	(5,375)
Shares outstanding at end of period ( <i>thousands</i> )	<b>54,723</b>	43,809
Market price at end of period ( <i>\$/share</i> )	<b>3.82</b>	2.24
Market value of shares <sup>(1)</sup>	<b>209,042</b>	98,132
Enterprise value <sup>(1)</sup>	<b>198,184</b>	92,757

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

At March 31, 2022, Rubellite had an adjusted working capital surplus of \$10.9 million, up from \$5.4 million from December 31, 2021 as a result of the \$38.7 million equity financings that closed on March 30, 2022, partially offset by the \$21.8 million first quarter capital program spent to drill eleven (9.5 net) wells during the first quarter of 2022 and exploratory land purchases during the first quarter of \$13.7 million.

Rubellite had available liquidity at March 31, 2022 of \$52.5 million, comprised of the \$25.0 million Credit Facility Borrowing Limit and cash and cash equivalents of \$27.5 million. On March 5, 2022, 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.

## Equity

At March 31, 2022 there were 54.7 million common shares outstanding and 4.0 million Share Purchase Warrants. On March 30, 2022 Rubellite completed 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.

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

<i>(millions)</i>	May 11, 2022
Restricted share units	213
Share options	765
Performance share units	323
<b>Total</b>	<b>1,301</b>

## Commodity price risk management

As at May 11, 2022, the Company had entered into the following commodity swap contracts:

Commodity	Volumes sold ( <i>bbl/d</i> )	Term	Reference/Index	Contract Traded Bought/sold	Average Price ( <i>CAD\$/bbl</i> )
Crude Oil	500 bbl/d	Apr 1 – Jun 30, 2022	WTI (CAD\$/bbl)	Swap – sold	\$92.77
Crude Oil	200 bbl/d	Apr 1 – Jun 30, 2022	WTI (CAD\$/bbl)	Swap – sold	\$104.61
Crude Oil	700 bbl/d	Jun 1 – Jun 30, 2022	WCS FP (CAD\$/bbl)	Swap – buy	\$101.80
Crude Oil	600 bbl/d	Apr 1 – Dec 31, 2022	WTI (CAD\$/bbl)	Swap – sold	\$88.05
Crude Oil	500 bbl/d	Jul 1 – Dec 31, 2022	WTI (CAD\$/bbl)	Swap – sold	\$95.28
Crude Oil	200 bbl/d	Jan 1 – Dec 31, 2022	WCS FP (CAD\$/bbl)	Swap – sold	\$76.15
Crude Oil	100 bbl/d	Jan 1 – Dec 31, 2023	WTI (USD\$/bbl)	Swap – sold	\$64.50

As at May 11, 2022, the Company entered into the following swap WTI-WCS basis differential:

Commodity	Volumes sold	Term	Reference/Index	Average Price ( <i>CAD\$/bbl</i> )
Crude Oil	500 bbl/d	Apr 1 - June 30, 2022	WCS Differential	(20.93)
Crude Oil	800 bbl/d	Apr 1 – Dec 31, 2022	WCS Differential	(17.88)
Crude Oil	300 bbl/d	Jul 1 – Dec 31, 2022	WCS Differential	(17.55)
Crude Oil	200 bbl/d	Jan 1 – Dec 31, 2023	WCS Differential	(17.75)

## COMMITMENTS AND CONTRACTUAL 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 period ended March 31, 2022, the amount of general and administrative costs charged to Rubellite through the MSA was \$0.3 million. As a result of various other transactions between the parties, the Company recorded an accounts payable of \$1.8 million owing to Perpetual.

## 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 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 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. Refer to reconciliations in the MD&A under the "Operating Netbacks" section.

**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. Net 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 contract 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)
Risk management contracts – current asset	—	62
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 in the comparative period.

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. 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 oil production sold in the period.

The following table reconciles net cash flows from operating activities as reported in the Company's condensed interim 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>	Q4 2021
Net cash flows from operating activities	<b>3,192</b>	1,115
Change in non-cash working capital	<b>643</b>	354
Adjusted funds flow	<b>3,835</b>	1,469
Add back: transaction costs	-	689
Adjusted funds flow – pre transaction costs	<b>3,835</b>	2,158
Adjusted funds flow per share - basic	<b>0.09</b>	0.03
Adjusted funds flow per share - diluted	<b>0.09</b>	0.03
Adjusted funds flow per boe	<b>34.06</b>	26.50
Adjusted funds flow – pre transaction costs - basic	<b>0.09</b>	0.06
Adjusted funds flow – pre transaction costs - diluted	<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, weighted average common shares or diluted weighted average 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.

## **FUTURE ACCOUNTING PRONOUNCEMENTS**

The International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee regularly issue new and revised accounting pronouncements which have future effective dates and therefore are not reflected in Rubellite's financial statements. Once adopted, these new and amended pronouncements may have an impact on Rubellite's condensed interim financial statements. Rubellite's analysis of recent accounting pronouncements is included in the notes to the financial statements at December 31, 2021.

## **CORPORATE GOVERNANCE**

The Corporation is committed to maintaining high standards of corporate governance. Each regulatory body, including the Toronto Stock Exchange and the Canadian provincial securities commissions, has a different set of rules pertaining to corporate governance. The Corporation fully conforms to the rules of the governing bodies under which it operates.

## **INTERNAL CONTROLS AND PROCEDURES**

### **Evaluation of disclosure controls and procedures**

There were no changes in the Corporation's internal control over financial reporting during the period beginning on January 1, 2022 and ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

## **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 "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 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 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.

## GLOSSARY

The following is a list of abbreviations that may be used in this MD&A:

### Measurement:

bbbl	barrel
bbbl/d	barrels per day
Mbbbl	thousand barrels
MMbbbl	million barrels
boe <sup>(1)</sup>	barrels of oil equivalent
boe/d <sup>(1)</sup>	barrels of oil equivalent per day
Mboe <sup>(1)</sup>	thousands of barrels of oil equivalent

### Volume Conversions:

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.

Barrel of oil equivalent ("boe") may be misleading, particularly if used in isolation. In accordance with National Instrument 51-101 ("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. Refer to the "Production" section of this MD&A for details of constituent product components that comprise Rubellite's boe production.

### 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.

### Financial and Business Environment:

AECO	Alberta Energy Company (natural gas benchmark hub)
E&E	Exploration and evaluation
ESG	Environmental, social and governance
GAAP	Generally accepted accounting principles
G&A	General and administrative
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
PP&E	Property, plant and equipment
TSX	Toronto Stock Exchange
WTI	West Texas Intermediate
WCS	Western Canadian Select