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 and nine months ended September 30, 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 and nine months ended September 30, 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 November 10, 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 plan of arrangement between Perpetual, shareholders of Perpetual and Rubellite (the "Arrangement"), to December 31, 2022. As a result, the Company has provided comparison to the most recent prior quarter of Q2 2022 which is the most relevant comparable.

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 and found at www.rubelliteenergy.com.

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

THIRD QUARTER 2022 OPERATIONAL AND FINANCIAL HIGHLIGHTS

- Exploration and development capital expenditures (see "Non-GAAP and Other Financial Measures") for the third quarter of 2022 totaled $22.5 million, related to the drilling of fourteen (13.3 net) multi-lateral horizontal wells, one vertical stratigraphic evaluation well and one water disposal well, pad construction and facilities installation for the ongoing drilling program and included land spending of $0.5 million to purchase 4.1 net sections of land in the Clearwater area, bringing the total for the nine months to 146.5 net sections of additional land prospective for Clearwater heavy oil.

- As of September 30, 2022, there were forty six (41.6 net) wells contributing to sales production, with another three (3.0 net) wells rig released and recovering oil based mud drilling fluid ("OBM"), as compared to thirty six (32.3 net) wells on production at the end of the second quarter of 2022. Recoveries of OBM are not recorded as sales production as the OBM is recycled for future drilling operations to the extent possible, which is currently running at approximately 65%, or sold and credited back to drilling capital.

- Daily average conventional heavy oil sales production increased 19% from second quarter 2022 levels to average 1,760 bbl/d in the third quarter of 2022 (Q2 2022 – 1,478 bbl/d), which was at the upper end of the Company's Q3 2022 guidance range of 1,600 to 1,800 bbl/d. Production progressively ramped up through the first nine months of 2022 as new wells fully recovered their OBM, filled processing tank inventories, and then commenced delivery of heavy oil to sales terminals.

- Operating netbacks (see "Non-GAAP and Other Financial Measures") in the third quarter of 2022 were $10.3 million, or $63.90/boe (Q2 2022 – $11.6 million or $85.97/boe), reflecting a decline in Western Canadian Select ("WCS") benchmark prices, partially offset by increased production. After realized losses on risk management contracts of $3.0 million or $18.49/boe (Q2 2022 – losses of $6.2 million or $46.12/boe), operating netbacks were $7.4 million or $45.41/boe (Q2 2022 – $5.4 million or $39.85/boe).

- Adjusted funds flow (see "Non-GAAP and Other Financial Measures") in the third quarter of 2022 was $6.5 million (Q2 2022 – $4.6 million) up 41% quarter-over-quarter, driven by the growth in sales production, reduction in production and operating costs and lower royalties. Adjusted funds flow per boe was $39.89/boe, up 17% from $34.13/boe in the second quarter. Cash flow used in operating activities in the third quarter of 2022 was $0.7 million (Q2 2022 – $6.5 million cash flow from operating activities).

- Net income for the third quarter of 2022 was $10.4 million (Q2 2022 – $4.7 million net income). Higher net income was driven by the unrealized gain on risk management contracts of $7.9 million in the third quarter.

- Adjusted working capital deficit (see "Non-GAAP and Other Financial Measures") at the end of the third quarter of 2022 was $12.9 million, down $15.6 million from a $2.7 million surplus at June 30, 2022 as a result of capital spending being higher than adjusted funds flow.

- Subsequent to September 30, 2022, the borrowing limit on the Company's reserves-based revolving credit facility was increased to $40.0 million with an initial term to May 31, 2023 and may be extended a further twelve months to May 31, 2024 subject to lender approval.

($ thousands, except as noted)	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Financial					
Oil revenue	**13,654**	15,632	10,876	3,931	992
Net income (loss)	**10,426**	4,726	(9,272)	(1,265)	8,967
Per share – basic(3)	**0.19**	0.09	(0.21)	(0.03)	12.34
Per share – diluted(3)	**0.19**	0.08	(0.21)	(0.03)	5.16
Total assets	**170,206**	160,202	164,009	115,862	132,370
Cash flow from (used in) operating activities	**(745)**	6,473	3,192	1,115	—
Adjusted funds flow(1)	**6,459**	4,597	3,835	1,469	378
Per share – basic(2)(3)	**0.12**	0.09	0.09	0.03	0.70
Per share – diluted(2)(3)	**0.12**	0.09	0.09	0.03	0.29
Common shares (thousands)					
Weighted average – basic	**54,748**	54,725	43,930	41,834	726
Weighted average – diluted	**55,265**	55,797	43,930	41,834	1,739
Operating					
Daily average oil sales production (bbl/d)(4)	**1,760**	1,478	1,251	603	561
Rubellite average realized oil price(2)					
Average realized oil price ($/bbl)	**84.31**	116.21	96.61	70.94	65.50
Average realized oil price – after risk management contracts($/bbl)	**65.82**	70.09	67.57	72.77	65.50

(1) Non-GAAP measure. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.
(2) Non-GAAP ratio. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.
(3) Per share amounts are calculated using the weighted average number of basic or diluted common shares.
(4) Conventional heavy oil sales production excludes tank inventory volumes.

OPERATIONS UPDATE

With the drilling rig racked on location at Marten Hills over spring break up, dry field conditions provided time for the spud of two additional horizontal multi-lateral wells in June prior to re-locating the rig to Figure Lake. The two new wells were drilled at the Marten Hills Area's after payout working interest of 30%. The first well was drilled in the second quarter with rig release in mid-June, reached full recovery of its oil-based mud load fluid on July 6th and achieved an average IP30 rate of 188 bbl/d. The second adjacent well rig released in early July, reached full recovery of oil-based mud in late July and achieved an average IP30 rate of 252 bbl/d which compares favorably to the Marten Hills type curve(1) IP30 of 120 bbl/d. Following up these positive results, a drilling rig returned to Marten Hills in early October catching a convenient operational window prior to the commencement of Rubellite's planned northern exploration program which is largely designed for winter access on frozen ground. Three (0.9 net) wells will be drilled to complete the primary development of Rubellite's acreage at Marten Hills during the fourth quarter. The Company will continue to monitor the performance of several offsetting waterflood pilots and assess the potential for secondary recovery on its acreage at Marten Hills later in 2023.

At Figure Lake, a total of six (6.0 net) multi-lateral horizontal wells and one (1.0 net) vertical evaluation/water disposal well were spud and rig released during the third quarter. Drilling operations recommenced in early July, as surface access conditions permitted, with the drilling of a vertical stratigraphic evaluation well that also will serve as a water disposal well to enhance field netbacks. With positive encouragement from the stratigraphic information obtained in this vertical step-out well, the Company focused drilling operations on two pads in the area, drilling three (3.0 net) horizontal multi-lateral wells on a pad at 1-13-63-18W4 (the "1-13 Pad") and two (2.0 net) horizontal multi-lateral wells on a pad to the north at 9-23-63-18W4 (the "9-23 Pad"). All three wells drilled from the 1-13 Pad have been rig released, recovered their oil-based mud load fluid and progressed through their IP30 production periods, averaging 117 bbl/d as compared to the Figure Lake type curve(1) IP30 of 115 bbl/d. One well on the 1-13 Pad is an exceptional performer, recording an IP60 of 223 bbl/d, prompting the follow-up development drilling of three additional wells on this pad which commenced in early October. The two wells drilled on the 9-23 Pad in the third quarter have fully recovered load oil and are in their respective IP30 production periods. One (1.0 net) additional multi-lateral well was drilled and rig released late in the quarter at a third pad located at 14-28-62-18W4 (the "14-28 Pad") has just recently recovered its oil-based mud load fluid and begun its IP30 production period. The first two of three additional follow-up infill wells on the 1-13 Pad have been rig released since the end of the third quarter, have fully recovered their oil-based mud load fluid and are in their respective IP30 periods trending above the Figure Lake type curve(1). The third infill well on the 1-13 pad is currently drilling and is expected to begin producing to sales prior to the end of the fourth quarter. Operationally, five (5.0 net) additional follow-up infill / development wells are expected to be rig released during the fourth quarter. Rubellite intends to keep a drilling rig running continuously at Figure Lake until break up in late March, balancing infill development drilling to grow production with step-out delineation drilling to assess reservoir performance across the large land base at Figure Lake to solidify future drilling programs.

Development drilling operations at Ukalta continued through the third quarter with the rig release of six horizontal multi-lateral wells to complete the 2022 Ukalta area drilling program. Production is now beginning to stabilize from three wells producing on the new pad located at 16-16-57-18W4 (the "16-16 Pad"), recording an average IP30 rate of 87 bbl/d as compared to the Ukalta type curve(1) IP30 of 120 bbl/d. While IP30 rates have been disappointing for wells on several pads at Ukalta, production declines appear to be flatter than the Ukalta type curve(1). Rubellite will continue to monitor production declines, water cuts and gas-oil ratios to re-assess the expected performance and economic potential of future drilling locations on the Company's Ukalta acreage. The rig used for the Ukalta drilling program moved into the Marten Hills area in early October.

Rubellite is actively acquiring surface access and well licenses to drill four to six (3.0 – 4.0 net) exploratory wells to evaluate several of its northern Clearwater trend exploratory land blocks this winter, including lands at West Dawson and Peavine. Exploration capital expenditures are expected to include vertical evaluation and multi-lateral drilling activities on exploration blocks in the Northern Clearwater trend which are dependent on timing of surface access.

(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. "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.

2022 OUTLOOK AND GUIDANCE

Rubellite plans to spend approximately $33.0 to $41.0 million to continue its two-rig drilling program through to the end of the first quarter of 2023 to drill, complete, equip and tie-in 17 (14.9 net) multi-lateral horizontal development / infill wells at Figure Lake and Marten Hills and to execute its four to six (3.0 to 4.0 net) well northern exploration program. To maintain the efficiencies of continuous rig operations, Rubellite now expects to drill 8 (8.0 net) wells at Figure Lake and 3 (0.9 net) wells at Marten Hills during the fourth quarter to bring full year 2022 development capital expenditures (see "Non-GAAP and Other Financial Measures") to $68 to $70 million, relative to previous 2022 development capital expenditure guidance of $54 to $56 million. Forecast drilling activities are expected to be fully funded from adjusted funds flow (see "Non-GAAP and Other Financial Measures") and the Company's expanded credit facility. The Figure Lake drilling program will be partially funded by the Figure Lake GORR, which is forecast to contribute $1.7 million in 2022. Fourth quarter 2022 capital expenditures include $2.0 million for equipment and tubular procurement that will be used over 2023 and an additional $0.5 million for pad construction in support of Q1 2023 drilling activity.

The table below summarizes Rubellite's forecast exploration and development capital expenditures and anticipated horizontal multi-lateral drilling activities for 2022 and the first quarter of 2023, excluding undeveloped land purchases and acquisitions.

2022 Exploration and Development Forecast Capital Expenditures(1)(5)

	Q1 -Q3 2022(1) (*$ millions*)	# of wells (*gross/net*)	Q4 2022 (*$ millions*)	# of wells (*gross/net*)	2022 (*$ millions*)	# of wells (*gross/net*)	Q1 2023 (*$ millions*)	# of wells (*gross/net*)
Development(2)	**$ 50.9**	**29 / 25.6**	**$17 - $19**	**11 / 8.9**	**$68 - $70**	**40 / 34.5**	**$8 - $10**	**6 / 6.0**
Ukalta(2)		15 / 15.0		- / -		15 / 15.0		- / -
Figure Lake(2)(3)		8 / 8.0		8 / 8.0		16 / 16.0		6 / 6.0
Marten Hills(2)		6 / 2.6		3 / 0.9		9 / 3.5		- / -
Service Wells		2 / 2.0		- / -		2 / 2.0		- / -
Exploration(4)	**$ 2.7**	**2 /2.0**	**$1 - $2**	**1 / 1.0**	**$4 - $5**	**3 / 3.0**	**$7 - $10**	**3-5/2.0-3.0**
Ukalta(4)		1 / 1.0		- / -		1 / 1.0		- / -
Alpen(4)		1 / 1.0		- / -		1 / 1.0		- / -
Northern(4)		0 / 0.0		1 / 1.0		1 / 1.0		3-5 / 2.0-3.0
Total(5)	**$ 53.6**	**33 / 29.6**	**$18 - $21**	**12 / 9.9**	**$72 - $75**	**43 / 37.5**	**$15 - $20**	**9-11/8.0-9.0**

(1) Exploration and development capital expenditures excludes undeveloped land purchases and acquisitions, if any.
(2) Development capital expenditures include drill, complete, equip and tie-in capital spent during the period as well as spending for 2 vertical water disposal service wells. Well count reflects multi-lateral wells rig released during the period but excludes service wells. Fourth quarter 2022 capital expenditures includes $2.0 million for equipment and tubular procurement that will be used over 2023 and an additional $0.5 million for pad construction in support of Q1 2023 drilling activity.
(3) Capital expenditures at Figure Lake are reduced for the Figure Lake GORR which contributed $1.5 million in Q1 - Q3 2022 and is forecast to contribute $0.2 million in Q4 2022.
(4) Exploration capital spending includes drill, complete, equip and tie-in capital for one vertical stratigraphic evaluation / horizontal multi-lateral well at Alpen and one vertical stratigraphic evaluation well at Ukalta. Northern Exploration capital includes two (1.5 net) vertical stratigraphic evaluation wells.
(5) Non-GAAP measure. Refer to the section entitled "Non-GAAP and Other Financial Measures" for an explanation of composition.

Including additional lands acquired since the end of the third quarter, year to date in 2022, Rubellite has spent $18.8 million to acquire 156 net sections of land through Crown land purchases and other transactions. The Company has now grown its land position for exposure to the Clearwater play to 314 net sections, up 202% 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 and captures land on other Clearwater exploration prospects.

The 2022 drilling program is expected to continue to drive progressive production growth through the remainder of 2022 and into 2023. Capital spending, drilling activity and operational guidance for the fourth quarter of 2022 and first quarter of 2023 is as outlined in the table below:

	Previous 2022 Guidance	Q4 2022 Guidance	Revised 2022 Guidance	Q1 2023 Guidance
Production (bbl/d)	1,700 - 2,000	1,950 – 2,200	1,600 – 1,675	2,200 – 2,600
Development spending ($ millions)(1)	$54 - $56	$17 - $19	$68 - $70	$8 - $10
Multi-lateral development wells (net)	31.5	8.9	34.5	6.0
Exploration spending ($ millions)(1)	$4 - $6	$1 - $2	$5 - $8	$7 - $10
Heavy oil wellhead differential ($/bbl)(2)	$9.00 - $10.00	$7.00 - $8.00	$7.00 - $8.00	$7.00 - $8.00
Royalties ($/bbl)	11% - 12%	9% - 10%	10% - 11%	9% - 10%
Production & operating costs ($/bbl)	$6.50 - $7.50	$6.00 - $6.50	$6.50 - $7.50	$6.00 - $6.50
Transportation ($/bbl)	$6.00 - $7.00	$6.50 - $7.00	$6.00 - $7.00	$6.50 - $7.00
General & administrative ($/bbl)	$4.50 - $5.50	$5.00 - $5.50	$5.00 - $5.50	$5.50 - $6.00

(1) Exploration and development spending guidance excludes undeveloped land purchases and additional acquisitions. Non-GAAP ratio. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.
(2) Quality differential relative to Western Canadian Select.

THIRD QUARTER 2022 FINANCIAL AND OPERATING RESULTS

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

Cash flow used in investing activities was $9.1 million as compared to $17.5 million in the second quarter of 2022. 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 related to both PP&E and E&E assets. 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 tables summarizes capital expenditures for both property, plant and equipment assets ("PP&E") and exploration and evaluation assets ("E&E"), excluding non cash items:

	Three months ended September 30,					
	2022			2021		
($ thousands)	**E&E**	**PP&E**	**Total**	E&E	PP&E	Total
Drilling and completions	**3,748**	**14,570**	**18,318**	—	(41)	(41)
Facilities	**—**	**1,960**	**1,960**	—	65	65
Lease construction	**310**	**1,333**	**1,643**	—	127	127
Land and other	**516**	**39**	**555**	27	—	27
Capital expenditures(1)	**4,574**	**17,902**	**22,476**	27	151	178

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

	Nine months ended September 30,					
	2022			2021		
($ thousands)	**E&E**	**PP&E**	**Total**	E&E	PP&E	Total
Drilling and completions	**4,723**	**38,797**	**43,520**	—	(41)	(41)
Facilities	**—**	**6,202**	**6,202**	—	65	65
Lease construction	**310**	**3,533**	**3,843**	—	127	127
Land and other	**17,471**	**(344)**	**17,127**	27	—	27
Capital expenditures(1)	**22,504**	**48,188**	**70,692**	27	151	178

(1) 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

	Three months ended September 30,		Nine months ended September 30,	
(gross/net)	**2022**	2021(1)	**2022**	2021(2)
Ukalta(6)	**7/7.0**	1/1.0	**17/17.0**	1/1.0
Figure Lake(3)(4)	**6/6.0**	1/1.0	**8/8.0**	4/4.0
Marten Hills	**1/0.3**	-/-	**6/2.6**	2/1.0
Alpen(5)	**1/1.0**	-/-	**1/1.0**	-/-
Total	**15/14.3**	2/2.0	**32/28.6**	7/6.0

(1) The third quarter of 2021 comparative period includes well drilled by Rubellite from the date of the Arrangement from September 3, 2021 to September 30, 2021.
(2) Includes wells drilled in 2021 by Perpetual prior to the effective date of the completion of the Arrangement on September 3, 2021.
(3) One (1.0 net) additional Figure Lake well was spud on September 28, 2022 and rig released October 12, 2022 and not included in the Q3 2022 well count.
(4) One (1.0 net) vertical stratigraphic service well, was drilled at Figure Lake during Q3 2022 and will serve as a water disposal wel.l
(5) The vertical stratigraphic exploratory well and follow-on horizontal well drilled at Alpen was classified as an E&E drill.
(6) One (1.0 net) vertical stratigraphic exploratory test well that was drilled in Ukalta during the quarter was classified as an E&E drill.

Additions to PP&E assets

Rubellite's third quarter additions to PP&E was $17.9 million. Drilling activity resulting in additions to PP&E for the third quarter represented six (6.0 net) wells at Ukalta, five (5.0 net) wells at Figure Lake and one (0.3 net) well at Marten Hills. An additional well at Figure Lake was largely spent during the third quarter and was rig released in the beginning of the fourth quarter. During the third quarter there was one (1.0 net) additional vertical water disposal well drilled at Figure Lake. This well also technically grounded our follow-on step-out drilling of the five (5.0 net) horizontal multi-lateral wells at Figure Lake during the third quarter of 2022. All five (5.0 net) wells were classified as property, plant and equipment ("PP&E") assets as at September 30, 2022 with four of the wells contributing to production and the fifth well recovering OBM.

Additions to PP&E in the first nine months of 2022 was $48.2 million. Drilling activity resulting in additions to PP&E in 2022 represented sixteen (16.0 net) wells at Ukalta, seven (7.0 net) wells at Figure Lake and six (2.6 net) wells at Marten Hills. One additional well drilled at Ukalta during the first half of 2022 was a vertical water disposal well and one additional well drilled at Figure Lake during the third quarter of 2022 was a vertical water disposal well.

Additions to E&E assets

Rubellite's 2022 additions related to E&E was $22.5 million which included drilling activity and land purchases resulting in additions to E&E.

Near the end of the second quarter of 2022, one (1.0 net) exploratory well at Alpen began drilling on June 24, 2022, with $1.0 million of the capital spent during the second quarter. The well was rig released at the beginning of the third quarter. The third quarter capital expenditures related to drilling were for remaining costs on the drill and completion of the Alpen well, a vertical stratigraphic evaluation well at Ukalta in the exploratory area and a horizontal multi-lateral well at Figure Lake. The vertical exploratory well at Ukalta was designed to test an expansion of the Ukalta Clearwater pool to the northwest, which helped define the exploitable edge of the pool.

Land spending in the third quarter of 2022 was $0.5 million to purchase additional 4.1 net sections of strategic land in the Clearwater area. Land spending in the first nine months of 2022 was $17.5 million bringing the total acreage acquired during the first nine months of the year to 146.5 net sections of additional Clearwater land.

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021(1)	**2022**	2021(1)
Production				
Average daily heavy crude oil (bbl/d) – production(2)	**1,906**	580	**1,537**	580
Average daily heavy crude oil (bbl/d) – sales(2)	**1,760**	561	**1,498**	561
Total production (bbl/d)	**1,760**	561	**1,498**	561

(1) The comparable period of 2021 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.
(2) The Company's heavy oil sales volumes and production volumes differ due to changes in inventory.

Third quarter production averaged 1,906 bbl/d, up 41% relative to the second quarter of 2022 (Q2 2022 - 1,350 bbl/d). Sales production averaged 1,760 bbl/d, up 282 bbl/d or 19% from 1,478 bbl/d in the second quarter of 2022, factoring in the tank volume inventory recorded as new pads commenced production through the quarter. At the end of the third quarter, an additional twelve (11.3 net) wells were contributing to sales production while two (2.0 net) additional wells drilled at Figure Lake during the third quarter also came on-production early in the fourth quarter. Production and sales volumes have progressively ramped up throughout 2022 as new wells fully recovered base-oil load fluid and then commenced delivery to sales terminals.

Oil Revenue

	Three months ended September 30,		Nine months ended September 30,	
($ thousands, except as noted)	**2022**	2021(1)	**2022**	2021(1)
Oil revenue				
Oil revenue	**13,654**	992	**40,162**	992
Reference prices				
West Texas Intermediate ("WTI") (US$/bbl)	**91.64**	71.54	**98.14**	71.54
Foreign Exchange rate (US$/CAD$)	**1.31**	1.27	**1.28**	1.27
West Texas Intermediate ("WTI") (CAD$/bbl)	**119.53**	90.66	**125.90**	90.66
Western Canadian Select ("WCS") differential (US$/bbl)	**(19.87)**	(13.52)	**(15.78)**	(13.52)
WCS (CAD$/bbl)	**93.60**	86.20	**105.55**	86.20
Rubellite average realized prices(2)				
Average realized oil price ($/bbl)	**84.31**	65.52	**98.19**	65.52

(1) The comparable period of 2021 reflects operating results from September 3, 2021, the effective date of the Arrangement, to September 30, 2021.
(2) 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 September 30, 2022 of $13.7 million decreased by 13% or $1.9 million from the second quarter of 2022 (Q2 2022 - $15.6 million), attributable to the 27% decrease in average realized oil prices, partially offset by the 19% increase in production quarter-over-quarter (Q2 2022 - average realized price $116.21/bbl). In the third quarter of 2022, commodity prices decreased when compared to the second quarter of 2022 driven by lower WTI reference prices and widening WCS differentials. During the third quarter the decrease in the WCS average price was consistent with the decrease in WTI oil prices which averaged US$91.64/bbl (Q2 2022 – US$108.41/bbl) and an increase of the WCS differential to US$19.87/bbl (Q2 2022 - US$12.80/bbl).

Risk Management Contracts

The Company's realized price deviates from benchmark prices due to the Company's risk management strategies. 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 oil price, taking into account the monthly settlements of financial and physical crude oil forward sales, differentials and foreign exchange contracts. These contracts are put in place to protect Rubellite's cash flows from potential volatility and lock in economics on drilling programs.

	Three months ended September 30,		Nine months ended September 30,	
(*$ thousands, except as noted*)	**2022**	2021(1)	**2022**	2021(1)
Unrealized gain (loss) on risk management contracts	**7,941**	—	**1,008**	—
Realized gain (loss) on risk management contracts	**(2,994)**	—	**(12,466)**	—
Realized gain (loss) on risk management contracts *($/bbl)*	**(18.49)**	—	**(30.48)**	—
Average realized oil price after risk management contracts(2)	**65.82**	—	**67.71**	—

(1) The comparable period of 2021 reflects operating results from September 3, 2021 the effective date of the Arrangement, to September 30, 2021. There were no risk management contracts entered into during the comparable period that impacted the third quarter of 2021.
(2) 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 $3.0 million or $18.49/bbl for the third quarter of 2022, compared to losses of $6.2 million or $46.12/bbl for the second quarter of 2022. Hedging losses are attributable to reference price fluctuations relative to pricing on commodity contracts driven by changes in WTI and WCS differential prices as well as fluctuations in foreign exchange rates.

For the third quarter of 2022, Rubellite recorded an unrealized gain on risk management contracts of $7.9 million (Q2 2022 – $3.6 million unrealized gain). 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

	Three months ended September 30,		Nine months ended September 30,	
(*$ thousands, except as noted*)	**2022**	2021(1)	**2022**	2021(1)
Oil royalties – crown	**472**	11	**1,965**	11
Oil royalties – freehold	**911**	76	**2,358**	76
Total royalties	**1,383**	87	**4,323**	87
$/boe	**8.54**	5.75	**10.57**	5.75
Crown *(% of oil revenue)(2)*	**3.5**	1.1	**4.9**	1.1
Freehold and overriding *(% of oil revenue)(2)*	**6.7**	7.7	**5.9**	7.7
Total *(% of oil revenue)(2)*	**10.1**	8.8	**10.8**	8.8

(1) The comparable period of 2021 reflects operating results from September 3, 2021, the effective date of the Arrangement, to September 30, 2021.
(2) 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 third quarter of 2022 were $1.4 million, 24% lower than the second quarter of 2022 as a result of lower reference prices (Q2 2022 - $1.8 million). On a unit-of-production basis, royalties were down 37% quarter-over-quarter to $8.54/boe (Q2 2022 – $13.55/boe). Royalties as a percentage of revenue for the third quarter were 10.1%, a decrease from 11.7% in the second quarter which was driven by commodity price decreases.

Production and operating expenses

	Three months ended September 30,		Nine months ended September 30,	
(*$ thousands, except as noted*)	**2022**	2021(1)	**2022**	2021(1)
Production and operating expenses	**716**	118	**3,173**	118
$/boe	**4.42**	7.81	**7.76**	7.81

(1) The comparable period of 2021 reflects operating results from September 3, 2021, the effective date of the Arrangement, to September 30, 2021.

Total production and operating expenses for the third quarter of 2022 decreased 47% when compared to the second quarter of 2022 (Q2 2022 - $1.3 million). Total production and operating expenses decreased 56% on a unit-of-production basis to $4.42/boe for the third quarter, compared to $10.01/boe for the second quarter of 2022. The decrease was related to lower overall contract services, water disposal and well servicing costs which were higher in the first half of the year with winter start-up operations for new wells and cold weather at the beginning of the year. In addition, as more wells come on production throughout the year, the fixed components of operating costs are spread across higher sales production volumes.

Transportation costs

	Three months ended September 30,		Nine months ended September 30,	
(*$ thousands, except as noted*)	**2022**	2021(1)	**2022**	2021(1)
Transportation costs	**1,207**	87	**2,758**	87
$/boe	**7.45**	5.74	**6.74**	5.74

(1) The comparable period of 2021 reflects operating results from September 3, 2021, the effective date of the Arrangement, to September 30, 2021.

Transportation costs include clean oil trucking costs. For the third quarter of 2022, transportation costs were $1.2 million, a 34% increase from the second quarter of 2022 as a result of increased production (Q2 2022 - $0.9 million). On a unit-of-production basis, transportation costs were higher at $7.45/boe in the third quarter (Q2 2022 – $6.68/boe) as a result of continued high fuel prices and fuel surcharges.

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**:**

	Three months ended September 30,				Nine months ended September 30,			
($/boe) ($ thousands)		**2022**		2021(1)		**2022**		2021(1)
Production *(bbl/d)*		**1,760**		561		**1,498**		561
Oil revenue	**84.31**	**13,654**	65.52	992	**98.19**	**40,162**	65.52	992
Royalties	**(8.54)**	**(1,383)**	(5.75)	(87)	**(10.57)**	**(4,323)**	(5.75)	(87)
Production and operating expenses	**(4.42)**	**(716)**	(7.81)	(118)	**(7.76)**	**(3,173)**	(7.81)	(118)
Transportation costs	**(7.45)**	**(1,207)**	(5.74)	(87)	**(6.74)**	**(2,758)**	(5.74)	(87)
Operating netback(2)	**63.90**	**10,348**	46.22	700	**73.12**	**29,908**	46.22	700
Realized gains (losses) on risk management contracts	**(18.49)**	**(2,994)**	—	—	**(30.48)**	**(12,466)**	—	—
Total operating netback, including risk management contracts	**45.41**	**7,354**	46.22	700	**42.64**	**17,442**	46.22	700

(1) The comparable period of 2021 reflects operating results from September 3, 2021, the effective date of the Arrangement, to September 30, 2021.
(2) 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 third quarter of 2022, Rubellite's operating netback, excluding risk management contracts, was $10.3 million ($63.90/boe) compared to $11.6 million ($85.97/boe) in the second quarter of 2022. The decrease was due to lower oil revenue driven by a decline in oil prices, with WTI benchmark prices averaging US$91.64/bbl, down from US$108.41/bbl in the second quarter, and increased transportation costs. This decrease was partially offset by the 19% increase in production, lower royalties and reduced production and operating costs.

For the third quarter of 2022, Rubellite's operating netback, including risk management contracts, was $7.4 million ($45.41/boe) compared to $5.4 million ($39.85/boe) in the second quarter of 2022 as realized losses on risk management contracts reduced operating netbacks by $3.0 million ($18.49/boe) as compared to $6.2 million ($46.12/boe) in the second quarter.

General and administrative ("G&A") expenses

	Three months ended September 30,		Nine months ended September 30,	
($ thousands, except as noted)	**2022**	2021(1)	**2022**	2021(1)
G&A expenses – excluding MSA costs(2)(3)	**333**	136	**1,082**	136
G&A expenses – MSA costs(2)	**575**	56	**1,298**	56
Total G&A expenses	**908**	192	**2,380**	192
$/boe	**5.61**	12.66	**5.82**	12.66

(1) The comparable period of 2021 reflects operating results from September 3, 2021, the effective date of the Arrangement, to September 30, 2021.
(2) 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 three and nine months ended September 30, 2022, the costs billed under the MSA to Rubellite were $0.6 million and $1.3 million, respectively. Third quarter MSA costs increased from $0.4 million in the second quarter of 2022 on higher capital activity and increased production.

During the third quarter of 2022, G&A expenses, excluding MSA costs, were $0.3 million consistent with second quarter costs of $0.3 million. General and administrative expenses, excluding MSA costs, consist primarily of legal fees, information systems licenses, audit fees, reserves assessment and tax related consulting fees.

On a unit-of-production basis, G&A costs remained consistent at $5.61/boe for both the third and second quarter of 2022, as higher MSA costs were offset by higher production.

Depletion

	Three months ended September 30,		Nine months ended September 30,	
($ thousands, except as noted)	**2022**	2021(1)	**2022**	2021(1)
Depletion	**3,443**	294	**8,855**	294
$/boe	**21.26**	19.41	**21.65**	19.41

(1) The comparable period of 2021 reflects operating results from September 3, 2021, the effective date of the Arrangement, to September 30, 2021.

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 September 30, 2022, depletion was calculated on a $118.3 million depletable balance (December 31, 2021 – $74.0 million), $47.6 million in future development costs (December 31, 2021 – $46.5 million) and excluded an estimated $0.6 million of salvage value (December 31, 2021 – $0.4 million).

Depletion expense for the third quarter of 2022 was $3.4 million or $21.26/boe (Q2 2022 – $3.2 million or $23.45/boe). The increase from the second quarter of 2022 reflects the increase in sales production volumes, and an increase in the depletable base on higher capital spending and increased proved plus probable reserves.

Impairment

There were no indicators of impairment for the Company's cash-generating unit ("CGU") as at September 30, 2022 and therefore, an impairment test was not performed.

At September 30, 2022, the Company conducted an assessment of indicators of impairment for the Company's E&E assets with no triggers identified. The Company transferred developed land to PP&E at a value of $0.4 million, which was equal to the book value in E&E. As a result of the transfer, an impairment test was required on transfer to PP&E. There were no impairments recorded to E&E as at September 30, 2022.

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

(*$ thousands, except as noted*)	**September 30, 2022**	June 30, 2022	December 31, 2021
Revolving bank debt	—	—	—
Adjusted working capital deficit (surplus)(1)	**12,942**	(2,654)	(5,375)
Net debt (asset) (1)	**12,942**	(2,654)	(5,375)
Shares outstanding at end of period (*thousands*)	**54,816**	54,725	43,809
Market price at end of period (*$/share*)	**2.37**	3.26	2.24
Market value of shares(1)	**129,914**	178,404	98,132
Enterprise value(1)	**142,856**	175,750	92,757

(1) 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 September 30, 2022, Rubellite had an adjusted working capital deficit of $12.9 million, down from a $2.7 million surplus at June 30, 2022 and a $5.4 million surplus at December 31, 2021 as capital expenditures of $70.7 million during 2022 exceeded adjusted funds flow and the proceeds from the $38.7 million equity financings that closed on March 30, 2022.

Rubellite had available liquidity at September 30, 2022 of $31.2 million, comprised of the $25.0 million Credit Facility Borrowing Limit and cash and cash equivalents of $6.2 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. Subsequent to the end of the third quarter, the Company's first lien credit facility was further increased to $40.0 million, with an initial term to May 31, 2023 and may be extended a further twelve months to May 31, 2024 subject to lender approval.

Equity

At September 30, 2022 there were 54.8 million common shares and 4.0 million Share Purchase Warrants outstanding. The Share Purchase Warrants have an exercise price of $3.00 per share and expire on October 5, 2026. 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:

(millions)	**November 10, 2022**
Restricted share units	373
Share options	1,675
Performance share units	348
Total	**2,396**

Commodity price risk management

As at November 10, 2022, the Company had entered into the following commodity risk management contracts:

Commodity	Volumes sold *(bbl/d)*	Term	Reference/Index	Contract Traded Bought/sold	Average Price *($/bbl)*
Crude Oil	1,100 bbl/d	Oct 1 – Dec 31, 2022	WCS Diff Trades (CAD$/bbl)	Swap – sold	($17.84)
Crude Oil	200 bbl/d	Jan 1 – Dec 31, 2023	WCS Diff Trades (CAD$/bbl)	Swap – sold	($17.75)
Crude Oil	200 bbl/d	Oct 1 – Dec 31, 2022	WCS FP (CAD$/bbl)	Swap – sold	$76.15
Crude Oil	1,100 bbl/d	Oct 1 – Dec 31, 2022	WTI (CAD$/bbl)	Swap – sold	$90.60
Crude Oil	200 bbl/d	Jan 1 – Dec 31, 2023	WTI (USD$/bbl)	Swap – sold	$76.83

Foreign exchange risk management

As at November 10, 2022, the Company entered into the following foreign exchange risk management contracts:

Contract	Notional amount	Term	Price (US$/CAD$)
Average rate forward (US$/CAD$)	$500,000 US$/month	Jan 1 – Dec 31, 2023	1.3039
Average rate forward (US$/CAD$)	$1,000,000 US$/month	Jan 1 – Dec 31, 2023	1.3710

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 three and nine month periods ended September 30, 2022, the amount of general and administrative costs charged to Rubellite through the MSA was $0.6 million and $1.3 million. As a result of various other transactions between the parties, the Company recorded an accounts payable of $1.1 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 from (used in) investing activities. A summary of the reconciliation of cash flow from (used in) investing activities to capital expenditures, is set forth below:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021[(1)]	**2022**	2021[(1)]
Net cash flows from (used in) investing activities	**(9,064)**	4,153	**(55,044)**	4,153
Acquisitions	**—**	(4,051)	**—**	(4,051)
Change in non-cash working capital	**(13,412)**	(280)	**(15,648)**	(280)
Capital expenditures	**(22,476)**	(178)	**(70,692)**	(178)
Property, plant and equipment additions	**(17,902)**	(27)	**(48,188)**	(27)
Exploration and evaluation additions	**(4,574)**	(151)	**(22,504)**	(151)
Capital expenditures	**(22,476)**	(178)	**(70,692)**	(178)

(1) The comparable period of 2021 reflects operating results from September 3, 2021, the effective date of the Arrangement, to September 30, 2021.

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 the operating netback to be 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.

	Three months ended September 30,		Three months ended June 30,	
($/boe) ($ thousands)		**2022**		2022
Production *(bbl/d)*		**1,760**		1,478
Oil revenue	**84.31**	**13,654**	116.21	15,632
Royalties	**(8.54)**	**(1,383)**	(13.55)	(1,822)
Production and operating expenses	**(4.42)**	**(716)**	(10.01)	(1,347)
Transportation costs	**(7.45)**	**(1,207)**	(6.68)	(898)
Operating netback(2)	**63.90**	**10,348**	85.97	11,565
Realized gains (losses) on risk management contracts	**(18.49)**	**(2,994)**	(46.12)	(6,203)
Total operating netback, including risk management contracts	**45.41**	**7,354**	39.85	5,362

Net Debt/Asset: Net debt or net asset is calculated by 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 or net asset as an alternative measure of outstanding debt. Management considers net debt, net asset 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 any current portion of risk management contract assets and liabilities related to the Company's risk management activities.

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

	As of September 30, 2022	As of June 30, 2022	As of December 31, 2021
Current assets	**14,059**	23,670	22,441
Current liabilities	**(27,427)**	(29,012)	(18,317)
Working capital (surplus) deficiency	**13,368**	5,342	(4,124)
Risk management contracts – current asset	**1,218**	52	62
Risk management contracts – current liability	**(1,644)**	(8,048)	(1,313)
Adjusted working capital (surplus) deficiency	**12,942**	(2,654)	(5,375)
Bank indebtedness	**—**	—	—
Net debt (asset)	**12,942**	(2,654)	(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 but relate to the acquisition of the Clearwater assets from Perpetual Energy Inc. ("Perpetual") in the comparative period.

Adjusted funds flow is not intended to represent net cash flows from operating activities calculated in accordance with IFRS.

The following table reconciles net cash flows from (used in) operating activities, as reported in the Company's condensed interim statements of cash flows, to adjusted funds flow:

	Three months ended September 30,		Nine months ended September 30,	
(*$ thousands, except as noted*)	**2022**	2021(1)	**2022**	2021(1)
Net cash flows from (used in) operating activities	**(745)**	—	**8,920**	—
Change in non-cash working capital	**7,204**	126	**5,971**	126
Adjusted funds flow	**6,459**	126	**14,891**	126
Adjusted funds flow per share - basic	**0.12**	0.17	**0.27**	0.17
Adjusted funds flow per share – diluted	**0.12**	0.07	**0.29**	0.07
Adjusted funds flow per boe	**39.89**	34.13	**36.41**	34.13

(1) The comparable period of 2021 reflects operating results from September 3, 2021, the effective date of the Arrangement, to September 30, 2021.

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.

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value and product inventory. Product inventory consists of the Company's unsold crude oil barrels which is valued at the lower of cost, using the first-in, first-out method, and net realizable value. Included within inventory is $0.4 million of depletion expense for the period ended September 30, 2022.

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 July 1, 2022 and ended September 30, 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; and including the information and statements contained under the heading "2022 Outlook and Guidance".

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 the war in 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) and at Rubellite's website (www.rubelliteenergy.com). Readers are cautioned that the foregoing list of risk factors is not exhaustive. Forward-looking information is based on the estimates and opinions of Rubellite's management at the time the information is released, and Rubellite disclaims any intent or obligation to update publicly any such forward-looking information, whether as a result of new information, future events or otherwise, other than as expressly required by applicable securities law.

GLOSSARY

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

Measurement:

bbl	barrel
bbl/d	barrels per day
Mbbl	thousand barrels
MMbbl	million barrels
boe(1)	barrels of oil equivalent
boe/d(1)	barrels of oil equivalent per day
Mboe(1)	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