



NEWS RELEASE

RUBELLITE ENERGY INC. REPORTS FOURTH QUARTER 2022 FINANCIAL AND OPERATING RESULTS AND PROVIDES OPERATIONS AND GUIDANCE UPDATE

Calgary, Alberta – March 9, 2023 (TSX:RBY) – Rubellite Energy Inc. ("Rubellite", or the "Company"), a pure play Clearwater oil exploration and development company, is pleased to report fourth quarter and year-end 2022 financial and operating results, a summary of the Company's year-end 2022 reserves evaluated by independent qualified reserves evaluators McDaniel and Associates Consultants Ltd. ("McDaniel"), and provide an operations and first quarter 2023 guidance update. A complete copy of Rubellite's audited financial statements, Management Discussion and Analysis ("MD&A") and Annual Information Form for the year ended December 31, 2022 are available on the Company's website at www.rubelliteenergy.com and SEDAR at www.sedar.com.

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

FOURTH QUARTER AND YEAR-END 2022 HIGHLIGHTS

- Achieved fourth quarter and annual conventional heavy oil sales production of 2,181 bbl/d and 1,670 boe/d respectively. Fourth quarter volumes represented a 262% increase compared to the same period in 2021 and a 24% increase from Q3 2022.
- Increased Q1 2023 production guidance to a range of 2,800 to 2,900 bbl/d versus previous guidance range of 2,200 to 2,600 bbl/d. Current conventional heavy oil sales production is approximately 3,000 bbl/d, based on field estimates for the first week of March.
- Generated adjusted funds flow⁽¹⁾ of \$8.1 million (\$0.15 per share) in the fourth quarter of 2022 and \$23.0 million (\$0.44 per share) for the full year of 2022. Fourth quarter adjusted funds flow represented a 454% increase compared to the same period in 2021 and a 26% increase from Q3 2022.
- Net cash flows from operating activities were \$15.0 and \$23.9 million in the fourth quarter and full year of 2022 respectively.
- Invested \$20.5 million and \$73.5 million in exploration and development capital expenditures⁽¹⁾ during the fourth quarter and full year of 2022, respectively, which contributed to the drilling of forty five (39.5 net) multi-lateral horizontal wells at Ukalta, Figure Lake and Marten Hills, and included pad construction and facilities installation for the ongoing drilling program. Activity in the fourth quarter related to the drilling of ten (7.9 net) multi-lateral horizontal wells at Figure Lake and Marten Hills as well as one (1.0 net) vertical stratigraphic evaluation well as part of the Northern Exploration program.
- Successfully acquired 23.0 net sections of land prospective for Clearwater heavy oil at a cost of \$3.0 million during the fourth quarter, primarily located adjacent to recent Figure Lake drilling, bringing total land acquired in 2022 to 171.5 net sections at a cost of \$20.5 million.
- Generated net income of \$18.7 million (\$0.34/share) and \$24.6 million (\$0.47/share) in the fourth quarter and full year of 2022 respectively, and was positively impacted by a deferred tax recovery.
- Net debt⁽¹⁾ was \$28.2 million at year end, with a net debt to Q4 2022 annualized adjusted funds flow⁽¹⁾ ratio of 0.9 times.
- Rubellite had available liquidity⁽¹⁾ at December 31, 2022 of \$30.0 million, comprised of the \$40.0 million borrowing limit of Rubellite's first lien credit facility, less current borrowings of \$12.0 million and cash and cash equivalents of \$2.0 million.

⁽¹⁾ Non-GAAP financial measure or non-GAAP ratio. See "Non-GAAP and Other Financial Measures" in this news release.

OPERATIONS UPDATE

Three (0.9 net) new wells drilled in the fourth quarter at Marten Hills fully recovered oil based mud ("OBM") from the drilling process and completed their respective IP30 production periods, recording average IP30 production rates of 231 bbl/d, close to double the primary development type curve⁽¹⁾. With primary development on the Company's Marten Hills acreage now complete, 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 eight (8.0 net) multi-lateral horizontal wells were spud and seven (7.0 net) were rig released during the fourth quarter. Development drilling operations were focused on two existing pads, adding three (3.0 net) horizontal multi-lateral wells to the pad at 1-13-63-18W4 (the "1-13 Pad") and three (3.0 net) horizontal multi-lateral wells on the pad to the north at 9-23-63-18W4 (the "9-23 Pad"). Two wells were also spud on a new pad at 3-26-63-18W4 (the "3-26 Pad"), with one well rig-

released in mid-December and the second rig released January 6, 2023. All three new wells drilled at the 1-13 Pad recovered their OBM load fluid during the fourth quarter of 2022 and progressed through their respective IP30 production periods, recording IP30 rates ranging from 128 to 212 bbl/d to average 159 bbl/d as compared to the Figure Lake type curve⁽¹⁾ IP30 of 116 bbl/d. The three wells on the 9-23 Pad drilled during the fourth quarter have fully recovered their respective OBM and recorded IP30 production rates of 168 bbl/d, 195 bbl/d and 204 bbl/d respectively. Two additional wells on the 9-23 Pad rig released in January are amongst the strongest Figure Lake wells drilled to date, averaging 231 bbl/d and 259 bbl/d respectively during their recently completed IP30 periods. Positive results continued from the offsetting 3-26 Pad, with the well rig released in mid-December recording an IP30 period average rate of 172 bbl/d; the second well rig released in early January, which was approximately 20% shorter than the Figure Lake type curve⁽¹⁾, averaging 117 bbl/d through its IP30 period, and the third well rig released on the 3-26 Pad in early February tracking above the Figure Lake type curve⁽¹⁾. Performance from the recent Figure Lake development wells continues to be positive and will be monitored to inform future corporate guidance as field operations are optimized.

The drilling rig was moved in mid-February to a new Figure Lake pad at 9-31-62-18W4 (the "9-31 Pad") and a step-out multi-lateral horizontal well was rig released in early March and has commenced OBM recovery operations. Finally at Figure Lake, the first of two wells have been spud on a new pad (the "10-19 Pad") on the Buffalo Lake Metis Settlement acreage acquired in the first quarter of 2023. Operationally, Rubellite intends to complete the drilling of the two wells on the 10-19 Pad in early April. The development / infill drilling program at Figure Lake will resume after break-up conditions allow for access in early May.

Rubellite spud the first of three (2.5 net) planned multi-lateral wells in its Northern Exploration Program in early January. The one (0.5 net before payout) horizontal multi-lateral well at Dawson (5-16-81-16W5) had approximately 7,500 meters of horizontal length as compared to a Figure Lake type curve⁽¹⁾ well with approximately 9,000 meters of horizontal length. The exploratory well at Dawson fully recovered its OBM load fluid and recorded an IP30 rate of 81 bbl/d. This exploration well's performance will be closely monitored through the remainder of the winter operating season with follow-up activity in winter 2023/24 under evaluation. In late January, the drilling rig moved to Peavine and drilled two (2.0 net) exploratory multi-lateral wells. The Peavine wells have completed their load oil recovery operations and began producing heavy oil volumes to sales progressively through February and early March. Performance of the Peavine wells will be closely monitored through the remainder of the winter operating season; however, initial results suggest future drilling in the Peavine area will not likely compete for capital relative to Rubellite's other attractive development projects at the current time.

⁽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. "Reserve Report" means the independent engineering evaluation of the Company's heavy crude oil reserves, prepared by McDaniel with an effective date of December 31, 2022 and a preparation date of March 9, 2023. The Marten Hills primary development type curve was established in the McDaniel Reserve Report with an effective date of December 31, 2021.

YEAR-END 2022 RESERVES

Rubellite's proved plus probable reserves⁽¹⁾ at year-end 2022 are 10.3 MMboe, comprised of 100% heavy crude oil (2021 – 6.0 MMboe). Reserve additions offset production, resulting in an increase in total Company proved plus probable reserves year-over-year of 4.3 MMboe, representing incremental growth of 71%.

Highlights include:

- Total proved reserves were 6.1 MMboe at year-end 2022, representing 59% of the Company's proved plus probable reserves (2021 – 53%) and a 92% increase over 2021.
- Proved plus probable producing reserves were 3.9 MMboe at December 31, 2022, representing 38% of total proved plus probable reserves (2021 – 1.8 MMboe; 30%).
- The Figure Lake type curve⁽¹⁾ total proved plus probable reserves increased 13% to 130 Mboe per well with future development costs of \$1.9 million per well. The Figure Lake type curve IP30 rates remained consistent with the YE 2021 type curve at 116 bbl/d as the positive performance data from new wells exceeding these IP30 rates was very recent at the time of preparation of the McDaniel Reserve Report.
- Based on the three consultant average price (McDaniel, GLJ, Sproule) forecasts (the "Consultant Average Price Forecast") used by McDaniel, the net present value ("NPV") of Rubellite's total proved plus probable reserves (discounted at 10%) before income tax, was \$215.2 million (2021 – \$123.2 million). The increase related primarily to the material increase in reserves at year-end 2022 as compared to the prior year.
- All abandonment, decommissioning and reclamation obligations are included in the reserve report, consistent with year-end 2021. All reserve well decommissioning obligations as well as the additional costs expected to be incurred to abandon and reclaim non-reserve wells, facilities and pipelines are included.
- Based on the Consultant Average Price Forecast, Rubellite's reserve-based net asset value ("NAV")⁽²⁾ (discounted at 10%) at year-end 2022 is estimated at \$218.4 million (\$3.99 per share) as compared to \$143.4 million (\$3.27 per share) at year-end 2021.

⁽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. "Reserve Report" means the independent engineering evaluation of the Company's heavy crude oil reserves, prepared by McDaniel with an effective date of December 31, 2022 and a preparation date of March 9, 2023. The Marten Hills primary development type curve was established in the McDaniel Reserve Report with an effective date of December 31, 2021.

⁽²⁾ Non-GAAP financial measure or non-GAAP ratio. See "Non-GAAP and Other Financial Measures" in this news release.

OUTLOOK AND GUIDANCE

Rubellite is on track to spend a total of \$17 - \$20 million in Q1 2023 capital expenditure (see "Non-GAAP and Other Financial Measures") to drill, complete, equip and tie-in six (6.0 net) multi-lateral development / step-out wells at Figure Lake and the three (2.5 net) multi-lateral exploratory program which has already been completed. Forecast drilling activities are expected to be funded from adjusted funds flow and the Company's Credit Facility.

Factoring in the positive initial performance from the Q4 2022 and Q1 2023 drilling program to date, production sales volumes for the first quarter of 2023 are expected to average 2,800 - 2,900 bbl/d, exceeding previous November 10, 2022 guidance of 2,200 to 2,600 bbl/d. Based on field estimates for the last two weeks of February, heavy oil production to sales averaged 3,000 bbl/d.

Rubellite will closely monitor the production performance of the highly successful recent drilling program at Figure Lake and the Company anticipates providing full year guidance with the issuance of its Q1 2023 results in May.

Subsequent to year end, Rubellite acquired 20 net sections of prospective land through direct purchase related to the previously announced Land Acquisition and Drilling Commitment Agreement with the Buffalo Lake Métis Settlement. Rubellite plans to drill a minimum of four multi-lateral wells on this acreage to fulfill its operational commitments prior to December 31, 2023. The Company has now grown its land position for exposure to the Clearwater play to 343.9 net sections, up 231% 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.

Capital spending, drilling activity and operational guidance for the first quarter of 2023 is as outlined in the table below:

	Previous Q1 2023 Guidance	Updated Q1 2023 Guidance
Production (bbl/d)	2,200 - 2,600	2,800 - 2,900
Development (\$ millions) ⁽¹⁾	\$8 - \$10	\$10 - \$12
Multi-lateral development wells (net)	7.0	6.0
Exploration spending (\$ millions) ⁽¹⁾	\$7 - \$10	\$7 - \$8
Exploration wells (net)	—	2.5
Heavy oil wellhead differential (\$/bbl) ⁽²⁾	\$7.00 - \$8.00	\$7.00 - \$8.00
Royalties (% of revenue) ⁽²⁾	9% - 10%	10% - 11%
Production & operating costs (\$/boe) ⁽²⁾	\$6.00 - \$6.50	\$6.00 - \$6.50
Transportation (\$/boe) ⁽²⁾	\$6.50 - \$7.00	\$7.50 - \$8.00
General & administrative (\$/boe) ⁽²⁾	\$5.50 - \$6.00	\$5.00 - \$5.50

⁽¹⁾ Exploration and development capital expenditure guidance excludes undeveloped land purchases and additional acquisitions. See "Non-GAAP and Other Financial Measures" in this news release.

⁽²⁾ Supplementary financial measure. See "Non-GAAP and Other Financial Measures" in this release.

ANNUAL FINANCIAL AND OPERATING HIGHLIGHTS

(\$ thousands, except as noted)	2022	2021
Financial		
Oil revenue	54,491	4,923
Net income (loss)	24,605	7,702
Per share – basic ⁽³⁾	0.47	0.34
Per share – diluted ⁽³⁾	0.47	0.33
Total Assets	204,030	115,862
Cash flow from operating activities	23,870	1,115
Adjusted funds flow ⁽¹⁾	23,036	1,595
Per share – basic ⁽²⁾⁽³⁾	0.44	0.07
Per share – diluted ⁽²⁾⁽³⁾	0.44	0.07
Common shares (thousands)		
Weighted average – basic	52,093	22,702
Weighted average – diluted	52,471	23,228
Operating		
Daily average oil sales production (bbl/d) ⁽⁴⁾	1,670	593
Rubellite average realized oil price⁽²⁾		
Average realized oil price (\$/bbl)	89.38	69.76
Average realized oil price – after risk management contracts(\$/bbl)	67.82	71.20

⁽¹⁾ Non-GAAP measure. See "Non-GAAP and Other Financial Measures" in this news release for an explanation of composition.

⁽²⁾ Non-GAAP ratio. See "Non-GAAP and Other Financial Measures" in this news release 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.

SUMMARY OF QUARTERLY RESULTS

(\$ thousands, except as noted)	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021⁽¹⁾
Financial						
Oil revenue	14,329	13,654	15,632	10,876	3,931	992
Net income (loss)	18,725	10,426	4,726	(9,272)	(1,265)	8,967
Per share – basic ⁽⁴⁾	0.34	0.19	0.09	(0.21)	(0.03)	12.34
Per share – diluted ⁽⁴⁾	0.34	0.19	0.08	(0.21)	(0.03)	5.16
Total assets	204,030	170,206	160,202	164,009	115,862	132,370
Cash flow from (used in) operating activities	14,950	(745)	6,473	3,192	1,115	—
Adjusted funds flow ⁽²⁾	8,145	6,459	4,597	3,835	1,469	378
Per share – basic ⁽³⁾⁽⁴⁾	0.15	0.12	0.09	0.09	0.03	0.70
Per share – diluted ⁽³⁾⁽⁴⁾	0.15	0.12	0.09	0.09	0.03	0.29
Common shares (thousands)						
Weighted average – basic	54,824	54,748	54,725	43,930	41,834	726
Weighted average – diluted	55,202	55,265	55,797	43,930	41,834	1,739
Operating						
Daily average oil sales production (bbl/d) ⁽⁵⁾	2,181	1,760	1,478	1,251	603	561
Rubellite average realized oil price⁽³⁾						
Average realized oil price (\$/bbl)	71.42	84.31	116.21	96.61	70.94	65.52
Average realized oil price – after risk management contracts(\$/bbl)	68.05	65.82	70.09	67.57	72.77	65.52

⁽¹⁾ The 2021 comparable period reflects operating results from September 3, 2021, the effective date of the Arrangement (as defined in the MD&A), to September 30, 2021.

⁽²⁾ Non-GAAP measure. See "Non-GAAP and Other Financial Measures" in this news release for an explanation of composition.

⁽³⁾ Non-GAAP ratio. See "Non-GAAP and Other Financial Measures" in this news release for an explanation of composition.

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

⁽⁵⁾ Conventional heavy oil sales production excludes tank inventory volumes.

ADDITIONAL INFORMATION

ABOUT RUBELLITE

Rubellite is a Canadian energy company engaged in the exploration, development and production of heavy crude oil from the Clearwater formation in Eastern Alberta, utilizing multi-lateral drilling technology. Rubellite has a pure play Clearwater asset base and is pursuing a robust organic growth plan focused on superior corporate returns and funds flow generation while maintaining a conservative capital structure and prioritizing environmental, social and governance (“ESG”) excellence. Additional information on Rubellite can be accessed at the Company’s website at www.rubelliteenergy.com and on SEDAR at www.sedar.com.

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

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ADVISORIES

RESERVE DATA AND OTHER METRICS

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

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

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

The reserve data provided in this news release presents only a portion of the disclosure required under NI 51-101. All of the required information will be contained in the Company’s Annual Information Form for the year ended December 31, 2022, which will be filed on SEDAR (accessible at www.sedar.com) on or before March 31, 2023.

This news release contains certain industry 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 news release 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.

BOE VOLUME CONVERSIONS

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

ABBREVIATIONS

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

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

OIL AND GAS RESERVE DEFINITIONS

Reserves: are estimated remaining quantities of crude oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of capital assumptions, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are classified according to the degree of certainty associated with the estimates as follows.

Proved Reserves: are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

Probable Reserves: are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the estimated proved plus probable reserves.

INITIAL PRODUCTION RATES

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

NON-GAAP AND OTHER FINANCIAL MEASURES

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

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 December 31,		Twelve months ended December 31,	
	2022	2021	2022	2021 ⁽¹⁾
Net cash flows used in investing activities	(31,222)	(71,062)	(86,266)	(67,161)
Acquisitions	—	(59,373)	—	(55,322)
Change in non-cash working capital	(7,707)	5,491	7,941	5,519
Capital expenditures	(23,515)	(17,180)	(94,207)	(17,358)
Property, plant and equipment expenditures	(19,438)	(1,520)	(67,626)	(1,547)
Exploration and evaluation expenditures	(4,077)	(15,660)	(26,581)	(15,811)
Capital expenditures	(23,515)	(17,180)	(94,207)	(17,358)

⁽¹⁾ The comparable period of 2021 reflects operating results from September 3, 2021, the effective date of the Arrangement, to December 31,

Net Debt (Asset): Rubellite uses net debt or asset as an alternative measure of outstanding debt. Management considers net debt or asset as an important measure in assessing the liquidity of the Company. Net debt or asset is used by management to assess the Company's overall debt position and borrowing capacity. Net debt or asset is not a standardized measure and therefore may not be comparable to similar measures presented by other entities.

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

	As of December 31, 2022	As of September 30, 2022	As of December 31, 2021
Current assets	13,262	14,059	22,441
Current liabilities	(28,802)	(27,427)	(18,317)
Working capital (surplus) deficiency	15,540	13,368	(4,124)
Risk management contracts – current asset	1,437	1,218	62
Risk management contracts – current liability	(749)	(1,644)	(1,313)
Adjusted working capital (surplus) deficiency	16,228	12,942	(5,375)
Bank indebtedness	12,000	—	—
Net debt (asset)	28,228	12,942	(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 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 statements of cash flows, to adjusted funds flow:

<i>(\$ thousands, except as noted)</i>	Three months ended December 31,		Twelve months ended December 31,	
	2022	2021	2022	2021 ⁽¹⁾
Net cash flows from operating activities	14,950	1,115	23,870	1,115
Change in non-cash working capital	(6,805)	354	(834)	480
Adjusted funds flow	8,145	1,469	23,036	1,595
Adjusted funds flow per share - basic	0.15	0.03	0.44	0.07
Adjusted funds flow per share – diluted	0.15	0.03	0.44	0.07
Adjusted funds flow per boe	40.60	26.50	37.79	22.60

⁽¹⁾ The comparable period of 2021 reflects operating results from September 3, 2021, the effective date of the Arrangement, to December 31, 2021.

Net debt to annualized adjusted funds flows: Net debt to annualized adjusted funds flows is calculated as net debt/(asset) divided by the annualized adjusted funds flow for the most recently completed quarter. Management considers net debt to annualized adjusted funds flow as a key measure to assess the Company's ability to fund future capital requirements and/or pay down debt, using the most recent quarters' results.

Available Liquidity: Available liquidity is defined as 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.

Net Asset Value ("NAV"): Total proved plus probable reserves as per the McDaniel reserve report as at December 31, 2022, plus independently verified third party valuation of undeveloped lands, less net debt. This measure is used to show the net asset value of the Company at a point in time under which the reserves are produced at forecast future prices and costs.

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.

Adjusted funds flow per share: 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.

NAV per share: NAV per share is calculated by dividing total NAV by the total number of shares outstanding at December 31, 2022.

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.

"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.

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

"Heavy oil wellhead differential" represents the differential the company receives for selling its heavy crude oil production relative to the Western Canadian Select reference price (Cdn\$/bbl) prior to any price or risk management activities.

FORWARD-LOOKING INFORMATION

Certain information in this news release including management's assessment of future plans and operations, and including the information contained under the headings "Operations Update" and "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; 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 production growth; expectations respecting Rubellite's future exploration, development and drilling activities and Rubellite's business plan; the anticipated timing for providing guidance; and including the information and statements contained under the heading "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 news release. In particular and without limitation of the foregoing, material factors or assumptions on which the forward-looking information in this news release is based include: the successful operation of the Clearwater assets; forecast commodity prices and other pricing assumptions; forecast production volumes based on business and market conditions; foreign exchange and interest rates; near-term pricing and continued volatility of the market; accounting estimates and judgments; future use and development of technology and associated expected future results; the ability to obtain regulatory approvals; the successful and timely implementation of capital projects; ability to generate sufficient cash flow to meet current and future obligations; Rubellite's ability to operate under the management of Perpetual Energy Inc. pursuant to the management and operating 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, 2022 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.