



NEWS RELEASE

RUBELLITE ENERGY INC. REPORTS FIRST QUARTER 2023 FINANCIAL AND OPERATING RESULTS, PROVIDES OPERATIONS UPDATE AND FULL YEAR 2023 GUIDANCE

Calgary, Alberta – May 11, 2023 (TSX:RBY) – Rubellite Energy Inc. ("Rubellite", or the "Company"), a pure play Clearwater oil exploration and development company, is pleased to report first quarter 2023 financial and operating results and provide an operations update and the Company's full year 2023 guidance.

Select financial and operational information is outlined below and should be read in conjunction with Rubellite's unaudited condensed interim financial statements and related Management's Discussion and Analysis ("MD&A") for the three months ended March 31, 2023, which are available through 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.

FIRST QUARTER 2023 HIGHLIGHTS

- Achieved first quarter conventional heavy oil sales production of 2,990 bbl/d, exceeding the Company's guidance range of 2,800 to 2,900 bbl/d. First quarter volumes represented a 139% increase compared to the same period in 2022 and a 37% increase from Q4 2022.
- Invested \$19.5 million in exploration and development capital expenditures⁽¹⁾, excluding land purchases, in line with guidance of \$17 to \$20 million. Development drilling of \$8.1 million related to the drilling of five (5.0 net) multi-lateral horizontal wells at Figure Lake, with all five of the wells contributing to sales production by the end of the quarter. An additional \$4.7 million was spent on step-out drilling activities at Figure Lake while Northern exploration spending totaled \$6.7 million to drill one (0.5 net) well at Dawson and two (2.0 net) wells at Peavine.
- Successfully acquired 22.0 net sections of prospective land at Figure Lake, which included 20.0 net sections under a Land Acquisition and Drilling Agreement with the Buffalo Lake Métis Settlement. During the first quarter, Rubellite drilled one (1.0 net) well and spud an additional one (1.0 net) well as part of the Figure Lake extension onto the Buffalo Lake Métis Settlement lands to partially fulfill the Company's four well drilling agreement prior to February 14, 2024.
- Generated adjusted funds flow⁽¹⁾ of \$9.7 million (\$0.18 per share) in the first quarter of 2023. First quarter adjusted funds flow represented a 152% increase compared to the same period in 2022 and a 19% increase from Q4 2022. Net cash flows from operating activities were \$9.3 million in the first quarter of 2023.
- Generated net income of \$1.7 million (\$0.03/share) in the first quarter of 2023.
- Net debt⁽¹⁾ was \$20.9 million at March 31, 2023, with a net debt to Q1 2023 annualized adjusted funds flow⁽¹⁾ ratio of 0.5 times. The Company successfully closed its previously announced \$20.0 million flow-through share financing on March 28, 2023, resulting in the issuance of 7.0 million flow-through shares at an issue price of \$2.85 per share.
- Rubellite had available liquidity⁽¹⁾ at March 31, 2023 of \$31.5 million, comprised of the \$40.0 million borrowing limit of Rubellite's first lien credit facility, less current borrowings of \$16.0 million and cash and cash equivalents of \$7.5 million.

⁽¹⁾ Non-GAAP financial measure, non-GAAP ratio or supplementary financial measure. See "Non-GAAP and Other Financial Measures" in this news release and in the MD&A.

OPERATIONS UPDATE

At Figure Lake, a total of six (6.0 net) multi-lateral wells were rig released during the first quarter. Development drilling operations were focused on two existing pads, adding two (2.0 net) horizontal multi-lateral wells to the pad at 9-23-63-18W4 (the "9-23 Pad") and two (2.0 net) horizontal multi-lateral wells on the pad to the west at 3-26-63-18W4 (the "3-26 Pad"). The two wells on the 9-23 Pad rig released in January continued to perform significantly above the IP30 of 116 bbl/d for the Figure Lake type curve⁽¹⁾, averaging 231 bbl/d and 259 bbl/d respectively during their IP30 periods and 233 and 234 for their IP60 periods. Positive results continued from the offsetting 3-26 Pad, with the two wells rig released during the first quarter recording IP30 period average rates of 117 bbl/d (20% shorter multi-lateral open hole than the Figure Lake type curve⁽¹⁾) and 147 bbl/d respectively and these wells are also continuing to track above the Figure Lake type curve⁽¹⁾. Performance from these recent Figure Lake development wells continues to be positive and will be monitored to inform future production forecasts 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, completed its OBM recovery operations and recorded an IP30 rate of 102 bbl/d. Finally at Figure Lake, one well was rig released in late March and a second well was drilled in early April on a new pad (the "10-19 Pad") on the Buffalo Lake Metis Settlement acreage acquired in the first quarter of 2023. Both wells on the 10-19 Pad have recovered their OBM load fluid and are within their 30 day initial production period.

The development / infill drilling program at Figure Lake resumed in early May as break-up conditions subsided, allowing for access. The drilling rig returned to the 3-26 Pad to complete the additional three well development program planned for that site. An additional 17 (17.0 net) multi-lateral horizontal wells are expected to be drilled in the vicinity of the development 'sweet spot' at Figure Lake over the remainder of 2023.

During the first quarter, Rubellite rig released three (2.5 net) multi-lateral wells in its Northern Exploration Program. The one (0.5 net before payout) exploratory 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 and recorded an average rate of 81 bbl/d for its 48 days of production before it was shut-in in late March due to winter only access conditions. In April, Rubellite, along with its 50% partner, made its election to drill a second earning well at Dawson prior to April 1, 2024. The Company will continue to review data as information is released and monitor performance from the multiple competitor wells in the Dawson / Seal area to inform its follow-on exploration activity.

At Peavine, the Company shut-in its two exploratory wells as spring break-up approached and will continue to monitor competitor wells in the area to inform further drilling elections on lands under its Farmout and Option Agreement in the Peavine area.

⁽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, 2022 and a preparation date of March 9, 2023.

OUTLOOK AND GUIDANCE

Rubellite's board of directors has approved capital spending⁽¹⁾ for the remainder of 2023 of \$30 to \$32 million to drill, complete, equip and tie-in an additional 17 (17.0 net) multi-lateral development / step-out wells at Figure Lake and \$4 to \$6 million to drill up to 3 (2.0 net) multi-lateral Northern exploratory wells. Forecast drilling activities are expected to be funded from adjusted funds flow and the Company's credit facility.

Factoring in type curve performance from the recent and future drilling program at Figure Lake, production sales volumes are expected to average between 2,900 to 3,100 bbl/d for 2023. Forecast production incorporates the future sales volume impact of the reduced working interest at Marten Hills effective May 1, 2023 related to reaching full payout during the first quarter, and assumes no contribution from the Northern Exploration Program wells that were shut-in due to access for the remainder of 2023.

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

	Full Year 2023 Guidance
Sales Production (bbl/d)	2,900 - 3,100
Development (\$ millions) ⁽¹⁾	\$43 - \$45
Multi-lateral development wells (net) ⁽¹⁾	23.0
Exploration spending (\$ millions) ⁽¹⁾	\$11 - \$13
Exploration wells (net)	4.5
Heavy oil wellhead differential (\$/bbl) ⁽¹⁾	\$7.00 - \$8.00
Royalties (% of revenue) ⁽¹⁾	9.5% - 10.5%
Production & operating costs (\$/boe) ⁽¹⁾	\$6.00 - \$6.50
Transportation costs (\$/boe) ⁽¹⁾	\$7.50 - \$8.00
General & administrative costs (\$/boe) ⁽¹⁾	\$5.50 - \$6.00

⁽¹⁾ Non-GAAP financial measure, non-GAAP ratio or supplementary financial measure. See "Non-GAAP and Other Financial Measures" in this news release and in the MD&A.

SUMMARY OF QUARTERLY RESULTS

	March 31, 2023	Three months ended March 31, 2022
Financial		
Oil revenue	17,104	10,876
Net income (loss)	1,699	(9,272)
Per share – basic ⁽¹⁾	0.03	(0.21)
Per share – diluted ⁽¹⁾	0.03	(0.21)
Cash flow from (used in) operating activities	9,285	3,192
Adjusted funds flow ⁽¹⁾	9,682	3,835
Per share – basic ⁽¹⁾	0.18	0.09
Per share – diluted ⁽¹⁾	0.17	0.09
Net debt (asset)	20,920	(10,858)
Capital expenditures⁽¹⁾	22,061	35,511
Exploration and development	19,512	21,774
Land and acquisitions	2,549	13,737
Wells Drilled⁽²⁾ – gross (net)	9 / 8.5	11 / 9.5
Common shares outstanding⁽³⁾ (thousands)		
Weighted average – basic	55,060	43,930
Weighted average – diluted	55,550	43,930
End of period	61,826	54,723
Operating		
Daily average oil sales production ⁽⁴⁾ (bbl/d)	2,990	1,251
Average prices		
West Texas Intermediate (“WTI”) (\$US/bbl)	76.11	94.29
Western Canadian Select (“WCS”) (\$CAD/bbl)	69.32	101.01
Average Realized oil price ⁽¹⁾ (\$/bbl)	63.56	96.61
Average Realized oil price after risk management contracts ⁽¹⁾ (\$/bbl)	64.33	67.57

⁽¹⁾ Non-GAAP financial measure, non-GAAP ratio or supplementary financial measure. See "Non-GAAP and Other Financial Measures" in this news release and in the MD&A.

⁽²⁾ Well count reflects wells rig released during the period.

⁽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.

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

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

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 March 31,	
	2023	2022
Net cash flows used in investing activities	(27,722)	(28,472)
Change in non-cash working capital	(5,661)	7,039
Capital expenditures	(22,061)	(35,511)
Property, plant and equipment expenditures	(8,103)	(21,774)
Exploration and evaluation expenditures	(13,958)	(13,737)
Capital expenditures	(22,061)	(35,511)

Net Debt: Rubellite uses net debt as an alternative measure of outstanding debt. Management considers net debt as an important measure in assessing the liquidity of the Company. Net debt 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 as reported in the Company's statements of financial position:

	As of March 31, 2023	As of December 31, 2022
Current assets	16,542	13,262
Current liabilities	(21,209)	(28,802)
Working capital (surplus) deficiency	4,667	15,540
Risk management contracts – current asset	767	1,437
Risk management contracts – current liability	(514)	(749)
Adjusted working capital (surplus) deficiency	4,920	16,228
Bank indebtedness	16,000	12,000
Net debt (asset)	20,920	28,228

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 March 31, 2023	2022
Net cash flows from operating activities	9,285	3,192
Change in non-cash working capital	397	643
Adjusted funds flow	9,682	3,835
Adjusted funds flow per share - basic	0.18	0.09
Adjusted funds flow per share – diluted	0.17	0.09
Adjusted funds flow per boe	35.98	34.06

Net debt to Q1 2023 annualized adjusted funds flows: Net debt to Q1 2023 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 under the Company's credit facility, 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.

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.

Average realized oil price after risk management contracts: are calculated as the average realized price less the realized gain or loss on risk management contracts.

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.

Adjusted funds flow per boe: Adjusted funds flow per boe is calculated as adjusted funds flow divided by total production sold in the period.

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.

"Royalties (percentage of 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 costs (\$/boe)" is comprised of operating expense, as determined in accordance with IFRS, divided by the Company's total sales oil production.

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

"General and administrative costs (\$/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 (\$/bbl)" 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 expenditures, production and various cost 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; and including the information and statements contained under the heading "Outlook and Guidance" and "About Rubellite".

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.