MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is management's discussion and analysis ("MD&A") of Rubellite Energy Inc.'s ("Rubellite", the "Company" or the "Corporation") operating and financial results for the three months ended March 31, 2023, as well as information and estimates concerning the Corporation's future outlook based on currently available information. This discussion should be read in conjunction with the Corporation's unaudited condensed interim financial statements and accompanying notes for the three months ended March 31, 2023 as well as the audited financial statements and accompanying notes for the years ended December 31, 2022. Disclosure, which is unchanged from the December 31, 2022 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 section for additional information regarding forecasts, assumptions and other forward-looking information contained in the 'Forward Looking Information and Statements" section of this MD&A. The date of this MD&A is May 11, 2023.

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". Readers are also referred to the other advisory sections at the end of this MD&A for additional 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 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".

FIRST QUARTER 2023 OPERATIONAL AND FINANCIAL HIGHLIGHTS

- First quarter average conventional heavy oil sales production was 2,990 bbl/d, up 37% from fourth quarter of 2022 (Q4 2022 – 2,181 bbl/d) and up 139% from the first quarter of 2022 (Q1 2022 - 1,251 bbl/d) and exceeding the Company's Q1 2023 guidance range of 2,800 to 2,900 bbl/d. As of March 31, 2023, there were sixty five (58.5 net) wells contributing to sales production, as compared to fifty eight (51.5 net) wells on production at the end of the fourth quarter of 2022.

- Adjusted funds flow[(1)] in the first quarter of 2023 was $9.7 million ($0.18 per share), a 19% increase from fourth quarter of 2022 (Q4 2022 – $8.1 million), driven by the growth in sales production, partially offset primarily by lower realized oil prices and also slightly higher cash costs. Adjusted funds flow per boe was $35.98/boe, down 11% from $40.60/boe in the fourth quarter of 2022 due to the same factors. Adjusted funds flow[(1)] increased 152% year-over-year from $3.8 million, or $34.06/boe, in the first quarter of 2022 driven by higher production.

- Exploration and development capital expenditures[(1)], excluding land purchases, for the first quarter of 2023 totaled $19.5 million, 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.

- First quarter land spending of $2.5 million to acquire 22.0 net sections of adjacent 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 spent $4.7 million to drill 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 Metis Settlement lands as part of the Company's agreement to drill four wells prior to February 14, 2024.

- Operating netbacks[(1)] in the first quarter of 2023 were $11.7 million, or $43.58/boe (Q4 2022 – $10.0 million or $49.96/boe), reflecting a decline in Western Canadian Select ("WCS") benchmark prices, partially offset by increased production, lower royalties and transportation costs. After the realized gain on risk management contracts of $0.2 million, or $0.77/boe (Q4 2022 – loss of $0.7 million or $3.37/boe), operating netbacks after risk management contracts were $11.9 million or $44.35/boe (Q4 2022 – $9.3 million or $46.59/boe). As compared to operating netbacks after realized losses on risk management contracts in the first quarter of 2022 of $4.7 million or $42.00/boe, the first quarter of 2023 increased despite a lower pricing environment on higher production, lower royalties, production and operating expenses and transportation costs.

- Cash costs[(1)] were $6.0 million or $22.15/boe in the first quarter of 2023, in line with expectations and up 47% (9% on a per boe basis) from the fourth quarter of 2022 (Q4 2022 – $4.1 million or $20.27/boe; Q1 2022 - $2.7 million or $23.57/boe) due to the impact of higher production. On a per boe basis, the quarter over quarter increase was driven by higher general and administrative ("G&A") expenses, partially offset by lower production and operating expenses and transportation costs. Year-over-year improvements were driven by efficiencies over a higher production base, offsetting the impact of cost inflation.

- Net income for the first quarter of 2023 was $1.7 million (Q4 2022 – $18.7 million net income; Q1 2022 - $9.3 million net loss). Net income was lower than the fourth quarter of 2022 which was impacted by a deferred tax recovery of $14.8 million.

- On March 28, 2023 the Company issued 7.0 million flow-through shares at $2.85 per share, on a private placement basis, for net proceeds of $19.7 million. The Company intends to spend $20.0 million in qualified expenditures by December 31, 2023.

- As at March 31, 2023, net debt[(1)] was $20.9 million, a decrease from $28.2 million as at December 31, 2022.

- Rubellite had available liquidity (see "Liquidity, Capitalization and Financial Resources - Capital Management") at March 31, 2023 of $31.5 million, comprised of the $40.0 million borrowing limit of Rubellite's first lien credit facility ("Credit Facility Borrowing Limit"), 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".

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 spending ($ 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".

FIRST QUARTER 2023 FINANCIAL AND OPERATING RESULTS

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

Cash flow used in investing activities was $27.7 million for the three months ended March 31, 2023 as compared to $28.5 million in the first 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 property, plant and equipment assets ("PP&E") and exploration and evaluation assets ("E&E") assets. The capital budget excludes acquisition and disposition activities.

Spending on drilling, completion, facilities and lease construction activities, net of oil-based mud recoveries, totaled $19.5 million for the first quarter of 2023 relative to $21.8 million in the comparative quarter in 2022 and in line with guidance of $17 to $20 million. The following tables summarizes capital expenditures for both PP&E and E&E assets, excluding non-cash items:

	Three months ended March 31,					
	2023			2022		
(*$ thousands*)	**E&E**	**PP&E**	**Total**	E&E	PP&E	Total
Drilling and completions	**8,936**	**6,099**	**15,035**	—	15,659	15,659
Facilities	**1,604**	**1,502**	**3,106**	—	5,245	5,245
Lease construction	**869**	**502**	**1,371**	—	870	870
Capital Expenditures(1)	**11,409**	**8,103**	**19,512**	—	21,774	21,774
Land and other	**2,549**	**—**	**2,549**	13,737	—	13,737
Capital expenditures(1), including land and other	**13,958**	**8,103**	**22,061**	13,737	21,774	35,511

(1) Non-GAAP measure. See "Non-GAAP and Other Financial Measures".

Wells drilled by area

	Three months ended March 31,	
(gross/net)	**2023**	2022
Development		
Ukalta	**- / -**	6 / 6.0
Figure Lake(1)	**5 / 5.0**	2 / 2.0
Marten Hills	**- / -**	3 / 1.5
Figure Lake Extension		
Figure Lake - Buffalo Lake area(2)	**1 / 1.0**	- / -
Northern Exploration		
Dawson	**1 / 0.5**	- / -
Peavine(3)	**2 / 2.0**	- / -
Total	**9 / 8.5**	11 / 9.5

(1) One (1.0 net) well drilled at the 9-31 pad was a step-out at Figure Lake and was classified as a PP&E well as at March 31, 2023 as it was on existing lands previously transferred to PP&E.
(2) One (1.0 net) additional Figure Lake well in the Buffalo Lake extension area was spud on March 24, 2023 and rig released April 4, 2023 and not included in the Q1 2023 well count. This extension area of Figure Lake remains in E&E as at March 31, 2023.
(3) The two wells at Peavine were drilled at 100% working interest to earn a 60% working interest.

Additions to PP&E assets

Rubellite's additions to PP&E in the first quarter of 2023 was $8.1 million from drilling activity of five (5.0 net) wells at Figure Lake with all of the wells contributing to production by the end of the first quarter.

Additions to E&E assets

Rubellite's additions to E&E in the first quarter of 2023 was $14.0 million, which included land spending of $2.5 million.

Land spending and acquisitions resulted in the addition of 22.0 net sections of land, which included 20.0 net sections under a Land Acquisition and Drilling Agreement with the Buffalo Lake Métis Settlement.

During the first quarter, Rubellite spent $4.7 million to drill one (1.0 net) well and spud an additional one (1.0 net) well as partial fulfillment of a four well drilling agreement on the Buffalo Lake Métis Settlement acreage. These wells remain in E&E as at March 31, 2023 as the initial production phase will be completed early in the second quarter of 2023.

During the first quarter of 2023, Rubellite spent $6.7 million to drill one (0.5 net) well at Dawson and two (2.0 net) wells at Peavine as part of its Northern Exploration Program.

Production

	Three months ended March 31,	
	2023	2022
Production		
Average daily heavy crude oil (bbl/d) – production[1]	**3,057**	1,223
Average daily heavy crude oil (bbl/d) – sales[1]	**2,990**	1,251

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

First quarter production averaged 3,057 bbl/d, up 36% relative to the fourth quarter of 2022 (Q4 2022 - 2,250 bbl/d). Sales production averaged 2,990 bbl/d, exceeding the high end of the guidance range of 2,800 to 2,900 bbl/d and up 809 bbl/d or 37% from 2,181 bbl/d in the fourth quarter of 2022 as new wells at Figure Lake commenced production through the quarter. At the end of the first quarter, an additional seven (7.0 net) wells were contributing to sales production and had fully recovered their load fluid and began producing heavy oil to sales.

Sales production for the three months ended March 31, 2023 increased 1,739 bbl/d (139%) from the first quarter of 2022. Production and sales volumes have progressively ramped up throughout 2022 and the first quarter of 2023 as new wells were drilled, fully recovered load fluid and commenced delivery to sales terminals.

Oil Revenue

	Three months ended March 31,	
($ thousands, except as noted)	**2023**	2022
Oil revenue		
Oil revenue	**17,104**	10,876
Reference prices		
West Texas Intermediate ("WTI") (US$/bbl)	**76.11**	94.29
Foreign Exchange rate (US$/CAD$)	**1.35**	1.27
West Texas Intermediate ("WTI") (CAD$/bbl)	**102.75**	119.39
Western Canadian Select ("WCS") differential (US$/bbl)	**(24.85)**	(14.53)
WCS (CAD$/bbl)	**69.32**	101.01
Rubellite average realized prices[1]		
Average realized oil price ($/bbl)	**63.56**	96.61

(1) Non-GAAP ratio. See "Non-GAAP and Other Financial Measures".

Rubellite's oil revenue for the three months ended March 31, 2023 of $17.1 million increased by 19%, or $2.8 million, from the fourth quarter of 2022 (Q4 2022 - $14.3 million), attributable to the 37% increase in sales production, partially offset by the 11% decrease in average realized oil prices (Q4 2022 - average realized price $71.42/bbl). In the first quarter of 2023, commodity prices decreased when compared to the fourth quarter of 2022 driven by lower WTI reference prices. During the first quarter, the decrease in WCS prices was consistent with the decrease in WTI oil prices which averaged US$76.11/bbl (Q4 2022 – US$82.64/bbl) and a slight decrease in the WCS differential to US$24.85/bbl (Q4 2022 - US$25.70/bbl).

Rubellite's oil revenue for the three months ended March 31, 2023 increased by 57%, or $6.2 million, from the first quarter of 2022, attributable to the increase in production, partially offset by the 34% decrease in realized oil prices. In the first quarter of 2023, commodity prices decreased when compared to the first quarter of 2022 driven by lower WTI reference prices and widening WCS differentials, partially offset by the weakening Canadian dollar. During the first quarter of 2023, the decrease in the WCS prices was consistent with the decrease in the WTI oil prices which averaged US$76.11/bbl (Q1 2022 - US$94.29/bbl) and the increase in the WCS differential to US$24.85/bbl (Q1 2022 - US$14.53/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 oil 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.

The following table calculates the average realized oil prices after risk management contracts, which is not a standardized measure:

	Three months ended March 31,	
($ thousands, except as noted)	**2023**	2022
Unrealized gain (loss) on risk management contracts	**(451)**	(10,580)
Realized gain (loss) on risk management contracts	**208**	(3,269)
Realized gain (loss) on risk management contracts *($/bbl)*	**0.77**	(29.02)
Average realized oil price after risk management contracts[1]	**64.33**	67.57

(1) Non-GAAP ratio. See "Non-GAAP and Other Financial Measures".

The realized gain on risk management contracts totaled $0.2 million or $0.77/bbl for the first quarter of 2023, compared to a loss of $0.7 million or $3.37/bbl, for the fourth quarter of 2022 and a loss of $3.3 million, or $29.02/bbl, for the first quarter of 2022. Hedging gains or 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.

The unrealized loss on risk management contracts was $0.5 million for the first quarter of 2023 (Q4 2022 - $1.0 million unrealized gain; Q1 2022 – $10.6 million unrealized loss). Unrealized gains and losses represent the change in mark-to-market value of risk management contracts as forward commodity prices and foreign exchange rates change. Unrealized gains and losses on risk management contracts are excluded from the Company's calculation of cash flow from (used in) operating activities as non-cash items. Risk management contract gains and losses vary depending on the nature and extent of the risk management contracts in place, which in turn, vary with the Company's assessment of commodity price risk, committed capital spending and other factors.

Royalties

	Three months ended March 31,	
($ thousands, except as noted)	**2023**	2022
Oil royalties – Crown	**903**	694
Oil royalties – freehold	**702**	424
Total royalties	**1,605**	1,118
$/boe	**5.96**	9.93
Royalties as a percentage of revenue(1)		
Crown *(% of oil revenue)(1)*	**5.3**	6.4
Freehold and overriding *(% of oil revenue)(1)*	**4.1**	3.9
Total *(% of oil revenue)(1)*	**9.4**	10.3

(1) Non-GAAP ratio. See "Non-GAAP and Other Financial Measures".

Total royalties for the first quarter of 2023 were $1.6 million, a 15% increase from the fourth quarter of 2022 (Q4 2022 - $1.4 million) and a 44% increase from the first quarter of 2022 (Q1 2022 - $1.1 million) on higher volumes. On a per boe basis, royalties decreased in the first quarter to $5.96/boe (Q4 2022 – $6.93/boe; Q1 2022 - $9.93/boe) as a result of lower benchmark oil prices. Royalties as a percentage of revenue for the first quarter were 9.4%, a decrease from 9.7% in the fourth quarter of 2022 and 10.3% in the first quarter of 2022, due to the impact of lower WTI prices. Some of the freehold royalties are price sensitive with some royalties not being paid if WTI prices are below the minimum threshold.

Rubellite's royalties consist of Crown royalties payable to the Alberta provincial government and other freehold and gross overriding ("GORR") royalties. The mix between Crown and freehold production as a percentage of total production can change the composition of royalties from one period to the next. Under the Alberta Modernized Royalty Framework ("MRF"), the Company paid a flat Crown royalty of 5% on wells where mineral rights are leased from the Crown with the remainder of royalties attributable to the composition of freehold and GORR royalties some of which are price sensitive.

Production and operating expenses

	Three months ended March 31,	
($ thousands, except as noted)	**2023**	2022
Production and operating expenses	**1,641**	1,110
$/boe	**6.10**	9.86

Total production and operating expenses for the first quarter of 2023 were $1.6 million, a 34% increase from the fourth quarter of 2022 (Q4 2022 - $1.2 million) and a 48% increase from the first quarter of 2022 driven by the increase in sales volumes.

Total production and operating expenses of $6.10/boe were recorded for the first quarter, consistent with $6.11/boe for the fourth quarter of 2022 and within the guided range of $6.00/boe to $6.50/boe. Total production and operating expenses on a per boe basis decreased 38% year-over-year to $6.10/boe for the first quarter of 2023. As more wells come on production the fixed components of production and operating expenses are spread across higher sales volumes.

Transportation costs

	Three months ended March 31,	
($ thousands, except as noted)	**2023**	2022
Transportation costs	**2,131**	653
$/boe	**7.92**	5.80

Transportation costs include clean oil trucking costs. For the first quarter of 2023, transportation costs were $2.1 million, a 26% increase from the fourth quarter of 2022 (Q4 2022 - $1.7 million) and a 226% increase from the first quarter of 2022 driven by higher sales volumes.

On a per boe basis, transportation costs of $7.92/boe were 6% lower than the fourth quarter of 2022 (Q4 2022 – $8.42/boe) and within the guided range of $7.50/boe to $8.00/boe, as a result of lower fuel prices and fuel surcharges partially offset by higher volumes. On a per boe basis, transportation costs were 37% higher than the first quarter of 2022 as a result of increased sales volumes at Figure Lake which incurs higher trucking costs based on location and distance as well as cost inflation.

Operating netbacks

The following table highlights Rubellite's operating netbacks for the three months ended March 31, 2023 and 2022**:**

	Three months ended March 31,			
($/boe) ($ thousands)		**2023**		2022
Sales production *(bbl/d)*		**2,990**		1,251
Oil revenue	**63.56**	**17,104**	96.61	10,876
Royalties	**(5.96)**	**(1,605)**	(9.93)	(1,118)
Production and operating expenses	**(6.10)**	**(1,641)**	(9.86)	(1,110)
Transportation costs	**(7.92)**	**(2,131)**	(5.80)	(653)
Operating netback[1]	**43.58**	**11,727**	71.02	7,995
Realized gains (losses) on risk management contracts	**0.77**	**208**	(29.02)	(3,269)
Total operating netback, after risk management contracts	**44.35**	**11,935**	42.00	4,726

(1) Non-GAAP measure. See "Non-GAAP and Other Financial Measures".

For the first quarter of 2023, Rubellite's operating netback, including risk management contracts, was $11.9 million ($44.35/boe) compared to $9.3 million ($46.59/boe) in the fourth quarter of 2022. On a per boe basis, the 5% decrease was driven by lower oil revenue, partially offset by lower royalties and transportation costs. The realized gain on risk management contracts increased operating netbacks by $0.2 million ($0.77/boe) as compared to a realized loss of $0.7 million ($3.37/boe) in the fourth quarter of 2022.

For the first quarter of 2023, Rubellite's operating netback was $11.7 million ($43.58/boe) compared to $8.0 million ($71.02/boe) in the first quarter of 2022 as a result of increased production despite lower oil prices. On a per boe basis, the 39% decrease in operating netback year-over-year was driven by lower oil prices, partially offset by lower royalties, and production and operating expenses. The realized gain on risk management contracts increased operating netbacks after risk management contracts by $0.2 million ($0.77/boe) as compared to a realized loss of $3.3 million ($29.02/boe) in the first quarter of 2022. Operating netbacks after risk management contracts on a per boe basis increased 6% to $44.35/boe relative to the comparable 2022 period (Q1 2022 - $42.00/boe).

General and administrative ("G&A") expenses

	Three months ended March 31,	
($ thousands, except as noted)	**2023**	2022
G&A expenses – excluding MSA costs[1]	**958**	404
G&A expenses – MSA costs[1]	**779**	313
Total G&A expenses	**1,737**	717
$/boe	**6.45**	6.37

(1) Rubellite has a MSA with Perpetual Energy Inc. whereby Rubellite makes payment for certain technical and administrative services provided to Rubellite on a relative production split cost sharing basis.

Rubellite has a Management and Operating Services Agreement ("MSA") in place with Perpetual Energy Inc. whereby Rubellite makes payments for certain technical and administrative services provided to Rubellite on a relative production split cost sharing basis. For the three months ended March 31, 2023, the costs billed under the MSA to Rubellite were $0.8 million (Q4 2022 - $0.6 million; Q1 2022 - $0.3 million). MSA recoveries in the first quarter of 2023 increased as a result of higher shared G&A costs and Rubellite's capital activity and increased production.

During the first quarter of 2023, G&A expenses, excluding MSA costs, were $1.0 million, an increase from fourth quarter of 2022 costs of $0.4 million and first quarter of 2022 costs of $0.4 million. General and administrative expenses, excluding MSA costs, consist primarily of legal fees, information systems licenses, audit fees and tax related consulting fees which have increased as Rubellite's operations have grown. During the first quarter of 2023, $0.3 million of additional G&A related to bonuses paid.

On a per boe basis, G&A costs increased on higher MSA and G&A costs, partially offset by higher production (Q4 2022 - $4.67/boe).

Depletion

	Three months ended March 31,	
($ thousands, except as noted)	**2023**	2022
Depletion	**6,196**	2,258
$/boe	**23.02**	20.05

The Company calculates depletion using the net book value of the asset, future development costs associated with proved and probable reserves, salvage values on associated production equipment, as well as proved plus probable reserves. As at March 31, 2023, depletion was calculated on a $144.3 million depletable balance (December 31, 2022 – $140.3 million), $98.2 million in future development costs (December 31, 2022 – $105.6 million) and excluded an estimated $0.9 million of salvage value (December 31, 2022 – $0.8 million).

Depletion expense for the first quarter of 2023 was $6.2 million or $23.02/boe (Q4 2022 - $4.6 million or $22.96/boe; Q1 2022 – $2.3 million or $20.05/boe). The increase from the comparative periods of 2022 reflects the increase in sales production volumes and an increase in the depletable base on higher capital spending and proved plus probable reserves.

Impairment

There were no indicators of impairment for the Company's cash-generating unit ("CGU") as at March 31, 2023 and therefore an impairment test was not performed.

E&E assets are tested for impairment when internal or external indicators of impairment exist as well as upon reclassification to oil and natural gas interests in PP&E. There were no transfers during the first quarter of 2023 and there were no indicators of impairment as at March 31, 2023.

The Company transferred $7.9 million of E&E to PP&E during 2022 and performed the required impairment test to estimate the recoverable amount of the CGU. In performing the assessment, management determined that there were no indicators of impairment.

Finance expense

	Three months ended March 31,	
($ thousands)	**2023**	2022
Cash finance expense		
Interest on revolving bank debt	**451**	174
Total cash finance expense	**451**	174
Non-cash finance expense		
Accretion on decommissioning obligations	**31**	8
Total non-cash finance expense	**31**	8
Finance expense	**482**	182

Total cash finance expense for the three months ended March 31, 2023 was $0.5 million and was higher than the fourth quarter of 2022 (Q4 2022 - $0.2 million) and the first quarter of 2022 as a result of higher interest rates paid on higher outstanding bank debt. Non-cash finance expense represents accretion on decommissioning obligations.

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.

Capital Management

(*$ thousands, except as noted*)	**March 31, 2023**	December 31, 2022
Revolving bank debt	**16,000**	12,000
Adjusted working capital deficit(1)	**4,920**	16,228
Net debt(1)	**20,920**	28,228
Shares outstanding at end of period (*thousands*)	**61,826**	54,826
Market price at end of period (*$/share*)	**2.35**	1.85
Market value of shares(1)	**145,291**	101,428
Enterprise value(1)	**166,211**	129,656
Net debt as a percentage of enterprise value(1)	**13%**	22%
Trailing twelve-months adjusted funds flow(1)	**28,883**	23,036
Net debt to adjusted funds flow ratio(1)	**0.7**	1.2

(1) Non-GAAP financial measure and ratio. See "Non-GAAP and Other Financial Measures".

At March 31, 2023, Rubellite had net debt of $20.9 million, a decrease from $28.2 million at December 31, 2022. Net debt decreased as a result of the $19.7 million equity financing that closed on March 28, 2023 and adjusted funds flow of $9.7 million, partially offset by the $19.5 first quarter capital program spent to drill nine (8.5 net) wells during the quarter and exploratory land purchases of $2.5 million.

Rubellite had available liquidity at March 31, 2023 of $31.5 million, comprised of the $40.0 million Credit Facility Borrowing Limit, less current borrowings of $16.0 million and cash and cash equivalents of $7.5 million.

Revolving bank debt

The Company has a first lien credit facility of $40.0 million at March 31, 2023 (December 31, 2022 - $40.0 million). Subsequent to the end of the quarter, the Company's first lien credit facility was renewed. The Borrowing Limit under the Credit Facility remained at $40.0 million and was extended with an initial term to May 31, 2024 and may be extended for a further twelve months to May 31, 2025 subject to lender approval. If not extended by May 31, 2024, all outstanding advances would be repayable on May 31, 2025. The next semi-annual borrowing base redetermination is scheduled on or before November 30, 2023.

As at March 31, 2023, $16.0 million (December 31, 2022 - $12.0 million) was drawn against the Credit Facility. Borrowings under the Credit Facility bear interest at its lenders' prime rate or Banker's Acceptance rates, plus applicable margins and standby fees. The applicable Banker's Acceptance margins range between 3.0% and 5.5%. The effective interest rate on the Credit Facility at March 31, 2023 was 7.7%, per annum. For the period ended March 31, 2023, if interest rates changed by 1% with all other variables held constant, the impact on annual cash finance expense and net income would be $0.2 million.

The Credit Facility is secured by general first lien security agreements covering all present and future property of the Company and its subsidiaries.

At March 31, 2023, the Credit Facility was not subject to any financial covenants and the Company was in compliance with all customary non-financial covenants.

Equity

At March 31, 2023, there were 61.8 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 28, 2023, the Company issued 7.0 million flow-through shares at $2.85 per share, through a private placement for net proceeds of $19.7 million. The gross proceeds of the offering will be used to incur eligible qualified expenditures which the Company is committed to spend and renounce on or before December 31, 2023.

On March 30, 2022, Rubellite completed an equity financing, 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:

(thousands)	**May 11, 2023**
Restricted share units	371
Share options	1,664
Performance share units	576
Total	**2,611**

Commodity price risk management

As at May 11, 2023, 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** ***($/bbl)***
Crude Oil	200 bbl/d	Apr 1 - Jun 30, 2023	WCS Differential (CAD$/bbl)	Swap - sold	($20.65)
Crude Oil	200 bbl/d	Apr 1 – Dec 31, 2023	WCS Differential (CAD$/bbl)	Swap – sold	($17.75)
Crude Oil	850 bbl/d	Apr 1 - Dec 31, 2023	WCS Differential (USD$/bbl)	Swap - sold	($17.48)
Crude Oil	250 bbl/d	May 1 - Jun 30, 2023	WCS Differential (USD$/bbl)	Swap - sold	($16.25)
Crude Oil	450 bbl/d	Jul 1 - Sep 30, 2023	WCS Differential (USD$/bbl)	Swap - sold	($15.94)
Crude Oil	250 bbl/d	Oct 1 - Dec 31, 2023	WCS Differential (USD$/bbl)	Swap - sold	($16.75)
Crude Oil	500 bbl/d	Jan 1 - Dec 31, 2024	WCS Differential (USD$/bbl)	Swap - sold	($16.08)
Crude Oil	200 bbl/d	Apr 1 - Jun 30, 2023	WTI (CAD$/bbl)	Swap – sold	$107.90
Crude Oil	200 bbl/d	May 1 - Jun 30, 2023	WTI (USD$/bbl)	Swap - sold	$82.40
Crude Oil	800 bbl/d	Apr 1 - Dec 31, 2023	WTI (USD$/bbl)	Swap - sold	$76.63
Crude Oil	300 bbl/d	May 1 - Dec 31, 2023	WTI (USD$/bbl)	Swap - sold	$78.95

Foreign exchange risk management

As at May 11, 2023, the Company entered into the following foreign exchange risk management contracts:

Contract	**Notional amount**	**Term**	**Price (US$/CAD$)**
US$/CAD$	$500,000 US$/month	Apr 1 – Dec 31, 2023	1.3039
US$/CAD$	$1,000,000 US$/month	Apr 1 – Dec 31, 2023	1.3710
US$/CAD$	$250,000 US$/month	Apr 1 – Dec 31, 2023	1.3600
US$/CAD$	$250,000 US$/month	Apr 1 - Dec 31, 2023	1.3700

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Rubellite is committed to spend $20.0 million in eligible capital expenditures on or before December 31, 2023 related to the flow-through share offering that closed on March 28, 2023.

OFF BALANCE SHEET ARRANGEMENTS

Rubellite has no off balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Rubellite and Perpetual are related parties due to the existence of the MSA. Further, certain officers and directors are key management of and have significant influence over Rubellite while also being key management of and having deemed control over Perpetual. During the three month period ended March 31, 2023 Rubellite was billed by Perpetual for net transactions, which are considered to be normal course of oil and gas operations, totaling $1.6 million (three month period ended March 31, 2022 - $1.3 million). Included within this amount are $0.8 million (three month period ended March 31, 2022 - $0.3 million) of costs charged to Rubellite through the MSA. The Company recorded accounts payable of $0.6 million owing to Perpetual as at March 31, 2023 (December 31, 2022 - accounts payable of $0.6 million).

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 (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 additions	**(8,103)**	(21,774)
Exploration and evaluation additions	**(13,958)**	(13,737)
Capital expenditures	**(22,061)**	(35,511)

Cash costs: Cash costs are comprised of production and operating, transportation, general and administrative, and cash finance expense as detailed below. Cash costs per boe is calculated by dividing cash costs by total production sold in the period. Management believes that cash costs assist management and investors in assessing Rubellite's efficiency and overall cost structure.

	Three months ended March 31,	
(*$ thousands, except per boe amounts*)	**2023**	2022
Production and operating	**1,641**	1,110
Transportation	**2,131**	653
General and administrative	**1,737**	717
Cash finance expense	**451**	174
Cash costs	**5,960**	2,654
Cash costs per boe	**22.15**	23.57

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 risk management contracts, is presented after adjusting for realized gains or losses from risk management contracts. Rubellite considers operating netback and operating netback after risk management contracts to be key industry performance indicators that provides investors with information that is also commonly presented by other crude oil and natural gas producers. Operating netback and operating netback, after risk management contracts, evaluate operational performance as it demonstrates its profitability relative to realized and current commodity prices.

Refer to reconciliations in the MD&A under the "Operating Netbacks" section for current period and 2022 comparative information.

The table below provides a comparative to the fourth quarter of 2022, which is referenced throughout this document:

	Three months ended March 31,		Three months ended December 31,	
($/boe) ($ thousands)		**2023**		2022
Sales production *(bbl/d)*		**2,990**		2,181
Oil revenue	**63.56**	**17,104**	71.42	14,329
Royalties	**(5.96)**	**(1,605)**	(6.93)	(1,390)
Production and operating expenses	**(6.10)**	**(1,641)**	(6.11)	(1,226)
Transportation costs	**(7.92)**	**(2,131)**	(8.42)	(1,690)
Operating netback	**43.58**	**11,727**	49.96	10,023
Realized gains (losses) on risk management contracts	**0.77**	**208**	(3.37)	(676)
Total operating netback, after risk management contracts	**44.35**	**11,935**	46.59	9,347

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 deficiency	**4,667**	15,540
Risk management contracts – current asset	**767**	1,437
Risk management contracts – current liability	**(514)**	(749)
Adjusted working capital deficiency	**4,920**	16,228
Bank indebtedness	**16,000**	12,000
Net debt	**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:

	Three months ended March 31,	
(*$ thousands, except as noted*)	**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

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.

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.

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.

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

Net debt as a percentage of enterprise value: Net debt as a percentage of enterprise value is calculated by dividing net debt by enterprise value.

Adjusted funds flow per share: Adjusted funds flow ratios are calculated on a per share as the measure divided by basic shares outstanding.

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.

"Average realized oil 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.

"Realized gain (loss) on oil contracts per boe" is comprised of the realized gain or loss on oil contracts, as determined in accordance with IFRS, divided by the Company's total oil sales production.

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

"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.

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

"Depletion expense ($/boe)" is comprised of depletion 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.

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

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 financial statements. Rubellite’s analysis of recent accounting pronouncements is included in the notes to the financial statements at December 31, 2022.

CHANGE IN ACCOUNTING POLICY

Flow-through shares permit an investor to claim deductions for tax purposes related to qualifying expenditures incurred by the issuer. The issuer renounces the right to claim the income tax deductions in favor of the investor. Proceeds from the issuance are presented net of directly attributable share issuance costs.

Proceeds from the issuance of flow-through shares are allocated between the offering of shares and the sale of tax benefits when the shares are offered. The allocation is made based on the difference between the quoted price of the existing shares and the amount the investor pays to acquire the flow-through shares, with a deferred liability being recognized for the difference. The liability is drawn down as the qualifying expenditures are incurred with a deferred tax liability recognized equal to the deferred tax payable. Any difference between the draw down of the deferred liability set up for the premium on the flow-through shares and the deferred tax effect on the expenditures is recognized in the statement of income (loss) and comprehensive income (loss).

INTERNAL CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

There were no changes in the Corporation’s internal control over financial reporting during the period beginning on January 1, 2023 and ended March 31, 2023 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” 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 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 MSA; 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.

ABBREVIATIONS AND CONVENTIONS

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

Industry Metrics:

This MD&A 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 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.

Volume Conversions:

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 "Fourth Quarter Financial and Operating Results" section in 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:

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
WTI	West Texas Intermediate
WCS	Western Canadian Select

SUMMARY OF QUARTERLY RESULTS

($ thousands, except as noted)	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Financial				
Oil revenue	**17,104**	14,329	13,654	15,632
Net income	**1,699**	18,725	10,426	4,726
Per share – basic[3]	**0.03**	0.34	0.19	0.09
Per share – diluted[3]	**0.03**	0.34	0.19	0.08
Total assets	**222,747**	204,030	170,206	160,202
Cash flow from (used in) operating activities	**9,285**	14,950	(745)	6,473
Adjusted funds flow[1]	**9,682**	8,145	6,459	4,597
Per share – basic[2][3]	**0.18**	0.15	0.12	0.09
Per share – diluted[2][3]	**0.17**	0.15	0.12	0.09
Common shares (thousands)				
Weighted average – basic	**55,060**	54,824	54,748	54,725
Weighted average – diluted	**55,550**	55,202	55,265	55,797
Operating				
Daily average oil sales production (bbl/d)[4]	**2,990**	2,181	1,760	1,478
Rubellite average realized oil price[2]				
Average realized oil price ($/bbl)	**63.56**	71.42	84.31	116.21
Average realized oil price – after risk management contracts($/bbl)	**64.33**	68.05	65.82	70.09

($ thousands, except as noted)	Q1 2022	Q4 2021	Q3 2021[5]
Financial			
Oil revenue	10,876	3,931	992
Net income (loss)	(9,272)	(1,265)	8,967
Per share – basic[3]	(0.21)	(0.03)	12.34
Per share – diluted[3]	(0.21)	(0.03)	5.16
Total assets	164,009	115,862	132,370
Cash flow from (used in) operating activities	3,192	1,115	—
Adjusted funds flow[1]	3,835	1,469	378
Per share – basic[2][3]	0.09	0.03	0.70
Per share – diluted[2][3]	0.09	0.03	0.29
Common shares (thousands)			
Weighted average – basic	43,930	41,834	726
Weighted average – diluted	43,930	41,834	1,739
Operating			
Daily average oil sales production (bbl/d)[4]	1,251	603	561
Rubellite average realized oil price[2]			
Average realized oil price ($/bbl)	96.61	70.94	65.52
Average realized oil price – after risk management contracts($/bbl)	67.57	72.77	65.52

(1) Non-GAAP measure. See "Non-GAAP and Other Financial Measures".
(2) Non-GAAP ratio. See "Non-GAAP and Other Financial Measures".
(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.
(5) Operating results for Q3 2021 reflect the period from September 3, 2021, the effective date of the completion of the Arrangement from September 3, 2021 to December 31, 2021.