



NEWS RELEASE

RUBELLITE ENERGY INC. ANNOUNCES STRATEGIC CLEARWATER ACQUISITION; CREDIT FACILITY EXPANSION; OPERATIONS UPDATE AND REVISED GUIDANCE FOR 2023

Calgary, Alberta – October 19, 2023 (TSX:RBY) – Rubellite Energy Inc. ("Rubellite", or the "Company"), a pure play Clearwater oil exploration and development company, is pleased to announce that it has entered into a definitive purchase and sale agreement to acquire additional Clearwater assets within the Figure Lake and Edwand areas as well as undeveloped land in the Nixon area of northeast Alberta (the "Acquisition").

ASSET ACQUISITION

The Acquisition includes approximately 800 bbl/d of conventional heavy oil sales production, along with 215 net sections of land on the Southern Clearwater play trend for a total purchase price of \$34.0 million, subject to certain customary closing adjustments with an October 1, 2023 effective date. The completion of the Acquisition is subject to customary regulatory approvals and is expected to close in early November 2023. The Acquisition will be funded through Rubellite's expanded credit facility.

Key Highlights:

- The Acquisition adds:
 - Approximately 800 bbl/d of conventional heavy oil sales production;
 - 107 net sections of prospective acreage⁽¹⁾, of which 96 net sections are undeveloped, adjacent to and highly synergistic with Rubellite's existing land base in the greater Figure Lake area;
 - 49 gross high-grade drilling locations in greater Figure Lake, with 25 of these internally-defined locations considered development / step-out, providing immediate flexibility within the Company's drilling schedule; and
 - 108 net sections of exploratory undeveloped land⁽¹⁾ in the Nixon area, approximately 80 kilometers north of Figure Lake.

Strategic Rationale:

- Directly aligned with Rubellite's Clearwater-focused robust growth business plan, adding high netback heavy oil base production, extensive high-grade development and step-out inventory and prospective exploratory opportunities;
- Boosts Rubellite's position as a key producer in the Southern Clearwater area, increasing base production by over 20%;
- Value-add inherent through operating, administrative and capital execution synergies across the greater Figure Lake land base;
- Enhances adjusted funds flow⁽²⁾ and improves positioning to accelerate organic growth, fund exploration activities, and to pursue further consolidation opportunities in the Clearwater play; and
- Materially increases undeveloped land position and exposure to multiple exploration prospects.

(1) 204 net sections (52,130 net hectares) of land designated as undeveloped with an independently-assessed market value of \$11.2 million as evaluated by Seaton-Jordan & Associates Ltd. as of October 1, 2023.

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

CREDIT FACILITY EXPANSION

Concurrent with the closing of the Acquisition, the Company's credit facility will increase to \$60.0 million (currently \$40.0 million). The credit facility will reduce by \$5 million at the end of each quarter during 2024, starting on March 31, 2024, to \$40 million at December 31, 2024. The initial term will remain the same at May 31, 2024, which may be extended a further twelve months to May 31, 2025, subject to lender approval. The next semi-annual borrowing base redetermination is scheduled on, or before, May 31, 2024. The Company anticipates to be drawn approximately \$40 million on its credit facility after closing the Acquisition in early November.

OPERATIONS UPDATE

Rubellite recorded average conventional heavy oil sales production of 3,154 bbl/d for the third quarter of 2023, based on preliminary estimates. Current conventional heavy oil production, based on field estimates for the first two weeks of October, is approximately 3,577 bbl/d, driven by strong early time performance from new development wells in the Figure Lake area.

At Figure Lake, a total of six (6.0 net) multi-lateral horizontal wells were rig released during the third quarter and one (1.0 net) well was drilled over the end of the quarter and rig released in early October. All seven wells were located on a pad at 15-24-63-18W4 (the "15-24 Pad") with the final well on the eight-well 15-24 Pad rig released on October 15, 2023. All eight (8.0 net) wells have

now been placed on production with strong results to date, recording an average IP30 of 222 bbl/d (5 wells), and IP60 of 211 bbl/d (3 wells), with all wells to date outperforming the Figure Lake type curve⁽¹⁾ IP30 of 116 bbl/d. Wells not included in the preceding figures are either still recovering their oil-based mud load fluid or have not been on production for sufficient days to be included. The recent drills in their IP30 periods are also exhibiting strong performance commensurate with other wells on the 15-24 Pad.

The drilling rig has now moved to a new pad located at 9-3-63-18W4 (the "9-3 Pad") to drill a total of six (6.0 net) development wells in the mapped sweet spot at Figure Lake, up to five of which are expected to be rig-released prior to year-end.

Rubellite has temporarily contracted a second rig for the balance of 2023 to accelerate evaluation of step out locations at the south end of Figure Lake and on the Buffalo Lake Metis Settlement ("BLMS") lands, while continuing the ongoing infill drilling program in the Figure Lake sweet spot with its primary rig. The second rig spud its first well October 14th on a pad located at 5-24-62-18W4 at the south end of the Company's Figure Lake acreage and offsetting prospective acreage included in the Acquisition. Rubellite plans to utilize this second rig to drill two additional wells on the BLMS on a new pad at 5-32-63-17W4 to fully satisfy its BLMS commitment, and is also acquiring surface access to drill a fourth step-out delineation well to manage an upcoming land expiry related to the Acquisition.

Running the two-rig program for the balance of 2023 as outlined, Rubellite expects to drill up to eleven (11.0 net) multi-lateral horizontal wells in the fourth quarter of 2023, for a full year 2023 total of twenty-seven (27.0 net) multi-lateral development infill and step-out wells all located in the greater Figure Lake area, as the Figure Lake property continues to be the primary focus of investment and development.

In its Northern Exploration area, the Company has made an election to drill a second earning well (0.5 net) at Dawson to earn an additional six (3.0 net) sections to follow up and delineate the Clearwater pool encountered by the 5-16-81-16W5 discovery well drilled in the first quarter of 2023 and had plans to drill up to three (2.0 net) additional wells in its Northern Exploration area. However, due to access constraints, this activity has been postponed to 2024. The Company intends to place the Dawson 5-16 well back on production in December and truck volumes along a temporary winter road until spring breakup in March 2024.

(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.sedarplus.ca. "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

In conjunction with the Acquisition, Rubellite has revised its guidance for 2023 as follows:

	Previous 2023 Guidance	Revised 2023 Guidance
Sales Production (bbl/d)	2,900 - 3,100	3,100 - 3,200
Development spending (\$ millions) ⁽¹⁾	\$47 - \$52	\$55 - \$57
Multi-lateral development wells (net) ⁽¹⁾	25.0 - 26.0	27.0
Exploration spending (\$ millions) ⁽¹⁾	\$7 - \$13	\$7
Exploration wells (net)	2.5 - 4.5	2.5
Heavy oil wellhead differential (\$/bbl) ⁽¹⁾	\$6.00 - \$7.00	\$5.00 - \$6.00
Royalties (% of revenue) ⁽¹⁾	9.5% - 10.5%	9.5% - 10.5%
Production & operating costs (\$/boe) ⁽¹⁾	\$6.50 - \$7.00	\$6.50 - \$7.00
Transportation costs (\$/boe) ⁽¹⁾	\$7.50 - \$8.00	\$7.50 - \$8.00
General & administrative costs (\$/boe) ⁽¹⁾	\$5.50 - \$6.00	\$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.

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 and the Acquisition can be accessed on the Company's website at www.rubelliteenergy.com or on SEDAR+ at www.sedarplus.ca.

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.

PRELIMINARY FINANCIAL INFORMATION

Certain anticipated operating and financial results for 2023 included in this news release such as production information, capital expenditures and bank debt at closing of the Acquisition are estimated based on preliminary estimates as of the date of this news release. These estimated results are subject to change upon the completion of the unaudited financial statements for the interim period ended September 30, 2023.

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 spending to measure its capital investments compared to the Company's annual capital budgeted expenditures. Rubellite's capital budget excludes acquisition and disposition activities.

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.

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.

Supplementary Financial Measures

"Royalties (% 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 & 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 & 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: the anticipated benefits to be derived from the Acquisition, the closing of the Acquisition, the timing for the completion of the Acquisition and the funding of the Acquisition; future capital expenditures, production and various cost forecasts; the anticipated sources of funds to be used for capital spending; expectations as to drilling activity, regulatory application 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 completion of the Acquisition; 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 and future capital funding requirements (equity or debt); 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; climate change; severe weather events (including wildfires); 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; cybersecurity breaches; the ongoing and future impact of pandemics (including COVID-19); the war in Ukraine and related sanctions on commodity prices and the global economy; the Israel-Hamas war 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.sedarplus.ca 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.