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 year ended December 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 audited consolidated financial statements and accompanying notes for the years ended December 31, 2023 and 2022. 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 IFRS Accounting Standards. The date of this MD&A is March 14, 2024.

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.sedarplus.ca and found at www.rubelliteenergy.com.

Rubellite's common shares trade on the Toronto Stock Exchange under the symbol "RBY".

2023 STRATEGIC ACQUISITION AND DISPOSITIONS

On November 8, 2023, the Company closed the previously announced Clearwater acquisition (the "Acquisition"). The Acquisition included approximately 800 bbl/d of conventional heavy oil sales production, along with 107 net sections of land (96 net sections undeveloped) in the the Figure Lake and Edwand areas, and 108 net sections of undeveloped land in the Nixon area of Northeast Alberta, for net cash proceeds of $33.2 million, inclusive of customary closing adjustments. The Acquisition was funded through an expanded borrowing limit to Rubellite's revolving bank debt credit facility.

On December 4, 2023, the Company sold a 1.5% non-convertible gross overriding royalty ("GORR"), reverting to a 1.0% non-convertible GORR after payout, on a select portion of the Figure Lake properties for total consideration of $8.0 million (the "Royalty Sale").

FOURTH QUARTER AND ANNUAL 2023 OPERATIONAL AND FINANCIAL HIGHLIGHTS

- Fourth quarter conventional heavy oil sales production of 4,209 bbl/d exceeded guidance and was up 93% from the fourth quarter of 2022 (Q4 2022 - 2,181 bbl/d). 2023 sales production of 3,302 bbl/d increased 98% from 2022 (2022 - 1,670 bbl/d) as a result of the 2023 drilling program and the Clearwater Acquisition that added fifteen (15.0 net) producing wells in the Greater Figure Lake area during the fourth quarter.
- Exploration and development capital expenditures(1) for the fourth quarter totaled $25.1 million, which included the pre-ordering of $1.6 million of inventory for future drilling, bringing expenditures to $67.5 million for 2023 as compared to the $66.0 million forecasted upper end of the prior guidance range. During 2023 thirty (29.5 net) wells were rig released, which included twenty one (21.0 net) development wells in Figure Lake, six (6.0 net) step out wells at Figure Lake, two (2.0 net) exploratory wells at Peavine and one (0.5 net) exploratory well at Dawson.
- Land purchases in the quarter were $1.2 million, bringing total land expenditures for 2023 to $4.0 million. In 2023, Rubellite added 28.0 net sections of land, and fulfilled its four well drilling commitment on the 20.0 net sections acquired under a Land Acquisition and Drilling Agreement with the Buffalo Lake Métis Settlement ("BLMS"). Including the 215 net sections of land acquired in the Acquisition and net of expiries, the Company held 471.1 net sections of land in the Clearwater formation at December 31, 2023.
- Adjusted funds flow before transaction costs(1) in the fourth quarter was $17.1 million ($0.27 per share) and $54.3 million ($0.90 per share) in 2023 (Q4 2022 - $8.1 million and $0.15 per share; 2022 - $23.0 million and $0.44 per share).
- Cash costs(1) were $7.9 million or $20.49/boe in the fourth quarter of 2023 (Q4 2022 - $4.1 million or $20.27/boe). Full year cash costs were $25.7 million or $21.29/boe in 2023 (2022 - $12.5 million or $20.51/boe).
- Net income was $9.5 million in the fourth quarter of 2023 (Q4 2022 - $18.7 million) and $18.6 million in 2023 (2022 - $24.6 million).
- As at December 31, 2023, net debt(1) was $51.0 million, an increase from $28.2 million as at December 31, 2022.
- Rubellite had available liquidity (see "Liquidity, Capitalization and Financial Resources - Capital Management") at December 31, 2023 of $27.3 million, comprised of the $57.0 million borrowing limit of Rubellite's first lien credit facility ("Credit Facility Borrowing Limit"), less current borrowings of $29.3 million and outstanding letters of credit of $0.4 million.

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

OPERATIONS UPDATE

A total of eleven (11.0 net) wells were rig released in Rubellite's two-rig, fourth quarter development drilling program at Figure Lake and were a combination of seven (7.0 net) development wells and four (4.0 net) step-out wells. These wells began to contribute materially to the ramp up of oil sales production volumes throughout December, peaking in January 2024 as new multi-lateral wells from the two-rig Q4/23 drilling program were rig released and achieved full recovery of oil-based drilling mud ("OBM"). OBM is not recorded as sales production as the OBM is recovered and re-used in future drilling operations to the maximum extent possible or, when no longer re-usable it is sold, and in both cases credited back to drilling capital.

During the fourth quarter, development drilling operations were focused on three pads including: finishing the last two of eight wells on the pad at 15-24-63-18W4 (the "15-24 Pad"); drilling four (4.0 net) horizontal multi-lateral wells at a new development pad at 9-3-63-18W4 (the "9-3 Pad"); and drilling one (1.0 net) horizontal multi-lateral development well on a new development pad to the north at 14-22-63-18W4 (the "14-22 Pad").

The Company is pleased with the step out drilling program executed by the second rig which was windowed in during the fourth quarter. Four (4.0 net) step out wells were drilled and rig released during the fourth quarter, including two new drills from a pad on the Buffalo Lake Métis Settlement ("BLMS") at 5-32-63-17W4 (the "5-32 Pad"); and one well on each of two pads south of Figure Lake at 6-19-62-18W4 (the "6-19 Pad") and 5-24-62-18W4 (the "5-24 Pad"). Both new step-out wells drilled at the BLMS 5-32 Pad have recovered their OBM load fluid and progressed through their respective IP30 production periods, recording strong IP30 rates of 325 and 168 bbl/d respectively, as compared to the Figure Lake type curve(1) IP30 of 119 bbl/d. Rubellite's four well commitment on the BLMS lands is now fully satisfied. The step-out well drilled on the 6-19 Pad in the fourth quarter, which straddled legacy Rubellite lands as well as lands acquired in November 2023 as part of the Acquisition, fully recovered its OBM during the last week of December and is performing very strong, recording an average IP30 production rate of 256 bbl/d. The step-out well drilled on the 5-24 Pad recovered its OBM load fluid and is producing sales oil at an initial rate below the Figure Lake type curve and with a high water cut. Based on early time production performance to date, two of these four Figure Lake step out wells are Rubellite's most prolific performers drilled to date since the Company's inception, and have served to extend the development trend at Figure Lake to both the North and South.

Rubellite has utilized one drilling rig during the first quarter of 2024 and intends to keep this drilling rig running continuously at Figure Lake through break up in late March, to drill a total of six (6.0 net) multi-lateral horizontal wells along with one (1.0 net) vertical stratigraphic evaluation well during the first quarter of 2024. One additional development well was rig released on the 14-22 Pad in mid-January. Given ungulate restrictions, drilling operations shifted to the south end of Figure Lake to drill two wells on lands added through the Acquisition at a pad in Edwand at 3-17-61-17W4 (the "3-17 Pad"), applying an OBM drilling fluid system to this pool to compare to the water-based mud results from wells drilled by the previous operator. Two additional multi-lateral horizontal wells have recently been rig released on the 6-19 Pad and the drilling rig has now moved back to the 5-32 Pad on the BLMS to drill six additional wells, one of which is expected to be rig released and begin load oil recovery prior to the end of the first quarter.

In early January, Rubellite re-activated its horizontal multi-lateral Northern Exploration well at Dawson (5-16-81-16W5) which was rig released in late January 2023. The Company plans to monitor production performance through the winter operating season.

The existing rig will continue to drill an additional eighteen (18.0 net) wells at Figure Lake over the last nine months of 2024, with a second rig anticipated to arrive as early as late in the second quarter to drill up to ten (10.0 net) additional development / step-out delineation multi-lateral horizontal wells at Figure Lake over the balance of the year.

Permitting is underway and equipment has been ordered to construct a sales gas plant at Figure Lake to direct solution gas to sales beginning in the first quarter of 2025. By utilizing existing pipeline infrastructure acquired from legacy shallow gas producers in the area, the solution gas tie-in project will not only significantly reduce emissions from the Figure Lake property where natural gas is currently being incinerated on multiple pad sites, it is also economically attractive, with a forecast rate of return of >75% on the approximately $7 million capital investment, with project payout expected in 2026 based on current forward natural gas prices.

Rubellite also plans to continue exploration activities to pursue additional prospective land capture and de-risk acreage during 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 heavy crude oil and conventional natural gas reserves, prepared by McDaniel with an effective date of December 31, 2023 and a preparation date of March 14, 2024.

OUTLOOK AND GUIDANCE

Rubellite expects exploration and development capital spending to be approximately $12 - $13 million in the first quarter of 2024 to drill, complete, equip and tie-in six (6.0 net) multi-lateral horizontal development wells at Figure Lake/Edwand and to drill and core one (1.0 net) vertical stratigraphic evaluation well. Forecast drilling activities will be funded from adjusted funds flow, with excess free funds flow applied to reduce net debt.

Factoring in recent drilling performance and type curve expectations for the remaining first quarter 2024 drilling program at Figure Lake/ Edwand, production sales volumes are expected to grow approximately 6% to 7% sequentially from the fourth quarter of 2023 to average between 4,450 - 4,500 bbl/d for Q1 2024.

With the addition of a second drilling rig as early as late in the second quarter of 2024, Rubellite expects to spend $70 to $75 million for 2024 which includes the drilling of up to thirty four (34.0 net) multi-lateral development / step-out wells in the greater Figure Lake area and $7.0 million of capital spending required for the Figure Lake gas sales plant and related pipeline tie-ins. Also included is investment in the drilling of one well (0.3 net) to initiate waterflood at Marten Hills and ongoing exploration activities.

Production sales volumes are expected to grow over 39% to 48% year-over-year to average 4,600 - 4,900 boe/d and exit the year at 5,000 - 5,200 boe/d, poised for continued growth into 2025 with strong oil production and the addition of natural gas volumes in the first quarter of 2025.

Capital spending, drilling activity and operational guidance for the first quarter and full year 2024 is as outlined in the table below:

	Q1 2024 Guidance	2024 Guidance
Sales Production (bbl/d)	4,450 - 4,500	4,600 - 4,900
Exploration and Development spending ($ millions)(2)(3)	$12 - $13	$70- $75
Multi-lateral development / step-out wells (net)(2)	6.0	Up to 34.0
Heavy oil wellhead differential ($/bbl)(2)	$6.50 - $7.00	$6.50 - $7.00
Royalties (% of revenue)(2)	11.0% - 12.0%	11.0% - 12.0%
Production and operating costs ($/boe)(2)	$6.50 - $7.00	$6.00 - $6.50
Transportation costs ($/boe)(2)	$7.50 - $8.00	$7.50 - $8.00
General and administrative costs ($/boe)(2)	$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".
(2) Includes $1.4 million for the Figure Lake gas conservation project in Q1 2024 and $7.0 million for full year 2024.
(3) Excludes land and acquisition spending.

FOURTH QUARTER 2023 FINANCIAL AND OPERATING RESULTS

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

Cash flow used in investing activities was $38.8 million and $94.4 million for the three and twelve months ended December 31, 2023, respectively, as compared to $31.2 million and $86.3 million in the comparative periods 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. "Capital Expenditures" is not a standardized measure and, therefore, may not be comparable with the calculation of similar measures by other entities.

For a reconciliation of cash flow used in investing activities to capital expenditures, refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

The following tables summarize capital expenditures for both PP&E and E&E assets, excluding non-cash items:

	Three Months Ended December 31,					
	2023			2022		
(*$ thousands*)	**E&E**	**PP&E**	**Total**	E&E	PP&E	Total
Drilling and completions	**10,095**	**10,324**	**20,419**	732	13,512	14,244
Facilities	**(518)**	**1,765**	**1,247**	—	4,017	4,017
Lease construction	**2,322**	**1,143**	**3,465**	302	1,909	2,211
Capital Expenditures(1)	**11,899**	**13,232**	**25,131**	1,034	19,438	20,472
Land and other	**1,189**	**—**	**1,189**	3,043	—	3,043
Capital expenditures, including land and other(1)	**13,088**	**13,232**	**26,320**	4,077	19,438	23,515
Acquisitions(2)	**4,526**	**28,647**	**33,173**	—	—	—
Proceeds from dispositions(3)	**(1,073)**	**(6,917)**	**(7,990)**	—	—	—
Capital expenditures(1), after acquisition and dispositions	**16,541**	**34,962**	**51,503**	4,077	19,438	23,515

(1) Non-GAAP measure. See "Non-GAAP and Other Financial Measures".
(2) Acquisition closed on November 8, 2023 for cash consideration of $34.0 million, prior to preliminary purchase price adjustments.
(3) Royalty Sale closed on December 8, 2023 for cash consideration of $8.0 million, prior to purchase price adjustments.

	Twelve Months Ended December 31,					
	2023			2022		
(*$ thousands*)	**E&E**	**PP&E**	**Total**	E&E	PP&E	Total
Drilling and completions	**18,543**	**32,533**	**51,076**	5,455	52,309	57,764
Facilities	**2,820**	**6,482**	**9,302**	—	9,687	9,687
Lease construction	**2,491**	**4,645**	**7,136**	612	5,442	6,054
Capital expenditures(1)	**23,854**	**43,660**	**67,514**	6,067	67,438	73,505
Land and other	**4,016**	**—**	**4,016**	20,514	188	20,702
Capital expenditures, including land and other(1)	**27,870**	**43,660**	**71,530**	26,581	67,626	94,207
Acquisitions	**4,526**	**28,647**	**33,173**	—	—	—
Proceeds from dispositions(3)	**(1,073)**	**(6,917)**	**(7,990)**	—	—	—
Capital expenditures(1), after acquisition and dispositions	**31,323**	**65,390**	**96,713**	26,581	67,626	94,207

(1) Non-GAAP measure. See "Non-GAAP and Other Financial Measures".
(2) Acquisition closed on November 8, 2023 for cash consideration of $34.0 million, prior to preliminary purchase price adjustments.
(3) Royalty Sale closed on December 8, 2023 for cash consideration of $8.0 million, prior to purchase price adjustments.

Wells drilled by area

(gross/net)	Three months ended December 31, **2023**	2022	Twelve months ended December 31, **2023**	2022
Development				
Ukalta	**- / -**	- / -	**-/-**	16 / 16.0
Figure Lake(1)	**7 / 7.0**	7 / 7.0	**21 / 21.0**	16 / 16.0
Marten Hills	**- / -**	3 / 0.9	**-/-**	9 / 3.5
Service Wells	**- / -**	- / -	**-/-**	2 / 2.0
Figure Lake Extension				
Figure Lake extension(2,3)	**4 / 4.0**	- / -	**6 / 6.0**	- / -
Northern Exploration				
Dawson(4)	**- / -**	- / -	**1 / 0.5**	- / -
Peavine(5)	**- / -**	- / -	**2 / 2.0**	- / -
Other exploratory(6)	**- / -**	1 / 1.0	**- / -**	2 / 2.0
Total	**11 / 11.0**	11 / 8.9	**30 / 29.5**	45 / 39.5

(1) One (1.0 net) well drilled at the 14-22 pad was spud on December 15, 2023 and rig released January 6, 2024 and not included in the Q4 2023 well count. The well was drilled on existing lands previously transferred to PP&E.
(2) The four (4.0 net) wells drilled during Q4 2023 in the extension area of Figure Lake were transferred from E&E to PP&E during the fourth quarter of 2023.
(3) The two (2.0 net) wells drilled during 2023 in the extension area of Figure Lake were transferred from E&E to PP&E during the second quarter of 2023.
(4) The one (0.5 net) well drilled during 2023 at the Dawson Northern Exploratory area was transferred from E&E to PP&E during the second quarter of 2023.
(5) The two wells at Peavine were drilled at 100% working interest to earn a 60% working interest and were transferred to E&E expense during the second quarter of 2023.
(6) The one (1.0 net) well drilled during 2022 at the Alpen Exploratory area was transferred from E&E to PP&E during the fourth quarter of 2023 and the one (1.0 net) well drilled during 2022 at the Utikuma Exploratory area was transferred to E&E expense during second quarter of 2023.

Capital Expenditures

During the fourth quarter of 2023, the Company invested a total of $25.1 million before land purchases, acquisitions and proceeds from dispositions. Capital expenditures included $20.4 million for drilling and completions, $3.5 million in lease preparation costs for drilling activities and $1.2 million for facilities, and related primarily to the drilling of seven (7.0 net) development wells at Figure Lake and four (4.0 net) step out wells in greater Figure Lake. Approximately $2.1 million of expenditures related to the pre-purchase of tubulars and production equipment in support of the 2024 drilling program and upgrading the road for the BLMS 5-32 pad based on the success of the offsetting 15-24 pad. Capital to drill an eighth development well at Figure Lake, was largely spent during the fourth quarter and the well was rig released at the beginning of the first quarter of 2024. Land purchases of $1.2 million in the fourth quarter of 2023 added 4.0 net sections of lands in the Southern Clearwater area.

During the year ended December 31, 2023, the Company invested a total of $67.5 million before land purchases, acquisitions and proceeds from dispositions. Capital expenditures included $51.1 million for drilling and completions, $7.1 million in lease preparation costs for drilling activities, and $9.3 million for facilities, the majority of which related to the drilling of thirty (29.5 net) wells during 2023. This included twenty one (21.0 net) development wells in Figure Lake, six (6.0 net) step out wells at Figure Lake, two (2.0 net) exploratory wells at Peavine and one (0.5 net) exploratory well at Dawson.

Land purchases of $4.0 million in 2023 resulted in the addition of 28.0 net sections of land, which included 20.0 net sections under the Land Acquisition and Drilling Agreement with the BLMS.

During 2023, Rubellite transferred $22.6 million of E&E to PP&E, related to one (0.5 net) well at Dawson and the six (6.0 net) step out wells in Figure Lake. The Company also recognized an E&E expense of $6.8 million, which includes capital costs to drill two (2.0 net) wells at Peavine, one (1.0 net) vertical evaluation well at Utikuma, one (1.0 net) vertical evaluation well at Ukalta and a small amount of associated land.

Acquisition

On November 8, 2023, Rubellite completed the Acquisition of Clearwater assets for total cash consideration of $33.2 million net of certain customary preliminary closing adjustments. The Clearwater assets acquired included 107 net sections of land (91% undeveloped) and 15.0 net producing wells within the Figure Lake and Edwand areas as well as 108 net sections of undeveloped land in the Nixon area in the Northern Clearwater area. The Acquisition has been accounted for as a business combination using the acquisition method of accounting, whereby the assets acquired and the liabilities assumed are all recorded at the estimated fair value on the acquisition date of November 8, 2023. There were $0.1 million of transaction costs incurred by the Company and expensed through earnings. Assets acquired in this transaction will be included in the Clearwater cash-generating unit ("CGU").

Disposition

On December 4, 2023 the Company closed the Royalty Sale, selling a 1.5% non-convertible gross overriding royalty ("GORR") on certain lands at Figure Lake, which reverts to a 1.0% GORR after payout, for cash consideration of $8.0 million prior to adjustments. A gain of $1.3 million was recorded on the disposition.

Production

	Three months ended December 31, **2023**	2022	Twelve months ended December 31, **2023**	2022
Production				
Average daily heavy crude oil (bbl/d) – production(1)	**4,322**	2,250	**3,352**	1,716
Average daily heavy crude oil (bbl/d) – sales(1)	**4,209**	2,181	**3,302**	1,670

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

Sales production for the three and twelve months ended December 31, 2023 increased 93% and 98%, respectively, from the comparative periods of 2022. Production and sales volumes progressively ramped up as new wells were drilled, fully recovered their OBM and commenced delivery to sales terminals. In addition, the Acquisition contributed approximately 436 bbl/d and 110 bbl/d of sales production to the three and twelve months ended December 31, 2023, respectively. During the fourth quarter, an additional eight (8.0 net) wells from the drilling program were contributing to sales production after having fully recovered their OBM.

As of December 31, 2023, there were ninety seven (89.3 net) wells contributing to sales production, as compared to fifty eight (51.5 net) wells contributing to sales production at the end of the fourth quarter of 2022. The growth is attributable to the drilling program in Figure Lake as well as the Acquisition which added fifteen (15.0 net) wells.

Oil Revenue

	Three months ended December 31,		Twelve months ended December 31,	
($ thousands, except as noted)	**2023**	2022	**2023**	2022
Oil revenue				
Oil revenue	**27,224**	14,329	**88,968**	54,491
Reference prices				
West Texas Intermediate ("WTI") (US$/bbl)	**78.32**	82.64	**77.62**	94.22
Foreign Exchange rate (CAD$/US$)	**1.36**	1.36	**1.35**	1.30
West Texas Intermediate ("WTI") (CAD$/bbl)	**106.52**	112.39	**104.79**	122.49
Western Canadian Select ("WCS") differential (US$/bbl)	**(21.98)**	(25.70)	**(18.73)**	(18.23)
WCS (CAD$/bbl)	**76.84**	77.33	**79.46**	98.49
Rubellite average realized prices(1)				
Average realized oil price ($/bbl)	**70.31**	71.42	**73.82**	89.38

(1) Before risk management contracts; supplementary financial measure. See "Non-GAAP and Other Financial Measures".

Rubellite's oil revenue for the three months ended December 31, 2023 increased by 90% from the fourth quarter of 2022, attributable to the 93% increase in sales volumes. Compared to the fourth quarter of 2022, the WCS average price was relatively unchanged at $76.84/bbl (Q4 2022 - $77.33/bbl) as the decrease in WTI prices was largely offset by a decrease in the WCS differential. Rubellite's realized oil prices reflect a price offset for quality which averaged $6.64/bbl during the fourth quarter (Q4 2022 - $5.91/bbl).

Oil revenue for the twelve months ended December 31, 2023 increased by 63% relative to 2022, attributable to the 98% increase in sales volumes, partially offset by lower prices. WTI prices dropped 18% relative to 2022, averaging US$77.62/bbl in 2023 (2022 – US$94.22/bbl). During the twelve months of 2023, the WCS average price decrease was consistent with the decrease in WTI oil prices, as the slightly wider WCS differential was partially offset by an increase in the CAD$/US$ exchange rate to $1.35 (2022 - $1.30).

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 December 31,		Twelve months ended December 31,	
($ thousands, except as noted)	**2023**	2022	**2023**	2022
Unrealized gain on risk management contracts	**12,008**	1,017	**8,652**	2,025
Realized gain (loss) on risk management contracts	**700**	(676)	**(318)**	(13,142)
Realized gain (loss) on risk management contracts *($/bbl)*	**1.81**	(3.37)	**(0.26)**	(21.56)
Average realized oil price after risk management contracts(1)	**72.12**	68.05	**73.56**	67.82

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

The realized gain on risk management contracts totaled $0.7 million or $1.81/bbl for the fourth quarter of 2023, compared to a loss of $0.7 million or $3.37/bbl for the fourth quarter of 2022. For the twelve month period ending December 31, 2023, the realized loss on risk management contracts totaled $0.3 million or $0.26/bbl (2022 - $13.1 million realized loss or $21.56/bbl). 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 and the percentage of production volumes hedged at any given time.

The unrealized gain on risk management contracts was $12.0 million for the fourth quarter of 2023 (Q4 2022 – $1.0 million unrealized gain) and the unrealized gain on risk management contracts was $8.7 million for the twelve months ended December 31, 2023 (2022 - $2.0 million unrealized gain). Unrealized gains and losses represent the change in mark-to-market value of risk management contracts for future periods 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 operating activities as non-cash items. Risk management contract gains and losses vary depending on commodity prices and 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 December 31,		Twelve months ended December 31,	
($ thousands, except as noted)	**2023**	2022	**2023**	2022
Oil royalties – Crown	**1,300**	481	**4,373**	2,446
Oil royalties – freehold and other	**1,565**	909	**4,140**	3,267
Total royalties	**2,865**	1,390	**8,513**	5,713
$/boe	**7.40**	6.93	**7.06**	9.37
Royalties as a percentage of revenue(1)				
Crown *(% of oil revenue)(1)*	**4.8**	3.4	**4.9**	4.5
Freehold and other *(% of oil revenue)(1)*	**5.7**	6.3	**4.7**	6.0
Total *(% of oil revenue)(1)*	**10.5**	9.7	**9.6**	10.5

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

Total royalties for the fourth quarter of 2023 were $2.9 million, a 106% increase from the fourth quarter of 2022 (Q4 2022 - $1.4 million) on higher production. On a per boe basis, royalties increased in the fourth quarter to $7.40/boe (Q4 2022 - $6.93/boe) due to an increase in the relative split of production on lands with higher overriding royalties. Royalties as a percentage of revenue for the fourth quarter were 10.5%, an increase from 9.7% in the fourth quarter of 2022.

For the twelve months ended December 31, 2023, royalties were $8.5 million (2022 – $5.7 million), $2.8 million (49%) higher than the prior year as a result of increased production, partially offset by lower prices. On a per boe basis, royalties were down 25% to $7.06/boe (2022 – $9.37/boe) as prices decreased. Royalties as a percentage of revenue for 2023 were 9.6%, a decrease from 10.5% in the comparative period of 2022.

Rubellite's royalties consist of Crown royalties payable to the Alberta provincial government and other freehold and GORRs. 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 pays a Crown royalty of between 5% and 20% 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. Some of the Company's other freehold and GORR royalties are price sensitive and may not be paid if prices are below the minimum price levels referenced in the agreements.

Production and operating expenses

	Three months ended December 31,		Twelve months ended December 31,	
($ thousands, except as noted)	**2023**	2022	**2023**	2022
Production and operating expenses	**2,191**	1,226	**7,371**	4,399
$/boe	**5.66**	6.11	**6.12**	7.22

Total production and operating expenses for the three and twelve months ended December 31, 2023 increased to $2.2 million and $7.4 million from $1.2 million and $4.4 million respectively, in the comparative periods of 2022, as a result of higher costs attributable to incremental carbon taxes for 2023 of $0.6 million ($0.50/boe), an increase in production and overall cost inflation.

On a per boe basis, costs decreased by 7% to $5.66/boe in the fourth quarter of 2023 (Q4 2022 - $6.11/boe) and for the twelve months ended December 31, 2023, decreased by 15% to $6.12/boe (2022 - $7.22/boe). Despite an increase in overall production and operating expenses, as more wells have contributed to production, particularly on multi-well pads, the fixed component of production and operating expenses are spread across higher sales volumes.

Transportation costs

	Three months ended December 31,		Twelve months ended December 31,	
($ thousands, except as noted)	**2023**	2022	**2023**	2022
Transportation costs	**2,588**	1,690	**9,045**	4,448
$/boe	**6.68**	8.42	**7.50**	7.30

Transportation costs include clean oil trucking costs. Costs for the three and twelve months ended December 31, 2023 increased to $2.6 million and $9.0 million from $1.7 million and $4.4 million respectively in the comparative periods of 2022, largely as a result of higher volumes.

On a per boe basis, transportation costs of $6.68/boe in the fourth quarter of 2023 were 21% lower than the fourth quarter of 2022 (Q4 2022 - $8.42/boe) due to lower trucking rates, fuel prices and fuel surcharges than the comparative period.

On a per boe basis, costs were 3% higher for the twelve months ended December 31, 2023 (2022 - $7.30/boe) 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, increased trucking rates, fuel prices and fuel surcharges.

Operating netbacks

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

	Three months ended December 31,				Twelve months ended December 31,			
($/boe) ($ thousands)		**2023**		2022		**2023**		2022
Sales production *(bbl/d)*		**4,209**		2,181		**3,302**		1,670
Oil revenue	**70.31**	**27,224**	71.42	14,329	**73.82**	**88,968**	89.38	54,491
Royalties	**(7.40)**	**(2,865)**	(6.93)	(1,390)	**(7.06)**	**(8,513)**	(9.37)	(5,713)
Production and operating expenses	**(5.66)**	**(2,191)**	(6.11)	(1,226)	**(6.12)**	**(7,371)**	(7.22)	(4,399)
Transportation costs	**(6.68)**	**(2,588)**	(8.42)	(1,690)	**(7.50)**	**(9,045)**	(7.30)	(4,448)
Operating netback[1]	**50.57**	**19,580**	49.96	10,023	**53.14**	**64,039**	65.49	39,931
Realized gain (loss) on risk management contracts	**1.81**	**700**	(3.37)	(676)	**(0.26)**	**(318)**	(21.56)	(13,142)
Total operating netback, after risk management contracts[1]	**52.38**	**20,280**	46.59	9,347	**52.88**	**63,721**	43.93	26,789

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

Rubellite's operating netback in the fourth quarter of 2023 increased to $19.6 million, or $50.57/boe (Q4 2022 - $10.0 million or $49.96/boe) as a result of increased sales volumes while reducing costs per boe by 8%. On a per boe basis, the increase was driven by lower production and operating expenses and transportation costs, partially offset by lower realized prices and higher royalties. After the realized gain on risk management contracts of $0.7 million, or $1.81/boe (Q4 2022 – loss of $0.7 million or $3.37/boe), operating netbacks after risk management contracts for the fourth quarter were $20.3 million, or $52.38/boe (Q4 2022 – $9.3 million or $46.59/boe). As a result of the realized gain in the fourth quarter of 2023, realized operating netbacks after risk management contracts on a per boe basis were 12% higher than the fourth quarter of 2022.

Rubellite's operating netback for the twelve months ended December 31, 2023 increased to $64.0 million, from $39.9 million in the comparative period of 2022, attributable to increased revenue on higher sales volumes while reducing costs per boe by 13% ($3.21/boe). On a per boe basis, the decrease was driven primarily by lower oil prices, partially offset by lower royalties and production and operating expenses. After the realized loss on risk management contracts of $0.3 million, or $0.26/boe (2022 – loss of $13.1 million or $21.56/boe), operating netbacks after risk management contracts in 2023 were $63.7 million (2022 – $26.8 million). Operating netbacks per boe in 2023 were $52.88/boe compared to $43.93/boe in 2022. As a result of a larger realized loss in the prior year, realized operating netbacks after risk management contracts on a per boe basis were 20% higher than 2022.

General and administrative ("G&A") expenses

	Three months ended December 31,		Twelve months ended December 31,	
($ thousands, except as noted)	**2023**	2022	**2023**	2022
G&A expenses – excluding MSA costs	**1,510**	375	**3,964**	1,457
G&A expenses – MSA costs	**813**	561	**3,354**	1,859
Total G&A expenses	**2,323**	936	**7,318**	3,316
$/boe	**6.00**	4.67	**6.07**	5.44

Rubellite has a Management and Operating Services Agreement ("MSA") in place with Perpetual Energy Inc. ("Perpetual") whereby Rubellite makes payments for certain technical and administrative services provided to Rubellite on a relative production split cost sharing basis. For the three and twelve months ended December 31, 2023, the costs billed under the MSA to Rubellite were $0.8 million and $3.4 million (2022 - $0.6 million and $1.9 million, respectively). MSA costs in 2023 increased as a result of higher shared G&A costs and Rubellite's increased production relative to Perpetual's production.

G&A expenses, excluding MSA costs, for the three and twelve months ended months ended December 31, 2023 increased to $1.5 million and $4.0 million, from $0.4 million and $1.5 million in the comparative periods of 2022. G&A expenses, excluding MSA costs, consist primarily of legal fees, computer software licenses, audit fees and tax related consulting fees which have increased with Rubellite's growth.

For the three and twelve months ended December 31, 2023, G&A costs on a per boe basis increased to $6.00/boe and $6.07/boe due to the significant increase in non-MSA related G&A costs per boe, partially offset by lower MSA costs per boe.

Depletion

	Three months ended December 31,		Twelve months ended December 31,	
($ thousands, except as noted)	**2023**	2022	**2023**	2022
Depletion	**8,195**	4,607	**27,485**	13,462
$/boe	**21.17**	22.96	**22.80**	22.08

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 December 31, 2023, depletion was calculated on a $208.0 million depletable balance (December 31, 2022 – $140.3 million), $145.1 million in future development costs (December 31, 2022 – $105.6 million) and excluded an estimated $3.4 million of salvage value (December 31, 2022 – $0.8 million).

Depletion expense for the fourth quarter of 2023 was $8.2 million or $21.17/boe (Q4 2022 – $4.6 million or $22.96/boe) due to higher reserves relative to depletable base in the comparable period. For the twelve month period ended December 31, 2023 depletion expense was $27.5 million or $22.80/boe (2022 - $13.5 million or $22.08/boe). The increase is driven by higher production volumes and an increase in the depletable base driven by capital spending. Depletion will fluctuate from one period to the next depending on the amount of capital spent, the amount of reserves added and volumes produced.

Impairment

There were no indicators of impairment for the Company's Clearwater CGU as at December 31, 2023, 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. At December 31, 2023, the Company conducted an assessment of indicators of impairment for the Company's E&E assets. In performing the assessment, management determined there were no indicators of impairment.

During 2023, the Company transferred $22.6 million of E&E to PP&E and performed the required impairment test over the Company's PP&E assets to estimate the recoverable amount of the CGU. It was determined that the recoverable amount of the CGU exceeded its carrying value, resulting in no impairment.

During 2022, the Company transferred $7.9 million of E&E to PP&E and performed the required impairment test over the Company's PP&E assets to estimate the recoverable amount of the CGU. It was determined that the recoverable amount of the CGU exceeded its carrying value, resulting in no impairment.

Finance expense

	Three months ended December 31,		Twelve months ended December 31,	
($ thousands)	**2023**	2022	**2023**	2022
Cash finance expense (income)				
Interest on revolving bank debt	**831**	215	**1,923**	343
Total cash finance expense (income)	**831**	215	**1,923**	343
Non-cash finance expense				
Accretion on decommissioning obligations	**36**	23	**128**	67
Total non-cash finance expense	**36**	23	**128**	67
Finance expense (income)	**867**	238	**2,051**	410

Total cash finance expense for the three and twelve months ended December 31, 2023 increased to $0.8 million and $1.9 million from $0.2 million and $0.3 million, respectively, in the comparative periods of 2022 as a result of increased interest rates being applied to higher outstanding bank debt. The effective interest rate on the Credit Facility for the three and twelve months ended December 31, 2023 was 10.1% and 8.5%, as compared to 7.5% and 1.9% in the comparable periods of 2022.

Non-cash finance expense represents accretion on decommissioning obligations.

Deferred Income Taxes

	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	**2023**	2022
Income (loss) before income tax	**$ 20,848**	$ 3,928	**$ 26,603**	$ 9,808
Combined federal and provincial tax rate	**23%**	23%	**23%**	23%
Computed income tax expense (recovery)	**4,795**	903	**6,119**	2,256
Increase (decrease) in income taxes resulting from:				
Non-deductible expenses	**252**	140	**700**	398
Flow-through shares - tax pools renounced	**213**	—	**3,048**	—
Other	**303**	(8)	**(377)**	(86)
Change in unrecognized deferred tax assets	**5,762**	(15,833)	**(1,448)**	(17,365)
Deferred tax expense (recovery)	**11,325**	(14,797)	**8,042**	(14,797)

The provision for income taxes for the three months ended December 31, 2023 was an expense of $11.3 million (Q4 2022 - $14.8 million recovery) and for the twelve months ended December 31, 2023 was an expense of $8.0 million (2022 - $14.8 million recovery). The change over the comparative period of 2022 was a result of the renouncing of tax pools related to the flow-through share offering that was completed in 2023, partially offset by the change in unrecognized deferred tax assets.

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)	**December 31, 2023**	December 31, 2022
Revolving bank debt	**29,317**	12,000
Adjusted working capital deficit[1]	**21,667**	16,228
Net debt[1]	**50,984**	28,228
Shares outstanding at end of period (*thousands*)	**62,456**	54,826
Market price at end of period (*$/share*)	**2.01**	1.85
Market value of shares[1]	**125,537**	101,428
Enterprise value[1]	**176,521**	129,656
Net debt as a percentage of enterprise value[1]	**29%**	22%
Trailing twelve-months adjusted funds flow[1]	**54,157**	23,036
Net debt to adjusted funds flow ratio[1]	**0.9**	1.2

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

At December 31, 2023, Rubellite had net debt of $51.0 million, an 81% increase from $28.2 million at December 31, 2022. Net debt increased as a result of capital expenditures of $67.5 million in 2023 spent to drill thirty (29.5 net) wells, exploratory land purchases of $4.0 million and acquisition spending of $33.2 million, partially offset by $19.6 million of flow-through equity financing that closed on March 28, 2023, adjusted funds flow of $54.2 million and the GORR disposition of $8.0 million.

Rubellite had available liquidity at December 31, 2023 of $27.3 million, comprised of the $57.0 million Credit Facility Borrowing Limit, less borrowings of $29.3 million and outstanding letters of credit of $0.4 million.

Revolving bank debt

As at December 31, 2023, the Company's first lien Credit Facility had a Borrowing Limit of $57.0 million (December 31, 2022 - $40.0 million). The Credit Facility will reduce by $5.0 million at the end of each quarter during 2024, starting on March 31, 2024 to $40.0 million at December 31, 2024. The initial term is 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, May 31, 2024.

As at December 31, 2023, $29.3 million (December 31, 2022 - $12.0 million) was drawn against the Credit Facility and $0.4 million (December 31, 2022 - nil) of letters of credit have been issued. Borrowings under the Credit Facility bear interest at its lenders' prime rate or Bankers 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 December 31, 2023 was 10.1% per annum. For the twelve months ended December 31, 2023, if interest rates changed by 1% with all other variables held constant, the impact on annual cash finance expense and net income and comprehensive income would be $0.3 million.

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

At December 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 December 31, 2023, there were 62.5 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 $19.6 million. The gross proceeds of the offering were used to incur eligible qualified expenditures which the Company renounced by 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 awards and restricted awards outstanding as the date of this MD&A:

(thousands)	**March 14, 2024**
Restricted share units	517
Share options	2,672
Performance share units	464
Total	**3,653**

Commodity price risk management

As at March 14, 2024, 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 ($/bbl)
Crude Oil	200 bbl/d	Mar 2024 - Dec 2024	WTI (USD$/bbl)	Swap - sold	$78.75
Crude Oil	350 bbl/d	Apr 2024 - Dec 2024	WCS Differential (USD$/bbl)	Swap - sold	($13.95)
Crude Oil	700 bbl/d	Apr 2024 - Jun 2024	WCS (USD$/bbl)	Swap - sold	$64.37
Crude Oil	700 bbl/d	Jul 2024 - Sep 2024	WCS (USD$/bbl)	Swap - sold	$63.79
Crude Oil	1,750 bbl/d	Mar 2024 - Dec 2024	WTI (CAD$/bbl)	Swap - sold	$104.48
Crude Oil	1,600 bbl/d	Mar 2024 - Dec 2024	WCS Differential (CAD$/bbl)	Swap - sold	($21.50)
Crude Oil	200 bbl/d	Mar 2024 - Dec 2024	WCS (CAD$/bbl)	Swap - sold	$84.33

Foreign exchange risk management

As at March 14, 2024, the Company entered into the following foreign exchange risk management contracts:

Contract	Notional amount	Term	Price (CAD$/US$)
Average rate forward (CAD$/US$)	$1,775,000 US$/month	Mar 1 - Dec 31, 2024	1.3659
Average rate forward (CAD$/US$)	$1,000,000 US$/month	Jan 1 - Dec 31, 2025	1.3660

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

During the fourth quarter of 2023, the Company sold a 1.5% non-convertible GORR before payout, reverting to a 1.0% non-convertible GORR after payout, effective December 4, 2023 with royalties payable as of October 1, 2023. The Company has a drilling commitment on the GORR lands that must be fulfilled by June 30, 2026 (the "Commitment Date"). In the event the Company fails to fulfill the drilling commitment, the Company is required to pay $0.1 million per well not spud by the Commitment Date. As at December 31, 2023, the Company has drilled two (2.0 net) of the 59 wells that are required to meet the drilling commitment.

OFF BALANCE SHEET ARRANGEMENTS

Rubellite has no material off balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Rubellite and Perpetual are considered related parties due to the existence of the management and operating services agreement ("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 and twelve months ended December 31, 2023, Rubellite was billed by Perpetual for net transactions, which are considered to be normal course of oil and gas operations, totaling $2.4 million and $6.9 million, respectively (three and twelve months ended December 31, 2022 - $1.1 million and 5.6 million, respectively). Included within this amount are $0.8 million and $3.4 million (three and twelve months ended December 31, 2022 - $0.6 million and $1.9 million, respectively) of costs charged to Rubellite through the MSA. The Company recorded accounts payable of $1.9 million owing to Perpetual as at December 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 December 31,		Twelve months ended December 31,	
	2023	2022	**2023**	2022
Net cash flows used in investing activities	**(38,813)**	(31,222)	**(94,354)**	(86,266)
Acquisitions	**(33,173)**	—	**(33,173)**	—
Dispositions	**7,990**	—	**7,990**	—
Change in non-cash working capital	**12,689**	(7,707)	**2,359**	7,941
Capital expenditures, including land	**(26,319)**	(23,515)	**(71,530)**	(94,207)
Property, plant and equipment additions	**(13,231)**	(19,438)	**(43,660)**	(67,626)
Exploration and evaluation additions	**(13,088)**	(4,077)	**(27,870)**	(26,581)
Capital expenditures, including land	**(26,319)**	(23,515)	**(71,530)**	(94,207)

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 December 31,		Twelve months ended December 31,	
(*$ thousands, except per boe amounts*)	**2023**	2022	**2023**	2022
Production and operating	**2,191**	1,226	**7,371**	4,399
Transportation	**2,588**	1,690	**9,045**	4,448
General and administrative	**2,323**	936	**7,318**	3,316
Cash finance expense	**831**	215	**1,923**	343
Cash costs	**7,933**	4,067	**25,657**	12,506
Cash costs per boe	**20.49**	20.27	**21.29**	20.51

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.

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 December 31, 2023	As of December 31, 2022
Current assets	**21,061**	13,262
Current liabilities	**(34,009)**	(28,802)
Working capital deficit	**12,948**	15,540
Risk management contracts – current asset	**8,796**	1,437
Risk management contracts – current liability	**—**	(749)
Decommissioning liabilities - current liability	**77**	—
Adjusted working capital deficit	**21,667**	16,228
Bank indebtedness	**29,317**	12,000
Net debt	**50,984**	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 pre-transaction costs is calculated as adjusted funds flow less transaction costs. Management has excluded transaction costs from the calculation as these are not related to cash flow from operating activities as they relate to the acquisition of Clearwater assets.

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 operating activities, as reported in the Company's statements of cash flows, to adjusted funds flow:

	Three months ended December 31,		Twelve months ended December 31,	
($ thousands, except as noted)	**2023**	2022	**2023**	2022
Net cash flows from operating activities	**18,963**	14,950	**55,391**	23,870
Change in non-cash working capital	**(2,040)**	(6,805)	**(1,237)**	(834)
Decommissioning obligations settled	**—**	—	**3**	—
Adjusted funds flow	**16,923**	8,145	**54,157**	23,036
Transaction Costs	**147**	—	**147**	—
Adjusted funds flow - pre transaction costs	**17,070**	8,145	**54,304**	23,036
Adjusted funds flow per share - basic	**0.27**	0.15	**0.90**	0.44
Adjusted funds flow per share - diluted	**0.27**	0.15	**0.89**	0.44
Adjusted funds flow per boe	**43.71**	40.60	**44.93**	37.79
Adjusted funds flow per share - pre transaction costs - basic	**0.27**	0.15	**0.90**	0.44
Adjusted funds flow per share - pre transaction costs - diluted	**0.27**	0.15	**0.89**	0.44
Adjusted funds flow per boe - pre transaction costs	**44.09**	40.60	**45.06**	37.79

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, 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 condensed interim consolidated financial statements.

Sustainability Disclosures

On June 26, 2023, the International Sustainability Standards Board ("ISSB") issued IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information" and IFRS S2 "Climate-related Disclosures". IFRS S1 and IFRS S2 are effective for annual reporting periods beginning on or after January 1, 2024. The sustainability standards as issued by the ISSB provide for transition relief in IFRS S1 that allow a reporting entity to report only on climate-related risks and opportunities, as set out in IFRS S2, in the first year of reporting under the sustainability standards.

The Canadian Securities Administrators ("CSA") are responsible for determining the reporting requirements for public companies in Canada and are responsible for decisions related to the adoption of the sustainability disclosure standards, including the effective annual reporting dates. The CSA issued proposed National Instrument ("NI 51-107 – Disclosure of Climate-related Matters") in October 2021. The CSA has indicated it will consider the ISSB sustainability standards and developments in the United States in its decisions related to developing climate-related disclosure requirements for reporting issuers in Canada. The CSA will involve the Canadian Sustainability Standards Board ("CSSB") for their combined review of the ISSB issued sustainability standards for their suitability for adoption in Canada. Until such time as the CSA and CSSB make decisions on sustainability standard adoption here in Canada, there is no requirement for public companies in Canada to adopt the sustainability standards. The Company is actively evaluating the potential effects of the ISSB issued sustainability standards; however, at this time, the Company is not able to determine the impact on future financial statements, nor the potential costs to comply with these sustainability standards.

Amendments to IAS 1 *Presentation of Financial Statements*

In January 2020, The IASB issued amendments to IAS 1 *Presentation of Financial Statements* ("IAS 1"), to clarify its requirements for the presentation of liabilities as current or non-current in the statement of financial position. In October 2022, the IASB issued further amendments to IAS 1, which specify the classification and disclosure of a liability with covenants. These amendments to IAS 1 will be effective January 1, 2024.

RISK FACTORS

The Corporation is exposed to business risks that are inherent in the oil and gas industry, as well as those governed by the individual nature of Rubellite's operations. Risks impacting the business which influence controls and management of the Corporation include, but are not limited to, the following:

- drilling, exploration, development, geological, engineering and completion risks;
- the uncertainty of discovering commercial quantities of new reserves;
- commodity prices, interest rate and foreign exchange risks;
- access to capital;
- political and geopolitical risks;
- competition;
- cybersecurity risks;
- inflation and supply chain risks;
- risks relating to pandemics (including COVID-19); and
- changes to government regulations including royalty regimes and tax legislation.

Rubellite manages these risks by:

- attracting and retaining a team of highly qualified and motivated professionals who have a vested interest in the success of the Corporation;
- prudent operation of oil and natural gas properties;
- employing risk management instruments and policies to manage exposure to volatility of commodity prices, interest rates and foreign exchange rates;
- maintaining a flexible financial position;
- maintaining strict environmental, safety and health practices; and
- active participation with industry organizations to monitor and influence changes in government regulations and policies.

A complete discussion of risk factors is included in the Corporation's 2023 Annual Information Form available on the Corporation's website at www.rubelliteenergy.com or on SEDAR+ at www.sedarplus.ca.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Rubellite's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICOFR") as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

Disclosure controls and procedures

The DC&P have been designed to provide reasonable assurance that material information relating to Rubellite is made known to the CEO and CFO by others, and that information required to be disclosed by Rubellite in its annual filings, interim filing or other reports is filed or submitted by Rubellite under securities legislation.

Rubellite’s CEO and CFO have concluded, based on their evaluation at December 31, 2023, the DC&P are designed and operating effectively to provide reasonable assurance that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the issuer’s management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure.

Management’s annual report on internal controls over financial reporting

Management is responsible for establishing and maintaining adequate ICOFR, which is a process designed by, or under the supervision of, the CEO and CFO, and effected by the board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Under the supervision and with the participation of management, including the CEO and CFO, an evaluation of the effectiveness of the internal controls over financial reporting was conducted as of December 31, 2023 based on criteria described in “Internal Control – Integrated Framework” issued in 2013 by the Committee of Sponsoring Organization of the Treadway Commission. Based on this assessment, management determined that, as of December 31, 2023, the internal controls over financial reporting were designed and operating effectively.

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 October 1, 2023 and ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

CEO and CFO certifications

Rubellite's CEO and CFO have filed with the Canadian securities regulators regarding the quality of Rubellite's public disclosures relating to its fiscal 2023 filings with the Canadian securities regulators.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstances may result in actual results or changes to estimates that differ materially from current estimates.

Rubellite’s financial and operational results incorporate certain estimates including:

- estimated commodity sales from production at a specific reporting date for which actual revenues have not yet been received, including associated estimated credit losses;
- estimated royalty obligations, transportation, and operating expenses at a specific reporting date for which costs have been incurred but have not yet been settled;
- estimated capital spending on projects that are in progress;
- estimated depletion charges and deferred tax assets that are based on estimates of reserves that Rubellite expects to recover in the future;
- estimated future recoverable value of PP&E and E&E and any associated impairment charges or reversals;
- estimated fair values of financial instruments that are subject to fluctuation depending upon the underlying forward curves for commodity prices, foreign exchange rates and interest rates, as well as volatility curves, and the risk of non-performance;
- estimated value of ARO that is dependent upon estimates of future costs and timing of expenditures;
- estimated compensation expense under Rubellite’s share-based compensation plans including the PSUs awarded under the PSU Plans that are dependent on the final number of PSU awards that eventually vest based on a performance multiplier; and
- estimated fair values of assets acquired and liabilities assumed in a business combination.

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 expectation that one drilling rig will run continuously at Figure Lake until break-up in late March; the number of wells to be drilled during the first quarter of 2024; the expectation that the Company will continue with a one rig program through break-up to drill six additional wells on the BLMS 5-32 Pad; the plan to monitor production performance through the winter operating season prior to investing in construction of an all-weather road to allow for year-round operations; the plan to continue exploration activities to pursue additional prospective land capture and de-risk acreage during the first quarter of 2024; anticipated exploration and development capital spending levels in the first quarter of 2024; the expectation that forecast activities will be funded from adjusted funds flow, with excess free funds flow applied to reduce net debt; expectations respecting Rubellite's future exploration, development and drilling activities and Rubellite's business plan; and including the other 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 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; 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; failure to obtain required regulatory and other approvals including drilling permits and the impact of not receiving such approvals on the Company's long-term planning; climate change risks; severe weather (including wildfires and drought); risks of wars or other hostilities or geopolitical events, civil insurrection and pandemics; risks relating to Indigenous land claims and duty to consult; data breaches and cyber attacks; risks relating to the use of artificial intelligence; changes in legislation, including but not limited to tax laws, royalties and environment regulations (including greenhouse gas emission reduction requirements and other decarbonization or social policies) and general economic and business conditions and markets.

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, 2023 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.

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	barrels of oil equivalent
boe/d	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.

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

ANNUAL HISTORICAL FINANCIAL AND OPERATING HIGHLIGHTS

($ thousands, except as noted)	**2023**	2022	2021(1)
Financial			
Oil revenue	**88,968**	54,491	4,923
Net income	**18,561**	24,605	7,702
Per share – basic(4)	**0.31**	0.47	0.34
Per share – diluted(4)	**0.30**	0.47	0.33
Total Assets	**271,153**	204,030	115,862
Cash flow from operating activities	**55,391**	23,870	1,115
Adjusted funds flow, including transaction costs(2)	**54,157**	23,036	1,595
Per share – basic(3)(4)	**0.90**	0.44	0.07
Per share – diluted(3)(4)	**0.89**	0.44	0.07
Common shares (thousands)			
Weighted average – basic	**60,346**	52,093	22,702
Weighted average – diluted	**61,075**	52,471	23,228
Operating			
Daily average oil sales production (bbl/d)(5)	**3,302**	1,670	593
Rubellite average realized oil price(3)			
Average realized oil price ($/bbl)	**73.82**	89.38	69.76
Average realized oil price – after risk management contracts($/bbl)	**73.56**	67.82	71.20

(1) The 2021 comparable period reflects operating results from September 3, 2021, the effective date of the Arrangement, to December 31, 2021. No comparative information available for 2020.
(2) Non-GAAP measure. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.
(3) Non-GAAP ratio. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.
(4) Per share amounts are calculated using the weighted average number of basic or diluted common shares.
(5) Conventional heavy oil sales production excludes tank inventory volumes.

SUMMARY OF QUARTERLY RESULTS

($ thousands, except as noted)	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Financial				
Oil revenue	**27,224**	25,777	18,863	17,104
Net income and comprehensive income	**9,523**	3,942	3,397	1,699
Per share – basic(3)	**0.15**	0.06	0.05	0.03
Per share – diluted(3)	**0.15**	0.06	0.05	0.03
Total assets	**271,153**	223,353	218,218	222,747
Cash flow from operating activities	**18,963**	14,957	12,186	9,285
Adjusted funds flow, including transaction costs(1)	**16,923**	15,554	11,998	9,682
Per share – basic(2)(3)	**0.27**	0.25	0.19	0.18
Per share – diluted(2)(3)	**0.27**	0.25	0.19	0.17
Common shares (thousands)				
Weighted average – basic	**62,440**	61,956	61,830	55,060
Weighted average – diluted	**62,958**	62,597	62,432	55,550
Operating				
Daily average oil sales production (bbl/d)(4)	**4,209**	3,154	2,844	2,990
Rubellite average realized oil price(2)				
Average realized oil price ($/bbl)	**70.31**	88.85	72.88	63.56
Average realized oil price – after risk management contracts ($/bbl)	**72.12**	82.15	75.65	64.33

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

(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.