

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is management's discussion and analysis ("MD&A") of Rubellite Energy Inc.'s ("Rubellite", the "Company" or the "Corporation") operating and financial results for the three months ended March 31, 2024, as well as information and estimates concerning the Corporation's future outlook based on currently available information. This discussion should be read in conjunction with the Corporation's unaudited condensed consolidated interim financial statements and accompanying notes for the three months ended March 31, 2024 as well as the audited consolidated financial statements and accompanying notes for the years ended December 31, 2023. Disclosure, which is unchanged from the December 31, 2023 MD&A has not been duplicated herein. The Corporation's financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") which require publicly accountable enterprises to prepare their financial statements using IFRS Accounting Standards. Readers are referred to the advisories section for additional information regarding forecasts, assumptions and other forward-looking information contained in the "Forward Looking Information and Statements" section of this MD&A. The date of this MD&A is May 13, 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".

FIRST QUARTER 2024 OPERATIONAL AND FINANCIAL HIGHLIGHTS

- First quarter conventional heavy oil sales production of 4,514 bbl/d was up 7% from the fourth quarter of 2023 (Q4 2023 - 4,209 bbl/d), up 51% from the first quarter of 2023 (Q1 2023 - 2,990 bbl/d), and exceeded the Company's Q1 2024 guidance range of 4,450 to 4,500 bbl/d.
- Exploration and development capital expenditures⁽¹⁾ totaled \$12.6 million for the first quarter, in line with guidance of \$12 to \$13 million, to drill, complete, equip and tie-in six (6.0 net) multi-lateral horizontal development wells at Figure Lake and to drill and core one (1.0 net) vertical stratigraphic evaluation well. Facilities spending included \$0.5 million in the quarter for the 2024 Figure Lake gas conservation project.
- Adjusted funds flow in the first quarter was \$18.5 million (\$0.30 per share) (Q1 2023 - \$9.7 million and \$0.18 per share), driven by the growth in sales production and higher realized oil prices, partially offset by higher cash costs.
- Cash costs⁽¹⁾ were \$9.0 million or \$21.86/boe in the first quarter of 2024 (Q1 2023 - \$6.0 million or \$22.15/boe).
- Net loss was \$4.2 million in the first quarter of 2024 (Q1 2023 - \$1.7 million net income) driven by a \$13.9 million unrealized loss on risk management contracts.
- As at March 31, 2024, net debt⁽¹⁾ was \$45.5 million, a decrease from \$51.0 million as at December 31, 2023, driven by \$5.7 million of free funds flow⁽¹⁾.
- Rubellite had available liquidity⁽²⁾ at March 31, 2024 of \$12.2 million, comprised of the \$52.0 million borrowing limit of Rubellite's first lien credit facility ("Credit Facility Borrowing Limit"), less current borrowings of \$37.1 million and outstanding letters of credit of \$2.7 million.

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

(2) See "Liquidity, Capitalization and Financial Resources - Capital Management"

OPERATIONS UPDATE

Rubellite contracted one drilling rig during the first quarter of 2024 to drill a total of six (6.0 net) multi-lateral horizontal wells along with one (1.0 net) vertical stratigraphic evaluation well and has kept this drilling rig running continuously at Figure Lake through break up since late March. One horizontal development well was rig released on the 14-22 Pad in mid-January. Given ungulate restrictions during the winter season, drilling operations shifted to the south end of Figure Lake to drill two wells on lands acquired in the fourth quarter at a pad in Edward 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 were rig released offsetting the successful step out delineation well drilled in the fourth quarter at 6-19-62-18W4 (the "6-19 Pad") and four of six additional wells have now been rig released at 5-32-63-17W4 (the "5-32 Pad") on the Buffalo Lake Métis Settlement ("BLMS"), one of which was rig released and began load oil recovery prior to the end of the first quarter. Results from the ongoing 2024 drilling program have on average performed in line with expectations⁽¹⁾.

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. Production performance was monitored through the winter operating season and the well was shut-in again in late March.

The contracted rig will continue to drill an additional eighteen to nineteen (18.0 - 19.0 net) wells at Figure Lake over the last nine months of 2024, with a second rig anticipated to arrive in early June 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 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 and anticipated carbon credits.

Rubellite also plans to continue exploration activities to pursue additional prospective land capture and de-risking 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's board of directors has approved exploration and development capital spending for 2024 to be approximately \$70 to \$75 million to drill, complete, equip and tie-in thirty four to thirty five (34.0 to 35.0 net) multi-lateral development / step-out wells in the greater Figure Lake area and includes \$7 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 (0.3 net) well to initiate waterflood at Marten Hills and ongoing exploration activities. Forecast drilling activities will be funded from adjusted funds flow, with excess free funds flow applied to reduce net debt.

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

Capital spending, drilling activity and operational guidance for 2024 are largely unchanged as outlined in the table below:

	2024 Guidance
Sales Production (bbl/d)	4,600 - 4,900
Exploration and Development spending (\$ millions) ⁽¹⁾⁽²⁾⁽³⁾	\$70- \$75
Multi-lateral development / step-out wells (net)	34.0 - 35.0
Heavy oil wellhead differential (\$/bbl) ⁽¹⁾⁽⁴⁾	\$6.00 - \$6.50
Royalties (% of revenue) ⁽¹⁾	11.0% - 12.0%
Production and operating costs (\$/boe) ⁽¹⁾	\$6.00 - \$6.50
Transportation costs (\$/boe) ⁽¹⁾	\$7.50 - \$8.00
General and administrative costs (\$/boe) ⁽¹⁾	\$5.50 - \$6.00

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

(2) Includes \$7.0 million for the Figure Lake gas conservation project in 2024.

(3) Excludes land and acquisition spending.

(4) Revised from previous guidance issued on March 14, 2024 of \$6.50/bbl - \$7.00/bbl.

FIRST QUARTER 2024 FINANCIAL AND OPERATING RESULTS

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

Cash flow used in investing activities was \$24.3 million for the three months ended March 31, 2024, as compared to \$27.7 million in the first quarter of 2023. 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:

(\$ thousands)	2024			2023		
	E&E	PP&E	Total	E&E	PP&E	Total
Drilling and completions	1,294	9,301	10,595	8,936	6,099	15,035
Facilities	(20)	1,682	1,662	1,604	1,502	3,106
Lease construction	—	345	345	869	502	1,371
Capital Expenditures ⁽¹⁾	1,274	11,328	12,602	11,409	8,103	19,512
Land and other	95	95	190	2,549	—	2,549
Capital expenditures, including land and other ⁽¹⁾	1,369	11,423	12,792	13,958	8,103	22,061

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

Wells drilled by area

(gross/net)	Three months ended March 31,	
	2024	2023
Development		
Figure Lake ⁽¹⁾	6 / 6.0	6 / 6.0
Northern Exploration		
Dawson	- / -	1 / 0.5
Peavine	- / -	2 / 2.0
Other exploratory ⁽²⁾	1 / 1.0	- / -
Total	7 / 7.0	9 / 8.5

(1) One (1.0 net) well drilled at the 5-32 pad was spud on March 22, 2024 and rig released April 5, 2024 and not included in the Q1 2024 well count. The well was drilled on existing lands previously transferred to PP&E.

(2) One (1.0 net) vertical stratigraphic evaluation well was drilled in Q1 2024.

Capital Expenditures

During the first quarter of 2024, the Company invested a total of \$12.6 million before land and other corporate spending, related primarily to drill, complete, equip and tie-in six (6.0 net) multi-lateral horizontal development wells at Figure Lake and to drill and core one (1.0 net) vertical stratigraphic evaluation well. Capital to drill a seventh development well at Figure Lake, was largely spent during the first quarter and the well was rig released at the beginning of the second quarter. Capital expenditures included \$10.6 million for drilling and completions, \$0.3 million in lease preparation costs for pad sites and \$1.7 million for facilities. Facilities spending at Figure Lake included \$0.5 million of expenditures related to the construction of a sales gas plant as part of the 2024 Figure Lake gas conservation project.

Land purchases of \$0.2 million in the first quarter of 2024 added 6.0 net sections of lands in the Southern Clearwater area.

Production

Production	Three months ended March 31,	
	2024	2023
Average daily heavy crude oil (bbl/d) – production ⁽¹⁾	4,474	3,057
Average daily heavy crude oil (bbl/d) – sales ⁽¹⁾	4,514	2,990

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

Sales production for the three months ended March 31, 2024 was 51% higher than the first quarter of 2023 with the addition of organic production growth from new wells drilled and placed on production and sales volumes added from producing wells acquired as part of the acquisition in the fourth quarter of 2023. Production and sales volumes continue to progressively increase and offset natural production declines as new wells are drilled, fully recover their OBM and commence delivery to sales terminals. First quarter sales production of 4,514 bbl/d exceeded the high end of first quarter guidance range of 4,450 to 4,500 boe/d and was 7% higher than the fourth quarter of 2023. During the quarter, an additional seven (7.0 net) wells from the drilling program were contributing to sales production after having fully recovered their OBM and an additional two (2.0 net) wells from the Q1 2024 drilling program were recovering OBM and not yet contributing to sales as at March 31, 2024.

As of March 31, 2024, there were 103 (94.8 net) wells contributing to sales production, as compared to 97 (89.3 net) wells at the end of fourth quarter of 2023 and 65 (58.5 net) wells contributing to sales production at the end of the first quarter of 2023. The growth is attributable to the drilling program in Figure Lake as well as an acquisition in the fourth quarter for 2023 which added fifteen (15.0 net) wells.

Oil Revenue

<i>(\$ thousands, except as noted)</i>	Three months ended March 31,	
	2024	2023
Oil revenue		
Oil revenue	29,823	17,104
Reference prices		
West Texas Intermediate ("WTI") (US\$/bbl)	76.96	76.11
Foreign Exchange rate (CAD\$/US\$)	1.35	1.35
West Texas Intermediate ("WTI") (CAD\$/bbl)	103.90	102.75
Western Canadian Select ("WCS") differential (US\$/bbl)	(19.31)	(24.85)
WCS (CAD\$/bbl)	77.77	69.32
Rubellite average realized prices⁽¹⁾		
Average realized oil price (\$/bbl)	72.60	63.56

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

Rubellite's oil revenue for the three months ended March 31, 2024 increased by 74% from the first quarter of 2023, attributable to the 51% increase in sales volumes and 14% increase in average realized oil prices. Compared to the first quarter of 2023, the WCS average price increased to \$77.77/bbl (Q1 2023 - \$69.32/bbl), attributable to the 22% decrease in the WCS differential and the slight increase in WTI prices. Rubellite's realized oil price reflect a price offset for quality which averaged \$4.79/bbl during the first quarter (Q1 2023 - \$5.67/bbl) compared to Q1 2024 guidance of \$6.50 to \$7.00/bbl.

Risk Management Contracts

The Company's realized price deviates from benchmark prices due to the Company's risk management strategies. The Company uses "average realized oil prices after risk management contracts" which is not a standardized measure, and therefore may not be comparable with the calculation of similar measures by other entities. The measure is used by management to calculate the Company's net realized oil price, taking into account the monthly settlements of financial and physical crude oil forward sales, differentials and foreign exchange contracts. These contracts are put in place to protect Rubellite's cash flows from potential volatility and lock in economics on drilling programs.

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

<i>(\$ thousands, except as noted)</i>	Three months ended March 31,	
	2024	2023
Unrealized loss on risk management contracts	(13,910)	(451)
Realized gain on risk management contracts	1,040	208
Realized gain on risk management contracts (\$/bbl)	2.53	0.77
Average realized oil price after risk management contracts⁽¹⁾	75.13	64.33

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

The realized gain on risk management contracts totaled \$1.0 million or \$2.53/bbl for the first quarter of 2024, compared to a gain of \$0.2 million or \$0.77/bbl for the first quarter of 2023. 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 loss on risk management contracts was \$13.9 million for the first quarter of 2024 (Q1 2023 – \$0.5 million unrealized loss). 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

<i>(\$ thousands, except as noted)</i>	Three months ended March 31,	
	2024	2023
Oil royalties – Crown	1,524	903
Oil royalties – freehold and other	1,797	702
Total royalties	3,321	1,605
\$/boe	8.08	5.96
Royalties as a percentage of revenue ⁽¹⁾		
Crown (% of oil revenue) ⁽¹⁾	5.1	5.3
Freehold and other (% of oil revenue) ⁽¹⁾	6.0	4.1
Total (% of oil revenue) ⁽¹⁾	11.1	9.4

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

Total royalties for the first quarter of 2024 were \$3.3 million, a 107% increase from the first quarter of 2023 (Q1 2023 - \$1.6 million) on higher production and increased revenue. On a per boe basis, royalties increased in the first quarter to \$8.08/boe (Q1 2023 - \$5.96/boe) due to an increase in the relative split of production on lands with higher overriding royalties, partially offset by higher sales volumes. Royalties as a percentage of revenue for the first quarter was 11.1%, an increase from 9.4% in the first quarter of 2023 due to higher freehold and other royalties. Royalties as a percentage of revenue were within the Company's Q1 2024 guided range of 11% to 12%.

Rubellite's royalties consist of Crown royalties payable to the Alberta provincial government and other freehold and gross overriding ("GORR") royalties. The mix between Crown and freehold production as a percentage of total production can change the composition of royalties from one period to the next. Under the Alberta Modernized Royalty Framework ("MRF"), the Company pays a Crown royalty of between 5% and 20% on wells where mineral rights are leased from the Crown. The remainder of royalties attributable to the composition of freehold and GORR royalties some of which are price sensitive.

Production and operating expenses

(\$ thousands, except as noted)	Three months ended March 31,	
	2024	2023
Production and operating expenses	2,610	1,641
\$/boe	6.35	6.10

Total production and operating expenses for the three months ended March 31, 2024 increased to \$2.6 million from \$1.6 million in the comparative period of 2023, as a result of higher costs attributable to the increase in production volumes, higher well servicing costs and incremental carbon taxes of \$0.3 million or \$0.61/boe.

On a per boe basis, costs increased by 4% to \$6.35/boe in the first quarter of 2024 (Q1 2023 - \$6.10/boe) and was below the guided range of \$6.50 to \$7.00/boe. Even with an increase in production and operating expenses, Rubellite has realized cost efficiencies as more wells have contributed to production, particularly on multi-well pads, and the fixed component of production and operating expenses were spread across higher sales volumes.

Transportation costs

(\$ thousands, except as noted)	Three months ended March 31,	
	2024	2023
Transportation costs	3,237	2,131
\$/boe	7.88	7.92

Transportation costs include clean oil trucking costs. Costs for the three months ended March 31, 2024 increased to \$3.2 million from \$2.1 million in the comparative period of 2023, largely as a result of higher volumes.

On a per boe basis, transportation costs of \$7.88/boe in the first quarter of 2024 were within the Company's Q1 2024 guided range of \$7.50 to \$8.00/boe and were 1% lower than the first quarter of 2023 (Q1 2023 - \$7.92/boe) due to lower trucking rates.

Operating netbacks

The following table highlights Rubellite's operating netbacks for the three months ended March 31, 2024 and 2023:

(\$/boe) (\$ thousands)	Three months ended March 31,			
	2024		2023	
Sales production (bbl/d)	4,514		2,990	
Oil revenue	72.60	29,823	63.56	17,104
Royalties	(8.08)	(3,321)	(5.96)	(1,605)
Production and operating expenses	(6.35)	(2,610)	(6.10)	(1,641)
Transportation costs	(7.88)	(3,237)	(7.92)	(2,131)
Operating netback ⁽¹⁾	50.29	20,655	43.58	11,727
Realized gain on risk management contracts	2.53	1,040	0.77	208
Total operating netback, after risk management contracts ⁽¹⁾	52.82	21,695	44.35	11,935

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

Rubellite's operating netback in the first quarter of 2024 increased to \$20.7 million, or \$50.29/boe (Q1 2023 - \$11.7 million or \$43.58/boe) as a result of higher realized oil prices and increased sales volumes which increased revenue, partially offset by higher royalties and costs. On a per boe basis, the increase was driven by higher oil revenue and lower transportation costs, partially offset by higher royalties and production and operating costs. After the realized gain on risk management contracts of \$1.0 million, or \$2.53/boe (Q1 2023 - gain of \$0.2 million or \$0.77/boe), operating netbacks after risk management contracts for the first quarter were \$21.7 million, or \$52.82/boe (Q1 2023 - \$11.9 million or \$44.35/boe). As a result of the realized gain in the first quarter of 2024, realized operating netbacks after risk management contracts on a per boe basis were 19% higher than the first quarter of 2023.

General and administrative ("G&A") expenses

(\$ thousands, except as noted)	Three months ended March 31,	
	2024	2023
G&A expenses – excluding MSA costs	678	958
G&A expenses – MSA costs	1,349	779
Total G&A expenses	2,027	1,737
\$/boe	4.93	6.45

(1) Rubellite has a Management and Operating Services Agreement ("MSA") in place with Perpetual Energy Inc. ("Perpetual") whereby Rubellite makes payments for certain technical, capital and administrative services provided to Rubellite on a relative production split cost sharing basis.

G&A expenses, excluding MSA costs, for the three months ended March 31, 2024 decreased to \$0.7 million from \$1.0 million in the first quarter of 2023. G&A expenses, excluding MSA costs, consist primarily of legal fees, computer software licenses, audit fees and tax related consulting fees and were lower in the first quarter of 2024 as a result of lower people and computer costs.

For the three months ended March 31, 2024, the costs billed under the MSA to Rubellite were \$1.3 million (Q1 2023 - \$0.8 million). As expected, MSA costs in 2024 increased as a result of Rubellite's increased production relative to Perpetual's production (Q1 2024 - 50%; Q1 2023 - 31%).

For the three months ended March 31, 2024, G&A costs on a per boe basis decreased to \$4.93/boe (Q1 2023 - \$6.45/boe) and were lower than the Company's Q1 2024 guided range of \$5.50 to \$6.00/boe driven by the increase in sales volumes.

Depletion

(\$ thousands, except as noted)	Three months ended March 31,	
	2024	2023
Depletion	8,897	6,196
\$/boe	21.66	23.02

The Company calculates depletion using the net book value of the asset, future development costs associated with proved and probable reserves, salvage values on associated production equipment, as well as proved plus probable reserves. As at March 31, 2024, depletion was calculated on a \$214.0 million depletable balance (December 31, 2023 - \$208.0 million), \$138.5 million in future development costs (December 31, 2023 - \$145.1 million) and excluded an estimated \$2.8 million of salvage value (December 31, 2023 - \$3.4 million).

Depletion expense for the first quarter of 2024 was \$8.9 million or \$21.66/boe (Q1 2023 - \$6.2 million or \$23.02/boe), an increase due to a higher depletable base than the comparable period. The decrease on a per boe basis is driven by an increase in proved plus probable reserves, partially offset by an increase in the depletable base. 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 cash generating unit ("CGU") as at March 31, 2024, 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 gas interests in PP&E. At March 31, 2024, there were no triggers identified and therefore, an impairment test was not performed.

Finance expense

(\$ thousands)	Three months ended March 31,	
	2024	2023
Cash finance expense		
Interest on revolving bank debt	1,107	451
Total cash finance expense	1,107	451
Non-cash finance expense		
Accretion on decommissioning obligations	64	31
Total non-cash finance expense	64	31
Finance expense	1,171	482

Total cash finance expense for the three months ended March 31, 2024 increased to \$1.1 million from \$0.5 million in the first quarter of 2023 as a result of increased interest rates being applied to higher outstanding bank debt. The effective interest rate for the first quarter of 2024 was 9.9% as compared to 7.5% in the comparable period of 2023.

Non-cash finance expense represents accretion on decommissioning obligations.

Deferred Income Taxes

<i>(\$ thousands)</i>	December 31, 2023	Recognized in earnings	March 31, 2024
Assets (liabilities):			
Property, plant and equipment	2,235	(628)	1,607
Decommissioning obligations	1,977	22	1,999
Fair value of derivatives	(2,148)	3,198	1,050
Share and debt issue costs	562	(50)	512
Non-capital losses	12,417	(1,518)	10,899
Total deferred tax assets	15,043	1,024	16,067

For the three months ended March 31, 2024, the Company recorded a deferred income tax recovery of \$1.0 million (Q1 2023 - income tax expense of \$0.7 million).

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

<i>(\$ thousands, except as noted)</i>	March 31, 2024	December 31, 2023
Revolving bank debt	37,079	29,317
Adjusted working capital deficit ⁽¹⁾	8,420	21,667
Net debt ⁽¹⁾	45,499	50,984
Shares outstanding at end of period (<i>thousands</i>)	62,460	62,456
Market price at end of period (<i>\$/share</i>)	2.60	2.01
Market value of shares ⁽¹⁾	162,396	125,537
Enterprise value ⁽¹⁾	207,895	176,521
Net debt as a percentage of enterprise value ⁽¹⁾	22%	29%
Trailing twelve-months adjusted funds flow ⁽¹⁾	62,927	54,157
Net debt to adjusted funds flow ratio ⁽¹⁾	0.7	0.9

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

At March 31, 2024, Rubellite had net debt of \$45.5 million, an 11% decrease from \$51.0 million at December 31, 2023. Net debt decreased as a result of adjusted funds flow of \$18.5 million which exceeded capital expenditures of \$12.8 million, which included \$12.6 million spent to drill six (6.0 net) development wells and one (1.0 net) exploratory vertical stratigraphic evaluation well and \$0.2 million of expenditures on land, corporate and other purchases.

Rubellite had available liquidity at March 31, 2024 of \$12.2 million, comprised of the \$52.0 million Credit Facility Borrowing Limit, less borrowings of \$37.1 million and outstanding letters of credit of \$2.7 million.

Revolving bank debt

As at March 31, 2024, the Company's first lien Credit Facility had a borrowing limit of \$52.0 million (December 31, 2023 - \$57.0 million). The credit facility will continue to reduce by \$5.0 million at the end of each quarter during 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 March 31, 2024, \$37.1 million (December 31, 2023 - \$29.3 million) was drawn against the Credit Facility and \$2.7 million of letters of credit had been issued (December 31, 2023 - \$0.4 million). Borrowings under the Credit Facility bear interest at the 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 March 31, 2024 was 9.9% per annum. For the period ended March 31, 2024, if interest rates changed by 1% with all other variables held constant, the impact on annual cash finance expense and net income (loss) and comprehensive income (loss) would be \$0.4 million.

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

At March 31, 2024, the Credit Facility was not subject to any financial covenants and the Company was in compliance with all customary non-financial covenants.

Equity

At March 31, 2024, 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.

At May 13, 2024, there were 62.5 million common shares outstanding. The following table summarizes information about options and performance awards and restricted awards outstanding as the date of this MD&A:

<i>(thousands)</i>	May 13, 2024
Restricted share units	515
Share options	2,671
Performance share units	464
Total	3,650

Commodity price risk management

As at May 13, 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	700 bbl/d	May 2024 - Jun 2024	WCS (USD\$/bbl)	Swap - sold	\$64.37
Crude Oil	200 bbl/d	May 2024 - Dec 2024	WTI (USD\$/bbl)	Swap - sold	\$78.75
Crude Oil	500 bbl/d	Jul 2024 - Sep 2024	WCS (USD\$/bbl)	Swap - sold	\$64.40
Crude Oil	200 bbl/d	Jul 2024 - Sep 2024	WCS (USD\$/bbl)	Swap - sold	\$62.25
Crude Oil	350 bbl/d	May 2024 - Dec 2024	WCS Differential (USD\$/bbl)	Swap - sold	(\$13.95)
Crude Oil	1,750 bbl/d	May 2024 - Dec 2024	WTI (CAD\$/bbl)	Swap - sold	\$104.48
Crude Oil	1,600 bbl/d	May 2024 - Dec 2024	WCS Differential (CAD\$/bbl)	Swap - sold	(\$21.50)
Crude Oil	200 bbl/d	May 2024 - Dec 2024	WCS (CAD\$/bbl)	Swap - sold	\$84.33
Crude Oil	200 bbl/d	Jan 2025 - Dec 2025	WTI (USD\$/bbl)	Swap - sold	\$75.30
Crude Oil	200 bbl/d	Jan 2025 - Dec 2025	WCS Differential (USD\$/bbl)	Swap - sold	(\$14.25)
Crude Oil	200 bbl/d	Jan 2025 - Dec 2025	WCS (CAD\$/bbl)	Swap - sold	\$80.00

Foreign exchange risk management

As at May 13, 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	May 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. 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 March 31, 2024, the Company has drilled four (4.0 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 Service 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 month period ended March 31, 2024, Rubellite was billed by Perpetual for net transactions, which are considered to be normal course of oil and gas operations totaling \$2.4 million (Q1 2023 - \$1.6 million). Included within this amount are \$1.3 million (Q1 2023 - \$0.8 million) of costs charged to Rubellite through the MSA. The Company recorded accounts payable of \$1.6 million owing to Perpetual as at March 31, 2024 (December 31, 2023 - accounts payable of \$1.9 million).

NON-GAAP AND OTHER FINANCIAL MEASURES

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

Non-GAAP Financial Measures

Capital Expenditures: Rubellite uses capital expenditures related to exploration and development to measure its capital investments compared to the Company's annual capital budgeted expenditures. Rubellite's capital budget excludes acquisition and disposition activities.

The most directly comparable GAAP measure for capital expenditures is cash flow from (used in) investing activities. A summary of the reconciliation of cash flow from (used in) investing activities to capital expenditures, is set forth below:

	Three months ended March 31,	
	2024	2023
Net cash flows used in investing activities	(24,259)	(27,722)
Change in non-cash working capital	(11,467)	(5,661)
Capital expenditures, including land and other	(12,792)	(22,061)
Property, plant and equipment additions	(11,423)	(8,103)
Exploration and evaluation additions	(1,369)	(13,958)
Capital expenditures, including land and other	(12,792)	(22,061)

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

	Three months ended March 31,	
(\$ thousands, except per boe amounts)	2024	2023
Production and operating	2,610	1,641
Transportation	3,237	2,131
General and administrative	2,027	1,737
Cash finance expense	1,107	451
Cash costs	8,981	5,960
Cash costs per boe	21.86	22.15

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 comparative information.

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

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

	As of March 31, 2024	As of December 31, 2023
Current assets	12,464	21,061
Current liabilities	(25,842)	(34,009)
Working capital deficit	13,378	12,948
Risk management contracts – current asset	279	8,796
Risk management contracts – current liability	(4,952)	—
Decommissioning liabilities - current liability	(285)	(77)
Adjusted working capital deficit	8,420	21,667
Bank indebtedness	37,079	29,317
Net debt	45,499	50,984

Adjusted funds flow: Adjusted funds flow is calculated based on net cash flows from operating activities, excluding changes in non-cash working capital and expenditures on decommissioning obligations since the Company believes the timing of collection, payment or incurrence of these items is variable. Expenditures on decommissioning obligations may vary from period to period depending on capital programs and the maturity of Rubellite's operating areas. Expenditures on decommissioning obligations are managed through the capital budgeting process which considers available adjusted funds flow. Management uses adjusted funds flow and adjusted funds flow per boe as key measures to assess the ability of the Company to generate the funds necessary to finance capital expenditures, expenditures on decommissioning obligations and meet its financial obligations.

Adjusted funds flow is not intended to represent net cash flows from operating activities calculated in accordance with IFRS.

The following table reconciles net cash flows from operating activities, as reported in the Company's statements of cash flows, to adjusted funds flow:

(\$ thousands, except as noted)	Three months ended March 31,	
	2024	2023
Net cash flows from operating activities	16,497	9,285
Change in non-cash working capital	1,834	397
Decommissioning obligations settled	121	—
Adjusted funds flow	18,452	9,682
Adjusted funds flow per share - basic	0.30	0.18
Adjusted funds flow per share - diluted	0.30	0.17
Adjusted funds flow per boe	44.92	35.98

Free funds flow: Free funds flow is an important measure that informs efficiency of capital spent and liquidity. Free funds flow is calculated as adjusted funds flow generated during the period less capital expenditures. Adjusted funds flow and capital expenditures are non-GAAP financial measures which have been reconciled to its most directly comparable GAAP measure previously in this document. By removing the impact of current period capital expenditures from adjusted funds flow, Rubellite monitors its free funds flow to inform decisions such as capital allocation and debt repayment.

The following table shows the calculation of the removal of capital expenditures from adjusted funds flows:

(\$ thousands, except per share and per boe amounts)	Three months ended March 31,	
	2024	2023
Adjusted funds flow	18,452	9,682
Capital expenditures, including land	(12,792)	(22,061)
Free funds flow	5,660	(12,379)

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.

INTERNAL CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

There were no changes in the Corporation's internal control over financial reporting during the period beginning on January 1, 2024 and ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

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: construction of a sales gas plant at Figure Lake and the timing thereof; plans to continue exploration activities to pursue additional prospective land capture and derisking during 2024; exploration and development capital spending for the remainder of 2024; the number of drilling rigs to be utilized by the Company over certain periods; 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

SUMMARY OF QUARTERLY RESULTS

<i>(\$ thousands, except as noted)</i>	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Financial				
Oil revenue	29,823	27,224	25,777	18,863
Net income and comprehensive income	(4,153)	9,523	3,942	3,397
Per share – basic ⁽³⁾	(0.07)	0.15	0.06	0.05
Per share – diluted ⁽³⁾	(0.07)	0.15	0.06	0.05
Total assets	267,298	271,153	223,353	218,218
Cash flow from operating activities	16,497	18,963	14,957	12,186
Adjusted funds flow, including transaction costs ⁽¹⁾	18,452	16,923	15,554	11,998
Per share – basic ⁽²⁾⁽³⁾	0.30	0.27	0.25	0.19
Per share – diluted ⁽²⁾⁽³⁾	0.30	0.27	0.25	0.19
Common shares (thousands)				
Weighted average – basic	62,457	62,440	61,956	61,830
Weighted average – diluted	62,457	62,958	62,597	62,432
Operating				
Daily average oil sales production (bbl/d) ⁽⁴⁾	4,514	4,209	3,154	2,844
Rubellite average realized oil price⁽²⁾				
Average realized oil price (\$/bbl)	72.60	70.31	88.85	72.88
Average realized oil price – after risk management contracts (\$/bbl)	75.13	72.12	82.15	75.65

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

(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.

Oil revenue has ranged between \$13.7 million and \$29.8 million over the prior eight quarters largely due to a 205% growth in sales volumes from 1,478 bbl/d to 4,514 bbl/d, partially offset by volatility in commodity pricing. Net income (loss) has ranged between a loss of \$4.2 million and income of \$18.7 million primarily due to increasing production, volatility of commodity prices and the impact on revenue, royalties and realized and unrealized risk management contract gains and losses, and deferred income taxes.