



NEWS RELEASE

RUBELLITE ENERGY INC. REPORTS FIRST QUARTER FINANCIAL AND OPERATING RESULTS

Calgary, Alberta – May 13, 2024 (TSX:RBY) – Rubellite Energy Inc. ("Rubellite", or the "Company"), a pure play Clearwater oil exploration and development company, is pleased to report its first quarter 2024 financial and operating results.

Select financial and operational information is outlined below and should be read in conjunction with Rubellite's unaudited condensed interim consolidated financial statements and related Management's Discussion and Analysis (MD&A) for the three months ended March 31, 2024, which are available through the Company's website at www.rubelliteenergy.com and Sedar+ at www.sedarplus.ca.

This news release contains certain specified financial measures that are not recognized by GAAP and used by management to evaluate the performance of the Company and its business. Since certain specified financial measures may not have a standardized meaning, securities regulations require that specified financial measures are clearly defined, qualified and, where required, reconciled with their nearest GAAP measure. See "Non GAAP and Other Financial Measures" in this news release and in the MD&A for further information on the definition, calculation and reconciliation of these measures. This news release also contains forward-looking information. See "Forward-Looking Information". Readers are also referred to the other information under the "Advisories" section in this news release for additional information.

FIRST QUARTER 2024 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 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" in this news release.

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 will be 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) ⁽¹⁾ | 34.0 - 35.0 |
| Heavy oil wellhead differential (\$/bbl) ⁽¹⁾⁽⁴⁾ | \$6.00 - \$6.50 |
| Royalties (% of revenue) ⁽¹⁾ | 11.0% - 12.0% |
| Production & operating costs (\$/boe) ⁽¹⁾ | \$6.00 - \$6.50 |
| Transportation costs (\$/boe) ⁽¹⁾ | \$7.50 - \$8.00 |
| General & administrative costs (\$/boe) ⁽¹⁾ | \$5.50 - \$6.00 |

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

(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.

SUMMARY OF QUARTERLY RESULTS

| | Three months ended March 31, | |
|--|------------------------------|---------|
| | 2024 | 2023 |
| Financial | | |
| Oil revenue | 29,823 | 17,104 |
| Net income (loss) and comprehensive income (loss) | (4,153) | 1,699 |
| Per share – basic ⁽¹⁾ | (0.07) | 0.03 |
| Per share – diluted ⁽¹⁾ | (0.07) | 0.03 |
| Cash flow from operating activities | 16,497 | 9,285 |
| Adjusted funds flow ⁽²⁾ | 18,452 | 9,682 |
| Per share – basic ⁽¹⁾⁽²⁾ | 0.30 | 0.18 |
| Per share – diluted ⁽¹⁾⁽²⁾ | 0.30 | 0.17 |
| Net debt (asset) | 45,499 | 20,920 |
| Capital expenditures⁽²⁾ | | |
| Capital expenditures, including land and other ⁽²⁾ | 12,792 | 22,061 |
| Wells Drilled⁽³⁾ – gross (net) | 7 / 7.0 | 9 / 8.5 |
| Common shares outstanding⁽¹⁾ (thousands) | | |
| Weighted average – basic | 62,457 | 55,060 |
| Weighted average – diluted | 62,457 | 55,550 |
| End of period | 62,460 | 54,725 |
| Operating | | |
| Daily average oil sales production ⁽⁴⁾ (bbl/d) | 4,514 | 2,990 |
| Average prices | | |
| West Texas Intermediate ("WTI") (\$US/bbl) | 76.96 | 76.11 |
| Western Canadian Select ("WCS") (\$CAD/bbl) | 77.77 | 69.32 |
| Average realized oil price ⁽²⁾ (\$/bbl) | 72.60 | 63.56 |
| Average realized oil price after risk management contracts ⁽²⁾ (\$/bbl) | 75.13 | 64.33 |

(1) Per share amounts are calculated using the weighted average number of basic or diluted common shares.

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

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

(4) Heavy crude oil sales production excludes tank inventory volumes.

ABOUT RUBELLITE

Rubellite is a Canadian energy company engaged in the exploration, development and production of heavy crude oil from the Clearwater formation in Eastern Alberta, utilizing multi-lateral drilling technology. Rubellite has a pure play Clearwater asset base and is pursuing a robust organic growth plan focused on superior corporate returns and funds flow generation while maintaining a conservative capital structure and prioritizing environmental, social and governance ("ESG") excellence. Additional information on Rubellite can be accessed on the Company's website at www.rubelliteenergy.com or on SEDAR+ at www.sedarplus.ca.

The Toronto Stock Exchange has neither approved nor disapproved the information contained herein.

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ADVISORIES

BOE VOLUME CONVERSIONS

Barrel of oil equivalent ("boe") may be misleading, particularly if used in isolation. In accordance with NI 51-101, a conversion ratio for conventional natural gas of 6 Mcf:1 bbl has been used, which is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, utilizing a conversion on a 6 Mcf:1 bbl basis may be misleading as an indicator of value as the value ratio between conventional natural gas and heavy crude oil, based on the current prices of natural gas and crude oil, differ significantly from the energy equivalency of 6 Mcf:1 bbl.

ABBREVIATIONS

The following abbreviations used in this news release have the meanings set forth below:

| | |
|-------|--|
| bbl | barrels |
| bbl/d | barrels per day |
| boe | barrels of oil equivalent |
| MMboe | millions of barrels of oil equivalent |
| WCS | Western Canadian select, the benchmark price for conventional produced crude oil in Western Canada |

INITIAL PRODUCTION RATES

Any references in this news release to initial production rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinate of the rates at which such wells will continue production and decline thereafter and are not necessarily indicative of long-term performance or ultimate recovery. Readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company. Such rates are based on field estimates and may be based on limited data available at this time.

NON-GAAP AND OTHER FINANCIAL MEASURES

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

Non-GAAP Financial Measures

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

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

| | Three months ended March 31, | |
|---|------------------------------|----------|
| | 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 | (12,792) | (22,061) |
| Property, plant and equipment expenditures | (11,423) | (8,103) |
| Exploration and evaluation expenditures | (1,369) | (13,958) |
| Capital expenditures | (12,792) | (22,061) |

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, 2022 |
|---|----------------------|-------------------------|
| Current assets | 12,464 | 21,061 |
| Current liabilities | (25,842) | (34,009) |
| Working capital (surplus) deficiency | 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 (surplus) deficiency | 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:

| <i>(\$ thousands, except as noted)</i> | 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 |

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.

Non-GAAP Financial Ratios

Rubellite calculates certain non-GAAP measures per boe as the measure divided by weighted average daily production. Management believes that per boe ratios are a key industry performance measure of operational efficiency and one that provides investors with information that is also commonly presented by other crude oil and natural gas producers. Rubellite also calculates certain non-GAAP measures per share as the measure divided by outstanding common shares.

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

Adjusted funds flow per share: adjusted funds flow per share is calculated using the weighted average number of basic and diluted shares outstanding used in calculating net income (loss) per share.

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

Supplementary Financial Measures

"Average realized oil price" is comprised of total oil revenue, as determined in accordance with IFRS, divided by the Company's total sales oil production on a per barrel basis.

"Royalties (percentage of revenue)" is comprised of royalties, as determined in accordance with IFRS, divided by oil revenue from sales oil production as determined in accordance with IFRS.

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

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

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

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

FORWARD-LOOKING INFORMATION

Certain information in this news release including management's assessment of future plans and operations, and including the information contained under the headings "Operations Update" and "Outlook and Guidance" may constitute forward-looking information or statements (together "forward-looking information") under applicable securities laws. The forward-looking information includes, without limitation, statements with respect to: the 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 levels 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.