MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is Rubellite Energy Corp.'s (the "Company") management's discussion and analysis ("MD&A") which discusses the Company's and the Company's wholly-owned operating subsidiary, Rubellite Energy Inc.'s ("Rubellite"), operating and financial results for the three and nine months ended September 30, 2024, as well as information and estimates concerning the Company's future outlook based on currently available information.

BASIS OF PRESENTATION

On October 31, 2024, the Company, Rubellite and Perpetual Energy Inc. ("Perpetual") effected a recombination transaction by way of an arrangement under Section 193 of the Business Corporations Act (Alberta) (the "Recombination Transaction").

Pursuant to the Recombination Transaction, among other things, a wholly-owned subsidiary of Perpetual and a wholly-owned subsidiary of Rubellite amalgamated resulting in the creation of the Rubellite Energy Corp. and Perpetual and Rubellite becoming wholly-owned subsidiaries of the Company. In accordance with the Recombination Transaction, (i) holders of common shares of Rubellite received one (1) common share of the Company for every one (1) common share of Rubellite held, (ii) holders of common shares of Perpetual received one (1) common share of the Company for every five (5) Perpetual common shares held, and (iii) Perpetual's outstanding senior notes ($26.2 million in face value) were converted into 11.6 million common shares of the Company at a conversion price of $2.25 per share.

As a result of the Recombination Transaction, the Company is the parent company of Rubellite and Perpetual, which are the Company's wholly-owned operating subsidiaries.

This MD&A discusses results of the Company before and after giving effect to the Recombination Transaction. Any reference to results prior to October 31, 2024 are references to Rubellite and any reference to results or future outlooks subsequent to October 31, 2024 are references to the Company. Accordingly, unless the context otherwise requires, references to the Company subsequent to October 31, 2024 shall mean "Rubellite Energy Corp." and references prior to October 31, 2024 to the Company and Rubellite shall mean "Rubellite Energy Inc.".

This discussion should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and accompanying notes for the three and nine months ended September 30, 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 Company'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 November 12, 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 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" 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:

The Company is a Canadian energy company headquartered in Calgary, Alberta which, through its operating subsidiaries, Rubellite and Perpetual, is engaged in the exploration, development, production and marketing of its diversified asset portfolio which includes conventional heavy crude oil from the Clearwater and Mannville Stack Formations in Eastern Alberta, utilizing multi-lateral drilling technology, liquids-rich conventional natural gas assets in the deep basin of West Central Alberta and undeveloped bitumen leases in Northern Alberta. The Company is pursuing a robust growth plan focused on heavy oil exploration and development utilizing multi-lateral drilling technology, targeting superior corporate returns and funds flow generation while maintaining a conservative capital structure and prioritizing operational excellence. Additional information on the Company can be accessed on the Company's website at www.rubelliteenergy.com or on SEDAR+ at www.sedarplus.ca.

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

BUFFALO MISSION ACQUISITION

On August 2, 2024, Rubellite closed the acquisition of Buffalo Mission Energy Corp. ("Buffalo Mission" or "BMEC") (the "BMEC Acquisition"), a private Mannville Stack-focused heavy oil producer. The total consideration paid by Rubellite for the BMEC Acquisition was $96.6 million, inclusive of $23.5 million of BMEC's assumed net debt, which consisted of $62.7 million in cash and the issuance of 5.0 million common shares of Rubellite to certain shareholders of Buffalo Mission.

The BMEC Acquisition was funded through an expanded credit facility which increased from $60.0 million to $100.0 million, a $20.0 million bank syndicate term loan which was set to mature on December 15, 2024, and a new five year term loan ("Term Loan") placed, directly or indirectly, with certain directors and officers of Rubellite and the Company's significant shareholder for $20.0 million which bears interest at 11.5%.

SUBSEQUENT EVENT - RECOMBINATION TRANSACTION

Concurrent with closing of the Recombination Transaction on October 31, 2024, the borrowing limit on the Company's credit facility was increased to $140.0 million and the bank syndicate term loan was repaid in full.

THIRD QUARTER 2024 OPERATIONAL AND FINANCIAL HIGHLIGHTS

- Third quarter conventional heavy oil sales production of 5,954 bbl/d was 32% higher than the second quarter of 2024 (Q2 2024 - 4,503 bbl/d) and 89% above the third quarter of 2023 (Q3 2023 - 3,154 bbl/d). During the third quarter, the BMEC Acquisition contributed approximately 1,528 bbl/d and there were eleven (10.5 net) wells brought on production from the drilling program.
- Exploration and development capital expenditures[1] totaled $33.7 million for the third quarter to drill, complete, equip and tie-in eleven (11.0 net) multi-lateral horizontal development / step-out delineation wells at Figure Lake and five (2.5 net) multi-lateral horizontal

development wells at Frog Lake. Spending on facilities of $2.9 million in the quarter were for the Figure Lake gas conservation project, bringing total gas plant and pipeline expenditures for 2024 to $5.4 million.

- Adjusted funds flow before transaction costs[1] in the third quarter was $25.0 million ($0.37 per share), a 21% increase from the second quarter of 2024 (Q2 2024 - $20.7 million; $0.33/share) and a 60% increase from the third quarter of 2023 (Q3 2023 - $15.6 million; $0.25 per share) driven by the growth in sales production, partially offset by higher cash costs.
- Cash costs[1] were $13.5 million or $24.72/boe in the third quarter of 2024 (Q2 2024 - $9.3 million or $22.58 per boe; Q3 2023 - $5.9 million or $20.27/boe). On a per boe basis, the higher costs were driven by increased royalties and production and operating costs as a result of the BMEC Acquisition and higher G&A costs, partially offset by decreased transportation costs on lower trucking rates.
- Net income was $15.0 million in the third quarter of 2024 (Q3 2023 - $3.9 million net income), driven by higher adjusted funds flow and an $11.4 million unrealized gain on risk management contracts.
- As at September 30, 2024, net debt[1] was $147.9 million, an increase from $51.0 million as at December 31, 2023 as a result of the BMEC Acquisition during the third quarter of 2024.
- Rubellite had available liquidity[2] at September 30, 2024 of $25.5 million, comprised of the $100.0 million borrowing limit of Rubellite's first lien credit facility and $20.0 million bank syndicate term loan, less current bank borrowings of $92.2 million and outstanding letters of credit of $2.4 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

In the third quarter of 2024, the Company contracted two rigs and drilled and rig released a total of eleven (11.0 net) horizontal wells in the Greater Figure Lake area, all targeting the Clearwater Formation. Production results from the 2024 drilling program have averaged IP(30) 138 bbl/d (21 wells) and IP(60) 111 bbl/d (17 wells) to date, as compared to the McDaniel Type Curve[1] rates of 120 and 112 bbl/d, respectively. Production results at East Edwand were encouraging, where a step-out delineation well at 06-09-062-16W4 was drilled using a conventional 50m inter-leg design, recorded an IP(30) of 172 bbl/d and IP(60) of 140 bbl/d. Repeatable results from the 2024 capital program across the Greater Figure Lake field continue to meet expectations, solidifying confidence in the geologic model and affirming the identified drilling inventory in excess of 243.0 net drilling locations (182.0 net unbooked[1]).

During the second and third quarters of 2024, the Company executed pilot drilling at the 6-19-62-18W4 Pad (the "6-19 Pad") to validate the predicted economic advantage of implementing tighter inter-leg spacing at Figure Lake. Specifically, the Company reduced the distance between laterals from 50m to approximately 33m, and commensurately increased the number of legs and therefore also increased the open hole lateral length per well to greater than 14,000 meters while maintaining the same approximate areal coverage per well. Four (4.0 net) wells were drilled with the tighter inter-leg spacing prior to the end of the third quarter at the 6-19 Pad. Early productivity data from the tighter spacing design is encouraging, both on a per meter and total production per well basis. The 00/08-23-062-19W4 was drilled with a 33m inter-leg spacing to a total lateral measured depth of 14,500 meters and achieved an IP(30) of 304 bbl/d. The offsetting 02/08-23-062-19W4 was drilled to a total lateral length of 18,600m using a hybrid multi-lateral / "fan" design and is on production at similar rates, recording an IP(24) of 362 bbl/d post load oil recovery. While productivity per meter of open reservoir varies with reservoir quality, the preliminary pilot results suggest that productivity per meter of open reservoir for the wells with tighter inter-leg spacing is statistically similar to the closest neighboring wells, supporting the expectation of economic production acceleration. Incremental drilling time and costs for the wells with tighter inter-leg spacing are also encouraging and in line with modeled assumptions, and in combination with early production data suggest that an increase in net asset value per unit area of land will be realized. Based on these initial results, four (4.0 net) additional 33m down-spaced wells are planned at the offsetting 1-25-62-19W4 Pad (the "1-25 Pad") in the fourth quarter to further confirm accelerated production and increased capital efficiencies, and to facilitate statistical assessment of the technically anticipated increase in ultimate oil recovery factors. Production results will continue to be carefully analyzed over the remainder of the year and will inform the well design to be implemented in the future for economically optimized exploitation.

To advance solution gas conservation at Figure Lake, construction and installation of natural gas compression, dehydration, and associated facilities have progressed and are now substantially complete in advance of the expected re-activation of the gas sales meter by others in Q1 2025. Tie-in of solution gas at Figure Lake will significantly reduce emissions, and is forecast to deliver a rate of return in excess of 75%, enhanced by the re-activation of existing gas gathering pipelines and a forecasted reduction in carbon taxes related to elimination of flaring and incineration at multiple pad sites. Once operational, approximately 3 to 4 MMcf/d of natural gas sales is forecast at Figure Lake. The Company is also advancing a novel natural gas re-injection pilot at Figure Lake for enhanced oil recovery. Preliminary results of the gas re-injection pilot are expected by mid-2025.

At Frog Lake, the Company assumed operations after closing the BMEC Acquisition on August 2, 2024, and subsequently drilled and rig released five (2.5 net) horizontal wells in the third quarter of 2024. The wells, all targeting the Waseca Sand of the Mannville Stack, are currently recovering load fluid and beginning to cut oil as they clean up over a typical 60-90 day period. The Waseca Sand is the primary zone of development, but several wells are being planned to additionally test the General Petroleum and Sparky Sands in 2025, evaluate suitable well designs, confirm type curve assumptions, and extend known pool limits.

As at the end of the third quarter of 2024, the total number of new horizontal wells rig-released by the Company in 2024 is thirty (25.5 net).

Subsequent to the end of the quarter, the Company spud an exploratory four-leg multi-lateral horizontal well approximately 90km north of Figure Lake in the Nixon/Calling Lake area to test a new play for which the Company currently holds 108.0 net sections of land. Preliminary stabilized production results post load fluid recovery are expected in the first quarter of 2025.

In total in 2024, the Company expects to drill thirty-four (34.0 net) Clearwater multi-lateral wells at Figure Lake, eleven gross (5.75 net) wells on the acquired Mannville Stack assets at Frog Lake in connection with the BMEC Acquisition, and one (1.0 net) exploration horizontal well at Calling Lake. The Company is also continuing to advance additional exploration activities, pursuing additional land capture and play concept de-risking activities.

(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. See "Estimated Drilling Locations.

OUTLOOK AND RECOMBINED COMPANY GUIDANCE

Production sales volumes for the fourth quarter of 2024 are expected to average 9,900 to 10,400 boe/d, 77% oil and liquids, and exit the year at 11,300 to 11,800 boe/d unchanged from previous guidance. Relative to the pro forma recombination transaction 2024 guidance contained in the September 17, 2024 news release, refinements to Q4 2024 guidance assumptions are outlined in the table below. Guidance assumptions on the Q4 2024 exit rate are largely unchanged outside of a $0.50 per boe reduction to general and administrative cost assumptions and a $0.50 per bbl reduction to the heavy oil wellhead differential. Heavy oil production is expected to average 7,400 to 7,800 bbl/d and exit the year at 7,500 to 7,900 bbl/d, unchanged from the heavy oil production guidance contained in our August 8th press release.

Growth is expected to continue into 2025 with the return of the second drilling rig to Figure Lake after completion of the horizontal exploratory test well at Calling Lake for the drilling of four (4.0 net) additional planned development / step out wells. Thereafter, drilling operations will continue with one rig at Figure Lake and one rig at Frog Lake through to winter break up. Given the preliminary results of the down-space pilot at the 6-19 Pad at Figure Lake, six (6.0 net) of the wells planned for the fourth quarter at Figure Lake, including four (4.0 net) of the five (5.0 net) wells planned for the 1-25 Pad and two (2.0 net) wells on a pad at South Edwand are now designed with tighter inter-leg spacing, resulting in incremental capital spending in the fourth quarter relative to previous guidance. Capital spending for the Calling Lake exploration well was also moved forward into the fourth quarter of 2024 and one additional well at Frog Lake (capital carried at 100%) is now being planned. A combination of these items resulted in the increase to Q4 2024 capital spending guidance by $5 to $6 million and the well count from 12.0 to 13.25 net wells. The change to the Q4 2024 royalty guidance is related to several wells achieving C* payout earlier than previously expected and the increase to the Q4 2024 operating costs relates to Frog Lake as expected optimizations are still being integrated into ongoing operations.

Rubellite's guidance for Q4 2024 is presented in the table below:

	Previous Q4 2024 Guidance(1)	Previous Q4 2024 Exit Rate(1)	Revised Q4 2024 Guidance	Revised Q4 2024 Exit Rate
Sales Production (boe/d)	9,900 - 10,400	11,300 - 11,800	9,900 - 10,400	11,300 - 11,800
Production mix (% oil and liquids)(4)	77%	70%	77%	70%
Heavy Oil Production (bbl/d)	7,400 - 7,800	7,500 - 7,900	7,400 - 7,800	7,500 - 7,900
Exploration and Development spending ($ millions)(2)(3)	$21 - $23	-	$26 - $29	-
Multi-lateral development / step-out wells (net)(5)	12.0	N/A	13.25	N/A
Heavy oil wellhead differential ($/bbl)(2)	$5.50 - $6.00	$5.50 - $6.00	$5.00 - $5.50	$5.00 - $5.50
Royalties (% of revenue)(2)	11.5% - 12.5%	12% - 13%	12% - 13%	12% - 13%
Production and operating costs ($/boe)(2)	$6.50 - $7.00	$6.50 - $7.00	$6.75 - $7.25	$6.50 - $7.00
Transportation costs ($/boe)(2)	$6.00 - $6.50	$5.50 - $6.00	$6.00 - $6.50	$5.50 - $6.00
General and administrative costs ($/boe)(2)	$3.50 - $4.00	$3.50 - $4.00	$3.00 - $3.50	$3.00 - $3.50

(1) Previous Q4 2024 guidance and Q4 2024 exit rate guidance dated September 17, 2024. Previous Heavy Oil Production guidance dated August 8, 2024.
(2) Non-GAAP financial measure, non-GAAP ratio or supplementary financial measure. See "Non-GAAP and Other Financial Measures".
(3) Excludes land and acquisition spending.
(4) Liquids means oil, condensate, ethane, propane and butane.
(5) Includes the drilling of 1 (1.0 net) horizontal exploration well at Calling Lake.

THIRD QUARTER 2024 FINANCIAL AND OPERATING RESULTS

Capital Expenditures

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 September 30,					
	2024			2023		
(*$ thousands*)	**E&E(3)**	**PP&E**	**Total**	E&E	PP&E	Total
Drilling and completions	**3,922**	**20,891**	**24,813**	(16)	8,986	8,970
Facilities	**363**	**4,829**	**5,192**	11	1,019	1,030
Lease construction	**1,111**	**2,552**	**3,663**	31	1,172	1,203
Capital Expenditures(1)	**5,396**	**28,272**	**33,668**	26	11,177	11,203
Land and other	**2,854**	**76**	**2,930**	127	—	127
Corporate(2)	**—**	**52**	**52**	—	—	—
Capital expenditures, including land and other(1)	**8,250**	**28,400**	**36,650**	153	11,177	11,330

(1) Non-GAAP measure. See "Non-GAAP and Other Financial Measures".
(2) 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. Effective June 1, 2024, the MSA was amended to split shared costs on a 80% Rubellite and 20% Perpetual basis. Corporate assets include costs billed under the MSA for shared office leasehold improvements.
(3) Included within E&E are $5.3 million of expenditures related to three (3.0 net) wells in the Edwand region of Figure Lake that were transferred to PP&E during Q3 2024.

	Nine months ended September 30,					
	2024			2023		
(*$ thousands*)	**E&E[3]**	**PP&E**	**Total**	E&E	PP&E	Total
Drilling and completions	**7,464**	**43,847**	**51,311**	8,448	22,210	30,658
Facilities	**492**	**10,358**	**10,850**	3,338	4,717	8,055
Lease construction	**1,339**	**3,834**	**5,173**	169	3,502	3,671
Capital Expenditures[1]	**9,295**	**58,039**	**67,334**	11,955	30,429	42,384
Land and other	**2,990**	**76**	**3,066**	2,827	—	2,827
Corporate[2]	**—**	**2,969**	**2,969**	—	—	—
Capital expenditures, including land and other[1]	**12,285**	**61,084**	**73,369**	14,782	30,429	45,211

(1) Non-GAAP measure. See "Non-GAAP and Other Financial Measures".
(2) Rubellite has a MSA in place with Perpetual whereby Rubellite makes payments for certain technical, capital and administrative services provided to Rubellite. Effective June 1, 2024, the MSA was amended to split shared costs on a 80% Rubellite and 20% Perpetual basis. Corporate assets include costs billed under the MSA for shared office leasehold improvements.
(3) Included within E&E are $8.3 million of expenditures related to four (4.0 net) wells in the Edwand region of Figure Lake that were transferred to PP&E during 2024.

Wells drilled by area

	Three months ended September 30,		Nine months ended September 30,	
(gross/net)	**2024**	2023	**2024**	2023
Development				
Figure Lake[1][2]	**11 / 11.0**	6 / 6.0	**25 / 25.0**	16 / 16.0
Frog Lake	**5 / 2.5**	- / -	**5 / 2.5**	- / -
Northern Exploration				
Dawson	**- / -**	- / -	**- / -**	1 / 0.5
Peavine	**- / -**	- / -	**- / -**	2 / 2.0
Other exploratory[3]	**- / -**	- / -	**1.0 / 1.0**	- / -
Total	**16 / 13.5**	6 / 6.0	**31 / 28.5**	19 / 18.5

(1) One (1.0 net) well drilled at the 1-25 pad was spud on September 15, 2024 and rig released October 4, 2024 and not included in the Q3 2024 well count.
(2) One (1.0 net) well drilled at the 6-19 pad was spud on September 29, 2024 and rig released October 12, 2024 and not included in the Q3 2024 well count.
(3) One (1.0 net) vertical stratigraphic evaluation well was drilled in Q1 2024 and remains in E&E as at September 30, 2024.

Capital Expenditures

During the third quarter of 2024, the Company invested a total of $33.7 million before land and other corporate spending, related primarily to the drilling, completion, equipping and tie-in of eleven (11.0 net) multi-lateral horizontal wells at Figure Lake and five (2.5 net) multi-lateral horizontal wells at Frog Lake. A portion of capital to drill two (2.0 net) additional wells at Figure Lake was spent during the third quarter and the wells finished drilling and were rig released at the beginning of the fourth quarter. Facilities spending at Figure Lake in the third quarter included $2.9 million of expenditures related to the construction of a sales gas plant as part of the Figure Lake gas conservation project.

During the first nine months of 2024, the Company spent $67.3 million, before land and other corporate spending, primarily related to the drilling, completion, equipping and tie-in of twenty five (25.0 net) multi-lateral horizontal wells at Figure Lake, five (2.5 net) multi-lateral horizontal wells at Frog lake and the drilling and coring of one (1.0 net) vertical stratigraphic evaluation well. Facilities spending at Figure Lake included $5.4 million of expenditures related to the Figure Lake gas conservation project.

Land and seismic purchases were $2.9 million in the third quarter of 2024 to acquire 11.5 net sections of land, with total land purchases in 2024 of $3.1 million to acquire 17.5 net sections of land. Corporate spending in the third quarter of 2024 was $0.1 million related to leasehold improvements for the shared office space under the MSA, bringing the total corporate spending for 2024 to $3.0 million.

Production

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	**2024**	2023
Production				
Average daily heavy crude oil (bbl/d) – production[1]	**6,104**	3,176	**5,012**	3,025
Average daily heavy crude oil (bbl/d) – sales[1]	**5,954**	3,154	**4,994**	2,997

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

Sales production for the three and nine months ended September 30, 2024 increased 2,800 bbl/d (89%) and 1,997 bbl/d (67%) from the comparative periods of 2023. Production and sales volumes continue to progressively increase and offset natural production declines as new wells are drilled. In addition, the BMEC Acquisition contributed approximately 1,528 bbl/d and 513 bbl/d of sales production to the three and nine months ended September 30, 2024. During the third quarter, an additional eleven (10.5 net) wells from the drilling program were contributing to sales production, an additional five (5.0 net) wells were recovering oil based mud ("OBM") in Figure Lake, and an additional four (2.0 net) wells were recovering drilling load fluids in Frog Lake and not yet contributing to sales as at the end of the third quarter.

As at September 30, 2024, there were 168 (140.1 net) wells contributing to sales production, as compared to 79 (71.3 net) wells contributing to sales production at the end of the third quarter of 2023. The growth is attributable to the drilling program in Figure Lake as well as the Clear North Acquisition in the fourth quarter of 2023 which added fifteen (15.0 net) producing wells and the BMEC Acquisition which added 53 (32.8 net) producing wells during the third quarter of 2024.

Oil Revenue

($ thousands, except as noted)	Three months ended September 30, 2024	2023	Nine months ended September 30, 2024	2023
Oil revenue				
Oil revenue	**43,682**	25,777	**109,303**	61,744
Reference prices				
West Texas Intermediate ("WTI") (US$/bbl)	**75.09**	82.18	**77.54**	77.37
Foreign Exchange rate (CAD$/US$)	**1.36**	1.34	**1.36**	1.35
West Texas Intermediate ("WTI") (CAD$/bbl)	**102.12**	110.12	**105.45**	104.45
Western Canadian Select ("WCS") differential (US$/bbl)	**(13.55)**	(12.88)	**(15.49)**	(17.59)
WCS (CAD$/bbl)	**83.95**	92.97	**84.45**	80.42
Rubellite average realized prices(1)				
Average realized oil price ($/bbl)	**79.75**	88.85	**79.88**	75.47

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

Rubellite's oil revenue for the three and nine months ended September 30, 2024 increased by $17.9 million (69%) and $47.6 million (77%) from the comparative periods of 2023, attributable to the increase in sales volumes. During the third quarter of 2024, realized oil prices decreased 10%, partially offsetting higher sales volumes. For the nine month period in 2024, benchmark prices were flat relative to the comparative 2023 period while realized oil prices for the 2024 period were higher with the positive impact of lower oil quality offsets at sales delivery points, contributing to higher revenues.

Compared to the third quarter of 2023, the WCS average price decreased to $83.95/bbl (Q3 2023 - $92.97/bbl), attributable to the WCS differential widening by 5% and the 9% decrease in WTI prices which was partially offset by the increase in the CAD$/US$ rate to $1.36 (Q3 2023 - $1.34).

During the nine months of 2024, the increase in the WCS average price was driven by the narrowing of the WCS differential to US$15.49/bbl (2023 - $17.59/bbl), a slight increase in WTI oil prices to US$77.54/bbl (2023 - US$77.37/bbl) and an increase in the CAD$/US$ rate to $1.36 (2023 - $1.35).

Rubellite's realized oil price reflects a price offset for quality and the optimization of sales delivery points which averaged $2.83/bbl and $3.92/bbl for the three and nine months ended September 30, 2024, as compared to $4.12/bbl and $4.95/bbl in the comparative periods of 2023.

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:

(*$ thousands, except as noted*)	Three months ended September 30, 2024	2023	Nine months ended September 30, 2024	2023
Unrealized gain (loss) on risk management contracts	**11,418**	(3,209)	**1,096**	(3,356)
Realized gain (loss) on risk management contracts	**168**	(1,944)	**(578)**	(1,018)
Realized gain (loss) on risk management contracts *($/bbl)*	**0.31**	(6.70)	**(0.42)**	(1.24)
Average realized oil price after risk management contracts(1)	**80.06**	82.15	**79.46**	74.23

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

The realized gain on risk management contracts totaled $0.2 million or $0.31/bbl for the third quarter of 2024, compared to a loss of $1.9 million or $6.70/bbl for the third quarter of 2023. For the nine month period ending September 30, 2024, the realized loss on risk management contracts totaled $0.6 million or $0.42/bbl (2023 - realized loss of $1.0 million or $1.24/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 $11.4 million for the third quarter of 2024 (Q3 2023 – $3.2 million unrealized loss) and the unrealized gain on risk management contracts was $1.1 million for the nine month period ended September 30, 2024 (2023 - $3.4 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

($ thousands, except as noted)	Three months ended September 30, **2024**	2023	Nine months ended September 30, **2024**	2023
Total royalty expenses	**5,259**	2,389	**12,529**	5,648
Total ($/boe)	**9.60**	8.23	**9.16**	6.90
Total *(% of oil revenue)*[(1)]	**12.1**	9.3	**11.5**	9.2

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

Total royalties for the three and nine months ended September 30, 2024 were $5.3 million and $12.5 million, an increase from the comparative periods of 2023 on higher production, increased revenue and higher royalty rates. On a per boe basis, royalties increased due to an increase in the relative split of production on lands with higher overriding royalties and an increase in the crown royalty rate. Additionally, the production associated with the BMEC Acquisition at Frog Lake has a higher royalty rate in comparison to the Company's Clearwater assets. Consistent with higher per boe royalty rates, royalties as a percentage of revenue were higher for the same reasons.

Rubellite's royalties consist of Crown royalties payable to the Alberta provincial government, royalties payable to Indian Oil and Gas Canada ("IOGC"), and other freehold and gross overriding ("GORR") royalties. The mix between Crown, IOGC 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. Under the Indian Oil and Gas Act, the Company pays a royalty of between 10% and 37% on wells where mineral rights are leased from First Nations. 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 September 30, **2024**	2023	Nine months ended September 30, **2024**	2023
Production and operating expenses	**4,634**	1,670	**9,978**	5,180
$/boe	**8.46**	5.76	**7.29**	6.33

Total production and operating expenses for the three and nine months ended September 30, 2024 increased to $4.6 million and $10.0 million from $1.7 million and $5.2 million in the comparative periods of 2023, as a result of the increase in production volumes and higher well servicing costs.

On a per boe basis, production and operating expenses increased by 47% to $8.46/boe in the third quarter of 2024 (Q3 2023 - $5.76/boe) and increased 15% to $7.29/boe for the nine months ended September 30, 2024 (2023 - $6.33/boe). The increase reflects a higher per unit operating cost on the Frog Lake properties from the BMEC Acquisition as compared to the Company's Figure Lake assets.

Transportation costs

($ thousands, except as noted)	Three months ended September 30, **2024**	2023	Nine months ended September 30, **2024**	2023
Transportation costs	**4,202**	2,284	**10,581**	6,457
$/boe	**7.67**	7.87	**7.73**	7.89

Transportation costs include clean oil trucking costs. Costs for the three and nine months ended September 30, 2024 increased to $4.2 million and $10.6 million, up from $2.3 million and $6.5 million in the comparative period of 2023, largely as a result of higher volumes.

On a per boe basis, transportation costs of $7.67/boe were 3% lower than the third quarter of 2023 (Q3 2023 - $7.87/boe) and 2% lower for the nine months ended September 30, 2024 (2023 - $7.89/boe) due to lower trucking rates realized in 2024.

Operating netbacks

The following table highlights Rubellite's operating netbacks for the three and nine months ended September 30, 2024 and 2023**:**

	Three months ended September 30,				Nine months ended September 30,			
($/boe) ($ thousands)		**2024**		2023		**2024**		2023
Sales production *(bbl/d)*		**5,954**		3,154		**4,994**		2,997
Oil revenue	**79.75**	**43,682**	88.85	25,777	**79.88**	**109,303**	75.47	61,744
Royalties	**(9.60)**	**(5,259)**	(8.23)	(2,389)	**(9.16)**	**(12,529)**	(6.90)	(5,648)
Production and operating expenses	**(8.46)**	**(4,634)**	(5.76)	(1,670)	**(7.29)**	**(9,978)**	(6.33)	(5,180)
Transportation costs	**(7.67)**	**(4,202)**	(7.87)	(2,284)	**(7.73)**	**(10,581)**	(7.89)	(6,457)
Operating netback[(1)]	**54.02**	**29,587**	66.99	19,434	**55.70**	**76,215**	54.35	44,459
Realized gain (loss) on risk management contracts	**0.31**	**168**	(6.70)	(1,944)	**(0.42)**	**(578)**	(1.24)	(1,018)
Total operating netback, after risk management contracts[(1)]	**54.33**	**29,755**	60.29	17,490	**55.28**	**75,637**	53.11	43,441

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

Rubellite's operating netback for the three and nine months ended September 30, 2024 increased to $29.6 million and $76.2 million from $19.4 million and $44.5 million in the comparative periods of 2023. The increase was the result of higher sales volumes which increased revenue, partially offset by higher royalties and costs reflecting higher production.

On a per boe basis, the decrease in operating netback in the third quarter of 2024 was driven by lower realized prices, higher royalties and increased production and operating costs, partially offset by lower transportation costs. On a per boe basis, the increase in operating netback in the nine months ended September 30, 2024 was driven by higher realized prices and lower transportation costs, partially offset by higher royalties and production and operating costs.

The operating netback after risk management costs for the three and nine months ended September 30, 2024 was $54.33/boe and $55.28/boe (Q3 2023 – $60.29/boe; 2023 - $53.11/boe).

General and administrative ("G&A") expenses

	Three months ended September 30,		Nine months ended September 30,	
($ thousands, except as noted)	**2024**	2023	**2024**	2023
G&A expenses – excluding MSA costs	**1,048**	705	**2,594**	2,454
G&A expenses – MSA costs	**1,620**	929	**4,500**	2,541
Total G&A expenses	**2,668**	1,634	**7,094**	4,995
$/boe	**4.87**	5.63	**5.18**	6.11

(1) Rubellite has a MSA in place with Perpetual whereby Rubellite makes payments for certain technical, capital and administrative services provided to Rubellite on a relative production split cost sharing basis. Effective June 1, 2024, the MSA was amended to split shared costs on a 80% Rubellite and 20% Perpetual basis.

G&A expenses, excluding MSA costs, for the three and nine months ended September 30, 2024 increased to $1.0 million and $2.6 million (Q3 2023 – $0.7 million; 2023 - $2.5 million). G&A expenses, excluding MSA costs, consist primarily of legal fees, computer software licenses, audit fees and tax related consulting fees and were higher in 2024 as a result of higher people and computer costs driven by Rubellite's growth.

For the three and nine months ended September 30, 2024, the costs billed under the MSA to Rubellite increased to $1.6 million and $4.5 million from $0.9 million and $2.5 million in the comparative periods of 2023. As expected, MSA costs in 2024 increased as a result of Rubellite's increased production relative to Perpetual's production and the amendment of the MSA, effective June 1, 2024, which changed to a cost sharing basis of 80% Rubellite and 20% Perpetual.

For the three and nine months ended September 30, 2024, G&A costs on a per boe basis decreased to $4.87/boe and $5.18/boe from $5.63/boe and $6.11/boe in the comparative periods of 2023 due to higher production.

Depletion

	Three months ended September 30,				Nine months ended September 30,			
($ thousands, except as noted)		**2024**		2023		**2024**		2023
Depletion	**23.82**	**13,047**	23.95	6,948	**22.32**	**30,546**	23.58	19,290
Depreciation	**0.13**	**71**	—	—	**0.16**	**213**	—	—
Total depletion and depreciation	**23.95**	**13,118**	23.95	6,948	**22.48**	**30,759**	23.58	19,290

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 September 30, 2024, depletion was calculated on a $374.4 million depletable balance (December 31, 2023 – $208.0 million), $176.9 million in future development costs (December 31, 2023 – $145.1 million) and excluded an estimated $4.4 million of salvage value (December 31, 2023 – $3.4 million) and $5.4 million (December 31, 2023 - nil) related to assets under construction.

Depletion and depreciation expense for the third quarter of 2024 was $13.1 million or $23.95/boe (Q3 2023 – $6.9 million or $23.95/boe). For the nine month period ended September 30, 2024 depletion and depreciation expense was $30.8 million or $22.48/boe (2023 - $19.3 million or $23.58/boe). The increase in depletion related to a higher depletable base than the comparable periods as a result of the BMEC Acquisition. On a per boe basis, depletion was unchanged for the three month period and decreased for the nine month period compared to the respective prior year periods driven by higher production relative to 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 heavy oil cash generating unit ("CGU") as at September 30, 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 natural gas interests in PP&E. At September 30, 2024, 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 the three and nine months ended September 30, 2024, the Company transferred $17.8 million and $20.8 million, respectively, of E&E to PP&E. As a result of the transfer, the Company performed the required impairment test 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.

The Company transferred $22.6 million of E&E to PP&E during 2023 and performed the required impairment test 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

($ thousands)	Three months ended September 30, 2024	2023	Nine months ended September 30, 2024	2023
Cash finance expense				
Interest on bank debt	**1,663**	292	**3,750**	1,092
Interest on Term Loan	**372**	—	**372**	—
Total cash finance expense	**2,035**	292	**4,122**	1,092
Non-cash finance expense				
Amortization of debt issue costs	**24**	—	**24**	—
Accretion on decommissioning obligations	**75**	32	**208**	92
Total non-cash finance expense	**99**	32	**232**	92
Finance expense	**2,134**	324	**4,354**	1,184

Total cash finance expense for the three and nine months ended September 30, 2024 increased to $2.0 million and $4.1 from $0.3 million and $1.1 million in the comparative periods of 2023 as a result of increased interest rates being applied to higher outstanding bank debt and the addition of the Term Loan. The effective aggregate interest rate on the Company's revolving bank line and bank syndicate term loan for the three and nine months ended September 30, 2024 was 8.6% and 8.5% (three and nine months ended September 30, 2023 - 8.2% and 8.0%). The effective interest rate on the Company's Term Loan in the third quarter of 2024 was 12.9%.

Non-cash finance expense represents accretion on decommissioning obligations and amortization of debt issues costs.

Deferred Income Taxes

($ thousands)	December 31, 2023	Recognized in earnings	Recognized in equity	Acquisitions	September 30, 2024
Assets (liabilities):					
Property, plant and equipment	2,235	(4,675)	—	(15,794)	**(18,234)**
Decommissioning obligations	1,977	1,195	—	—	**3,172**
Fair value of derivatives	(2,148)	(252)	—	—	**(2,400)**
Share and debt issue costs	562	327	(333)	—	**556**
Non-capital losses	12,417	(3,396)	—	—	**9,021**
Total deferred tax assets (liability)	15,043	(6,801)	(333)	(15,794)	**(7,885)**

For the three and nine months ended September 30, 2024, the Company recorded a deferred income tax expense of $5.4 million and $6.8 million, respectively, compared to an income tax expense of $0.6 million and an income tax recovery of $3.3 million in the comparative periods of 2023 due to higher net income before taxes, a change in unrecognized deferred tax assets, partially offset by the renouncing of tax pools related to the flow-share share offering that was completed in 2023 resulting in a tax recovery in the comparable periods of 2023.

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, bank debt, term loans 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*)	**September 30, 2024**	December 31, 2023
Revolving bank debt	**72,153**	29,317
Bank syndicate term loan	**20,000**	—
Term Loan (principal)	**20,000**	—
Adjusted working capital deficit(1)	**35,786**	21,667
Net debt(1)	**147,939**	50,984
Shares outstanding at end of period (*thousands*)	**67,593**	62,456
Market price at end of period (*$/share*)	**2.28**	2.01
Market value of shares(1)	**154,112**	125,537
Enterprise value(1)	**302,051**	176,521
Net debt as a percentage of enterprise value(1)	**49%**	29%
Trailing twelve-months adjusted funds flow(1)	**79,068**	54,157
Net debt to adjusted funds flow ratio(1)	**1.9**	0.9

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

At September 30, 2024, Rubellite had net debt of $147.9 million, an 190% increase from $51.0 million at December 31, 2023. Net debt increased as a result of the BMEC Acquisition in the third quarter which was funded partially from an expanded credit facility, an additional bank syndicate term loan and the Term Loan. In addition, capital expenditures of $73.4 million in the first nine months of 2024 exceeded adjusted funds flow of $62.1 million.

Rubellite had available liquidity at September 30, 2024 of $25.5 million, comprised of the $100.0 million Credit Facility Borrowing Limit and the $20.0 million bank syndicate term loan, less bank borrowings of $92.2 million and outstanding letters of credit of $2.4 million.

Revolving bank debt

During the period ended September 30, 2024, in conjunction with the closing of the BMEC Acquisition, the Company's first lien credit facility had its borrowing limit increased to $100.0 million (December 31, 2023 - $57.0 million) and was extended with an initial term to May 31, 2025. The initial term may be extended for a further twelve months to May 31, 2026 subject to lender approval. If not extended by May 31, 2025, all outstanding advances would be repayable on May 31, 2026.

On August 2, 2024, the Company's lenders provided a $20.0 million (December 31, 2023 - nil) bank syndicate term loan set to mature on or before December 15, 2024, and bearing interest at the lenders prime rate or Canadian Overnight Repo Rate Average ("CORRA") rates, plus applicable margins and standby fees. CORRA margins applicable to the bank syndicate term loan range between 4.3% and 7.8%.

As at September 30, 2024, $72.2 million was drawn against the credit facility and the $20.0 million bank syndicate term loan was outstanding, resulting in total bank debt of $92.2 million (December 31, 2023 - $29.3 million). Letters of credit outstanding at period end were $2.4 million (December 31, 2023 - $0.4 million). Borrowings under the credit facility bear interest at the lenders' prime rate or CORRA rates, plus applicable margins and standby fees. The applicable CORRA margins range between 2.8% and 6.3%. The effective aggregate interest rate on the credit facility and bank syndicate term loan at September 30, 2024 was 8.6% per annum. For the period ended September 30, 2024, 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 $0.7 million.

The credit facility and bank syndicate term loan is secured by general first lien security agreements covering all present and future property of the Company.

At September 30, 2024, the credit facility was not subject to any financial covenants and the Company was in compliance with all customary non-financial covenants.

Subsequent to September 30, 2024, in conjunction with the closing of the Recombination Transaction on October 31, 2024, the Company's credit facility has been increased to $140.0 million and the $20.0 million bank syndicate term loan has been repaid. The initial revolving term remains unchanged at May 31, 2025 and may be extended for a further twelve months to May 31, 2026. The next semi-annual borrowing base redetermination is scheduled on or before May 31, 2025.

Term Loan

			September 30, 2024		December 31, 2023	
	Maturity date	**Interest rate**	**Principal**	**Carrying Amount**	Principal	Carrying amount
Term loan	August 2, 2029	11.5%	**$ 20,000**	**$ 18,988**	$ —	$ —

On August 2, 2024, Rubellite entered into a senior secured second-lien Term Loan which was placed, directly or indirectly, with certain directors and officers of Rubellite and the Company's significant shareholder for $20.0 million. The Term Loan bears interest at 11.5% annually with interest payments to be paid quarterly and matures in five years from the date of issue, and can be repaid by the Company without penalty at any time.

During the three and nine months ending September 30, 2024, Rubellite paid $0.4 million in cash interest payments to the holders of the Term Loan (three and nine months ended September 30, 2023 - nil).

At September 30, 2024, the Term Loan has been recorded at the present value of future cash flows, net of $1.0 million in issue and discount costs which are amortized over the remaining term using a weighted average effective interest rate of 12.9%.

The Term Loan was not subject to any financial covenants and the Company was in compliance with all customary non-financial covenants.

At September 30, 2024, entities controlled by the Company's Chief Executive Officer ("CEO") hold $18.4 million of the outstanding Term Loan.

Subsequent to September 30, 2024, in conjunction with the closing of the Recombination Transaction, the Term Loan converted to a third-lien obligation of the Company.

Equity

At September 30, 2024, there were 67.6 million common shares and 4.0 million Share Purchase Warrants outstanding.

On October 31, 2024, in connection with the completion of the Recombination Transaction, the Company issued 13.7 million common shares to the former holders of common shares of Perpetual and 11.6 million common shares to the former holders of Perpetual's senior notes upon the conversion of such notes. As a result of the completion of the Recombination Transaction the Share Purchase Warrants are no longer outstanding.

On August 2, 2024, in conjunction with the closing of the acquisition of Buffalo Mission, Rubellite issued 5.0 million common shares to certain shareholders of Buffalo Mission, which were valued at $10.4 million using the Company's share price on the closing date of the transaction of $2.07 per share.

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.

At November 12, 2024, after giving effect to the closing of the Recombination Transaction, there were 93.0 million common shares outstanding, net of 0.2 million shares held in trust for employee compensation programs. The following table summarizes information about options and performance awards and restricted awards outstanding as the date of this MD&A:

(thousands)	**November 12, 2024**
Restricted share units	525
Share options	2,684
Performance share units	605
Perpetual awards(1)(2)	3,353
Total	**7,167**

(1) Perpetual had 16.8 million option and performance awards outstanding at October 31, 2024 (6.0 million deferred options, 3.6 million deferred shares, 4.5 million options, 2.7 million performance share rights and a nominal amount of restricted share rights) which converted into 3.4 million awards using the exchange factor of five Perpetual shares for every 1 Rubellite share.
(2) Perpetual awards include 2.5 million of legacy awards that are settled outside of treasury.

Commodity price risk management

As at November 12, 2024, the Company had entered into the following commodity risk management contracts:

Rubellite Risk Management Contracts

Commodity	Volumes Sold (bbl/d)	Term	Reference/Index	Contract Traded Bought/Sold	Average Price ($/bbl)
Crude Oil	1,300 bbl/d	Nov 2024 - Dec 2024	WTI (US$/bbl)	Swap - sold	$78.25
Crude Oil	2,400 bbl/d	Jan 2025 - Mar 2025	WTI (US$/bbl)	Swap - sold	$74.41
Crude Oil	1,900 bbl/d	Apr 2025 - Jun 2025	WTI (US$/bbl)	Swap - sold	$73.22
Crude Oil	1,600 bbl/d	Jul 2025 - Sep 2025	WTI (US$/bbl)	Swap - sold	$72.20
Crude Oil	400 bbl/d	Oct 2025 - Dec 2025	WTI (US$/bbl)	Swap - sold	$74.86
Crude Oil	1,750 bbl/d	Nov 2024 - Dec 2024	WTI (CAD$/bbl)	Swap - sold	$104.48
Crude Oil	2,300 bbl/d	Jan 2025 - Mar 2025	WTI (CAD$/bbl)	Swap - sold	$99.54
Crude Oil	1,900 bbl/d	Apr 2025 - Jun 2025	WTI (CAD$/bbl)	Swap - sold	$99.16
Crude Oil	1,400 bbl/d	Jul 2025 - Sep 2025	WTI (CAD$/bbl)	Swap - sold	$98.89
Crude Oil	2,200 bbl/d	Nov 2024 - Dec 2024	WCS Differential (US$/bbl)	Swap - sold	($15.30)
Crude Oil	2,400 bbl/d	Jan 2025 - Mar 2025	WCS Differential (US$/bbl)	Swap - sold	($14.65)
Crude Oil	2,400 bbl/d	Apr 2025 - Jun 2025	WCS Differential (US$/bbl)	Swap - sold	($14.41)
Crude Oil	2,400 bbl/d	Jul 2025 - Sep 2025	WCS Differential (US$/bbl)	Swap - sold	($14.29)
Crude Oil	1,900 bbl/d	Oct 2025 - Dec 2025	WCS Differential (US$/bbl)	Swap - sold	($14.71)
Crude Oil	1,600 bbl/d	Nov 2024 - Dec 2024	WCS Differential (CAD$/bbl)	Swap - sold	($21.50)
Crude Oil	2,300 bbl/d	Jan 2025 - Mar 2025	WCS Differential (CAD$/bbl)	Swap - sold	($20.63)
Crude Oil	1,900 bbl/d	Apr 2025 - Jun 2025	WCS Differential (CAD$/bbl)	Swap - sold	($18.72)
Crude Oil	1,400 bbl/d	Jul 2025 - Sep 2025	WCS Differential (CAD$/bbl)	Swap - sold	($18.29)
Crude Oil	200 bbl/d	Nov 2024 - Dec 2024	WCS (CAD$/bbl)	Swap - sold	$84.33
Crude Oil	400 bbl/d	Jan 2025 - Mar 2025	WCS (CAD$/bbl)	Swap - sold	$80.23
Crude Oil	850 bbl/d	Apr 2025 - Jun 2025	WCS (CAD$/bbl)	Swap - sold	$80.19
Crude Oil	700 bbl/d	Jul 2025 - Sep 2025	WCS (CAD$/bbl)	Swap - sold	$80.00
Crude Oil	200 bbl/d	Oct 2025 - Dec 2025	WCS (CAD$/bbl)	Swap - sold	$80.00

Perpetual Risk Management Contracts

Commodity	Volumes Sold (bbl/d)	Term	Reference/Index	Contract Traded Bought/Sold	Average Price ($/bbl)
Natural gas	12,500 GJ/d	Nov 2024 - Dec 2024	AECO 5A (CAD$/GJ)	Swap - sold	$3.96
Natural gas	12,500 GJ/d	Jan 2025 - Mar 2025	AECO 5A (CAD$/GJ)	Swap - sold	$4.20
Natural gas	15,000 GJ/d	Apr 2025 - Oct 2025	AECO 5A (CAD$/GJ)	Swap - sold	$3.19
Natural gas	15,000 GJ/d	Nov 2025 - Dec 2025	AECO 5A (CAD$/GJ)	Swap - sold	$3.61
Natural gas	5,000 GJ/d	Jan 2026 - Mar 2026	AECO 5A (CAD$/GJ)	Swap - sold	$4.00

Foreign exchange risk management

As at November 12, 2024, the Company entered into the following foreign exchange risk management contracts:

Contract	Notional amount	Term	Price (CAD$/US$)
Average rate forward (CAD$/US$)	$2,475,000 US$/month	Nov 1 - Dec 31, 2024	1.3656
Average rate forward (CAD$/US$)	$4,361,000 US$/month	Jan 1 - Mar 31, 2025	1.3628
Average rate forward (CAD$/US$)	$3,400,000 US$/month	Apr 1 - June 30, 2025	1.3627
Average rate forward (CAD$/US$)	$1,750,000 US$/month	Jul 1 - Sep 30, 2025	1.3602
Average rate forward (CAD$/US$)	$1,000,000 US$/month	Oct 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 related to certain lands in the Figure Lake area. 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 September 30, 2024, the Company has drilled twelve (12.0 net) of the 59 wells that are required to meet the drilling commitment. Subsequent to September 30, 2024, the Company has drilled another one (1.0 net) well for a total of thirteen (13.0 net) wells 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 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. Under the MSA, Rubellite reimburses Perpetual for certain technical and administrative services provided to Rubellite split on a relative production basis. Effective June 1, 2024, the MSA was amended to split shared costs on a 80% Rubellite and 20% Perpetual basis. During the three and nine month period ended September 30, 2024, Rubellite was billed by Perpetual for net transactions, which are considered to be normal course of oil and gas operations totaling $3.2 million and $11.5 million, respectively (three and nine ended September 30, 2023 - $1.6 million and $4.7 million, respectively). Included within this amount are $1.6 million and $7.3 million (three and nine months ended September 30, 2023 - $0.9 million and $2.5 million) of costs charged to Rubellite through the MSA. The Company recorded accounts payable of $5.1 million owing to Perpetual as at September 30, 2024 (December 31, 2023 - accounts payable of $1.9 million), which included $2.8 million related to corporate asset additions for leasehold improvements.

SUBSEQUENT EVENT

Subsequent to September 30, 2024, on October 31, 2024 Rubellite and Perpetual closed the all-share Recombination Transaction which was previously announced September 17, 2024 and described above under the heading "Basis of Presentation".

In connection with the completion of the Recombination Transaction, on October 31, 2024, the Company and a syndicate of four banks entered into a new credit facility with a borrowing limit of $140.0 million. Rubellite's $20.0 million bank syndicate term loan was repaid on October 31, 2024.

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 used in investing activities. A summary of the reconciliation of cash flow used in investing activities to capital expenditures, is set forth below:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	**2024**	2023
Net cash flows used in investing activities	**(86,044)**	(12,129)	**(123,397)**	(55,541)
Acquisitions	**(62,732)**	—	**(62,732)**	—
Change in non-cash working capital	**13,338**	(799)	**12,704**	(10,330)
Capital expenditures, including land, corporate and other	**(36,650)**	(11,330)	**(73,369)**	(45,211)
Property, plant and equipment additions	**(28,348)**	(11,177)	**(58,115)**	(30,429)
Exploration and evaluation additions	**(8,250)**	(153)	**(12,285)**	(14,782)
Corporate additions	**(52)**	—	**(2,969)**	—
Capital expenditures, including land, corporate and other	**(36,650)**	(11,330)	**(73,369)**	(45,211)

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 September 30,		Nine months ended September 30,	
(*$ thousands, except per boe amounts*)	**2024**	2023	**2024**	2023
Production and operating	**4,634**	1,670	**9,978**	5,180
Transportation	**4,202**	2,284	**10,581**	6,457
General and administrative	**2,668**	1,634	**7,094**	4,995
Cash finance expense	**2,035**	292	**4,122**	1,092
Cash costs	**13,539**	5,880	**31,775**	17,724
Cash costs per boe	**24.72**	20.27	**23.22**	21.67

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 September 30, 2024	As of December 31, 2023
Current assets	**39,947**	21,061
Current liabilities	**(86,123)**	(34,009)
Working capital deficit	**46,176**	12,948
Risk management contracts – current asset	**9,895**	8,796
Bank syndicate term loan	**(20,000)**	—
Decommissioning obligations – current liability	**(285)**	(77)
Adjusted working capital deficit	**35,786**	21,667
Bank indebtedness	**72,153**	29,317
Bank syndicate term loan	**20,000**	—
Term loan (principal)	**20,000**	—
Net debt	**147,939**	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:

	Three months ended September 30,		Nine months ended September 30,	
(*$ thousands, except as noted*)	**2024**	2023	**2024**	2023
Net cash flows from operating activities	**19,973**	14,957	**56,386**	36,428
Change in non-cash working capital	**2,934**	594	**5,489**	803
Decommissioning obligations settled	**122**	3	**270**	3
Adjusted funds flow	**23,029**	15,554	**62,145**	37,234
Transaction costs	**2,010**	—	**2,010**	—
Adjusted funds flow - pre transaction costs	**25,039**	15,554	**64,155**	37,234
Adjusted funds flow per share - basic	**0.35**	0.25	**0.98**	0.60
Adjusted funds flow per share - diluted	**0.35**	0.25	**0.96**	0.62
Adjusted funds flow per boe	**42.04**	53.61	**45.42**	45.51
Adjusted funds flow per share - pre transaction costs - basic	**0.37**	—	**1.00**	—
Adjusted funds flow per share - pre transaction costs - diluted	**0.37**	—	**0.99**	—
Adjusted funds flow per boe - pre transaction costs	**45.04**	—	**46.62**	—

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. Rubellite's capital expenditures excluded non cash items and acquisitions and dispositions. 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 pre transaction costs:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(*$ thousands, except per share and per boe amounts*)	**2024**	2023	**2024**	2023
Adjusted funds flow	**23,029**	15,554	**62,145**	37,234
Capital expenditures, including land, corporate and other	**(36,650)**	(11,330)	**(73,369)**	(45,211)
Free funds flow	**(13,621)**	4,224	**(11,224)**	(7,977)

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 and depreciation 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 Company's internal control over financial reporting during the period beginning on July 1, 2024 and ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

FORWARD-LOOKING INFORMATION

Certain information in this MD&A including management's assessment of future plans and operations, and including the information contained under the headings "Operations Update" and "Outlook and Guidance" may constitute forward-looking information or statements (together "forward-looking information") under applicable securities laws. The forward-looking information includes, without limitation, statements with respect to: future capital expenditures, production and various cost forecasts; the anticipated sources of funds to be used for capital spending; expectations as to future exploration, development and drilling activity, regulatory application and the benefits to be derived from such drilling including production growth; Rubellite's business plan; and including the information and statements contained under the heading "Outlook and Guidance" and "About Rubellite".

Forward-looking information is based on current expectations, estimates and projections that involve a number of known and unknown risks, which could cause actual results to vary and in some instances to differ materially from those anticipated by Rubellite and described in the forward-looking information contained in this MD&A. In particular and without limitation of the foregoing, material factors or assumptions on which the forward-looking information in this MD&A is based include: the successful operation of the Company's assets, forecast commodity prices and other pricing assumptions; forecast production volumes based on business and market conditions; foreign exchange and interest rates; near-term pricing and continued volatility of the market; accounting estimates and judgments; future use and development of technology and associated expected future results; the ability to obtain regulatory approvals; the successful and timely implementation of capital projects; ability to generate sufficient cash flow to meet current and future obligations and future capital funding requirements (equity or debt); the ability of Rubellite to obtain and retain qualified staff and equipment in a timely and cost-efficient manner, as applicable; the retention of key properties; forecast inflation, supply chain access and other assumptions inherent in Rubellite's current guidance and estimates; climate change; severe weather events (including wildfires and drought); 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; risk of wars or other hostilities or geopolitical events (including the ongoing war in Ukraine and conflicts in the Middle East), civil insurrection and pandemic; 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 laws and regulations, including but not limited to tax laws, royalties and environmental regulations (including greenhouse gas emission reduction requirements and other decarbonization or social policies) and including uncertainty with respect to the interpretation of omnibus Bill C-59 and the related amendments to the Competition Act (Canada), and the interpretation of such changes to the Company's business); and general economic and business conditions and markets, among others.

Undue reliance should not be placed on forward-looking information, which is not a guarantee of performance and is subject to a number of risks or uncertainties, including without limitation those described herein and under "Risk Factors" in Rubellite Energy Inc. and Perpetual Energy Inc.'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.

Estimated Drilling Locations

Of the 243 net future drilling locations disclosed in this MD&A 182 net are unbooked drilling locations. Unbooked drilling locations are the internal estimates of Rubellite based on Rubellite's or the acquired assets prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources (including contingent and prospective). Unbooked locations have been identified by Rubellite's management as an estimation of Rubellite's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that Rubellite will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and natural gas reserves, resources or production. The drilling locations on which Rubellite will actually drill wells, including the number and timing thereof is ultimately dependent upon the availability of funding, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While a certain number of the unbooked drilling locations have been de-risked by Rubellite drilling existing wells in relative close proximity to such unbooked drilling locations, the majority of other unbooked drilling locations are farther away from existing wells where management of Rubellite has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

Financial and Business Environment:

E&E	Exploration and evaluation
ESG	Environmental, social and governance
GAAP	Generally accepted accounting principles
G&A	General and administrative
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
PP&E	Property, plant and equipment
WTI	West Texas Intermediate
WCS	Western Canadian Select

SUMMARY OF QUARTERLY RESULTS

($ thousands, except as noted)	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Financial				
Oil revenue	**43,682**	35,798	29,823	27,224
Net income (loss) and comprehensive income (loss)	**15,010**	12,368	(4,153)	9,523
Per share – basic(3)	**0.23**	0.20	(0.07)	0.15
Per share – diluted(3)	**0.23**	0.19	(0.07)	0.15
Total assets	**432,836**	281,549	267,298	271,153
Cash flow from operating activities	**19,973**	19,916	16,497	18,963
Adjusted funds flow(1)(6)	**23,029**	20,664	18,452	16,923
Per share – basic(2)(3)	**0.35**	0.33	0.30	0.27
Per share – diluted(2)(3)	**0.35**	0.33	0.30	0.27
Capital expenditures, including land and other(1)	**36,650**	23,927	12,792	26,320
Acquisitions(4)	**62,732**	—	—	33,173
Dispositions(4)	**—**	—	—	(7,900)
Common shares (thousands)				
Weighted average – basic	**65,834**	62,494	62,457	62,440
Weighted average – diluted	**66,571**	63,446	62,457	62,958
Operating				
Daily average oil sales production (bbl/d)(5)	**5,954**	4,503	4,514	4,209
Rubellite average realized oil price(2)				
Average realized oil price ($/bbl)	**79.75**	87.35	72.60	70.31
Average realized oil price – after risk management contracts ($/bbl)	**80.06**	82.99	75.13	72.12

($ thousands, except as noted)	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Financial				
Oil revenue	25,777	18,863	17,104	14,329
Net income and comprehensive income	3,942	3,397	1,699	18,725
Per share – basic(3)	0.06	0.05	0.03	0.34
Per share – diluted(3)	0.06	0.05	0.03	0.34
Total assets	223,353	218,218	222,747	204,030
Cash flow from (used in) operating activities	14,957	12,186	9,285	14,950
Adjusted funds flow(1)	15,554	11,998	9,682	8,145
Per share – basic(2)(3)	0.25	0.19	0.18	0.15
Per share – diluted(2)(3)	0.25	0.19	0.17	0.15
Capital expenditures, including land and other(1)	11,330	11,820	22,061	23,515
Common shares (thousands)				
Weighted average – basic	61,956	61,830	55,060	54,824
Weighted average – diluted	62,597	62,432	55,550	55,202
Operating				
Daily average oil sales production (bbl/d)(5)	3,154	2,844	2,990	2,181
Rubellite average realized oil price(2)				
Average realized oil price ($/bbl)	88.85	72.88	63.56	71.42
Average realized oil price – after risk management contracts ($/bbl)	82.15	75.65	64.33	68.05

(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) Includes cash and non-cash consideration.
(5) Conventional heavy oil sales production excludes tank inventory volumes.
(6) Q3 2024 includes $2.0 million in transaction costs related to the BMEC Acquisition and Q4 2023 includes $0.1 million in transaction costs related to the Clear North Acquisition.

Oil revenue has ranged between $14.3 million and $43.7 million over the prior eight quarters largely due to increasing sales volumes from 2,181 bbl/d to 5,954 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, corporate acquisitions, volatility of commodity prices and its impact on revenue, royalties and realized and unrealized risk management contract gains and losses and deferred income taxes.