

RUBELLITE ENERGY INC. REPORTS THIRD QUARTER 2022 FINANCIAL AND OPERATING RESULTS AND PROVIDES OPERATIONS AND LAND ACQUISITION UPDATE

CALGARY, AB, Nov. 10, 2022 /CNW/ - (TSX: RBY) – Rubellite Energy Inc. ("Rubellite", or the "Company"), a pure play Clearwater oil exploration and development company, is pleased to report third quarter 2022 financial and operating results and provide an operations and land acquisition update.

Select financial and operational information is outlined below and should be read in conjunction with Rubellite's unaudited condensed interim financial statements and related Management's Discussion and Analysis ("MD&A") for the three and nine months ended September 30, 2022, which are available through the Company's website at www.rubelliteenergy.com and SEDAR at www.sedar.com.

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 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.

THIRD QUARTER 2022 HIGHLIGHTS

- Exploration and development capital expenditures⁽¹⁾ for the third quarter of 2022 totaled \$22.5 million, related to the drilling of fourteen (13.3 net) multi-lateral horizontal wells, one vertical stratigraphic evaluation well and one water disposal well, pad construction and facilities installation for the ongoing drilling program and included land spending of \$0.5 million to purchase 4.1 net sections of land in the Clearwater area, bringing the total for the nine months to 146.5 net sections of additional land prospective for Clearwater heavy oil.
- As of September 30, 2022, there were forty six (41.6 net) wells contributing to sales production, with another three (3.0 net) wells rig released and recovering OBM, as compared to thirty six (32.3 net) wells on production at the end of the second quarter of 2022. Recoveries of OBM are not recorded as sales production as the OBM is recycled for future drilling operations to the extent possible or sold and credited back to drilling capital.
- Daily average conventional heavy oil sales production increased 19% from second quarter 2022 levels to average 1,760 bbl/d in the third quarter of 2022 (Q2 2022 – 1,478 bbl/d), which was at the upper end of the Company's Q3 2022 guidance range of 1,600 to 1,800 bbl/d. Production progressively ramped up through the first nine months of 2022 as new wells fully recovered their OBM, filled processing tank inventories, and then commenced delivery of heavy oil to sales terminals.
- Operating netbacks⁽¹⁾ in the third quarter of 2022 were \$10.3 million, or \$63.90/boe (Q2 2022 – \$11.6 million or \$85.97/boe), reflecting a decline in Western Canadian Select ("WCS") benchmark prices, partially offset by increased production. After realized losses on risk management contracts of \$3.0 million or \$18.49/boe (Q2 2022 – losses of \$6.2 million or \$46.12/boe), operating netbacks were \$7.4 million or \$45.41/boe (Q2 2022 – \$5.4 million or

\$39.85/boe).

- Adjusted funds flow⁽¹⁾ in the third quarter of 2022 was \$6.5 million (Q2 2022 – \$4.6 million) up 41% quarter-over-quarter, driven by the growth in sales production, reduction in production and operating costs and lower royalties. Adjusted funds flow per boe was \$39.89/boe, up 17% from \$34.13/boe in the second quarter. Cash flow used in operating activities in the third quarter of 2022 was \$0.7 million (Q2 2022 – \$6.5 million cash flow from operating activities).
- Net income for the third quarter of 2022 was \$10.4 million (Q2 2022 – \$4.7 million net income). Higher net income was driven by the unrealized gain on risk management contracts of \$7.9 million in the third quarter.
- Adjusted working capital deficit⁽¹⁾ at the end of the third quarter of 2022 was \$12.9 million, down \$15.6 million from a \$2.7 million surplus at June 30, 2022 as a result of capital spending being higher than adjusted funds flow.
- Subsequent to September 30, 2022, the borrowing limit on the Company's reserves-based revolving credit facility was increased to \$40.0 million with an initial term to May 31, 2023 and may be extended a further twelve months to May 31, 2024 subject to lender approval.

(1) Non-GAAP measure, Non-GAAP ratio or supplementary financial measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this news release.

OPERATIONS UPDATE

With the drilling rig racked on location at Marten Hills over spring break up, dry field conditions provided time for the spud of two additional horizontal multi-lateral wells in June prior to re-locating the rig to Figure Lake. The two new wells were drilled at the Marten Hills Area's after payout working interest of 30%. The first well was drilled in the second quarter with rig release in mid-June, reached full recovery of its oil-based mud load fluid on July 6th and achieved an average IP30 rate of 188 bbl/d. The second adjacent well rig released in early July, reached full recovery of oil-based mud in late July and achieved an average IP30 rate of 252 bbl/d which compares favorably to the Marten Hills type curve⁽¹⁾ IP30 of 120 bbl/d. Following up these positive results, a drilling rig returned to Marten Hills in early October catching a convenient operational window prior to the commencement of Rubellite's planned northern exploration program which is largely designed for winter access on frozen ground. Three (0.9 net) wells will be drilled to complete the primary development of Rubellite's acreage at Marten Hills during the fourth quarter. The Company will continue to monitor the performance of several offsetting waterflood pilots and assess the potential for secondary recovery on its acreage at Marten Hills later in 2023.

At Figure Lake, a total of six (6.0 net) multi-lateral horizontal wells and one (1.0 net) vertical evaluation/water disposal well were spud and rig released during the third quarter. Drilling operations recommenced in early July, as surface access conditions permitted, with the drilling of a vertical stratigraphic evaluation well that also will serve as a water disposal well to enhance field netbacks. With positive encouragement from the stratigraphic information obtained in this vertical step-out well, the Company focused drilling operations on two pads in the area, drilling three (3.0 net) horizontal multi-lateral wells on a pad at 1-13-63-18W4 (the "1-13 Pad") and two (2.0 net) horizontal multi-lateral wells on a pad to the north at 9-23-63-18W4 (the "9-23 Pad"). All three wells drilled from the 1-13 Pad have been rig released, recovered their oil-based mud load fluid and progressed through their IP30 production periods, averaging 117 bbl/d as compared to the Figure Lake type curve⁽¹⁾ IP30 of 115 bbl/d. One well on the 1-13 Pad is an exceptional performer, recording an IP60 of 223 bbl/d, prompting the follow-up development drilling of three additional wells on this pad which commenced in early October. The two wells drilled on the 9-23 Pad in the third quarter have fully recovered load oil and are in their respective IP30 production periods. One (1.0 net) additional multi-lateral well was drilled and rig released late in the quarter at a third pad located at 14-28-62-18W4 (the "14-28 Pad") has just recently recovered its oil-based mud load fluid and begun its IP30 production period. The first two of three additional follow-up infill wells on the 1-13 Pad have been rig released since the end of the third quarter, have fully recovered their oil-based mud load fluid and

are in their respective IP30 periods trending above the Figure Lake type curve⁽¹⁾. The third infill well on the 1-13 pad is currently drilling and is expected to begin producing to sales prior to the end of the fourth quarter. Operationally, five (5.0 net) additional follow-up infill / development wells are expected to be rig released during the fourth quarter. Rubellite intends to keep a drilling rig running continuously at Figure Lake until break up in late March, balancing infill development drilling to grow production with step-out delineation drilling to assess reservoir performance across the large land base at Figure Lake to solidify future drilling programs.

Development drilling operations at Ukalta continued through the third quarter with the rig release of six horizontal multi-lateral wells to complete the 2022 Ukalta area drilling program. Production is now beginning to stabilize from three wells producing on the new pad located at 16-16-57-18W4 (the "16-16 Pad"), recording an average IP30 rate of 87 bbl/d as compared to the Ukalta type curve⁽¹⁾ IP30 of 120 bbl/d. While IP30 rates have been disappointing for wells on several pads at Ukalta, production declines appear to be flatter than the Ukalta type curve⁽¹⁾. Rubellite will continue to monitor production declines, water cuts and gas-oil ratios to re-assess the expected performance and economic potential of future drilling locations on the Company's Ukalta acreage. The rig used for the Ukalta drilling program moved into the Marten Hills area in early October.

(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.sedar.com. "McDaniel" means McDaniel & Associates Consultants Ltd. independent qualified reserves evaluators. "McDaniel Reserve Report" means the independent engineering evaluation of the crude oil, natural gas and NGL reserves, prepared by McDaniel with an effective date of December 31 2021 and a preparation date of March 9 2022.

2022 OUTLOOK AND GUIDANCE

Rubellite plans to spend approximately \$33.0 to \$41.0 million to continue its two-rig drilling program through to the end of the first quarter of 2023 to drill, complete, equip and tie-in 17 (14.9 net) multi-lateral horizontal development / infill wells at Figure Lake and Marten Hills and to execute its four to six (3.0 to 4.0 net) well northern exploration program. To maintain the efficiencies of continuous rig operations, Rubellite now expects to drill 8 (8.0 net) wells at Figure Lake and 3 (0.9 net) wells at Marten Hills during the fourth quarter to bring full year 2022 development capital expenditures (see "Non-GAAP and Other Financial Measures") to \$68 to \$70 million, relative to previous 2022 development capital expenditure guidance of \$54 to \$56 million. Forecast drilling activities are expected to be fully funded from adjusted funds flow (see "Non-GAAP and Other Financial Measures") and the Company's expanded credit facility. The Figure Lake drilling program will be partially funded by the Figure Lake GORR, which is forecast to contribute \$1.7 million in 2022. Fourth quarter 2022 capital expenditures include \$2.0 million for equipment and tubular procurement that will be used over 2023 and an additional \$0.5 million for pad construction in support of Q1 2023 drilling activity.

The table below summarizes Rubellite's forecast exploration and development capital expenditures and anticipated horizontal multi-lateral drilling activities for 2022 and the first quarter of 2023, excluding undeveloped land purchases and acquisitions.

2022 Exploration and Development Forecast Capital Expenditures⁽¹⁾⁽⁵⁾

	Q1 -Q3 2022 ⁽¹⁾	# of wells	Q4 2022	# of wells	2022	# of wells	Q1 2023	# of wells
	(\$ millions)	(gross/net)	(\$ millions)	(gross/net)	(\$ millions)	(gross/net)	(\$ millions)	(gross/net)
Development ⁽¹⁾⁽²⁾	50.9	29 / 25.6	\$17 - \$19	11 / 8.9	\$68 - \$70	40 / 34.5	\$8 - \$10	6 / 6.0
Ukalta ⁽²⁾		15 / 15.0		- / -		15 / 15.0		- / -
Figure Lake ⁽²⁾⁽³⁾		8 / 8.0		8 / 8.0		16 / 16.0		6 / 6.0
Marten Hills ⁽²⁾		6 / 2.6		3 / 0.9		9 / 3.5		- / -
Service Wells		2 / 2.0		- / -		2 / 2.0		- / -
Exploration ⁽⁴⁾	2.7	2 / 2.0	\$1 - \$2	1 / 1.0	\$4 - \$5	3 / 3.0	\$7 - \$10	3-5 / 2.0-3.0
Ukalta ⁽⁴⁾		1 / 1.0		- / -		1 / 1.0		- / -
Alpen ⁽⁴⁾		1 / 1.0		- / -		1 / 1.0		- / -
Northern ⁽⁴⁾		0 / 0.0		1 / 1.0		1 / 1.0		3-5 / 2.0-3.0
Total⁽⁵⁾	53.6	33 / 29.6	\$18 - \$21	12 / 9.9	\$72 - \$75	43 / 37.5	\$15 - \$20	9-11 / 8.0-9.0

(1) Exploration and development capital expenditures excludes undeveloped land purchases and acquisitions, if any.

- (2) Development capital expenditures include drill, complete, equip and tie-in capital spent during the period as well as spending for 2 vertical water disposal service wells. Well count reflects multi-lateral wells rig released during the period but excludes service wells. Fourth quarter 2022 capital expenditures includes \$2.0 million for equipment and tubular procurement that will be used over 2023 and an additional \$0.5 million for pad construction in support of Q1 2023 drilling activity.
- (3) Capital expenditures at Figure Lake are reduced for the Figure Lake GORR which contributed \$1.5 million in Q1 - Q3 2022 and is forecast to contribute \$0.2 million in Q4 2022.
- (4) Exploration capital spending includes drill, complete, equip and tie-in capital for one vertical stratigraphic evaluation / horizontal multi-lateral well at Alpen and one vertical stratigraphic evaluation well at Ukalta. Northern Exploration capital includes two (1.5 net) vertical stratigraphic evaluation wells.
- (5) Non-GAAP measure. Refer to the section entitled "Non-GAAP and Other Financial Measures" for an explanation of composition.

Including additional lands acquired since the end of the third quarter, year to date in 2022, Rubellite has spent \$18.8 million to acquire 156 net sections of land through Crown land purchases and other transactions. The Company has now grown its land position for exposure to the Clearwater play to 314 net sections, up 202% from the 104 net sections held by Rubellite at its inception in July of 2021. A significant portion of the newly acquired lands are complementary to existing operating areas in Ukalta and Figure Lake on the southern Clearwater trend, while the remainder of the additional new acreage supplements Rubellite's exploratory acreage in the northern Clearwater play fairway and captures land on other Clearwater exploration prospects.

The 2022 drilling program is expected to continue to drive progressive production growth through the remainder of 2022 and into 2023. Capital spending, drilling activity and operational guidance for the fourth quarter of 2022 and first quarter of 2023 is as outlined in the table below:

	Previous 2022 Guidance	Q4 2022 Guidance	Revised 2022 Guidance	Q1 2023 Guidance
Production (bbl/d)	1,700 - 2,000	1,950 - 2,200	1,600 - 1,675	2,200 - 2,600
Development (\$ millions) ⁽¹⁾	\$54 - \$56	\$17 - \$19	\$68 - \$70	\$8 - \$10
Multi-lateral development wells (net)	31.5	8.9	34.5	6.0
Exploration spending (\$ millions) ⁽¹⁾	\$4 - \$6	\$1 - \$2	\$5 - \$8	\$7 - \$10
Heavy oil wellhead differential (\$/bbl) ⁽²⁾	\$9.00 - \$10.00	\$7.00 - \$8.00	\$7.00 - \$8.00	\$7.00 - \$8.00
Royalties (\$/bbl)	11% - 12%	9% - 10%	10% - 11%	9% - 10%
Production & operating costs (\$/bbl)	\$6.50 - \$7.50	\$6.00 - \$6.50	\$6.50 - \$7.50	\$6.00 - \$6.50
Transportation (\$/bbl)	\$4.50 - \$5.50	\$5.00 - \$5.50	\$5.00 - \$5.50	\$5.50 - \$6.00
General & administrative (\$/bbl)	\$4.50 - \$5.50	\$5.00 - \$5.50	\$5.00 - \$5.50	\$5.50 - \$6.00

(1) Exploration and development capital expenditure guidance excludes undeveloped land purchases and additional acquisitions. Non-GAAP ratio. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this news release for an explanation of composition.

(2) Quality differential relative to Western Canadian Select.

Financial and Operating Highlights

	Three months ended	
	September 30, 2022	June 30, 2022
Financial		
Oil revenue	13,654	15,632
Net income (loss)	10,426	4,726
Per share – basic ⁽¹⁾⁽²⁾	0.19	0.09
Per share – diluted ⁽¹⁾⁽²⁾	0.19	0.08
Cash flow from (used in) operating activities	(745)	6,473
Adjusted funds flow ⁽¹⁾	6,459	4,597
Per share – basic ⁽¹⁾⁽²⁾	0.12	0.09
Per share – diluted ⁽¹⁾⁽²⁾	0.12	0.09
Net debt (asset)	12,942	(2,654)
Capital expenditures⁽¹⁾	22,476	12,705
Exploration and development	21,921	9,482
Land and acquisitions	555	3,223
Wells Drilled⁽³⁾ – gross (net)	15/14.3	6 / 4.8
Common shares outstanding⁽⁴⁾ (thousands)		
Weighted average – basic	54,748	54,725
Weighted average – diluted	55,265	55,797
End of period	54,748	54,725
Operating		
Daily average oil sales production ⁽⁵⁾ (bbl/d)	1,760	1,478
Average prices		
West Texas Intermediate ("WTI") (\$/US/bbl)	91.64	108.41
Western Canadian Select ("WCS") (\$/CAD/bbl)	119.53	122.09
Average Realized oil price ⁽²⁾ (\$/bbl)	84.31	116.21
Average Realized oil price after risk management contracts ⁽²⁾ (\$/bbl)	65.82	70.09

(1) Non-GAAP measure. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this news release and in the MD&A for an explanation of composition.

(2) Supplemental financial measure. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this news release and in the MD&A for an explanation of composition.

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

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

(5) Conventional heavy crude oil sales production excludes tank inventory volumes.

ADDITIONAL INFORMATION

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 at the Company's website at www.rubelliteenergy.com and on SEDAR at www.sedar.com.

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

BOE VOLUME CONVERSIONS

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

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

bbbl	barrels
bbbl/d	barrels per day
boe	barrels of oil equivalent
MMboe	million barrels of oil equivalent

INITIAL PRODUCTION RATES

Any references in this news release to initial production rates are useful in confirming the presence of hydrocarbons; however, such rates are not 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.

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 operating activities, and cash flow from 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 as well as the accounting impact of any accrual changes.

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 September 30,		Nine months ended September 30,	
	2022	2021 ⁽¹⁾	2022	2021 ⁽¹⁾
Net cash flows used in investing activities	(9,064)	4,153	(55,044)	4,153
Acquisitions	—	(4,051)	—	(4,051)
Change in non-cash working capital	(13,412)	(280)	(15,648)	(280)
Capital expenditures	(22,476)	(178)	(70,692)	(178)
Property, plant and equipment expenditures	(17,902)	(27)	(48,188)	(27)
Exploration and evaluation expenditures	(4,574)	(151)	(22,504)	(151)
Capital expenditures	(22,476)	(178)	(70,692)	(178)

⁽¹⁾ The comparable period of 2021 reflects operating results from September 3, 2021, the effective date of the Arrangement, to September 30, 2021.

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 management contracts is presented after adjusting for realized gains or losses from risk management contracts. Rubellite considers the operating netback to be a key industry performance indicator and one that provides investors with information that is also commonly presented by other crude oil and natural gas producers. Rubellite considers operating netback to be an important performance measure to evaluate its operational performance as it demonstrates its profitability relative to current commodity prices. Rubellite considers the presentation after risk management contracts an important measure to evaluate performance after risk management activities. Refer to reconciliations in the MD&A under the "Operating Netbacks" section.

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 management contracts is presented after adjusting for realized gains or losses from risk management contracts. Rubellite considers the operating netback to be a key industry performance indicator and one that provides investors with information that is also commonly presented by other crude oil and natural gas producers. Rubellite considers operating netback to be an important performance measure to evaluate its operational performance as it demonstrates its profitability relative to current commodity prices. Rubellite considers the presentation after risk management contracts an important measure to evaluate performance after risk management activities. Refer to reconciliations in the MD&A under the "Operating Netbacks" section.

Adjusted working capital: Adjusted working capital deficiency or surplus includes total current assets and current liabilities excluding any current portion of risk management contract assets and liabilities related to the Company's risk management activities.

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

	As of September 30, 2022	As of June 30, 2022	As of December 31, 2021
Current assets	14,059	23,670	22,441
Current liabilities	(27,427)	(29,012)	(18,317)
Working capital (surplus) deficiency	13,368	5,342	(4,124)
Risk management contracts – current asset	1,218	52	62
Risk management contracts – current liability	(1,644)	(8,048)	(1,313)
Adjusted working capital (surplus) deficiency	12,942	(2,654)	(5,375)
Bank indebtedness	—	—	—
Net debt (asset)	12,942	(2,654)	(5,375)

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

Adjusted funds flow pre-transaction costs is calculated as adjusted funds flow less transaction costs. Management has excluded transaction costs from the calculation as these are not related to cash flow from operating activities but relate to the acquisition of the Clearwater assets from Perpetual Energy Inc. ("Perpetual") in the comparative period.

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 (used in) operating activities, as reported in the Company's condensed interim statements of cash flows, to adjusted funds flow:

(\$ thousands, except as noted)	Three months ended September 30,		Nine months ended September 30,	
	2022	2021 ⁽¹⁾	2022	2021 ⁽¹⁾
Net cash flows from (used in) operating activities	(745)	—	8,920	—
Change in non-cash working capital	7,204	126	5,971	126
Adjusted funds flow	6,459	126	14,891	126
Adjusted funds flow per share - basic	0.12	0.17	0.27	0.17
Adjusted funds flow per share – diluted	0.12	0.07	0.29	0.07
Adjusted funds flow per boe	39.89	34.13	36.41	34.13

⁽¹⁾ The comparable period of 2021 reflects operating results from September 3, 2021, the effective date of the Arrangement, to September 30, 2021.

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.

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.

"Average realized price after risk management contracts" is comprised of realized gain on risk management contracts, as determined in accordance with IFRS, divided by the Company's total sales oil production.

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 "2022 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 expenditure and production forecasts; the anticipated sources of funds to be used for capital spending; the number of drilling rigs to be operated over certain time periods; expectations as to drilling activity plans in various areas and the benefits to be derived from such drilling including the production growth; expectations respecting Rubellite's future exploration, development and drilling activities and Rubellite's business plan; and including the information and statements contained under the heading "2022 Outlook and Guidance".

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 including inflationary pressures; 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; Rubellite's ability to operate under the management of Perpetual pursuant to the management services and operating 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; and the ongoing and future impact of the coronavirus and the war in Ukraine and related sanctions on commodity prices and the global economy, among others.

Undue reliance should not be placed on forward-looking information, which is not a guarantee of performance and is subject to a number of risks or uncertainties, including without limitation those described herein and under "Risk Factors" in Rubellite's Annual Information Form and MD&A for the year ended December 31, 2021 and in other reports on file with Canadian securities regulatory authorities which may be accessed through the SEDAR website (www.sedar.com) 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.

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