

Rubellite Energy Inc. Provides Capitalization, Governance and Operations Update and 2022 Guidance

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CALGARY, Sept. 7, 2021 - [Rubellite Energy Inc.](#) ("Rubellite" or the "Company") (TSX: RBY), a pure play Clearwater oil exploration and development company, is pleased to provide a capitalization, governance and operations update and release 2022 guidance following the completion on September 3, 2021 of the plan of arrangement (the "Plan of Arrangement") involving Perpetual Energy Inc. ("Perpetual"), Rubellite and the shareholders of Perpetual.

Capitalization Update

The common shares ("Common Shares") and warrants ("Warrants") of Rubellite issued in connection with the Plan of Arrangement are expected to commence trading on the Toronto Stock Exchange (the "TSX") on or about Thursday, September 9, 2021 under the symbol "RBY" and "RBY.WT", respectively.

In connection with the Plan of Arrangement, Rubellite expects to raise a minimum of \$73.9 million through a combination of equity financings expected to close concurrently in early October 2021 (the "Financings"). Upon completion of the Financings and based on the minimum \$10.5 million non-brokered private placement, Rubellite is expected to have approximately 39.0 million Common Shares outstanding, no debt and a working capital surplus of approximately \$13 million. If the maximum \$20.0 million non-brokered private placement is completed, Rubellite will have approximately 43.8 million Common Shares outstanding and a working capital surplus of approximately \$22.5 million.

Rubellite has entered into a commitment with its lead bank to establish a new \$3 million revolving credit facility (subject to the closing of the Financings and other customary conditions precedent) with an initial term to May 31, 2022 and which may be extended for a further twelve months subject to lender approval.

Governance Update

Rubellite's Board of Directors (the "Board") has been fully constituted and is comprised of a majority of independent directors, each of whom is unique from Perpetual's board, establishing a strong and diverse governance model and clear shareholder and management alignment.

The majority-independent Board, as described below, has extensive technical and managerial experience in oil and gas exploration and development, with strengths in mergers and acquisitions, corporate finance, capital markets and environmental, social and governance (ESG) matters. In addition to Sue Riddell Rose, Rubellite's President and Chief Executive Officer, and Ryan Shay, Rubellite's Vice President Finance and Chief Financial Officer, the Board is comprised of the following non-executive independent members:

Holly Benson

Independent Director, Chair of the Audit Committee

Ms. Benson, a Chartered Accountant, was appointed Vice President, Finance & Chief Financial Officer of Peters & Co. Limited in 1999 and held that position until December 31, 2020. Ms. Benson has been involved in various industry committees, working groups and councils throughout her career. She has been a member of the Financial and Operations Advisory Section (FOAS) of the Industry Regulatory Organization of Canada (IIROC) and the FOAS Executive, including a term as its Chair. Ms. Benson has been serving on the board of directors of IIROC since January 2015 and is a member of IIROC's Finance, Audit and Risk Committee.

Tamara MacDonald

Independent Director, Chair of the Compensation and Corporate Governance Committee

Ms. MacDonald was most recently the Senior Vice President, Corporate and Business Development of

Crescent Point Energy Corp., a position she held from October 2004 to July 2018. Ms. MacDonald has over 28 years of oil and gas industry experience and has been involved in more than 530 transactions totaling over \$14.5 billion. Prior to Crescent Point, Ms. MacDonald worked with NCE Petrofund Corp., Merit Energy Ltd., Tarragon Oil & Gas Ltd. and Northstar Energy Corp. Ms. MacDonald holds an Institute of Corporate Directors (ICD.D) designation and currently sits on the board of directors of Spartan Delta Corp. and Southern Energy Corp.

Bruce Shultz

Independent Director, Chair of the EH&S Committee and Reserves Committee

Mr. Shultz was most recently President and Chief Executive Officer of Huron Resources Corp., a private junior oil and gas exploration company with drilling success in a newly defined Wabamun oil play in Southern Alberta. Previously, he was the President and Chief Executive Officer of Huron Energy Corporation which experienced success in the Montney of NEBC and prior to that, Rubicon Energy Corp. which made a significant Nisku oil discovery in the Pembina Area of Alberta. He is a professional geologist and has over 40 years of oil and gas exploration experience beginning his career with Gulf Canada in 1980.

Operations Update

Rubellite is exclusively focused on Clearwater oil exploration and development utilizing multi-lateral horizontal drilling technology. The Clearwater is a high rate of return play with compelling economics at current forward market prices for Western Canadian Select crude oil. Rubellite's assets (the "Clearwater Assets") comprise 104.5 net sections of acreage highly prospective for conventional heavy crude oil in the Clearwater formation with over 370 identified multi-lateral drilling locations. The Clearwater Assets also include proprietary 2D and 3D seismic and an extensive road network of approximately 40 km. There are no decommissioning obligations except those associated with producing wells. Based on an independent reserve report prepared by McDaniel and Associates Consultants Ltd. effective June 1, 2021, the Clearwater Assets have booked proved and probable heavy crude oil reserves of 3.6 MMbbls with 25 booked undeveloped drilling locations. The remaining 345 identified drilling locations are unbooked. Rubellite will control and operate 100% of the Clearwater Assets.

Currently, there are eleven (10.0 net) producing multi-lateral wells, including the six (6.0 net) original producing wells at Ukalta, two (1.0 net) wells at Marten Hills which were rig released in early July and three (3.0 net) producing wells at Figure Lake, two of which were just recently rig released in mid-August. Sales production at Marten Hills commenced in late August after fully recovering load oil from drilling operations and the wells on average are performing at Rubellite's Marten Hills IP30 type curve production level of approximately 120 bbl/d of 20o API crude oil each. The two new Figure Lake wells were brought onstream August 26, 2021 and are currently recovering load oil from the drilling operation. One additional exploration well over 10 miles north of the producing Figure Lake pad site has been drilled and is awaiting completion while the fourth and final well (1.0 net) in the 2021 Figure Lake drilling program is anticipated to be rig-released next week. Both Figure Lake wells on this two-well pad are expected to be equipped to begin pumping by mid-September.

Rubellite's drilling program for the remainder of 2021 will consist of eight (8.0 net) multi-lateral wells at Ukalta. Plans for 2022 include a 20 net well drilling program across the three development areas while preliminary plans for 2023 include the drilling of 24 net wells. The planned drilling activity is forecast to drive rapid production growth from production levels of approximately 350 bbl/d of conventional heavy crude oil at Rubellite's inception in mid-July to estimated average production in excess of 2,000 bbl/d in 2022. In the context of current strip pricing, Rubellite's organic growth business plan is expected to be fully funded, drive material adjusted funds flow growth over the next two years and has the potential to generate significant free funds flow by 2022.

Rubellite also plans to continue exploration activities to pursue additional prospective land and de-risk existing acreage, including the delineation of exploratory lands that have been secured in the West Dawson and Cadotte areas.

Rubellite Guidance

The Board has approved second half 2021 capital expenditures of \$18 to \$22 million, with expenditures largely directed to the drilling, completion and equipping of four (4.0 net) wells at Figure Lake, which are anticipated to be 100% funded by the previously announced Figure Lake GORR financing, and the planned eight (8.0 net) well drilling program at Ukalta as well as preparatory work for first quarter 2022 activities.

The table below summarizes Rubellite's anticipated capital spending and drilling activities for the second half

of 2021 and 2022.

Second Half ("H2") 2021 and 2022 Exploration and Development Forecast Capital Expenditures

	H2 2021 (\$ millions)	# of wells (gross/net)	2022 (\$ millions)	# of wells (gross/net)
Marten Hills		-/-		4/2.0
Figure Lake(1)		4/4.0		12/12.0
Ukalta		8/8.0		6/6.0
Total(2)	\$18 - \$22	12/12.0	\$25 - \$30	22/20.0

(1) The Figure Lake GORR financing is forecast to contribute \$5.4 million in 2021 and \$2.5 million in 2022 to fund Figure Lake drilling activities.

(2) Excludes undeveloped land purchases and acquisitions, if any.

Rubellite expects production to ramp up significantly through the fourth quarter of 2021 as the four recently drilled Figure Lake wells and the eight new wells at Ukalta are placed on production. Rubellite expects 2022 production to average in excess of 2,000 boe/d, composed of 100% conventional heavy crude oil.

2022 guidance assumptions are as follows:

Guidance Assumptions

	2022
Exploration and development expenditures (\$ millions)	\$25 - \$30
Royalties	11% - 12%
Operating costs (\$/boe)	\$5.50 - \$6.50
Transportation costs (\$/boe)	\$5.50 - \$6.50
G&A (\$/boe)	\$4.00 - \$4.50

No securities regulatory authority has either approved or disapproved of the contents of this news release. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from the registration requirements. This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.

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 free funds flow generation while maintaining a conservative capital structure and prioritizing ESG excellence. Additional information on Rubellite can be accessed at www.sedar.com.

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

Forward-Looking Information

Certain information in this news release may constitute forward-looking information or statements (together "forward-looking information") under applicable securities laws. The forward-looking information includes, without limitation, statements with respect to: the expected ability of the Company to fund its future drilling and development programs and expected growth in shareholder value; the characteristics and plans in respect of the Clearwater Assets; the amount to be raised pursuant to the Financings and the timing for the completion thereof; the number of Common Shares to be outstanding upon the completion of the Financings; the timing for the entering into, and the terms of, the revolving credit facility; the Company's drilling plans for the remainder of 2021 and 2022 and the benefits to be derived from such drilling including the production

growth and ability for the business plan to be fully funded; anticipated adjusted funds flow growth and the timing for free funds flow; the plans to pursue additional prospective land and de-risk existing acreage, including the delineation of exploratory lands that have been secured in the West Dawson and Cadotte areas; the funding contribution related to drilling commitments in connection with the Figure Lake GORR financing; 2022 average production levels; expectations respecting Rubellite's future exploration, development and drilling activities; the expected initial working capital and debt of Rubellite; the anticipated focus of Rubellite's business plan; the expected listing of the Common Shares and Warrants on the TSX, the expected timing of the issue of the Common Shares pursuant to Financings; the information contained under the heading "Rubellite Guidance" and other similar statements.

Statements relating to "reserves" and "resources" are also deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves or resources described exist in the quantities predicted or estimated and that the reserves or resources can be profitably produced in the future. Actual reserves may be greater than or less than the estimates provided herein. The estimated future net revenue from the production of the disclosed oil, natural gas liquids and natural gas reserves does not represent the fair market value of these reserves.

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 completion of the Financings; the ability of Rubellite to successfully operate the Clearwater Assets; forecast commodity prices and other pricing assumptions; forecast production volumes based on business and market conditions; foreign exchange rates; near-term pricing and continued volatility of the market; estimates of quantities of crude oil from properties and other sources not currently classified as proved; 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; estimated abandonment and reclamation costs, including associated levies and regulations applicable thereto; Rubellite's ability to operate under the management of Perpetual pursuant to the management services agreement; the ability of Rubellite to obtain and retain qualified staff and equipment in a timely and cost-efficient manner, as applicable; the successful listing of the Common Shares and Warrants on the TSX; the retention of key properties; forecast inflation 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 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 Perpetual's Management Information Circular dated August 4, 2021 and in other reports on file with Canadian securities regulatory authorities which may be accessed through the SEDAR website (www.sedar.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.

Non-GAAP Measures

The terms "adjusted funds flow" and "free funds flow" used in this news release are not recognized under GAAP. Management believes that in addition to net income (loss) and net cash flows from (used in) operating activities as defined by GAAP, these terms are useful supplemental measures to evaluate performance. Users are cautioned however that these measures should not be construed as an alternative to net income (loss) or net cash flows from (used in) operating activities determined in accordance with GAAP as an indication of Rubellite's performance and may not be comparable with the calculation of similar measurements by other entities.

Adjusted funds flow: Adjusted funds flow is calculated based on cash flows from (used in) 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.

Free funds flow: Free funds flow is defined as adjusted funds flow less total net capital expenditures. Total net capital expenditures is defined as total capital expenditures before acquisitions and non-core dispositions.

Reserve Estimates

The reserves estimates contained in this news release represent Rubellite's gross reserves as at June 1, 2021, and are defined under NI 51-101 as the Company's interest before deduction of royalties and without including any of our royalty interests. It should not be assumed that the present worth of estimated future net revenues represents the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserves estimates of the Company's crude oil reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil reserves may be greater than or less than the estimates provided herein.

All future net revenues are estimated using forecast prices, arising from the anticipated development and production of the Company's reserves, net of the associated royalties, operating costs, development costs, and decommissioning obligations and are stated prior to provision for finance and general and administrative expenses. Future net revenues have been presented on a before tax basis. Estimated values of future net revenue disclosed herein do not represent fair market value.

The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

Estimates of Drilling Locations

Unbooked drilling locations are the internal estimates of the Company based on the Clearwater 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 the Company by 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.

Oil and Gas Metrics

This news release contains certain oil and gas 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.

BOE Equivalents

Rubellite's aggregate proved and probable reserves are reported in barrels of oil equivalent (boe). Boes may be misleading, particularly if used in isolation. In accordance with NI 51-101 a boe conversion ratio for

natural gas of 6 Mcf: 1 boe has been used, which is based on an energy equivalency conversion method primarily applicable at the burner tip and does not necessarily represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

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

*bbl/d ... barrels per day
boe ... barrels of oil equivalent
boe/d ... barrels of oil equivalent per day
MMbbl ... million barrels*

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