

# Rubellite Energy Inc. Reports Third Quarter 2023 Financial And Operating Results, Completes Previously Announced Asset Acquisition And Increases 2023 Production Guidance

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CALGARY, Nov. 9, 2023 - (TSX: RBY) - [Rubellite Energy Inc.](#) ("Rubellite", or the "Company"), a pure play Clearwater oil exploration and development company, is pleased to report third quarter 2023 financial and operating results.

Select financial and operational information is outlined below and should be read in conjunction with Rubellite's unaudited condensed interim consolidated financial statements and related Management's Discussion and Analysis ("MD&A") for the third and nine months ended September 30, 2023, which are available through the Company's website at [www.rubelliteenergy.com](http://www.rubelliteenergy.com) and SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

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

The Company is pleased to announce that it has completed its previously announced acquisition of additional Clearwater oil within the Figure Lake and Edwanda areas as well as undeveloped land in the Nixon area of Northeast Alberta (the "Acquisition"). The Acquisition includes approximately 800 bbl/d of conventional heavy oil sales production, along with 215 net section (95% undeveloped) on the Southern Clearwater play trend for a total purchase price of \$34.0 million, subject to certain closing adjustments with an October 1, 2023 effective date. The Acquisition was funded through an expanded borrowing under Rubellite's revolving bank debt, supported by strong reserve additions driven by Rubellite's drilling activities at Figure Lake from the acquired assets.

Concurrent with the closing of the Acquisition, the borrowing limit on Rubellite's credit facility (the "Credit Facility") was reduced to \$60.0 million (December 31, 2022 - \$40.0 million). The Credit Facility will reduce by \$5.0 million at the end of each quarter in 2024, starting on March 31, 2024 to \$40.0 million at December 31, 2024. The initial term will remain the same at May 31, 2025, which may be extended a further twelve months to May 31, 2026, subject to lender approval. The next semi-annual borrowing redetermination is scheduled on or before, May 31, 2024. Rubellite will be drawn approximately \$40.0 million on its Credit Facility at the end of November after closing the Acquisition.

## THIRD QUARTER 2023 HIGHLIGHTS

- Achieved third quarter conventional heavy oil sales production of 3,154 bbl/d, representing a 79% year-over-year increase and an 11% increase from Q2 2023, driven by positive drilling results.
- Invested \$11.2 million in development capital expenditures<sup>(1)</sup>, excluding land purchases, to drill six (6.0 net) multi-stage horizontal wells at Figure Lake, with five (5.0 net) wells progressively contributing to sales production during the third quarter and the sixth well recovering its oil-based mud load fluid until September 30<sup>th</sup>. One (1.0 net) additional well at Figure Lake was spud on September 19, 2023 and was rig released on October 2, 2023 with a majority of the capital being spent during the third quarter of 2023.
- Land acquisition and geologic spending of \$0.1 million to acquire 1.0 net section of land, bringing the total for 2023 to \$0.1 million for an additional 24.0 net sections of land and seismic expenditures at Figure Lake.
- Generated adjusted funds flow<sup>(1)</sup> of \$15.6 million (\$0.25 per share), a 141% increase year-over-year, driven by production increases, and a 30% increase from Q2 2023 on higher production and stronger WCS prices, partially offset by higher energy and transportation costs.

- Generated net income of \$3.9 million (\$0.06/share) in the third quarter of 2023.
- Net debt<sup>(1)</sup> was \$16.5 million at September 30, 2023, with a net debt to Q3 2023 annualized adjusted funds flow<sup>(1)</sup> times.
- Rubellite had available liquidity<sup>(1)</sup> at September 30, 2023 of \$30.6 million, comprised of the then \$40.0 million borrowed on the Credit Facility, less current borrowings of \$9.5 million.

(1) Non-GAAP financial measure, non-GAAP ratio or supplementary financial measure. See "Non-GAAP and Other Financial Measures" in this news release and in the MD&A.

## OUTLOOK AND GUIDANCE

Rubellite expects to spend approximately \$20 - \$22 million in the fourth quarter of 2023 to drill, complete, equip and tie-in (11.0 net) multi-lateral development infill and step-out wells at Figure Lake, unchanged from previous guidance. Additionally, the Company expects to spend approximately \$2.0 million for the pre-purchase of tubulars and production equipment in support of the 2024 drilling program, pre-purchase of long-lead items and engineering costs for Rubellite's gas gathering infrastructure at Figure Lake, and the decision to immediately go to a high-graded all weather road for the BLMS 5-32 pad based on the cost offsetting 15-24 pad. This brings total expected exploration and development capital spending for 2023 to \$64 - \$66 million. Forecast drilling activities are expected to be funded from adjusted funds flow and the Credit Facility.

Current conventional heavy oil production, based on field estimates for the last two weeks of October is approximately 3,225 bbl/d, driven by continued strong early time performance from new development wells in the Figure Lake area. Factoring in all available curve results from the recently drilled wells, type curve performance from the remaining 2023 drilling program at Figure Lake, after giving effect to the Acquisition, production sales volumes are expected to average between 3,225 - 3,300 bbl/d for the fourth quarter of 2023 of 3,900 - 4,200 bbl/d, up from previous guidance announced October 19, 2023 incorporating the effect of the Acquisition of 3,100 - 3,200 bbl/d, and up from the 2,900 - 3,100 bbl/d production guidance provided with the Company's second quarter report on August 10, 2023.

Capital spending, drilling activity and operational guidance for 2023 is as outlined in the table below:

	Previous 2023 Guidance <sup>(1)</sup>	Revised 2023 Guidance
Sales Production (bbl/d)	3,100 - 3,200	3,225 - 3,300
Development (\$ millions) <sup>(2)(3)</sup>	\$55 - \$57	\$57 - \$59
Multi-lateral development wells (net) <sup>(2)</sup>	27.0	27.0
Exploration spending (\$ millions) <sup>(2)(3)</sup>	\$7	\$7
Exploration wells (net)	3	2.5
Heavy oil wellhead differential (\$/bbl) <sup>(2)</sup>	\$5.00 - \$6.00	\$5.00 - \$6.00
Royalties (% of revenue) <sup>(2)</sup>	9.5% - 10.5%	9.5% - 10.5%
Production & operating costs (\$/boe) <sup>(2)</sup>	\$6.50 - \$7.00	\$6.50 - \$7.00
Transportation costs (\$/boe) <sup>(2)</sup>	\$7.50 - \$8.00	\$7.50 - \$8.00
General & administrative costs (\$/boe) <sup>(2)</sup>	\$5.50 - \$6.00	\$5.50 - \$6.00

(1) Previous guidance dated October 19, 2023.

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

(3) Excludes land and acquisition spending.

## SUMMARY OF QUARTERLY RESULTS

	Three months ended September 30, Nine months ended September 30		
(\$ thousands, except as noted)	2023	2022	2023
Financial			
Oil revenue	25,777	13,654	61,744
Net income (loss) and comprehensive income (loss)	3,942	10,426	9,038
Per share - basic <sup>(1)</sup>	0.06	0.19	0.15
Per share - diluted <sup>(1)</sup>	0.06	0.19	0.15
Cash flow from operating activities	14,957	(745)	36,428
Adjusted funds flow <sup>(2)</sup>	15,554	6,459	37,234
Per share - basic <sup>(1)(2)</sup>	0.25	0.12	0.60
Per share - diluted <sup>(1)(2)</sup>	0.25	0.12	0.62
Net debt (asset)	16,455	(2,654)	16,455
Capital expenditures <sup>(2)</sup>	11,330	22,476	45,211
Exploration and development	11,203	21,921	42,384
Land, seismic and acquisitions	127	555	2,827
Wells Drilled <sup>(3)</sup> - gross (net)	6 / 6.0	16 / 15.3	19 / 18.5
Common shares outstanding <sup>(1)</sup> (thousands)			
Weighted average - basic	61,956	54,748	59,640
Weighted average - diluted	62,597	55,265	60,325
End of period	62,413	54,725	62,413
Operating			
Daily average oil sales production <sup>(4)</sup> (bbl/d)	3,154	1,760	2,997
Average prices			
West Texas Intermediate ("WTI") (\$US/bbl)	82.18	91.64	77.37
Western Canadian Select ("WCS") (\$CAD/bbl)	92.97	93.6	80.42
Average realized oil price <sup>(2)</sup> (\$/bbl)	88.85	84.31	75.47
Average realized oil price after risk management contracts <sup>(2)</sup> (\$/bbl)	82.15	65.82	74.23

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

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

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

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

## ABOUT RUBELLITE

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

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

## ADVISORIES

### BOE VOLUME CONVERSIONS

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

## ABBREVIATIONS

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

bbl barrels

bbl/d barrels per day

boe barrels of oil equivalent

WCS Western Canadian select, the benchmark price for conventional produced crude oil in Western Canada

### INITIAL PRODUCTION RATES

Any references in this news release to initial production rates are useful in confirming the presence of hydrocarbons; however, such rates are not 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 (used in) operating activities, and cash flow from (used in) investing activities, as indicators of Rubellite's performance.

### Non-GAAP Financial Measures

**Capital Expenditures:** Rubellite uses capital expenditures related to exploration and development to measure

its capital investments compared to the Company's annual capital budgeted expenditures. Rubellite's capital budget excludes acquisition and disposition activities.

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

	Three months ended September 30, Nine months ended September 30,			
	2023	2022	2023	2022
Net cash flows used in investing activities	(12,129)	(9,064)	(55,541)	(55,044)
Change in non-cash working capital	(799)	13,412	(10,330)	15,648
Capital expenditures	(11,330)	(22,476)	(45,211)	(70,692)
Property, plant and equipment expenditures	(11,177)	(17,902)	(30,429)	(48,188)
Exploration and evaluation expenditures	(153)	(4,574)	(14,782)	(22,504)
Capital expenditures	(11,330)	(22,476)	(45,211)	(70,692)

Net Debt: 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, 2023	As of December 31, 2022
Current assets	11,674	13,262
Current liabilities	(21,002)	(28,802)
Working capital (surplus) deficiency	9,328	15,540
Risk management contracts - current asset	147	1,437
Risk management contracts - current liability	(2,470)	(749)
Adjusted working capital (surplus) deficiency	7,005	16,228
Bank indebtedness	9,450	12,000
Net debt	16,455	28,228

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)	2023	2022	2023	2022
Net cash flows from operating activities	14,957	(745)	36,428	8,920
Change in non-cash working capital	594	7,204	803	5,971
Decommissioning obligations settled	3	-	3	-
Adjusted funds flow	15,554	6,459	37,234	14,891
Adjusted funds flow per share - basic	0.25	0.12	0.60	0.27
Adjusted funds flow per share - diluted	0.25	0.12	0.62	0.29
Adjusted funds flow per boe	53.61	39.89	45.51	36.41

Net debt to Q3 2023 annualized adjusted funds flows: Net debt to Q3 2023 annualized adjusted funds flows is calculated as net debt/(asset) divided by the annualized adjusted funds flow for the most recently completed quarter. Management considers net debt to annualized adjusted funds flow as a key measure to assess the Company's ability to fund future capital requirements and/or pay down debt, using the most recent quarters' results.

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 and expenditures on decommissioning obligations, and to meet its financial obligations.

#### Non-GAAP Financial Ratios

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

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

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

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

#### Supplementary Financial Measures

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

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

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

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

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

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

## FORWARD-LOOKING INFORMATION

Certain information in this news release including management's assessment of future plans and operations, and including the information contained under the heading "Outlook and Guidance" may constitute forward-looking information or statements (together "forward-looking information") under applicable securities laws. The forward-looking information includes, without limitation, statements with respect to: the anticipated closing of the Acquisition, future capital spending for the remainder of 2023, production and various cost forecasts; the anticipated sources of funds to be used for capital spending; expectations as to drilling activity and the benefits to be derived from such drilling including 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 "Outlook and Guidance" and "About Rubellite".

Forward-looking information is based on current expectations, estimates and projections that involve a number of known and unknown risks, which could cause actual results to vary and in some instances to differ materially from those anticipated by Rubellite and described in the forward-looking information contained in this news release. In particular and without limitation of the foregoing, material factors or assumptions on which the forward-looking information in this news release is based include: the successful operation of the Clearwater assets; forecast commodity prices and other pricing assumptions; forecast production volumes based on business and market conditions; foreign exchange and interest rates; near-term pricing and continued volatility of the market; accounting estimates and judgments; future use and development of technology and associated expected future results; the 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); Rubellite's ability to operate under the management of [Perpetual Energy Inc.](#) pursuant to the management and operating services agreement; the ability of Rubellite to obtain and retain qualified staff and equipment in a timely and cost-efficient manner, as applicable; the retention of key properties; forecast inflation, supply chain access and other assumptions inherent in Rubellite's current guidance and estimates; climate change; severe weather events (including wildfires); 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; cybersecurity breaches; the ongoing and future impact of pandemics (including COVID-19); and the war in Ukraine and related sanctions on commodity prices and the global economy, and the Israel-Hamas war, 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, 2022 and in other reports on file with Canadian securities regulatory authorities which may be accessed through the SEDAR+ website [www.sedarplus.ca](http://www.sedarplus.ca) and at Rubellite's website [www.rubelliteenergy.com](http://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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