Rubellite Energy Inc. Reports Fourth Quarter And Full Year 2023 Financial And Operating Results And Year-end 2023 Reserves

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And Provides Operations Update And First Quarter And Full Year 2024 Guidance

CALGARY, March 14, 2024 - Rubellite Energy Inc. (TSX: RBY) ("Rubellite", or the "Company"), a pure play Clearwater oil exploration and development company, is pleased to report fourth quarter and full year 2023 financial and operating results, select information from the Company's independent year-end 2023 reserve report, evaluated by McDaniel and Associates Consultants Ltd. ("McDaniel"), provides an operations update for the first quarter of 2024 and provides first quarter and full year 2024 guidance. A copy of Rubellite's audited financial statements, Management's Discussion and Analysis ("MD&A") and Annual Information form for the year ended December 31, 2023 will be available on the Company's website at www.rubelliteenergy.com and Sedar+ at www.sedarplus.ca.

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

FOURTH QUARTER AND FULL YEAR 2023 HIGHLIGHTS

- Achieved fourth quarter conventional heavy crude oil sales production of 4,209 bbl/d, representing a 93% year-over-year increase and an 33% increase from Q3 2023, driven by positive drilling results and its previously announced asset acquisition completed in November 2023. 2023 sales production of 3,302 bbl/d exceeded guidance and increased 98% relative to 2022.
- Generated adjusted funds flow(1) of $17.1 million ($0.27 per share) in the fourth quarter of 2023, an 82% increase over the comparative period, driven by production increases, and a 9% increase from Q3 2023 on higher production, partially offset by lower Western Canadian Select ("WCS") pricing.
- Posted strong Finding and Development ("F&D") costs of $20.38/boe on a total proved plus probable producing and $18.03/boe on a total proved plus probable basis, with a recycle ratio of 2.6x and 2.9x, respectively, based on Rubellite's 2023 operating netback.
- Invested $25.1 million in development capital expenditures(1), excluding land purchases, to drill eleven (11.0 net) multi-lateral horizontal wells at Figure Lake, with eight (8.0 net) wells which progressively contributed to sales production during the fourth quarter. One (1.0 net) additional well at Figure Lake was spud on December 15, 2023 and was rig released on January 6, 2024 with a majority of the capital being spent during the fourth quarter of 2023.
- Land purchases in the quarter were $1.2 million, bringing total land expenditures for 2023 to $4.0 million. In 2023, Rubellite added 28.0 net sections of land, and fulfilled its four well drilling commitment on the 20.0 net sections acquired under a Land Acquisition and Drilling Agreement with the Buffalo Lake Métis Settlement ("BLMS"). Including the 215 net sections of land acquired in the November 2023 asset acquisition and net of expiries, the Company held 471.1 net sections of land in the Clearwater formation at December 31, 2023.

- Acquisition spending of $33.2 million, net of customary closing adjustments to acquire approximately 800 bbl/d of heavy crude oil production which contributed 436 bbl/d to fourth quarter 2023 production attributed to fifteen (15.0 net) wells, 107 net sections of Clearwater lands as well as 108 net sections of undeveloped lands in the Nixon area in the Northern Clearwater area.

- Proceeds on disposition of $8.0 million related to the closing of a 1.5% non-convertible royalty sale which converts to a 1.0% royalty after payout.

- Generated net income of $9.5 million ($0.15/share) in the fourth quarter of 2023.

- Net debt(1) was $51.0 million at December 31, 2023, with a net debt to Q4 2023 annualized adjusted funds flow(1) ratio of 0.8 times.

- Rubellite had available liquidity(1) at December 31, 2023 of $27.3 million, comprised of the then $57.0 million borrowing limit on the Credit Facility, less current borrowings of $29.3 million and outstanding letters of credit of $0.4 million.

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

OPERATIONS UPDATE

A total of eleven (11.0 net) wells were rig released in Rubellite's two-rig, fourth quarter development drilling program at Figure Lake and were a combination of seven (7.0 net) development wells and four (4.0 net) step-out wells. These wells began to contribute materially to the ramp up of oil sales production volumes throughout December, peaking in January 2024 as new multi-lateral wells from the two-rig Q4/23 drilling program were rig released and achieved full recovery of oil-based drilling mud ("OBM"). OBM is not recorded as sales production as the OBM is recovered and re-used in future drilling operations to the maximum extent possible or, when no longer re-usable it is sold, and in both cases credited back to drilling capital.

During the fourth quarter, development drilling operations were focused on three pads including: finishing the last two of eight wells on the pad at 15-24-63-18W4 (the "15-24 Pad"); drilling four (4.0 net) horizontal multi-lateral wells at a new development pad at 9-3-63-18W4 (the "9-3 Pad"); and drilling one (1.0 net) horizontal multi-lateral development well on a new development pad to the north at 14-22-63-18W4 (the "14-22 Pad").

The Company is pleased with the step out drilling program executed by the second rig which was windowed in during the fourth quarter. Four (4.0 net) step out wells were drilled and rig released during the fourth quarter, including two new drills from a pad on the Buffalo Lake Métis Settlement ("BLMS") at 5-32-63-17W4 (the "5-32 Pad"); and one well on each of two pads south of Figure Lake at 6-19-62-18W4 (the "6-19 Pad") and 5-24-62-18W4 (the "5-24 Pad"). Both new step-out wells drilled at the BLMS 5-32 Pad have recovered their OBM load fluid and progressed through their respective IP30 production periods, recording strong IP30 rates of 325 and 168 bbl/d respectively, as compared to the Figure Lake type curve(1) IP30 of 119 bbl/d. Rubellite's four well commitment on the BLMS lands is now fully satisfied. The step-out well drilled on the 6-19 Pad in the fourth quarter, which straddled legacy Rubellite lands as well as lands acquired in November 2023 as part of the Acquisition, fully recovered its OBM during the last week of December and is performing very strong, recording an average IP30 production rate of 256 bbl/d. The step-out well drilled on the 5-24 Pad recovered its OBM load fluid and is producing sales oil at an initial rate below the Figure Lake type curve and with a high water cut. Based on early time production performance to date, two of these four Figure Lake step out wells are Rubellite's most prolific performers drilled to date since the Company's inception, and have served to extend the development trend at Figure Lake to both the North and South.

Rubellite has utilized one drilling rig during the first quarter of 2024 and intends to keep this drilling rig running continuously at Figure Lake through break up in late March, to drill a total of six (6.0 net) multi-lateral horizontal wells along with one (1.0 net) vertical stratigraphic evaluation well during the first quarter of 2024. One additional development well was rig released on the 14-22 Pad in mid-January. Given ungulate restrictions, drilling operations shifted to the south end of Figure Lake to drill two wells on lands added through the Acquisition at a pad in Edwand at 3-17-61-17W4 (the "3-17 Pad"), applying an OBM drilling fluid system to this pool to compare to the water-based mud results from wells drilled by the previous operator. Two additional multi-lateral horizontal wells have recently been rig released on the 6-19 Pad and the drilling rig has now moved back to the 5-32 Pad on the BLMS to drill six additional wells, one of which is expected to be rig released and begin load oil recovery prior to the end of the first quarter.

In early January, Rubellite re-activated its horizontal multi-lateral Northern Exploration well at Dawson

(5-16-81-16W5) which was rig released in late January 2023. The Company plans to monitor production performance through the winter operating season.

The existing rig will continue to drill an additional eighteen (18.0 net) wells at Figure Lake over the last nine months of 2024, with a second rig anticipated to arrive as early as late in the second quarter to drill up to ten (10.0 net) additional development / step-out delineation multi-lateral horizontal wells at Figure Lake over the balance of the year.

Permitting is underway and equipment has been ordered to construct a sales gas plant at Figure Lake to direct solution gas to sales beginning in the first quarter of 2025. By utilizing existing pipeline infrastructure acquired from legacy shallow gas producers in the area, the solution gas tie-in project will not only significantly reduce emissions from the Figure Lake property where natural gas is currently being incinerated on multiple pad sites, it is also economically attractive, with a forecast rate of return of >75% on the approximately $7 million capital investment, with project payout expected in 2026 based on current forward natural gas prices.

Rubellite also plans to continue exploration activities to pursue additional prospective land capture and de-risk acreage during 2024.

(1) Type curve assumptions are based on the Total Proved plus Probable Undeveloped reserves contained in the McDaniel Reserve Report as disclosed in the Company's Annual Information Form which will be available under the Company's profile on SEDAR+ at www.sedarplus.ca. "McDaniel" means McDaniel & Associates Consultants Ltd. independent qualified reserves evaluators. "McDaniel Reserve Report" means the independent engineering evaluation of the heavy crude oil and conventional natural gas reserves, prepared by McDaniel with an effective date of December 31, 2023 and a preparation date of March 14, 2024.

OUTLOOK AND GUIDANCE

Rubellite expects exploration and development capital spending to be approximately $12 - $13 million in the first quarter of 2024 to drill, complete, equip and tie-in six (6.0 net) multi-lateral horizontal development wells at Figure Lake/Edwand and to drill and core one (1.0 net) vertical stratigraphic evaluation well. Forecast drilling activities will be funded from adjusted funds flow, with excess free funds flow applied to reduce net debt.

Factoring in recent drilling performance and type curve expectations for the remaining first quarter 2024 drilling program at Figure Lake/Edwand, production sales volumes are expected to grow approximately 6% to 7% sequentially from the fourth quarter of 2023 to average between 4,450 - 4,500 bbl/d for Q1 2024.

With the addition of a second drilling rig as early as late in the second quarter of 2024, Rubellite expects to spend $70 to $75 million for 2024 which includes the drilling of up to thirty four (34.0 net) multi-lateral development / step-out wells in the greater Figure Lake area and $7.0 million of capital spending required for the Figure Lake gas sales plant and related pipeline tie-ins. Also included is investment in the drilling of one well (0.3 net) to initiate waterflood at Marten Hills and ongoing exploration activities.

Production sales volumes are expected to grow over 39% to 48% year-over-year to average 4,600 - 4,900 boe/d and exit the year at 5,000 - 5,200 boe/d, poised for continued growth into 2025 with strong oil production and the addition of natural gas volumes in the first quarter of 2025.

Capital spending, drilling activity and operational guidance for the first quarter and full year 2024 is as outlined in the table below:

	Q1 2024 Guidance	2024 Guidance
Sales Production (bbl/d)	4,450 - 4,500	4,600 - 4,900
Exploration and Development spending ($ millions)[2][3]	$12 - $13	$70 - $75
Multi-lateral development / step-out wells (net)[2]	6.0	Up to 34.0
Heavy oil wellhead differential ($/bbl)[2]	$6.50 - $7.00	$6.50 - $7.00
Royalties (% of revenue)[2]	11.0% - 12.0%	11.0% - 12.0%
Production & operating costs ($/boe)[2]	$6.50 - $7.00	$6.00 - $6.50
Transportation costs ($/boe)[2]	$7.50 - $8.00	$7.50 - $8.00
General & administrative costs ($/boe)[2]	$5.50 - $6.00	$5.50 - $6.00

(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.

(2) Includes $1.4 million for the Figure Lake gas conservation project in Q1 2024 and $7.0 million for full year 2024.

(3) Excludes land and seismic acquisition spending.

YEAR-END 2023 RESERVES

Rubellite's proved plus probable reserves[1] at year-end 2023 are 16.0 MMboe, comprised of 93% heavy crude oil (2022 - 10.3 MMboe). Reserve additions grew total Company proved plus probable reserves by 5.7 MMboe (56%) year-over-year, replacing production of 1.2 MMboe by close to 6 times.

Highlights include:

- Total proved reserves were 10.0 MMboe at year-end 2023, representing 62% of the Company's proved plus probable reserves (2022 - 59%) and a 64% increase over 2022;
- Total proved developed producing reserves were 5.3 MMboe at year-end 2023, an increase of 77% over year-end 2022 and representing 33% of the Company's proved plus probable reserves (2022 - 3.0 MMboe; 29% of proved plus probable reserves);
- Proved plus probable producing reserves were 7.1 MMboe at December 31, 2023, representing 44% of total proved plus probable reserves (2022 - 3.9 MMboe; 38%);
- Finding and Development ("F&D") costs and Finding Development and acquisition ("FD&A") costs, including changes in Future Development Capital ("FDC") were:
  - F&D:
    - Proved developed producing reserves: $24.22/boe
    - Total proved reserves: $22.78/boe
    - Total proved plus probable developed producing reserves: $20.38/boe
    - Total proved plus probable reserves: $18.03/boe
  - FD&A:
    - Proved Developed Producing reserves: $27.23/boe
    - Total proved reserves: $25.40/boe
    - Total proved plus probable developed producing reserves: $22.43/boe
    - Total proved plus probable reserves: $19.63/boe

- Strong annual operating netback of $53.14/boe and relatively low cost reserve additions delivered recycle ratios of:
    - Recycle ratio, excluding acquisitions
        - Proved developed producing reserves: 2.2x
        - Total proved reserves: 2.3x
        - Total proved plus probable developed producing reserves: 2.6x
        - Total proved plus probable reserves: 2.9x
    - Recycle ratio, including acquisitions:
        - Proved Developed Producing reserves: 2.0x
        - Total proved reserves: 2.1x
        - Total proved plus probable developed producing reserves: 2.4x
        - Total proved plus probable reserves: 2.7x
- The McDaniel Report includes seventy five (71.9 net) booked undeveloped drilling locations, sixty two (61.0 net) of which are in the greater Figure Lake area.
- The Figure Lake type curve(1) total proved plus probable reserves is unchanged at 130 Mboe per well with future development costs holding flat at $1.9 million per well as drilling efficiency gains offset inflationary pressures. The Figure Lake type curve IP30 rate increased slightly to 119 bbl/d from the YE 2022 type curve IP30 of 116 bbl/d due to the positive performance data from 2023 wells exceeding the IP30 rates of the prior years' drilling program.
- Based on the three consultant average price (McDaniel, GLJ, Sproule) forecasts (the "Consultant Average Price Forecast") used by McDaniel, the net present value ("NPV") of Rubellite's total proved plus probable reserves (discounted at 10%) before income tax, was $322.1 million (2022 - $215.2 million). The 50% NPV increase related primarily to the similar year-over-year increase in reserves.
- All abandonment, decommissioning and reclamation obligations are included in the reserve report, consistent with year-end 2022. Decommissioning obligations for wells assigned reserves are forecast to occur at end of life while the additional costs expected to be incurred to abandon and reclaim non-reserve wells, facilities and pipelines are forecast in accordance with regulatory asset retirement obligation spending requirements for inactive wells.
- Rubellite's undeveloped land at year-end 2023, was independently assessed in the Seaton-Jordan Report (3), at $40.7 million, an increase of 30% from $31.4 million at year-end 2022.
- Based on the Consultant Average Price Forecast, Rubellite's reserve-based net asset value ("NAV")(2) (discounted at 10%) at year-end 2023, inclusive of the independent assessment of undeveloped land and net of the Company's year-end 2023 total net debt and other obligations of $41.0 million, which includes $51.0 million of net debt and a gain on financial hedges based on the Consultant Average Price Forecast as of January 1, 2024 of $10.0 million, is estimated at $321.3 million ($5.14 per share) as compared to $218.4 million ($3.99 per share) at year-end 2022. On a proved basis, Rubellite's NAV (discounted at 10%), excluding any value for undeveloped land and net of the Company's year-end 2023 total net debt and other obligations, is estimated at $165.0 million ($2.64 per share).

(1) Type curve assumptions are based on the Total Proved plus Probable Undeveloped reserves contained in the McDaniel Reserve Report as disclosed in the Company's Annual Information Form which will be available under the Company's profile on SEDAR+ at www.sedarplus.ca. "McDaniel Reserve Report" means the independent engineering evaluation of the Company's 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.

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

(3) The value of Rubellite's undeveloped land was assessed by an independent third party, Seaton-Jordan & Associates Ltd., as at December 31, 2023 in a report dated February 5, 2024 (the "Seaton-Jordan Report"). Estimates of the value of Rubellite's undeveloped acreage was prepared in accordance with NI 51-101 5.9(1)(e) for purposes of the net asset value calculation and is based on past Crown land sale activity, adjusted for nearby land and operating netbacks. No undeveloped land value is assigned where proved and/or probable undeveloped reserves have been booked.

ANNUAL FINANCIAL AND OPERATIONAL RESULTS

($ thousands, except as noted)	2023	2022	2021[1]
Financial			
Oil revenue	88,968	54,491	4,923
Net income	18,561	24,605	7,702
Per share - basic[4]	0.31	0.47	0.34
Per share - diluted[4]	0.30	0.47	0.33
Total Assets	271,153	204,030	115,862
Cash flow from operating activities	55,391	23,870	1,115
Adjusted funds flow[2]	54,157	23,036	1,595
Per share - basic[3][4]	0.90	0.44	0.07
Per share - diluted[3][4]	0.89	0.44	0.07
Net debt (asset)	50,984	(2,654)	(5,375)
Capital expenditures[2]			
Capital expenditures, including land and other[2]	71,530	94,207	17,358
Acquisition	33,173	-	55,322
Proceeds on disposition	(7,990)	-	-
Capital expenditures, after acquisition and dispositions	96,713	94,207	72,680
Common shares (thousands)			
Weighted average - basic	60,346	52,093	22,702
Weighted average - diluted	61,075	52,471	23,228
Operating			
Daily average oil sales production (bbl/d)[5]	3,302	1,670	593
Rubellite average realized oil price[3]			
Average realized oil price ($/bbl)	73.82	89.38	69.76
Average realized oil price - after risk management contracts($/bbl)	73.56	67.82	71.20

(1) The 2021 comparable period reflects operating results from September 3, 2021, the effective date of the Arrangement, to December 31, 2021. No comparative information available for 2020.

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

(3) Non-GAAP ratio. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this news release for an explanation of composition.

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

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

SUMMARY OF QUARTERLY RESULTS

	Three months ended December 31,		Twelve months ended	
($ thousands, except as noted)	2023	2022	2023	202
Financial				
Oil revenue	27,224	14,329	88,968	54,
Net income (loss) and comprehensive income (loss)	9,523	18,725	18,561	24,
Per share - basic[1]	0.15	0.34	0.31	0.4
Per share - diluted[1]	0.15	0.34	0.30	0.4
Cash flow from operating activities	18,963	14,950	55,391	23,
Adjusted funds flow[2]	16,923	8,145	54,157	23,
Per share - basic[1][2]	0.27	0.15	0.90	0.4
Per share - diluted[1][2]	0.27	0.15	0.89	0.4
Net debt (asset)	50,984	(2,654)	50,984	(2,6
Capital expenditures[2]				
Capital expenditures, including land and other[2]	26,320	23,515	71,530	94,
Acquisition	33,173	-	33,173	-
Proceeds on disposition	(7,990)	-	(7,990)	-
Capital expenditures, after acquisition and dispositions	51,503	23,515	96,713	94,
Wells Drilled[3] - gross (net)	11 / 11.0	11 / 8.9	30 / 29.5	45
Common shares outstanding[1] (thousands)				
Weighted average - basic	62,440	54,824	60,346	52,
Weighted average - diluted	62,958	55,202	61,075	52,
End of period	62,456	54,725	62,456	54,
Operating				
Daily average oil sales production[4] (bbl/d)	4,209	2,181	3,302	1,6
Average prices				
West Texas Intermediate ("WTI") ($US/bbl)	78.32	82.64	77.62	94.
Western Canadian Select ("WCS") ($CAD/bbl)	76.84	77.33	79.46	98.
Average realized oil price[2] ($/bbl)	70.31	71.42	73.82	89.
Average realized oil price after risk management contracts[2] ($/bbl)	72.12	68.05	73.56	67.

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

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

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

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

ABOUT RUBELLITE

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

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

ADVISORIES

RESERVE DATA AND OTHER METRICS

There are numerous uncertainties inherent in estimating quantities of crude oil, natural gas and natural gas liquids ("NGL") reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth above are estimates only. In general, estimates of economically recoverable crude oil, natural gas and NGL reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially. For those reasons, estimates of the economically recoverable crude oil, NGL and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. The Company's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

All evaluations and reviews of future net revenue are stated prior to any provisions for interest costs or general and administrative costs and after the deduction of estimated future capital expenditures for wells to which reserves have been assigned. The after-tax net present value of the Company's oil and gas properties reflects the tax burden on the properties on a stand-alone basis and utilizes the Company's tax pools. It does not consider the corporate tax situation, or tax planning. It does not provide an estimate of the after-tax value of the Company, which may be significantly different. The Company's financial statements and the MD&A should be consulted for information at the level of the Company.

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 effects of aggregations. The estimated values of future net revenue disclosed in this news release do not represent fair market value. There is no assurance that the forecast prices and cost assumptions used in the reserve evaluations will be attained and variances could be material.

This news release contains metrics commonly used in the oil and gas industry, such as; FDC, F&D, FD&A costs and recycle ratio. These terms have been calculated by management and do not have a standardized meaning and may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons. Such metrics have been included in this news release 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.

Finding and Development Capital ("FDC") means the aggregate exploration and development costs incurred on reserves that are categorized as development reserves. Development capital presented herein includes land expenditures and excludes capitalized administrations costs and the cost of acquisitions.

Finding and development ("F&D") costs are calculated as the sum of field capital plus the change in FDC for the period divided by the change in reserves that are characterized as development for the period and takes into account reserve revisions during the year on a per boe basis. The aggregate of the exploration and development costs incurred in the financial year and changes during that year in estimated future development costs generally will not reflect total finding and development costs related to reserve additions for that year.

Finding, development and acquisition ("FD&A") costs are calculated as the sum of development costs, acquisition and disposition costs and the change in FDC for the period, divided by the reserves within the applicable reserves category, including changes due to acquisitions and dispositions.

Recycle ratio is measured by dividing the operating netback for the applicable period by F&D costs per boe for the year. The recycle ratio compares the netback from existing reserves to the cost of finding new reserves and may not accurately indicate the investment success unless the replacement reserves are equivalent quality as the produced reserves.

The reserve data provided in this news release presents only a portion of the disclosure required under NI 51-101. All of the required information will be contained in the Company's Annual Information Form for the year ended December 31, 2023, which will be filed on SEDAR+ (accessible at www.sedarplus.ca) on or before April 1, 2024.

BOE VOLUME CONVERSIONS

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

ABBREVIATIONS

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

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

OIL AND GAS RESERVE DEFINITIONS

Reserves: are estimated remaining quantities of crude oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of capital assumptions, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are classified according to the degree of certainty associated with the estimates as follows.

Proved Reserves: are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

Probable Reserves: are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the estimated proved plus probable reserves.

INITIAL PRODUCTION RATES

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

NON-GAAP AND OTHER FINANCIAL MEASURES

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

Non-GAAP Financial Measures

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

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

	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
Net cash flows used in investing activities	(38,813)	(31,222)	(94,354)	(86,266)
Acquisitions	(33,173)	-	(33,173)	-
Dispositions	7,990	-	7,990	-
Change in non-cash working capital	12,689	(7,707)	2,359	7,941
Capital expenditures	(26,319)	(23,515)	(71,530)	(94,207)
Property, plant and equipment expenditures	(13,231)	(19,438)	(43,660)	(67,626)
Exploration and evaluation expenditures	(13,088)	(4,077)	(27,870)	(26,581)
Capital expenditures	(26,319)	(23,515)	(71,530)	(94,207)

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 December 31, 2023	As of December 31, 2022
Current assets	21,061	13,262
Current liabilities	(34,009)	(28,802)
Working capital (surplus) deficiency	12,948	15,540
Risk management contracts - current asset	8,796	1,437
Risk management contracts - current liability	-	(749)
Decommissioning liabilities - current liability	77	-
Adjusted working capital (surplus) deficiency	21,667	16,228
Bank indebtedness	29,317	12,000
Net debt	50,984	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 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 as they relate to the acquisition of Clearwater assets.

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 December 31,		Twelve months ende	
($ thousands, except as noted)	2023	2022	2023	20
Net cash flows from operating activities	18,963	14,950	55,391	23
Change in non-cash working capital	(2,040)	(6,805)	(1,237)	(8
Decommissioning obligations settled	-	-	3	-
Adjusted funds flow	16,923	8,145	54,157	23
Transaction Costs	147	-	147	-
Adjusted funds flow - pre transaction costs	17,070	8,145	54,304	23
Adjusted funds flow per share - basic	0.27	0.15	0.87	0.
Adjusted funds flow per share - diluted	0.27	0.15	0.89	0.
Adjusted funds flow per boe	43.71	40.60	44.93	37
Adjusted funds flow per share - pre transaction costs - basic	0.27	0.15	0.90	0.
Adjusted funds flow per share - pre transaction costs - diluted	0.27	0.15	0.89	0.
Adjusted funds flow per boe - pre transaction costs	44.09	40.60	45.06	37

Net debt to Q4 2023 annualized adjusted funds flows: Net debt to Q4 2023 annualized adjusted funds flows is calculated as net debt 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, expenditures on decommissioning obligations and to meet its financial obligations.

Net Asset Value ("NAV"): Total proved plus probable reserves as per the McDaniel reserves report as at December 31, 2023, plus independently verified third party valuation of undeveloped lands, less net debt. This measure is used to show the net asset value of the Company at a point in time under which the reserves are produced at forecast future prices and costs.

Non-GAAP Financial Ratios

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

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

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

Adjusted funds flow per boe: Adjusted funds flow per boe is calculated as adjusted funds flow divided by total

production sold in the period.

Supplementary Financial Measures

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

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

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

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

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

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

FORWARD-LOOKING INFORMATION

Certain information in this news release including management's assessment of future plans and operations, and including the information contained under the headings "Operations Update" and "Outlook and Guidance" may constitute forward-looking information or statements (together "forward-looking information") under applicable securities laws. The forward-looking information includes, without limitation, statements with respect to: the expectation that one drilling rig will run continuously at Figure Lake until break-up in late March; the number of wells to be drilled during the first quarter of 2024; the expectation that the Company will continue with a one rig program through break-up to drill six additional wells on the BLMS 5-32 Pad; the plan to monitor production performance through the winter operating season prior to investing in construction of an all-weather road to allow for year-round operations; the plan to continue exploration activities to pursue additional prospective land capture and de-risk acreage during the first quarter of 2024; anticipated exploration and development capital spending levels in the first quarter of 2024; the expectation that forecast activities will be funded from adjusted funds flow, with excess free funds flow applied to reduce net debt; expectations respecting Rubellite's future exploration, development and drilling activities and Rubellite's business plan; and including the other information and statements contained under the heading "Outlook and Guidance" and "About Rubellite".

Forward-looking information is based on current expectations, estimates and projections that involve a number of known and unknown risks, which could cause actual results to vary and in some instances to differ materially from those anticipated by Rubellite and described in the forward-looking information contained in this news release. In particular and without limitation of the foregoing, material factors or assumptions on which the forward-looking information in this news release is based include: the successful operation of the Clearwater assets; forecast commodity prices and other pricing assumptions; forecast production volumes based on business and market conditions; foreign exchange and interest rates; near-term pricing and continued volatility of the market; accounting estimates and judgments; future use and development of technology and associated expected future results; the successful and timely implementation of capital projects; ability to generate sufficient cash flow to meet current and future obligations and future capital funding requirements (equity or debt); Rubellite's ability to operate under the management of Perpetual Energy Inc. pursuant to the management and operating services agreement; the ability of Rubellite to obtain and retain qualified staff and equipment in a timely and cost-efficient manner, as applicable; the retention of key properties; forecast inflation, supply chain access and other assumptions inherent in Rubellite's current guidance and estimates; the continuance of existing tax, royalty, and regulatory regimes; the accuracy of the estimates of reserves volumes; ability to access and implement technology necessary to efficiently and effectively operate assets; failure to obtain required regulatory and other approvals including drilling permits and the impact of not receiving such approvals on the Company's long-term planning; climate change risks; severe weather (including wildfires and drought); risks of wars or other hostilities or geopolitical events, civil insurrection and pandemics; risks relating to Indigenous land claims and duty to consult; data

breaches and cyber attacks; risks relating to the use of artificial intelligence; changes in legislation, including but not limited to tax laws, royalties and environment regulations (including greenhouse gas emission reduction requirements and other decarbonization or social policies) and general economic and business conditions and markets.

Undue reliance should not be placed on forward-looking information, which is not a guarantee of performance and is subject to a number of risks or uncertainties, including without limitation those described herein and under "Risk Factors" in Rubellite's Annual Information Form and MD&A for the year ended December 31, 2023 and in other reports on file with Canadian securities regulatory authorities which may be accessed through the SEDAR+ website www.sedarplus.ca and at Rubellite's website www.rubelliteenergy.com. Readers are cautioned that the foregoing list of risk factors is not exhaustive. Forward-looking information is based on the estimates and opinions of Rubellite's management at the time the information is released, and Rubellite disclaims any intent or obligation to update publicly any such forward-looking information, whether as a result of new information, future events or otherwise, other than as expressly required by applicable securities law.

SOURCE Rubellite Energy Inc.

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