

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is management's discussion and analysis ("MD&A") of Rubellite Energy Corp.'s ("Rubellite", the "Company" or the "Corporation") operating and financial results for the three months and year ended December 31, 2024, as well as the information and estimates concerning the Corporation's future outlook based on currently available information. This discussion should be read in conjunction with the Corporation's audited consolidated financial statements and accompanying notes for the years ended December 31, 2024 and 2023. The Corporation's financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") which require publicly accountable enterprises to prepare their financial statements using IFRS Accounting Standards. The date of this MD&A is March 10, 2025.

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

NATURE OF BUSINESS:

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

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

2024 STRATEGIC TRANSACTIONS

Recombination Transaction

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

Pursuant to the Recombination Transaction, among other things, a wholly-owned subsidiary of Perpetual and a wholly-owned subsidiary of Rubellite Energy Inc. amalgamated resulting in the creation of Rubellite Energy Corp. with Perpetual and Rubellite Energy Inc. becoming wholly-owned subsidiaries of the Company. On January 1, 2025, Perpetual and Rubellite Energy Inc. amalgamated continuing as Rubellite Energy Inc.

In accordance with the Recombination Transaction, (i) holders of common shares of Rubellite Energy Inc. received one (1) common share of the Company for every one (1) common share of Rubellite Energy Inc. held, (ii) holders of common shares of Perpetual received one (1) common share of the Company for every five (5) Perpetual common shares held, and (iii) Perpetual's outstanding senior notes (\$26.2 million in face value) were converted into 11.6 million common shares of the Company at a conversion price of \$2.25 per share. At closing, shareholders of Rubellite Energy Inc. held 67.6 million shares (72.7%), Perpetual shareholders held 13.7 million shares (14.8%) and holders of Perpetual senior notes held the remaining 12.5% of the Company.

Prior to the Recombination Transaction, Rubellite Energy Inc. and Perpetual were considered related parties due to the existence of a Management and Operating Services Agreement ("MSA") and certain officers and directors being key management of, and having significant influence over, Rubellite Energy Inc. while also being key management of and having deemed control over Perpetual. Under the MSA, Rubellite Energy Inc. made payments to Perpetual for certain technical, capital and administrative services provided to Rubellite Energy Inc. on a relative cost sharing basis. As of November 1, 2024, with the closing of the Recombination Transaction, the MSA amounts were nil on a consolidated basis and all technical, capital and administrative services are accounted for by Rubellite Energy Inc.

Comparative figures in the MD&A include Rubellite Energy Inc.'s results prior to the business combination and do not reflect any historical data from Perpetual. The conventional natural gas assets at East Edson acquired through the Recombination Transaction are included in the new cash generating unit (the "West Central CGU").

This MD&A contains certain information pertaining to the Company before and after giving effect to the Recombination Transaction. Any reference to information prior to October 31, 2024 are references to Rubellite Energy Inc. and any reference to information subsequent to October 31, 2024 are references to the Company. Accordingly, unless the context otherwise requires, references to the Company subsequent to October 31, 2024 shall mean "Rubellite Energy Corp." and references to the Corporation prior to October 31, 2024 shall mean "Rubellite Energy Inc.". For additional information, refer to Note 4 "Acquisitions and Dispositions" in the consolidated financial statements.

Buffalo Mission Acquisition

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

The BMEC Acquisition was funded through an expanded credit facility which increased from \$60.0 million to \$100.0 million, a \$20.0 million bank syndicate term loan which was set to mature on December 15, 2024, and a new five year term loan ("Term Loan") placed, directly or indirectly, with certain directors and officers of Rubellite and the Company's significant shareholder for \$20.0 million which bears interest at 11.5%. The bank syndicate term loan was repaid in full in conjunction with the closing of the Recombination Transaction on October 31, 2024.

FOURTH QUARTER AND ANNUAL 2024 OPERATIONAL AND FINANCIAL HIGHLIGHTS

- Rubellite delivered record fourth quarter conventional heavy oil sales production of 7,754 bbl/d that exceeded guidance and was 84% above the fourth quarter of 2023 (Q4 2023 - 4,209 bbl/d). Fourth quarter total sales production of 10,386 boe/d (77% heavy oil and NGL) was up 147% from the fourth quarter of 2023. Production growth was driven by the successful drilling program at Figure Lake, the full quarter impact of the BMEC Acquisition and two months of operations at East Edson following the closing of the Recombination Transaction, which added an average of 2,627 boe/d of sales volumes (14.1 MMcf/d of conventional natural gas and 275 bbl/d of NGL). During the fourth quarter, there were seventeen (14.25 net) wells brought on production from the heavy oil drilling program at both Figure Lake and Frog Lake.
- Rubellite delivered 2024 exit rate sales production for the month of December of 12,027 boe/d (8,083 bbl/d heavy oil), exceeding previous production guidance ranges of 11,300 to 11,800 boe/d of total sales (7,500 to 7,900 bbl/d heavy oil).
- Exploration and development capital expenditures⁽¹⁾ totaled \$34.4 million for the fourth quarter bringing expenditures to \$101.7 million in 2024. Fourth quarter spending included costs to drill, complete, equip and tie-in nine (9.0 net) multi-lateral horizontal development / step-out delineation wells at Figure Lake, five (3.0 net) multi-lateral horizontal development wells at Frog Lake and one (1.0 net) exploratory horizontal four-leg multi-lateral well drilled at Calling Lake / Nixon. Included in fourth quarter development capital spending was \$1.8 million for the Figure Lake gas conservation project, bringing total gas plant and pipeline expenditures to \$7.2 million in 2024.
- Adjusted funds flow before transaction costs⁽¹⁾ in the fourth quarter was \$35.9 million (\$0.41 per share) and \$100.0 million (\$1.46 per share) in 2024 (Q4 2023 - \$17.1 million or \$0.27 per share; 2023 - \$54.3 million or \$0.90 per share). Adjusted funds flow after transaction costs⁽¹⁾ for the three and twelve months ended December 31, 2024 were \$31.6 and \$93.8 million (three and twelve months ended December 31, 2023 - \$16.9 and \$54.2 million).
- Cash costs⁽¹⁾ were \$18.6 million or \$19.45/boe in the fourth quarter of 2024 (Q4 2023 - \$7.9 million or \$20.49/boe) and \$50.4 million or \$21.68/boe in 2024 (2023 - \$25.7 million or \$21.29/boe).
- Net income was \$26.7 million in the fourth quarter of 2024 (Q4 2023 - \$9.5 million net income) and \$50.0 million in 2024 (2023 - \$18.6 million).
- As at December 31, 2024, net debt⁽¹⁾ was \$154.0 million, an increase from \$51.0 million as at December 31, 2023 as a result of the BMEC Acquisition during the third quarter of 2024 and capital expenditures of \$108.9 million in 2024 which exceeded adjusted funds flow of \$93.8 million. At December 31, 2024, net debt to Q4 annualized adjusted funds flow before transaction costs⁽¹⁾ was 1.1 times.
- Rubellite had available liquidity⁽²⁾ at December 31, 2024 of \$30.4 million, comprised of the \$140.0 million borrowing limit of Rubellite's first lien credit facility, less current bank borrowings of \$108.5 million, outstanding letters of credit of \$3.6 million offset by cash and cash equivalents of \$2.6 million.

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

(2) See "Liquidity, Capitalization and Financial Resources - Capital Management".

OPERATIONS UPDATE

In 2024, operational goals were focused on: (1) maximizing the Net Present Value ("NPV") of development locations at Figure Lake through advancements in well design; (2) de-risking the prospective location inventory at Figure Lake through confirmatory step-out drilling; (3) construction and commissioning of the solution gas gathering and natural gas sales infrastructure at Figure Lake; and (4) integration of the Frog Lake assets acquired through the BMEC Acquisition. Positive advancement of these objectives successfully converted the vast majority of Rubellite's ~316 net heavy oil development locations⁽¹⁾ to high confidence locations, solidifying the foundation for Rubellite's longer term organic growth plan.

Operational goals for 2025 include: (1) advancement of enhanced oil recovery opportunities at Figure Lake; (2) ongoing improvement of well designs and development costs across the portfolio; and (3) testing and de-risking of secondary Mannville Stack sands at Frog Lake.

Greater Figure Lake (Figure Lake and Edwand)

Production from the Greater Figure Lake area averaged 5,228 bbl/d (100% heavy oil) in December 2024 and 4,953 bbl/d (100% heavy oil) for the fourth quarter.

In the fourth quarter of 2024, Rubellite operated two rigs to drill and rig release a total of nine (9.0 net) horizontal wells in the Greater Figure Lake area, all targeting the Clearwater formation, bringing the total number of wells drilled in the year to thirty-four (34.0 net) wells. Average results from the 2024 capital program across the Greater Figure Lake field continue to meet or exceed expectations, solidifying confidence in the geologic model and affirming the 243.0 net drilling inventory locations, including 65.6 net proven undeveloped and 30.6 probable undeveloped⁽¹⁾ identified. Under a one-rig program drilling 18 wells per year, the location count at Figure Lake represents over 13 years of economic inventory.

Well Design Pilot

During the second half of 2024, the Company executed a pilot drilling project at the 6-19-62-18W4 Pad (the "6-19 Pad") and 1-25-62-19W4 Pad (the "1-25 Pad") to validate the predicted economic advantage of implementing tighter inter-leg spacing in the Clearwater formation at Figure Lake. Specifically, the Company reduced the distance between laterals from 50m to approximately 33m, and commensurately increased the number of legs from eight to twelve, thereby also increasing the open hole lateral length per well from ~10,000 meters to ~15,000 meters while maintaining the same approximate area coverage per well. Early productivity data from the tighter spacing design is encouraging, both on a per meter and total production per well basis. A total of eight (8.0 net) horizontal wells were drilled with a tighter 33 meter inter-leg spacing which were compared to four (4.0 net) wells drilled with a wider 50 meter inter-leg spacing within the pilot project area. While productivity per meter of open reservoir varies with reservoir quality, the preliminary pilot results suggest that productivity per meter of open reservoir for the wells with tighter inter-leg spacing is statistically similar to the closest neighboring wells, supporting the expectation of economic production acceleration. Incremental drilling time and costs savings per meter drilled for the wells with tighter inter-leg spacing are also encouraging and in line with modeled assumptions, and in combination with early production data suggest that an increase in net asset value per unit area of land will be realized. The 00/08-23-062-19W4 was drilled with a 33 meter inter-leg spacing to a total lateral measured depth of 14,500 meters and achieved an IP30 and IP60 of 304 bbl/d and 266 bbl/d, respectively. The offsetting 02/08-23-062-19W4 was drilled to a total lateral measured depth of 18,600 meters using a hybrid multi-lateral / "fan" design and is on production at similar rates, recording an IP30 and IP60 of 360 bbl/d and 330 bbl/d, respectively.

In view of the positive pilot program results at Figure Lake, the tighter inter-leg spacing drilling design was subsequently implemented at South Edwand at the 7-5-61-17W4 Pad (the "7-5 Pad"), where the 02/06-08-61-17W4 well was drilled to a total lateral measured depth of ~16,960 meters and achieved an IP30 of 378 bbl/d and the 00/07-08-61-17W4 well was drilled to a total lateral measured depth of ~17,125

meters and achieved an IP30 of 264 bbl/d. The Company now intends to develop the remaining Greater Figure Lake area using the 33 meter inter-leg well design to maximize the net present value realized from the field.

Production results from the 2024 drilling program with a 50 meter inter-leg spacing well design averaged IP30 of 156 bbl/d (24 wells) and IP60 of 141 bbl/d (24 wells) to date, as compared to the McDaniel Type Curve⁽¹⁾ for the 8 leg 50 meter well design of 120 bbl/d and 112 bbl/d, respectively. Production results from the pilot program wells with a 33 meter inter-leg spacing averaged IP30 217 bbl/d (9 wells) and IP60 168 bbl/d (6 wells) to date, as compared to the McDaniel Tier 1 Type Curve⁽¹⁾ for the 33 meter spacing well design of IP30 177 bbl/d and IP60 169 bbl/d. Only 2024 drills that have at least 30 or 60 days of production have been included in the averages stated. Other than the producing day criteria, no wells have been excluded in the calculation of the average rate.

Inventory Conversion to Development

Of the thirty four (34.0 net) wells drilled during the year in the Greater Figure Lake area, six (6.0 net) were internally categorized as "step-out delineation" wells and were drilled to confirm new pools or pool extensions. All of the step-out delineation wells were drilled at 50 meter inter-leg spacing with a 100% success rate, with an average IP30 and IP60 of 195 bbl/d and 186 bbl/d, respectively. The success of the step-out drilling program affirms the geologic model and further supports the location inventory identified for future development.

Solution Gas Gathering and Conservation

Subsequent to the end of the fourth quarter, construction, start-up and commissioning of the new Figure Lake gas plant located at 01-13-063-18W4 was completed, and solution gas sales commenced on January 23, 2025. Sales gas production will progressively increase through the first quarter of 2025 to the designed plant capacity of approximately 4 MMcf/d.

The tie-in and sale of solution gas at Figure Lake is forecast to deliver a rate of return in excess of 75%, enhanced by the re-activation of previously decommissioned gas gathering pipelines in the area, and a forecast reduction in carbon taxes related to reduced emissions resulting from the elimination of flaring and incineration at multiple pad sites. With expected ongoing growth in heavy oil volumes, Rubellite is evaluating options to manage additional gas volumes, including expansion of the gas plant for increased sales volumes and temporary gas storage into a depleted reservoir. The Company is also advancing a novel natural gas re-injection pilot at Figure Lake for enhanced oil recovery.

Frog Lake

Production at the Frog Lake property averaged 2,223 bbl/d (100% heavy oil) net to Rubellite in December 2024 and 2,210 bbl/d (100% heavy oil) for the fourth quarter.

Following the closing of the BMEC Acquisition on August 2, 2024, the Company drilled and rig released five (2.5 net) horizontal wells in the third quarter and five (3.0 net) horizontal wells in the fourth quarter.

The wells in 2024 were all drilled with water-based mud. Following drilling with water-based mud, the wells initially produce 100% water, and oil cuts then progressively increase through time as the wells "clean up" and recover the fluid lost to the reservoir during drilling operations. 2024 well results have been in line with expectations, excluding three (1.5 net) wells drilled in a localized structurally low area of the Waseca reservoir having higher than expected water saturations. The peak trailing 30-day average oil production, which management considers indicative of performance for wells drilled with water-based mud, was 119 bbl/d for all wells and 153 bbl/d excluding the subset of three structurally low wells.

Rubellite recently initiated a pilot project at Frog Lake to evaluate the use of oil-based mud ("OBM") as the drilling fluid, consistent with Rubellite's operations at Figure Lake where the use of OBM has demonstrated improved hole cleaning and stability, accelerated clean up, and operational improvements including reduced water handling and disposal costs as compared to conventional water-based mud systems. Definitive results from the pilot project at Frog Lake are expected by the end of the first quarter of 2025; however, drilling costs, initial oil-based mud recovery for re-use, and preliminary well performance has been encouraging, and the Company is continuing to utilize oil-based mud in its ongoing drilling operations.

While the Waseca sand is the primary zone of development at Frog Lake, several wells are being planned to additionally test the less consolidated General Petroleum and Sparky sands in 2025 and 2026, to confirm type curve assumptions and extend known pool limits. Corresponding well design work is currently underway.

Exploration

In the fourth quarter, the Company spud an exploratory four-leg open hole multi-lateral horizontal well approximately 90km north of Figure Lake in the Calling Lake / Nixon area to test a new play concept for which Rubellite currently holds 108 net sections of land. While the Company is encouraged by the quality of the oil recovered to date, significant solids production and low total production rates suggest a lack of consolidation in the reservoir, and possible collapse of the open hole laterals. Planning is underway to run a liner or drill a modified lined fishbone design later in 2025 to further evaluate the economic viability of the play.

Rubellite is continuing to advance additional exploration prospects, pursuing both land capture and play concept de-risking activities, and will report further on those activities in due course.

- (1) Of the 316.2 net heavy oil locations described, 93.1 are net proved and 45.6 are net probable included in the 2024 McDaniel Reserve Report.
- (2) Type curve assumptions for the 33m spacing well design are based on the Total Proved plus Probable Undeveloped reserves contained in the 2024 McDaniel Reserve Report as disclosed in the Company's 2024 Annual Information Form 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 and NGL reserves, prepared by McDaniel with an effective date of December 31, 2024 and a preparation date of March 10, 2025. See "Estimated Drilling Locations. Type curve assumptions for the 50 meter spacing well design are based on the Total Proved plus Probable Undeveloped reserves contained in the 2023 McDaniel Reserve Report as disclosed in the Company's 2023 Annual Information Form.

OUTLOOK AND GUIDANCE

Rubellite plans to operate one rig drilling continuously in the Greater Figure Lake area and a second rig drilling continuously at Frog Lake, throughout 2025. Exploration and development capital spending for the first quarter of 2025 is expected to be approximately \$22 to \$24 million, including the drilling, completion, equipping and tie-in of: four (4.0 net) multi-lateral horizontal Clearwater development wells at Figure Lake / Edwand; six (4.5 net) multi-lateral horizontal development wells in the Waseca formation at Frog Lake (three upcoming Q1 drills and one upcoming Q2 well will be at 100% working interest as Frog Lake Energy Resources Corp. ("FLERC") has elected gross overriding royalty positions on those wells); one (0.3 net) well at Marten Hills to initiate waterflood; and one (1.0 net) exploration evaluation well. First quarter 2025 capital spending will further include approximately \$1.5 million to complete the initial phase of the gas conservation project at Figure Lake and expand the gas gathering system. In West Central Alberta, \$0.9 million is forecast to participate with its joint venture partner at East Edson in preparatory surface work for a four (2.0 net) well drilling program in the second half of 2025 to offset natural declines in the Company's liquids-rich natural gas production.

Factoring in recent drilling performance and type curve expectations at Figure Lake/Edwand and at Frog Lake, heavy oil sales volumes are expected to grow approximately 3% to 6% from the fourth quarter of 2024 to average between 8,000 - 8,200 bbl/d in Q1 2025. Total production sales volumes for the first quarter of 2025 are expected to be 12,000 to 12,200 boe/d (70% heavy oil and NGL).

For full year 2025, Rubellite expects to spend a total of \$95 to \$110 million. Planned capital activity at the low end of the spending guidance range includes: drilling eighteen (18.0 net) multi-lateral development / step-out wells in the Greater Figure Lake area; drilling twenty-four (14.0 net) multi-lateral development / step-out wells in the Frog Lake area; approximately \$2.6 million to expand the Figure Lake gas conservation project including additional plant optimization and pipeline tie-ins; drilling one (0.3 net) well at Marten Hills to initiate waterflood; participation in the drilling of four (2.0 net) wells at East Edson; and spending to continue to evaluate additional heavy oil exploration prospects, and to advance enhanced oil recovery ideas in the Clearwater. If market conditions warrant, the Company would look to expand its planned activity levels to the high end of the spending guidance range which would further grow production levels into 2026.

Corresponding heavy oil sales volumes are expected to grow 44% to 48% year-over-year to average between 8,200 - 8,400 bbl/d in 2025. Total production sales volumes, including natural gas and NGL volumes at East Edson and solution gas sales at Figure Lake, are forecast to average 12,200 - 12,400 boe/d in 2025.

Forecast activity will be funded from adjusted funds flow⁽¹⁾, with excess free funds flow applied to reduce net debt⁽¹⁾.

Rubellite has made provisions to potentially add a second drilling rig to the Greater Figure Lake Clearwater drilling program early in the third quarter of 2025, subject to a favorable commodity price outlook in the second quarter of 2025.

Rubellite will continue to address end of life ARO, with total abandonment and reclamation expenditures of approximately \$1.9 million planned for 2025. The Company's area-based mandatory spending requirement for 2025 is \$1.7 million, as calculated by the Alberta Energy Regulator ("AER").

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

Capital spending and drilling activity for the first quarter and full year 2025 is summarized in the table below:

	Q1 2025⁽¹⁾ (\$ millions)	# of wells (gross/net)	2025⁽¹⁾ (\$ millions)	# of wells (gross/net)
Figure Lake		4 / 4.0		18 / 18.0
Frog Lake		6 / 4.5		24 / 14.0
Marten Hills		1 / 0.3		1 / 0.3
East Edson		0 / 0.0		4 / 2.0
Exploration ⁽²⁾		1 / 1.0		4 / 3.5
Total ⁽¹⁾	\$22 - \$24 million	12 / 9.8	\$95 - \$110 million	51 / 37.8

(1) Excludes abandonment and reclamation spending and acquisitions or land expenditures, if any.

(2) Includes wells at Figure Lake and Frog Lake targeting secondary exploration zones.

Rubellite's guidance for first quarter and full year 2025 is presented in the table below:

	Q1 2025 Guidance	2025 Guidance
Sales Production (boe/d)	12,000 - 12,200	12,200 - 12,400
Production mix (% oil and liquids) ⁽¹⁾	70%	70%
Heavy Oil Production (bbl/d)	8,000 - 8,200	8,200 - 8,400
Exploration and Development spending (\$ millions) ⁽²⁾⁽³⁾	\$22 - \$24	\$95 - \$110
Multi-lateral development / step-out wells (net) ⁽⁴⁾	11 (8.8)	47 (34.3)
Exploration wells (net) ⁽⁵⁾	1 (1.0)	4 (3.5)
Heavy oil wellhead differential (\$/bbl) ⁽²⁾	\$5.00 - \$5.50	\$5.00 - \$5.50
Royalties (% of revenue) ⁽²⁾	13% - 14%	13% - 14%
Production and operating costs (\$/boe) ⁽²⁾	\$7.00 - \$7.75	\$7.00 - \$7.75
Transportation costs (\$/boe) ⁽²⁾	\$5.50 - \$6.00	\$5.50 - \$6.00
General and administrative costs (\$/boe) ⁽²⁾	\$3.00 - \$3.50	\$3.00 - \$3.50

(1) Liquids means oil, condensate, ethane, propane and butane.

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

(3) Excludes land and acquisition spending, if any.

(4) Includes three step-out delineation wells at Figure Lake.

(5) Includes wells at Figure Lake and Frog Lake targeting secondary exploratory zones.

FOURTH QUARTER 2024 FINANCIAL AND OPERATING RESULTS

Capital Expenditures

Rubellite uses capital expenditures to measure its capital investments compared to the Company's annual budgeted expenditures related to both property, plant and equipment assets ("PP&E") and exploration and evaluation assets ("E&E") assets. The capital budget excludes acquisition and disposition activities and land expenditures, if any. "Capital Expenditures" is not a standardized measure and, therefore, may not be comparable with the calculation of similar measures by other entities. For a reconciliation of cash flow used in investing activities to capital expenditures, refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

The following tables summarize capital expenditures for both PP&E and E&E assets, excluding non-cash items:

Three months ended December 31,						
	2024			2023		
(\$ thousands)	E&E	PP&E	Total	E&E	PP&E	Total
Drilling and completions	1,909	25,264	27,173	10,095	10,324	20,419
Facilities	255	5,431	5,686	(518)	1,765	1,247
Lease construction	119	1,420	1,539	2,322	1,143	3,465
Capital Expenditures ⁽¹⁾	2,283	32,115	34,398	11,899	13,232	25,131
Land and other	561	450	1,011	1,189	—	1,189
Corporate	—	128	128	—	—	—
Capital expenditures, including land and other ⁽¹⁾	2,844	32,693	35,537	13,088	13,232	26,320
Acquisitions ⁽²⁾⁽³⁾	2,692	65,775	68,467	4,526	28,647	33,173
Proceeds from dispositions ⁽⁴⁾	—	—	—	(1,073)	(6,917)	(7,990)
Capital expenditures ⁽¹⁾ , after acquisitions	5,536	98,468	104,004	16,541	34,962	51,503

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

(2) Recombination Transaction with Perpetual closed on October 31, 2024 for share consideration of \$51.7 million.

(3) Clearwater Asset Acquisition closed on November 8, 2023 for cash consideration of \$34.0 million, prior to purchase price adjustments.

(4) Royalty sale closed on December 8, 2023 for cash consideration of \$8.0 million, prior to purchase price adjustments.

Twelve months ended December 31,						
	2024			2023		
(\$ thousands)	E&E ⁽²⁾	PP&E	Total	E&E	PP&E	Total
Drilling and completions	9,373	69,111	78,484	18,543	32,533	51,076
Facilities	747	15,789	16,536	2,820	6,482	9,302
Lease construction	1,458	5,254	6,712	2,491	4,645	7,136
Capital Expenditures ⁽¹⁾	11,578	90,154	101,732	23,854	43,660	67,514
Land and other	3,551	526	4,077	4,016	—	4,016
Corporate ⁽³⁾	—	3,097	3,097	—	—	—
Capital expenditures, including land and other	15,129	93,777	108,906	27,870	43,660	71,530
Acquisitions ⁽⁴⁾⁽⁵⁾⁽⁶⁾	2,692	176,555	179,247	4,526	28,647	33,173
Proceeds from dispositions ⁽⁷⁾	—	—	—	(1,073)	(6,917)	(7,990)
Capital expenditures, after acquisitions	17,821	270,332	288,153	31,323	65,390	96,713

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

(2) Included within E&E are \$8.3 million of expenditures related to four (4.0 net) wells in Figure Lake that were transferred to PP&E during 2024.

(3) Prior to the Recombination Transaction, Rubellite had a MSA in place with Perpetual whereby Rubellite made payments for certain technical, capital and administrative services provided to Rubellite on a relative production split cost sharing basis. Corporate assets include costs billed under the MSA for shared office leasehold improvements.

(4) Recombination Transaction with Perpetual closed on October 31, 2024 for share consideration of \$51.7 million.

(5) BMEC Acquisition closed on August 2, 2024 for total consideration of \$73.1 million, prior to purchase price adjustments.

(6) Clearwater Asset Acquisition closed on November 8, 2023 for cash consideration of \$34.0 million, prior to purchase price adjustments.

(7) Royalty sale closed on December 8, 2023 for cash consideration of \$8.0 million, prior to purchase price adjustments.

Capital expenditures by CGU

	Three months ended December 31,		Twelve months ended December 31,	
(\$ thousands)	2024	2023	2024	2023
Capital expenditures				
Eastern Heavy Oil	34,710	26,320	105,110	71,530
West Central ⁽¹⁾	699	—	699	—
Capital expenditures ⁽²⁾ , including land and other	35,409	26,320	105,809	71,530

(1) As a result of the Recombination Transaction with Perpetual, the West Central CGU represents Perpetual's legacy conventional natural gas assets, a majority of which are operated by a 50% joint venture partner.

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

Wells drilled by area

	Three months ended December 31,		Twelve months ended December 31,	
(gross/net)	2024	2023	2024	2023
Development				
Figure Lake ⁽¹⁾	9 / 9.0	11 / 11.0	34 / 34.0	27 / 27.0
Frog Lake ⁽²⁾⁽³⁾	5 / 3.0	- / -	10 / 5.5	- / -
Northern Exploration				
Dawson	- / -	- / -	- / -	1 / 0.5
Peavine	- / -	- / -	- / -	2 / 2.0
Other exploratory ⁽⁴⁾⁽⁵⁾	1 / 1.0	- / -	2.0 / 2.0	- / -
Total	15 / 13.0	11 / 11.0	46 / 41.5	30 / 29.5

(1) One (1.0 net) well drilled at the 7-05 pad at Figure Lake was spud on December 20, 2024 and rig released January 19, 2025 and not included in the Q4 2024 well count.

(2) One (0.5 net) well drilled at the 1-01 pad at Frog Lake was spud on December 20, 2024 and rig released January 15, 2025 and not included in the Q4 2024 well count.

(3) One well drilled at the 3-29 pad at Frog Lake was drilled at 100% working interest cost to earn a 75% working interest before payout and 50% working interest after payout.

(4) One (1.0 net) vertical stratigraphic evaluation well was drilled in Q1 2024 and remains in E&E as at December 31, 2024.

(5) One (1.0 net) horizontal four-leg multi-lateral evaluation well at Calling Lake/Nixon was drilled in Q4 2024 and remains in E&E as at December 31, 2024.

Capital Expenditures

During the fourth quarter of 2024, Rubellite invested a total of \$34.4 million, before land and other corporate spending, related primarily to the drilling, completion, equipping and tie-in of nine (9.0 net) multi-lateral horizontal wells at Figure Lake and five (3.0 net) multi-lateral horizontal wells at Frog Lake. A portion of capital to drill one (1.0 net) additional well at Figure Lake and one (0.5 net) well at Frog Lake was spent during the fourth quarter and the wells finished drilling and were rig released at the beginning of the first quarter. In addition, there was one exploratory horizontal four-leg, multi-lateral horizontal well drilled in the fourth quarter. Facilities spending at Figure Lake in the fourth quarter included \$1.8 million of expenditures related to the construction of a sales gas plant as part of the Figure Lake gas conservation project. Following the closing of the Recombination Transaction between Perpetual and Rubellite, at the Company's West Central conventional natural gas asset at Edson, Rubellite spent \$0.6 million for lease construction, facility improvements and pipelines to support the 2025 drilling program with its 50% joint venture partner.

During 2024, the Company spent \$101.7 million, before land and other corporate spending, primarily related to the drilling, completion, equipping and tie-in of thirty four (34.0 net) multi-lateral horizontal wells at Figure Lake, ten (5.5 net) multi-lateral horizontal wells at Frog Lake, drilling and coring of one (1.0 net) vertical stratigraphic evaluation well and drilling of one (1.0 net) horizontal four-leg multi-lateral horizontal evaluation well. Facilities spending at Figure Lake included \$7.2 million related to the Figure Lake gas conservation project.

Land and seismic purchases were \$1.0 million in the fourth quarter of 2024 to acquire 24.0 net sections of land, with total land purchases in 2024 of \$4.1 million to acquire 41.5 net sections of land. Corporate spending for 2024 was \$3.1 million and related to leasehold improvements for the shared office space under the MSA prior to the Recombination Transaction.

During the fourth quarter of 2024, Rubellite spent \$0.2 million (Q4 2023 - nil) on abandonment and reclamation projects. For the year ended December 31, 2024, Rubellite spent \$0.5 million (2023 - nil) and one reclamation certificate was received from the AER (2023 - nil).

Production

	Three months ended December 31,		Twelve months ended December 31,	
	2024	2023	2024	2023
Sales volumes				
Heavy oil (bbl/d)	7,754	4,209	5,685	3,302
Natural gas (Mcf/d) ⁽¹⁾	14,140	—	3,570	—
NGL (bbl/d) ⁽²⁾	275	—	69	—
Total sales volumes (boe/d)	10,386	4,209	6,349	3,302

(1) Conventional natural gas production yielded a heat content of 1.18 GJ/Mcf for the three months ended December 31, 2024, resulting in higher realized natural gas prices on a \$/Mcf basis.

(2) Primarily from West Central CGU which produces liquids rich conventional natural gas.

Sales production for the three and twelve months ended December 31, 2024 by CGU:

	Three months ended December 31,		Twelve months ended December 31,	
	2024	2023	2024	2023
Sales volumes by CGU				
Eastern Heavy Oil (boe/d)	7,759	4,209	5,689	3,302
West Central (boe/d)	2,627	—	660	—
Total sales volumes (boe/d)	10,386	4,209	6,349	3,302

Sales production for the three and twelve months ended December 31, 2024 increased by 6,177 boe/d (147%) and 3,047 boe/d (92%) from the comparative periods of 2023. Production growth was driven by the successful drilling program at Figure Lake, the full quarter impact of the BMEC Acquisition and two months of operations at East Edson following the closing of the Recombination Transaction.

During 2024, production and sales volumes progressively increased as new wells were drilled and commenced delivery to sales terminals. During the fourth quarter, an additional seventeen (14.25 net) wells from the Eastern Heavy Oil drilling program were contributing to sales production, with an additional two (2.0 net) wells recovering OBM drilling fluid in Figure Lake, and an additional three (3.0 net) wells recovering drilling fluid in Frog Lake and not yet contributing to sales as at the end of the fourth quarter. With two months of operations

following closing of the Recombination Transaction, the Perpetual assets added 2,627 boe/d and 660 boe/d of natural gas and NGL sales production to the three and twelve months ended December 31, 2024. The BMEC Acquisition at Frog Lake which closed in the third quarter of 2024 contributed 2,210 boe/d and 940 boe/d of sales production to the three and twelve months ended December 31, 2024.

As a result of the Recombination Transaction, the fourth quarter sales product mix was comprised of 77% conventional heavy crude oil and NGL and 23% conventional natural gas, as compared to 100% conventional heavy crude oil in the fourth quarter of 2023. For 2024, the product mix was 91% conventional heavy crude oil and NGL and 9% conventional natural gas (2023 - 100% conventional heavy crude oil).

Oil Revenue

(\$ thousands, except as noted)	Three months ended December 31,		Twelve months ended December 31,	
	2024	2023	2024	2023
Oil and natural gas revenue				
Oil	54,912	27,224	164,206	88,968
Natural gas	2,618	—	2,627	—
NGL	1,551	—	1,551	—
Oil and natural gas revenue	59,081	27,224	168,384	88,968
Reference prices				
West Texas Intermediate ("WTI") (US\$/bbl)	70.27	78.32	75.72	77.62
Foreign Exchange rate (CAD\$/US\$)	1.40	1.36	1.37	1.35
West Texas Intermediate ("WTI") (CAD\$/bbl)	98.38	106.52	103.74	104.79
Western Canadian Select ("WCS") differential (US\$/bbl)	(12.56)	(21.98)	(14.76)	(18.73)
WCS (CAD\$/bbl)	80.74	76.84	83.52	79.46
AECO 5A Daily Index (CAD\$/GJ)	1.40	2.18	1.38	2.50
AECO 5A Daily Index (CAD\$/Mcf) ⁽¹⁾	1.48	2.30	1.46	2.64
Rubellite average realized prices ⁽²⁾				
Oil (\$/bbl)	76.97	70.31	78.92	73.82
Natural gas (\$/Mcf)	2.01	—	2.01	—
NGL (\$/bbl)	61.32	—	61.32	—
Average realized price (\$/boe)	61.83	70.31	72.46	73.82

(1) Converted from \$/GJ using a standard energy conversion rate of 1.06 GJ:1 Mcf.

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

Rubellite's oil and natural gas revenue for the three and twelve months ended December 31, 2024 increased by \$31.9 million (117%) and \$79.4 million (89%) from the comparative periods of 2023, primarily driven by the increase in sales volumes.

Oil revenue for the fourth quarter of 2024 of \$54.9 million represented 93% of total revenue while conventional heavy crude oil production was 77% of total sales volumes. Driven by the 147% increase in heavy crude oil production, oil revenue increased 102% from the fourth quarter of 2023. Compared to the fourth quarter of 2023, the WCS average price increased to \$80.74/bbl (Q4 2023 - \$76.84/bbl), attributable to the WCS differential narrowing by 43% and the increase in the CAD\$/US\$ rate to \$1.40 (Q4 2023 - \$1.36), partially offset by a 10% decrease in WTI prices.

For the twelve months ended December 31, 2024, oil revenue increased 85% compared to prior year, as a result of the 92% increase in sales volumes and a 7% increase in realized oil prices. During 2024, the increase in the WCS average price was driven by the narrowing of the WCS differential to US\$14.76/bbl (2023 - \$18.73/bbl) an increase in the CAD\$/US\$ rate to \$1.37 (2023 - \$1.35), partially offset by a 2% decrease in WTI oil prices to US\$75.72/bbl (2023 - US\$77.62/bbl).

Rubellite's realized oil price reflects a price offset for quality and optimization of sales delivery points which averaged \$3.28/bbl and \$3.76/bbl for the three and twelve months ended December 31, 2024, as compared to \$6.53/bbl and \$5.64/bbl in the comparative periods of 2023.

As a result of the Recombination Transaction, Perpetual's conventional natural gas assets generated natural gas revenue of \$2.6 million and NGL revenue of \$1.6 million in the three and twelve months ended December 31, 2024. With the change in the product mix of the Company, total realized prices on a boe basis decreased 12% and 2% from the comparative 2023 periods, partially offsetting higher sales volumes and realized oil prices.

Risk Management Contracts

The Company uses "average realized prices after risk management contracts" which is not a standardized measure, and therefore may not be comparable with the calculation of similar measures by other entities. The measure is used by management to calculate Rubellite's net realized price, taking into account the monthly settlements of financial crude oil and natural gas forward sales, differentials and foreign exchange contracts. These contracts are put in place to protect Rubellite's cash flows from potential volatility and lock in economics on drilling programs.

The following table details realized and unrealized gains and losses on risk management contracts:

(\$ thousands, except as noted)	Three months ended December 31,		Twelve months ended December 31,	
	2024	2023	2024	2023
Unrealized gain (loss) on risk management contracts				
Unrealized gain (loss) on oil contracts	(9,840)	12,008	(8,744)	8,652
Unrealized loss on natural gas contracts ⁽²⁾	(3,508)	—	(3,508)	—
Unrealized gain (loss) on risk management contracts	(13,348)	12,008	(12,252)	8,652
Realized gain (loss) on risk management contracts				
Realized gain (loss) on oil contracts	822	700	244	(318)
Realized gain on natural gas contracts	2,338	—	2,338	—
Realized gain (loss) on risk management contracts	3,160	700	2,582	(318)
Realized gain (loss) on risk management contracts (\$/boe)	3.31	1.81	1.11	(0.26)

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

(2) Financial natural gas contracts included in the Recombination Transaction with Perpetual were initially fair valued at \$10.1 million at closing at October 31, 2024 and revalued to \$6.6 million at December 31, 2024.

The following table calculates average realized prices after risk management contracts, which is not a standardized measure:

	Three months ended December 31,		Twelve months ended December 31,	
	2024	2023	2024	2023
Realized gain (loss) on risk management contracts				
Realized gain (loss) on oil contracts (\$/bbl)	1.15	1.81	0.12	(0.26)
Realized gain on natural gas contracts (\$/Mcf)	1.80	—	1.79	—
Realized gain (loss) on risk management contracts (\$/boe)	3.31	1.81	1.11	(0.26)
Average realized prices after risk management contracts ⁽¹⁾				
Oil (\$/bbl)	78.12	72.12	79.04	73.56
Natural gas (\$/Mcf)	3.81	—	3.80	—
NGL (\$/bbl)	61.32	—	61.32	—
Average realized price (\$/boe) ⁽¹⁾	65.14	72.12	73.57	73.56

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

The realized gain on risk management contracts totaled \$3.2 million or \$3.31/boe for the fourth quarter of 2024, compared to a gain of \$0.7 million, or \$1.81/boe, for the fourth quarter of 2023. For the twelve month period ending December 31, 2024, the realized gain on risk management contracts totaled \$2.6 million, or \$1.11/boe (2023 - realized loss of \$0.3 million or \$0.26/boe). Hedging gains or losses are attributable to reference price fluctuations relative to pricing on commodity contracts driven by changes in AECO, WTI and WCS differential benchmark prices as well as fluctuations in foreign exchange rates and the percentage of production volumes hedged at any given time.

The unrealized loss on risk management contracts was \$13.3 million for the fourth quarter of 2024 (Q4 2023 – \$12.0 million unrealized gain) and the unrealized loss on risk management contracts was \$12.3 million for the twelve month period ended December 31, 2024 (2023 - \$8.7 million unrealized gain). Unrealized gains and losses represent the change in the mark-to-market value of risk management contracts for future periods as forward commodity prices and foreign exchange rates change. Unrealized gains and losses on risk management contracts are excluded from the Company's calculation of cash flow from operating activities as non-cash items. Risk management contract gains and losses vary depending on commodity prices and the nature and extent of the risk management contracts in place, which in turn, vary with the Company's assessment of commodity price risk, committed capital spending and other factors.

Royalties

(\$ thousands, except as noted)	Three months ended December 31,		Twelve months ended December 31,	
	2024	2023	2024	2023
Total royalty expenses	7,743	2,865	20,272	8,513
Total (\$/boe)	8.10	7.40	8.72	7.06
Total (% of oil revenue) ⁽¹⁾	13.1	10.5	12.0	9.6

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

Total royalties for the three and twelve months ended December 31, 2024 were \$7.7 million and \$20.3 million, an increase from the comparative periods of 2023 on higher production, increased revenue and higher royalty rates. On a per boe basis, royalties increased due to an increase in the relative split of production on lands with higher gross overriding royalties ("GORR") and an increase in the crown royalty rate. Additionally, the production associated with the Frog Lake assets from the BMEC Acquisition and the West Central conventional natural gas assets from the Recombination Transaction have a higher royalty rate in comparison to the Company's Clearwater assets. Consistent with higher per boe royalty rates, royalties as a percentage of revenue were higher for the same reasons.

Rubellite's royalties consist of Crown royalties payable to the Alberta provincial government, royalties payable to Indian Oil and Gas Canada ("IOGC"), and other freehold and GORR. The mix between Crown, IOGC and freehold production as a percentage of total production can change the composition of royalties from one period to the next. Under the Alberta Modernized Royalty Framework ("MRF"), the Company pays a Crown royalty of between 5% and 20% on wells where mineral rights are leased from the Crown. Under the Indian Oil and Gas Act, the Company pays a royalty of between 10% and 37% on wells where mineral rights are leased. The remainder of royalties are attributable to the composition of freehold and GORR royalties, some of which are price sensitive.

Net operating costs ⁽¹⁾

	Three months ended December 31,		Twelve months ended December 31,	
(\$ thousands, except as noted)	2024	2023	2024	2023
Net operating costs	6,536	2,191	16,514	7,371
\$/boe	6.84	5.66	7.11	6.12

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

Total net operating costs for the three and twelve months ended December 31, 2024 increased to \$6.5 million and \$16.5 million from \$2.2 million and \$7.4 million in the comparative periods of 2023, as a result of the increase in production volumes and higher costs in all areas which included increased carbon tax. For the twelve months ended December 31, 2024, Rubellite has estimated carbon taxes relating to 2024 of \$2.0 million, which are payable in June 2025.

On a per boe basis, net operating costs increased by 21% to \$6.84/boe in the fourth quarter of 2024 (Q4 2023 - \$5.66/boe) and increased 16% to \$7.11/boe for the twelve months ended December 31, 2024 (2023 - \$6.12/boe). The increase reflects a higher per unit operating cost on the Frog Lake properties from the BMEC Acquisition in the third quarter of 2024 as compared to the Company's Clearwater assets. Lower operating costs per boe in the West Central CGU at East Edson of \$4.32/boe in the quarter partially offset the impact of higher operating costs at Frog Lake as Perpetual's West Central conventional natural gas assets carry a lower operating per unit cost than Rubellite's heavy oil properties. For the twelve months ended December 31, 2024, the impact of carbon tax was \$0.88/boe as compared to \$0.50/boe in 2023.

Transportation costs

	Three months ended December 31,		Twelve months ended December 31,	
(\$ thousands, except as noted)	2024	2023	2024	2023
Transportation costs	5,747	2,588	16,328	9,045
\$/boe	6.01	6.68	7.03	7.50

In the fourth quarter, after the recombination of Rubellite and Perpetual, transportation costs includes clean oil trucking costs and NGL transportation, as well as costs to transport natural gas from the plant gate to commercial sales point. Costs for the three and twelve months ended December 31, 2024 increased to \$5.7 million and \$16.3 million, up from \$2.6 million and \$9.0 million in the comparative period of 2023 as a result of higher volumes.

On a per boe basis, transportation costs of \$6.01/boe were 10% lower than the fourth quarter of 2023 (Q4 2023 - \$6.68/boe) and 6% lower for the twelve months ended December 31, 2024 (2023 - \$7.50/boe) due to lower trucking rates realized for the Company's Clearwater assets in 2024 and the addition of natural gas volumes which incur lower transportation costs than the heavy oil assets.

Operating netbacks

The following tables highlight Rubellite's operating netbacks for the three months ended December 31, 2024 and 2023:

	Three months ended December 31, 2024			Three months ended December 31, 2023		
(\$ thousands)	Eastern Heavy Oil	West Central	Total	Eastern Heavy Oil	West Central	Total
Revenue	54,915	4,166	59,081	27,224	—	27,224
Royalties	(6,950)	(793)	(7,743)	(2,865)	—	(2,865)
Net operating costs ⁽¹⁾	(5,492)	(1,044)	(6,536)	(2,191)	—	(2,191)
Transportation costs	(5,326)	(421)	(5,747)	(2,588)	—	(2,588)
Operating netback ⁽¹⁾	37,147	1,908	39,055	19,580	—	19,580
Realized gain on risk management contracts	822	2,338	3,160	700	—	700
Total operating netback, after risk management contracts ⁽¹⁾	37,969	4,246	42,215	20,280	—	20,280

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

	Three months ended December 31, 2024			Three months ended December 31, 2023		
(\$ boe)	Eastern Heavy Oil	West Central	Total	Eastern Heavy Oil	West Central	Total
Revenue	76.93	17.23	61.83	70.31	—	70.31
Royalties	(9.74)	(3.28)	(8.10)	(7.40)	—	(7.40)
Net operating costs ⁽¹⁾	(7.69)	(4.32)	(6.84)	(5.66)	—	(5.66)
Transportation costs	(7.46)	(1.74)	(6.01)	(6.68)	—	(6.68)
Operating netback ⁽¹⁾	52.04	7.89	40.88	50.57	—	50.57
Realized gain on risk management contracts	1.15	1.80	3.31	1.81	—	1.81
Total operating netback, after risk management contracts ⁽¹⁾	53.19	9.69	44.19	52.38	—	52.38

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

The following tables highlight Rubellite's operating netbacks for the twelve months ended December 31, 2024 and 2023:

	Twelve months ended December 31, 2024			Twelve months ended December 31, 2023		
(\$ thousands)	Eastern Heavy Oil	West Central	Total	Eastern Heavy Oil	West Central	Total
Revenue	164,218	4,166	168,384	88,968	—	88,968
Royalties	(19,479)	(793)	(20,272)	(8,513)	—	(8,513)
Net operating costs ⁽¹⁾	(15,470)	(1,044)	(16,514)	(7,371)	—	(7,371)
Transportation costs	(15,907)	(421)	(16,328)	(9,045)	—	(9,045)
Operating netback ⁽¹⁾	113,362	1,908	115,270	64,039	—	64,039
Realized gain (loss) on risk management contracts	244	2,338	2,582	(318)	—	(318)
Total operating netback, after risk management contracts ⁽¹⁾	113,606	4,246	117,852	63,721	—	63,721

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

	Twelve months ended December 31, 2024			Twelve months ended December 31, 2023		
(\$/boe)	Eastern Heavy Oil	West Central	Total	Eastern Heavy Oil	West Central	Total
Revenue	78.87	17.23	72.46	73.82	—	73.82
Royalties	(9.36)	(3.28)	(8.72)	(7.06)	—	(7.06)
Net operating costs ⁽¹⁾	(7.43)	(4.32)	(7.11)	(6.12)	—	(6.12)
Transportation costs	(7.64)	(1.74)	(7.03)	(7.50)	—	(7.50)
Operating netback ⁽¹⁾	54.44	7.89	49.60	53.14	—	53.14
Realized gain (loss) on risk management contracts	0.12	1.79	1.11	(0.26)	—	(0.26)
Total operating netback, after risk management contracts ⁽¹⁾	54.56	9.68	50.71	52.88	—	52.88

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

Rubellite's Eastern Heavy Oil operating netback for the three and twelve months ended December 31, 2024 increased to \$37.1 million (\$52.04/boe) and \$113.4 million (\$54.44/boe) (Q4 2023 - \$19.6 million or \$50.57/boe; 2023 - \$64.0 million or \$53.14/boe). The increase was the result of higher sales volumes and realized oil prices which increased revenue, partially offset by higher royalties and costs reflecting higher production. On a per boe basis, higher royalties, net operating costs and transportation costs were attributable to the addition of the Frog Lake property in the third quarter of 2024, which carried a higher cost base and royalty structure than the Company's Clearwater properties.

Rubellite's total operating netback for the three and twelve months ended December 31, 2024 increased to \$39.1 million and \$115.3 million from \$19.6 million and \$64.0 million in the comparative periods of 2023. On a per boe basis, the decrease in the operating netback for the three and twelve months ended December 31, 2024 was driven by lower realized prices as a result of the changes to the sales product mix, higher royalties and net operating costs, partially offset by lower transportation costs.

The operating netback after risk management costs for the three and twelve months ended December 31, 2024 was \$44.19/boe and \$50.71/boe (Q4 2023 - \$52.38/boe; 2023 - \$52.88/boe).

General and administrative ("G&A") expenses

	Three months ended December 31,		Twelve months ended December 31,	
(\$ thousands, except as noted)	2024	2023	2024	2023
G&A expenses – before MSA costs & recoveries	4,698	1,510	7,292	3,964
G&A recoveries	(1,687)	—	(1,687)	—
MSA costs	511	813	5,011	3,354
Total G&A expenses	3,522	2,323	10,616	7,318
\$/boe	3.69	6.00	4.57	6.07

Prior to the Recombination Transaction, Rubellite had the MSA in place with Perpetual whereby Rubellite made payments for certain technical, capital and administrative services provided to Rubellite on a relative production split cost sharing basis. Effective June 1, 2024, the MSA was amended to split shared costs on a 80% Rubellite and 20% Perpetual basis. As of November 1, 2024, with the closing of the Recombination Transaction, the MSA amounts were nil on a consolidated basis. MSA costs in the fourth quarter of 2024 were lower due to the removal of the MSA on a consolidated basis. For the twelve months ended December 31, 2024, MSA costs increased as a result of Rubellite's increased production relative to Perpetual's production and the amendment of the MSA in June 2024, which changed to a cost sharing basis to 80% Rubellite and 20% Perpetual.

G&A expenses, excluding MSA costs, for the three and twelve months ended December 31, 2024 increased to \$4.7 million and \$7.3 million (Q4 2023 - \$1.5 million; 2023 - \$4.0 million). Prior to the Recombination Transaction, G&A expenses, excluding MSA costs, consisted primarily of legal fees, computer software licenses, insurance, audit fees and tax related consulting fees and were higher in 2024 as a result of higher costs driven by Rubellite's growth. After the Recombination Transaction was completed on November 1, 2024, G&A expenses in Rubellite included all G&A costs, including people, office and computer costs and recoveries that were previously billed through the MSA.

For the three and twelve months ended December 31, 2024, G&A costs on a per boe basis decreased to \$3.69/boe and \$4.57/boe from \$6.00/boe and \$6.07/boe in the comparative periods of 2023 due to higher sales volumes and cost efficiencies realized as a result of the Recombination Transaction.

Depletion

(\$ thousands, except as noted)	Three months ended December 31,				Twelve months ended December 31,			
	2024		2023		2024		2023	
Depletion	19.51	18,645	21.17	8,195	21.17	49,192	22.80	27,485
Depreciation	0.46	443	—	—	0.28	655	—	—
Total depletion and depreciation	19.97	19,088	21.17	8,195	21.45	49,847	22.80	27,485

The Company calculates depletion using the net book value of the asset, future development costs associated with proved and probable reserves, salvage values on associated production equipment, as well as proved plus probable reserves. As at December 31, 2024, depletion was calculated on a \$473.4 million depletable balance (December 31, 2023 – \$208.0 million), \$436.3 million in future development costs (December 31, 2023 – \$145.1 million) and excluded an estimated \$8.7 million of salvage value (December 31, 2023 – \$3.4 million) and \$7.2 million (December 31, 2023 - nil) of assets under construction.

Depletion and depreciation expense for the fourth quarter of 2024 was \$19.1 million or \$19.97/boe (Q4 2023 – \$8.2 million or \$21.17/boe). For the twelve month period ended December 31, 2024 depletion and depreciation expense was \$49.8 million or \$21.45/boe (2023 - \$27.5 million or \$22.80/boe). The increase in depletion related to a higher depletable base than the comparable periods as a result of the BMEC Acquisition and the Recombination Transaction. On a per boe basis, depletion decreased for the three and twelve month period compared to the respective prior year periods as a result of the Recombination Transaction as the Perpetual assets have higher reserves relative to production than Rubellite's heavy oil assets. Depletion will fluctuate from one period to the next depending on the amount of capital spent, the amount of reserves added and volumes produced.

Impairment

There were no indicators of impairment for either of the Company's CGUs as at December 31, 2024, therefore, an impairment test was not performed.

E&E assets are tested for impairment when internal or external indicators of impairment exist as well as upon reclassification to oil and natural gas interests in PP&E. At December 31, 2024, the Company conducted an assessment of indicators of impairment for the Company's E&E assets. In performing the assessment, management determined there were no indicators of impairment.

During the three and twelve months ended December 31, 2024, the Company transferred nil and \$20.8 million, respectively, of E&E to PP&E and performed the required impairment test to estimate the recoverable amount of the CGU. It was determined that the recoverable amount of the CGU exceeded its carrying value, resulting in no impairment.

The Company transferred \$22.6 million of E&E to PP&E during 2023 and performed the required impairment test to estimate the recoverable amount of the CGU. It was determined that the recoverable amount of the CGU exceeded its carrying value, resulting in no impairment.

Finance expense

(\$ thousands)	Three months ended December 31,		Twelve months ended December 31,	
	2024	2023	2024	2023
Cash finance expense				
Interest on bank debt	2,149	831	5,897	1,923
Interest on Term Loan	580	—	952	—
Interest on lease liabilities	55	—	55	—
Total cash finance expense	2,784	831	6,904	1,923
Non-cash finance expense				
Amortization of debt issue costs	62	—	63	—
Accretion on decommissioning obligations	108	36	316	128
Accretion on other provision	69	—	93	—
Total non-cash finance expense	239	36	472	128
Finance expense	3,023	867	7,376	2,051

Total cash finance expense for the three and twelve months ended December 31, 2024 increased to \$2.8 million and \$6.9 million from \$0.8 million and \$1.9 million in the comparative periods of 2023 as a result of higher outstanding bank debt and the addition of the Term Loan to fund the BMEC Acquisition. The effective aggregate interest rate on the Company's revolving bank line and bank syndicate term loan for the three and twelve months ended December 31, 2024 was 6.7% and 8.2% (three and twelve months ended December 31, 2023 - 10.1% and 8.5%). The effective interest rate on the Company's Term Loan for the three and twelve months ended December 31, 2024 was 12.9%.

Non-cash finance expense represents accretion on decommissioning obligations, accretion on other provision and amortization of debt issue costs.

Deferred Income Taxes

	Three months ended December 31,		Twelve months ended December 31,	
	2024	2023	2024	2023
Income before income tax	\$ 29,008	\$ 20,848	\$ 59,033	\$ 26,603
Combined federal and provincial tax rate	23%	23%	23%	23%
Computed income tax expense	6,672	4,795	13,578	6,119
Increase (decrease) in income taxes resulting from:				
Non-deductible expenses	315	252	763	700
Non-taxable gain on acquisition	(7,272)	—	(7,272)	—
Flow-through shares - tax pools renounced	—	213	—	3,048
Other	(331)	303	(551)	(377)
Change in unrecognized deferred tax assets	2,876	5,762	2,542	(1,448)
Deferred tax expense	2,260	11,325	9,060	8,042

For the three and twelve months ended December 31, 2024, the Company recorded a deferred income tax expense of \$2.3 million and \$9.1 million, compared to an income tax expense of \$11.3 million and \$8.0 million in the comparative periods of 2023. For the fourth quarter of 2024 the Company recorded higher net income before taxes which was offset by a non-taxable gain on acquisition and a decrease in the unrecognized deferred tax assets, as compared to the comparative period which had lower net income before taxes offset by a larger increase in unrecognized deferred tax assets. For the twelve month period ended December 31, 2024, Rubellite incurred higher net income before taxes which were offset by a non-taxable gain on acquisition and an increase in the unrecognized deferred tax assets, as compared to the prior year, which had lower income before taxes offset by the renouncing of tax pools related to a flow-share share offering.

LIQUIDITY, CAPITALIZATION AND FINANCIAL RESOURCES

Rubellite's strategy targets the maintenance of a strong capital base to retain investor, creditor and market confidence to support the execution of its business plans. The Company manages its capital structure and adjusts its capital spending in light of changes in economic conditions, available liquidity, and the risk characteristics of its underlying assets. The Company considers its capital structure to include share capital, bank debt, term loans and adjusted working capital. To manage its capital structure and available liquidity, the Company may from time to time issue equity or debt securities, sell assets, and adjust its capital spending to manage current and projected debt levels. The Company will continue to regularly assess changes to its capital structure, with considerations for both short-term liquidity and long-term financial sustainability.

Capital Management

(\$ thousands, except as noted)	December 31, 2024	December 31, 2023
Revolving bank debt ⁽¹⁾	105,945	29,317
Term Loan (principal)	20,000	—
Adjusted working capital deficit ⁽²⁾⁽⁴⁾	28,075	21,667
Net debt ⁽¹⁾	154,020	50,984
Shares outstanding at end of period (thousands)	93,044	62,456
Market price at end of period (\$/share)	2.12	2.01
Market value of shares ⁽²⁾	197,253	125,537
Enterprise value ⁽¹⁾	351,273	176,521
Net debt as a percentage of enterprise value ⁽²⁾	44%	29%
Trailing twelve-months adjusted funds flow ⁽²⁾	93,777	54,157
Net debt to adjusted funds flow ratio ⁽²⁾	1.6	0.9
Q4 annualized adjusted funds flow ⁽²⁾⁽³⁾	143,420	68,280
Net debt to Q4 annualized adjusted funds flow ratio ⁽²⁾⁽³⁾	1.1	0.7

(1) Revolving bank debt shown net of cash balance of \$2.6 million as at December 31, 2024 (December 31, 2023 - nil).

(2) Non-GAAP measure or ratio. See "Non-GAAP and Other Financial Measures".

(3) Based on Q4 2024 adjusted funds flow before transaction costs of \$35.9 million, net debt to Q4 annualized adjusted funds flow ratio is 1.1 times at December 31, 2024. See "Non-GAAP and Other Financial Measures" for more details.

(4) Adjusted working capital deficit excludes cash balance of \$2.6 million as at December 31, 2024 (December 31, 2023 - nil).

At December 31, 2024, Rubellite had net debt of \$154.0 million, a 202% increase from \$51.0 million at December 31, 2023. Net debt increased as a result of the BMEC Acquisition in the third quarter which was funded largely from an expanded credit facility and the Term Loan. In addition, capital expenditures, including land and other, of \$108.9 million in 2024 exceeded adjusted funds flow of \$93.8 million. The Recombination Transaction did not have a material impact on net debt as consideration was in the form of the issuance of shares with minimal bank debt and working capital assumed.

Rubellite had available liquidity at December 31, 2024 of \$30.4 million, comprised of the \$140.0 million Credit Facility Borrowing Limit, less bank borrowings of \$108.5 million, outstanding letters of credit of \$3.6 million and cash and cash equivalents of \$2.6 million.

Bank debt

As at December 31, 2024, the Company's first lien credit facility, upon closing of the Recombination Transaction, had a borrowing limit of \$140.0 million (December 31, 2023 - \$57.0 million). The initial term is to May 31, 2025 and may be extended for a further twelve months to May 31, 2026 subject to lender approval. If not extended by May 31, 2025, all outstanding advances would be repayable on May 31, 2026. The next semi-annual borrowing base redetermination is scheduled on or before May 31, 2025.

On August 2, 2024, the Company's lenders provided a \$20.0 million (December 31, 2023 - nil) bank syndicate term loan which bore interest at the lenders prime rate or Canadian Overnight Repo Rate Average ("CORRA") rates, plus applicable margins and standby fees. The bank syndicate term loan was repaid in full in conjunction with the closing of the Recombination Transaction on October 31, 2024.

As at December 31, 2024, \$108.5 million was drawn against the credit facility (December 31, 2023 - \$29.3 million). Letters of credit outstanding at period end were \$3.6 million (December 31, 2023 - \$0.4 million). Borrowings under the credit facility bear interest at the lenders' prime rate or CORRA rates, plus applicable margins and standby fees. The applicable CORRA margins range between 2.8% and 6.3%. The effective aggregate interest rate on the credit facility during the fourth quarter of 2024 was 6.7% per annum. For the period ended December 31, 2024, if interest rates changed by 1% with all other variables held constant, the impact on annual cash finance expense and net income and comprehensive income would be \$0.8 million.

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

At December 31, 2024, the credit facility was not subject to any financial covenants and the Company was in compliance with all customary non-financial covenants.

Term Loan

	Maturity date	Interest rate	December 31, 2024		December 31, 2023	
			Principal	Carrying Amount	Principal	Carrying amount
Term loan	August 2, 2029	11.5%	20,000	19,027	—	—

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

During the three and twelve months ending December 31, 2024, Rubellite paid \$0.6 million and \$1.0 million in cash interest payments to the holders of the Term Loan (three and twelve months ended December 31, 2023 - nil).

At December 31, 2024, the Term Loan has been recorded at the present value of future cash flows, net of \$1.0 million in issue and discount costs which are amortized over the remaining term using a weighted average effective interest rate of 12.9%.

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

At December 31, 2024, entities controlled or directed by the Company's Chief Executive Officer ("CEO") hold \$18.4 million of the outstanding Term Loan.

Equity

At December 31, 2024, there were 92.9 million common shares outstanding, net of 0.2 million shares held in trust for employee compensation programs. At December 31, 2023, there were 62.5 million common shares and 4.0 million Share Purchase Warrants outstanding. The Share Purchase Warrants have an exercise price of \$3.00 per share and expire on October 5, 2026. As a result of the completion of the Recombination Transaction, the Share Purchase Warrants are no longer outstanding.

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

On October 31, 2024, in conjunction with the closing of the Recombination Transaction, Rubellite issued 25.4 million common shares which consisted of 11.6 million common shares to the holders of Perpetual senior notes and 13.7 million common shares to holders of Perpetual common shares based on a conversion price of \$2.25 per share. The common shares issued of 25.4 million were valued at \$51.7 million using the Company's share price on the closing date of the transaction of \$2.04 per share.

On March 28, 2023, the Company issued 7.0 million flow-through shares at \$2.85 per share, through a private placement for net proceeds of \$19.6 million.

At March 10, 2025 there were 92.9 million common shares outstanding, net of 0.2 million shares held in trust for employee compensation programs.

The following table summarizes information about options and performance awards and restricted awards outstanding as the date of this MD&A:

(thousands)	March 10, 2025
Restricted share units	2,531
Share options	3,051
Performance share units	605
Perpetual awards ⁽¹⁾⁽²⁾	3,179
Total	9,366

(1) Perpetual awards from the Recombination Transaction include 1.2 million deferred options, 0.6 million deferred shares, 0.9 million share options and 0.5 million performance share rights. All Perpetual awards from the Recombination Transaction were adjusted both in number issued and exercise price by the exchange ratio of 5:1.

(2) Perpetual awards include 2.3 million of legacy awards that are settled outside of treasury.

Commodity price risk management

As at March 10, 2025, Rubellite had entered into the following oil commodity risk management contracts:

Commodity	Volumes Sold (bbl/d)	Term	Reference/Index	Contract Traded Bought/Sold	Average Price (\$/bbl)
Crude Oil	2,400 bbl/d	Jan 2025 - Mar 2025	WTI (US\$/bbl)	Swap - sold	\$74.41
Crude Oil	2,650 bbl/d	Apr 2025 - Jun 2025	WTI (US\$/bbl)	Swap - sold	\$72.23
Crude Oil	1,800 bbl/d	Jul 2025 - Sep 2025	WTI (US\$/bbl)	Swap - sold	\$71.98
Crude Oil	400 bbl/d	Oct 2025 - Dec 2025	WTI (US\$/bbl)	Swap - sold	\$74.86
Crude Oil	2,300 bbl/d	Jan 2025 - Mar 2025	WTI (CAD\$/bbl)	Swap - sold	\$99.54
Crude Oil	1,900 bbl/d	Apr 2025 - Jun 2025	WTI (CAD\$/bbl)	Swap - sold	\$99.16
Crude Oil	1,700 bbl/d	Jul 2025 - Sep 2025	WTI (CAD\$/bbl)	Swap - sold	\$99.12
Crude Oil	2,400 bbl/d	Jan 2025 - Mar 2025	WCS Differential (US\$/bbl)	Swap - sold	(\$14.65)
Crude Oil	2,650 bbl/d	Apr 2025 - Jun 2025	WCS Differential (US\$/bbl)	Swap - sold	(\$14.20)
Crude Oil	3,100 bbl/d	Jul 2025 - Sep 2025	WCS Differential (US\$/bbl)	Swap - sold	(\$13.98)
Crude Oil	1,900 bbl/d	Oct 2025 - Dec 2025	WCS Differential (US\$/bbl)	Swap - sold	(\$14.71)
Crude Oil	2,300 bbl/d	Jan 2025 - Mar 2025	WCS Differential (CAD\$/bbl)	Swap - sold	(\$20.63)
Crude Oil	1,900 bbl/d	Apr 2025 - Jun 2025	WCS Differential (CAD\$/bbl)	Swap - sold	(\$18.72)
Crude Oil	1,700 bbl/d	Jul 2025 - Sep 2025	WCS Differential (CAD\$/bbl)	Swap - sold	(\$18.37)
Crude Oil	600 bbl/d	Jan 2025 - Mar 2025	WCS (CAD\$/bbl)	Swap - sold	\$79.69
Crude Oil	850 bbl/d	Apr 2025 - Jun 2025	WCS (CAD\$/bbl)	Swap - sold	\$80.19
Crude Oil	1,000 bbl/d	Jul 2025 - Sep 2025	WCS (CAD\$/bbl)	Swap - sold	\$80.48
Crude Oil	200 bbl/d	Oct 2025 - Dec 2025	WCS (CAD\$/bbl)	Swap - sold	\$80.00

As at March 10, 2025, Rubellite had entered into the following natural gas commodity risk management contracts:

Commodity	Volumes Sold	Term	Reference/Index	Contract Traded Bought/Sold	Average Price (\$/GJ)
Natural gas	5,000 GJ/d	Jan 2025 - Mar 2025	AECO 5A (CAD\$/GJ)	Swap - sold	\$5.01
Natural gas	5,000 GJ/d	Apr 2025 - Oct 2025	AECO 5A (CAD\$/GJ)	Swap - sold	\$5.65
Natural gas	2,638 GJ/d	Apr 2025 - Oct 2025	AECO 7A / NYMEX Differential (US\$/GJ)	Swap - bought	(\$2.56)
Natural gas	7,500 GJ/d	Nov 2025 - Dec 2025	AECO 5A (CAD\$/GJ)	Swap - sold	\$4.20
Natural gas	2,500 GJ/d	Jan 2026 - Mar 2026	AECO 5A (CAD\$/GJ)	Swap - sold	\$5.02

Foreign exchange risk management

As at March 10, 2025, Rubellite entered into the following foreign exchange risk management contracts:

Fixed Contract	Notional amount	Term	Price (CAD\$/US\$)
Average rate forward (CAD\$/US\$)	\$4,361,000 US\$/month	Jan - Mar 2025	1.3628
Average rate forward (CAD\$/US\$)	\$3,950,000 US\$/month	Apr - Jun 2025	1.3726
Average rate forward (CAD\$/US\$)	\$3,403,000 US\$/month	Jul - Sep 2025	1.3727
Average rate forward (CAD\$/US\$)	\$1,300,000 US\$/month	Oct - Dec 2025	1.3785
Average rate forward (CAD\$/US\$)	\$2,500,000 US\$/month	Jan - Dec 2026	1.4066

Variable Contract ⁽¹⁾	Notional amount	Term	Floor Price (CAD\$/US\$)	Ceiling Price (CAD\$/US\$)	Reset Price (CAD\$/US\$)
Knock-in Collar (CAD\$/US\$)	\$500,000 US\$/month	Jan - Dec 2025	1.3700	1.4375	1.3875
Knock-in Collar (CAD\$/US\$)	\$500,000 US\$/month	Jul - Dec 2025	1.3700	1.4300	1.4000
Knock-in Collar (CAD\$/US\$)	\$2,500,000 US\$/month	Jan - Dec 2026	1.3900	1.4670	1.4050

(1) If the monthly average exchange rate is below the floor price, settlement for that month will occur at the floor price. If the monthly average exchange rate is above the ceiling price, settlement for that month will be against the reset price. No settlement occurs when the monthly average exchange rate is between the floor and ceiling price.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The Company has a drilling commitment on certain GORR lands that must be fulfilled by June 30, 2026 (the "Commitment Date"). In the event the Company fails to fulfill the drilling commitment, the Company is required to pay \$0.1 million per well not spud by the Commitment Date. As at December 31, 2024, the Company has drilled sixteen (16.0 net) of the 59 wells that are required to meet the drilling commitment.

PROVISIONS

Decommissioning Obligations

Decommissioning obligations are estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities, and the estimated timing of the costs to be incurred in future periods.

The increase in the provision due to the passage of time, which is referred to as accretion, is recognized as non-cash finance expense in the consolidated statements of income and comprehensive income. Decommissioning obligations are further adjusted at each period end date for changes in the risk-free interest rate, after considering additions and dispositions of PP&E. Decommissioning obligations are also adjusted for revisions to future cost estimates and the estimated timing of costs to be incurred in future periods.

	December 31, 2024
Decommissioning obligations – current	\$ 2,000
Decommissioning obligations – non-current	29,817
Total decommissioning obligations	\$ 31,817

The following significant assumptions were used to estimate the Company's decommissioning obligations:

	December 31, 2024
Undiscounted obligations	\$ 42,085
Average risk-free rate	3.3%
Inflation rate	1.8%
Expected timing of settling obligations	1 to 25 years

Other Provision

The Other Provision was assumed as part of the Recombination Transaction with Perpetual that closed on October 31, 2024. The other provision relates to a "Settlement Agreement" Perpetual entered into to resolve litigation whereby the Company will make annual installments payments of \$3.75 million until the Settlement principal is paid. Subject to the payment of all amounts under the Settlement Agreement, interest prior to March 27, 2026 will accrue and be forgiven. As of March 28, 2026, interest will accrue and be payable on the outstanding Settlement Principal at an interest rate equal to the applicable Bank of Canada prime rate on the date of payment. The Company is able to pre-pay all, or any portion, of the outstanding balance of the Settlement Principal at any time without bonus or penalty.

	December 31, 2024
Other provisions – current	\$ 3,750
Other provisions – non-current	14,824
Total other provisions	\$ 18,574

The following assumptions were used to estimate the Other Provision:

	December 31, 2024
Undiscounted obligations	\$ 19,941
Average risk-free rate	3.0%
Expected timing of settling obligations	5.3 years

OFF BALANCE SHEET ARRANGEMENTS

Rubellite has no material off balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Until the Recombination Transaction in the fourth quarter of 2024, Rubellite and Perpetual were considered related parties due to the existence of the MSA. Further, certain officers and directors are key management of and have significant influence over Rubellite while also being key management of and having deemed control over Perpetual. Under the MSA, Rubellite reimbursed Perpetual for certain technical and administrative services provided to Rubellite split on a relative production basis. Effective June 1, 2024, the MSA was amended to split shared costs on a 80% Rubellite and 20% Perpetual basis. During the three and twelve months ending December 31, 2024, until the closing of the Recombination Transaction, Rubellite was billed by Perpetual for net transactions which were considered to be normal course of oil and gas operations totaling \$1.2 million and \$12.7 million (three and twelve months ended December 31, 2023 - \$2.4 million and \$6.9 million). Included within this amount were \$0.5 million and \$5.0 million (three and twelve months ended December 31, 2023 - \$0.8 million and \$3.4 million) of costs charged to Rubellite through the MSA by Perpetual prior the Recombination Transaction.

NON-GAAP AND OTHER FINANCIAL MEASURES

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

Non-GAAP Financial Measures

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

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

	Three months ended December 31,		Twelve months ended December 31,	
	2024	2023	2024	2023
Net cash flows used in investing activities	(49,633)	(38,813)	(173,030)	(94,354)
Acquisitions	—	(33,173)	(62,732)	(33,173)
Dispositions	—	7,990	—	7,990
Change in non-cash working capital	(14,096)	12,689	(1,392)	2,359
Capital expenditures, including land, corporate and other	(35,537)	(26,319)	(108,906)	(71,530)
Property, plant and equipment additions	(32,565)	(13,231)	(90,680)	(43,660)
Exploration and evaluation additions	(2,844)	(13,088)	(15,129)	(27,870)
Corporate additions	(128)	—	(3,097)	—
Capital expenditures, including land, corporate and other	(35,537)	(26,319)	(108,906)	(71,530)

Cash costs: Cash costs are comprised of net operating costs, transportation, general and administrative, and cash finance expense as detailed below. Cash costs per boe is calculated by dividing cash costs by total production sold in the period. Management believes that cash costs assist management and investors in assessing Rubellite's efficiency and overall cost structure.

	Three months ended December 31,				Twelve months ended December 31,			
(\$ thousands, except per boe amounts)	2024		2023		2024		2023	
Net operating costs	6.84	6,536	5.66	2,191	7.11	16,514	6.12	7,371
Transportation	6.01	5,747	6.68	2,588	7.03	16,328	7.50	9,045
General and administrative	3.69	3,522	6.00	2,323	4.57	10,616	6.07	7,318
Cash finance expense	2.91	2,784	2.15	831	2.97	6,904	1.60	1,923
Cash costs	19.45	18,589	20.49	7,933	21.68	50,362	21.29	25,657

Operating netbacks and total operating netbacks, after risk management contracts: Operating netback is calculated by deducting royalties, net operating expenses, and transportation costs from oil and natural gas revenue. Operating netback is also calculated on a per boe basis using total production sold in the period. Total operating netbacks, after risk management contracts, is presented after adjusting for realized gains or losses from risk management contracts. Rubellite considers operating netback and operating netback after risk management contracts to be key industry performance indicators that provides investors with information that is also commonly presented by other oil and natural gas producers. Rubellite presents the operating netback at a CGU level as it provides investors with key information related to the heavy oil CGU which is the area where growth capital investment is focused. Operating netback and operating netback, after risk management contracts, evaluate operational performance as it demonstrates its profitability relative to realized and current commodity prices.

Net operating costs: Net operating costs equals operating expenses net of other income, which is made up of processing revenue and other one time items from time to time. Management views net operating costs as an important measure to evaluate its operational performance. The most directly comparable IFRS measure for net operating costs is production and operating expenses.

The following table reconciles net operating costs from production and operating expenses and other income in the Company's consolidated statement of income (loss) and comprehensive income (loss).

	Three months ended December 31,		Twelve months ended December 31,	
(\$ thousands, except per share and per boe amounts)	2024	2023	2024	2023
Production and operating	6,714	2,191	16,692	7,371
Less: other income	178	—	178	—
Net operating costs	6,536	2,191	16,514	7,371
Per boe	6.84	5.66	7.11	6.12

Refer to reconciliations in the MD&A under the "Operating Netbacks" section for current period and comparative information.

Net Debt and Adjusted Working Capital Deficit: Rubellite uses net debt as an alternative measure of outstanding debt and is calculated by adding borrowings under the credit facility and term loan debt less adjusted working capital. Adjusted working capital is calculated by adding cash, accounts receivable, prepaid expenses and deposits and product inventory less accounts payable and accrued liabilities. 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 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, 2024	As of December 31, 2023
Current assets	44,714	21,061
Current liabilities	(74,680)	(34,009)
Working capital deficit	29,966	12,948
Risk management contracts – current asset	9,783	8,796
Risk management contracts – current liability	(2,765)	—
Right of use liability - current liability	(357)	—
Share-based compensation liability - current liability	(5,357)	—
Decommissioning obligations – current liability	(2,000)	(77)
Other provision - current liability	(3,750)	—
Adjusted working capital deficit ⁽¹⁾	25,520	21,667
Bank indebtedness	108,500	29,317
Term loan (principal)	20,000	—
Net debt ⁽²⁾	154,020	50,984

(1) Calculation of current assets less current liabilities has been adjusted for the removal of the current portion of risk management contracts, decommissioning liabilities, lease liabilities, share-based compensation and other provisions.

(2) Excludes decommissioning liabilities and other provisions.

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 and share-based compensation since the Company believes the timing of collection, payment or incurrence of these items is variable. Expenditures on decommissioning and share based compensation obligations may vary from period to period are managed as expenditures through the corporate 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, expenditures on share based compensation 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 December 31,		Twelve months ended December 31,	
(\$ thousands, except as noted)	2024	2023	2024	2023
Net cash flows from operating activities	39,402	18,963	95,788	55,391
Change in non-cash working capital	(8,582)	(2,040)	(3,093)	(1,237)
Cash-settled share-based compensation	631	—	631	—
Decommissioning obligations settled	181	—	451	3
Adjusted funds flow, after transaction costs	31,632	16,923	93,777	54,157
Transaction costs	4,223	147	6,233	147
Adjusted funds flow, before transaction costs	35,855	17,070	100,010	54,304
Adjusted funds flow per share - basic	0.36	0.27	1.37	0.90
Adjusted funds flow per share - diluted	0.36	0.27	1.35	0.89
Adjusted funds flow per boe	33.10	43.71	40.35	44.93
Adjusted funds flow per share - before transaction costs - basic	0.41	0.27	1.46	0.90
Adjusted funds flow per share - before transaction costs - diluted	0.40	0.27	1.43	0.89
Adjusted funds flow per boe - before transaction costs	37.52	44.09	43.04	45.06

Available Liquidity: Available liquidity is defined as the borrowing limit under the Company's credit facility, plus any cash and cash equivalents, less any borrowings and letters of credit issued under the credit facility. Management uses available liquidity to assess the ability of the Company to finance capital expenditures, expenditures on decommissioning obligations and to meet its financial obligations.

Enterprise value: Enterprise value is equal to net debt plus the market value of issued equity, and is used by management to analyze leverage. Enterprise value is calculated by multiplying the current shares outstanding by the market price at the end of the period and then adjusting it by the net debt. The Company considers enterprise value as an important measure as it normalizes the market value of the Company's shares for its capital structure.

Non-GAAP Financial Ratios

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

Average realized prices after risk management contracts: are calculated as the average realized price by product type less the realized gain or loss on risk management contracts by product type.

Net debt to adjusted funds flow ratio: Net debt to adjusted funds flow ratios are calculated on a trailing twelve-month basis.

Net debt to annualized adjusted funds flow ratio: Net debt to annualized adjusted funds flow ratios are calculated by annualizing the current quarter adjusted funds flow after transaction costs.

Net debt as a percentage of enterprise value: Net debt as a percentage of enterprise value is calculated by dividing net debt by enterprise value.

Adjusted funds flow per share: Adjusted funds flow ratios are calculated on a per share as the measure divided by basic shares outstanding.

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

Supplementary Financial Measures

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

"Realized oil price" is comprised of oil commodity sales from production, as determined in accordance with IFRS, divided by the Company's oil sales production.

"Realized natural gas price" is comprised of natural gas commodity sales from production, as determined in accordance with IFRS, divided by the Company's natural gas sales production.

"Realized NGL price" is comprised of NGL commodity sales from production, as determined in accordance with IFRS, divided by the Company's NGL sales production.

"Realized gain (loss) on natural gas contracts per Mcf" is comprised of the realized gain or loss on natural gas contracts, as determined in accordance with IFRS, divided by the Company's total natural gas sales production.

"Realized gain (loss) on oil contracts per boe" is comprised of the realized gain or loss on oil contracts, as determined in accordance with IFRS, divided by the Company's total oil sales production.

"Realized gain (loss) on risk management contracts per boe" is comprised of the realized gain or loss on risk management contracts, as determined in accordance with IFRS, divided by the Company's total sales production.

"Royalties as a percentage of revenue" is comprised of royalties, as determined in accordance with IFRS, divided by oil and natural gas revenue from sales production as determined in accordance with IFRS.

"Royalties per boe" is comprised of royalties, as determined in accordance with IFRS, divided by the Company's total sales production.

"Net operating expense per boe" is comprised of net operating expense, divided by the Company's total sales production.

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

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

"Depletion and depreciation expense (\$/boe)" is comprised of depletion expense, as determined in accordance with IFRS, divided by the Company's total sales production.

"Market value of shares" is comprised of common shares outstanding multiplied by the market price of shares.

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

FUTURE ACCOUNTING PRONOUNCEMENTS

New Accounting Policies

On January 1, 2024 the Company adopted the amendments to IAS 1 *Presentation of Financial Statements* ("IAS 1") as issued by the IASB that clarify its requirements for the presentation of liabilities as current and non-current in the statement of financial position. In October 2022, the IASB issued further amendments to IAS 1, which specify the classification and disclosure of a liability with covenants. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Future Accounting Pronouncements

In August 2023, the IASB issued amendments to IAS 21 *The effects of Changes in Foreign Exchange Rates* ("IAS 21") related the definition of exchangeable currency and provided further guidance on estimating the spot exchange rate when a currency is not exchangeable. These amendments will be effective on January 1, 2025, and are not expected to have a material impact on the Company's consolidated financial statements.

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18"), which will replace IAS 1 and includes requirements for all entities applying IFRS Accounting Standards for the presentation and disclosure of information in the financial statements. IFRS 18 will introduce new totals, subtotals and categories for income and expenses in the statement of income and comprehensive income, as well as requiring disclosure about management defined performance measures and additional requirements regarding the aggregation and disaggregation of certain information. It will be effective on January 1, 2027, with earlier adoption permitted and it must be adopted on a retrospective basis. Rubellite is currently evaluating the impact of this standard on its consolidated financial statements.

In May 2024, the IASB issued amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* relating to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets. The amendments will be effective on January 1, 2026, and are not expected to have a material impact on the Company's consolidated financial statements.

Sustainability Disclosures

Emissions, carbon taxes and other regulations impacting climate and climate-related matters are constantly evolving. With respect to environmental, social and governance ("ESG") and climate reporting, the IASB has issued an IFRS Disclosure Standard with the aim to develop sustainability disclosure standards that are globally consistent, comparable and reliable.

On June 26, 2023, the International Sustainability Standards Board ("ISSB") issued IFRS S1 - *General Requirements for Disclosure of Sustainability Related Financial Information* ("IFRS S1"), and IFRS S2 - *Climate Related Disclosures* ("IFRS S2"). On March 13, 2024, the Canadian Sustainability Standards Board ("CSSB") released exposure drafts for two proposed standards; Canadian Sustainability Disclosure Standard 1 ("CSDS S1") - *General Requirements for Disclosure of Sustainability Related Financial Information* and Canadian Sustainability Disclosure Standard 2 ("CSDS S2") - *Climate Related Disclosures*. The CSSB provided a consultation period for comments on the proposed standards that expired on June 10, 2024 and a feedback statement was issued by the CSSB on October 31, 2024. The CSSB proposes that both CSDS S1 and CSDS S2 should be effective for annual periods beginning on or after January 1, 2025 but will not be mandatory. The sustainability standards as proposed by the CSSB provide for transition relief that allow for a reporting entity to report on climate only risks and opportunities and exclude scope 3 emissions in the first and second year of reporting and allow for a reporting timeline extension in the first year of reporting under the sustainability standards. Final versions of the CSDS S1 and CSDS S2 were approved in December 2024.

Canadian Security Regulators will begin their own consultation process to determine how the reporting standards will be translated into reporting requirements for reporting issuers and the timing for the implementation of such mandatory reporting requirements. The Company is monitoring the potential effects of the CSSB sustainability standards. At this time, Rubellite is not able to determine the impact on future financial statements or the potential costs to comply with these sustainability standards.

RISK FACTORS

The Corporation is exposed to business risks that are inherent in the oil and gas industry, as well as those governed by the individual nature of Rubellite's operations. Risks impacting the business which influence controls and management of the Corporation include, but are not limited to, the following:

- drilling, exploration, development, geological, engineering and completion risks;
- the uncertainty of discovering commercial quantities of new reserves;
- commodity prices, interest rate and foreign exchange risks;
- access to capital;
- political and geopolitical risks;
- competition;
- cybersecurity risks;
- inflation and supply chain risks;
- risks relating to pandemics and
- changes to government regulations including royalty regimes, tax legislation and tariffs.

Rubellite manages these risks by:

- attracting and retaining a team of highly qualified and motivated professionals who have a vested interest in the success of the Corporation;
- prudent operation of oil and natural gas properties;
- employing risk management instruments and policies to manage exposure to volatility of commodity prices, interest rates and foreign exchange rates;
- maintaining a flexible financial position;
- maintaining strict environmental, safety and health practices; and
- active participation with industry organizations to monitor and influence changes in government regulations and policies.

A complete discussion of risk factors is included in the Corporation's 2024 Annual Information Form available on the Corporation's website at www.rubelliteenergy.com or on SEDAR+ at www.sedarplus.ca.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Rubellite's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICOFR") as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

Disclosure controls and procedures

The DC&P have been designed to provide reasonable assurance that material information relating to Rubellite is made known to the CEO and CFO by others, and that information required to be disclosed by Rubellite in its annual filings, interim filing or other reports is filed or submitted by Rubellite under securities legislation.

Rubellite's CEO and CFO have concluded, based on their evaluation at December 31, 2024, the DC&P are designed and operating effectively to provide reasonable assurance that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the issuer's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure.

Management's annual report on internal controls over financial reporting

Management is responsible for establishing and maintaining adequate ICOFR, which is a process designed by, or under the supervision of, the CEO and CFO, and effected by the board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Under the supervision and with the participation of management, including the CEO and CFO, an evaluation of the effectiveness of the internal controls over financial reporting was conducted as of December 31, 2024 based on criteria described in "Internal Control – Integrated Framework" issued in 2013 by the Committee of Sponsoring Organization of the Treadway Commission. Based on this assessment, management determined that, as of December 31, 2024, the internal controls over financial reporting were designed and operating effectively.

INTERNAL CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

There were no changes in the Company's internal control over financial reporting during the period beginning on October 1, 2024 and ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

CEO and CFO certifications

Rubellite's CEO and CFO have filed with the Canadian securities regulators regarding the quality of Rubellite's public disclosures relating to its fiscal 2024 filings with the Canadian securities regulators.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstances may result in actual results or changes to estimates that differ materially from current estimates.

Rubellite's financial and operational results incorporate certain estimates including:

- estimated commodity sales from production at a specific reporting date for which actual revenues have not yet been received, including associated estimated credit losses;
- estimated royalty obligations, transportation, and operating expenses at a specific reporting date for which costs have been incurred but have not yet been settled;
- estimated capital spending on projects that are in progress;
- estimated depletion charges and deferred tax assets that are based on estimates of reserves that Rubellite expects to recover in the future;
- estimated future recoverable value of PP&E and E&E and any associated impairment charges or reversals;
- estimated fair values of financial instruments that are subject to fluctuation depending upon the underlying forward curves for commodity prices, foreign exchange rates and interest rates, as well as volatility curves, and the risk of non-performance;
- estimated value of ARO that is dependent upon estimates of future costs and timing of expenditures;
- estimated compensation expense under Rubellite's share-based compensation plans including the PSUs awarded under the PSU Plans that are dependent on the final number of PSU awards that eventually vest based on a performance multiplier; and
- estimated fair values of assets acquired and liabilities assumed in a business combination.

FORWARD-LOOKING INFORMATION

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

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

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

Energy Inc.'s Annual Information Form and MD&A for the year ended December 31, 2023 (and once filed under "Risk Factors" in Rubellite's Annual Information Form and MD&A for the year ended December 31, 2024) and in other reports on file with Canadian securities regulatory authorities which may be accessed through the SEDAR+ website www.sedarplus.ca and at Rubellite's website www.rubelliteenergy.com. Readers are cautioned that the foregoing list of risk factors is not exhaustive. Forward-looking information is based on the estimates and opinions of Rubellite's management at the time the information is released, and Rubellite disclaims any intent or obligation to update publicly any such forward-looking information, whether as a result of new information, future events or otherwise, other than as expressly required by applicable securities law.

ABBREVIATIONS AND CONVENTIONS

The following is a list of abbreviations that may be used in this MD&A:

Measurement:

bbl	barrel
bbl/d	barrels per day
Mbbl	thousand barrels
MMbbl	million barrels
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
Mcf	thousand cubic feet of natural gas
MMcf	million cubic feet
Mcf/d	thousand cubic feet of natural gas per day
MMcf/d	million cubic feet per day
GJ	gigajoule

Industry Metrics:

This MD&A contains certain industry metrics which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included in this document to provide readers with additional measures to evaluate Rubellite's performance; however, such measures are not reliable indicators of Rubellite's future performance and future performance may not compare to Rubellite's performance in previous periods and therefore such metrics should not be unduly relied upon.

Volume Conversions:

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

Initial Production Rates:

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

Estimated Drilling Locations

Of the 414 net drilling locations disclosed in this MD&A 152.7 net are booked proved undeveloped ("PUD") and probable undeveloped ("PAUD") locations in the reserve report. Unbooked drilling locations are the internal estimates of Rubellite based on Rubellite's or the acquired assets prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources (including contingent and prospective). Unbooked locations have been identified by Rubellite's management as an estimation of Rubellite's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that Rubellite will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and natural gas reserves, resources or production. The drilling locations on which Rubellite will actually drill wells, including the number and timing thereof is ultimately dependent upon the availability of funding, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While a certain number of the unbooked drilling locations have been de-risked by Rubellite drilling existing wells in relative close proximity to such unbooked drilling locations, the majority of other unbooked drilling locations are farther away from existing wells where management of Rubellite has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

Financial and Business Environment:

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

ANNUAL HISTORICAL FINANCIAL AND OPERATING HIGHLIGHTS

(\$ thousands, except as noted)	2024	2023	2022
Financial			
Oil and natural gas revenue	168,384	88,968	54,491
Net income	49,973	18,561	24,605
Per share – basic ⁽³⁾	0.73	0.31	0.47
Per share – diluted ⁽³⁾	0.72	0.30	0.47
Total Assets	562,612	271,153	204,030
Cash flow from operating activities	95,788	55,391	23,870
Adjusted funds flow, after transaction costs ⁽¹⁾⁽⁶⁾	93,777	54,154	23,036
Per share – basic ⁽²⁾⁽³⁾	1.37	0.90	0.44
Per share – diluted ⁽²⁾⁽³⁾	1.35	0.89	0.44
Adjusted funds flow, before transaction costs ⁽¹⁾⁽⁶⁾	100,010	54,304	23,036
Per share – basic ⁽²⁾⁽³⁾	1.46	0.90	0.44
Per share – diluted ⁽²⁾⁽³⁾	1.43	0.89	0.44
Common shares (thousands)			
Weighted average – basic	68,667	60,346	52,093
Weighted average – diluted	69,716	61,075	52,471
Operating			
Heavy oil (bbl/d) ⁽⁴⁾	5,685	3,302	1,670
Natural gas (Mcf/d)	3,570	—	—
NGL (bbl/d) ⁽⁵⁾	69	—	—
Daily average sales production (boe/d)	6,349	3,302	1,670
Rubellite average realized prices⁽²⁾⁽⁷⁾			
Oil (\$/bbl)	78.92	—	—
Natural Gas (\$/Mcf)	2.01	—	—
NGL (\$/bbl)	61.32	—	—
Total average realized price (\$/boe)	72.46	73.82	89.38

- (1) Non-GAAP measure. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.
- (2) Non-GAAP ratio. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.
- (3) Per share amounts are calculated using the weighted average number of basic or diluted common shares.
- (4) Conventional heavy oil sales production excludes tank inventory volumes.
- (5) Liquids means oil, condensate, ethane, propane and butane.
- (6) 2024 includes \$6.2 million in transaction costs related to the BMEC Acquisition and the Recombination Transaction with Perpetual. 2023 includes \$0.1 million in transaction costs related to a Clearwater Asset Acquisition.
- (7) Before risk management contracts; supplementary financial measure. See "Non-GAAP and Other Financial Measures".

SUMMARY OF QUARTERLY RESULTS

(\$ thousands, except as noted)	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Financial				
Oil and natural gas revenue	59,081	43,682	35,798	29,823
Net income (loss) and comprehensive income (loss)	26,747	15,010	12,368	(4,153)
Per share – basic ⁽²⁾	0.31	0.23	0.20	(0.07)
Per share – diluted ⁽²⁾	0.30	0.23	0.19	(0.07)
Total assets	562,612	432,836	281,549	267,298
Cash flow from operating activities	39,402	19,973	19,916	16,497
Adjusted funds flow, after transaction costs ⁽¹⁾⁽⁶⁾	31,632	23,029	20,664	18,452
Per share – basic ⁽¹⁾⁽²⁾	0.36	0.35	0.33	0.30
Per share – diluted ⁽¹⁾⁽²⁾	0.36	0.35	0.33	0.30
Capital expenditures, including land and other ⁽¹⁾	35,537	36,650	23,927	12,792
Acquisitions ⁽³⁾	68,467	62,732	—	—
Common shares (thousands)				
Weighted average – basic	87,655	65,834	62,494	62,457
Weighted average – diluted	88,546	66,571	63,446	62,457
Operating				
Heavy oil (bbl/d) ⁽⁴⁾	7,754	5,954	4,503	4,514
Natural gas (Mcf/d)	14,140	—	—	—
NGL (bbl/d) ⁽⁵⁾	275	—	—	—
Daily average sales production (boe/d)	10,386	5,954	4,503	4,514
Rubellite average realized oil price⁽¹⁾⁽⁷⁾				
Oil (\$/bbl)	76.97	—	—	—
Natural gas (\$/Mcf)	2.01	—	—	—
NGL (\$/bbl)	61.32	—	—	—
Total average realized price (\$/boe)	61.83	79.75	87.35	72.60

(\$ thousands, except as noted)	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Financial				
Oil revenue	27,224	25,777	18,863	17,104
Net income and comprehensive income	9,523	3,942	3,397	1,699
Per share – basic ⁽²⁾	0.15	0.06	0.05	0.03
Per share – diluted ⁽²⁾	0.15	0.06	0.05	0.03
Total assets	271,153	223,353	218,218	222,747
Cash flow from (used in) operating activities	18,963	14,957	12,186	9,285
Adjusted funds flow, after transaction costs ⁽¹⁾⁽⁶⁾	16,923	15,554	11,998	9,682
Per share – basic ⁽¹⁾⁽²⁾	0.27	0.25	0.19	0.18
Per share – diluted ⁽¹⁾⁽²⁾	0.27	0.25	0.19	0.17
Capital expenditures, including land and other ⁽¹⁾	26,320	11,330	11,820	22,061
Acquisitions ⁽³⁾	33,173	—	—	—
Dispositions ⁽³⁾	(7,900)	—	—	—
Common shares (thousands)				
Weighted average – basic	62,440	61,956	61,830	55,060
Weighted average – diluted	62,958	62,597	62,432	55,550
Operating				
Daily average oil sales production (bbl/d) ⁽⁴⁾	4,209	3,154	2,844	2,990
Rubellite average realized oil price⁽¹⁾⁽⁷⁾				
Average realized oil price (\$/bbl)	70.31	88.85	72.88	63.56

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

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

(3) Includes cash and non-cash consideration.

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

(5) Liquids means oil, condensate, ethane, propane and butane.

(6) Q4 2024 includes \$4.2 million in transaction costs related to the Recombination Transaction with Perpetual, Q3 2024 includes \$2.0 million in transaction costs related to the BMEC Acquisition and Q4 2023 includes \$0.1 million in transaction costs related to the Clearwater Asset Acquisition.

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

Oil and natural gas revenue has ranged between \$17.1 million and \$59.1 million over the prior eight quarters largely due to increasing sales volumes from 2,990 bbl/d to 10,386 bbl/d, partially offset by volatility in commodity pricing. Net income (loss) has ranged between a loss of \$4.2 million and income of \$26.7 million primarily due to increased production, corporate acquisitions, volatility of commodity prices and its impact on revenue, royalties and realized and unrealized risk management contract gains and losses and deferred income taxes.