

## Management

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## EPG Commentary by Dan Steffens

**Rubellite Energy Inc. (RBY.TO and RUBLF)** is a new addition to our *Small-Cap Growth Portfolio*. Most of the Company's revenues are from the sale of heavy oil, which currently sells for about \$80Cdn/bbl. The Company's organic production growth is forecast to be 10% to 15% per year. It has a lot of Running Room with >340 multi-lateral development drilling locations in Alberta. Their production mix is 70% high value liquids.

Rubellite Energy came into being after it acquired Perpetual's Clearwater Assets in July 2021. Since 2021 Rubellite has seen rapid growth which is continuing today with the acquisition of Buffalo Mission in August 2024. **See page 15.**

Rubellite Energy produces heavy oil from the Clearwater and the Mannville formations in eastern Alberta. They recently recombined with Perpetual Energy in a transaction that closed on October 31, 2024. If the Company's Q4 2024 results and 2025 guidance confirm my forecast model assumptions, there is upside to my current valuation.

**Robust Growth  
Opportunity in  
the Prolific  
Clearwater and  
Mannville Stack  
Multi-Lat  
Heavy Oil Plays**



***My Fair Value Estimate for RBY.TO is \$6.00Cdn/share***

**Translates to approximately \$4.20US per share for RUBLF**

**Disclosure:** I do not have a position in RBY. I do not intend on buying or selling any shares in the next 72 hours. I wrote this profile myself, and it expresses my own opinions. I am not receiving compensation for it from the company. I have no business relationship with any company whose stock is mentioned in this article.

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## Company Overview

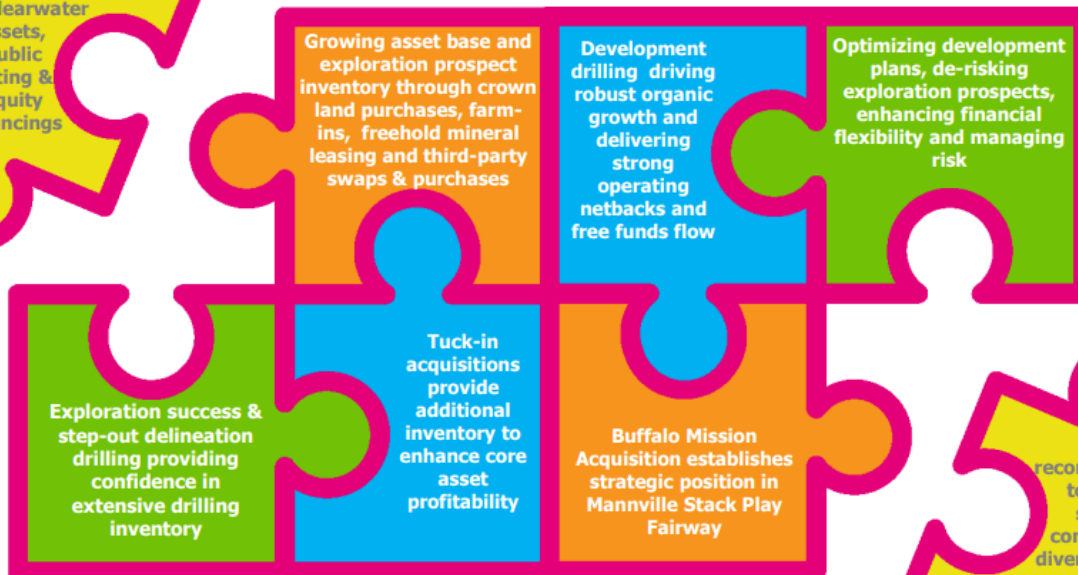
Rubellite Energy Inc. is a junior Canadian energy company incorporated by Perpetual Energy Inc. and established through a plan of arrangement in **September 2021**. The Company is engaged in the exploration, development and production of heavy crude oil from the Clearwater Formation and Mannville Stack in Eastern Alberta, utilizing multi-lateral drilling technology. Rubellite has a Clearwater and Mannville Stack focused asset base and is pursuing a robust organic growth plan focused on superior corporate returns and free funds flow generation while maintaining a conservative capital structure. The recombination of Perpetual Energy and Rubellite happened on October 31, 2024 with Perpetual merging into Rubellite. **See details on page 5**

## Corporate History

*Incorporated in July 2021 as pure play Clearwater multi-lat focused junior E&P*



- **In September 2021, Rubellite acquired Perpetual's Clearwater Assets for \$65.5 MM**
  - 350 bbl/d of heavy oil production and 100 net sections of undeveloped land
- **Executing growth focused business plan on expanding heavy oil asset base**
  - Organic and M&A driven heavy oil production growth from initial 350 bbl/d in Sept 2021 to ~7,292 bbl/d
  - Access to over 600 net sections of prospective heavy oil lands



- **Recombination with Perpetual to capture synergies and enhance financial flexibility**
- **\$179.6 MM in equity raised to-date at average price of \$2.35/share**
  - Insiders have participated for \$90.8 MM (~51%)

## Corporate Profile

Fully funded growth-focused heavy oil multi-lat E&P Company TSX:RBY



### Investment Highlights

#### Large scale, focused asset base in the South Clearwater and Mannville Stack fairways

- Rank as some of the top conventional plays in the WCSB on half-cycle returns

#### Fully funded double digit growth supported by strong netbacks and quick payouts

#### Significant identified and derisked heavy oil inventory to support growth plans

- >340 net heavy oil multi-lat development drilling locations
- Inventory to organically grow heavy oil production by 10% to 15% per year through 2028
- 2024 exit rate guidance of 11,300 to 11,800 boe/d (70% oil and liquids)

#### Recent track record of acquisitions to expand growth opportunities and scale

#### Numerous heavy oil exploration targets to de-risk to increase inventory and asset value

#### Exposure to Enhanced Oil Recovery on assets with large OOIP

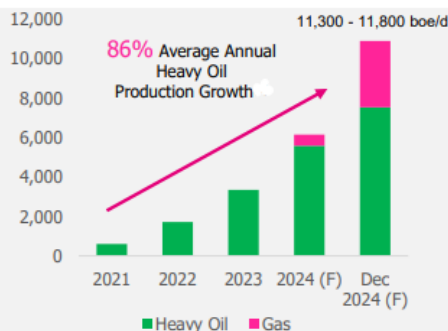
#### Strategic exposure to high quality natural gas assets in the Deep Basin

#### Strong management alignment to drive returns with significant insider ownership

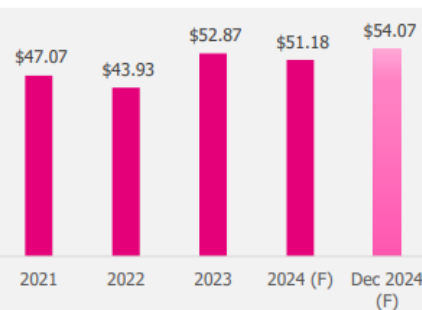
### Capitalization

TSX	RBY
Shares Outstanding <sup>(1)</sup>	93.0 MM
Market Capitalization	\$192.4 MM
Net Debt <sup>(3)</sup>	\$155.8 MM
Enterprise Value	\$348.2 MM
Insider Ownership	~44.2%

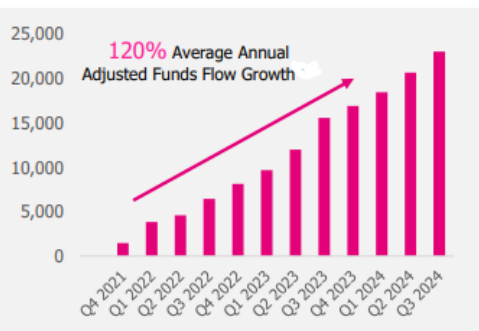
### Production Growth (boe/d)



### Heavy Oil Operating Netback (\$/bbl)



### Adjusted Funds Flow (\$ millions)



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## Third Quarter 2024 Highlights

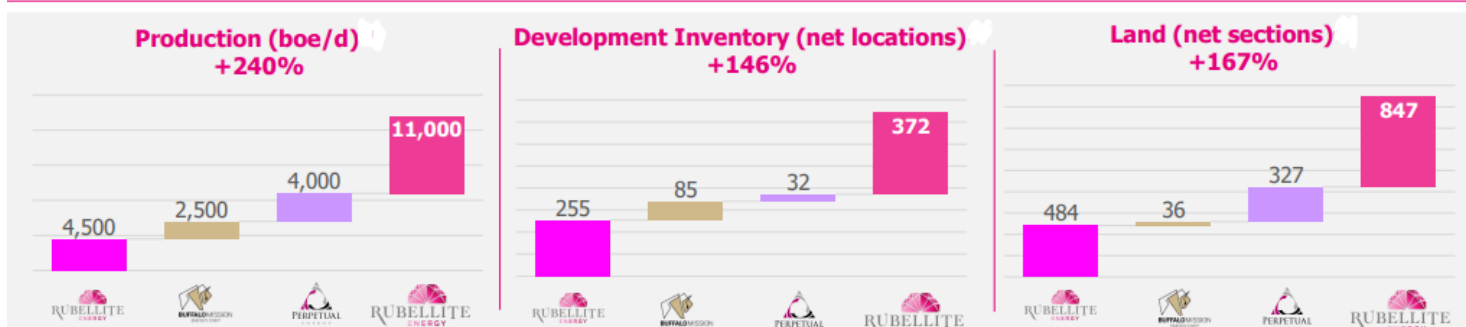
- Third quarter conventional heavy oil sales production of 5,954 bbl/d was 32% higher than the second quarter of 2024 (Q2 2024 - 4,503 bbl/d) and 89% above the third quarter of 2023 (Q3 2023 - 3,154 bbl/d). During the third quarter, the acquisition of Buffalo Mission Energy Corp. (the "BMEC Acquisition") contributed approximately 1,528 bbl/d and there were eleven (10.5 net) wells brought on production from the drilling program.

## 2024 Strategic Transactions

*Strategic transactions since Q2 2024 drive scale, enhanced financial flexibility and optionality*



### Buffalo Mission and Perpetual Recombination Transactions

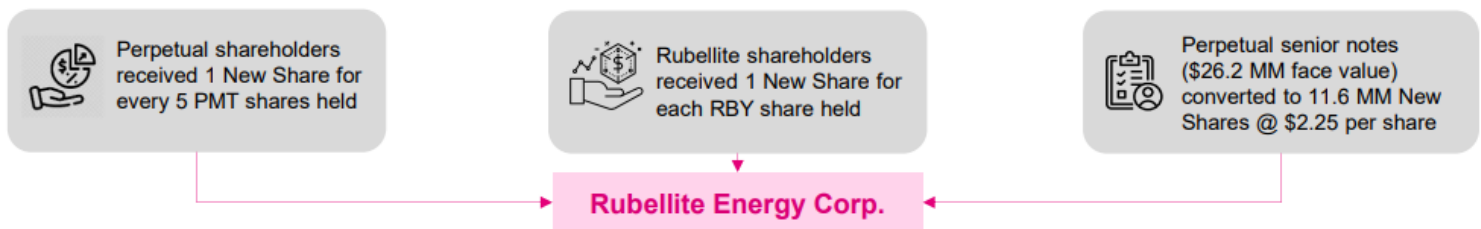


- Exploration and development capital expenditures totaled \$33.7 million for the third quarter to drill, complete, equip and tie-in eleven (11.0 net) multi-lateral horizontal development / step-out delineation wells at Figure Lake and five (2.5 net) multi-lateral horizontal development wells at Frog Lake. Spending on facilities of \$2.9 million in the quarter was for the Figure Lake gas conservation project, bringing total gas plant and pipeline expenditures for 2024 to \$5.4 million.
- Adjusted funds flow before transaction costs in the third quarter was \$25.0 million (\$0.37 per share), a 21% increase from the second quarter of 2024 (Q2 2024 - \$20.7 million; \$0.33/share) and a 60% increase from the third quarter of 2023 (Q3 2023 - \$15.6 million; \$0.25 per share) driven by the growth in sales production, partially offset by higher cash costs.
- Cash costs were \$13.5 million or \$24.72/boe in the third quarter of 2024 (Q2 2024 - \$9.3 million or \$22.58 per boe; Q3 2023 - \$5.9 million or \$20.27/boe). On a per boe basis, the higher costs were driven by increased royalties and production and operating costs as a result of the BMEC Acquisition and higher G&A costs, partially offset by decreased transportation costs on lower trucking rates.
- Net income was \$15.0 million in the third quarter of 2024 (Q3 2023 - \$3.9 million net income), driven by higher adjusted funds flow and an \$11.4 million unrealized gain on risk management contracts.

- As of September 30, 2024, net debt was \$147.9 million, an increase from \$51.0 million as of December 31, 2023, as a result of the BMEC Acquisition during the third quarter of 2024.
- Rubellite had available liquidity on September 30, 2024, of \$25.5 million, comprised of the \$100.0 million borrowing limit of Rubellite's first lien credit facility and \$20.0 million bank syndicate term loan, less current bank borrowings of \$92.2 million and outstanding letters of credit of \$2.4 million.
- Subsequent to September 30, 2024, in conjunction with the closing of the recombination transaction with Perpetual Energy Inc. on October 31, 2024, the Company's credit facility has been increased to \$140.0 million and the \$20.0 million bank syndicate term loan has been repaid. The initial revolving term remains unchanged at May 31, 2025 and may be extended for a further twelve months to May 31, 2026. The next semi-annual borrowing base redetermination is scheduled on or before May 31, 2025.

## Rubellite & Perpetual Recombination – Closed October 31, 2024

*Valuable synergies with increased scale, greater liquidity, funds flow diversification and optionality*



### Recombination Highlights

#### Rubellite Contributed - Large scale exposure to operated heavy oil assets in the Clearwater and Mannville Stack plays

- Over 7,000 boe/d (100% oil) of conventional heavy oil production
- Access to over 600 net sections of prospective lands
- Multiple exploration prospects captured with material upside location inventory potential if successful
- Significant heavy oil resource captured beyond primary recovery in core development assets representing future enhanced recovery potential

#### Perpetual Contributed - Strategic exposure to high quality natural gas assets in the Deep Basin

- Over 4,000 boe/d (~90% natural gas) of conventional natural gas and liquid production
- Predictable base production profile, attractive half cycle economics, operated by JV partner Tourmaline Oil Corp.
- Infrastructure in place to restore sales production to >6,500 boe/d when natural gas prices improve

#### Significant drilling inventory supports long-term growth

- Defined development drilling inventory of over 340 net development/step-out locations (101.9 net booked /238.1 net unbooked) to organically grow production by 10% to 15% per year through 2028 and beyond
- TPP reserve recognition of volumes of 48 MMboe, TPP RLI of ~10 years, with ~\$710 million TPP NPV(10%) before tax

#### Strong financial position

- Approximately \$100 million drawn at closing on an expanded \$140 million syndicated first lien credit facility
- Continuation of the existing \$20 million Rubellite Term Loan due in 2029
- Fully-funded growth focused 2025 drilling program supported by both Rubellite and Perpetual's hedging risk management programs
- Material synergies of \$40 to \$50 million captured over next four years to enhance free funds flow through lower combined G&A and interest costs, along with over \$550 million in combined resource tax pools and non-capital losses

#### Portfolio of high impact new venture opportunities

- Land capture strategy advancing on several new exploration plays
- Substantial bitumen resource potential
- Helium exploration joint venture

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## Third Quarter 2024 Operational and Financial Updates

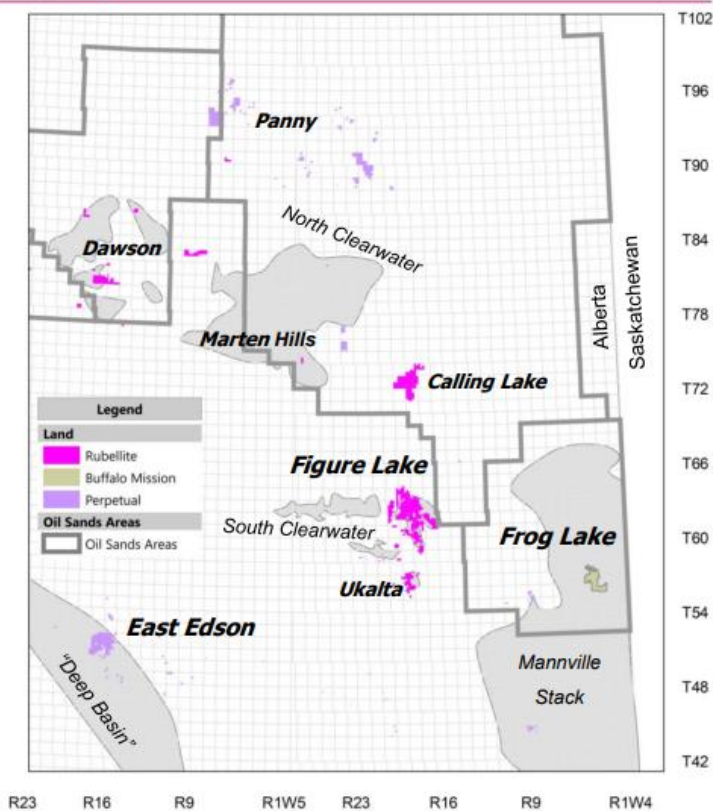
- In the third quarter of 2024, the Company contracted two rigs. They drilled and rig released a total of eleven (11.0 net) horizontal wells in the Greater Figure Lake area, all targeting the Clearwater Formation. Production results from the 2024 drilling program have averaged IP (30) 138 bbl/d (21 wells) and IP (60) 111 bbl/d (17 wells) to date, as compared to the McDaniel Type Curve rates of 120 and 112 bbl/d, respectively.
- Production results at East Edwand were encouraging, where a step-out delineation well at 06-09-062-16W4 was drilled using a conventional 50m inter-leg design, recorded an IP (30) of 172 bbl/d and IP (60) of 140 bbl/d.
- Repeatable results from the 2024 capital program across the Greater Figure Lake field continue to meet expectations, solidifying confidence in the geologic model and affirming the identified drilling inventory in excess of 243.0 net drilling locations (182.0 net unbooked).

## Rubellite Asset Profile



Current heavy oil production of 7,292 bbl/d & total production of ~11,579 boe/d proforma Recombination

### Asset Map



### Asset Summary

Area	Land (net sections) <sup>(1)</sup>	Well Count (net producing) <sup>(2)</sup>	Current Production Oct 2024 (boe/d) <sup>(3)</sup>
Figure Lake/Edwand	246.3	79.0	4,526
Frog Lake	36.3	32.8	2,186
Ukalta	31.9	25.0	367
Marten Hills	0.9	3.3	213
Heavy Oil Exploration	248.9	1.5	-
<b>Heavy Oil Total</b>	<b>564.4</b>	<b>141.6</b>	<b>7,292</b>
East Edson	46.6	44.4	4,287
Other P+NG Assets	122.7	-	-
Other Oil Sands	114.0	-	-
<b>Total</b>	<b>847.6</b>	<b>186.0</b>	<b>11,579</b>

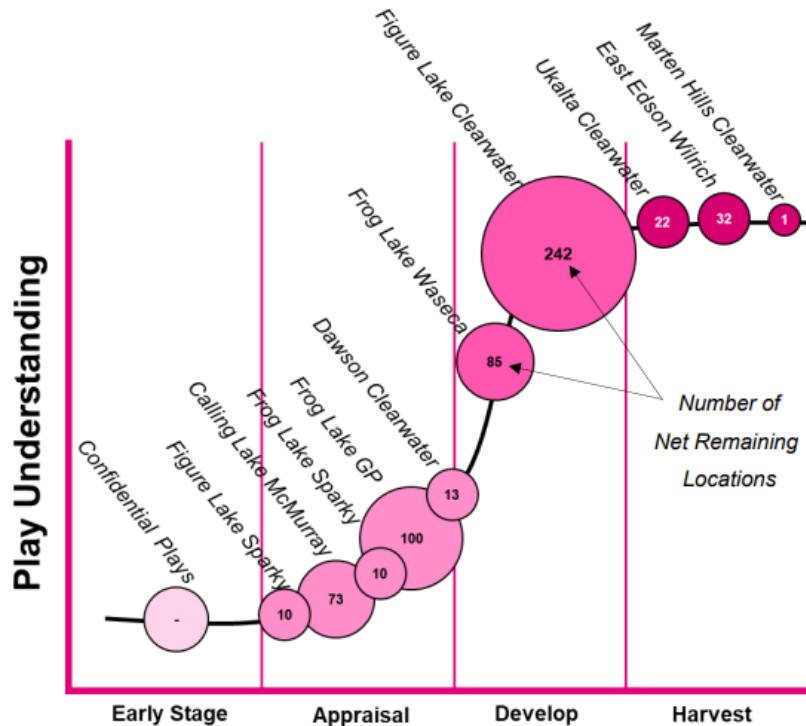
**Current Production : 11,579 boe/d (61% heavy oil; 64% oil & NGL)**

#### Property Status:

- Figure Lake / Edwand** - Development and Step-out delineation; Piloting enhanced recovery and denser inter-leg spacing
- Frog Lake** - Continuous Development in Waseca Sand; Additional zones to be evaluated for multi-lat development in 2025
- Marten Hills** - Developed on primary; Advancing waterflood
- Ukalta** - Focus on optimization; Development inventory
- Heavy Oil Exploration** - De-risking prospect at Dawson, Calling Lake drill recovering drilling load fluid; Other prospects in various stages of land capture & assessment
- East Edson** - Drill to optimize value

## Project Pipeline

Feeding a "pipeline" of primary development projects from new exploration plays



### Exploration Projects in Appraisal Stage:

#### Dawson Clearwater – 13.2 net Locations

- 23.0 net sections
- Horizontal test well drilled in Q1 2023 – Winter production only
- Up to 2 new wells expected to be drilled by partner in Q4 2024

#### Frog Lake General Petroleum (GP) – 100.0 net Locations

- Lined horizontal development analogs prevalent
- Two (1.0 net) existing multi-lat producers
- Testing new well design in 2025 to improve hole stability and production

#### Frog Lake Sparky – 10.0 net Locations

- New pool mapped based on vertical well control

#### Calling Lake McMurray – 73.0 net Locations

- 108.0 net sections
- One (1.0 net) Horizontal test well drilled in Q4 2024 on production recovering KCL load fluid

#### Figure Lake Sparky – 10.0 net Locations

- New pool mapped
- Horizontal test well anticipated in 2025

### Early-Stage Exploration:

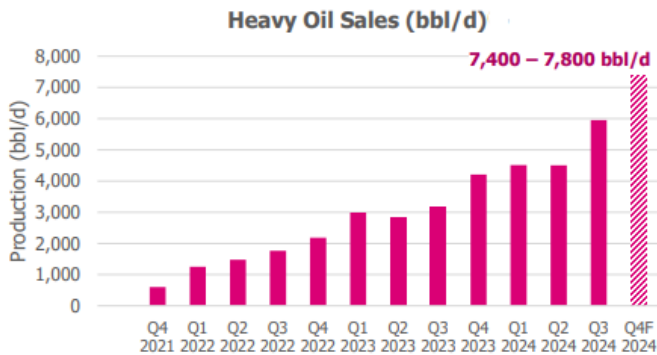
- Land capture ongoing in three new heavy oil plays
- Targeting new zones and formations amenable to open-hole horizontal multi-lat development

- During the second and third quarters of 2024, the Company executed pilot drilling at the 6-19-62-18W4 Pad (the "6-19 Pad") to validate the predicted economic advantage of implementing tighter inter-leg spacing at Figure Lake.
  - Specifically, the Company reduced the distance between laterals from 50m to approximately 33m, and commensurately increased the number of legs and therefore also increased the open hole lateral length per well to greater than 14,000 meters while maintaining the same approximate areal coverage per well. Four (4.0 net) wells were drilled with the tighter inter-leg spacing prior to the end of the third quarter at the 6-19 Pad.
  - Early productivity data from the tighter spacing design is encouraging, both on a per meter and total production per well basis. The 00/08-23-062-19W4 was drilled with a 33m inter-leg spacing to a total lateral measured depth of 14,500 meters and achieved an IP (30) of 304 bbl/d. The offsetting 02/08-23-062-19W4 was drilled to a total lateral length of 18,600m using a hybrid multi-lateral / "fan" design and is on production at similar rates, recording an IP (24) of 362 bbl/d post load oil recovery.

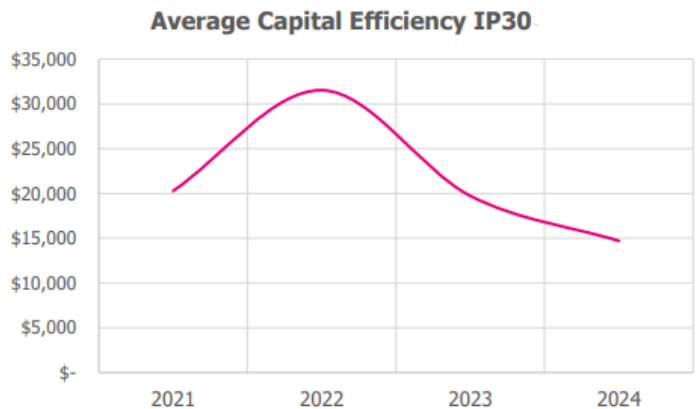
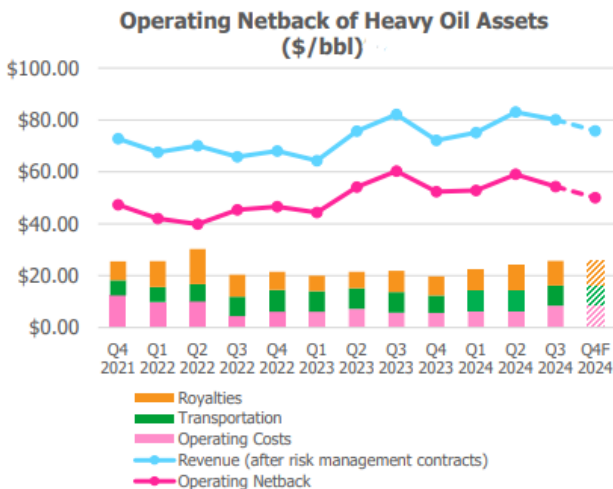
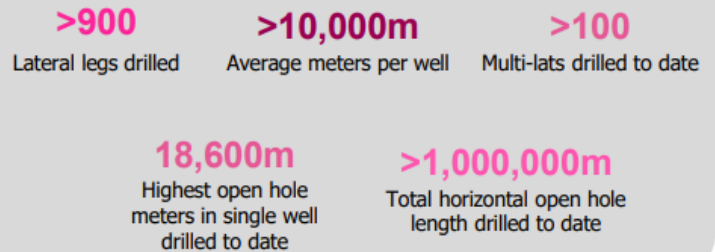
- While productivity per meter of open reservoir varies with reservoir quality, the preliminary pilot results suggest that productivity per meter of open reservoir for the wells with tighter inter-leg spacing is statistically similar to the closest neighboring wells, supporting the expectation of economic production acceleration.
- Incremental drilling time and costs 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. Based on these initial results, four (4.0 net) additional 33m down-spaced wells are planned at the offsetting 1-25-62-19W4 Pad (the "1-25 Pad") in the fourth quarter to further confirm accelerated production and increased capital efficiencies, and to facilitate statistical assessment of the technically anticipated increase in ultimate oil recovery factors.

## Heavy Oil Asset Performance

*Strong Operational Momentum in Heavy Oil Asset Base*



### Key Operational Metrics



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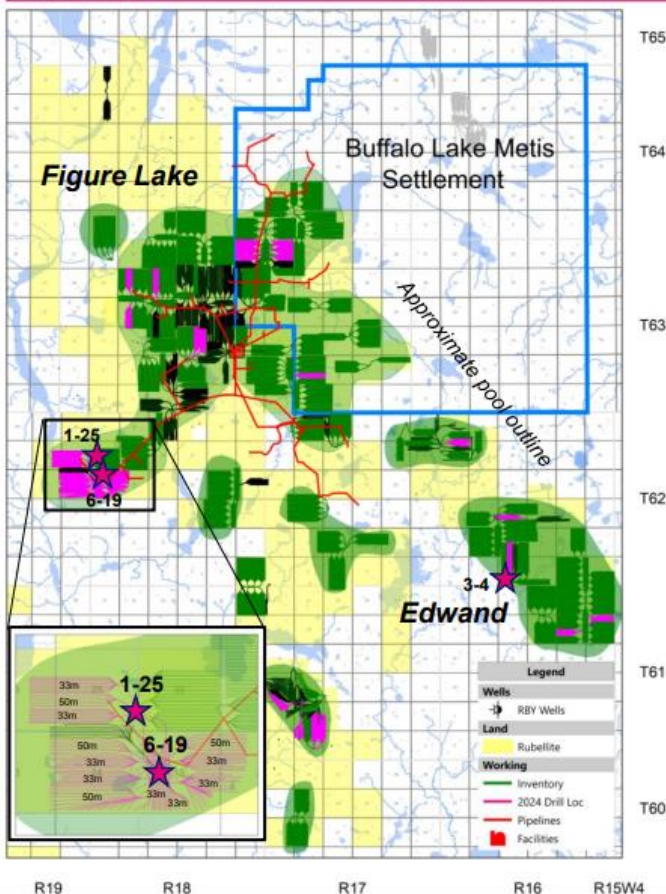
- To advance solution gas conservation at Figure Lake, construction and installation of natural gas compression, dehydration, and associated facilities have progressed and are now substantially complete in advance of the expected re-activation of the gas sales meter by others in Q1 2025. Tie-in of solution gas at Figure Lake will significantly reduce emissions and is forecast to deliver a rate of return in excess of 75%, enhanced by the re-activation of existing gas gathering pipelines and a forecasted reduction in carbon taxes related to elimination of flaring and incineration at multiple pad sites. Once operational, approximately 3 to 4 MMcf/d of natural gas sales is forecast at Figure Lake. The Company is also advancing a novel natural gas re-injection pilot at Figure Lake for enhanced oil recovery. Preliminary results of the gas reinjection pilot are expected by mid-2025.

## Rubellite Asset Profile | Greater Figure Lake

2024 Activity – Clearwater Pool Development, Extension and Down-Space Pilot



### Asset Map



### Asset Summary

**Working Interest:** 100%

**Q3 2024 Production:** 3,807 bbl/d 100% heavy oil

- 4,526 bbl/d October Field estimate
- 79.0 net multi-laterals on sales production

**2024 Activity – 34 (34.0 net) wells by year-end**

- IP30 138 bbl/d (21 wells) and IP60 111 bbl/d (17 wells) as compared to the McDaniel Type Curve rates of 120 and 112 bbl/d, respectively, confirming geologic model and increasing confidence in inventory
- Successful step-out delineation at Edward
  - Edward 3-4 Pad IP30 172 bbl/d and IP60 140 bbl/d exceeding Type Curve
  - Other Edward step out wells performing well in initial production and test period, converting step-out delineation inventory to development

**Gas Conservation Project**

- Construction of 3.0 MMcf/d gas plant and gathering system ongoing with on-stream date in March 2025

**Reduced Inter-leg spacing Pilot**

- Reducing inter-leg spacing from 50m to ~33m on eight (8.0 net) wells to determine effect on productive performance and recovery factor on 6-19 Pad and 1-25 Pad
  - 00/08-23-061-17W4 IP30 306 bbl/d
  - Other wells on initial production or recovering load fluid
- Testing two “fan” design wells to optimize recovery on 6-19 Pad
  - 02/08-23-061-17W4 IP24 362 bbl/d

**Location Inventory – Greater Figure Lake**

- 62 (61.0 net) booked Primary Zone HZ Development locations
- 182.0 net additional inventory locations on existing lands
- 243.0 net booked and unbooked locations

## Rubellite Asset Profile | *Figure Lake Down-Space Pilot*



*Targeting to accelerate production and improve recovery factor per well across same drainage area*

▪ **Decreasing Inter-Leg Spacing from 50m to 33m to:**

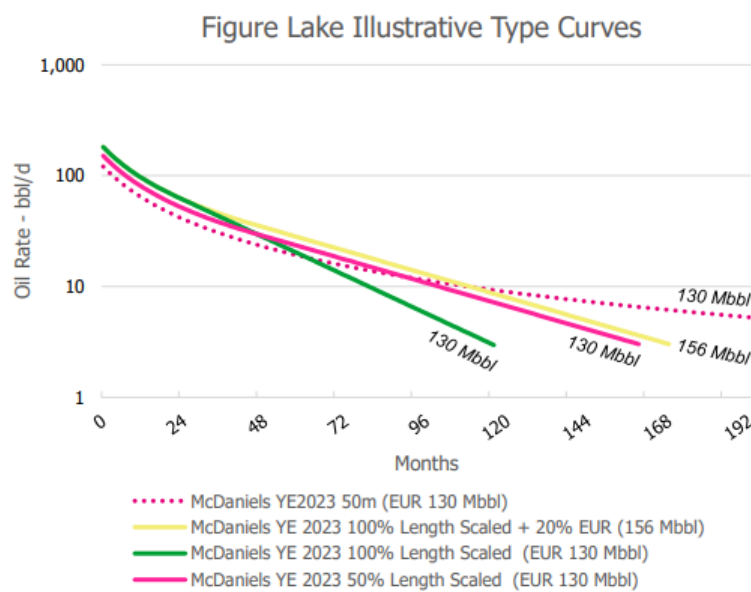
- Increase IRR by up to 38%
- Increase Recovery Factor by 20%
- Increase NPV per Location by 48%
- Improve Capital Efficiency per meter drilled by 15%
- Accelerate Payout by 23% from 1.3 to 1.0 years

▪ **Preliminary results encouraging for 1:1 length-scaled acceleration**

- **Incremental drilling costs ~\$125K per leg**
- **Longer-term data required for confirmation of performance**
- **Pilot results to inform future development plans**

### Type Curve Sensitivities – Figure Lake

Assumptions	33m Inter-leg spacing			50m Inter-leg
	0.5:1 Length Scaled <sup>(1)</sup>	1:1 Length Scaled <sup>(1)</sup>	1:1 Length Scaled <sup>(1)</sup> +20% EUR	McDaniel Type Curve
Drainage Area (Ha)	50	50	50	50
Horizontal Length (m)	15,000	15,000	15,000	10,000
IP30/100m (bbl/d)	1.04	1.25	1.25	1.2
IP30 (bbl/d)	156	187	187	120
IP360 (bbl/d)	110	132	132	88
Ultimate Recovery (Mbbbl)	130	130	156	130
<b>Economics<sup>(1)</sup></b>				
D,C&E Capex (\$MM)	\$2.5	\$2.5	\$2.5	\$1.95
D,C&E Capex (\$/m)	\$166	\$166	\$166	\$195
NPV10 (\$MM)	\$2.7	\$3.1	\$3.7	\$2.5
First Payout (months)	14	12	12	14
Second Payout (months)	49	34	34	47
Third Payout (months)	-	-	108	168
# of Payouts	2.6	2.6	3.2	3.3
Rate of Return	87%	127%	128%	90%



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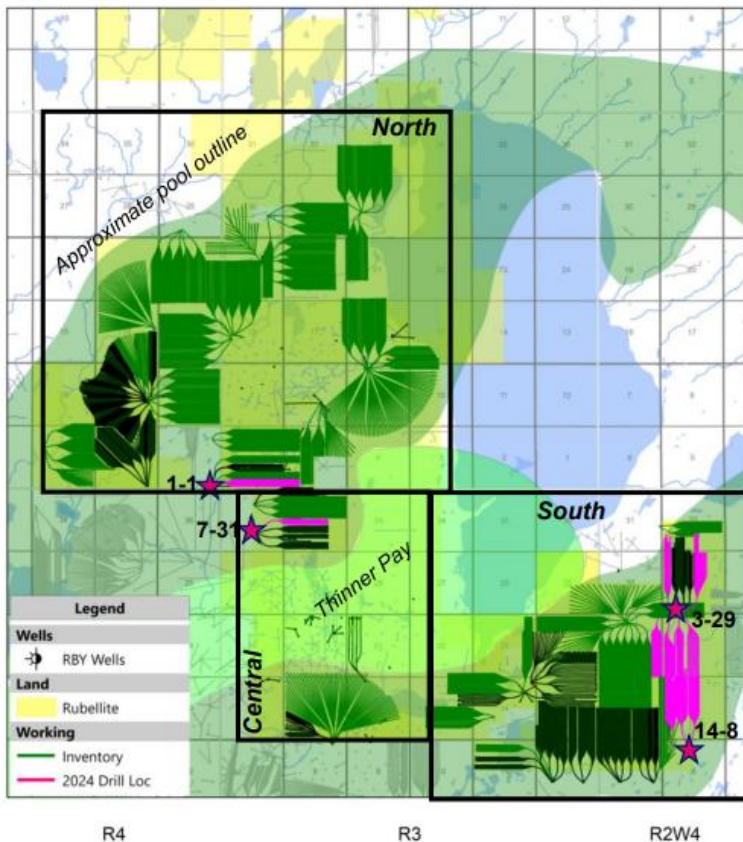
- At Frog Lake, the Company assumed operations after closing the BMEC Acquisition on August 2, 2024, and subsequently drilled and rig released five (2.5 net) horizontal wells in the third quarter of 2024. The wells, all targeting the Waseca Sand of the Mannville Stack, are currently recovering load fluid and beginning to cut oil as they clean up over a typical 60-90 day period. The Waseca Sand is the primary zone of development, but several wells are being planned to additionally test the General Petroleum and Sparky Sands in 2025, evaluate suitable well designs, confirm type curve assumptions, and extend known pool limits.

## Rubellite Asset Profile | Frog Lake

H2 2024 Activity – Waseca development and operations optimization



### Asset Map



### Asset Summary

**Primarily targeting the Waseca A member of the Mannville Stack with upside in the Sparky and General Petroleum**

**Working Interest: ~50%**

- Joint Economic Development Agreements in place with Frog Lake First Nation Energy Resource Corp. (FLERC)
- FLERC can elect to participate as a 50% WI non-op partner or receive a gross overriding royalty of 5% on JED I & II, 6.5% on JED III

#### Key Statistics

- 23,195 net acres (43,030 gross); 36.3 net sections (67.3 gross)
- ~2,186 bbl/d current production (100% heavy oil)
  - 32.8 net (51 gross) producing wells
  - Expect growth trajectory with new wells cleaning up, beginning to cut oil and increasing to stable oil production
- 170 gross (85 net) development locations identified in primary Waseca A
- 220 gross (110 net) additional locations identified in General Petroleum and Sparky zones

#### H2 2024 Activity- Focus on Waseca Development

- One rig continuous drilling program for H2 2024
- Total of 11 (5.75 net) wells planned by year-end
  - South** - Drill 6 (3.25 net) wells from 3-29 Pad; 3 (1.5 net) from 14-8 Pad
  - North** - Evaluate production performance and improve run-time and solids management from existing wells drilled by previous operator from 8-11 Pad and drill 1 (0.5 net) well from 1-1 Pad
  - Central** - Drill 1 (0.5 net) well from 7-31 Pad

## Rubellite Asset Profile | Frog Lake

### 2024 Results and Type Curve Economics



#### Type Curve and Production Results

##### Resource Development on First Nation Lands

- Activity on Frog Lake First Nation subject to Joint Economic Development (JED) Agreements
- Frog Lake Energy Resources Corp. (FLERC) has option to participate at 50% Working Interest or receive a 5% (JED I and JEDII) or 6.5% (JEDIII) Gross Over-Riding Royalty

##### 2024 Drilling Results to date

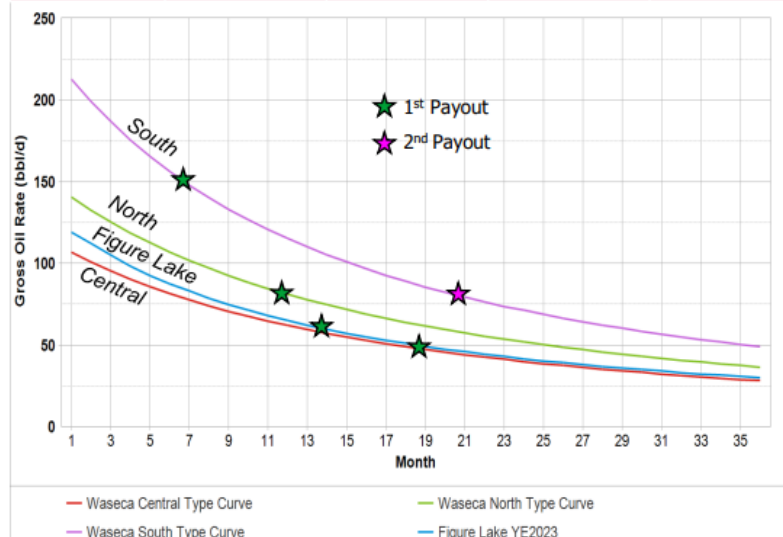
- 21 wells (15.0 net) drilled since Jan 1, 2024 on asset
- Average IP30 (from stabilized rate after load fluid):
  - ~147 bbl/d (13 wells)
- Measured Depths of up to 20,000m
- "High Density" inter-leg spacing (25m) maximizing the recovery factor from primary production

##### 2024 Capital Plans

- Optimize operating costs utilizing RBY best practices
- One-Rig drilling program for remainder of year with 11 (5.75 net) wells forecast for 2024
- Continue to refine and optimize drilling design to improve clean-up and production performance
- Test GP and Sparky zones with new drills in 2025

#### Type Curve Assumptions

	Waseca South <sup>(1)</sup>	Waseca North <sup>(1)</sup>	Waseca Central <sup>(1)</sup>	Figure Lake <sup>(2)</sup>
CAPEX \$MM		\$2.0		\$1.95
IP(30) bbl/d	213	141	107	120
EUR (2P) Mbbl	190	135	100	130
NPV(10) \$MM	\$3.9	\$2.1	\$1.0	\$2.5
IRR (%)	>200%	104%	48%	90%
Payout (months)	1 <sup>st</sup> payout - 7 (2 <sup>nd</sup> 21; 3 <sup>rd</sup> 54)	1 <sup>st</sup> payout - 12 (2 <sup>nd</sup> 45)	1 <sup>st</sup> payout - 19	1 <sup>st</sup> payout 14 (2 <sup>nd</sup> 47; 3 <sup>rd</sup> 168)



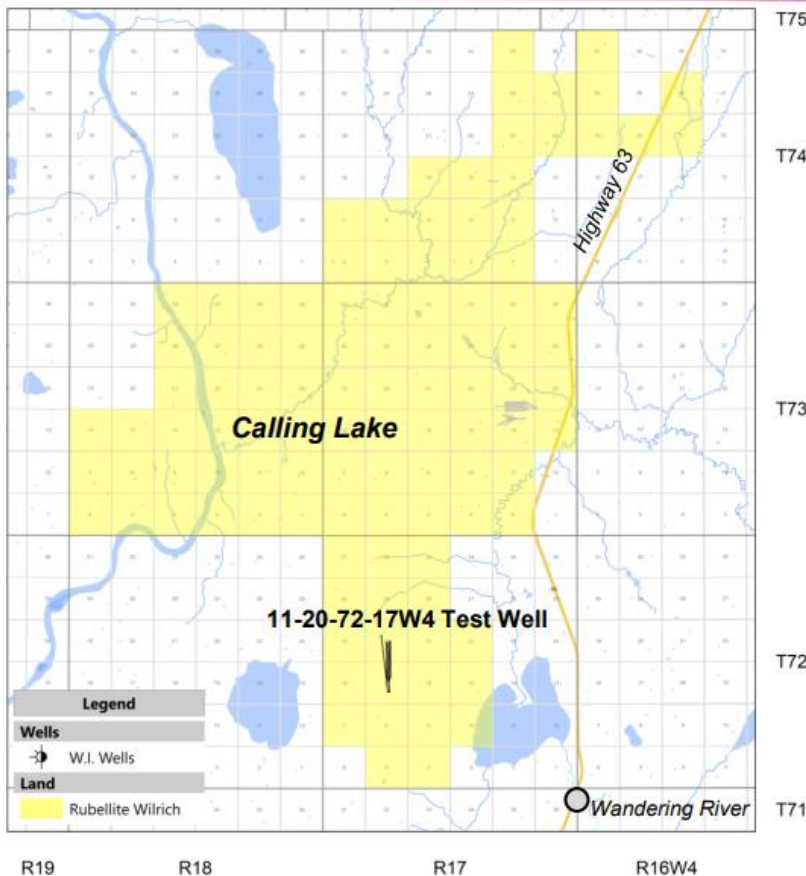
- As at the end of the third quarter of 2024, the total number of new horizontal wells rig-released by the Company in 2024 was thirty (25.5 net).
- Subsequent to the end of the quarter, the Company spud an exploratory four-leg multi-lateral horizontal well approximately 90km north of Figure Lake in the Nixon/Calling Lake area to test a new play for which the Company currently holds 108.0 net sections of land. Preliminary stabilized production results post load fluid recovery are expected in the first quarter of 2025.

## Rubellite Asset Profile | *Calling Lake Exploration*

*Q4 2024 drill to advance evaluation of multi-lat development potential*



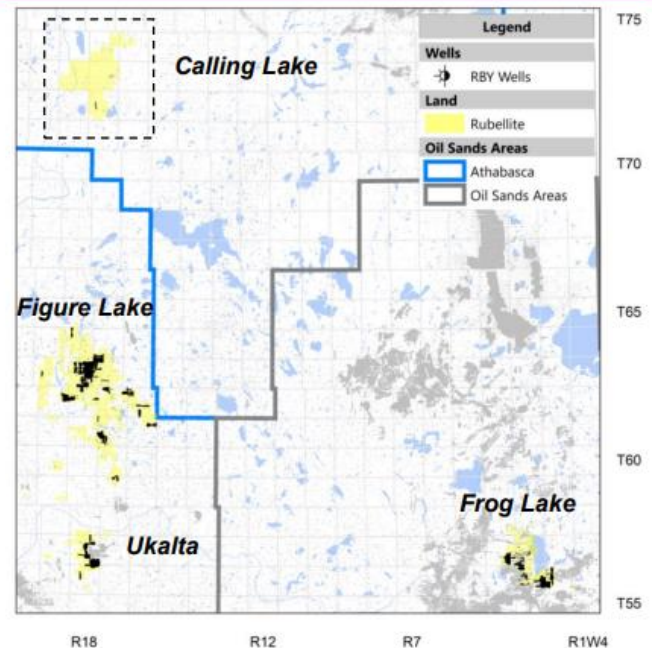
### Asset Map



### Opportunity Summary

#### Calling Lake Exploration:

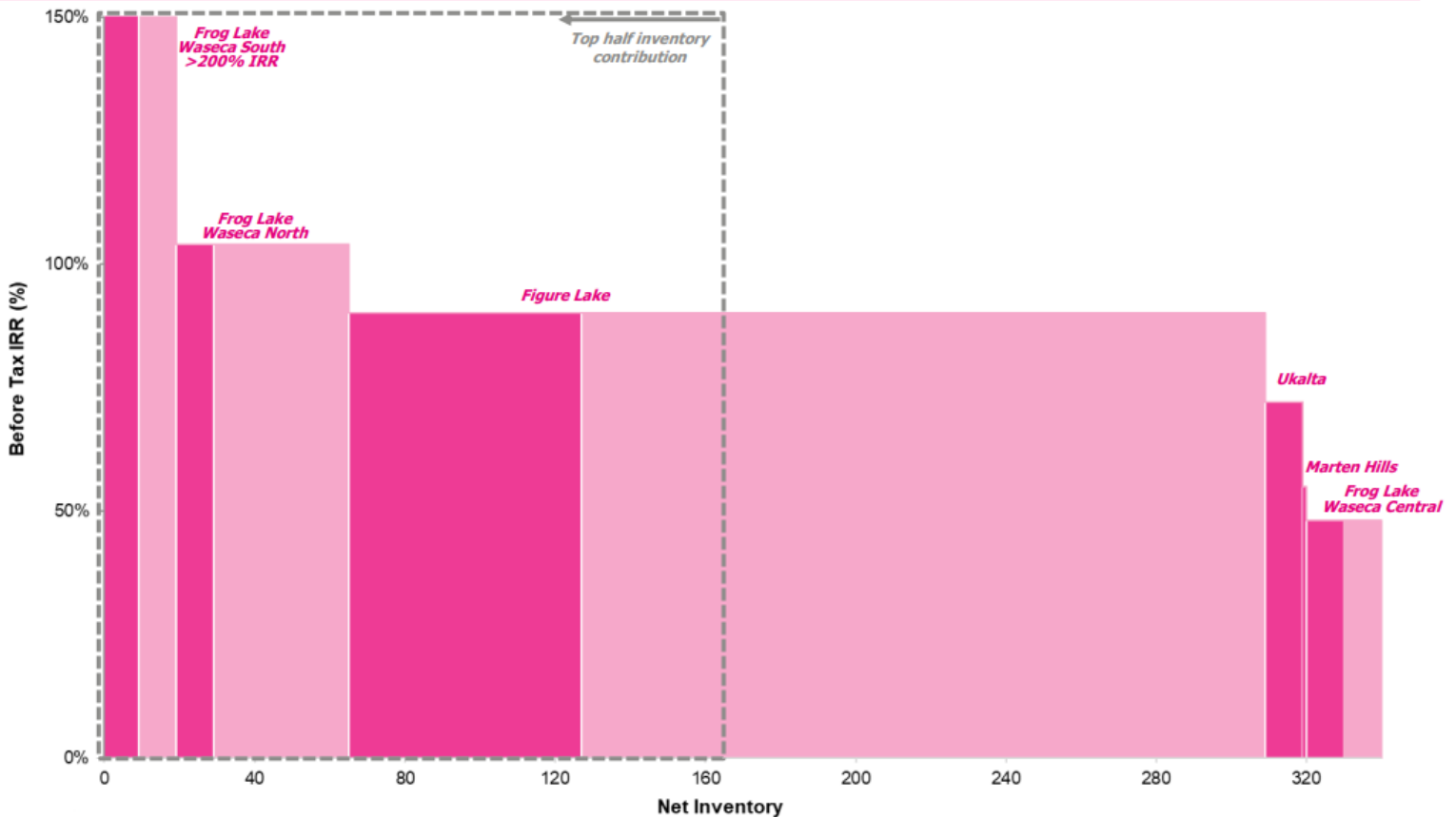
- 1 test well (100% WI) drilled in October, currently recovering KCL load fluid
- 4 Leg Horizontal well to confirm productivity
- Up to 75 follow Up locations
- All season access near Wandering River & Highway 63



- In total in 2024, the Company expects to drill thirty-four (34.0 net) Clearwater multi-lateral wells at Figure Lake, eleven gross (5.75 net) wells on the acquired Mannville Stack assets at Frog Lake in connection with the BMEC Acquisition, and one (1.0 net) exploration horizontal well at Calling Lake.
- The Company is also continuing to advance additional exploration activities, pursuing additional land capture and play concept de-risking activities.

## Highly Economic Heavy Oil Development Inventory

340 booked and unbooked drilling location inventory with attractive type curve investment returns



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## Acquisition of Buffalo Mission – Closed August 2, 2024

- On August 2, 2024, Rubellite closed the previously announced acquisition of Buffalo Mission Energy Corp. ("Buffalo Mission") for total consideration of \$97.5 million (the "Acquisition"), inclusive of \$23.5 million of 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 having a deemed value of \$11.3 million.
- Rubellite funded the cash portion of the Acquisition through (a) expanded bank credit facilities (the "Expanded Facility") and (b) a new senior secured second-lien term loan placed, directly or indirectly, with certain directors and officers of Rubellite and the Company's significant shareholder for \$20.0 million (the "Second-Lien Term Loan"). The Company's borrowing base was increased to \$100.0 million from \$60.0 million on June 30, 2024, until the next scheduled semi-annual borrowing base redetermination on or before November 30, 2024. In addition, the Company's lenders provided a \$20.0 million bank syndicate term loan that matures on or before December 15, 2024. The Second-Lien Term Loan bears interest at 11.5% with interest 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.

## Buffalo Mission Energy Corp. Acquisition – Closed August 2, 2024

*Highly complimentary Mannville Stack Asset Base added to existing Clearwater operations*



### Acquisition Highlights

- \$97.5 million total consideration
  - \$23.5 million of assumed net debt, \$62.7 million in cash & 5 million RBY shares at a deemed value of \$11.3 million
- 2,500 boe/d net (100% heavy oil) (July field estimate)
- 67.3 gross (36.3 net) sections of contiguous Mannville Stack rights at ~54% working interest
- 170 gross (85 net) identified drilling locations in primary producing Waseca formation
- 220 gross (110 net) additional potential locations across other zones within Mannville Stack
- Focused operations in partnership with Frog Lake First Nation & FLERC through 50% JED participation

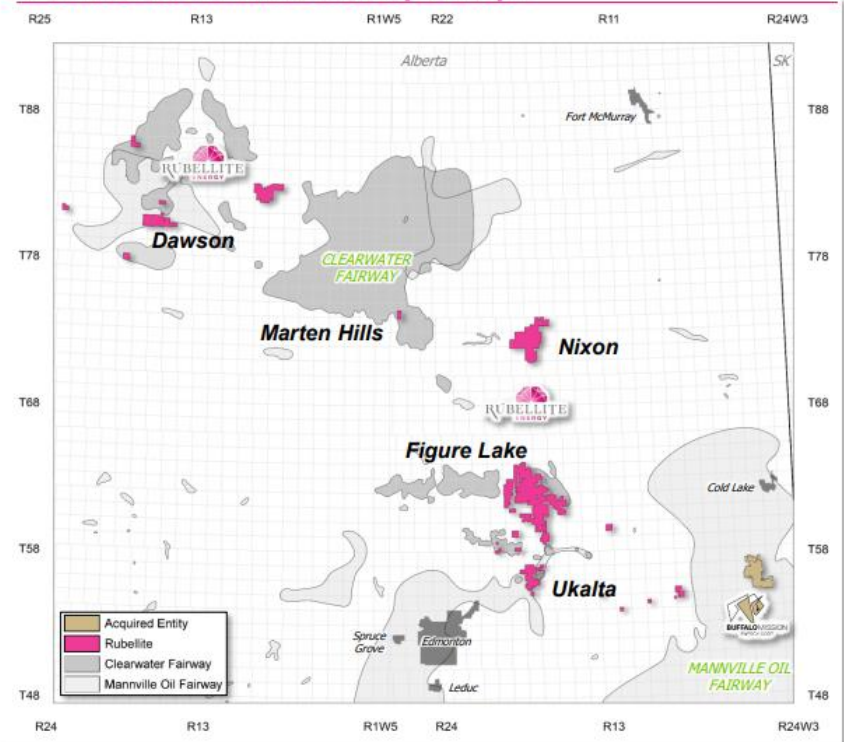
### Transaction and FLERC Metrics

- 2.3 x annualized net operating income with ~\$47/bbl operating netback at US\$75/bbl WTI
- \$39,000 per flowing boe acquired (100% heavy oil)

### Strategic Rationale

- Attractive land, production and inventory base to ground a growth strategy in the complementary Mannville Stack play in the Cold Lake Oil Sands Region
- Positions Rubellite as a leading explorer, developer and consolidator in the Clearwater & Mannville Stack plays
- Increases size and scale
  - Increases high netback heavy oil production base by ~56%
  - Increases adjusted funds flow by approximately 38%
- Value-add inherent through synergies
- Enhances free funds flow to accelerate organic growth, advance exploration activities and reduce debt
- Expands strong relations with Indigenous communities through partnership with Frog Lake First Nation and FLERC

### Clearwater and Mannville Stack Play Fairways



Notes below are from Harry van Necks evaluation on December 6, 2024

## Reserves and Production

- Growing reserves, high RRR and fast-growing production. Reserves tripled in three years. Buffalo Mission acquisition and merger with Perpetual in mid-2024 will more than triple 2024 reserves. Fluids after merger no longer 100% oil, but 62% oil, 4% HGL and 34% gas.



## Balance Sheet

- Balance sheet was strong but dipped in the 2024 due to the Buffalo Mission acquisition. In late 2024 the balance sheet was reinforced by the Perpetual merger. The equity ratio is a good 54%. With a long-term debt of C\$ 91 M, debt/EBITDA ratio is heading in late 2024 for a reasonable 1.0, Debt/EBITDA ratio can fall to a very good 0.5 late 2025.

Equity ratio 2022	Equity ratio 2023	Equity ratio 2024	Equity ratio 2025	Equity ratio 2026
78.2%	73.5%	Q3 54.1%, 2024 58.9%	61.5%	65.8%

## Profitability and Shareholder Return

WTI= \$ 70/bbl	2024	2025	2026	2027	2028
EPS and PE	Eps = C\$ 0.46 – PE 4.5	Eps = C\$ 0.54 – PE 4.0	Eps = C\$ 0.60 – PE 3.6	Eps = C\$ 0.96 – PE 3.4	Eps = \$ 0.64 – PE 3.3
Shareholder returns	Nil	2.9%	6.2%	9.6%	10.6%

## Harry's Conclusions

- Reserves and production are fast growing. The balance sheet after acquisition and merger is sound. Profits are increasing and the PE ratio is reducing. Shareholder returns can start mid-2025 and will increase thereafter, assuming no further acquisitions. Market value is US\$ 147 M. Q3 results were above expectations.



## Investment Highlights

*Junior E&P growth opportunity in the Clearwater and Mannville Stack multi-lat heavy oil plays*



### Expanding Pure Play Heavy Oil Multi-lat Asset Base

- Access to over 600 net sections of prospective Clearwater, Mannville Stack and Heavy Oil exploration lands
- Major producing properties at Figure Lake (Clearwater) and Frog Lake (Mannville Stack)
- Multiple exploration prospects captured with material success case location inventory identified
- Line of sight to additional exploratory land capture and M&A opportunities
- Several properties with near cold flow prospects to unlock with evolving solvent & low-grade heat technology

### Robust Organic Heavy Oil Production Growth Profile

- Organic and M&A driven heavy oil production growth from initial 350 bbl/d in Sep 2021 to ~7,292 <sup>(1)</sup> bbl/d
- Highly profitable, full cycle IRRs with attractive payout periods under 1 year at current strip prices
- ~340 net defined Development / Step-out drilling locations; ~200 net potential locations on exploration lands
- Systematic evaluation of exploration prospect inventory to inform sustainable target production levels
- Future waterflood and EOR potential to mitigate production declines and increase recovery

### Fully Funded Development Generating Material Free Funds Flow

- Organic growth plan on development acreage funded through free funds flow
- Low all-in cash costs of ~\$15.00 to \$16.50/bbl on heavy oil production drives attractive operating netbacks
- Generating sustainable free funds flow at current commodity price strip
- Excess discretionary free funds flow after sustaining capital directed to accelerated organic growth, exploration land capture and evaluation, acquisitions, debt repayment and ultimately returns to shareholders

### Conservative Capitalization and Risk Mitigation

- \$140 MM bank credit facility, drawn ~ \$100 MM, and \$20 MM second-lien term loan in place
- Risk management with hedging to protect capital investment plans and returns during growth ramp up
- Net Debt to Q4 2024 Annualized Adjusted Funds Flow forecast at ~1.2x
- Perpetual Recombination added ~4,000 boe/d of liquids-rich gas-focused production, diversified revenue, synergies, financial flexibility and optionality

### Management Alignment and Operational Excellence

- Strong management alignment with insider share ownership of 44.2% and 100% of second-lien term loan
- Six independent board members (50% women); Positive, inclusive corporate culture
- Unstimulated, multi-lateral drilling technology from multi-well pads with limited surface footprint and negligible use of freshwater
- Profitable solution gas conservation projects advancing to reduce emissions

*“Rubellite Energy’s has a significant amount of “Running Room” in their heavy oil core areas of operations. In addition to having secured a large acreage position, improved well completion methods and secondary recovery methods should add more proved reserves and upside for this stock. Since our last profile, natural gas prices in Western Canada have risen, which should give Rubellite a 2025 revenue boost that was unexpected a few months ago.” – Dan Steffens*

## Outlook and Guidance

- Production sales volumes for the fourth quarter of 2024 are expected to average 9,900 to 10,400 boe/d, 77% oil and liquids, and exit the year at 11,300 to 11,800 boe/d unchanged from previous guidance. Relative to the pro forma recombination transaction 2024 guidance contained in the September 17, 2024 news release, refinements to Q4 2024 guidance assumptions are outlined in the table below.
- Guidance assumptions on the Q4 2024 exit rate are largely unchanged outside of a \$0.50 per boe reduction to general and administrative cost assumptions and a \$0.50 per bbl reduction to the heavy oil wellhead differential. Heavy oil production is expected to average 7,400 to 7,800 bbl/d and exit the year at 7,500 to 7,900 bbl/d, unchanged from the heavy oil production guidance contained in our August 8th press release.
- Growth is expected to continue into 2025 with the return of the second drilling rig to Figure Lake after completion of the horizontal exploratory test well at Calling Lake for the drilling of four (4.0 net) additional planned development / step out wells. Thereafter, drilling operations will continue with one rig at Figure Lake and one rig at Frog Lake through to winter break up.
- Given the preliminary results of the down-space pilot at the 6-19 Pad at Figure Lake, six (6.0 net) of the wells planned for the fourth quarter at Figure Lake, including four (4.0 net) of the five (5.0 net) wells planned for the 1-25 Pad and two (2.0 net) wells on a pad at South Edward are now designed with tighter inter-leg spacing, resulting in incremental capital spending in the fourth quarter relative to previous guidance.
- Capital spending for the Calling Lake exploration well was also moved forward into the fourth quarter of 2024 and one additional well at Frog Lake (capital carried at 100%) is now being planned.
- A combination of these items resulted in the increase to Q4 2024 capital spending guidance by \$5 to \$6 million and the well count from 12.0 to 13.25 net wells.

### Guidance (November 12, 2024)

	Q4 2024	2024 Exit
E&D Capital Expenditures (\$ MM)	\$26 - \$29	
Average Sales Production (boe/d)	9,900 - 10,400	11,300 - 11,800
Production mix (% oil and liquids)	77%	70%
Heavy Oil Production (bbl/d)	7,400 - 7,800	7,500 - 7,900
Heavy Oil Wellhead Differential (\$/bbl)	\$5.00 - \$5.50	\$5.00 - \$5.50
Royalties (% of revenue)	12% - 13%	12% - 13%
Operating Costs (\$/boe)	\$6.75 - \$7.25	\$6.50 - \$7.00
Transportation Costs (\$/boe)	\$6.00 - \$6.50	\$5.50 - \$6.00
G&A (\$/boe)	\$3.00 - \$3.50	\$3.00 - \$3.50

### Balance Sheet

	Perpetual Q2 2024	Rubellite Q3 2024	Proforma <sup>(1)</sup>
Revolving Bank Debt Borrowing Capacity (\$ MM)	\$30.0	\$100.0	\$140.0
Revolving Bank Debt Draw (\$ MM)	\$1.5	\$72.2	\$100.0
Bank Syndicated Term Loan (\$ MM)		\$20.0	Fully repaid
Rubellite Term Loan (\$ MM)		\$20.0	\$20.0
Working Capital Deficit (\$ MM)	-\$3.0	\$35.8	\$35.8
Perpetual Senior Notes (\$ MM)	\$26.2		Converted into shares
Total Net Debt (\$ MM)	\$24.7	\$147.9	\$155.8

Net Income and Cash Flow Forecast Model

On August 2, 2024, Rubellite closed the previously announced acquisition of Buffalo Mission Energy Corp. ("Buffalo Mission") for total consideration of \$97.5 million (the "Acquisition"), inclusive of \$23.5 million of 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 having a deemed value of \$11.3 million.

Rubellite Energy (RBY.TO and RUBLF)

Net Income and Cash Flow 2022 - 2026 (updated 12/19/2024)

Canadian Dollars in thousands, except per share amounts

	Actual 2022	Actual 2023	Actual Qtr1 2024	Actual Qtr2 2024	Actual Qtr3 2024	Forecast Qtr4 2024	Forecast Year 2024	Forecast 2025	Forecast 2026	
REVENUES:										
Oil and natural gas sales	\$54,491	\$88,968	\$29,823	\$35,798	\$43,682	\$58,351	\$167,654	\$272,381	\$321,702	< Forecast periods include estimated cash settlements on hedges which are broken out on row 10
Less: Royalties	(5,713)	(8,513)	(3,321)	(3,949)	(5,259)	(7,294)	(19,823)	(34,048)	(40,213)	
Realized gains (losses) on hedges	(13,142)	(318)	1,040	(1,786)	168	0	(578)	0	0	
Unrealized gains (losses) on hedges	2,025	8,652	(13,910)	3,588	11,418	0	1,096	0	0	
	37,661	88,789	13,632	33,651	50,009	51,057	148,349	238,334	281,489	
EXPENSES:										
Production and operating expenses	4,399	7,371	2,610	2,734	4,634	6,537	16,515	29,656	32,622	< \$7.00/boe in Q4 < Reduced to \$6.50/boe in 2025
Transportation	4,448	9,045	3,237	3,142	4,202	5,836	16,417	25,094	27,603	< \$6.25/boe in Q4 < Reduced to \$5.50/boe in 2025
G&A expenses	3,316	7,318	2,027	2,399	2,668	3,500	10,594	15,500	17,000	< \$3.50/Boe Post Merger
Share based payments	1,724	3,041	736	643	824	1,250	3,453	6,000	6,000	
Exploration and evaluation	94	7,018	131	144	13	250	538	2,000	2,000	
(Gain) loss on dispositions	0	(1,290)	0	0	0	0	0	0	0	
DD&A	13,462	27,485	8,897	8,744	13,118	14,007	44,766	57,214	62,935	< \$20.00/bbl < Reduced to \$19.00/boe in 2025
Transaction costs	0	147	0	0	2,010	4,000	6,010	0	0	
Finance expenses paid in cash	343	1,923	1,107	980	2,035	3,500	7,622	14,000	14,000	< Increase debt to pay for Buffalo Mission Acq.
Finance - non-cash amortization	67	128	64	69	99	100	332	500	500	
TOTAL EXPENSES	27,853	62,186	18,809	18,855	29,603	38,980	106,247	149,964	162,660	
NET INCOME BEFORE INCOME TAXES	9,808	26,603	(5,177)	14,796	20,406	12,077	42,102	88,370	118,829	
INCOME TAXES										
Current	0	0	0	0	0	0	0	0	0	< Tax Pools cover all current taxes thru 2026
Deferred	(14,797)	8,042	(1,024)	2,428	5,396	2,778	9,578	20,325	27,331	< 23%
NET INCOME to common stockholders	\$24,605	\$18,561	(\$4,153)	\$12,368	\$15,010	\$9,300	\$32,525	\$68,045	\$91,498	
								\$ 20,021		
Common Stock at end of each period	54,826	62,456	62,460	62,593	67,593	93,000	71,412	93,000	93,000	< Buffalo Mission Acq. on 8/2/24 added 5 million shares (see notes above)
Earnings per share	\$0.45	\$0.30	(\$0.07)	\$0.20	\$0.22	\$0.10	\$0.46	\$0.73	\$0.98	< EPS
NOTE: Current First Call Estimated EPS			(\$0.07)	\$0.20	\$0.21	\$0.12	\$0.46	\$0.40	N/A	< First Call's EPS Forecasts
Adjusted Operating Cash Flow before CapEx	\$23,036	\$54,154	\$18,331	\$20,637	\$22,907	\$25,684	\$87,559	\$139,084	\$165,264	< RBY + PMT 2024 CapEx Guidance \$89-\$95 million
Cashflow per share (before CapEx)	\$0.42	\$0.87	\$0.29	\$0.33	\$0.34	\$0.28	\$1.23	\$1.50	\$1.78	Target Price 4.5 X 2024-2026 CFPS = \$6.00 < Cdn
PRODUCTION										
Natural Gas (mcfpd)	0	0	0	0	0	14,007	3,502	22,500	24,750	U.S. Price Target for RUBLF \$4.20 < U.S.
Oil (bbls/d)	1,670	3,302	4,514	4,503	5,954	7,613	5,646	8,250	9,075	First Call's Price Target \$3.56 < Cdn
NGLs (bbls/d)	0	0	0	0	0	203	51	500	550	
	boepd	3,302	4,514	4,503	5,954	10,150	6,280	12,500	13,750	< Updated Q4 2024 production guidance is 9,900 to 10,400 Boepd ~(-7,600 BOPD)
	YOY growth	97.7%					90.2%	99.0%	10.0%	< Year-over-year production growth (per RBY: "10% to 15% after 2025)
PRODUCT PRICES										
Natural Gas (\$/mcf)	0.00	0.00	0.00	0.00	0.00	1.50	0.38	2.50	3.00	
Oil (\$/bbl)	67.82	73.56	75.13	83.00	80.05	78.82	79.25	80.00	85.00	< Forecast oil prices from table below less \$20.00 differential
NGLs (\$/bbl)	0.00	0.00	0.00	0.00	0.00	65.30	16.33	60.00	65.00	
Gross Revenue check (prod * ave price)	41,349	88,650	30,863	34,012	43,850	58,351	167,076	272,381	321,702	
			30,863	34,012	43,850	60,600	169,325	255,150	N/A	< First Call's Revenue Forecasts

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