



## JOINT NEWS RELEASE

### **PERPETUAL ENERGY INC. AND RUBELLITE ENERGY INC. JOINTLY ANNOUNCE A STRATEGIC RECOMBINATION TO UNLOCK SHAREHOLDER VALUE THROUGH INCREASED SCALE, IMPROVED ACCESS TO CAPITAL, ENHANCED OPTIONALITY AND MATERIAL SYNERGIES**

**Calgary, Alberta – September 17, 2024** – Rubellite Energy Inc. (TSX:RBY) ("Rubellite") and Perpetual Energy Inc. (TSX:PMT) ("Perpetual") are pleased to jointly announce that they have entered into a definitive arrangement agreement (the "Arrangement Agreement") whereby Rubellite and Perpetual will recombine in an all-share transaction (the "Transaction") to create a stronger company that will be managed by the existing executive team and will operate as Rubellite Energy Corp. The Transaction, which will be completed by way of a plan of arrangement, will have significant benefits for both Rubellite and Perpetual shareholders and all other stakeholders.

"The Transaction will provide shareholders of both Rubellite and Perpetual with valuable synergies, both quantitative and qualitative" said Sue Riddell Rose, President and CEO of both Rubellite and Perpetual. "Shareholders will benefit from owning a larger, financially stronger company with increased free funds flow, enhanced liquidity and a well-defined organic growth profile. The recombined company will continue to execute on the business plan focused on exploration, development and consolidation in the Clearwater and Mannville Stack heavy oil plays where multi-lateral horizontal drilling technology is being applied to unlock significant resource while generating attractive returns for shareholders while the non-operated natural gas asset in the Deep Basin at Edson provides diversification of funds flow and optionality to enhance the execution of the business plan."

Pursuant to the Transaction, holders of Rubellite common shares ("Rubellite Shares") will receive one (1) common share of the recombined company ("New Shares") for each Rubellite Share held, holders of Perpetual common shares ("Perpetual Shares") will receive one (1) New Share for every five (5) Perpetual Shares held, and Perpetual's outstanding senior notes (\$26.2 million in face value) will be converted into 11.6 million New Shares based on the five day volume weighted average price ("VWAP") for the Rubellite Shares prior to the announcement of \$2.25 per share. Upon completion of the Transaction, the recombined company will have an estimated 93.0 million shares outstanding and holders of Rubellite Shares will own 72.7%, holders of Perpetual Shares will own 14.8%, and holders of Perpetual senior notes will own 12.5% of the recombined company.

Rubellite's syndicate of four banks have confirmed that the credit facility for the recombined company will have a borrowing limit of \$140 million which, in combination with Rubellite's outstanding \$20 million five year term loan (the "Rubellite Term Loan"), will provide enhanced liquidity.

### **HIGHLIGHTS OF THE RECOMBINED COMPANY**

The recombined company is forecast to realize material administrative, operating and financial synergies in the order of \$40 to \$50 million over the next four years. With increased size and scale, greater financial liquidity, and enhanced flexibility to the recombined enterprise with operations carried on by its subsidiaries, the recombined company will be well positioned to execute on the development of its high quality drilling inventory with significant optionality to efficiently realize the value of the combined assets through its growth-focused business plan.

Highlights of the recombined company (estimated at closing) include:

- 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 580 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
- Strategic exposure to high quality natural gas assets in the Deep Basin
  - Approximately 4,000 boe/d (~90% natural gas) of conventional natural gas and liquids 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 355 net development / step-out locations<sup>(1)</sup> (115.6 net booked<sup>(2)</sup>/ 239.4 net unbooked) to organically grow production by 10% to 15% per year through 2028 and beyond
  - Reserve recognition of Total Proved Plus Probable ("TPP") volumes of 48 MMboe, TPP RLI of ~10 years, with ~\$710 million TPP NPV(10%) before tax<sup>(2)</sup>
- Strong financial position
  - Approximately \$100 million drawn at closing on an expanded \$140 million syndicated first lien credit facility and 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
  - Meaningful synergies 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
- Experienced and aligned management team and board of directors
  - Existing Rubellite and Perpetual management team
  - Board of directors will be eight (8) members comprised of the existing Rubellite and Perpetual directors
  - Directors and officers of the recombined company will own 44.3% of the total New Shares

(1) Net locations are internally estimated. See "Estimated Drilling Locations" in this news release.

(2) Total Proved Plus Probable (TPP) reserves (Gross Working Interest before royalties) as per Year End 2023 McDaniel Reserve Reports plus internally generated TPP reserve estimate for Buffalo Mission assets in accordance with COGE Handbook as at August 1, 2024. Reserves and present value are adjusted to an effective date of October 1, 2024 at Three Consultant Average July 1, 2024 prices. See "Reserve Estimates" in this news release.

## SELECT ATTRIBUTES OF THE RECOMBINED COMPANY

### Capitalization

Shares outstanding (basic)	<i>Millions</i>	93
Market capitalization <sup>(1)</sup>	<i>\$ millions</i>	\$209
Estimated 2024 exit net debt	<i>\$ millions</i>	\$140
<i>Credit Facility Draw</i>	<i>\$ millions</i>	<i>\$100</i>
<i>Working Capital Deficit</i>	<i>\$ millions</i>	<i>\$20</i>
<i>Term Loan</i>	<i>\$ millions</i>	<i>\$20</i>
Enterprise value <sup>(1)</sup>	<i>\$ millions</i>	\$349

<b>Reserves<sup>(2)</sup></b>	MMboe	BTax NPV(10%) \$MM <sup>(3)</sup>	BTax NPV(10%) \$/share <sup>(3)</sup>
Proved Developed Producing	17	\$299	\$3.22
Total Proved	29	\$421	\$4.53
Total Proved Plus Probable	48	\$692	\$7.45

(1) TSX:RBY Five Day VWAP prior to announcement of \$2.25 per share.

(2) Total Proved Plus Probable (TPP) reserves (Gross Working Interest before royalties) as per Year End 2023 McDaniel Reserve Reports plus internally generated TPP reserve estimate for Buffalo Mission assets in accordance with COGE Handbook as at August 1, 2024, adjusted to an effective date of October 1, 2024 at Three Consultant Average July 1 2024 prices. See "Reserve Estimates" in this news release.

(3) Values reflect the remaining \$3.75 million annual payments under Perpetual's "Settlement Agreement" announced on March 22, 2024 until the \$19.9 million outstanding settlement amount is fully paid prior to March 2030, discounted at 10%.

## RECOMBINED COMPANY GUIDANCE

After giving effect to the completion of the Transaction effective October 31, 2024, 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 approximately 11,300 to 11,800 boe/d, 70% oil and liquids, (previous exit rate guidance of 7,500 to 7,900 bbl/d, 100% oil), with continued growth into 2025.

Perpetual has not previously provided Q4 2024 guidance; however, the budgeted 2024 East Edson drilling program is largely complete and nominal capital spending is anticipated during the fourth quarter. Rubellite's previous Q4 2024 guidance and guidance for Q4 2024 for the recombined company is presented in the table below:

	<b>Rubellite Q4 2024 Guidance<sup>(1)</sup></b>	<b>Recombined Company Q4 2024 Guidance</b>	<b>Recombined Company Q4 2024 Exit Rate</b>
Sales Production (boe/d)	7,400 - 7,800	9,900 - 10,400	11,300 - 11,800
Production Mix (%) <sup>(4)</sup>	100% oil and liquids	77% oil and liquids	70% oil and liquids
Development spending (\$ millions) <sup>(2)(3)</sup>	\$21 - \$23	\$21 - \$23	-
Multi-lateral development wells / step-out wells (net)	12.0	12.0	-
Heavy oil wellhead differential (\$/bbl) <sup>(2)</sup>	\$5.50 - \$6.00	\$5.50 - \$6.00	\$5.50 - \$6.00
Royalties (% of revenue) <sup>(2)</sup>	11% - 12%	11.5% - 12.5%	12.0% - 13.0%
Production & operating costs (\$/boe) <sup>(2)</sup>	\$7.50 - \$8.00	\$6.50 - \$7.00	\$6.50 - \$7.00
Transportation costs (\$/boe) <sup>(2)</sup>	\$7.50 - \$8.00	\$6.00 - \$6.50	\$5.50 - \$6.00
General & administrative costs (\$/boe) <sup>(2)</sup>	\$4.50 - \$5.00	\$3.50 - \$4.00	\$3.50 - \$4.00

(1) Unchanged from previous Q4 2024 guidance provided in Rubellite's August 8, 2024 news release.

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

(3) Excludes land, acquisition and exploration spending.

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

## TRANSACTION DETAILS

The Transaction will be completed by way of an arrangement under the Business Corporations Act (Alberta). The Transaction is subject to shareholder, Court and Toronto Stock Exchange approvals, including the minority shareholder approval required by Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101") by the shareholders of each of Rubellite and Perpetual, and the fulfillment of other conditions that are customary for transactions of this nature. A joint information circular for the special meetings of shareholders of Rubellite and Perpetual to consider the Transaction is expected to be mailed by the end of September 2024. The special meetings of shareholders are expected to be held in late October. If all approvals are received, and other closing conditions satisfied, the Transaction is expected to be completed in late October 2024. The Arrangement Agreement will be filed on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)).

All of the current officers and directors of each of Rubellite and Perpetual will become officers and directors of the recombined company upon completion of the Transaction. The Transaction will not trigger any change of control payments or result in the acceleration of the vesting of any of Rubellite's or Perpetual's share-based compensation awards. Following the Transaction, the outstanding Perpetual and Rubellite share-based compensation entitlements will entitle the holders to acquire New Shares rather than Perpetual or Rubellite Shares, based on the exchange ratio for the Transaction.

The boards of directors of Rubellite and Perpetual each established special committees of independent directors to consider and make a recommendation with respect to the Transaction. Each special committee engaged its own independent financial advisors to assist with its review, consideration and negotiation of the Transaction. The Rubellite and Perpetual special committees jointly engaged Deloitte LLP ("Deloitte") as an independent valuator to provide certain financial advisory services in respect of the Transaction, including the preparation of formal valuations of the Rubellite Shares and the Perpetual Shares in accordance with MI 61-101 (together, the "Formal Valuation"). The Rubellite and Perpetual special committees each recommended approval of the Transaction to their respective boards of directors. Prior to making their recommendations, the special committees received from Deloitte its valuation conclusions for each of Rubellite and Perpetual. In addition, the special committees were provided by Deloitte with a verbal opinion that, as of the date of such opinion and based upon and subject to the assumptions, limitations and qualifications set forth therein, the proposed issuance by the recombined company of 1 New Share for every 5 outstanding shares of Perpetual and 1 New Share for every 1 outstanding share of Rubellite is fair, from a financial point of view, to the holders of both Rubellite Shares and Perpetual Shares. The negotiated exchange ratio in the Transaction lies within the range of exchange ratios implied by the Formal Valuation. Each of the boards of directors of Rubellite and Perpetual, upon recommendations of their respective Special Committees, has unanimously determined that the Transaction is in the best interests of Rubellite and Perpetual, respectively, and is fair from a financial point of view to the Rubellite shareholders and Perpetual shareholders, respectively.

Sue Riddell Rose, President & CEO of Rubellite and Perpetual, including entities controlled or directed by her, own 32.2% of the Rubellite Shares, 39.1% of the Perpetual Shares, 100% of the Perpetual senior notes and 92% of the Rubellite Term Loan. Upon closing of the Transaction, Entities controlled or directed by Sue Riddell Rose will own 41.7% of the New Shares and 92% of Rubellite Term Loan. Sue Riddell Rose has entered into an agreement to support the Transaction. All of the remaining directors and officers of Rubellite and Perpetual, owning 2.6% and 4.3% respectively, have also entered into agreements to support the Transaction.

Both of the Rubellite and Perpetual board of directors also have the ability to consider, accept and enter into a definitive agreement with respect to a Superior Proposal (as defined in the Arrangement Agreement) with no termination fee payable to either party, provided that each party complies with the terms of the Arrangement Agreement and pays to the other an expense reimbursement fee.

## CREDIT FACILITIES

In connection with the Transaction, Rubellite and Perpetual's respective first lien credit facilities will be consolidated under the recombined company and its respective subsidiaries will guarantee and provide security for the consolidated first lien credit facility, Perpetual's outstanding second lien obligation related to the Settlement Agreement will remain outstanding and the Rubellite Term Loan will have third lien security in the overall capital structure of recombined company.

The syndicate of lenders for the credit facility have confirmed that the borrowing limit for the recombined company will be increased to \$140 million, effective upon closing of the Transaction, until the next scheduled annual borrowing base redetermination on or before May 31, 2025. Rubellite's existing borrowing limit is \$100 million and Perpetual's \$30 million under their respective credit facilities. Additionally, the applicable margin applied to borrowings under the credit facility will fall by 1.5% relative to Rubellite's existing credit facility. The initial revolving term remains unchanged at 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. Rubellite's existing \$20 million bank syndicate term loan due December 15, 2024 will be repaid out of the expanded \$140 million credit facility, effective upon closing of the Transaction.

The Rubellite Term Loan of \$20 million with an 11.5% coupon and maturing in August 2029, will become subordinate in security to Perpetual's ongoing \$3.75 million annual payments under the "Settlement Agreement", announced on March 22, 2024, which will have second lien security behind the recombined company's consolidated credit facility until the \$19.9 million outstanding settlement amount is fully paid prior to March 2030.

## ADVISORS

Burnet, Duckworth & Palmer LLP and Felesky Flynn LLP acted as legal advisors to Rubellite and Perpetual.

Deloitte was jointly engaged as an independent valuator to provide certain financial advisory services in respect of the Transaction, including the preparation of formal valuations of the Rubellite Shares and the Perpetual Shares, and to provide a fairness opinion to the shareholders of Perpetual and Rubellite from a financial point of view.

Peters & Co. Limited acted as financial advisor to the special committee of Rubellite.

ATB Capital Markets acted as financial advisor to the special committee of Perpetual.

BMO Capital Markets acted as financial advisor and Cormark Securities Inc. acted as strategic advisor to the management of Rubellite.

## UPDATED CORPORATE PRESENTATION

An updated corporate presentation reflecting the Transaction can be found on Rubellite's and Perpetual's websites at [www.rubelliteenergy.com](http://www.rubelliteenergy.com) and [www.perpetualenergyinc.com](http://www.perpetualenergyinc.com) respectively.

## ABOUT RUBELLITE

Rubellite is a Canadian energy company engaged in the exploration, development and production of heavy crude oil from the Clearwater and Mannville Stack Formations in Eastern Alberta, utilizing multi-lateral drilling technology. Rubellite has a prolific, oil focused asset base and is pursuing a robust growth plan focused on superior corporate returns and funds flow generation while maintaining a conservative capital structure and prioritizing operational excellence. Rubellite was incorporated by Perpetual and established through a plan of arrangement in September 2021. Additional information on Rubellite and the Transaction can be accessed on Rubellite's website at [www.rubelliteenergy.com](http://www.rubelliteenergy.com) or on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## ABOUT PERPETUAL

Perpetual is an oil and natural gas exploration, production and marketing company headquartered in Calgary, Alberta. Perpetual owns a diversified asset portfolio, including liquids-rich conventional natural gas assets in the deep basin of West Central Alberta and undeveloped bitumen leases in Northern Alberta. Additional information on Perpetual can be accessed at SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) or from Perpetual's website at [www.perpetualenergyinc.com](http://www.perpetualenergyinc.com).

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

For additional information please contact:

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 Susan L. Riddell Rose President and Chief Executive Officer  
 Ryan A. Shay Vice President Finance and Chief Financial Officer

## ADVISORIES

### CURRENCY

All financial figures are in Canadian dollars.

### BOE VOLUME CONVERSIONS

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

### ABBREVIATIONS

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

bbl	barrels
bbl/d	barrels per day
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
Mcf	thousand cubic feet
MMboe	million barrels of oil equivalent
MMcf	million cubic feet
MMcf/d	million cubic feet per day

### RESERVE ESTIMATES

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

### OIL AND GAS METRICS

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

### FINANCIAL OUTLOOKS

Also included in this joint news release are estimates of recombined company's exit net debt amount, which is based on, among other things, the various assumptions as to production levels, receipt of drilling permits, capital expenditures and other assumptions disclosed in this news release and including the recombined company's estimated average production sales volumes of 9,900 to 10,400 boe/d for 2024, the 2024 exit production sales volumes of 11,300 to 11,800 boe/d and the other guidance assumptions in Perpetual's August 1, 2024 news release and Rubellite's August 8, 2024 news release. To the extent such estimate constitutes a financial outlook, it was approved by management and the Board of Directors of Rubellite and Perpetual on September 16, 2024 and is included to provide readers with an understanding of the recombined company's anticipated net debt levels based on the capital expenditure, production, pricing, exchange rate and other assumptions described herein and readers are cautioned that the information may not be appropriate for other purposes.

### ESTIMATED DRILLING LOCATIONS

Unbooked drilling locations are the internal estimates of Rubellite and Perpetual based on their combined 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 management as an estimation of the recombined company's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the recombined company 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 the recombined company 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 and Perpetual 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 and Perpetual 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.

## **FORWARD-LOOKING INFORMATION**

Certain information in this joint news release including management's assessment of future plans and operations, and including the information contained under the headings "Highlights of the Recombined Company", "Select Attributes of the Recombined Company" "Recombined Company Guidance", "Transaction Details" and "Credit Facilities" may constitute forward-looking information or statements (together "forward-looking information") under applicable securities laws. The forward-looking information includes, without limitation, statements with respect to: the anticipated benefits to be derived from the Transaction for Perpetual and Rubellite and each of their shareholders and all other stakeholders; the characteristics of the recombined company including its anticipated increased free funds flow, enhanced liquidity and well-defined organic growth profile; the ability to execute the development of the recombined company's high quality drilling location inventory; synergies associated with the Transaction; the completion of the Transaction including the timing and terms thereof; future net debt, production and various cost forecasts; expectations respecting the recombined company's future exploration, development and drilling activities; Rubellite and Perpetual's business plan; and the information and statements contained under the headings "About Rubellite" and "About Perpetual".

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 Perpetual and described in the forward-looking information contained in this joint news release. In particular and without limitation of the foregoing, material factors or assumptions on which the forward-looking information in this joint news release is based include: the successful operation of 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 including in connection with the Transaction and drilling and drilling spacing unit permits and surface right access; incorrect assessment of the value of acquisitions (including the Transaction); failure to complete or realize the anticipated benefits of acquisitions (including the Transaction) or dispositions; the successful and timely implementation of capital projects; ability to generate sufficient cash flow to meet current and future obligations and future capital funding requirements (equity or debt); Rubellite's ability to operate under the management of Perpetual pursuant to the management and operating services agreement; the ability of Rubellite and Perpetual 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 and Perpetual'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 Rubellite and Perpetual's business); 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's Annual Information Form and MD&A for the year ended December 31, 2023 and in Perpetual's Annual Information Form and MD&A for the year ended December 31, 2023 and in other reports on file with Canadian securities regulatory authorities which may be accessed through the SEDAR+ website [www.sedarplus.ca](http://www.sedarplus.ca) and at Rubellite's website [www.rubelliteenergy.com](http://www.rubelliteenergy.com) and at Perpetual's website [www.perpetualenergyinc.com](http://www.perpetualenergyinc.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 and Perpetual's management at the time the information is released, and Rubellite and Perpetual disclaim any intent or obligation to update publicly any such forward-looking information, whether as a result of new information, future events or otherwise, other than as expressly required by applicable securities law.

## NON-GAAP AND OTHER FINANCIAL MEASURES

Throughout this joint news release and in other materials disclosed by the Company, certain measures are employed 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 performance.

### Supplementary Financial Measures

"Capital expenditures", "capital spending" or "development spending" are used to measure capital investments compared to annual capital budgeted expenditures and forecasts. Capital expenditure forecasts and budgets exclude land purchases and acquisition and disposition activities.

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

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

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

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

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

"Adjusted funds flow" or "funds flow" is calculated based on net cash flows from operating activities, excluding changes in non-cash working capital and expenditures on decommissioning obligations since timing of collection, payment or incurrence of these items is variable. Expenditures on decommissioning obligations may vary from period to period depending on capital programs and the maturity of operating areas. Expenditures on decommissioning obligations are managed through the capital budgeting process which considers available adjusted funds flow. Management uses funds flow, adjusted funds flow and adjusted funds flow per boe as key measures to assess the ability to generate the funds necessary to finance capital expenditures, expenditures on decommissioning obligations and meet financial obligations.

"Free funds flow" is an important measure that informs efficiency of capital spent and liquidity. Free funds flow is calculated as adjusted funds flow generated during the period less capital expenditures. By removing the impact of current period capital expenditures from adjusted funds flow, free funds flow is used to inform decisions such as capital allocation and debt repayment.

"Net Debt" and "Working Capital Deficit" is an important measure that is used by management to assess overall debt and borrowing capacity. Net debt is used as an alternative measure of outstanding debt. Net debt is not a standardized measure and therefore may not be comparable to similar measures presented by other entities.

"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. Management considers enterprise value an important measure as it normalizes the market value of shares for its capital structure.