RAZOR ENERGY CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017

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NOVEMBER 23, 2017

GENERAL

The Management's Discussion and Analysis ("MD&A") intends to augment the financial statement reader's understanding of key operational and financial events that influenced the results of Razor Energy Corp. ("Razor" or "the Company") during the three and nine months ended September 30, 2017.

This MD&A was prepared as of November 23, 2017, and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2017. The unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the reporting currency is the Canadian dollar. This MD&A should also be read in conjunction with the Company's MD&A for the year ended December 31, 2016, as disclosure which is unchanged from December 31, 2016 may not be duplicated herein. Additional information, including the Company's annual information form and audited financial statements for the period ended December 31, 2016, is available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

All amounts presented are in Canadian dollars, except where otherwise indicated. Terms used throughout this MD&A are defined in the "Abbreviations and Definitions" section at the end of this document.

This MD&A contains forward-looking statements that should be read in conjunction with the Company's disclosure under "Forward Looking Information", outlined at the end of this MD&A.

Razor's website, www.razor-energy.com, is a valuable source for the latest news of the Company's activities. Prior years' reports are also available on Razor's website.

COMPANY OVERVIEW

Razor is focused on acquiring, and subsequently enhancing, producing oil and gas properties primarily in Alberta. The Company currently has light oil, natural gas, and natural gas liquids ("NGL") production in Alberta. Razor's full-cycle objectives have positioned the Company as a disciplined and high-growth junior E&P company. With an experienced management team and a strong, committed board of directors, growth is anticipated to occur through operational execution and strategic acquisitions.

The Company was formed following the amalgamation of Razor Energy Corp. ("Razor Private") and Vector Resources Inc. ("Vector"). Razor Private was incorporated on June 14, 2016 under the Business Corporations Act (Alberta). On January 31, 2017, a plan of arrangement (the "Arrangement") involving Razor Private and Vector, a publicly-traded capital pool company listed on the TSX Venture Exchange ("TSXV"), was completed that constituted a reverse takeover, including a change of control of Vector and the acquisition of Razor Private and Vector to form a new corporation that carries on the business of Razor Private and Vector under the name "Razor Energy Corp.". Following completion of the Arrangement, Razor Private shareholders held approximately 98% of the outstanding shares of the Company and, as a result, the transaction has been accounted for as a reverse acquisition with Razor Private being the acquirer for accounting purposes. Consequently, Razor Private is the continuing legal entity. Accordingly, there are no comparative results as the Company had not yet commenced operations.

The Company began trading under the symbol "RZE.V" on February 13, 2017 on the TSXV.

On January 31, 2017, Razor acquired certain oil and gas assets in the Swan Hills area of Alberta (the "Swan Hills Acquisition"). On May 24, 2017, the Company acquired additional oil and gas assets in the Kaybob area of Alberta (the "Kaybob Acquisition").

QUARTERLY OPERATING AND FINANCIAL INFORMATION

($000's, except for per share amounts and production)	Q3-2017	Q2-2017	Q1-2017	Q4-2016	Q3-2016
Total revenue and other income	17,793	14,777	9,181	—	—
Total revenues net of royalties	14,604	11,643	7,540	—	—
Adjusted funds flow [1]	1,584	1,728	372	(432)	—
Adjusted funds flow per share (basic and diluted)	0.10	0.13	0.04	(0.11)	—
Funds flow [1]	666	1,187	161	(432)	—
Funds flow per share (basic and diluted)	0.04	0.09	0.02	(0.11)	—
Net loss	(2,519)	(1,558)	(1,829)	(433)	(1)
Net loss per share (basic and diluted)	(0.16)	(0.12)	(0.18)	(0.11)	(5.44)
Capital expenditures	4,229	974	979	—	20
Production [2]					
Oil (bbl/d)	2,702	2,131	2,032	—	—
Gas (mcf/d)	2,984	1,381	1,932	—	—
NGL (bbl/d)	1,009	802	721	—	—
Total (boe/d)	4,207	3,163	3,075	—	—

1) Refer to "Non-IFRS measures" section of the MD&A
2) Production for Q1 2017 represents the average daily production for the 59 days from February 1 to March 31, 2017

($000's)	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
Total assets	122,477	128,297	103,056	83	20
Cash	12,191	16,900	9,526	—	—
Long-term debt (principal)	30,000	30,000	30,000	—	—
Net debt [1]	20,777	16,859	19,906	442	20

1) Refer to "Non-IFRS measures" section of the MD&A

Q3 2017 HIGHLIGHTS

- Averaged production of 4,207 boe/d, an increase of 33% over Q2 2017.;
- Achieved an adjusted funds flow of $1.6 million down 8% from Q2 2017 due to lower commodity prices and higher operating costs;
- Spent $4.2 million on its capital program, comprising mainly of reactivations, pipelines, and facilities; and
- Reactivated 12 gross (7.7 net) wells during the third quarter of 2017, resulting in 391 boe/d of additional production.

MANAGEMENT STRATEGY AND OUTLOOK

In 2017, the Company expects to average 3,850 barrels of oil equivalent per day ("boe/d") from our Swan Hills and Kaybob areas of which 86% is expected to be light oil and NGL. With continued efforts toward increasing production through reactivations and other optimization activities, Razor has achieved record production levels since October 1, 2017 of over 4,500 boe/d, of which approximately 88% was light oil and NGLs. The Company anticipates a December 2017 exit rate of 4,600 boe/d.

For fiscal 2017, the Board of Directors of the Company (the "Board") has approved a capital expenditure budget of $13.0 million. The Company has or intends to invest in a combination of reactivations, re-entries, perforations, recompletions, facilities, stimulations, and waterflood optimizations. These initiatives are expected to be split between the Swan Hills and Kaybob areas.

With the continued volatility in commodity prices, the Company continues to take a disciplined and conservative approach to its 2017 capital budget, focusing on high frequency/low capital intensive projects. Razor management intends to continue to reactivate certain shut-in light oil wells and to focus efforts on operational cost reductions while further optimizing Razor's significant operated infrastructure and natural resources at the Swan Hills and Kaybob areas.

Included in the capital budget is $2.0 million to address the Alberta Energy Regulator's requirements under the Inactive Well Compliance Program, and other end of life well and facility spending. The company spent $918 thousand in the third quarter of 2017 on asset abandonment activities for a total of $1.7 million year to date.

The capital expenditure budget will be reviewed continuously by management and the Board for changes in commodity price assumptions and project economics. With innovative focus and disciplined capital deployment in its Swan Hills and Kaybob areas, the Company is well positioned to execute on its growth strategy while maintaining financial flexibility.

In addition to the capital expenditure budget, the Company intends to pursue value-driven acquisitions. Acquisitions are expected to include a consolidation of land positions within the Company's existing project areas, in addition to targeting new potential opportunities in complementary shallow, light oil, horizons within its core region. The Company is focused on adding to its inventory of high-quality projects to sustain longer-term growth.

SIGNIFICANT DEVELOPMENTS

KAYBOB ASSET AQUISITION

On May 24, 2017, the Company completed the Kaybob Acquisition for cash consideration of $11.6 million, subject to customary adjustments. The assets acquired pursuant to the Kaybob Acquisition are situated within Razor's core region and complement Razor's existing operations.

The Kaybob Acquisition enhances Razor's asset base with numerous reactivation and re-entry opportunities, in addition to future drilling upside with proven deliverability of light oil from the Montney formation. With 95,679 (33,542 net) acres of land, Razor anticipates drilling opportunities comprised of both vertical and horizontal wells. The development within this area is expected to form part of Razor's 2018 capital program.

EQUITY FINANCING

On May 15, 2017, the Company completed a prospectus financing of 5,750,000 subscription receipts at a price of $3.00 per subscription receipt for gross proceeds of $17.3 million (net proceeds of approximately $15.5 million). In connection with the closing of the Kaybob Acquisition each subscription receipt was converted into one common share and one-half of one common share purchase warrant of the Company. Each whole warrant is exercisable into one common share at an exercise price of $3.50 per common share and expire on May 24, 2018.

SWAN HILLS ASSET ACQUISITION

On January 31, 2017, Razor completed the Swan Hills Acquisition for aggregate cash consideration of $15.9 million, subject to customary adjustments. The assets acquired pursuant to the Swan Hills Acquisition (the "Swan Hills Assets") consisted of producing oil and gas assets, characterized by low decline, light oil focused production with abundant infrastructure and 157,856 (111,728 net) acres of land.

Ongoing development of the Swan Hills Assets will be focused on increasing light oil production from the Beaverhill Lake formation. Reactivations and optimization of existing primary and secondary recovery schemes will be the emphasis of near term capital activity.

VECTOR AMALGAMATION

On January 31, 2017, Vector was acquired by Razor Private under the Arrangement, pursuant to which all of the issued and outstanding shares of Razor Private were exchanged for common shares in the capital of Vector. In connection with the Arrangement, Vector amalgamated with Razor Private and continued as a combined entity under the name "Razor Energy Corp.". As a result of the Arrangement, effective February 13, 2017, the common shares of the Company (the "Common Shares") commenced trading on the TSXV under the symbol "RZE.V" in substitution of the Vector common shares.

DEBT FINANCING

On January 31, 2017, Razor obtained a non-revolving senior secured term loan facility from Alberta Investment Management Corporation ("AIMCo"), for a principal amount of $30.0 million on a four-year term, with an interest rate of 10% payable semi-annually on June 30th and December 31st (the "Term Loan Facility"). A portion of the proceeds of the Term Loan Facility were used by Razor to fund the Swan Hills Acquisition. The remaining proceeds are intended to be used to fund Razor's development program and for general corporate purposes. In addition, 1,024,128 Common Shares were issued to AIMCo as consideration for the provision of the Term Loan Facility.

COMMODITY PRICES AND BUSINESS ENVIRONMENT

	Q3-2017	Q2-2017	Q1-2017	Q4-2016	Q3-2016	Q2-2016	Q1-2016
Average selling price							
Oil price ($/bbl)	54.79	58.73	61.99	—	—	—	—
NGL price ($/bbl)	26.38	26.38	24.20	—	—	—	—
Gas price ($/mcf)	1.57	2.53	2.44	—	—	—	—
Benchmark prices and foreign exchange rates							
OIL ($/bbl)							
WTI (USD)	48.17	48.24	51.86	49.33	44.94	45.60	33.52
WTI (CAD)	60.34	64.93	68.63	65.78	58.65	58.78	45.96
US$/CAD$ EXCHANGE RATE	1.25	1.35	1.32	1.33	1.31	1.29	1.37
WTI vs Light Sweet Oil differential (CAD$/bbl)	(3.31)	(3.01)	(4.71)	(4.16)	(3.85)	(4.00)	(5.06)
NATURAL GAS ($/mcf) (CAD)							
AECO NGX AB-5a [1]	1.45	2.81	2.72	2.94	2.20	1.33	1.74
ELECTRICITY ($/MWh)							
Average Pool Price	24.57	19.29	22.81	21.97	17.94	14.99	18.09

1) Benchmark gas pricing is shown per mcf using a conversion factor of 1.06 GJs per mcf.

During the third quarter of 2017, the Canadian dollar prices for crude oil and gas prices decreased from the second quarter of 2017. West Texas Intermediate ("WTI") averaged US $48.17 per barrel for the quarter. Despite the shutdown of refineries and ports in the U.S. Gulf Coast in August due to Hurricane Harvey, WTI (USD) prices remained firm in the third quarter of 2017. This is due to declining global oil inventories, increasing expectations for global economic and oil demand growth, and geopolitical events. However, WTI (CAD) in the third quarter of 2017 decreased to CAD $60.34 compared to $64.93 in the second quarter of 2017, due to the strengthening of the Canadian dollar against the U.S. dollar.

Razor realized an oil price of $54.79 per barrel during the third quarter of 2017, which was a 4% discount to the WTI (CAD) less the light sweet oil differential mostly due to tariffs. Realized oil price has been negatively affected from the Canadian dollar strengthening against the U.S. dollar in the third quarter of 2017, as the strong growth in the Canadian economy and an increase in Canadian interest rates helped strengthen the Canadian dollar.

The price realized by the Company for natural gas production is primarily determined by the AECO benchmark and based on Canadian fundamentals. AECO NGX AB-5a prices have decreased 48% from the second quarter of 2017. The extreme volatility in gas prices is due to restrictions around provincial borders and on storage operators' ability to get gas onto the system and to market.

Sales of NGL is primarily comprised of ethane, propane, butane, pentane, and condensate.

Electricity costs have a significant impact on the Company's results, since electricity accounts for 22% of operating expense. Average electricity pool prices in the third quarter of 2017 increased 37% from the same quarter in 2016 and increased 27% from the second quarter of 2017. Razor has initiated several electricity contract buydowns to align with current demand in an effort to reduce future operating costs.

COMMODITY PRICE RISK

Razor monitors its exposure to variations in commodity prices and on occasion enters into physical contracts and derivative financial instruments to reduce its exposure to unfavourable movements in commodity prices. The terms of these contracts or instruments may limit the benefit of favourable changes in commodity prices and may result in financial or opportunity cost.

The Company hedges a portion of its future production to protect cash flows to allow it to meet its strategic objectives. The Company does not apply hedge accounting for these contracts. As at September 30, 2017, Razor had the following derivative contracts outstanding:

Natural gas:

Reference point	Type	Volume (GJ/d)	Remaining Term	Price per GJ (CAD$)	Fair Value asset
AECO	Buy	500	Oct 1, 2017 - Oct 31, 2017	2.51	18
AECO	Buy	500	Nov 1, 2017 - Mar 31, 2018	3.13	50
AECO	Sell	500	Nov 1, 2017 - Mar 31, 2018	2.48	(1)
					67

Oil:

Reference point	Type	Volume (bbls/month)	Remaining Term	Price per bbl (US$)	Fair Value asset (CAD $000's)
NYMEX WTI oil index	Call	30,000	Oct 1 , 2017 - Dec 31, 2017	56.00	(57)
NYMEX WTI oil index	Put	30,000	Oct 1 , 2017 - Dec 31, 2017	45.00	(28)
NYMEX WTI oil index	Call	60,000	Oct 1 , 2017 - Dec 31, 2017	61.00	21
NYMEX WTI oil index	Put	60,000	Oct 1 , 2017 - Dec 31, 2017	40.00	12
					(52)

DAILY AVERAGE PRODUCTION

Production represents gross production before royalties, unless noted otherwise.

	Three Months Ended September 30,		Nine Months Ended September 30,	
PRODUCTION [1]	**2017**	**2016**	**2017**	**2016**
Oil (bbl/d)	2,702	—	2,324	—
Gas (mcf/d)	2,984	—	2,125	—
NGL (bbl/d)	1,009	—	861	—
boe/d	4,207	—	3,538	—

1) Production for the nine months ended September 30, 2017 represents the daily average production from February 1 to September 30, 2017.

In the third quarter, production from the Swan Hills and Kaybob assets averaged 4,207 boe/d of which 88% was light oil and NGL. Production in the third quarter was 33% higher due to a full quarter of production from the Kaybob assets. In addition, Razor's reactivation program during the year provided additional average daily production of 352 boe/d in the third quarter.

NETBACKS

	Three Months Ended September 30,		Nine Months Ended September 30,	
($/boe)	**2017**	**2016**	**2017**	**2016**
Oil and gas sales	42.68	—	45.29	—
Other revenues	3.29	—	3.46	—
Revenue	45.97	—	48.75	—
Royalty	8.24	—	9.30	—
Operating expenses	30.86	—	30.31	—
Operating netback [1]	6.87	—	9.14	—
General and administrative	3.44	—	3.82	—
Acquisition and transaction costs	0.02	—	1.33	—
Interest	1.99	—	2.35	—
Corporate netback [1]	1.42	—	1.64	—

1) Refer to "Non-IFRS measures" section of the MD&A

During the third quarter of 2017, the Company realized an average operating netback of $6.87/boe, down 39% from the second quarter of 2017 mostly due to the decrease in oil and gas prices. Royalty rates averaged 19% in the third quarter of 2017 down from 23% in the second quarter of 2017, primarily due to a 9% decrease in realized sales prices in Q3-2017 vs. Q2-2017.

In the third quarter of 2017, operating expenses increased by 6% to $30.86/boe, compared to $29.19 in the second quarter of 2017. The increase in operating cost was mostly due to higher workovers and facility and pipeline integrity expenses, which averaged $5.99/boe in the third quarter of 2017 up 12% from the second quarter of 2017, due to the Kaybob battery turnaround in Q3-2017.

The top five cost drivers, fuel and electricity, labour, property taxes, repairs and workovers, accounted for 64% (72% - Q2-2017) of total operating expenses in the third quarter of 2017, with repairs and workovers accounting for 28% of operating expenses and fuel and electricity following closely at 24% of operating expenses.

Management is focused on continuous improvement of operational efficiencies to drive down key cost drivers. Specifically, the Company is considering alternatives to reduce reliance on grid based electricity through electrical contract buydowns to align with current demand and investigating alternatives to grid supplied electrical power. Management is also executing various well reactivation projects to increase production and offset fixed operating costs.

DEPLETION, DEPRECIATION AND AMORTIZATION (DD&A)

	Three Months Ended September 30,		Nine Months Ended September 30,	
($000's)	**2017**	**2016**	**2017**	**2016**
Depletion, depreciation and amortization	2,505	1	5,841	1
($/boe)	6.47	—	6.82	—

DD&A expense was $2.5 million for the third quarter of 2017, up 24% from the second quarter of 2017. The increase in DD&A expense is attributed to a full quarter of production from the Kaybob assets and increased production from the Swan Hills assets due to the well reactivations.

The per-unit DD&A for the third quarter of 2017 decreased by 8% from the second quarter of 2017 to $6.47/boe, due to increased reserves.

GENERAL AND ADMINISTRATIVE EXPENSES (G&A)

	Three Months Ended September 30,		Nine Months Ended September 30,	
($000's)			**2017**	**2016**
Gross G&A	2,166	—	4,747	—
Capitalized costs and recoveries	(836)	—	(1,476)	—
Net G&A	1,330	—	3,271	—
($/boe)	3.44	—	3.82	—

Third quarter gross G&A is comprised primarily of labour cost, which accounted for 75% of gross G&A, while audit and legal fees comprised a further 8% of gross G&A. The Company has maintained net G&A costs relatively unchanged from Q2-2017 with net G&A costs decreasing 2% on a total dollar basis and down 27% on a boe basis, mostly due to higher production in the quarter.

ACQUISITION AND TRANSACTION COSTS

	Three Months Ended September 30,		Nine Months Ended September 30,	
($000's)			**2017**	**2016**
Acquisition and transaction costs	6	—	1,142	—
($/boe)	0.02	—	1.33	—

Acquisition costs related to the Kaybob, Swan Hills and Vector Acquisition were expensed in the Statement of Loss and Comprehensive Loss. These include advisory fees for legal, accounting, and valuation services.

FINANCING COSTS

The components of financing costs are summarized below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
($000's)	**2017**	**2016**	**2017**	**2016**
Interest expense	769	—	2,014	—
Amortization of deferred financing costs	231	—	609	—
Accretion	473	—	1,060	—
	1,473	—	3,683	—

($/boe)				
Interest expense	1.99	—	2.35	—
Amortization of deferred financing costs	0.60	—	0.71	—
Accretion	1.22	—	1.24	—
	3.81	—	4.3	—

Interest expense primarily arises from interest on the Term Loan Facility. Deferred financing costs are comprised of legal fees of $158 thousand and the fair value of the common shares issued to AIMCo of $3.5 million, and are being amortized over the life of the loan. Accretion relates to the time value change of the Company's decommissioning obligations.

CAPITAL EXPENDITURES

	Three Months Ended September 30,		Nine Months Ended September 30,	
($000's)	**2017**	**2016**	**2017**	**2016**
Well reactivations	1,513	—	2,052	—
Pipeline, facilities and other	2,685	—	3,667	—
Land	5	—	13	—
Corporate	26	20	450	20
Total capital expenditures	4,229	20	6,182	20

During 2017, Razor invested $5.7 million on well reactivations, pipelines and facilities. In the third quarter of 2017 the Company reactivated 12 gross (7.7 net) wells, resulting in 391 boe/d of additional production. Of the $2.7 million expenditures made on pipeline and facilities in the third quarter, $725 thousand related to non-operated facility and pipeline upgrades mostly in the Kaybob area. A further $1.1 million was incurred in the third quarter on pipeline upgrades in the Swan Hills area which will enable the Company to reactivate 4 additional wells which is expected to add 150 boe/day of production in the fourth quarter of 2017.

In 2017, corporate capital expenditures of $450 thousand related to initial corporate startup and consisted primarily of computer systems, computer equipment, vehicles, and furniture and fixtures.

Information related to details and funding of the planned 2017 capital expenditures program is included in the ''Management Strategy and Outlook'' section of this MD&A.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity describes a company's ability to meet its financial obligations as they become due. Companies operating in the upstream oil and gas industry require sufficient access to cash in order to fund capital programs necessary to maintain and increase production and reserves, to acquire strategic oil and gas assets and to repay debt. The Company considers it prudent to maintain enough liquidity to fund approximately one full year of cash requirements to preserve strong financial flexibility.

It is anticipated that Razor's Swan Hills and Kaybob capital and operating activities will be funded through cash flow from operations and existing cash. Any significant acceleration of development activities or acquisition of additional oil and gas properties could require additional funding which may include debt, equity, joint ventures or other external financing. The availability of any additional future funding will depend on, among other things, the current commodity price environment, operating performance, and the current state of the equity and debt capital markets.

At September 30, 2017, Razor's Net Debt[1] was $20.8 million. The Term Loan Facility does not become due until January 31, 2021, at which point the Company intends to use retained cash flows from operations, debt financing, equity or a combination thereof to satisfy the Company's debt obligation.

1) Refer to "Non-IFRS Measures" section of the MD&A

The following table illustrates Razor's sources and uses of cash during the second quarter and year-to-date of 2017 and 2016.

SOURCES AND USES OF CASH

	Three Months Ended September 30,		Nine Months Ended September 30,	
($000's)	**2017**	**2016**	**2017**	**2016**
Adjusted funds flow [1]	1,584	—	3,684	—
Proceeds from long-term debt	—	—	30,000	—
Proceeds from prospectus financing	—	—	17,250	—
Cash acquired	—	—	14	—
Cash sourced	**1,584**	**—**	**50,948**	—
Capital expenditures	(4,229)	(20)	(6,182)	(20)
Decommissioning costs incurred	(918)	—	(1,670)	—
Property acquisitions	1,082	—	(27,478)	—
Finance costs	(823)	—	(3,946)	—
Repayment of shareholder loan	—	—	(50)	—
Common share repurchase	(187)	—	(188)	—
Cash used	**(5,075)**	**(20)**	**(39,514)**	(20)
	(3,491)	(20)	11,434	(20)
Changes in non-cash working capital	(1,218)	20	749	20
Change in cash position	**(4,709)**	**—**	**12,183**	**—**
Cash, beginning of period	16,900	—	8	—
Cash, end of period	**12,191**	**—**	**12,191**	**—**

1) Refer to "Non-IFRS Measures" section of the MD&A

Cash decreased from $16.9 million to $12.2 million during the three months ended September 30, 2017. The decrease is primarily due to capital expenditures and decommissioning costs, net of property acquisitions.

On September 11, 2017, Razor announced its intention to commence a Normal Course Issuer Bid (NCIB) to repurchase shares in open market transactions on the TSXV. Under the NCIB, the Company may purchase for cancellation up to 796,861 of its common shares, which represents 5% of outstanding common shares at September 11, 2017. The NCIB will expire no later than September 13, 2018. During the third quarter of 2017, the Company repurchased and cancelled 115,900 common shares for $187 thousand. Subsequent to quarter end, the Company repurchased and cancelled additional 45,900 common shares.

As at September 30, 2017, the Company had a total of 15,821,334 common shares outstanding, and as at November 23, 2017, the Company had a total of 15,775,434 common shares and 2,875,000 warrants outstanding.

FINANCIAL COVENANTS

The Term Loan Facility contains customary covenants for a loan facility of the nature and size. As at September 30, 2017, Razor was in compliance with all of its debt covenants.

There are no financial covenants under the Term Loan Facility in 2017. The Term Loan Facility is subject to the following financial covenants for the year ended December 31, 2018 and onwards:

- a maximum adjusted net debt-to-adjusted cash flow ratio of less than 5:1 for 2018, 4:1 for 2019, and 3:1 from 2020 to maturity; and
- a minimum working capital ratio of 0.85:1 for 2018 and 1:1 from 2019 to maturity.

Adjusted net debt is the sum of current liabilities, long-term debt (principal), and the fair value of derivative securities classified as liabilities, less the sum of current assets and the fair value of derivative securities classified as assets. Adjusted cash flow is cash provided by and used in operating activities less changes in working capital, plus income taxes paid. Adjusted net debt-to-adjusted cash flow ratio is the ratio of adjusted net debt to adjusted cash flow.

Working capital ratio is the ratio of (i) current assets, excluding the fair value of derivative securities, to (ii) the current liabilities, excluding the current portion of long-term debt and excluding the fair value of derivative securities.

COMMITMENTS AND CONTINGENCIES

As part of its normal business, the Company entered into arrangements and incurred obligations that will impact the Company's future operations and liquidity. The principal commitments of the Company as at September 30, 2017 were as follows:

($000's)	**Recognized in Financial Statements**	**Total**	**Less than 1 year**	**2-3 years**	**4-5 years**	**More than 5 years**
Accounts payable and accrued liabilities [1]	Yes-Liability	10,930	10,930	—	—	—
Long-term debt	Yes-Liability	30,000	—	—	30,000	—
Interest payable	No [2]	10,767	3,000	6,004	1,763	—
Transportation services	No	1,363	577	786	—	—
Processing services	No	262	110	152	—	—
Office Lease	No	1,239	210	804	225	—
Total		**54,561**	**14,827**	**7,746**	**31,988**	**—**

1) Accounts payable and accrued liabilities exclude interest payable on long-term debt.
2) Interest costs incurred but unpaid are included as part of the accrued liabilities in the financial statements.

The Company has a firm commitment for oil and gas transportation services that includes contracts to transport oil and natural gas through third party owned pipeline systems. The Company also has a firm commitment for gas processing services that includes contracts to process natural gas through third party owned processing facilities.

In June 2017, the Company entered into an operating lease for office premises. The term of the lease commenced on June 1, 2017 and expires on June 30, 2022.

The Company has an annual commitment with the Alberta Energy Regulator (AER) to either suspend, reactivate, or abandon non-compliant inactive wells, under the Inactive Well Compliance Program. The Company has met the AER's requirements under its 2017 Inactive Well Compliance Program and continues to invest in end-of-life well and facility operations.

In the normal course of its operations, the Company may be subject to litigations and claims and records provisions for claims as required.

On March 20, 2017, the Company was served with a statement of claim whereby the plaintiffs allege that the Company was provided with confidential information about certain petroleum and natural gas assets that a third party had agreed to sell to the plaintiff. The Company has filed a statement of defense denying all allegations made against them. The potential outcome of the lawsuit and claim are uncertain, however the Company's opinion is that the claim is without merit.

RELATED PARTY TRANSACTIONS

On November 24, 2016, two shareholders of the Company provided the Company with a shareholders' loan of $50,000. The loan was repaid in full in February, 2017.

Transactions with related parties are conducted and recorded at the exchange amount.

NON-IFRS MEASURES

Certain financial measures included in this MD&A do not have a standardized meaning prescribed by IFRS and therefore are considered non-IFRS measures; accordingly, they may not be comparable to similar measures provided by other companies.

FUNDS FLOW AND ADJUSTED FUNDS FLOW

This document contains the term “funds flow”, which should not be considered an alternative to, or more meaningful than “cash flow from operating activities” as determined in accordance with IFRS. Funds flow is a non-IFRS measure that represents cash generated from operating activities before changes in non-cash working capital. Adjusted funds flow represents cash flow from operating activities before changes in non-cash working capital and decommissioning obligation expenditures incurred. This is considered a key measure as it demonstrates Razor's ability to generate the cash flow necessary to fund future growth through capital investment. Adjusted funds flow may not be comparable to similar measures used by other companies.

Reconciliation of Funds Flow and Adjusted funds flow

	Three Months Ended September 30,		Nine Months Ended September 30,	
($000's)	**2017**	**2016**	**2017**	**2016**
Cash flow used in operating activities	(1,595)	—	(53)	—
Changes in non-cash working capital	2,261	—	2,067	—
Funds flow	**666**	**—**	**2,014**	**—**
Decommissioning costs incurred	918	—	1,670	—
Adjusted funds flow	**1,584**	**—**	**3,684**	**—**

OPERATING NETBACK

Operating netback is a measure that represents sales net of royalties, operating expenses, current taxes and selling costs. Management believes that operating netback is a useful supplemental measure to analyze operating performance and provide an indication of the results generated by the Company’s principal business activities prior to the consideration of other income and expenses. Operating netback may not be comparable to similar measures used by other companies.

CORPORATE NETBACK

Corporate netback is calculated by deducting general & administration, acquisition and transaction costs, and interest from operating netback. Razor considers corporate netback as an important measure to evaluate its overall corporate performance. Corporate netback may not be comparable to similar measures used by other companies.

NET DEBT

Net debt is calculated as the principal amount of the long-term debt less working capital (or plus working capital deficiency), with working capital excluding mark-to-market risk management contracts. Management believes that net debt is a useful supplemental measure of the total amount of current and long-term debt of the Company.

Reconciliation of Net Debt

($000's)	**September 30, 2017**	**December 31, 2016**
Long term debt	26,929	—
Deferred financing costs	3,071	—
Long term debt (principal)	30,000	—
Working capital	(9,223)	442
Net Debt	**20,777**	**442**

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments are measured at amortized cost or fair value. Fair value represents the estimated amounts at which financial instruments could be exchanged between knowledgeable and willing parties in an arm's length transaction. Determining fair value requires management's judgment.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The Company uses quoted market prices when available to estimate fair value. Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Management's judgment as to the significance of a particular input may affect placement within the fair value hierarchy levels.

The fair value hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Level 2 valuations are based on inputs, including quoted forward prices for commodities,market interest rates and volatility factors, which can be observed or corroborated in the marketplace.
- Level 3: inputs for the asset or liability that are not based on observable market data, such as the Company's internally developed assumptions about market participant assumptions used in pricing an asset or liability.

The valuation methods used to determine the fair value of each financial instrument and its associated level in the fair value hierarchy is described below.

Financial Instruments	Fair Value Method
Measured at Amortized Cost	
Accounts receivable, accounts payable and accrued liabilities, and shareholder loan	Measured initially at fair value, then at amortized cost after initial recognition. Fair value approximates carrying value due to their short-term nature.
Long-term debt	Measured initially at fair value, then at amortized cost after initial recognition using the effective interest method. Fair value is determined using discounted cash flows at the current market interest rate. (Level 2)
Measured at Fair Value	
Cash	Measured at fair value through profit or loss. Fair value approximates carrying value due to their short-term nature.
Commodity contracts	Financial contracts are classified as commodity contracts and are measured at fair value with the changes during the period recorded in profit or loss as unrealized gains or losses. Determined using observable period-end forward curves. (Level 2)

The carrying value and fair value of the Company's financial instruments at September 30, 2017 are as follows:

($000's)	Carrying Value	Fair Value
Cash	12,191	12,191
Accounts receivable	7,354	7,354
Accounts payable and accrued liabilities	10,930	10,930
Long-term debt	26,929	26,386

MARKET RISK

Razor is exposed to normal market risks inherent in the oil and natural gas business, including, but not limited to, commodity price risk, credit risk, interest rate risk, and liquidity risk. The Company seeks to mitigate these risks through various business processes and management controls.

Management has overall responsibility for the establishment of risk management strategies and objectives. Razor's risk management policies are established to identify the risks faced, to set appropriate risk limits, and to monitor adherence to risk limits. Risk management policies are reviewed regularly to reflect changes in market conditions and Razor's activities.

Credit Risk

Razor is exposed to third party credit risk through its contractual arrangements with its partners in jointly controlled assets, marketers of petroleum and natural gas and other parties. In the event such entities fail to meet their contractual obligations to Razor, such failures could have a material adverse effect. The maximum credit risk that the Company is exposed to is the carrying value of cash and accounts receivable. The Company has not experienced any credit losses in the collection of accounts receivable to date.

The Company's trade and other receivables of $7.4 million as at September 30, 2017 are non-interest bearing and and have not been impaired. The Company's receivables are summarized as follows:

($000's)	**September 30, 2017**	**December 31, 2016**
Trade receivables	5,091	1
Joint venture receivables	2,263	—
GST receivables	—	6
	7,354	7

The majority of the credit exposure on trade receivables as at September 30, 2017, pertains to revenue for accrued September 2017 production volumes. Receivables from the oil and gas marketing companies are typically collected on the 25th day of the month following production. Razor mitigates the credit risk associated with these receivables by establishing relationships with credit worthy purchasers. Razor has not experienced any collection issues with its oil and gas marketers. All the trade receivables from the oil and gas marketers were collected in October 2017.

Receivables from joint venture partners are typically collected within one to three months of the bill being issued to the partner. The Company mitigates the risk from joint venture receivables by obtaining partner approval of capital expenditures prior to starting a project. However, the receivables are from participants in the petroleum and natural gas sector, and collection is dependent on typical industry factors such as commodity price fluctuations, escalating costs and the risk of unsuccessful drilling. Further risk exists with joint venture partners as disagreements occasionally arise which increases the potential for non-collection. For properties that are operated by Razor, production can be withheld from joint venture partners in the event of non-payment. In addition, the Company often has offsetting amounts payable to joint venture partners from which it can net receivable balances.

The Company's accounts receivable is aged as follows:

(000's)	**September 30, 2017**	**December 31, 2016**
Current (less than 30 days)	6,740	7
31 to 90 days	312	—
Over 90 days	302	—
Total Receivables	7,354	7

As at September 30, 2017, approximately 4% of Razor's total accounts receivable is aged over 90 days and considered past due. These amounts are from various joint venture partners, and the Company does not believe that these amounts are currently impaired.

Interest Rate Risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in interest rates. The Company's interest-bearing assets and liabilities include cash and long-term debt. Razor manages its interest rate risk by entering into fixed interest rates on the long-term debt. Consequently, there is no exposure to fluctuations in market interest rates.

Razor's Term Loan Facility matures on January 31, 2021 and bears interest at the rate of 10% per annum (paid semi-annually on June 30 and December 31).

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Liquidity is managed through cash, debt and equity management strategies, when available. Razor manages its liquidity requirements by use of both short-term and long-term cash forecasts.

RISK MANAGEMENT

The business risks the Company is exposed to are those inherent in the oil and gas industry as well as those governed by the individual nature of Razor's operations. Geological and engineering risks, the uncertainty of discovering commercial quantities of new reserves, commodity prices, interest rate and foreign exchange risks, competition and government regulations – all of these govern the business and influence the controls and management at the Company.

Razor 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 Company;
- operating properties in order to maximize opportunities;
- employing risk management instruments to minimize exposure to volatility of commodity prices;
- maintaining a strong financial position; and
- maintaining strict environmental, safety and health practices.

For additional details on the risks relating to Razor's business, see "Risk Factors" in the Company's most recent annual information form, which is available on SEDAR at www.sedar.com.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied in the unaudited interim condensed consolidated financial statements.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. Assets acquired and liabilities assumed are measured at their fair value as at the acquisition date. Acquisition costs are expensed in the period incurred.

JOINTLY OWNED ASSETS

Some of the Company's oil and natural gas activities involve jointly owned assets. The financial statements include the Company's share of these jointly owned assets and its proportionate share of the relevant revenue and related costs.

REVENUE RECOGNITION

Revenue from the sale of oil and natural gas is recognized when the product is delivered to the buyer and collection is reasonably assured. Revenue from processing and other miscellaneous sources is recognized upon completion of the relevant service.

EXPLORATION AND EVALUATION (E&E) ASSETS

Pre-license costs are recognized in the statement of income as incurred.

Exploration and evaluation costs, including the costs of acquiring leases and licenses, initially are capitalized as exploration and evaluation assets. The costs are accumulated in cost centres by well, field or exploration area pending determination of technical feasibility and commercial viability.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For purposes of impairment testing, exploration and evaluation assets are allocated to related cash-generating units ("CGUs").

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven and/or probable reserves are determined to exist. At least once annually, a review of each exploration license or field is carried out to ascertain whether proven and/or probable reserves have been discovered. Upon determination of proven and/or probable reserves, intangible exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to property and equipment.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (PP&E) are recorded at cost less accumulated depletion, depreciation and amortization and any accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, costs attributable to bringing the asset into operation, and the initial estimate of decommissioning obligations. When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items.

Costs of developing and acquiring oil and gas properties are capitalized. These costs include lease acquisition costs, geological and geophysical expenditures, costs of drilling and completion of wells, plant and production equipment costs, and related overhead charges.

Borrowing costs incurred for the construction of qualifying assets are capitalized during the period of time that is required to complete and prepare the assets for their intended use or sale. All other borrowing costs are recognized in profit or loss using the effective interest method.

Subsequent costs

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing major parts of property, plant and equipment are recognized as PP&E or other assets only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. Such capitalized property and equipment generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves, and are accumulated on a well, field or geotechnical area basis, together with the discounted value of estimated future costs of decommissioning obligations. When components of an asset are replaced, disposed of, or no longer in use, the carrying amount is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depletion, depreciation and amortization

The depletion, depreciation and amortization of PP&E and other assets are recognized in profit or loss as incurred.

The net carrying value of PP&E is depleted using the unit of production method by reference to the ratio of production in the period to the related proved and probable reserves using estimated future prices and costs. Costs subject to depletion include estimated future development costs necessary to bring those reserves into production. These estimates are reviewed by independent reserve engineers at least once annually and determined in accordance with National Instrument 51-101 *Standards of Disclosure of Oil and Gas Activities*. Proved and probable reserves are estimated using independent reserve evaluator reports and represent the estimated quantities of oil, natural gas, and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially viable. The specified degree of certainty must be a minimum 90% statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proved and a minimum 50% statistical probability for proved and probable reserves to be considered commercially viable.

Other assets are depreciated on a straight-line basis over their estimated useful lives estimated to be three years. Depreciation methods, useful lives, and residual values are reviewed annually.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

PP&E assets are tested for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is assessed at the CGU level, which is the smallest identifiable group of assets that generates independent cash inflows. An impairment loss is recognized in earnings when the CGU's carrying value is higher than its recoverable amount. The recoverable amount is the greater of the CGU's fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proved plus probable reserves. Fair value less costs to sell is determined as the amount that would be obtained from the sale of an asset in an arm's length transaction between knowledgeable and willing parties.

A previously recognized impairment loss is reversed only if there has been a change in the estimates or assumptions used to determine the CGU's recoverable amount since the impairment loss was recognized. A reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior periods. Such a reversal is recognized in net income, following which the depreciation charge is adjusted in future periods to allocate the CGU's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

PROVISIONS

The Company recognizes provisions when:

(i) there is a current legal or constructive obligation as a result of a past event;
(ii) a probable outflow of economic benefits will be required to settle the obligation; and
(iii) a reliable estimate of the obligation can be made.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. If discounting is used, the increase in the provision due to the passage of time is recognized in financing expense.

DECOMMISSIONING OBLIGATIONS

Decommissioning obligations are legal obligations connected with the abandonment and reclamation of the Company's oil and natural gas assets.

These obligations are measured at management's best estimate of the expenditure required to settle the obligation and are discounted to present value when the effect is material. Cash flows for decommissioning obligations are adjusted to take risks and uncertainties into account and are inflated and discounted using a risk-free discount rate. Initially, the net present value of the estimated decommissioning obligations is recorded as a liability, with a corresponding increase in the carrying amount of the related asset.

Revaluations of the decommissioning obligations at each reporting period take into account changes in estimated future cash flows and the discount rate. Any change in the carrying amount of the provision due to change in the present value is accreted over the estimated time period until the obligation is to be settled; the accretion expense is recognized as financing costs.

Actual costs incurred upon the settlement of the decommissioning obligations are charged against the decommissioning obligations. Any difference between the estimated decommissioning obligations and the actual retirement costs incurred is recorded as a gain or loss. Management reviews the decommissioning obligation estimate and changes, if any, are applied prospectively. Revisions made to the decommissioning obligation estimate are recorded as an increase or decrease to the decommissioning obligation with a corresponding change made to the carrying amount of the related asset. The asset is depreciated over the remaining useful life of the underlying asset. The carrying amount of both the liability and the capitalized asset, net of accumulated depreciation, are derecognized if the asset is subsequently disposed.

FINANCIAL INSTRUMENTS

The Company classifies financial instruments when they are first recognized as fair value through profit or loss, available for sale, held to maturity investments or loans and receivables. Financial liabilities are classified as fair value through profit or loss or amortized cost.

Fair value through profit or loss

Financial instruments classified as fair value through profit or loss, other than derivative instruments that are effective hedging instruments, are measured at fair value. Changes in fair value are recognized in earnings.

Available for sale

Financial instruments classified as available for sale are measured at fair value using quoted prices in an active market. When actively quoted prices are not available, fair value is determined using other valuation techniques. Changes in fair value are recognized in other comprehensive income. If fair value cannot be reliably estimated, the item is carried at cost.

Held to maturity

Financial instruments classified as held to maturity, loans and receivables, or other liabilities are initially measured at fair value. Thereafter, they are measured at their amortized cost using the effective interest method. Investments in equity instruments that do not have an actively quoted price and whose fair value cannot be reliably measured are measured at cost.

Non-derivative financial instruments

Non-derivative financial instruments are comprised of cash, accounts receivable, accounts payable and accrued liabilities, and long-term debt. Non-derivative financial instruments are recognized initially at fair value, then at amortized cost using the effective interest method.

Transaction costs incurred in connection with the issuance of long-term debt instruments with a maturity of greater than one year are deducted against the carrying value of the debt and amortized to net income (loss) using the effective interest rate method over the expected life of the debt.

Derivative financial instruments

Contracts settled net in cash or in another financial asset are classified as derivatives, unless they meet the Company's own use requirements.

The Company accounts for its forward physical delivery sales contracts, entered into and held for the purpose of receipt or delivery of non-financial items in accordance with its expected purchase, sale or usage requirements as executory contracts. As such, these contracts are not considered to be derivative financial instruments and will not be recorded at fair value on the Statement of Financial Position. Settlements on physical sales contracts are recognized in oil and natural gas revenue.

The Company also enters into financial derivative contracts from time to time in order to reduce its exposure to market risks from fluctuations in commodity prices. These instruments are not used for trading or speculative purposes. The Company does not designate financial derivative contracts as effective accounting hedges, and thus does not apply hedge accounting, even though the Company considers all commodity contracts to be economic hedges. As a result, the Company's policy is to classify all financial derivative contracts at fair value through profit or loss and to record them on the Statement of Financial Position at fair value. Attributable transaction costs are recognized in earnings when incurred. The estimated fair value of all derivative instruments is based on quoted market prices and/or third party market indications and forecasts.

IMPAIRMENT OF FINANCIAL INSTRUMENTS

At each reporting date, the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If such evidence exists, an impairment loss is recognized in earnings.

Impairment losses on financial assets carried at amortized cost are calculated as the difference between the amortized cost and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Impairment losses on financial assets carried at amortized cost may be reversed in whole or in part if there is objective evidence that a change in the estimated recoverable amount is warranted. The revised recoverable amount cannot exceed the carrying amount had no impairment charge been recognized in previous periods.

INCOME TAXES

Income taxes is comprised of current and deferred taxes. Income tax is recognized in earnings, except to the extent it relates to items recorded in equity, in which case it is recognized in equity.

Current tax is calculated on taxable earnings using rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized using the asset and liability method of accounting for income taxes. Under this method, income tax liabilities and assets are recognized for the estimated tax consequences attributable to temporary differences between the amounts reported in the financial statements and their respective tax bases, using substantively enacted income tax rates. The effect of a change in income tax rates on deferred income tax liabilities and assets is recognized in income in the period that the change occurs. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognized only when it is probable that future taxable earnings will be available against which the temporary differences can be applied.

CONTINGENCIES

A contingent liability is a possible obligation, and a contingent asset is a possible asset, that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability may also be a present obligation that arises from past events that is not recognized because it is not probable that an outflow of economic resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably. Neither contingent liabilities nor assets are recognized in the financial statements. However, a contingent liability is disclosed, unless the possibility of an outflow of resources is remote. A contingent asset is only disclosed where an inflow of economic benefits is probable. Management evaluates the likelihood of contingent events based on the probability of exposure to potential loss. Actual results could differ from these estimates.

SHARE CAPITAL

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares, stock options and warrants are recognized as a deduction to share capital, net of any tax effect.

SHARE-BASED COMPENSATION PLANS

The fair value of options granted to employees is recognized as compensation expense as at the date of grant, with a corresponding increase in contributed surplus over the vesting period. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon exercise of the option, consideration received, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

SHARE PURCHASE WARRANTS

The Company has issued share purchase warrants as part of a financing arrangement. The share purchase warrants are issued with an exercise price based on the Company's market share price at the date of issue. The share purchase warrants are classified as equity instruments. Consideration received on the sale of a share and share purchase warrant classified as equity is allocated, within equity, to the respective equity accounts on a reasonable basis. The amounts for the share purchase warrants are recognized in warrants. The fair value of these share purchase warrants is measured at issue date using the Black-Scholes pricing model taking into account the terms and conditions upon which the share purchase warrants were issued. Share purchase warrants classified as equity instruments are not subsequently re-measured for changes in fair value.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain new or amended standards or interpretations issued by the IASB or IFRS Interpretations Committee (IFRIC) do not have to be early adopted in the current period.

The standards issued, but not yet effective, are described below:

- IFRS 15 Revenue from Contracts with Customers - this standard replaces IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations and is effective on or after January 1, 2018. It provides a framework to determine when to recognize revenue and at what amount. It applies to new contracts created on or after the effective date and to existing contracts not yet completed as of the effective date. Under IFRS 15, the timing of revenue recognition for certain contracts may be significantly impacted by the new revenue recognition model and transitional adjustments are currently being reviewed. The Company is currently assessing the impact of the adoption of IFRS 15 on the financial statements. Razor will adopt the new standard on the required effective date.

- IFRS 16 Leases - this standard replaces IAS 17 Leases and related interpretations and is effective on or after January 1, 2019. It requires a lessee to recognize assets and liabilities on the balance sheet for the rights and obligations created by leases. Lessor accounting remains substantially unchanged. The Company is currently assessing the impact of the adoption of IFRS 16 on the financial statements.

- IFRS 9 Financial Instruments - this standard replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective on or after January 1, 2018. It includes revised guidance on the classification and measurement of financial assets and liabilities. Razor has determined that the adoption of IFRS 9 will not result in changes to the classification, measurement, and carrying value of the Company's financial assets or financial liabilities. IFRS 9 also provides a single impairment model for financial instruments and introduces a new expected credit loss model for calculating impairment of financial assets, replacing the incurred loss impairment model required by IAS 39. Razor has determined that the new impairment model will not result in material changes to the valuation of its financial assets on adoption of IFRS 9. IFRS 9 also provides a new model to be applied for hedge accounting. Razor does not currently apply hedge accounting to its risk management contracts and does not intend to apply hedge accounting on adoption of IFRS 9. Razor will adopt IFRS 9 on the required effective date.

There are no other standards or interpretations issued, but not yet effective, that the Company anticipates may have a material effect on the interim condensed consolidated financial statements once adopted.

SIGNIFICANT JUDGMENTS IN APPLYING ACCOUNTING POLICIES

USE OF ESTIMATES AND JUDGEMENTS

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Management's estimates and judgments are continually evaluated and are based on historical experience and other factors that management believes to be reasonable under the circumstances. Actual results may differ from these estimates. Judgments and estimates are reviewed on a continual basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

SIGNIFICANT JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The following are the significant judgments, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the interim condensed consolidated financial statements:

PROPERTY, PLANT AND EQUIPMENT (PP&E)

The Company makes judgments to assess the nature of the costs to be capitalized and the time period over which they are capitalized in the purchase or construction of an asset; evaluate the appropriate level of componentization where an asset is made up of individual components for which different depletion, depreciation and amortization methods and useful lives are appropriate; distinguish major overhauls to be capitalized from repair and maintenance activities to be expensed; and determine the useful lives over which assets are depleted, depreciated and amortized.

CASH GENERATING UNIT (CGU)

CGUs are the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The recoverability of development and production asset carrying values are assessed at the CGU level. Determination of what constitutes a CGU is subject to management's judgment. The asset composition of a CGU can directly impact the recoverability of the assets included therein. In assessing the recoverability of oil and gas properties, each CGU's carrying value is compared to its recoverable amount, defined as the greater of fair value less costs to sell and value in use.

ASSESSMENT OF ASSET IMPAIRMENT

Judgments are required when the Company assesses CGUs for possible impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable; for example, changes in assumptions relating to future prices, future costs, reserves and contingent resources.

SIGNIFICANT ESTIMATES

The following are key estimates and their assumptions made by management affecting the measurement of balances and transactions in the interim condensed consolidated financial statements:

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method of accounting. The determination of fair value often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of exploration and evaluation assets and property, plant and equipment acquired generally require estimates of reserves acquired, forecast benchmark commodity prices and discount rates. Assumptions are also required to determine the fair value of decommissioning obligations associated with the properties. Changes in any of these assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets and liabilities in the acquisition equation. Future profit (loss) can be affected as a result of changes in future depletion and depreciation or impairment.

IMPAIRMENT OF ASSETS

If an indication of asset impairment exists, an estimate of the CGU's recoverable amount is made. A CGU's recoverable amount is the higher of its fair value less costs of disposal and its value in use. These assessments require the use of estimates and assumptions regarding production volumes, discount rates, long-term commodity prices, reserve quantities, operating costs, royalty rates, future capital cost estimates, foreign exchange rates, income taxes, and life of field.

DEPLETION, DEPRECIATION AND AMORTIZATION (DD&A)

The net carrying value of development and production assets is depleted using the unit of production method by reference to the ratio of production in the year to the related proved and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers at least once annually.

For other assets, a straight-line basis is used over the assets' estimated useful lives. Average useful life for other assets is three years. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

RESERVES

Razor's estimates regarding oil and natural gas assets are based on estimates of oil and natural gas reserves.

The quantity of reserves is subject to a number of estimates and projections including assessment of engineering data, projected future rates of production, commodity prices, regulatory changes, operating costs, and sustaining capital expenditures. All reserve and associated financial information is evaluated and reported on by a firm of qualified independent reserve evaluators in accordance with the Canadian Oil and Gas Evaluation Handbook consistent with the standards of National Instrument 51-101 *Standard of Disclosures for Oil and Gas Activities.* The calculation of future cash flows based on these reserves is dependent on a number of estimates including: production volumes, facility performance, commodity prices, royalties, operating costs, sustaining capital and tax rates. The price used in the Company's assessment of future cash flows is based on the Company's independent evaluator's estimate of future prices and evaluated for reasonability by the Company against other available information. The Company believes these prices are reasonable estimates for a long-term outlook.

DECOMMISSIONING OBLIGATIONS

Decommissioning obligations are measured based on the estimated cost of abandonment and reclamation discounted to its net present value using an inflation-adjusted risk free rate. Due to the long-term nature of current and future project developments, abandonment and reclamation costs will be incurred many years in the future. The provision for the cost of decommissioning wells, production facilities, and pipelines at the end of their economic lives has been estimated using existing technology, at current prices or long-term assumptions and based upon the expected timing of the activity. While the provision is based on the best estimate of future costs and the economic lives of the facilities and pipelines, there is uncertainty regarding both the amount and timing of incurring these costs.

INCOME TAXES

Current tax is based on estimated taxable income and tax rates, which are determined pursuant to the tax laws that are enacted or substantively enacted as at the date of the balance sheet.

Deferred tax is determined using the liability method. Under the liability method, deferred tax is calculated based on the differences between assets and liabilities reported for financial accounting purposes and those reported for income tax purposes. Deferred tax assets and liabilities are measured using substantively enacted tax rates. The impact of a change in tax rate is recognized in net income in the period in which the tax rate is substantively enacted. The Company recognizes in its financial statements the best estimate of the impact of a tax position by determining if the available evidence indicates whether it is more likely than not, based solely on technical merits, that the position will be sustained on audit. The Company estimates the amount to be recorded by weighting all possible outcomes by their associated probabilities.

Deferred tax assets and liabilities are offset only when a legally enforceable right of offset exists and the deferred tax assets and liabilities arose in the same tax jurisdiction and relate to the same taxable entity. The determination of the income tax provision is an inherently complex process, requiring management to interpret continually changing regulations and make estimates as to their impact on the provision.

FINANCIAL INSTRUMENTS

The Company enters into derivative financial instruments in order to manage risks associated with fluctuations in commodity prices. As detailed in Note 11 of the interim condensed consolidated financial statements, derivative instruments are recorded at fair value on the Statement of Financial Position. Gains or losses on financial instruments are recognized in net income. Fair values are determined based on third party market information and are subject to a degree of uncertainty. Estimates of fair value are subject to change with fluctuations in commodity prices. Settlement of derivative financial instruments may vary from fair value estimates, depending on the underlying market prices at the date of settlement.

SHARE PURCHASE WARRANTS

Share purchase warrants granted by the Company are valued at the fair value of the goods or services received unless the fair value cannot be reliably measured. Share purchase warrants are valued using the Black-Scholes pricing model. Estimates and assumptions for inputs to the model, including the expected volatility of the Company's shares and the expected life of the warrants granted, are subject to significant uncertainties and judgement.

OTHER FINANCIAL INFORMATION

OFF-BALANCE SHEET ARRANGEMENTS

Razor does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition, including, without limitation, the Company's liquidity and capital resources.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company’s internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Internal controls over financial reporting, no matter how well designed, have inherent limitations. Therefore, internal controls over financial reporting can provide only reasonable assurance regarding the reliability of financial statement preparation and may not prevent or detect all misstatements.

FORWARD LOOKING INFORMATION

Certain statements and information contained within this MD&A constitute forward-looking statements. These statements include, without limitation, statements regarding the status of development or expenditures relating to our business, the anticipated benefits and effects of acquisitions, plans to fund our current and future activities, future operations, future oil and natural gas production estimates and weighting, future financial position, future revenues and projected costs. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "estimate", "potential", "could", "intend", "continue", "target", or the negative of such terms or other comparable terminology. We made a number of assumptions in the preparation of these forward-looking statements. You should not place undue reliance on our forward-looking statements, which are subject to a multitude of risks and uncertainties that could cause actual results, future circumstances or events to differ materially from those projected in the forward-looking statements. These risks include, but are not limited to, commodity price, interest rate and exchange rate volatility, the need for additional capital and the effect of capital market conditions and other factors, risks relating to the oil and gas industry, such as operational risks and market demand, government regulation, the potential dilutive effects of any financing, the timing of exploration and development, the timing and costs of obtaining regulatory approvals, our estimates regarding our capital requirements and future revenues, the timing and amount of tax credits, and other risks detailed from time to time in our public disclosure documents. Additional risks and uncertainties relating to the Company and our business can be found in the "Risk Factors" section of the annual information for the year ended December 31, 2016 and in Razor’s other public filings on SEDAR at www.sedar.com.

The forward-looking statements are made as of the date hereof, and we disclaim any intention and have no obligation or responsibility, except as required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

ABBREVIATIONS AND DEFINITIONS

AECO	Alberta Energy Company natural gas price, the natural gas storage facility located at Suffield, Alberta, connected to TransCanda's Alberta System
bbl	barrels
bbls	barrels
bbls/d	barrels per day
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
GJ	gigajoule
IFRS	International Financial Reporting Standards
mcf	thousand cubic feet
mcf/d	thousand cubic feet per day
NGL	natural gas liquids
NGX	Natural Gas Exchange
NI	National Instrument
WTI	West Texas Intermediate cure oil price, ther reference price paid in U.S. dollars at Cushing, Oklahoma for the crude oil standard grade.

CONVERSION OF UNITS

To Convert From	To	Multiply By
mcf	cubic metres	28.317
cubic metres	cubic feet	35.315
bbls	cubic metres	0.159
cubic metres	bbls	6.289
Feet	Metres	0.305
Miles	kilometres	1.609
Acres	hectares	0.405
Gigajoules	MMbtu	0.950

BARRELS OF OIL EQUIVALENT CONVERSIONS

The oil and gas industry commonly expresses production volumes and reserves on a barrel of oil equivalent basis (boe) whereby natural gas volumes are converted at the ratio of six thousand cubic feet to one barrel of oil. The intention is to sum oil and natural gas measurement units into one basis for improved analysis of results and comparisons with other industry participants. Throughout this MD&A the Company has used the 6:1 boe measure which is the approximate energy equivalency of the two commodities at the burner tip. Boe does not represent a value equivalency at the wellhead nor at the plant gate which is where the Company sells its production volumes, and therefore, may be a misleading measure, particularly if used in isolation. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a 6:1 conversion may be misleading as an indication of value.