



RAZOR ENERGY CORP. ANNOUNCES FOURTH QUARTER AND 2019 YEAR END RESULTS

April 29, 2020 - Calgary, Alberta - Razor Energy Corp. ("Razor" or the "Company") (TSXV: RZE) (www.razor-energy.com) is pleased to announce its fourth quarter and year end 2019 financial and operating results. Selected financial, operational and reserves information is outlined below and should be read in conjunction with Razor's audited consolidated financial statements, management's discussion and analysis and annual information form ("AIF") for the year ended December 31, 2019, which are available on SEDAR at www.sedar.com and the Company's website.

2019 HIGHLIGHTS

Operating

- Production during the year averaged 4,387 boe/d, representing a decrease of 10% in comparison to 2018 when production averaged 4,888 boe/d. The decrease was due to the Company's reduced reactivation program in 2019, reduced workover activity, issues with third party fuel gas supply and composition, as well as non-operated pipeline outages, partially offset by production from the properties of Little Rock Resources Ltd. ("Little Rock") properties acquired during Q3 2019 (the "Little Rock Acquisition");
- Achieved 2019 operating netback of \$6.92/boe, down 39% from 2018;
- Achieved adjusted funds flow of \$8.0 million in 2019 a 58% decrease from 2018, mainly driven by a 18% decrease in total revenues from 2018.

Capital

- Invested a total of \$13.6 million in 2019, comprised mainly of the continuation of the well reactivation program and the South Swan Hills co-produced geothermal power generation project; and
- Reactivated 24 gross (23.3 net) wells during 2019, resulting in 422 boe/d of additional initial production.

Acquisitions

- Completed the Little Rock Acquisition, providing Razor with a second core region in southern Alberta, comprised of the Jumpbush, Majorville, Badger, Enchant and Chin Coulee areas. The acquisition added approximately 800 boe/d of production.

2020 OUTLOOK

Production in Q1 2020 is anticipated to average 4,200 boe/d due to impacts from the significant decrease in realized oil prices, leading to a reduction of reactivation and workover spending in Q1 2020. These wells will be brought back online when economics justify, with spending being focused on the highest capital efficiency projects. As well, Q1 production has been adversely affected by non-operated pipeline outages. These outages were rectified by the end of Q1 2020.

In response to the aforementioned decrease in oil prices, the Company has shut in all of its operated heavy oil production, along with certain light oil wells which are sub-economic at current prices. As of the date of this announcement, the Company is forecasting Q2 2020 production to be approximately 3,600 boe/d. The Company actively monitors the economics for all of its operated production and may shut in additional wells. The timing to restart shut in oil wells is dependent on improvements in both WTI prices and local price differentials. The Company currently forecasts WTI pricing and local price differentials will improve starting in Q3 2020. However, the timing of an improvement depends on successful progress with the COVID-19 virus and an increase in the global demand for oil.

The preparation of financial forecasts is challenging at this time; however, the Company anticipates negative cash flow from operations during Q2 2020 and into the second half of 2020 if oil prices remain depressed. The Company is working to mitigate losses by limiting field spending and applying for government assistance programs where available, including the Canada Emergency Wage Subsidy.

SELECT QUARTERLY AND ANNUAL HIGHLIGHTS

The following tables summarize key financial and operating highlights associated with the Company's financial performance.

	Three Months Ended December 31,		Twelve months ended December 31,	
(\$000's, except for per share amounts and volumes)	2019	2018	2019	2018
Production volumes²				
Oil (bbl/d)	2,839	2,995	2,712	3,143
Gas (mcf/d) ¹	4,962	3,225	4,635	3,770
NGL (bbl/d)	1,011	1,374	903	1,117
Total (boe/d)	4,677	4,907	4,387	4,888
Sales volumes³				
Oil (bbl/d)	2,862	2,611	2,783	3,046
Gas (mcf/d) ¹	4,962	3,225	4,635	3,770
NGL (bbl/d)	1,011	1,374	903	1,117
Total (boe/d)	4,700	4,523	4,458	4,792
Oil inventory volumes (bbls)	9,251	35,267	9,251	35,267
Oil and natural gas revenue				
Oil and NGLs sales	20,013	14,712	78,365	91,901
Natural gas sales	774	565	2,438	2,481
Sales of commodities purchased from third parties ⁷	(25)	4,352	8,551	15,639
Blending and processing	1,874	1,912	8,842	10,472
Other revenues	119	342	1,976	2,406
Total revenue	22,755	21,883	100,172	122,899
Cash flows from operating activities	3,922	6,696	16,238	22,360
Per share -basic and diluted	0.19	0.06	0.96	1.10
Funds flow ⁴	37	903	7,719	17,200
Per share -basic and diluted	—	0.06	0.46	1.10
Adjusted funds flow ⁴	305	1,974	7,959	20,435
Per share -basic and diluted	0.01	0.13	0.47	1.31
Net income (loss)	(11,853)	3,773	(29,573)	4,239
Per share - basic and diluted	(0.56)	0.25	(1.75)	0.27
Dividends paid	790	3,126	2,564	3,126
Dividends paid per share	0.04	0.20	0.15	0.20
Weighted average number of shares outstanding (basic and diluted)	21,056,770	15,360,729	16,926,491	15,622,374
Capital expenditures	2,378	3,315	13,590	33,758
Net assets acquired ⁵	—	43	256	3,921
Netback (\$/boe)				
Oil and gas sales ⁶	48.07	36.71	49.66	53.97
Royalty	(10.80)	(9.34)	(8.72)	(11.18)
Operating expenses	(29.90)	(24.53)	(31.80)	(29.26)
Transportation and treating	(2.37)	(2.17)	(2.22)	(2.17)
Operating netback ⁴	5.00	0.67	6.92	11.36
Gain/(Loss) on sale of commodities purchased from third parties ⁷	(0.06)	1.07	(0.01)	0.47
Net blending and processing income ⁴	2.74	1.74	3.34	3.01
Realized gain/(loss) on commodity contracts settlement ⁶	0.46	2.38	(1.61)	(1.51)
Other revenues	0.28	0.82	1.21	1.38
General and administrative	(4.52)	(2.91)	(3.89)	(3.24)
Other expenses	(3.13)	—	(0.83)	—
Impairment	(9.25)	—	(2.46)	—
Acquisition and transaction costs	—	—	(0.13)	(0.01)
Interest	(2.87)	(2.87)	(3.02)	(2.62)
Corporate netback ⁴	(11.35)	0.90	(0.48)	8.84

1) Gas production and sales volumes include internally consumed gas used in power generation.

2) Production volumes for the twelve months ended December 31, 2019 includes Little Rock's daily average production from September 11 to December 31, 2019.

3) Sales volumes for the twelve months ended December 31, 2019 includes Little Rock's daily average sales from September 11 to December 31, 2019. Sales volumes include change in inventory volumes.

4) Refer to "Non-IFRS measures".

5) Net acquisitions exclude non-cash items and is net of post-closing adjustments.

6) Excludes the effects of financial risk management contracts but includes the effects of fixed price physical delivery contracts.

7) Since 2018, Razor started to purchase commodity products from third parties to fulfill sales commitments, and subsequently sell these products to its customers.

	December 31,	
	2019	2018
<i>(\$000's unless otherwise stated)</i>		
Total assets	189,158	157,937
Cash	1,905	2,239
Long-term debt (principal)	45,876	46,155
Net debt ¹	66,911	54,244
Number of shares outstanding	21,064,466	15,188,834

1) Refer to "Non-IFRS measures".

2019 YEAR-END RESERVES

In October 2019, the Calgary Chapter of the Society of Petroleum Evaluation Engineers (SPEE) and associated industry professionals updated the Canadian Oil and Gas Evaluation Handbook ("COGEH"). These updates clarify and streamline previous guideline recommendations initiated in 2018 and offer additional guidance regarding Canadian reserves evaluations.

For the second year in a row, Razor continues to be an industry leader, alongside Sproule Associates Limited ("Sproule"), by incorporating industry best practice by including all abandonment, decommissioning and reclamations costs (ADR) and inactive well costs ("IWC") into the Company's 2019 year-end reserves report.

For 2019, the net present value of before tax cash flows discounted at 10% ("NPV10") for each reserve category disclosed below includes all abandonment, decommissioning and reclamation costs, and inactive well costs totaling \$61.3 million.

	December 31,	
Reserves Summary ¹	2019	2018
<i>(\$000's unless otherwise stated)</i>		
Proved developed producing (Mboe)	11,144	12,194
Total Proved (Mboe)	16,258	15,397
Total Proved plus probable (Mboe)	20,750	20,223
Proved developed producing - NPV10 ²	116,832	148,671
Total Proved - NPV10 ²	189,257	197,733
Total Proved plus probable - NPV10 ²	242,719	209,047

1) The table summarizes the data contained in an independent report of Razor's gross reserves, as evaluated by Sproule, qualified reserves evaluators, dated February 24, 2020. The figures have been prepared in accordance with the standards contained in the COGEH and the reserve definitions contained in National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities. Gross reserves means the total working interest (operating and non-operating) share of remaining recoverable reserves owned by Razor before deductions of royalties payable to others and without including any royalty interests owned by Razor. Additional reserve information is included in the AIF.

2) NPV 10 is net present value of before tax cash flows discounted at 10%.

OPERATIONAL UPDATE

In 2019, Razor's average production decreased 10% to 4,387 boe/d, from 4,888 boe/d average production in 2018, of which approximately 82% was light oil and NGLs.

As at December 31, 2019, Razor had 9,251 bbls of light oil inventory (2018 - 35,267 bbls). MSW differentials and WTI pricing improved significantly during 2019 and the Company sold a portion of its light oil inventory throughout the year. The Company continues to improve the effectiveness of sales and production management through more advanced inventory, blending and transportation processes and controls.

In Q4 2019, production of 4,677 boe/d was down 4% from the same quarter of 2018 due to the decrease in general reactivation and optimization activities, as well as due to non-operated pipeline outages in effect for Q4 2019.

However, Q4 2019 production was up 7% from Q3 2019 due to a strategic acquisition of a second core region in southern Alberta, comprised of the Jumpbush, Majorville, Badger, Enchant and Chin Coulee areas. This strategic acquisition provided additional average daily production of 716 boe/d during Q4 2019.

During the fourth quarter of 2019, the Company realized an average operating netback of \$5.00/boe, up 857% as compared to Q4 2018, primarily attributable to the sharp decrease in MSW differentials to WTI in the fourth quarter of 2018. For the year ended December 31, 2019, the average operating netback of \$6.92/boe was a 39% decrease from the same period in 2018, due to lower realized oil and gas sales and higher operating expenses during 2019.

Royalty rates averaged 22% in the fourth quarter of 2019, up from 18% in the third quarter of 2019, and down from 25% in the same quarter of 2018, primarily due to the timing of realized oil prices as compared to the reference oil price used by the Government of Alberta as the basis for calculating royalties. As the index price is set a month in advance, periods of sharp price decreases will result in higher than expected royalty rates, conversely in periods of price increases, due to the pricing lag, realized royalties will be lower than expected.

In the fourth quarter of 2019, operating expenses increased by 22% as compared to Q4 2018 and stayed on par as compared to Q3 2019 due to decreased production, as well as non-operated pipeline expenditures, and the incremental operating costs associated with the Little Rock Acquisition during Q3 2019.

The top five cost drivers are fuel and electricity, labour, taxes and licenses, facility and pipeline repairs which accounted for 76% of total operating expenses in 2019 (2018 - 80%). Facility and pipeline repairs, and workovers accounted for 28% (2018 - 33%) of operating expenses while fuel and electricity followed closely at 26% (2018 - 29%) of operating expenses.

Management is focused on continuous improvement of operational efficiencies to drive down key cost drivers.

CAPITAL PROGRAM

In 2019, Razor invested \$13.6 million (before \$6.1 million of government grants) through its capital program, comprised mainly of the continuation of the well reactivation program and on its South Swan Hills co-produced geothermal power generation project.

The Company reactivated 24 gross (23.3 net) wells during 2019, resulting in 422 boe/d of additional initial production.

During 2019, Razor invested \$4.5 million on its South Swan Hills co-produced geothermal power generation project. The Company expects the capital cost of the project to be \$35 million, generating 21 MW of grid connected power, of which 6MW will be from renewable and sustainable geothermal power generation. Natural Resources Canada's Clean Growth Program ("NRCAN") will contribute \$5.0 million toward the project, and Alberta Innovates has committed \$2 million. The Company received \$4.3 million of grants related to the project in 2019.

Razor, through its wholly-owned subsidiary Blade Energy Services Corp., has been building up its field equipment fleet since Q4 2018 in order to internalize certain field services such as road maintenance and trucking.

Corporate capital expenditures related to an upgrade of the corporate information technology infrastructure and the purchase of corporate vehicles.

ABANDONMENT, RECLAMATION, AND REMEDIATION EXPENDITURES

Razor inherited decommissioning liabilities included in its Swan Hills, Kaybob and Little Rock acquisitions. In Q4 2019, the Company spent \$0.3 million on abandonment, reclamation, and remediation expenditures (Q4 2018 - \$1.1 million).

The Company voluntarily opted in to the Alberta Energy Regulator's (AER) Area Based Closure (ABC) program. Accordingly, Razor has committed to an annual spend target dedicated to asset retirement which includes decommissioning, abandonment and reclamation of inactive wells and facilities. Through this commitment, low-risk wells included in the Inactive Well Compliance Program (IWCP) are now exempt from requiring suspension allowing for greater focus on end of life activities.

ABOUT RAZOR

Razor is a publicly-traded junior oil and gas development and production company headquartered in Calgary, Alberta, concentrated on acquiring, and subsequently enhancing, producing oil and gas properties primarily in Alberta. The Company is led by experienced management and a strong, committed Board of Directors, with a long-term vision of growth, focused on efficiency and cost control in all areas of the business. Razor currently trades on TSX Venture Exchange under the ticker "RZE".

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FORWARD-LOOKING STATEMENTS: This press release may contain certain statements that may be deemed to be forward-looking statements. Such statements relate to possible future events, including, but not limited to, the Company's objectives, including near and medium term objectives, the Company's capital program, applications for government assistance programs, reactivation, workover, stimulation, shut-ins, water and other activities, future rates of production, capital investments and sources of funding relating to the installation of natural gas power generation, and the capacity thereof, geothermal waste heat recovery, the partnership with NRCAN and Alberta Innovates, oil blending and service integration, anticipated abandonment, reclamation and remediation costs for 2020, commitments under the ABC program and other environmental, social and governance initiatives, production guidance and shareholder returns. Statements relating to "reserves" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "believe", "expect", "plan", "estimate", "potential", "will", "should", "continue", "may", "objective" and similar expressions. The forward-looking statements are based on certain key expectations and assumptions made by the Company, including but not limited to expectations and assumptions concerning the availability of capital, current legislation, receipt of required regulatory approvals, the timely performance by third-parties of contractual obligations, the success of future drilling and development activities, the performance of existing wells, the performance of new wells, the Company's growth strategy, general economic conditions, availability of required equipment and services, prevailing commodity prices, price volatility, price differentials and the actual prices received for the Company's products. Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry and geothermal electricity projects in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; variability in geothermal resources; as the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), electricity and commodity price and exchange rate fluctuations, changes in legislation affecting the oil and gas and geothermal industries and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. In addition, the Company cautions that current global uncertainty with respect to the spread of the COVID-19 virus and its effect on the broader global economy may have a significant negative effect on the Company. While the precise impact of the COVID-19 virus on the Company remains unknown, rapid spread of the COVID-19 virus may continue to have a material adverse effect on global economic activity, and may continue to result in volatility and disruption to global supply chains, operations, mobility of people and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to the Company. Please refer to the risk factors identified in the most recent AIF and management's discussion and analysis of the Company which are available on SEDAR at www.sedar.com. The forward-looking statements contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Razor's prospective results of operations, sales volumes, production and production efficiency, balance sheet, capital spending, investment infrastructure and components thereof, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraph. FOFI contained in this document was approved by management as of the date of this document and was provided for the purpose of providing further information about Razor's future business operations. Razor disclaims any intention or obligation to update or revise any FOFI contained in this document, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this document should not be used for purposes other than for which it is disclosed herein.

NON-IFRS MEASURES: This press release contains the terms "funds flow", "adjusted funds flow", "net blending and processing income", "net debt", "income (loss) on sale of commodities purchased from third parties", "operating netback" and "corporate netback", which do not have standardized meanings prescribed by International Financial Reporting Standards ("IFRS") and therefore may not be comparable with the calculation of similar measures by other companies. Funds flow represents cash generated from operating activities before changes in noncash working capital. Adjusted funds flow represents cash flow from operating activities before changes in non-cash working capital and decommissioning obligation expenditures incurred. Management uses funds flow and adjusted funds flow to analyze operating performance and leverage, and considers funds flow and adjusted funds flow from operating activities to be key measures as it demonstrates the Company's

ability to generate cash necessary to fund future capital investments and repay debt. Net blending and processing income is calculated by adding blending and processing income and deducting blending and processing expense. Net debt is calculated as the sum of the long-term debt and lease obligations, less working capital (or plus working capital deficiency), with working capital excluding mark-to-market risk management contracts. Razor believes that net debt is a useful supplemental measure of the total amount of current and long-term debt of the Company. Operating netback equals total petroleum and natural gas sales less royalties and operating costs calculated on a boe basis. Income on sale of commodities purchased from third parties is calculated by adding sales of commodities purchased from third parties and deducting commodities purchased from third parties. Income on sale of commodities purchased from third parties may not be comparable to similar measures used by other companies. Razor considers operating netback as an important measure to evaluate its operational performance as it demonstrates its field level profitability relative to current commodity prices. 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.

ADVISORY PRODUCTION INFORMATION: Unless otherwise indicated herein, all production information presented herein is presented on a gross basis, which is the Company's working interest prior to deduction of royalties and without including any royalty interests.

BARRELS OF OIL EQUIVALENT: The term "boe" or barrels of oil equivalent may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 Mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Additionally, 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 conversion ratio of 6:1 may be misleading as an indication of value.

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