



RAZOR ENERGY CORP. ANNOUNCES FIRST QUARTER 2020 RESULTS

May 28, 2020 - Calgary, Alberta - Razor Energy Corp. ("Razor" or the "Company") (TSXV: RZE) announces its first quarter 2020 financial and operating results. Selected financial and operational information is outlined below and should be read in conjunction with Razor's unaudited condensed consolidated interim financial statements and management's discussion and analysis for the quarter ended March 31, 2020 which are available on SEDAR at www.sedar.com and the Company's website www.razor-energy.com.

Q1 2020 HIGHLIGHTS

Operating

- Production volumes in the first quarter of 2020 averaged 4,195 boe/d, down 4% from the production volumes in the same period of 2019, impacted by non-operated production interruptions in the Swan Hills and Simonette areas.
- Reported \$2.3 million of cash flows from operating activities in the first quarter of 2020 compared to \$4.1 million of cash flows from operating activities in the first quarter of 2019.
- Reported a \$34.2 million net loss in the first quarter of 2020 compared to a \$9.8 million net loss in the same period last year. The net loss in the first quarter of 2020 included an impairment expense of \$24.7 million due to significantly lower commodity prices.
- The Company continues to operate its six natural gas-powered generators which has reduced its reliance on grid electric power and resulted in savings of \$0.9 million in Q1 2020 (Q1 2019 - \$0.8 million). Electricity and fuel increased 20% in Q1 2020 as compared to the same quarter of last year mostly due to a 25% increase in average electricity pool prices.

Capital

- Eliminated all operated capital investment with the exception of critical end of life expenditures.
- Invested \$0.5 million on its capital program in the first quarter of 2020, mainly on the South Swan Hills co-produced geothermal power generation project.
- No capital reactivations were conducted in Q1 2020.

Strategy

- Razor is utilizing its crude oil storage capacity of 96,000 bbls to manage the realized value of its oil due to the current environment of low commodity prices. The Company increased inventory volumes of crude oil in Q1 2020 to 18,848 bbls of light oil inventory (December 31, 2019 - 9,251 bbls).
- The Company uses in house marketing expertise to take advantage of pricing opportunities and enhance returns.
- Razor implemented cost saving measures by internalizing certain oilfield services through its subsidiary, Blade Energy Services Corp. ("Blade"), which provides services such as crude oil hauling along with earthworks and environmental services. Blade conducted \$0.6 million of services on behalf of Razor during Q1 2020.

2020 OUTLOOK

The recent volatility in both West Texas Intermediate (“WTI”) and Edmonton light sweet crude oil differentials has resulted in limited capital spending in 2020. Razor will take a cautious and case-by-case approach to spending in 2020, focusing on low risk, low capital opportunities to increase operating and corporate netbacks. Production levels will not be a priority with the significant decrease in oil prices resulting from the COVID-19 virus, lowered global demand, and uncertainty related to supply.

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 press release, 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. In recent weeks, WTI pricing and local price differentials have improved as global demand for oil has rebounded as countries gradually ease COVID-19 lockdown restrictions.

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.

RAZOR'S RESPONSE TO COVID-19

Razor is committed to conducting our operations safely and with proper policies, procedures, standards, training, equipment and emergency response procedures in accordance with all government regulations and industry practices.

In response to the COVID -19 pandemic, Razor quickly established work at home protocols in mid-March resulting in 100% of our head office employees being able to work remotely within days of Alberta declaring a state of emergency and proceeding with the shut-down of the province. The immediate response by the company and employees to set up working from home resulted in having minimal impact on operations or productivity.

We have also implemented social distancing protocols throughout our field operations that help to protect our field staff, contractors and the communities that we work in. As a result of the actions taken by both the Company and all of our staff, we are pleased to report that Razor has not lost any time as a result of COVID-19.

SELECT QUARTERLY HIGHLIGHTS

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

	Three Months Ended March 31,	
<i>(\$000's, except for per share amounts and production)</i>	2020	2019
Production		
Light Oil (bbl/d)	2,642	2,664
Gas (mcf/d) ¹	3,676	3,929
NGL (boe/d)	940	1,036
Total (boe/d)	4,195	4,355
Sales volumes		
Light Oil (bbl/d)	2,537	2,741
Gas (mcf/d) ¹	3,676	3,929
NGL (bbl/d)	940	1,036
Total (boe/d)	4,089	4,432
Oil inventory volumes (bbls)	18,848	28,360
Oil and natural gas revenue		
Oil and NGLs sales	12,476	18,855
Natural gas sales	624	760
Sales of commodities purchased from third parties ⁴	—	6,041
Blending and processing	1,613	2,241
Other revenues	928	353
Total revenue	15,641	28,250
Cash flows from (used in) operating activities	2,253	4,099
Per share -basic and diluted	0.11	0.27
Funds flow ²	(3,659)	1,165
Per share -basic and diluted	(0.17)	0.08
Adjusted funds flow ²	(3,314)	1,377
Per share -basic and diluted	(0.16)	0.09
Net income (loss)	(34,228)	(9,791)
Per share - basic and diluted	(1.62)	(0.64)
Dividends paid	263	570
Dividends paid per share	0.01	0.04
Weighted average number of shares outstanding (basic and diluted)	21,064,466	15,188,834
Capital expenditures	450	4,075
Netback (\$/boe)		
Oil and gas sales ³	35.20	49.17
Royalty	(4.26)	(7.01)
Operating expenses	(36.06)	(34.05)
Transportation and treating	(1.79)	(1.96)
Operating netback ²	(6.91)	6.15
Gain/(Loss) on sale of commodities purchased from third parties ⁴	—	(0.67)
Net blending and processing income ²	3.21	3.55
Realized gain/(loss) on commodity contracts settlement ³	(2.19)	(0.74)
Other revenues	2.49	0.88
General and administrative	(5.11)	(5.67)
Other expenses	0.01	—
Impairment	(67.45)	—
Interest	(3.52)	(3.00)
Corporate netback ²	(79.47)	0.50

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

2) Refer to "Non-IFRS measures".

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

4) From time to time, Razor purchases commodity products from third parties to fulfill sales commitments, and subsequently sells these products to its customers.

SELECT QUARTERLY HIGHLIGHTS (continued)

<i>(\$000's, except for share amounts)</i>	March 31, 2020	December 31, 2019
Total assets	151,031	189,158
Cash	2,322	1,905
Long-term debt (principal)	45,803	45,874
Minimum lease obligation	4,469	4,744
Net debt ¹	72,875	66,911
Number of shares outstanding	21,064,466	21,064,466

1) Refer to "Non-IFRS measures".

OPERATIONAL UPDATE

Sales volumes in the first quarter of 2020 averaged 4,089 boe/d, down 8% from the sales volumes in the same period in 2019 as Razor was building up inventory volumes in existing surface tanks due to low commodity prices in Q1 2020. As at March 31, 2020, Razor had 18,848 bbls of light oil inventory (December 31, 2019 - 9,251 bbls).

Production averaged 4,195 boe/d in Q1 2020 down 4% from the same quarter in 2019. Production in the first quarter of 2020 was adversely impacted by non-operated production interruptions in the Swan Hills and Simonette areas. In the Simonette area, roughly 350 boe/d was curtailed for the quarter as a result of non-operated pipeline integrity concerns. This production was brought back online late in Q1, however was shut in early in Q2 due to weak pricing. In the Swan Hills area, roughly 150 boe/d was curtailed for the quarter as a result of non-operated pipeline repairs. These repairs were completed in late Q1 however, volumes were not brought back onstream due to weak pricing. It is expected that those volumes will be brought on in Q2 pending stronger pricing.

Effective July 2018, Razor began utilizing a portion of its own gas production to generate electrical power. Gas production of internally consumed gas for the three months ended March 31, 2020 was 1,328 mcf/d.

Razor realized an oil price of \$48.08/bbl during the first quarter of 2020, which was a 22% discount to the WTI (CAD) price and is up from the 10% and 11% discounts in Q4 2019 and Q1 2019, respectively. These discounts were partially due to lower average oil quality realized by the Company as a result of the Little Rock acquisition in Q3 2019, which added WCS exposure to Razor's oil pricing portfolio, as well as timing of monthly sales contracts.

During the first quarter of 2020, the Company realized an operating loss of \$6.91/boe down from operating income of \$6.15/boe in the first quarter of 2019 due to lower realized prices, decreased production and sales volumes.

Royalty rates averaged 12% in the first quarter of 2020 as compared to 14% for the same period in 2019. This decrease in royalties is mostly due to the decrease in commodity prices and production volumes.

Operating expenses increased 6%, on a per boe basis, in the first quarter of 2020 compared to the same period in 2019, and was on par on a total dollar basis. Workovers, facility and pipeline integrity expenses averaged \$5.15/boe in the first quarter of 2020 down 30% from \$7.33/boe in the same quarter of 2019 due to reduced well intervention activity given the weaker commodity price environment. Non-operated pipeline repairs accounted for 12% of total operating expenses in Q1 2020 (Q1 2019 - 1%) and downhole workovers accounted for 3% of total operating expenses in Q1 2020 (Q1 2019 - 17%).

The top cost drivers, fuel and electricity, labour, property taxes, facility repairs and non-operated pipeline repairs accounted for 73% of total operating expenses in the first quarter of 2020 (Q1 2019 - 73%).

Electricity and fuel increased 20% in Q1 2020 as compared to the same quarter of last year mostly due to a 25% increase in average electricity pool prices, which usage decreased 9% in the same period with decreased reliance on compressed gas and lower production levels. The Company continues to operate its six natural gas-powered generators which reduced its reliance on grid electric power and resulted in savings of \$0.9 million in Q1 2020 (Q1 2019 - \$0.8 million).

CAPITAL PROGRAM

In the first quarter of 2020, due to the volatile commodity price environment, the Company did not initiate any projects related to finding and development capital. Amounts recorded in the first quarter of 2020 related to final cost true ups on projects from 2019.

During the first quarter of 2020, Razor invested \$0.3 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 geothermal power generation. Natural Resources Canada's Clean Growth Program ("NRCAN") will contribute \$5.0 million toward the project, and Alberta Innovates has committed \$2.0 million.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Starting in 2020, Razor has committed to the Alberta Energy Regulator's ("AER") Area Based Closure program ("ABC program"), which requires companies to commit to an inactive liability reduction target. The program encourages the oil and gas industry to abandon and reclaim inactive sites, thereby de-risking future liabilities to the general public. Benefits to companies joining the program include focused expenditures on end-of-life activities and as well as enabling companies to maintain compliance on low risk infrastructure through regular inspection rather than allocating funds to well suspension activities which provide no actual reduction in liability.

Razor's original spend target in 2020 under the ABC program was anticipated to be \$2.3 million but on May 14, 2020, the AER reduced all liability reduction targets for 2020 to zero in response to COVID-19 and the decline in oil prices. The 2021 liability reduction target will be announced later in 2020. Razor plans to continue to participate in the ABC program as future requirements are announced.

Pending A&D activity, Razor anticipates a consistent annual spend for the next five years of approximately \$2.5 million on end of life activities. Furthermore, Razor will focus activities in a concentrated area to focus on efficiency and the greatest reduction in liability for its expenditures.

Razor is actively involved in community engagement and recognizes the importance of supporting charitable organizations in the communities in which the Company operates. Since commencing operations in 2017, Razor has supported STARS air ambulance, the Swan Hills school, The Terry Fox Foundation, Kids Cancer Care, Ovarian Cancer Canada, Movember Foundation, and Crohn's and Colitis Canada. In addition, the Company has provided sponsorship funds to community events and initiatives, as well as community sporting events.

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, and producing oil and gas from 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.V".

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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, future financings, investment infrastructure and components thereof, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as a 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", "gain (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 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. 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. Gain (loss) 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. Gain (loss) on sale of commodities purchased from third parties may not be comparable to similar measures used by other companies. Operating netback equals total petroleum and natural gas sales less royalties and operating costs calculated on a boe basis. 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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