Razor Energy Corp. Announces 2018 Corporate Budget and Guidance

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CALGARY, Alberta, Jan. 22, 2018 (GLOBE NEWSWIRE) -- Razor Energy Corp. (“Razor” or the “Company”) (TSXV:RZE) (www.razor-energy.com) is pleased to announce that its Board of Directors (the “Board”) have approved an acquisition, development and operations budget of $38.4 million for fiscal 2018. The diversity of the budget provides for capital allocation towards highly economic production growth in addition to long term operational and technological investments in power generation and oilfield information technology.

With exit 2017 production of approximately 4,700 boe/d, the 2018 budget anticipates an exit in excess of 5,400 boe/d resulting in top tier production growth rates of over 15%.

2018 budget

Capital expenditures are expected to be allocated as follows:

Kaybob area drilling	$12.8 million
Reactivations, workovers and stimulations	$8.2 million
Other (natural gas power, oilfield IT, other)	$8.6 million
Land and other acquisitions	$5.9 million
End of life expenditures	$2.9 million

The development drilling program includes eight deviated wells targeting the oil prone Montney formation within the Company’s recently consolidated prolific Kaybob South Triassic A Pool.

Reactivations, workovers and stimulations include activities in both the Swan Hills and Kaybob areas. Also included are certain injection management activities of existing waterfloods which will complement current production levels while enhancing long term recoveries of oil in place.

Razor continues to address operating costs through heightened field efficiencies and capital investment. In 2018, capital investment in the operating function will include the design, purchase, and installation of natural gas fired power generation units in Swan Hills. In addition, a significant upgrade to the Swan Hills oilfield information system will provide considerable near and long-term enhancements. This project will positively impact operational awareness, preventative maintenance, personnel safety, and environmental protection through actionable and predictive analytics.

Land and other acquisitions include the recently completed Kaybob consolidation for an aggregate purchase price of $4.9 million.

End of life expenditures will address both the Alberta Energy Regulator’s requirements under its 2018 Inactive Well Compliance Program and other discretionary spending within the asset portfolio.

2018 GUIDANCE

Given the strength in light oil prices and Razor’s ability to grow production through a mix of development drilling and high frequency / low capital intensive projects, Razor expects to take a reasonably aggressive yet flexible approach to its 2018 budget. The capital budget will be reviewed continuously by management and the Board and adjusted in response to changes in light oil price assumptions and project economics. Razor remains steadfast in its conviction to maintain its financial advantage and build a top-tier junior oil and gas company.

The Company’s 2018 financial and operating guidance and assumptions are as follows:

Average daily production 2018	
Light oil (bbls/d)	3,573
NGLs (bbls/d)	836
Natural gas (mcf/d)	3,546
Oil equivalent (boe/d)	5,000
Capital expenditures	$38.4 million
Term Loan (maturity January 31, 2021)	$45.0 million
Net debt[1], December 31, 2018 (“Exit Net Debt”)	$41.2 million
Funds flow from operations in 2018 (“2018 FFO”)[1]	$18.6 million
Exit Net Debt to 2018 FFO[1]	1.6x
Assumptions:	
WTI (US$/bbl)	$60.00
Exchange rate (US$/C$)	0.80
Light sweet oil differential to WTI (C$/bbl)	($5.75)
Average corporate oil quality discount (C$/bbl)	($3.00)
AECO gas (C$/GJ)	$1.90

[1] “Funds flow from operations” and “net debt” do not have any standardized meaning prescribed by International Financial Reporting Standards (“IFRS”). See “Reader Advisories – Non-IFRS Measures”.

Razor intends to continue to pursue value-driven acquisitions. Specifically, Razor will pursue consolidation of land and production within the Company’s existing project areas, in addition to complementary shallow, light oil horizons within its Alberta core region. Razor remains focused on adding to its inventory of high quality projects to sustain longer-term growth.

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 started operations in the first quarter of 2017, through an acquisition of producing assets in the Swan Hills area. In the second quarter of 2017, Razor added to its asset base with the acquisition of complementary assets in the Kaybob area. In the fourth quarter of 2017 and first quarter of 2018, Razor consolidated working interest in certain units in the Kaybob area.

This portfolio of predominantly light oil assets provides a foundation for strong shareholder return through abundant low risk operations. Razor plans to concurrently grow Swan Hills and Kaybob, and execute on similar acquisitions, using its experience to extract upside value.

Razor is a pivotal leading-edge enterprise, balancing creativity and discipline, focused on growing an enduring energy company.

Razor currently trades on TSX Venture Exchange under the ticker “RZE”.

For additional information please contact:

Doug Bailey
President and Chief Executive Officer

OR

Kevin Braun
Chief Financial Officer

Razor Energy Corp.
800, 500 5th Avenue S.W.
Calgary, Alberta T2P 3L4G8

Telephone: (403) 262-0242

www.razor-energy.com

READER ADVISORIES

FORWARD-LOOKING STATEMENTS: This press release contains forward-looking statements. More particularly, this press release contains statements concerning, but not limited to: the capital program of the Company, including, the drilling program, the reactivation program, other capital expenditures, acquisitions, and end of life expenditures including abandonment, reclamation and remediation expenditures; the approach to the 2018 capital budget including reviewing the capital budget continuously; 2018 guidance including: average daily production, net debt as at December 31, 2018, funds flow from operations and the ratio of exit net debt to 2018 funds flow from operations; and the Company’s acquisition strategy. In addition, the use of any of the words “anticipate”, “believe”, “expect”, “plan”, “intend”, “estimate”, “propose”, “project”, “can”, “will”, “should”, “continue”, “may”, and similar expressions are intended to identify forward-looking statements. The forward-looking statements contained herein 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 approval, 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 and prevailing commodity prices. 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 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; as the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price and exchange rate fluctuations, changes in legislation affecting the oil and gas industry and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. Please refer to the risk factors identified in the annual information form and management discussion and analysis of the Company which is 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.

NON-IFRS MEASURES: This press release contains the terms "funds flow from operations" and "net debt", which do not have standardized meanings prescribed by IFRS and therefore may not be comparable with the calculation of similar measures by other companies. Funds flow from operations represents cash flow from operating activities before changes in non-cash working capital and decommissioning expenditures. Management uses funds flow from operations to analyze operating performance and leverage. Net debt is *calculated as long-term debt less working capital (or plus working capital deficiency), with working capital excluding mark-to-market risk management contracts. Management believes net debt is a useful supplemental measure of the total amount of current and long-term debt of the Company.*

ADVISORY ON PRODUCTION INFORMATION: Unless otherwise indicated herein, all production information presented herein has 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.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.