

Razor Energy Corp. Announces 2018 Year-End Reserves and Net Asset Value

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CALGARY, Feb. 22, 2019 - [Razor Energy Corp.](#) ("Razor" or the "Company") (TSXV: RZE) is pleased to provide a summary of its 2018 year-end reserves evaluation.

The highlights and reserves summary below set forth Razor's gross reserves as at December 31, 2018, as evaluated by Sproule Associates Limited ("Sproule") in an independent report dated February 19, 2019 (the "Sproule Report"). The figures in the following tables have been prepared in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") and the reserve definitions contained in National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). Additional reserve information as required under NI 51-101 will be included in the Company's annual information form which will be filed on SEDAR on or before March 31, 2019.

Razor's 2018 annual audited consolidated financial statements have not been completed. Certain financial and operating information included in this news release are based on management's estimates only and are subject to audit and may be subject to change upon completion of the Company's annual audited consolidated financial statements. See "Reader Advisories – Unaudited Financial Information".

NEW AND REVISED RESERVES EVALUATION GUIDELINES AND BEST PRACTICES FOR INDUSTRY STAKEHOLDERS

For greater transparency and accuracy of current values and future cash flows, Razor has elected to include all abandonment, decommissioning and reclamation costs ("ADR") and inactive well costs ("IWC") in accordance with best-practice recommendations into the Company's 2018 year-end reserves report.

In 2018, the Calgary Chapter of the Society of Petroleum Evaluation Engineers ("SPEE") and associated industry professionals updated the COGE Handbook. The updates clarify and streamline existing guidelines and offer additional guidance regarding Canadian reserves evaluations.

With respect to ADR Costs, the SPEE provided increased guidance for sustainable best practices. Acknowledging the social and environmental responsibility of the oil and gas industry, the COGE Handbook supports the premise that ADR costs should always be considered in the evaluation process and each report must clearly describe ADR costs included and excluded from the report.

With respect to Operating Costs, the SPEE provided broader guidance for IWC and maintenance capital. There is a material change to COGE Handbook guidance with respect to active and inactive costs. Inactive costs such as mineral leases, shut-ins, suspended and capped well-operating costs, etc. should be included in the evaluation to properly represent the assets being evaluated but forecast separately from active asset costs at the property or corporate level, so economic production entities are not unduly burdened.

HIGHLIGHTS

- Proved Developed Producing ("PDP") reserves value discounted at 10% ("NPV10") before tax is \$148.7 million, or \$6.11 per share net asset value (details below).
- For comparison, excluding the impact of total corporate ADR⁽¹⁾ of \$28.1 million and IWC⁽¹⁾ of \$21.2 million, the PDP at NPV10 would be \$198.0 million (11 % increase over year-end 2017).

- PDP reserve volumes were 12,193 Mboe (90% oil and liquids), which represents an increase of 2% over year-end 2017.
- Total Proved ("1P") reserves were 15,398 Mboe and Total Proved plus Probable ("2P") reserves were 20,224 Mboe, which represent an increase of 2% and decrease of 1%, respectively, over year-end 2017.
- The Company's Reserve Life Index⁽²⁾ is 7.7 years for PDP, 9.7 years for 1P and 12.8 years for 2P reserves based on January 2019 field-reported production of 4,345 boepd.
- Razor's reserves replacement⁽²⁾ was 116% for PDP, 118% of 1P and 94% of 2P based on total 2019 production of 1,790 MMBoe.

Notes:

- Razor's ADR and IWC programs are compliant with the Alberta Energy Regulator's rules and
- (1) regulations, scheduled according to remaining reserves life, inflated at 2% per annum and then discounted at 10%.
 - (2) "Reserve life index" and "Reserve replacement" do not have standardized meanings. See "Reader Advisories - Oil and Gas Metrics" contained in this news release.

2018 CAPITAL EXPENDITURES

Razor spent \$15.9 million on exploration, development and acquisition activities in 2018, including reactivations and drilling (\$12.0 million) and acquisitions (\$3.9 million). This total excludes facilities and pipeline maintenance (\$9.0 million) and one-time capital expenditures associated with non-reserve-adding projects (\$12.6 million total), comprised of self-generated natural gas power (\$9.5 million), an oilfield information technology upgrade (\$1.8 million) at South Swan Hills Unit and corporate/energy services related costs (\$1.3 million).

2018 INDEPENDENT RESERVES EVALUATION

Incorporating the significant changes recommended by the SPEE noted above (ADR and IWC), Sproule, qualified reserves evaluators, carried out its independent reserve evaluation effective December 31, 2018, which was prepared in accordance with definitions, standards and procedures contained in the COGE Handbook and in NI 51-101. The reserves evaluation was based on Sproule forecast pricing and foreign exchange rates as at December 31, 2018 as outlined herein.

Reserves included herein are stated on a company gross basis (working interest before deduction of royalties without the inclusion of any royalty interest) unless otherwise noted.

RESERVES SUMMARY

Summary of Gross Oil and Gas Reserves as of December 31, 2018^{(1), (2), (3), (4)}

	Light and Medium Crude Oil	Conventional Natural Gas	Natural Gas Liquids	Barrels of Oil Equivalent
	Gross (Mbbbl)	Gross (MMcf)	Gross (Mbbbl)	Gross (Mboe)
Proved				
Developed Producing	8,363	7,682	2,550	12,194
Developed Non-Producing	1,136	948	341	1,634
Undeveloped	1,382	424	116	1,569
Total Proved	10,881	9,054	3,008	15,397

Probable	3,410	2,844	942	4,826
Total Proved plus Probable	14,291	11,897	3,950	20,223

Net Present Value of Future Net Revenues Before Income Taxes Discounted at (% per Year) (M\$)

	0%	5%	10%	15%	20%
Proved					
Developed Producing	156,661	169,270	148,671	128,361	112,178
Developed Non-Producing	41,365	30,169	23,183	18,484	15,145
Undeveloped	47,600	34,804	25,879	19,553	14,957
Total Proved	245,626	234,242	197,733	166,398	142,280
Probable	151,287	89,509	58,854	41,541	30,793
Total Proved plus Probable	396,913	323,751	256,587	207,939	173,073

Notes:

- (1) The tables summarize the data contained in the Sproule Report and as a result may contain slightly different numbers due to rounding.
Gross reserves means the total working interest (operating or 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.
- (2) Based on Sproule's December 31, 2018 escalated price forecast. See "Summary of Pricing and Inflation Rate Assumptions – Forecast Prices and Costs".
- (3) The net present value of future net revenue attributable to the Company's reserves is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures, well abandonment, decommissioning and reclamation costs, and inactive well costs. It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the Company's reserves estimated by Sproule represent the fair market value of those reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized herein. The recovery and reserve estimates of the Company's oil, NGL and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein.

NET ASSET VALUE⁽¹⁾

Net Asset Value, including estimated December 31, 2018 cash and working capital was:

	NPV10 (M\$)	Net Asset Value per share ^(1,2,3)
Proved Developed Producing	148,671	\$6.11
Total Proved	197,733	\$9.34
Proved Plus Probable	209,047	\$10.09

Notes:

- (1) The estimated Net Asset Values are based on the estimated net present value of all future net revenue from Razor's reserves (net of ADR and IWC costs), before tax, as estimated by Sproule as at December 31, 2018. All Net Asset Values cited in this press release are the resulting NPV per reserves category per basic share less net debt of \$55.8 million at December 31, 2018. See "Reader Advisories - Oil and Gas Metrics" and "Reader Advisories - Non-IFRS Measures" contained in this news release.
- (2) Basic shares outstanding of approximately 15.2 million at December 31, 2018. There are no dilutive instruments currently outstanding.

(3) All 2018 financial amounts are unaudited. See “Reader Advisories – Unaudited Financial Information”.

Summary of Pricing and Inflation Rate Assumptions – Forecast Prices and Costs

The forecast cost and price assumptions assume increases in wellhead selling prices and include inflation with respect to future operating and capital costs. Crude oil and natural gas benchmark reference pricing, inflation and exchange rates utilized by Sproule as at December 31, 2018 were as follows:

Year	Exchange Rate (CAD/USD)	WTI Cushing Oklahoma 40 API (USD/bbl)	Canadian Light Sweet 40 API (CAD/bbl)	Hardisty Bow River 25 API (CAD/bbl)	Natural Gas AECO (CAD/mmbtu)
2019	0.77	63.00	75.27	60.97	1.95
2020	0.80	67.00	77.89	63.87	2.44
2021	0.80	70.00	82.25	68.27	3.00
2022	0.80	71.40	84.79	70.37	3.21
2023	0.80	72.83	87.39	72.54	3.30
2024	0.80	74.28	89.14	73.99	3.39
2025	0.80	75.77	90.92	75.47	3.49
2026	0.80	77.29	92.74	76.98	3.58
2027+	+2.0%/yr.	+2.0%/yr.	+2.0%/yr.	+2.0%/yr.	+2.0%/yr.

Reconciliation of Company Gross Reserves by Principal Product Type^{(1), (2)}

The following table sets forth the reconciliation of the Company’s reserves at Forecast Prices and Costs:

Factors	Light and Medium Crude Oil			Natural Gas Liquids		
	Gross Proved Developed Producing (Mbbbl)	Gross Proved (Mbbbl)	Gross Proved + Probable (Mbbbl)	Gross Proved Developed Producing (Mbbbl)	Gross Proved (Mbbbl)	Gross Proved + Probable (Mbbbl)
December 31, 2017	8,141	10,188	14,024	2,533	3,327	4,303
Acquisitions	678	868	1,058	68	91	111
Category Change	796	11	8	402	(1	) (3
Disposition	-	-	-	-	-	-
Extensions/Infill Drilling	12	85	93	2	28	33
Economic Factors	67	89	120	14	19	26
Technical Revision	(125	) 859	219	(29	) (6	) (64
Working Interest Adj.	(53	) (67	) (78	) (32	) (41	) (49
Production	(1,153	) (1,153	) (1,153	) (408	) (408	) (408
December 31, 2018	8,363	10,880	14,291	2,550	3,009	3,949

Conventional Natural Gas

Barrels of Oil Equivalent

Factors	Gross Proved Developed Producing (Mmcf)	Gross Proved (Mmcf)	Gross Proved + Probable (Mmcf)	Gross Proved Developed Producing (Mboe)	Gross Proved (Mboe)	Gross Proved + Probable (Mboe)
December 31, 2017	7,412	9,343	12,001	11,909	15,072	20,327
Acquisitions	342	488	601	803	1,040	1,269
Category Change	1,005	223	263	1,366	47	49
Disposition	-	-	-	-	-	-
Extensions/Infill Drilling	12	(57)	(74)	16	106	114
Economic Factors	(21)	(8)	(32)	78	107	141
Technical Revision	422	564	679	(84)	946	268
Working Interest Adj.	(114)	(138)	(162)	(104)	(131)	(154)
Production	(1,376)	(1,376)	(1,376)	(1,790)	(1,790)	(1,790)
December 31, 2018	7,681	9,054	11,900	12,193	15,397	20,223

Notes:

- (1) The tables summarize the data contained in the Sproule Report and as a result may contain slightly different numbers due to rounding.
- (2) Conventional Natural Gas includes associated and non-associated gas.

Future Development Costs

The following table sets forth development costs deducted in the estimation of Razor's future net revenue attributable to the reserve categories noted below:

Year	Forecast Prices and Costs (M\$)	
	Proved Reserves	Proved plus Probable
2019	1,585	1,990
2020	12,521	24,561
2021	28,619	34,096
2022	-	-
Thereafter	-	-
Total Undiscounted	42,725	60,647
Total Discounted at 10%	35,929	51,482

The future development costs are estimates of capital expenditures required in the future for Razor to convert proved developed non-producing reserves and probable reserves to proved developed producing reserves. The undiscounted future development costs are \$42.7 million for proved reserves and \$60.6 million for proved plus probable reserves (in each case based on forecast prices and costs).

SPECIAL SHAREHOLDER MEETING

The Company also announces that a special meeting of shareholders of the Company (the "Meeting") will be held on Monday, April 1, 2019 at 1:00 p.m. at the offices of McCarthy Tetrault LLP, the Company's legal counsel, Suite 4000, 421 - 7th Avenue S.W., Calgary, Alberta. At the Meeting, shareholders will be asked to approve a special resolution to amend the articles of the Company to create a new class of an unlimited number of preferred shares, issuable in series.

Razor believes that the capacity to issue preferred shares will provide the Company with increased flexibility in its capital structure and in raising future capital. The creation of the preferred shares would permit management of the Company to negotiate with potential investors regarding the rights and preferences of a series of preferred shares that may be issued to meet market conditions and financing opportunities as they

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 and distributions to shareholders, 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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READER ADVISORIES

Forward-Looking Statements. Certain information included in this press release constitutes forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as “anticipate”, “believe”, “expect”, “plan”, “intend”, “estimate”, “propose”, “project”, or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information in this press release may include but is not limited to: Razor’s business strategy, objectives, strength and focus; the ability of the Company to achieve drilling success consistent with management’s expectations; future development costs associated with oil and gas reserves; the Meeting; and potential future issuances of preferred shares of the Company. 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.

The forward-looking statements contained in this press release are based on certain key expectations and assumptions made by Razor, including expectations and assumptions concerning the success of future drilling, development and completion activities, the performance of existing wells, the performance of new wells, the availability and performance of facilities and pipelines, the geological characteristics of Razor's properties, the successful application of drilling, completion and seismic technology, prevailing weather and break-up conditions, commodity prices, price volatility, price differentials and the actual prices received for the Company's products, royalty regimes and exchange rates, the application of regulatory and licensing requirements, the availability of capital, labour and services, the creditworthiness of industry partners and Razor's ability to acquire additional assets.

Although Razor 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 Razor 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; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses; and health, safety and environmental risks).

constraint in the availability of services, commodity price and exchange rate fluctuations, regulatory and political risks, adverse weather or break-up conditions and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. These and other risks are set out in more detail in Razor's annual information form which is available on SEDAR at www.sedar.com.

The forward-looking information contained in this press release is made as of the date hereof and Razor undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws. The forward-looking information contained in this press release is expressly qualified by this cautionary statement.

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Razor's prospective results of operations, production, net debt, net asset value and cash flow, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this document was made 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.

Oil and Gas Metrics. This press release contains a number of oil and gas metrics, including "future development costs", "net asset value", "reserves life index" and "reserve replacement" which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies. Such metrics have been included herein to provide readers with additional measures to evaluate the Company's performance; however, such measures are not reliable indicators of the future performance of the Company and future performance may not compare to the performance in previous periods. Future development costs are calculated as the sum of development capital plus the change in future development costs for the period. Net asset value for each reserves category is based on present value of future net revenues discounted at 10% before tax, net of net debt as at December 31, 2018, divided by the number of Razor shares outstanding as at December 31, 2018. Reserves life index is calculated as total Company share reserves divided by annual production. Reserve replacement is calculated by dividing reserve volume additions by annual production and expressed as a percentage.

Boe Disclosure. The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All BOE conversions in the report are derived from converting gas to oil in the ratio mix of six thousand cubic feet of gas to one barrel of oil.

Unaudited Financial Information. Certain financial and operating information included in this press release for the year ended December 31, 2018, including net asset value and net debt are based on estimated unaudited financial results for the year then ended, and are subject to the same limitations as discussed under Forward Looking Information set out above. These estimated amounts may change upon the completion of audited financial statements for the year ended December 31, 2018 and changes could be material.

Non-IFRS Measures. This press release contains the term "net debt", which does not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and therefore may not be comparable with the calculation of similar measures by other companies. 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.

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.

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