RAZOR ENERGY CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2020

INNOVATIVE. DIVERSE. INSPIRED.

RAZOR AT A GLANCE

Razor Energy Corp. ("Razor" or the "Company") is a publicly listed company incorporated in the province of Alberta, Canada and its shares are listed on the TSX Venture Exchange ("**TSXV**"). The address of its head office is 800, 500-5th Avenue SW, Calgary, Alberta, Canada, T2P 3L5. Razor is engaged in the exploration, development and production, and the acquisition of oil and natural gas properties in Alberta. The Company trades under the symbol "RZE.V" on the TSXV.

"Pivotal leading-edge enterprise, balancing creativity and discipline, focused on growing an enduring energy company."

$52.9 million	3,783 boe/d	$2.3 million	$27.77/boe	CAD$14.0million
2020 Total Sales	2020 Net Average Production	2020 Electricity Savings from Natural Gas Power Generation	2020 Operating Expenses per boe	New Financing secured in early 2021 for well reactivation program

RAZOR ENERGY CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 14, 2021

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 year ended December 31, 2020 in comparison to the year ended December 31, 2019.

This MD&A was prepared as of April 14, 2021 and should be read in conjunction with the Company's consolidated financial statements for the years ended December 31, 2020 and 2019. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the reporting currency is the Canadian dollar. Additional information, including the Company's annual information form and audited financial statements for the year ended December 31, 2020, are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and the Company's website www.razor-energy.com.

All amounts presented are in Canadian dollars, except where otherwise indicated. Certain 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 shareholder returns through a combination of acquiring, enhancing, and producing oil and gas from properties primarily in Alberta. The Company currently has light and heavy oil, natural gas, and natural gas liquids ("NGL") production in Alberta. Razor's full-cycle objectives have positioned the Company as a disciplined junior exploration and production company. With an experienced management team and a strong, committed board of directors, growth is anticipated to occur through operational execution, strategic acquisitions and business combinations with other oil and gas producers, as well as service companies. Razor is intent on leading in Environmental, Social and Governance (ESG) initiatives as the Company transforms to lower carbon outcomes and continues to lead a diverse and equitable culture.

Razor currently trades on TSX Venture Exchange under the symbol "RZE.V".

COVID-19

In March 2020, the World Health Organization declared a global pandemic following the emergence and rapid spread of a novel strain of the coronavirus (“COVID-19”). The pandemic and subsequent measures intended to limit its spread, contributed to significant declines and volatility in financial markets. The pandemic has adversely impacted global commercial activity, including significantly reducing worldwide demand for certain commodities, including crude oil, natural gas and natural gas liquids (“NGL”). In general, the oil and gas industry reacted with reductions to capital and other spending, as well as production shut-ins, to try to manage through this price environment.

The full extent of the impact of COVID-19 on the Company’s operations and future financial performance is currently unknown. It will depend on future developments that are uncertain and unpredictable, including the duration and spread of COVID-19, its continued impact on financial markets on a macro-scale and any new information that may emerge concerning the effectiveness of available vaccines and the severity and spread of the virus. The pandemic presents uncertainty and risk with respect to the Company, its performance, and estimates and assumptions used by management in the preparation of its financial results.

The Company’s financial performance, operations and business are particularly sensitive to a reduction in the demand for and prices of commodities, including crude oil, natural gas and NGL which are closely linked to Razor’s financial performance. The potential direct and indirect impacts of the economic downturn related to COVID-19 have been considered in management’s estimates and assumptions at period end and reflected in the Company’s results with any significant changes described in the relevant financial statement note.

The COVID-19 pandemic is an evolving situation that will continue to have widespread implications for the Company’s business environment, operations and financial condition. Management cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact the Company’s financial statements in fiscal 2021 and beyond.

Razor’s response to COVID-19

Razor is dedicated to ensuring the health, safety and security of its employees, contractors, partners and residents within all of its operating areas and communities. The Company has implemented business procedures that comply with Alberta Health Guidelines to protect the well-being of all stakeholders. Razor has successfully transitioned the majority of its corporate staff required for operational effectiveness back to its head office and the field sites continue to take site specific precautionary measures related to COVID-19.

FUTURE OPERATIONS

As at December 31, 2020, the Company has a working capital deficit of $72.3 million, of which only $1.1 million is comprised of cash and cash equivalents. Further, at December 31, 2020, the Company has contractual repayments of $79.5 million due in less than one year. The Company is also not in compliance with respect to the adjusted net-debt-to-adjusted cash flow ratio, the minimum working capital ratio and with one of its non-financial covenants in the Amended Term Loan Facility at December 31, 2020 and therefore has an event of default at December 31, 2020. As a result, Alberta Investment Management Corporation (“AIMCo”) has the right to demand repayment of the Amended Term Loan Facility at any time. The Company also has cross default provisions in certain equipment loans and leases, which are in default as a result of the AIMCo default, and as a result has classified these loans and leases as potentially due on demand current liabilities at December 31 2020.

Subsequent to December 31, 2020, the Company renewed the Amended Term Facility with AIMCo (the "AIMCo Term Loan"). There were no additional proceeds received from the AIMCo Term Loan only and extension of the maturity date to January 31, 2024. In addition, the Company entered into a new term loan with Arena Investors, LP ("the Arena Term Loan") to provide additional liquidity of US$11.0 million (CAD$14.0 million) which can only be utilized for specific purposes and requires monthly repayments commencing April 1, 2021.

Although, the extension of the AIMCo Term Loan resulted in a reduction to the working capital deficit by virtue of the AIMCo Term Loan being reclassified to long-term, there remains a considerable working capital deficiency largely comprised of accounts payable. The Company anticipates funding the remaining working capital deficit and contractual repayments with a combination of cash from operations, other new debt or equity financings. The operational and commodity price challenges that impacted revenue, production and operating costs in 2020, are anticipated to be somewhat mitigated in 2021 as the Company utilizes funds from the Arena Loan to reactivate wells in order to increase production, which is not without risk. While forecasted prices and operating cashflows are expected to improve in 2021, a material uncertainty remains as to whether the Company can generate sufficient positive cash flow from operations to meet all of its obligations as they come due. Further, no assurance can be provided, that the service providers and other lenders and lessors will not demand repayment of the accounts payable and other loans and leases prior to maturity, or that waivers can be obtained with respect to the other loans and leases.

Due to the conditions noted above there remains a material uncertainty surrounding the Company's ability to generate adequate cash flow from operations and to obtain the necessary waivers from the other lenders and lessors for the covenant violations to enable the Company to address contractual payment obligations. These material uncertainties create significant doubt with respect to the Company's ability to meet its obligations as they come due and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate for the consolidated financial statements, then adjustments would be necessary in the carrying value of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used. These adjustments could be material.

MANAGEMENT STRATEGY AND OUTLOOK

Razor continues to look forward and plan for the future despite 2020 proving to be one of the most challenging years for commodity prices and energy companies due to the COVID-19 pandemic. The Company remained focused on the its long-term sustainability and subsequent to year end, in February 2021, Razor secured an extension to the AIMCo Term Loan, for an amended principal amount of $50.1 million. On February 16, 2021 a subsidiary of Razor entered into the Arena Term Loan in the principal amount of US$11.0 million (CAD$14.0 million).

The majority of the proceeds from the Arena Term Loan will be used to invest over $8 million in 2021 on well reactivations to provide over 1,000 boepd to the year's production levels. The well reactivation activity started in February 2021 and will continue into 2022. Razor has an extensive opportunity set of high-quality wells requiring reactivation. In aggregate, the annual base decline of these wells is anticipated to be consistent with the Company's current corporate decline of approximately 12 percent. In its history the Company has reactivated over 60 wells adding approximately 2,000 boepd and it expects that the upcoming program will result in similar favorable outcomes.

The Company continues to focus on cost control on its operated properties and the stabilizing effect of reduced operating costs in each area. Outside of the well reactivation program, Razor will take a cautious and case-by-case approach to spending in 2021 and into 2022, focusing on low risk, low investment capital opportunities to increase field and corporate netbacks.

2020 INNOVATION HIGHLIGHTS

- In 2020, Razor continued to progress the South Swan Hills co-produced geothermal power generation project.
- Continued operation of six natural gas-powered generators which reduced the Company's reliance on grid electric power and resulted in savings of $2.3 million in electricity costs during 2020.
- Razor implemented cost saving measures by internalization of certain oilfield services through its subsidiary, Blade Energy Services Corp. ("Blade"), which provides services such as crude oil hauling, earthworks and environmental services. Blade conducted $2.0 million of services on behalf of Razor during 2020 (2019 - $2.3 million).

CORPORATE SUSTAINABILITY, ENVIRONMENT & GOVERNANCE

Razor is committed to a strong corporate sustainability program.

ENVIRONMENT

GHG Emissions

- Razor operates a natural gas-powered electricity generation program which allows the Company to reduce its reliance on coal-based grid electricity and has reduced GHG emissions by 6,000 tCO2 annually.
- Once constructed, Razor's co-produced geothermal power generation project will reduce GHG emissions by up to 31,000 tCO2 annually.
- Razor has opted all assets/facilities into Alberta's Technology Innovation and Emissions Reduction (TIER) program and, as such, has catalogued all GHG sources and is committed to following or exceeding guidelines for GHG reductions in its oil and gas operations.

Abandonment, Reclamation, and Remediation

- The Company has been successful in obtaining approved applications under the Alberta Site Rehabilitation Program ("SRP") to assist with its abandonment and reclamation activities. The total value of approved applications is $1.5 million. Funds will be used primarily in Razor's Chin Coulee and Virginia Hills areas, assisting with the progression of approximately 70 wells towards a reclamation certificate.
- Starting in 2020, Razor has opted to participate in the Alberta Energy Regulators ("AER") Area Based Closure ("ABC") program, to further reduce our footprint on the environment. Planned work consists of well, facility and pipeline abandonment, site remediation and reclamation.
- Since inception, Razor has spent $7.3 million on end-of-life activities, including deconstruction of the Virginia Hills Production Complex, and received 18 reclamation certificates from the AER which confirm that the land has been reclaimed to its natural state in accordance with regulations.
- In addition to Razor's annual abandonment and reclamation program, Razor also paid $292 thousand in 2020 into the industry-wide Alberta Orphan Well Fund.
- The Company received approval from the Alberta Energy Regulator to repurpose certain facilities in Virginia Hills to become a Waste Management Component employing bioremediation to treat hydrocarbon-impacted soils. This Soil

Treatment Facility will use naturally occurring microbes to digest hydrocarbons in soils and will be integral to Razor's Area Based Closure operations in the Virginia Hills area. The facility is anticipated to be operational in the second quarter of 2021.

- In 2020, the Company settled $538 thousand of decommissioning obligations which includes $198 thousand related to government grants earned for well site rehabilitation through the Alberta Site Rehabilitation Program ("SRP").

GOVERNANCE

- Razor is committed to diversity and equality in the workplace.
- 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.
- Razor maintains a complete series of documented Corporate policies and requires an annual review and sign off from all employees, consultants, management, executive and directors. Corporate policies include code of conduct, corporate disclosure and whistleblower guidance.

SELECT QUARTERLY AND ANNUAL HIGHLIGHTS

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

($000's, except for per share amounts and production)	**Three Months Ended Dec 31, 2020**	**2019**	**Twelve Months Ended Dec 31, 2020**	**2019**
Production				
Crude oil (bbl/d)	**2,023**	2,839	**2,176**	2,712
Natural gas (mcf/d) [1]	**5,165**	4,962	**4,695**	4,635
NGL (boe/d)	**701**	1,011	**824**	903
Total (boe/d)	**3,585**	4,677	**3,783**	4,387
Sales volumes				
Crude oil (bbl/d)	**2,024**	2,862	**2,179**	2,783
Natural gas (mcf/d)	**4,461**	3,563	**3,767**	3,501
NGL (bbl/d)	**701**	1,011	**824**	903
Total (boe/d)	**3,469**	4,467	**3,631**	4,269
Oil inventory volumes (bbls)	**8,203**	9,251	**8,203**	9,251
Revenue				
Oil and NGLs sales	**11,011**	20,013	**42,728**	78,365
Natural gas sales	**1,048**	774	**3,126**	2,438
Sale of commodities purchased from third parties [4]	**-**	(25)	**-**	8,551
Blending and processing income	**1,456**	1,874	**5,416**	8,842
Other revenue	**761**	119	**1,677**	1,869
Total revenue	**14,276**	22,755	**52,947**	100,065
Cash flows from operating activities	**356**	3,894	**4,193**	16,210
Per share -basic and diluted	**0.02**	0.19	**0.20**	0.96
Funds flow [2]	**(126)**	9	**3,798**	7,691
Per share -basic and diluted	**(0.01)**	-	**0.18**	0.45
Adjusted funds flow [2]	**(120)**	277	**4,138**	7,931
Per share -basic and diluted	**(0.01)**	0.01	**0.20**	0.47
Net (loss)	**(6,048)**	(11,853)	**(46,197)**	(29,573)
Per share - basic and diluted	**(0.29)**	(0.56)	**(2.19)**	(1.75)
Dividend paid	**-**	790	**263**	2,564
Dividends per share	**-**	0.04	**0.01**	0.15
Weighted average number of shares outstanding (basic and diluted)	**21,064**	21,057	**21,064**	16,926
Gross Capital expenditures	**428**	2,378	**1,929**	13,590
Government Grants	**-**	(1,669)	**(1,121)**	(6,105)
Netback ($/boe)				
Oil and gas sales [3]	**36.56**	48.31	**33.12**	50.46
Royalties	**(4.44)**	(10.85)	**(3.19)**	(8.86)
Operating expenses	**(30.44)**	(30.05)	**(27.77)**	(32.32)
Transportation and treating	**(2.93)**	(2.38)	**(2.16)**	(2.25)
Operating netback [2]	**(1.25)**	5.03	**0.00**	7.03
Gain/ (Loss) on sale of commodities purchased from third parties[4]	**-**	(0.05)	**-**	(0.01)
Net blending and processing income [2]	**2.65**	2.76	**2.89**	3.40
Realized loss on commodity contracts settlement [3]	**0.12**	0.46	**(1.04)**	(1.64)
Other revenue and income	**2.93**	0.28	**4.80**	1.23
General and administrative	**(3.14)**	(4.54)	**(3.26)**	(3.95)
Other expenses	**0.08**	(3.14)	**0.02**	(0.84)
Impairment	**0.10**	(9.30)	**(17.87)**	(2.50)
Acquisition and transaction costs	**(1.02)**	-	**(0.24)**	(0.13)
Interest	**(7.04)**	(2.89)	**(4.78)**	(3.06)
Corporate netback [2]	**(6.57)**	(11.40)	**(19.48)**	(0.47)

1) Natural gas production includes internally consumed natural gas primarily 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 AND ANNUAL HIGHLIGHTS (continued)

($000's, except for share amounts)	December 31, 2020	December 31, 2019
Total assets	**163,709**	189,158
Cash	**1,098**	1,905
Long-term debt (principal)	**50,878**	45,874
Minimum lease obligation	**3,469**	5,329
Net debt [1]	**72,789**	66,911
Number of shares outstanding	**21,064,466**	21,064,466

1) Refer to "Non-IFRS measures."

2020 YEAR-END RESERVES

For 2020, 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 $65.5 million.

Reserves Summary[1]	December 31,	
($000's unless otherwise stated)	**2020**	**2019**
Proved developed producing (Mboe)	**7,416**	11,144
Total Proved (Mboe)	**13,525**	16,258
Total Proved plus probable (Mboe)	**17,319**	20,750
Proved developed producing - NPV10[1]	**26,553**	116,832
Proved developed non-producing - NPV10[1]	**49,199**	39,409
Total Proved - NPV10[1]	**95,508**	189,257
Total Proved plus probable - NPV10[1]	**133,216**	242,719

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 19, 2021. 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.

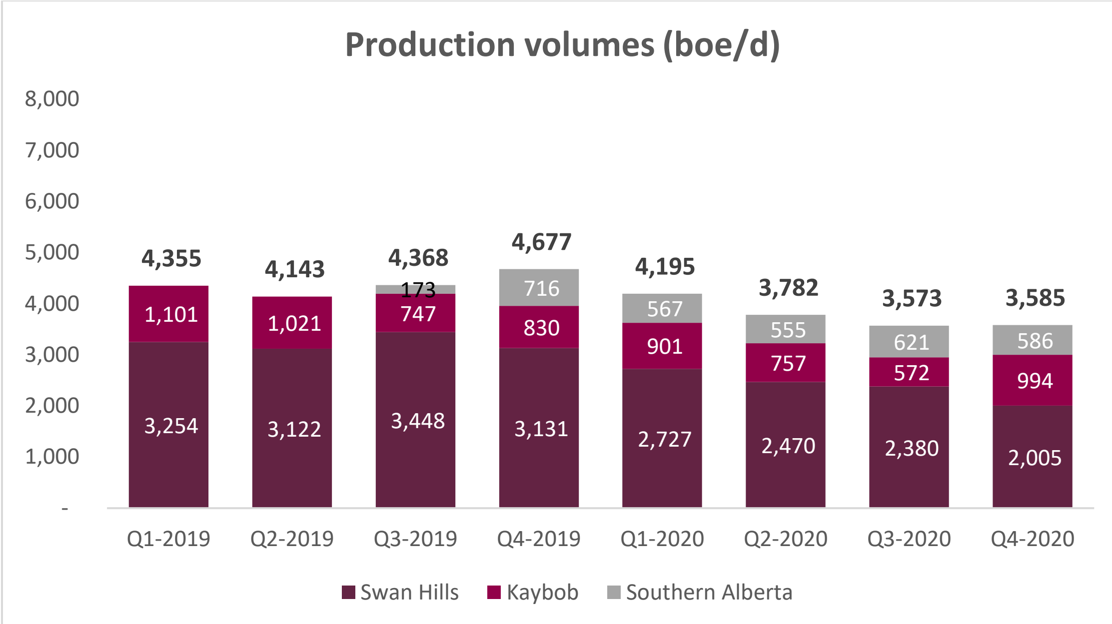
2) NPV 10 is net present value of before tax cash flows discounted at 10%.

Q4 2020 HIGHLIGHTS

OPERATING

Production volumes in the fourth quarter of 2020 averaged 3,585 boe/d, down 23% from the production volumes in the same period of 2019 and up 0.3% from the third quarter of 2020. Decreased production volumes are largely due to reduced spending on well reactivations and repairs and natural 12% annual base decline.

Net revenues decreased 29% in the fourth quarter of 2020 from the same period in 2019, due to the decrease in production along with significant decrease in commodity prices. Realized oil prices decreased 27% in the fourth quarter of 2020 from the same period in 2019 due to a drop in the WTI index. The Edmonton light sweet crude oil differential to West Texas Intermediate ("WTI") was 11% in the fourth quarter of 2020 compared to 10% in the same quarter of 2019. Realized NGL prices decreased 6% in the fourth quarter of 2020 from the same period in 2019.



Reported $0.4 million of cash flows from operating activities in the fourth quarter of 2020 compared to $3.9 million of cash flows from operating activities in the fourth quarter of 2019.

Reported a $6.0 million net loss in the fourth quarter of 2020 compared to a $11.9 million net loss in the same period last year. Primarily due to the $4 million impairment recorded in fourth quarter 2019 for Kaybob CGU.

CAPITAL

During the fourth quarter of 2020, Razor invested $0.2 million on its South Swan Hills Co-Produced Geothermal Natural Gas power project. Razor has received $5.9 million since inception in government grants to support this power generation project.

During the year 2020, due to the volatile commodity price environment, the Company did not initiate any projects related to finding and development capital and minimal capital reactivations were conducted during this period.

ALBERTA SITE REHABILITATION PROGRAM ("SRP")

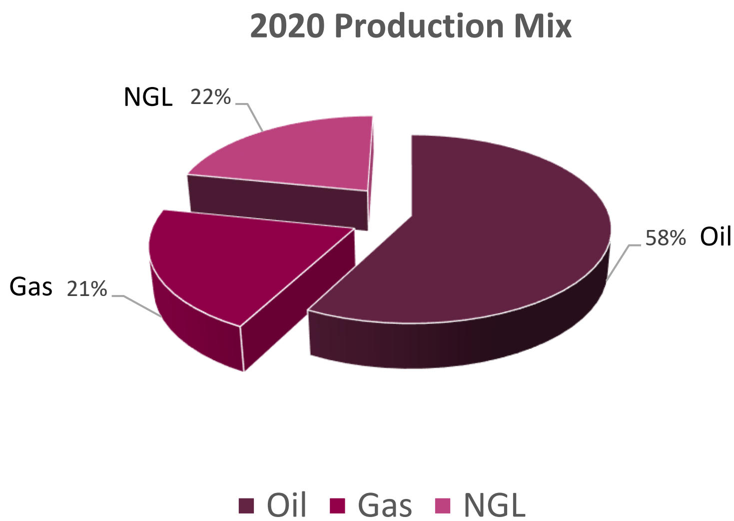
Razor has been successful in obtaining approved applications under the SRP. To date, Razor has received approval for $1.5 million in funding to assist with abandonment and reclamation activities primarily in the Company's Virginia Hills area in northern Alberta and Chin Coulee area in southern Alberta. The Company also expects to receive additional grants in subsequent phases of the SRP. At December 31, 2020 the Company has fully completed $198 thousand worth of SRP programs.

DAILY AVERAGE PRODUCTION

Sales volumes in the fourth quarter of 2020 averaged 3,469 boe/d, down 22% from the sales volumes in the same period in 2019. Inventory in the fourth quarter decreased by 103 bbls (fourth quarter 2019 – increased by 2,127 bbls). For the year ended 2020, inventory decreased by 1,048 bbls (2019 – decrease by 26,016 bbls) in existing surface tanks. As at December 31, 2020, Razor had 8,203 bbls of light oil inventory (December 31, 2019 - 9,251 bbls).

Production averaged 3,585 boe/d in Q4 2020 down 23% from the same quarter in 2019, primarily due to reduced spending on well reactivations and repairs. For the year ended 2020, production averaged 3,783 boe/d down 14% as compared to the same period last year.

Effective July 2018, Razor began utilizing a portion of its own natural gas production to generate electrical power. Natural gas production of internally consumed natural gas for the three and twelve months ended December 31, 2020 was 912 mcf/d and 1,213 mcf/d, respectively (three and twelve months ended December 31, 2019 was 1,398 mcf/d and 1,247 mcf/d respectively).



Production represents gross production before royalties, unless noted otherwise.

	Three Months Ended Dec 31,		Year Ended Dec 31,	
Production (boe/d)[2]	**2020**	2019	**2020**	**2019**
Crude oil (bbl/d)	**2,023**	2,839	**2,176**	2,712
Natural gas (mcf/d)[1]	**5,165**	4,962	**4,695**	4,635
NGL (bbl/d)	**701**	1,011	**824**	903
Total (boe/d)	**3,585**	4,677	**3,783**	4,387

1) Natural gas production for the three and twelve months ended December 31, 2020 includes 912 mcf/d and 1,213 mcf/d, respectively, of internally consumed natural gas in power generation.
2) Production volumes for the twelve months ended December 31, 2019 includes Little Rock's daily average sales from September 11 to December 31, 2019.

	Three Months Ended Dec 31,		Year Ended Dec 31,	
Production (boe/d)[12]	**2020**	2019	**2020**	**2019**
Swan Hills	**2,005**	3,131	**2,395**	3,226
Kaybob	**994**	830	**805**	936
Southern Alberta	**586**	716	**583**	225
Total	**3,585**	4,677	**3,783**	4,387

1) Natural gas production for the three and twelve months ended December 31, 2020 includes 912 mcf/d and 1,213 mcf/d, respectively, of internally consumed natural gas in power generation.
2) Production volumes for the twelve months ended December 31, 2019 includes Little Rock's daily average sales from September 11 to December 31, 2019.

	Three Months Ended Dec 31,		Year Ended Dec 31,	
Sales volumes (boe/d)[12]	**2020**	**2019**	**2020**	2019
Crude oil (bbl/d)	**2,024**	2,862	**2,179**	2,783
Natural gas (mcf/d)[1]	**4,461**	3,563	**3,767**	3,501
NGL (bbl/d)	**701**	1,011	**824**	903
Total boe/d	**3,469**	4,467	**3,631**	4,269

1) Sales volumes include change in inventory volumes.
2) Production 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 (boe/d)[1,2]	Three Months Ended Dec 31, 2020	2019	Year Ended Dec 31, 2020	2019
Swan Hills	**1,889**	2,920	**2,248**	3,107
Kaybob	**992**	831	**806**	938
Southern Alberta	**588**	716	**577**	224
Total	**3,469**	4,467	**3,631**	4,269

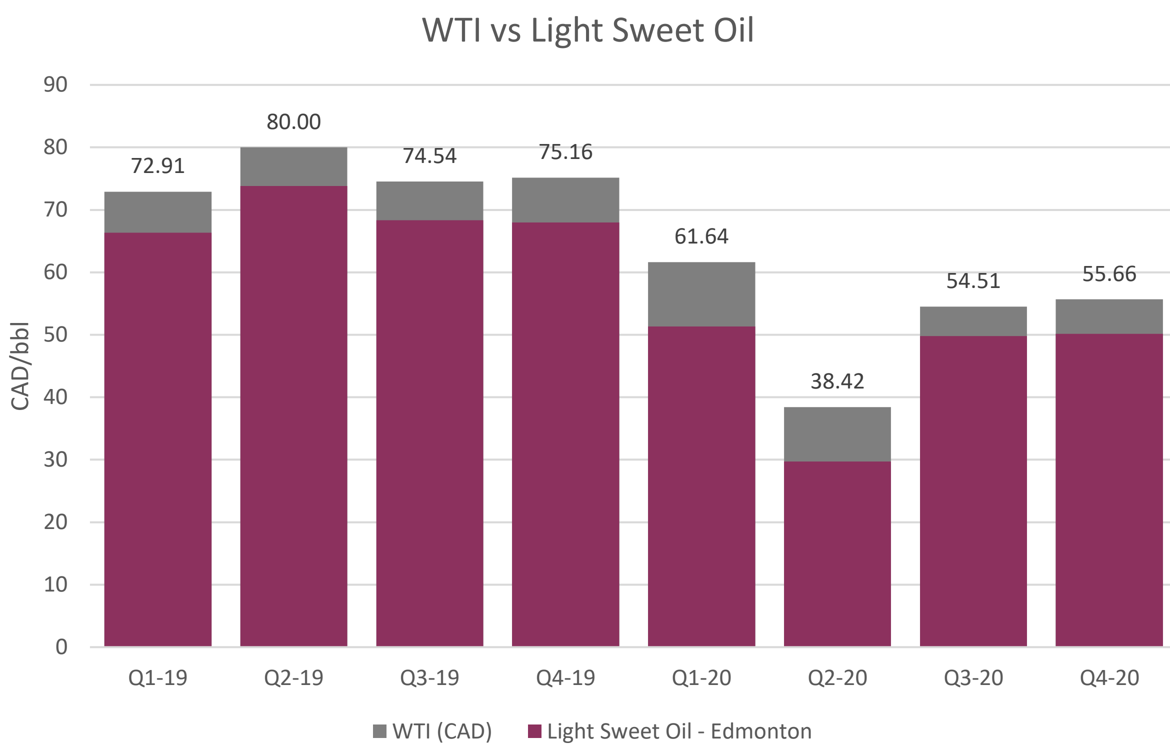
1) Sales volumes include change in inventory volumes.
2) Production volumes for the twelve months ended December 31, 2019 includes Little Rock's daily average sales from September 11 to December 31, 2019.

Inventory (bbls)	Twelve Months Ended Dec 31, 2020	2019
Opening crude oil inventory	**9,251**	35,267
Inventory movement	**(1,048)**	(26,016)
Closing crude oil inventory	**8,203**	9,251
Inventory movement (bbl/d)	**(3)**	(71)

COMMODITY PRICES AND BUSINESS ENVIRONMENT

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Average selling price								
Oil price ($/bbl)	**49.53**	**49.08**	**30.95**	**48.08**	67.59	64.19	76.48	65.10
NGL price ($/bbl)	**22.50**	**16.74**	**12.96**	**16.07**	23.82	24.24	28.14	30.98
Natural gas price ($/mcf)	**2.21**	**1.75**	**1.47**	**1.87**	1.69	1.01	1.06	2.56
Average benchmark prices and foreign exchange rates								
OIL ($/bbl)								
WTI (USD)	**42.76**	**40.93**	**27.85**	**46.17**	56.94	56.44	59.80	54.83
WTI (CAD)	**55.66**	**54.51**	**38.42**	**61.64**	75.17	74.54	80.00	72.91
MSW (Light Sweet Oil - Edmonton)	**50.13**	**49.77**	**29.72**	**51.35**	67.97	68.32	73.84	66.34
WTI vs MSW oil differential (CAD/bbl)	**(5.53)**	**(4.74)**	**(8.70)**	**(10.30)**	(7.19)	(6.22)	(6.16)	(6.57)
WTI vs MSW oil differential (%)	**(10)%**	**(9)%**	**(23)%**	**(17)%**	(10)%	(8)%	(8)%	(9)%
NATURAL GAS (CAD/mcf)								
AECO NGX AB-5a [1]	**2.65**	**2.24**	**2.00**	**2.04**	2.49	0.84	1.02	2.59
ELECTRICITY ($/MWh)								
AESO Pool price	**46.13**	**43.83**	**28.78**	**66.37**	46.97	46.87	56.57	69.46
CAD/USD EXCHANGE RATE	**0.77**	**0.75**	**0.72**	**0.75**	0.76	0.76	0.75	0.75

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



Crude Oil Prices

Crude oil benchmark prices continued to strengthen in the fourth quarter of 2020 over the third quarter of 2020 but were still weaker in comparison to the same period in 2019 due to the steep decline in oil demand as a result of COVID-19 and excess oil supply from OPEC+. West Texas Intermediate ("WTI") averaged CAD $55.66/bbl in the fourth quarter of 2020, a 2% increase from Q3 2020 and a 26% decrease from the same period in 2019. During 2020 WTI averaged CAD $52.56/bbl, down 31% from the same period a year ago. The prices received by the Company for its oil production is primarily driven by the price of WTI, which is adjusted for quality and a differential. Razor produces the following grades of oil: Swan Hills Sweet/Mixed Sweet Blend ("MSW"), Peace Sour/Medium Sour Blend ("MSB") and Bow River South/Western Canadian Select ("WCS"). In the fourth quarter of 2020 the differential between WTI and MSW was 10% compared to 9% in Q3 2020. For the year 2020 the WTI to MSW differential averaged 14% down from the 9% differential in the same period of 2019.

Razor realized an oil price of $49.50/bbl during the fourth quarter of 2020, which was an 11% discount to the WTI (CAD) price, compared to the 10% discount in Q3 2020 and similar to the 10% discount in Q4 2019. For the year ended December 31, 2020 the Company realized oil price was down 27% from the same period of 2019 mostly due to a lower WTI index price.

Natural Gas and NGLs Prices

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 price, in the fourth quarter and year ended 2020, was up by 6% and 28%, respectively, from their respective periods in 2019 due to an increase in demand for natural gas.

Sales of NGL is comprised of ethane, propane, butane, pentane, and condensate. The Company's realized price for NGL during the fourth quarter and year ended 2020 decreased 6% and 36%, respectively, from their respective periods in 2019, mostly due to lower realized NGL pricing. Condensate prices, which are priced at a differential to WTI, were impacted due to weakness in WTI prices.

Electricity Prices

Electricity costs have a significant impact on the Company's results, as electricity accounted for 27% and 30% of operating expense in the fourth quarter and twelve months ended December 31, 2020. Average electricity pool prices in the fourth quarter and the year ended 2020 decreased by 3% and 19%, respectively, from their respective periods in 2019. Razor is operating a natural gas-powered electricity generation plant and has reduced its reliance on grid-based electricity resulting in both lower electricity usage costs and a reduction in average electricity pool prices.

COMMODITY PRICE RISK

Razor is exposed to commodity price risk as prices for oil and natural gas products fluctuate in response to many factors including local and global supply and demand, weather patterns, pipeline transportation, political stability, and economic factors. Commodity price fluctuations are an inherent part of the oil and gas business. Historically Razor mitigated some of the exposure to commodity price risk to protect the return on investment and provide a level of stability to operating cash flow. However, due to the Company’s significant working capital deficiency throughout 2020, the Company has been unable to hedge its future production to protect cash flows. The Arena Term Loan has provided sufficient liquidity in 2021 to allow the Company to hedge a portion of future crude oil sales.

As at December 31, 2020, Razor had no derivative contracts outstanding and thus no asset or liability recorded on the Statement of Financial Position (December 31, 2019 – asset of $0.2 million).

Subsequent to December 31, 2020, the Company has sold and purchased certain commodity contracts as follows:

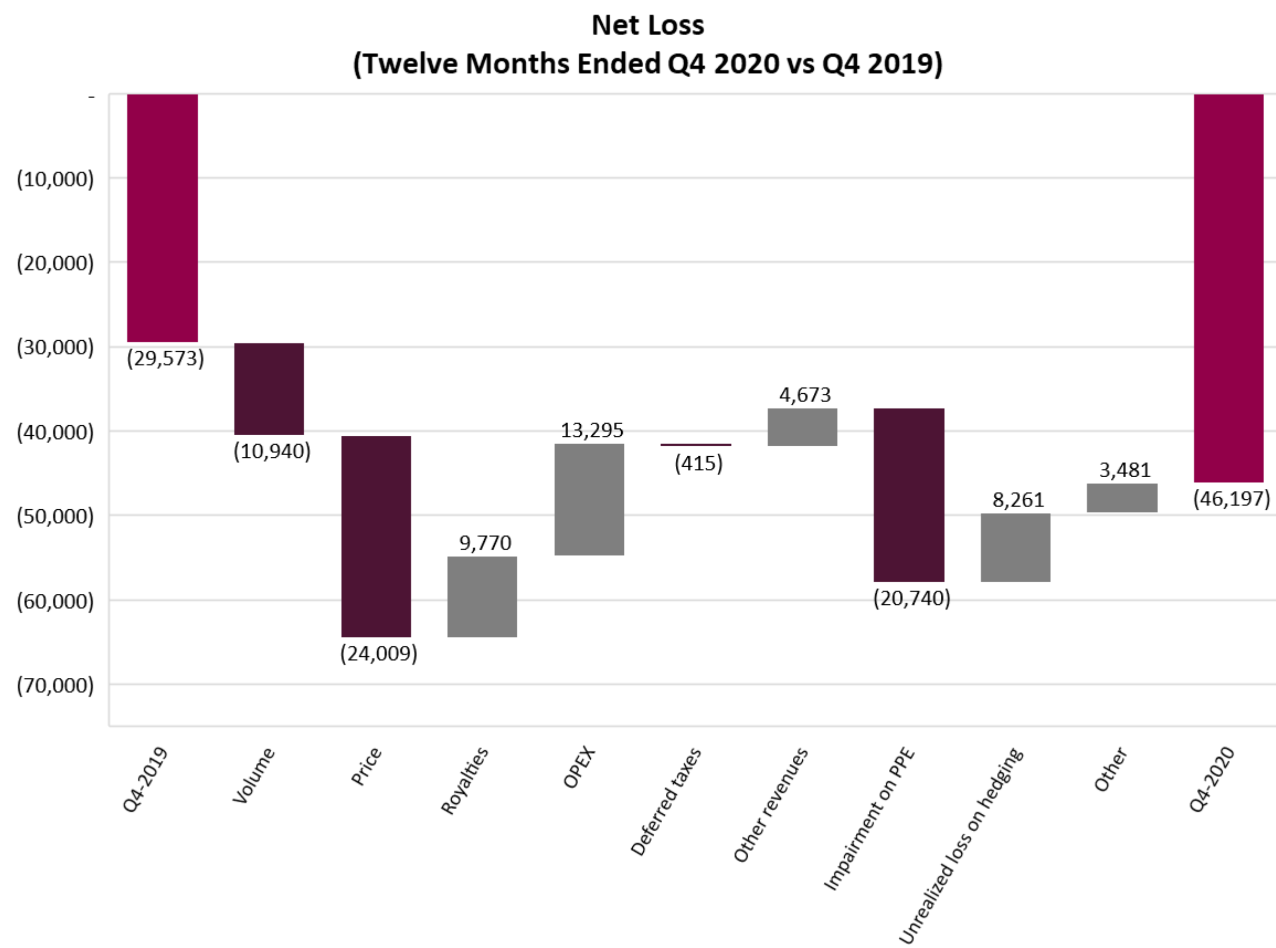
Reference point	Volume (bbls/mth)	Remaining Term	Floor Long Put USD/bbl	Ceiling Short Call USD/bbl	Long Upside Call USD/bbl
Oil - Upside enhanced traditional collars [1]					
NYMEX WTI financial futures	8,000	May’21-Feb’22	50.00	66.00	73.00
NYMEX WTI financial futures	8,000	Mar’22-Dec’22	50.00	65.00	75.00

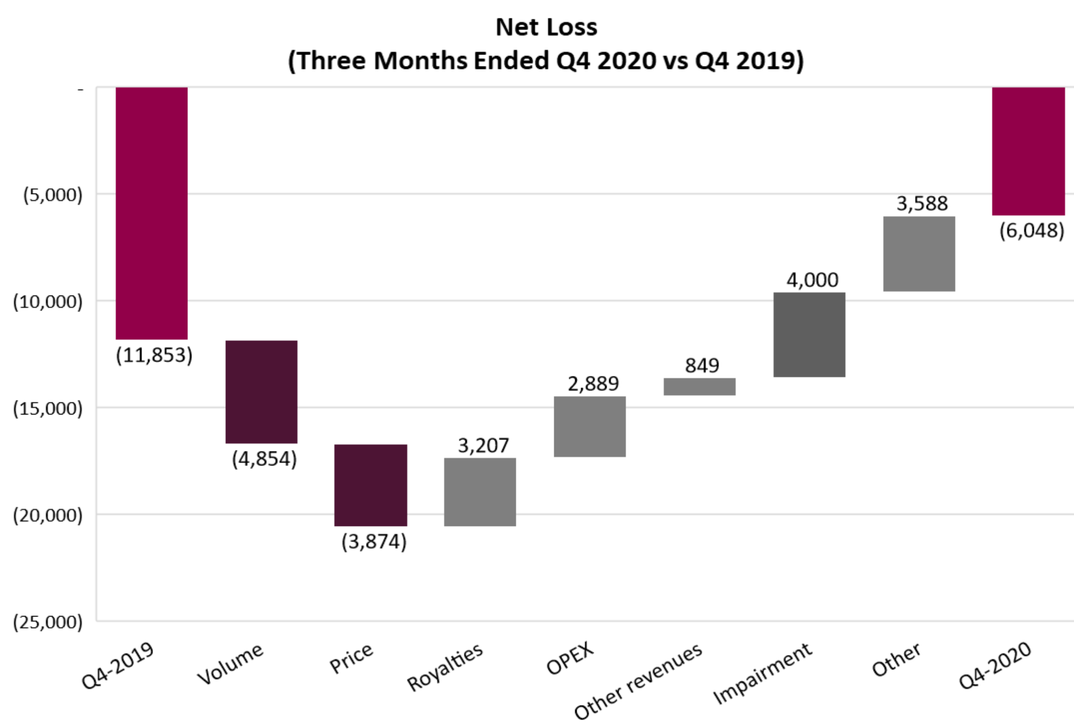
1) These contracts are upside enhanced traditional collars whereby the Company receives the floor price/bbl when the market price is below the floor price/bbl, and receives the ceiling price/bbl when the market price is above the ceiling price/bbl, unless the market price rises above the long upside call, at which point the maximum price would be the NYMEX WTI oil index less the difference between the ceiling price and the long upside call strike price.

NET LOSS

Razor realized a net loss of $6.0 million in the fourth quarter of 2020 as compared to a $11.9 million net loss in the same quarter of last year, primarily due to 23% lower production, a 24% decrease in realized prices, offset by 34% lower total expenses, and 69% reduction in royalties.

For the year ended 2020, the Company recorded a net loss of $46.2 million, up from a net loss of $29.6 million for the year ended 2019, mostly due to a 34% decrease in realized prices, 14% lower production, in addition to a $24.7 million impairment, offset by lower losses on commodity risk management contracts, a 69% reduction in royalties and a 7% decrease in total operating costs.





The above charts reconcile the changes in net loss for the three and twelve month periods ending December 31, 2020 and 2019.

NETBACKS

($/boe)[2]	Three Months Ended Dec 31, 2020	2019	Year Ended Dec 31, 2020	2019
Oil and natural gas sales	**36.56**	48.31	**33.12**	50.46
Royalty	**(4.44)**	(10.85)	**(3.19)**	(8.86)
Operating expenses	**(30.44)**	(30.05)	**(27.77)**	(32.32)
Transportation and treating	**(2.93)**	(2.38)	**(2.16)**	(2.25)
Operating netback (loss) [1]	**(1.25)**	5.03	**-**	7.03
Loss on sale of commodities purchased from third parties[1]	**-**	(0.05)	**-**	(0.01)
Net blending and processing income [1]	**2.65**	2.76	**2.89**	3.40
Realized loss on commodity contracts settlement	**0.12**	0.46	**(1.04)**	(1.64)
Other revenue and income[3]	**2.93**	0.28	**4.80**	1.23
General and administrative	**(3.14)**	(4.54)	**(3.26)**	(3.95)
Other expenses	**0.08**	(3.14)	**0.02**	(0.84)
Impairment	**0.10**	(9.30)	**(17.87)**	(2.50)
Acquisition and transaction costs	**(1.02)**	-	**(0.24)**	(0.13)
Interest	**(7.04)**	(2.89)	**(4.78)**	(3.06)
Corporate netback (loss) [1]	**(6.57)**	(11.40)	**(19.48)**	(0.47)

1) Refer to "Non-IFRS measures" section of the MD&A.
2) $/boe amounts are calculated using production volumes.
3) Primarily comprised of insurance proceeds, trucking, road use and road maintenance.

During the fourth quarter of 2020, the Company realized an operating loss of ($1.25)/boe, down from an operating netback of $5.03/boe in the fourth quarter of 2019. Realized prices decreased by $11.75/boe, however, the impact of decreased prices was offset by royalty decreases of $6.41/boe due to significantly lower oil prices and a slight increase in operating expenses of $0.39/boe in comparison to the same period as in 2019. For the year ended December 31, 2020, the operating netback was $0/boe compared to $7.03/boe for the same period in 2019 mainly as a result of lower realized prices which were down 34%, partially offset by 64% lower royalty and 14% lower operating expenses.

Royalty rates averaged 12% in the fourth quarter of 2020 as compared to 22% for the same period in 2019. This decrease in royalties is mostly due to the decrease in commodity prices and production volumes. For the year ended December 31, 2020, royalties averaged 10%, down 18% from the same period last year, mostly due to lower commodity prices and production volumes.

Operating expenses increased 1%, on a per boe basis, in the fourth quarter of 2020 compared to the same period in 2019 and were down $2.9 million on a total dollar basis. The Company had limited its well intervention activity in response to the current weak commodity price environment. Workovers and facility expenses averaged $2.73/boe in the fourth quarter of 2020 compared to $2.76/boe in the fourth quarter of 2019, while fuel and electricity costs averaged $9.11/boe in the fourth quarter 2020 as compared to $9.45/boe in 2019.

Other revenue and income received during the twelve months ended December 31, 2020 was $6.6 million which primarily consisted of $0.8 million of road use, $0.2 million of disposal revenue, $0.2 SRP grant income and $4.7 million of non-recurring insurance proceeds related to environmental clean-up costs as a result of an injection line failure in 2019 as well as proceeds from business interruption insurance related to a non-operated pipeline being offline for repairs in 2019.

During 2020, the Company received funds from Canada Emergency Wage Subsidy of $1.5 million. These grants were recognized as a reduction to general and administrative expense of $0.9 million and a reduction of operating expenses of $0.6 million.

Razor has focused on cost control on all expenditures within its operations by implementing a procurement system, internalizing field services and producing its own electricity.

The top cost drivers consisting of fuel and electricity, labour, property taxes, facility repairs, chemicals and accounted for 67% of total operating expenses in the fourth quarter of 2020 (Q4 2019 – 69%). For the year ended 2020 these same top cost drivers accounted for 70% of total operating expenses (2019 – 68%).

The cost of electricity and fuel decreased 25% in Q4 2020 as compared to the same quarter of last year mostly due a 41% decrease in consumption, 3% decrease in average electricity pool prices and a decreased reliance on non-operated fuel gas and lower production levels.

For the year ended 2020, the cost of electricity and fuel decreased 14% as compared to the same period of last year, with average electricity pool prices decreasing by 19% and with usage decreasing by 11%. The Company continues to operate its natural gas-powered generation 9 MW facility which reduced its reliance on grid electric power and resulted in savings of $0.5 million in Q4 2020 (Q3 2019 - $0.7 million). For the year ended 2020, the Company achieved electricity savings of $2.3 million (2019 - $2.2 million).

LOSS ON SALE OF COMMODITIES PURCHASED FROM THIRD PARTIES

	Three Months Ended Dec 31,		Year Ended Dec 31,	
($000's)	**2020**	**2019**	**2020**	**2019**
Sales of commodities purchased from third parties	-	(25)	-	8,551
Commodities purchased from third parties	-	-	-	(8,564)
Loss on sale of commodities purchased from third parties [1] [2]	-	(25)	-	(13)
($/boe)[3]	-	(0.05)	-	(0.01)

1) Refer to "Non-IFRS measures".

2) Includes gains and losses due to the timing and inventory related to market conditions at sales.

3) Based on production volumes.

Periodically, Razor purchases commodity products from third parties in order to fulfill its sales commitments. There were no purchases or sales of commodities purchased from third parties in 2020 because the Company's sales commitments were closely matched to the Company's commodity production.

BLENDING AND PROCESSING INCOME

($000's)	Three Months Ended Dec 31, 2020	2019	Year Ended Dec 31, 2020	2019
Blending and processing income	**1,456**	1,874	**5,416**	8,842
Blending and processing expenses	**(581)**	(690)	**(1,410)**	(3,402)
Net blending and processing income [1]	**875**	1,184	**4,006**	5,440
($/boe)[2]	**2.65**	2.76	**2.89**	3.40

1) Refer to "Non-IFRS measures".
2) Based on production volumes.

Net blending and processing income was down 22% alongside a 2% decrease on a per boe basis, in the fourth quarter of 2020 as compared to Q4 2019. However, gross margins only decreased by 5% from 63% gross margin in Q4 2019 to 60% in Q4 2020 mostly due to careful review of commodity pricing and identifying opportunities to increase blending and processing income. For the year ended December 31, 2020, net blending and processing income was down 26% as compared to the same period last year, mostly due to decreased commodity pricing and commodity price differentials.

GENERAL AND ADMINISTRATIVE EXPENSES (G&A)

($000's)	Three Months Ended Dec 31, 2020	2019	Year Ended Dec 31, 2020	2019
Gross G&A	**1,696**	2,681	**7,557**	9,415
Canada Emergency Wage Subsidy	**(161)**	-	**(912)**	-
Overhead recoveries	**(354)**	(522)	**(1,478)**	(2,273)
Capitalized G&A	**(147)**	(205)	**(660)**	(815)
Net G&A	**1,034**	1,954	**4,507**	6,327
($/boe)[1]	**3.14**	4.54	**3.26**	3.95

1) Based on production volumes.

The Company's gross G&A costs in the fourth quarter of 2020 decreased 31% from the same quarter of 2019 due to decreased employee and consulting costs and was down 17% in the year 2020 as compared to the same period of 2019, due to decreased consulting and legal costs. During 2020, the Company received $0.9 million from the Canada Emergency Wage Subsidy that was recognized in G&A.

FINANCING COSTS

The components of financing costs are summarized below.

	Three Months Ended Dec 31,		Year Ended Dec 31,	
($000's)	**2020**	**2019**	**2020**	**2019**
Interest expense	**2,322**	1,242	**6,615**	4,907
Amortization of deferred financing costs	**-**	281	**1,207**	1,115
Accretion	**406**	539	**1,438**	1,635
	2,728	2,062	**9,260**	7,657
($/boe)[1]				
Interest expense	**7.04**	2.89	**4.78**	3.06
Amortization of deferred financing costs	**-**	0.65	**0.87**	0.70
Accretion	**1.23**	1.25	**1.04**	1.02
	8.27	4.79	**6.69**	4.78

1) $/boe amounts are calculated using production volumes.

Interest expense primarily arises from interest on the AIMCo Term Loan, Promissory Notes, and lease obligations. Interest expense was up 144% and 56% in the fourth quarter and year 2020 respectively, as compared to the same period of 2019 due to interest from January to June 2020 on the AIMCo Term Loan being calculated at an increased rate of 12% as a result of interest being deferred and being added to the principal amount of the loan. The interest from July to December 2020 on the AIMCo Term Loan was calculated at the rate of 10% and incurred a 2% deferral fee of the unpaid interest that was added to the principal amount of the loan. Accretion, which relates to the time value change of the Company's decommissioning obligations, decreased in 2020 as compared to the same period of last year due to a lower risk-free discount rate.

DEPLETION, DEPRECIATION AND AMORTIZATION

	Three Months Ended Dec 31,		Year Ended Dec 31,	
($000's)	**2020**	**2019**	**2020**	**2019**
Depletion, depreciation and amortization	**3,819**	5,599	**16,904**	18,909
($/boe)[1]	**11.58**	13.01	**12.21**	11.81

1)$/boe amounts are calculated using production volumes.

DD&A expense, for the fourth quarter of 2020, decreased 32% from the fourth quarter of 2019, and decreased 11% for the year ended 2020 as compared to the prior year. The decrease in the three and twelve months DD&A expense is primarily due to the decrease in the depletable base as a result of the impairment expense incurred in Kaybob and Southern Alberta in the first quarter of 2020 as well as lower production in the three and twelve months 2020 compared to the prior year. As at December 31, 2020, future development costs required to develop proved and probable reserves in the amount of $43.1 million are included in the depletion calculation for PP&E (December 31, 2019 - $67.5 million).

IMPAIRMENT LOSS

	Three Months Ended Dec 31,		Year Ended Dec 31,	
($000's)	**2020**	**2019**	**2020**	**2019**
Impairment expense	**-**	4,000	**24,740**	4,000

At December 31, 2020, Razor evaluated its PP&E for indicators of impairment or reversal of previously recognized impairment and determined that no such indicators were present compared to its last impairment test at March 31, 2020.

At March 31, 2020, Razor evaluated its developed and producing assets on a CGU (Swan Hills, Kaybob, and District South) basis for indicators of any potential impairment. The declines in the forecasted commodity prices were identified as an indicator of impairment. As a result, the Company completed an impairment test on all its CGU's in accordance with IAS 36. The Company used fair value less cost to sell, discounted at pre-tax rates between 15% and 30% (December 31, 2019 - 12% and 30%) depending on the risk profile of the reserve category and CGU.

At March 31, 2020, the recoverable value of Razor's Swan Hills CGU exceeded its carrying value and no impairment was recorded. At March 31, 2020, it was determined that the carrying value of the Kaybob and District South CGUs exceeded their recoverable amounts and impairment charges of $16.03 million and $8.71 million, respectively, were recognized for the CGUs.

At December 31, 2019, the recoverable value of Razor's Swan Hills and District South CGUs exceeded its carrying value and no impairment was recorded. At December 31, 2019, it was determined that the carrying value of the Kaybob CGU exceeded the recoverable amount and an impairment of $4.0 million was recognized.

CAPITAL EXPENDITURES

	Three Months Ended Dec 31,		Year Ended Dec 31,	
($000's)	**2020**	**2019**	**2020**	**2019**
Reactivations, recompletions and optimizations	**12**	16	**(56)**	4,368
Pipelines and injection management	**11**	64	**74**	1,539
Facilities and other	**41**	59	**219**	1,159
Finding and development related capital	**64**	139	**237**	7,066
Field equipment	**115**	-	**557**	1,290
Power generation	**235**	2,194	**1,086**	4,464
Information technology systems	**-**	42	**11**	348
Operational enhancement related capital	**350**	2,236	**1,654**	6,102
Corporate related capital expenditures	**14**	3	**38**	422
Gross capital expenditures	**428**	2,378	**1,929**	13,590
Government grants on assets	**-**	(1,669)	**(1,121)**	(6,105)
Net capital expenditures	**428**	709	**808**	7,485

During the year ended 2020, due to the volatile commodity price environment, the Company did not initiate any projects related to finding and development capital. Operated capital investment in the twelve months of 2020 consisted primarily of $1.1 million on the Company’s Co-Produced Geothermal Natural Gas power project, $0.6 million on field equipment, a variety of project cost adjustments from prior periods, offset by government grants of $1.1 million.

During the fourth quarter of 2020, Razor invested $0.2 million on its South Swan Hills Co-Produced Geothermal Natural Gas power project. The Company expects the total capital cost of the project to be $37 million, generating 21 MW of grid connected power, of which up to 6MW will be clean 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. To date, Razor has received $5.9 million in government grants to support this power generation project.

LIQUIDITY AND CAPITAL RESOURCES

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.

As at December 31, 2020, the Company has a working capital deficit of $72.3 million, of which only $1.1 million is comprised of cash and cash equivalents. Further, at December 31, 2020, the Company has contractual repayments of $79.5 million due in less than one year. The Company is also not in compliance with respect to the adjusted net-debt-to-adjusted cash flow ratio, the minimum working capital ratio and with one of its non-financial covenants in the Amended Term Loan Facility at December 31, 2020 and therefore has an event of default at December 31, 2020. As a result, Alberta Investment Management Corporation ("AIMCo") has the right to demand repayment of the Amended Term Loan Facility at any time. The Company also has cross default provisions in certain equipment loans and leases, which are in default as a result of the AIMCo default, and as a result has classified these loans and leases as potentially due on demand current liabilities at December 31 2020.

Subsequent to December 31, 2020, the Company renewed the Amended Term Facility with AIMCo (the "AIMCo Term Loan"). There were no additional proceeds received from the AIMCo Term Loan only and extension of the maturity date to January 31, 2024. In addition, the Company entered into a new term loan with Arena Investors, LP ("the Arena Term Loan") to provide additional liquidity of US$11.0 million (CAD$14.0 million) which can only be utilized for specific purposes and requires monthly repayments commencing April 1, 2021.

Although, the extension of the AIMCo Term Loan resulted in a reduction to the working capital deficit by virtue of the AIMCo Term Loan being reclassified to long-term, there remains a considerable working capital deficiency largely comprised of accounts payable. The Company anticipates funding the remaining working capital deficit and contractual repayments with a combination of cash from operations, other new debt or equity financings. The operational and commodity price challenges that impacted revenue, production and operating costs in 2020, are anticipated to be somewhat mitigated in 2021 as the Company utilizes funds from the Arena Loan to reactivate wells in order to increase production, which is not without risk. While forecasted prices and operating cashflows are expected to improve in 2021, a material uncertainty remains as to whether the Company can generate sufficient positive cash flow from operations to meet all of its obligations as they come due. Further, no assurance can be provided, that the service providers and other lenders and lessors will not demand repayment of the accounts payable and other loans and leases prior to maturity, or that waivers can be obtained with respect to the other loans and leases.

Razor will utilize the funds from the Arena Term Loan to conduct the well reactivation program commencing in February 2021, and the Company has limited other plans for capital expenditures during 2021. Any significant acceleration of development activities or acquisition of additional oil and gas properties would 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.

SOURCES AND USES OF CASH

Major sources and uses of cash are outlined in the following table:

	Three Months Ended Dec 31,		Year Ended Dec 31,	
($000's)	**2020**	**2019**	**2020**	**2019**
Adjusted funds flow [1]	**(120)**	277	**4,138**	7,931
Proceeds of financing lease	—	—	—	1,235
Proceeds from government grants	—	1,669	**1,121**	6,105
Cash sourced	**(120)**	1,946	**5,259**	15,271
Capital expenditures	**(363)**	(2,378)	**(1,445)**	(13,590)
Decommissioning costs incurred	**(6)**	(268)	**(340)**	(240)
Property acquisitions	**—**	—	—	(256)
Finance costs	**(2,322)**	(1,242)	**(6,616)**	(4,937)
Repayment of lease obligation	**(385)**	(406)	**(1,646)**	(1,203)
Repayment of long-term debt	**(87)**	(816)	**(325)**	(1,024)
Non-cash deferral of interest	**2,460**	—	**5,145**	—
Repayment of director loans [2]	—	—	—	(528)
Common shares repurchased	—	(11)	—	(239)
Dividends declared	—	(790)	**(263)**	(2,564)
Restricted cash	—	—	—	1,810
Cash used	**(704)**	(5,911)	**(5,489)**	(22,771)
	(824)	(3,965)	**(229)**	(7,500)
Changes in non-cash working capital	**(712)**	2,437	**(554)**	7,261
Foreign currency translation	**(1)**	(10)	**(24)**	(95)
Change in cash position	**(1,537)**	(1,538)	**(807)**	(334)
Cash, beginning of period	**2,635**	3,443	**1,905**	2,239
Cash, end of period	**1,098**	1,905	**1,098**	1,905

1) Refer to "Non-IFRS Measures".

2) Repayment of director loans relates to the Little Rock acquisition.

NORMAL COURSE ISSUER BID ("NCIB")

On September 20, 2019, the TSXV approved the Company's application for a renewed NCIB to purchase up to 1,039,148 of its common shares over a 12-month period commencing September 23, 2019 and ending September 22, 2020. The Company has not made an application to renew for the upcoming year. Under this NCIB, 11,000 common shares were repurchased in open market transactions on the TSXV at a weighted average cost of $0.93 at December 31, 2019. A copy of the TSXV approval may be obtained by contacting Razor's Chief Financial Officer at Suite 800, 500-5th Ave. S.W. Calgary, AB T2P 3L5.

During the course of 2020, the Company did not repurchase any of its common shares (2019 - 106,400 shares were repurchased).

SHARE CAPITAL

As at December 31, 2020 and April 14, 2021, the Company had a total of 21,064,466 common shares outstanding (December 31, 2019 - 21,064,466 common shares outstanding).

As part of the consideration for the extension of the AIMCo Term Loan, AIMCo has been granted 22.4% of the outstanding shares of FutEra Power Corp. and these shares are held in trust.

DIVIDENDS

On January 9, 2020, Razor announced a monthly cash dividend of $0.0125 per share, for a total of $263 thousand in dividends. On February 5, 2020, the Company suspended the payment of dividends effective February 2020 in response to significant price volatility for crude products in the Canadian energy sector.

LEASES

On January 9, 2020, Razor entered into two lease agreements for the lease of vehicles for a total of $0.14 million. The lease agreements are discounted with an effective interest rate of 4.99% each, respectively. Both lease agreements end on January 31, 2024. Monthly payments for both leases are $2,600 including interest and principal.

On August 21, 2020, the Company entered into a lease agreement for the lease of a vehicle for a total of $0.04 million. The lease agreement is discounted with an effective interest rate of 4.99% per annum and ends on August 20, 2024. Monthly payments of $450 includes interest and principal.

As a result of the event of default under the Amended Term Loan Facility, cross default provisions in certain equipment leases have resulted in these leases being potentially due on demand and classified as current liabilities at December 31, 2020.

TERM LOANS

AIMCO TERM LOAN

Revised terms on existing non-revolving term loan

On January 15, 2018, Razor secured an increase of $15.0 million in its existing non-revolving Term Loan from AIMCo, for an amended principal amount of $45.0 million. The terms of the Amended Term Loan Facility are materially unchanged from the term loan facility established in January 2017. Principal continues to be due in January 2021 with an interest rate of 10% per annum, payable semi-annually except for the period January 1 to June 30, 2020 which was 12%. Including share-based consideration, the effective interest rate of the Amended Term Loan Facility is 12% per annum (December 31, 2019 - 12%).

On June 30, 2020, the Company entered into a Second Amending Agreement with AIMCo which deferred the scheduled June 30, 2020 interest payment of $2.7 million owing under the Amended Term Loan Facility. The interest rate for the period January 1 to June 30, 2020 was 12%.

On December 29, 2020, the Company signed a deferral letter with AIMCo thereby deferring the scheduled December 31, 2020 interest payment of $2.4 million owing under the Amended Term Loan Facility for an additional fee of 2% of the accrued and unpaid interest. Total interest payment deferred is $2.45 million.

Covenants

As at December 31, 2020, the Company is not in compliance with respect to the adjusted net-debt-to-adjusted cash flow ratio, the minimum working capital ratio and with one of its non-financial covenants in the Amended Term Loan Facility and therefore has an event of default at December 31, 2020. Although Alberta Investment Management Corporation (“AIMCo”) has the right to demand repayment of the Amended Term Loan Facility at any time because of the default (note 10), AIMCo proceeded with extending the non-revolving term loan in February 2021. The Company also has cross default provisions in certain equipment loans and leases, which are in default as a result of the AIMCo default, and as a result has classified these loans and leases as potentially due on demand current liabilities at December 31, 2020.

The Amended Term Loan Facility is subject to the following financial covenants:

- a maximum adjusted net debt to adjusted cash flow ratio of less than 3:1 for 2020 and each year thereafter, measured on December 31 of each year; and
- a minimum working capital ratio of 1:1 for 2020 and each year thereafter, measured on December 31 of each year.

Adjusted net debt is the sum of current liabilities, long-term debt (principal), and the fair value of commodity contracts classified as liabilities, less the sum of current assets and the fair value of commodity contracts classified as assets. Adjusted cash flow for the year is calculated as cash provided by and used in operating activities less changes in operating working capital, plus income taxes paid. Working capital ratio is the ratio of (i) current assets, excluding the fair value of commodity contracts, to (ii) the current liabilities, excluding the current portion of long-term debt and excluding the fair value of commodity contracts.

Extension of non-revolving term loan

Subsequent to year end, on February 16, 2021, Razor secured an extension to its existing non-revolving term loan facility from Alberta Investment Management Corporation ("AIMCo"), on behalf of certain of AIMCo's clients, for an amended principal amount of $50.1 million (the "Second Amended and Restated Loan Agreement" or the "AIMCo Term Loan"). The terms of the AIMCo Term Loan are materially unchanged from the previous Amended Term Loan Facility established in January 2017. Principal is due January 31, 2024 with an interest rate of 10%, payable semi-annually.

As consideration for the AIMCo Term Loan, FutEra Power Corp. ("FutEra"), currently a wholly owned subsidiary of Razor, will, on closing of the AIMCo Term Loan, grant AIMCo common shares of FutEra representing 22.4% of the total outstanding common shares. In the event that the Swan Hills Geothermal Project has not been funded by July 31, 2021, the shares issued as part of this transaction shall be returned to Razor and a bonus payment of $3.5 million will be added to the principal amount of the AIMCo Term Loan.

The AIMCo Term Loan is subject to the following financial covenants:

- a maximum adjusted net debt-to-adjusted cash flow ratio of 5:1 commencing for each fiscal year ended December 31, 2022 and December 31, 2023; and
- a minimum working capital ratio of 1:1 from and after each fiscal quarter commencing September 30, 2020.

ARENA TERM LOAN

Subsequent to year end, on February 16, 2021, a subsidiary of Razor entered into a new term loan agreement with an affiliate of Arena Investors, LP in the principal amount of US$11,042,617 (CAD$13,978,849) (the "Arena Term Loan").

The Arena Term Loan will be repaid over 29 months with principal and interest payments commencing April 1, 2021. The funded principal amount, after the original issuer discount, is US$10,035,000 (CAD $12,702,532). The Arena Term Loan carries a fixed annual interest rate of 7.875%. Security consists of a first lien on all assets within Razor Royalties Limited Partnership and Razor Holdings GP Corp. as further described below. The Arena Term Loan is also secured by a second lien on the assets of Razor, excluding Razor's subsidiaries Blade Energy Services Corp. ("Blade"), FutEra and its subsidiaries, and Razor Resources Corp.

The Arena Term Loan is subject to the following covenants:

- Use at least US$6,700,000 (CAD$ 8,481,013) to complete the activities outlined in an agreed development plan for the fiscal year ended December 31, 2021;
- Minimum hedge requirements for not less than 80% of RRLP's 20 month forward projected overriding royalty;
- Commencing in April 2021, maintain minimum production 3,000 boe/day; and
- The General and Administrative expenses of RRLP shall not exceed $100,000 in any fiscal year.

The intended use of proceeds are well reactivations and associated spending, hedging and various upfront payments and transaction fees.

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 December 31, 2020 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	**24,970**	24,970	—	—	—
Amended Term Loan Facility	Yes-Liability	**50,145**	50,145	—	—	—
Promissory notes	Yes-Liability	**733**	620	92	21	—
Minimum lease obligation	Yes-Liability	**3,469**	2,938	251	280	—
Interest payable [2 3]	No	**623**	469	41	15	98
Lease operating costs	No	**331**	221	110	—	—
Transportation services	No	**1,275**	168	264	205	638
Total		**81,546**	**79,531**	**758**	**521**	**736**

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.
3) Excludes interest paid on minimum lease obligation and right-of-use asset liability.

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.

Razor inherited decommissioning liabilities included in its Swan Hills, Kaybob and District South acquisitions. In Q4 2020, the Company settled $204 thousand of decommissioning obligations which includes $198 thousand related to government grants earned for well site rehabilitation through the SRP program (Q4 2019 – spend of $3 thousand). During the year ended 2020, the Company settled $538 thousand of decommissioning obligations which includes $198 thousand related to government grants earned for well site rehabilitation through the SRP program (2019 – $240 thousand).

The Company voluntarily opted into the Alberta Energy Regulator's (AER) Area Based Closure (ABC) program starting in 2020. As such 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.

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. Razor's liability reduction target is $3.0 million in 2021.

Razor has been successful in obtaining approved applications under the Alberta Site Rehabilitation Program ("SRP"). To date, Razor has received approval for $1.5 million in funding to assist with abandonment and reclamation activities. The Company also expects to receive additional grants in subsequent phases of the SRP.

In the normal course of its operations, the Company may be subject to litigation 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. At June 30, 2020 the Company determined that it was more likely that not that a settlement payment would be required to have the legal action discontinued and therefore the Company booked a provision which was charged to general and administrative expenses. On July 17, 2020, a confidential settlement was reached between the parties of this litigation. Razor determined that it was in the best interest of the Company's resources of time and money to settle the claim, even though the Company's opinion remains that the claim is more likely without merit than not.

During the third quarter of 2020, the Company was served a statement of claim demanding immediate payment for past services totaling $4.6 million. These amounts are included in accounts payable and accrued liabilities at December 31, 2020. There can be no assurance that further financial damages will not occur, however, with the improved commodity price outlook, the Company anticipates amounts owing will be reduced throughout 2021.

For additional information, refer to "Legal Proceedings and Regulatory Actions" in the Company's most recent annual information form, which is available on SEDAR at www.sedar.com.

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 are 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 Dec 31,		Year Ended Dec 31,	
($000's)	**2020**	**2019**	**2020**	**2019**
Cash flow from operating activities	**356**	3,894	**4,193**	16,210
Changes in non-cash working capital	**482**	3,885	**395**	8,519
Funds flow	**(126)**	9	**3,798**	7,691
Decommissioning costs incurred	**(6)**	(268)	**(340)**	(240)
Adjusted funds flow	**(120)**	277	**4,138**	7,931

OPERATING NETBACK

Operating netback is a measure that represents sales net of royalties and operating expenses. 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.

NET BLENDING AND PROCESSING INCOME

Net blending and processing income is calculated by adding blending and processing income and deducting blending and processing expense. Net blending and processing income may not be comparable to similar measures used by other companies.

LOSS ON SALE OF COMMODITIES PURCHASED FROM THIRD PARTIES

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.

CORPORATE NETBACK

Corporate netback is calculated by adding net blending and processing income and other revenues and 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 financial performance.

Corporate netback may not be comparable to similar measures used by other companies.

NET DEBT

Net debt is calculated as the sum of the long-term debt (includes AIMCo Term Loan and Promissory Notes) 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. Net debt may not be comparable to similar measures used by other companies.

Reconciliation of net debt *($000's)*	**December 31, 2020**	**December 31, 2019**
Long term debt	**(113)**	(44,370)
Long term lease obligation	**(389)**	(3,065)
	(502)	(47,435)
Less: Working capital		
Current assets	**9,450**	13,488
Exclude commodity contracts	**-**	(2)
Current liabilities	**(81,737)**	(32,962)
	(72,287)	(19,476)
Net debt	**72,789**	66,911

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 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	
Cash, cash equivalents, accounts receivable, accounts payable and accrued liabilities	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	
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 December 31, 2020 are as follows:

($000's)	**Carrying Value**	**Fair Value**
Cash and cash equivalents	**1,098**	1,098
Accounts receivable	**6,464**	6,646
Accounts payable and accrued liabilities	**24,970**	24,970
Lease obligation	**3,469**	3,469
Promissory Notes	**733**	726
Amended Term Loan Facility	**50,145**	50,139

MARKET RISK

Razor is exposed to normal market risks inherent in the oil and natural gas business, including, but not limited to, liquidity risk, commodity price risk, credit risk, interest rate risk, and foreign exchange 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 owned 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 cash equivalents, restricted cash, and accounts receivable. The Company has not experienced any significant credit losses in the collection of accounts receivable to date.

The Company's accounts receivables of $6.4 million at December 31, 2020 (December 31, 2019 - $9.6 million) are non-interest bearing.

The Company's receivables are summarized as follows:

($000's)	December 31, 2020	December 31, 2019
Trade receivables	**4,714**	8,032
Joint venture receivables	**1,696**	584
Other receivables	**227**	1,268
Allowance for doubtful accounts	**(173)**	(242)
	6,464	9,642

The majority of the credit exposure on trade receivables as at December 31, 2020 pertains to revenue for accrued December 2020 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.

Receivables from partners in jointly owned assets are typically collected within one to three months of the bill being issued to the partner. The Company mitigates the risk from joint interest billings 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 partners in jointly owned assets as disagreements occasionally arise which increases the potential for non-collection. To protect against credit losses with joint asset partners, the Company has the ability to withhold sale proceeds from production or offset outstanding partner invoices in the event of non-payment and also, the ability to obtain the partners' share of capital expenditures in advance of a project.

The Company's accounts receivable is aged as follows:

($000's)	December 31, 2020	December 31, 2019
Current (less than 30 days)	**5,052**	8,966
31 to 90 days	**885**	289
Over 90 days	**527**	387
Total receivables	**6,464**	9,642

The Company does not believe that the amounts outstanding for more than 90 days are impaired. Subsequent to December 31, 2020, the Company has collected $6 thousand relating to accounts receivable categorized as older than 90 days at December 31, 2020.

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 Amended Term Loan Facility, lease obligation, and Promissory Notes.

The Amended 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). The Promissory Notes mature on September 12, 2022, December 13, 2022, and May 8, 2024, and interest is paid monthly at 6.1%, 6.5% and 7.94% per annum along with the principal.

Consequently, there is no exposure to fluctuations in market interest rates.

Foreign Exchange Risk

Razor's business is conducted primarily in Canadian dollars. However, the Company's commodity contracts, and restricted cash are denominated in U.S. dollars. Razor's primary exposure is from fluctuations in the Canadian dollar relative to the U.S. dollar.

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, risk of interruption or failure of information technology systems and data – 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 comprehensive property loss and business interruption insurance program to reduce risk;
- implementing cyber security protocols and procedures to reduce the risk of a significant breach of the Company's information technology systems and related data;
- 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.

QUARTERLY OPERATING AND FINANCIAL INFORMATION

($000's, except for per share amounts and production)	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Total revenue and other income	**14,276**	**13,498**	12,116	15,641	22,755	21,297	27,870	28,250
Total revenues net of royalties	**12,813**	**13,005**	11,245	14,055	18,085	18,053	24,397	25,454
Cash flows from (used in) operating activities	**356**	**2,124**	(540)	2,253	3,922	(46)	8,263	4,099
Per share - basic and diluted	**0.02**	**0.10**	(0.03)	0.11	0.19	—	0.54	0.27
Funds Flow [1]	**(126)**	**5,598**	1,985	(3,659)	37	2,639	3,878	1,165
Per share - basic and diluted	**(0.01)**	**0.27**	0.09	(0.17)	—	0.16	0.26	0.08
Adjusted funds flow [1]	**78**	**5,562**	2,010	(3,314)	305	2,653	3,624	1,377
Per share - basic and diluted	**0.00**	**0.26**	0.10	(0.16)	0.01	0.16	0.24	0.09
Net (loss) income	**(6,048)**	**(1,838)**	(4,083)	(34,228)	(11,853)	(6,183)	(1,746)	(9,791)
Per share - basic and diluted	**(0.29)**	**(0.09)**	(0.19)	(1.62)	(0.56)	(0.38)	(0.12)	(0.64
Dividends declared per share	-	-	—	0.01	0.04	0.04	0.04	0.04
Operating expenditures ($/boe)	**30.44**	**23.22**	21.38	35.15	30.05	29.32	35.67	34.65
Gross Capital expenditures	**428**	**481**	587	425	2,518	4,619	4,075	3,315
Government Grants received	—	**(270)**	**(851)**	—	(2,237)	(2,199)	—	—
Production Volumes								
Crude Oil (bbl/d)	**2,023**	**2,047**	1,996	2,642	2,839	2,600	2,744	2,664
Natural gas (mcf/d)	**5,165**	**4,411**	5,528	3,676	4,962	6,206	3,414	3,929
NGL (bbl/d)	**701**	**791**	865	940	1,011	734	831	1,036
Total (boe/d)	**3,585**	**3,573**	3,782	4,195	4,677	4,368	4,143	4,355
Sales Volumes [2]								
Crude Oil (bbl/d)	**2,024**	**2,186**	1,971	2,537	2,862	2,598	2,932	2,741
Natural gas (mcf/d)	**4,461**	**3,362**	4,287	2,954	3,563	5,123	2,396	2,897
NGL (bbl/d)	**701**	**791**	865	940	1,011	734	831	1,036
Total (boe/d)	**3,469**	**3,537**	3,550	3,969	4,467	4,186	4,162	4,260

1) Refer to "Non-IFRS measures".

2) Sales volumes include change in inventory volumes.

As at *($000's)*	Dec. 31, 2020	Sept. 30, 2020	Jun. 30, 2020	Mar. 31, 2019	Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2018
Total assets	**163,709**	**163,857**	162,412	151,031	189,158	205,873	172,367	166,120
Cash	**1,098**	**2,635**	1,002	2,322	1,905	3,443	5,324	4,540
Long-term debt (principal)	**50,878**	**48,505**	47,312	45,803	45,874	46,690	46,017	46,311
Long-term Lease obligations	**3,294**	**3,679**	4,222	4,469	4,744	5,150	5,108	5,042
Net debt [1]	**72,789**	**68,442**	71,499	72,875	66,911	66,939	60,632	57,213

1) Refer to "Non-IFRS measures".

Quarter over quarter fluctuations in revenue is the result of both, production sold as well as Razor's realized price. Production fluctuations are the result of well productivity and timing of deliveries to the sales point. The amount of volumes sold can be influenced by a variety of factors some of which include timing of reactivations, weather, processing facility availability, as well as pipeline capacity, shut ins and curtailments. Razor has worked to increase production through reactivations as well as asset acquisitions.

During the eight most recent quarters, the following items have had a significant impact on the Company's results:

- reduced spending on producing enhancing projects such as workovers and reactivations as a result of significant fluctuations in commodity prices, including WTI and Canadian oil price differentials;
- in early March 2020, and continuing into the third quarter of 2020, global crude oil prices started experiencing multi-decade lows coupled with extreme levels of volatility driven primarily by an unprecedented reduction in global demand due COVID-19;
- impairment losses;
- gains and losses on commodity risk management contracts; and
- timing of capital projects.

SELECTED ANNUAL INFORMATION

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

	Years Ended December 31,		
($000's except share, per share and volume data)	**2020**	**2019**	**2018**
Production [2]			
Crude oil (bbl/d)	**2,176**	2,712	3,143
Gas (mcf/d) [1]	**4,695**	4,635	3,770
NGL (bbl/d)	**824**	903	1,117
Total (boe/d)	**3,783**	4,387	4,888
Sales [3]			
Crude oil (bbl/d)	**2,179**	2,783	3,046
Gas (mcf/d)	**3,767**	3,501	3,139
NGL (bbl/d)	**824**	903	1,117
Total (boe/d)	**3,631**	4,269	4,686
Crude oil inventory (bbls)	**8,203**	9,251	35,267
Total revenue	**52,947**	100,065	122,899
Cash flows from (used in) operating activities	**4,193**	16,210	22,360
Adjusted funds flow [4]	**4,138**	7,931	20,435
Adjusted funds flow per share (basic and diluted)	**0.20**	0.47	1.31
Funds flow [4]	**3,798**	7,691	17,200
Funds flow per share (basic and diluted)	**0.18**	0.45	1.1
Net (loss) income	**(46,197)**	(29,573)	4,239
Net (loss) income per share (basic and diluted)	**(2.19)**	(1.75)	0.27
Dividends per share	**0.00**	0.15	0.20
Weighted average number of shares outstanding (basic and diluted)	**21,064,466**	16,926,491	15,622,374
Capital expenditures	**1,929**	13,590	33,758
Net assets acquired [5]	**-**	256	3,921
Netback ($/boe)			
Oil and gas sales and other revenues	**33.12**	50.46	55.18
Royalty	**(3.19)**	(8.86)	(11.18)
Operating expenses	**(27.77)**	(32.32)	(29.26)
Transportation and treating	**(2.16)**	(2.25)	(2.17)
Operating netback [4]	**-**	7.03	12.57

1) Gas production includes internally consumed gas 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.

Over the last three years, a volatile commodity price environment has impacted revenue, cash provided by operating activities, adjusted funds flow and net income. The overall decline in forecasted future commodity prices has also led to the assessment and realization of impairment charges on the Company's CGUs in 2020.

($000's unless otherwise stated)	December 31, 2020	2019	2018
Total assets	**163,709**	189,158	157,937
Long-term debt (principal)	**50,878**	45,874	46,155
Net debt [1]	**72,789**	66,911	54,244
Cash	**1,098**	1,905	2,239

SIGNIFICANT JUDGMENTS AND ESTIMATES

USE OF ESTIMATES AND JUDGMENTS

The preparation of these 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 JUDGMENTS 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 these 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 or reversal whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable or part impairments may be reversed; 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 these 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

Razor evaluates its PP&E for indicators of any potential impairment for any of its CGUs at each reporting period. If impairment indicators exist, the GCU is tested for impairment and a loss is recognized to the extent that the carrying amount of the CGU exceeds its estimated recoverable amount.

The estimated recoverable amount is determined using the fair value less costs of disposal model by discounting the future before-tax cash flows generated from proved plus probable reserve values. Key input estimates used in the determination of cash flows from oil and gas reserves included: quantities of reserves and future production; forward commodity pricing as prepared by the independent reserve engineer consultant, Sproule Associates Limited ("Sproule"); development costs; operating costs; royalty obligations; abandonment costs; and discount rates. The proved plus probable reserve values are based on Razor's Year End reserve report as prepared by Sproule.

The results of impairment tests are sensitive to changes in any of the key judgments, such as a revision in reserves or resources, a change in forecast commodity prices, expected royalties, required future development capital expenditures or expected future production costs, which could decrease or increase the recoverable amounts of assets and result in additional impairment charges or reversal of impairment charges.

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.

Other assets, except field equipment, are depreciated on a straight-line basis over their estimated useful lives estimated to be three years. Field equipment is depreciated using declining balance method at a rate of 20% per year. 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 statement of financial position.

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 14 of the 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 judgment.

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, the Company’s ability to continue to operate in accordance with developing public health efforts to contain COVID-19, statements regarding the status of development or expenditures relating to our business, the natural gas-powered electricity generation program, the design of the Co-Produced Geothermal Natural Gas power project, geothermal waste heat recovery, the partnership with NRCan and Alberta Innovates, future business combinations, the anticipated benefits and effects of acquisitions, plans to fund our current and future activities, including debt and equity financings and joint ventures, plans related to the performance and growth of the Company and future operations, restarting wells, future drilling opportunities, assistance from government programs including the SRP and Canada Emergency Wage Subsidy, commitments under ABC program and other environmental, social and governance initiatives, the Company's capital program and budget, the availability, terms and use of the Amended Term Loan Facility, contractual obligations and commitments, future oil and natural gas production estimates, efficiencies and weighting, future financial position, future revenues, projected costs, the outcome of pending litigation and the potential financial impact thereof 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. 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 including with respect to oil and natural gas production levels, the success of the Company's operations and exploration and development activities, prevailing climatic conditions, commodity and electricity prices, exchange rates, price volatility, price differentials, the actual prices received for the Company's products. 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 and electricity 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 and geothermal industries in general, such as operational risks and market demand, government regulation, the potential dilutive effects of any financing, the timing of exploration and development, the timely performance by third-parties of contractual obligations, 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. In addition, the Company cautions that COVID-19 may continue to have a material adverse effect on global economic activity and worldwide demand for certain commodities, including crude oil, natural gas and NGL, and may continue to result in volatility and disruption to global supply chains, operations, mobility of people and the financial markets, which could continue to affect commodity prices, interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to the Company. The duration of the current commodity price volatility is uncertain. 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, 2020 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.

This MD&A contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Razor's prospective results of operations, sales volumes, including sale of inventory 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.

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.

ABBREVIATIONS AND DEFINITIONS

AECO	Alberta Energy Company natural gas price, the natural gas storage facility located at Suffield, Alberta, connected to TransCanada's Alberta System
AESO	Alberta Electric System Operator, manages and operates the Alberta power grid.
bbl	barrels
bbls	barrels
bbls/d	barrels per day
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
F&D	finding and development
FD&A	finding, development and acquisition
GJ	gigajoule
IFRS	International Financial Reporting Standards
mcf	thousand cubic feet
mcf/d	thousand cubic feet per day
Mmboe	millions of barrels of oil equivalent
NGL	natural gas liquids
NGX	Natural Gas Exchange
NI	National Instrument
WTI	West Texas Intermediate crude oil price, the 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.