RAZOR ENERGY CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023

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.”

RAZOR ENERGY CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 29, 2023

BASIS OF PRESENTATION

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 three and six months ended June 30, 2023, in comparison to the three and six months ended June 30, 2022. This MD&A was prepared as of August 29, 2023 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2023 and 2022 and the audited consolidated financial statements for the year ended December 31, 2022. The unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS” or “GAAP”) and is stated in thousands of Canadian dollars, unless otherwise noted. Additional information, including the Company’s annual information form, 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.

The disclosures in this document include forward-looking information and financial outlooks, non-GAAP financial measures and certain oil and gas measures and terms. Readers are referred to the Additional Disclosures and Advisories section of this document concerning such matters. Certain prior period amounts have been reclassified to conform to current period presentation.

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 produces primarily light oil, natural gas, and natural gas liquids (“NGL“) 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, business combinations with other oil and gas producers and 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.

FUTURE OPERATIONS

As at June 30, 2023, the Company has a working capital deficit of $39.9 million and contractual obligations of $65.3 million due in less than one year. The company has $4.1 million of cash and cash equivalents as at June 30, 2023.

On June 16, 2023, the Company closed a debt settlement agreement (the “Debt Settlement Agreement”) with Alberta Investment Management Corp. “AIMCo” and obtained a waiver from the lender for the Arena Second Amended and Restated Term Loan. Also on June 16, 2023, the Company closed a Rights Offering for gross proceeds of $8.0 million. As at March 31, 2023, the Company had been in default with certain financial covenants under the AIMCo Term Loan and was also in default of certain non-financial covenants under the Arena Amended and Restated Term Loan and these defaults have been remedied as at June 30, 2023. These prior period defaults noted above also triggered a cross covenant default on certain equipment loans and leases. The Company has remedied all events of default with third parties under the equipment loans and leases as at June 30, 2023, with the exception of one equipment loan in the Company’s oil and gas services subsidiary which was remedied subsequent to June 30, 2023 and this loan has been classified as a current liability as at June 30, 2023.

Although these arrangements have reduced the working capital deficit and contractual obligations, the Company will be reliant on the support of lenders, suppliers and other providers to the Company, as forecasted cash flows from operations is not sufficient to enable the Company to address the remaining working capital deficit and contractual obligations, and the Company will need to maintain production levels above the minimum required levels to avoid a future event of default under the Arena Second Amended and Restated Term Loan.

Due to the conditions noted above there remains material uncertainties that 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 unaudited interim condensed 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 unaudited interim condensed 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 unaudited interim condensed 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.

RECAPITALIZATION TRANSACTION

On May 1, 2023, the Company announced a recapitalization transaction (the "Recapitalization Transaction") which closed on June 16, 2023. This recapitalization transaction included debt settlement ("Debt Settlement") and a rights offering to all holders of common shares in the capital of Razor ("Razor Common Shares") by way of a rights offering circular (the "Rights Offering"), pursuant to which:

- Razor disposed of 70% of its common share holdings in FutEra Power Corp. ("FutEra") and 100% of a class of newly created preferred shares in FutEra to settle $64.0 million of secured debt with Alberta Investment Management Corporation, on behalf of certain designated entities managed and advised by AIMCo;
- Razor retained a 30% common share position in FutEra (subject to further adjustment upon preferred share conversion); and
- FutEra is responsible for repayment of US$7.9 million of Razor's current senior secured debt owed to Arena Investors, LP ("Arena") under Razor's Amended and Restated Term Loan Agreement dated March 9, 2022 (the "Arena Debt").

No Razor Common Shares were issued as part of the Debt Settlement.

As a condition to the completion of the transactions contemplated by the Debt Settlement Agreement (as defined below), Razor completed a Rights Offering which closed on June 16, 2023 for gross proceeds of $8.0 million to re-accelerate production development. Razor commenced production enhancement activities in Q2 2023. The Recapitalization Transaction was successful in deleveraging Razor, reducing interest expense and provides an increased potential for transactions that would improve the oil and gas asset portfolio.

DEBT SETTLEMENT

On May 1 2023, the Company entered into a Debt Settlement Agreement with AIMCo which closed on June 16, 2023. Pursuant to this Debt Settlement Agreement, AIMCo and the Company have agreed to the settlement of all obligations owing by Razor to AIMCo under the AIMCo Term Loan through the transfer to AIMCo of equity interests held by Razor in its previously wholly-owned, non-listed subsidiary, FutEra.

As at June 16, 2023, Razor settled all outstanding indebtedness owed to AIMCo of $64.0 million by way of the sale and transfer by Razor to AIMCo of that number of FutEra Common Shares representing 70% of the issued and outstanding FutEra Common Shares and 100% of the issued and outstanding FutEra Preferred Shares. In addition, in accordance with the Debt Settlement Agreement, the Company conducted a rights offering to all holders of Razor Common Shares by way of a rights offering circular (the "Rights Offering") which closed on June 16, 2023.

RIGHTS OFFERING

On May 8, 2023, the Company announced the Rights Offering to eligible holders of its common shares (the "Common Shares") of record at the close of business on May 16, 2023 (the "Record Date"). This rights offering closed on June 16, 2023. A total of 20,249,985 rights were exercised, resulting in the issuance of 10,014,821 Common Shares and 10,014,821 Warrants for gross proceeds of $8.0 million.

Pursuant to the Rights Offering, each holder of Common Shares received one right (a "Right") for each one Common Share held. Each whole Right entitled the holder to subscribe for 0.494555 of a unit (a "Rights Unit"). Each Rights Unit consisted of one Common Share (a "Unit Share") and one transferable Common Share purchase warrant (a "Unit Warrant"). Each Unit Warrant entitled the holder to purchase one Common Share at a price of $1.20 per Common Share for a period of five years from the date of issuance. Holders of Common Shares needed to exercise 2.022 Rights to acquire one Right Unit. A holder of Rights paid $0.80 (the "Subscription Price") to purchase one Right Unit.

MANAGEMENT STRATEGY AND OUTLOOK

Razor continues to look forward with plans for the future while remaining focused on its mid to long-term sustainability. Razor recognizes multiple deep value streams in its assets and is actively engaged in liberating them for the benefit of shareholders. The Company has an extensive opportunity set of high-quality wells requiring reactivation, many of which have payout metrics which exceed the Company's economic thresholds. Razor will continue production enhancement activity throughout 2023. Certain activities involve repairs and maintenance work which will be expensed for accounting purposes and operating netbacks will be reduced during this timeframe. In aggregate, the annual base decline of these wells is anticipated to be consistent with the Company's current corporate rate of approximately 12%. The Company continues to focus on cost control on its operated properties. In addition to the planned production enhancement program, Razor will take a cautious and case-by-case approach to capital spending in 2023, focusing on low risk, capital efficient opportunities to increase field efficiencies and corporate netbacks.

Razor has high reservoir quality, low decline, isolate carbonate Swan Hills reef light oil pools that contain large original oil in place with over 60 years of production history. Razor believes these reefs are ideally suited for open-hole horizontal development drilling upside.

SELECT QUARTERLY HIGHLIGHTS

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

	Three Months Ended June 30,			Six Months Ended June 30,		
($000s, except for per share amounts and production)	**2023**	2022	% Change	**2023**	2022	% Change
Production						
Light oil (bbl/d)	**2,091**	2,619	(20)	**2,265**	2,724	(16)
Natural gas (mcf/d)[1]	**5,765**	4,907	17	**6,003**	4,630	29
NGLs (boe/d)	**396**	904	(56)	**463**	903	(48)
Total (boe/d)	**3,448**	4,340	(20)	**3,729**	4,398	(15)
Sales Volumes						
Light oil (bbl/d)	**2,122**	2,597	(18)	**2,264**	2,736	(17)
Natural gas (mcf/d)[1]	**6,363**	4,514	40	**5,960**	4,211	41
NGLs (boe/d)	**373**	904	(58)	**480**	903	(46)
Total (boe/d)	**3,556**	4,253	(16)	**3,737**	4,340	(13)
Oil inventory volumes (bbls)	**9,861**	13,009	(24)	**9,861**	13,009	(24)
Financial						
Oil and NGL sales	**19,164**	36,624	(47)	**43,039**	69,548	(38)
Natural gas sales	**1,578**	3,242	(51)	**3,333**	4,952	(32)
Blending and processing income	**562**	916	(38)	**1,072**	1,819	(41)
Other revenue	**344**	521	(33)	**940**	1,003	(6)
Total Revenue	**21,648**	41,303	(47)	**48,384**	77,322	(37)
Cash flow from (used in) operating activities	**1,521**	1,315	15	**6,225**	3,719	67
Funds flow[2]	**(2,920)**	5,747	(150)	**(4,677)**	15,541	(130)
Adjusted funds flow[2]	**(2,496)**	5,928	(142)	**(4,184)**	15,473	(127)
Net income (loss) – continuing operations	**57,320**	(2,002)	2,963	**49,178**	(2,755)	1,885
Per share – basic and diluted	**2.14**	(0.08)	2,775	**1.89**	(0.11)	1,818
Net income (loss)	**57,970**	(2,278)	2,644	**49,571**	(3,054)	1,724
Per share – basic and diluted	**2.16**	(0.09)	2,500	**1.90**	(0.13)	1,562
Common shares outstanding, end of period	**35,290**	25,275	40	**35,290**	25,275	40
Weighted average, basic	**26,816**	24,392	10	**26,050**	23,856	10
Weighted average, diluted[4]	**26,816**	24,392	10	**26,050**	23,856	10
Total Assets	**183,518**	197,980	(10)	**183,518**	197,980	(10)
Cash	**4,062**	2,971	37	**4,062**	2,971	37
Total debt	**21,610**	82,718	(73)	**21,610**	82,718	(73)
Net debt[2]	**55,801**	99,617	(43)	**55,801**	99,617	(43)
Netback ($/boe)[2]						
Oil and gas sales	**66.10**	100.94	(35)	**68.70**	93.59	(26)
Royalties	**(11.39)**	(25.93)	(56)	**(14.00)**	(22.45)	(37)
Adjusted net operating expenses[2 3]	**(48.49)**	(37.88)	28	**(47.31)**	(35.42)	33
Production enhancement expenses[2]	**(10.42)**	(8.45)	23	**(4.85)**	(7.97)	(39)
Transportation and treating	**(2.66)**	(2.52)	6	**(3.19)**	(2.45)	30
Operating Netback prior to Realized Gain (Loss)	**(6.87)**	26.16	(138)	**(0.64)**	25.30	(102)
Realized gain (loss) on commodity contracts	**(2.68)**	(1.26)	113	**(4.02)**	0.17	(2,464)
Operating Netback[2]	**(9.55)**	24.90	(138)	**(4.66)**	25.47	(118)

1) Natural gas production includes internally consumed natural gas primarily used in power generation.
2) See "Non-IFRS and other financial measures".
3) Excludes production enhancement expenses incurred in the period.
4) The Company uses the weighted average common shares (basic) when there is a net loss for the period to calculate net income (loss) per share diluted.

DAILY AVERAGE PRODUCTION

Production Volumes (boe/d)	Three Months Ended June 30, 2023	2022	% Change	Six Months Ended June 30, 2023	2022	% Change
Crude oil (bbl/d)	**2,091**	2,619	(20)	**2,265**	2,724	(16)
Natural gas (mcf/d)	**5,765**	4,907	17	**6,003**	4,630	29
NGLs (bbls/d)	**396**	904	(56)	**463**	903	(48)
Total (boe/d)	**3,448**	4,340	(20)	**3,729**	4,398	(15)
Crude oil and NGL's (%)	**72**	81	(11)	**73**	82	(10)
Natural gas (%)	**28**	19	(47)	**27**	18	50
Total (%)	**100**	100	-	**100**	100	-

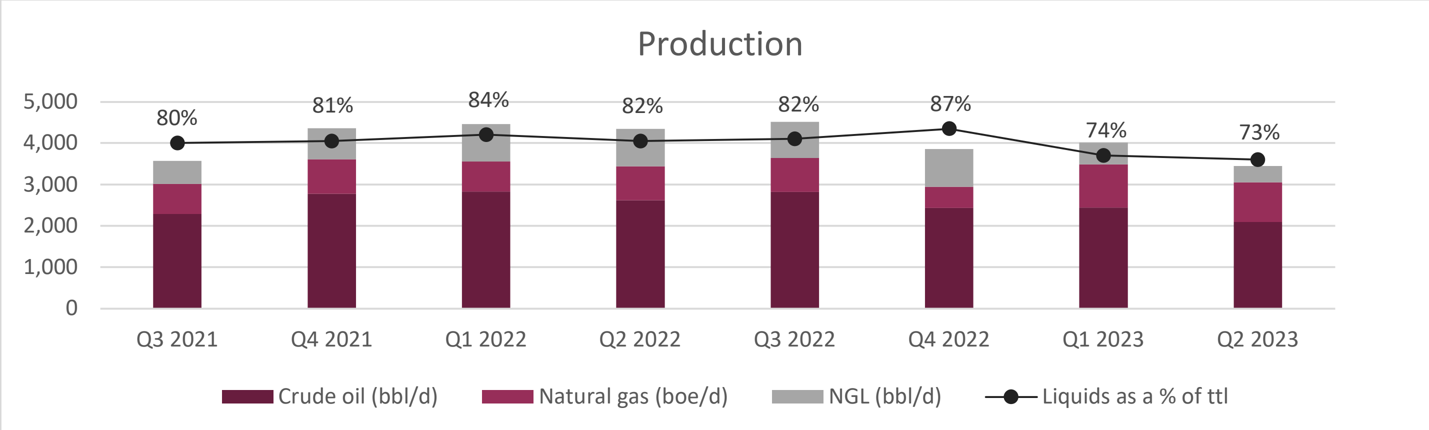
Production Volumes by Area (boe/d)	Three Months Ended June 30, 2023	2022	% Change	June Months Ended June 30, 2023	2022	% Change
Swan Hills	**2,114**	2,758	(23)	**2,369**	2,957	(19)
Kaybob	**837**	998	(16)	**820**	876	(6)
Southern Alberta	**497**	584	(14)	**540**	565	(4)
Total (boe/d)	**3,448**	4,340	(20)	**3,729**	4,398	(15)

Sales Volumes (boe/d)	Three Months Ended June 30, 2023	2022		Six Months Ended June 30, 2023	2022	% Change
Crude oil (bbl/d)	**2,122**	2,597	(18)	**2,264**	2,736	(17)
Natural gas (mcf/d)	**6,363**	4,514	40	**5,960**	4,211	41
NGLs (bbls/d)	**373**	904	(58)	**480**	903	(46)
Total (boe/d)	**3,556**	4,253	(16)	**3,737**	4,340	(13)
Crude oil and NGL's (%)	**70**	82	(14)	**73**	84	(13)
Natural gas (%)	**30**	18	66	**27**	16	68
Total (%)	**100**	100	-	**100**	100	-

Sales Volumes by Area (boe/d)	Three Months Ended June 30, 2023	2022	% Change	Six Months Ended June 30, 2023	2022	% Change
Swan Hills	**2,242**	2,681	(16)	**2,376**	2,898	(18)
Kaybob	**815**	992	(17)	**820**	873	(6)
Southern Alberta	**499**	579	(13)	**541**	570	(5)
Total (boe/d)	**3,556**	4,253	(16)	**3,737**	4,340	(13)

Sales volumes in Q2 2023 averaged 3,556 boe/d, a decrease of 16% from the sales volumes of 4,253 boe/d in Q2 2022 and a decrease of 11% from Q1 2023 volumes of 4,002 boe/d. Sales volumes for the six months ended June 30, 2023 decreased 13% to 3,737 as compared to 4,340 for the same period in the prior year. For the three months ended June 30, 2023, inventory decreased by 1,219 bbls in existing surface tanks as compared to the same period in the prior year (three months ended June 30, 2022 – increased 1,951 bbls) and decreased 60 bbls for the six months ended June 30, 2023 in existing surface tanks as compared to the same period in the prior year (six months ended June 30, 2022 – decreased 2,191 bbls).

Razor utilizes a portion of its own natural gas production to generate electricity. Natural gas production of internally consumed natural gas for the three months ended June 30, 2023, was 292 mcf/d (three months ended June 30, 2022 – 368 mcf/d) and 295 mcf/d for the six months ended June 30, 2023 (six month ended June 30, 2022 – 428 mcf/d).



Production volumes in Q2 2023 averaged 3,448 boe/d, a decrease of 21% from Q2 2022 volumes of 4,340 boe/d and represents a 14% decrease from Q1 2023 of 4,013 boe/d. Production volumes averaged 3,729 boe/d for the six months ended June 30, 2023, a decrease of 15% from the same period in the prior year (six months ended June 30, 2022 – 4,398 boe/d). Highlights of the changes in production volumes are as follows:

- **Swan Hills** – production volumes decreased 23% for Q2 2023 as compared to Q2 2022 and decreased 18% as compared to Q1 2023. Production volumes decreased 19% for the six months ended June 30, 2023 as compared to the same period in the prior year. The decrease in production volumes for both the three and six months ended June 30, 2023, is the result of decreased non-operated production as a result of infrastructure that went offline in the second half of 2022, limited workover activity, as well as the impact of wildfires throughout Q2 2023 which also impacted production as compared to the first quarter of 2023.
- **Kaybob** – production volumes decreased 16% for Q2 2023 as compared to Q2 2022 and were consistent with Q1 2023. Production volumes decreased 6% for the six months ended June 30, 2023 as compared to the same period in the prior year. The decrease in production volumes for the three and six months ended June 30, 2023 was the result of the timing of the Company's 2022 reactivation program which increased production in the second half of 2022 and into 2023. The Company's 2023 reactivation program commenced in June 2023.
- **Southern Alberta** – production volumes decreased 14% for Q2 2023 as compared to Q2 2022 and decreased 16% from Q1 2023. Production volumes decreased 4% for the six months ended June 30, 2023 as compared to the same period in the prior year. The decrease in production volumes for the three and six months ended June 30, 2023 was the result of a minor property disposition in Q2 2023 partially offset by the impact of the Company's 2022 reactivation program which increased production in the second half of 2022 and into 2023.

	Six months ended June 30,	
Inventory (bbls)	**2023**	2022
Opening light oil inventory, beginning of period	**9,921**	15,200
Inventory movement	**(60)**	(2,191)
Closing light oil inventory, end of period	**9,861**	13,009
Inventory movement (bbl/d)	**-**	(12)

Inventory in existing surface tanks decreased in the six months ended June 30, 2023 by 60 bbls (six months ended June 30, 2022 – decreased by 2,191 bbls). As at June 30, 2023, Razor had 9,861 bbls of crude oil inventory (December 31, 2022 – 9,921 bbls).

PETROLEUM AND NATURAL GAS SALE

($000s)	Three months ended June 30, 2023	2022	% Change	Six months ended June 30, 2023	2022	% Change
Petroleum and natural gas sales						
Crude oil	**17,807**	31,636	(43)	**38,737**	60,573	(36)
Natural gas	**1,578**	3,242	(51)	**3,333**	4,952	(32)
NGL	**1,357**	4,988	(72)	**4,302**	8,975	(52)
Total	**20,742**	39,866	(47)	**46,372**	74,500	(37)
Average prices						
Crude oil ($/bbl)	**93.60**	132.76	(29)	**94.49**	122.87	(23)
Natural gas ($/mcf)	**3.01**	7.26	(58)	**3.07**	5.91	(48)
NGL ($/bbl)	**37.57**	60.66	(38)	**51.28**	54.92	(6)
Oil equivalent ($/boe)	**66.10**	100.94	(34)	**68.7**	93.59	(26)
Average benchmark prices and foreign exchange rates						
Crude oil ($/bbl)						
WTI (USD)	**73.77**	108.42	(31)	**74.94**	101.40	(26)
WTI (CAD)	**96.37**	140.01	(31)	**95.78**	129.76	(26)
MSW (Light Sweet Oil – Edmonton)	**93.60**	137.75	(32)	**91.68**	127.60	(28)
WTI vs MSW oil differential (CAD/bbl)	**(2.77)**	(2.26)	22	**(4.10)**	(2.16)	89
WTI vs MSW oil differential (%)	**(3)**	(2)	50	**(4)**	(2)	100
Natural Gas (CAD/mcf)						
AECO NGX AB-5a (1)	**3.53**	7.23	(51)	**3.36**	6.00	(44)
Electricity ($/MWh)						
AESO pool price	**159.87**	122.47	30	**150.65**	106.21	41
CAD/USD exchange rate	**0.75**	0.78	(3)	**0.74**	0.78	(3)

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

Petroleum and natural gas sales decreased 47% in Q2 2023 to $20.7 million from $39.9 million in Q2 2022 and decreased 37% in the six months ended June 30, 2023, to $46.4 million as compared to $74.5 million for the same period in the prior year.

The impact of changes in sales volumes and prices on petroleum and natural gas sales are as follows:

($000s)	**Crude Oil**	**Natural Gas**	**NGL**	**Total**
Three Months ended June 30, 2022	31,636	3,242	4,988	39,866
Effect of changes in sales volumes	(5,786)	1,328	(2,930)	(7,388)
Effect of changes prices	(8,043)	(2,992)	(701)	(11,736)
Three months ended June 30, 2023	**17,807**	**1,578**	**1,357**	**20,742**

($000s)	**Crude Oil**	**Natural Gas**	**NGL**	**Total**
Six Months ended June 30, 2022	60,573	4,952	8,975	74,500
Effect of changes in sales volumes	(10,198)	2,030	(3,879)	(12,047)
Effect of changes prices	(11,638)	(3,649)	(794)	(16,081)
Six months ended June 30, 2023	**38,737**	**3,333**	**4,302**	**46,372**

Crude Oil Prices

Crude oil benchmark prices averaged WTI USD $73.77/bbl for Q2 2023 and USD $74.94/bbl for the six months ended June 30, 2023, as compared to USD $108.42/bbl for Q2 2022 and USD $101.40/bbl for the six months ended June 30, 2022. In 2022, commodity prices were bolstered significantly due to concerns over global supply and the Russia-Ukraine conflict but have weakened in 2023 as global recession fears have weighed on commodities. West Texas Intermediate ("WTI") averaged CAD $96.37/bbl in Q2 2023, a 31% decrease from the same quarter in 2022 and CAD $95.78/bbl for the six months ended June 30, 2023, a 26% decrease over the six months ended June 30, 2022. 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 Q2 2023, the differential between WTI and MSW was 3% compared to 2% in Q2 2022 and 4% for the for the six months ended June 30, 2023, as compared to 2% for the same period in the prior year.

Razor realized an oil price of $93.60/bbl during Q2 2023, which was a 2% discount to the WTI (CAD) price, compared to the 5% discount in Q2 2022. Razor realized an oil price of $94.49/bbl during the six months ended June 20, 2023, which was a 1% discount to the WTI (CAD) price, compared to the 5% discount for the same period in the prior year.

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 Q2 2023, decreased by 51% from Q2 2022 and 44% for the six months ended June 30, 2023, as compared to the same period in the prior year as a result of a decrease in demand for natural gas.

The Company's sale of NGLs is comprised of ethane, propane, butane, pentane, and condensate. Realized prices for NGLs during Q2 2023 decreased 38% in Q2 2022 and 6% for the six months ended June 30, 2023, as compared to the same period in the previous year. The decrease reflects changes in sales composition for the Company's NGLs in the current period as compared to the same period in the prior year.

COMMODITY PRICE RISK

	Three Months Ended June 30,			**Six Months Ended June 30,**		
($000s)	**2023**	2022	% Change	**2023**	2022	% Change
Realized gain (loss) on commodity contracts settlement	**(841)**	(496)	69	**(2,715)**	132	(2,156)
Unrealized gain (loss) on commodity contracts	**676**	857	(21)	**1,938**	(856)	(326)
Total	**(165)**	361	(145)	**(777)**	(724)	7

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.

Razor has mitigated some of its exposure to commodity price risk to protect the return on investment and provide a level of stability to operating cash flow. Razor has entered certain financial hedges to protect cash flows and as a requirement of the Arena Second Amended and Restated Term Loan to have in place minimum hedge requirements of not less than 80% of Razor Royalty Limited Partnership's 20 month forward projected overriding royalty. Razor continues to extend the hedge term to maintain the 20-month hedge requirement. These hedges are not used for trading or speculative purposes. The Company has not designated its derivative contracts as effective accounting hedges, even though the Company considers all derivative contracts to be effective economic hedges. Such derivative contracts are recorded on the consolidated statement of financial position at fair value, with changes in the fair value being recognized as an unrealized gain (loss) on the consolidated statement of income (loss) and comprehensive income (loss).

As at June 30, 2023, Razor had the following derivative contracts outstanding:

Oil - Upside enhanced traditional collars [1]

Reference point	Volume (bbls/mth)	Remaining Term	Floor Long Put USD/bbl	Ceiling Short Call USD/bbl	Long Upside Call USD/bbl	Fair Value (CAD 000's)
NYMEX WTI financial futures	11,000	Jul 30'23-Sep 30'23	50.00	65.00	75.00	(225)

Oil – options

Reference point	Volume (bbls/mth)	Remaining Term		Option type	Strike price	Fair Value (CAD 000's)
NYMEX WTI financial futures	11,000	Oct 31'23-Jan 31'25	Long	Put	50.00	500
NYMEX WTI financial futures						

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.

As at June 30, 2023, the Company recorded the fair value of the oil commodity contracts as a non-current asset of 0.3 million and short term liability of $0.05 million (December 31, 2022 – non-current asset of $0.4 & short term liability of $2.3 million) on the Statement of Financial Position. The Company recorded an unrealized gain of $0.7 million for the three months ended June 30, 2023 (June 30, 2022 – unrealized gain of $0.9 million) and a realized loss of $0.8 million in earnings for the three months ended June 30, 2023 (June 30, 2022 – realized loss of $0.5 million). For the six months ended June 30, 2023, the company recorded an unrealized gain of $1.9 million (six months ended June 30, 2022 – unrealized loss of $0.9 million) and a realized loss of $2.7 million (six months ended June 30, 2022 – realized gain of $0.1 million).

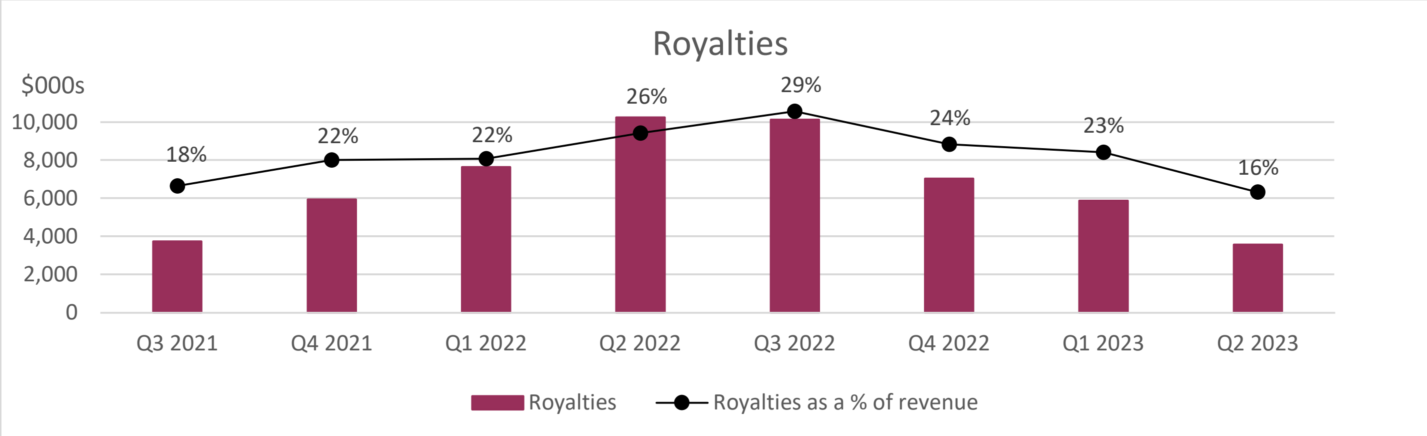
Subsequent to June 30, 2023, the Company purchased certain commodity contracts as follows:

Oil - options

Reference point	Volume (bbls/mth)	Remaining Term		Option type	Strike price
NYMEX WTI financial futures	11,000	Feb 28'25	Long	Put	50.00

ROYALTIES

	Three Months Ended June 30,			Six Months Ended June 30,		
($000s)	**2023**	2022	% Change	**2023**	2022	% Change
Royalties	**3,575**	10,241	(65)	**9,450**	17,873	(47)
Percent of Revenue	**16**	26	(38)	**19**	24	(20)
($/boe)	**11.39**	25.93	(56)	**14.00**	22.45	(37)



Royalties as a percentage of revenue for Q2 2023 were lower due to reduced royalty rates as a result of lower realized prices as compared to Q2 2022. On an absolute basis, royalty expenses were lower in Q2 2023 compared to Q2 2022 due to a decrease in revenue.

For the six months ended June 30, 2023, royalties as both a percentage of revenue and on an absolute dollar basis were lower than the six months ended June 30, 2022 due to a decrease in revenue as a result of lower realized prices.

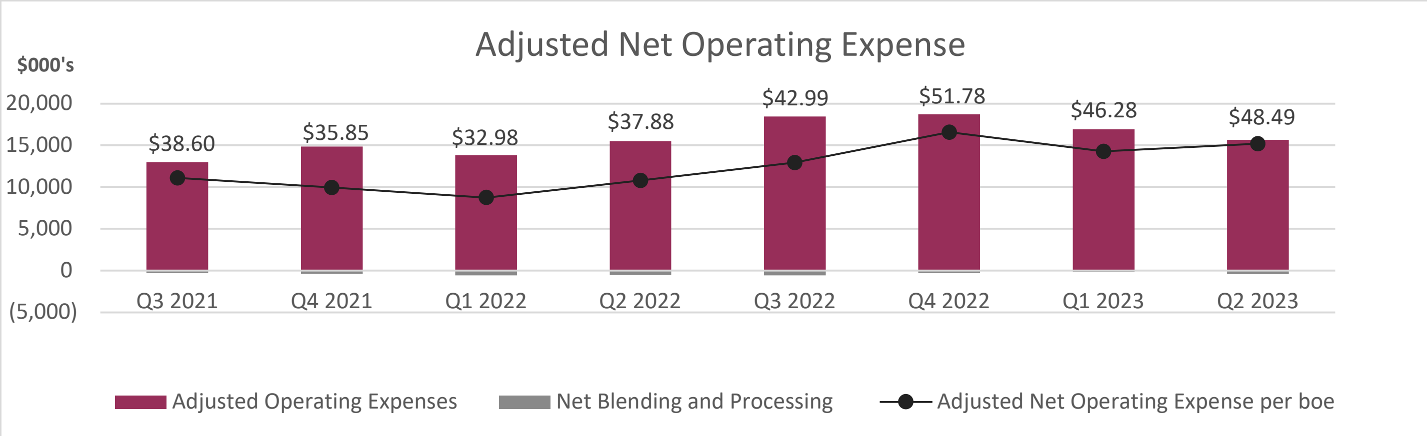
ADJUSTED NET OPERATING EXPENSE[1], PRODUCTION ENHANCEMENT EXPENSE

	Three Months Ended June 30,			**Six Months Ended June 30,**		
($000s)	**2023**	2022	% Change	**2023**	2022	% Change
Adjusted operating expenses[1]	**15,658**	15,496	1	**32,586**	29,308	11
Less: Blending and processing (net)[1]	**(440)**	(535)	(17)	**(655)**	(1,114)	(41)
Adjusted net operating expenses	**15,218**	14,961	1	**31,931**	28,194	13
Production enhancement expenses	**3,270**	3,337	(2)	**3,270**	6,347	(48)
Net operating expenses[1]	**18,488**	18,298	1	**35,201**	34,541	1
($/boe)						
Adjusted net operating expenses[1]	**48.49**	37.88	28	**47.31**	35.42	33
Production enhancement expense[1]	**10.42**	8.45	23	**4.85**	7.97	(39)

1) Refer to "Non-IFRS and Other Financial Measures" section of the MD&A

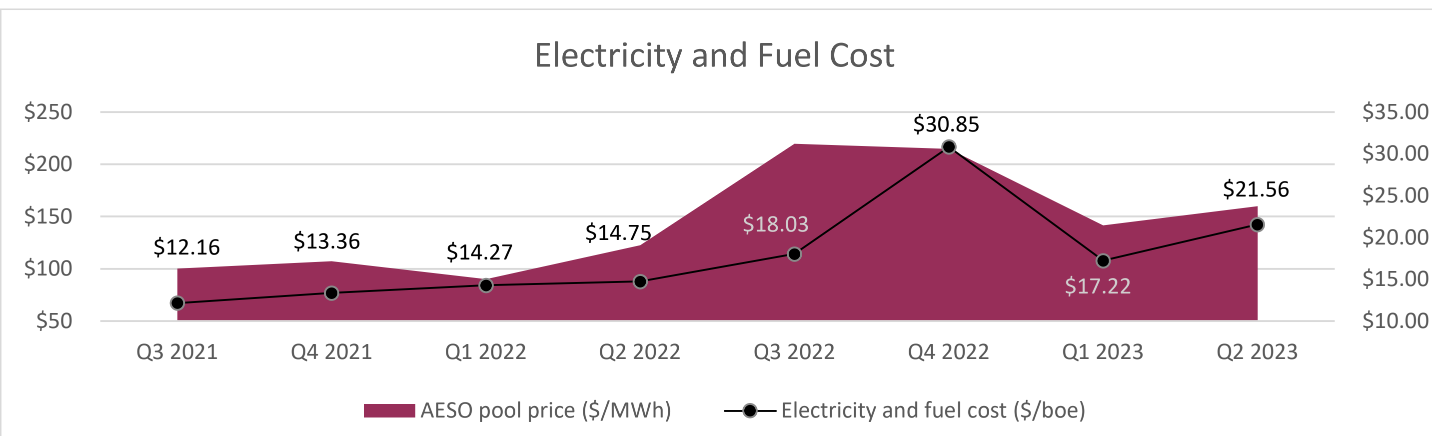
Adjusted net operating expenses increased $0.3 million or 2% on a total dollar basis and increased 28% on a per boe basis in Q2 2023 compared to the same period in 2022. The increase in the adjusted net operating expense on a total dollar basis was due to increased operating costs associated with environmental activities as well as higher utility costs related to the increase in the AESO pool price by 29% as compared to the same period in the prior year partially offset by lower variable costs associated with decrease in production. Operating costs increased on a per boe basis as a result of this increase in operating costs combined with lower production volumes for Q2 2023.

For the six months ended June 30, 2023, adjusted net operating expense increased 13% on a total dollar basis and increased 33% on a per boe basis as compared to the six months ended June 30, 2022. The increase in the adjusted net operating expense on a total dollar basis was due to increased operating costs associated with environmental activities as well as higher utility costs related to the increase in the AESO pool price by 41% as compared to the same period in the prior year partially offset by lower variable costs associated with decreased production. Operating costs increased on a per boe basis as a result of this increase in operating costs combined with lower production volumes for 2023.



The top cost drivers of the adjusted net operating expenses consist of fuel and electricity, labour, property taxes, insurance, lease rentals, fluid hauling and chemicals. The top cost drivers accounted for 67% of the adjusted net operating expenses in Q2 2023 (comparable costs in Q2 2022 – 52%) and 65% for the six months ended June 30, 2023 as compared to 57% in the same period in the prior year.

The cost of electricity and fuel increased 46% and was $21.56/boe for Q2 2023, as compared to $14.75/boe for Q2 2022 and increased 28% to $19.24/boe for the six months ended June 30, 2023 as compared to $15.01/boe for the same period in the prior year. This was mostly due to a 29% increase in average electricity pool prices in Q2 2023 as compared to Q2 2022 and 41% for the six month period ended June 30, 2023 as compared to the same period in the prior year. Average electricity pool prices were $159.87/MWh in Q2 2023 and $150.65/MWh for the six months ended June 30, 2023, as noted in the chart below, which continues to be an elevated price compared to historical averages.

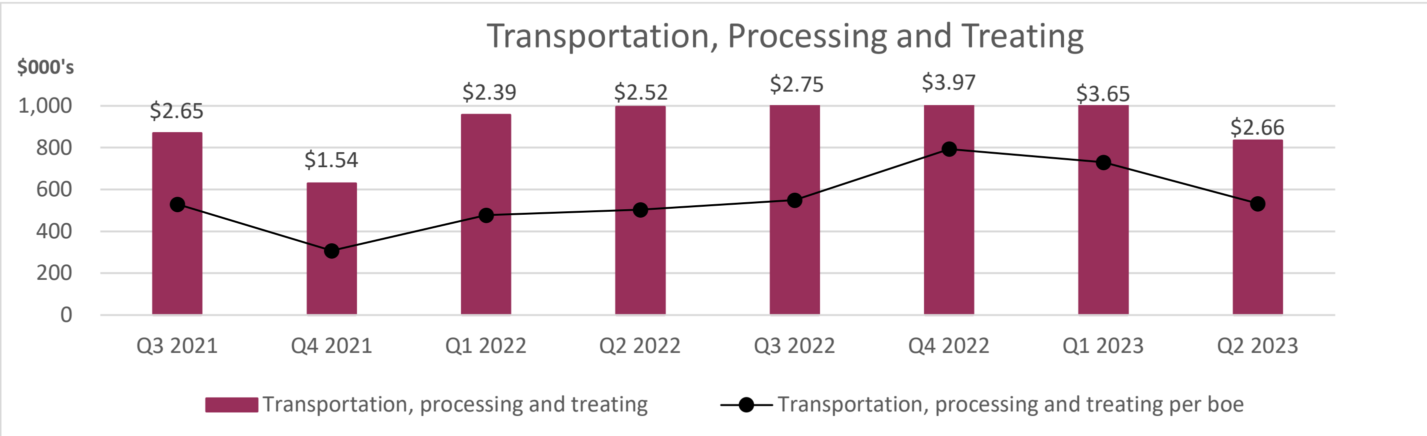


Razor has focused on cost control on all expenditures within its operations by internalizing field services and producing its own electricity. Blade, a wholly owned subsidiary of Razor, provides services such as crude oil hauling, earthworks, and environmental services. Blade conducted $0.7 million of services on behalf of Razor during Q2 2023 (Q2 2022 - $1.0 million) and $1.9 million for the six months ended June 30, 2023 (six months ended June 30, 2022 - $2.0 million) which is eliminated upon consolidation.

Production enhancement expenses averaged $10.42/boe in Q2 2023 as compared to $8.45/boe in Q2 2022 and $4.85/boe for the six months ended June 30, 2023 as compared to $7.97/boe for the same period in the prior year. In Q4 2022 and Q1 2023 the Company curtailed production enhancement activities, the 2023 production enhancement program commenced in June 2023.

TRANSPORTATION, PROCESSING, AND TREATING

	Three Months Ended June 30,			Six Months Ended June 30,		
($000s)	**2023**	2022	% Change	**2023**	2022	% Change
Transportation and treating	**835**	995	(16)	**2,152**	1,952	10
($/boe)	**2.66**	2.52	5	**3.19**	2.45	30

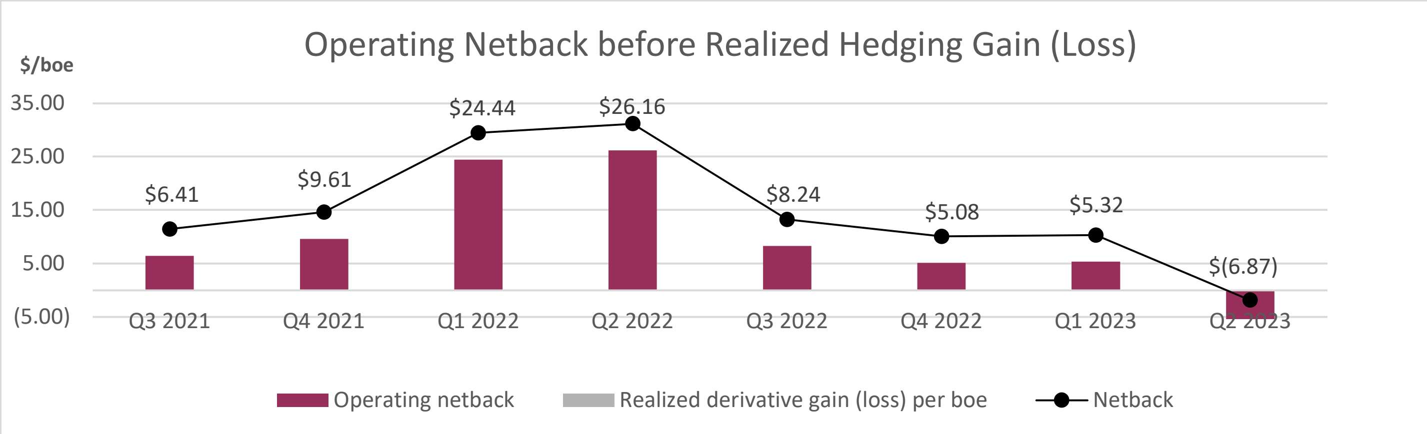


Transportation, processing and treating costs were lower in Q2 2023 as compared to Q2 2022 as a result of decreased production. For the six months ended June 30, 2023, transportation, processing and treating costs increased 10% as compared to the same period in the previous year as a result of increased gas plant processing costs primarily related to production from Kaybob South Beaverhill Lake Gas Unit 3.

OPERATING NETBACK[1]

	Three Months Ended June 30,			Six Months Ended June 30,		
($/boe)	**2023**	2022	% Change	**2023**	2022	% Change
Petroleum and natural gas sales	**66.10**	100.94	(34)	**68.70**	93.59	(26)
Royalties	**(11.39)**	(25.93)	(56)	**(14.00)**	(22.45)	(37)
Adjusted net operating expenses[1]	**(48.49)**	(37.88)	28	**(47.31)**	(35.42)	33
Production enhancement expenses[1]	**(10.42)**	(8.45)	23	**(4.85)**	(7.97)	(39)
Transportation and treating	**(2.66)**	(2.52)	6	**(3.19)**	(2.45)	30
Operating netback before realized gain (loss)	**(6.87)**	26.16	(138)	**(0.64)**	25.30	(102)
Realized gain (loss) on derivative contracts	**(2.68)**	(1.26)	113	**(4.02)**	0.17	(2,464)
Operating netback	**(9.55)**	24.90	(138)	**(4.66)**	25.47	(118)

1) Refer to "Non-IFRS and Other Financial Measures" section of the MD&A



Operating netback for Q2 2023 decreased to $(9.55)/boe as compared to $24.90/boe in Q2 2022 and decreased to $(4.66)/boe for the six months ending June 30, 2023, compared to $25.47/boe for the same period in the previous year. The decrease is primarily due to lower petroleum and natural gas sales, higher operating expenses and realized loss on derivative contracts partially offset by a decrease in royalties.

GENERAL AND ADMINISTRATIVE EXPENSES (G&A)

	Three Months Ended June 30,			Six Months Ended June 30,		
($000s)	**2023**	2022	% Change	**2023**	2022	% Change
Gross G&A	**2,005**	2,768	(27)	**4,150**	4,323	(4)
Overhead recoveries	**(520)**	(545)	(4)	**(896)**	(1,067)	(16)
Capitalized G&A	**(241)**	(190)	26	**(520)**	(369)	40
Total G&A	**1,244**	2,033	(38)	**2,734**	2,887	(5)
($/boe)[1]	**3.96**	5.14	(22)	**4.05**	3.62	11

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

G&A expenses decreased in Q2 2023 as compared to Q2 2022 as a result of the suspension of the Company's employee share purchase plan, lower employee and consulting fees as well as decrease in insurance expense. G&A expenses were consistent for the six month period ended June 30, 2023 as compared to the same period in the prior year.

FINANCING COSTS

The components of financing costs are summarized below.

	Three Months Ended June 30,			Six Months Ended June 30,		
($000s)	**2023**	2022	% Change	**2023**	2022	% Change
Interest expense	**2,223**	2,214	-	**4,496**	4,133	8
Amortization of deferred financing costs	**-**	836	(100)	**-**	1,572	(100)
Accretion	**783**	1,005	(22)	**1,563**	1,908	(18)
Financing Costs	**3,006**	4,055	(25)	**6,059**	7,613	(20)
($/boe)[1]	**9.58**	10.26	(6)	**8.98**	9.56	(6)

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

Interest expense primarily arises from interest on the AIMCo Term Loan, Arena Second Amended and Restated Term Loan, Promissory Notes, and lease obligations. Overall interest expense was consistent with Q2 2022. The Company expensed all remaining deferred financing costs in Q4 2022 and has not incurred any additional deferred financing costs in the first half of 2023. Accretion, which relates to the time value change of the Company's decommissioning obligations, decreased 22% over Q2 2022 as a result of the change in the risk-free discount rate.

Interest expense increased slightly for the six month period ended June 30, 2023 as compared to the same period in the prior year as a result of higher average debt in the period, partially offset by the impact of the AIMCo debt settlement on June 16, 2023. The Company expensed all remaining deferred financing costs in Q4 2022 and has not incurred any additional deferred financing costs in the first half of 2023. Accretion, which relates to the time value change of the Company's decommissioning obligations, decreased 18% over the same period in 2022 as a result of the change in the risk-free discount rate.

DEPLETION, DEPRECIATION AND AMORTIZATION (DD&A)

	Three Months Ended June 30,			Six Months Ended June 30,		
($000s)	**2023**	2022	% Change	**2023**	2022	% Change
Depletion, depreciation and amortization	**3,811**	5,400	(29)	**8,193**	10,933	(25)
($/boe)[1]	**12.15**	13.67	(11)	**12.14**	14.23	(14)

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

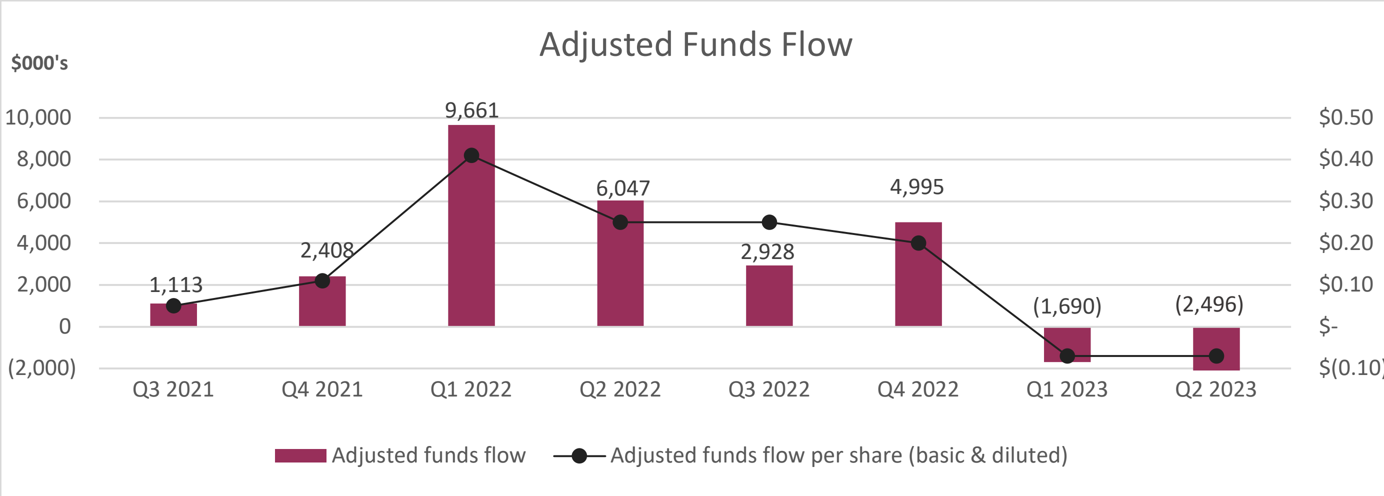
DD&A expense for Q2 2023 decreased 29% from the same period in 2022 and decreased 25% for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022, as a result of a lower depletable base and lower production volumes in 2023. As at June 30, 2023, future development costs required to develop proved and probable reserves in the amount of $21.4 million are included in the depletion calculation for PP&E (December 31, 2022 - $21.7 million).

CASH, ADJUSTED FUNDS FLOW AND NET INCOME (LOSS)

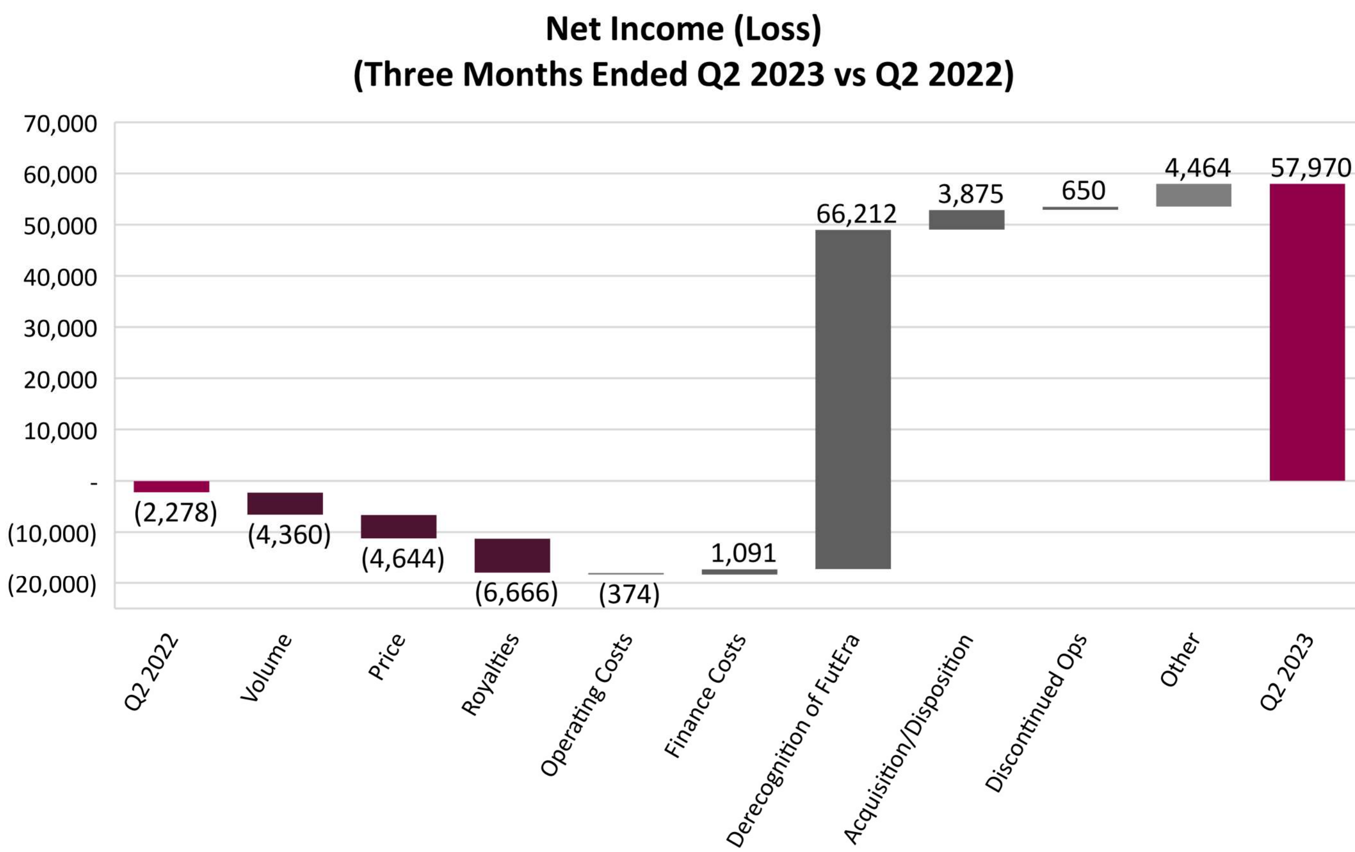
	Three Months Ended June 30,			Six Months Ended June 30,		
($000s)	**2023**	2022	% Change	**2023**	2022	% Change
Net income (loss) – continuing operations	**57,320**	(2,002)	2,963	**49,178**	(2,755)	1,885
Basic and Diluted ($/share)[2]	**2.14**	(0.08)	2,775	**1.89**	(0.11)	1,818
Net income (loss)	**57,970**	(2,278)	2,644	**49,571**	(3,054)	1,724
Basic and Diluted ($/share)[2]	**2.16**	(0.09)	2,500	**1.90**	(0.13)	1,562
Cash flows from operating activities	**1,521**	1,315	15	**6,225**	3,719	67
Basic and Diluted ($/share) [2]	**0.06**	0.05	20	**0.24**	0.16	50
Adjusted funds flow[1]	**(2,496)**	5,928	(142)	**(4,184)**	15,473	(127)
Basic and Diluted ($/share) [2]	**(0.09)**	0.24	(137)	**(0.16)**	0.64	(125)

1) Refer to "Non-IFRS and Other Financial Measures" section of the MD&A
2) For the three and six months ended June 30, 2023, 822,200, stock options and 10,014,821 warrants were excluded from the calculation of diluted loss per share as their effect was anti-dilutive (three and six months June 30, 2022 – 1,030,900).

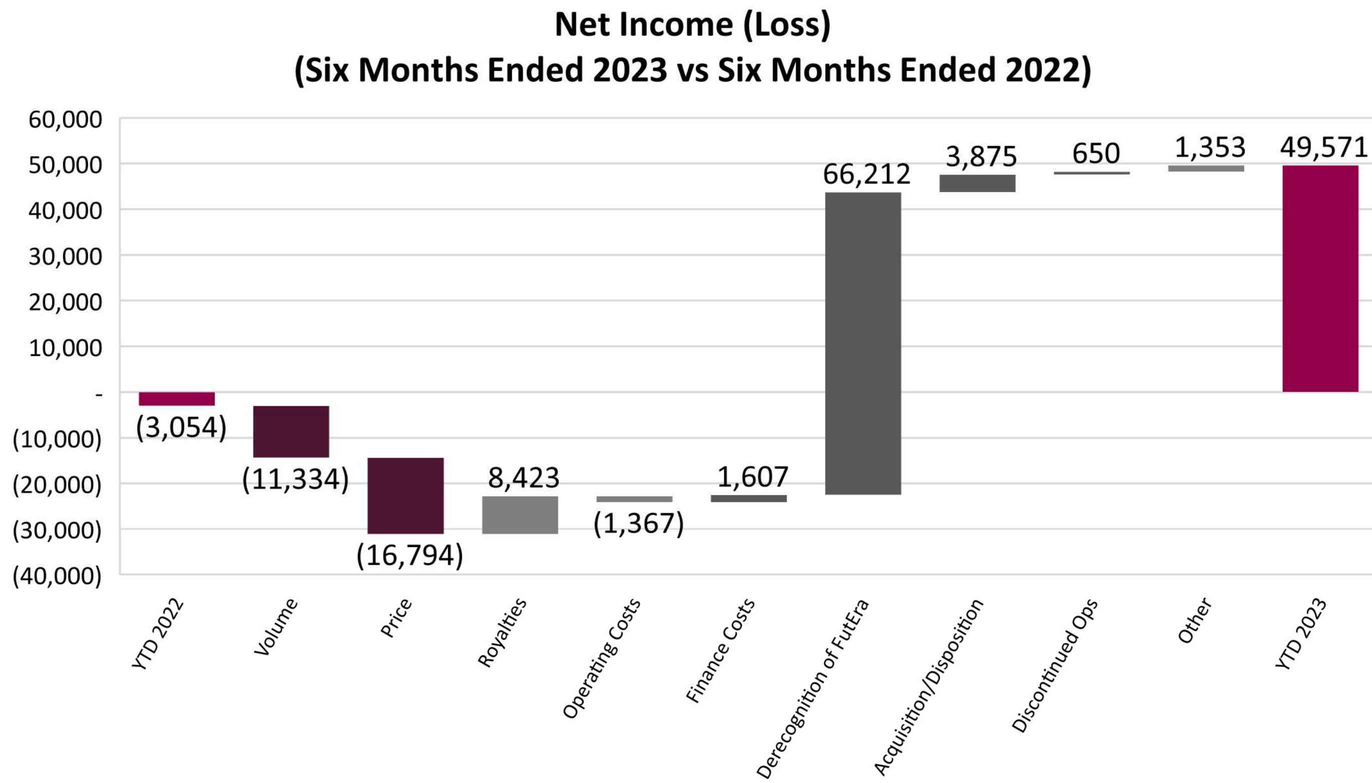
Adjusted funds flow from operating activities for both the three and six months ended June 30, 2023, were lower as compared to the same periods in the prior year primarily due to a decrease in net revenues and increase in operating costs. Cash flow from operating activities increased in both the three and six months ended June 30, 2023 as a result of the recapitalization transaction and resulting working capital changes related to the derecognition of FutEra as a subsidiary of Razor.



The chart below reconciles the changes in net loss to net income for the three month period ending June 30, 2022, to the three month period ending June 30, 2023.



The chart below reconciles the changes in net loss to net income for the six month period ending June 30, 2022, to the six month period ending June 30, 2023.



CAPITAL EXPENDITURES

($000s)	Three Months Ended June 30, **2023**	2022	% Change	Six Months Ended June 30, **2023**	2022	% Change
Reactivations, recompletions, and optimizations	**-**	(123)	(100)	**-**	22	(100)
Pipelines and injection management	**174**	333	(48)	**637**	539	(18)
Facilities and other	**152**	-	100	**420**	(8)	(5,338)
Field equipment	**(37)**	(90)	(59)	**116**	298	(61)
Power generation	**984**	8,442	(88)	**1,992**	13,094	(85)
Information technology systems	**-**	85	(100)	**-**	103	(100)
Capitalized turnarounds	**-**	493	(100)	**384**	480	(20)
Corporate	**-**	504	(100)	**-**	505	(100)
Acquisition[2]	**(200)**	(242)	(17)	**(57)**	(242)	(76)
Capital expenditures	**1,074**	9,402	(89)	**3,491**	14,791	(76)
Proceeds from government grants	**(250)**	(2,236)	(89)	**(2,578)**	(3,284)	(21)
Net capital expenditures[1]	**824**	7,166	(89)	**913**	11,507	(92)
Capital Expenditures by Function						
Upstream oil and gas	**252**	985	(74)	**1,365**	1,325	3
Oilfield services	**(37)**	(90)	(59)	**116**	298	(61)
Power generation	**859**	8,507	(90)	**2,010**	13,168	(85)
Proceeds from government grants	**(250)**	(2,236)	(89)	**(2,578)**	(3,284)	(21)
Net capital expenditures[1]	**824**	7,166	(89)	**913**	11,507	(92)

1) Refer to "Non-IFRS and Other Financial Measures" section of the MD&A
2) The second quarter of 2022 includes $0.2 million of proceeds from favourable closing adjustment on property acquisitions completed in the previous fiscal year

During Q2 2023, Razor invested $1.0 million in the Swan Hills Geothermal Power Project, executed pipeline work of $0.2 million and spent $0.2 million on facilities. During the six months ended June 30, 2023, the Company invested $2.0 million on its Swan Hills Geothermal Power Project, executed pipeline work of $0.6 million, spent $0.4 milion on facilities and $0.4 million on turnarounds.

On June 29, 2023, the Company disposed of non-operated, non-core Enchant area assets for proceeds of $3.5 million. The disposition consisted of petroleum and natural gas properties with a net book value (net of decommissioning obligations) of $2.3 million resulting in a $1.2 million gain on disposition.

DERECOGNITION/OTHER DISPOSITION

The Company closed a Debt Settlement Agreement with AIMCo whereby AIMCo and the Company agreed to the settlement of all obligations owing by Razor to AIMCo under the AIMCo Term Loan as at June 16, 2023 through the transfer to AIMCo of equity interests held by Razor in its previously wholly-owned, non-listed subsidiary, FutEra. As at June 16, 2023, Razor settled all outstanding indebtedness owed to AIMCo of $64.0 million by way of the sale and transfer by Razor to AIMCo of that number of FutEra Common Shares representing 70% of the issued and outstanding FutEra Common Shares and 100% of the issued and outstanding FutEra Preferred Shares. Following the closing of the transaction, Razor holds 30% of the FutEra Common Shares.

Due to the nature of the transaction described above, the Company has determined that Razor ceased to have control of FutEra on June 16, 2023 and has derecognized FutEra as a subsidiary on June 16, 2023. In addition, Razor has determined that it has retained significant influence in FutEra and recognized its investment in FutEra as an investment in associate (note 8) as a result of its retained equity position as well as the fact that Razor is entitled to have one board representative on the Board of Directors of FutEra (out of a five person Board).

As Razor lost control of FutEra, but retained significant influence, the Company:

- Derecognized the assets and liabilities of FutEra at their carrying amounts at June 16, 2023;
- Recognized the fair value of the Debt Settlement Agreement that resulted in the loss of control;
- Recognized the fair value of the retained equity interest in associate;
- Recognized any resulting difference as a gain or loss in income attributable to Razor.

The gain on derecognition of FutEra as subsidiary on loss of control is calculated as follows:

($000's)	**Total**
Carrying amount of former subsidiary's net assets derecognized	
Cash and cash equivalents	(58)
Accounts receivable	(1,093)
Prepaids	(358)
Property, plant & equipment	(19,936)
Accounts payable & accrued liabilities	5,633
Intercompany receivable	2,910
Intercompany loan	10,453
Decommissioning Liability	1,150
Deferred tax liability	908
Contributed surplus	331
Carrying amount of former subsidiary's net assets derecognized	**(60)**
Fair value of retained non-controlling investment in associate (note 8)	5,600
Debt settlement amount (note 6)	63,972
Settlement of intercompany balances	(3,300)
Gain on derecognition of FutEra	**66,212**

In conjunction with the derecognition of FutEra as a subsidiary, the Company has identified the activities of its former wholly owned subsidiary as discontinued operations as at June 16, 2023 and the results of FutEra are reported separately for all periods presented. As a result of the classification of the operations of FutEra as discontinued operations, the Company has ceased segmented reporting for the three and six months ended June 30, 2023.

INVESTMENT IN ASSOCIATE

($000's)	**June 30, 2023**	**December 31, 2022**
Balance, beginning of period	**-**	-
Fair value of retained non-controlling investment in FutEra (note 7)	**5,600**	-
Razor's share of income (losses) of associate	**(44)**	-
Balance, end of period	**5,556**	-

The Company holds 30% of the common shares of FutEra and no preferred shares as at June 30, 2023. Summarized financial information in respect of the Company's associate is set out below:

($000's)	**June 30, 2023**	**December 31, 2022**
Revenue of associate	**317**	-
Net income/loss of associate	**(147)**	-
Razor's share of net income (loss) of associate	**(44)**	-

LIQUIDITY AND CAPITAL RESOURCES

Capitalization Table *($000's, except share, per share, ratio, and percent amounts)*	**June 30, 2023**	December 31, 2022
Net debt[1]	**55,801**	125,592
Shares outstanding	**35,290,071**	25,275,250
Market price at end of period (per share)	**0.61**	1.33
Market capitalization[1]	**21,527**	33,616
Enterprise value[1]	**77,328**	159,208

1) Refer to "Non-IFRS and Other Financial Measures" section of the MD&A

Razor's market capitalization decreased to $21.5 million as at June 30 2023, compared to $33.6 million at December 31, 2022, due to the decrease in the Company's share price from $1.33 per share to $0.61 per share.

Liquidity is managed through cash, debt, and equity management strategies, when available. Razor manages its liquidity requirements by using both short-term and long-term cash forecasts.

As at June 30, 2023, the Company has a working capital deficit of $39.9 million and contractual obligations of $65.3 million due in less than one year. The company has $4.1 million of cash and cash equivalents as at June 30, 2023.

On June 16, 2023, the Company closed a debt settlement agreement with Alberta Investment Management Corp. "AIMCo" and obtained a waiver from the lender for the Arena Second Amended and Restated Term Loan. Also on June 16, 2023, the Company closed a Rights Offering for gross proceeds of $8.0 million. As at March 31, 2022, the Company had been in default with certain financial covenants under the AIMCo Term Loan and was also in default of certain non-financial covenants under the Arena Amended and Restated Term Loan and these defaults have been remedied as at June 30, 2023. These prior period defaults noted above also triggered a cross covenant default on certain equipment loans and leases. The Company has remedied all events of default with third parties under the equipment loans and leases as at June 30, 2023, with the exception of one equipment loan in the Company's oil and gas services subsidiary which was remedied subsequent to June 30, 2023 and this loan has been classified as a current liability as at June 30, 2023.

Although these arrangements have reduced the working capital deficit and contractual obligations, the Company will be reliant on the support of lenders, suppliers and other providers to the Company, as forecasted cash flows from operations is not sufficient to enable the Company to address the remaining working capital deficit and contractual obligations, and the Company will need to maintain production levels above the minimum required levels to avoid a future event of default under the Arena Amended and Restated Term Loan.

Due to the conditions noted above there remains material uncertainties that 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 unaudited interim condensed 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 unaudited interim condensed 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 unaudited interim condensed 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.

SHARE CAPITAL

As at June 30, 2023, the Company had a total of 35,290,071 common shares outstanding (December 31, 2022 – 25,275,250) common shares outstanding), 10,014821 warrants outstanding (December 31, 2022 – nil) and 822,200 options outstanding (December 31, 2022 – 949,600) in Razor Energy Corp.

2023 RIGHTS OFFERING

On May 9, 2023, the Company announced the Rights Offering to eligible holders of its common shares (the "Common Shares") of record at the close of business on May 16, 2023 (the "Record Date"). This rights offering closed on June 16, 2023. A total of 20,249,985 rights were exercised, resulting in the issuance of 10,014,821 Common Shares and 10,014,821 Warrants for gross proceeds of $8.0 million.

Pursuant to the Rights Offering, each holder of Common Shares received one right (a "Right") for each one Common Share held. Each whole Right entitled the holder to subscribe for 0.494555 of a unit (a "Rights Unit"). Each Rights Unit consisted of one Common Share (a "Unit Share") and one transferable Common Share purchase warrant (a "Unit Warrant"). Each Unit Warrant entitled the holder to purchase one Common Share at a price of $1.20 per Common Share for a period of five years from the date of issuance. Holders of Common Shares needed to exercise 2.022 Rights to acquire one Right Unit. A holder of Rights paid $0.80 (the "Subscription Price") to purchase one Right Unit.

2022 RIGHTS OFFERING & PRIVATE PLACEMENT

On March 31, 2022, the Company announced a Rights Offering for eligible holders of its Common Shares of record at the close of business on the Record Date. Each holder of Common Shares resident in a province or territory in Canada (the "Eligible Jurisdictions") received one right (a "Right") for each 1 Common Share held. Each whole Right entitled the holder to subscribe for 0.0841016 of a Common Share. As a result, holders of Common Shares were able to exercise 11.8903796 Rights to acquire one Common Share. A holder of Rights paid $2.55 to purchase one Common Share.

The Rights Offering closed on May 11, 2022. A total of 23,314,466 rights were exercised, resulting in the issuance of 1,960,784 Common Shares for gross proceeds of $5.0 million. The Common Shares issued as a result of the Rights Offering were issued on a "flow-through" basis in respect of CRCE within the meaning of the Income Tax Act (Canada). Upon issuing the Common Shares to shareholders of Razor at the closing of the Rights Offering, Razor renounced 100% of the to-be-incurred eligible expenses to the Rights Offering subscribers which can be deducted from ordinary income in calculating the subscriber's liability for income tax. Razor and its subsidiaries are then committed to incur an amount of eligible expenses equal to the Rights Offering proceeds prior to December 31, 2023, of which $0.7 million was spent in Q2 2023 for a total of $4.5 million spent as of June 30, 2023, with $0.5 million to be spent prior to December 31, 2023.

TERM LOANS

LOAN WITH AIMCo

On February 16, 2021, the Company extended the Amended Term Facility with AIMCo (the "AIMCo Term Loan") for an amended principal amount of $50.1 million, being the amounts outstanding with AIMCo on such date. Prior to the debt restructuring (see below), the principal under the extended AIMCo Term Loan would have been due in full on January 31, 2024, with an interest rate of 10%, payable semi-annually. Including the contingent consideration of $3.5 million (see below), the effective interest rate of the Amended Term Loan Facility was 12% per annum (December 31, 2022 - 12%).

As consideration for the AIMCo Term Loan, FutEra, a wholly owned subsidiary of Razor at the time, granted AIMCo common shares of FutEra representing 22.4% of the total outstanding common shares and these shares were held in trust, contingent on Razor receiving funding for the Swan Hills Geothermal Project by July 31, 2021. The Swan Hills Geothermal Project was not funded by July 31, 2021, and the shares held in trust as part of this transaction were returned to Razor and $3.5 million was added to the principal amount due at maturity as part of the AIMCo Term Loan. The AIMCo Term Loan was secured by a first charge on all present and after-acquired personal property as well as a floating charge on land pursuant to a general security agreement and a promissory note. Razor has obtained exemptions to the first charge from AIMCo for certain field equipment for which Razor obtained loans or lease financing, in addition, Razor has obtained exemptions to the first charge from AIMCo to allow Arena Investors LP to have first lien security on all assets within Razor Royalties Limited Partnership and Razor Holdings GP Corp.

AIMCo DEBT SETTLEMENT

On May 1, 2023, the Company entered into a Debt Settlement Agreement (the "Debt Settlement Agreement") with AIMCo which closed on June 16, 2023. As at June 16, 2023, Razor settled all outstanding indebtedness owed to AIMCo of $64.0 million by way of the sale and transfer by Razor to AIMCo of the number of FutEra Common Shares representing 70% of the issued and outstanding FutEra Common Shares and 100% of the issued and outstanding FutEra Preferred Shares. The transfer of the shares results in Razor losing control of FutEra. In addition, in accordance with the Debt Settlement Agreement, the Company conducted a rights offering to all holders of Razor Common Shares by way of a rights offering circular (the "Rights Offering") which closed on June 16, 2023.

LOAN WITH ARENA INVESTORS, LP

On February 16, 2021, RRLP, a wholly owned subsidiary of Razor, entered into a new term loan with Arena Investors, LP ("the Arena Term Loan") of US$11,042,617 (CAD$14,006,455).

The Arena Term Loan was to be repaid over 29 months with principal and interest payments of approximately US$0.4 million per month, commencing April 1, 2021, and full and final repayment with interest of the loan on August 1, 2023. 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 RRLP and Razor Holdings GP Corp. The Arena Term Loan is also secured by a second lien on the assets of Razor, excluding Razor's subsidiaries Blade, FutEra and its subsidiaries, and Razor Resources Corp.

On August 12, 2021, RRLP entered into an amendment agreement on its Arena Term Loan ("Arena Amended Term Loan") with Arena Investors, LP for an additional US$8,833,922 (CAD $11,035,336). The term of the amended loan was extended to April 1, 2024. Monthly principal and interest payments on this loan are approximately US$0.7 million. The additional funded principal amount of the Arena Amended Term Loan, after the original issuer discount was US $8,000,000 (CAD $9,993,600).

On March 9, 2022, the Company entered a definitive agreement and closed senior debt financing specifically for its Co-produced Geothermal Power Project in Swan Hills, Alberta.

The financing is funded by Arena Investors, LP by way of amending the Arena Amended Term Loan (the “Arena Amended and Restated Term Loan”) for an additional principal amount of US$11,042,403 (CAD$ 14,127,650) (the “Term Loan 3”). Term Loan 3 has the following terms:

- 48-month maturity.
- First lien security on the assets held within Swan Hills Geothermal Power Corp. along with FutEra’s equity in Swan Hills Geothermal Power Corp.

<u>Months 1 to 24</u>

- Interest payments only on the prevailing monthly principal balance of Term Loan 3 at an annualized interest rate of 7.875%;
- Accrued interest on the prevailing monthly principal balance of Term Loan 3 at an annualized interest rate of 3%.

<u>Months 25 to 48</u>

- Principal payments at an amortization rate of 5% on the prevailing monthly principal balance of Term Loan 3;
- Interest payments on the prevailing monthly principal balance of Term Loan 3 at an annualized interest rate of 7.875%;
- Accrued interest on the prevailing monthly principal balance of Term Loan 3 at an annualized interest rate of 3%;
- The principal balance of Term Loan 3 at maturity is expected to be US$3.8 million (CAD$4.8 million).

The funded principal amount for the Term Loan 3, after the original issuer discount, is US$10 million (CAD $12,793,941), less related fees and expenses.

In conjunction with the Debt Settlement Agreement, Razor entered into a Second Amended and Restated Term Loan with Arena Investors LP (the “Arena Second Amended and Restated Term Loan”). As FutEra’s wholly owned subsidiary, Swan Hills Geothermal Power Corp., continues to be party a to the Arena Amended and Restated Loan Agreement, upon the derecognition of FutEra as a subsidiary of Razor, the Company has recognized a Loan Receivable from Associate representing the amounts receivable by Razor from FutEra related to Term Loan 3.

At June 30, 2023, the principal balance of the Second Arena Amended and Restated Term Loan is US$15.9 million (CAD $20.7 million) (March 31, 2023 – US$19.0 million (CAD $25.7 million), December 31, 2022 – US$19.9 million (CAD $27.3 million). Other terms of the Arena Second Amended and Restated Term Loan are materially unchanged from Arena Amended and Restated Term Loan with the exception of a revised production covenant which is detailed below.

The Arena Second Amended and Restated 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 period ended June 30, 2022;
- Minimum hedge requirements for not less than 80% of RRLP’s 20 month forward projected overriding royalty;
- Commencing in May 2023, maintain minimum production of 3,380 boe/day escalating each month to 4,150 boe/day in October 2023 until the maturity date; and
- The general and administrative expenses of RRLP shall not exceed US$100,000 in any fiscal year.

Arena has agreed to waive the production covenant found in the Arena Amended and Restated Term Loan Agreement from November 1, 2022 to April 30, 2023 and has further amended the production covenant for the period from May 1, 2023 to September 30, 2023 as noted above.

On June 16, 2023, the Company closed a Debt Settlement Agreement with AIMCo (see above) and obtained a waiver from the lender for the Arena Amended and Restated Term Loan. As at March 31, 2023 the Company did not meet the minimum production requirement under the Arena Amended and Restated Term Loan. In addition, the Company was in default under the AIMCo Term Loan. These events of default caused a cross covenant default under certain equipment loans and leases resulting in these loans being potentially due on demand and they were classified as a current liability. The AIMCo debt has been settled as of June 16, 2023 pursuant to the debt settlement arrangement. The Arena default has been remedied as at June 30, 2023. The Company has remedied all events of default with third parties under the equipment loans and leases as at June 30, 2023, with the exception of one equipment loan in the Company's oil and gas services subsidiary which was remedied subsequent to June 30, 2023 and this loan has been classified as a current liability as at June 30, 2023.

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 June 30, 2023 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	Yes-Liability	**53,851**	53,851	-	-	-
AIMCo Term Loan	Yes-Liability	**-**	-	-	-	-
Arena Amended and Restated Term Loan 1&2	Yes-Liability	**5,775**	5,775	-	-	-
Arena Amended and Restated Term 3 Loan	Yes-Liability	**14,950**	1,666	13,284	-	-
Promissory notes and equipment loans	Yes-Liability	**884**	275	526	83	-
Commodity contracts	Yes-Liability	**49**	49	-	-	-
Flow-through Share eligible expenditures	Yes-Liability	**526**	526	-	-	
Minimum lease obligation	Yes-Liability	**4,247**	1,756	2,193	298	-
Interest payable [1 2]	No	**2,120**	1,132	986	2	-
Lease operating costs	No	**541**	211	323	8	-
Transportation services	No	**963**	104	221	183	455
Total		**83,907**	**65,346**	**17,532**	**574**	**455**

1) Interest costs incurred but unpaid are included as part of the accrued liabilities in the financial statements.

2) Excludes interest paid on minimum lease obligation and lease 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 assumed decommissioning liabilities included in its Swan Hills, Kaybob and District South acquisitions. In Q2 2023, the Company spent $0.2 million on abandonment, reclamation, and remediation expenditures for a six month total of $0.2 million (2022 - $0.7 million and $1.1 million for the three and six months, respectively).

The Alberta Energy Regulator (AER) released its new Liability Management Framework under Directive 88. Under this new framework which takes effect in 2022, all industry licensees have a mandatory spend target for end of life abandonment and reclamation activity as part of the Industry Reduction Program. Razor had been assigned a mandatory spend of $2.6 million for 2023.

In May 2022, the Company issued a letter of credit in favor of a utility provider in the amount of $1.0 million. As security, the Company has set aside an equivalent GIC at the financial institution that issued the letter of credit. The Company held a total of $1.5 million as restricted cash as at June 30, 2023 (December 31, 2022 - $3.8 million).

As a result of the Flow-through Share Issuance, Razor and its subsidiaries are committed to incur an amount of eligible expenses equal to the Rights Offering proceeds of $5.0 million prior to December 31, 2023 of which $4.5 million has been spent as of June 30, 2023 with $0.5 million remaining to spend by December 31, 2023.

In the normal course of its operations, the Company may be subject to litigation and claims and records provisions for claims as required. During the third quarter of 2020, the Company was served a statement of claim from a joint venture partner demanding immediate payment for past services totaling $4.6 million. The Company did not have any amounts related to the statement of claim owing to this joint venture partner as at June 30, 2023. During the fourth quarter of 2021, Razor filed a Statement of Defense and a Counterclaim which alleges the joint venture partner over charged the joint account, underpaid revenue, conducted work without authorization and generally mishandled the joint account to the detriment of Razor. 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.

OFF-BALANCE SHEET ARRANGEMENTS

Razor does not have any material 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.

QUARTERLY OPERATING AND FINANCIAL INFORMATION

($000's, except for per share amounts and production)	**Q2 2023**	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Total revenue and other income	**21,648**	28,944	29,309	38,570	41,303	36,019	27,838	21,346
Total revenues net of royalties	**18,073**	23,067	22,269	28,442	31,062	28,387	21,896	17,608
Cash flows from (used in) operating activities	**1,521**	4,702	11,043	12,235	1,315	2,404	13,514	(2,316)
Net (loss) income	**57,970**	(8,404)	(10,778)	(8,788)	(2,278)	(776)	19,248	9,669
Per share – basic and diluted	**2.16**	(0.33)	(0.43)	(0.36)	(0.09)	(0.03)	0.85	0.46
Government Grants received	**(250)**	(2,328)	-	-	(2,236)	(1,048)	(2,558)	(3,254)
Production Volumes								
Crude Oil (bbl/d)	**2,091**	2,441	2,429	2,816	2,619	2,830	2,774	2,282
Natural gas (mcf/d)	**5,765**	6,245	3,098	4,948	4,907	4,350	5,023	4,381
NGL (bbl/d)	**396**	531	913	873	904	902	747	554
Total (boe/d)	**3,448**	4,013	3,859	4,514	4,340	4,457	4,359	3,567
Sales Volumes [1]								
Crude Oil (bbl/d)	**2,122**	2,430	2,448	2,831	2,597	2,876	2,693	2,304
Natural gas (mcf/d)	**6,363**	5,509	3,668	4,342	4,514	3,906	4,481	3,831
NGL (bbl/d)	**373**	654	913	873	904	902	747	554
Total (boe/d)	**3,556**	4,002	3,972	4,428	4,253	4,429	4,187	3,497

1) Sales volumes include change in inventory volumes.

As at *($000's)*	**Jun. 30 2023**	**Mar. 31 2023**	**Dec.31 2022**	**Sept.30 2022**	**Jun. 30 2022**	**Mar. 30 2022**	**Dec. 31 2021**	**Sep.30 2021**
Total assets	**183,518**	188,123	200,761	200,861	197,980	225,255	239,166	199,283
Cash	**4,062**	1,471	2,424	3,681	2,971	9,000	2,841	3,952
Long-term debt (principal)	**13,893**	88,606	89,309	84,750	82,718	84,003	73,192	72,251
Long-term lease obligations	**2,018**	4,310	4,431	2,932	1,448	1,995	1,756	2,021

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:

- pricing volatility,
- debt settlement and restructuring,
- rights offering in both the second quarter of 2023 and the second quarter of 2022,
- increased spending on producing enhancing projects such as workovers and reactivations as a result of improvement in commodity prices,
- impairment losses and subsequent impairment reversals,
- gains and losses on commodity risk management contracts,
- timing of capital projects and outcomes, and
- operated and non-operated turnarounds conducted starting in the second quarter 2021 and continuing at various periods including the second half of 2022.

ADDITIONAL DISCLOSURES AND ADVISORIES

Risks and Uncertainties

Business Risks

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; and
- maintaining strict environmental, safety and health practices.

While the following sections discuss some of these risks, they should not be construed as exhaustive. For additional information on the risks relating to Razor's business, see "Risk Factors" in Razor's Annual Information Form for the year ended December 31, 2022, which can be found on SEDAR at www.sedar.com.

Climate Change and Environmental Reporting Regulations

Climate and emission related reporting standards continue to evolve and may have additional disclosure requirements in the future. The International Sustainability Standards Board has issued an IFRS Sustainability Disclosure Standard with the goal to develop sustainability disclosure standards that are globally consistent, comparable and reliable. The Canadian Securities Administrators have also issued a proposed National Instrument 51-107 Disclosure of Climate-related Matters which details the additional reporting requirements for Canadian Public Companies. If the Company is not able to meet future sustainability reporting requirements of regulators or current and future expectations of investors, insurance providers, or other stakeholders, its business and ability to attract and retain skilled employees, obtain regulatory permits, licenses, registrations, approvals, and authorizations from various governmental authorities, and raise capital may be adversely affected. The Company continues to monitor progress on these reporting requirements and have not yet quantified the cost to comply with these standards.

Non-IFRS Financial 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

Funds Flow

Management utilizes funds flow as a useful measure of Razor's ability to generate cash not subject to short-term movements in non-cash operating working capital. As shown below, funds flow is calculated as cash flow from operating activities excluding change in non-cash working capital.

Adjusted funds flow

Management utilizes adjusted funds flow as a key measure to assess the ability of the Company to generate the funds necessary for financing activities, operating activities, and capital expenditures. As shown below, adjusted funds flow is calculated as funds flow excluding purchasing of commodity contracts, and decommissioning expenditures since Razor believes the timing of collection, payment or incurrence of these items involves a high degree of discretion and variability. Expenditures on decommissioning obligations vary from period to period depending on the maturity of the Company's operating areas and availability of adjusted funds flow and are viewed as part of the Company's capital budgeting process.

The following table reconciles cash flow from operating activities, funds flow and adjusted funds flow:

	Three Months Ended June 30,		Six Months Ended June 30,	
($000's)	**2023**	**2022**	**2023**	**2022**
Cash flow from (used in) operating activities	**1,521**	1,315	**6,225**	3,719
Changes in non-cash working capital	**(4,441)**	4,432	**(10,902)**	11,795
Funds flow	**(2,920)**	5,747	**(4,677)**	15,541
Decommissioning costs incurred	**215**	127	**215**	445
Sale (purchase) of commodity contracts	**209**	54	**278**	(486)
Adjusted funds flow	**(2,496)**	5,928	**(4,184)**	15,473

NET DEBT, MARKET CAPITALZATION, ENTERPRISE VALUE

Net debt is calculated as the sum of the long-term debt (includes AIMCo Term Loan, Arena Amended and Restated 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.

Reconciliation of net debt	**June 30,**	**December 31,**
($000's)	**2023**	**2022**
Long term debt	**(13,893)**	(632)
Long term lease obligation	**(2,018)**	(2,014)
	(15,911)	(2,646)
Less: Working capital		
Current assets	**26,268**	21,293
Exclude current liability commodity contracts	**49**	2,338
Current liabilities	**(66,207)**	(146,577)
	(39,890)	(122,946)
Net debt	**55,801**	125,592

Market capitalization is calculated by applying the period end closing share trading price to the number of shares outstanding. Market capitalization is an indication of equity valuation. Enterprise value is calculated as market capitalization plus net debt. Management uses enterprise value to assess the valuation of the Company.

Management believes the presentation of the non-IFRS measures above provide useful information to investors and shareholders as the measures provide increased transparency and the ability to better analyze performance against prior periods on a comparable basis.

ADJUSTED OPERATING EXPENSES, ADJUSTED NET OPERATING EXPENSES, PRODUCTION ENHANCEMENT EXPENSES AND NET OPERATING EXPENSES

Adjusted Operating Expenses

Adjusted operating expenses are regular field or general operating costs that occur throughout the year and do not include production enhancement expenses or other corporate operating expenses relating to the Company's non-oil & gas production activities as well as intercompany elimination entries. Management believes that removing the expenses related to production enhancements from total operating expenses is a useful supplemental measure to analyze operating expenses.

Production Enhancement Expenses

Production enhancement expenses are expenses made by the company to increase production volumes which are not field or general operating costs that occur throughout a year. Management believes that separating the expenses related to production enhancements is a useful supplemental measure to analyze the cost of bringing wells back on production and the related increases in production volumes.

Reconciliation of Adjusted Operating expenses, Production Enhancement Expenses and Operating Expenses

	Three Months Ended June 30,		**Six Months Ended June 30,**	
($000's)	**2023**	**2022**	**2023**	**2022**
Operating expenses	**19,207**	18,333	**37,022**	35,655
Production enhancement expenses	**(3,270)**	(3,337)	**(3,270)**	(6,347)
Other operating segments & elimination entries[1]	**(279)**	-	**(1,166)**	-
Adjusted operated expenses	**15,658**	15,496	**32,586**	29,308

1) Represents operating costs and intercompany eliminations on the Company's non-oil & gas production activities.

Adjusted Net Operating Expenses

Adjusted net operating expenses equals adjusted operating expenses less net blending and processing income. Management considers adjusted net operating expenses and important measure to evaluate its operational performance.

	Three Months Ended June 30,		**Six Months Ended June 30,**	
($000's)	**2023**	**2022**	**2023**	**2022**
Adjusted operating expenses	**15,658**	15,496	**32,586**	29,308
Net blending and processing income	**(440)**	(535)	**(655)**	(1,114)
Adjusted net operating expenses	**15,218**	14,961	**31,931**	28,194

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.

	Three Months Ended June 30,		**Six Months Ended June 30,**	
($000's)	**2023**	**2022**	**2023**	**2022**
Blending and processing income	**562**	916	**1,072**	1,819
Blending and processing expenses	**(122)**	(381)	**(417)**	(705)
Net blending and processing income	**440**	535	**655**	1,114

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.

	Three Months Ended June 30,		Six Months Ended June 30,	
($000's)	**2023**	**2022**	**2023**	**2022**
Petroleum and natural gas sales[1]	**20,742**	39,866	**46,372**	74,500
Royalties	**(3,575)**	(10,241)	**(9,450)**	(17,873)
Adjusted net operating expenses	**(15,218)**	(14,961)	**(31,931)**	(28,194)
Production enhancement expenses	**(3,270)**	(3,337)	**(3,270)**	(6,347)
Transportation and treating expenses	**(835)**	(995)	**(2,152)**	(1,952)
Operating netback prior to realized derivative gain (loss)	**(2,156)**	10,332	**(431)**	20,134
Realized derivative gain (loss) on settlement	**(841)**	(496)	**(2,715)**	132
Operating netback[2]	**(2,997)**	9,836	**(3,146)**	20,266

1) Natural gas production includes internally consumed natural gas primarily used in power generation and excludes certain intercompany eliminations.
2) Please see segment reporting section of MD&A for additional details.

Net Capital Expenditures

Net capital expenditures equals capital expenditures less government grants received. Razor uses net capital expenditures to measure its total capital investment on property plant and equipment.

	Three Months Ended June 30,		Six Months Ended June 30,	
($000's)	**2023**	**2022**	**2023**	**2022**
Capital expenditures	**1,074**	9,402	**3,491**	14,791
Proceeds from Government Grants	**(250)**	(2,236)	**(2,578)**	(3,284)
Net capital expenditures	**824**	7,166	**913**	11,507

Non-IFRS Financial Ratios

OPERATING EXPENSES per BOE

Operating expenses per boe is consists of adjusted operating expenses per boe and production enhancement expenses per boe. Operating expense per boe is a useful supplemental measure to calculate the efficiency of its operating expenses on a per unit of production basis.

	Three Months Ended June 30,		Six Months Ended June 30,	
($/boe)[1]	**2023**	**2022**	**2023**	**2022**
Operating expenses per BOE	**61.21**	47.69	**54.85**	44.79
Production enhancement expenses	**(10.42)**	(8.45)	**(4.85)**	(7.97)
Other corporate operating expenses & elimination entries[2]	**(0.89)**	-	**(1.73)**	-
Adjusted operating expenses	**49.90**	39.24	**48.28**	36.82

1) $/boe amounts are calculated using production volumes
2) Represents operating costs and intercompany eliminations on the Company's non-oil & gas production activities.

($/boe)[1]	Three Months Ended June 30, 2023	2022	Six Months Ended June 30, 2023	2022
Adjusted operating expenses	**49.90**	39.24	**48.28**	36.82
Net blending and processing income	**(1.40)**	(1.36)	**(0.97)**	(1.40)
Adjusted net operating expenses per BOE	**48.49**	37.88	**47.31**	35.42

1) $/boe amounts are calculated using production volumes

OPERATING NETBACK per BOE

Operating netback per boe is used to calculate the results of Razor's operating efficiency of its petroleum and natural gas assets on a per unit of production basis. Net operating expense per boe 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.

($/boe)[2]	Three Months Ended June 30, 2023	2022	Six Months Ended June 30, 2023	2022
Petroleum and natural gas sales	**66.10**	100.94	**68.70**	93.59
Royalties	**(11.39)**	(25.93)	**(14.00)**	(22.45)
Adjusted net operating expenses	**(48.49)**	(37.88)	**(47.31)**	(35.42)
Production enhancement expenses	**(10.42)**	(8.45)	**(4.85)**	(7.97)
Transportation and treating expenses	**(2.66)**	(2.52)	**(3.19)**	(2.45)
Operating net back per BOE before realized gain (loss)	**(6.87)**	26.16	**(0.64)**	25.30
Realized derivative gain (loss) on settlement	**(2.68)**	(1.26)	**(4.02)**	0.17
Operating netback per BOE	**(9.55)**	24.90	**(4.66)**	25.47

Conversions

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 crude oil, condensate, ngl and natural gas measurement units into one basis for improved analysis of results and comparisons with other industry participants. Throughout this MD&A, Razor 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 Razor 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.

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

Supplementary Financial Measures

NI 52-112 defines a supplementary financial measure as a financial measure that: (i) is, or is intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position, or cash flow of an entity; (ii) is not disclosed in the financial statements of the entity; (iii) is not a non-IFRS financial measure; and (iv) is not a non-IFRS ratio. The supplementary financial measures used in this MD&A are either a per unit disclosure of a corresponding IFRS measure, or a component of a corresponding IFRS measure, presented in the financial statements. Supplementary financial measures that are disclosed on a per unit basis are calculated by dividing the aggregate IFRS measure (or component thereof) by the applicable unit for the period. Supplementary financial measures that are disclosed on a component basis of a corresponding IFRS measure are a granular representation of a financial statement line item and are determined in accordance with IFRS.

Forward Looking Information

Certain statements and information contained within this MD&A constitute forward-looking statements. These statements include, without limitation, future business combinations, the anticipated benefits and effects of acquisitions, plans to fund our current and future activities, including debt and equity financings, plans related to the performance and growth of the Company and future operations, restarting wells, assistance from government programs, commitments under environmental, social and governance initiatives, the availability, terms and use of the Arena Second Amended and Restated Term Loan, 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, 2022, 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.