RAZOR ENERGY CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

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.”

FutEra Power Corp. (“FutEra”) leverages Alberta’s resource industry innovation and experience to create transformational power and sustainable infrastructure solutions to commercial markets and communities, both in Canada and globally. Currently, FutEra is in final construction and commissioning of a 21 MW co-produced geothermal and natural gas hybrid power project in Swan Hills, Alberta.

RAZOR ENERGY CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

NOVEMBER 24, 2022

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 nine months ended September 30, 2022, in comparison to the three and nine months ended September 30, 2021. This MD&A was prepared as of November 24, 2022 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2022 and 2021 and the audited consolidated financial statements for the year ended December 31, 2021. The unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS” or “GAAP”), specifically International Accounting Standard (“IAS”) 34, *Interim Financial Reporting* and is stated in thousands of Canadian dollars, unless otherwise noted. Additional information, including the Company’s annual information form and audited financial statements for the year ended December 31, 2021, 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. Razor’s wholly owned subsidiary, FutEra, is finishing Canada’s first co-produced geothermal power plant (“Swan Hills Geothermal Power Project”) and is reviewing other projects including solar, geothermal, CCUS and other low carbon technologies.

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

FUTURE OPERATIONS

As at September 30, 2022, the Company has a working capital deficit of $35.8 million, of which $3.7 million is comprised of cash and cash equivalents. Further, at September 30, 2022, the Company has contractual repayments of $77.1 million due in less than one year.

The Company has a working capital deficit at September 30, 2022, which required a waiver from Alberta Investment Management Corporation ("AIMCo") as the Company would have been unable to meet the working capital covenant of 1:1 at that date.

While the Company anticipates reducing the working capital deficit, it is still projecting to have a working capital deficit at December 31, 2022, which would result in non-compliance with the working capital covenant requirement under the AIMCo facility of 1:1 at December 31, 2022. Although the Company was able to obtain a waiver from AIMCo for the working capital covenant at September 30, 2022, there can be no assurance that the Company will be able to obtain a waiver for the potential covenant default or an amendment, if necessary, to revise the working capital ratio covenant from AIMCo prior to December 31, 2022. This potential covenant default may result in the AIMCo Term Loan being due on demand. The potential covenant default would also result in a potential cross-covenant default for the Arena Amended and Restated Term Loan and certain other loans and leases at the same time. The Company does not have the financial ability to repay the AIMCo Term Loan, Arena Amended and Restated Term Loan and certain other loans and leases should they come due as a result of the default.

Although the support of the lenders and lessors is important to the Company remaining a going concern, the fact remains that the Company has a significant working capital deficit and contractual payments with the potential for covenant and cross-covenant violations commencing December 31, 2022. The Company anticipates funding the working capital deficit and contractual repayments, which include the Arena Amended and Restated Term Loan, with a combination of cash from operations, other new debt or equity financings. The Company is employing the following specific strategies to assist in reducing the working capital deficit and making the contractual payments:

- Strategic investment in high quality reactivations to provide ongoing increases in production volumes to maximize monthly revenue and cashflows in the current strong commodity price environment;
- Conducting operations under a disciplined approach to capital and operating cost expenditures;
- Working proactively with vendors on payment terms;
- Working with partners to bring non-operated production back on stream;
- Strategic acquisitions;
- Equity financing;
- Debt financing.

While commodity prices have shown a significant improvement in 2022, 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. In addition, the AIMCo Term Loan has certain covenants that have come into effect in 2022, specifically the working capital ratio as noted above, that based on current financial results required a waiver at September 30, 2022, and will be difficult to maintain on a go forward basis.

Due to the conditions noted above there remains a material uncertainty surrounding the Company's ability to generate adequate cash flow from operations to enable the Company to address the working capital deficit and 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 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 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.

MANAGEMENT STRATEGY AND OUTLOOK

Razor

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 into 2023. Most 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.

The significant improvement in oil prices in 2022, combined with a strong price outlook in the medium term, offset by historically high electricity prices, provides Razor with improved cash flow from operations. While the Company anticipates reducing its working capital deficit and net debt[1] over time, it is still projecting to have a working capital deficit at December 31, 2022, which would result in non-compliance with the working capital covenant requirement under the AIMCo facility of 1:1 at December 31, 2022 (see future operations section of this MD&A).

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 carbon capture, utilization and storage and enhanced oil recovery ("EOR") purposes[2], in addition to geothermal power production and conventional open-hole horizontal development drilling upside.

A previous operator of the South Swan Hills Unit ("SSHU") developed a CO_2 EOR Injection Pilot[2] ("CO_2 Pilot") which proved the incremental recovery of hydrocarbons. In 2022, Razor engaged Sproule Associates Limited ("Sproule") to complete an engineering review of the CO_2 Pilot and Sproule's work confirmed incremental recoverable reserves from the injection of CO_2. Furthermore, Razor recently received approval from the Alberta Energy Regulator for a miscible CO_2 enhanced oil recovery scheme in the Beaverhill Lake U and V Pools located in the SSHU. Razor is actively developing a long-term plan to inject CO_2 and expects incremental recovery of hydrocarbons when CO_2 is injected into the reservoir.

FutEra

FutEra, a subsidiary of Razor Energy, has partially commissioned the first co-produced geothermal power plant in Canada with a nameplate capacity of 21 MW of which up to 30% will be sustainable clean power generation. The Swan Hills Geothermal Power Project began producing power to the grid on September 9, 2022. The final stages of construction and commissioning are ongoing, with the Swan Hills Geothermal Power Project anticipated to be fully operational by the end of 2022.

Power generation revenue for September 2022 from the natural gas turbine was $1.9 million, which exceeded expectations due to a historically higher than average merchant power price of $280/MWH. FutEra has successfully partnered with provincial and federal government agencies to invigorate the emerging geothermal industry. To date, Razor has received $16.3 million in government grants

[1] See "Non-IFRS and other financial measures".

[2] These programs have been successfully demonstrated by the previous operator's South Swan Hills Unit CO_2 EOR Injection Pilot which ran from 2008 to 2010 in addition to CO_2 injection programs carried out in the Swan Hills Unit No. 1 and Judy Creek oil pools from 2004 to 2010.

to support this power generation project. The total construction and commissioning budget for the Swan Hills Geothermal Power Project is project to be $48 million.

Legacy oil and gas fields can face economic challenges with lower production levels and high fixed costs. However, these fields also have practical advantages when considering the existing infrastructure, pipelines, wells, and operational footprints. The Swan Hills Geothermal Power Project is an example of leveraging existing assets to lower carbon economic outcomes. Razor and FutEra continue to demonstrate the synergies and cooperation needed to define a type of transformation energy and sets the standard of how oil and gas companies can evolve into the 'energy and technology' companies necessary for the future of the Alberta energy complex.

Continuing on the transition energy theme, on May 11, 2022, Razor closed a rights offering for $5.0 million of common shares ("Rights Offering"). The common shares were issued on a flow-through basis in respect of Canadian Renewable and Conservation Expense ("CRCE") within the meaning of the Income Tax Act (Canada). The proceeds will be used to fund certain eligible expenses on the Swan Hills Geothermal Power Project, solar and eligible expenses on various early-stage power projects including additional geothermal initiatives in 2022 and 2023 of which $0.8 million was spent in Q3 2022.

SELECT QUARTERLY HIGHLIGHTS

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

	Three Months Ended September 30			Nine Months Ended September 30		
($000s, except for per share amounts and production)	**2022**	2021	% Change	**2022**	2021	% Change
Production						
Light oil (bbl/d)	**2,816**	2,282	23	**2,755**	2,074	33
Natural gas (mcf/d)[1]	**4,948**	4,381	13	**4,737**	3,934	20
NGLs (boe/d)	**873**	554	58	**893**	513	74
Total (boe/d)	**4,514**	3,567	27	**4,437**	3,242	37
Sales Volumes						
Light oil (bbl/d)	**2,831**	2,304	23	**2,768**	2,075	33
Natural gas (mcf/d)[1]	**4,342**	3,831	13	**4,255**	3,533	20
NGLs (boe/d)	**873**	554	58	**893**	513	74
Total (boe/d)	**4,428**	3,497	27	**4,370**	3,177	38
Oil inventory volumes (bbls)	**11,645**	7,752	50	**11,645**	7,752	50
Financial						
Oil and NGL sales	**33,158**	19,295	72	**102,706**	47,108	118
Natural gas sales	**1,979**	1,348	47	**6,931**	3,179	118
Power generation	**1,893**	-	100	**1,893**	-	100
Blending and processing income	**873**	455	92	**2,692**	2,599	4
Other revenue	**667**	248	169	**1,670**	800	109
Total Revenue	**38,570**	21,346	81	**115,892**	53,686	116
Cash flow from (used in) operating activities	**12,235**	(2,340)	623	**15,954**	(5,454)	393
Funds flow[2]	**3,426**	306	1,020	**19,175**	(755)	2,640
Adjusted funds flow[2]	**2,929**	1,113	163	**18,637**	852	2,087
Net income (loss)	**(8,788)**	9,669	(191)	**(11,842)**	(1,510)	684
Per share – basic and diluted	**(0.36)**	0.46	(178)	**(0.50)**	(0.07)	614
Common shares outstanding, end of period	**25,275**	21,064	20	**25,275**	21,064	20
Weighted average, basic	**25,275**	21,064	20	**24,334**	21,064	16
Weighted average, diluted	**25,275**	21,064	20	**24,334**	21,064	16
Total Assets	**200,861**	199,233	1	**200,861**	199,233	1

Cash	**3,681**	3,952	(7)	**3,681**	3,952	(7)
Long-term debt (principal)	**84,750**	72,251	17	**84,750**	72,251	17
Net debt[2]	**110,746**	91,968	20	**110,746**	91,968	20
Netback ($/boe)[2]						
Oil and gas sales	**84.61**	62.91	34	**90.51**	56.81	59
Royalties	**(24.39)**	(11.39)	114	**(23.12)**	(8.13)	184
Adjusted net operating expenses[2 3]	**(42.99)**	(39.52)	9	**(39.41)**	(38.61)	2
Production enhancement expenses[2]	**(6.23)**	(3.87)	61	**(7.38)**	(5.47)	35
Transportation and treating	**(2.75)**	(2.65)	4	**(2.56)**	(2.36)	8
Realized gain (loss) on commodity contracts	**(2.73)**	(0.42)	550	**(0.83)**	(0.21)	295
Operating Netback[2]	**5.52**	5.06	9	**17.21**	2.03	748

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.

Q3 2022 HIGHLIGHTS

- Production volumes for Q3 2022 averaged 4,514 boe/d, an increase of 27% from Q3 2021 and 4% from Q2 2022. Average production was 4,437 boe/d for the nine months ended September 30, 2022, an increase of 37% compared to the same period in 2021. Q3 2022 production was lower than expected due to a non-operated unit partner reclaiming a previously surrendered working interest.
- Realized petroleum and natural gas sales price of $84.61/boe in Q3 2022 was 34% higher than the $62.91/boe received during the same period in 2021 and decreased 16% from $100.94/boe in Q2 2022.
- Adjusted funds flow for the third quarter of 2022 was $2.9 million ($0.12 per share – basic and diluted) compared to $1.1 million ($0.05 per share – basic and diluted) for Q3 2021.
- Invested $2.5 million on workovers and other production enhancing maintenance resulting in approximately 220 boe/d of production improvement.
- Invested $6.7 million of capital in Q3 2022, with $4.3 million attributed to FutEra to advance the Swan Hills Geothermal Power Project and the remaining $2.1 million attributed to Razor and Blade Energy Services Corp. ("Blade").

DAILY AVERAGE PRODUCTION

	Three Months Ended September 30			Nine Months Ended September 30		
Production Volumes (boe/d)	**2022**	2021	% Change	**2022**	2021	% Change
Crude oil (bbl/d)	**2,816**	2,282	23	**2,755**	2,074	33
Natural gas (mcf/d)	**4,948**	4,381	13	**4,737**	3,934	20
NGLs (bbls/d)	**873**	554	58	**893**	513	74
Total (boe/d)	**4,514**	3,567	27	**4,437**	3,242	37
Crude oil and NGL's (%)	**82**	80	3	**82**	80	3
Natural gas (%)	**18**	20	(10)	**18**	20	(10)
Total (%)	**100**	100	-	**100**	100	-

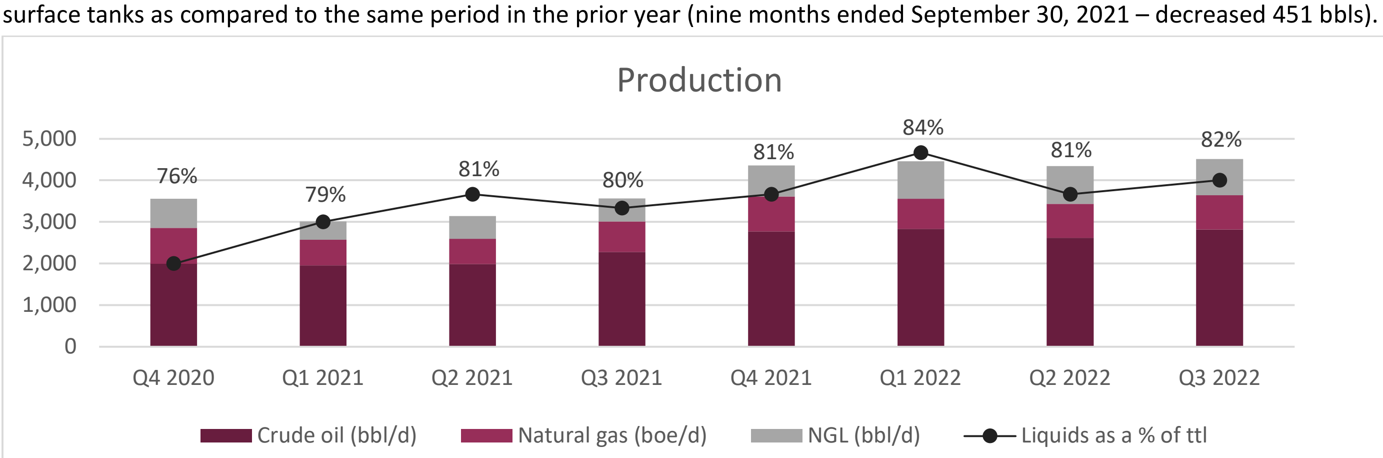
Production Volumes by Area (boe/d)	Three Months Ended September 30 2022	2021	% Change	Nine Months Ended September 30 2022	2021	% Change
Swan Hills	**2,940**	2,346	25	**2,951**	2,033	45
Kaybob	**950**	731	30	**901**	712	27
Southern Alberta	**624**	490	27	**585**	497	18
Total (boe/d)	**4,514**	3,567	27	**4,437**	3,242	37

Sales Volumes (boe/d)	Three Months Ended September 30 2022	2021	% Change	Nine Months Ended September 30 2022	2021	% Change
Crude oil (bbl/d)	**2,831**	2,304	23	**2,768**	2,075	33
Natural gas (mcf/d)	**4,342**	3,831	13	**4,255**	3,533	20
NGLs (bbls/d)	**873**	554	58	**893**	513	74
Total (boe/d)	**4,428**	3,497	27	**4,370**	3,177	38
Crude oil and NGL's (%)	**84**	82	2	**84**	81	4
Natural gas (%)	**16**	18	(11)	**16**	19	(16)
Total (%)	**100**	100	-	**100**	100	-

Sales Volumes by Area (boe/d)	Three Months Ended September 30 2022	2021	% Change	Nine Months Ended September 30 2022	2021	% Change
Swan Hills	**2,861**	2,264	26	**2,886**	1,965	47
Kaybob	**946**	739	28	**897**	713	26
Southern Alberta	**621**	494	26	**587**	499	18
Total (boe/d)	**4,428**	3,497	27	**4,370**	3,177	38

Sales volumes in Q3 2022 averaged 4,428 boe/d, an increase of 27% from the sales volumes of 3,497 boe/d in Q3 2021 and an increase of 4% from Q2 2022 volumes of 4,253 boe/d. For the three months ended September 30, 2022, inventory decreased by 1,364 bbls in existing surface tanks as compared to the same period in the prior year (three months ended September 30, 2021 – decreased 2,032 bbls).

Sales volumes for the nine months ended September 30, 2022, averaged 4,370 boe/d, an increase of 38% from the sales volumes of 3,177 boe/d for the same period in 2021. For the nine months ended September 30, 2022, inventory decreased by 3,555 bbls in existing surface tanks as compared to the same period in the prior year (nine months ended September 30, 2021 – decreased 451 bbls).



Production volumes in Q3 2022 averaged 4,514 boe/d, an increase of 27% from Q3 2021 volumes of 3,567 boe/d and represents a 4% increase from Q2 2022 of 4,340 boe/d. Production volumes averaged 4,437 boe/d for the nine months ended September 30, 2022, an increase of 37% from the same period in the prior year. Highlights of the causes for the differences in production volumes are as follows:

- **Swan Hills** – production volumes increased 25% from the same period of 2021. Production in both Q2 and Q3 2022 was negatively impacted by decreased production of approximately 500 boe/d as a result of a non-operated partner reclaiming their working interest in certain properties. This decrease was partially offset by the Company beginning a production enhancement program in Swan Hills in Q2 2022 which extended into Q3 2022. This program has increased production by approximately 216 boe/d in Q3 2022 and 348 boe/d for the nine months ended September 30, 2022. In addition, the operator in Swan Hills Unit No.1 has embarked on various production enhancement activities and the Company anticipates production enhancement activities to continue throughout Q4 2022.
- **Kaybob** – production volumes increased 30% from the same period in 2021 as the Company's production enhancement program was focused in the Kaybob area in the first half of 2022 increasing production by 4 boe/d in Q3 2022 and 238 boe/d for the nine months ended September 30, 2022.
- **Southern Alberta** – production volumes increased 27% from the same period in 2021 as the result of the Company's production enhancement program positively impacting volumes by 12 boe/d for the nine months ended September 30, 2022.

The increase in production volumes for both the three and nine months ended September 30, 2022, as compared to the three and nine months ended September 30, 2021, is largely due to production enhancement activities increasing production 220 boe/d in Q3 2022 and 598 boe/d for the nine months ended September 30, 2022, offset by natural declines, various third-party operational downtime, temporary infrastructure issues and reclaimed working interest by a non-operated partner as discussed above.

Inventory in existing surface tanks decreased in the nine months ended September 30, 2022, by 3,555 bbls (nine months ended September 30, 2021 – decreased by 451 bbls). As at September 30, 2022, Razor had 11,645 bbls of crude oil inventory (December 31, 2021 – 15,200 bbls).

	Three months ended September 30,		Nine months ended September 30,	
Inventory (bbls)	**2022**	2021	**2022**	2021
Opening light oil inventory, beginning of period	**13,009**	9,784	**15,200**	8,203
Inventory movement	**(1,364)**	(2,032)	**(3,555)**	(451)
Closing light oil inventory, end of period	**11,645**	7,752	**11,645**	7,752
Inventory movement (bbl/d)	**15**	22	**13**	2

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 September 30, 2022, was 509 mcf/d (three months ended September 30, 2021 - 386 mcf/d) and 437 mcf/d for the nine months ended September 30, 2022 (nine months ended September 30, 2021 - 472 mcf/d).

PETROLEUM AND NATURAL GAS SALES

	Three Months Ended September 30			Nine Months Ended September 30		
($000s)	**2022**	2021	% Change	**2022**	2021	% Change
Petroleum and natural gas sales						
Crude oil	**29,497**	17,354	70	**90,070**	42,314	113
Natural gas	**1,978**	1,348	47	**6,930**	3,179	118
NGL	**3,662**	1,941	89	**12,637**	4,794	164
Total	**35,137**	20,643	70	**109,637**	50,287	118

Average prices						
Crude oil ($/bbl)	**113.36**	82.29	38	**119.80**	74.30	61
Natural gas ($/mcf)	**5.26**	3.44	53	**6.12**	3.43	78
NGL ($/bbl)	**45.58**	38.08	20	**51.78**	34.16	52
Oil equivalent ($/boe)	**84.61**	62.91	34	**90.51**	56.81	59
Average benchmark prices and foreign exchange rates						
Crude oil ($/bbl)						
WTI (USD)	**91.56**	70.55	30	**98.09**	64.82	51
WTI (CAD)	**119.94**	88.89	35	**125.55**	81.03	55
MSW (Light Sweet Oil – Edmonton)	**116.71**	83.01	41	**123.97**	75.60	64
WTI vs MSW oil differential (CAD/bbl)	**(2.86)**	(5.88)	(51)	**(2.39)**	(5.45)	(56)
WTI vs MSW oil differential (%)	**(2)**	(7)	(71)	**(2)**	(7)	(71)
Natural Gas (CAD/mcf)						
AECO NGX AB-5a (1)	**4.18**	3.63	15	**5.41**	3.30	64
Electricity ($/MWh)						
AESO pool price	**221.90**	100.27	121	**144.95**	100.74	44
CAD/USD exchange rate	**1.31**	1.26	4	**1.28**	1.25	2

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

Petroleum and natural gas sales increased 70% in Q3 2022 to $35.1 million from $20.6 million in Q3 2021 and 118% in the nine months ended September 30, 2022, to $109.6 million as compared to $50.3 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 September 30, 2021	17,354	1,348	1,941	20,643
Effect of changes in sales volumes	3,969	180	1,118	5,267
Effect of changes prices	8,174	450	603	9,227
Three months ended September 30, 2022	**29,497**	**1,978**	**3,662**	**35,137**

($000s)	Crude Oil	Natural Gas	NGL	Total
Nine Months ended September 30, 2021	42,314	3,179	4,794	50,287
Effect of changes in sales volumes	14,125	650	3,554	18,329
Effect of changes prices	33,631	3,101	4,289	41,021
Nine months ended September 30, 2022	**90,070**	**6,930**	**12,637**	**109,637**

Crude Oil Prices

Crude oil benchmark prices averaged WTI USD $91.56/bbl for Q3 2022 and USD $98.09/bbl for the nine months ended September 30, 2022, as compared to USD $70.55/bbl for Q3 2021 and USD $64.82/bbl for the nine months ended September 30, 2021. Throughout 2022, commodity prices were bolstered significantly due to concerns over global supply and the Russia-Ukraine conflict. West Texas Intermediate ("WTI") averaged CAD $119.94/bbl in Q3 2022, a 35% increase from the same quarter in 2021 and CAD $125.55/bbl for the nine months ended September 30, 2022, a 55% increase over the nine months ended September 30, 2021. 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 Q3 2022, the differential between WTI and MSW was 2% compared to 7% in both Q3 2021 and the nine months ended September 30, 2021.

Razor realized an oil price of $113.36/bbl during Q3 2022, which was a 5% discount to the WTI (CAD) price, compared to the 7% discount in Q3 2021. Razor realized an oil price of $119.80/bbl during the nine months ended September 30, 2022, which was a 5% discount to the WTI (CAD) price, compared to the 8% 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 Q3 2022, increased by 15% from Q3 2021 and 64% for the nine months ended September 30, 2022, as compared to the same period in the prior year as a result of an increase 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 Q3 2022 increased 20% from Q3 2021 and 52% for the nine months ended September 30, 2022, as compared to the same period in the prior year. The increase reflects significantly higher benchmark prices for ethane, propane, butane, and pentane prices, which correlates with the increase in natural gas, oil, and condensate benchmark prices during the period. Condensate prices, which are priced at a differential to WTI, increased due to strengthening of WTI prices.

COMMODITY PRICE RISK

	Three Months Ended September 30			**Nine Months Ended September 30**		
($000s)	**2022**	2021	% Change	**2022**	2021	% Change
Realized gain (loss) on commodity contracts settlement	**(1,135)**	(138)	722	**(1,003)**	190	(628)
Unrealized gain (loss) on commodity contracts settlement	**318**	(351)	191	**(538)**	(1,273)	(58)
Total	**(817)**	(489)	67	**(1,541)**	(1,083)	42

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 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 September 30, 2022, 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*	*Fair Value (CAD 000's)*
NYMEX WTI financial futures	11,000	Oct 31'22-Sept 30'23	50.00	65.00	75.00	(585)

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-Apr 30'24	Long	Put	50.00	636
NYMEX WTI financial futures	11,000	Oct 31'22-Dec 31'22	Short	Put	100.00	(1,022)
NYMEX WTI financial futures	15,000	Jan 31'23-Mar 31'23	Short	Put	100.00	(1,697)

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 September 30, 2022, the Company fair valued the oil commodity contracts as a net liability of $2.6 million (December 31, 2021 – liability of $0.6 million) on the Statement of Financial Position. The Company recorded an unrealized gain of $0.3 million for the three months ended September 30, 2022 (September 30, 2021 – unrealized loss of $0.4 million) and a realized loss of $1.1 million in earnings for the three months ended September 30, 2022 (September 30, 2021 – realized loss of $0.1 million). For the nine months ended September 30, 2022, the Company recorded an unrealized loss of $0.5 million (nine months ended September 30, 2021 – unrealized loss of $1.3 million) and a realized loss of $1.0 million (nine months ended September 30, 2021 – realized gain of $0.2 million). In conjunction with entering into the above contracts, Razor received $1.0 million for Q3 2022 (Q3 2021 – paid $0.05 million) and received CAD $1.5 million for the nine months ended September 30, 2022 (nine months ended September 30, 2021 – paid $0.6 million).

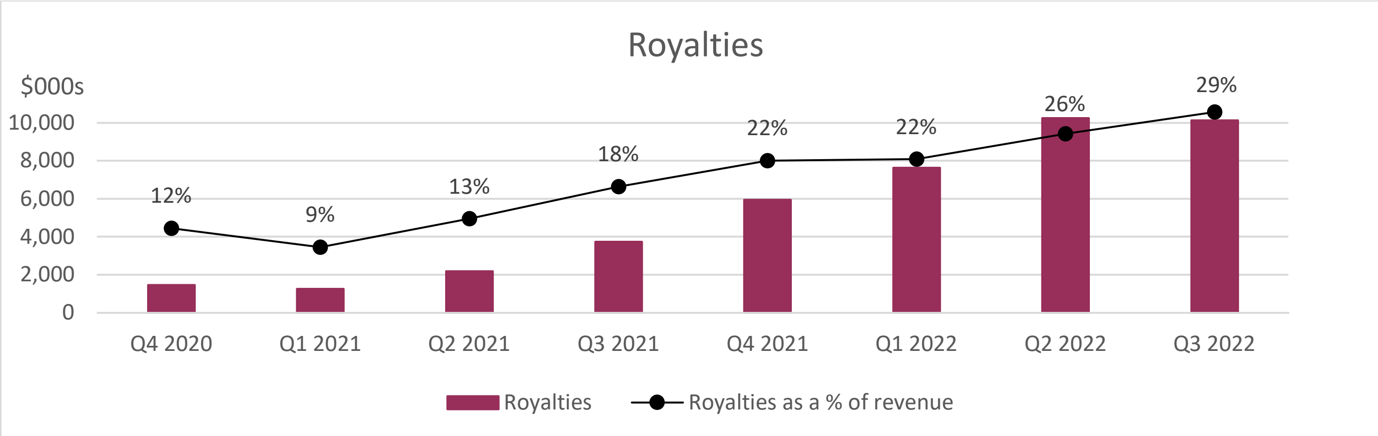
Subsequent to September 30, 2022, the Company has purchased certain commodity contracts as follows:

Oil – options

Reference point	*Volume (bbls/mth)*	*Remaining Term*		*Option type*	*Strike price*
NYMEX WTI financial futures	11,000	May 31'24	Long	Put	50.00
NYMEX WTI financial futures	15,000	Apr 30'23	Short	Put	100.00

ROYALTIES

	Three Months Ended September 30			**Nine Months Ended September 30**		
($000s)	**2022**	2021	% Change	**2022**	2021	% Change
Royalties	**10,128**	3,738	171	**28,001**	7,192	289
Percent of Revenue	**29**	18	61	**26**	14	86
($/boe)	**24.39**	11.39	114	**23.12**	8.13	184



Royalties as a percentage of revenue for Q3 2022 were higher than Q3 2021, due to the sliding scale nature of some oil royalties which increases the percentage during periods of high oil prices. The Company expects royalty rates as a percentage of revenue to remain in the 24% to 26% range for the remainder of 2022 based on current forecast commodity pricing levels for all products. On an absolute basis, royalty expense was higher in Q3 2022 compared to Q3 2021 due to an increase in commodity prices which impacts the royalty percentage. Additionally, certain wells reactivated throughout 2022 were higher volumes wells which attract maximum royalty rates.

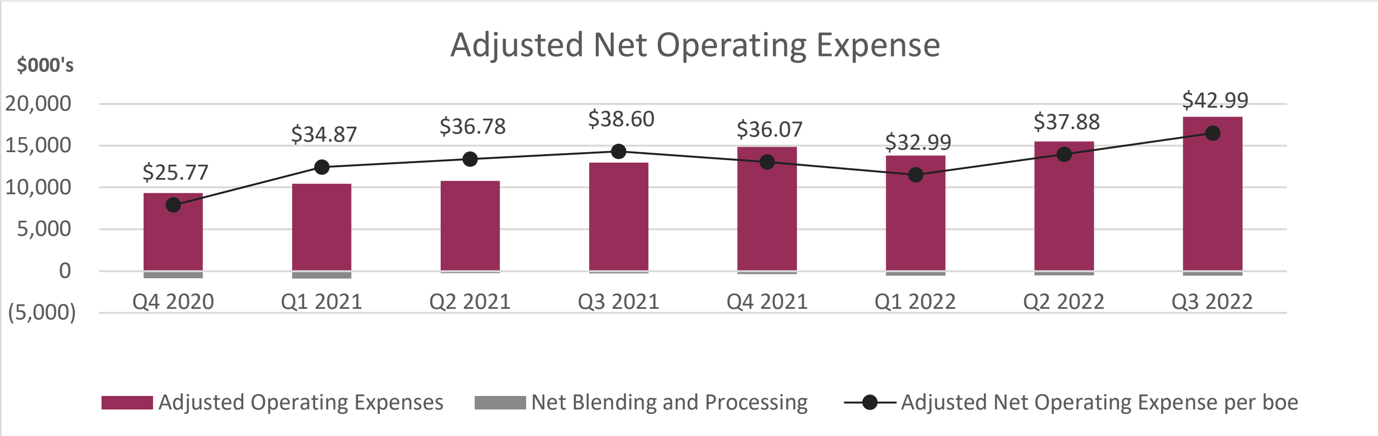
For the nine months ended September 30, 2022, royalties as both a percentage of revenue and on an absolute dollar basis were higher than the nine months ended September 30, 2021, as a result of the sliding scale royalties as discussed above as well as from increasing production volumes resulting from well reactivations with high volumes wells which attract maximum royalty rates.

ADJUSTED NET OPERATING EXPENSE[1], PRODUCTION ENHANCEMENT EXPENSE

	Three Months Ended September 30			Nine Months Ended September 30		
($000s)	**2022**	2021	% Change	**2022**	2021	% Change
Adjusted operating expenses[1]	**18,430**	12,969	42	**47,738**	34,177	40
Less: Blending and processing (net)[1]	**(577)**	(304)	89	**(1,691)**	(1,486)	14
Adjusted net operating expenses	**17,853**	12,665	39	**46,047**	32,691	41
Production enhancement expenses	**2,588**	1,271	104	**8,935**	4,844	84
Net operating expenses[1]	**20,441**	13,936	45	**54,982**	37,535	46
($/boe)						
Adjusted net operating expenses[1]	**42.99**	39.52	9	**38.01**	38.61	(2)
Production enhancement expense[1]	**6.23**	3.87	61	**7.38**	5.47	35

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

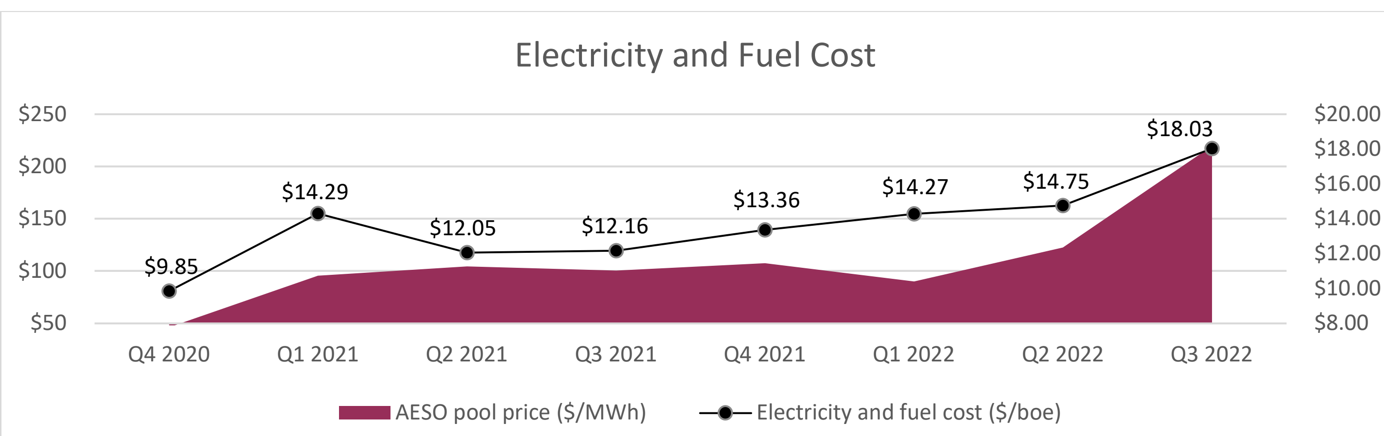
Adjusted net operating expenses increased $5.0 million or 39% on a total dollar basis and increased 9% on a per boe basis in Q3 2022 compared to the same period in 2021. The increase in the adjusted net operating expense on a both a total dollar basis and a per boe basis was due primarily to fuel and electricity costs which increased $3.5 million in Q3 2022 as compared to Q3 2021 as well as additional operating costs incurred due to increase in operating activity with the improved price environment.



For the nine months ended September 30, 2022, adjusted net operating expenses increased 41% on a total dollar basis and increased 3% on a per boe basis as compared to the nine months ended September 30, 2022, primarily due to the increase in fuel and operating expenses as noted above.

In the nine months ended September 30, 2022, Razor experienced more than expected operational spending in both operated and non-operated areas. Over the last couple of years, due to lower commodity prices, Razor and its operating partners deferred certain operations where possible. These operations were deferable at the time but had to be executed in the 2022 year. A majority of these deferred projects will be completed in the 2022 year, which will allow for normal operations and spending in future years.

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 65% of the adjusted net operating expenses in Q3 2022 (comparable costs in Q3 2021 – 56%). The cost of electricity and fuel increased 29% in Q3 2022 and was $18.03/boe as compared to $12.16/boe in Q3 2021. The cost of electricity and fuel increased 68% and was $15.71/boe for the nine months ended September 30, 2022, as compared to $12.78/boe for the same period in the prior year. This was mostly due to a 122% increase in average electricity pool prices in Q3 2022 as compared to Q3 2021 and 45% for the nine months ended September 30, 2022, compared to the same period in the prior year which was offset by a decrease in consumption, decreased reliance on non-operated fuel gas and lower production levels. Average electricity pool prices were $219.87/MWh in Q3 2022, as noted in the chart below, which is an exceptionally high price compared to historical averages. While average electricity pool prices have come down thus far in Q4 2022, they still remain elevated compared to historical averages.

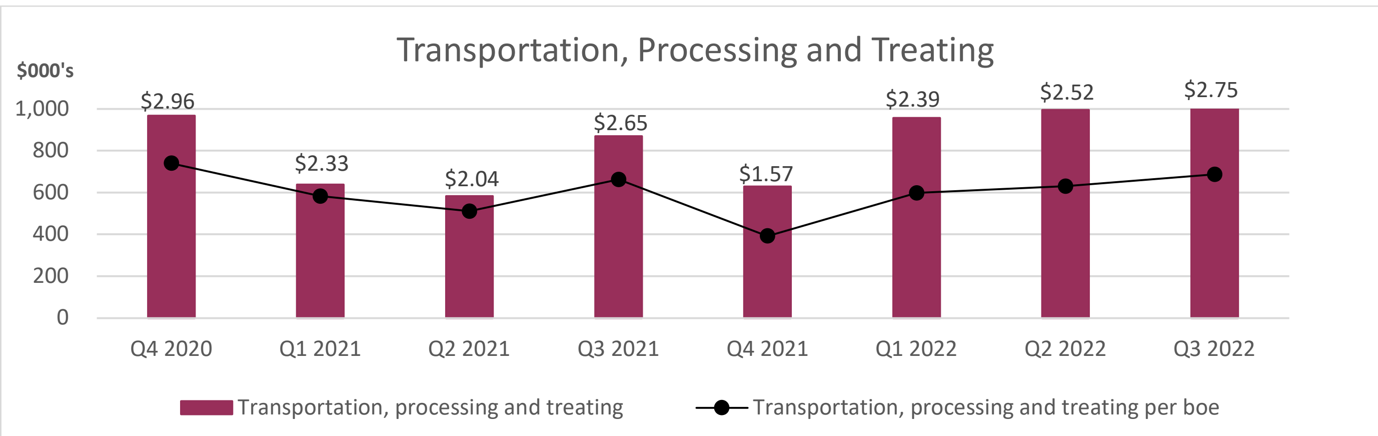


Razor has focused on cost control on all expenditures within its operations by internalizing field services and producing its own electricity. Blade, a wholly owned subsidiary of Razor, provides services such as crude oil hauling, earthworks, and environmental services. Blade conducted $1.8 million of services on behalf of Razor during Q3 2022 (Q3 2021 - $1.0 million) and $3.8 million for the nine months ended September 30, 2022 (nine months ended September 30, 2021 - $3.4 million) which is eliminated upon consolidation.

The Company continued its production enhancement activity in Q3 2022 in response to the stronger commodity price environment. Production enhancement expenses averaged $6.23/boe in Q3 2022 as compared to $3.87/boe in Q3 2021 and $7.38/boe for the nine months ended September 30, 2022, as compared to $5.47/boe for the same period in the prior year. The production enhancement program has resulted in an average production increase during Q3 2022 of 220 boe/d and 598 boe/d for the nine months ended September 30, 2022. In Q4 2022 the Company has curtailed production enhancement activities and it is anticipated that the Company will resume such activities in Q1 2023.

TRANSPORTATION, PROCESSING, AND TREATING

	Three Month Ended September 30,			Nine Months Ended September 30,		
($000s)	**2022**	2021	% Change	**2022**	2021	% Change
Transportation and treating	**1,144**	870	31	**3,096**	2,091	48
($/boe)	**2.75**	2.65	4	**2.36**	2.56	(8)



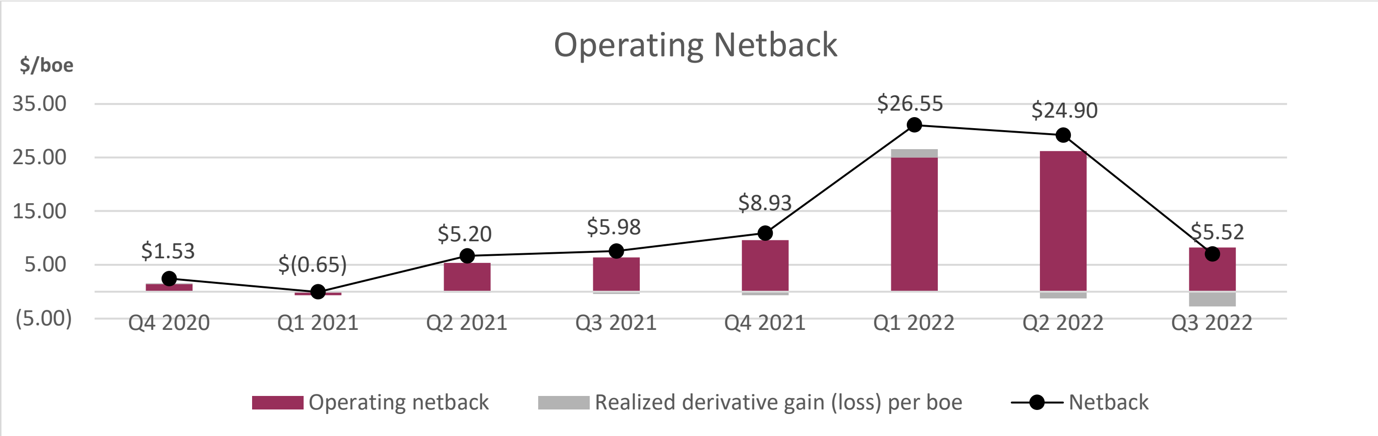
Transportation, processing and treating costs increased 31% in Q3 2022 compared to Q3 2021 as a result of increased gas plant processing costs primarily related to production from Kaybob South Beaverhill Lake Gas Unit 3.

For the nine months ended September 30, 2022, transportation, processing and treating costs increased 48% as compared to the same period in the prior year due to increased gas plant processing costs and oil processing fees.

OPERATING NETBACK[1]

	Three Months Ended September 30			Nine Months Ended September 30		
($/boe)	**2022**	2021	% Change	**2022**	2021	% Change
Petroleum and natural gas sales	**84.61**	62.91	34	**90.51**	56.81	59
Royalties	**(24.39)**	(11.39)	114	**(23.12)**	(8.13)	184
Adjusted net operating expenses[1]	**(42.99)**	(39.52)	9	**(39.41)**	(38.61)	2
Production enhancement expenses[1]	**(6.23)**	(3.87)	61	**(7.38)**	(5.47)	35
Transportation and treating	**(2.75)**	(2.65)	4	**(2.56)**	(2.36)	8
Realized derivative gain (loss)	**(2.73)**	(0.42)	550	**(0.83)**	(0.21)	295
Operating netback	**5.52**	5.06	9	**17.21**	2.03	748

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



Operating netback for the three months ended September 30, 2022, increased to $5.52/boe as compared to $5.06/boe in the third quarter of 2021. The increase in Q1 and Q2 2022 is primarily due to higher petroleum and natural gas sales, partially offset by higher royalties and an increase in adjusted net operating expenses related to increased electricity costs and production enhancement activities. The decrease in netback in Q3 2022 as compared to Q1 and Q2 2022 is primarily due to increased electricity costs as well as the loss of production related to the non-operated partner reclaiming their working interest in certain Swan Hills properties as discussed above.

Operating netbacks for the nine months ended September 30, 2022, increased substantially when compared to the same period of 2021 primarily as a result of higher petroleum and natural gas sales, partially offset by higher royalties, increased electricity prices and increase in production enhancement activities.

GENERAL AND ADMINISTRATIVE EXPENSES (G&A)

	Three Months Ended September 30			Nine Months Ended September 30		
($000s)	**2022**	2021	% Change	**2022**	2021	% Change
Gross G&A	**2,289**	1,840	24	**7,099**	5,614	26
Canada Emergency Wage Subsidy	**-**	(22)	(100)	**-**	(300)	(100)
Overhead recoveries	**(534)**	(328)	63	**(1,601)**	(1,283)	25
Capitalized G&A	**(401)**	(253)	58	**(770)**	(650)	18
Total G&A	**1,354**	1,237	9	**4,728**	3,381	40
($/boe)[1]	**3.26**	3.77	(14)	**3.90**	3.92	19

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

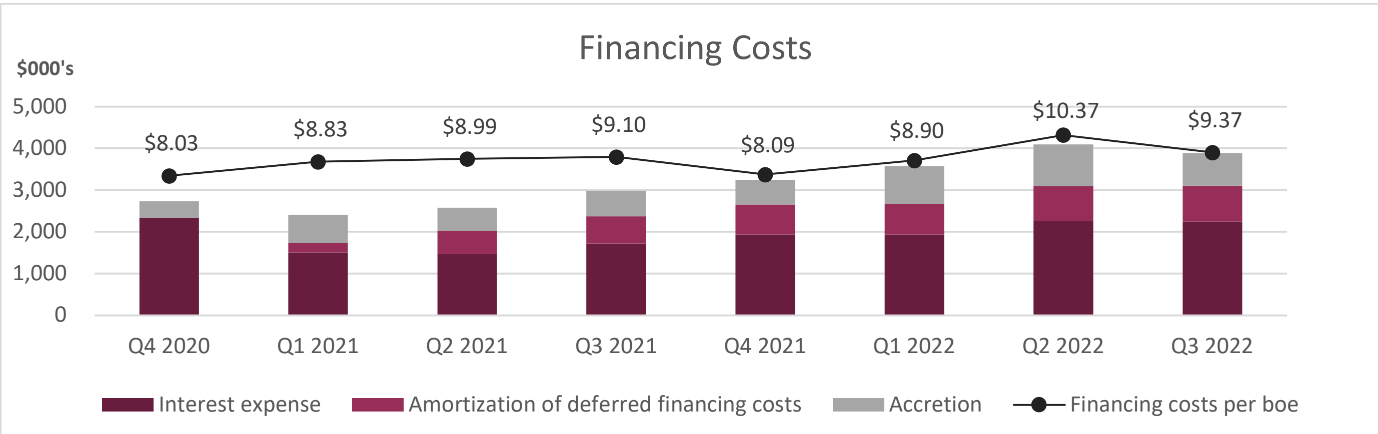
The Company is committed to ongoing focus on cost optimization in all areas of Razor's business including gross G&A costs. Gross G&A costs increased to $2.3 million in Q3 2022 as compared to Q3 2021 and $7.1 million for the nine months ended September 30, 2022, as compared to $5.6 million for the same period in the prior year as a result of the resumption of the Company's employee stock purchase plan, increased salaries and wages related to additional personnel and increased insurance expense.

FINANCING COSTS

The components of financing costs are summarized below.

	Three Months Ended September 30			Nine Months Ended September 30		
($000s)	**2022**	2021	% Change	**2022**	2021	% Change
Interest expense	**2,245**	1,716	31	**6,431**	4,682	37
Amortization of deferred financing costs	**857**	650	32	**2,429**	1,442	68
Accretion	**788**	620	27	**2,696**	1,846	46
Financing Costs	**3,890**	2,986	30	**11,556**	7,970	45
($/boe)[1]	**9.37**	9.10	3	**9.54**	9.01	6

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



Interest expense primarily arises from interest on the AIMCo Term Loan, Arena Amended and Restated Term Loan, Promissory Notes, and lease obligations. Overall interest expense was higher in the third quarter of 2022 as compared to the same period of 2021 due to the following factors: increased interest expense in Q3 2022 due to the increased principal amount of the Arena loan in Q3 2021 and Q1 2022 which was offset by reduced interest charges in preexisting equipment notes and lease obligations and lower other interest charges compared to the comparative period in 2021. Amortization of deferred financing costs increased $0.2 million in the third quarter of 2022 as compared to the same period of 2021 reflecting the impact of additional deferred financing charges added and amortized in 2022 related to the new Arena loan. Accretion, which relates to the time value change of the Company's decommissioning obligations, increased 27% in the third quarter 2022 as compared to the same period of 2021 due to a higher risk-free discount rate.

For the nine months ended September 30, 2022, financing costs increased 30% over the same period in the prior year due to additional interest expense related to the addition of the Arena loan in 2021 and Q1 2022 which was offset by reduced interest charges in preexisting equipment notes and lease obligations and lower other interest charges compared to the comparative period in 2021. In addition, amortization of deferred financing costs increased $1.0 million for the nine months ended September 30, 2022, as compared to the same period of 2021 reflecting the impact of additional deferred financing charges added and amortized in 2022 related to the new Arena loan as well as deferred financing costs related to the renewal of the AIMCo Term Loan in Q1 2021. Accretion, which relates to the time value change of the Company's decommissioning obligations, increased 46% for the nine months ended September 30, 2022, as compared to the same period of 2021 due to a higher risk-free discount rate.

DEPLETION, DEPRECIATION AND AMORTIZATION (DD&A)

	Three Months Ended September 30			Nine Months Ended September 30		
($000s)	**2022**	2021	% Change	**2022**	2021	% Change
Depletion, Depreciation and Amortization	**6,189**	3,874	6	**17,122**	10,017	71
($/boe)[1]	**14.90**	11.81	26	**14.13**	11.32	25

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

DD&A expense for Q3 2022 increased 6% from the same period in 2021 and increased 71% for the nine months ended September 30, 2022, as compared to the nine months ended September 30, 2021, as a result of a higher depletable base related to an impairment reversal in the fourth quarter of 2021. As at September 30, 2022, future development costs required to develop proved and probable reserves in the amount of $61.5 million are included in the depletion calculation for PP&E (December 31, 2021 - $63.9 million).

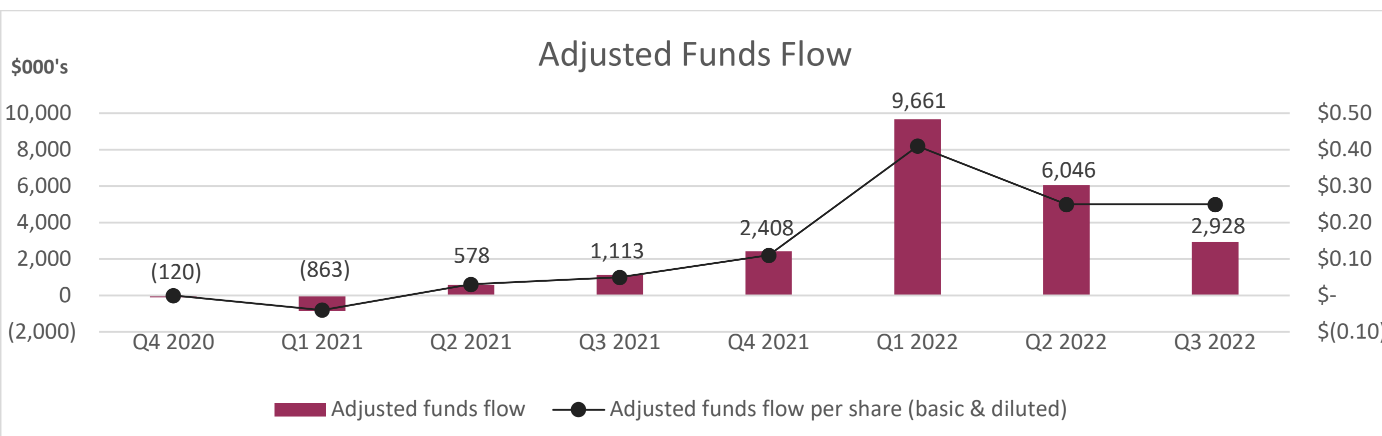
CASH, ADJUSTED FUNDS FLOW AND NET INCOME (LOSS)

	Three Months Ended September 30,			Nine Months Ended September 30,		
($000s)	**2022**	2021	% Change	**2022**	2021	% Change
Net income (loss)	**(8,788)**	9,669	(191)	**(11,842)**	(1,510)	684
Basic and Diluted ($/share)[2]	**(0.36)**	0.46	(178)	**(0.50)**	(0.07)	614
Cash flows from (used in) operating activities	**12,235**	(2,340)	623	**15,954**	(5,454)	393
Basic and Diluted ($/share) [2]	**0.50**	(0.11)	555	**0.67**	(0.26)	358
Adjusted funds flow[1]	**2,928**	1,113	163	**18,637**	852	2,087
Basic and Diluted ($/share) [2]	**0.12**	0.05	140	**0.78**	0.04	1,850

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

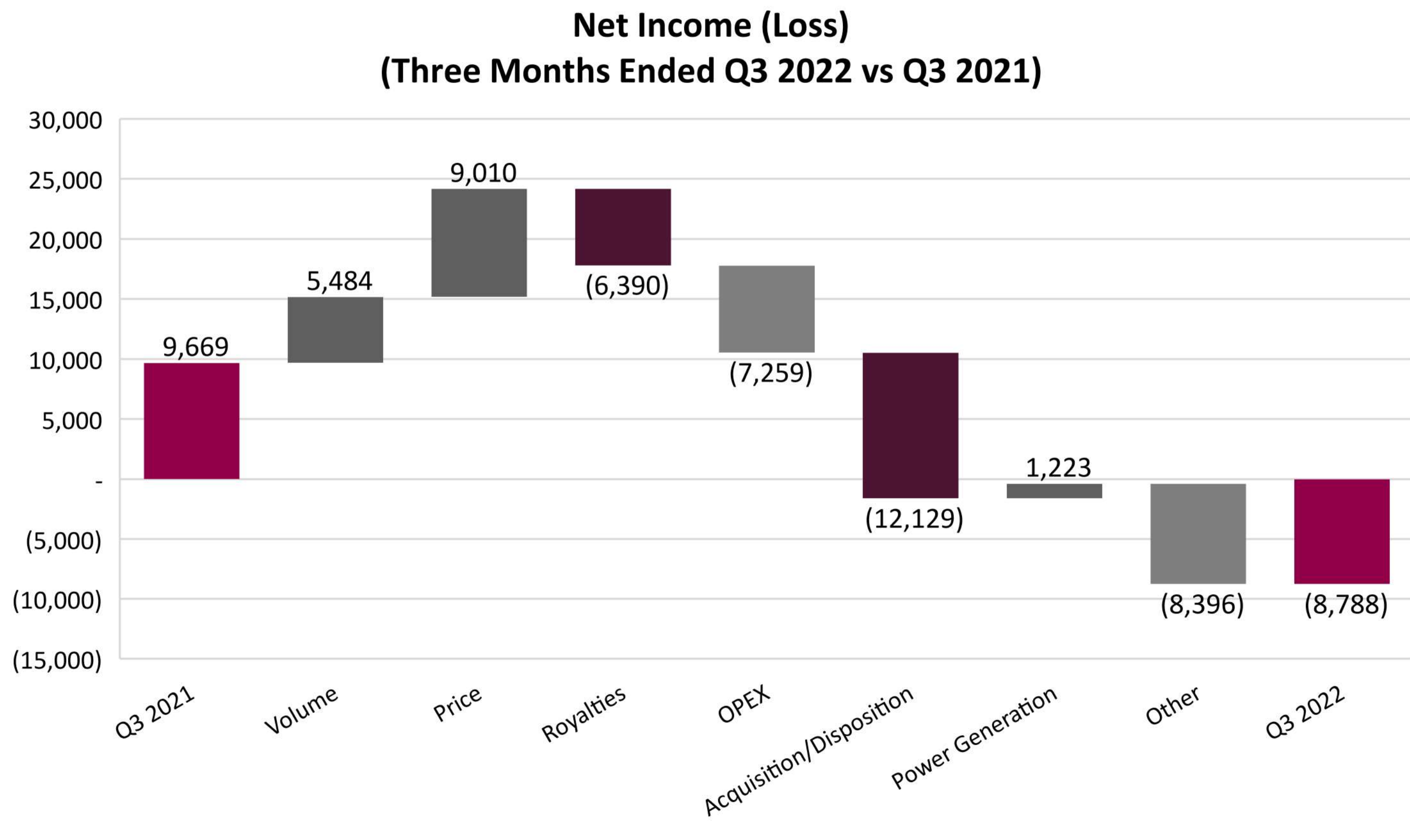
2) For the three and nine months September 30, 2022, 960,300 stock options were excluded from the calculation as their effect was anti-dilutive.

Adjusted funds flow and cash flow from (used in) operating activities Q3 2022 were higher compared to the same period in 2021. This was primarily due to an increase in revenue resulting from higher commodity prices and increased production, partially offset by a higher royalty expense and increased operating expenses.

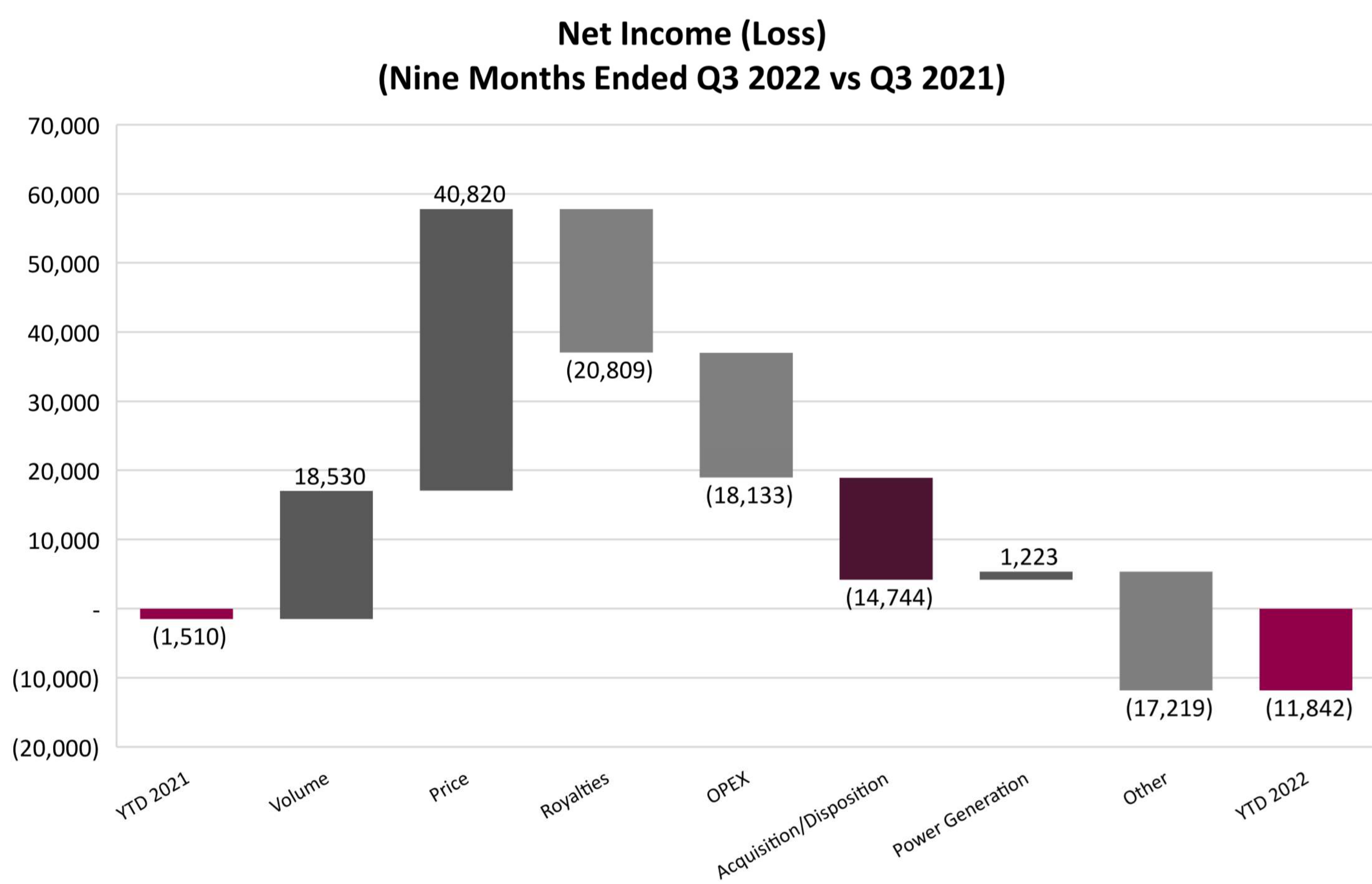


The Company reported a $8.8 million net loss in Q3 2022 compared to a $9.7 million net income in the same period in the prior year. The increased loss quarter over quarter was primarily due a gain on acquisition/disposition of $12.1 million incurred in Q3 2021 as well as an increase in royalties, operating expenses, depletion, depreciation, and amortization, partially offset by a 27% increase in overall sales volumes and an 38% increase in realized oil prices.

The chart below reconciles the changes in net loss to net income for the three month periods ending September 30, 2022 to 2021.



The chart below reconciles the changes in net loss for the nine month periods ending September 30, 2022 and September 30, 2021.



CAPITAL EXPENDITURES

($000s)	Three Months Ended September 30 2022	2021	% Change	Nine Months Ended September 30 2022	2021	% Change
Reactivations, recompletions, and optimizations	**(309)**	49	(730)	**(282)**	206	(237)
Pipelines and injection management	**708**	18	3,833	**1,248**	(7)	17,929
Facilities and other	**452**	(4)	(11,400)	**444**	207	114
Field equipment	**872**	(102)	954	**1,170**	982	19
Power generation	**4,276**	4,072	5	**17,371**	5,265	230
Spare Parts Inventory	**307**	-	100	**301**	-	100
Information technology systems	**14**	5	180	**117**	49	139
Capitalized turnarounds	**1**	-	100	**481**	-	100
Corporate	**384**	87	341	**888**	583	52
Acquisition [2]	**-**	-	-	**(242)**	-	(100)
Capital expenditures	**6,705**	4,125	5	**21,496**	7,285	191
Proceeds from government grants	**-**	(3,254)	(100)	**(3,284)**	(4,617)	(29)
Net capital expenditures[1]	**6,705**	871	635	**18,212**	2,668	571
Capital Expenditures by Function						
Upstream oil and gas	**1,557**	155	905	**2,955**	1,038	185
Oilfield services	**872**	(102)	954	**1,170**	982	19
Power generation	**4,276**	4,072	5	**17,371**	5,265	230
Proceeds from government grants	**-**	(3,254)	(100)	**(3,284)**	(4,617)	(29)
Net capital expenditures[1]	**6,705**	871	635	**18,212**	2,668	571

1) Refer to "Non-IFRS and Other Financial Measures" section of the MD&A
2) The nine months ended September 30, 2022 includes $0.2 million of proceeds from favourable closing adjustment on property acquisitions completed in the previous fiscal year

During Q3 2022, Razor invested $4.3 million on its Swan Hills Geothermal Power Project and executed a major upgrade on one of its group pipelines at for $0.7 million in the current quarter (Q3 2021 - $4.1 million on its Swan Hills Geothermal Power Project and $nil on a major pipeline upgrade). During the nine months ended September 30, 2022, Razor invested $17.4 million on its Swan Hills Geothermal Power Project and executed a major upgrade of one of its group pipelines at a cost of $1.2 million (nine months ended September 30, 2021 - $5.3 million on its Swan Hills Geothermal Power Project and $nil on a major pipeline upgrade).

LIQUIDITY AND CAPITAL RESOURCES

Capitalization Table *($000's, except share, per share, ratio, and percent amounts)*	**September 30, 2022**	December 31, 2021
Net debt[1]	**110,746**	99,020
Shares outstanding	**25,275,250**	23,314,466
Market price at end of period (per share)	**1.50**	0.70
Market capitalization[1]	**37,913**	16,320
Enterprise value[1]	**148,659**	115,340

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

Razor's market capitalization increased to $37.9 million as at September 30, 2022, compared to $16.3 million at December 31, 2021, due to the significant increase in the Company's share price from $0.70 per share to $1.50 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 September 30, 2022, the Company has a working capital deficit of $35.8 million, of which $3.7 million is comprised of cash and cash equivalents. Further, at September 30, 2022, the Company has contractual repayments of $77.1 million due in less than one year.

The Company has a working capital deficit at September 30, 2022, which required a waiver from Alberta Investment Management Corporation ("AIMCo") as the Company would have been unable to meet the working capital covenant of 1:1 at that date.

While the Company anticipates reducing the working capital deficit, it is still projecting to have a working capital deficit at December 31, 2022, which would result in non-compliance with the working capital covenant requirement under the AIMCo facility of 1:1 at December 31, 2022. Although the Company was able to obtain a waiver from AIMCo for the working capital covenant at September 30, 2022, there can be no assurance that the Company will be able to obtain a waiver for the potential covenant default or an amendment, if necessary, to revise the working capital ratio covenant from AIMCo prior to December 31, 2022. This potential covenant default may result in the AIMCo Term Loan being due on demand. The potential covenant default would also result in a potential cross-covenant default for the Arena Amended and Restated Term Loan and certain other loans and leases at the same time. The Company does not have the financial ability to repay the AIMCo Term Loan, Arena Amended and Restated Term Loan and certain other loans and leases should they come due as a result of the default.

Although the support of the lenders and lessors is important to the Company remaining a going concern, the fact remains that the Company has a significant working capital deficit and contractual payments with the potential for covenant and cross-covenant violations commencing December 31, 2022. The Company anticipates funding the working capital deficit and contractual repayments, which include the Arena Amended and Restated Term Loan, with a combination of cash from operations, other new debt or equity financings. The Company is employing the following specific strategies to assist in reducing the working capital deficit and making the contractual payments:

- Strategic investment in high quality reactivations to provide ongoing increases in production volumes to maximize monthly revenue and cashflows in the current strong commodity price environment;
- Conducting operations under a disciplined approach to capital and operating cost expenditures;
- Working proactively with vendors on payment terms;
- Working with partners to bring non-operated production back on stream;
- Strategic acquisitions;
- Equity financing;
- Debt financing.

While commodity prices have shown a significant improvement in 2022, 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. In addition, the AIMCo Term Loan has certain covenants that have come into effect in 2022, specifically the working capital ratio as noted above, that based on current financial results required a waiver at September 30, 2022, and will be difficult to maintain on a go forward basis.

Due to the conditions noted above there remains a material uncertainty surrounding the Company's ability to generate adequate cash flow from operations to enable the Company to address the working capital deficit and 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 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 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 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 September 30, 2022, and November 24, 2022, the Company had a total of 25,275,250 common shares outstanding (December 31, 2021 – 23,314,466 common shares outstanding).

Rights Offering

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 Canadian renewable and conservation expense (“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 $0.8 million was spent in Q3 2022.

TERM LOANS

Loan with AIMCo

On February 16, 2021, the Company extended the Amended Term Facility with AIMCo for an amended principal amount of $50.1 million, being the amounts outstanding with AIMCo on such date. Principal under the extended AIMCo Term Loan is due in full on January 31, 2024, with an interest rate of 10%, payable semi-annually. There were no additional proceeds received from the AIMCo Term Loan. Including the contingent consideration of $3.5 million (see below), the effective interest rate of the Amended Term Loan Facility is 12% per annum (December 31, 2021 - 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 Power Project by July 31, 2021. The Swan Hills Geothermal Power 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 is 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 (“RRLP”).

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, 2022.

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 (or used in) operating activities less changes in non-cash working capital, plus the sum of i) interest paid ii) income taxes paid and iii) finance costs paid. Working capital ratio is the ratio of (i) current assets, excluding the fair value of commodity contracts classed as assets, to (ii) the current liabilities, excluding the current portion of long-term debt and excluding the fair value of commodity contracts classed as liabilities. All financial covenant calculations exclude FutEra Power Corp. and its Subsidiaries.

As at September 30, 2022, Razor was in compliance with all of its non-financial debt covenants and obtained a waiver from the lender for the working capital ratio. As at September 30, 2022, the Company has a working capital deficit of $35.8 million which required a waiver from AIMCo that was executed prior to September 30, 2022, resulting in no event of default. While the Company expects to reduce the working capital deficit, it is projecting to have a working capital ratio of less than 1:1 as at December 31, 2022. Although the Company was able to obtain a waiver from AIMCo for the working capital covenant at September 30, 2022, there can be no assurance that the Company will be able to obtain a waiver for the potential covenant default or an amendment, if necessary, to revise the working capital ratio covenant from AIMCo prior to December 31, 2022. This potential covenant default may result in the AIMCo debt potentially being due on demand. The potential covenant default would also then result in a potential cross-covenant default for the Arena Amended and Restated Term Loan and certain other loans and leases at that time. The Company does not have the financial ability to repay the AIMCo debt, Arena Amended and Restated Term Loan and certain other loans and leases should they come due as a result of the default.

Loan with Arena Investors, LP

On February 16, 2021, RRLP, a subsidiary of Razor, entered into a new term loan with Arena Investors, LP (“the Arena Term Loan”) to provide additional liquidity 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 $8,833,922 (CAD $11,035,336). The term of the amended loan was extended to April 1, 2024. Monthly principal and interest payments are approximately US$0.7 million in 2022. 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 with Arena Investments, LP closed senior debt financing with Arena specifically for the Swan Hills Geothermal Power Project.

The financing is funded by way of amending the Arena Amended 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 7.7875%;
- Accrued interest on the prevailing monthly principal balance of Term Loan 3 at an annualized interest rate of 3%.

Months 25 to 48

- 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 7.7875%;
- 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. As at September 30, 2022, the principal balance of the Arena Amended and Restated Term Loan is US$23.5 million ($CAD $30.3 million). Other terms of the Arena Amended and Restated Term Loan are materially unchanged from Arena Amended Term Loan.

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 September 30, 2022 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	**49,877**	49,877	-	-	-
AIMCo Term Loan	Yes-Liability	**55,486**	-	55,486	-	-
Arena Amended and Restated Term Loan 1&2	Yes-Liability	**15,434**	10,560	4,874	-	-
Arena Amended and Restated Term Loan 3	Yes-Liability	**15,497**	-	9,990	5,507	-
Promissory notes and equipment loans	Yes-Liability	**939**	246	458	235	-
Commodity contracts	Yes-Liability	**3,275**	3,275	-	-	-
Flow-through Share eligible expenditures	Yes-Liability	**5,000**	-	5,000	-	-
Minimum lease obligation	Yes-Liability	**5,249**	1,902	2,634	713	-
Interest payable [1 2]	No	**17,679**	11,216	6,002	376	85
Lease operating costs[3]	No	**127**	52	67	8	-
Transportation services	No	**1,020**	35	253	186	546
Total		**169,582**	**77,162**	**84,765**	**7,024**	**631**

1) Interest costs incurred but unpaid are included as part of the accrued liabilities in the financial statements
2) Excludes interest paid on a 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 assumed decommissioning liabilities included in its Swan Hills, Kaybob and District South acquisitions. In Q3 2022, the Company spent $1.2 million on abandonment, reclamation, and remediation expenditures for a nine month total of $1.6 million (2021 - $1.9 million and $3.6 million for the three and nine months, respectively) which includes $0.6 million related to government grants earned for well site rehabilitation through the SRP program (2021 - $nil and $1.9 million for the three and nine 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 has been assigned a mandatory spend of $2.38 million for 2022.

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 $4.6 million as restricted cash as at September 30, 2022 (December 31, 2021 - $1.4 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 $0.8 million was spent in Q3 2022.

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 September 30, 2022. During the fourth quarter of 2021, Razor filed a Statement of Defence 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.

CRITICAL ACCOUNTING ESTIMATES

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. There have been no changes in Razor's critical accounting estimates in the three or nine months ended September 30, 2022. Further information on the Company's critical accounting policies and estimates can be found in the notes to the annual financial statements and MD&A for the year ended December 31, 2021.

QUARTERLY OPERATING AND FINANCIAL INFORMATION

($000's, except for per share amounts and production)	**Q3 2022**	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Total revenue and other income	**38,570**	41,303	36,019	27,838	21,346	17,185	15,155	14,276
Total revenues net of royalties	**28,442**	31,062	28,387	21,896	17,608	14,992	13,894	12,813
Cash flows from (used in) operating activities	**12,235**	1,315	2,404	13,514	(2,316)	380	(3,518)	356
Net (loss) income	**(8,788)**	(2,278)	(776)	19,248	9,669	(5,544)	(5,635)	(6,048)
Per share – basic and diluted	**(0.36)**	(0.09)	(0.03)	0.85	0.46	(0.26)	(0.27)	(0.29)
Government Grants received	-	(2,236)	(1,048)	(2,558)	(3,254)	(1,363)	-	-
Production Volumes								
Crude Oil (bbl/d)	**2,816**	2,619	2,830	2,774	2,282	1,983	1,952	2,023
Natural gas (mcf/d)	**4,948**	4,907	4,350	5,023	4,381	3,673	3,741	5,165
NGL (bbl/d)	**873**	904	902	747	554	545	434	701
Total (boe/d)	**4,514**	4,340	4,457	4,359	3,567	3,145	3,005	3,585
Sales Volumes [1]								
Crude Oil (bbl/d)	**2,831**	2,597	2,876	2,693	2,304	2,010	1,907	2,024
Natural gas (mcf/d)	**4,342**	4,514	3,906	4,481	3,831	3,301	3,463	4,461
NGL (bbl/d)	**873**	904	902	747	554	549	434	701
Total (boe/d)	**4,428**	4,253	4,429	4,187	3,497	3,110	2,918	3,469

1) Sales volumes include change in inventory volumes.

As at *($000's)*	**Sept.30 2022**	**Jun. 30 2022**	**Mar. 30 2022**	**Dec. 31 2021**	**Sep.30 2021**	**Jun. 30 2021**	**Mar 30 2020**	**Dec. 31 2020**
Total assets	**200,861**	197,980	225,255	239,166	199,283	155,385	150,560	163,709
Cash	**3,681**	2,971	9,000	2,841	3,952	2,710	6,018	1,098
Long-term debt (principal)	**84,750**	82,718	84,003	73,192	72,251	62,678	62,261	50,878
Long-term lease obligations	**2,932**	1,448	1,995	1,756	2,021	2,482	3,026	3,294

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 during 2020 such as workovers and reactivations as a result of significant fluctuations in commodity prices, including WTI and Canadian oil price differentials followed by an increase in spending in 2021 as commodity prices improved,
- in March 2020, and continuing into the fourth 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,
- pricing improvement in 2021 which continued into 2022,
- 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 third quarter 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, 2021, 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 September 30		Nine Months Ended September 30	
($000's)	**2022**	**2021**	**2022**	**2021**
Cash flow from (used in) operating activities	**12,235**	(2,340)	**15,954**	(5,454)
Changes in non-cash working capital	**(8,809)**	2,646	**3,221**	4,699
Funds flow	**3,426**	306	**19,175**	(755)
Decommissioning costs incurred	**550**	758	**995**	1,040
Sale (purchase) of commodity contracts	**(1,047)**	49	**(1,533)**	567
Adjusted funds flow	**2,929**	1,113	**18,637**	852

NET DEBT, MARKET CAPITALZATION, ENTERPRISE VALUE

Net debt is calculated as the sum of the long-term debt (includes AIMCo Term Loan, Amended Arena 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 *($000's)*	**September 30, 2022**	**December 31, 2021**
Long term debt	**(75,328)**	(64,047)
Long term lease obligation	**(2,932)**	(435)
	(78,260)	(64,482)
Less: Working capital		
Current assets	**31,174**	22,108
Exclude commodity contracts	**3,275**	573
Current liabilities	**(66,935)**	(57,219)
	(32,486)	(34,538)
Net debt	**110,746**	99,020

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 September 30		Nine Months Ended September 30	
($000's)	**2022**	**2021**	**2022**	**2021**
Operating expenses	**21,499**	14,240	**57,154**	39,021
Production enhancement expenses	**(2,588)**	(1,271)	**(8,935)**	(4,844)
Other corporate operating expenses & elimination entries[1]	**(481)**	-	**(481)**	-
Adjusted operated expenses	**18,430**	12,969	**47,738**	34,177

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 September 30		Nine Months Ended September 30	
($000's)	**2022**	**2021**	**2022**	**2021**
Adjusted operating expenses	**18,430**	12,969	**47,738**	34,177
Net blending and processing income	**(577)**	(304)	**(1,691)**	(1,486)
Adjusted net operating expenses	**17,853**	12,665	**46,047**	32,691

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 September 30,		Nine Months Ended September 30,	
($000's)	**2022**	**2021**	**2022**	**2021**
Blending and processing income	**873**	455	**2,692**	2,599
Blending and processing expenses	**(296)**	(151)	**(1,001)**	(1,113)
Net blending and processing income	**577**	304	**1,691**	1,486

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 September 30,		Nine Months Ended September 30,	
($000's)	**2022**	**2021**	**2022**	**2021**
Petroleum and natural gas sales[1]	**35,137**	20,643	**109,637**	50,287
Royalties	**(10,128)**	(3,738)	**(28,001)**	(7,192)
Adjusted net operating expenses	**(17,853)**	(12,665)	**(46,047)**	(34,177)
Production enhancement expenses	**(2,588)**	(1,271)	**(8,935)**	(4,844)
Transportation and treating expenses	**(1,144)**	(870)	**(3,096)**	(2,091)
Realized derivative gain (loss) on settlement	**(1,135)**	(138)	**(1,003)**	(190)
Operating netback	**2,289**	1,961	**22,555**	1,793

1) Natural gas production includes internally consumed natural gas primarily used in power generation.

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 September 30,		Nine Months Ended September 30,	
($000's)	**2022**	**2021**	**2022**	**2021**
Capital expenditures	**6,705**	4,125	**21,496**	7,285
Proceeds from Government Grants	**-**	(3,254)	**(3,284)**	(4,617)
Net capital expenditures	**6,705**	871	**18,212**	2,668

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 September 30,		Nine Months Ended September 30,	
($/boe)[1]	**2022**	**2021**	**2022**	**2021**
Operating expenses per BOE	**50.61**	43.39	**46.79**	44.08
Production enhancement expenses	**(6.23)**	(3.87)	**(7.38)**	(5.47)
Adjusted operating expenses	**44.38**	39.52	**39.41**	38.61

1) $/boe amounts are calculated using production volumes

($/boe)[1]	Three Months Ended September 30, 2022	2021	Nine Months Ended September 30, 2022	2021
Adjusted operating expenses	**44.38**	39.52	**39.41**	38.61
Net blending and processing income	**(1.39)**	(0.93)	**(1.40)**	(1.68)
Adjusted net operating expenses per BOE	**42.99**	38.59	**38.01**	36.93

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 September 30, 2022	2021	Nine Months Ended September 30, 2022	2021
Petroleum and natural gas sales[1]	**84.61**	62.91	**90.51**	56.81
Royalties	**(24.39)**	(11.39)	**(23.12)**	(8.13)
Adjusted net operating expenses	**(42.99)**	(39.52)	**(39.41)**	(38.61)
Production enhancement expenses	**(6.23)**	(3.87)	**(7.38)**	(5.47)
Transportation and treating expenses	**(2.75)**	(2.65)	**(2.56)**	(2.36)
Realized derivative gain (loss) on settlement	**(2.73)**	(0.42)	**(0.83)**	(0.21)
Operating netback per BOE	**5.52**	5.06	**17.21**	2.03

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, 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 Swan Hills Geothermal Power Project, geothermal waste heat recovery, CO_2 enhanced oil recovery, 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 including the SRP, commitments under area based closure program and other environmental, social and governance initiatives, the Company's capital program and budget, the availability, terms and use of the AIMCo Term Loan and the Amended Arena 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, 2021, 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.

The energy equivalency of 6:1, utilizing a 6:1 conversion may be misleading as an indication of value.