



**RAISE PRODUCTION INC.  
(the "Corporation")**

**FORM 51-102F6V  
STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUERS  
(for the year ended December 31, 2018)**

**DATED JUNE 28, 2019**

The following information is presented in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* and provides details of all compensation for each of the Named Executive Officers (the "NEO's") as defined in Form 51-102F6V, and members of the Board of Directors (the "Board" or the "Directors") of the Corporation for the years ended December 31, 2018 and 2017. All currency amounts are expressed in Canadian dollars.

During the year ended December 31, 2018, the NEO's of the Corporation were Mr. Eric Laing, President & Chief Executive Officer and Ms. Susan Scullion, Chief Financial Officer & Corporate Secretary. The Directors of the Corporation were Dr. Sherry Austin, Mr. Dell Chapman, Mr. John Grisdale, Mr. Thomas Kehoe, Mr. Eric Laing, Mr. Dan Newman, Mr. Warren Steckley and Mr. Ken Zinger. Mr. Grisdale resigned as a Director on July 9, 2018 and Dr. Austin did not stand for re-election as a Director at the Corporation's last Annual General Meeting on December 5, 2018.

**Compensation Oversight and Description**

*Overview*

The Corporation has a corporate governance, compensation and nomination committee (the "Compensation Committee"), comprised solely of independent directors, that is responsible for setting the overall compensation strategy of the Corporation and evaluating and making recommendations to the Board for the compensation of directors and senior officers on an annual basis.

In developing the compensation strategy, the Compensation Committee uses all data available to it to ensure that all compensation is set at a level that is commensurate with the size and the stage of development of the Corporation as well as responsibilities of each NEO and retention of the NEOs, who are considered by the Board to be essential to the success of the Corporation. Other factors considered are the small number of executive officers, the external market for similar positions and the financial performance of the Corporation. These factors influence both the elements of compensation and the sophistication of the manner of their determination. In addition, the Corporation relies on the flexibility of the executive officers in relation to their receipt of compensation.

No significant events occurred, or compensation policies changed during the Corporation's year ended December 31, 2018 that have had a significant effect on the Director or NEO compensation. Each of the NEO's received increased compensation during the year ended December 31, 2018 compared to the previous year as shown in the Table of Compensation below.

*Objectives of Compensation Program*

It is the objective of the Corporation's compensation program to attract and retain highly qualified executives and to link incentive compensation to personal and corporate performance and enhancing shareholder value. In evaluating the annual performance of the executive officers, the Compensation Committee considers quantitative objectives including relative shareholder value as well as qualitative aspects of the individual's performance and achievements.

However, total annual compensation for each NEO is not tied to certain performance criteria or goals of the Corporation.

#### *Role of the Executive Officers in the Compensation Process*

The Compensation Committee will receive and review any recommendations of the President and Chief Executive Officer relating to the general compensation structure and programs for the Corporation and the salary and benefit levels of executive officers.

#### *Risks of Compensation Program*

The Compensation Committee has considered the implications of the risks associated with the Corporation's compensation policies and practices and it has a significant role in this risk oversight through regular discussions with the Corporation's President and Chief Executive Officer. An identified risk is the ability of the Corporation to attract and retain qualified executives and employee's given the current development stage status of the Corporation requiring it to offer below-market salaries and bonuses to these individuals.

#### *Elements of the NEO Compensation Program*

The Corporation's compensation comprises: (i) base salary and benefits, (ii) a discretionary incentive bonus plan and (iii) incentive stock options under a fixed stock option plan. Each component of the executive compensation program is addressed below.

#### *Base Salaries and Benefits*

Salaries for each of the executive officers are reviewed annually based on corporate and personal performance and on individual levels of responsibility. Salaries for the executive officers are not determined based on a specific formula or comparison with a peer group. The Compensation Committee submits its recommendation to the Board as to the salary of the President and Chief Executive Officer. The Compensation Committee considers, and if thought appropriate, approves salaries recommended by the President and Chief Executive officer for the other executive officers of the Corporation. Base salaries are established to be competitive in order to attract and retain highly qualified executives.

Other components of compensation may include personal benefits as determined by the Compensation Committee that are consistent with the overall compensation strategy. There is no formula for how personal benefits are utilized in the total compensation package. The Corporation does not provide any pension or retirement benefits to its executive officers.

During the year ended December 31, 2018, the NEO's received a salary increase as disclosed in the Table of Compensation below. This is the first salary increase for both Mr. Laing and Ms. Scullion since their first day of employment with the Corporation on June 17, 2011 and January 28, 2013, respectively.

#### *Incentive Bonus Plan*

To relate the compensation of the senior executive officers of the Corporation to the performance of the Corporation, the Board, on the recommendation of the Compensation Committee, adopted a senior executive bonus plan (the "**Bonus Plan**") pursuant to which a discretionary incentive bonus is provided from time to time. Special bonuses may be provided related to significant projects.

The Board, through the Compensation Committee, will review the Bonus Plan on an annual basis at the time of approving the annual budget. The Board, through its Compensation Committee, has the authority to make any changes to the Bonus Plan at any time to consider any extenuating circumstances or to correct any inequities which may have not been foreseen at the time the Bonus Plan was established or at any annual review.

The NEO's each received a bonus during the year ended December 31, 2018 as disclosed in the Table of Compensation below. The Board awarded this special bonus due to the NEO's roles in obtaining an important non-

brokered financing in 2018 at a low cost to the Corporation. The last bonus payment made to these NEO's occurred during the 2013 fiscal year.

### *Stock Option Plan*

The Compensation Committee is responsible for making recommendations to the Board regarding the administration of and the awarding of options under the Corporation's stock option plan ("**Option Plan**"). The shareholders approved a rolling Option Plan on December 5, 2018, which provides 10% of the issued and outstanding common shares at any point in time to be reserved for issuance to directors, officers, employees and consultants of the Corporation on the exercise of options granted under the Option Plan. On December 31, 2018, this amounted to 11,358,267 common shares reserved for issuance. Prior to December 5, 2018, the Corporation followed a fixed Option Plan, which provided a maximum of 10,600,000 of the issued and outstanding common shares to be reserved for issuance at any point in time. The Compensation Committee determines the number of options to be granted to each executive officer based on the level of responsibility and experience in the position.

The Compensation Committee regularly reviews and where appropriate adjusts the number of options granted to individuals and determines the vesting provisions of such options. The maximum term of options granted may not exceed ten years. The vesting terms vary by grant with one-third released at each of three specified dates during the vesting period, not exceeding three years from the date of grant.

The Compensation Committee sets the number of options as appropriate to attract and retain qualified and talented employees. The Compensation Committee also takes account of the Corporation's contractual obligations and the award history for all participants in the Option Plan. The Option Plan is designed to provide a long-term incentive to officer and employees that is linked to shareholder value. Executive officers and directors of the Board are not permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the officer or director.

### **Director and Named Executive Officer Compensation**

The following table provides a summary of compensation, excluding compensation securities, earned in respect of the Corporation's two most recently completed financial years by the Chief Executive Officer and the Chief Financial Officer (the NEO's of the Corporation as defined in Form 51-102F6V) who served as executive officers of the Corporation during the year ended December 31, 2018. There were no other executive officers of the Corporation at the end of the most recently completed financial year whose total compensation (excluding compensation securities) exceeded \$150,000 per year.

<b>Table of Compensation (excluding Compensation Securities)</b>					
<b>Name and Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Value of Perquisites <sup>(2)</sup> (\$)</b>	<b>Total Compensation (\$)</b>
Eric Laing President, Chief Executive Officer and Director <sup>(1)(3)</sup>	2018	179,242	15,000	10,800	205,042
	2017	150,000	-	10,800	160,800
Susan Scullion Chief Financial Officer and Corporate Secretary <sup>(4)</sup>	2018	161,742	10,000	9,600	181,342
	2017	140,000	-	9,600	149,600

Notes:

- (1) All compensation earned by Mr. Laing was received in his position of President and CEO only.
- (2) Consists of vehicle allowances.
- (3) As of May 15, 2018, Mr. Laing's annual salary is \$200,000.
- (4) As of May 15, 2018, Ms. Scullion's annual salary is \$180,000.

No compensation (excluding compensation securities) was earned by the Directors during the Corporation's two most recently completed financial years.

### Director and Named Executive Officer Stock Option and Other Compensation Securities

The following table provides a summary of all compensation securities granted to the Directors and NEO's of the Corporation during the year ended December 31, 2018.

Compensation Securities							
Name & Position	Type of Compensation Security	Number of compensation securities, underlying securities <sup>(1)</sup> and % of class <sup>(2)</sup>	Date of issue or grant	Issue, conversion or exercise price <sup>(3)</sup> (\$)	Closing price on date of issue (\$)	Closing price at Dec 31, 2018 (\$)	Expiry date
Eric Laing President, CEO & Director <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Susan Scullion CFO & Corporate Secretary <sup>(5)</sup>	Stock options	700,000 <sup>(13)</sup> – 10%	Feb 23, 2018	0.39	0.39	0.165	Feb 23, 2023
Sherry Austin Director <sup>(6)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Dell Chapman Director <sup>(7)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Thomas Kehoe Director <sup>(8)</sup>	Stock options	150,000 <sup>(13)</sup> – 2%	Nov 26, 2018	0.19	0.19	0.165	Nov 26, 2023
Dan Newman Director <sup>(9)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
John Grisdale Director <sup>(10)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Warren Steckley Director <sup>(11)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Ken Zinger Director <sup>(12)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Each stock option is exercisable into one common share of the Corporation.
- (2) Percentage of class is based on 6,990,000 stock options outstanding as at December 31, 2018.
- (3) The exercise price is equal to the last closing price before the market closed on the day of issue, thus reflects the market closing price for the day prior to issuance.
- (4) At December 31, 2018, Mr. Laing held a total of 2,000,000 stock options.
- (5) At December 31, 2018, Ms. Scullion held a total of 1,430,000 stock options.
- (6) Dr. Austin did not stand for re-election at the Corporation's shareholder meeting on December 5, 2018. At December 31, 2018, Dr. Austin held a total of 175,000 stock options.
- (7) At December 31, 2018, Mr. Chapman held a total of 150,000 stock options.
- (8) At December 31, 2018, Mr. Kehoe held a total of 150,000 stock options.
- (9) At December 31, 2018, Mr. Newman held nil stock options.
- (10) Mr. Grisdale resigned from the Board on July 9, 2018. At December 31, 2018, Mr. Grisdale held nil stock options.
- (11) At December 31, 2018, Mr. Steckley held a total of 150,000 stock options.
- (12) At December 31, 2018, Mr. Zinger held a total of 400,000 stock options.
- (13) One-third of these stock options vest annually over 36 months from the date of grant.

### Exercise of Compensation Securities by Directors and NEO's

No compensation securities were exercised by the Directors and NEO's of the Corporation during the year ended December 31, 2018.

### **Termination of Employment, Change in Responsibilities and Employment Contracts**

Other than as set forth below, the Corporation has no contract, agreement, plan or arrangement that provides for payments to a NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation or a change in a NEO's responsibilities.

Pursuant to an employment agreement (the "**Employment Agreement**") between Mr. Eric Laing and the Corporation dated June 17, 2011, the Corporation agreed to engage Mr. Laing upon the following terms and conditions:

- (a) Mr. Laing was appointed as President of the Corporation;
- (b) the annual compensation was initially set at \$150,000, subject to review by the board of directors on a periodic basis, and Mr. Laing is eligible, under certain circumstances, to bonuses and stock options;
- (c) Mr. Laing will be reimbursed for reasonable expenses incurred in connection with his employment, including those incurred while traveling on business on the Corporation's behalf;
- (d) after the end of his employment, Mr. Laing is subject to a number of conditions owing to non-competition, non-solicitation and confidentiality provisions; and
- (e) Mr. Laing is entitled to receive a \$300,000 termination payment in the event that he is terminated or constructively dismissed without cause or he resigns his position as a result of the following:
  - (i) there is a change of control event as defined by the Employment Agreement that was not supported by Mr. Laing; or
  - (ii) there is a material breach of the Employment Agreement by the Corporation.