



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

**FORM 51-102F6V
STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUERS
(for the year ended December 31, 2019)**

DATED JUNE 29, 2020

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 "NEOs") and directors of the Corporation as of December 31, 2019. All currency amounts are expressed in Canadian dollars. A NEO means: (a) each CEO, (b) each CFO, (c) the Corporation's most highly compensated officer, other than the CEO and CFO, who was serving as an officer at the end of the most recently completed financial year and whose total compensation was more than CAD\$150,000, and (d) any additional individuals who would be a NEO under subsection (c) but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of the financial year.

During the year ended December 31, 2019, the NEOs 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 Messrs. Dell Chapman, Thomas Kehoe, Eric Laing, Rick McHardy, Dan Newman, Al Stark, Warren Steckley and Ken Zinger. Mr. Steckley did not stand for re-election as a Director at the Corporation's last annual general meeting on November 21, 2019.

Compensation Oversight and Description

Overview

The Corporation's Corporate Governance, Compensation and Nomination Committee (the "**Compensation Committee**"), comprised solely of independent directors, is responsible for setting the overall compensation strategy of the Corporation and evaluating and making recommendations to the board of directors of the Corporation (the "**Board**") for the compensation of directors and senior officers on an annual basis.

In developing the compensation strategy, the Compensation Committee uses available data to ensure that compensation is commensurate with the size and the stage of development of the Corporation. The Compensation Committee considers the responsibilities of each NEO and retention of the NEOs, who are 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, 2019 that have had a significant effect on the Director or NEO compensation.

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 employees 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 the Corporation's amended and restated stock option plan (the "**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.

Incentive Bonus Plan

To align 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, reviews 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 last bonus payment made to the NEOs occurred during the 2018 fiscal year.

Stock Option Plan

On December 5, 2018, the Corporation adopted the amended and restated Stock Option Plan in accordance with the policies of the TSX Venture Exchange (the "**TSXV**") which provides that the Board may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options to purchase common shares in the capital of the Corporation ("**Common Shares**"), provided that the number of Common Shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding Common Shares on a non-diluted basis, and such number shall increase or decrease as the number of issued and outstanding Common Shares changes. The Stock Option Plan was approved by the Corporation's shareholders on December 5, 2018 and November 21, 2019. Prior to December 5, 2018, the Corporation had a fixed stock option plan, which provided for a maximum of 10,600,000 Common Shares to be reserved for issuance at any point in time.

The Compensation Committee is responsible for making recommendations to the Board regarding the administration of and the awarding of options under the Stock Option Plan. 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 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 Stock Option Plan. The Stock Option Plan is designed to provide a long-term incentive to officer and employees that is linked to shareholder value.

The Stock Option Plan is subject to the following restrictions:

- a) the exercise period of any stock option granted will not be for a period greater than ten years and the exercise price must be paid in full upon exercise of the stock option;
- b) if any stock option expires or terminates for any reason without having been exercised in full, the number of Common Shares in respect of which the stock option expired or terminated shall again be available for the purposes of the Stock Option Plan;
- c) the number of Common Shares subject to an option granted to any one participant shall be determined by the Board, but no one person shall be granted an option which exceeds the maximum number permitted by the TSXV including the aggregate number of Common Shares reserved for issuance during any 12-month period can be no greater than 5% to any one person and no greater than 2% to any one consultant or person performing investor relations activities on behalf of the Corporation;
- d) in the event of the death of any stock option holder, any vested option held by him or her at the date of death will become exercisable by the person or persons to whom the participant's rights under the stock option shall pass by the participant's will or the laws of descent and distribution until the earlier of one year after the date of death and the date of expiration of the term otherwise applicable to such option;
- e) if the stock option holder ceases to be a director, officer, consultant or employee of the Corporation other than be reason of death, the stock options granted will expire on the 90th day following the date the stock option holders ceases to be affiliated with the Corporation, subject to any regulatory requirements;
- f) stock options granted under the Stock Option Plan shall not be assignable or transferable by any option holder; and
- g) the Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Stock Option Plan with respect to all Common Shares under the Stock Option Plan in respect of options which have not yet been granted under the Stock Option Plan, subject to regulatory approval.

A four month hold period commencing on the date the stock options are granted is required for options granted to insiders of the Corporation or granted at any discount to the Market Price (as defined in TSXV Policy 1.1). Notice of options granted under the Stock Option Plan must be provided to the TSXV at the end of each calendar month in which stock options are granted. Any amendments to the Stock Option Plan must be approved by the TSXV and, if necessary, by the Shareholders prior to becoming effective. Annual shareholder approval of the Stock Option Plan is required.

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, paid to the NEOs in respect of the Corporation's two most recently completed financial years:

Table of Compensation (excluding Compensation Securities)					
Name and Position	Year	Salary (\$)	Bonus (\$)	Value of Perquisites ⁽²⁾ (\$)	Total Compensation (\$)
Eric Laing President, Chief Executive Officer and Director ⁽¹⁾	2019	200,076	-	10,800	210,876
	2018	179,242	15,000	10,800	205,042
Susan Scullion Chief Financial Officer and Corporate Secretary	2019	160,076	-	9,600	169,676
	2018	161,742	10,000	9,600	181,342

Notes:

- (1) Mr. Laing did not receive any additional compensation for his role as a director of the Corporation.
- (2) Consists of vehicle allowances.

No compensation (excluding compensation securities) was earned by the directors during the Corporation's two most recently completed financial years. However, on September 4, 2019, the Corporation entered into an agreement to acquire all of the shares of 1955554 Alberta Ltd. (the "**Business**"), an arm's length private consulting company (the "**Acquisition**"). The Acquisition was completed on September 30, 2019 for total consideration of approximately \$1.4 million, which was satisfied through the issuance of senior secured convertible debentures of the Corporation to Richard McHardy and Al Stark, the shareholders of the Business. As part of the Acquisition, Richard McHardy and Al Stark, the Chief Executive Officer and Chief Operating Officer of the Business, respectively, were appointed as directors of the Corporation.

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 NEOs of the Corporation during the year ended December 31, 2019:

Compensation Securities							
Name & Position	Type of Compensation Security	Number of compensation securities, underlying securities ⁽¹⁾ and % of class ⁽²⁾	Date of issue or grant	Issue, conversion or exercise price ⁽³⁾ (\$)	Closing price on date of issue (\$)	Closing price at Dec 31, 2019 (\$)	Expiry date
Eric Laing President, CEO & Director ⁽⁴⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Susan Scullion CFO & Corporate Secretary ⁽⁴⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Dell Chapman Director ⁽⁴⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Thomas Kehoe Director ⁽⁴⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Rick McHardy Director ⁽⁴⁾	Stock Options	1,500,000 – 16.7%	September 4, 2019	0.11	0.11	0.13	September 4, 2024
Dan Newman Director ⁽⁴⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Al Stark Director ⁽⁴⁾	Stock Options	1,500,000 – 16.7%	September 4, 2019	0.11	0.11	0.13	September 4, 2024
Warren Steckley Director ⁽⁵⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Ken Zinger Director ⁽⁴⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) In connection with the Acquisition, the Corporation issued an aggregate of 3,000,000 stock options to Messrs. McHardy and Stark. Each stock option is exercisable into one Common Share. One-third of these stock options vest on each of January 4, 2020, May 4, 2020 and September 4, 2020, provided that prior to such date, the 10-day volume weighted average trading price of the common shares of the Corporation has equaled or reached \$0.18. As of the date of this report, nil stock options have vested.
- (2) Percentage of class is based on 8,985,000 stock options outstanding as at December 31, 2019.
- (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, 2019: Mr. Laing held a total of 1,900,000 stock options; Ms. Scullion held a total of 1,350,000 stock options; Mr. Chapman held a total of 150,000 stock options; Mr. Kehoe held a total of 150,000 stock options; Mr. McHardy held a total of 1,500,000 stock options; Mr. Newman held nil stock options; Mr. Stark held a total of 1,500,000 stock options; and Mr. Zinger held a total of 300,000 stock options.
- (5) Mr. Steckley did not stand for re-election at the Corporation's shareholder meeting November 21, 2019. At December 31, 2019, Mr. Steckley held a total of 150,000 stock options.

Exercise of Compensation Securities by Directors and NEOs

No compensation securities were exercised by the directors and NEOs of the Corporation during the year ended December 31, 2019.

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 NEOs 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 receive 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.