



Strategic Alternatives Process

Introductory Letter February 2020



2020 STRATEGIC ALTERNATIVES PROCESS

Raise Production Inc. ("Raise" or the "Company") is a technologically driven oil and gas service company based in Calgary, Alberta and listed on the TSX Venture Exchange (TSXV: RPC). Raise's principal business involves the utilization of its proprietary products to enhance and increase ultimate production in horizontal oil and gas wells. The Company is actively deploying its High Angle Reciprocating Pump ("HARP[™]") throughout North America and has recently begun the commercialization process for a high angle gas separator, the Raise Efficient Artificial Lift ("REAL[™]") system. The Company's Horizontal Artificial Recovery Technology ("HART[™]") system consists of multiple pumps deployed in the horizontal wellbore to provide uniform drawdown and maximize reserve recovery.

Raise has initiated a formal process to identify, review and evaluate a broad range of potential strategic alternatives available to it with a view to enhancing shareholder value and has engaged Stifel Nicolaus Canada Inc. ("Stifel FirstEnergy") as its financial advisor.

Strategic alternatives may include, but are not limited to: a corporate sale of Raise; a merger or other transaction involving Raise and a third party; the sale of all or a portion of Raise's assets; joint ventures or licensing arrangements; equity, debt or other financing alternatives; and/or other transactions that the Company determines may enhance shareholder value.

INVESTMENT HIGHLIGHTS

Unique & Proprietary Technology Offering	 Innovative line of artificial lift solutions that has proven to materially increase production and reserves from horizontal oil and gas wells. Unique, patented technology allows for pumps to be placed downhole into horizontal or high angle wellbores.
Rapid Growth in High Margin Product Lines	 2019 saw a 144% year-over-year increase in the number of HARP[™] systems sold in Canada with 53% gross margins. Sales of the HARP[™] system to Raise's US distribution partner increased 350% year-over year in 2019.
Highly Scalable Product Application	 Canada has >40,000 horizontal wells with an additional ~5,000 drilled per year. Sales of HARP[™] represented <1% of the wells drilled in Canada in 2019, indicating strong potential for greater market penetration. The US market is approximately four times larger than Canada; Raise is currently in discussions with its partner regarding an updated multi-year distribution agreement.
Innovative & Strategic Leadership Team	 Executive team has decades of experience designing and commercializing oilfield products within the drilling, completions and production optimizations sectors. Recent addition of highly regarded Canadian oil and gas industry executives Richard McHardy and Al Stark to the board of directors provides enhanced strategic insight and corporate stewardship.





CAPITALIZATION SUMMARY

Raise has a simple capital structure consisting of common share equity, stock options and limited debt outstanding.

In Q3 2019, the Company issued C\$2.3 million of secured convertible debentures with a 6.0% annual coupon.

Share Price at Feb. 18, 2020	(C\$)	0.10
Basic Shares Outstanding	(MM)	113.6
Market Capitalization	(C\$MM)	11.4
Secured Convertible Debentures	(C\$MM)	2.3
Lease Liabilities as at Sept. 30, 2019	(C\$MM)	0.4
Less: Cash as at Sept. 30, 2019	(C\$MM)	(1.5)
Net Debt as at Sept. 30, 2019	(C\$MM)	0.9
Enterprise Value	(C\$MM)	12.2

BUSINESS OPPORTUNITY

The North American energy industry has seen a dramatic increase in the drilling and completion of horizontal, multistage fractured oil and gas wells. After initial flush production, these wells exhibit high decline rates and often leave behind stranded reserves. However, there is a attractive opportunity to significantly improve horizontal well artificial lift as existing technologies were originally designed for vertical wellbores and have not addressed the issues around horizontal well flow.

TYPICAL HORIZONTAL WELL WITH POOR FLOW AND LIFT EFFICIENCY



PRODUCER CHALLENGES AND RAISE'S TECHNOLOGY SOLUTIONS

Shift to Long Lateral Hz Wells

Production and Cost Optimization

Maximizing Free Cash Flow

- Raise's innovative valve designs, articulated plungers and horizontal pumping systems can be applied in horizontal and highly deviated wells to maximize well drawdown from the heel to the toe, while accessing reserves previously stranded at the toe of the well.
- Raise's pump designs improve operating costs through greater stroke efficiency, elimination of gas locking and reduced component wear while maximizing drawdown and ultimate recovery of oil.

• Raise's advanced technologies require limited capex and allow for improved performance after a well's initial flush production, thereby improving decline rates, free cash flows and corporate sustainability.





TECHNOLOGY OFFERING

Raise has developed three proprietary and patented artificial lift technologies to enhance and increase ultimate production in conventional and unconventional horizontal oil and gas wells.

The Company has significant intellectual property including key patents related to both the products and method of placing multiple pumps along the length of a horizontal wellbore.

RAISE'S ARTIFICIAL LIFT PRODUCTS IN A HORIZONTAL WELLBORE



PRODUCT APPLICATION

Raise has successfully deployed its products across a wide variety of oil and natural gas plays in Canada and the United States.

Since January 2018, Raise has sold a total of 62 HARP[™] systems in Canada and sold a total of 55 HARP[™] systems in the United States to its distribution partner.

Raise has demonstrated particular success with higher gas/liquids ratio zones including the Charlie Lake, Cardium and Glauconite.

The Company's first REAL[™] system was successfully installed during Q3 2019 and Raise expects to begin commercial sales in Q2 2020.







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HARP[™] SYSTEM



HARP[™] is an innovative, patented, reciprocating rod pump designed to provide a solution for landing artificial lift pumps at high inclination in deviated and horizontal wellbores. HARP[™] was specifically designed to pump at high efficiency in challenging flow regimes, including conditions such as elevated gas/liquid ratios that result in gas locking, low reservoir pressures that result in insufficient drawdown for pumps landed higher up in the wellbore, and inconsistent slugging of fluids that result in inconsistent pump efficiency.

The HARP[™] provides operators with a pumping solution to maximize reservoir drawdown and production rates in their deviated and horizontal wells.

REAL™ SYSTEM

REAL[™] is a revolutionary horizontal separation system designed to calm the flow of liquids in a horizontal wellbore, create liquid hold-up and provide quality fluid at the inlet to the primary artificial lift system such as HARP[™]. REAL[™] is a cost effective solution offering a high impact on production, free cash flow and profitability. REAL[™] is designed to maximize drawdown and recovery of oil.

The Company's first REAL[™] system was successfully installed during the third quarter of 2019 in a Cardium horizontal well. Raise expects to further enhance the ability of this product to handle foamy oil/water emulsions as numerous customers have expressed interest in deploying this product during 2020.



HART[™] SYSTEM

The HART[™] system represents a revolution in artificial lift solutions. Raise has patented the method of placing multiple pumps along the length of the horizontal section. This maximizes contribution from the entire lateral length and moves fluid to the vertical lift system. The HART[™] is designed to work in conjunction with the REAL[™] and HARP[™] systems.

In two test wells that had produced for six years, Raise executed seven system deployments which proved that HART[™] can be run and retrieved without issue, handle high water cuts and formation solids.



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UNIT SALES



HARP[™] sales in Canada have increased substantially with record volumes in Q4 2019. The increase in sales and the number of customers are the result of continued positive results being obtained over time with the HARP[™] systems installed to date.

Raise has had success with installation of HARPTM systems in numerous plays, including the Charlie Lake, Cardium and Glauconite formations. Recently installed "Hybrid HARPsTM" have opened an opportunity for the Company into the conventional pump market where existing pumping solutions are experiencing trouble.

FINANCIAL PERFORMANCE

Raise's gross margin including both Canada and US sales during the three and nine months ended September 30, 2019 was 37% and 34% compared to 32% and 26% for the same periods in the prior year, respectively.

Due to increasing customer demand for the HARP[™] system, the average selling price per unit in Canada has increased 36% year-over-year.

Canadian gross margins have been particularly robust at over 50% due to increased HARP[™] sales prices and reduced manufacturing costs. The Company anticipates the gross margin on HARP[™] sales to continue to increase as vendor order quantities increase resulting in lower costs per manufactured part and the ability to fence out competitors with strong IP protection.



Raise has a multi-year distribution agreement with its partner Endurance Lift Solutions ("ELS"). ELS has installed HARP[™] systems in the Granite Wash, Permian and South Texas fields and continues to order Generation 2 HARP[™] systems with enough assemblies being ordered for approximately 45 pumps in 2019, compared to 10 pumps in 2018.

Raise and ELS are currently in discussions regarding a renewal of this agreement. ELS continues to install pumps and order HARP[™] inventory parts while this negotiation is in progress.







DESCRIPTION OF THE PROCESS

Raise has initiated a formal strategic process to identify, review and evaluate a broad range of potential strategic alternatives available to it with a view to enhancing shareholder value and has engaged Stifel FirstEnergy as its financial advisor.

A Confidentiality Agreement ("CA") will be made available on Stifel FirstEnergy's website or can be obtained by contacting Stifel FirstEnergy directly. Parties who execute a CA will have access to the confidential information available in an online data room. In addition, technical presentations and site tours with Raise's management team will be made available to interested parties.

Please direct all correspondence and inquiries to Stifel FirstEnergy:

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