NOTICE OF ANNUAL AND SPECIAL MEETING

and

MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT

WITH RESPECT TO THE

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF TOUCHSTONE EXPLORATION INC.

TO BE HELD ON JUNE 19, 2017

INFORMATION CIRCULAR DATED MAY 16, 2017

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NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON JUNE 19, 2017

NOTICE IS HEREBY GIVEN that an annual and special meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares ("**Common Shares**") of Touchstone Exploration Inc. ("**Touchstone**" or the "**Company**") will be held on June 19, 2017 at First Canadian Centre, Chambers Room on Floor B1, 350 - 7th Avenue S.W., Calgary, Alberta, Canada at 10:00 a.m. (Calgary time) for the following purposes:

1. to receive and consider the financial statements of the Company for the year ended December 31, 2016 and the report of the auditors thereon;

2. to fix the number of directors to be elected at the Meeting at five (5) members;

3. to elect the directors of Touchstone for the ensuing year;

4. to appoint auditors for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors;

5. to consider and, if deemed appropriate, to pass a special resolution to reduce the stated capital of the Company;

6. to consider and, if deemed appropriate, to pass a resolution approving an amendment to By-Law No. 1 of the Company to require each shareholder with a holding of 3% or more in any class of shares in the Company to notify the Company without delay of any relevant changes to its shareholdings in the Company;

7. to consider and, if deemed appropriate, to pass a resolution approving the amendments to the Company's stock option plan, as more particularly described herein;

8. to ratify and approve the grant of certain stock options, as more particularly described herein; and

9. to transact such further and other business as may properly be brought before the Meeting or any adjournment(s) or postponement(s) thereof.

Specific details of the matters to be put before the Meeting are set forth in the proxy statement and Information Circular of the Company dated May 16, 2017.

All of the matters to be considered at the Meeting are ordinary resolutions requiring approval by a majority of the votes cast in respect of the resolution at the Meeting, with the exception of the special resolution to reduce stated capital which requires approval by a majority of not less than 2/3 of the votes cast in respect of the resolution at the Meeting.

If you are a registered Shareholder and are unable to attend the Meeting in person, please date and execute the accompanying form of proxy and return it in the envelope provided to Computershare Trust Company of Canada, the registrar and transfer agent of the Company, at 8th floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, or by facsimile, at 1-866-249-7775 (toll free) or 1-416-263-9524 (outside North America), by no later than 10:00 a.m. (Calgary time) on June 15, 2017 or two days (not including Saturdays, Sundays and statutory holidays observed in Calgary, Alberta) preceding the date of any adjournment. Late proxies may be accepted or rejected by the Chairman of the Meeting at his or her discretion, and the Chairman of the Meeting is under no obligation to accept or reject any particular late proxy. The Chairman of the Meeting may waive or extend the proxy cut-off without notice. **If you are unable to attend the Meeting, we encourage you to complete the enclosed form of proxy as soon as possible.**

If you are not a registered Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy in accordance with the instructions provided to you by your broker or by the other intermediary.

The Board of Directors of the Company has fixed May 11, 2017 as the record date for the Meeting. Shareholders of record at the close of business on May 11, 2017 are entitled to notice of the Meeting and to vote thereat or at any adjournment(s) thereof on the basis of one vote for each Common Share held, except to the extent that: (i) a registered Shareholder has transferred the ownership of any Common Shares subsequent to May 11, 2017; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares and demands, not later than ten (10) days before the Meeting, that his or her name be included on the list of persons entitled to vote at the Meeting, in which case, the transferee shall be entitled to vote such Common Shares at the Meeting.

Dated at Calgary, Alberta, this 16th day of May, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ *Paul R. Baay*
President, Chief Executive Officer and a Director
Touchstone Exploration Inc.

TOUCHSTONE EXPLORATION INC.

MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT

PROXIES

Solicitation of Proxies

This proxy statement and information circular ("Information Circular") is furnished in connection with the solicitation of proxies by the management of Touchstone Exploration Inc. ("Touchstone" or the "Company") for use at the annual and special meeting (the "Meeting") of the holders of common shares ("Common Shares") of Touchstone ("Shareholders").

The Meeting will be held at First Canadian Centre, Chambers Room on Floor B1, 350 - 7th Avenue SW, Calgary, Alberta, at 10:00 a.m. (Calgary time) on June 19, 2017 and at any adjournments thereof for the purposes set forth in the Notice of Annual and Special Meeting of Shareholders (the "**Notice of Meeting**") accompanying this Information Circular. Information contained herein is given as of May 16, 2017 unless otherwise specifically stated.

Solicitation of proxies will be primarily by mail but may also be made by telephone, facsimile, electronically or in person by directors, officers and employees of Touchstone who will not be additionally compensated. Brokers, nominees or other persons holding Common Shares in their names for others will be reimbursed for their reasonable charges and expenses in forwarding proxies and proxy material to the beneficial owners of such Common Shares. The costs of soliciting proxies will be borne by Touchstone.

Appointment and Revocation of Proxies

Enclosed herewith is a form of proxy for use at the Meeting. The persons named in the form of proxy are directors and/or officers of Touchstone. **A Shareholder submitting a proxy has the right to appoint a nominee (who need not be a Shareholder) to represent such Shareholder at the Meeting other than the persons designated in the enclosed form of proxy by inserting the name of the chosen nominee in the space provided for that purpose on the form of proxy and by striking out the printed names.**

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is signed by the Shareholder or by the Shareholder's attorney authorized in writing, or if the Shareholder is a corporation, it must be executed by a duly authorized officer or attorney thereof. To be acted upon, the proxy must be deposited with Computershare Trust Company of Canada, the registrar and transfer agent of the Company, at 8th floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, or by facsimile, at 1-866-249-7775 (toll free) or 1-416-263-9524 (outside North America), by no later than 10:00 a.m. (Calgary time) on June 15, 2017 or two days (not including Saturdays, Sundays and statutory holidays observed in Calgary, Alberta) preceding the date of any adjournment.

A Shareholder who has given a proxy may revoke it prior to its use, in any manner permitted by law, including by instrument in writing executed by the Shareholder or by his or her attorney authorized in writing or, if the Shareholder is a corporation, executed by a duly authorized officer or attorney thereof and deposited at the registered office of the Company at any time up to and including the last day (not including Saturdays, Sundays and statutory holidays observed in Calgary, Alberta) preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used or with the chairman of the Meeting on the day of the Meeting or any adjournment thereof.

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of Touchstone as the registered Shareholders can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of Touchstone. Such Common Shares will more likely be registered under the names of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of "CDS & Co." (the registration name for CDS Depository and Clearing Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Common Shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered Shareholders; however, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Services Inc. ("**Broadridge**"). Broadridge typically mails a scanable voting instruction form in lieu of the form of proxy. The Beneficial Shareholder is requested to complete and return the voting instruction form to them by mail or facsimile. Alternatively, the Beneficial Shareholder can call a toll-free telephone number or visit www.proxyvote.com to vote the Common Shares held by the Beneficial Shareholder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Common Shares directly at the Meeting as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for a registered Shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their Common Shares as proxyholder for a registered Shareholder should enter their own names in the blank space on the instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

Voting of Proxies

All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting on any matter that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the accompanying form of proxy, the Common Shares represented by the proxy will be voted or withheld from voting in accordance with such instructions. **In the absence of any such instruction, the persons whose names appear on the printed form of proxy will vote in favour of all the matters set out thereon. The enclosed form of proxy confers discretionary authority upon the persons named therein. If any other business or amendments or variations to matters identified in the Notice of Meeting properly come before the Meeting then discretionary**

authority is conferred upon the person appointed in the proxy to vote in the manner he/she sees fit, in accordance with his/her best judgment.

At the time of the printing of this Information Circular, the management of Touchstone know of no such amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Board of Directors of Touchstone (the "**Board**") has fixed May 11, 2017 as the record date. Shareholders at the close of business on May 11, 2017 are entitled to receive notice of the Meeting and to vote thereat or at any adjournments thereof on the basis of one vote for each Common Share held, except to the extent that: (i) a registered Shareholder has transferred the ownership of any Common Shares subsequent to May 11, 2017; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares and demands, not later than ten (10) days before the Meeting, that his or her name be included on the list of persons entitled to vote at the Meeting, and in which case, the transferee shall be entitled to vote such Common Shares at the Meeting. The transfer books will not be closed.

The Company is authorized to issue an unlimited number of Common Shares without nominal or par value. As of the date hereof, 83,137,143 Common Shares are issued and outstanding as fully paid and non-assessable shares in the capital of the Company.

The holders of Common Shares are entitled to one vote per Common Share at meetings of shareholders, to receive any dividend when declared by the Board and to receive *pro rata* upon liquidation, dissolution or winding-up of the Company, the remaining property of the Company upon dissolution.

The Company has not declared or paid dividends on the Common Shares since incorporation. The decision made by the Board to pay dividends from time to time will be based upon, among other things, the level of cash flow, results of operations and financial condition, the need for funds to finance ongoing operations and other business and legal considerations as the Board considers relevant.

To the best of the knowledge of the directors and officers of the Company, as of the date hereof, Polar Asset Management Partners Inc. holds 14,719,000 Common Shares, representing approximately 17.7% of the Common Shares of the Company. There are no other persons or companies who beneficially own, directly or indirectly, or control or direct Common Shares carrying 10% or more of the voting rights attached to all of the Common Shares.

THE BUSINESS OF THE MEETING

Receipt of the Financial Statements and Report of the Auditors

The audited consolidated financial statements of Touchstone for the year ended December 31, 2016, together with the report of the current auditor thereon, will be placed before you at the Meeting. A copy of the financial statements is available for viewing at Touchstone's records office located at Suite 3700, 400 – 3rd Avenue S.W., Calgary, Alberta, during normal business hours or through the internet on SEDAR at www.sedar.com.

Fixing the Number of Directors

It is proposed that the number of directors to be elected at the Meeting be fixed at five (5). The directors will be elected to hold office until the next annual general meeting or until their successors are elected or appointed. There are presently six (6) directors of the Company. Mr. Corey Ruttan will not be standing for election for the ensuing year.

Under Touchstone's articles, the number of directors may be fixed or changed from time to time by ordinary resolution but shall not be fewer than three (3). Between annual general meetings, the directors have the authority to fill casual vacancies that may from time to time exist, or appoint additional directors provided however that such number of additional directors shall not exceed one-third of those directors elected at the last annual general meeting.

Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form of proxy in favour of an ordinary resolution fixing the number of directors to be elected at the meeting at five (5).

Election of Directors

The five (5) nominees proposed for election as directors of the Company are as follows:

- Paul R. Baay
- Kenneth R. McKinnon
- Thomas E. Valentine
- Dr. Harrie Vredenburg
- John D. Wright

Voting for the election of directors will be conducted on an individual, not a slate basis.

The names, provinces and country of residence of the persons nominated for election as directors, together with the number of Common Shares that are beneficially owned or controlled or directed, directly or indirectly as of the date hereof, the period served as director or officer and the principal occupation of each are set forth below.

Each of the nominees has agreed to stand for election, and Touchstone is not aware of any intention of any of them not to do so. If, however, one or more of them should become unable to stand for election, it is likely that one or more other persons would be nominated at the Meeting for election, and in that event, the persons designated in the form of proxy will vote in their discretion for a substitute nominee.

The following information relating to the nominees as directors is based on information received by Touchstone from the nominees.

Name, Province and Country of residence	Office held and time as Director or Officer	Number of Common Shares, owned, controlled or directed	Principal occupation (during the preceding 5 years)
Paul R. Baay Calgary, Alberta, Canada	Director since May 13, 2014	1,084,769	President, Chief Executive Officer and a Director of Touchstone since May 2014. Former Chairman of the Board and Chief Executive Officer of Touchstone Energy Inc. from July 2010 to May 2014.
Kenneth R. McKinnon(1)(2) Calgary, Alberta Canada	Director since March 14, 2000	201,586	Partner at Citrus Capital Partners Ltd. (consulting firm) since January 2014. Vice President Legal and General Counsel of Critical Mass Inc. (website design company) from March 2000 to December 2014.
Thomas E. Valentine(4) Calgary, Alberta, Canada	Director since May 20, 2015	518	Senior Partner of Norton Rose Fulbright Canada LLP, a national law firm in Canada and a member of the global Norton Rose Fulbright Group.

Name, Province and Country of residence	Office held and time as Director or Officer	Number of Common Shares, owned, controlled or directed	Principal occupation (during the preceding 5 years)
Dr. Harrie Vredenburg(1)(2)(3) Calgary, Alberta, Canada	Director since May 2, 2006	34,534	Professor of Strategy and Suncor Energy Chair in Strategy and Sustainability at the Haskayne School of Business at the University of Calgary, where he has been on faculty since 1989.
John D. Wright(2)(3) Calgary, Alberta, Canada	Chairman and a Director since March 14, 2000	4,745,027	President, Chief Executive Officer and a Director of Ridgeback Resources Inc. (energy company) since January 2017. President, Chief Executive Officer and a Director of Lightstream Resources Ltd. (energy company) from May 2011 to December 2016. Formerly the Chairman, Director, President and Chief Executive Officer of the Company from 2000 to May 2014.

Notes:
1. Member of the Audit Committee.
2. Member of the Compensation Committee.
3. Member of the Reserves Committee.
4. Corporate Secretary.

As of May 16, 2017, the directors and officers of Touchstone, as a group, beneficially owned, controlled or directed, directly or indirectly, 6,750,046 Common Shares representing approximately 8.1% of the issued and outstanding Common Shares. The information as to Common Shares beneficially owned, or controlled or directed, directly or indirectly not being within the knowledge of the Company, has been furnished by the respective individuals.

Touchstone's management recommends that Shareholders vote in favour of the election of each of the proposed nominees as directors of Touchstone for the ensuing year. Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the election of each of the nominees named in this Information Circular.

Corporate Cease Trade Orders & Bankruptcies

Mr. John D. Wright was a director of Canadian Energy Exploration Inc. ("**CEE**") (formerly TALON International Energy Ltd.), a reporting issuer listed on the TSX Venture Exchange, until September 15, 2011. A cease trade order (the "**ASC Order**") was issued on May 7, 2008 against CEE by the Alberta Securities Commission ("**ASC**") for the delayed filing of CEE's audited annual financial statements and management's discussion and analysis for the year ended December 31, 2007 ("**2007 Annual Filings**"). The 2007 Annual Filings were filed by CEE on SEDAR on May 8, 2008. As a result of the ASC Order, the TSX Venture Exchange suspended trading in CEE's shares on May 7, 2008. In addition, on June 4, 2009 the British Columbia Securities Commission ("**BCSC**") issued a cease trade order (the "**BCSC Order**") against CEE for the failure of CEE to file its audited annual financial statements and management's discussion and analysis for the year ended December 31, 2008 (the "**2008 Annual Filings**") and its unaudited interim financial statements and management's discussion and analysis for the three months ended March 31, 2009 (the "**2009 Interim Filings**"). The 2008 Annual Filings and the 2009 Interim Filings were filed by CEE on SEDAR on October 9, 2009. CEE made application to the ASC and BCSC for revocation of the ASC Order and BCSC Order. The ASC and BCSC issued revocation orders dated October 14, 2009 and November 30, 2009, respectively, granting full revocation of compliance-related cease trade orders issued by the ASC and the BCSC in respect of CEE.

Mr. John D. Wright was a director of Spyglass Resources Corp. ("**Spyglass**"), a reporting issuer listed on the Toronto Stock Exchange, until his resignation on November 26, 2015 when Spyglass was placed into receivership by the Court of Queen's Bench of Alberta following an application by its creditors.

Mr. John D. Wright was the President and Chief Executive Officer and a director of Lightstream Resources Ltd. ("**Lightstream**"), and Mr. Kenneth R. McKinnon was a director of Lightstream, when it obtained creditor protection under the Companies' Creditors Arrangement Act (Canada) ("**CCAA**") on September 26, 2016. On December 29, 2016, as a result of the CCAA sales process, substantially all of the assets and business of Lightstream were sold to Ridgeback Resources Inc.; a new company owned by former holders of Lightstream's secured notes. Mr. McKinnon resigned as a director of Lightstream upon formation of the new company. Mr. Wright resigned as an officer and director of Lightstream and was concurrently appointed President and Chief Executive Officer and a director of Ridgeback Resources Inc. upon closing of the sale transaction.

Except as otherwise disclosed herein, to the knowledge of the Company no director or executive officer of the Company is, or has been, within ten years before the date of this Information Circular has been, a director, chief executive officer or chief financial officer of any company (including Touchstone and any personal holding company of the proposed director) that, while that person was acting in that capacity:

(a) was subject to a cease trade order (including any management cease trade order which applied to directors or executive officers of a company, whether or not the person was named in the order) or an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an "**Order**"); or

(b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Personal Bankruptcies

To the knowledge of the Company, no director or officer of the Company:

(a) is, at the date of this Information Circular or has been within the ten years before the date of this Information Circular, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the ten years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

Penalties or Sanctions

In the last ten years, none of the directors, officers or promoters of the Company have been subject to any penalties or sanctions imposed by a Court or securities regulatory authority relating to trading in securities, promotion or management of a publicly traded Company, or theft or fraud. No proposed director of the Company has, within the ten years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or has a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Appointment of the Auditor

Touchstone's management recommends that Shareholders vote in favour of the appointment of Ernst & Young LLP, Chartered Professional Accountants, as Touchstone's auditor for the ensuing year. Ernst & Young LLP have been the Company's auditors since June 24, 2014. **Unless you give other instruction, the persons named in the form of proxy intend to vote FOR the appointment of Ernst & Young LLP, to act as Touchstone's auditor until the close of the next annual general meeting.**

Approval of Reduction of Stated Capital

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, approve a special resolution to reduce the stated capital of the Common Shares by an aggregate amount of up to $150,000,000, without payment or payments to Shareholders, such reduction to be effected one or more times up to such an amount on such date or dates as may be determined by the Board in their sole discretion (the "**Stated Capital Reduction**"). If approved, the Stated Capital Reduction will be effective as of June 30, 2017. As a Shareholder, you will be asked to vote for or against the following resolution. Touchstone's management recommends that Shareholders vote in favour of the reduction of stated capital. **Unless you give other instruction, the persons named in the form of proxy intend to vote FOR the reduction in stated capital**.

Background and Reasons for the Reduction of Stated Capital

A corporation is required to maintain a stated capital account for each class of shares that it issues and to add to that account the full amount of consideration that it receives for the shares that it has issued. In addition, a corporation is restricted from declaring and paying dividends on its shares unless it can meet certain financial tests including that there are no reasonable grounds for believing that, after the payment of the dividend, the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes. A corporation may, with shareholder approval, reduce its stated capital for any reason, including for the purpose of declaring its stated capital to be reduced by an amount that is not represented by realizable assets. The Stated Capital Reduction will not result in any change to total shareholders' equity as presented in Touchstone's financial statements and therefore will not affect the Company's net book value.

A corporation may not reduce its stated capital if there are reasonable grounds for believing that:

a) the corporation is, or would after the reduction be, unable to pay its liabilities as they become due; or
b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

The Company does not have reasonable grounds to believe that it is, or would after the proposed reduction be, unable to pay its liabilities as they become due or that the realizable value of the Company's assets would thereby be less than the aggregate of its liabilities.

Our Board of Directors believes that the Stated Capital Reduction will benefit Touchstone on a go-forward basis by providing more flexibility in managing our capital structure, including our ability to pay dividends on our common shares. Touchstone's management recommends that Shareholders vote in favour of the reduction of stated capital. **Unless you give other instruction, the persons named in the form of proxy intend to vote FOR the reduction in stated capital**.

Accordingly, at the meeting, Shareholders will be asked to consider and, if deemed appropriate, to approve the following special resolution:

"BE IT RESOLVED, as a special resolution that**:**

1. The stated capital account of the common shares of the Company be reduced by up to $150,000,000, all as more particularly described in the Company's Management Information Circular dated May 16, 2017.

2. Any one director or officer of the Company is hereby authorized, for and on behalf of the Company, to execute and, if appropriate, deliver all other documents and instruments and do all other things as in the opinion of such director or officer may be necessary or advisable to implement this resolution and the matters authorized hereby.

3. Notwithstanding that this resolution has been passed by the shareholders of the Company, the directors of the Company are hereby authorized to and empowered to revoke this resolution, without any further approval of the Company's shareholders, at any time if such revocation is considered necessary or desirable by the Directors."

The foregoing special resolution must be approved by a majority of not less than two-thirds of the votes cast by the Shareholders at the Meeting, in person or by proxy, on the special resolution.

Approval of By-Law Amendment

The Company is seeking a dual listing by applying for admission of its issued common shares to trading on the AIM market of the London Stock Exchange ("**Admission**").

The AIM Rules for Companies requires each shareholder with a holding of 3% of more in any class of shares in the Company to notify the Company without delay of any relevant changes to its shareholdings in the Company. Relevant changes means changes to holdings above 3% on a non-diluted basis which increase or decrease such holding through any single percentage (the "**AIM Reporting Requirement**"). If the Admission becomes effective, the Board desires to amend the by-laws to provide for the AIM Reporting Requirement.

Pursuant to Section 102 of the *Business Corporations Act* (Alberta), the Board is required to submit the By-Law Amendment to the Shareholders of the Company for confirmation, rejection or further amendment. The amendment to the Company's By-Law No. 1 to add the AIM Reporting Requirement (the "**By-Law Amendment**"), can be found at Appendix "C". As a Shareholder, you will be asked to vote for or against the following resolution. Touchstone's management recommends that Shareholders vote in favour of the By-Law Amendment. **Unless you give other instruction, the persons named in the form of proxy intend to vote FOR the By-Law Amendment**.

Accordingly, at the meeting, Shareholders will be asked to consider and, if deemed appropriate, to approve the following resolution:

"**BE IT RESOLVED** as an ordinary resolution that:

1. The proposed amendment to By-Law No. 1 of the Company, substantially in the form attached as Appendix "C" to the Management Information Circular of the Company dated May 16, 2017, is hereby approved.

2. Any one director or officer of the Company is hereby authorized, for and on behalf of the Company, to execute and, if appropriate, deliver all other documents and instruments and do all other things as in the opinion of such director or officer may be necessary or advisable to implement this resolution and the matters authorized hereby.

3. Notwithstanding that this ordinary resolution has been duly passed by the Shareholders of the Company, if Admission does not occur, the Board of Directors of the Company is hereby authorized, at its discretion, to revoke this ordinary resolution at any time before it is acted upon, and to determine not to proceed with the By-Law Amendment without further approval of the Shareholders of the Company."

The foregoing ordinary resolution must be approved by a majority of the votes cast by the Shareholders at the Meeting, in person or by proxy, on the ordinary resolution.

Approval of Amendments to the Stock Option Plan

The Board has approved amendments to the Company's Stock Option Plan (the "**Stock Option Plan**"). The purpose of the Stock Option Plan is to provide effective long-term incentives to the directors, officers, employees and other direct and indirect service providers of the Company and any subsidiaries by providing such persons with the opportunity to acquire an increased proprietary interest in the Company.

Pursuant to the existing terms of the Stock Option Plan, the aggregate number of Common Shares reserved for issuance pursuant to Options granted to directors of the Company that are not officers or employees of the Company, when combined with any other share compensation arrangement, may not exceed 1% of the outstanding Common Shares (on a non-diluted basis). The directors have determined that it is in the best interest of the Company to remove this provision in order to properly incentivize and compensate directors without affecting the Company's ongoing liquidity position.

As set forth in Article 10.1(b)(ii) of the Stock Option Plan, the shareholders must approve an amendment to the Stock Option Plan that would have the effect of increasing the maximum percentage of Common Shares that may be reserved for issuance under the Plan to non-employee directors, insiders or any one person. Accordingly, shareholders are being asked to consider and, if thought fit, pass an ordinary resolution approving an amendment to the Stock Option Plan which will eliminate the requirement that the aggregate number of Common Shares reserved for issuance pursuant to Options granted to directors of the Company that are not officers or employees of the Company, when combined with any other share compensation arrangement, may not exceed 1% of the outstanding Common Shares (on a non-diluted basis). A copy of the amended Stock Option Plan indicating the proposed removal of Article 4.3(d) is attached hereto as Appendix "D". As a Shareholder, you will be asked to vote for or against the following resolution. If shareholders do not approve the amendment to the Stock Option Plan then the provision will remain as is and the Company will not be able to grant more than 1% to insiders. Touchstone's management recommends that Shareholders vote in favour of the amendment to the Stock Option Plan. **Unless you give other instruction, the persons named in the form of proxy intend to vote FOR the amendment to the Stock Option Plan**.

"**BE IT RESOLVED** as an ordinary resolution that:

1. The amendment to the Stock Option Plan to amend Article 4.3(d), removal of the 1% limitation for non-employee directors, is hereby approved; and

2. Any one director or officer of the Company is hereby authorized, for and on behalf of the Company, to execute and, if appropriate, deliver all other documents and instruments and do all other things as in the opinion of such director or officer may be necessary or advisable to implement this resolution and the matters authorized hereby."

The foregoing ordinary resolution must be approved by a majority of the votes cast by the Shareholders at the Meeting, in person or by proxy, on the ordinary resolution.

Ratify the Grant of Certain Stock Options

At the Meeting, Shareholders will be asked to pass an ordinary resolution to ratify and approve stock options to Messrs. McKinnon, Ruttan, Valentine, Vredenburg and Wright. On April 20, 2015, the board of directors granted a total of 385,000 options which may be exercised at a price of $0.33 until April 19, 2020, on October 20, 2015, the board of directors granted a total of 62,500 options which may be exercised at a price of $0.33 until April 19, 2020 and on June 16, 2016, the board of directors granted a total of 447,500 options which may be exercised at a price of $0.23 until June 15, 2021 (collectively, the "**Granted Options**"). As mentioned above the current Stock Option Plan states that the aggregate number of Common Shares reserved for issuance pursuant to options granted to directors of the Company that are not officers or employees of the Company, when combined with any other share compensation arrangement, may not exceed 1% of the outstanding Common Shares (on a non-diluted basis). As of the date hereof directors of the Company that are not officers or employees of the Company have 2% of the outstanding Common Shares (on a non-diluted business). As such, the above noted grants are subject to the ratification and approval of the Shareholders. If Shareholders do not ratify and approve these options then they will be cancelled forthwith.

As a Shareholder, you will be asked to vote for or against the following resolution. Touchstone's management recommends that Shareholders vote in favour of the ratification and approval of stock options to Messrs. McKinnon, Ruttan, Valentine, Vredenburg and Wright. **Unless you give other instruction, the persons named in the form of proxy intend to vote FOR the following resolution**.

"**BE IT RESOLVED** as an ordinary resolution that:

1. The Granted Options as disclosed in the Management Information Circular of the Company dated May 16, 2017, are hereby approved, which approval shall be effective on June 19, 2017; and

2. Any one director or officer of the Company is hereby authorized, for and on behalf of the Company, to execute and, if appropriate, deliver all other documents and instruments and do all other things as in the opinion of such director or officer may be necessary or advisable to implement this resolution and the matters authorized hereby."

The foregoing ordinary resolution must be approved by a majority of the votes cast by the Shareholders at the Meeting, in person or by proxy, on the ordinary resolution.

Other Matters

Management knows no other matters to come before the Meeting other than as referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the Common Shares represented by proxy solicited hereby will be voted or withheld from voting on such matters in accordance with the best judgement of the person voting such proxy.

Matters Considered at the Company's 2016 Annual Meeting

At the Company's annual general meeting of shareholders held on May 18, 2016 (the "**2016 Shareholders Meeting**"), shareholders fixed the number of directors at seven (7), appointed the directors of the Company and appointed the auditors of the Company. The vote on the appointment of directors of the Company was conducted by ballot in accordance with the Company's majority voting policy and the policies of the TSX and 98.00% of the Common Shares represented at the 2016 Shareholders Meeting were voted in favour of the appointment of each of the directors.

COMPENSATION DISCUSSION AND ANALYSIS

The following disclosure is provided pursuant to Form 51-102F6 - *Statement of Executive Compensation*.

The purpose of this Compensation Discussion and Analysis is to provide information about Touchstone's executive compensation objectives and processes and to discuss compensation decisions relating to its named executive officers ("**Named Executive Officers**" or "**NEOs**"). Form 51-102F6 - *Statement of Executive Compensation* defines NEOs as the Chief Executive Officer, the Chief Financial Officer and each of Touchstone's three (3) most highly compensated officers other than the Chief Executive Officer and Chief Financial Officer whose total compensation was more than $150,000.

Compensation Committee and Compensation Governance

Touchstone's executive compensation program is administered by the compensation committee of the Board (the "**Compensation Committee**"). The Compensation Committee's mandate includes reviewing and determining or making recommendations to the Board in respect of compensation matters relating to the executive officers, employees and directors, including the NEOs who are identified in the "*Summary Compensation Table*" below. The Compensation Committee is currently comprised of Kenneth R. McKinnon (Chairman), Dr. Harrie Vredenburg and John D. Wright. All members are "independent" for the purposes of National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("**NI 58-101**").

The Compensation Committee is charged with the establishment, execution and periodic review of the Company's compensation program and the compensation and performance standards for the NEOs. The Board believes the Compensation Committee collectively has the knowledge, experience and background required to fulfill its mandate. The mandate of the Compensation Committee requires that the majority of the members of the Compensation Committee be comprised of independent directors, and that the Chairman and less than one third of the members of the Committee shall be serving Chief Executive Officers of any reporting issuer. The Compensation Committee complies with the mandate. Generally, the mandate of the Compensation Committee is to formulate and make recommendations to the Board in respect of compensation issues relating to directors, executives and employees of Touchstone.

Relevant Education and Experience

The following is a summary of the experience of each member of the Compensation Committee that are relevant to the performance of his responsibilities as a member of the Compensation Committee.

Kenneth R. McKinnon, Chair

Mr. McKinnon is a Partner at Citrus Capital Partners Ltd. (consulting firm) since January 2014. Mr. McKinnon has been a Director of Touchstone Exploration Inc. (formerly Petrobank Energy and Resources Ltd.) since March 14, 2000. Mr. McKinnon has been a member of the Board and Chairman of the Compensation Committee of Alvopetro Energy Ltd. since November 2013. Previously, Mr. McKinnon was a Director of Lightstream from October 2009 to December 2016 and held the position of Chairman from May 2011 through December 2016. Mr. McKinnon was a Director of Petrominerales Ltd. from May 2006 until the company was acquired in November 2013. Mr. McKinnon also held the role of Chairman of the Compensation Committee on both Lightstream and Petrominerales Ltd. Mr. McKinnon held the position of Vice President Legal and General Counsel of Critical Mass Inc., a website design company, from March 2000 to December 2014. Mr. McKinnon served on the Board of Governors of the University of Calgary from September 2008 to August 2014, as Vice-Chair of its Governance and Human Resources Committee from June 2010 through August 2012, Vice-Chair of its Finance and Property Committee from August 2013 to August 2014 and Chair of its Budget Committee from August 2012 to August 2014. In addition, Mr. McKinnon served as a Director and Chairman of the Governance and Compensation Committee of Alberta Innovates – Technology Futures from January 2010 to March 2015. Mr. McKinnon holds an ICD.D designation as a certified corporate director.

Dr. Harrie Vredenburg

Dr. Vredenburg is Professor of Strategy and Suncor Chair in Strategy and Sustainability at the Haskayne School of Business at the University of Calgary, where he has been on faculty since 1989 prior to which he taught at McGill University. In 2010 Dr. Vredenburg added the role of Academic Director of the Global Energy Executive MBA, a degree offered by the University of Calgary. Dr. Vredenburg holds an appointment as an International Research Fellow at Oxford University's Said Business School (UK) and is a Director of Kainji Resources Ltd. and Teric Power Ltd., both private companies. Dr. Vredenburg holds an ICD.D designation as a certified corporate director.

John D. Wright

Mr. John D. Wright has been a Director, President and Chief Executive Officer of Ridgeback Resources Inc. since January 2017 and is currently Chairman of the Board of Touchstone Exploration (formerly Petrobank Energy and Resources Ltd.) and Chairman of the Board of Alvopetro Energy Ltd. Previously, Mr. Wright was a Director, President and Chief Executive Officer of Lightstream (formerly PetroBakken Energy Ltd.) since 2011 and Petrobank Energy and Resources Ltd. since 2000. From June 2006 to December 2010 Mr. Wright was a Director, President and Chief Executive Officer of Petrominerales Ltd. and then Chairman of the Board from December 2010 until December 2013. Mr. Wright is a past Chairman of the World Petroleum Council-Canada, past Governor of CAPP and founder of Fundación Ñan Paz in Ecuador and of Fundación Vichituni in Colombia. Mr. Wright holds a B.Sc. in Petroleum Engineering from the University of Alberta (1981) and a Charter Financial Analyst designation (1988).

Compensation Philosophy and Objectives

Touchstone's compensation program is founded on the principle that compensation should be aligned with Shareholders' interests while also recognizing that Touchstone's corporate performance is dependent upon retaining experienced and committed directors, executive officers and employees who have the necessary skills, experience and personal qualities required to manage Touchstone's business. The compensation policies are designed to attract and retain experienced personnel, to motivate their performance in order to achieve Touchstone's strategic objectives and to align the interests of executive officers and other employees with the long-term interests of Shareholders and enhancement in share value.

The Compensation Committee together with the Board generally each use their experience and judgement in determining an overall compensation package for the executive officers with reference to similar sized companies based upon such factors as daily average production, revenue, total assets, free cash flow, geographical location, capital expenditures and number of employees. It is recognized that the executive compensation program must be sufficiently flexible in order to adapt to unexpected developments in the oil and gas industry and the impact of internal and market related occurrences from time to time.

Compensation Components

Touchstone’s compensation program is structured into three main components: base salary, bonus, and long-term incentives. Long-term incentives include Stock Options (as defined herein) granted pursuant to the Stock Option Plan and Incentive Shares (as defined herein) granted pursuant to the Incentive Share Plan (as defined herein). Touchstone believes that each component provides a valuable contribution to Touchstone’s overall compensation objectives.

Decision Making Process

When determining executive compensation, including the assessment of the competitiveness of Touchstone's compensation program, management and the Compensation Committee review the compensation practices of various companies of a similar size, scope and complexity in the international oil and gas industry. In arriving at recommendations for executive compensation, including the assessment of the competitiveness of Touchstone's compensation practices, compensation information reviewed includes that available in the public domain, through private conversation and from widely available compensation surveys and studies. Additional information in respect to certain positions is also obtained through and during the competitive hiring process of new executives.

In arriving at base salaries and Stock Option grants for executive officers of Touchstone, other than the President and Chief Executive Officer, Touchstone's President and Chief Executive Officer makes recommendations to the Compensation Committee, which then reviews and considers the recommendations with reference to the information it has available and determines whether to accept the recommendations or make any changes. The Compensation Committee determines its recommendation with respect to compensation of the President and Chief Executive Officer and in certain circumstances in consultation with the other independent directors and informal consultation with the President and Chief Executive Officer. In the case of Stock Option and Incentive Share grants, the Compensation Committee, in consultation with the President and Chief Executive Officer, makes a recommendation to the Board for consideration and approval.

Base Salary

Base salary is compensation for discharging job duties and responsibilities and reflects the level of skills and capabilities demonstrated by the NEO. The Board seeks to set base salary at a level competitive enough to represent fair compensation and/or the replacement of an individual in the marketplace. For all employees, including executives, annual salary adjustments are considered by the Board annually but are not guaranteed. Any potential adjustments include consideration for both individual performance and market conditions.

Variable Cash Incentive Awards – Bonuses

Annual bonuses encourage and reward performance over the financial year and reflect progress toward corporation-wide performance objectives and individual executive objectives. The Compensation Committee’s philosophy with respect to executive bonuses is to align the issuance of bonuses with the performance of Touchstone and the performance of each individual executive. For 2016, bonuses were determined by the Compensation Committee on the basis of the performance measures set forth below under the heading "*Goals and Annual Performance*". Bonus amounts are typically evaluated and paid in the first quarter of each financial year in relation to the performance of the executive for the prior year.

Long-term Incentive Plans

Touchstone uses its Stock Option Plan and Incentive Share Plan as a part of its long-term compensation strategy for its executives. Stock Options and Incentive Shares are intended to align executive and Shareholder interests by attempting to create a direct link between compensation and shareholder return as measured through the price of Common Shares. An annual grant of Stock Options is typically made to executives based on individual and corporate performance and taking into consideration, as a reference point, the amount of share-based compensation that would be considered competitive in relation to Touchstone's Compensation Peer Group (as defined below). Additional grants of Stock Options or Incentive Shares may be made periodically to recognize the exemplary performance of certain executives. Previous grants are taken into account when considering new grants.

Touchstone's Stock Option Plan and Incentive Share Plan are described in detail in this Information Circular under the headings "*Securities Authorized for Issuance under Equity Compensation Plans –*

Stock Option Plan" and "*Securities Authorized for Issuance under Equity Compensation Plans – Incentive Share Plan*".

Group Benefits/Perquisites

The Compensation Committee believes that the perquisites for NEOs should be limited in scope and value and be commensurate with perquisites offered by the Compensation Peer Group (as defined below). Touchstone provides its NEOs a company paid parking stall, the cost of which averaged approximately $4,600 per year per executive officer in 2016, which is disclosed under the heading "*Summary Compensation Table*" under the column titled "*All Other Compensation*".

Employee Share Ownership Plan

Touchstone has an employee share ownership plan ("**ESOP**") pursuant to which all permanent full-time and part-time employees of Touchstone may contribute from 3% to 5% of their gross annual salary to the ESOP, with Touchstone matching the contribution initially on a 100% basis, and thereafter on a pre-defined basis. Touchstone's matching contribution increases after 24 months of the employee's participation to 150% and after 60 months of participation to 200%. Touchstone, through an appointed independent firm, uses the contributions to acquire Common Shares on behalf of the employees through open market purchases at the current market price on the TSX. Touchstone's executives are eligible to participate in the ESOP on the same basis as all other employees of Touchstone. The ESOP program was suspended in March of 2016 in order to reduce Company general and administrative expenses. Prior to the program being suspended, $11,800 was contributed in 2016 by Touchstone to match the contributions of NEOs.

Pay for Performance

The Compensation Committee has a pay-for-performance compensation philosophy and directly links executive officer pay to individual performance of executive officers and overall corporate performance. This is a non-formulaic approach which provides the necessary flexibility to incentivize the Company's executive team in changing market and industry conditions. This methodology is continuously evaluated to ensure executive officer compensation is linked appropriately with both the performance of the Company and the performance of the individual executive officer.

The individual performance of Touchstone's employees, including executives, is evaluated on an annual basis, using the rating system set forth in the table below.

Rating	Description of rating as it applies to employee and executive performance
5	Greatly exceeds all expectations. Recognition is warranted for having consistently exceeded job requirements and goals while being a role model for demonstration of business competencies. Exceptional value added to the Company, considering role. Strong collaborator, team player and a positive leader and mentor in the organization. The employee is fully aligned and demonstrates the Company's values.
4	Exceeds all expectations. Consistently exceeded job requirements, goals and business competencies. Deserves recognition for substantial value added to the Company, considering role. To be in this category the employee must also be a strong fit with the Company's values.
3	Consistently meets and occasionally exceeds expectations. Job requirements and goals are met and often exceeded. Must exceed in at least one of the objectives and be directly aligned with the Company's values.
2	Performance is slightly below average with improvements required to move into the next grouping and/or the employee is not fully aligned with the Company's values. An individual that most of the time will meet the objectives but requires support and direction.
1	Performance is poor with the employee unable to meet expectations and/or the individual is a poor fit with the Company's values.

On an annual basis, the overall corporate performance of the Company is evaluated, and in conjunction with the evaluation of each executive's individual performance, is used to calculate the bonus and amount of share based compensation, if any, awarded to each executive. The corporate weighting increases as job responsibilities grow, so that the weighting towards corporate performance measures is greater for higher levels of the organization. For executives, the expectation is that individual performance has a significant impact on the organization; therefore, the determination of executive compensation is largely weighted towards corporate performance measures over individual performance.

2016 Compensation Process

The compensation program is administered by the Compensation Committee. With respect to 2016 compensation, the Compensation Committee held one (1) meeting, and a number of informal meetings via teleconference, and certain matters relating to compensation were approved by unanimous written resolution of the Compensation Committee or the Board, where applicable. The Compensation Committee also held one (1) meeting in early 2017 with respect to 2016 salaries, bonus amounts and long-term incentive compensation of the executives of Touchstone relating to the performance of Touchstone and individual executives for the 2016 year.

The Compensation Committee reports to the Board as a whole on the major items covered at each Compensation Committee meeting. While the Compensation Committee does not have scheduled "*in camera*" sessions, the Compensation Committee meets "*in camera*" without any members of management of Touchstone present at the end of every meeting.

The Compensation Committee, in consultation with the President and Chief Executive Officer, establishes base salaries and benefits, variable cash incentive awards, and awards under long-term incentive plans for the executives. Each component of compensation is determined on an individual executive basis. The President and Chief Executive Officer of Touchstone typically attends meetings of the Compensation Committee but does not have the right to vote on any matter before the Compensation Committee.

The Compensation Committee retains and does not delegate any of its power to determine matters of executive compensation and benefits, although the Compensation Committee does consider compensation and benefit proposals made to the Compensation Committee by the President and Chief Executive Officer of Touchstone. The Compensation Committee reports to the Board on the major items covered at each Compensation Committee meeting.

In addition, the Compensation Committee may consider compensation surveys completed by independent third parties when making certain decisions with respect to executive compensation. While the Compensation Committee may rely on external information and advice, all of the decisions with respect to executive compensation are made by the Compensation Committee and may reflect factors and considerations other than, or that may differ from, the information and recommendations provided by independent third party surveys and compensation consultants.

For executives, the Compensation Committee uses a compensation program based on an assessment of the overall corporate performance of Touchstone, an assessment of overall performance of Touchstone relative to the performance of the Compensation Peer Group (set forth below) and the achievements and overall contribution of each individual executive. The evaluation of each executive also includes a review of the executive's execution of on-going projects and progress on growth and other initiatives.

Goals and Annual Performance

Touchstone's goals and objectives for 2016 focused on maintaining corporate and operational performance in a low commodity price environment. Quantitative measures included, but were not limited to, maintaining Trinidad commercial production levels, reducing general and administrative and operating costs and maintaining a conservative and flexible balance sheet. Qualitative measures included maintaining and improving Touchstone's environmental and safety record, improving Touchstone's internal and external records and reporting functions, and enhancing Touchstone's organizational

structure to create a culture of high performance, leadership development and employee attraction and retention.

Touchstone places the utmost priority on health, safety and the environment ("**HSE**") which form an integral part of the culture and performance of the organization. As such, the Company has incorporated overall performance measures associated with its HSE initiatives, and if these measures are not maintained they are applied as a negative factor in determining annual performance.

In 2016 the Company was awarded four (4) first place HSE awards from the Petroleum Company of Trinidad and Tobago Ltd. (Environmental Compliance, HSE Excellence, Gathering Station HSE, and Production Alliance Operations).

In evaluating the overall Company performance, the Compensation Committee took into account the following factors:

- maintaining production;
- banking and finance administration and net debt levels;
- reduction in general and administrative costs;
- reduction in operating costs;
- reduction in drilling and recompletion costs;
- consideration of annual recycle ratio; and
- HSE performance measures.

After consideration of the 2016 goals and related Company performance, the Compensation Committee further considered 2016 industry and operational challenges and used its discretion to award variable cash incentive awards of $375,000 to Company executive officers for 2016. The annual incentive awards were paid in February 2017.

The Compensation Committee will annually address the factors that are used to measure performance taking into account changing circumstances that may include but are not limited to, changes in commodity prices and capital market volatility. Although Touchstone sets goals on an annual basis, the Compensation Committee will consider changing industry and operational circumstances, opportunities and unanticipated challenges as they arise that may require a modification of the goals and objectives and a desired shift in the focus of the executives to these changed goals and objectives. Should these situations arise, the Compensation Committee will have regard to the changing landscape of Touchstone's operations when determining whether Touchstone and the individual executive have met the goals set and what factor the goals set will have in determining executive compensation.

Compensation Peer Group

The Compensation Committee considers comparable compensation data from internationally focused oil and gas companies that are generally of similar size and scope and that may represent the market in which Touchstone competes for executive talent. Given the nature of Touchstone's business strategy and operations, the peer companies are varied. The composition of the compensation peer group is reviewed annually by the Compensation Committee for its ongoing business relevance to Touchstone.

For the year ended December 31, 2016, the Compensation Peer Group surveyed were: Alvopetro Energy Ltd., CGX Energy Inc., Crown Point Energy Inc., Eco (Atlantic) Oil and Gas Ltd., Leni Gas and Oil Plc, PMI Resources Ltd., SDX Energy Inc., Sintana Energy Inc., Trinity Exploration and Production Plc and Valeura Energy Inc. (collectively, the "**Compensation Peer Group**"). The factors assessed by the Compensation Committee in determining the Compensation Peer Group included operational and geographical focus, market capitalization, total revenue, total assets, cash flow, total level of capital expenditures, number of employees and daily average petroleum production levels. The compensation

data from the Compensation Peer Group provides an initial reference point for the Compensation Committee.

The Compensation Committee will continue to monitor and adjust the Compensation Peer Group to reflect both changes in the markets and changes at Touchstone as it continues to execute its program of growth.

Risk Assessment and Oversight

The Compensation Committee considers the implications of the risks associated with Touchstone's compensation policies and practices. The Compensation Committee's role of approving the compensation policies and practices includes considering whether the compensation policies and practices could encourage a NEO to take inappropriate or excessive risks.

Based on the experience of the Compensation Committee in compensation matters, the Compensation Committee did not identify any risks arising from Touchstone's compensation policies and practices that would reasonably be likely to have a material adverse effect on Touchstone. This assessment was based on a number of considerations, including the following:

- base salaries provide a steady income regardless of share price performance, allowing executives and employees to focus on both near-term and long-term goals and objectives without undue reliance on short-term share price performance or market fluctuations;
- cash bonuses are based on performance measures designed to contribute to long-term value creation;
- Stock Options and Incentive Shares typically vest over a number of years, motivating the achievement of long-term sustainable objectives and aligning executives with the interests of Shareholders; and
- although annual performance goals are established, the Compensation Committee does not solely focus on achievement of narrowly focused performance goals and retains adequate discretion to apply business judgement to assess the overall execution of the long-term business plan and adherence to Touchstone's corporate vision and values.

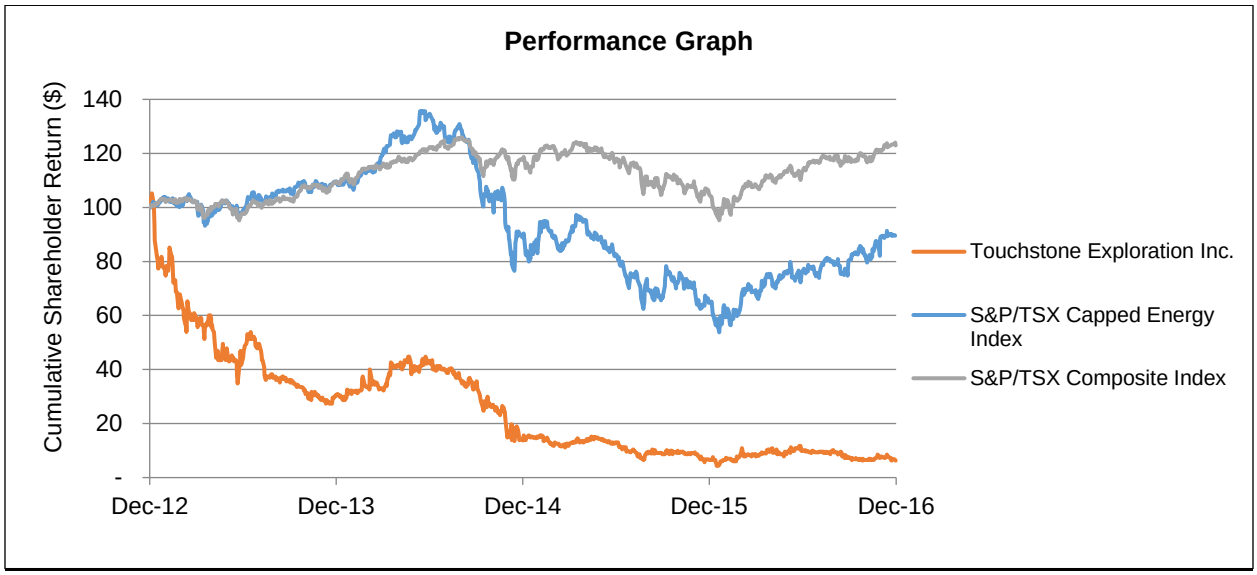
Hedging Activities

Touchstone's disclosure, confidentiality and trading policy (the "**Disclosure, Confidentiality and Trading Policy**") includes a provision that prohibits directors, officers and employees of Touchstone from purchasing and selling certain derivatives in respect of any security of Touchstone. This includes purchasing "*puts*" and selling "*calls*" on Touchstone's securities, as well as a prohibition on short selling Touchstone's securities. Aside from these prohibitions, Touchstone does not have a policy specifically pertaining to other financial instruments including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, which are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by an executive officer or director. Any transactions of this nature are subject to insider reporting requirements and are reported on the System for Electronic Disclosure by Insiders.

Performance Graph

The following graph illustrates the total cumulative shareholder return for $100 invested in the Common Shares of the Company, from the closing price on December 31, 2012 to December 31, 2016. Touchstone became a reporting issuer on December 31, 2012 upon completion of the reorganization of Touchstone (formerly Petrobank Energy and Resources Ltd.) and Lightstream Resources Ltd. (formerly PetroBakken Energy Ltd.) (the "**PetroBakken Reorganization**"). Prior to the business combination occurring May 13, 2014, between Touchstone Exploration Inc. (formerly Petrobank Energy and Resources Ltd.) and Touchstone Energy Inc. (formerly Touchstone Exploration Inc.) (the "**Touchstone**

Arrangement"), the Common Shares traded under the symbol "PBG". All Common Share prices were adjusted to reflect the two (2) for one (1) Common Share consolidation completed on May 13, 2014. The Company's total shareholder return was compared with the cumulative return on the S&P/TSX Capped Energy Index and the S&P/TSX Composite Index.



Date	Touchstone Exploration Inc. ($)	S&P/TSX Capped Energy Index ($)	S&P/TSX Composite Index ($)
December 31, 2012	100.00	100.00	100.00
December 31, 2013	30.43	109.72	109.55
December 31, 2014	13.70	88.96	117.69
December 31, 2015	6.52	65.13	104.64
December 31, 2016	6.30	88.88	122.95

The trend shown in the performance graph does not necessarily correspond to the Company's compensation of the NEOs for the period disclosed above. The Company considers a number of factors in connection with its determination of appropriate levels of compensation including, but not limited to, the demand for and supply of skilled professionals with experience in the oil and gas industry, individual performance, the Company's performance (which is not necessarily tied exclusively to the trading price of the Common Shares on the TSX) and other factors discussed under the heading "*Compensation Discussion and Analysis*".

The trading price of the Common Shares on the TSX is subject to fluctuation based on a number of factors, many of which are outside the control of the Company. These include, but are not limited to, fluctuations and volatility in commodity prices for crude oil and natural gas, global economic conditions, changes in government, environmental policies, legislation and royalty regimes, and other factors, some of which are disclosed and discussed under the heading "*Risk Factors*" in the Company's Annual Information Form dated March 21, 2017.

NEO Summary Compensation Table [1]

The following table sets forth the total compensation paid to or earned by the Chief Executive Officer and Chief Financial Officer and the most highly compensated officers, other than the Chief Executive Officer and Chief Financial Officer, as at and for the year ended December 31, 2016 whose total compensation was more than $150,000 for Touchstone's fiscal year ended December 31, 2016. The Company does not provide long-term non-equity incentive plan or pension plan compensation.

Name and principal position	Year	Salary ($)[1]	Share-based awards ($)[2]	Option-based awards ($)[3]	Annual incentive plans ($)[4]	All other compensation ($)[5]	Total compensation ($)
Paul R. Baay[6][7]	2016	310,000	Nil	37,792	155,000	25,490	528,282
President and Chief	2015	315,769	Nil	49,507	25,000	34,953	425,229
Executive Officer	2014	156,250	84,128	201,937	120,000	38,314	600,629
Scott Budau[6]	2016	220,000	Nil	25,195	110,000	23,367	378,562
Chief Financial	2015	220,000	Nil	33,004	20,000	30,931	303,935
Officer	2014	131,250	Nil	106,017	85,000	25,766	348,033
James Shipka[6]	2016	220,000	Nil	25,195	110,000	23,723	378,918
Chief Operating	2015	220,000	Nil	33,004	20,000	30,681	303,685
Officer	2014	131,250	Nil	106,017	85,000	55,786	378,053

Notes:

1. Salary, for the purposes of the above Summary Compensation Table, includes all earnings related to base salary paid to the NEO during the reporting year.
2. Share-based awards consist of Incentive Shares granted during the year pursuant to the Incentive Share Plan. The fair value of Incentive Shares granted is estimated based on the grant date using the Black-Scholes option-pricing model. It is the same methodology used by the Company to determine the accounting fair value of the Incentive Shares, in accordance with International Financial Reporting Standard 2 – *Share based Payments*. For a complete description of the terms of the Incentive Share Plan, see details provided herein under the heading "*Securities Authorized for Issuance under Equity Compensation Plans – Incentive Share Plan*".
3. Option based awards consist of Stock Options granted pursuant to the Stock Option Plan. The fair value of Stock Options granted is estimated based on the grant date using the Black-Scholes option-pricing model. It is the same methodology used by the Company to determine the accounting fair value of the Stock Options, in accordance with International Financial Reporting Standard 2 – *Share based Payments*. In 2016, Stock Options were granted to NEOs on June 16, 2016, using the following assumptions to calculate the grant date fair value: 3.0 year expected life, 0.53% risk-free interest rate, 87.5% expected volatility and 0% expected dividend yield. For a description of the terms of the Stock Option Plan, see details provided herein under the heading "*Securities Authorized for Issuance under Equity Compensation Plans – Stock Option Plan*".
4. The annual incentive plan is comprised of Touchstone's cash bonuses, which are paid in the subsequent year.
5. The value in the column titled 'All Other Compensation' includes all other compensation not reported in any other column of the table for each of the NEOs, including certain benefits such as parking, Touchstone matched contributions to the ESOP, flexible spending accounts and benefit premiums paid by Touchstone.
6. Messrs. Baay, Budau and Shipka were appointed officers of Touchstone following the Touchstone Arrangement on May 13, 2014.
7. Mr. Baay did not receive any compensation for his service as a director during the period that he was an executive officer of Touchstone.

NEO Incentive Plan Awards

The following table sets forth, with respect to each of the NEOs, details regarding Stock Option and Incentive Share awards outstanding as at December 31, 2016. Except as disclosed herein, no other NEO was granted any other Stock Options or Incentive Shares during the year ended December 31, 2016.

Option-Based Awards					
Name	**Grant date**	**Number of Common Shares underlying unexercised Stock Options (#)**	**Option exercise price ($/Common Share)**	**Option expiration date**	**Value of unexercised in-the-money Stock Options ($)[1]**
Paul R. Baay	June 3, 2014	600,000	0.89	June 3, 2019	Nil
	April 20, 2015	300,000	0.33	April 19, 2020	Nil
	June 16, 2016	300,000	0.23	June 15, 2021	Nil
Scott Budau	June 3, 2014	315,000	0.89	June 3, 2019	Nil
	April 20, 2015	200,000	0.33	April 19, 2020	Nil
	June 16, 2016	200,000	0.23	June 15, 2021	Nil
James Shipka	June 3, 2014	315,000	0.89	June 3, 2019	Nil
	April 20, 2015	200,000	0.33	April 19, 2020	Nil
	June 16, 2016	200,000	0.23	June 15, 2021	Nil

Share-Based Awards					
Name	**Grant date**	**Number of Common Shares underlying unexercised Incentive Shares (#)**	**Incentive Share exercise price ($/Common Share)**	**Market or payout value of Incentive Shares that have not vested ($)[2]**	**Market or payout value of vested Incentive Shares not paid out or distributed ($)[3]**
Paul R. Baay	June 3, 2014	100,000	0.05	1,586	7,914

Notes:

1. The value of unexercised in-the-money Stock Options is calculated for outstanding vested and unvested Stock Options based on the difference between the noted exercise price for the applicable grant and the closing price of Common Shares on the TSX on December 31, 2016, being $0.145.
2. 83,300 Incentive Shares were vested as at December 31, 2016. The value of Incentive Shares that have not yet vested is calculated based on the difference between the noted exercise price and the closing price of the Common Shares on the TSX on December 31, 2016, being $0.145.
3. 16,700 Incentive Shares were unvested as at December 31, 2016. The value of Incentive Shares that have vested, but have not been paid out or distributed, is calculated based on the difference between the noted exercise price for the applicable grant and the closing price of the Common Shares on the TSX on December 31, 2016, being $0.145.

All Stock Options granted by Touchstone to its NEOs vest in three (3) instalments on each of the first, second and third anniversaries of the date of grant and the exercise price represented the volume weighted average trading price per Common Share for the five (5) consecutive trading days ending on the last trading day preceding the date of the grant date.

The following sets forth, for each NEO, the value of option-based awards and share-based awards which vested during the year ended December 31, 2016 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2016. Except as disclosed herein, no other NEO was awarded any other non-equity incentive plan compensation during the year ended December 31, 2016.

Name	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)[1]	Non-equity incentive plan compensation – Value earned during the year ($)[2]
Paul R. Baay	Nil	5,661	155,000
Scott Budau	Nil	Nil	110,000
James Shipka	Nil	Nil	110,000

Notes:
1. The value of Incentive Shares that vested is calculated based on the difference between the noted exercise price and the closing price of the Common Shares on the vesting date.
2. Represents incentive plan bonuses for 2016 which were paid in February 2017.

Pension Plan Benefits

Touchstone does not provide any form of pension plan compensation or other retirement benefits for its directors, officers and employees.

Termination and Change of Control Benefits and Payments

The Company recognizes that its executives are critical to Touchstone's ongoing business. It is therefore vital for the Company to retain the services of each executive, protect them from employment interruption caused by a change in control of the Company and to treat them in a fair and equitable manner. Touchstone entered into employment agreements (the "**Agreements**" and each an "**Agreement**") with the following NEOs:

- Paul R. Baay – effective May 13, 2014;
- Scott Budau – effective May 13, 2014; and
- James Shipka – effective May 13, 2014.

Each of these Agreements provide for an indefinite term of employment. Each Agreement may be terminated by: (i) Touchstone giving notice of termination (other than just cause) to the NEO; or (ii) the executive giving 90 (120 for Mr. Baay) calendar days' written notice of termination to Touchstone; or (iii) the executive giving notice of termination to Touchstone following a Change in Control (as defined below).

In the event Mr. Baay's employment is terminated by Touchstone without cause or with Good Reason (as defined in the Agreement), Touchstone shall pay Mr. Baay a lump sum payment equal to 2.0 times his base salary and 2.0 times the average total bonus for the prior two (2) service years. Mr. Baay shall have the right, for six (6) months following a Change of Control, to terminate his employment, subject to the existence of a Good Reason. If Mr. Baay exercises this right, he shall be entitled to a lump sum payment equal to 2.0 times his base salary and 2.0 times the average total bonus received by Mr. Baay for the prior two (2) service years.

In the event Mr. Budau's or Mr. Shipka's employment is terminated by Touchstone without cause or with Good Reason, Touchstone shall pay Mr. Budau or Mr. Shipka, as applicable, a lump sum payment equal to 1.5 times their base salary and 1.5 times the average total bonus for the prior two (2) service years. Mr. Budau and Mr. Shipka shall have the right, for six (6) months following a Change of Control, to terminate their employment, subject to the existence of a Good Reason. If this right is exercised, they shall be entitled to a lump sum payment equal to 1.5 times their base salary and 1.5 times the average total bonus for the prior two (2) service years.

Under the Agreements, a "Change of Control" is defined as:

- any change in the holding, direct or indirect, of the shares of Touchstone as a result of which a person, or group of persons acting jointly or in concert within the meaning of the *Securities Act* (Alberta), are in a position to exercise effective control of Touchstone; or
- any transaction that the majority of the Board deems to be a Change of Control with respect to Touchstone, and any such determination shall be binding and conclusive for all purposes of the Agreement; or
- if Touchstone ceases to be a publicly traded entity; or
- approval by the Shareholders of:
  - an amalgamation, arrangement, merger or other consolidation or combination of Touchstone with another entity or entities pursuant to which the Shareholders immediately thereafter do not own shares of the successor or continuing corporation which would entitle them to cast more than 50% of the votes attaching to all of the shares in the capital of the successor or continuing corporation which may be cast to elect directors of the corporation;
  - a liquidation, dissolution or winding-up of Touchstone; or
  - the sale, lease or other disposition of all or substantially all of the assets of Touchstone.

Other than as disclosed herein, Touchstone is not a party to any contract, agreement, plan or arrangement with its NEOs that provide for payments to NEOs at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation or retirement, or as a result of a change in control of Touchstone or a change in a NEOs responsibilities.

The following table sets forth the details of the estimated incremental payments, benefits due to each of the NEOs (other than those who are no longer employed with the Company) that would have arisen upon a termination on December 31, 2016, pursuant to the terms and conditions of their Agreements.

Name	Salary component ($)[1]	Bonus component ($)[2]	Benefits ($)	Total incremental obligations ($)
Paul R. Baay	620,000	180,000	Nil	800,000
Scott Budau	330,000	97,500	Nil	427,500
James Shipka	330,000	97,500	Nil	427,500

Notes:

1. This figure is calculated by multiplying the NEOs annual salary by the applicable multiple set forth in the Agreements.
2. The annual incentive plan bonuses for 2016 were not paid out until February 2017. However, 2016 bonuses are included in the bonus component calculation above based on the assumption that they would have been included in the NEOs incremental compensation should there have been a termination on December 31, 2016 due to termination without cause, resignation for Good Reason or a Change of Control.

Director Compensation

The Compensation Committee is responsible for recommending the compensation program for Touchstone's directors for consideration and approval by the Board. The main objectives of Touchstone's compensation program for directors is to attract and retain the services of the most qualified directors, compensate such directors in a manner that is commensurate with the risks and responsibilities assumed in Board membership, compensate directors in a manner that is competitive with Touchstone's peers and align the interests of Touchstone's directors with Shareholders. Touchstone's compensation program for its directors will be reviewed on a periodic basis. For 2016, the cash base retainer for directors was $10,000 per director.

The following table sets forth the cash base retainers and Stock Option compensation approved by the Board for Touchstone's directors for the year ended December 31, 2017.

Position	2017 Retainer ($)	2017 Stock Options to grant
Board Member	25,000	75,000
Chairman	10,000	25,000
Committee Chair – Audit	2,500	15,000
Committee Chair – Reserves	-	12,500
Committee Chair – Compensation	2,500	12,500
Audit Committee Member	-	7,500
Reserves Committee Member	-	2,500
Compensation Committee Member	-	2,500

Director Compensation Table

The following table sets forth the value of all compensation provided to directors of Touchstone, not including those who are also NEOs, for Touchstone's most recently completed financial year. The Company does not provide long-term non-equity incentive plan or pension plan compensation.

Name	Fees earned ($)	Share-based awards ($)	Option-based awards ($)[1]	All other compensation ($)[2]	Total compensation ($)
Kenneth R. McKinnon	10,000	Nil	11,967	1,250	23,217
Trevor Mitzel[3]	-	Nil	11,653	Nil	11,653
Corey C. Ruttan[4]	10,000	Nil	10,708	1,250	21,958
Thomas E. Valentine	10,000	Nil	9,448	Nil	19,448
Dr. Harrie Vredenburg	10,000	Nil	10,078	Nil	20,078
John D. Wright	10,000	Nil	14,172	1,250	25,422

Notes:

1. Option based awards consist of Stock Options granted pursuant to the Stock Option Plan. The fair value of Stock Options granted is estimated based on the grant date using the Black-Scholes option-pricing model. It is the same methodology used by the Company to determine the accounting fair value of the Stock Options, in accordance with International Financial Reporting Standard 2 – *Share based Payments*. In 2016, Stock Options were granted to directors on June 16, 2016, using the following assumptions to calculate the grant date fair value: 3.0 year expected life, 0.53% risk-free interest rate, 87.5% expected volatility and 0% expected dividend yield. For a description of the terms of the Stock Option Plan, see details provided herein under the heading "*Securities Authorized for Issuance under Equity Compensation Plans – Stock Option Plan*".
2. Includes amounts paid to Directors under Touchstone's ESOP plan, see "*Employee Share Ownership Plan*".
3. Mr. Mitzel ceased to be a director on November 9, 2016.
4. Mr. Ruttan will not stand for re-election at the Meeting.

Executive directors do not receive additional compensation for serving as a director of Touchstone. Directors are entitled to be reimbursed for reasonable expenditures incurred in performing their duties as directors.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth, with respect to each director, details regarding Stock Option and Incentive Share awards outstanding as at December 31, 2016. Other than as disclosed herein, no other member of the Board received any Stock Option or Incentive Share awards for the year ended December 31, 2016.

Option-Based Awards					
Name	**Grant date**	**Number of Common Shares underlying unexercised Options (#)**	**Option exercise price ($/Common Share)**	**Option expiration date**	**Value of unexercised in-the-money Stock Options ($)[1]**
Kenneth R. McKinnon	January 14, 2013	53,750	2.10	January 14, 2020	Nil
	June 3, 2014	130,000	0.89	June 3, 2019	Nil
	April 20, 2015	95,000	0.33	April 19, 2020	Nil
	June 16, 2016	95,000	0.23	June 15, 2021	Nil
Corey C. Ruttan[2]	January 14, 2013	40,000	2.10	January 14, 2020	Nil
	June 3, 2014	120,000	0.89	June 3, 2019	Nil
	April 20, 2015	85,000	0.33	April 19, 2020	Nil
	June 16, 2016	85,000	0.23	June 15, 2021	Nil
Thomas E. Valentine	June 3, 2014	50,000	0.89	June 3, 2019	Nil
	April 20, 2015	25,000	0.33	April 19, 2020	Nil
	October 20, 2015	50,000	0.33	April 19, 2020	Nil
	June 16, 2016	75,000	0.23	June 15, 2021	Nil
Dr. Harrie Vredenburg	January 14, 2013	43,750	2.10	January 14, 2020	Nil
	June 3, 2014	120,000	0.89	June 3, 2019	Nil
	April 20, 2015	80,000	0.33	April 19, 2020	Nil
	June 16, 2016	80,000	0.23	June 15, 2021	Nil
John D. Wright	January 14, 2013	50,000	2.10	January 14, 2020	Nil
	June 3, 2014	150,000	0.89	June 3, 2019	Nil
	April 20, 2015	100,000	0.33	April 19, 2020	Nil
	October 20, 2015	12,500	0.33	April 19, 2020	Nil
	June 16, 2016	112,500	0.23	June 15, 2021	Nil

Share-Based Awards					
Name	**Grant date**	**Number of Common Shares underlying unexercised Incentive Shares (#)**	**Incentive Share exercise price ($/Common Share)**	**Market or payout value of Incentive Shares that have not vested ($)[3]**	**Market or payout value of vested Incentive Shares not paid out or distributed ($)[4]**
Kenneth R. McKinnon	January 14, 2013	7,500	0.10	Nil	338
Corey C. Ruttan[2]	January 14, 2013	12,500	0.10	Nil	563
Dr. Harrie Vredenburg	January 14, 2013	7,500	0.10	Nil	338

Notes:

1. The value of unexercised in-the-money Stock Options is calculated for outstanding vested and unvested Stock Options based on the difference between the noted exercise price for the applicable grant and the closing price of Common Shares on the TSX on December 31, 2016, being $0.145.
2. Mr. Ruttan will not stand for re-election at the Meeting.
3. All Incentive Shares have vested as at December 31, 2016.
4. The value of Incentive Shares that have vested, but have not been paid out or distributed, is calculated based on the difference between the noted exercise price for the applicable grant and the closing price of the Common Shares on the TSX on December 31, 2016, being $0.145.

All Stock Options granted by Touchstone to its directors during the most recent completed fiscal year vest in three (3) instalments on each of the first, second and third anniversaries of the date of grant and the exercise price represented the volume weighted average trading price per Common Share for the five (5) consecutive trading days ending on the last trading day preceding the date of the grant date.

The following sets forth, for each director, the value of option-based awards and share-based awards which vested during the year ended December 31, 2016 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2016.

Name	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)[1]	Non-equity incentive plan compensation – Value earned during the year ($)
Kenneth R. McKinnon	Nil	Nil	Nil
Trevor Mitzel[2]	Nil	Nil	Nil
Corey C. Ruttan	Nil	Nil	Nil
Thomas E. Valentine	Nil	Nil	Nil
Dr. Harrie Vredenburg	Nil	Nil	Nil
John D. Wright	Nil	Nil	Nil

Note:
1. No Incentive Shares vested during the year ended December 31, 2016.
2. Mr. Mitzel ceased to be a director on November 9, 2016.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information in respect of securities authorized for issuance under the Company's equity compensation plans as of December 31, 2016. As of the date hereof, 6,660,840 Stock Options and 127,500 Incentive Shares are outstanding with a weighted average exercise price of $0.54 and $0.06, respectively, leaving a total of 1,525,374 Stock Options and/or Incentive Shares available for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options and incentive shares	Weighted average exercise price of outstanding options and incentive shares	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))[2][3][4]
Equity compensation plans approved by security holders			
Stock Option Plan	5,642,040[1]	0.61	See Note 4
Incentive Share Plan	127,500	0.06	See Note 4
Total	**5,769,540**	**0.60**	**2,544,174**

Notes:
1. Of the 5,642,040 outstanding Stock Options outstanding as at December 31, 2016, nil were in-the-money as at that date, based on the market value of the Common Shares at December 31, 2016 of $0.145.
2. The Stock Option Plan provides for the issuance of Stock Options to a maximum of 10% of the issued and outstanding Common Shares of the Company, provided that the maximum number of Common shares issuable pursuant to outstanding Stock Options and all other share compensation arrangements implemented by the Company (including the Incentive Share Plan) shall not exceed 10% of the Common Shares outstanding from time to time.
3. The Incentive Share Plan provides for the issuance of a maximum of 2,000,000 Incentive Shares, of which 734,875 were granted prior to December 31, 2016.
4. The total number of securities remaining available for future issuance under equity compensation plans as at December 31, 2016 is equal to 10% of the number of Common Shares outstanding as at December 31, 2016, less the number of Stock Options outstanding under the Stock Option Plan as at December 31, 2016, less the number of Incentive Shares outstanding under the Incentive Share Plan as at December 31, 2016. As at December 31, 2016, there were 5,642,040 Stock Options outstanding and 127,500 Incentive Shares outstanding, leaving 2,544,174 Common Shares available for issuance under the Stock Option Plan and/or the Incentive Share Plan, subject to the applicable limitations contained in each of such plans.

Stock Option Plan

Options to purchase Common Shares ("**Stock Options**") were first issued in January 2013 pursuant to a Stock Option Plan which is described as follows.

The purpose of the Stock Option Plan is to provide the employees, directors, officers and consultants of Touchstone and its subsidiaries (in this section, collectively the "**Participants**") with an opportunity to purchase Common Shares and to benefit from the appreciation thereof. This provides an increased incentive for the Participants to contribute to the future success and prosperity of Touchstone, thus enhancing the value of Common Shares for the benefit of all Shareholders and increasing the ability of Touchstone to attract and retain individuals of exceptional skill.

The Stock Option Plan is administered by the Board, but the Board may delegate administration to a committee of not less than three (3) directors. The Board may, from time to time, adopt such rules and regulations for administering the Stock Option Plan as it may deem proper and in the best interests of Touchstone, and may, subject to applicable law, delegate its Stock Option Plan powers to a committee of the Board.

Under the Stock Option Plan, the Board may, from time to time, grant Stock Options to purchase Common Shares to such Participants as it chooses and, subject to the restrictions described below, in such numbers as it chooses.

The aggregate number of Common Shares that may be reserved for issuance at any time under the Stock Option Plan, together with any Common Shares reserved for issuance under any other share compensation arrangement implemented by Touchstone (including the Incentive Share Plan), is equal to 10% of Common Shares (on a non-diluted basis) outstanding at that time.

In addition, any grant of Stock Options under the Stock Option Plan is subject to the following restrictions:

- the aggregate number of Common Shares reserved for issuance pursuant to Stock Options granted to any one person, when combined with any other share compensation arrangement (including the Incentive Share Plan), may not exceed 5% of Touchstone's outstanding Common Shares (on a non-diluted basis);
- the aggregate number of Common Shares reserved for issuance pursuant to Stock Options granted to Insiders (as defined in the TSX Company Manual) pursuant to the Stock Option Plan, when combined with any other share compensation arrangement (including the Incentive Share Plan), may not exceed 10% of Touchstone's outstanding Common Shares (on a non-diluted basis);
- the aggregate number of Common Shares issued within any one-year period to Insiders (as defined by applicable Canadian securities laws) pursuant to Stock Options, when combined with any other share compensation arrangement (including the Incentive Share Plan), may not exceed 10% of Touchstone's outstanding Common Shares (on a non-diluted basis); and
- the aggregate number of Common Shares reserved for issuance pursuant to Stock Options granted to directors of Touchstone that are not officers or employees of Touchstone, when combined with any other share compensation arrangement (including the Incentive Share Plan), may not exceed 1% of Touchstone's outstanding Common Shares (on a non-diluted basis).[1]

The exercise price of each Stock Option will be fixed by the Board when the Stock Option is granted, provided that such price shall not be less than the volume weighted average trading price per share on the TSX for the five (5) consecutive trading days ending on the last trading day preceding the date that the Stock Option is granted.

[1] Shareholders are being asked to consider, and if thought fit, pass an ordinary resolution approving an amendment to the Stock Option Plan which will eliminate this requirement. The proposed Amended Stock Option Plan can be found at Appendix “D” of this Information Circular.

A Stock Option must be exercised within ten (10) years from the date of grant, or such other date set by the Board. The vesting period or periods of Stock Options granted under the Stock Option Plan are determined by the Board at the time of grant. The Board may, in its sole discretion at any time, accelerate vesting of Stock Options previously granted.

Participants may exercise vested Stock Options by providing a notice in writing signed by the Participant to Touchstone together with payment in full of the exercise price for the Common Shares that are the subject of the exercise. A Participant may offer to dispose of vested Stock Options to Touchstone for cash in an amount not to exceed the fair market value thereof, and Touchstone has the right, but not the obligation, to accept the Participant's offer.

The Stock Option Plan provides that appropriate adjustments in the number of Common Shares subject to the Stock Option Plan, the number of Common Shares optioned and the exercise price shall be made by the Board to give effect to adjustments in the number of Touchstone's outstanding Common Shares resulting from subdivisions, consolidations or reclassifications of the Common Shares, the payment of stock dividends by Touchstone (other than dividends in the ordinary course) or other relevant changes in the authorized or issued capital of Touchstone.

Stock Options Granted to Participants are Non-assignable

In the event of the Participant ceasing to be a director, officer, employee or consultant of Touchstone or its subsidiaries for any reason other than death (including the resignation or retirement of the Participant as a director, officer or employee of Touchstone, or the termination by Touchstone of the employment of the Participant or the termination by Touchstone or the Participant of the consulting arrangement with the Participant), unvested Stock Options shall cease and terminate on the date notice of ceasing to be a director, officer, employee or consultant is given, and vested Stock Options held by such Participant shall cease and terminate and be of no further force or effect on the earlier of the expiry time of the Stock Option and the 30th day following: (i) the effective date of such resignation or retirement; (ii) the date the notice of termination of employment is given by Touchstone; or (iii) the date the notice of termination of the consulting agreement is given by Touchstone or the Participant, as the case may be. Notwithstanding the foregoing, in the event of termination for cause, such Stock Option shall cease and terminate immediately upon the date notice of termination of employment for cause is given by Touchstone and shall be of no further force or effect whatsoever as to the Common Shares in respect of which Stock Option has not previously been exercised.

If a Participant dies, the legal representatives of the Participant may exercise the Stock Options held by the Participant within a period after the date of the Participant's death as determined by the Board, provided that such period shall not extend beyond six (6) months following the death of the Participant or exceed the expiry date of such Stock Option.

In the event that a change of control of Touchstone, as defined in the Stock Option Plan, is contemplated or has occurred, all Stock Options that have not otherwise vested in accordance with their terms shall vest and be exercisable at such time as is determined by the Board for a period of time ending on the earlier of the expiry of the Stock Option and the 30th day following the change of control.

The Board may amend the Stock Option Plan and any Stock Options granted thereunder in any manner, or discontinue it at any time, without Shareholder approval, provided that:

- the consent of the applicable Participants must be obtained for any amendment that would adversely affect any outstanding Stock Options; and
- the approval of the Shareholders present and voting in person or by proxy at a meeting of shareholders must be obtained for any amendment that would have the effect of:
    - increasing the maximum percentage of Common Shares that may be reserved for issuance under the Stock Option Plan;

- increasing the maximum percentage of Common Shares that may be reserved for issuance under the Stock Option Plan to non-employee directors, Insiders or any one person;
- increasing the maximum percentage of Common Shares that may be issued under the Stock Option Plan within any one-year period to Insiders;
- changing the amendment provisions of the Stock Option Plan;
- changing the terms of any Stock Options held by Insiders;
- reducing the exercise price of any outstanding Stock Option (including the reissue of a Stock Option within 90 days of cancellation which constitutes a reduction in the exercise price);
- amending the definition of Participants to expand the categories of individuals eligible for participation in the Stock Option Plan;
- extending the expiry date of an outstanding Stock Option or amending the Stock Option Plan to allow for the grant of a Stock Option with an expiry date of more than ten years from the grant date; or
- amending the Stock Option Plan to permit the transferability of Stock Options, except to permit a transfer to a family member, an entity controlled by the Participant or a family member, a charity or for estate planning or estate settlement purposes.

In the event that any Stock Option expires during, or within two (2) business days after, a self-imposed blackout period on trading securities of Touchstone, such expiry date will be deemed to be extended to the tenth day following the end of the blackout period.

Incentive Share Plan

The purpose of Touchstone's incentive share plan (the "**Incentive Share Plan**") is to provide an effective incentive for the employees, directors, officers and service providers of Touchstone and its affiliates and such other persons determined by the Board (in this section, collectively the "**Participants**") to promote the success and business of Touchstone and its affiliates, and to reward such Participants in relation to the long-term performance and growth of Touchstone by encouraging ownership of Common Shares.

Compensation is payable pursuant to the Incentive Share Plan in the form of a grant of incentive shares ("**Incentive Shares**"). Under the Incentive Share Plan, the Board (or a committee of the Board that has been delegated the authority to administer the Incentive Share Plan) may grant Incentive Shares to such Participants as it chooses in such numbers as it chooses. The Incentive Shares vest over time and, upon vesting, each one vested Incentive Share is entitled to be redeemed for one Common Share.

Incentive Shares will vest over time in accordance with the vesting provisions set forth in the incentive agreement between the Participant and Touchstone. A Participant will not be entitled to elect to be issued any of the Common Shares which underlay the granted Incentive Shares until such time as the granted Incentive Shares have vested in accordance with the vesting terms provided for in the incentive agreement between the Participant and Touchstone. The Board may, in its sole discretion at any time, accelerate vesting of Incentive Shares previously granted.

Upon the vesting of Incentive Shares, the Common Shares to which a Participant is entitled to receive pursuant to the Incentive Shares will not be issued until the Participant has delivered to Touchstone an election in writing that the Common Shares be issued together with payment of $0.05 for each such Common Share to be issued.

In the event of the Participant ceasing to be a director, officer, employee or consultant of Touchstone or its subsidiaries for any reason other than death (including the resignation or retirement of the Participant as a director, officer or employee of Touchstone or the termination by Touchstone of the employment of the Participant or the termination by Touchstone or the Participant of the consulting arrangement with the Participant), unvested Incentive Shares shall cease and terminate on the date notice of ceasing to be a

director, officer, employee or consultant is given, and vested Incentive Shares held by such Participant shall cease and terminate and be of no further force or effect the earlier of the 30th day following: (i) the effective date of such resignation or retirement; (ii) the date the notice of termination of employment is given by Touchstone; or (iii) the date the notice of termination of the consulting arrangement is given by Touchstone or the Participant, as the case may be. Notwithstanding the foregoing, in the event of termination for cause, such Incentive Shares shall cease and terminate immediately upon the date notice of termination of employment for cause is given by Touchstone and shall be of no further force or effect whatsoever as to the Common Shares underlying an Incentive Share that has not previously been exercised.

If a Participant dies, the legal representatives of the Participant may exercise the Incentive Shares held by the Participant within a six (6) month period following the death of the Participant, provided that such period shall not exceed the expiry date of such Incentive Shares.

A Participant shall have no right to receive Common Shares underlying Incentive Shares granted to him or her that have not been issued on the date that is ten (10) years following the date of grant or such earlier date as determined by the Board.

In the event any Incentive Share expire during, or within two (2) business days after, a self-imposed blackout period on trading securities of Touchstone, such expiry date will be deemed to be extended to the tenth day following the end of the blackout period.

The Incentive Share Plan provides that the number of Common Shares issuable to a Participant with respect to the vested Incentive Shares held by such Participant may, at Touchstone's election in its sole discretion, be increased on each date on which a cash dividend (if applicable) is paid to Shareholders by an amount equal to the product of the number of the vested Incentive Shares held by the Participant and the fraction which has as its numerator the cash dividend paid, expressed as an amount per Common Share, and which has as its denominator the weighted average trading price of the Common Shares on the TSX for the five (5) trading days preceding the record date for such dividend.

A maximum of 2,000,000 Common Shares may be issued pursuant to the exercise of Incentive Shares. In addition, no Incentive Shares may be issued to a Participant under the Incentive Share Plan if such issuance could result, at any time, in: (i) the number of Common Shares reserved for issuance pursuant to the Incentive Share Plan and all other established or proposed share compensation arrangements in respect of Common Shares granted to Insiders exceeding 10% of the aggregate issued and outstanding Common Shares of Touchstone, (ii) the issuance to Insiders pursuant to the Incentive Share Plan and all other established or proposed share compensation arrangements, within a one year period, of a number of Common Shares exceeding 10% of the aggregate issued and outstanding Common Shares of Touchstone, or (iii) the issuance pursuant to the Incentive Share Plan and all other established or proposed share compensation arrangements to any one Insider, or such Insider's associates, within a one year period, of a number of Common Shares exceeding 5% of the aggregate issued and outstanding Common Shares of Touchstone. Grants of Incentive Shares and Stock Options to non-employee directors pursuant to the Incentive Share Plan and pursuant to the Stock Option Plan must not exceed an annual value in excess of $100,000 annually, based on the value at the time of the grant of such share-based compensation.

In the event that a change of control of Touchstone, as defined in the Incentive Share Plan, is contemplated or has occurred, all Incentive Shares which have not otherwise vested in accordance with their terms shall vest and be exercisable at such time as is determined by the Board, notwithstanding the other terms of the Incentive Shares.

A Participant may offer to dispose of his or her vested Incentive Shares to Touchstone for cash in an amount not to exceed the fair market value, and Touchstone has the right, but not the obligation, to accept the Participant's offer.

Incentive Shares granted to Participants under the Incentive Share Plan are non-assignable without the consent of Touchstone.

The Board may amend, modify or terminate the Incentive Share Plan and amend or modify any Incentive Share agreement at any time, without Shareholder approval, provided that:

- the consent of the applicable Participants must be obtained for any amendment that would adversely affect any outstanding Incentive Shares; and
- the approval of the holders of a majority of Common Shares must be obtained for any amendment that would have the effect of:
  - increasing the number of Incentive Shares that may be granted under the Incentive Share Plan;
  - increasing the number of Common Shares that may be reserved for issuance under the Incentive Share Plan;
  - permitting the transferability of Incentive Shares, except pursuant to normal estate settlement purposes;
  - reducing the payment required to be made by a Participant to Touchstone in the amount of $0.05 for each Common Share issued pursuant to each Incentive Share held;
  - extending the term of Incentive Shares granted beyond their original expiry date;
  - changing the limits to the grant of Incentive Shares already established pursuant to the Incentive Share Plan with respect to non-employee director participation and Insiders; and
  - amending the amendment provisions of the Touchstone Incentive Share Plan.

The Incentive Share Plan provides that appropriate adjustments in the number of Common Shares issuable on the vesting of an Incentive Share shall be made by the Board to consider any capital reorganizations of Touchstone.

CORPORATE GOVERNANCE

NI 58-101 requires reporting issuers to disclose their corporate governance practices with reference to a series of guidelines for effective corporate governance set forth in National Policy 58-201 - *Corporate Governance Guidelines*. The Board is responsible for governance of Touchstone. The Board and Touchstone's management consider good corporate governance to be central to the effective and efficient operation of Touchstone. Below is a discussion of Touchstone's approach to corporate governance.

Board of Directors

The Board facilitates its exercise of independent supervision over management by ensuring that the Board includes independent directors. The Board, at present, is composed of six (6) directors, five (5) of whom are currently considered to be independent. To provide leadership for its independent directors, the Board ensures that the independent directors have access to the management of Touchstone. Further, at Touchstone's expense, the Board or any committee of the Board may retain, when it considers it necessary or desirable, outside consultants or advisors to advise the Board or any committee of the Board independently on any matter. The Board and any committee of the Board have the sole authority to retain and terminate any such consultants or advisors, including sole authority to review a consultant's or advisor's fees and other retention terms.

The Board is specifically responsible for approving long-term strategic plans and annual operating plans and budgets recommended by management. Board consideration and approval are also required for all material contracts, business transactions and all debt and equity financing proposals. The Board delegates to management, through the offices of the President and Chief Executive Officer, responsibility

for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on Touchstone's business in the ordinary course, managing Touchstone's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations relating to corporate objectives, long-term strategic plans and annual operating plans.

Mandate of the Board

The Board and each of its committees have written mandates. Refer to Appendix "A" of this Information Circular for the full text of the mandate of the Board. The Board has the responsibility to oversee the conduct of the business of Touchstone and has delegated the responsibility for the day-to-day conduct of the business to the Chief Executive Officer and other members of management, subject to compliance with plans and objectives that may be approved from time to time by the Board.

Composition of the Board

The Board is currently comprised of six (6) members, a majority of five (5) of whom are considered independent. Messrs. McKinnon, Ruttan, Valentine, Vredenburg and Wright are independent directors. Touchstone has proposed five (5) nominees for election at the Meeting to serve as directors until the next annual meeting of Shareholders, all of which are current directors of the Company. Mr. Corey Ruttan will not be standing for election for the ensuing year. Mr. Baay is not considered an independent director as he would be considered to have a "material relationship", as defined in National Instrument 52-110 - *Audit Committees* ("**NI 52-110**"), with Touchstone as Mr. Baay is the current President and Chief Executive Officer.

Board Meetings

The Board is scheduled to meet on a quarterly basis, with additional meetings held as appropriate or required. The Board also meets as necessary to consider specific developments or opportunities as they arise. Where appropriate, key management personnel and professional advisors are invited to attend meetings to speak to these issues. While the Board does not hold regularly scheduled meetings comprised solely of independent directors, a portion of many Board meetings consists of an "*in camera*" session of the independent directors, where members of management of Touchstone are not in attendance.

Board Meeting Attendance

During January 1 to December 31, 2016, the Board held a total of seven (7) meetings; the Audit Committee held four (4) meetings; the Compensation Committee held one (1) meeting; and the Reserves Committee held one (1) meeting. The following table sets forth the attendance for the existing directors of Touchstone:

Director	Board Meetings Attended / Held	Audit Committee Meetings Attended / Held	Compensation Committee Meetings Attended / Held	Reserves Committee Meetings Attended / Held	Overall Attendance (%)
Paul R. Baay	7/7	n/a	n/a	n/a	100
Kenneth R. McKinnon	7/7	4/4	1/1	n/a	100
Corey C. Ruttan	7/7	4/4	n/a	1/1	100
Thomas E. Valentine	7/7	n/a	n/a	n/a	100
Dr. Harrie Vredenburg[(1)]	7/7	n/a	1/1	1/1	100
John D. Wright[(2)]	7/7	n/a	n/a	1/1	100

Notes:
1. Dr. Vredenburg was appointed to the Company's Audit Committee on August 11, 2016.
2. Mr. Wright was appointed to the Company's Compensation Committee on August 11, 2016.

Majority Voting Policy

Shareholders should note that the form of proxy allows for voting for individual directors rather than for directors as a slate. In addition, the Board adopted a majority voting policy effective March 21, 2017 (the "**Majority Voting Policy**"), pursuant to which, in an uncontested election of directors, a director who receives more "withhold" votes than "for" votes at the annual meeting of Shareholders will tender his or her resignation to the Chairman of the Board, to be effective upon acceptance by the Board. The Board will accept the resignation absent extraordinary circumstances. The Board's decision to accept or reject the resignation must be made within ninety (90) days of the meeting. The Board's decision, including the reasons for not accepting any resignation, will be promptly disclosed to the public, including by way of press release provided to the TSX in advance of issuance.

Director Participation with Other Reporting Issuers

Certain Touchstone directors and proposed nominees are also directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

Name	Reporting Issuer (or equivalent in a foreign jurisdiction)
Paul R. Baay	AlkaLi3 Resources Inc.
Kenneth R. McKinnon	Alvopetro Energy Ltd.
Thomas E. Valentine	NXT Energy Solutions Inc.
Dr. Harrie Vredenburg	---
John D. Wright	Alvopetro Energy Ltd.

Committees of the Board

The Board has three committees: the Audit Committee, the Reserves Committee and the Compensation Committee. All committees of the Board operate under written mandates. The Board may also form independent or special committees from time to time to evaluate certain transactions.

The primary function of the Audit Committee is to assist the Board in fulfilling its responsibilities by reviewing: the financial reports and other financial information provided by Touchstone to any regulatory body or the public; Touchstone's systems of internal controls regarding preparation of those financial statements and related disclosures that management and the Board have established; and Touchstone's auditing, accounting and financial reporting processes generally.

The purpose of the Compensation Committee is to assist the Board in fulfilling its responsibility by reviewing and evaluating matters relating to compensation of the directors, officers and employees of Touchstone in the context of the budget and business plan of Touchstone.

The primary function of the Reserves Committee is to assist the Board in the selection, engagement and instruction of an independent reserves evaluator for Touchstone, ensuring there is a process in place to provide all relevant reserves data to the independent reserves evaluator and monitoring the preparation of the independent reserves evaluation of Touchstone.

Position Descriptions

The Board has adopted a formal written position description for the Chief Executive Officer of Touchstone and for the Chairman of the Board, which sets out the duties and responsibilities of such positions. The Chief Executive Officer is charged with the general oversight and management of Touchstone. The Chair of each committee of the Board is charged with leading and assessing each committee to ensure it fulfills its mandate as set out in the committee terms of reference.

Orientation and Continuing Education

The Board provides an informal orientation program for all new directors. New members of the Board are provided with background information about Touchstone's business, current issues and corporate strategy. New members of the Board also receive a copy of Touchstone's vision and values statement (the "**Vision and Values statement**"). In addition, Touchstone expects its directors to be informed about issues affecting Touchstone's business and the industry in which Touchstone operates, and as such, all directors are encouraged to attend, at the expense of Touchstone, applicable educational programs. Educational programs are also provided for directors on an “as requested” basis. As well, all directors have unrestricted direct access to any member of senior management and their staff at any time.

The Board believes that these procedures are practical and effective in light of Touchstone's particular circumstances, including the size of the Board, the size of Touchstone, the nature and scope of Touchstone's business and operations and the experience and expertise of Board members.

Ethical Business Conduct

Touchstone has in place a written Vision and Values statement, which outlines Touchstone's commitment to safety, shareholder value, its employees, the environment and integrity. Management of Touchstone and the Board are of the view that the Vision and Values statement encourages and promotes a culture of ethical business conduct within Touchstone. A copy of the Vision and Values statement can be obtained free of charge by writing to the Chief Financial Officer of Touchstone at Suite 4100, 350-7th Avenue S.W., Calgary, Alberta, T2P 3N9.

The Board has adopted an extensive Disclosure, Confidentiality and Trading Policy to which all directors, officers and employees are subject. This policy encourages ethical conduct in that it reflects the importance of confidentiality in respect of Touchstone's activities and restricts trading in the securities of Touchstone at times when individuals may be in possession of material non-public information.

Touchstone also has written policies in place in respect of conduct, privacy, harassment, anti-corruption, ethics and whistle-blowing. Compliance with Touchstone's various policies is monitored by management of Touchstone, with reports to the Board if necessary.

Management prepares informational memos that are distributed to all staff members on topics that are relevant to Touchstone and the applicable legislation under which Touchstone operates.

Board members must disclose any potential conflicts of interest in respect of matters addressed at Board meetings. Each member of the Board must disclose all actual or potential conflicts of interest and refrain from voting on matters in which such director has a conflict of interest.

Nomination of Directors

The Board is charged with the responsibility of recommending and approving nominees for appointment as directors. The Board considers the skills and qualifications of existing directors and the long-term needs of Touchstone in respect of the Board and each of the committees of the Board. The Board will typically identify potential candidates and review the qualifications of such potential candidates in the first quarter meeting of each year. In particular, the Board assesses, among other factors, industry experience, functional expertise, financial literacy and expertise, board experience and diversity of background, and considers potential conflicts arising in connection with potential candidates. Upon such review, and after conducting appropriate due diligence, the Board will approve candidates.

Touchstone does not currently have a policy regarding term limits for directors. Board composition is assessed by the Board as required to ensure that the Board has the right mix of skills and experience that will enable the Board to provide strong stewardship for the Company.

Board appointments are determined by finding the best-suited individual based on merit and the requirements of the Board at that time. Touchstone does not differentiate by race, colour, ethnicity, religion, gender, sexual orientation or any other aspect. Board nominations and appointments are assessed based upon the merits of the candidates, in the context of the skills, experience and independence which the Board requires to be effective and which the Board considers to be in the best interest of the Company. While Touchstone recognizes the benefits of diversity at all levels within its organization, for the reasons noted above, the Company does not currently have any targets, rules or formal policies that specifically require the identification, consideration, nomination or appointment of female board nominees or candidates for executive management positions or that would otherwise force the composition of the Board.

Senior Management Appointments

When considering candidates for senior management positions, Touchstone focuses on attracting and retaining experienced and highly skilled individuals that can add value to its business. Rather than considering the level of representation of women in executive officer positions when making executive officer appointments, Touchstone considers all candidates based on their merit and qualifications relevant to the specific role.

While Touchstone recognizes the benefits of diversity at all levels within its organization, for the reasons noted above, Touchstone does not currently have any targets, rules or formal policies that specifically require the identification, consideration, nomination or appointment of female board nominees or candidates for executive management positions or that would otherwise force the composition of the Company's executive management team.

Currently, Touchstone does not have any women who are executive officers of the Company, and there are currently no women on the Board.

Board Assessments

The Board does not formally review the contributions of individual directors; however, it believes that its current size facilitates informal discussion and evaluation of members' contributions within that framework. The Board expects management to operate the business of Touchstone in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute Touchstone's business plan and to meet performance goals and objectives.

Audit Committee

Audit Committee Charter

The Audit Committee reviews with management and the external auditors and recommends to the Board for approval of the annual and interim consolidated financial statements of the Company, the reports of the external auditors thereon and related financial reporting, including management's discussion and analysis and financial press releases. The Audit Committee assists the Board, in conjunction with the external auditors and management, with its review and oversight of audit plans and procedures and meets with the auditors independent of management at each quarterly meeting at a minimum. The Audit Committee is responsible for reviewing and overseeing auditor independence, approving all non-audit services, and reviewing and making recommendations to the Board on internal control procedures and management information systems. In addition, the Audit Committee is responsible for assessing and reporting to the Board on financial risk management positions and monitoring (a) the processes and compliance with respect to National Instrument 52-109 *Certification of Disclosure in Company's Annual and Interim Filings* requirements, (b) other accounting and finance based legal and regulatory compliance requirements, and (c) transactions or circumstances which could materially affect the financial profile of the Company. The complete text of the mandate of the Audit Committee is attached to this Information Circular as Appendix "B".

Composition and Qualifications

The current members of the Audit Committee are Corey C. Ruttan (Chairman) Kenneth R. McKinnon and Dr. Harrie Vredenburg. The members of the Audit Committee are financially literate and independent (in accordance with NI 52-110). Upon the conclusion of the Meeting, Mr. Ruttan's position will be filled by a current member of the Board. The following is a description of the education and experience of each member of the Audit Committee.

Kenneth R. McKinnon

Mr. McKinnon is a Partner at Citrus Capital Partners Ltd. (consulting firm) since January 2014. Mr. McKinnon has been a Director of Touchstone Exploration Inc. (formerly Petrobank Energy and Resources Ltd.) since March 14, 2000. Mr. McKinnon is currently a member of the Board and Chairman of the Compensation Committee of Alvopetro Energy Ltd. since November 2013. Previously, Mr. McKinnon was a Director of Lightstream from October 2009 to December 2016 and held the position of Chairman from May 2011 through December 2016. Mr. McKinnon was a Director of Petrominerales Ltd. from May 2006 until the company was acquired in November 2013. Mr. McKinnon held the position of Vice President Legal and General Counsel of Critical Mass Inc., a website design company, from March 2000 to December 2014. Mr. McKinnon served on the Board of Governors of the University of Calgary from September 2008 to August 2014, as Vice-Chair of its Governance and Human Resources Committee from June 2010 through August 2012, Vice-Chair of its Finance and Property Committee from August 2013 to August 2014 and Chair of its Budget Committee from August 2012 to August 2014. In addition, Mr. McKinnon served as a Director and Chairman of the Governance and Compensation Committee of Alberta Innovates – Technology Futures from January 2010 to March 2015. Mr. McKinnon holds an ICD.D designation as a certified corporate director.

Dr. Harrie Vredenburg

Dr. Vredenburg is Professor of Strategy and Suncor Chair in Strategy and Sustainability at the Haskayne School of Business at the University of Calgary, where he has been on faculty since 1989 prior to which he taught at McGill University. In 2010 Dr. Vredenburg added the role of Academic Director of the Global Energy Executive MBA, a degree offered by the University of Calgary. Dr. Vredenburg holds an appointment as an International Research Fellow at Oxford University's Said Business School (UK) and is a Director of Kainji Resources Ltd. and Teric Power Ltd., both private companies. Dr. Vredenburg holds an ICD.D designation as a certified corporate director.

Pre-Approval Policies and Procedures

The Audit Committee has adopted a policy to review and pre-approve any non-audit services to be provided to the Company by the external auditors and consider the impact on the independence of such auditors. The Audit Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member report to the Audit Committee at the next scheduled meeting.

External Auditor Service Fees (By Category)

The Audit Committee has reviewed the nature and amount of non-audit services provided by Ernst & Young LLP to the Company to ensure audit independence. The following table sets out the aggregate fees billed by Ernst & Young LLP for the years ended December 31, 2016 and 2015. Payments made in foreign currencies have been translated to Canadian dollars at average exchange rates for the year.

Nature of Services	2016 Fees ($)	2015 Fees ($)
Audit fees[1]	232,000	297,220
Audit-related fees[2]	64,471	83,830
Tax fees[3]	63,922	100,172
Total	**360,393**	**481,222**

Notes:
1. Audit fees for professional services rendered for the audit of the Company's annual consolidated financial statements.
2. Audit-related and review fees for professional services rendered with respect to services provided in connection with interim financial statement reviews and statutory and regulatory filings.
3. Tax fees for compliance, tax advice and tax planning.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date hereof, no director, proposed director, executive officer, nor any of their respective associates or affiliates, is or has been indebted to the Company or its subsidiaries, and there has been no such indebtedness at any time since incorporation.

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

Management of the Company is not aware of any material interest, direct or indirect, by way of beneficial ownership or otherwise, of any director or executive officer or anyone who has held office as such since the beginning of the Company's last financial year, any proposed nominee for election as a director of the Company or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting, other than the election of directors or the appointment of auditors.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Information Circular, neither the Company nor any director or officer of the Company, nor any proposed nominee for election as a director of the Company, nor any other insider of the Company, nor any associate or affiliate of any one of them has or has had, at any time since the beginning of the year ended December 31, 2016, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Financial information respecting the Company is provided in the Company's comparative audited annual consolidated financial statements and management's discussion and analysis for its most recently completed financial year. Shareholders can access this information on the Company's profile on SEDAR or by request to the Chief Financial Officer of the Company at 4100, 350 - 7th Avenue S.W., Calgary, Alberta, T2P 3N9 or fax (403) 266-5794.

APPENDIX "A"

TOUCHSTONE EXPLORATION INC. MANDATE OF THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors on June 3, 2014 and approved on March 21, 2017

This mandate defines the role of the Board of Directors of the Corporation. The fundamental responsibilities of the Board of Directors of Touchstone Exploration Inc. (the "**Corporation**") are to: (i) appoint and oversee a competent executive team to manage the business of the Corporation, with a view to maximizing shareholder value, (ii) identify and understand the risks associated with the business of the Corporation and (iii) ensure corporate conduct in an ethical and legal manner via an appropriate system of corporate governance, disclosure processes and internal controls. The following are the key guidelines governing how the Board will operate to carry out its duties.

1. Duty of Oversight

The Board is responsible for overseeing and supervising management's conduct of the business of the Corporation to ensure that such business is being conducted in the best interests of the Corporation and its shareholders.

2. Formulation of Corporate Strategy

Management is responsible for the development of an overall corporate strategy to be presented to the Board. The Board shall ensure there is a formal strategic planning process in place and shall review and, if it sees fit, endorse the corporate strategy presented by management. The Board shall monitor the implementation and execution of the corporate strategy.

3. Principal Risks

The Board should have a continuing understanding of the principal risks associated with the business of the Corporation. It is the responsibility of management to ensure that the Board and its committees are kept well informed of changing risks. The principle mechanisms through which the Board reviews risks are the Audit Committee and the Reserves Committee and the strategic planning process. It is important that the Board understands and supports the key risk decisions of management.

4. Internal Controls and Communication Systems

The Board ensures that sufficient internal controls and communication systems are in place to allow it to conclude that management is discharging its responsibilities with a high degree of integrity and effectiveness. The confidence of the Board in the ability and integrity of management is the paramount control mechanism.

5. Financial Reporting, Operational Reporting and Review

The Board ensures that processes are in place to address applicable regulatory, corporate, securities and other compliance matters, including applicable certification requirements regarding the financial, operational and other disclosures of the Corporation.

The Board reviews and approves the financial statements, related management’s discussion and analysis and reserves evaluations of the Corporation.

The Board reviews annual operating and capital plans and reviews and considers all amendments or departures proposed by management from established strategy, capital and operating plans or matters of policy which diverge from the ordinary course of business.

The Board reviews operating and financial performance results relative to established strategy, budgets and objectives.

6. Succession Planning and Management Development

The Board considers succession planning and management recruitment and development. The Chief Executive Officer and the Compensation Committee shall periodically review succession planning and management recruitment and development.

7. Disclosure and Communication Policy

The Corporation has adopted a policy governing disclosure and communication concerning the affairs of the Corporation. Housekeeping and non-material amendments to the Policy may be made by the Disclosure Committee. Significant changes to the Disclosure and Communication Policy shall be reviewed by the Board.

8. The Chair of the Board

The Board shall appoint a Chair from among its members. The role of the Chair is to act as the leader of the Board, to manage and co-ordinate the activities of the Board and to oversee execution by the Board of this written mandate.

9. Committees

The Board may appoint such committees as it sees fit. Each committee operates according to the mandate for such committee approved by the Board and outlining its duties and responsibilities and the limits of authority delegated to it by the Board. The Board reviews and re-assesses the adequacy of the mandate of each committee on a regular basis and, with respect to the Audit Committee, at least once a year.

10. Committee Chairs and Committee Members

The Chair shall propose the leadership and membership of each committee. In preparing recommendations, the Chair will take into account the preferences, skills and experience of each director. Committee Chairs and members are appointed by the Board at the first Board meeting after the annual shareholder meeting or as needed to fill vacancies during the year.

Each committee's meeting schedule will be determined by its Chair and members based on the committee's work plan and mandate. The committee Chair will develop the agenda for each committee meeting. Each committee will report in a timely manner to the Board on the results of its meetings.

11. Board Meetings, Agendas and Notice

The Board will meet a minimum of four (4) times per year.

The Chair, in consultation with the Chief Executive Officer, the Chief Financial Officer and the Corporate Secretary, will develop the agenda for each Board meeting. Under normal circumstances, management will use its best effort to distribute the agenda and related materials to directors not less than two (2) business days before the meeting. All directors are free to suggest additions to the agenda.

Notice of the time and place of every meeting may be given orally, or in writing, or by e-mail to each member of the Committee at least two (2) business days prior to the time fixed for such meeting. A member may in any manner waive notice of the meeting. Attendance of a member at

a meeting shall constitute waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

12. Information for Board Meetings

Material distributed to the directors in advance of Board meetings should be concise, yet complete, and prepared in a way that focuses attention on critical issues to be considered. Reports may be presented during Board meetings by directors, management or staff, or by invited outside advisors. Presentations on specific subjects at Board meetings should briefly summarize the material sent to directors, so as to maximize the time available for discussion on questions regarding the material.

It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it would not be prudent or appropriate to distribute written material in advance.

13. Non-Directors at Board Meetings

The Board appreciates the value of having management team members attend Board meetings to provide information and opinions to assist the directors in their deliberations. The Board, through the Chair, can determine management attendees at Board meetings.

14. Board Relations with Management

Board policies and guidelines are issued to management for their adherence. Directors may direct questions or concerns on management performance to the Chair, to the President and Chief Executive Officer or through Board and committee meetings. While the Board establishes limits of authority delegated to management, directors must respect the organizational structure of management. A director has no authority to direct any staff member.

15. New Director Orientation

New directors will be provided with an orientation which will include written information about the duties and obligations of directors and the business and operations of the Corporation, documents from recent Board meetings and opportunities for meetings and discussion with senior management and other directors.

16. Assessing the Board's Performance

The Board is responsible for annually assessing its overall performance and that of its committees. The objective of this review is to contribute to a process of continuous improvement in the Board's execution of its responsibilities. The review should identify any areas where the directors or management believe that the Board could make a better collective contribution to overseeing the affairs of the Corporation.

17. Board Compensation

The Compensation Committee will review director compensation in accordance with the mandate of the Compensation Committee and will make changes in compensation to the Board when warranted and in light of the responsibilities and risks involved in being a director.

18. Annual Evaluation of the President and Chief Executive Officer – Compensation Committee

The Compensation Committee will conduct an annual performance review of President and Chief Executive Officer in accordance with the mandate of the Compensation Committee. The results of this performance review will be communicated to the President and Chief Executive Officer by the Chair of the Compensation Committee.

19. Outside Advisors for Individual Directors

Occasionally, a director may need the services of an advisor to assist with matters involving responsibilities as a director. A director who wishes to engage an outside advisor at the expense of the Corporation may do so with the authorization of the Chair of the Board.

20. Conflict of Interest

(a) Directors have a duty to act honestly and in good faith with a view to the best interests of the Corporation and to exercise the care, diligence and skill a reasonably prudent person would exercise in comparable circumstances.

(b) Directors shall not allow personal interests to conflict with their duties to the Corporation and shall avoid and refrain from involvement in situations of conflict of interest.

(c) A director shall disclose promptly any circumstances such as an office, property, a duty or an interest, which might create a conflict with that director's duty to the Corporation.

(d) A director shall disclose promptly any interest that director may have in an existing or proposed contract or transaction of or with the Corporation.

(e) The disclosures contemplated in paragraphs (c) and (d) above shall be immediate if the perception of a possible conflict of interest arises during a meeting of the Board or any committee of the Board, or if the perception of a possible conflict arises at another time then the disclosure shall occur at the first Board meeting after the director becomes aware of the potential conflict of interest.

(f) A director's disclosure to the Board shall disclose the full nature and extent of that director's interest either in writing or by having the interest entered in the minutes of the meeting of the Board.

(g) A director with a conflict of interest or who is capable of being perceived as being in conflict of interest vis a vis the Corporation shall abstain from discussion and voting by the Board or committee of the Board on any motion to recommend or approve the relevant contract of transaction unless the contract or transaction is an arrangement by way of security for obligations undertaken by the director for the benefit of the Corporation or one relating primarily to the director's remuneration or benefits. If the conflict of interest is obvious and direct, the director shall withdraw while the item is being considered.

(h) Without limiting the generality of "conflict of interest" it shall be deemed a conflict of interest if a director, a director's relative, a member of the director's household in which any relative or member of the household is involved has a direct or indirect financial interest in, or obligation to, or a party to a proposed or existing contract or transaction with the Corporation.

(i) Directors shall not use information obtained as a result of acting as a director for personal benefit or for the benefit of others.

(j) Directors shall maintain the confidentiality of all information and records obtained as a result of acting as a director.

21. Corporate Governance and Nominating

The Board retains overall responsibility for the implementation and enforcement of an appropriate system of corporate governance, including policies and procedures to ensure the Board functions independently of management. The Board shall establish and maintain such corporate governance policies and procedures as are necessary to ensure that the Corporation is fully compliant with applicable securities laws and prevailing governance standards. Such policies and procedures shall contain clear reporting, oversight and enforcement provisions that reserve the right to the Board to take appropriate remedial action in the event of a breach thereof. The Board shall mandate the Corporation's Corporate Secretary and professional advisors to keep it apprised of developing corporate governance issues and shall, each year after the annual shareholder meeting of the Corporation, review the sufficiency of the Corporation's corporate governance policies and procedures.

The Board retains overall responsibility to identify and recommend suitable candidates for nomination for election as directors of the Corporation, consider the competencies and skills the Board, as a whole, should possess.

22. Mandate Review

This mandate shall be reviewed and approved by the Board each year.

APPENDIX "B"

TOUCHSTONE EXPLORATION INC. AUDIT COMMITTEE MANDATE

Approved and adopted by the Board of Directors on June 3, 2014 and approved on March 21, 2017

Role and Objective

The Audit Committee is a committee of the Board of Directors of Touchstone Exploration Inc. (the "Corporation") to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for Board approval, the audited consolidated financial statements and other mandatory disclosure releases containing financial information of the Corporation.

The objectives of the Audit Committee are as follows:

1. to assist directors in fulfilling their legal and fiduciary obligations (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;

2. to oversee the audit efforts of the external auditors of the Corporation;

3. to maintain free and open means of communication among the directors, the external auditors, the financial and senior management of the Corporation;

4. to satisfy itself that the external auditors are independent of the Corporation; and

5. to strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors.

The function of the Committee is one of oversight of management and the external auditors in the execution of their responsibilities. Management is responsible for the preparation, presentation and integrity of the financial statements of the Corporation, maintaining appropriate accounting and financial reporting principles and policies and implementing appropriate internal controls and procedures. The external auditors are responsible for planning and carrying out a proper audit of the annual financial statements of the Corporation and reviewing the financial statements of the Corporation prior to their filing with securities regulatory authorities and other procedures.

Composition of the Committee

1. The Audit Committee shall consist of at least three directors. The Board shall appoint one member of the Audit Committee to be the Chair of the Audit Committee.

2. Each director appointed to the Audit Committee by the Board must be independent. A director is independent if the director has no direct or indirect material relationship with the Corporation. A material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of the director's independent judgment. In determining whether a director is independent of management, the Board shall make reference to National Instrument 52-110 – *Audit Committees* or the then current legislation, rules, policies and instruments of applicable regulatory authorities.

3. Each member of the Audit Committee shall be "financially literate". In order to be financially literate, a director must be, at a minimum, able to read and understand financial statements that present a breadth and complexity of accounting issues generally comparable to the breadth and complexity of issues expected to be raised by the Corporation's financial statements.

4. A director appointed by the Board to the Audit Committee shall be a member of the Audit Committee until replaced by the Board or until his or her resignation.

Meetings of the Committee

1. The Audit Committee shall convene a minimum of four (4) times each year at such times and places as may be designated by the Chair of the Audit Committee and whenever a meeting is requested by the Board, a member of the Audit Committee, the auditors, or a senior officer of the Corporation. Meetings of the Audit Committee shall correspond with the review of the quarterly financial statements and management discussion and analysis of the Corporation.

2. Notice of each meeting of the Audit Committee shall be given to each member of the Audit Committee. The auditors shall be given notice of each meeting of the Audit Committee at which financial statements of the Corporation are to be considered and such other meetings as determined by the Chair and shall be entitled to attend each such meeting of the Audit Committee.

3. Notice of a meeting of the Audit Committee shall:

(a) be given orally, or in writing, including by e-mail;

(b) state the nature of the business to be transacted at the meeting in reasonable detail;

(c) to the extent practicable, be accompanied by copies of documentation to be considered at the meeting; and

(d) be given at least two days prior to the time stipulated for the meeting.

4. A member may in any manner waive notice of the meeting. Attendance of a member at a meeting shall constitute waiver of notice of the meeting.

5. A quorum for the transaction of business at a meeting of the Audit Committee shall consist of a majority of the members of the Audit Committee.

6. A member or members of the Audit Committee may participate in a meeting of the Audit Committee by means of such telephonic, electronic or other communication facilities, as permits all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.

7. In the absence of the Chair of the Audit Committee, the members of the Audit Committee shall choose one of the members present to be Chair of the meeting. In addition, the members of the Audit Committee shall choose one of the persons present to be the Secretary of the meeting.

8. The Chairman of the Board, senior management of the Corporation and other parties may attend meetings of the Audit Committee; however the Audit Committee (i) shall meet *in camera* with the external auditors independent of management as necessary, in the sole discretion of the Committee, but in any event, not less than quarterly; and (ii) may meet separately with management.

9. Minutes shall be kept of all meetings of the Audit Committee and shall be signed by the Chair and the Secretary of the meeting.

Duties and Responsibilities of the Committee

1. It is the responsibility of the Audit Committee to oversee the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting. The external auditors shall report directly to the Audit Committee.

2. The Audit Committee shall, in the exercise of its powers, authorities and discretion so authorized, conform to any regulations or restrictions that may from time to time be made or imposed upon it by the Board or the legislation, policies or regulations governing the Corporation and its business.

3. It is the responsibility of the Audit Committee to satisfy itself on behalf of the Board that the Corporation's system of internal controls over financial reporting and disclosure controls and procedures are satisfactory for the purpose of:

(a) identifying, monitoring and mitigating the principal risks intended to be addressed by such controls and procedures;

(b) complying with the legal and regulatory requirements related to such controls and procedures; and

(c) to review with the external auditors their assessment of the internal controls over financial reporting and the disclosure controls of the Corporation, their written reports containing recommendations for improvement, and management's response and any follow-up to any identified weaknesses.

4. It is the responsibility of the Audit Committee to review the annual financial statements of the Corporation and, if deemed appropriate, recommend the financial statements to the Board for approval. This process should include but not be limited to:

(a) reviewing and accepting/approving, if appropriate, the annual audit plan of the external auditors of the Corporation, including the scope of audit activities, and monitor such plan's progress and results during the year;

(b) reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;

(c) reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;

(d) reviewing the methods used to account for significant unusual or non-recurring transactions;

(e) reviewing compliance with covenants under loan agreements;

(f) reviewing disclosure requirements for commitments and contingencies;

(g) reviewing adjustments raised by the external auditors, whether or not included in the financial statements;

(h) reviewing unresolved differences between management and the external auditors;

(i) obtaining explanations of significant variances with comparative reporting periods;

(j) reviewing of business systems changes and implications;

(k) reviewing of authority and approval limits;

(l) reviewing the adequacy and effectiveness of the accounting and internal control policies of the Corporation and procedures through inquiry and discussions with the external auditors and management;

(m) confirming through private discussion with the external auditors and the management that no management restrictions are being placed on the scope of the external auditors' work;

(n) reviewing of tax policy issues; and

(o) reviewing of emerging accounting issues that could have an impact on the Corporation.

5. It is the responsibility of the Audit Committee to review the interim financial statements of the Corporation and, if deemed appropriate, to recommend the financial statements to the Board for approval and to review all prospectuses, management discussion and analysis, and all other public disclosure containing significant audited or unaudited financial information, prior to Board approval. The Audit Committee must be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of all other financial information and shall periodically assess the accuracy of those procedures.

6. The Audit Committee shall have the authority to:

(a) inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates;

(b) discuss with the management and senior staff of the Corporation, its subsidiaries and affiliates, any affected party and the external auditors, such accounts, records and other matters as any member of the Audit Committee considers necessary and appropriate;

(c) engage independent counsel and other advisors as it determines necessary to carry out its duties; and

(d) to set and pay the compensation for any advisors employed by the Audit Committee.

7. With respect to the appointment of external auditors by the Board, the Audit Committee shall:

(a) recommend to the Board the appointment of the external auditors;

(b) review the performance of the external auditors and make recommendations to the Board regarding the replacement or termination of the external auditors when circumstances warrant;

(c) oversee the independence of the external auditors by, among other things, if determined necessary, requiring the external auditors to deliver to the Audit Committee, on a periodic basis, a formal written statement delineating all relationships between the external auditors and the Corporation and its subsidiaries;

(d) recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and that the external auditors shall report directly to the Committee; and

(e) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change.

8. The Audit Committee shall review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of the Corporation and its subsidiaries.

9. The Audit Committee must pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by external auditors. The Audit Committee may delegate, to one or more members, the authority to pre-approve non-audit services, provided that the member report to the Audit Committee at the next scheduled meeting and such pre-approval and that the member complies with such other procedures as may be established by the Audit Committee from time to time.

10. The Audit Committee shall review adherence to the risk management policies and procedures of the Corporation such as hedging, litigation and insurance, including an annual review of insurance coverage, and make appropriate recommendations to the Board with respect thereto.

11. The Audit Committee shall establish and maintain procedures for:

(a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting controls, or auditing matters; and

(b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

12. The Audit Committee shall review and approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditors or auditing matters.

13. The Audit Committee shall periodically report the results of reviews undertaken and any associated recommendations to the Board.

14. The Audit Committee shall review and assess, on an annual basis, the adequacy of this mandate.

APPENDIX "C"

TOUCHSTONE EXPLORATION INC. AMENDMENT TO BY-LAW NO. 1

By-Law No.1 of Touchstone Exploration Inc. (the "**Company**") is hereby amended by adding the following new Section 6.03 to the end of Article Six of By-Law No.1:

> "**6.03 Notification of changes of 3% or more holdings**. If and for so long as the Company has any shares admitted to trading on the AIM Market of London Stock Exchange PLC, a holder with a direct or indirect legal or beneficial interest, including by way of a position in financial instruments and any interest of the family of such person, of 3% or more in any class of shares in the Company must notify the Company without delay of any relevant changes to its holdings in the Company. Relevant changes mean changes to holdings above 3% (on a non-diluted basis) which increase or decrease such holdings through any single percentage and "family" and "financial instruments" have the meaning given to them in the AIM Rules for Companies in force from time to time."

APPENDIX "D"

TOUCHSTONE EXPLORATION INC. AMENDED STOCK OPTION PLAN

STOCK OPTION PLAN

ARTICLE 1 - PURPOSE OF THE PLAN

The purpose of the Plan is to provide the Participants with an opportunity to purchase Common Shares and to benefit from the appreciation thereof. This will provide an increased incentive for the Participants to contribute to the future success and prosperity of the Corporation, thus enhancing the value of the Common Shares for the benefit of all the shareholders and increasing the ability of the Corporation and its Subsidiaries to attract and retain individuals of exceptional skill.

ARTICLE 2 - DEFINED TERMS

Where used herein, the following terms shall have the following meanings, respectively:

(a) **"Board"** means the board of directors of the Corporation;

(b) **"Change of Control"** means the occurrence of any one or more of the following:

(i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its Subsidiaries and another corporation or other entity, as a result of which the holders of Common Shares prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation after completion of the transaction;

(ii) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of substantially all of the assets, rights or properties of the Corporation and/or any of its Subsidiaries on a consolidated basis to any other person or entity, other than a disposition to a wholly-owned subsidiary of the Corporation in the course of a reorganization of the assets of the Corporation and its Subsidiaries;

(iii) a resolution is adopted to wind-up, dissolve or liquidate the Corporation;

(iv) any person, entity or group of persons or entities acting jointly or in concert (an "**Acquiror**") acquires or acquires control (including, without limitation, the right to vote or direct the voting) of Voting Securities of the Corporation which, when added to the Voting Securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or Associates and/or affiliates of the Acquiror to cast or to direct the casting of 20% or more of the votes attached to all of the Corporation's outstanding Voting Securities which may be cast to elect directors of the Corporation or the successor corporation (regardless of whether a meeting has been called to elect directors);

(v) as a result of or in connection with: (A) a contested election of directors; or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its Subsidiaries and another corporation or other entity, the nominees named in the most recent management information circular of the Corporation for election to the Board shall not constitute a majority of the Board; or

(vi) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

For the purposes of the foregoing, "**Voting Securities**" means Common Shares and any other shares entitled to vote for the election of directors of the Corporation and shall include any security, whether or not issued by the Corporation, which are not shares entitled to vote for the election of directors of the Corporation but are convertible into or exchangeable for shares which are entitled to vote for the election of directors of the Corporation, including any options or rights to purchase such shares or securities;

(c) **"Common Shares"** means the common shares of the Corporation or, in the event of an adjustment contemplated by Article 7 hereof, such other shares to which a Participant may be entitled upon the exercise of an Option as a result of such adjustment;

(d) **"Corporation"** means Touchstone Exploration Inc., and includes any successor corporation thereof;

(e) **"Exchange"** means Toronto Stock Exchange or, if the Common Shares are not then listed and posted for trading on Toronto Stock Exchange, on such stock exchange in Canada on which such shares are listed and posted for trading as may be selected for such purpose by the Board;

(f) **"Insider"** has the meaning ascribed thereto in Toronto Stock Exchange Company Manual;

(g) **"Market Price per Share"** shall mean the volume weighted average trading price per share for the Common Shares on the Exchange for the five (5) consecutive trading days ending on the last trading day preceding the date that the applicable Option is granted;

(h) **"Option"** means an option to purchase Common Shares granted by the Board to a Participant, subject to the provisions contained herein;

(i) **"Option Price"** means the price per share at which Common Shares may be purchased under the Option, as the same may be adjusted in accordance with Articles 4 and 7 hereof,

(j) **"Participants"** means the directors, officers and employees of, and consultants to, the Corporation or its Subsidiaries;

(k) **"Plan"** means this Stock Option Plan of the Corporation, as the same may be amended or varied from time to time;

(l) **"Subsidiaries"** means any corporation that is a subsidiary of the Corporation, as such term is defined under subsection 2(4) of the *Business Corporations Act* (Alberta), as such provision is from time to time amended, varied or re-enacted;

Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Toronto Stock Exchange Company Manual.

ARTICLE 3 - ADMINISTRATION OF THE PLAN

3.1 The Plan shall be administered by the Board or a committee of the Board duly appointed for this purpose by the Board and consisting of not less than three (3) directors.

3.2 The Board may, from time to time, adopt such rules and regulations for administering the Plan as it may deem proper and in the best interests of the Corporation and may, subject to applicable law, delegate its powers hereunder to administer the Plan to a committee of the Board, and if such Committee has been appointed, references to "Board" set forth herein shall be interpreted as references to such Committee.

ARTICLE 4 - GRANTING OF OPTIONS

4.1 The Board may, from time to time, grant Options to such Participants as it chooses and, subject to the restrictions herein, in such numbers as it chooses. The grant of Options will be subject to the conditions contained herein and may be subject to additional conditions determined by the Board from time to time.

4.2 The aggregate number of Common Shares that may be reserved for issuance under the Plan, together with any Common Shares reserved for issuance under any other share compensation arrangement implemented by the Corporation after the date of the adoption of this Plan, shall be equal to 10% of outstanding Common Shares (on a non-diluted basis) outstanding at that time. This prescribed maximum may be subsequently increased to any other specified amount, provided the change is authorized by a vote of the shareholders of the Corporation. If any Options granted under this Plan shall expire, terminate or be cancelled for any reason without having been exercised in full, any unpurchased Common Shares to which such Options relate shall be available for the purposes of granting of further Options under this Plan. No fractional shares may be purchased or issued hereunder.

4.3 Any grant of Options under the Plan shall be subject to the following restrictions:

(a) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to any one person, when combined with any other share compensation arrangement, may not exceed 5% of the outstanding Common Shares (on a non-diluted basis);

(b) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to Insiders pursuant to the Plan, when combined with any other share compensation arrangement, may not exceed 10% of the outstanding Common Shares (on a non-diluted basis); and

(c) the aggregate number of Common Shares issued within any one year period to Insiders pursuant to Options, when combined with any other share compensation arrangement, may not exceed 10% of the outstanding Common Shares (on a non-diluted basis).

The aforementioned limits of Common Shares reserved for issuance may be formulated on a diluted basis with the consent of the Exchange.

4.4 The Option Price shall be fixed by the Board when the Option is granted, provided that such price shall not be less than the Market Price per Share.

4.5 An Option must be exercised within a period of ten (10) years from the date of the granting of the Option, or such other expiry date as may be determined by the Board at the time of grant. The vesting period or periods within this ten (10) year period during which an Option or a portion thereof may be exercised by a Participant shall be determined by the Board. Further, the Board may, in its sole discretion at any time or in the Option agreement in respect of any Options granted, accelerate or provide for the acceleration of, vesting of Options previously granted.

ARTICLE 5 - EXERCISE OR DISPOSITION OF OPTIONS

Subject to the provisions of the Plan and the terms of the granting of the Option, an Option or a portion thereof may be exercised from time to time by delivery to the Corporation's principal office in Calgary,

Alberta of a notice in writing signed by the Participant or the Participant's legal personal representative and addressed to the Corporation, or such other form of notice as may be designated by the Corporation (the "**Exercise Notice**"). The Exercise Notice shall state the intention of the Participant or the Participant's legal personal representative to exercise the said Option or a portion thereof, the number of Common Shares in respect of which the Option is then being exercised and must be accompanied by payment in full of the Option Price for the Common Shares which are the subject of the exercise. Alternatively, a Participant may offer to dispose of his or her vested, unexercised Options or any of them to the Corporation for cash in an amount not to exceed the fair market value thereof and the Corporation has the right, but not the obligation, to accept the Participant's offer. The Participant shall make an offer to dispose of his or her Options by providing a written notice to the Corporation at its head office in Calgary, Alberta or such other place as may be specified by the Corporation, specifying the number of vested and unexercised options the Participant is proposing to dispose of.

ARTICLE 6 - ADJUSTMENTS IN SHARES

6.1 Appropriate adjustments in the number of Common Shares subject to the Plan and, as regards Options, granted or to be granted, in the number of Common Shares optioned and in the Option Price, shall be made by the Board to give effect to adjustments in the number of Common Shares resulting from subdivisions, consolidations or reclassifications of the Common Shares, the payment of stock dividends by the Corporation (other than dividends in the ordinary course) or other relevant changes in the authorized or issued capital of the Corporation, which changes occur subsequent to the approval of the Plan by the Board.

6.2 Options granted to Participants hereunder are non-assignable and, except in the case of the death of a Participant (which is provided for in Article 8), are exercisable only by the Participant to whom the Options have been granted.

ARTICLE 7 - DECISIONS OF THE BOARD

All decisions and interpretations of the Board respecting the Plan or Options granted thereunder shall be conclusive and binding on the Corporation and the Participants and their respective legal personal representatives and on all directors, officers, employees and consultants of the Corporation who are eligible to participate under the Plan.

ARTICLE 8 - TERMINATION OF EMPLOYMENT/DEATH

8.1 In the event of the Participant ceasing to be a director, officer, employee or consultant of the Corporation or a Subsidiary for any reason other than death (including the resignation or retirement of the Participant as a director, officer or employee of the Corporation or the termination by the Corporation of the employment of the Participant or the termination by the Corporation or the Participant of the consulting arrangement with the Participant), Options held by such Participant shall cease and terminate on the earlier of:

(a) the expiry time of such Option, and

(b) the thirtieth (30th) day following:

(i) the effective date of such resignation or retirement,

(ii) the date notice of termination of employment or termination of the consulting arrangement is given by the Corporation or the Participant, as the case may be (each, a "**Notice Date**"),

and thereafter shall be of no further force or effect whatsoever as to the Common Shares in respect of which such Option has not previously been exercised. In no circumstances shall the

operation of this section extend the expiry date of such Option beyond the ten (10) year period prescribed by Section 4.5. For certainty, no options shall be deemed to vest following the Notice Date and only options that have vested as of the Notice Date shall be exercisable by the Participant. Notwithstanding the foregoing, in the event of termination for cause, such Option shall cease and terminate immediately upon the date notice of termination of employment for cause is given by the Corporation and shall be of no further force or effect whatsoever as to the Common Shares in respect of which an Option has not previously been exercised.

8.2 In the event of the death of a Participant on or prior to the expiry time of an Option, the legal representatives of the Participant may exercise the Options held by the Participant within the six (6) months following the death of the Participant with respect to any Option held by the Participant. For greater certainty, no Option shall remain outstanding beyond six (6) months following the date of death or such other period as determined by the Board, provided that, in any event, no Option shall remain outstanding for any period that exceeds the expiry date of such Option.

8.3 If a Participant takes a leave of absence or maternity leave or any other unpaid leave from employment or from their position as an officer or director of the Corporation, any Incentives held by the Participant will not continue to vest during that period, but the Participant may exercise any vested Incentives during that period. Upon recommencement of employment or as a director or officer: (a) in the case of a leave of absence or maternity leave lasting less than three months, the Participant's Options will vest on their original vesting schedule; (b) in the case of a maternity leave lasting greater than three months, upon the Participant completing three consecutive months as an employee, director or officer, such Participant's Options shall vest on their original vesting schedule; and (c) in the case of an unpaid leave lasting greater than three months (other than a maternity leave), upon the Participant completing three consecutive months as an employee, director or officer, such Participant's Options shall continue to vest as of the date such employee, director or officer returned to the Corporation and the expiry period attaching to such Options shall also be extended by the number of days on unpaid leave.

8.4 If a Participant qualifies for long-term disability under the Corporation's employee benefit plan, then any Options held by such Participant shall continue to vest according to the Participant's stock option agreement, and if at the discretion of the Board or a committee thereof, it is determined that the Participant is permanently disabled, such that the Participant will be permanently unable to perform the major duties of the Participant's occupation, all Options held by such Participant shall vest immediately and shall be exercisable for six (6) months after the date of disability.

8.5 The Plan does not confer upon a Participant any right with respect to continuation of employment by the Corporation or any of its Subsidiaries, nor does it interfere in any way with the right of the Participant or the Corporation to terminate the Participant's employment at any time.

ARTICLE 9 - CHANGE OF CONTROL

9.1 In the event of a Change of Control is contemplated or has occurred, all Options which have not otherwise vested in accordance with their terms shall vest and be exercisable at such time as is determined by the Board, notwithstanding the other terms of the Options, for a period of time ending on the earlier of the expiry time of the Option and the thirtieth (30th) day following the Change of Control.

9.2 If the Participant elects to exercise its option to purchase Common Shares following the merger or consolidation of the Corporation with any other corporation, whether by amalgamation, plan of arrangement or otherwise, the Participant shall be entitled to receive, and shall accept, in lieu of the number of Common Shares of the Corporation to which he was theretofore entitled upon such exercise, the kind and amount of shares and other securities or property which such holder could have been entitled to receive as a result of such merger or consolidation if, on the effective date thereof, he had been the registered holder of the number of Common Shares of the Corporation to which he was theretofore entitled to purchase upon exercise.

ARTICLE 10 - AMENDMENT OR DISCONTINUANCE OF PLAN

10.1 The Board may amend the Plan and any securities granted thereunder in any manner, or discontinue it at any time, without the approval of the holders of a majority of the Common Shares, provided that:

(a) the consent of the applicable Participants must be obtained for any amendment that would adversely affect any outstanding Options;

(b) the approval of the holders of a majority of the Common Shares present and voting in person or by proxy at a meeting of holders of Common Shares must be obtained for any amendment that would have the effect of:

(i) increasing the maximum percentage of Common Shares that may be reserved for issuance under the Plan;

(ii) increasing the maximum percentage of Common Shares that may be reserved for issuance under the Plan to non-employee directors, Insiders or any one person;

(iii) increasing the maximum percentage of Common Shares that may be issued under the Plan within any one year period to Insiders;

(iv) changing the amendment provisions of the Plan;

(v) changing the terms of any Options held by Insiders;

(vi) reducing the Option Price of any outstanding Option (including the reissue of an Option within 90 days of cancellation which constitutes a reduction in the Option Price);

(vii) amending the definition of Participants to expand the categories of individuals eligible for participation in the Plan;

(viii) extending the expiry date of an outstanding Option or amending the Plan to allow for the grant of an Option with an expiry date of more than ten (10) years from the grant date; or

(ix) amending Section 7.2 to permit the transferability of Options, except to permit a transfer to a family member, an entity controlled by the Participant or a family member, a charity or for estate planning or estate settlement purposes.

10.2 The Corporation may make amendments to the Plan which are of a housekeeping nature and do not materially impact any outstanding Options or the rights of any Participant hereunder.

ARTICLE 11 - EXTENSION OF EXPIRY TIME DURING BLACKOUT PERIODS

Notwithstanding the provisions contained herein for the expiry of Options, in the event that the expiry date of an Option falls during or within two business days following the end of a black out period that is self imposed by the Corporation pursuant to its policies (a "**Black Out Period**"), the expiry date of such Option shall be extended for a period of ten (10) business days following the end of the Black Out Period (the "**Black Out Expiration Term**").

ARTICLE 12 - GOVERNMENT REGULATION

The Corporation's obligation to issue and deliver Common Shares under any Option is subject to:

(a) the satisfaction of all requirements under applicable securities laws in respect thereof and obtaining all regulatory approvals as the Corporation shall determine to be necessary or advisable in connection therewith;

(b) the admission of such Common Shares to listing on any stock exchange on which such Common Shares may then be listed; and

(c) the receipt from the Participant of such representations, warranties, agreements and undertakings as to future dealings in such Common Shares as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

In this connection, the Corporation shall take all reasonable steps to obtain such approvals and registrations as may be necessary for the issuance of such Common Shares in compliance with applicable securities laws and for the listing of such Common Shares on any stock exchange on which such Common Shares are then listed.

ARTICLE 13 - PARTICIPANTS' RIGHTS

A Participant shall not have any rights as a shareholder of the Corporation until the issuance of a certificate for Common Shares upon the exercise of an Option or a portion thereof, and then only with respect to the Common Shares represented by such certificate or certificates.

ARTICLE 14 - APPROVALS

14.1 The Plan shall be subject to:

(a) the approval of the shareholders of the Corporation to be given by a resolution at a meeting of the Shareholders of the Corporation; and

(b) acceptance by the Exchange.

Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless such approval and acceptance is given.

ARTICLE 15 - OPTION AGREEMENT

The Option agreement between the Corporation and each Participant to whom an Option is granted hereunder will be in writing and will set out the Option Price, the number of Common Shares subject to option, the vesting dates, the expiry date and any other terms approved by the Board, all in accordance with the provisions of this Plan. The agreement will be in such form as the Board may from time to time approve or authorize the officers of the Corporation to enter into and may contain such terms as may be considered necessary in order that the Option will comply with any provisions respecting options in the laws in force in any country or jurisdiction of which the person to whom the Option is granted may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation.

ARTICLE 16 - WITHHOLDINGS

If the Corporation is required under the *Income Tax Act* (Canada) or any other applicable law to remit to any governmental authority an amount on account of tax on the value of any taxable benefit associated with the exercise or disposition of Options by a Participant, then the Participant shall, concurrently with the exercise or disposition:

(a) pay to the Corporation, in addition to the exercise price for the Options, if applicable, sufficient cash as is determined by the Corporation to be the amount necessary to fund the required tax remittance;

(b) authorize the Corporation, on behalf of the Participant, to sell in the market on such terms and at such time or times as the Corporation determines such portion of the Common Shares being issued upon exercise of the Options as is required to realize cash proceeds in the amount necessary to fund the required tax remittance; or

(c) make other arrangements acceptable to the Corporation to fund the required tax remittance.

ARTICLE 17 - PLAN HISTORY

November 16, 2012	Approved by the Board of Directors
December 17, 2012	Approved by the Shareholders
May 14, 2014	Corporation name changed from Petrobank Energy and Resources Ltd. to Touchstone Exploration Inc.
May 16, 2017	Proposed removal of Article 4.3(d)