

**FORM 51-102F3
MATERIAL CHANGE REPORT**

1. Name and Address of Company

Touchstone Exploration Inc. (the "Company")
Suite 4100, 350 7th Avenue SW
Calgary, AB T2P 3N9

2. Date of Material Change

October 31, 2019

3. News Release

A news release disclosing the information contained in this material change report was issued by Touchstone Exploration Inc. on November 1, 2019 and was disseminated through the facilities of a recognized news service.

4. Summary of Material Change

On October 31, 2019, the Company entered into a Fourth Amending Agreement (the "Fourth Amending Agreement") to the Credit Agreement (the "Amended Term Credit Facility") with an investment fund managed by Crown Capital Partners Inc. (the "Lender"). The Fourth Amending Agreement increased the principal amount of the credit facility from C\$15 million to C\$20 million.

5. Full Description of Material Change

5.1 Full Description of Material Change

The terms of the Amended Term Credit Facility were materially unchanged from the original term credit agreement established on November 7, 2016 and as amended on May 15, 2017, June 13, 2018 and March 29, 2019. The Amended Term Credit Facility continues to bear a fixed interest rate of 8% per annum, compounded and payable quarterly, with no mandatory principal payments until January 1, 2021. The Company is now required to repay C\$1,100,000 per quarter of the principal outstanding under the credit facility provided under the Amended Term Credit Facility, commencing on January 1, 2021 through October 1, 2023, and the then outstanding principal balance is repayable on the November 23, 2023 maturity date. As consideration for the Fourth Amending Agreement, the Company paid the Lender an amendment fee of C\$100,000.

In connection with the Fourth Amending Agreement, the Company amended its related Production Payment Agreement with the Lender (the "Production Payment Agreement"). The Company's amended future production payment obligations increased from 1% of petroleum sales to 1.33% of petroleum sales from current land holdings, which are payable quarterly through October 31, 2023. The Company continues to have the ability to prepay the credit facility principal amount and has the option to negotiate a buyout of future production payment obligations with the Lender if the outstanding principal amount of the credit facility is prepaid in full.

The credit facility and the Company's production payment obligations under the Production Payment Agreement continue to be principally secured by fixed and floating security interests over all present and after acquired assets of the Company and its subsidiaries.

The Fourth Amending Agreement also amended the definition of Funded Debt in the Amended Term Credit Facility, which term is part of the definition of Net Funded Debt in the Amended Term Credit Facility. Net Funded Debt forms part of the Net Funded Debt to Equity Ratio and the Net Funded Debt to EBITDA Ratio financial covenants in the Amended Term Credit Facility. The

definition of Funded Debt now excludes capital lease obligations that were treated as operating leases under generally accepted accounting principles in effect in Canada as at December 31, 2018.

The Amended Term Credit Facility contains the following financial covenants, which are tested on a quarterly basis:

- Maintain a maximum net funded debt (defined as interest-bearing debt less cash reserves and all debt which is postponed and subordinated to the credit facility provided under the Amended Term Credit Facility) to equity (defined as stated capital, retained earnings or deficit and contributed surplus, each of the Company on a consolidated basis) ratio of 0.50:1.00; and
- Maintain a maximum net funded debt to annual earnings before interest, taxes and non-cash items ratio of 2.50:1.00.

A copy of the Fourth Amending Agreement has been filed on SEDAR.

5.2 Disclosure for Restructuring Transactions

Not applicable.

6. Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

The name and business telephone number of the executive officer of the Company who is knowledgeable of the material change and this report is:

Scott Budau, Chief Financial Officer, Telephone: (403) 750-4400.

9. Date of Report

November 6, 2019