



**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JUNE 12, 2019**

**AND**

**MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT  
DATED MAY 3, 2019**



**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JUNE 12, 2019**

**TO THE HOLDERS OF COMMON SHARES**

Notice is hereby given that the Annual General Meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares ("**Common Shares**") of Touchstone Exploration Inc. ("**Touchstone**") will be held in the Chambers Room on floor B1 of First Canadian Centre, 350 7<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 3N9, on June 12, 2019 at 10:00 a.m. (Calgary time) for the following purposes:

1. to receive and consider Touchstone's consolidated financial statements for the year ended December 31, 2018 and the auditor's report thereon;
2. to fix the number of directors to be elected at the Meeting at seven (7) 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 their remuneration as such; and
5. to transact such further and other business as may properly be brought before the Meeting or any adjournments or postponements thereof.

The specific details of the business to be transacted at the Meeting are set forth in Touchstone's Management Information Circular and Proxy Statement dated May 3, 2019.

Only Shareholders of record at the close of business on May 3, 2019 will be entitled to vote at the Meeting, unless that Shareholder has transferred any Common Shares subsequent to that date and the transferee of those Common Shares, not later than ten (10) days before the Meeting, establishes ownership of the Common Shares and demands that the transferee's name be included on the list of persons entitled to vote at the Meeting.

**Registered Shareholders who are unable to attend the Meeting may appoint a proxy using the prescribed form. To be effective, the proxy must be dated, signed and deposited with Touchstone's registrar and transfer agent, Computershare Trust Company of Canada: (i) by mail, using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1; (ii) by hand delivery to Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1; (iii) by telephone to 1-866-732-VOTE (8683) (within North America) or to 1-312-588-4290 (outside North America); (iv) by facsimile to 1-866-249-7775 (within North America) or 1-416-263-9524 (outside North America); or (v) through the internet by using the 15-digit control number located at the bottom of the proxy at [www.investorvote.com](http://www.investorvote.com), not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays observed in the Province of Alberta) prior to the time set for the Meeting or any adjournments or postponements thereof. Non-registered Shareholders should follow the instructions on the voting instruction form provided by their intermediaries/brokers with respect to the procedures to be followed for voting. Please see the section entitled "Proxies" in Touchstone's Management Information Circular and Proxy Statement for further information.**

DATED at Calgary, Alberta, this 3<sup>rd</sup> day of May 2019.

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) "*Paul R. Baay*"  
President, Chief Executive Officer and a Director  
Touchstone Exploration Inc.

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## MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT

### FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 12, 2019

#### PROXIES

##### Solicitation of Proxies

This management information circular and proxy statement (the "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 general meeting (the "Meeting") of the holders of common shares ("Common Shares") of Touchstone ("Shareholders").

The Meeting will be held in the Chambers Room on floor B1 of First Canadian Centre, 350 7<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 3N9, on June 12, 2019 at 10:00 a.m. (Calgary time), and any adjournments or postponements thereof for the purposes set forth in the accompanying Notice of Annual General Meeting of Shareholders (the "**Notice of Meeting**"). Only Shareholders of record at the close of business on May 3, 2019 are entitled to vote at the Meeting, unless that Shareholder has transferred any Common Shares subsequent to that date and the transferee of those Common Shares, not later than ten (10) days before the Meeting, establishes ownership of the Common Shares and demands that the transferee's name be included on the list of persons entitled to vote at the Meeting.

Unless otherwise stated information contained in this Information Circular is given as at May 3, 2019. **All amounts set forth in this Information Circular are stated in Canadian dollars.**

The form of proxy may be used by Shareholders to specify that the Common Shares registered in their name shall be voted for or against or withheld from voting in respect of certain matters as specified in the Notice of Meeting.

##### Appointment of Proxies

The persons named in the form of proxy are the President and Chief Executive Officer and the Chief Financial Officer, respectively, of the Company.

**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 or postponement 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.

**In order to be effective, the proxy must be deposited with the Company's registrar and transfer agent, Computershare Trust Company of Canada ("Computershare"): (i) by mail, using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1; (ii) by hand delivery to Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1; (iii) by telephone to 1-866-732-VOTE (8683) (within North America) or to 1-312-588-4290 (outside North America); (iv) by facsimile to 1-866-249-7775 (within North America) or 1-416-263-9524 (outside North America); or (v) through the internet by using the 15-digit control number located at the bottom of the proxy at [www.investorvote.com](http://www.investorvote.com), not later than forty-eight (48) hours**

**(excluding Saturdays, Sundays and statutory holidays observed in the Province of Alberta) prior to the time set for the Meeting or any adjournments or postponements thereof.**

### **Persons Making the Solicitation**

The solicitation is made on behalf of the management of Touchstone. The costs incurred in the preparation and mailing of the instrument of proxy will be borne by Touchstone. 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. Solicitation of proxies will be made primarily by mail but may also be made by telephone, electronically or in person by directors and officers of Touchstone who will not be additionally compensated in respect thereof. While no arrangements have been made to date by Touchstone, the Company may contract for the distribution and solicitations of proxies for the Meeting. The costs incurred by Touchstone in soliciting proxies will be paid by the Company.

### **Exercise of Discretion by Proxy**

The Common Shares represented by the instrument of proxy will be voted for or against or withheld from voting on any ballot that may be called for in accordance with the instructions of the Shareholder, but if no specification is made, they will be voted in favour of the matters set forth in the proxy. If any amendments or variations are proposed at the Meeting or any adjournments or postponements thereof to matters set forth in the proxy and described in the Notice of Meeting and this Information Circular, or if any other matters properly come before the Meeting or any adjournments or postponements thereof, the proxy confers upon the Shareholder's nominee discretionary authority to vote on such amendments or variations or such other matters according to the best judgement of the person voting the proxy at the Meeting. At the date of this Information Circular, management of Touchstone knows of no such amendments or variations or other matters to come before the Meeting.

### **Revocation of Proxies**

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 (excluding Saturdays, Sundays and statutory holidays observed in the Province of Alberta) preceding the day of the Meeting, or any adjournments or postponements thereof, at which the proxy is to be used or with the Chairman of the Meeting on the day of the Meeting or any adjournments or postponements thereof. The Chairman of the Meeting may waive or extend the proxy cut-off without notice.

### **Voting by Internet**

Shareholders may use the internet site at **www.investorvote.com** to transmit their voting instructions. Shareholders should have their proxy in hand when they access the website and will be prompted to enter their 15-digit control number, which is located at the bottom of the proxy. If Shareholders vote by internet, their vote must be received not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays observed in the Province of Alberta) prior to the time set for the Meeting or any adjournments or postponements thereof. The website may be used to appoint a proxy holder to attend and vote on a Shareholder's behalf at the Meeting and to convey a Shareholder's voting instructions. Please note that if a Shareholder appoints a proxy holder and submits his or her voting instructions and subsequently wishes to change their appointment, the Shareholder may resubmit their proxy and/or voting direction prior to the deadline noted above. When resubmitting a proxy, the most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.

## Notice-and-Access

The Company has elected to use the "notice-and-access" provisions under National Instrument 51-102 – *Continuous Disclosure Obligations* and National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (the "**Notice-and-Access Provisions**") for the Meeting in respect of mailings to its registered holders of Common Shares ("**Registered Shareholders**") and its Beneficial Shareholders (as defined below). The Notice-and-Access Provisions are rules developed by the Canadian Securities Administrators that reduce the volume of materials which are mailed to shareholders by allowing a reporting issuer to post online an information circular in respect of a meeting of its shareholders and related materials.

Shareholders with questions about notice-and-access can call Computershare toll free at 1-866-964-0492.

In order to receive a paper copy of this Information Circular and other relevant information, requests by Shareholders may be made up to one year from the date the Information Circular was filed on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") by: (i) mailing a request to the Company at Suite 4100, 350 7<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 3N9, Attention: Chief Financial Officer; (ii) calling Computershare toll free at 1-866-962-0498 (1-514-982-8716 outside of North America); (iii) calling Broadridge Investor Communications Corporation toll free at 1-877-907-7643; or (iv) by emailing a request to [info@touchstoneexploration.com](mailto:info@touchstoneexploration.com). The Meeting materials are also available online at the following websites: [www.sedar.com](http://www.sedar.com) or [www.touchstoneexploration.com/investors/shareholder-meeting](http://www.touchstoneexploration.com/investors/shareholder-meeting). Requests should be received at least ten (10) business days in advance of the proxy deposit date set out in the proxy or voting instruction form in order to receive the Meeting materials in advance of such date and the Meeting date.

## 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 names.** Shareholders who do not hold their Common Shares in their own names (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of the Company 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 name 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 brokers' 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 (the broker or agent of the broker) 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. 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 proxy holder 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 proxy holder 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.

**For any questions respecting the voting of Common Shares held through an intermediary, please contact that intermediary for assistance.**

#### **Exercise of Discretion by 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 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 or her best judgment.**

As of the date hereof, the management of Touchstone is aware 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 Company is authorized to issue an unlimited number of Common Shares without nominal or par value. As of the date hereof, 160,688,095 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 of Directors of the Company (the "**Board**") and to receive *pro rata* upon liquidation, dissolution or winding-up of the Company, the remaining property of the Company.

The Company has not declared or paid dividends on the Common Shares since incorporation. Any 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, including the satisfaction of the liquidity and solvency tests imposed by the *Business Corporations Act* (Alberta) for the declaration and payment of such dividends.

The record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting is May 3, 2019.

To the best of the knowledge of the directors and executive officers of the Company, as of the date hereof, North Energy ASA holds 18,548,750 Common Shares, representing approximately 11.5% 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 more than ten percent (10%) of the voting rights attached to all of the issued and outstanding Common Shares.

## **MATTERS TO BE ACTED UPON AT THE MEETING**

### **Receipt of the Financial Statements and Auditor's Report**

At the Meeting, Shareholders will receive and consider the audited consolidated financial statements of the Company for the year ended December 31, 2018 together with the auditor's report thereon, but no vote by the Shareholders with respect thereto is required or proposed to be taken.

### **Fixing the Number of Directors**

It is proposed that the number of directors to be elected at the Meeting be fixed at seven (7). 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 seven (7) directors of the Company.

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 favour of an ordinary resolution fixing the number of directors to be elected at the meeting at seven (7).**

### **Election of Directors**

The seven (7) nominees proposed for election as directors of the Company are as follows:

- Paul R. Baay
- Kenneth R. McKinnon
- Peter Nicol
- Stanley T. Smith
- 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. 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 name, province and country of residence of each 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 and the principal occupation of each are set forth below.

Name and place of residence	Office held and in position since	Number of Common Shares owned, controlled or directed	Principal occupation (during the preceding five years)
<b>Paul R. Baay</b> Alberta, Canada	Director since May 13, 2014	1,261,576	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.
<b>Kenneth R. McKinnon</b> <sup>(1)(2)</sup> Alberta Canada	Director since October 24, 2012	275,825	Partner at Citrus Capital Partners Ltd. (investment company) since January 2014. Vice President Legal and General Counsel of Critical Mass Inc. (website design company) from March 2000 to December 2014.
<b>Peter Nicol</b> <sup>(1)(3)</sup> London, UK	Director since June 26, 2017	74,239	Founder and Chief Executive Officer of Locin Energy Limited (consulting company) since March 2012.
<b>Stanley T. Smith</b> <sup>(1)(2)</sup> Alberta, Canada	Director since October 4, 2017	114,239	Independent Businessman since September 2016. Former Senior Audit Partner at KPMG LLP.
<b>Thomas E. Valentine</b> Alberta, Canada	Corporate Secretary since May 13, 2014 and a 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.
<b>Dr. Harrie Vredenburg</b> <sup>(2)(3)</sup> Alberta, Canada	Director since October 24, 2012	108,773	Professor of Strategy and Suncor Energy Chair in Strategy and Sustainability at the Haskayne School of Business at the University of Calgary.
<b>John D. Wright</b> <sup>(3)</sup> Alberta, Canada	Chairman and a director since October 24, 2012	4,819,266	President, Analogy Capital Advisors Inc. since March 2017. Former President, Chief Executive Officer and a director of Ridgeback Resources Inc. (energy company) from January 2017 to June 2017. President, Chief Executive Officer and a director of Lightstream Resources Ltd. (energy company) from May 2011 to December 2016. Formerly the President and Chief Executive Officer of the Company from October 2012 until May 2014.

**Notes:**

1. Member of the Audit Committee.
2. Member of the Compensation and Governance Committee.
3. Member of the Health, Safety, Environment and Reserves Committee.

As of the date hereof, the directors of the Company, as a group, beneficially owned, controlled or directed, directly or indirectly, 6,654,436 Common Shares representing approximately 4.1% of the issued and outstanding Common Shares. The information as to Common Shares beneficially owned, or controlled or directed, directly or indirectly, is based upon information furnished to the Company by the respective nominees.

**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 Shareholders 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**

Mr. John D. Wright was a director of Canadian Energy Exploration Inc. ("**CEE**"), a reporting issuer listed on the TSX Venture Exchange ("**TSXV**"), until September 15, 2011. A cease trade order (the "**ASC Order**") was issued on May 7, 2008 against CEE by the Alberta Securities Commission (the "**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 (the "**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 TSXV suspended trading in CEE's shares on May 7, 2008. In addition, on June 4, 2009 the British Columbia Securities Commission (the "**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 the BCSC for revocation of the ASC Order and BCSC Order. The ASC and the 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. Paul Baay is a director of AlkaLi3 Resources Inc. ("**AlkaLi3**"), a reporter listed on the NEX board of the TSXV. On May 4, 2018, a cease trade order for failure to file audited annual financial statements was issued against AlkaLi3 by the ASC and the Ontario Securities Commission (the "**OSC**"), on their own behalf and on behalf of the provinces of British Columbia, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland pursuant to Multilateral Instrument 11-103 – *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*. As a result, the TSXV suspended trading of AlkaLi3 common shares effective May 4, 2018. AlkaLi3 filed the required financial statements on May 9, 2018, and the cease trade order was revoked by the ASC and OSC on May 11, 2018; however, the TSXV's suspension on trading remains in effect as of the date of this Information Circular.

Except as otherwise disclosed herein, to the knowledge of the directors, no proposed director of the Company is, as at the date of this Information Circular, or has been, within ten (10) years before the date of this Information Circular, 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 (collectively, 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.

### **Bankruptcies**

Mr. John D. Wright was a director of Spyglass Resources Corp. ("**Spyglass**"), a reporting issuer listed on the Toronto Stock Exchange ("**TSX**") 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, Chief Executive Officer and a director, and Mr. Kenneth R. McKinnon was a director of Lightstream Resources Ltd. ("**Lightstream**") when the company 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. ("**Ridgeback**"), 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 upon closing of the sale transaction. Mr. Wright retired his Ridgeback officer and director positions effective June 30, 2017.

Except as otherwise disclosed herein, to the knowledge of the directors, no proposed director of the Company:

- (a) is, at the date of this Information Circular, or has been, within the ten (10) 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 (10) 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 proposed director.

### ***Penalties or Sanctions***

To the knowledge of the directors, none of the proposed directors of the Company has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

### ***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 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.

## **Appointment of Auditors**

Unless otherwise directed, it is management's intention to vote the proxies in favour of an ordinary resolution to appoint the firm of Ernst & Young LLP, Chartered Professional Accountants, Calgary, Alberta, to serve as auditors of the Company until the next annual general meeting of Shareholders and to authorize the directors to fix their remuneration as such. Ernst & Young LLP have been the Company's auditors since June 24, 2014.

**Unless Shareholders give other instruction, the persons named in the form of proxy intend to vote FOR the appointment of Ernst & Young LLP, Chartered Professional Accountants, to act as Touchstone's auditors until the close of the next annual general meeting.**

Certain information regarding the Company's Audit Committee, including the fees paid to the Company's auditors in the last two fiscal years, that is required to be disclosed in accordance with National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators is contained in the Company's December 31, 2018 Annual Information Form dated March 26, 2019, an electronic copy of which is available on the internet on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

## **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 2018 Annual Meeting**

At the Company's annual general meeting of shareholders held on June 13, 2018 (the "**2018 Shareholders Meeting**"), in addition to fixing the number of directors at seven (7) and appointing the directors and auditors of the Company, Shareholders also approved: (i) an ordinary resolution approving all unallocated options under the stock option plan of the Company (the "**Unallocated Stock Option Resolution**"); and (ii) an ordinary resolution approving the confirmation of the Company's existing shareholder rights plan (the "**Rights Plan Resolution**"). 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 at least 99.29% of the Common Shares represented at the 2018 Shareholders Meeting were voted in favour of the appointment of each of the directors. The Common Shares represented at the 2018 Shareholders Meeting were voted 98.79% and 67.38% in favour of the Unallocated Stock Option Resolution and the Rights Plan Resolution, respectively.

## STATEMENT OF EXECUTIVE COMPENSATION

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

### Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis is to provide information about Touchstone's executive officer 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.

Based on the foregoing definitions, the Company's Named Executive Officers in respect of the year ended December 31, 2018 were: Paul R. Baay, President, Chief Executive Officer and director; Scott Budau, Chief Financial Officer; and James Shipka, Chief Operating Officer.

Touchstone's executive officer compensation program is administered by the Compensation and Governance 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 "*NEO Summary Compensation Table*" below. The complete text of the mandate of the Compensation Committee is attached to this Information Circular as Appendix "A" hereto. The Compensation Committee is currently comprised of Kenneth R. McKinnon (Chairman), Stanley T. Smith and Dr. Harrie Vredenburg. All members are "independent" for the purposes of National Instrument 58-101 – *Disclosure of Corporate Governance Practices ("NI 58-101")*. Mr. Kenneth McKinnon has direct experience relevant to his role on the Committee, as Mr. McKinnon is currently the Chairman of the Compensation Committees of Alvo Petro Energy Ltd. and The Supreme Cannabis Company Inc. He was also Chairman of the Compensation Committees of Lightstream Resources Ltd. and Alberta Innovates – Technology Futures, and Vice-Chair of the Governance and Human Resources Committee of the Board of Governors, University of Calgary.

### Compensation Philosophy and Objectives

Touchstone's executive officer 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 use their experience and judgement in determining an overall compensation package for the executive officers with reference to similar sized internationally focused oil and gas companies. It is recognized that the executive officer compensation program must be sufficiently flexible in order to adapt to unexpected developments in the international oil and gas industry and the impact of internal and market related occurrences from time to time.

### Compensation Components

Touchstone's executive officer compensation program is structured into three key components: base salary, annual incentives and long-term incentives. Long-term incentives include options to purchase Common Shares granted pursuant to the Company's stock option plan ("**Stock Options**" and the "**Stock Option Plan**"), options to purchase Common Shares granted pursuant to Company's incentive share

compensation plan ("**Incentive Options**" and the "**Incentive Share Plan**"), and matching contributions to the Company's Employee Share Ownership Plan ("**ESOP**").

The value of executive officer compensation is assessed as a total compensation package, based on the competitiveness of each key component, individually and in the aggregate. Total compensation levels are targeted at the median of the Company's Compensation Peer Group (as defined herein) when actual overall executive and corporate performance is satisfactory. Total compensation is targeted to be comparable to above-median compensation when actual overall executive and corporate performance is exceptional and/or exceeds objectives. When overall executive and corporate performance is below satisfactory or falls short of threshold objectives, total compensation is targeted to be below the median of the Compensation Peer Group.

### ***Base Salary***

Base salary is compensation for discharging job duties and responsibilities and reflects the level of skills and capabilities demonstrated by the executive officer. Fixed annual base salary compensates executives for the roles they perform and provides a competitive foundation for each executive's total compensation. 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, salary adjustments are considered by the Board annually but are not guaranteed. Any potential adjustments include consideration for both individual performance and market conditions.

### ***Annual Incentive Bonus***

Annual variable compensation in the form of a cash incentive bonus is intended to motivate and reward the accomplishment of specific business, operating and individual executive objectives within a financial year. 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. 2018 annual bonuses were determined by the Compensation Committee on the basis of the performance measures set forth below under the heading "*2018 Goals and Annual Performance*". Incentive bonus amounts are typically evaluated and paid in the first quarter of each financial year in relation to the performance of the Company and the executive officer 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 at-risk compensation strategy for its executives. Stock Options and Incentive Options are intended to focus executive performance on long-term strategic priorities, the creation of Shareholder value and act as a link to executive officer and Shareholder interest 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 may be made periodically to recognize the exemplary performance of certain executives. Previous grants are taken into account when considering new grants. The Company is phasing out its Incentive Share Plan, as no awards have been granted since June 2014.

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 Compensation Plan*".

### **Employee Share Ownership Plan**

Touchstone has an ESOP pursuant to which all permanent full-time Canadian based 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%. Through an appointed independent firm, contributions to acquire Common Shares on behalf of the employees are conducted 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 was suspended on March 31, 2016 based on the low commodity price environment. The Compensation Committee approved the re-establishment of the ESOP effective April 1, 2018. For the year ended December 31, 2018, approximately \$48,000 was contributed by Touchstone to match the contributions of the NEOs, which are disclosed under the heading "*NEO Summary Compensation Table*" under the column titled "*All other compensation*".

### **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). Perquisites are also provided to executives in the form of taxable paid monthly parking.

### **Risk Assessment and Oversight**

The Compensation Committee considers the implications of the risks associated with Touchstone's executive compensation policies and practices. The Compensation Committee reviews the executive officer compensation program to be satisfied that it is structured to encourage decision making and outcomes that are in the best interest of the Company and its Shareholders while accepting an appropriate level of risk consistent with the Company's business plan as determined by the Board. The compensation structure rewards actions that result in a balance of the achievement of short-term goals and long-term strategies and does not encourage sub-optimization or reward actions that could produce short-term success at the cost of long-term Shareholder value. As well, annual budgets and quarterly and annual financial results are reviewed and approved by the Board. The compensation framework is structured to align with the Company's short and long-term strategic plans, such that corporate objectives are a key factor in assessing executive officer and employee performance.

The Compensation Committee did not identify any risks arising from Touchstone's 2018 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 Common Share price performance, allowing executive officers and employees to focus on both near-term and long-term goals and objectives without undue reliance on short-term Common Share price performance or market fluctuations;
- annual cash bonuses are based on performance measures designed to contribute to long-term value creation and are capped based on a percentage of salary;
- a significant portion of executive officer compensation is at risk (and is therefore not guaranteed) and is variable year over year;
- the Stock Option Plan and Incentive Share Plan are designed to motivate long-term performance, as Stock Options and Incentive Options have a term of at least five years and typically vest over a three-year period. These factors encourage long-term sustainable Common Share price appreciation, thereby motivating the achievement of long-term objectives and aligning executive officers with the interests of Shareholders;
- recommendations for annual Stock Option and Incentive Option grants are reviewed by the Compensation Committee for recommendation to the Board for approval, with such

recommendations being developed and reviewed relative to, amongst other things, executive retention needs and appropriate total compensation positioning compared to similar positions in the market;

- a balanced set of corporate performance goals (see the heading "*2018 Goals and Annual Performance*" below) is used to assess overall corporate results. These are also a major driver in determining the individual portions of the annual bonuses for executive officers and employees;
- third party verifications, such as independent engineering evaluations, of appropriate elements of the corporate performance goals are incorporated before the results are finalized;
- the Compensation Committee does not solely concentrate on the 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;
- compensation policies and practices in the Company's subsidiaries are substantially similar to those in Touchstone; and
- compensation policies and practices are substantially similar for all executive officers and employees.

### **Decision Making Process**

When determining executive officer 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 officer 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 may also be obtained through and during the competitive hiring process of new executive officers.

In arriving at total compensation 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 them 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 compensation under long-term incentive plans, if any, the Compensation Committee, in consultation with the President and Chief Executive Officer, makes a recommendation to the Board for consideration and approval.

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 executive officers, 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	Significantly and consistently 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	Meets and often 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	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	Does not meet all expectations. 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	Falls short in most expectations. 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 officer's individual performance, is used to determine the annual incentive bonus and compensation under long-term incentive plans, if any, awarded to each executive officer. 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 executive officers, the expectation is that individual performance has a significant impact on the organization; therefore, the determination of executive officer compensation is largely weighted towards corporate performance measures over individual performance.

The Compensation Committee reports to the Board on the major items covered at each Compensation Committee meeting. The Compensation Committee meets "*in camera*" without any members of management of Touchstone present prior to the conclusion of every meeting.

The Compensation Committee, in consultation with the President and Chief Executive Officer, establishes base salaries and benefits, annual incentive awards, and awards under long-term incentive plans for the executive officers. Each component of compensation is determined on an individual executive officer basis. 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 retains and does not delegate any of its power to determine matters of executive officer compensation and benefits. 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.

In addition, the Compensation Committee may consider compensation surveys completed by independent third parties when making certain decisions with respect to executive officer compensation. While the Compensation Committee may rely on external information and advice, all decisions with respect to executive officer 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.

## 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 on an annual basis by the Compensation Committee for its ongoing business relevance to Touchstone.

For the year ended December 31, 2018, the Compensation Peer Group surveyed were: Africa Oil Corp., Canadian Overseas Petroleum Limited, CGX Energy Inc., Columbus Energy Resources plc, Condor Petroleum Inc., Eco (Atlantic) Oil and Gas Ltd., PetroTal Corp., Petro Matad Limited, President Energy plc, Questerre Energy Corp., SDX 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, annual cash flows, annual levels of capital expenditures, number of employees and daily average petroleum production levels. The executive officer and director compensation data from the Compensation Peer Group provided 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 growth strategy.

## 2018 Compensation Process

With respect to 2018 compensation, the Compensation Committee held one (1) meeting to determine a model for the annual incentive bonus pool, together with 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 February 2019 with respect to total compensation of the executive officers of Touchstone relating to the performance of the Company and individual executive officers for the year ended December 31, 2018.

For executive officers, the Compensation Committee designed a compensation package 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 and the achievements and overall contribution of each individual executive officer. The evaluation of each executive officer also includes a review of the executive's execution of on-going projects and progress on growth and other corporate strategic initiatives.

## 2018 Goals and Annual Performance

Touchstone's Board approves corporate performance goals, based on business and performance measures commonly used in the oil and natural gas industry. Corporate goals for 2018 were approved in early 2018 for each of the performance areas. These goals were determined by the Board to be key performance requirements for the Company and focused on improving corporate financial and operational performance and achieving growth following the Company's successful dual listing on the AIM Market of the London Stock Exchange ("**AIM**") and subsequent funding from AIM private placements in 2017. Quantitative measures included, but were not limited to, increasing commercial crude oil production levels, reserves growth, capital efficiency, cost management, and maintaining a conservative and flexible statement of financial position. Qualitative measures included maintaining and improving Touchstone's environmental and safety record and expanding Touchstone's portfolio of appraisal and development opportunities in Trinidad.

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 corporate performance.

In evaluating overall 2018 Company performance, the Compensation Committee considered the following factors:

- crude oil production growth;
- year-end net debt to annual funds flow from operations;
- annual reduction in operating costs;
- consideration of the annual recycle ratio; and
- HSE performance measures.

The Compensation Committee considered all of these various factors; however, given the size of the Company, the Compensation Committee chose to retain a judgemental approach in allocating base salary, annual incentive compensation and long-term incentive plans within the framework of the Compensation Peer Group. After consideration of the 2018 goals and related Company performance, the Compensation Committee used its informed judgement to award aggregate annual incentive compensation of \$430,000 to Company executive officers for 2018. The annual incentive awards were paid in February 2019.

The Compensation Committee will annually address the factors that are used to measure performance considering 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 industry and operational circumstances, opportunities and unanticipated challenges that may require a modification of the goals and objectives and a desired shift in the focus of the executive officers. 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 officer compensation.

### **Compensation Governance**

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 all of the members of the Compensation Committee be comprised of independent directors. 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 is 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. (investment company) since January 2014. Mr. McKinnon has been a director of Touchstone Exploration Inc. since its incorporation in 2012. Mr. McKinnon is a director and Chairman of the Compensation Committee of Alvopetro Energy Ltd., positions he has held since November 2013. In addition, Mr. McKinnon is a director and Chairman of the Audit Committee and Compensation Committee of The Supreme Cannabis Company Inc. Previously, Mr. McKinnon was a director of Lightstream Resources Ltd. 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. Mr. McKinnon also 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 is a member of the Institute of Corporate Directors.

#### *Stanley T. Smith*

Mr. Smith is a designated accountant with over 39 years of public accountant experience. Mr. Smith's focus of practice was public company auditing and advising, primarily in the oil and gas exploration, production and services industry. After retirement from KPMG LLP on September 30, 2016, Mr. Smith has been acting as an independent businessman. Mr. Smith is a director of Razor Energy Corp., a public company listed on the TSXV, and Toscana Energy Income Corporation, which is publicly listed on the TSX. Mr. Smith was a director of Savanna Energy Services Corp., a drilling and oilfield services company, from April 2017 until the company was acquired in June 2017. Mr. Smith is a member of the Chartered Professional Accountants of Alberta and the Institute of Corporate Directors.

#### *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. Dr. Vredenburg also holds an appointment as an International Research Fellow at Oxford University's Saïd Business School (UK) and is a director of Prairie Thunder Resources Ltd., Talio Resources Ltd., Kainji Resources Ltd. and Teric Power Ltd., all private companies. He has been a director of Touchstone since its incorporation in 2012. Dr. Vredenburg also holds an ICD.D designation as a member of the Institute of Corporate Directors.

### **Hedging Policies**

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.

### **Changes to Executive Compensation**

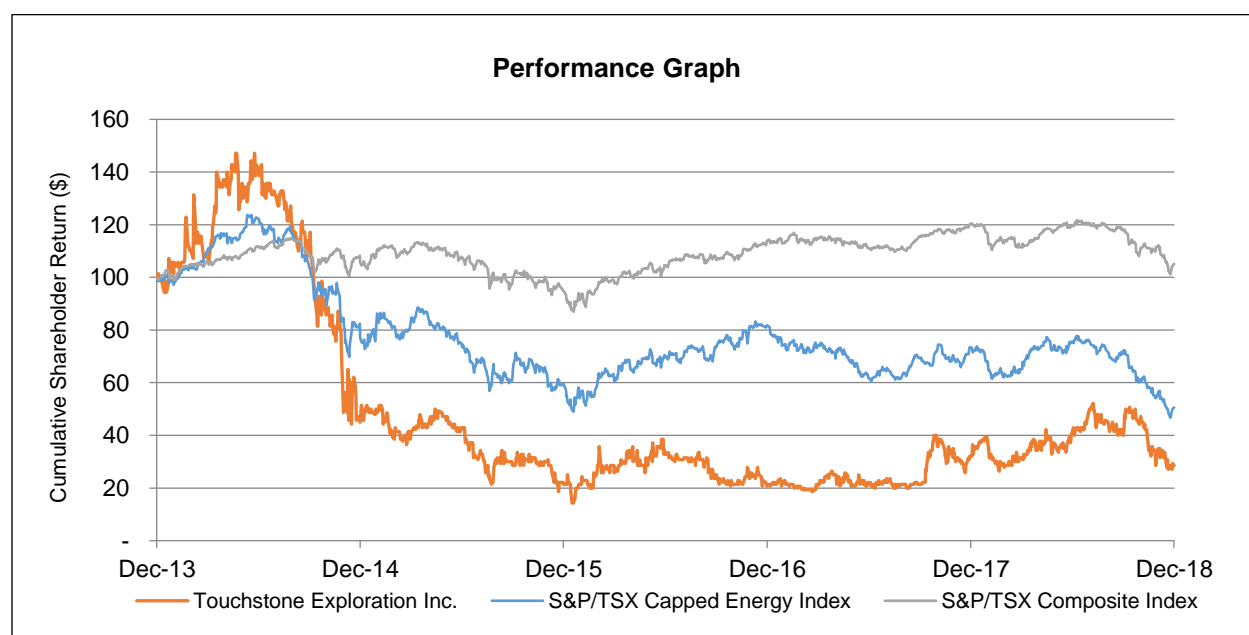
The Compensation Committee recommended and the Board approved revised annual Executive and Employee Incentive Bonus Plans effective for the 2019 fiscal year. The Executive Bonus Plan creates a quantitative approach in calculating executive officer bonus pool amounts for potential annual incentive awards. Payout levels are weighted based on individual and corporate performance goals. Corporate performance goals, which include financial and operational performance measures and shareholder return targets, are determined by the Board on an annual basis. The individual component of the incentive bonus program is directly based on performance and results related to individual goals that

support the achievement of annual corporate objectives and initiatives. Incentive bonus payouts are capped based on a percentage of the executive officer's salary and are subject to maximum thresholds.

In addition, the Compensation Committee recommended and the Board approved the 2019 annual long-term incentive awards to executive officers, directors and employees in the form of Stock Options with a grant date of April 5, 2019. As part of the grant, Mr. Baay was awarded 450,000 Stock Options, and Mr. Budau and Mr. Shipka were each awarded 300,000 Stock Options. The 2019 annual Stock Option grant represented a burn rate of 1.81%, calculated by dividing the total grant amount by the weighted average number of outstanding Common Shares of the Company for the three-month period ending March 31, 2019.

## 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, 2013 to December 31, 2018. 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 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, 2013	100.00	100.00	100.00
December 31, 2014	45.00	81.08	107.42
December 31, 2015	21.43	59.36	95.51
December 31, 2016	20.71	81.01	112.23
December 31, 2017	32.14	70.77	119.00
December 31, 2018	28.57	50.56	105.15

The trend shown in the performance graph does not necessarily correspond to the Company's compensation of the NEOs for the periods disclosed. 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 December 31, 2018 Annual Information Form dated March 26, 2019.

### NEO Summary Compensation Table

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, 2018 whose total compensation was more than \$150,000 for Touchstone's fiscal year ended December 31, 2018. The Company does not provide long-term non-equity incentive plan or pension plan compensation.

Name and principal position	Year	Salary (\$) <sup>(1)</sup>	Share-based awards (\$) <sup>(2)</sup>	Option-based awards (\$) <sup>(3)</sup>	Annual incentive plans (\$) <sup>(4)</sup>	All other compensation (\$) <sup>(5)</sup>	Total compensation (\$)
<b>Paul R. Baay</b> <sup>(6)</sup> President and Chief Executive Officer	2018	310,000	Nil	37,309	180,000	43,973	571,282
	2017	310,000	Nil	22,577	180,000	37,203	549,780
	2016	310,000	Nil	37,792	155,000	25,490	528,282
<b>Scott Budau</b> Chief Financial Officer	2018	236,667	Nil	24,873	125,000	28,075	414,615
	2017	220,000	Nil	15,051	125,000	19,208	379,259
	2016	220,000	Nil	25,195	110,000	23,367	378,562
<b>James Shipka</b> Chief Operating Officer	2018	236,667	Nil	24,873	125,000	38,522	425,062
	2017	220,000	Nil	15,051	125,000	19,798	379,849
	2016	220,000	Nil	25,195	110,000	23,723	378,918

#### Notes:

- Salary, for the purposes of the above NEO Summary Compensation Table, includes all earnings related to base salary paid to the NEO during the reporting year.
- Share-based awards consist of Incentive Options granted pursuant to the Incentive Share Plan. The fair value of Incentive 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 Incentive Options, in accordance with International Financial Reporting Standard 2 – *Share-based Payment* ("**IFRS 2**"). 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 Compensation Plan*".
- 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 IFRS 2. In 2018, Stock Options were granted to NEOs on April 5, 2018, using the following assumptions to calculate the grant date fair value of \$0.12 per Stock Option: 3-year expected life, 1.9% risk-free interest rate, 89% 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*".
- The annual incentive plan is comprised of Touchstone's cash bonuses, which are paid in the subsequent year.
- 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.
- 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 awards outstanding as at December 31, 2018. Except as disclosed herein, no other NEO was granted any other Stock Options during the year ended December 31, 2018.

Option-Based Awards <sup>(1)</sup>					
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 (\$) <sup>(2)</sup>
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
	March 30, 2017	300,000	0.14	March 29, 2022	18,000
	April 5, 2018	300,000	0.22	April 4, 2023	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
	March 30, 2017	200,000	0.14	March 29, 2022	12,000
	April 5, 2018	200,000	0.22	April 4, 2023	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
	March 30, 2017	200,000	0.14	March 29, 2022	12,000
	April 5, 2018	200,000	0.22	April 4, 2023	Nil

### Notes:

- Option-based awards consist of Stock Options granted pursuant to the Stock Option Plan. 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*".
- 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, 2018, being \$0.20.

All Stock Options granted by Touchstone to its NEOs vested 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 on the TSX for the five (5) consecutive trading days ending on the last trading day preceding the grant date. During the 2018 financial year, the Company did not adjust, amend, cancel, replace or modify the exercise price of Stock Options previously awarded to an NEO.

No NEO had any Incentive Options outstanding as at December 31, 2018.

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, 2018 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2018. Except as disclosed herein, no other NEO was awarded any other non-equity incentive plan compensation during the year ended December 31, 2018.

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (\$) <sup>(2)</sup>	Non-equity incentive plan compensation – Value earned during the year (\$) <sup>(3)</sup>
Paul R. Baay	9,500	Nil	180,000
Scott Budau	6,333	Nil	125,000
James Shipka	6,333	Nil	125,000

**Notes:**

- Option-based awards consist of Stock Options granted pursuant to the Stock Option Plan. 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*". The value of Stock Options that vested was calculated based on the difference between the respective grant exercise prices and the closing price of the Common Shares on the respective vesting dates.
- Share-based awards consist of Incentive Options granted during the year pursuant to the Incentive Share Plan. 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 Compensation Plan*".
- Represents 2018 annual incentive bonuses paid in February 2019.

**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**

The Company recognizes that its executive officers 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 provides 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 of a termination of each Agreement for whatever reason with or without cause, for a period of twelve (12) months following the date of termination, the executive officer may not solicit, interfere with or endeavour to entice away from the Company any person who is an employee of the Company at the date of termination.

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 his average total bonus received during 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 his average total bonus received during 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 his base salary and 1.5 times his average total bonus during 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 their 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 provides 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 the NEOs' responsibilities.

The following table sets forth the details of the estimated incremental payments and benefits due to each of the NEOs that would have arisen upon a hypothetical termination on December 31, 2018, pursuant to the terms and conditions of their Agreements.

Name	Salary component (\$) <sup>(1)</sup>	Bonus component (\$) <sup>(2)</sup>	Benefits (\$)	Total incremental obligations (\$)
Paul R. Baay	620,000	360,000	Nil	980,000
Scott Budau	360,000	187,500	Nil	547,500
James Shipka	360,000	187,500	Nil	547,500

**Notes:**

1. This figure is calculated by multiplying the NEOs' annual salary on December 31, 2018 by the applicable multiple set forth in their respective Agreement.
2. The figure is calculated by multiplying the average of the NEOs' past two years of annual incentive bonuses by the applicable multiple set forth in their respective Agreement. The annual incentive bonuses for 2018 were not paid out until February 2019. However, 2018 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, 2018 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 are 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 is reviewed on an annual basis.

The current director's compensation plan is as follows, which is only available to directors who are not also NEOs:

1. Directors are entitled to the following annual retainers to be paid in cash in bi-annual installments:
  - (a) \$40,000 with respect to serving as a director;
  - (b) additional \$20,000 with respect to serving as Chairman of the Board;
  - (c) \$5,000 with respect to serving as Chair of the Audit Committee;
  - (d) \$5,000 with respect to serving as Chair of the Compensation and Governance Committee; and
  - (e) \$2,500 with respect to serving as Chair of the Health, Safety, Environment and Reserves Committee.

Directors are not entitled to payments for attending Board or committee meetings.

2. Non-management directors are also entitled to receive long-term incentive compensation in the form of participation in the Stock Option Plan. The number of Stock Options granted is reviewed annually by the Compensation Committee to be approved by the Board and awarded following any blackout period subsequent to the Company's release of its annual financial statements and continuous disclosure documents.

The following table sets forth Stock Option compensation approved by the Board for Touchstone's directors for the years ended December 31, 2018 and 2019.

Position	Number of Stock Options granted in 2018	Number of Stock Options granted in 2019 <sup>(1)</sup>
Board Member	75,000	110,000
Chairman	25,000	25,000
Corporate Secretary	25,000	25,000
Audit Committee Chair	15,000	15,000
Compensation and Governance Committee Chair	15,000	15,000
Health, Safety, Environment and Reserves Committee Chair	15,000	15,000
Audit Committee Member	7,500	7,500
Compensation and Governance Committee Member	2,500	2,500
Health, Safety, Environment and Reserves Committee Member	2,500	2,500

**Note:**

1. The 2019 annual director Stock Option award was granted on April 5, 2019.

- Directors may contribute to the ESOP, with Touchstone matching a director's contribution on a 100% basis to a maximum of \$10,000 per annum. The Common Shares are purchased on behalf of directors through open market purchases by an independent firm consistent with the procedures disclosed in the "*Compensation Components: Employee Share Ownership Plan*" heading above.

Directors are entitled to be reimbursed for miscellaneous out-of-pocket expenses, if any, incurred in carrying out their duties as directors.

### Director Summary 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 (\$) <sup>(1)</sup>	Share-based awards (\$) <sup>(2)</sup>	Option-based awards (\$) <sup>(3)</sup>	All other compensation (\$) <sup>(4)</sup>	Total compensation (\$)
Kenneth R. McKinnon	45,000	Nil	13,748	10,000	68,748
Peter Nicol	42,500	Nil	13,748	10,000	66,248
Stanley T. Smith	45,000	Nil	13,043	10,000	68,043
Thomas E. Valentine	40,000	Nil	14,101	Nil	54,101
Dr. Harrie Vredenburg	40,000	Nil	11,281	10,000	61,281
John D. Wright	60,000	Nil	14,453	10,000	84,453

#### Notes:

- Director fees represented annual cash retainers paid in June and December 2018.
- Share-based awards consist of Incentive Options granted during the year pursuant to the Incentive Share Plan. The fair value of Incentive 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 Incentive Options, in accordance with IFRS 2. 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 Compensation Plan*".
- Option-based awards consist of Stock Options granted during the year 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 IFRS 2. In 2018, Stock Options were granted to directors on June 14, 2018, using the following assumptions to calculate the grant fair value of \$0.14 per Stock Option: 3-year expected life, 2.0% risk-free interest rate, 89% 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*".
- The value in the column titled "All other compensation" included Touchstone matched contributions to the ESOP.

### Director Fees

Fees were paid to directors in 2018 in accordance with the schedule of annual retainers outlined under "*Director Compensation*" above.

### Director Long-term Incentive Plan Awards

In accordance with the director's compensation plan, long-term incentive plan awards in the form of Stock Options were provided to directors in 2018.

Directors have not been granted share-based awards (Incentive Options) since 2014.

## Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth, with respect to each director, details regarding Stock Option awards outstanding as at December 31, 2018. Other than as disclosed herein, no other member of the Board received any Stock Option awards for the year ended December 31, 2018.

Option-Based Awards <sup>(1)</sup>					
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 (\$) <sup>(2)</sup>
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
	June 28, 2017	95,000	0.15	June 27, 2022	4,750
	June 14, 2018	97,500	0.25	June 13, 2023	Nil
Peter Nicol	June 28, 2017	95,000	0.15	June 27, 2022	4,750
	June 14, 2018	97,500	0.25	June 13, 2023	Nil
Stanley T. Smith	December 19, 2017	92,500	0.21	December 18, 2022	Nil
	June 14, 2018	92,500	0.25	June 13, 2023	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
	June 28, 2017	75,000	0.15	June 27, 2022	3,750
	June 14, 2018	100,000	0.25	June 13, 2023	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
	June 28, 2017	80,000	0.15	June 27, 2022	4,000
	June 14, 2018	80,000	0.25	June 13, 2023	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
	June 28, 2017	102,500	0.15	June 27, 2022	5,125
	June 14, 2018	102,500	0.25	June 13, 2023	Nil

### Notes:

- Option-based awards consist of Stock Options granted pursuant to the Stock Option Plan. 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".
- 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, 2018, being \$0.20.

All Stock Options granted by Touchstone to its directors during the most recent completed fiscal year vested 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 on the TSX for the five (5) consecutive trading days ending on the last trading day preceding the grant date. During the 2018 financial year, the Company did not adjust, amend, cancel, replace or modify the exercise price of Stock Options previously awarded to a director.

The following table sets forth, with respect to each director, details regarding Incentive Option awards outstanding as at December 31, 2018.

Share-Based Awards <sup>(1)</sup>					
Name	Grant date	Number of Common Shares underlying unexercised Incentive Options	Incentive Option exercise price (\$/Common Share)	Market or payout value of Incentive Options that have not vested (\$) <sup>(2)</sup>	Market or payout value of vested Incentive Options not paid out or distributed (\$) <sup>(3)</sup>
Kenneth R. McKinnon	January 14, 2013	7,500	0.10	Nil	750
Dr. Harrie Vredenburg	January 14, 2013	7,500	0.10	Nil	750

**Notes:**

1. Share-based awards consist of Incentive Options granted pursuant to the Incentive Share Plan. 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 Compensation Plan*".
2. All Incentive Options have vested as at December 31, 2018 and expire on January 14, 2020.
3. The value of Incentive Options 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, 2018, being \$0.20.

During the 2018 financial year, the Company did not adjust, amend, cancel, replace or modify the exercise price of Incentive Options previously awarded to a director.

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, 2018 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2018.

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (\$) <sup>(2)</sup>	Non-equity incentive plan compensation – Value earned during the year (\$) <sup>(3)</sup>
Kenneth R. McKinnon	4,117	Nil	Nil
Peter Nicol	3,642	Nil	Nil
Stanley T. Smith	3,546	Nil	Nil
Thomas E. Valentine	3,250	Nil	Nil
Dr. Harrie Vredenburg	3,467	Nil	Nil
John D. Wright	4,492	Nil	Nil

**Notes:**

1. Option-based awards consist of Stock Options granted pursuant to the Stock Option Plan. 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*". The value of Stock Options that vested was calculated based on the difference between the respective grant exercise prices and the closing price of the Common Shares on the respective vesting dates.
2. Share-based awards consist of Incentive Options granted pursuant to the Incentive Share Plan. 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 Compensation Plan*".
3. The Company did not provide non-equity incentive plan compensation to independent directors during the year ended December 31, 2018.

## 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, 2018. The equity compensation plans as at December 31, 2018 were the Stock Option Plan and the Incentive Share Plan.

Plan category	Number of securities to be issued upon exercise of outstanding Stock Options and Incentive Options	Weighted average exercise price of outstanding Stock Options and Incentive Options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) <sup>(1)(2)</sup>
Equity compensation plans approved by security holders			
Stock Option Plan	8,534,640 <sup>(4)</sup>	0.44	See Note 3
Incentive Share Plan	15,000	0.10	See Note 3
Equity compensation plans not approved by security holders	-	-	-
<b>Total</b>	<b>8,549,640</b>	<b>0.44</b>	<b>4,352,502<sup>(3)</sup></b>

**Notes:**

- 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.
- The Incentive Share Plan provides for the issuance of a maximum of 1,000,000 Common Shares pursuant to the issuance of Incentive Options. 458,625 Common Shares have been issued on the exercise of Incentive Options as of December 31, 2018.
- The total number of securities remaining available for future issuance under equity compensation plans as at December 31, 2018 was equal to 10% of the number of Common Shares outstanding as at December 31, 2018 less the number of Stock Options outstanding under the Stock Option Plan as at December 31, 2018 and less the number of Incentive Options outstanding under the Incentive Share Plan as at December 31, 2018. As at December 31, 2018, there were 129,021,428 Common Shares outstanding, leaving a maximum number of 12,902,142 Common Shares issuable under equity compensation plans. As at December 31, 2018 there were 8,534,640 Stock Options outstanding and 15,000 Incentive Options outstanding, leaving 4,352,502 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.
- Of the 8,534,640 Stock Options outstanding as at December 31, 2018, 1,466,300 were in-the-money as at that date, based on the market value of the Common Shares at December 31, 2018 of \$0.20.

As of the date hereof, 160,688,095 Common Shares are issued and outstanding as fully paid and non-assessable shares in the capital of the Company. As of the date hereof, 11,084,640 Stock Options and 15,000 Incentive Options are outstanding with a weighted average exercise price of \$0.39 and \$0.10, respectively, leaving a total of 4,969,169 Stock Options and/or Incentive Options available for issuance.

### Stock Option Plan

Stock Options were first issued in January 2013 pursuant to a Stock Option Plan which is described as follows. The complete text of the Stock Option Plan is attached to this Information Circular as Appendix "B" hereto.

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.

Under the Stock Option Plan, the Compensation Committee, which has been delegated by the Board to administer the Stock Option Plan, may 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), 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 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).

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.

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.

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 30<sup>th</sup> day following: (i) the effective date of such resignation or retirement; (ii) the date of the notice of termination of employment is given by Touchstone; or (iii) the date of 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, unvested and vested Stock Options shall cease and terminate immediately upon the date of 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.

In the event of the death of a Participant, 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 or the 30<sup>th</sup> 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 (as defined by applicable Canadian securities laws) 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 (as defined by applicable Canadian securities laws);
  - changing the amendment provisions of the Stock Option Plan;
  - changing the terms of any Stock Options held by Insiders (as defined by applicable Canadian securities laws);
  - 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 (10) 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 (10<sup>th</sup>) day following the end of the blackout period.

#### ***Amendment to the Stock Option Plan in 2017***

Pursuant to the terms of the Stock Option Plan confirmed by Shareholders on May 20, 2015, the aggregate number of Common Shares reserved for issuance pursuant to Options granted to directors of the Company who 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) (Article 4.3(d)).

The Board determined that it was 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, 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 (as defined by applicable Canadian securities laws) or any one person. Accordingly, Shareholders were asked to consider and passed an ordinary resolution approving an amendment to the Stock Option Plan eliminating the restriction of maximum awards to non-employee directors at the Company's June 19, 2017 Annual and Special Meeting of Shareholders.

### **Incentive Share Compensation Plan**

The purpose of Touchstone's Incentive Share Plan is to provide an effective incentive for the employees, directors, officers and consultants 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 Options. Under the Incentive Share Plan, the Compensation Committee, which has been delegated by the Board to administer the Incentive Share Plan, may grant Incentive Options to such Participants as it chooses in such numbers as it chooses. The Incentive Options vest over time, and upon vesting each one Incentive Option is entitled to be redeemed for one Common Share. A Participant will not be entitled to elect to be issued any of the Common Shares which underlay the granted Incentive Options until the granted Incentive Options 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 Options previously granted.

Upon the vesting of Incentive Options, the Common Shares to which a Participant is entitled to receive pursuant to the Incentive Options 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 Options shall cease and terminate on the date notice of ceasing to be a director, officer, employee or consultant is given, and vested Incentive Options held by such Participant shall cease and terminate and be of no further force or effect the earlier of the 30<sup>th</sup> day following: (i) the effective date of such resignation or retirement; (ii) the date of the notice of termination of employment is given by Touchstone; or (iii) the date of 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, unvested and vested Incentive Option shall cease and terminate immediately upon the date of the 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 Option that has not previously been exercised.

In the event of the death of a Participant, the legal representatives of the Participant may exercise the Incentive Options held by the Participant within six (6) months following the death of the Participant, provided that such period shall not exceed the expiry date of such Incentive Options.

A Participant shall have no right to receive Common Shares underlying Incentive Options 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 Options 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 (10<sup>th</sup>) 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 Options 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 Options 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 1,000,000 Common Shares may be issued pursuant to the exercise of Incentive Options, of which 458,625 Common Shares have been issued to date. In addition, no Incentive Option 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 (as defined by applicable Canadian securities laws) exceeding 10% of the aggregate issued and outstanding Common Shares of Touchstone, (ii) the issuance to Insiders (as defined by applicable Canadian securities laws) 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 Options and Stock Options to non-employee directors pursuant to the Incentive Share Plan and pursuant to the Stock Option Plan must not exceed a 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 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 Incentive Options.

A Participant may offer to dispose of his or her vested Incentive Options 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 Options 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 Option 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 Options; 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 Options 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 Options, except pursuant to normal estate settlement purposes;

- reducing the payment required to be made by a Participant to Touchstone (currently \$0.05) for each Common Share issued pursuant to each Incentive Option held;
- extending the term of Incentive Options granted beyond their original expiry date;
- changing the limits to the grant of Incentive Options already established pursuant to the Incentive Share Plan with respect to non-employee director participation and Insiders (as defined by applicable Canadian securities laws); and
- amending the amendment provisions of the 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.

### Annual Burn Rates

The following table sets forth the annual burn rate for each of the most three recently completed fiscal years for each of the Company's equity compensation plans. The burn rate has been calculated by dividing the number of awards granted or purchased under the arrangement during the applicable fiscal year by the weighted average number of Common Shares outstanding for the applicable fiscal year.

Equity Compensation Plan	Fiscal year		
	2016	2017	2018
Stock Option Plan	1.90%	1.65%	1.31%
Incentive Share Plan <sup>(1)</sup>	n/a	n/a	n/a
<b>Total</b>	<b>1.90%</b>	<b>1.65%</b>	<b>1.31%</b>

**Note:**

1. No Incentive Options were granted in 2016, 2017 and 2018.

## 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 description of the corporate governance practices of the Company.

### 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 seven (7) directors, six (6) 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. The Board's 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, the 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.

### Board Mandate

The Board and each of its committees have written mandates. Refer to Appendix "C" 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 its subsidiaries and has delegated the responsibility for the day-to-day conduct of the business to the President and 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 and Independence

The Board is currently comprised of seven (7) members; a majority of six (6) of whom are considered independent within the meaning of NI 58-101. Messrs. McKinnon, Nicol, Smith, Valentine, Vredenburg and Wright are independent directors. Touchstone has proposed seven (7) 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. Baay is not an independent director as he would be considered to have a "material relationship" (as defined in National Instrument 52-110 – *Audit Committees*) with Touchstone as Mr. Baay is the current President and Chief Executive Officer. On at least an annual basis, the Board conducts an analysis and makes a determination as to the independence of each member of the Board. The Audit Committee, Compensation Committee, and Health, Safety, Environment and Reserves Committee (the "**HSE and Reserves Committee**") of the Board are all comprised entirely of independent directors.

## Chairman of the Board

The Chairman of the Board is currently Mr. Wright, whom is considered independent within the meaning of NI 58-101. The Board has adopted a written description for the Chairman of the Board detailing the roles and responsibilities of the position which include the following:

- managing the affairs of the Board, including ensuring that the Board is organized properly, functions effectively and independently of management and meets its obligations and responsibilities, including those matters set forth in the mandate of the Board;
- providing overall leadership to the Board without limiting the principal of collective responsibility and the ability of the Board to function as a unit;
- enabling the design and implementation of effective committees of the Board including the selection of members;
- working directly with the President and Chief Executive Officer to provide counsel and guidance regarding the strategic management process and definition of significant business challenges; and
- facilitating communication between the Board, management and Shareholders.

## 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 all Board meetings consists of an *in-camera* session of the independent directors, where executive officers of Touchstone are not in attendance.

## Director Attendance

During January 1 to December 31, 2018, the Board held a total of four (4) meetings; the Audit Committee held four (4) meetings; the Compensation Committee held one (1) meeting; and the HSE and Reserves Committee held one (1) meeting. The following table sets forth the attendance for the directors of Touchstone:

Director	Board Meetings Attended / Held	Audit Committee Meetings	Compensation Committee Meetings	Reserves Committee Meetings
		Attended / Held	Attended / Held	Attended / Held
Paul R. Baay	4/4	n/a	n/a	n/a
Kenneth R. McKinnon <sup>(1)(2)</sup>	4/4	4/4	1/1	n/a
Peter Nico <sup>(1)(3)</sup>	4/4	4/4	n/a	1/1
Stanley T. Smith <sup>(1)(2)</sup>	4/4	4/4	1/1	n/a
Thomas E. Valentine	3/4	n/a	n/a	n/a
Dr. Harrie Vredenburg <sup>(2)(3)</sup>	4/4	n/a	1/1	1/1
John D. Wright <sup>(3)</sup>	4/4	n/a	n/a	1/1

### Notes:

1. Member of the Audit Committee.
2. Member of the Compensation and Governance Committee.
3. Member of the Health, Safety, Environment and Reserves Committee.

## 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. The Supreme Cannabis Company Inc.
Peter Nicol	Eco (Atlantic) Oil and Gas Ltd.
Stanley T. Smith	Razor Energy Corp. Toscana Energy Income Corporation
Thomas E. Valentine	NXT Energy Solutions Inc.
Dr. Harrie Vredenburg	---
John D. Wright	Alvopetro Energy Ltd.

## 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 by writing to the Chief Financial Officer of Touchstone at Suite 4100, 350 7<sup>th</sup> 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 to. 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.

The Board has instructed its management and employees to abide by the various policies and to bring any breaches to the attention of the Compensation Committee. Compliance with the policies are monitored primarily through the reporting process within the Company's organizational structure.

## **Conflicts of Interest**

To address conflicts of interest, the members of the Board and executive officers are required to declare the nature and extent of any material interest in any transactions or agreements and may not vote in relation to any such matter. In certain cases an independent committee may be formed to deliberate on such matters in the absence of the interested party.

The majority of the Board is comprised of independent directors. In any situation where a potential conflict may arise, a director must disclose such conflict and abstain from consideration of the particular transaction or agreement and voting as a result. Four (4) current directors of the Board are members of the Institute of Corporate Directors, who further subscribe to the statement of ethics of that organization.

## **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 perceived 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 possible conflicts arising in connection with potential candidates. Upon such review, and after conducting appropriate due diligence, the Board will approve candidates.

The Company does not have a specific nomination committee composed entirely of independent directors. To encourage an objective nomination process, the Board will also meet without non-independent members when approving nominees for appointment as directors.

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 it to provide strong stewardship for the Company. Since 2016, Mr. Smith joined the Board to replace a departed director, and Mr. Nicol joined the Board to enhance its expertise in the United Kingdom capital market.

## **Committees of the Board**

The Board has established the Audit Committee, the Compensation Committee, and the HSE and Reserves Committee, each comprised entirely of independent directors in accordance with NI 58-101, and in respect of the HSE and Reserves Committee, National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* guidelines. The Board has also developed mandates for each Committee of the Board which detail the composition, duties, and responsibilities of the Committees. 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. Certain information regarding the Audit Committee, including the Mandate of the Audit Committee, is contained in the Company's December 31, 2018 Annual Information Form dated March 26, 2019, an electronic copy of which is available on the internet on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

The Compensation Committee is responsible for assisting 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 current budget and business plan of Touchstone. See "*Statement of Executive Compensation – Compensation Governance*" in this Information Circular for further details.

The HSE and Reserves Committee's responsibilities include reviewing and monitoring the adequacy of the Company's HSE response policies, plans, reporting and resources. The Committee also assists 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 formal written position descriptions for the Chief Executive Officer, the Chairman of the Board and the Chair of each Board committee, which set out the duties and responsibilities of such positions. See "*Chairman of the Board*" above for a summary of the written description of the Chairman of the Board. 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.

## **Diversity**

Touchstone recognizes the benefits of diversity within its Board, at the executive level and at all levels of the organization. It further recognizes the importance of meritocracy and fairness in its recruitment practices and overall corporate environment. The Company believes that Board appointments and executive officer appointments should be made on the basis of the skills, knowledge, experience and character of individual candidates and the requirements and needs of the Board and management at the applicable time. The Company believes that considering the broadest group of individuals who have the skills, knowledge, experience and character required to provide the good governance, guidance and leadership needed to achieve the Company's business objectives, without reference to their age, gender, race, ethnicity or religion, is in the best interest of the Company and all of its stakeholders. The Company is committed to meritocracy and 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 that would otherwise force the composition of the Board or the Company's executive management team.

While the emphasis in filling Board vacancies has been finding the best qualified candidates given the needs and circumstances of the Board, a nominee's diversity of age, gender, race, ethnicity, religion, experience and other attributes have and will be considered favourably in the assessment of director nominees. Moreover, as to gender, the Board is receptive to increasing the representation of women on the Board as turnover occurs, taking into account the skills, background, experience and knowledge desired at that particular time by the Board. The Board also encourages the consideration of women who have the necessary skills, knowledge, experience and character for promotion or hiring into a management position within the Company. Currently, Touchstone does not have any women who are executive officers of the Company (0%), and there are currently no women on the Board (0%).

## **Board Assessments**

The Board is responsible to assess, on an ongoing basis, 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 will identify any areas where the directors of the Company or management believe that the Board could make a better collective contribution to overseeing the affairs of the Company.

The Board is also responsible for regularly assessing the effectiveness and contribution of each director, having regard to the competencies and skills each director is expected to bring to the Board. 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 relies on informal evaluations of the effectiveness through both formal and informal communications with Board members and through participation with other Board members on committees and matters relating to the Board.



## **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 as disclosed herein.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

There are no material interests, direct or indirect, of any informed person of the Company (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*), any proposed director of the Company or any associate or affiliate of any informed person or proposed director of the Company in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries, other than as disclosed herein.

## **ADDITIONAL INFORMATION**

Additional information respecting the Company is available on SEDAR at [www.sedar.com](http://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 at [www.sedar.com](http://www.sedar.com), on the Company's website at [www.touchstoneexploration.com](http://www.touchstoneexploration.com), or by request to the Chief Financial Officer of the Company at 4100, 350 7<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 3N9.

## APPENDIX A

### TOUCHSTONE EXPLORATION INC. COMPENSATION AND GOVERNANCE COMMITTEE MANDATE

*Approved and adopted by the Board of Directors on November 16, 2012 and approved on March 26, 2019*

#### Role and Objective

The Compensation and Governance Committee (the "**Committee**") is a committee of the Board of Directors of Touchstone Exploration Inc. (the "**Corporation**"). Its primary function is to assist the Board in carrying out its responsibilities by reviewing and approving compensation and human resources issues and making recommendations to the Board as appropriate. In particular, the Committee is responsible for discharging the Board's responsibilities relating to compensation of the Corporation's officers and the President and Chief Executive Officer.

#### 1. Reporting

The Committee shall report to the Board of Directors of the Corporation.

#### 2. Composition of the Committee

The Committee shall consist of a minimum of three directors appointed by the Board. All of the members of the Committee shall be independent. The Committee refers to Canadian securities regulation for definitions and guidance as to the meaning of "independent". The duties and responsibilities of a member of the Committee are in addition to his or her duties and responsibilities as a Director.

#### 3. Appointment of Committee Members

The Committee shall be comprised of three members or such greater number as the Board may from time to time determine, of whom the majority shall be independent directors, provided that any member may be removed or replaced at any time by the Board and shall, in any event, cease to be a member of the Committee upon ceasing to be a member of the Board.

#### 4. Vacancies

Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.

#### 5. Chairman

The Board shall appoint the Chairman of the Committee. The role of the Chairman is to act as leader of the Committee to manage and co-ordinate the meetings and activities of the Committee and to oversee the execution by the Committee of its duties and responsibilities. If the Chairman of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen to preside by a majority of members of the Committee present at such meeting.

#### 6. Meetings of the Committee

The Committee shall meet at least annually at the call of the Chairman. The Chairman may call additional meetings as required. In addition, a meeting may be called by the Chairman of the Board, the Chief Executive Officer or any member of the Committee.

Committee meetings may be held in person, by video conference, by means of telephone, by means of other electronic or other communication facility that permits each person to communicate with each other during the meeting or by a combination of any of the foregoing.

The Chief Executive Officer is expected to be available to attend meetings or portions thereof. The Committee may, by specific invitation, have other resource persons in attendance. The Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee. Directors, who are not members of the Committee, may attend Committee meetings, on an ad hoc basis, upon prior consultation and approval by the Committee Chairman or by a majority of the Committee. At the request of the Committee or its Chairman, certain members of senior management and others may attend Committee meetings on an ad hoc or-a regular basis.

## **7. Notice of Meeting**

Notice of the time and place of each meeting may be given orally, or in writing, or by facsimile to each member of the Committee at least 48 hours 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 was not lawfully called.

## **8. Quorum**

A majority of Committee members, present in person, by video conference, by telephone, by other electronic or communication facility or by a combination thereof, shall constitute a quorum.

## **9. Minutes**

At each meeting, the Committee shall appoint a Recording Secretary to take the minutes of the meeting. Minutes of Committee meetings shall be sent to all Committee members. The full Board of Directors shall be kept informed of the Committee's activities by a report following each Committee meeting.

## **10. Outside Resources**

The Committee may engage independent outside resources, at the expense of the Corporation, if it deems it necessary to carry out its responsibilities.

## **11. Duties and Responsibilities of the Committee**

The Committee shall:

- (a) Recommend to the Board human resources, compensation policies and programs, and guidelines for application to the Corporation and oversee the administration of such policies and guidelines as are approved by the Board;
- (b) Ensure that the Corporation has in place programs to attract and develop management of the highest caliber and has a process to provide for the orderly succession of management;
- (c) Review compliance by management of the Corporation with securities regulatory requirements governing executive compensation committees and executive compensation reporting of the Corporation, including the report on executive compensation of the Corporation required by applicable securities regulations;

- (d) Periodically review compensation policies of peer organizations to permit effective comparison with those of the Corporation;
- (e) Review the performance of the Chief Executive Officer for the purpose of determining the compensation of the Chief Executive Officer;
- (f) Approve, the annual salary, bonus and other benefits, direct and indirect, of the Chief Executive Officer and, after considering the recommendations of the Chief Executive Officer, all other Officers of the Corporation;
- (g) Annually receive from the Chief Executive Officer recommendations concerning annual compensation policies and budgets for all employees;
- (h) Periodically review with the Chief Executive Officer the Corporation's policies on compensation for all employees and overall human resources matters;
- (i) Periodically review the adequacy and form of compensation of directors and the members of Committees of the Board of Directors to ensure that the compensation realistically reflects the responsibility and risks involved in being an effective director and to report and make recommendations to the Board accordingly;
- (j) Administer the stock option plan in accordance with its terms, including the grant of stock options in accordance with the terms thereof. The Committee shall be permitted to amend the provisions of any stock option agreement, in accordance with the stock option plan of the Corporation and all applicable regulations, including, without limitation, amendments related to the vesting of stock options. In addition, the Committee shall be permitted to delegate its authority with respect to the stock option plan, by resolution of the Committee; and
- (k) Any sub-committee of the Committee or any management delegate, duly authorized by resolution of the Committee, shall be permitted to exercise the authority granted to it and carry out its responsibilities in accordance with terms and provisions of such delegation of authority.

**APPENDIX B**  
**TOUCHSTONE EXPLORATION INC. 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; and
- (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;
- (b) the thirtieth (30th) day following:
  - (i) the effective date of such resignation or retirement;
  - (ii) the date of 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/she 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/she had been the registered holder of the number of Common Shares of the Corporation to which he/she 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 blackout period that is self-imposed by the Corporation pursuant to its policies (a "**Blackout Period**"), the expiry date of such Option shall be extended for a period of ten (10) business days following the end of the Blackout Period (the "**Blackout Expiration Term**").

## **ARTICLE 12 – GOVERNMENT REGULATIONS**

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**

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 dates 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 20, 2015	Confirmation of Plan approved by the Shareholders
June 19, 2017	Deletion of Article 4.3(d) approved by the Board of Directors and Shareholders
June 13, 2018	Confirmation of Plan approved by the Shareholders

## APPENDIX C

### TOUCHSTONE EXPLORATION INC. BOARD OF DIRECTORS MANDATE

*Approved and adopted by the Board of Directors on November 16, 2012 and approved on March 26, 2019*

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 maximize 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 Health, Safety, Environment and 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 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 its 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, 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 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 for the best interests of the Corporation and to exercise the care, diligence and skills 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 may 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-à-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 or 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 for 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 and to 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.