



**Notice of 2021 Annual Meeting of Shareholders  
and  
Management Information Circular**

**April 29, 2021**

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## NOTICE OF 2021 ANNUAL MEETING OF SHAREHOLDERS

**You are invited to our 2021 annual meeting of common shareholders (the "Meeting"):**

**When:** Wednesday, June 9, 2021 at 10:00 a.m. (Mountain time)

**Where:** Virtual-only meeting via live audio webcast at <https://web.lumiagm.com/250272848>

**We will conduct seven items of business at the Meeting:**

1. Receive our 2020 consolidated financial statements and the auditors' report thereon.
2. Fix the number of directors to be elected at the Meeting at eight.
3. Elect the eight management nominees as directors.
4. Appoint Ernst & Young LLP as auditors.
5. Approve all unallocated options under our stock option plan.
6. Confirm the continuation of our shareholder rights plan and approve the amendment and restatement of our shareholder rights plan agreement.
7. Transact such other business as may be properly brought before the Meeting.

**Your vote is important**

If you are a shareholder of record of Touchstone common shares at the close of business on April 23, 2021, you are entitled to receive notice of, participate in, and vote at the Meeting. We encourage you to vote your common shares and participate in the Meeting. Our Notice of 2021 Annual Meeting of Shareholders and Management Information Circular dated April 29, 2021 includes important information about the Meeting and the voting process. Please read it carefully before you vote.

To continue to mitigate risks to the health and safety of our communities, shareholders, employees and other stakeholders in light of the COVID-19 pandemic, we are holding a virtual-only Meeting which will be conducted via live audio webcast. Every shareholder and duly appointed proxyholder, regardless of their geographic location and ownership, will have an equal opportunity to participate in the Meeting online and vote on the matters to be considered at the Meeting. You can not attend the Meeting in person.

**By Order of the Board of Directors**

*(signed)*

Paul R. Baay

President, Chief Executive Officer and a Director

Calgary, Alberta, Canada

April 29, 2021

<b>How to vote</b>			
	<b>Registered Shareholder</b> <i>Shares held in own name</i>	<b>Beneficial Shareholder</b> <i>Shares held with a broker, bank or other intermediary</i>	<b>Depository Interest Holder</b> <i>Shares held via depository interests on the UK register</i>
<b>Internet:</b>	<a href="https://login.odysseytrust.com/pxlogin">https://login.odysseytrust.com/pxlogin</a>	<a href="http://www.proxyvote.com">www.proxyvote.com</a>	n/a
<b>Phone:</b>	n/a	Call the number(s) listed on your voting instruction form	n/a
<b>Mail:</b>	Return your form of proxy in the enclosed postage paid envelope	Return your voting instruction form in the enclosed postage paid envelope	Return your form of direction in the enclosed envelope

**If you cannot participate in the Meeting, please submit your vote well in advance of the proxy deposit deadline of 10:00 a.m. (Mountain time) on Monday, June 7, 2021.**

## MESSAGE TO SHAREHOLDERS

Dear fellow shareholders,

On behalf of Touchstone Exploration Inc.'s Board, management and employees, we are pleased to invite you to attend our annual meeting of shareholders to be held on Wednesday, June 9, 2021 at 10:00 a.m. (Mountain time). To mitigate risks to the health and safety of our communities, shareholders, employees and other stakeholders in light of the COVID-19 pandemic, we are holding a virtual-only meeting to be held via live audio webcast. Every shareholder and duly appointed proxyholder, regardless of their geographic location and ownership, will have an equal opportunity to participate at the meeting and vote on the matters to be considered at the meeting. Whether or not you plan to participate in the meeting, we urge you to vote and submit your voting instruction or proxy form in advance of the meeting. This document contains detailed instructions on how to vote and participate in our meeting and includes important information about how Touchstone is governed and how our directors and executive officers are compensated.

This past year has been one of the most challenging in history and the ultimate test of our resilience, both at Touchstone and across society as a whole. We would like to thank our dedicated staff in Calgary and Trinidad for continuing to progress our business forward during this uncertain period by seamlessly adapting to the new working environment. Most importantly, we would like to recognize and thank our field staff in Trinidad who selflessly continue to maintain and operate our assets on a daily basis. While 2020 was a turbulent year for our industry, it was also a critical milestone for our company. We are proud to report that in 2020 we continued to advance all aspects of our Trinidad based operations, notably:

- drilled two additional exploration wells on our Ortoire block furthering opportunities on the acreage;
- extended the exploration phase of our Ortoire licence to allow us to conclude phase one of our exploration program in 2021;
- executed a natural gas sales agreement with the National Gas Company of Trinidad and Tobago for all future natural gas production from the Ortoire block;
- continued our high standards relating to both safety and environmental stewardship; and
- partnered with a Trinidad based financial institution to establish a long-term lending facility.

During 2020 Touchstone transitioned from a microcap upstream crude oil company to an organization that is currently progressing to an intermediate international petroleum producer. This has resulted in a number of changes within the organization as we progress with the development of our exploration opportunities. We believe we possess the talent in the organization to navigate this growth and are in a position to supplement our team in areas where we may need outside expertise. Further, we welcomed Ms. Beverley Smith as a member of the Board in December 2020. We believe her expertise will complement the Board to steward us during our forthcoming phase of growth.

We remain active in the communities we operate and support organizations consistent with our values. Wherever possible, we contribute both financially and by volunteering our time and services. During 2020, we delivered over 600 hampers to help those adversely affected by the economic impacts of COVID-19. In addition, in 2021 we expect to establish a charity foundation that will be funded out of revenues from Ortoire production with the mandate of providing health and education opportunities to the residents of the local Trinidad communities we operate in.

We believe the work performed by us in 2020 has left Touchstone well positioned to create shareholder value in the years ahead. We currently have the financial flexibility to withstand economic volatility, and when we conclude 2021, we anticipate being a more diversified oil and natural gas producer with improved capacity for future development operations.

As we look forward to 2021 and beyond, we are aware of some major changes occurring in our industry that will impact our current and future operations. The global movement to reduce fossil fuel consumption has accelerated, as positive steps are currently being taken by both consumers and governments around

the globe. We believe this is an encouraging objective to ensure sustainability for future generations and allow us to identify more efficient and sustainable ways to operate. The Board recognizes that environment, social and governance (ESG) is directly linked to Touchstone's long-term value, and we are fully engaged in management's continuing integration of ESG strategies into the business. To that end, in 2021 we anticipate publishing our inaugural ESG and sustainability report. We are currently developing an ongoing strategy to reduce our environmental footprint, with our main initiative to capture all solution gas from our wells and sales facilities. We are targeting to implement the program over the next three years, as we have currently identified and measured existing volumes and will proceed with designing and employing gathering systems to mitigate the environmental effect of venting natural gas.

We firmly believe that we can continue to create top quartile returns for our shareholders while maintaining values within our organization that encourage sustainability and reduce our environmental footprint. We will continue to strive to maintain a respectful and safe workplace that creates equal opportunities at all levels of the organization from the Board to all employees.

During 2021 we expect our production base to transition from our current sole reliance on crude oil production to a production mix heavily weighted to natural gas. This is an obvious step in the right direction for Touchstone and the country of Trinidad both from environmental and social perspectives, as some of our natural gas volumes are expected to be used to produce electricity to accommodate growing demand on the island.

We are excited to continue our momentum into 2021, by concluding phase one of our Ortoire exploration program with the drilling of the Royston-1 natural gas prospect. Upon completion of our seismic program, we expect to further define new geological opportunities on the property and commence phase two of the program. We currently have in excess of 20 leads that present a multi-year drilling inventory of exploration, backstopped by development opportunities at the Coho and Cascadura areas. We also expect to enhance our legacy oil production with new prospects and new technology to improve recoveries. Despite ongoing challenges, we have four main business objectives in 2021:

- finalize and execute new ten-year joint venture agreements with Heritage Petroleum Company Ltd.;
- commence initial production from the Ortoire block including Coho and Cascadura;
- drill and evaluate the remaining Ortoire minimum commitment well at the Royston-1 prospect and complete and interpret the seismic program currently proceeding on the Ortoire property; and
- finalize the preparation for the drilling of a cretaceous deep prospect in 2022.

Amidst the recent surge in COVID-19 in both Trinidad and Canada, we remain focused on protecting the health of our employees and communities while ensuring a decisive response for our investors. We will continue to follow the advice of public health officials in supporting our employees, their families, and our business partners. Our health and the health of our stakeholders remains our top priority. As the current economic and health related challenges persist, we will persevere and adapt our business operations and capital programs to ensure health and safety and enhance long-term shareholder value.

In closing, we would like to express our gratitude to our leadership team and all of our employees for their tireless work in service of our many stakeholders. As we move forward, Touchstone will continuously provide timely information to all our stakeholders with regards to our expanding operations and increased focus on sustainability.

Sincerely,

*(signed)*  
John D. Wright  
Chair of the Board

*(signed)*  
Paul R. Baay  
President, Chief Executive Officer and Director



## Management Information Circular

### For the Annual Meeting of Shareholders To be held on June 9, 2021

This management information circular ("**Information Circular**") is furnished in connection with the solicitation of proxies by the Management of Touchstone Exploration Inc. ("**Touchstone**", "**we**", "**our**", "**us**" or the "**Company**") for use at the 2021 annual meeting of the holders of common shares of Touchstone (the "**Meeting**"). Information contained in this Information Circular is given as of April 29, 2021, and all amounts set forth herein are stated in Canadian dollars, unless noted otherwise.

Touchstone is having a virtual-only Meeting this year, which will be conducted via live audio webcast, as a result of the public health impact of COVID-19 and to prudently protect the health and well-being of our communities, shareholders, employees and other stakeholders that participate in our shareholder meetings. All shareholders will have an opportunity to participate in the Meeting online regardless of their geographic location. Shareholders will not be able to attend the Meeting in person.

The virtual-only Meeting will be conducted via live audio webcast at <https://web.lumiagm.com/250272848> commencing at 10:00 a.m. (Mountain time) on June 9, 2021 for the purposes set forth in the accompanying Notice of 2021 Annual Meeting of Shareholders (the "**Notice of Meeting**"). It is the Company's intention to resume holding in-person or hybrid annual meetings under normal circumstance.

You will find financial information about Touchstone in our comparative annual financial statements and management's discussion and analysis of our financial and operating results for the year ended December 31, 2020. Contact us for a copy of these documents. You can also find these documents and other important information about Touchstone on our website ([www.touchstoneexploration.com](http://www.touchstoneexploration.com)) and on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") ([www.sedar.com](http://www.sedar.com)).

This Information Circular contains forward-looking statements that are based on our current expectations, estimates, projections and assumptions in light of our experience and perception of historic trends. Forward-looking statements involve known and unknown risks, and actual results may differ materially from those expressed or implied by these forward-looking statements. These forward-looking statements are made only as of the date of this Information Circular, and Touchstone does not undertake any obligation to publicly update or revise the forward-looking statements contained in this document, except as required by law. Please see "*Advisories – Forward-looking Statements*" for further information.

In this Information Circular, we also refer to certain financial measures that are not defined by generally accepted accounting practices ("**GAAP**"). Please see "*Advisories – Non-GAAP Measures*" for information about these measures and why they are used.

Touchstone is incorporated under the laws of Alberta, Canada with its head office located in Calgary, Alberta. The Company is an oil and gas exploration and production company active in the Republic of Trinidad and Tobago ("**Trinidad**"). Touchstone is one of the largest independent onshore oil producers in Trinidad, with assets in several large, high-quality reservoirs that have significant internally estimated total petroleum initially-in-place and an extensive inventory of oil and natural gas development and exploration opportunities. The Company's common shares are traded on the Toronto Stock Exchange ("**TSX**") and the AIM market of the London Stock Exchange ("**AIM**") under the symbol "**TXP**".

Touchstone's strategy is to leverage Canadian experience and capability to international onshore properties to create shareholder value. Outside of its core Trinidad portfolio, the Company will continue to examine opportunities in jurisdictions that have stable political and fiscal regimes coupled with large defined original petroleum in place.

## MEETING DETAILS

### Meeting Materials

Touchstone uses the notice-and-access model to deliver Meeting materials to the registered holders of our common shares ("**Registered Shareholders**") and our Beneficial Shareholders (as defined below). The notice-and-access provisions are a set of rules developed by the Canadian Securities Administrators ("**CSA**") that allow companies to post certain meeting materials online, reducing paper usage and mailing costs. All shareholders will still receive a notice form with information about the Meeting and how to obtain our Meeting materials, as well as a form of proxy (Registered Shareholders) or a voting instruction form (Beneficial Shareholders). All shareholders who previously asked to receive financial information will also receive a copy of our 2020 comparative annual financial statements and accompanying management's discussion and analysis.

Shareholders with questions about notice-and-access can call our transfer agent, Odyssey Trust Company ("**Odyssey**") toll free at 1-833-394-7716.

In order to receive a paper copy of this Information Circular and other Meeting materials, requests by shareholders may be made up to one year from the date the Information Circular was filed on SEDAR ([www.sedar.com](http://www.sedar.com)) by: (i) mailing a request to the Company at Suite 4100, 350 - 7<sup>th</sup> Avenue SW, Calgary, Alberta, Canada T2P 3N9, Attention: Chief Financial Officer; (ii) calling Odyssey toll free at 1-833-394-7716 (1-833-361-5163 outside of North America); (iii) calling Broadridge Investor Communications Corporation ("**Broadridge**") 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 on our website ([www.touchstoneexploration.com/investors/2021-shareholder-meeting](http://www.touchstoneexploration.com/investors/2021-shareholder-meeting)). Requests should be received at least ten 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.

### Who Can Vote?

Only shareholders of record at the close of business on April 23, 2021 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 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.

### Proxy Solicitation

Management of Touchstone is soliciting your proxy for the Meeting. Touchstone pays all costs for producing and mailing this Information Circular and Meeting materials and for soliciting your proxy. Brokers, nominees or other persons holding common shares in their names will be reimbursed for their reasonable charges and expenses in forwarding proxies and proxy material to the Beneficial Shareholders of such common shares. Touchstone employees and directors may contact you by telephone, electronically or in person to encourage you to vote; however, they are not paid for these services. While no arrangements have been made to date by Touchstone, the Company may contract for the distribution and solicitations of proxies for the Meeting.

### How to Participate in the Meeting

Registered Shareholders and duly appointed proxyholders (including Beneficial Shareholders who have duly appointed themselves as proxyholder) who participate in the Meeting online will be able to listen to the virtual Meeting, ask questions and vote, all in real time, provided they are connected to the internet and properly follow the instructions on the website. Beneficial Shareholders who have not duly appointed themselves as proxyholders may still participate in the Meeting as guests. Guests will be able to listen to the Meeting but will not be able to vote at the Meeting or ask questions.

Please follow the steps to attend the virtual-only Meeting:

- Go to <https://web.lumiagm.com/250272848> in your web browser.
- If you have voting rights, select "Login" and enter your username and the password "touchstone2021" (case sensitive).
- If you do not have voting rights, select "Guest" and complete the online form.

**You will be able to log into the website from 9:30 a.m. (Mountain time) on June 9, 2021. The Meeting will start at 10:00 a.m. (Mountain time).**

Please visit <https://odysseytrust.com/virtual-meetings-tutorial/> for a tutorial on logging in, participating and voting in the virtual Meeting.

In addition, please visit our website ([www.touchstoneexploration.com/investors/2021-shareholder-meeting](http://www.touchstoneexploration.com/investors/2021-shareholder-meeting)) or our profile on SEDAR ([www.sedar.com](http://www.sedar.com)) for a detailed virtual meeting user guide.

### **Asking Questions at the Meeting**

Touchstone believes that the ability to participate in the Meeting in a meaningful way remains important despite the decision to hold the Meeting virtually. Registered Shareholders, Beneficial Shareholders who have appointed themselves as proxyholders and proxyholders accessing the Meeting will have the opportunity to ask questions at the Meeting in writing by sending a message to the Chair of the Meeting online through the virtual meeting platform.

### **Difficulties in Accessing the Meeting**

Shareholders with questions regarding the virtual meeting portal or requiring assistance accessing the Meeting website may contact Lumi support at [support@lumiglobal.com](mailto:support@lumiglobal.com) or visit [www.lumiglobal.com/faq](http://www.lumiglobal.com/faq) for additional information.

If you are accessing the Meeting you must remain connected to the internet at all times during the Meeting in order to vote when balloting commences. If you lose connectivity once the Meeting has commenced, there may be insufficient time to resolve your issue before ballot voting is completed. Therefore, even if your current plan is to access the Meeting and vote during the live webcast, you should consider voting your common shares in advance or by proxy so that your vote will be counted in the event that you experience any technical difficulties or are otherwise unable to access the Meeting.

## **VOTING AND PROXIES**

### **Registered Shareholders**

You are a Registered Shareholder if you have share certificates in your name.

### **How to Vote**

If you are a Registered Shareholder, you can vote your common shares using the form of proxy provided by the Company or by participating and voting in real time at the Meeting online. The 12-digit control number located at the bottom of your proxy form is your username required to login to the Meeting.



## ***Voting by Proxy***

Shares represented by proxy will be voted as directed by the holder. The representatives of Touchstone named in the form of proxy are willing to serve as proxyholders, and voting instructions can be provided to them in one of two ways:

- through the internet by using the 12-digit control number located at the bottom of the proxy at <https://login.odysseytrust.com/pxlogin>; or
- by completing the proxy form and mailing it in the enclosed envelope.

If appointed and you do not specify your voting instructions, the representatives of Touchstone will vote your shares FOR each item of business.

**Alternatively, you have the right to appoint a proxyholder (who need not be a shareholder) other than the representatives of Touchstone designated in the form of proxy to represent you at the Meeting.** If you wish to appoint someone else to be your proxyholder, please insert the name of your chosen proxyholder in the space provided on the proxy form and return your proxy by mail or vote by using the internet at <https://login.odysseytrust.com/pxlogin>. In addition, **YOU MUST** email [touchstone@odysseytrust.com](mailto:touchstone@odysseytrust.com) by 10:00 a.m. (Mountain time) on Monday, June 7, 2021 and provide Odyssey with the required information for your chosen proxyholder so that Odyssey may provide the proxyholder with a control number via email. This control number will be the username to allow your proxyholder to login to and vote at the Meeting. Without a control number your proxyholder will only be able to login to the Meeting as a guest and will not be able to vote.

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.

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 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, regardless of whether or not the amendments or variations or such other matters are routine or contested, 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.

## **Beneficial Shareholders**

Many of our shareholders are Beneficial Shareholders. You are a beneficial shareholder if your shares are registered in the name of a nominee, such as your bank, trust company, securities broker or trustee ("**Beneficial Shareholders**"). 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. In the United States, most common shares are registered in the name of Cede & Co., the nominee of The Depository Trust Company.

Brokers or nominees can only vote the shares for their clients if they have received specific voting instructions from them.

## ***Voting Instructions***

To vote your shares as a Beneficial Shareholder, you must give your broker your voting instructions using the voting instruction form provided. Be sure to follow the instructions provided on the form to allow enough time for your voting instructions to reach your nominee, so they have sufficient time to process them prior to the Meeting.

The majority of brokers and nominees delegate responsibility for obtaining voting instructions from their clients to Broadridge. Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy that is to be completed and returned to them by mail or fax. Alternatively, you can call the toll-free telephone number or visit [www.proxyvote.com](http://www.proxyvote.com) to submit your voting instructions. The voting instruction form cannot be used at the Meeting; it must be returned to Broadridge well in advance of the Meeting in order to have your shares voted.

For any questions respecting the voting of common shares held through an intermediary, please contact that intermediary for assistance.

### ***Voting at the Meeting***

If you are a Beneficial Shareholder and you want to participate in the Meeting and vote your shares in real time, you must print your own name as the proxyholder on the voting instruction form and return it in the enclosed envelope. Do not complete the rest of the form or submit your voting instructions because your vote will be taken at the Meeting. If your voting instruction form indicates that you can vote online, you must type your name as proxyholder on the online form according to the instructions.

Odyssey will provide you with a 12-digit control number via email after the proxy voting deadline has passed, and you have been duly appointed and registered as described in "*Registered Shareholders – Voting by Proxy*" above.

### ***Depository Interest Holders***

Beneficial shareholders who hold their common shares through the depository ("**Depository Interest Holders**") Link Group (the "**Depository**") are required to follow the following UK voting instructions.

Depository Interest Holders can direct the Depository how to vote their common shares or abstain from voting by completing, signing and returning the enclosed form of direction (the "**Form of Direction**"). To be valid, the Form of Direction must be filled out, executed (exactly as the shareholder's name appears on the Form of Direction), and returned by mail using the enclosed envelope, or by courier or hand delivery to the office of the Depository, Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, no later than 5:30 p.m. (BST) on June 1, 2021 in order for the Depository to vote as per your instructions at the Meeting. Alternatively, Depository Interest Holders may instruct the Depository how to vote by utilizing the CREST electronic voting service as explained under the following "*Crest Voting Instructions*" heading below.

If Depository Interest Holders receive requests from underlying Beneficial Shareholders to participate in the virtual Meeting and vote their common shares in real time at the virtual Meeting, they should refer to the instructions included in the covering letter accompanying the Form of Direction.

### ***CREST Voting Instructions***

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting or any adjournments or postponements thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (the "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted by no later than Wednesday, June 2, 2021 (under CREST Participation ID RA10). The time of receipt will be taken to be the time from which the issuer's agent is able to retrieve

the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instruction. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

### **Deadline to Vote**

Odyssey, our transfer agent, must receive your completed proxy form or voting instructions by 10:00 a.m. (Mountain time) on Monday, June 7, 2021, or if the Meeting is adjourned or postponed, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays observed in the Province of Alberta) prior to the time set for the Meeting to be reconvened.

If you are a Beneficial Shareholder, we recommend sending your voting instructions immediately, which will allow enough time for your nominee to receive the information and forward it to Odyssey.

### **Changing Your Vote**

You can revoke a proxy form you previously submitted by sending us a revocation notice in writing from you or an attorney to whom you have given written authorization. If the shareholder is a corporation, the change must be made under its corporate seal or by an authorized officer or attorney. The written notice must be delivered to our head office any time before 4:30 p.m. (Mountain time) on Tuesday, June 8, 2021 or if the Meeting is adjourned or postponed, the last business day before the date the Meeting is reconvened. The Chair of the Meeting may waive or extend the proxy cut-off without notice. You can also revoke your proxy in any other way the law permits. If you have followed the process for participating in and voting at the Meeting online as described under the heading "*How to Participate in the Meeting*" above, voting at the Meeting online will revoke your previous proxy. If you are a Beneficial Shareholder, contact your broker, financial institution or the nominee that holds your common shares to revoke your voting instructions.

### **Quorum for Meeting and Approval Requirements**

At the Meeting, our by-laws state that quorum shall consist of two or more persons present and holding or representing by proxy not less than five percent of the outstanding common shares. If a quorum is not present at the opening of the Meeting, the shareholders present may adjourn the meeting to a fixed time and place but may not transact any other business.

All matters to be considered at the Meeting are ordinary resolutions requiring approval by more than 50 percent of the votes cast in respect of the resolution at the Meeting.

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, 209,399,627 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) ("**ABCA**") for the declaration and payment of such dividends.

The record date for the determination of shareholders is April 23, 2021, and only shareholders of record at the close of business on such date are entitled to receive notice of, participate in, and vote at the Meeting, unless a shareholder has transferred its common shares subsequent to that date and the transferee of those common shares, not later than ten 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.

To the best of the knowledge of the directors and executive officers of the Company, as of the date hereof, there are no persons or companies who beneficially own, directly or indirectly, or control or direct common shares carrying more than ten percent of the voting rights attached to all of the issued and outstanding common shares.

## OTHER MATTERS RELATED TO THE MEETING

### Majority Voting Policy

The Board adopted a Majority Voting Policy because Touchstone believes it reflects good corporate governance. Unless there is a contested election, a director who receives more "withhold" than "for" votes will tender their resignation to the Chair 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 days of the particular annual 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 in advance of issuance. A copy of the policy is available on our website at [www.touchstoneexploration.com](http://www.touchstoneexploration.com) (under the heading "Governance" and subheading "Board of Directors").

### Advance Notice By-law

Amended and Restated By-law No. 1 of the Company (the "**By-law**"), which was ratified by shareholders at the Company's annual and special meeting of shareholders held in 2017, contains advance notice provisions, which provide shareholders, the Board and Management of the Company with a clear framework for nominating directors to help ensure orderly business at shareholder meetings by effectively preventing a shareholder from putting forth director nominations from the floor of a shareholder meeting without prior notice. Among other things, the By-law fixes a deadline by which shareholders must submit notice of director nominations to the Company prior to any annual or special meeting of shareholders. It also specifies the information that a nominating shareholder must include in the notice to the Company regarding each director nominee and the nominating shareholder for the notice to be in proper written form in order for any director nominee to be eligible for nomination and election at any annual or special meeting of shareholders of the Company. These requirements are intended to provide all shareholders with the opportunity to evaluate and review the proposed candidates and vote on an informed and timely manner.

regarding such nominees. The By-law does not affect nominations made pursuant to a "proposal" made in accordance with the ABCA or a requisition of a meeting of shareholders made pursuant to the ABCA. As of the date of this Information Circular, the Company has not received any nominations pursuant to the advance notice provisions contained in the By-law.

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

The following matters will be acted upon at the Meeting:

Proposal	Management's recommendation
Fix the number of directors at eight	FOR
Elect the eight Management nominees as directors	FOR
Appoint Ernst & Young LLP as auditors	FOR
Approve all unallocated options under our stock option plan	FOR
Confirm the continuation of our shareholder rights plan and approve the amendment and restatement of our shareholder rights plan agreement	FOR

#### **Receipt of the Financial Statements and Auditors' Report**

At the Meeting, shareholders will receive the comparative annual financial statements of the Company for the year ended December 31, 2020 together with the auditors' report thereon, but no vote by the shareholders with respect thereto is required or proposed to be taken.

The comparative annual financial statements and related management's discussion and analysis for the year ended December 31, 2020 are available under the Company's profile on SEDAR ([www.sedar.com](http://www.sedar.com)) and on Touchstone's website ([www.touchstoneexploration.com](http://www.touchstoneexploration.com)).

#### **Fixing the Number of Directors and Election of Directors**

It is proposed that the number of directors to be elected at the Meeting, to hold office until the next annual meeting of the Company or until their successors are elected or appointed, be fixed at eight. The eight nominees proposed by Management for election as directors of Touchstone are as follows:

<b>Paul R. Baay</b>	<b>Stanley T. Smith</b>
<b>Kenneth R. McKinnon</b>	<b>Thomas E. Valentine</b>
<b>Peter Nicol</b>	<b>Dr. Harrie Vredenburg</b>
<b>Beverley Smith</b>	<b>John D. Wright</b>

The eight nominees proposed for election as directors at the Meeting are current directors of the Company. We feel these nominees are well qualified to be directors of Touchstone, and each nominee has indicated their willingness to serve as a director until the next meeting of shareholders. Voting for the election of directors will be conducted on an individual, not a slate basis. Please refer to "Board of Directors" in this Information Circular for further information regarding the nominated directors.

**Management recommends that shareholders vote FOR fixing the number of directors to be elected at the Meeting at eight and FOR the election of the Management nominees as directors. Unless instructed otherwise, the persons named in the enclosed form of proxy will vote FOR fixing the number of directors to be elected at the Meeting at eight and FOR the election of the Management nominees as directors.**

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. Between annual 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 meeting.

If for any reason, any of the proposed nominees does not stand for election or is unable to serve as such, the Management designees named in the form of proxy reserve the right to vote for any other nominee in their sole discretion unless the shareholder has specified therein that its common shares are to be withheld from voting on the election of directors.

### Appointment of Auditors

The Audit Committee of the Board has reviewed the performance of Ernst & Young LLP, Chartered Professional Accountants, including its independence relating to the audit, and recommends the re-appointment of Ernst & Young LLP as Touchstone's auditors for 2021. The Audit Committee appoints an independent registered accounting firm annually, and Ernst & Young LLP has served in this capacity since 2014.

**Management recommends that shareholders vote FOR the appointment of Ernst & Young LLP as our auditors. Unless instructed otherwise, the persons named in the enclosed form of proxy will vote FOR the appointment of Ernst & Young LLP as our auditors.**

The following table summarizes the aggregate fees paid or payable to our auditors, Ernst & Young LLP, for external audit and other services for the years ended December 31, 2020 and 2019. Invoices denominated in foreign currencies have been translated to Canadian dollars at average exchange rates for the relevant years.

Year	Audit fees (\$) <sup>(1)</sup>	Audit-related fees (\$) <sup>(2)</sup>	Tax fees (\$) <sup>(3)</sup>	All other fees (\$) <sup>(4)</sup>	Total fees (\$)
2020	236,030	Nil	38,583	Nil	274,613
2019	233,182	Nil	70,417	Nil	303,599

**Notes:**

- "Audit fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit fees also include audit or other attest services in connection with statutory and regulatory filings and engagements.
- "Audit-related fees" include fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements but not reported as Audit Fees.
- "Tax fees" include fees for professional services for tax compliance, tax planning and tax advice.
- "All other fees" include fees for all other services not meeting the fee classifications above.

Certain information regarding the Company's Audit Committee that is required to be disclosed in accordance with National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") is contained in the Company's 2020 Annual Information Form dated March 25, 2021 (the "**2020 AIF**") under the heading "*Audit Committee Information*" and in Appendix "C" attached to the 2020 AIF.

### Approval of Unallocated Stock Options under the Stock Option Plan

In accordance with the requirements of the TSX, every three years after institution, all unallocated options, rights and other entitlements under a security-based compensation arrangement which does not have a fixed maximum number of securities issuable (commonly referred to as a "rolling plan") must be approved by a majority of the issuer's directors and the issuer's security holders. As the Company's stock option plan (the "**Stock Option Plan**") does not have a fixed maximum number of securities issuable thereunder, the shareholders are required to consider and, if thought fit, approve all unallocated options to purchase common shares ("**Stock Options**") issuable under the Stock Option Plan. See "*Securities Authorized for*

*Issuance Under Equity Compensation Plans – Stock Option Plan*". A copy the Stock Option Plan is attached as Appendix "C" to this Information Circular.

Pursuant to the terms of the Stock Option Plan, the maximum number of common shares reserved for issuance under all of the Company's security-based compensation arrangements (as defined in the TSX Company Manual) is ten percent of the issued and outstanding Common Shares from time to time. As of the date of this Information Circular, there are 9,552,434 Stock Options outstanding, representing approximately 4.6 percent of the current issued and outstanding Common Shares. At the Meeting, shareholders will be asked to approve the replenishment of 11,387,528 unallocated Stock Options (which represents approximately 5.4 percent of the current issued and outstanding common shares).

At the Meeting, the following ordinary resolution (the "**Unallocated Entitlements Resolution**") will be placed before shareholders for approval:

"BE IT RESOLVED THAT:

1. all unallocated entitlements under the Company's Stock Option Plan are hereby approved, which approval shall be effective until June 9, 2024; and
2. any one officer or director of the Company is hereby authorized to execute and deliver all such documents and to do all such acts as may be deemed advisable in such individual's discretion for the purpose of giving effect to this foregoing resolution."

To be adopted, the Unallocated Entitlements Resolution must be approved by a majority of votes cast at the Meeting. If the Unallocated Entitlements Resolution is not approved, the currently outstanding Stock Options will continue unaffected, and no additional Stock Options may be granted under the Stock Option Plan. Furthermore, currently outstanding Stock Options that are subsequently cancelled or terminated will not be available for issuance under the Stock Option Plan.

**Management recommends that shareholders vote FOR the approval of the Unallocated Entitlements Resolution. Unless instructed otherwise, the persons named in the enclosed form of proxy will vote FOR the approval of the Unallocated Entitlements Resolution.**

## **Continuation of the Shareholder Rights Plan and Amendment of the Shareholder Rights Plan Agreement**

### **General**

The Company established its shareholder rights plan (the "**Rights Plan**") pursuant to a Shareholder Rights Plan Agreement (the "**Rights Plan Agreement**") dated as of November 19, 2012 between the Company (then 1708589 Alberta Ltd.) and Computershare Trust Company of Canada ("**Computershare**"), as rights agent. The Rights Plan was approved by the shareholders at the Company's 2012 annual meeting of shareholders and confirmed by the shareholders at the Company's 2015 and 2018 annual meetings of shareholders. Effective April 12, 2021, Computershare was discharged from its duties as rights agent under the Rights Plan Agreement, and Odyssey was appointed as successor rights agent to act on behalf of the Company and the holders of the Rights (as defined in the Rights Plan Agreement).

The Rights Plan is not being confirmed, amended and restated in response to, or in anticipation of, any pending or threatened acquisition proposal or to deter take-over bids generally. As of the date of this Information Circular, the Board is not aware of any third party considering or preparing any proposal to acquire control of the Company.

The primary objectives of the Rights Plan are to create a mechanism to assist in maximizing shareholder value in the face of a take-over bid and to encourage the fair and equal treatment of all shareholders.

Notwithstanding the protections afforded by Canadian securities legislation, there are still concerns related to the potential for unequal treatment of shareholders due to the possibility that control of the Company could be acquired pursuant to a private agreement in which one or a small group of shareholders dispose of shares at a premium to market price, which premium is not shared with the other shareholders. In addition, a person may slowly accumulate shares through stock exchange acquisitions which may result, over time, in an acquisition of control without payment of fair value for control or a fair sharing of a control premium among all shareholders. The Rights Plan is intended to mitigate the potential for such "creeping" take-over bids. It does so by encouraging a potential bidder to proceed either by way of a Permitted Bid (as described below), which requires the take-over bid to satisfy certain minimum standards designed to promote fairness or with the concurrence of the Board.

Under Canadian securities legislation, a take-over bid generally means an offer to acquire voting or equity shares of a person or persons where the shares subject to the offer to acquire, together with shares already owned by the bidder and certain related parties, comprise 20 percent or more of the outstanding shares of a company. While the Rights Plan is intended to regulate certain aspects of take-over bids for the Company, it is not intended to deter a bona fide attempt to acquire control of the Company if the offer is made fairly. The Rights Plan does not affect the duty of the Board to give due and proper consideration to any offer that is made and to act honestly, in good faith and in the best interests of the Company and its shareholders. The Rights Plan utilizes the mechanism of the Permitted Bid to ensure that a person or persons seeking control of the Company allows shareholders and the Board sufficient time to evaluate the bid. The purpose of the Permitted Bid feature is to allow a potential bidder to avoid the dilutive features of the Rights Plan by making a bid in conformity with the conditions specified in the Permitted Bid provisions.

If a person or persons make a take-over bid that is a Permitted Bid, the Rights Plan will not affect the transaction in any respect. Otherwise, a person will likely find it impractical to acquire 20 percent or more of the outstanding common shares because the Rights Plan will substantially dilute the holdings of a person or group that seeks to acquire such an interest other than by means of a Permitted Bid or on terms approved by the Board. When a person or group or their transferees become an Acquiring Person (as defined in the Rights Plan Agreement), the Rights beneficially owned by those persons become void, thereby permitting their holdings to be diluted. The possibility of such dilution is intended to encourage such persons to make a Permitted Bid or to seek to negotiate with the Board the terms of an offer which is fair to all shareholders.

The most common approaches that a bidder may take to have the Rights Plan withdrawn are to approach the Board with a view to negotiating a transaction acceptable to the Board and obtaining a waiver of the Rights Plan or to apply to a securities commission to order the withdrawal of the Rights Plan. Both of these approaches will achieve the objectives of the Rights Plan because they will give the Board more control over any sale process and increase the likelihood of maximizing shareholder value. A potential bidder can also avoid the dilutive features of the Rights Plan by making a take-over bid that conforms to the requirements of a Permitted Bid.

The issuance of the Rights will not interfere with the day-to-day operations of the Company and will not in any way alter the financial condition of the Company. The issuance is not inherently dilutive, will not affect reported earnings per share and will not change the way in which shareholders would otherwise trade common shares. By permitting holders of Rights, other than an Acquiring Person, to acquire common shares at a discount to market value, the Rights may cause substantial dilution to a person or group of persons who acquire 20 percent or more of the voting securities of the Company other than by way of a Permitted Bid or other than in circumstances where the Rights are redeemed or the application of the Rights Plan is waived.

### ***Proposed Continuation, Amendment and Restatement***

Shareholders will be asked at the Meeting to consider and, if deemed advisable, to approve a resolution (the "**Rights Plan Resolution**") confirming and approving the continuation of the Rights Plan and the amendment and restatement of the Rights Plan Agreement. The amended and restated Rights Plan Agreement (the "**Proposed Amended Rights Plan Agreement**") was unanimously approved by the Board on April 5, 2021. It is intended to become effective if and when the Rights Plan Resolution is approved by



a majority of votes cast by the Independent Shareholders (as defined in the Rights Plan Agreement) at the Meeting. An "Independent Shareholder" is generally any shareholder other than an Acquiring Person and such person's associates and affiliates. An "Acquiring Person" is usually a person who has acquired 20 percent or more of the Company's common shares. As of the date of this Information Circular, the Company is not aware of any shareholder who would not be considered an Independent Shareholder, and therefore it is anticipated that all shareholders will be eligible to vote their common shares on the Rights Plan Resolution at the Meeting.

The TSX has accepted notice for filing of the Proposed Amended Rights Plan Agreement, subject to approval of the Rights Plan Resolution by the shareholders at the Meeting.

### ***Proposed Amendments to the Rights Plan***

The Proposed Amended Rights Plan Agreement is reflective of certain regulatory updates, current market practices, and the fact the Company recently transitioned its transfer agent, registrar and rights agent services from Computershare to Odyssey. Amendments include the following:

- the definition of "Close of Business" was amended to align with the CSA Amendments made in May 2016;
- the minimum period that a take-over bid must remain open for the bid to constitute a "Permitted Bid" or a "Competing Permitted Bid" that does not trigger the separation of the Rights was amended to align with the CSA Amendments made in May 2016;
- the redemption provisions were amended such that the Company will only be required to make a payment to any particular Shareholder for the redemption of their Rights if the required payment is at least \$10;
- the definition of "U.S.-Canadian Exchange Rate" was amended to reflect the fact that the Bank of Canada no longer publishes a noon rate; and
- certain other amendments were made of a "housekeeping" nature to provide greater clarity and consistency.

### ***Summary of the Rights Plan***

A summary of the principal terms of the Rights Plan is attached as Appendix "D" to this Information Circular. Unless otherwise indicated, all capitalized terms used in this section of the Information Circular have the meanings set forth in the Proposed Amended Rights Plan Agreement. The complete text of the Proposed Amended Rights Plan Agreement is available on the Company's website ([www.touchstoneexploration.com](http://www.touchstoneexploration.com)). Both the Rights Plan Agreement and the Proposed Amended Rights Plan Agreement are also available to any Shareholder upon request. Shareholders wishing to receive a copy should contact the Company by telephone at (403) 750-4400 or by facsimile at (403) 266-5794, in both cases to the attention of the Chief Financial Officer of the Company.

### ***Rights Plan Resolution***

At the Meeting, the following ordinary resolution will be placed before Shareholders for approval:

"BE IT RESOLVED THAT:

1. the shareholder rights plan of the Company be continued and the Amended and Restated Rights Plan Agreement dated June 9, 2021 between the Company and Odyssey Trust Company, which amends and restates the Shareholder Rights Plan Agreement dated as of November 19, 2012 between the Company (then 1708589 Alberta Ltd.) and Computershare Trust Company of Canada, and which continues the rights issued thereunder, be and the same is hereby approved and confirmed; and

2. any two directors or officers of the Company are authorized and directed, on behalf of the Company, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Company or otherwise) that may be necessary or desirable to give effect to the above resolution."

To be adopted, the Rights Plan Resolution must be approved by a majority of votes cast by Independent Shareholders at the Meeting. If the Rights Plan Resolution is not approved, the Rights Plan will become void and of no further force and effect upon the termination of the Meeting, and the Company will cease to have any form of shareholder rights plan.

The Board has reviewed the Rights Plan for conformity with current practices of Canadian issuers with respect to shareholder rights plan design. Based on its review, and for the reasons outlined above, the Board has determined that it is advisable and in the best interests of the Company and the shareholders that the Company has in place a shareholder rights plan in the form of the Rights Plan. Accordingly, the Board resolved to adopt the Rights Plan and to submit the Rights Plan for approval by the shareholders at the Meeting.

**Management recommends that shareholders vote FOR the approval of the Rights Plan Resolution. Unless instructed otherwise, the persons named in the enclosed form of proxy will vote FOR the approval of the Rights Plan Resolution.**

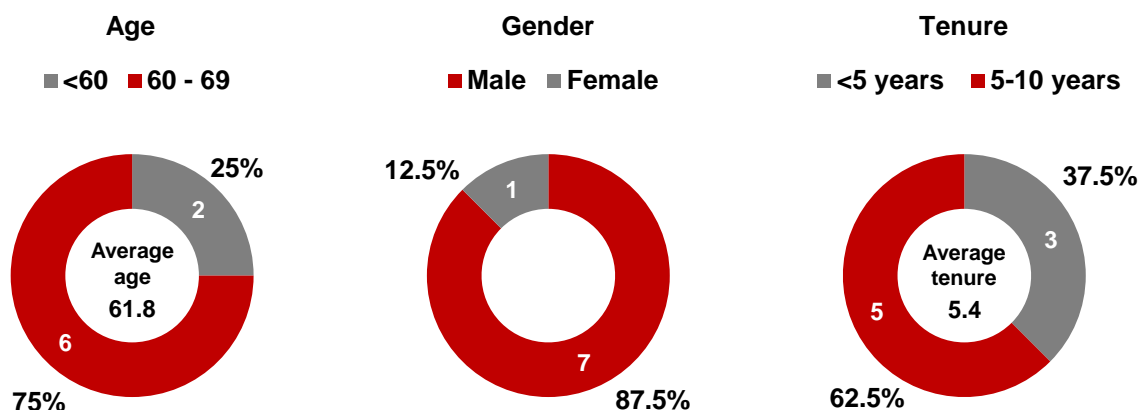
### Other Matters

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

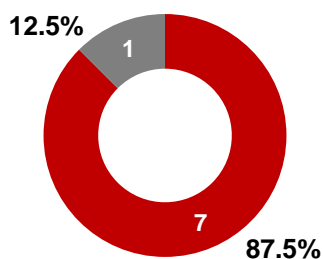
## BOARD OF DIRECTORS

The Board of Directors is responsible for the stewardship of Touchstone on behalf of its shareholders to ensure the long-term success of the Company. The Board currently has eight members, including seven independent, non-management directors and the President and Chief Executive Officer. The directors have a range of leadership in the international oil and gas industry, as well as expertise in other disciplines that are beneficial to the Company and its shareholders.

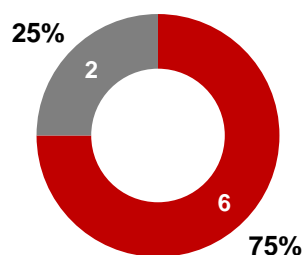
### Overview of the Nominated Directors



**Independence**  
 ■ Independent ■ Non-independent

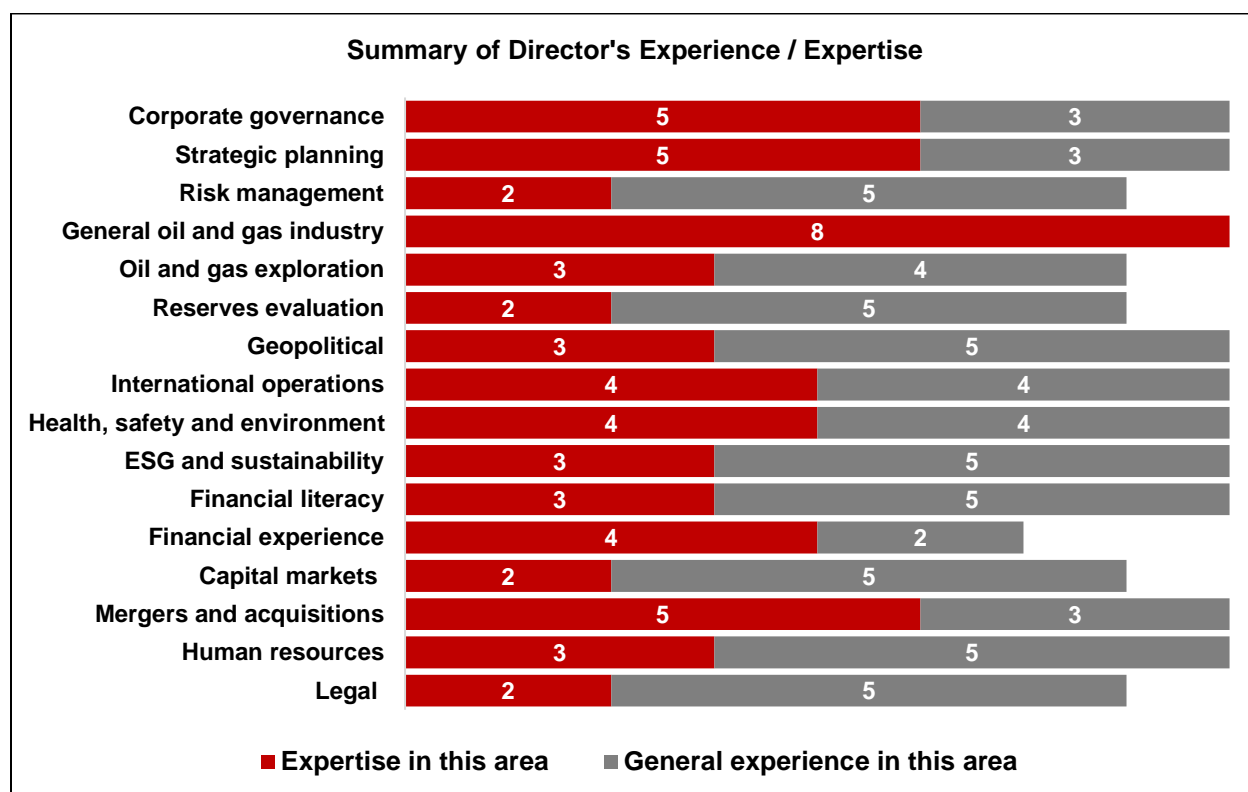


**Geographical Location**  
 ■ Canada ■ UK



### Summary of Nominated Director's Experience

The following table sets forth the mix of experience and knowledge of our nominated directors.



### Biographies of Nominated Directors

As of the date hereof, the directors of the Company, as a group, beneficially owned, controlled or directed, directly or indirectly, 7,575,092 common shares representing approximately 3.6 percent of the issued and outstanding common shares. The following information related to the director nominees, including common shares beneficially owned, or controlled or directed, directly or indirectly, is based upon information furnished to the Company by the respective nominees.

**Paul R. Baay, ICD.D**  
 Calgary, Alberta, Canada  
 Age: 58

Director since May 13, 2014  
 Non-independent director  
 Shareholder approval rating at the 2020 annual meeting:  
 98.99%

Mr. Baay has over 25 years of experience leading oil and gas exploration and production companies and is currently our President and Chief Executive Officer. Mr. Baay established Touchstone Energy Inc. and was the former Chair of the Board and Chief Executive Officer from July 2010 to May 2014. Prior thereto, Mr. Baay was Managing Director of Abacus Energy, part of Abacus Private Equity from 2007 through 2010 and was a Senior Officer of True Energy Inc. from 2000 through 2007. From 2005 to 2012 he was the Chair of the Board of Directors of Vero Energy Inc. From 1998 to 2000 he was the Chair of the Board of Directors of Request Seismic Surveys Ltd. and served as President, Chief Executive Officer, and Director of Remington Energy Ltd. from 1991 to 1999.

Mr. Baay is Vice Chair of the Board of Directors of the Alberta Foundation for the Arts and is a member of the Board of Trustees of the National Art Gallery of Canada. He is a member of the Institute of Corporate Directors and is a graduate of the University of Western Ontario, with a BA in administrative and commercial studies.

Board and Committee Participation		Position	Meetings	Attendance
Board of Directors		Member	6/6	100%
Equity Holdings <sup>(1)</sup>	2020		2019	
	Number	Value (\$)	Number	Value (\$)
Common shares <sup>(2)</sup>	1,405,740	3,078,571	1,381,407	566,377
Stock Options <sup>(3)</sup>	1,800,000	3,445,500	1,650,000	297,000
<b>Total<sup>(4)</sup></b>	<b>3,205,740</b>	<b>6,524,071</b>	<b>3,031,407</b>	<b>863,377</b>
Other Public Board Directorships		Committee Positions		
n/a		n/a		

**Kenneth R. McKinnon, Q.C., ICD.D**

Calgary, Alberta, Canada

Age: 62

Director since October 24, 2012

Independent director

Shareholder approval rating at the 2020 annual meeting:  
87.16%

Mr. McKinnon has been an independent consultant since July 2020. Prior thereto, he was a Partner at Citrus Capital Partners Ltd. (advisory and consulting firm) from January 2014 to June 2020. Mr. McKinnon previously held various executive positions with Critical Mass (a digital experience design agency) over a period of 18 years, most recently as Senior Vice-President and General Counsel.

Mr. McKinnon has been a director of Touchstone Exploration Inc. (formerly Petrobank Energy and Resources Ltd.) since its incorporation in October 2012. Mr. McKinnon is a Director and Chair of the Compensation Committee of Alvo Petro Energy Ltd., positions he has held since November 2013. In addition, Mr. McKinnon is a Director, the Chair of the Audit Committee and the Chair of the Compensation and Governance Committee of The Supreme Cannabis Company Inc. since March 2019. Previously, Mr. McKinnon was a Director of Lightstream Resources Ltd. from October 2009 to December 2016 and held the position of Chair of the Board of Directors from May 2011 through December 2016.

Mr. McKinnon previously served on the Board of Governors of the University of Calgary and as a Director of Alberta Innovates, holding positions on the Executive Committee and as Chair of the Compensation and Governance Committees in each organization. Mr. McKinnon is a member of the Institute of Corporate Directors.

Board and Committee Participation		Position	Meetings	Attendance
Board of Directors		Member	6/6	100%
Audit Committee		Member	4/4	100%
Compensation and Governance Committee		Chair	3/3	100%
Equity Holdings <sup>(1)</sup>	2020		2019	
	Number	Value (\$)	Number	Value (\$)
Common shares <sup>(2)</sup>	544,754	1,193,011	354,754	145,449
Stock Options <sup>(3)</sup>	467,500	886,325	568,750	88,850
<b>Total<sup>(4)</sup></b>	<b>1,012,254</b>	<b>2,079,336</b>	<b>923,504</b>	<b>234,299</b>
Other Public Board Directorships		Committee Positions		
Alvo Petro Energy Ltd.		Chair of the Compensation Committee		
The Supreme Cannabis Company Inc.		Chair of the Audit Committee Chair of the Compensation and Governance Committee		

**Peter Nicol**  
 London, United Kingdom  
 Age: 64

Director since June 26, 2017  
 Independent director  
 Shareholder approval rating at the 2020 annual meeting:  
 88.50%

Mr. Nicol has over 40 years of experience in the oil and gas sector in both industry and investment banking. He founded and has been the Chief Executive Officer of Locin Energy Ltd. (energy consulting firm) since March 2012. Mr. Nicol is currently a Director and member of the Audit Committee and Compensation Committee of Eco (Atlantic) Oil and Gas Ltd., a public company dual listed on the TSXV and AIM. He also serves as a Director of ERC Equipoise Limited and Thorogood Associates Ltd., both private companies.

He has worked with and advised a number of small-medium cap and private-equity financed companies in the United Kingdom, Canada and Norway on mergers and acquisitions, financing and as a Director. Mr. Nicol was formerly a partner in GMP Securities Europe as the Head of the Oil and Gas Research, researching and raising capital for international oil and gas exploration and production companies. Mr. Nicol also previously held positions with Tristone Capital as Executive Managing Director for International Oil and Gas Research, ABN AMRO as Global Sector Director of Oil and Gas Research, as Head of European Oil and Gas Research at Goldman Sachs and was involved in the flotations of Petrobras, PetroChina, Repsol and ENI. Mr. Nicol started his career with British National Oil Corporation in a variety of commercial roles.

Mr. Nicol holds a Bachelor of Science in mathematics and economics.

<b>Board and Committee Participation</b>	<b>Position</b>	<b>Meetings</b>	<b>Attendance</b>	
Board of Directors	Member	6/6	100%	
Audit Committee	Member	4/4	100%	
Health, Safety, Environment and Reserves Committee	Chair	2/2	100%	
<b>Equity Holdings<sup>(1)</sup></b>	<b>2020</b>		<b>2019</b>	
	<b>Number</b>	<b>Value (\$)</b>	<b>Number</b>	<b>Value (\$)</b>
Common shares <sup>(2)</sup>	145,668	319,013	145,668	59,724
Stock Options <sup>(3)</sup>	457,500	869,225	325,000	64,150
<b>Total<sup>(4)</sup></b>	<b>603,168</b>	<b>1,188,238</b>	<b>470,668</b>	<b>123,874</b>
<b>Other Public Board Directorships</b>	<b>Committee Positions</b>			
Eco (Atlantic) Oil and Gas Ltd.	Chair of Audit Committee Compensation Committee			

<b>Beverley Smith</b>	Director since December 22, 2020
Ascot, United Kingdom	Independent director
Age: 55	Shareholder approval rating at the 2020 annual meeting: n/a <sup>(i)</sup>

Ms. Smith is a chartered geologist and an accomplished business leader with over 30 years of experience in the oil and gas sector, having delivered a portfolio of achievements in a successful international career with BG Group, most recently as the Vice President Exploration and Growth for Europe from March 2015 to December 2016. Ms. Smith has been an independent consultant since January 2017.

Ms. Smith has a background in development and production geology and subsurface management, notably in Trinidad (Hibiscus, Poinsettia and Ixora fields), Tunisia and various operated and non-operated developments in the United Kingdom. Ms. Smith brings further corporate governance expertise to the Board with a proven track record of improving risk management capabilities, safety frameworks, and ensuring accountability and transparency. Ms. Smith is a Director at Hurricane Energy plc since December 2019 and was the former Interim Chief Executive Officer of the company from June to September 2020.

Ms. Smith was a former President of the Petroleum Exploration Society of Great Britain and obtained a Bachelor of Science degree in geology and a Master of Science degree in petroleum geology.

Board and Committee Participation	Position	Meetings	Attendance	
Board of Directors <sup>(i)</sup>	Member	n/a	n/a	
Compensation and Governance Committee <sup>(i)</sup>	Member	n/a	n/a	
Health, Safety, Environment and Reserves Committee <sup>(i)</sup>	Member	n/a	n/a	
Health, Safety, Social and Environmental Committee <sup>(ii)</sup>	Chair	n/a	n/a	
Equity Holdings <sup>(1)</sup>	2020		2019	
	Number	Value (\$)	Number	Value (\$)
Common shares <sup>(2)</sup>	Nil	Nil	Nil	Nil
Stock Options <sup>(3)</sup>	115,000	13,800	Nil	Nil
<b>Total<sup>(4)</sup></b>	<b>115,000</b>	<b>13,800</b>	<b>Nil</b>	<b>Nil</b>
Other Public Board Directorships	Committee Positions			
Hurricane Energy plc	Technical Committee ESG Committee			

**Notes:**

- (i) Appointed to the Board and as a member of the Compensation and Governance Committee and the Health, Safety, Environment and Reserves Committee (the "**HSE and Reserves Committee**") on December 22, 2020.
- (ii) Appointed as Chair of the Health, Safety, Social and Environmental Committee (the "**HSSE Committee**") upon its adoption on March 25, 2021.

**Stanley T. Smith, CPA, CA, ICD.D**

Calgary, Alberta, Canada

Age: 67

Director since October 4, 2017

Independent director

Shareholder approval rating at the 2020 annual meeting:  
88.46%

Mr. Smith is a designated accountant with over 39 years of public accountant experience. Mr. Smith has been an independent consultant since October 2016. Prior thereto, he was a Partner at KPMG LLP from March 1981 until his retirement in September 2016. Mr. Smith's focus of practice was public company auditing and advising, primarily in the oil and gas exploration, production and service industry.

Mr. Smith was formerly a director of Toscana Energy Income Corporation, Razor Energy Corp. and Savanna Energy Services Corp. Mr. Smith is a member of the Chartered Professional Accountants of Alberta and Institute of Corporate Directors and obtained a BCom from Concordia University.

<b>Board and Committee Participation</b>	<b>Position</b>	<b>Meetings</b>	<b>Attendance</b>	
Board of Directors	Member	6/6	100%	
Audit Committee	Chair	4/4	100%	
Compensation and Governance Committee	Member	3/3	100%	
<b>Equity Holdings<sup>(1)</sup></b>	<b>2020</b>		<b>2019</b>	
	<b>Number</b>	<b>Value (\$)</b>	<b>Number</b>	<b>Value (\$)</b>
Common shares <sup>(2)</sup>	215,668	472,313	185,668	76,124
Stock Options <sup>(3)</sup>	450,000	847,625	312,500	56,250
<b>Total<sup>(4)</sup></b>	<b>665,668</b>	<b>1,319,938</b>	<b>498,168</b>	<b>132,374</b>
<b>Other Public Board Directorships</b>	<b>Committee Positions</b>			
n/a	n/a			



**Thomas E. Valentine**  
 Calgary, Alberta, Canada  
 Age: 60

Director since May 20, 2015  
 Independent director and Corporate Secretary  
 Shareholder approval rating at the 2020 annual meeting:  
 87.36%

Mr. Valentine is currently a Senior Partner of Norton Rose Fulbright Canada LLP, a national law firm in Canada and a member of the global Norton Rose Fulbright Group, where he has practiced law, both as a barrister and a solicitor, since his call to the Bar in 1987. Mr. Valentine has over 30 years of experience in the oil and gas industry, focusing on international energy projects, with a particular emphasis on upstream and midstream operations. In addition, Mr. Valentine has been the Company's Corporate Secretary since May 13, 2014.

Mr. Valentine holds a BA from the University of British Columbia, a LLB from Dalhousie University, and a LL.M. from the London School of Economics. Mr. Valentine is a member of the Law Society of Alberta and the Association of International Petroleum Negotiators. He also serves on the Board for NXT Energy Solutions Inc.

Board and Committee Participation		Position	Meetings	Attendance
Board of Directors		Member	5/6	83%
HSSE Committee <sup>(i)</sup>		Member	n/a	n/a
Equity Holdings <sup>(1)</sup>	2020		2019	
	Number	Value (\$)	Number	Value (\$)
Common shares <sup>(2)</sup>	86,947	190,414	71,947	29,498
Stock Options <sup>(3)</sup>	525,000	998,000	460,000	79,300
<b>Total<sup>(4)</sup></b>	<b>611,947</b>	<b>1,188,414</b>	<b>531,947</b>	<b>108,798</b>
Other Public Board Directorships		Committee Positions		
NXT Energy Solutions Inc.		Compensation Committee Chair of the Governance Committee		

**Note:**

(i) Appointed as a member of the HSSE Committee upon its adoption on March 25, 2021.

**Dr. Harrie Vredenburg, PhD, ICD.D**

Calgary, Alberta, Canada

Age: 68

Director since October 24, 2012

Independent director

Shareholder approval rating at the 2020 annual meeting:  
88.46%

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. Dr. Vredenburg founded the Haskayne School of Business's Global Energy Executive MBA program and served as its Academic Director from 2010 through 2018 and co-founded the MSc program in Sustainable Energy Development and served as its Academic Director from 1996 through 2006. He also holds appointments as a Research Fellow at the University of Calgary's School of Public Policy and as an International Research Fellow at the Saïd Business School at Oxford University in the United Kingdom.

Dr. Vredenburg is a leading scholar in the areas of competitive strategy, innovation, sustainable development and corporate governance in the global energy and natural resource industries. He has authored and coauthored more than 50 frequently cited articles in leading international journals including Strategic Management Journal, Organization Science, MIT Sloan Management Review, Harvard Business Review, Technovation, Energy Policy, Energies, International Journal of Hydrogen Energy, International Journal of Economics and Business Research and Global Business and Economics Review. He has also coauthored government reports on industry regulation, innovation and competitiveness and on nuclear energy and consults to industry. His publications have been cited more than 7,000 times according to Google Scholar.

Dr. Vredenburg is Chair of the Board of Directors of TERIC Power Ltd., a Director of Prairie Thunder Resources Ltd. and a member of the advisory board of Proton Technologies Canada Inc., all private companies. He was previously a Director of Petrobank Energy and Resources Ltd. from 2006 to 2012 and of Kainji Resources Ltd. from 2010 to 2020.

Dr. Vredenburg holds a BA (Hons) in history from the University of Toronto, an MBA in international business and finance from McMaster University and a PhD in strategic management from the University of Western Ontario. Dr. Vredenburg also holds an ICD.D designation as a member of the Institute of Corporate Directors. He holds dual Canadian and Dutch (EU) nationalities.

<b>Board and Committee Participation</b>	<b>Position</b>	<b>Meetings</b>	<b>Attendance</b>	
Board of Directors	Member	6/6	100%	
Compensation and Governance Committee	Member	3/3	100%	
HSE and Reserves Committee	Member	2/2	100%	
HSSE Committee <sup>(i)</sup>	Member	n/a	n/a	
<b>Equity Holdings<sup>(1)</sup></b>	<b>2020</b>		<b>2019</b>	
	<b>Number</b>	<b>Value (\$)</b>	<b>Number</b>	<b>Value (\$)</b>
Common shares <sup>(2)</sup>	229,420	502,430	187,702	76,958
Stock Options <sup>(3)</sup>	470,000	897,250	478,750	75,100
<b>Total<sup>(4)</sup></b>	<b>699,420</b>	<b>1,399,680</b>	<b>666,452</b>	<b>152,058</b>
<b>Other Public Board Directorships</b>	<b>Committee Positions</b>			
n/a	n/a			

**Note:**

(i) Appointed as a member of the HSSE Committee upon its adoption on March 25, 2021.

**John D. Wright, P.Eng., CFA**

Calgary, Alberta, Canada

Age: 60

Chair of the Board and director since October 24, 2012

Independent director

Shareholder approval rating at the 2020 annual meeting:  
99.50%

Mr. Wright has been the Chair of the Board of Directors of Touchstone Exploration Inc. since 2012 and has been the President of Analogy Capital Advisors Inc. since March 2017. He also currently serves as the Chair of the Board of Directors of Alvo Petro Energy Ltd. Mr. Wright was previously the President, Chief Executive Officer and a Director of Petrobank Energy and Resources Ltd., Touchstone's predecessor company, from 2000 to 2012.

From January 2017 to June 2017, Mr. Wright was a Director, President and Chief Executive Officer of Ridgeback Resources Inc. Prior thereto, Mr. Wright was a director, President and Chief Executive Officer of Lightstream Resources Ltd. from May 2011 to December 2016. From June 2006 to December 2010, Mr. Wright was a Director, President and Chief Executive Officer of Petrominerales Ltd. and also the Chair of the Board of Directors from December 2010 until December 2013. Previously, Mr. Wright served as the President and Chief Executive Officer of Pacalta Resources Ltd. from May 1996 to June 1999; Executive Vice President and Chief Operating Officer of Morgan Hydrocarbons Inc. from December 1993 to April 1996; and Vice President Production of Morgan Hydrocarbons Inc. from 1989 to 1993.

Mr. Wright began his career in the oil industry after he graduated from the University of Alberta in 1981 with a Bachelor of Science degree in petroleum engineering. Mr. Wright is a Professional Engineer and also a Chartered Financial Analyst.

Mr. Wright is a past Chair of the World Petroleum Council-Canada, past Governor of CAPP and founder of Fundación Ñan Paz in Ecuador and of Fundación Vichituni in Colombia.

Board and Committee Participation	Position	Meetings	Attendance	
Board of Directors	Chair	6/6	100%	
HSE and Reserves Committee	Member	2/2	100%	
Equity Holdings <sup>(1)</sup>	2020		2019	
	Number	Value (\$)	Number	Value (\$)
Common shares <sup>(2)</sup>	4,946,895	10,833,700	4,890,695	2,005,185
Stock Options <sup>(3)</sup>	602,500	1,150,175	617,500	97,050
<b>Total<sup>(4)</sup></b>	<b>5,549,395</b>	<b>11,983,875</b>	<b>5,508,195</b>	<b>2,102,235</b>
Other Public Board Directorships	Committee Positions			
Alvo Petro Energy Ltd.	Chair of the Board			

**Notes to all director biography tables above:**

- The information as to voting securities beneficially owned, directly or indirectly, is based upon information furnished to Touchstone by the director nominees as of December 31, 2020 and December 31, 2019.
- The value of the common shares represents the number held by each director nominee multiplied by the closing price of the Company's common shares on the TSX on December 31, 2020, being \$2.19 (2019 - \$0.41).
- The value of the Stock Options represents the number of common shares payable on settlement of the outstanding vested and unvested Stock Options held by each director nominee, multiplied by the difference between the closing price of the common shares on the TSX on December 31, 2020 of \$2.19 (2019 - \$0.41) and the exercise price for the applicable Stock Option grant.
- The total value of common shares and Stock Options represents the sum of the values calculated in notes 2 and 3 above.

**Additional Disclosure Relating to Nominated Directors****Corporate Cease Trade Orders**

Mr. Paul Baay was formerly a director of AlkaLi3 Resources Inc. ("**AlkaLi3**"), a reporting issuer listed on the NEX board of the TSX Venture Exchange ("**TSXV**"). On May 4, 2018, a cease trade order for failure to file audited annual financial statements was issued against AlkaLi3 by the Alberta Securities Commission ("**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.

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 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 and Insolvencies***

Mr. John D. Wright was a director of Spyglass Resources Corp. ("**Spyglass**"), a reporting issuer listed on the 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 and Chief Executive Officer and a Director of Lightstream Resources Ltd. ("**Lightstream**"), and Mr. Kenneth R. McKinnon was a Director of 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, positions which he held to June 30, 2017.

On November 30, 2017, Mr. John D. Wright became a Director of OAN Resources Ltd. ("**OAN**"), a private issuer. On June 14, 2019, the management of OAN filed a Notice of Intention to Make a Proposal under subsection 50.4(1) of the Bankruptcy and Insolvency Act to restructure OAN's affairs. Mr. Wright resigned his Director position on October 10, 2019. OAN was unable to file a proposal within the provided period and was deemed to have made an assignment into bankruptcy on October 13, 2019.

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

any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

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

To the knowledge of the directors, no proposed director of the Company has been subject to:

- (a) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with the Canadian securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding to vote for a proposed director.

## **DIRECTOR COMPENSATION**

### **General**

The Board's Compensation and Governance Committee (the "**Compensation Committee**") is responsible for the development and implementation of a compensation plan for Touchstone's non-management directors for consideration and approval by the Board. Any executive officers who are also directors are not paid any compensation for acting as directors. For information concerning the compensation paid to Mr. Baay who is the Company's President and Chief Executive Officer ("**CEO**"), see "*Executive Compensation*".

The main objectives of Touchstone's compensation plan for directors are to attract and retain the services of the most qualified individuals, compensate such directors in a manner that is commensurate with the risks and responsibilities assumed in Board and committee membership, compensate directors in a manner that is competitive with Touchstone's external compensation peer group of oil and gas companies and align the interests of Touchstone's directors with shareholders. Touchstone's compensation plan for its directors is reviewed on an annual basis.

To meet and maintain these objectives, the Company's Compensation Committee annually performs a review of our directors' compensation plan, which includes reviewing the compensation paid to directors of an industry specific compensation peer group (see "*Executive Compensation – External Compensation Peer Group*" for a listing of our peer group members). The Compensation Committee recommends any changes to the director compensation plan to the Board for consideration and, if deemed appropriate, approval.

### **2020 Compensation and Compensation Components**

#### ***Annual Director Retainers***

Independent directors are entitled to annual retainers to be paid in cash in bi-annual installments.

At a meeting held in February 2020, the Compensation Committee reviewed the Company's 2020 compensation plan for directors. As a result of this review, the Compensation Committee recommended that the directors' retainer fees increase by \$10,000 to \$50,000 per director, effective January 1, 2020. Subsequently, at a Board meeting held in March 2020, in response to the material decline in global commodity prices, directors voluntarily deferred their 2020 retainer increase effective March 1, 2020. The retainer increase was reinstated effective September 1, 2020 as a result of the improvement in market conditions and increase in global crude oil pricing. Accordingly, after giving effect to the deferral in Board retainer fees, Touchstone paid its independent directors \$45,000 for their role as a Board member. In February 2021, the Compensation Committee recommended that the directors' retainer fees further increase by \$10,000 to \$60,000 per director, effective January 1, 2021. The Board approved this increase at a meeting held in March 2021.

The following table summarizes Board and committee member cash compensation approved by the Board for Touchstone's independent directors for the years ended December 31, 2021 and 2020.

Position	Annual 2021 retainer (\$)	Annual 2020 retainer (\$)	Variance (%)
Board member <sup>(1)</sup>	60,000	50,000	20
Chair of the Board	20,000	20,000	Nil
Corporate Secretary	Nil	Nil	n/a
Audit Committee Chair	5,000	5,000	Nil
Compensation and Governance Committee Chair	5,000	5,000	Nil
HSE and Reserves Committee Chair <sup>(2)</sup>	2,500	2,500	Nil
HSSE Committee Chair <sup>(2)</sup>	2,500	n/a	n/a
Standing committee member	Nil	Nil	n/a
Board and committee meeting fees	Nil	Nil	n/a

**Notes:**

1. Board member retainers for the 2019 financial year were \$40,000. In 2020, the directors deferred their retainer increase from March 1, 2020 through August 31, 2020 as a result of the challenging market conditions experienced in 2020. Accordingly, each of the independent directors were paid \$45,000 for being a Board member in 2020, with the exception of Ms. Smith, who was appointed to the Board on December 22, 2020.
2. The HSSE Committee was established by the Board effective March 25, 2021. Concurrently, the HSE and Reserves Committee was renamed the "Reserves Committee", with applicable health, safety and environmental ("HSE") responsibilities transferred to the HSSE Committee.

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

**Long-term Incentive Plans**

*Stock Option Plan*

Independent 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, subject to any non-routine blackout periods that may be in effect.

In February 2020, the Compensation Committee approved the annual 2020 grant of Stock Options awarded to independent directors as reflected in the table below. The grant was awarded on April 6, 2020. At a meeting held in February 2021, the Compensation Committee approved the annual 2021 grant of Stock Options disclosed below. The Stock Options are expected to be granted subsequent to the Company's first quarter 2021 financial results routine blackout period, subject to any non-routine blackout periods that may be in effect at the time. The following table sets forth Stock Option compensation approved by the Compensation Committee and Board for Touchstone's independent directors for the years ended December 31, 2021 and 2020.

Position	Number of Stock Options to grant in 2021	Number of Stock Options granted in 2020	Variance (%)
Board member	110,000	110,000	Nil
Chair of the Board	35,000	35,000	Nil
Corporate Secretary	30,000	30,000	Nil
Audit Committee Chair	25,000	25,000	Nil
Compensation and Governance Committee Chair	25,000	25,000	Nil

Position	Number of Stock Options to grant in 2021	Number of Stock Options granted in 2020	Variance (%)
HSE and Reserves Committee Chair <sup>(1)</sup>	15,000	15,000	Nil
HSSE Committee Chair <sup>(1)</sup>	15,000	n/a	n/a
Audit Committee member	7,500	7,500	Nil
Compensation and Governance Committee member	2,500	2,500	Nil
HSE and Reserves Committee member	2,500	2,500	Nil
HSSE Committee member <sup>(1)</sup>	2,500	n/a	n/a

**Note:**

- The HSSE Committee was established by the Board effective March 25, 2021. Concurrently, the HSE and Reserves Committee was renamed the "Reserves Committee", with HSE responsibilities transferred to the HSSE Committee.

### Employee Share Ownership Plan

Touchstone has an Employee Share Ownership Plan (the "ESOP") for all Canadian based employees. 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 on a monthly basis. Independent directors may contribute to the Company's ESOP, with Touchstone matching a director's contribution on a 100 percent basis to a maximum of \$10,000 per annum. The directors did not participate in the ESOP in 2020 in an effort to reduce cash costs in light of the challenging marketing conditions in the oil and gas industry. The ESOP was reinstated to all eligible participants effective February 1, 2021 as commodity prices and market conditions improved.

### Directors' Summary Compensation Table

The following table presents the total compensation paid to our independent directors in 2020. The Company does not provide long-term non-equity incentive plan nor pension plan compensation to directors.

Director	Fees earned (\$) <sup>(1)</sup>	Option-based awards (\$) <sup>(2)</sup>	All other compensation (\$) <sup>(3)</sup>	Total compensation (\$)
Kenneth R. McKinnon	50,000	37,964	Nil	87,964
Peter Nicol	47,500	35,300	Nil	82,800
Beverley Smith <sup>(4)</sup>	Nil	128,880	Nil	128,880
Stanley T. Smith	50,000	36,632	Nil	86,632
Thomas E. Valentine	45,000	37,298	Nil	82,298
Dr. Harrie Vredenburg	45,000	30,638	Nil	75,638
John D. Wright	65,000	39,296	Nil	104,296

**Notes:**

- Director fees represent Board and committee member annual cash retainers paid in June and December 2020.
- 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 International Financial Reporting Standard 2 – *Share-based Payment* ("IFRS 2"). In 2020, Stock Options were granted to directors on April 6, 2020 (with the exception of Ms. Smith – see note 4), using the following assumptions to calculate the grant fair value of \$0.27 per Stock Option: 3-year expected life, 0.5% 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" typically includes Touchstone matched contributions to the ESOP. The directors did not participate in the program in 2020.
- Ms. Smith was appointed to the Board on December 22, 2020. Stock Options were granted to Ms. Smith on December 22, 2020, using the following assumptions to calculate the grant fair value of \$1.12 per Stock Option: 3-year expected life, 0.3% risk-free interest rate, 87% expected volatility and 0% expected dividend yield.

## Directors' Long-term Incentive Plan Awards

The following table sets forth all option-based awards outstanding as of December 31, 2020 for each of our independent directors. There were no outstanding share-based awards as of December 31, 2020 or 2019.

Option-Based Awards <sup>(1)</sup>					
Director	Grant date	Number of common shares underlying unexercised Stock Options	Stock Option exercise price (\$)	Stock Option expiration date	Value of unexercised in-the-money Stock Options (\$) <sup>(2)</sup>
Kenneth R. McKinnon	June 28, 2017	95,000	0.15	June 27, 2022	193,800
	June 14, 2018	97,500	0.25	June 13, 2023	189,150
	April 5, 2019	132,500	0.23	April 4, 2024	259,700
	April 6, 2020	142,500	0.48	April 5, 2025	243,675
Peter Nicol	June 28, 2017	95,000	0.15	June 27, 2022	193,800
	June 14, 2018	97,500	0.25	June 13, 2023	189,150
	April 5, 2019	132,500	0.23	April 4, 2024	259,700
	April 6, 2020	132,500	0.48	April 5, 2025	226,575
Beverley Smith	December 22, 2020	115,000	2.07	December 21, 2025	13,800
Stanley T. Smith	December 19, 2017	92,500	0.21	December 18, 2022	183,150
	June 14, 2018	92,500	0.25	June 13, 2023	179,450
	April 5, 2019	127,500	0.23	April 4, 2024	249,900
	April 6, 2020	137,500	0.48	April 5, 2025	235,125
Thomas E. Valentine	June 16, 2016	75,000	0.23	June 15, 2021	147,000
	June 28, 2017	75,000	0.15	June 27, 2022	153,000
	June 14, 2018	100,000	0.25	June 13, 2023	194,000
	April 5, 2019	135,000	0.23	April 4, 2024	264,600
	April 6, 2020	140,000	0.48	April 5, 2025	239,400
Dr. Harrie Vredenburg	June 16, 2016	80,000	0.23	June 15, 2021	156,800
	June 28, 2017	80,000	0.15	June 27, 2022	163,200
	June 14, 2018	80,000	0.25	June 13, 2023	155,200
	April 5, 2019	115,000	0.23	April 4, 2024	225,400
	April 6, 2020	115,000	0.48	April 5, 2025	196,650
John D. Wright	June 16, 2016	112,500	0.23	June 15, 2021	220,500
	June 28, 2017	102,500	0.15	June 27, 2022	209,100
	June 14, 2018	102,500	0.25	June 13, 2023	198,850
	April 5, 2019	137,500	0.23	April 4, 2024	269,500
	April 6, 2020	147,500	0.48	April 5, 2025	252,225

### 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 represents the number of common shares payable on settlement of the outstanding vested and unvested Stock Options held by each director nominee, multiplied by the difference between the closing price of the Company's common shares on the TSX on December 31, 2020 of \$2.19 and the exercise price for the applicable Stock Option grant.

All Stock Options granted by Touchstone to its independent directors during the most recent completed fiscal year vest in three 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 consecutive trading days ending on the last trading day preceding the grant date. During the 2020 financial year, the Company did not adjust, amend, cancel, replace or modify the exercise price of Stock Options previously awarded to an independent director.



## Value of Equity-based Awards Vested During 2020

The following sets forth, for each of our independent directors, the value of option-based awards and share-based awards which vested during the year ended December 31, 2020 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2020.

Director	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Non-equity incentive plan compensation – Value earned during the year (\$) <sup>(2)</sup>
Kenneth R. McKinnon	58,025	Nil
Peter Nicol	58,025	Nil
Beverley Smith	Nil	Nil
Stanley T. Smith	69,101	Nil
Thomas E. Valentine	53,733	Nil
Dr. Harrie Vredenburg	48,800	Nil
John D. Wright	61,475	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 Stock Options that vested during the year was calculated based on the difference between the TSX closing price of the Company's common shares on the respective Stock Option vesting dates and the respective Stock Option exercise prices.
- The Company does not provide non-equity incentive plan compensation to independent directors.

## Value Realized from Stock Option Exercises

The following sets forth, for each of our independent directors, the value realized from Stock Options exercised during the year ended December 31, 2020.

Director	Date of exercise	Number of common shares acquired on exercise	Aggregate value realized (\$) <sup>(1)</sup>	Number of common shares held	Number of common shares sold
Kenneth R. McKinnon	June 17, 2020	190,000	123,500	190,000	Nil
Thomas E. Valentine	March 30, 2020	75,000	9,750	15,000	60,000
Dr. Harrie Vredenburg	June 29, 2020	80,000	45,600	41,718	38,282
John D. Wright	June 17, 2020	112,500	63,000	56,200	56,300

### Note:

- Represents the fair value of the Company's common shares on the applicable Stock Option exercise date less the weighted average Stock Option grant exercise prices.

## Value of Director Common Shares

The following table sets forth the aggregate market value of the Company's common shares held by each independent director as of December 31, 2020, in comparison to their respective retainers earned in 2020.

Director	Number of common shares owned	Value of common shares owned (\$) <sup>(1)</sup>	Fees earned (\$) <sup>(2)</sup>	Value of common shares owned / 2020 fees earned
Kenneth R. McKinnon	544,754	1,193,011	50,000	23.9 times
Peter Nicol	145,668	319,013	47,500	6.7 times
Beverley Smith <sup>(3)</sup>	Nil	Nil	Nil	n/a
Stanley T. Smith	215,668	472,313	50,000	9.4 times
Thomas E. Valentine	86,947	190,414	45,000	4.2 times
Dr. Harrie Vredenburg	229,420	502,430	45,000	11.2 times
John D. Wright	4,946,895	10,833,700	65,000	166.7 times

### Notes:

1. The value of common shares owned represents the number held by each nominated director as of December 31, 2020 multiplied by the closing price of the Company's common shares on the TSX on December 31, 2020, being \$2.19.
2. Director fees represent Board and committee member annual cash retainers paid in June and December 2020.
3. Ms. Smith was appointed to the Board on December 22, 2020.

## CORPORATE GOVERNANCE

We are committed to a high standard of corporate governance policies, and the Board and Touchstone's Management consider strong corporate governance to be central to the effective and efficient operation of the Company. We believe that the role of the Board is to ultimately drive performance, create shareholder value and maintain a proper tone from the top while understanding the Company's greater responsibility and purpose to a broad range of stakeholders. Below is a description of the corporate governance practices of the Company.

### Responsibilities of the Board of Directors

The Board of Touchstone oversees the development and execution of a long-term strategic plan and short-term business and operating plans which are designed to achieve the Company's objectives, while identifying the principle strategic and operational opportunities and risks of Touchstone's business. The Board's responsibilities include overseeing the management of the Company, overseeing Touchstone's risk management process, overseeing environment, social and governance ("**ESG**") issues, overseeing ethics-related practices and policies, approving key business decisions, evaluating and setting the compensation for the President and CEO, and CEO succession planning. The Board's duties are set out in the Board mandate which is reviewed on an annual basis and is found in Appendix "B" to this Information Circular.

The Board has the responsibility to oversee the conduct of the business of Touchstone and its subsidiaries and has delegated to Management, through the offices of the President and CEO, 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 the executive officers to furnish recommendations relating to corporate objectives, long-term strategic plans and annual operating plans. The Board facilitates its independent supervision over Management by reviewing and approving long-term strategic, business and capital plans, material contracts and business transactions, and all debt and equity financing transactions. Through the Audit Committee, Touchstone's Board examines the effectiveness of Touchstone's internal control processes and information systems. The Board implements and monitors policies related to health, safety, social and environmental practices, including climate related issues and sustainability, through the HSSE Committee.

The Board holds regularly scheduled meetings at least quarterly, and the Board and Management hold strategic planning sessions at least annually and revisit strategic planning at each quarterly Board meeting. 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.

### **Strategic Planning**

The Board oversees the development and execution of a long-range strategic plan and a short-range business plan for the Company which are designed to achieve Touchstone's principal objectives and identify the principal strategic and operational opportunities and risks of our business. To assist the Board in meeting this responsibility, the agenda for every regularly scheduled Board meeting includes a discussion of the progress of the short-term business plan and quarterly financial results as well as Management's views in respect of some if not all of the following: a review of business development, exploration, financial forecasts, and emerging opportunities and threats designed to provide the Board the information required for them to discuss and analyse the main risks associated with our business plan and make recommendations to adjust the plan if necessary.

In addition, the Board sets aside at least one full day every year for a strategic planning session where they meet with Management and discuss the long-term plan for the organization in detail. From time to time, external advisors are invited to present at these meetings. A fulsome in-camera session concludes each of these sessions.

### **Board Composition and Independence**

The Board facilitates its exercise of independent supervision over Management by ensuring that the Board includes independent directors. The role of the Chair of the Board is to act in a leadership role, ensuring that the Board is functioning independently of Management. Our Board Chair is independent and presides at all meetings of the Board and shareholders, has responsibility for identifying any issues of independence and conflict, and provides independent leadership to the Board.

The Board is currently comprised of eight members; seven of whom, representing the majority, are considered independent within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"). Touchstone has proposed eight 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 is considered to have a "material relationship" (as defined in NI 52-110) with Touchstone given Mr. Baay is the current President and CEO. 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, the Reserves Committee and the HSSE Committee of the Board are all comprised entirely of independent directors.

To provide leadership for its independent directors, the Board ensures that the independent directors have access to the executive officers and senior 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.

### **Position Descriptions**

The Board has adopted formal written position descriptions for the CEO, the Chair of the Board and the Chair of each Board committee, which set out the duties and responsibilities of such positions. See "*Chair of the Board*" below for a summary of the written description of the Chair of the Board. The President and CEO 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.

### Chair of the Board

The Chair of the Board is currently Mr. Wright, who is considered independent within the meaning of NI 58-101. The Board has adopted a written description for the Chair 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 CEO to provide counsel and guidance regarding the strategic management process and definition of significant business challenges; and
- facilitating communication between the Board, executive officers and shareholders.

### Board Committees

The Board has established the Audit Committee, the Compensation Committee, the Reserves Committee and the HSSE Committee; each is comprised entirely of independent directors in accordance with NI 58-101 and in respect of the Reserves Committee in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities ("NI 51-101")*. 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.

Effective March 25, 2021, the Board formed the HSSE Committee. The HSE and Reserves Committee was renamed the "*Reserves Committee*", and the committee mandate was updated to transition HSE responsibilities to the HSSE Committee.

Set forth below is information with respect to each of the committees of the Board, including current membership and a brief description of its Board approved mandate which outlines the roles and responsibilities of each committee. The full text of the mandate of each committee is available on our website ([www.touchstoneexploration.com](http://www.touchstoneexploration.com)).

<b>Audit Committee</b>	
Current members	<p>All members of the Audit Committee are independent and financially literate.</p> <ul style="list-style-type: none"> <li>• Stanley T. Smith (Chair)</li> <li>• Kenneth R. McKinnon</li> <li>• Peter Nicol</li> </ul>
100% Independent	<p>The Audit Committee is required to be composed of at least three individual members appointed by the Board from amongst its members, all of which are to be independent and financially literate within the meaning of NI 52-110.</p>
Membership changes in 2020	<p>There were no changes to the composition of the Audit Committee during 2020.</p>

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### Audit Committee

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In addition to any other duties and authorities delegated to it by the Board from time to time, the Audit Committee's mandate includes:

- |                    |  |
|--------------------|--|
| Summary of mandate | <ul style="list-style-type: none"><li>• assist the Board in fulfilling its legal and fiduciary obligations in respect of the preparation and disclosure of the financial statements of the Company and other financial information provided by Touchstone to any regulatory body or the public;</li><li>• oversee the audit efforts of the external auditors of the Company;</li><li>• maintain free and open means of communication among the directors, the external auditors, and the financial and senior management of the Company;</li><li>• satisfy itself that the internal auditors are independent of the Company;</li><li>• review the Company's annual and interim financial statements and the notes thereto prior to their submission to the Board for approval;</li><li>• review financial information included in prospectuses, management's discussion and analysis, annual information forms, business acquisition reports, annual reports and all public disclosures;</li><li>• satisfy itself on behalf of the Board with respect to Touchstone's systems of internal controls regarding preparation of those financial statements and related disclosures that Management and the Board have established;</li><li>• oversee financial risks including balance sheet risk and review of appropriate financial related risk management policies and strategies; and</li><li>• oversee complaint procedures and the administration of the complaints submitted pursuant to the Company's Whistleblower Policy.</li></ul> |
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Mandate changes in 2020	There were no changes to the mandate of the Audit Committee in 2020.
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Certain information regarding the Audit Committee, including the mandate of the Audit Committee, is contained in the 2020 AIF. The Audit Committee pre-approves all audit and non-audit services performed by the Company's external auditor. For more information relating to the fees billed by Touchstone's external auditor for audit and other services in 2020 and 2019, see "*Matters to be Acted Upon at the Meeting – Appointment of Auditors*".

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### Compensation and Governance Committee

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All members of the Compensation Committee are independent and are familiar with corporate governance and compensation practices.

- |                 |   |
|-----------------|---|
| Current members | <ul style="list-style-type: none"><li>• Kenneth R. McKinnon (Chair)</li><li>• Beverley Smith</li><li>• Stanley T. Smith</li><li>• Dr. Harrie Vredenburg</li></ul> |
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100% Independent	The Compensation Committee is required to be composed of at least three individual members appointed by the Board from amongst its members, all of which are to be independent within the meaning of NI 58-101.
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Membership changes in 2020	Ms. Beverley Smith was appointed a member of the Compensation Committee upon her appointment to the Board on December 22, 2020.
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Summary of mandate	<p>The Board has delegated to the Compensation Committee responsibility to review matters relating to corporate governance and human resource policies and compensation of the Company's directors, officers and employees. These responsibilities include, but are not limited to:</p>
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- recommend to the Board human resources, compensation policies and programs, and guidelines for application to the Company and oversee the administration of such policies and guidelines as are approved by the Board;
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### Compensation and Governance Committee

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- ensure that the Company 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;
  - review compliance by Management of the Company with securities regulatory requirements governing executive compensation committees and executive compensation reporting of the Company, including the report on executive compensation of the Company required by applicable securities regulations;
  - review the performance of the CEO for the purpose of determining the compensation of the CEO;
  - approve the annual salary, bonus and other benefits, direct and indirect, of the CEO and, after considering the recommendations of the CEO, all other executive officers of the Company; and
  - administer the Stock Option Plan in accordance with its terms.
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Mandate changes in 2020    There were no changes to the mandate of the Compensation Committee in 2020.

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See "*Executive Compensation – Compensation Governance*" for further information in relation to the role of the Compensation Committee in determining executive officer compensation. For more information relating to the background of the Compensation Committee members, see "*Board of Directors – Biographies of Nominated Directors*".

The discussion below summarizes the revised Reserves Committee mandate effective March 25, 2021. The Company's HSE and Reserves mandate effective December 31, 2020 contained substantively similar reserves evaluation and reporting related responsibilities.

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### Reserves Committee (formerly the HSE and Reserves Committee)

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Current members    All members of the Reserves Committee are independent and are familiar with oil and gas reserves and resource evaluation practices.

- Peter Nicol (Chair)
  - Beverley Smith
  - Dr. Harrie Vredenburg
  - John D. Wright
- 

100% Independent    The Reserves Committee is required to be composed of at least three individual members appointed by the Board from amongst its members, the majority of which are to be independent within the meaning of NI 51-101 and each of whom shall be familiar with oil and gas reserve evaluation practices.

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Membership changes in 2020    Ms. Beverley Smith was appointed a member of the Reserves Committee upon her appointment to the Board on December 22, 2020.

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Summary of mandate effective March 25, 2021    The Board has delegated to the Reserves Committee responsibility to review the Company's oil and gas reserves evaluation disclosure and practices. These responsibilities include, but are not limited to:

- generally, review all matters relating to the preparation and public disclosure of estimates of the Company's reserves and resources;
  - review the procedures relating to the disclosure of information with respect to oil and gas activities including reviewing procedures for complying with the disclosure requirements set forth under NI 51-101 and other applicable securities requirements;
  - meet with Management and the independent reserves evaluator to determine whether any restrictions affect the ability of the evaluator to report on reserves data without reservation;
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	<ul style="list-style-type: none"> <li>• annually review the selection, engagement and fees of the independent reserves evaluators; and</li> <li>• review the annual reserves estimates of the Company and its subsidiaries and all applicable disclosures for approval to the Board.</li> </ul>
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Mandate changes in 2020	There were no changes to the mandate of the HSE and Reserves Committee in 2020. Effective March 25, 2021, the Board formed the HSSE Committee, and the Reserves Committee mandate was amended to exclude HSE related matters.
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<b>HSSE Committee</b>	
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Current members	<p>All members of the HSSE Committee are independent and are generally familiar with health, safety, social and environmental requirements within the energy industry.</p> <ul style="list-style-type: none"> <li>• Beverley Smith (Chair)</li> <li>• Dr. Harrie Vredenburg</li> <li>• Thomas E. Valentine</li> </ul>
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100% Independent	The HSSE Committee is required to be composed of at least three individual members appointed by the Board from amongst its members, the majority of which are to be independent within the meaning of NI 58-101.
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Membership changes in 2020	The HSSE Committee was established by the Board effective March 25, 2021, transitioning HSE responsibilities from the HSE and Reserves Committee.
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Summary of mandate effective March 25, 2021	<p>The Board has delegated the HSSE Committee responsibility to review, report and make recommendations to the Board on the development and implementation of the Company's policies, standards and practices with respect to health, safety, social and environmental including climate and sustainability. These responsibilities include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• oversee the Company's policies, procedures, internal control systems and strategies relating to climate related issues, environmental protection, sustainability issues, health, safety and social matters to ensure due assessment, consideration and management of risks, opportunities and potential performance improvement relating thereto;</li> <li>• monitor Touchstone's business to assist Touchstone in conducting its business in a socially responsible, ethical and transparent manner that includes engagement, respect and support for the communities in which Touchstone operates;</li> <li>• review and report to the Board with respect to the consideration and integration of climate related issues, environmental protection, health, safety and social matters in the development of the Company's business strategy and financial planning;</li> <li>• review Touchstone's compliance with all applicable laws, regulations and Touchstone's policies with respect to health, safety, social matters and the environment;</li> <li>• consider and review the setting and performance against appropriate targets, benchmarking, procedures and reporting methods used by the Company to measure its climate, environmental protection, health and safety performance and other relevant sustainability performance; and</li> <li>• review Touchstone's disclosure, reporting and external communication practices pertaining to climate related matters, environmental protection, and health and safety including but not limited to assessments of materiality, sustainability report development and approach to analogous disclosure and other written communication with stakeholders.</li> </ul>
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Mandate changes in 2020	The HSSE Committee was established by the Board effective March 25, 2021 transitioning HSE responsibilities from the HSE and Reserves Committee.
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In accordance with the mandates of the Board and each committee, time is set aside at every meeting to meet in-camera (without Management present) to facilitate open and candid discussion. In 2020 there were six Board meetings; four Audit Committee meetings; three Compensation Committee meetings; and two Reserve Committee meetings. An in-camera session was held at the beginning and/or end of each of those meetings. The independent directors also routinely hold informal meetings at which non-independent directors and members of Management are not in attendance.

The following table sets forth the members of each committee as of December 31, 2020, as well as the individual director's attendance at the meetings in the 2020 fiscal year.

Director	Total Board and committee attendance	Board meetings	Audit Committee meetings	Compensation Committee meetings	Reserves Committee meetings
Paul R. Baay	15/15 (100%)	Member 6/6	4/4	3/3	2/2
Kenneth R. McKinnon	13/13 (100%)	Member 6/6	Member 4/4	Chair 3/3	n/a
Peter Nicol	12/12 (100%)	Member 6/6	Member 4/4	n/a	Chair 2/2
Stanley T. Smith	13/13 (100%)	Member 6/6	Chair 4/4	Member 3/3	n/a
Thomas E. Valentine	13/15 (87%)	Member 5/6	3/4	3/3	2/2
Dr. Harrie Vredenburg	11/11 (100%)	Member 6/6	n/a	Member 3/3	Member 2/2
John D. Wright	15/15 (100%)	Chair 6/6	4/4	3/3	Member 2/2

Mr. John Wright is the Board Chair and is a member of the Reserves Committee; however, he attends all committee meetings regularly by invitation from the committee chairs. Mr. Valentine is the Corporate Secretary of the Company and also attends additional committee meetings regularly by invitation from the committee chairs. Mr. Paul Baay was a management director in 2020 and attended all Board and committee meetings.

### Director Orientation and Continuing Education

The Board provides an informal orientation program for all new directors. New members of the Board are provided with comprehensive background information about Touchstone's business, current issues and corporate strategy to allow for informed decision making. New members of the Board also receive a copy of Touchstone's vision and values statement (the "**Vision and Values statement**"). The Company also has an annual strategic planning session for all directors and senior management to review strategic planning, operations, and the organizational development of Touchstone.

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 applicable educational programs at the expense of Touchstone. Educational programs are also provided for directors on an "as requested" basis, and directors are polled on a regular basis regarding potential education to pursue. As well, all directors have unrestricted direct access to any member of senior Management and their staff at any time. Each director has the responsibility for ensuring that they maintain the skill and knowledge necessary to meet their obligations as a director.

Four current directors of the Board are members of the Institute of Corporate Directors, namely, Mr. Paul Baay, Mr. Kenneth McKinnon, Mr. Stanley Smith and Dr. Harrie Vredenburg. The Institute of Corporate Directors prescribes minimum annual continuing education requirements. Furthermore, all of the



Company's directors have significant experience in the international oil and gas industry. The majority are members of professional organizations such as the Association of Professional Engineers and Geoscientists of Alberta, the Geological Society of London, the Chartered Professional Accountants of Canada, the Law Society of Alberta and the Canadian Bar Association. Each of those organizations has continuing education requirements that apply to its members.

The Board believes that these procedures are a practical and effective approach in light of Touchstone's current 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 the members of the Board.

### **Share Ownership Policy**

Touchstone does not currently have a mandatory equity ownership policy for directors and executive officers. The Company has committed to establishing a minimum equity ownership policy for implementation in 2021.

### **Ethical Business Conduct**

Touchstone believes that maintaining high standards of business conduct is essential to the long-term success of the Company. To that end, the Company 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. Further, the Company has established a code of conduct and ethics policies (the "**Code of Conduct Policies**") since its inception. The Code of Conduct Policies were most recently reviewed and amended in November 2018, a summary of which is available on the Company's website ([www.touchstoneexploration.com](http://www.touchstoneexploration.com)). The Code of Conduct Policies are applicable to all directors, executive officers and employees of the Company, and it is a requirement that the Code of Conduct Policies be read, understood and signed off by the Board and all employees annually.

Copies of the Vision and Values statement and Code of Conduct Policies can be obtained by writing to the Chief Financial Officer of Touchstone at Suite 4100, 350 - 7<sup>th</sup> Avenue SW, Calgary, Alberta, T2P 3N9.

The Board has adopted an extensive disclosure, confidentiality and trading policy (the "**Disclosure, Confidentiality and Trading Policy**") to which all directors, executive 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, bribery and anti-corruption, ethics and whistle blowing. The Board has instructed its executive officers and employees to abide by the various policies and to bring any breaches to the attention of the Compensation Committee or to follow the guidelines contained in Touchstone's Whistleblower Policy. Compliance with the policies is monitored primarily through the reporting process within the Company's organizational structure. In addition, four current directors of the Board are members of the Institute of Corporate Directors, who further subscribe to the statement of ethics of that organization.

The Company has not filed any material change reports since its inception that pertains to any conduct of a director or executive officer that constitutes a departure from the Company's Code of Conduct Policies.

### **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 related party transactions 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. 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.

## **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.

## **Director Retirement Policy and Term Limits**

Touchstone does not have a director retirement policy nor a policy regarding term limits for directors. Board composition is assessed by the Board as required to ensure that the Board has an adequate composition of skills and experience that will enable it to provide strong stewardship of the Company.

Since 2016, Mr. Smith joined the Board to replace a departed director; Mr. Nicol joined the Board to augment its expertise in finance, mergers and acquisitions and United Kingdom capital markets; and Ms. Smith joined the Board to enhance its expertise in reserves, geology, oil and gas exploration and ESG.

## **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.

In 2020, the Board wrote a skills matrix pursuant to best practices and identified priorities for current and future director skills. The Board completed and reviewed the skill matrix, outlining the experience and background of the directors in a variety of key subject areas. The matrix will be maintained so that members of the Board can identify areas for strengthening the Board as a whole, can identify potential areas of director education, and address any issues through the Board renewal process.

The skills and/or experience of current Board members are reflected in the table on the following page.

<b>Experience and/or Expertise</b>	<b>P. Baay</b>	<b>K. McKinnon</b>	<b>P. Nicol</b>	<b>B. Smith</b>	<b>S. Smith</b>	<b>T. Valentine</b>	<b>H. Vredenburg</b>	<b>J. Wright</b>
<b>Corporate Governance</b> – experience with and understanding of the requirements of good corporate governance.	●	●	●	●	●	●	●	●
<b>Strategic planning</b> – experience in developing, implementing and monitoring short and long-term strategic planning.	●	●	●	●	●	●	●	●
<b>Risk management</b> – experience in evaluating, managing and mitigating overall business risks.	●	●	●	●	●	○	●	●
<b>General oil and gas industry</b> – experience with various aspects of oil and gas business and operations.	●	●	●	●	●	●	●	●
<b>Oil and gas exploration</b> – experience with oil and gas exploration activities, including geological, drilling operations and technology.	●	●	●	●	○	●	●	●
<b>Reserves evaluation</b> – experience with oil and gas reserves evaluation and reporting requirements.	●	●	●	●	●	●	○	●
<b>Geopolitical</b> – experience with analysis of how a country's geography, history, culture, and economy influence its politics and the resulting impact on business.	●	●	●	●	●	●	●	●
<b>International operations</b> – experience with international oil and gas operations.	●	●	●	●	●	●	●	●
<b>Health, safety and environment</b> – experience with industry regulations and best practices regarding workplace health, safety and environmental issues.	●	●	●	●	●	●	●	●
<b>ESG and sustainability</b> – experience with or knowledge of managing risks related to evolving environmental, climate related and social issues, including reporting and shareholder engagement.	●	●	●	●	●	●	●	●
<b>Financial literacy</b> – ability to critically review and analyze financial reporting documents.	●	●	●	●	●	●	●	●
<b>Financial experience</b> – corporate finance and financial management experience, including internal controls and financial reporting.	●	●	●	○	●	○	●	●
<b>Capital markets</b> – ability to access and assess capital market opportunities in Canada and internationally.	●	●	●	●	●	○	●	●
<b>Mergers and acquisitions</b> – experience in identifying, evaluating and executing on strategic, value-added opportunities and leading a business through potential mergers and acquisitions.	●	●	●	●	●	●	●	●
<b>Human resources</b> – experience with responsibility for human resources, including knowledge of creating effective compensation plans.	●	●	●	●	●	●	●	●
<b>Legal</b> – experience with international oil and gas laws, capital markets, merger and acquisitions disclosure and related reporting requirements.	●	●	●	●	○	●	●	●
<p>● – Expertise in this area   ● – General expertise in this area   ○ – Limited experience in this area</p>								

## Director Participation with Other Reporting Issuers

Certain Touchstone nominated directors are also directors of other public reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as set forth in the following table.

Director	Reporting Issuer (or equivalent in a foreign jurisdiction)
Kenneth R. McKinnon	Alvopetro Energy Ltd. The Supreme Cannabis Company Inc.
Peter Nicol	Eco (Atlantic) Oil and Gas Ltd.
Beverley Smith	Hurricane Energy plc
Thomas E. Valentine	NXT Energy Solutions Inc.
John D. Wright	Alvopetro Energy Ltd.

The Board has determined that the above memberships and common Board membership do not impair the ability of these directors to exercise independent judgement as members of Touchstone's Board of Directors.

## Diversity

Touchstone recognizes and embraces the benefits of diversity within its Board, at the executive level and at all levels of the organization. For the purposes of Board and executive level composition, diversity includes but is not limited to, business and industry skills and experience, gender, ethnicity, nationality, age, geographic background, and other personal characteristics. Consideration for nominations to the Board will be made based on capability, diversity and the needs of the Board at the applicable time. As a result, the Board is, and will be, comprised of highly qualified directors from diverse backgrounds. The goal of increasing diversity at the Board is to maximize its effectiveness, while providing for better corporate governance and decision making for the Company.

While the emphasis in filling Board vacancies in the past 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 been considered favourably in the assessment of director nominees. The Company currently does not have any targets, rules or formal policies that specifically require the identification, consideration, nomination or appointment of board nominees or candidates for executive officer positions. The Company recognizes that gender diversity is an important aspect of diversity on the Board and is committed to act diligently. The Board intends to adopt a Company wide diversity policy for implementation in 2021.

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. The Board and executive officers are further committed to ensuring a diverse and inclusive culture across our organization by promoting equality of opportunity in terms of employment, development, promotion and reward opportunities. The Board supports the Company's effort to promote, attract and retain highly skilled individuals who can add value to Touchstone's business while always having due regard to the benefits of diversity on our workplace. Currently, 82 percent of our workforce are Trinidad and Tobago nationals, and 24 percent of our employees are female. There are no women on our current three-person executive officer team, and out of our eight directors, one is female (12.5 percent).

In 2020, the Company's President and CEO signed the BlackNorth Pledge, an initiative launched by the Canadian Council of Business Leaders Against Anti-Black Systemic Racism. Touchstone is committed to specific actions and targets designed to build a more diverse and inclusive workplace and end anti-Black systemic racism. We expect to add elements of this pledge, including creating strategic inclusion and diversity plans into our 2021 Company wide diversity policy.

## Environment, Social and Governance

As an international upstream oil and gas company, Touchstone is focused on being a sustainable business, which includes ensuring that the communities in which we operate benefit from our operations, and the environment, health and safety of the communities and all stakeholders are not compromised. Touchstone actively engages local stakeholders to ensure our actions and initiatives yield positive socio-economical benefits, including but not limited to local employment and community investments. Touchstone maintains a Vision and Values statement that sets out its corporate responsibility commitments on environmental sustainability, health, safety and public engagement in those areas where it operates, all within the context of business integrity.

Touchstone is proactive in its communications with the local communities in which it is actively exploring or developing projects. The goal is to establish open and fair consultation processes with all stakeholders, provide information on local business and employment opportunities, identify areas of interest or concern and develop mutually beneficial working relationships. The Board has established policies and practices that complement its basic responsibilities as a development tool for the local communities in the jurisdictions in which it operates. The Company's social responsibility strategy aims at creating local employment opportunities and providing industry education and health training programs.

Environmental stewardship is a core value at Touchstone, and the Company is focused on reducing the environmental impact of its exploration and production operations by continuously monitoring environmental impact, developing corporate strategies, and investing in new technologies to address any risks. The objective is to minimize the environmental footprint of its operations and at the same time pursue new technologies which also contribute to this objective.

Touchstone is committed to providing a healthy and safe working environment for employees, contractors and the general public. This is supported by dedicated staff and contractors who provide on-site health and safety support as well as ongoing hazard assessments, interim and annual audits and training programs.

The Company recognizes the increasing importance of ESG to stakeholders, in particular shareholders, as well as to its operations. The Company has undertaken key initiatives that reflect its commitment to responsibly manage safety, environmental, social and governance priorities and risks.

Recent initiatives include:

- initiating an HSSE Committee mandating specific ESG and sustainability responsibilities in March 2021;
- committing to publishing an inaugural ESG and sustainability report in 2021;
- committing to implement Company wide diversity policy and targets in 2021;
- including key environmental and safety targets within our 2020 and 2021 corporate goals, with an aggregate 45 percent of our 2021 annual incentive compensation plan containing safety and ESG objectives; and
- becoming the onshore leader in Trinidad in minimizing effluent discharge, with a 2021 goal of eliminating all effluent discharge in our crude oil production.

These initiatives are being implemented to establish Board oversight of ESG matters and prepare the Company for long-term business sustainability by establishing an adequate structure for managing ESG risks and opportunities that are relevant to all stakeholders.

## Stakeholder Engagement

The Company is focused on engaging all stakeholders, including shareholders. Through regular dialogue with its shareholders, the Company believes that direct and constructive interaction creates a strong alignment of the interests of shareholders with the interests of the Board and Management. The Company

conducts regular engagement with investors through non-deal roadshows, face-to-face meetings, broker sponsored conferences and retail investor presentations. In addition, the Company's annual meeting of shareholders is also typically a forum where multiple stakeholders have an opportunity to directly engage with the Board and Management.

Although the stakeholder engagement process is delegated from the Board to the President and CEO, any shareholder wishing to discuss the long-term strategy or Management of the Company can contact our Chair of the Board, Mr. John Wright via email, at [jwright@touchstoneexploration.com](mailto:jwright@touchstoneexploration.com).

## EXECUTIVE COMPENSATION

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

### Compensation Discussion and Analysis

Since inception, Touchstone's Compensation Committee of the Board has administered all aspects of the executive officer compensation plan, including the President and CEO, Chief Financial Officer ("**CFO**"), and the three most highly compensated executive officers of the Company (including the Company's subsidiaries), other than the CEO and CFO, earning over \$150,000 (collectively, the "**NEOs**" or "**executive officers**"). Based on the foregoing definitions, the Company's NEOs in respect of the year ended December 31, 2020 were Paul R. Baay, President, CEO and director; Scott Budau, CFO; and James Shipka, Chief Operating Officer ("**COO**").

### Compensation Philosophy and Objectives

Touchstone's executive officer compensation plan 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 employees with the long-term interests of shareholders and enhancement in common share value.

The executive officer compensation plan is designed to focus on executive officer's efforts and to reward the sustained attainment of individual and Company performance goals. The program is based on the following principles and objectives:

- executive compensation must be directly linked to the Company's business, model, strategy and goals;
- the executive compensation plan is founded on sound corporate governance practices for the development and administration of executive compensation;
- executive compensation aligns the executive officers with the interests of shareholders;
- rewarding of performance according to the achievement of corporate and personal objectives and overall job performance;
- competitiveness with an external compensation peer group representative of the market against which the Company is measured and with which the Company competes for talent; and
- attraction, engagement and retention of leadership focused on fulfilling the Company's strategic objectives.

## Compensation Governance

The Compensation Committee is charged with the establishment, execution and periodic review of all aspects of the Company's compensation plan and the compensation and performance standards for the Company's directors, employees and executive officers. The Compensation Committee's duties are set out in the Compensation Committee mandate which is reviewed each year and found in Appendix "A" to this Information Circular. The Compensation Committee is currently comprised of Kenneth R. McKinnon (Chair), Beverley Smith, Stanley T. Smith and Dr. Harrie Vredenburg. Following the Meeting, it is expected that these same four directors will form the Compensation Committee. All members are "independent" for the purposes of NI 58-101. The Board believes the Compensation Committee collectively has the knowledge, experience and background required to fulfill its mandate. See each member's biography found under the heading "*Board of Directors – Biography of Board of Directors*" and a summary of the Audit Committee Mandate under the heading "*Corporate Governance – Board of Directors*".

## Risk Assessment and Oversight

The Compensation Committee considers the implications of the risks associated with Touchstone's executive officer compensation policies and practices. These risks include, but are not limited to:

- the risk of executives taking inappropriate or excessive risks;
- the risk of inappropriate focus on achieving short-term goals at the expense of long-term return to shareholders;
- the risk of encouraging aggressive accounting practices; and
- the risk of excessive focus on financial returns and operational goals at the expense of regulatory, environmental, sustainability and health and safety.

The Compensation Committee reviews the executive officer compensation plan 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 industry and 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 actions that could produce short-term success at the cost of long-term shareholder value. Further, annual budgets and quarterly and annual financial results and forecasts 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 performance. While no compensation plan can fully mitigate risks, the Compensation Committee believes these risks are alleviated by 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 incentive bonuses are based on individual and Company performance measures designed to contribute to long-term value creation and are capped based on a percentage of salary and subject to overall maximum thresholds;
- 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 is designed to motivate long-term performance, as Stock Options typically have a term of five years and 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;
- annual Stock 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 requirements and appropriate total compensation positioning compared to similar positions in the market;

- a balanced set of corporate performance goals is used to assess overall corporate results and are the main factor in determining the individual portions of annual incentive bonuses for executive officers and employees;
- third-party verifications, such as independent engineering evaluations, of appropriate elements of the corporate performance targets are incorporated before the results are finalized;
- threshold corporate performance goals must be met for each element; if a minimum threshold for performance is not met, there will be zero incentive payout for the particular element of the annual incentive bonus;
- environmental performance goals include various minimum threshold targets that all must be met; if any threshold for performance is not met, there will be zero incentive payout for the environmental element of the annual incentive bonus;
- there are no annual corporate operating costs or general and administration expense threshold targets that could lead to aggressive accounting practices;
- the Compensation Committee retains adequate discretion to apply business judgement to the Company's annual incentive bonuses in light of current business objectives and market conditions;
- the practice of short selling the Company's common shares is not permitted;
- 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.

The Compensation Committee did not identify any risks arising from Touchstone's compensation policies and practices for the year ended December 31, 2020 that were reasonably likely to have a material adverse effect on Touchstone. Our Compensation Committee and Board will continue to monitor compensation risk assessment practices on an ongoing basis to ensure that our compensation plan is appropriately structured.

### External Compensation Peer Group

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

The factors assessed by the Compensation Committee in determining the external compensation peer group included operational and geographical focus, public exchanges where issuer's securities are listed, market capitalization, enterprise value, total revenue, total assets, annual cash flows from operations, annual levels of capital expenditures, and daily average petroleum production levels. The following table reflects the composition of Touchstone's external compensation peer group for the year ended December 31, 2020.

Company	Area(s) of operation	Public listing(s)
Alvopetro Energy Ltd.	Brazil	TSXV
Canacol Energy Ltd.	Columbia	TSX
Echo Energy plc	Argentina, Bolivia	AIM
PetroTal Corp.	Peru	AIM, TSXV



<b>Company</b>	<b>Area(s) of operation</b>	<b>Public listing(s)</b>
President Energy plc	Argentina, Paraguay, U.S.	AIM
SDX Energy Inc.	Egypt, Morocco	AIM
TransGlobe Energy Corporation	Egypt, Canada	AIM, NASDAQ, TSX
Trinity Exploration and Production plc	Trinidad and Tobago	AIM

The publicly available compensation data from the external compensation peer group is used as a main factor in the review and consideration of compensation levels and the composition of compensation for the Company's executive officers and directors. The Compensation Committee will continue to monitor and adjust the external compensation peer group to reflect both changes in the markets and at Touchstone as we continue to execute our growth strategy.

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.

### **Executive Officer Compensation Plan Design**

Touchstone's executive officer compensation plan provides a balanced set of components designed to deliver the objectives of our compensation philosophy. Touchstone's executive officer compensation plan is structured into three key components: base salary, annual incentive bonus and long-term incentives. The variable components, annual incentive bonus and long-term incentives, are designed to balance short-term performance with Touchstone's long-term interests and motivate the superior performance of both. Long-term incentives include options to purchase common shares granted pursuant to the Company's Stock Option Plan and matching contributions to the Company's ESOP. These long-term variable components align the Company's executive officers with shareholders and helps retain executive officer talent. 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.

#### **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 executive officers for the roles they perform and provides a competitive foundation for each executive officer'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. As such, salaries are reviewed to ensure continued alignment with Touchstone's external compensation peer group and with the executive officers' scope of responsibilities.

Base salary amounts are targeted at the median of the Company's external compensation peer group when actual overall executive officer and corporate performance is satisfactory. Base salary is targeted to be comparable to above-median compensation when actual overall executive officer and corporate performance is exceptional and/or exceeds objectives. When overall executive officer and corporate performance is below satisfactory or falls short of threshold objectives, base salary is targeted to be below the median of the external compensation peer group.

For all employees, including executive officers, salary adjustments are considered by the Board annually but are not guaranteed. Any potential adjustments include consideration for both individual performance and current market conditions. This is the only element of executive officer compensation that is not at risk.

## **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 officer objectives within a financial year. The Compensation Committee's philosophy is to align the issuance of bonuses with the performance of Touchstone and the performance of each individual executive officer. 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. This element of compensation is at risk and is not guaranteed.

For financial year 2020 executive officer annual incentive bonuses, the Company maintained a consistent approach that was initially adopted in the 2019 financial year. The executive incentive bonus plan creates a quantitative approach in calculating executive officer bonus pool amounts for potential annual incentive bonuses. Payout levels are weighted based on individual and corporate performance targets.

Touchstone's Board approves corporate performance targets and strategic milestones based on business and performance measures commonly used in the oil and natural gas industry on an annual basis in consultation with the Compensation Committee and executive officers. The goals are determined by the Board to be key annual performance requirements for Touchstone and include financial and operational performance measures and shareholder return targets.

The individual component of the incentive bonus program, if any, 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 minimum thresholds as disclosed in "*2020 Compensation and Compensation Components – Annual Incentive Bonus*".

Under the executive officer incentive bonus plan, the calculation for annual incentive bonus is based on:

- annual corporate performance targets;
- annual individual performance goals;
- annual absolute total shareholder return ("**Absolute TSR**"); and
- annual relative total shareholder return ("**Relative TSR**").

Corporate performance targets are assigned a base and stretch value, where the base is considered threshold performance and the stretch target is considered exceptional performance. On an annual basis, the Compensation Committee approves base and stretch corporate bonus pools to be used in calculating executive officer incentive bonus amounts. These amounts are subsequently multiplied by the sum of the Absolute TSR and the Relative TSR factors, which are directly linked to common share value creation.

The President and CEO evaluates the performance of the CFO and COO. Based on their achievements of individual performance goals and corporate performance targets, the President and CEO recommends the annual incentive bonus for the CFO and COO to the Compensation Committee based on the executive officer incentive bonus plan calculation for approval. The Compensation Committee then reviews and considers the recommendations with reference to available market information and information with respect to the Company's external compensation peer group and determines whether to accept them or make any changes. The Compensation Committee evaluates the performance of the President and CEO and in certain circumstances in consultation with the other independent directors and informal consultation with the President and CEO. The Compensation Committee recommends the incentive bonus amounts for all executive officers to the Board for approval. The annual incentive bonus is typically paid during the first quarter of the year following the performance year, so that performance goal achievements relating to full year performance results can be verified.

## **Long-term Incentive Plans**

### *Stock Option Plan*

Long-term incentives are awarded by the Compensation Committee to attract and retain executive officers. Touchstone uses its Stock Option Plan as a part of its long-term at-risk compensation strategy for its executive officers. Stock 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 the Company's common shares. An annual grant of Stock Options is typically made to executive officers based on individual and corporate performance and taking into consideration the value of total direct compensation versus the external compensation peer group executives in similar roles. Additional grants of Stock Options may be made periodically to recognize the exemplary performance of certain executive officers. Previous grants are taken into account when considering new grants.

The number of Stock Options granted are determined based on the grant date fair value (see "*Executive Officer Summary Compensation Table*" for further details) as well as the dilutive impact on shareholders and the number of common shares available for issuance under the Company's equity compensation plans. The Stock Option Plan provides for the issuance of Stock Options to a maximum of ten percent 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 as defined below) shall not exceed ten percent of the common shares outstanding from time to time. Under the Stock Option Plan, the exercise price of each option may not be less than the volume weighted average trading price per common share on the TSX for the five consecutive trading days ending on the last trading day preceding the grant date. Unless otherwise determined by the Board, vesting typically occurs one third on each of the next three anniversaries of the grant date as recipients render continuous service to the Company, and the Stock Options typically expire five years from the date of the grant. Touchstone's Stock Option Plan is described in detail in this Information Circular under the heading "*Securities Authorized for Issuance under Equity Compensation Plans – Stock Option Plan*".

In the case of compensation under long-term incentive plans, if any, the Compensation Committee, in consultation with the President and CEO, makes a recommendation to the Board for consideration and approval.

### *ESOP*

Touchstone has an ESOP pursuant to which all permanent full-time Canadian based employees of Touchstone may contribute from three percent to five percent of their gross annual salary to the ESOP, with Touchstone matching the contribution initially on a 100 percent basis and thereafter on a pre-defined basis. Touchstone's matching contribution increases after 24 months of the employee's participation in the ESOP to 150 percent and after 60 months of participation to 200 percent. 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 on a monthly basis. Touchstone's executive officers are eligible to participate in the ESOP on the same basis as all other Canadian based employees of Touchstone.

### *Incentive Share Compensation Plan*

The Company formerly had an incentive share compensation plan (the "**Incentive Share Plan**"), wherein compensation was payable to participants in the form of incentive share options ("**Incentive Options**"). The Company's Compensation Committee terminated the Incentive Share Plan effective February 16, 2021 pursuant to its terms. No Incentive Options had been granted to any participant since 2014, and no Incentive Options were outstanding as of December 31, 2020 and 2019.

### *Retirement Benefits*

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

### **Group Benefits/Perquisites**

The employment benefits provided to employees are generally typical of those provided by participants in the oil and gas industry and include life and disability insurance and extended health and dental coverage. Perquisites are provided to executive officers in the form of taxable paid monthly parking and the reimbursement of membership fees applicable to the business of the Company. In addition, executive officers are eligible to claim health, medical and dental expenses for themselves and their partners and dependants up to a maximum of \$5,000 per annum per executive officer pursuant to health spending accounts established for each executive officer.

### **2020 Compensation and Compensation Components**

With respect to 2020 compensation, the Compensation Committee held one meeting in July 2020 to determine corporate and executive officer personal targets, 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 two meetings in February 2021 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, 2020.

### **Base Salary**

The base salary amounts for each executive officer compensation are reviewed annually as noted in the "*Executive Officer Compensation Plan Design – Base Salary*" discussion above. Based on the annual review of the external compensation peer group, the Compensation Committee determined that salary adjustments for each of its executive officers were warranted in 2020. The following table compares the 2020 annual base salaries for each of the Company's executive officers approved by the Board effective March 1, 2020 to their 2019 base salaries.

<b>Executive officer</b>	<b>2020 Base salary (\$)</b>	<b>2019 Base salary (\$)</b>	<b>Variance (%)</b>
President and CEO	365,000	310,000	18
CFO	260,000	240,000	8
COO	300,000	240,000	25

In an effort to reduce expenses given the uncertain market conditions in 2020, the executive officers proposed and the Board approved in March 2020 to defer executive officer salary increases until September 1, 2020 when market conditions and commodity pricing improved. See "*Executive Officer Summary Compensation Table*" below for further details.

### **Annual Incentive Bonus**

In February 2020, the Compensation Committee set the 2020 maximum annual incentive bonus at 150 percent for the President and CEO and 100 percent for the CFO and COO, with specific individual and corporate performance weightings reflected below. The Compensation Committee also approved a base bonus pool of \$550,000 and a stretch bonus pool of \$700,000, which reflected maximum bonus amounts prior to applying the shareholder return multipliers described herein.

Executive officer	Performance weighting		Maximum incentive bonus (% of base salary) <sup>(1)</sup>
	Corporate	Individual	
President and CEO	100%	0%	150%
CFO	75%	25%	100%
COO	75%	25%	100%

**Note:**

- The 2020 maximum incentive bonus was determined based on the executive officer's base salary prior to the deferral of 2020 base salary increases.

For annual incentive compensation in 2020, Company performance goals for 2020 were approved by the Compensation Committee and the Board in July 2020. In February 2021, the Compensation Committee reviewed 2020 corporate performance against the pre-determined performance indicators as set forth in the table below.

Annual incentive plan performance indicators	Weighting	Highlights and results	Result
Asset growth and optimization	25%	Achieved significant annual reserve additions and top quartile finding and development costs and recycle ratios.	Stretch
Safety	15%	Achieved qualitative safety targets and top decile total recordable injury frequency ("TRIF") results. Failed to achieve a TRIF of nil.	Base
Environmental	15%	Achieved nil reportable environmental incidents and accurately measured vented natural gas. Failed to achieve zero effluent discharge in our crude oil operations.	Not met
Operations	10%	Did not achieve Coho-1 natural gas production in 2020.	Not met
Financial performance and liquidity	10%	Achieved annual net debt to funds flow from operations targets.	Stretch
Exploration optimization	25%	Initiated a full field development plan for Ortoire yet failed to finalize Cascadura area development plans due to delayed drilling and production testing.	Base
	<b>100%</b>		<b>40% base, 35% stretch</b>

The executive officers and employees delivered above average operational performance in 2020, with two of six indicators reaching stretch status, while failing to reach base targets on two indicators, achieving a combined level of 75 percent.

Certain of the Company's specific corporate goals contain the use of oil and gas measures and non-GAAP measures as discussed under "Advisories – Non-GAAP Measures". The Board and Compensation Committee acknowledge their responsibility for vetting the calculations of these measures and ensuring the year-over-year consistency of the calculations. Oil and gas measures and non-GAAP measures that are incorporated under Company performance goals have been calculated on an annual basis using a consistent methodology since 2015 and are the same measures published by the Company in its continuous disclosure documents. There were no material adjustments to these measures proposed by Management during the 2020 fiscal year.

With respect to Absolute TSR, the Compensation Committee annually determines five Company common share price ranges, with each range assigned a factor between zero and one. The Absolute TSR reflects the corresponding predefined factor based on the ten-day volume weighted average trading price of the Company's common shares on the TSX to the close of trading on December 31. In 2020, a maximum

Absolute TSR factor of one was attained, as the Company's annual common share price on the TSX appreciated approximately 434 percent during the year.

The Company's Relative TSR compares the Company's annual common share return on the AIM to the annual return of the AIM Oil and Gas Index (the "**Index**"). The Compensation Committee annually establishes five common share return percentages, assigning each range a factor between zero and one. The factor applied during the year ended December 31, 2020 was one, as the Company's annual common share return on AIM exceeded the Index by approximately 405 percent.

After calculation of the payout percentages of Touchstone's 2020 goals and related Company and individual performance, and after applying relative multipliers for the exceptional 2020 common share performance, the total executive officer bonus amount was calculated to be \$902,000. The Compensation Committee awarded aggregate annual incentive compensation of \$915,000 to Company executive officers for 2020 which were paid in February 2021 as set forth in the table below. See "*Executive Officer Summary Compensation Table*" below for further details.

Executive officer	2020 Annual incentive bonus (\$)	2019 Annual incentive bonus (\$)	Variance (%)
President and CEO	400,000	290,000	38
CFO	250,000	150,000	67
COO	265,000	150,000	77

### **Long-term Incentive Plans**

#### *Stock Option Plan*

In February 2020, the Compensation Committee approved the annual 2020 grant of Stock Options to executive officers which were awarded on April 6, 2020. The following table sets forth Stock Option compensation approved by the Compensation Committee and Board for Touchstone's executive officers for the years ended December 31, 2020 and 2019.

Executive officer	Number of Stock Options granted in 2020	Number of Stock Options granted in 2019	Variance (%)
President and CEO	450,000	450,000	Nil
CFO	300,000	300,000	Nil
COO	300,000	300,000	Nil

#### *ESOP*

Touchstone's executive officers are eligible to participate in the ESOP on the same basis as all other employees of Touchstone. For the year ended December 31, 2020, approximately \$13,000 was contributed by Touchstone to match the contributions of the NEOs, which are disclosed under the heading "*Executive Officer Summary Compensation Table*" under the column titled "*All other compensation*". The ESOP was temporarily suspended effective March 1, 2020 due to the uncertain economic impact of COVID-19, and reinstated effective February 1, 2021 when market conditions improved.

### **Corporate Policies**

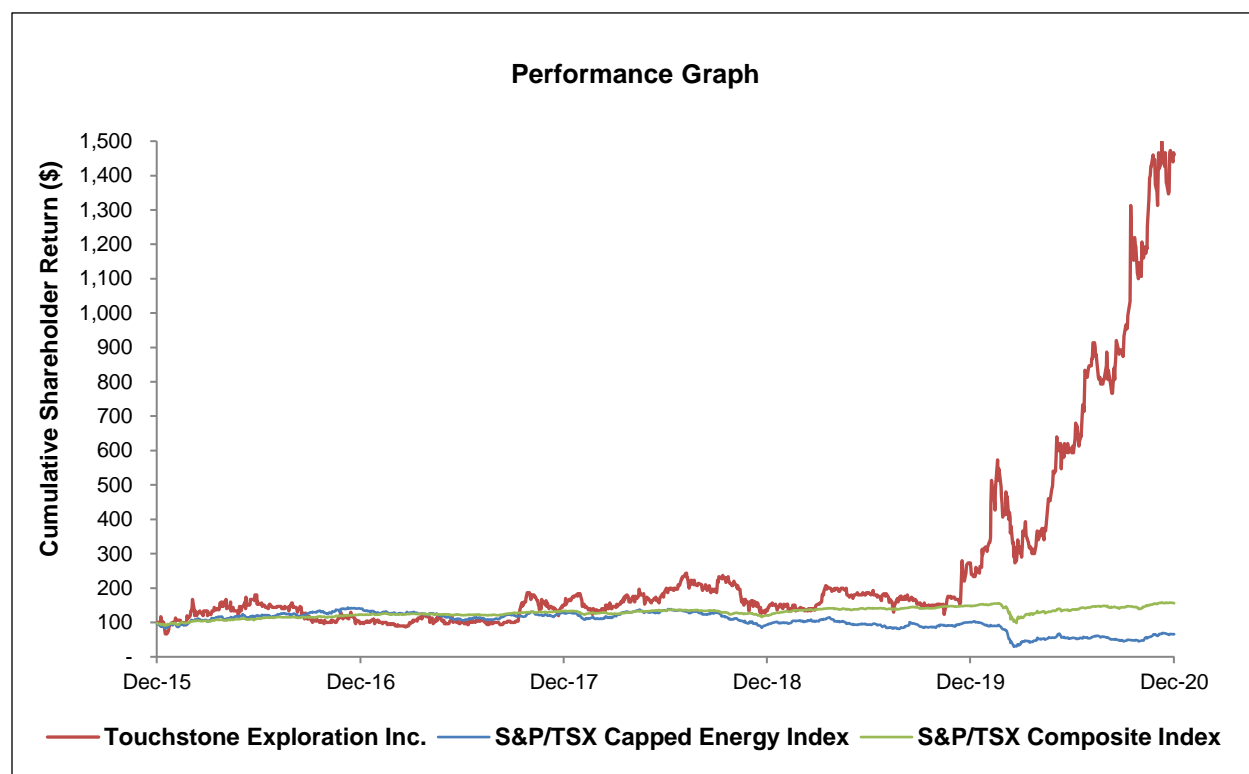
The Board has made it a priority to ensure that appropriate checks and balances are in place to govern responsible and ethical behaviours amongst the Company's executive officers, directors and employees. All executive officers are required to annually confirm compliance with the Code of Conduct Policies. Touchstone's Disclosure, Confidentiality and Trading Policy includes a provision that prohibits directors, executive 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.

The Company currently does not have a "clawback" policy in effect for executive officers. Recognizing that it is a priority to ensure that appropriate checks and balances are in place to govern responsible and ethical behaviours amongst our executive officers, the Board intends to implement a clawback policy in 2021. All executive officers are required annually to confirm compliance with the Company's Code of Conduct Policies.

### Performance Graph and Five-Year CEO and NEO Compensation Measures

The following graph illustrates the total cumulative shareholder return for \$100 invested in the common shares of the Company, from the TSX closing price on December 31, 2015 to December 31, 2020. 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, 2015	100.00	100.00	100.00
December 31, 2016	96.67	139.64	121.08
December 31, 2017	150.00	124.83	132.09
December 31, 2018	133.33	91.66	120.36
December 31, 2019	273.33	100.60	147.89
<b>December 31, 2020</b>	<b>1,460.00</b>	<b>65.75</b>	<b>156.17</b>

If \$100 was invested in Touchstone's common shares on December 31, 2015, it would have resulted in a cumulative shareholder return of 1,360 percent on December 31, 2020. In comparison, the same amounts invested in the S&P/TSX Capped Energy Index and the S&P/TSX Composite Index over the equivalent period would have resulted in a cumulative shareholder return of negative 34 percent and positive 56 percent, respectively.

The following table sets forth the compensation expense for NEOs in relation to the Company's annual petroleum revenues for the years indicated.

Year	Petroleum revenues (\$000's) <sup>(1)</sup>	NEO total compensation (\$000's) <sup>(2)</sup>	NEO total compensation / revenue (%)
2020	26,283	2,112	8.0
2019	51,290	1,648	3.2
2018	48,993	1,411	2.9
2017	30,020	1,309	4.1
2016	24,036	1,286	5.4

**Notes:**

- 2020 and 2019 annual petroleum revenue was converted from United States dollars to Canadian dollars using the Bank of Canada average closing rates for the relevant year (2020 - 1.3415 and 2019 - 1.3269). The Company previously reported petroleum revenue figures in Canadian dollars for the 2016 through 2018 fiscal years.
- See "*Executive Officer Summary Compensation Table*". The total executive officer compensation includes base salary, annual incentive plan awards (bonuses), value of Stock Option based awards and all other compensation.

Although our executive officer 2020 total compensation represented approximately 8 percent of petroleum revenues reported in the year, the Compensation Committee approved the compensation plan in relation to the Company's successful exploration activities to date and the achievements of 2020 corporate goals and shareholder returns as noted above. The Company expects annual revenue to increase based on its exploration discoveries in 2020, as annual 2020 revenue decreased based on a material reduction in crude oil realized pricing and the allocation of capital expenditures to the Company's core exploration program. Further, the increase in executive officer total compensation in 2019 and 2020 has largely been due to the significant increase in the price of the Company's common shares on the TSX over the same period. Thus, the increase in executive officer total compensation is aligned with the increase in shareholder value.

NEO total base salary and annual incentive compensation is consistent with the benchmark set by the Compensation Committee and the Board for compensation to target the median of external compensation peer group executives in similar roles for satisfactory performance and results above median but not greater than the 75<sup>th</sup> percentile for exceptional performance and results.

**Changes to Executive Compensation**

The Compensation Committee determined that salary adjustments for each of its executive officers were warranted in 2021, to better reflect the executive officers' individual performance and alignment with their base salaries versus that of the Company's external compensation peer group. The following table sets forth the salary adjustments for each of the Company's executive officers that were approved by the Board effective March 1, 2021.

Executive officer	2021 Base salary (\$)	2020 Base salary (\$)	Variance (%)
President and CEO	395,000	365,000	8
CFO	270,000	260,000	4
COO	320,000	300,000	7

The Compensation Committee recommended and the Board approved 2021 annual long-term incentive awards to directors, executive officers and employees in the form of Stock Options with a grant date



subsequent to the Company's first quarter 2021 financial results routine blackout period, pending any non-routine blackout periods that may be in effect. As part of the expected grant, Mr. Baay will be awarded 450,000 Stock Options, and Mr. Budau and Mr. Shipka will each be awarded 300,000 Stock Options, which is the same number of Stock Options awarded to each executive officer in 2020. The aggregate 2021 annual Stock Option grant to directors, executive officers and employees is expected to represent a burn rate of 1.30 percent, calculated by dividing the aggregate expected grant of 2,713,000 Stock Options by the weighted average number of outstanding common shares of the Company for the four-month period ending April 30, 2021, being 209,399,627.

Effective February 1, 2021, the ESOP for executive officers, directors and employees was reinstated. The ESOP was temporarily suspended effective March 1, 2020 due to the challenging market conditions in 2020 and in order to reduce cash costs.

### Executive Officer Summary Compensation Table

The following table sets forth the total compensation paid to or earned by the Company's executive officers for the fiscal years specified. The Company does not provide long-term non-equity incentive plan nor pension plan compensation to its executive officers.

Name and principal position	Year	Base salary (\$) <sup>(1)</sup>	Option-based awards (\$) <sup>(2)</sup>	Annual incentive plans (\$) <sup>(3)</sup>	All other compensation (\$) <sup>(4)</sup>	Total compensation (\$)
Paul R. Baay <sup>(5)</sup> President and CEO	2020	330,625	119,888	400,000	31,723	882,236
	2019	310,000	57,121	290,000	56,688	713,809
	2018	310,000	37,309	180,000	43,973	571,282
Scott Budau CFO	2020	247,500	79,925	250,000	22,371	599,796
	2019	240,000	38,081	150,000	33,007	461,088
	2018	236,667	24,873	125,000	28,075	414,615
James Shipka COO	2020	262,500	79,925	265,000	22,772	630,197
	2019	240,000	38,081	150,000	45,349	473,430
	2018	236,667	24,873	125,000	38,522	425,062

#### Notes:

- Salary, for the purposes of the table above, includes all earnings related to base salary paid to the NEO during the financial year. In 2020, the NEOs deferred Board approved 2020 salary increases until September 1, 2020 in an effort to reduce cash costs.
- 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. For a complete 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 awards disclosed in the table above were calculated using assumptions set forth in the following table.

Assumptions	Grant date		
	April 5, 2018	April 5, 2019	April 6, 2020
Risk-free interest rate (%)	1.9	1.6	0.5
Expected life (years)	2.0 - 4.0	2.0 - 4.0	2.0 - 4.0
Expected volatility (%)	89.2	86.9	89.1
Expected annual dividends (\$)	Nil	Nil	Nil
Fair value per Stock Option (\$)	0.12	0.13	0.27

- 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 Company paid parking, Touchstone matched contributions to the ESOP, flexible health spending accounts and benefit premiums paid by Touchstone. Amounts included herein are generally available to all employees, apart from health spending account benefits, for which NEOs receive \$5,000 per annum while Canadian based employees receive \$3,000 per annum.
- Mr. Baay is not entitled to receive any compensation for his service as a director during the period that he is an executive officer of Touchstone.

## Executive Officer Long-term Incentive Plan Awards

The following table sets forth, with respect to each of the NEOs, details regarding Stock Option awards outstanding as of December 31, 2020. Except as disclosed herein, no other NEO was granted any other Stock Options or Incentive Options during the year ended December 31, 2020.

Option-Based Awards <sup>(1)</sup>					
NEO	Grant date	Number of common shares underlying unexercised Stock Options	Stock Option exercise price (\$)	Stock Option expiration date	Value of unexercised in-the-money Stock Options (\$) <sup>(2)</sup>
Paul R. Baay	June 16, 2016	300,000	0.23	June 15, 2021	588,000
	March 30, 2017	300,000	0.14	March 29, 2022	615,000
	April 5, 2018	300,000	0.22	April 4, 2023	591,000
	April 5, 2019	450,000	0.23	April 4, 2024	882,000
	April 6, 2020	450,000	0.48	April 5, 2025	769,500
Scott Budau	June 16, 2016	200,000	0.23	June 15, 2021	392,000
	March 30, 2017	200,000	0.14	March 29, 2022	410,000
	April 5, 2018	200,000	0.22	April 4, 2023	394,000
	April 5, 2019	300,000	0.23	April 4, 2024	588,000
	April 6, 2020	300,000	0.48	April 5, 2025	513,000
James Shipka	June 16, 2016	200,000	0.23	June 15, 2021	392,000
	March 30, 2017	200,000	0.14	March 29, 2022	410,000
	April 5, 2018	200,000	0.22	April 4, 2023	394,000
	April 5, 2019	300,000	0.23	April 4, 2024	588,000
	April 6, 2020	300,000	0.48	April 5, 2025	513,000

### 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 unexercised in-the-money Stock Options represents the number of common shares payable on settlement of the outstanding vested and unvested Stock Options held by each NEO, multiplied by the difference between the closing price of the Company's common shares on the TSX on December 31, 2020 of \$2.19 and the exercise price for the applicable Stock Option grant.

All Stock Options granted by Touchstone to its NEOs vest in three 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 consecutive trading days ending on the last trading day preceding the grant date.

During the 2020 financial year, the Company did not adjust, amend, cancel, replace or modify the exercise price of Stock Options previously awarded to an NEO.

## Value of Equity-based Awards Vested During 2020

The following sets forth, for each executive officer, the value of option-based awards which vested during the year ended December 31, 2020 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2020. Except as disclosed herein, no other NEO was awarded any other non-equity incentive plan compensation during the year ended December 31, 2020.

Executive officer	Option-based awards - Value vested during the year (\$) <sup>(1)</sup>	Non-equity incentive plan compensation - Value earned during the year (\$) <sup>(2)</sup>
Paul R. Baay	115,000	400,000
Scott Budau	76,667	250,000
James Shipka	76,667	265,000

### 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 during the year was calculated based on the difference between the TSX closing price of the Company's common shares on the respective Stock Option vesting dates and the respective Stock Option exercise prices.
- Non-equity incentive plan compensation represents 2020 annual incentive bonuses paid in February 2021.

## Value Realized from Stock Option Exercises

The following sets forth, for each executive officer, the value realized from Stock Options exercised during the year ended December 31, 2020.

NEO	Date of exercise	Number of common shares acquired on exercise	Aggregate value realized (\$) <sup>(1)</sup>	Number of common shares held	Number of common shares sold
Paul R. Baay	December 22, 2020	300,000	504,000	Nil	300,000
Scott Budau	December 22, 2020	200,000	336,000	Nil	200,000
James Shipka	December 22, 2020	200,000	336,000	Nil	200,000

### Note:

- Represents the fair value of the Company's common shares on the applicable date such Stock Options were exercised less the weighted average Stock Option grant exercise prices.

## Value of Executive Officer Common Shares

The following table sets forth the aggregate market value of the Company's common shares held by each executive officer in comparison to their respective base salary as of December 31, 2020.

Executive officer	Number of common shares owned	Value of common shares owned (\$) <sup>(1)</sup>	Base salary (\$)	Value of common shares owned / 2020 base salary
Paul R. Baay	1,405,740	3,078,751	365,000	8.4 times
Scott Budau	307,602	673,648	260,000	2.6 times
James Shipka	467,006	1,022,743	300,000	3.4 times

### Note:

- The value of common shares owned represents the number held by each executive officer as of December 31, 2020 multiplied by the closing price of the Company's common shares on the TSX on December 31, 2020, being \$2.19.

## Termination and Change of Control Benefits and Payments

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, support them in the event of employment interruption caused by a change in control of the Company and to treat them in a fair and equitable manner. Touchstone has management employment agreements (the "**Executive Agreement(s)**") with each of Mr. Baay, Mr. Budau and Mr. Shipka.

Each of these Executive Agreements provides for an indefinite term of employment. Each Executive Agreement may be terminated by: (i) the Company giving notice of termination (other than just cause) to the executive; 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. In the event of a termination of each Agreement for whatever reason with or without cause, for a period of 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.

The Executive Agreements provide for payment of incremental compensation in the event of termination of the executive officer's employment by the Company without cause and upon resignation of employment by the executive for good reason in the event of a change of control of the Company. In the Executive Agreements, a change of control includes, but is not limited to, any acquisition of common shares or other securities of the Company that carry the right to cast more than 50 percent of the votes attaching to all common shares in the capital of the Company, the sale, lease or other disposition of all or substantially all of the assets of the Company to a third party, the liquidation or dissolution of the Company, and/or the Company ceasing to be publicly traded on a recognized exchange. Good reason is defined in the Executive Agreements as constructive dismissal as defined in common law or the assignment to the executive officer of any duties materially inconsistent with the executive officer's duties immediately prior to a change in control.

In exchange for payments received upon termination of employment, the executive must agree to sign and provide to the Company a full and final release (releasing the Company and its affiliates) in a form that is satisfactory to the Company. The following table sets forth the incremental compensation to be paid by the Company under the specified termination events.

Termination event	Executive officer	Incremental compensation
Termination without cause <sup>(1)</sup>	Paul R. Baay	Lump sum cash payment equal to two times the sum of: (i) the average of the executive officer's base salary paid in the two years preceding the termination date; plus (ii) the executive officer's annual base salary; plus (iii) the average of any annual incentive bonuses paid in the two years preceding the termination date.
	Scott Budau James Shipka	Lump sum cash payment equal to 1.5 times the sum of: (i) the executive officer's annual base salary; plus (ii) the average of any annual incentive bonuses paid in the two years preceding the termination date.
Change of control with good reason <sup>(2)</sup>	Paul R. Baay Scott Budau James Shipka	All applicable incremental compensation is calculated as specified for termination without cause.

### Notes:

1. Termination without cause refers to termination of the executive officer's employment by the Company for reasons other than for just cause, mutual agreement or the permanent disability of the executive officer.
2. The executive officer has the right, for six months following a change in control of the Company, to terminate their employment subject to the existence of good reason.

The Company remains aware of trends in employment law, such that changes in the Executive Agreements, which are made from time to time, reflect what the Company believes to be competitive terms as at the time of each executive officer's hiring.

The following table sets forth the details of the estimated incremental compensation due to each of the executive officers that would have arisen upon a hypothetical termination (without cause) and upon a change of control with good reason as of December 31, 2020, pursuant to the terms and conditions of their respective Executive Agreements.

NEO	Severance period (months)	Base salary component (\$) <sup>(1)</sup>	Annual incentive bonus component (\$) <sup>(2)</sup>	Stock Options (\$) <sup>(3)(4)</sup>	Total incremental compensation (\$) <sup>(3)</sup>
Paul R. Baay	24	1,370,625	690,000	1,792,500	3,853,125
Scott Budau	18	390,000	300,000	1,195,000	1,885,000
James Shipka	18	450,000	311,250	1,195,000	1,956,250

**Notes:**

1. This figure is calculated by summing the average of Mr. Baay's base salary paid in the preceding two years and Mr. Baay's base salary on December 31, 2020, multiplied by two (2) times. For Messrs. Budau and Shipka, this figure is calculated by multiplying the executive officer's base salary on December 31, 2020 by 1.5 times.
2. The figure is calculated by multiplying the average of the executive officer's past two years of annual incentive bonuses by the applicable multiple set forth in their respective Executive Agreement. The annual incentive bonuses for 2020 were not paid until February 2021. However, 2020 bonuses are included in the bonus component calculation above based on the assumption that they would have been included in the executive officer's incremental compensation should there have been a termination on December 31, 2020 due to termination without cause or resignation for good reason upon a change of control.
3. Pursuant to the Stock Option Plan, if the executive officer's employment is terminated by the Company without cause, or the executive elects to terminate their employment, the executive officer may exercise any Stock Options that were vested by the date of termination of employment for up to thirty (30) days following that date or the expiration date of the Stock Options, whichever occurs first. All other Stock Options would be terminated. The table above discloses the incremental compensation from Stock Options based upon a hypothetical termination (without cause) as of December 31, 2020, using the closing price of the Company's common shares on the TSX on December 31, 2020 of \$2.19 and the executive officer's vested Stock Options.
4. In accordance with the Stock Option Plan, in the event of a change in control of the Company, all unvested Stock Options for each executive officer shall vest, and all issued and outstanding Stock Options will immediately be exercisable for up to thirty (30) days after the occurrence of such change of control, or at such earlier time as may be established by the Board. Based on a hypothetical termination as of December 31, 2020 due to a change of control and based on the closing price of the Company's common shares on the TSX on December 31, 2020 of \$2.19, the incremental compensation from all issued Stock Options for Mr. Baay would have been \$3,445,000, for Mr. Budau would have been \$2,297,000 and Mr. Shipka would have been \$2,297,000.
5. The table does not include vacation pay entitlements, as such amounts are considered immaterial as of December 31, 2020.

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.

**Liability Insurance of Directors and Officers**

Touchstone maintains directors' and officers' liability insurance coverage for losses to the Company if it is required to reimburse directors and officers, where permitted, and for direct indemnity of directors and officers where corporate reimbursement is not permitted by law. This insurance protects Touchstone against liability (including costs), subject to standard policy exclusions, which may be incurred by directors and/or officers acting in such capacity. All of the Company's directors and officers are covered by the policy, and the amount of insurance applies collectively to all. The annual cost for this insurance policy for the June 30, 2020 to June 30, 2021 period was approximately \$112,000.

In addition, the Company has entered into indemnity agreements with each of its directors and officers pursuant to which it has agreed to indemnify such directors and officers from liability arising in connection with the performance of their duties. Such indemnity agreements conform to the provisions of the ABCA.

## 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, 2020. The equity compensation plans as of December 31, 2020 were the Stock Option Plan and the Incentive Share Plan. The Incentive Share Plan was terminated effective February 16, 2021.

Plan category	Number of securities to be issued upon exercise of outstanding Stock Options and Incentive Options <sup>(1)</sup>	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 shareholders:			
Stock Option Plan	9,552,434 <sup>(4)</sup>	0.34	See Note 3
Incentive Share Plan	Nil	Nil	See Note 3
Equity compensation plans not approved by shareholders	Nil	Nil	Nil
<b>Total</b>	<b>9,552,434</b>	<b>0.34</b>	<b>11,387,528<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 former Incentive Share Plan provided for the issuance of a maximum of 1,000,000 common shares pursuant to the issuance of Incentive Options. 473,625 common shares were historically issued on the exercise of Incentive Options as of December 31, 2020.
- The total number of securities remaining available for future issuance under equity compensation plans as of December 31, 2020 was equal to 10% of the number of common shares outstanding as at December 31, 2020 less the number of Stock Options outstanding under the Stock Option Plan as at December 31, 2020 and less the number of Incentive Options outstanding under the Incentive Share Plan as at December 31, 2020. As of December 31, 2020, there were 209,399,627 common shares outstanding, resulting in a maximum number of 20,939,962 common shares issuable under equity compensation plans. As of December 31, 2020 there were 9,552,434 Stock Options outstanding and nil Incentive Options outstanding, leaving 11,387,528 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 9,552,434 Stock Options outstanding as of December 31, 2020, 9,552,434 (100%) were in-the-money as at that date, based on the closing price of the Company's common shares on the TSX on December 31, 2020 of \$2.19.

As of the date hereof, 209,399,627 common shares are issued and outstanding as fully paid and non-assessable shares in the capital of the Company, and 9,552,434 Stock Options are outstanding with a weighted average exercise price of \$0.34, leaving a total of 11,387,528 Stock 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 and attached as Appendix "C" to this Information Circular. The purpose of the Stock Option Plan is to provide the employees, directors, executive 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 ten percent 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 five percent 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 ten percent 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 ten percent 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 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 years from the date of grant or such other date set by the Board. The vesting period or periods of Stock Options granted under the Stock Option Plan are determined by the Board at the time of grant. The Board may, in its sole discretion at any time, accelerate vesting of Stock Options previously granted.

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

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

Stock Options granted to Participants are non-assignable and, except in the case of death of a Participant, are exercisable only to the Participant to whom the Stock Options have been granted.

In the event of the Participant ceasing to be a director, executive officer, employee or consultant of Touchstone or its subsidiaries for any reason other than death (including the resignation or retirement of the Participant, 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 of notice of ceasing to be a Participant 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 Options or 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, on or prior to the expiry date of Stock Options held by the Participant, the legal representatives of the Participant may exercise such Stock Options within six months following the death of the Participant.

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 Options 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 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 business days after a self-imposed blackout period on trading securities of Touchstone, such expiry date will be deemed to be extended to the tenth day following the end of the blackout period.



## Annual Burn Rates

The following table sets forth the annual and average burn rates for each of the three most recently completed fiscal years for each of the Company's equity compensation plans requiring settlement by treasury issuances of common shares. The burn rate shows how rapidly a company is using its shares reserved for equity compensation plans. The burn rate is calculated by dividing the number of share awards granted or purchased under each equity compensation arrangement during the applicable period by the basic weighted average number of common shares outstanding for the applicable fiscal year.

Year	Stock Options granted	Incentive Options granted <sup>(1)</sup>	Basic weighted average common shares outstanding as of December 31	Burn rate		
				Stock Options granted	Incentive Options granted	Total
2020	2,892,000	Nil	183,780,580	1.57%	n/a	1.57%
2019	2,550,000	Nil	155,830,428	1.64%	n/a	1.64%
2018	1,688,800	Nil	129,021,428	1.31%	n/a	1.31%
<b>Average three-year burn rate</b>				<b>1.51%</b>	<b>n/a</b>	<b>1.51%</b>

**Note:**

1. No Incentive Options were awarded to any participant, including directors and executive officers, since 2014. The Incentive Share Plan was terminated by the Compensation Committee effective February 16, 2021.

## OTHER DISCLOSURES

### 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

Financial information is provided in the Company's comparative annual financial statements and management's discussion and analysis for its most recently completed financial year. Shareholders can access this and other additional information, including the 2020 AIF, on our website ([www.touchstoneexploration.com](http://www.touchstoneexploration.com)) and on SEDAR ([www.sedar.com](http://www.sedar.com)). Alternatively, shareholders may request physical copies of the annual financial statements, management's discussion and analysis and the 2020 AIF free of charge by contacting the Chief Financial Officer of the Company at 4100, 350 - 7<sup>th</sup> Avenue SW, Calgary, Alberta, Canada T2P 3N9.

## ADVISORIES

### Forward-looking Statements

Certain information provided in this Information Circular may constitute forward-looking statements and information (collectively, "**forward-looking statements**") within the meaning of applicable securities laws. Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to assumptions, risks and uncertainties, many of which are beyond the control of the Company. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or are events or conditions that "will", "would", "may", "could" or "should" occur or be achieved.

Forward-looking statements in this Information Circular (including the prefacing Message to Shareholders) include, but are not limited to, those in respect of: the growth trajectory of the Company, and the extent to which the Company possesses sufficient talent or is otherwise able to supplement its team to continue on such trajectory; the extent to which the Company anticipates being able to diversify its oil and natural gas production, and the downstream demand for the Company's diversified production; the extent to which the Company anticipates increasing its capacity for future development operations by the end of 2021, and being able to withstand economic volatility; the continuation of certain existing, and the implementation of certain additional, ESG policies and practices (including with respect to charitable endeavours, reducing the Company's environmental footprint and the strategies for accomplishing such reduction, publishing an ESG report, and adopting a minimum equity ownership policy, a diversity policy, and a clawback policy), and the timing thereof; expected shareholder returns; exploration, production and associated operational plans and strategies, including planned seismic, drilling, and completion activities, the timing thereof and the production resulting therefrom; the Company's drilling and development location inventory, including the number and quality of, and risk associated with, those locations; the entering into of contractual arrangements, the parties thereto and the terms thereof; the sufficiency of resources and available financing to fund such future operations; and business plans and strategies.

Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. Certain of these assumptions and risks are set out in more detail in the Company's 2020 AIF which has been filed on SEDAR and can be accessed at [www.sedar.com](http://www.sedar.com). The forward-looking statements contained in this Information Circular are made as of the date hereof, and except as may be required by applicable securities laws, the Company assumes no obligation to update publicly or revise any forward-looking statements made herein or otherwise, whether as a result of new information, future events or otherwise.

### Oil and Gas Metrics

This Information Circular refers to finding and development ("**F&D**") costs and recycle ratio, which are metrics that are commonly used in the oil and gas industry. The metrics have been referred to herein as they were components of the Company's 2020 annual incentive plan. These metrics have been prepared by Management and do not have standardized meanings or standardized methods of calculation, and therefore such measures may not be comparable to similar measures presented by other companies and should not be used to make comparisons. Such measures are not reliable indicators of the future performance of the Company, and future performance may not compare to the performance in prior periods, and therefore such metrics should not be unduly relied upon.

F&D costs represent the costs of exploration and development incurred. Specifically, F&D is calculated as the sum of exploration and development capital expenditures incurred in the period and the change in future development costs required to develop those reserves. F&D costs per barrel is determined by dividing

current period net reserve additions to the corresponding period's F&D cost. Readers are cautioned that the aggregate of capital expenditures incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total F&D costs related to reserves additions for that year. Management uses F&D costs as a measure of its ability to execute its capital program, the success in doing so, and of the Company's asset quality.

Recycle ratio is a measure used by Management to evaluate the effectiveness of its capital reinvestment program and is calculated by dividing the annual F&D costs per barrel to operating netback per barrel prior to realized gains or losses on commodity derivative contracts in the corresponding period (see "*Advisories – Non-GAAP Measures*"). The recycle ratio compares netbacks from existing reserves to the cost of finding new reserves and may not accurately indicate the investment success unless the replacement of reserves are of equivalent quality as the produced reserves.

### **Non-GAAP Measures**

This Information Circular refers to certain terms commonly used in the oil and natural gas industry, including funds flow from operations, operating netback and net debt, as they were components of the Company's 2020 annual incentive plan. These terms do not have a standardized meaning prescribed under GAAP and therefore may not be comparable to similar measures presented by other companies. Shareholders and investors are cautioned that these measures should not be construed as alternatives to cash from operating activities, net earnings, total assets, total liabilities, or other measures of financial performance as determined in accordance with GAAP. Management uses these non-GAAP measures for its own performance measurement and to provide stakeholders with measures to compare the Company's operations over time.

Funds flow from operations is an additional GAAP measure included in the Company's consolidated statements of cash flows. Funds flow from operations represents net earnings (loss) excluding non-cash items. Touchstone considers funds flow from operations to be an important measure of the Company's ability to generate the funds necessary to finance capital expenditures and repay debt.

The Company uses operating netback as a key performance indicator of field results and as a component of the recycle ratio calculation discussed above. Operating netback is presented on a total and per barrel basis and is calculated by deducting royalties and operating expenses from petroleum sales. If applicable, the Company also discloses operating netback both prior to realized gains or losses on derivatives and after the impacts of derivatives are included. The Company considers operating netback to be a key measure as it demonstrates Touchstone's profitability relative to current commodity prices. This measurement assists Management and investors with evaluating operating results on a historical basis.

The Company closely monitors its capital structure with a goal of maintaining a strong financial position to fund current operations and the future growth of the Company. The Company monitors working capital and net debt as part of its capital structure to assess its true debt and liquidity position and to manage capital and liquidity risk. Working capital is calculated as current assets minus current liabilities as they appear on the consolidated statements of financial position. Net (surplus) debt is calculated by summing the Company's working capital and the principal (undiscounted) non-current amount of senior secured debt.

### **APPROVAL**

This Information Circular dated April 29, 2021 has been approved by the Board of Directors of the Company.

## APPENDIX A

### Compensation and Governance Committee Mandate

*Approved and adopted by the Board of Directors on November 16, 2012 and reapproved on March 25, 2021*

#### 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 their 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. Chairperson

The Board shall appoint the Chairperson of the Committee. The role of the Chairperson 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 Chairperson 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

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

- (b) 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.
- (c) 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 Chairperson or by a majority of the Committee. At the request of the Committee or its Chairperson, certain members of senior management and others may attend Committee meetings on an ad hoc or a regular basis.

## **7. Notice of Meeting**

- (a) 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.
- (b) 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**  
**Board of Directors Mandate**

*Approved and adopted by the Board of Directors on November 16, 2012 and reapproved on March 25, 2021*

**Role and Objective**

This mandate defines the role of the Board of Directors of Touchstone Exploration Inc. (the "**Corporation**"). The fundamental responsibilities of the Board of Directors of 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, the Reserves Committee, the Health, Safety, Social and Environmental 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**

- (a) 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.
- (b) The Board reviews and approves the financial statements, related management's discussion and analysis and reserves evaluations of the Corporation.

- (c) 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.
- (d) 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**

- (a) 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.
- (b) 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**

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

- (c) Notice of the time and place of every meeting may be given orally, in writing, or by email 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**

- (a) 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.
- (b) 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**

- (a) 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.
- (b) 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.

**APPENDIX C**  
**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 their 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; or
- (b) the thirtieth (30th) day following:
  - (i) the effective date of such resignation or retirement; or
  - (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

of 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 (30<sup>th</sup>) 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 they 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, they had been the registered holder of the number of Common Shares of the Corporation to which they were 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 6.2 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 REGULATION

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

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

- (b) the admission of such Common Shares to listing on any stock exchange on which such Common Shares may then be listed; and
- (c) the receipt from the Participant of such representations, warranties, agreements and undertakings as to future dealings in such Common Shares as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

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

### **ARTICLE 13 – PARTICIPANTS' RIGHTS**

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

### **ARTICLE 14 – APPROVALS**

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

## APPENDIX D

### Summary of the Amended and Restated Shareholder Rights Plan Agreement

The following is a summary of the principal terms of the Rights Plan. This summary is qualified in its entirety by the full text of the Proposed Amended Rights Plan Agreement, a copy of which is available on the Company's website at [www.touchstoneexploration.com](http://www.touchstoneexploration.com) or upon request to the Chief Financial Officer of the Company as described in the Information Circular. Unless otherwise indicated, all capitalized terms used in this summary have the meanings set forth in the Proposed Amended Rights Plan Agreement.

#### ***Issuance of Rights***

The Rights Plan authorizes the issue, on December 31, 2012 (the "**Effective Date**"), of one (1) Right in respect of each Common Share outstanding on the Effective Date and the issue of one (1) Right for each Common Share issued after such date and prior to the earlier of the Separation Time and the Expiration Time. Each Right entitles the registered holder thereof to purchase from Touchstone one (1) Common Share at the Exercise Price. The Exercise Price and number of Common Shares are subject to adjustment. The Rights are not exercisable until the Separation Time.

#### ***Certificates and Transferability***

Prior to the Separation Time, certificates for Common Shares will also evidence one (1) Right for each Common Share represented by the certificate. Certificates issued after the Effective Date, but prior to the earlier of the Separation Time and the Expiration Time, will bear a legend to this effect. Rights are also attached to Common Shares that were outstanding on the Effective Date, although share certificates issued prior to that date do not bear such a legend.

Prior to the Separation Time, Rights will not be transferable separately from the attached Common Shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates which will be transferable and traded separately from the Common Shares.

#### ***Separation Time and Rights Exercise Privilege***

The Rights will separate from the Common Shares to which they are attached and will become exercisable at the Separation Time. The Separation Time is the close of business on the eighth Trading Day after the earlier of: (i) the Stock Acquisition Date; (ii) the date of the commencement of or first public announcement of the intent of any person (other than Touchstone or any Subsidiary of Touchstone) to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid), or such later time as may be determined by the Board, provided that, if any Take-over Bid expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed never to have been made; and (iii) the date on which a Permitted Bid or Competing Permitted Bid ceases to be such.

Subject to adjustment as provided in the Rights Plan, each Right entitles the holder to purchase, after the Separation Time, one Common Share for an exercise price (the "**Exercise Price**") equal to \$100.00.

The acquisition by an Acquiring Person of 20 percent or more of the Common Shares, other than by way of a Permitted Bid or in certain other circumstances set out below, is referred to as a "**Flip-in Event**". Any Rights held by an Acquiring Person will become void upon the occurrence of a Flip-in Event. If a Flip-in Event shall occur, at the close of business on the eighth business day after the Stock Acquisition Date, the Rights (other than those held by the Acquiring Person) will entitle the holder thereof to purchase Common Shares having an aggregate market price equal to twice the Exercise Price for an amount in cash equal to the Exercise Price.

### ***Impact Once Rights Plan is Triggered***

The issue of Rights is not initially dilutive. Upon a Flip-in Event occurring and the Rights separating from the attached Common Shares, reported earnings per Common Share on a fully diluted or non-diluted basis may be affected. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

By permitting holders of Rights other than an Acquiring Person to acquire Common Shares at a discount to market value, the Rights may cause substantial dilution to a person or group that acquires 20 percent or more of the voting securities of Touchstone other than by way of a Permitted Bid or in certain other circumstances set out below.

### ***Acquiring Person***

An Acquiring Person is a person who beneficially owns 20 percent or more of the outstanding Common Shares. An Acquiring Person does not, however, include Touchstone or any Subsidiary of Touchstone, or any person who becomes the Beneficial Owner of 20 percent or more of the Common Shares as a result of certain exempt transactions. These exempt transactions include where any person becomes the Beneficial Owner of 20 percent or more of the Common Shares as a result of, among other things: (i) acquisitions pursuant to a Permitted Bid or Competing Permitted Bid; (ii) transactions to which the application of the Rights Plan has been waived by the Board; (iii) pursuant to transactions that are subject to the approval of the shareholders; and (iv) certain purchases of securities issued by prospectus or private placement.

### ***Permitted Lock-up Agreements***

A bidder may enter into lock-up agreements (a "**Lock-up Agreement**") with shareholders (a "**Locked-up Person**") whereby such shareholders agree to tender their Common Shares to the Take-over Bid (the "**Lock-up Bid**") without a Flip-in Event (as referred to above) occurring. Any such agreement must permit the Locked-up Person to withdraw their Common Shares from the lock-up to tender to another Take-over Bid or support another transaction that will provide greater value to the Locked-up Person than the Lock-up Bid where the greater value offered exceeds by as much or more than a specified amount (the "**Specified Amount**") the value offered under the Lock-up Bid, provided the Specified Amount is not greater than 7 percent of the value offered under the Lock-up Bid. A Lock-up Agreement may contain a right of first refusal or require a period of delay (or other similar limitation) to give an offeror an opportunity to match a higher price in another transaction as long as the Locked-up Person can accept another bid or tender to another transaction.

The Lock-up Agreement must be made available to Touchstone and to the public, and under the Lock-up Agreement no "break-up" fees, "top-up" fees, penalties, expense reimbursement or other amounts that exceed in aggregate the greater of: (i) 2.5 percent of the value payable under the Lock-up Bid to the Locked-up Person; and (ii) 50 percent of the amount by which the value received by a Locked-up Person under another Take-over Bid or transaction exceeds what such Locked-up Person would have received under the Lock-up Bid; can be payable by such Locked-up Person if the Locked-up Person fails to deposit or tender his/her Common Shares to the Lock-up Bid or withdraws such shares previously tendered thereto in order to deposit such shares to another Take-over Bid or to support another transaction.

### ***Permitted Bids and Competing Permitted Bids***

The Rights Plan is not triggered if a Permitted Bid would allow sufficient time for the shareholders to consider and react to the offer and would allow shareholders to decide to tender or not tender without the concern that they will be left with illiquid Common Shares should they not tender. The requirements for a Permitted Bid include the following: (i) the Take-over Bid must be made by way of a Take-over Bid circular; (ii) the Take-over Bid must be made to all holders of Common Shares; (iii) the Take-over Bid must be outstanding for a minimum period of 105 days, or such shorter minimum period as a take-over bid is

required to remain open pursuant to National Instrument 62-104 – *Take-Over Bids and Issuer Bids* ("**NI 62-104**"); (iv) Common Shares tendered pursuant to the Take-over Bid may not be taken up prior to the expiry of such period and only if at such time more than 50 percent of the Common Shares held by Independent Shareholders have been tendered to the Take-over Bid and not withdrawn; and (v) if more than 50 percent of the Common Shares held by Independent Shareholders are tendered to the Take-over Bid within the applicable minimum period, the bidder must make a public announcement of that fact, and the Take-over Bid must remain open for deposits of Common Shares for an additional 10 days from the date of such public announcement.

The Rights Plan allows for a Competing Permitted Bid to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid except with respect to the minimum initial deposit period that such Competing Permitted Bid must remain open, which shall be determined pursuant to NI 62-104.

Acquisitions of Common Shares made pursuant to a Permitted Bid or a Competing Permitted Bid do not give rise to a Flip-in Event.

### ***Waiver and Redemption***

The Board, acting in good faith, prior to the occurrence of a Flip-in Event, may waive the application of the Rights Plan to a Flip-in Event that would result from a Take-over Bid made by way of Take-over Bid circular to all shareholders. In such case, the Board shall be deemed to have waived the application of the Rights Plan to any other Flip-in Event occurring as a result of any other Take-over Bid made by way of Take-over Bid circular to all shareholders prior to the expiry of the Take-over Bid for which the Rights Plan has been waived or deemed to have been waived.

Until the occurrence of a Flip-in Event, the Board may, with the approval of shareholders (or with the approval of holders of Rights if the Separation Time has occurred), elect to redeem all but not less than all of the then outstanding Rights at \$0.001 per Right. In the event that a person acquires Common Shares pursuant to a Permitted Bid, a Competing Permitted Bid or pursuant to a transaction for which the Board has waived the application of the Rights Plan, then the Board shall, immediately upon the consummation of such acquisition, without further formality, be deemed to have elected to redeem the Rights at the redemption price.

### ***Amendment***

The Board may amend the Rights Plan with the approval of a majority vote of the votes cast by shareholders (or of the holders of Rights if the Separation Time has occurred) voting in person and by proxy at a meeting duly called for that purpose. The Board without such approval may correct clerical or typographical errors and, subject to approval as noted above at the next meeting of the shareholders (or holders of Rights, as the case may be), may make amendments to the Rights Plan to maintain its validity due to changes in applicable legislation.