TOUCHSTONE EXPLORATION INC.

ANNUAL INFORMATION FORM

For the year ended December 31, 2014

March 30, 2015

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TECHNICAL ABBREVIATIONS AND CONVENTIONS

In this Annual Information Form ("**AIF**"), the abbreviations set forth below have the following meanings:

Oil and Natural Gas Liquids		**Natural Gas**	
bbl	barrel	Mcf	thousand cubic feet
bbls	barrels	MMcf	million cubic feet
Mbbls	thousand barrels	Mcf/d	thousand cubic feet per day
bbls/d	barrels per day	Bcf	billion cubic feet
NGLs	natural gas liquids		

Other	
boe	barrel of oil equivalent, using the conversion factor of 6Mcf: 1 bbl
Mboe	thousand barrels of oil equivalent
boe/d	barrel of oil equivalent per day
ICE Brent	Intercontinental Exchange Brent
WTI	West Texas Intermediate

"Boes" may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 Mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Certain other terms used herein but not defined herein are defined in NI 51-101 and, unless the context otherwise requires, shall have the same meanings herein as NI 51-101.

Unless otherwise specified, information in this AIF is at the end of the company's most recently competed year, being December 31, 2014.

In this AIF, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars and rounded to the nearest thousands. References to "dollars" or "$" or "C$" are to Canadian dollars, references to "US$" are to United States dollars, and references to "TT$" are to Trinidad and Tobago dollars.

CURRENCY AND EXCHANGE RATES

For reference in this AIF, the following table shows the value of one Canadian Dollar against the United States dollar and the Trinidad and Tobago dollar as at the given dates.

	March 30, 2015	**December 31, 2014**	**May 13, 2014**
Closing foreign exchange rates			
C$ / US$	0.7881	0.8620	0.9181
C$ / TT$	5.0226	5.4900	5.9312

NON-GAAP MEASURES

Terms commonly used in the oil and natural gas industry, such as funds flow from operations, funds flow from operations per share, operating netback, funds flow netback and net debt may from time to time be used by the Company. These terms do not have a standardized meaning under IFRS and may not be comparable to similar measures presented by other companies. Funds flow from operations includes all cash generated from operating activities and is calculated before changes in non-cash working capital. The Company calculates funds flow from operations per share by dividing funds flow from operations by the weighted average number of common shares outstanding during the applicable period. Operating netbacks are presented on a per barrel basis and are calculated by deducting royalties and operating expenses from petroleum sales. Funds flow netbacks are presented on a per barrel basis and are calculated by deducting royalties, operating expenses, general and administrative expenses, transaction costs, finance costs and current income tax expenses from petroleum sales. Net debt is calculated by summing the Company's working capital and non-current interest bearing instruments. Working capital is defined as current assets less current liabilities. Management uses these non-GAAP measures for its own performance measurement and to provide stakeholders with measures to compare the Company's operations with those of its peers.

CERTAIN DEFINITIONS

The following is a glossary of certain terms used in this AIF. Words importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

"**ABCA**" means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended, together with all regulations promulgated thereunder;

"**Archon**" means Archon Technologies Ltd., a wholly-owned subsidiary of Touchstone, incorporated under the laws of the Province of Alberta;

"**BAR**" means the Business Acquisition Report dated June 24, 2014 in respect of the Touchstone Arrangement;

"**Board**" or "**Board of Directors**" means the board of directors of Touchstone;

"**Common Shares**" means the common shares in the capital of the Company as constituted on the date hereof;

"**Company**" or "**Touchstone**" means Touchstone Exploration Inc., a company incorporated under the laws of the Province of Alberta, and includes its direct and indirect subsidiaries where the context requires or permits;

"**Conklin Demonstration Project**" means Touchstone's first THAI demonstration project near Conklin, Alberta;

"**Exchange**" or "**TSX**" means the Toronto Stock Exchange;

"**GAAP**" means Generally Accepted Accounting Principles for publically accountable entities in Canada which is currently in accordance with IFRS;

"**Heavy Oil Business Unit**" means all of the operations, properties, assets and liabilities of Touchstone prior to the PetroBakken Reorganization, other than its interest in PetroBakken Energy Ltd. and the majority of the corporate tax pools, which were held through Whitesands and were transferred to Touchstone pursuant to the PetroBakken Reorganization;

"**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board;

"LIBOR" means London Interbank Offered Rate;

"**May River Property**" means, collectively, the oil sands and heavy oil leases formerly held by Whitesands in respect of 62 sections (39,680 net acres) of land located in Townships 76-78, Ranges 8-10W4, within the Province of Alberta, including the Conklin Demonstration Project;

"**May River Sale**" means the sale by the Company of its interest in the May River Property and certain other assets to Grizzly Oil Sands ULC for gross proceeds of $225,000,000;

"**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations* adopted by the Canadian Securities Administrators;

"**NORREP Credit Agreement**" means the Credit Agreement dated as of May 29, 2012, between Touchstone, as borrower, and NORREP Credit Opportunities Fund, LP, as lender;

"**NORREP Loan**" means the C$24,000,000 aggregate principal amount 9.25% term credit facility extended to Touchstone pursuant to the NORREP Credit Agreement;

"**PERL**" means Primera Energy Resources Ltd, a company incorporated under the laws of Alberta that amalgamated with Touchstone Energy on March 31, 2014;

"**person**" or "**persons**" includes an individual, body corporate, partnership, syndicate or other form of unincorporated entity;

"**PetroBakken**" or "**Lightstream**" means PetroBakken Energy Ltd. (renamed Lightstream Resources Ltd. on May 22, 2013);

"**PetroBakken Reorganization**" or the "**Reorganization**" means the series of transactions completed on December 31, 2012 under a plan of arrangement between PetroBakken, Petrobank Energy and Resources Ltd. and 1708589 Alberta Ltd. pursuant to which, among other things, Petrobank Energy and Resources Ltd. effectively distributed its 56% ownership of PetroBakken directly to its Shareholders, as more particularly described under the heading "*Corporate Structure*";

"**PetroBakken Shares**" or "**Lightstream Shares**" means: (a) prior to the completion of the PetroBakken Reorganization, the Class A shares of PetroBakken; and (b) following the completion of the PetroBakken Reorganization, the common shares of PetroBakken;

"**Petrobank Shares**" means, prior to the completion of the Touchstone Arrangement, common shares in the capital Touchstone (formerly Petrobank Energy and Resources Ltd.);

"**Petrotrin**" mean the Petroleum Company of Trinidad and Tobago;

"**Primera Group**" means, collectively, Primera Oil and Gas Limited, Territorial Oilfield Management Services Limited (formerly Primera Oilfield Management Services Limited) and Primera East Brighton Limited, together with their respective subsidiaries;

"**Rolling Plan**" means "rolling" stock option plan reserving a maximum of 10% of the issued Common Shares at the time of the stock option grant;

"**Scotia Credit Agreement**" means the US$50,000,000 credit agreement dated December 4, 2014 among Primera Oil and Gas Limited and Touchstone Exploration (Trinidad) Ltd., as borrowers, the Bank of Nova Scotia, as Administrative Agent and collateral agent, and Scotiabank Trinidad and Tobago Limited, as lender;

"**Scotia Loan**" means the US$50,000,000 aggregate principal amount credit facility extended to Touchstone pursuant to the Scotia Credit Agreement;

"**SEDAR**" means the Canadian System for Electronic Document Analysis and Retrieval available through http://www.sedar.com;

"**Shareholders**" means the holders of Common Shares;

"**subsidiary**" has the meaning given to such term in the *Securities Act* (Alberta);

"**THAI**" means Touchstone's patented Toe-to-Heel-Air-Injection in-situ heavy oil recovery technology, which combines a vertical air injection well with a horizontal production well, indirectly owned by Touchstone through Archon;

"**Touchstone Arrangement**" means the arrangement completed May 13, 2014 pursuant to section 193 of the ABCA between Touchstone (formerly Petrobank Energy and Resources Ltd.) and Touchstone Energy (formerly Touchstone Exploration Inc.);

"**Touchstone Energy**" means Touchstone Energy Inc., a wholly-owned Alberta subsidiary of the Company;

"**Touchstone Trinidad**" means Touchstone Exploration (Trinidad) Ltd. (formerly Territorial Services Limited), an indirect wholly-owned Trinidad subsidiary of the Company;

"**Trinidad**" means the Republic of Trinidad and Tobago; and

"**Whitesands**" means Whitesands Insitu Partnership, a partnership between Petrobank and its wholly-owned subsidiary, Whitesands Insitu Inc., which has been dissolved effective December 31, 2012 immediately prior to the PetroBakken Reorganization.

Selected Oil and Gas Terms

"**API**" means the American Petroleum Institute;

"**API gravity**" means the American Petroleum Institute gravity, which is a measure of how heavy or light a petroleum liquid is compared to water. If a petroleum liquid's API gravity is greater than 10, it is lighter and floats on water; if less than 10, it is heavier than water and sinks. API gravity is thus a measure of the relative density of a petroleum liquid and the density of water, but it is used to compare the relative densities of petroleum liquids;

"**COGE Handbook**" means the Canadian Oil and Gas Evaluation Handbook prepared jointly by The Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society), as amended from time to time;

"**CSA 51-324**" means Staff Notice 51-324 – *(Revised) Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* of the Canadian Securities Administrators;

"**developed non-producing reserves**" are those reserves that either have not been on production or have previously been on production but are shut-in, and the date of resumption of production is unknown;

"**developed producing reserves**" are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty;

"**developed reserves**" are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing;

"**development costs**" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

(a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves;

(b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and wellhead assembly;

(c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and

(d) provide improved recovery systems;

"**exploration costs**" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to as "prospecting costs") and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

(a) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as "geological and geophysical costs");

(b) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence, and the maintenance of land and lease records;

(c) dry hole contributions and bottom hole contributions;

(d) costs of drilling and equipping exploratory wells; and

(e) costs of drilling exploratory type stratigraphic test wells;

"**forecast prices and costs**" means future prices and costs that are:

(a) generally accepted as being a reasonable outlook of the future; or

(b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Company is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in subparagraph (a);

"**GLJ**" means GLJ Petroleum Consultants Ltd., independent petroleum engineers of Calgary, Alberta;

"**gross**" means:

(a) in relation to a reporting issuer's interest in production or reserves, its "company gross reserves", which are the reporting issuer's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the reporting issuer;
(b) in relation to wells, the total number of wells in which a reporting issuer has an interest; and

(c) in relation to properties, the total area of properties in which a reporting issuer has an interest;

"**ICE Brent**" means Intercontinental Exchange Brent;

"**net**" means:

(a) in relation to a reporting issuer's interest in production or reserves, the reporting issuer's working interest (operating or non-operating) share after deduction of royalty obligations, plus the reporting issuer's royalty interests in production or reserves;

(b) in relation to a reporting issuer's interest in wells, the number of wells obtained by aggregating the reporting issuer's working interest in each of its gross wells; and

(c) in relation to a reporting issuer's interest in a property, the total area in which the reporting issuer has an interest multiplied by the working interest owned by the reporting issuer;

"**NI 51-101**" means National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* adopted by the Canadian Securities Administrators;

"**possible reserves**" are those additional reserves that are less certain to be recovered than probable resources. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves;

"**probable reserves**" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves;

"**proved reserves**" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves;

"**reserves**" are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on: (i) analysis of drilling, geological, geophysical and engineering data; (ii) the use of established technology; and (iii) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed. Reserves are classified according to the degree of certainty associated with the estimates; and

"**undeveloped reserves**" are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable) to which they are assigned.

Terms and abbreviations used in the consolidated financial statements of the Company and in the appendices to this AIF are defined separately, and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Otherwise, capitalized terms used in this AIF which have not been defined above shall have the meanings given to them in this AIF.

CORPORATE STRUCTURE

Name, Address and Incorporation

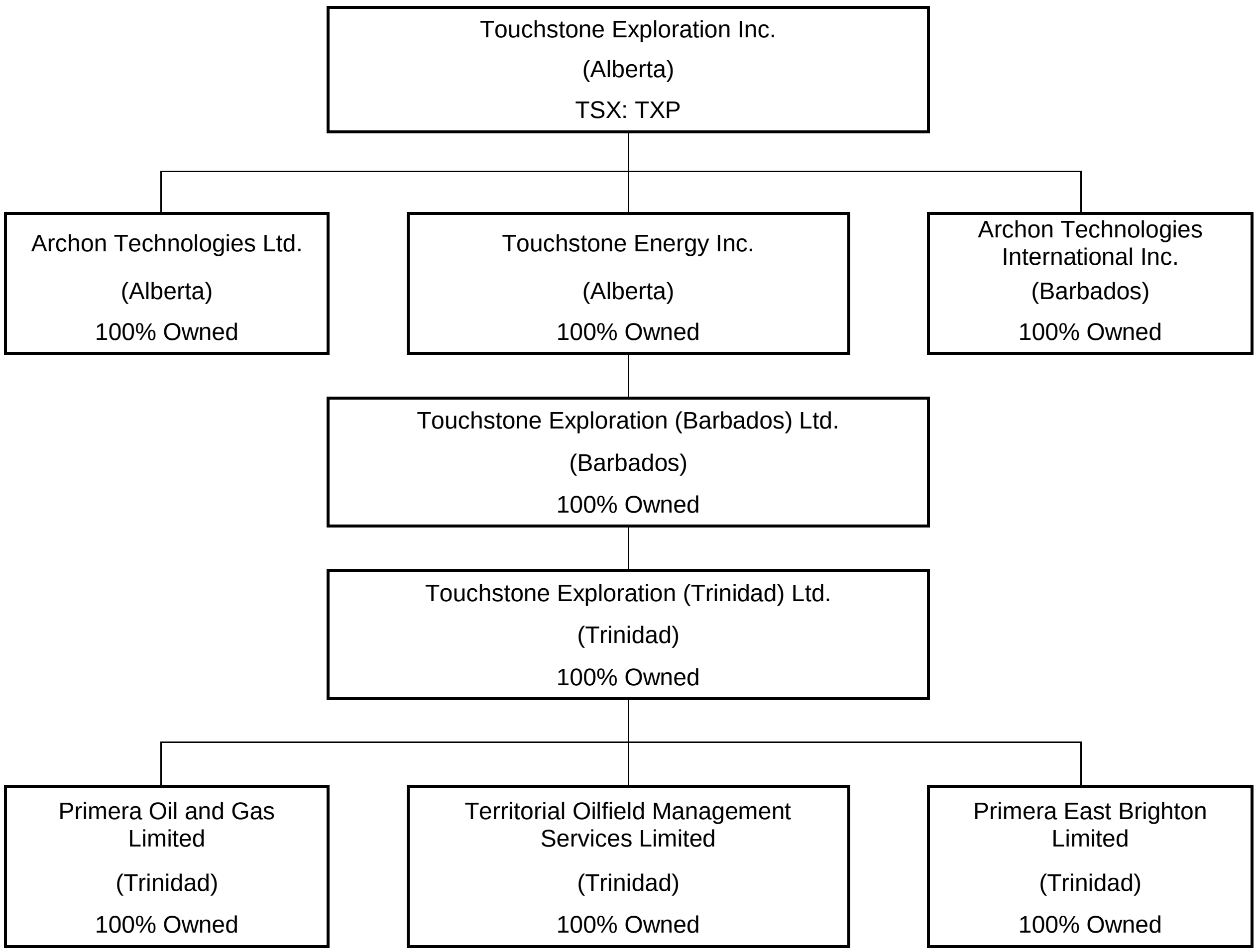
1708589 Alberta Ltd. ("**1708589**") was incorporated on October 24, 2012 under the ABCA for the purposes of participating in the PetroBakken Reorganization under which, among other things, the business of "Petrobank Energy and Resources Ltd." ("**Old Petrobank**") was transitioned to the Company. Prior to the PetroBakken Reorganization, Old Petrobank's business consisted of the Heavy Oil Business Unit and its ownership of 56% of PetroBakken. Effective December 31, 2012, the PetroBakken Reorganization was completed, which, pursuant to a series of steps, had the effect of distributing Old Petrobank's interest in PetroBakken directly to its Shareholders, 1708589 acquiring the Heavy Oil Business Unit including all of the shares of Archon and Archon Technologies International Inc., distributing ownership of the common shares of 1708589 to the Shareholders on a one for one basis for each common share of Old Petrobank held by them, and following the amalgamation of Old Petrobank and PetroBakken to form "PetroBakken Energy Ltd.", and changing the name of 1708589 to "Petrobank Energy and Resources Ltd." For additional details with respect to the PetroBakken Reorganization, see "*Three Year History of the Business–Financial Year Ending December 31, 2012*".

On May 13, 2014, Touchstone (formerly Petrobank Energy and Resources Ltd.) and Touchstone Energy Inc. (formerly Touchstone Exploration Inc.) completed an arrangement pursuant to section 193 of the ABCA. Pursuant to the Touchstone Arrangement, Touchstone acquired all of the issued and outstanding common shares of Touchstone Energy (the "**Touchstone Energy Shares**"). Holders of Touchstone Energy Shares received 0.471 of a Petrobank Share for each Touchstone Energy Share held. Following the Touchstone Arrangement, the Company consolidated its shares on a two for one basis ("**Share Consolidation**"), Petrobank Energy and Resources Ltd. changed its name to Touchtone Exploration Inc., and Touchstone Exploration Inc. changed its name to Touchstone Energy Inc.

Touchstone's principal, head and registered office is located at Suite 1100, 332 - 6th Avenue S.W., Calgary, Alberta, T2P 0B2.

Inter-corporate Relationships

As at the date of the AIF, the inter-corporate relationships among the Company and its subsidiaries are as follows:



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The following is a summary of significant events in the general development of the business of Touchstone during the last three financial years.

Financial Year Ending December 31, 2012

Pre-Touchstone Arrangement - Touchstone Energy Inc.

In September 2012, Touchstone Energy announced that it had entered into an arrangement agreement with PERL with respect to the acquisition by Touchstone Energy of all of the common shares of PERL not otherwise owned, directly or indirectly, by Touchstone Energy, by way of a plan of arrangement under the ABCA. On November 30, 2012, Touchstone Energy completed the court-approved plan of arrangement with PERL, whereby all of the issued and outstanding shares of PERL not otherwise owned, directly or indirectly, by Touchstone were exchanged for 0.9 of a Touchstone Energy Share (approximately 30,028,275 Touchstone Energy Shares). Prior to the plan of arrangement, Touchstone Energy owned an aggregate 41.6% of the issued and outstanding shares of PERL, through its indirect wholly-owned Trinidad subsidiary Primera Block WD-4 Limited.

In 2012, Touchstone Energy successfully drilled and completed ten wells (ten net). Eight of the wells were drilled on the WD-8 property. One was drilled on the Coora Block, and the remaining well was drilled on the Barrackpore field. With increased production volumes, Touchstone Energy continued to add qualified personnel, increase its well service equipment fleet and expand its property infrastructure.

Pre-Touchstone Arrangement - Petrobank Energy and Resources Ltd.

On February 28, 2012, Touchstone (formerly Petrobank Energy and Resources Ltd.) completed the May River Sale, pursuant to which it sold the May River Property, including the Conklin Demonstration Project, for cash proceeds of approximately $225,000,000, before closing adjustments. Concurrent with the May River Sale Touchstone repaid and cancelled a three-year $200,000,000 credit agreement dated January 4, 2011 with a syndicate of lenders and withdrew the May River regulatory application.

On October 29, 2012, Old Petrobank and PetroBakken announced an agreement to implement the PetroBakken Reorganization. The purpose of the PetroBakken Reorganization was for Old Petrobank to distribute its 56% ownership of PetroBakken directly to its Shareholders. The distribution was accomplished through the incorporation of 1708589 and the completion of a series of transactions pursuant to which, among other things:

- Old Petrobank transferred the Heavy Oil Business Unit to 1708589 and distributed the common shares of 1708589 to the Shareholders on a one-for-one basis for each common share of Old Petrobank held by them;
- PetroBakken and Old Petrobank amalgamated, with the amalgamated company continuing under the name "PetroBakken Energy Ltd." (subsequently renamed Lightstream on May 22, 2013);
- In a series of steps connected to the amalgamation of Old Petrobank and PetroBakken, each Old Petrobank shareholder received 1.1051 shares of PetroBakken for each common share of Old Petrobank held prior to the Reorganization, and each shareholder of PetroBakken (other than Petrobank) continued to hold one PetroBakken Share for each PetroBakken Share held prior to the Reorganization; and
- 1708589 changed its name to "Petrobank Energy and Resources Ltd."

The PetroBakken Reorganization was completed on December 31, 2012. The Petrobank Shares continued trading on the TSX under the symbol "PBG" until the Touchstone Arrangement was completed on May 13, 2014.

Financial Year Ending December 31, 2013

Pre-Touchstone Arrangement - Touchstone Energy Inc.

During 2013 Touchstone Energy drilled ten successful wells (10 net). Touchstone Energy was successful in renewing two Farmout agreements with Petrotrin for the South Palo Seco and New Dome blocks through a minimum of December 31, 2021.

In 2013 the government of Trinidad announced, effective January 1, 2014, an increase of the deductibility of both exploration and development capital allowances from a 20% annual declining balance to 50% in year one, 30% in year two and 20% in year three. Based on its current capital and operating forecast at the time, Touchstone expected to benefit from the regime changes as the deduction acceleration was estimated to immediately reduce 2014 tax burdens and increase future funds flow for immediate capital reinvestment in Trinidad.

Pre-Touchstone Arrangement - Petrobank Energy and Resources Ltd.

In the third quarter of 2013, Touchstone (formerly Petrobank Energy and Resources Ltd.) drilled two horizontal cold production wells on their Luseland property.

In September 2013, Touchstone received the approval of the Alberta Energy Regulator to implement horizontal cyclic steam stimulation on the two existing THAI horizontal wells on the Dawson property, prior to the start of the THAI recovery process. During the fourth quarter of 2013, Touchstone incurred capital expenditures to convert the two horizontal wells to accept steam injection. Touchstone (formerly Petrobank Energy and Resources Ltd.) initiated steam injection in one of the two wells in late-December 2013 and in the second well in mid-February 2014.

Financial Year Ending December 31, 2014

On March 6, 2014, Touchstone entered into an arrangement agreement with Touchstone Energy that provided for the combination of Touchstone (formerly Petrobank Energy and Resources Ltd.) and Touchstone Energy (formerly Touchstone Exploration Inc.) (the "**Arrangement Agreement**"). The Touchstone Arrangement was completed on May 13, 2014 by way of a plan of arrangement under the ABCA. For more information on the Touchstone Arrangement and the Arrangement Agreement, see "S*ignificant Acquisitions*" below and please refer to the full Arrangement Agreement, a copy of which has been filed by Touchstone on SEDAR and is available to viewing under its profile on www.sedar.com.

On May 23, 2014, Touchstone announced that it purchased and discharged the remaining $2,000,000 aggregate principal amount of convertible debentures. As a result of this purchase, the Company had no remaining convertible debenture units outstanding.

On June 30, 2014, Touchstone made a $21.6 million principal prepayment of its existing 9.25% senior secured long-term debt facility arranged with Norrep Credit Opportunities Fund, LP ("**Norrep**"), a fund managed by Crown Capital Partners Inc. With the payment Touchstone had fully repaid the $24.0 million long-term loan entered into on June 29, 2012 and terminated the Norrep Loan two years ahead of its June 29, 2016 maturity date.

As a result of this payment, the Company had no outstanding secured debt and was free of the covenants contained in the Norrep Credit Agreement. The funds for the $21.6 million repayment were available internally from the Touchstone Arrangement. The early retirement of the loan resulted in Touchstone saving approximately $2.6 million in total interest expense compared to repayment in accordance with the agreement through to maturity.

Since the Touchstone Arrangement, Touchstone has ceased using THAI horizontal wells at any of its properties and has reverted back to conventional methods of production. Effective July 1, 2014, Touchstone's Kerrobert and Luseland properties were deemed commercially viable and thus all related production, revenues, royalties and operating expenses were subsequently recorded in the consolidated financial statements.

On November 3, 2014, Touchstone announced the signing of an exploration and production license (the "**Ortoire License**") with the Ministry of Energy and Energy Affairs of Trinidad and Tobago for the Ortoire Block in Southern Trinidad. Under the terms of the Ortoire License, Touchstone is the operator with an 80 percent working interest. Petrotrin holds the remaining 20 percent partner interest and will be carried for the Ortoire License minimum work obligations. The Ortoire License is effective for an initial term of six years and can be extended a further 25 years in the event of a commercial discovery. The Ortoire Block covers approximately 44,731 gross acres (35,785 net to Touchstone). The Ortoire License includes a commitment for a six year minimum work program which includes technical reviews, an 85 kilometre 2D seismic program and a four well drilling program. Capital requirements associated with the minimum work obligations total approximately US$11 million over the initial six year term of the Ortoire License and are expected to be funded from operating cash flows.

On December 4, 2014, Touchstone Trinidad and Primera Oil and Gas Limited (the "**Borrowers**") entered into an agreement with The Bank of Nova Scotia, as administrative agent, collateral agent and initial lender, for a US$50 million credit facility maturing on December 2, 2017. Up to US$15 million was available immediately, with the remaining balance available following the periodic redetermination of the borrowing base calculated by the value assigned to the net proved reserves attributable to Touchstone's onshore properties located in Trinidad. The proceeds borrowed under the credit facility will be used by the Borrowers for the exploration, development, production and sale of petroleum of those properties and for general corporate purposes. The Scotia Loan will bear interest at a rate equal to an adjusted LIBO rate or the lender's base rate, as defined, plus an applicable margin. Touchstone and its material subsidiaries (other than the Borrowers) have guaranteed the obligations of the Borrowers related to the credit facility. The credit facility is principally secured by a pledge of the Touchstone's equity interests in its material subsidiaries, together with their respective assets.

On December 22, 2014, Touchstone announced the signing of an exploration and production license for the East Brighton block (the "**East Brighton License**") in Trinidad. The East Brighton License is for an initial six year term, with the option to extend a further twenty-five years upon commercial discovery. The licensed area is a contiguous block directly adjacent to the Brighton Marine field which has produced approximately 60 million barrels of oil to date. The Company holds a 26% non-operated working interest in the East Brighton Block.

From May 14, 2014 through December 31, 2014, Touchstone drilled a total of twelve (11.16 net) wells in Trinidad. Four (4 net) wells were drilled on the Grand Ravine WD-4 block, three (3 net) wells were drilled on the Forest Reserve WD-8 block, two (2 net) wells were drilled on the Coora block, one (1 net) well on Fyzabad, one (1 net) well on Sunty and one (0.16 net) exploratory well on the Cory Moruga block.

Significant Acquisitions

On May 13, 2014, Touchstone (formerly Petrobank Energy and Resources Ltd.) completed a court-approved statutory plan of arrangement providing for the acquisition of Touchstone Energy (formerly Touchstone Exploration Inc.). Pursuant to the Touchstone Arrangement, Touchstone (formerly Petrobank Energy and Resources Ltd.) acquired all of the outstanding common shares of Touchstone Energy in exchange for the issuance of 65,519,212 pre-consolidation (32,759,606 post consolidation) Common Shares. Following the Touchstone Arrangement, the Company consolidated its shares on a two for one basis. Petrobank Energy and Resources Ltd. changed its name to Touchtone Exploration Inc., and Touchstone Exploration Inc. changed its name to Touchstone Energy Inc.

Touchstone Energy was engaged in the exploration, development and production of oil in Trinidad. At the acquisition date, the acquired assets included approximately 1,550 barrels per day of existing oil production from 10,205 working interest acres of developed land and approximately 50,000 working interest acres of undeveloped land in Trinidad.

The acquired producing assets are characterized by large oil in place, low declines and an extensive inventory of low risk drilling, workover and reactivation opportunities. The integration of the operations allows the Company to execute an expanded capital program in Trinidad and positions the Company to increase shareholder value through improved netbacks, increased cash flow, and superior capital efficiencies.

For additional information on the Touchstone Arrangement and the Arrangement Agreement, please refer to the full Arrangement Agreement and the BAR, copies of which have been filed by Touchstone on SEDAR and are available to viewing under its profile on www.sedar.com.

BUSINESS OF THE CORPORATION

General

Touchstone Exploration Inc. is a Calgary-based company engaged in the business of acquiring interests in petroleum and natural gas rights, and the exploration, development, production and sale of petroleum and natural gas. Touchstone is currently active in onshore properties located in the Republic of Trinidad and Tobago and western Canada.

The Company's strategy is to leverage western Canadian enhanced oil recovery experience and capability to international onshore properties to create shareholder value. Jurisdictions will be targeted that have stable political and fiscal regimes coupled with large defined original oil in place.

Touchstone's near-term capital program remains flexible since the Company has minimal commitments or financial obligations in Canada and Trinidad. The Company plans to conserve capital and apply a prudent approach to capital expenditures. The Company is targeting to spend operating cash flow in an effort to retain balance sheet strength by eliminating expenditures that have no immediate value at current prices. In addition, the Company is continuing to actively pursue significant cost reductions to its operating costs and general and administrative expenses. Throughout 2015 the Company remains focused on improving the balance sheet through non-core asset dispositions.

Canadian Operations

All Canadian operations are conducted through the parent company, Touchstone Exploration Inc. Subsequent to the Touchstone Arrangement, the Company has focused on transitioning the Company's operations from a research program using in-situ combustion technology to a true exploration and production operation capable of yielding positive economic returns.

Kerrobert Facility

The Kerrobert project is located on 1.5 sections (approximately 938 net acres) of land in the Mannville heavy oil pool located near the town of Kerrobert in west central Saskatchewan. The Company has a twelve THAI well-pair project on the property. Since the Touchstone Arrangement, Touchstone has ceased using the THAI technology formerly associated with this property. The Company is currently evaluating both conventional opportunities and thermal methods including cyclical steam stimulation ("**CSS**") and steam-assisted gravity drainage on additional geological reservoirs that have previously been overlooked.

Luseland

Touchstone owns rights to 11,760 net acres of undeveloped land in Luseland areas of Saskatchewan on the same Mannville channel as the Company's Kerrobert facility. In 2012 Touchstone completed 34 km^2 of 3D seismic on the property, including 32 km^2 at Luseland and 2km^2 at Plover, and also drilled six stratigraphic wells on the acreage. In addition, Touchstone began a cold production initiative in 2012 by reactivating five existing and previously produced horizontal wells, four vertical wells and six stratigraphic wells. In 2013 Touchstone drilled two horizontal wells in the Luseland area targeting the Waseca channel. Of the reactivated and new drill wells, two are currently operating, and Touchstone continues to evaluate and work on improving the operating efficiency of these wells.

Beadle

In 2014 Touchstone has established a significant working interest position in Saskatchewan's highly economic Viking play. In total, the Company has a working interest in approximately 19.5 prospective sections (12,926 acres) within the Viking oil fairway near Beadle, Saskatchewan. Given the high levels of industry activity in the Beadle area, as at December 31, 2014 the Company is able to book both proved and probable reserves on the acquired Viking acreage based upon the results of offset production.

Dawson

The Dawson property is located near Peace River, Alberta within the Bluesky formation. These resources are technically classified as oil sands by Alberta Environment and Sustainable Resource Development.

In 2013 the Company began a CSS pilot project on two wells. These were placed on production in late June following approximately six months of initial steam injection. Based on the well configuration and results, the project did not provided evidence of its ability to provide economic returns. As such, the Company elected to suspend Dawson operations in October 2014 and re-evaluate the Dawson property in 2015.

Trinidad Operations

Touchstone, through its wholly-owned subsidiary Touchstone Trinidad, is actively engaged in the development and exploration of its oil and gas properties located in Trinidad. With interests in over 95,000 gross acres of exploration and development rights, Touchstone is one of the largest independent onshore oil producers in Trinidad.

The islands of Trinidad and Tobago are the southernmost islands in the Caribbean and are located between the Atlantic Ocean and the Caribbean Sea, northeast of Venezuela. The southern tip of the island lies eleven kilometres from the Venezuelan mainland, while the island of Tobago lies approximately 30 kilometres northeast of Trinidad. Trinidad is the Caribbean's largest producer of oil and natural gas. According to the 2013 BP Statistical Energy Survey, Trinidad has proved oil reserves of 0.728 billion barrels as of January 2013 and has produced an average of 81.7 thousand barrels of crude oil per day in 2012. The country has developed a tremendous infrastructure in support of the energy industry and currently is the world's sixth largest LNG exporter and the largest LNG exporter to the United States. The country boasts one of the largest natural gas processing facilities in the Northern Hemisphere (with a processing capacity of almost two billion cubic feet per day and an output capacity of 70,000 barrels per day of Natural Gas Liquids) in addition to the state-owned Pointe-a-Pierre oil refinery which has over 168,000 barrels per day of distillation capacity.

In Trinidad, the Company has a combination of lease operatorship and farmout agreements with Petrotrin, production and development agreements with the Trinidad and Tobago Ministry of Energy and Energy Affairs ("MEEA") and private leases with landholders.

WD-8 Block

The WD-8 field is a mature property that has a total of approximately 650 net acres. The field is currently producing from 55 of 82 wells from both the Forest and Cruse formations at an average total depth of 3,450 feet. Since the block was acquired by Touchstone in July 2010, a total of eighteen amount of wells have been drilled by the Company.

Coora Blocks

The Coora blocks consist of two lease operating agreements (Coora 1 and Coora 2) which consist of 1,699 developed acres. Currently the property has 99 producing and 90 non-producing wells. Both blocks produce oil out of the Forest and Cruse formations at an average depth of 4,500 feet. The property was acquired by Touchstone in January 2011 and a total of six wells have been drilled to date.

WD-4 Block

The WD-4 property was acquired as a result of the PERL plan of arrangement which closed on November 30, 2012. The block is located in the Grand Ravine area and has a total of 26 producing wells and 28 non-producing wells. The wells produce from both the Forest and Cruse formations at an average total depth of 6,500 feet. The Company has drilled a total of four wells since acquiring the property.

Fyzabad

The Fyzabad field was acquired as part of the Primera Group acquisition in August of 2011. The property covers 804 acres and produces from 224 wells. The field produces from the Forest and Upper and Middle Cruse formations with an average well depth of 1,750 feet. A total of six wells have been drilled on the property since being acquired.

Barrackpore

The Barrackpore field was also acquired as part of the Primera Group acquisition. The field covers 478 acres of developed land and currently produces from eleven of its twelve wells. The average total depth in this area is 2,900 feet. The Company has drilled two wells since acquiring this field in 2011.

Ortoire

In November 2014, the Company signed an exploration and production license with the MEEA for the Ortoire block. Ortoire is located approximately ten kilometers east of Touchstone's Trinidad office in Fyzabad and covers approximately 44,731 gross acres (35,785 net). The license includes a commitment for a six year minimum work program which includes technical reviews, an 85 kilometer 2D seismic program and a four-well drilling program. Capital requirements associated with the minimum work obligations total approximately US$11 million over the initial six year term of the license.

East Brighton Block

In December 2014, the Company signed an offshore exploration and production license with the MEEA for the East Brighton block. The license is for an initial six year term, with the option to extend a further twenty-five years upon commercial discovery. The licensed area is a contiguous block directly adjacent to the Brighton Marine field which has produced approximately 60 million barrels of oil to date. The Company holds a 24.5% non-operated working interest in the block. Initial work commitments associated with the license renewal include conducting technical studies and a re-evaluation of existing 3D seismic within two years of the effective date of the license and the drilling of one 5,000 foot exploration well by the end of year three. The Company currently forecasts its share of these commitments to be approximately US$3.5 million over the three year period.

Principal Properties

As at December 31, 2014, the Company's principal land holdings were as follows:

Property	Working interest	Lease type	Gross acres	Working interest acres
CANADA				
Producing				
Kerrobert	97%	Crown & Freehold	967	938
Luseland	100%	Crown & Freehold	1,685	1,680
Exploratory				
Kerrobert	97%	Crown & Freehold	5,993	5,802
Luseland	100%	Crown & Freehold	10,113	10,080
Dawson	100%	Crown	20,160	20,160
Beadle	60%	Freehold	13,246	7,903
Edam	100%	Crown	10,881	10,881
Druid	100%	Crown	8,641	8,641
Winter	100%	Crown	11,323	11,323
Unity	100%	Crown	240	240
			83,249	**77,648**
TRINIDAD				
Producing				
WD-8	100%	Lease Operatorship	650	650
Coora 1	100%	Lease Operatorship	1,230	1,230
Coora 2	100%	Lease Operatorship	469	469
WD-4	100%	Lease Operatorship	700	700
South Palo Seco	100%	Farmout Agreement	2,019	2,019
New Dome	100%	Farmout Agreement	69	69
Barrackpore	100%	Freehold	478	478
Fyzabad	100%	Crown & Freehold	804	804
Icacos	50%	Freehold	1,960	980
Palo Seco	100%	Crown	500	500
San Francique	100%	Freehold	2,306	2,306
Exploratory				
Siparia	50%	Freehold	160	80
East Brighton	26%	Crown	20,365	5,310
Moruga	100%	Freehold	3,300	3,300
Bovallius	100%	Freehold	976	976
Otaheite	100%	Freehold	935	935
St. John	100%	Freehold	408	408
Rousillac	100%	Freehold	570	570
Piparo	100%	Freehold	72	72
New Grant	100%	Freehold	687	687
Cory Moruga	16.2%	Freehold	11,969	1,939
Ortoire	80%	Crown	44,731	35,785
			95,358	**60,267**
TOTAL			**178,607**	**137,915**

All properties are located onshore with the exception of East Brighton.

Specialized Skill and Knowledge

Operations in the oil and natural gas industry mean that Touchstone requires professionals with skills and knowledge in diverse fields of expertise. In the course of its exploration, development and production of hydrocarbons, the Company utilizes the expertise of geophysicists, geologists, petroleum engineers and other local and international advisors.

Competitive Conditions

There is considerable competition in the worldwide oil and natural gas industry, including in Canada and Trinidad where the Company's assets, activities, and employees are located. Operators that are more established than the Company, with access to broader technical skills, larger amounts of capital and other resources are active in both countries in which the Company has operations. This represents a significant risk for the Company, which must rely on modest resources as compared to some of its competitors. See "*Risk Factors*".

Foreign Operations

To date Touchstone has concentrated a substantial number of its activities to Trinidad, and the Company expects its short-term property acquisition strategy to be confined to acquisition and consolidation opportunities within Trinidad. However, the Board is constantly reviewing opportunities in surrounding jurisdictions and may, in its discretion, approve asset or corporate acquisitions or investments outside of Trinidad that are deemed in the Company's best interest. All of the Company's oil and natural gas operations are therefore subject to political and regulatory risk in those foreign jurisdictions. See "*Risk Factors*".

Intellectual Property

THAI is the Company's patented THAI in-situ combustion technology for the recovery of bitumen and heavy oil that combines a vertical air injection well with a horizontal production well. Since the Touchstone Arrangement, Touchstone has ceased using THAI horizontal wells at any of its properties and has reverted back to conventional methods of production. Touchstone does not foresee using any THAI technology at its properties moving forward.

Bankruptcy and Similar Procedures

There have been no bankruptcy, receivership or similar proceedings against the Company or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceeding by the Company or any of its subsidiaries within the three most recently completed financial years or during or proposed for the current financial year.

Cyclical Nature of Business

The Company's operational results and financial condition are dependent on the prices received for oil and natural gas production. Oil and natural gas prices have fluctuated widely during recent years and are determined by supply and demand factors, including weather and general economic conditions, as well as conditions in other oil and natural gas regions. Any decline in oil and natural gas prices could have an adverse effect on the Company's financial condition.

Another trend is the volatility in the external capital markets that the industry is currently experiencing, which impacts publicly traded entities in the event that they seek to raise additional equity. In management's view, this can be partly attributed to uncertainty regarding the future growth prospects for world economies and the future supply and demand for oil and gas.

Reorganizations

On November 30, 2012, Touchstone Energy completed the court-approved plan of arrangement with PERL. PERL was continued from Alberta to British Columbia pursuant to the *Business Corporations Act* (British Columbia) and subsequently amalgamated with Touchstone Energy Inc. on March 31, 2014. See "*General Development Of The Business–Three Year History*".

On May 13, 2014, Touchstone (formerly Petrobank Energy and Resources Ltd.) completed a court-approved statutory plan of arrangement providing for the acquisition of Touchstone Energy (formerly Touchstone Exploration Inc.). Pursuant to the Touchstone Arrangement, Touchstone acquired all of the outstanding common shares of Touchstone Energy in exchange for the issuance of 65,519,212 pre-consolidation (32,759,606 post consolidation) Common Shares. Following the Touchstone Arrangement, the Company consolidated its shares on a two for one basis, Petrobank Energy and Resources Ltd. changed its name to Touchtone Exploration Inc. and Touchstone Exploration Inc. changed its name to Touchstone Energy Inc. See "*General Development Of The Business–Three Year History and Significant Acquisitions*".

For additional information on the Touchstone Arrangement and the Arrangement Agreement, please refer to the full Arrangement Agreement and the BAR, copies of which have been filed by Touchstone on SEDAR and are available to viewing under its profile on www.sedar.com.

Trinidad Economic Dependence

The Company holds some of its oil and gas interests indirectly through government issued exploration and production licences with the MEEA and production sharing contracts such as lease operatorship or farm-in agreements with Petrotrin which entitle the Company's subsidiaries to retain cash flows from the operation of the assets but does not entitle the Company or its subsidiaries to ownership of any reserves. These licenses and agreements contain significant covenants on the part of the Company's subsidiaries which, upon a continuing default, may give rise to the termination of the Company's indirect interest therein. There are no assurances that all of these commitments will be fulfilled within the time frames allowed. As such, Touchstone may lose certain exploration and production rights on the blocks affected and may be subject to certain financial penalties that would be levied by Petrotrin or the MEEA, as applicable. In certain circumstances these licenses or agreements may be terminated at the MEEA’s or Petrotrin's discretion and are subject to a defined term with no certainty as to any renewal.

The Company's subsidiaries sell all of the oil and natural gas produced from operating blocks to Petrotrin and are paid the market value thereof net of crown royalties, notional over-riding royalties, enhanced notional over-riding royalties, reimbursements and charges as well as defined contributions under the applicable head license. In Trinidad, producers of oil negotiate sales contracts directly with oil purchasers, with the result that the market determines the price of oil. The price depends in part on oil quality, prices of competing fuels, distance to market, the value of refined products and the supply/demand balance. There is only one refinery currently operating in Trinidad that is owned and operated by the state owned Petrotrin. All liquid production is required to be sold to Petrotrin based on global prices for similar crudes adjusted for differentials in accordance with regularly established practices. See "*Risk Factors*".

Environmental Protection

The Company's operations are, and its future operations will be, subject to environmental regulations promulgated from time to time by both the governments of Canada and Trinidad and other governments in the regions where the Company may carry on business. Current environmental legislation in Canada and Trinidad provides restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil, condensate and natural gas operations. In addition, certain types of operations may require the submission and approval of environmental impact assessments. Environmental legislation and policy are periodically amended. Such amendments may result in stricter standards and enforcement and more stringent fines and penalties for non-compliance.

The Company believes that it is in compliance with applicable existing environmental laws and regulations and is not aware of any proposed environmental legislation or regulations with which it would not be in material compliance. However, the natural resources industry may in the future become subject to more stringent environmental protection rules. This could increase the cost of doing business and may have a negative impact on earnings in the future. See "*Risk Factors*".

Employees

As of December 31, 2014 Touchstone employed 21 full-time employees working out of the Calgary head office and one full-time employee responsible for field operations in Saskatchewan. Touchstone employs one contract ex-patriot consultant working in Trinidad. In Trinidad, the Company's wholly-owned subsidiaries employed, as at December 31, 2014, 115 full-time nationals. Additional engineering, geological, and drilling consultants are engaged on an as-needed, contract basis to provide technical services. The level of staffing will vary based on future operational and administrative demands.

Social or Environmental Policies

Environmental assessments of existing and proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The Company is focused on reducing the environmental impact of its exploration and production operations by continuously monitoring environmental impact and developing corporate strategies and investing in new technologies to address any risks. The Company budgets a portion of capital program expenditures exclusively to environmental assessment (including energy audits) and reclamation. Touchstone and Touchstone Trinidad have a Health, Safety & Environment department with oversight of worker health and safety and environmental stewardship.

Environment and Community Values and Commitment

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 uses best environmental practices in the planning, design, and implementation of exploration programs and oil production. The objective is to minimize the environmental footprint of its operations and at the same time pursue new technologies which also contributes 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, annual audits and training programs. Emergency response planning is integrated into all projects.

Touchstone is proactive in its communications with the local communities in which they are 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.

Environment, Health and Safety Policies and Procedures

Monitoring and reporting programs for environment, health and safety ("**EH&S**") performance in day-to-day operations, as well as inspections and assessments, are designed to provide assurance that environmental and regulatory standards are met in both Canada and Trinidad. The Company maintains an active comprehensive integrity monitoring and management program for its surface piping, facilities, storage tanks and underground pipelines. Contingency plans are in place for a timely response to an environmental event. Abandonment, remediation and reclamation programs are in place and utilized to restore the environment. A detailed due diligence review is undertaken as part of the acquisition process to determine whether the acquired assets are in regulatory and environmental compliance and to assess any liabilities with respect thereto.

The Company expects to incur abandonment and site reclamation costs as existing oil and gas properties are abandoned and reclaimed. Expenditures in 2014 for normal compliance with environmental regulations as well as expenditures beyond normal compliance are not material. Such expenditures are not expected to be material in 2015. Based on current estimates and excluding salvage value, the total anticipated undiscounted future cost of abandonment and reclamation costs to be incurred over the life of the reserves is estimated at approximately $5,292,000 in Canada and $29,822,000 in Trinidad. On the December 31, 2014 consolidated financial statements, Touchstone has recorded decommissioning liabilities of $5,441,000 and $13,979,000 million, based on a discount rate of 1.8% and 7.5% on its Canadian and Trinidadian properties, respectively.

Management of the Company is responsible for reviewing the Company's internal control systems in the areas of health, safety and environment and strategies and policies regarding health, safety and the environment, including the Company's emergency response plan. Management reports to the Board of Directors on a quarterly basis with respect to EH&S matters, including: (i) compliance with all applicable laws, regulations policies with respect to health, safety and the environment; (ii) on emerging trends, issues and regulations related to health, safety and the environment that are relevant to the Company; (iii) the findings of any significant report by regulatory agencies, external health, safety and environmental consultants or auditors concerning performance in health, safety and the environment; (iv) any necessary corrective measures taken to address issues and risks with regards to our performance in the areas of health, safety and the environment that have been identified by management, external auditors or by regulatory agencies; (v) the results of any review with management, outside accountants, external consultants and legal advisors of the implications of major corporate undertakings such as the acquisition or expansion of facilities or decommissioning of facilities; and (vi) all incidents and near misses with respect to the Company's operations, including corrective actions taken as a result thereof.

Community Relations

The Company has developed 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.

FORM 51-101F1
STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION
OF TOUCHSTONE EXPLORATION INC.

Date of Statement

Relevant Dates

This Statement of Reserves Data and Other Oil and Gas Information (the "**Statement**") of Touchstone Exploration Inc. is dated March 30, 2015. The effective date of the information being provided in this Statement is December 31, 2014 unless otherwise indicated. The information contained in this Statement was prepared between December 2, 2014 and March 11, 2015. For a glossary of terminology and definitions relating to the information included in this report, readers are referred to NI 51-101.

Disclosure of Reserves Data

In accordance with NI 51-101, the reserves data of the Company as set forth below (the "**Reserves Data**") is based upon independent evaluations by GLJ Petroleum Consultants Ltd. of Calgary, Alberta with an effective date of December 31, 2014 and contained in the report dated March 11, 2015 (the "**Reserves Report**"). GLJ is an independent qualified reserves evaluator appointed by the Company pursuant to NI 51-101. GLJ independently evaluated all of the Company's oil properties in the Republic of Trinidad and Tobago and Canada.

The tables below are a summary of the Company's crude oil reserves and the net present value of the future net revenue attributable to such reserves, as evaluated in the Reserves Report based on GLJ's December 31, 2014 forecast price and cost assumptions. The tables contained in the Reserves Report are a summary of the Reserves Data, and as a result, may contain slightly different numbers and columns may not add exactly. The Reserves Report also presents the net present value of future net revenue of the Company's properties before and after taxes, at various discount rates. Assumptions and qualifications relating to costs and prices for future production and other matters are summarized in the notes to the following tables.

The extent and nature of all information supplied by the Company, which may have included ownership data, well information, geological information, reservoir studies, timing and future production, current product prices, operating cost data, capital budget forecasts and future operating plans, have been relied upon by GLJ in preparing the Reserves Report and were accepted as represented without independent verification. All information provided to GLJ was current as at December 31, 2014 and, accordingly, certain of such information may not be representative of current conditions.

Barrel of oil equivalent may be misleading, particularly if used in isolation. A boe conversion ratio of 6 thousand cubic feet of gas to 1 barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6 Mcf: 1 bbl, utilizing a conversion ratio of 6 Mcf: 1 bbl may be misleading as an indication of value.

The estimated future net revenue figures contained in the following tables do not necessarily represent the fair market value of the Company's reserves. There is no assurance that the forecast price and costs assumptions contained in the Reserves Report will be attained and variances could be material. The recovery and reserves estimates attributed to the Company's properties described herein are estimates only. The actual reserves attributable to the Company's properties may be greater or less than those calculated.

In certain tables set forth below, the columns may not add due to rounding. All dollar amounts are reported in thousands of Canadian dollars ("M$") unless otherwise indicated.

Reserves Data - Forecast Prices and Costs

The tables below disclose the following in relation to the Company's properties, some of which are located onshore within Trinidad and the remainder of which are located in Canada.

"Summary of Reserves as of December 31, 2014" discloses, in aggregate, the Company's gross and net proved reserves and proved plus probable reserves, estimated using forecast prices and costs, by product type. "**Forecast prices and costs**" means future prices and costs used by GLJ in the Reserves Report that are generally accepted as being a reasonable outlook of the future, fixed or currently determinable future prices or costs to which the Company is bound.

"Summary of Net Present Values of Future Net Revenue Before Tax as of December 31, 2014" discloses, in aggregate, the net present value of the Company's future net revenue attributed to the reserve categories in the table entitled "Summary of Reserves as of December 31, 2014", estimated using forecast prices and costs, before deducting future income tax expenses, calculated without discount and using discount rates of 5%, 10%, 15% and 20% as well as on a $/boe and $/Mcfe basis.

"Summary of Net Present Values of Future Net Revenue After Tax as of December 31, 2014" discloses, in aggregate, the net present value of the Company's future net revenue attributed to the reserve categories in the table entitled "Summary of Reserves as of December 31, 2014", estimated using forecast prices and costs, after deducting future income tax expenses, calculated without discount and using discount rates of 5%, 10%, 15% and 20%.

"Total Future Net Revenue (Undiscounted) as of December 31, 2014" discloses, in aggregate, certain elements of the Company's future net revenue attributable to its proved reserves and its proved plus probable reserves, estimated using forecast prices and costs, and calculated without discount.

"Net Present Value of Future Net Revenue by Production Group as of December 31, 2014" discloses, by production group and on a $/boe and $/Mcfe basis, the net present value of the Company's future net revenue attributable to its proved reserves and its proved plus probable reserves, before deducting future income tax expenses, estimated using forecast prices and costs, and calculated using a 10% discount rate.

SUMMARY OF RESERVES AS OF DECEMBER 31, 2014										
	Light and Medium Oil		Heavy Oil		Natural Gas		Natural Gas Liquids		Total Oil Equivalent	
Reserves Category	Gross[1] Mbbl	Net[2] Mbbl	Gross[1] Mbbl	Net[2] Mbbl	Gross[1] MMcf	Net[2] MMcf	Gross[1] Mbbl	Net[2] Mbbl	Gross[1] Mboe	Net[2] Mboe
TRINIDAD										
PROVED										
Producing	5,475	3,520	-	-	-	-	-	-	5,475	3,520
Developed Nonproducing	46	40	-	-	-	-	-	-	46	40
Undeveloped	3,441	2,739	-	-	-	-	-	-	3,441	2,739
TOTAL PROVED	8,962	6,299	-	-	-	-	-	-	8,962	6,299
TOTAL PROBABLE	5,824	4,273	-	-	-	-	-	-	5,824	4,273
TOTAL PROVED PLUS PROBABLE	14,786	10,572	-	-	-	-	-	-	14,786	10,572
CANADA										
PROVED										
Producing	-	-	413	371	-	-	-	-	413	371
Developed Nonproducing	-	-	64	61	-	-	-	-	64	61
Undeveloped	462	393	560	515	222	188	-	-	1,059	939
TOTAL PROVED	462	393	1,037	947	222	188	-	-	1,536	1,371
TOTAL PROBABLE	551	468	914	818	265	225	-	-	1,510	1,324
TOTAL PROVED PLUS PROBABLE	1,013	861	1,951	1,765	486	413	-	-	3,046	2,695
TOTAL										
PROVED										
Producing	5,475	3,520	413	371	-	-	-	-	5,887	3,891
Developed Nonproducing	46	40	64	61	-	-	-	-	110	101
Undeveloped	3,903	3,312	560	515	222	188	-	-	4,499	3,679
TOTAL PROVED	9,424	6,692	1,037	947	222	188	-	-	10,497	7,671
TOTAL PROBABLE	6,375	4,741	914	818	265	225	-	-	7,334	5,597
TOTAL PROVED PLUS PROBABLE	15,799	11,433	1,951	1,765	486	413	-	-	17,831	13,267

[1] "**Gross Reserves**" are the Company's working interest share of the remaining reserves before deduction of any royalties.
[2] "**Net Reserves**" are the Company's working interest share of the remaining reserves less all crown, freehold, overriding royalties and interests owned by others.

SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE BEFORE TAX AS OF DECEMBER 31, 2014							
	Net present Values of Future Net Revenue Before Income Taxes Discounted at (%/year)					Unit Value Before Income Tax Discounted at 10%/year[1]	
Reserves Category	0% M$	5% M$	10% M$	15% M$	20% M$	$/boe	$/Mcfe
TRINIDAD							
PROVED							
Producing	171,820	118,683	95,906	82,077	72,351	27.25	4.54
Developed Nonproducing	2,302	2,074	1,889	1,736	1,608	47.23	7.87
Undeveloped	161,276	121,256	94,287	75,237	61,279	34.42	5.74
TOTAL PROVED	335,398	242,013	192,082	159,050	135,238	30.49	5.08
TOTAL PROBABLE	319,578	217,390	162,358	127,711	103,935	38.00	6.33
TOTAL PROVED PLUS PROBABLE	654,976	459,403	354,440	286,761	239,173	33.53	5.59
CANADA							
PROVED							
Producing	7,146	6,583	6,105	5,696	5,341	16.46	2.74
Developed Nonproducing	522	478	438	402	371	7.18	1.20
Undeveloped	18,699	13,262	9,431	6,673	4,650	10.04	1.67
TOTAL PROVED	26,367	20,323	15,974	12,771	10,362	11.65	1.94
TOTAL PROBABLE	42,367	31,483	24,118	18,938	15,172	18.22	3.04
TOTAL PROVED PLUS PROBABLE	68,734	51,806	40,092	31,709	25,534	14.88	2.48
TOTAL							
PROVED							
Producing	178,966	125,266	102,011	87,772	77,692	26.22	4.37
Developed Nonproducing	2,825	2,552	2,328	2,139	1,980	23.04	3.84
Undeveloped	179,975	134,518	103,718	81,910	65,929	28.20	4.70
TOTAL PROVED	361,765	262,336	208,057	171,821	145,600	27.13	4.52
TOTAL PROBABLE	361,945	248,872	186,476	146,648	119,107	33.32	5.55
TOTAL PROVED PLUS PROBABLE	723,710	511,208	394,533	318,470	264,707	29.74	4.96

[1] Unit values are based on Company Net Reserves.

SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE AFTER TAX[(1)]
AS OF DECEMBER 31, 2014

Reserves Category	0% M$	5% M$	10% M$	15% M$	20% M$
TRINIDAD					
PROVED					
Producing	66,783	53,673	46,656	41,785	38,074
Developed Nonproducing	770	712	665	625	592
Undeveloped	55,538	41,839	32,333	25,484	20,399
TOTAL PROVED	123,091	96,224	79,654	67,894	59,065
TOTAL PROBABLE	104,875	74,166	56,384	44,711	36,505
TOTAL PROVED PLUS PROBABLE	227,966	170,390	136,038	112,605	95,570
CANADA					
PROVED					
Producing	7,146	6,583	6,105	5,696	5,341
Developed Nonproducing	522	478	438	402	371
Undeveloped	18,699	13,262	9,431	6,673	4,650
TOTAL PROVED	26,367	20,323	15,974	12,771	10,362
TOTAL PROBABLE	39,266	29,331	22,577	17,805	14,322
TOTAL PROVED PLUS PROBABLE	65,633	49,654	38,551	30,576	24,684
TOTAL					
PROVED					
Producing	73,929	60,255	52,761	47,480	43,415
Developed Nonproducing	1,293	1,190	1,103	1,028	963
Undeveloped	74,236	55,101	41,764	32,156	25,049
TOTAL PROVED	149,457	116,546	95,628	80,665	69,427
TOTAL PROBABLE	144,142	103,497	78,961	62,517	50,826
TOTAL PROVED PLUS PROBABLE	293,599	220,044	174,589	143,181	120,254

[(1)]Income taxes include all resource income, appropriate income tax calculations and prior tax pools.

TOTAL FUTURE NET REVENUE (UNDISCOUNTED) AS OF DECEMBER 31, 2014								
Reserves Category	Revenue M$	Royalties M$	Operating Costs M$	Capital Development Costs M$	Aband. Costs M$	Future Net Revenue BT M$[1]	Income Taxes M$	Future Net Revenue AT M$[2]
TRINIDAD								
TOTAL PROVED	885,812	274,360	222,473	44,388	9,192	335,398	212,307	123,091
TOTAL PROVED PLUS PROBABLE	1,486,297	441,081	312,050	67,857	10,332	654,976	427,010	227,966
CANADA								
TOTAL PROVED	99,658	11,748	35,388	24,755	1,401	26,367	-	26,367
TOTAL PROVED PLUS PROBABLE	208,397	26,012	69,074	42,401	2,176	68,734	3,101	65,633
TOTAL								
TOTAL PROVED	985,470	286,108	257,861	69,143	10,593	361,765	212,307	149,458
TOTAL PROVED PLUS PROBABLE	1,694,694	467,093	381,124	110,258	12,508	723,710	430,111	293,599

[1]BT = Before income taxes.
[2]AT = After income taxes.

NET PRESENT VALUE OF FUTURE NET REVENUE BY PRODUCTION GROUP AS OF DECEMBER 31, 2014				
		Future Net Revenue Before Income Taxes Discounted at 10%/year[2]		
Reserves Category	Production Group	M$	$/boe	$/Mcfe
TOTAL PROVED	Light and Medium Oil[1]	196,012	29.15	4.86
	Heavy Oil	12,045	12.72	2.12
	Natural Gas	-	-	-
TOTAL PROVED PLUS PROBABLE	Light and Medium Oil[1]	367,118	31.92	5.32
	Heavy Oil	27,415	15.53	2.59
	Natural Gas	-	-	-

[1]Including solution gas and other by-products.
[2]Unit values are based on Company Net Reserves.

Pricing Assumptions

The forecast reference prices used by GLJ in preparing the Company's Reserves Data are provided in the table below. This price forecast is GLJ's standard price forecast effective January 1, 2015. GLJ is a qualified reserves evaluator under the definitions of NI 51-101 and is independent of the Company.

During the year ended December 31, 2014 the Company received a weighted average price of $85.10 per barrel of crude oil. Trinidad and Canadian operations received weighted average prices of $89.93 per barrel and $71.39 per barrel, respectively. The Company's weighted average realized oil prices represented a 22% discount in comparison to average Brent prices and a 17% discount in comparison to average West Texas Intermediate prices over the corresponding annual period.

SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS AS OF JANUARY 1, 2015(1)(2)

Forecast Year	Inflation Rate (%/year)(3)	USD/CAD Exchange Rate(4)	WTI Cushing Oklahoma (US$/bbl)	Brent Blend Crude Oil FOB North Sea (US$/bbl)	Edmonton Par Price 40 API Light Sweet Crude Oil (C$/bbl)	Natural Gas AECO Gas Prices (C$/MMBtu)
2015	2.0	0.850	62.50	67.50	64.71	3.31
2016	2.0	0.875	75.00	82.50	80.00	3.77
2017	2.0	0.875	80.00	87.50	85.71	4.02
2018	2.0	0.875	85.00	90.00	91.43	4.27
2019	2.0	0.875	90.00	95.00	97.14	4.53
2020	2.0	0.875	95.00	100.00	102.86	4.78
2021	2.0	0.875	98.54	101.35	106.18	5.03
2022	2.0	0.875	100.51	103.38	108.31	5.28
2023	2.0	0.875	102.52	105.45	110.47	5.53
2024	2.0	0.875	104.57	107.56	112.67	5.71
Thereafter	2.0	0.875	+2.0%/year	+2.0%/year	+2.0%/year	+2.0%/year

(1)Summary table identifies benchmark reference pricing schedules that might apply to a reporting issuer.
(2)Product sales prices will reflect these reference prices with further adjustments for quality and transportation to point of sale.
(3)Inflation rates for forecasting pricing and costs.
(4)Exchange rates used to generate the benchmark reference prices in this table.

Reconciliation of Changes in Reserves

Reserves Reconciliation

The following table provides a reconciliation of the Company's Gross Reserves based on forecast prices and costs.

RECONCILIATION OF COMPANY GROSS RESERVES BY PRINCIPAL PRODUCT TYPE									
	Total Oil			Light and Medium Oil			Heavy		
Factors	Proved (Mbbl)	Probable (Mbbl)	Proved + Probable (Mbbl)	Proved (Mbbl)	Probable (Mbbl)	Proved + Probable (Mbbl)	Proved (Mbbl)	Probable (Mbbl)	Proved + Probable (Mbbl)
TRINIDAD									
December 31, 2013	-	-	-	-	-	-	-	-	-
Technical	317	332	649	317	332	649	-	-	-
Drilling Extensions	1,349	1,055	2,404	1,349	1,055	2,404	-	-	-
Infill Drilling	170	60	230	170	60	230	-	-	-
Improved Recovery	-	200	200	-	200	200	-	-	-
Acquisitions	7,520	4,177	11,697	7,520	4,177	11,697	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-	-	-	-
Production	(395)	-	(395)	(395)	-	(395)	-	-	-
December 31, 2014	8,962	5,824	14,786	8,962	5,824	14,786	-	-	-
CANADA									
December 31, 2013	939	535	1,474	-	-	-	939	535	1,474
Technical	115	199	315	(33)	33	(0)	148	167	315
Drilling Extensions	5912	731	1,323	495	519	1,013	97	213	309
Infill Drilling	-	-	-	-	-	-	-	-	-
Improved Recovery	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-	-	-	-
Production	(147)	-	(147)	-	-	-	(147)	-	(147)
December 31, 2014	1,499	1,466	2,964	462	552	1,013	1,037	914	1,951
TOTAL									
December 31, 2013	939	535	1,474	-	-	-	939	535	1,474
Technical	432	532	964	284	365	649	148	167	315
Drilling Extensions	1,941	1,786	3,727	1,844	1,573	3,417	97	213	309
Infill Drilling	170	60	230	170	60	230	-	-	-
Improved Recovery	-	200	200	-	200	200	-	-	-
Acquisitions	7,520	4,177	11,697	7,520	4,177	11,697	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-	-	-	-
Production	(542)	-	(542)	(395)	-	(395)	(147)	-	(147)
December 31, 2014	10,460	7,290	17,750	9,424	6,376	15,799	1,037	914	1,951

RECONCILIATION OF COMPANY GROSS RESERVES BY PRINCIPAL PRODUCT TYPE (CONTINUED)												
	Total Gas			Conventional Natural Gas			Unconventional Natural Gas			Oil Equivalent		
Factors	Proved (Mbbl)	Probable (Mbbl)	Proved + Probable (Mbbl)	Proved (MMcf)	Probable (MMcf)	Proved + Probable (MMcf)	Proved (MMcf)	Probable (MMcf)	Proved + Probable (MMcf)	Proved (Mboe)	Probable (Mboe)	Proved + Probable (Mboe)
TRINIDAD												
December 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Technical	-	-	-	-	-	-	-	-	-	317	333	649
Drilling Extensions	-	-	-	-	-	-	-	-	-	1,349	1,055	2,404
Infill Drilling	-	-	-	-	-	-	-	-	-	170	60	230
Improved Recovery	-	-	-	-	-	-	-	-	-	-	200	200
Acquisitions	-	-	-	-	-	-	-	-	-	7,520	4,177	11,697
Dispositions	-	-	-	-	-	-	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-	-	(395)	-	(395)
December 31, 2014	-	-	-	-	-	-	-	-	-	8,962	5,824	14,786
CANADA												
December 31, 2013	-	-	-	-	-	-	-	-	-	939	535	1,474
Technical	-	-	-	-	-	-	-	-	-	115	200	315
Drilling Extensions	222	265	486	222	265	486	-	-	-	629	775	1,404
Infill Drilling	-	-	-	-	-	-	-	-	-	-	-	-
Improved Recovery	-	-	-	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-	-	(147)	-	(147)
December 31, 2014	222	265	486	222	265	486	-	-	-	1,536	1,510	3,046
TOTAL												
December 31, 2013	-	-	-	-	-	-	-	-	-	939	535	1,474
Technical	-	-	-	-	-	-	-	-	-	432	532	964
Drilling Extensions	222	265	486	222	265	486	-	-	-	1,978	1,830	3,808
Infill Drilling	-	-	-	-	-	-	-	-	-	170	60	230
Improved Recovery	-	-	-	-	-	-	-	-	-	-	200	200
Acquisitions	-	-	-	-	-	-	-	-	-	7,520	4,177	11,697
Dispositions	-	-	-	-	-	-	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-	-	(542)	-	(542)
December 31, 2014	222	265	486	222	265	486	-	-	-	10,497	7,334	17,831

Additional Information Relating to Reserves Data

Undeveloped Reserves

Undeveloped reserves are attributed by GLJ in accordance with standards and procedures contained in the COGE Handbook. Proved undeveloped reserves are those reserves that can be estimated with a high degree of certainty and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Probable undeveloped reserves are those reserves that are less certain to be recovered than proved reserves and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Proved and probable undeveloped reserves have been assigned in accordance with engineering and geological practices as defined under NI 51-101.

The following tables disclose the Company's gross proved and probable undeveloped reserves, each by product type, all of which are attributable to properties in which the Company has a working interest position. All proved and probable undeveloped reserves are attributable to acreage that offsets existing production and are determined as per NI 51-101 guidelines.

SUMMARY OF PROVED UNDEVELOPED RESERVES

Light and Medium Oil (Mbbl)		Heavy Oil (Mbbl)		Conventional Natural Gas (MMcf)		Natural Gas Liquids (Mbbl)		boe (Mbbl)	
Attributed This Year[(1)]	Current Total	Attributed This Year	Current Total	Attributed This Year	Current Total	Attributed This Year	Current Total	Attributed This Year	Current Total
1,621	3,903	560	560	222	222	-	-	2,217	4,499

[(1)]Refers to reserves first attributed in this fiscal year ending on the effective date.

SUMMARY OF PROBABLE UNDEVELOPED RESERVES

Light and Medium Oil (Mbbl)		Heavy Oil (Mbbl)		Conventional Natural Gas (MMcf)		Natural Gas Liquids (Mbbl)		boe (Mbbl)	
Attributed This Year[(1)]	Current Total	Attributed This Year	Current Total	Attributed This Year	Current Total	Attributed This Year	Current Total	Attributed This Year	Current Total
1,480	4,315	650	650	265	265	-	-	2,174	5,009

[(1)]Refers to reserves first attributed in this fiscal year ending on the effective date.

Significant Factors or Uncertainties Affecting Reserves Data

Estimates of economically recoverable oil and natural gas reserves and the associated future net cash flows are based upon a number of variable factors and assumptions. The main area of uncertainty is commodity prices, as the Company currently sells all production at spot market pricing. The evaluated oil and gas properties of the Company have no material extraordinary risks or uncertainties beyond those which are inherent of an oil and gas producing entity.

The process of estimating oil and gas reserves is complex, requiring significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas processing and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions, and have been evaluated by an independent engineering firm. As circumstances change and additional data becomes available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Although reasonable efforts are made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, the subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserve estimates can arise from changes in period-end oil and gas prices and reservoir performance. Such revisions can be either positive or negative. The estimates of the Company's oil reserves produced in this document are estimates only. There is no assurance or guarantee that the estimated reserves will be recovered. Actual reserves may be greater or less than the estimates provided herein.

Future Development Costs

The following table provides information regarding the development costs deducted in the estimation of future net revenue attributable to the Company's reserves.

FUTURE DEVELOPMENT COSTS (M$)

TRINIDAD		
Year	For Proved Reserves	For Proved Plus Probable Reserves
2015	2,620	3,395
2016	21,910	27,795
2017	12,313	22,447
2018	7,545	14,220
Thereafter	-	-
Total Undiscounted	**44,388**	**67,857**
Total Discounted at 10%/year	**36,597**	**55,204**

CANADA		
Year	For Proved Reserves	For Proved Plus Probable Reserves
2015	2,250	3,600
2016	9,945	14,178
2017	8,739	18,415
2018	3,820	6,208
Thereafter	-	-
Total Undiscounted	**24,754**	**42,401**
Total Discounted at 10%/year	**20,389**	**34,680**

TOTAL		
Year	For Proved Reserves	For Proved Plus Probable Reserves
2015	4,870	6,995
2016	31,855	41,973
2017	21,052	40,862
2018	11,365	20,428
Thereafter	-	-
Total Undiscounted	**69,142**	**110,258**
Total Discounted at 10%/year	**56,986**	**89,884**

The Company expects that the funds required for future development costs will be derived from a combination of positive working capital, internally-generated cash flow and credit facilities. There can be no guarantee that funds will be available or that the Company will allocate funding to develop all of the reserves in the Reserves Report. Failure to develop those reserves would have a negative impact on future cash flows.

Interest and other costs of external funding are not included in the future development costs of the reserves or in the future revenue estimates, and would reduce reserves and future net revenue to some degree depending upon the funding sources utilized. The Company does not anticipate that the costs of funding will materially affect the Company's disclosed reserves and future net revenues or will make the development of any of the Company's properties uneconomic.

Other Oil and Gas Information

Oil and Gas Properties and Wells

Unless otherwise stated, the following information is presented as at December 31, 2014. The Company does not believe that there have been any material changes to such information since such date.

The Company's principal properties in production or under development are located onshore within Trinidad. The Company operates under lease operatorship agreements and farm-out agreements with the Petroleum Company of Trinidad and Tobago, state exploration and production licenses with the Trinidad and Tobago Minister of Energy and Energy Affairs, and private exploration and production agreements with individual landholders as per below. The remainder of the Company's properties are located in western Canada.

SUMMARY OF PRODUCING PROPERTIES AND LEASES

Property	Working interest	Lease type	Expiry
TRINIDAD			
WD-8	100%	Lease Operatorship Agreement	December 31, 2020[(1)]
Coora 1	100%	Lease Operatorship Agreement	December 31, 2020[(1)]
Coora 2	100%	Lease Operatorship Agreement	December 31, 2020[(1)]
WD-4	100%	Lease Operatorship Agreement	December 31, 2020[(1)]
South Palo Seco	100%	Farmout Agreement	December 31, 2021[(1)]
New Dome	100%	Farmout Agreement	December 31, 2021[(1)]
Barrackpore	100%	Freehold	Various
Fyzabad	100%	Crown & Freehold	TBD[(2)] & Various
Icacos	50%	Freehold	Various
Palo Seco	100%	Crown	TBD[(2)]
San Francique	100%	Freehold	Various
CANADA			
Kerrobert	97%	Crown & Freehold	Various 2017-2018
Luseland	100%	Crown	Various 2016-2018

[(1)] Not including the Company's option for a five year renewal.

[(2)] The State licenses expired on August 19, 2013. The Company is currently negotiating licence renewals and has permission from the MEEA to operate until both licenses are renewed

The following table sets forth information regarding the Company's wells and land holdings as at December 31, 2014.

WELLS AND LAND HOLDINGS[1]
INCLUDING PROPERTIES WITH NO ATTRIBUTABLE RESERVES

	Producing		Non-Producing		Developed Land		Undeveloped Land	
	Gross Wells	Net Wells	Gross Wells	Net Wells	Gross Acres	Net Acres	Gross Acres	Net Acres
TRINIDAD								
WD-8	55	55	27	27	650	650	-	-
Coora 1	66	66	57	57	1,230	1,230	-	-
Coora 2	33	33	33	33	469	469	-	-
South Palo Seco	3	3	2	2	2,019	2,019	-	-
New Dome	1	1	2	2	69	69	-	-
WD-4	26	26	28	28	700	700	-	-
Barrackpore	11	11	1		478	478	-	-
Fyzabad	224	224	-	-	804	804	-	-
Icacos	6	3	-	-	1,960	1,960	-	-
Palo Seco	74	74	-	-	500	500	-	-
San Francique	109	109	-	-	2,306	2,306	-	-
Siparia	-	-	1	0.5	-	-	160	80
East Brighton	-	-	2	0.7	-	-	20,365	5,310
Moruga	-	-	-	-	-	-	3,300	3,300
Bovallius	-	-	-	-	-	-	976	976
Otaheite	-	-	-	-	-	-	935	935
St. John	-	-	-	-	-	-	408	408
Rousillac	-	-	-	-	-	-	570	570
Piparo	-	-	-	-	-	-	72	72
New Grant	-	-	-	-	-	-	687	687
Cory Moruga	-	-	4	0.5	-	-	11,969	1,939
Ortiore	-	-	-	-	-	-	44,731	35,785
	608	**605**	**157**	**152**	**11,185**	**10,205**	**84,173**	**50,062**
CANADA								
Kerrobert	12	11.6	28	27.2	967	938	5,993	5,802
Luseland	1	-	13	13	1,685	1,680	10,113	10,080
Dawson	-	-	16	16	3,360	3,360	16,800	16,800
Beadle	-	-	-	-	-	-	13,246	7,903
Edam	-	-	-	-	-	-	10,881	10,881
Druid	-	-	-	-	-	-	8,641	8,641
Winter	-	-	-	-	-	-	11,323	11,323
Unity	-	-	-	-	-	-	240	240
	13	**12**	**58**	**57**	**6,012**	**5,978**	**77,237**	**71,670**
TOTAL	**621**	**617**	**215**	**209**	**17,197**	**16,183**	**161,410**	**121,732**

[1] All of the Company's wells are oil wells.

Properties with No Attributed Reserves

The following tables set forth information respecting the Company's undeveloped lands as at December 31, 2014.

PROPERTIES WITH NO ATTRIBUTABLE RESERVES[1]				
	Unproved Properties		2015 Expiring	
	Gross Acres	Net Acres	Gross Acres	Net Acres
TRINIDAD				
Siparia	160	80	-	-
East Brighton	20,365	5,310	-	-
Moruga	3,300	3,300	-	-
Bovallius	976	976	-	-
Otaheite	935	935	-	-
St. John	408	408	-	-
Rousillac	570	570	-	-
Piparo	72	72	-	-
New Grant	687	687	-	-
Cory Moruga	11,969	1,939	-	-
Ortiore	44,731	35,785	-	-
	84,173	**50,062**	**-**	**-**
CANADA				
Kerrobert	5,993	5,802	-	-
Luseland	10,113	10,880	-	-
Dawson	16,800	16,800	-	-
Beadle	6,703	6,703	-	-
Edam	10,881	10,881	-	-
Druid	8,641	8,641	-	-
Winter	11,323	11,323	-	-
Unity	240	240	-	-
	70,694	**70,470**	**-**	**-**
TOTAL	**154,867**	**120,532**	**-**	**-**

[1]Unproved Properties have no attributable reserves as of December 31, 2014. Undeveloped acreage within properties where reserves have been booked as of December 31, 2014 have not been included.

Significant Factors or Uncertainties Relevant to Properties with No Attributed Reserves

The presence of economic quantities of hydrocarbons on lands with no attributed reserves is uncertain until the lands are drilled and tested. Beyond the need to drill and test exploration areas, additional factors may influence the Company's ability to develop these lands, including escalation of capital costs and operating costs, the potential requirement to expand existing infrastructure and a material change in commodity prices.

Forward Contracts

The Company has the following commodity financial contracts in place as at December 31, 2014:

Contract	Volume	Pricing
ICE Brent crude oil swap December 5, 2014 – November 30, 2015	800 barrels per day	US$70.60 per barrel
ICE Brent crude oil call April 1, 2015 – November 30, 2015	800 barrels per day	US$90.00 per barrel

Additional Information Concerning Abandonment and Restoration Costs

ABANDONMENT AND RECLAMATION COSTS (M$)

	Total Proved		Total Proved Plus Probable	
	Undiscounted	Discounted at 10%	Undiscounted	Discounted at 10%
TRINIDAD	9,192	2,386	10,332	2,282
CANADA	1,401	613	2,176	668
TOTAL	10,593	2,999	12,508	2,950

For consolidated financial statement purposes, as of December 31, 2014 the Company estimated the total discounted decommissioning obligations to be $19.42 million. The total decommissioning obligation was estimated based on the Company's net ownership in all wells and facilities, the estimated costs to abandon and reclaim the wells and facilities, the estimated rate of inflation, and the estimated timing of the costs to be incurred in future periods.

DECOMMISSIONING OBLIGATIONS (“DO”) (M$)

	DO Undiscounted	DO Discounted at Weighted Average 5.9%	Estimated DO to be paid in the next three years	Estimated gross number of wells to reclaim
TRINIDAD	29,822	13,979	-	764
CANADA	5,292	5,441	231	71
TOTAL	35,114	19,420	231	835

Tax Horizon

The Company pays the following taxes and levies to the Government of Trinidad and Tobago:

Supplemental Petroleum Tax (“SPT”)	18% of gross revenue less royalties
Petroleum Profits Tax (“PPT”)	50% of net chargeable profits
Unemployment Levy (“UL”)	5% of net chargeable profits
Business Levy	0.2% of gross petroleum revenue less royalties
Green Fund Levy	0.1% of gross petroleum revenue

SPT taxes are calculated and remitted on a quarterly basis. Actual rates vary based on the realized selling prices of oil in the applicable quarter. The SPT tax is 0% when the weighted average realized price of oil for a given quarter is below $50 per barrel. The revenue base for the calculation of SPT is gross revenue less royalties, less 20% investment tax credits for certain allowable capital expenditures incurred in the applicable fiscal quarter. Annual PPT and UL taxes are calculated based on net chargeable profits. Net chargeable profits are determined by calculating gross revenue less royalties, SPT paid during the year, capital allowances, operating, administration and certain finance expenses.

The Reserves Report forecasts Trinidad cash taxes to be incurred in 2015 and the Company incurred cash taxes in prior years. In Canada, the Company's December 31, 2014 non-capital losses of $37,809,000 shelter it from paying current cash income taxes. Based on the Reserves Report, and the Company's current exploration and development plans, the Company does not expect to pay income tax in Canada until 2019.

Summary of Costs Incurred

The following table summarizes certain expenditures for the Company for the year ended December 31, 2014.

PROPERTY ACQUISITION COSTS AND CAPITAL EXPENDITURES[(1)]	
	Amount (M$)
TRINIDAD	
Development costs	17,967
Production equipment	5,571
Corporate acquisition[(2)]	33,448
	56,986
CANADA	
Development costs	7,383
Production equipment	3,810
	11,193
TOTAL	
Development costs	25,350
Production equipment	9,381
Corporate acquisition[(2)]	33,448
	68,179

[(1)]Capital expenditures in this table exclude expenditures such as corporate assets ($233M), capitalized share-based compensation ($129M), and decommissioning assets recoveries ($310M).
[(2)] Acquisition costs reflect the consideration paid for producing assets and does not reflect the fair market value allocated to acquire the assets under International Financial Reporting Standards.

Exploration and Development Activities

The following table sets forth the number of gross and net wells drilled by the Company during the fiscal year ended December 31, 2014.

EXPLORATORY AND DEVELOPMENT WELL ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2014

	Development		Exploratory	
	Gross	Net	Gross	Net
TRINIDAD				
Oil	11	11	1	0.16
Gas	-	-	-	-
Service	-	-	-	-
Dry	-	-	-	-
	11	**11**	**1**	**0.16**
CANADA				
Oil	-	-	-	-
Gas	-	-	-	-
Service	-	-	-	-
Dry	-	-	-	-
	-	**-**	**-**	**-**
TOTAL				
Oil	11	11	1	0.16
Gas	-	-	-	-
Service	-	-	-	-
Dry	-	-	-	-
	11	**11**	**1**	**0.16**

Production Estimates

The following summarizes the Company's estimated future average daily production volumes for fiscal year 2015 by reserves category and by Country.

SUMMARY OF FIRST YEAR PRODUCTION ESTIMATES

Reserve Category	Light and Medium Oil (bbl/d)	Heavy Oil (bbl/d)	Natural Gas (Mcf/d)	Total Oil Equivalent (boe/d)
TRINIDAD				
Proved	2,135	-	-	2,135
Probable	183	-	-	183
Total Proved Plus Probable	2,318	-	-	2,318
CANADA				
Proved	17	368	8	387
Probable	19	2	9	22
Total Proved Plus Probable	36	369	17	408
TOTAL				
Proved	2,152	368	8	2,522
Probable	202	2	9	205
Total Proved Plus Probable	2,354	369	17	2,726

Production History

The following table summarizes the Company's average gross daily production volumes for the fiscal year ended December 31, 2014.

PRODUCTION HISTORY - YEAR ENDED DECEMBER 31, 2014					
Type	Average Daily	Average Per Barrel			
Fiscal Quarter	Production Volume	Price	Royalties	Operating Costs	Field Netbacks
TRINIDAD					
Light and Medium Oil					
Q1 2014[(1)]	-	-	-	-	-
Q2 2014	830	104.02	36.53	40.51	26.98
Q3 2014	1,830	95.66	29.73	22.80	43.13
Q4 2014	1,896	78.30	25.40	25.12	27.78
2014	**1,146**	**89.93**	**29.15**	**24.52**	**36.26**
CANADA					
Light and Medium Oil					
Q1 2014[(2)]	-	-	-	-	-
Q2 2014[(2)]	-	-	-	-	-
Q3 2014	438	71.12	4.48	45.63	21.01
Q4 2014	387	61.29	6.92	46.37	8.00
2014	**404**	**69.64**	**5.60**	**49.59**	**14.45**
TOTAL					
Light and Medium Oil					
Q1 2014[(2)]	-	-	-	-	-
Q2 2014[(2)]	830	104.02	36.53	40.51	26.98
Q3 2014	2,268	91.36	25.31	26.80	39.25
Q4 2014	2,283	75.50	22.36	28.62	24.52
2014	**1,550**	**86.99**	**25.74**	**28.16**	**33.09**

(1) Trinidad assets were acquired in the May 13, 2014 business combination.
(2) On July 1, 2014 the Kerrobert and Luseland properties were evaluated as being commercially viable and transferred to property and equipment from exploration and evaluation assets.

The following table summarizes the Company's sales volumes during the year ended December 31, 2014 for each field and on an average daily basis.

PRODUCTION HISTORY BY FIELD - YEAR ENDED DECEMBER 31, 2014		
Field	Light and Medium Oil	
	Total barrels	Barrels per day
TRINIDAD[(1)]		
WD-8	106,421	292
Coora 1	59,733	164
Coora 2	29,580	81
South Palo Seco	1,748	5
New Dome	4,147	11
WD-4	124,336	341
Barrackpore	12,783	35
Fyzabad	51,472	141
Icacos	3,005	8
Palo Seco	7,633	21
San Francique	17,511	48
	418,369	**1,146**
CANADA		
Kerrobert	124,547	341
Luseland	17,143	47
Dawson	5,787	16
	147,477	**404**
TOTAL	**565,846**	**1,550**

(1) Trinidad production since the May 13, 2014 acquisition date.

Royalties

Trinidad charges a crown royalty rate of 12.5% on gross production under crown leases. For freehold or private leases, the Company incurs private royalties of 10% of gross revenue.

On the WD-8, Coora and WD-4 blocks, the Company operates under Lease Operatorship Agreements (“LOA”), which in addition to crown royalties apply a sliding scale notional overriding royalty (“NORR”) that ranges from 33% to 35% on predefined base production levels. For any production volumes sold in excess of the base production levels, the Company incurs an enhanced NORR (“enhanced NORR”) of 17.5% to 22.5%. The NORR and enhanced NORR rates are indexed to the price of oil realized in the production month. The LOA’s allow for NORR and enhanced NORR incentives for the drilling or sidetracking of a replacement well as follows:

- Year 1 of production from the replacement well: 0% NORR or enhanced NORR rate; and
- Year 2 of production from the replacement well: 10% NORR or enhanced NORR rate.

In addition to crown royalties, the South Palo Seco and New Dome blocks are subject to Farmout Agreements that stipulate NORR rates ranging from 23% to 25% and enhanced NORR rates ranging from 15% to 17%.

Production from the WD-8, Coora and WD-4 blocks incur a TT$12.60 per barrel charge for user fees that serve to offset expenses for electricity, maintenance, labour and other miscellaneous costs incurred by the Petroleum Company of Trinidad and Tobago (“Petrotrin”) associated with the management of the applicable lease operatorship programs.

Kerrobert production is subject to a 1% crown royalty under the Province of Saskatchewan's Enhanced Oil Recovery program, in addition to freehold royalties ranging from 12.5% - 17.5% on a portion of the production. Luseland production is subject to a crown royalty rate of 2.5%.

DIVIDEND POLICY

Touchstone has not declared or paid any dividends on any of its Common Shares. The Company does not intend to pay dividends in the near future, as futures earnings will be retained to finance further expansion of business and operations. Any decision to pay dividends on any class of shares will be made by the Board on the basis of earnings, financial requirements and other conditions existing at such future time.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

Touchstone is authorized to issue an unlimited number of Common Shares without nominal or par value of which 83,079,643 Common Shares are issued and outstanding as fully paid and non-assessable as at the date of this AIF. Up to a maximum of 10% of the issued shares of the Company are reserved for issuance pursuant to currently outstanding stock options and the Rolling Plan. In addition, a maximum of two million Common Shares have been approved for issuance under the Company's incentive share option plan. Holders of Common Shares are entitled to dividends if, as and when declared by the directors, to one vote per Common Share at meetings of shareholders and, upon liquidation, to receive such assets of the Company as are distributable to holders of Common Shares. The Common Shares are not subject to call or assessment rights, redemption rights, rights regarding purchase for cancellation or surrender, or any pre-emptive or conversion rights.

Common Share Purchase Warrants

As at the date of this AIF, Touchstone has 2,260,800 Common Share purchase warrants outstanding issued in connection with the NORREP Loan (the "**Loan Warrants**"). The Loan Warrants entitle the holder thereof to acquire one Common Share, subject to adjustment in certain circumstances, at an exercise price of $2.34 until June 28, 2016. There are no voting rights, dividend rights or rights upon dissolution or winding-up associated with the Loan Warrants.

Shareholder Rights Plan

Effective January 1, 2013, Touchstone adopted the shareholder rights plan ("**SRP**"), which was approved by the shareholders concurrently with their approval of the Reorganization on December 17, 2012. The SRP must next be renewed and approved by the Company's "Independent Shareholders" (as defined in the SRP) at the annual meeting to be held in 2015, failing which it will expire at such time. The SRP, under which Computershare Trust Company of Canada acts as rights agent, generally provides that, following the acquisition by any person or entity of 20% or more of the issued and outstanding common shares (except pursuant to certain permitted or excepted transactions) and upon the occurrence of certain other events, each holder of common shares, other than such acquiring person or entity, shall be entitled to acquire additional common shares at a discounted price. The SRP is similar to other shareholder rights plans adopted in the energy sector. A copy of the SRP has been filed on November 26, 2012 as a "Security Holder Document" on the Company's SEDAR profile at www.sedar.com.

Bank Debt

On December 4, 2014, the Company entered into a US$50 million secured term facility with a major Canadian bank maturing on December 4, 2017. Total borrowings permitted under the facility cannot exceed the borrowing base, which is currently US$15 million. The borrowing base is determined by the lender semi-annually on April 1st and October 1st and is determined based on, among other things, the

Company's Trinidad proved oil and gas reserves and the lenders view of the current and forecast commodity prices. The facility is principally secured by a pledge of the Company's equity interest in its material subsidies, together with their respective assets.

Advances on the facility bear interest at the LIBOR rate plus an applicable margin. The margin ranges from 4.05% to 4.80% per annum, depending on utilization. Undrawn amounts under the facility are subject to a commitment fee of 0.85%.

Repayments of principal are not required provided that the borrowings under the loan do not exceed the authorized borrowing amount and that the Company is in compliance with all covenants, representations and warranties. Key covenants include debt to earnings before interest, taxes and all non-cash items, a minimum interest coverage ratio and minimum monthly production levels.

MARKET FOR SECURITIES

Common Shares

The outstanding Common Shares are listed and posted for trading on the TSX under the symbol "TXP". Prior to the Touchstone Arrangement and Share Consolidation, the Common Shares traded under the symbol "PBG". From January 1, 2014 to May 19, 2014, the Common Shares traded under the symbol "PBG", and the price range during that time period reflects the price per Common Share prior to the two to one Share Consolidation. The following table sets forth the price range and trading volume of the Common Shares as reported by the TSX for the most recently completed financial year ending December 31, 2014:

Month	Price Range ($ per Common Share)		Volume
	High ($/share)	Low ($/share)	
December, 2014	0.48	0.25	2,590,163
November, 2014	0.65	0.455	767,155
October, 2014	0.82	0.55	2,260,800
September, 2014	0.90	0.73	1,426,808
August, 2014	0.94	0.84	2,331,630
July, 2014	1.01	0.90	1,521,338
June, 2014	1.03	0.86	2,207,678
May 20-31, 2014 ("TXP")	1.09	0.76	745,773
May 1-19, 2014 ("PBG")	0.52	0.46	2,298,660
April, 2014	0.49	0.365	12,015,497
March, 2014	0.46	0.37	4,516,640
February, 2014	0.43	0.355	2,112,947
January, 2014	0.38	0.325	1,894,293

Prior Sales

During the year ended December 31, 2014, the Company granted: (i) an aggregate of 4,685,090 stock options to acquire an aggregate of 4,685,090 Common Shares at a weighted average exercise price of $0.88 and (ii) an aggregate of 250,000 incentive share options to acquire an aggregate of 250,000 Common Shares at a weighted average exercise price of $0.10.

Escrowed Securities and Securities Subject to Contractual Restrictions or Transfer

As of the date hereof, none of the Company's securities are subject to escrow or subject to contractual restriction on transfer.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The name, province and country of residence, positions with the Company and principal occupation of the directors and officers of the Company are set out below and in the case of Directors, the period each has served as Director of the Company.

Name and Place of Residence	Office Held	Principal Occupation	Director Since
Paul Baay Alberta, Canada	President, Chief Executive Officer and Director	President and Chief Executive Officer of the Company	May 13, 2014
Scott Budau Alberta, Canada	Chief Financial Officer	Chief Financial Officer of the Company	N/A
Andrea Hatzinikolas Alberta, Canada	Assistant Corporate Secretary	Vice President, Corporate and Legal, Alvopetro Energy Ltd.	N/A
Kenneth R. McKinnon(1)(2) Alberta, Canada	Director	Vice President Legal and General Counsel, Critical Mass Inc.	March 14, 2000
Trevor Mitzel(1) Alberta, Canada	Director	Chief Financial Officer, Big Country Energy Services LP	May 13, 2014
Corey C. Ruttan(1)(3) Alberta, Canada	Director	President, Chief Executive Officer and Director, Alvopetro Energy Ltd.	April 23, 2010
James Shipka(4) Alberta, Canada	Chief Operating Officer	Chief Operating Officer of the Company	N/A
R. Gregg Smith(2)(3) Alberta, Canada	Director	VP Exploration, Novus Energy	May 13, 2014
Tom Valentine Alberta, Canada	Corporate Secretary	Partner, Norton Rose Fulbright Canada LLP	N/A
Dr. Harrie Vredenburg(2)(3) Alberta, Canada	Director	Professor of Strategy and Suncor Energy Chair in Strategy and Sustainability at the Haskayne School of Business at the University of Calgary	May 2, 2006
John D. Wright Alberta, Canada	Director	President and Chief Executive Officer, Lightstream Resources Ltd.	March 14, 2000

Notes:

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Reserves Committee.

(4) Assumed the duties of Chief Operating Officer on August 8, 2014. Prior to that Mr. Shipka acted in the role of Vice President, Geoscience and Business Development.

Each director will hold office until the next annual general meeting of shareholders or until his successor is elected or appointed. As at March 30, 2015, the directors and the executive officers of Touchstone, as a group, beneficially own, control or direct, directly or indirectly, an aggregate of 4,535,248 Common Shares, representing approximately 5.5% of the issued and outstanding Common Shares on a non-diluted basis. The information as to Common Shares beneficially owned, or controlled or directed, directly or indirectly not being within the knowledge of the Company, has been furnished by the respective individuals.

Cease Trade Orders & Bankruptcies

Except as disclosed herein, to the knowledge of the Company no director or executive officer of the Company is, or has been, within ten years before the date of this AIF:

(a) 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:

   (i) 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 is named in the order) or an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an "**Order**"); or

   (ii) 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; or

(b) a director or executive officer of any company (including Touchstone and any personal holding company of the proposed director) 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.

John D. Wright

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

Penalties & Sanctions

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

Corey C. Ruttan

Mr. Corey C. Ruttan entered into a settlement agreement with the ASC on May 3, 2002 in respect of an insider trading violation relating to trade made on May 17, 2000. Mr. Ruttan cooperated completely in resolving the matter with the regulators. The settlement resulted in Mr. Ruttan paying an administrative penalty of $10,000, representing a return of profits, and the costs of the proceeding in the amount of $3,925. For a period of one year, Mr. Ruttan agreed to cease trading in securities and to not act as a director or officer of a public company. These restrictions expired on May 3, 2003. Mr. Ruttan is a Chartered Accountant in good standing.

Conflicts of Interest

There are potential conflicts of interest to which Touchstone's directors and officers may be subject in connection with the proposed operations of the Company. Many of the directors and officers of the Company are also directors of other oil and gas companies, which may from time to time be in competition with the Company for working interest partners, property acquisitions, or other limited resources. Where required by law, the applicable directors will make appropriate disclosure of such conflicts. In particular, the Company will follow the provisions of the ABCA. These provisions state that in the event that a director has an interest in a contract or proposed contract or agreement, such director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise permitted by the ABCA.

AUDIT COMMITEE

Audit Committee Charter

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

Composition and Qualifications

The members of the Audit Committee are Trevor Mitzel, Kenneth R. McKinnon and Corey C. Ruttan. The members of the Audit Committee are financially literate and independent (in accordance with National Instrument 52-110). The following is a description of the education and experience of each member of the Audit Committee.

Trevor Mitzel, Chair

Mr. Mitzel has acted as the Chief Financial Officer of Big Country Energy Services LP (a private oil services company) since January 2005. Prior to joining Big Country, Mr. Mitzel was the Chief Financial Officer of Arsenal Energy Inc. from September of 2004 to January of 2005. Additionally, Mr. Mitzel was the Chief Financial Officer of Environmental Management Solutions Inc. from April of 2002 to March of 2004. From April 2000 to April 2002, Mr. Mitzel was a Corporate Analyst in the corporate finance department of the Toronto Stock Exchange, where he reviewed new listings and major transactions of listed companies. Mr. Mitzel received his Bachelor of Commerce Degree from the University of Calgary in 1996, received his Chartered Accountant designation in 1999 and his Chartered Financial Analyst designation in 2000.

Kenneth R. McKinnon

Mr. McKinnon has been a director of Petrobank Energy and Resources Ltd. since March 14, 2000. Mr. McKinnon has served on the board of Lightstream Resources Ltd. since October 2009 and was appointed Chairman in May 2011. He has been a director of Alvopetro Energy Ltd. since November 2013 and a director of Petrominerales Ltd. from May 2006 until it was acquired in November 2013. Mr. McKinnon has held the position of Vice President Legal and General Counsel of Critical Mass Inc., a website design company, since March 2000. Mr. McKinnon has served on the Board of Governors of the University of Calgary since September 2008 as Vice-Chair of its Governance and Human Resources Committee from June 2010 through August 2012, Vice-Chair of its Finance and Property Committee since August 2013 and Chair of its Budget Committee since August 2012, and as a director and Chairman of the Governance and Compensation Committee of Alberta Innovates – Technology Futures since January 2010. Mr. McKinnon holds an ICD.D designation as a certified corporate director.

Corey C. Ruttan

Mr. Corey C. Ruttan is the President, Chief Executive Officer and a Director of Alvopetro Energy Ltd., a publically traded oil and gas company with operations in Brazil. Previously, Mr. Ruttan was the President and Chief Executive Officer of Petrominerales Ltd. from May 2010 until Petrominerales was acquired by Pacific Rubiales Energy Corp. in November 2013. Prior thereto, he was the Vice President Finance and Chief Financial Officer of Petrominerales since May 2006. Mr. Ruttan served as Executive Vice President and Chief Financial Officer of Lightstream Resources Ltd. from October 2009 to May 2010. From March 2000 to May 2010, Mr. Ruttan held increasingly senior positions with of Petrobank Energy and Resources Ltd. (now Touchstone Exploration Inc.) since its inception in 2000 and was the Senior Vice President and Chief Financial Officer from November 2008 to May 2010. Mr. Ruttan previously served as Vice President of Caribou Capital Corp. from June 1999 to March 2000; Manager Financial Reporting of Pacalta Resources Ltd. from May 1997 to June 1999; and began his career at KPMG from September 1994 to May 1997. Mr. Ruttan obtained his Bachelor of Commerce degree majoring in Accounting from the University of Calgary in 1994 and obtained his Chartered Accountant designation in 1997.

Pre-Approval Policies and Procedures

The Audit Committee requires the Company to obtain Audit Committee approval for any non-audit services exceeding immaterial amounts.

External Auditor Service Fees

As of June 24, 2014, KPMG LLP ("**KPMG**") resigned as auditors of the Company, and Ernst & Young LLP ("**EY**") were appointed auditors of the Company. KPMG acted as auditors of Touchstone prior to the completion of the Touchstone Arrangement. The following table sets out the aggregate fees billed by each firm for the years ended December 31, 2014 and 2013.

Nature of Services	2014 EY Fees ($)	2014 KPMG Fees ($)	2014 Combined Fees ($)	2013 KPMG Fees ($)
Audit fees[1]	351,000	-	351,000	45,900
Audit-related fees[2]	63,500	10,200	73,700	30,600
Tax Fees[3]	33,712	7,744	41,456	34,250
All other fees	-	-	-	-
Total	**448,212**	**17,944**	**466,156**	**110,750**

Notes:

(1) Audit fees for professional services rendered for the audit of the Company's annual consolidated financial statements.

(2) Audit-related and review fees for professional services rendered with respect to services provided in connection with interim financial statement reviews and statutory and regulatory filings.

(3) Tax fees for compliance, tax advice and tax planning.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

The auditors of the Company are Ernst & Young LLP, Chartered Accountants, Suite 1000, 440 – 2nd Avenue S.W., Calgary, Alberta, T2P 5E9.

The Company's transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada, located at Suite 600, 530 – 8th Avenue S.W., Calgary, Alberta, T2P 3S8.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

To the knowledge of the Company, as at December 31, 2014, there were no material legal proceedings to which the Company was a party or which any of its respective properties was the subject matter of, or were there any such proceedings known to the Company to be contemplated as at such date.

Regulatory Actions

To the knowledge of management of the Company, there have not been any penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Company, and the Company has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of any director or executive officer of the Company, of any shareholder who beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of outstanding voting securities of the Company, or any known associate or affiliate of such persons, in any transaction within the three most recently completed financial years or during the current financial year of the Company which has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, including purchase and sale agreements, Touchstone has not entered into any material contracts during its most recently completed financial year, or before its most recently completed financial year that are still in effect, other than the Scotia Credit Agreement.

This document as well as additional information relating to the Company contained in documents filed by the Company with the Canadian securities regulatory authorities may also be accessed through the internet on SEDAR.

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under NI 51-102 by the Company other than GLJ, Touchstone's independent reserves evaluators, or Ernst & Young LLP, Chartered Accountants, Touchstone's auditors. None of the principals of GLJ has any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or its subsidiaries, either at the time they prepared the statement, report or valuation prepared by it, at any time thereafter, or to be received by them. Ernst & Young LLP is independent in accordance with the Rules of Professional Conduct as outlined by the Institute of Chartered Accountants of Alberta.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or any of its subsidiaries.

RISK FACTORS

Touchstone's securities involve a high degree of risk. Potential investors should carefully consider the following information about these risks, together with the information contained in Touchstone's continuous disclosure record available through the internet on SEDAR before any purchase or sale of such securities. If any of the following risks actually occurs, the business, financial condition and prospects of the Company could be materially adversely affected. In that case, the value of any securities of the Company could also decline, and investors could lose all or part of their investment.

The risks and uncertainties described below are those that the Company's management believes are material, but these risks and uncertainties may not be the only ones that the Company may face. Additional risks and uncertainties, including those that the Company's management currently are not aware of or deem immaterial, may also result in decreased operating revenues, increased operating expenses or other events that could result in a decline in the value of any securities of Touchstone. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF.

Generally an investment in the securities of the Company is highly speculative due to the nature of its involvement in the exploration for, and the acquisition, development and production of, oil and natural gas reserves. There is no assurance that further commercial quantities of oil and natural gas will be discovered by the Company.

Trinidad

Touchstone's indirect Trinidadian entities have various working interests with various parties in numerous properties located onshore. Many of the contracts have exploration and development commitments and in some cases a portion of the commitments are guaranteed by the parent company and by issued letters of credit. The Company will be subject to additional risks associated with international operations in Trinidad.

General Conditions Relating to Oil Exploration, Development and Production

The Company's operations are subject to all the risks normally incident to the exploration for and production of oil including geological risks, operating risks, political risks, development risks, marketing risks, decommissioning risk and logistical risks of operating in Canada and Trinidad. Future oil exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include: delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Other factors affecting the exploration, development, production and sale of oil and natural gas that could result in decreases in profitability include: (i) expiration or termination of the leases, licenses, permits, lease operating agreements, farm-out agreements, joint operation or venture agreements and marketing agreements, as applicable, or sales price redeterminations or suspension of deliveries; (ii) future litigation; (iii) the timing and amount of insurance recoveries; (iv) work stoppages or other labour difficulties; (v) changes in the market and general economic conditions; and (vi) hazards typically associated with oil and gas operations, including fire, explosion, blowouts, cratering, and spills, or adverse geological conditions, each of which could result in substantial damage to oil wells, production facilities, other property and the environment or in personal injury.

The impact on the oil and natural gas industry from commodity price volatility is significant. During periods of high prices, producers may generate sufficient cash flows to conduct active exploration programs without external capital. Increased commodity prices frequently translate into very busy periods for service suppliers triggering premium costs for their services. The cost of purchasing land or properties and work commitments associated with new exploration blocks similarly can increase in price during these periods. During low commodity price periods, acquisition costs drop, as do internally generated funds to spend on exploration and development activities. With decreased demand, the prices charged by the various service suppliers may also decline.

Touchstone's operations will be subject to all the risks normally associated with the exploration, development and operation of oil and natural gas properties and the drilling of oil and natural gas wells, including encountering unexpected formations or pressures, premature declines of reservoirs, potential environmental damage, blow-outs, cratering, fires and spills, all of which could result in personal injuries, loss of life and damage to property of the Company and others. In accordance with customary industry practice, Touchstone will maintain insurance coverage but will not be fully insured against all risks nor are all such risks insurable.

Prices, Markets and Marketing

Numerous factors beyond the Company's control do and will continue to affect the marketability and price of oil and natural gas acquired or discovered by the Company. Accordingly, commodity prices are the Company's most significant financial risk. The Company's ability to market its oil and natural gas may depend upon its ability to acquire space on pipelines that deliver natural gas to commercial markets. Deliverability uncertainties related to the distance the Company's reserves are to pipelines, processing and storage facilities, operational problems affecting pipelines and facilities as well as government regulation relating to prices, taxes, royalties, land tenure, allowable production, the export of oil, and natural gas. Many other aspects of the oil and natural gas business may also affect the Company. At present, crude oil sales in Trinidad are generally benchmarked against Brent reference prices.

Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty, and a variety of additional factors beyond the control of the Company. These factors include economic conditions in the United States, Canada and Europe, the actions of Organization of Petroleum Exporting Countries ("**OPEC**"), governmental regulation, political stability in the Middle East, Northern Africa and elsewhere, the foreign supply and demand of oil and natural gas, risks of supply disruption, the price of foreign imports, and the availability of alternative fuel sources. Prices for oil and natural gas are also subject to the availability of foreign markets and the Company's ability to access such markets. Oil prices are expected to remain volatile and may decline in the near future as a result of global excess supply due to the increased growth of shale oil production in the United States, the decline in global demand for exported crude oil commodities, and OPEC's recent decisions pertaining to the oil production of OPEC member countries, among other factors. A material decline in prices could result in a reduction of the Company's net production revenue. The economics of producing from some wells may change because of lower prices, which could result in reduced production of oil or natural gas and a reduction in the volumes of the Company's reserves. The Company may also elect not to produce from certain wells at lower prices.

All these factors could result in a material decrease in the Company's expected net production revenue and a reduction in its oil and natural gas acquisition, development and exploration activities. Any substantial and extended decline in the price of oil and natural gas would have an adverse effect on the carrying value of the Company's reserves, borrowing capacity, revenues, profitability and cash flows from operations, and may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Oil and natural gas prices are expected to remain volatile for the near future because of market uncertainties over the supply and the demand of these commodities due to the current state of the world economies, OPEC actions, sanctions imposed on certain oil producing nations by other countries and ongoing credit and liquidity concerns. Volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects. The Company monitors market conditions and may selectively utilize derivative instruments to reduce exposure to crude oil price movements. However, the Company is of the view that it is neither appropriate nor possible to eliminate 100 percent of its exposure to commodity price volatility.

Reserve Estimates

There are numerous uncertainties inherent in estimating quantities of oil reserves and cash flows to be derived therefrom, including many factors beyond Touchstone's control. In general, estimates of economically recoverable oil reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary from actual results. All such estimates are to some degree speculative, and classifications of reserves are only attempts to define the degree of speculation involved. For those reasons, estimates of the economically recoverable oil reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom prepared by different engineers, or by the same engineers at different times, may vary. The Company's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

Estimates of proved reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. Any recovery and reserves estimates on the properties are estimates only. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material. There is no assurance that any forecast price and cost assumptions contained in a reserve report will be attained, and variances could be material. Actual future net cash flows will be affected by other factors such as actual production levels, supply and demand for oil, curtailments or increases in consumption by oil purchasers, changes in governmental regulation or taxation and the impact of inflation on costs. Reserves data is therefore based on judgments regarding future events; therefore, actual results will vary, and variations may be material.

Reserve Replacement

Touchstone's oil and natural gas reserves and production, and its cash flows and earnings derived therefrom are highly dependent upon Touchstone developing and increasing its current reserve base and discovering or acquiring additional reserves. Without the addition of reserves through exploration, acquisition or development activities, Touchstone's reserves and production will decline over time as reserves are depleted. To the extent that cash flow or net revenue from operations is insufficient and external sources of capital become limited or unavailable, Touchstone's ability to make the necessary capital investments to maintain and expand its oil and natural gas reserves will be impaired. There can be no assurance that Touchstone will be able to find and develop or acquire additional reserves to replace production at commercially feasible costs.

Substantial Capital Requirements

The Company anticipates making substantial capital expenditures for the acquisition, exploration, development and production of oil reserves in the future. If the Company's revenues or reserves decline, it may have limited ability to expend the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Touchstone's inability to raise funding to support ongoing operations and to fund capital expenditures or acquisitions may limit the Company's growth or may have a material adverse effect upon the Company's financial condition, results of operations or prospects. The Company cannot predict the size of future issuances of equity or the issuance of debt or the effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Company's outstanding common shares.

Competition

The petroleum industry is competitive in all its phases. The Company will compete with numerous other participants in the search for, and the acquisition of, oil properties and in the marketing of oil, within Canada and Trinidad. Many of the Company's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than the Company and its subsidiaries. Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices will reduce the demand for crude oil and other liquid hydrocarbons. Touchstone cannot predict the impact of changing demand for oil and natural gas products, and any major changes would have a material adverse effect on Touchstone's business, financial condition, results of operations and cash flow.

The Trinidad Exploration and Production Agreements

The current licenses, lease operatorship agreements, joint operating agreements and/or farm-out agreements with respect to Touchstone's properties contain significant covenants on the part of the Company or its subsidiaries including minimum work commitments on blocks held in Trinidad which, upon a continuing default, may give rise to the termination of the Company's operatorship interest therein. There are no assurances that all of these commitments will be fulfilled within the time frames allowed. As such, Touchstone may lose certain exploration and production rights on the blocks affected and may be subject to certain financial penalties that would be levied by Petrotrin, the government of Trinidad, or the other parties thereto, as applicable. The current forms of lease operating agreements and farm-out agreements, as applicable, may, in certain circumstances, be terminated at Petrotrin's or the government of Trinidad's discretion and are subject to a defined term, and there is no certainty as to any renewal.

Title Issues

Touchstone holds its interests in Trinidad through government leases, private leases and licenses or operating or farm-out agreements issued from Petrotrin. Although title and legal reviews may be conducted prior to the acquisition of lease or license interests or operating and other contractual rights, or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title or entitlement will not arise to defeat Touchstone's claim which could result in a reduction of any revenue to be received by the Company. No assurance can be given that applicable governments will not revoke, or significantly alter the conditions of, the applicable exploration and development authorizations and that such exploration and development authorizations will not be challenged or impugned by third parties. There is no certainty that such rights or additional rights applied for will be granted or renewed on terms satisfactory to the Company. There can be no assurance that claims by third parties against Touchstone or any of its subsidiaries will not be asserted at a future date. Further, the Company is operating under a number of freehold lease agreements which have expired and are currently being renegotiated. Based on legal opinions obtained from Trinidad legal counsel, the Company is continuing to recognize revenue as operator, is paying all associated royalties and taxes, and no title to its lands in Trinidad have been disputed. However, there is no certainty that such expired lease agreements will be renewed, on terms satisfactory to the Company or at all, or that the Company's rights as operator will not be challenged or impugned.

Permits, Licenses and Leases

Significant parts of the Company's operations require permits, licenses and leases from various governmental authorities and landowners in Canada and Trinidad. There can be no assurance that the Company will be able to obtain all necessary permits, licenses and leases that may be required to carry out exploration and development at our projects. If the present permits, licenses and leases are terminated or withdrawn, such event could have an adversely negative effect of the Company's operations.

Ability to Market

Touchstone's ability to market its oil and natural gas depends upon numerous factors beyond its control. These factors include:

- the availability of economic processing capacity;
- the availability and proximity of economic pipeline capacity and/or suitable alternatives including trucking and transportation by rail;
- the supply of and demand for oil and natural gas;
- the availability of alternative fuel sources;
- the effects of weather conditions; and
- regulation of oil and natural gas marketing.

Because of these factors, Touchstone could be unable to market all of the oil or natural gas it produces. In addition, Touchstone may be unable to obtain competitive prices for the oil and natural gas it produces.

Environmental Regulation

The Company is subject to environmental laws and regulations that affect aspects of the Company's past, present and future operations. Extensive national and provincial environmental laws and regulations in Canada and Trinidad will and do affect nearly all of the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality, including air emissions, water quality, wastewater discharges and the generation, transport and disposal of waste and hazardous substances; provide for penalties and other liabilities for the violation of such standards; and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or have been conducted.

There is uncertainty around the impact of environmental laws and regulations, including those currently in force and proposed laws and regulations, and the Company cannot predict what environmental legislation or regulations will be enacted in the future or how existing or future laws or regulations will be administered, interpreted from time to time, or enforced. It is not possible to predict the outcome and nature of certain of these requirements on the Company and its business at the current time; however, failure to comply with current and proposed regulations can have a material adverse impact on the Company's business and results of operations by substantially increasing its capital expenditures and compliance costs and its ability to meet its financial obligations, including debt payments. It may also lead to the modification or cancellation of operating licenses and permits, penalties and other corrective actions which may have an impact on production operations. Further, compliance with more stringent laws or regulations, or more vigorous enforcement policies of any regulatory authority, could in the future require material expenditures by Touchstone for the installation and operation of systems and equipment for remedial measures, any or all of which may have a material adverse effect on the Company.

Environmental regulation is becoming increasingly stringent, and the costs and expenses of regulatory compliance are increasing. The Company's activities have the potential to impair natural habitat, damage plant and wildlife, or cause contamination to land or water that may require remediation under applicable laws and regulations. These laws and regulations require the Company to obtain and comply with a variety of environmental registrations, licenses, permits and other approvals. In Trinidad, licensing and permitting processes relating to the exploring and drilling for and development of oil and natural gas take significant time, and it is outside the control of the Company. Environmental regulations place restrictions and prohibitions on emissions of various substances produced concurrently with oil and natural gas and can impact on the selection of drilling sites and facility locations, potentially resulting in increased capital expenditures. Both public officials and private individuals may seek to enforce environmental laws and regulations against the Company.

Significant liability could be imposed on the Company for costs resulting from potential unknown and unforeseeable environmental impacts arising from the Company's operations, including damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of properties purchased by Touchstone or non-compliance with environmental laws or regulations. While these costs have not been material to the Company in the past, there is no guarantee that this will continue to be the case in the future.

Given the nature of the Company's business, there are inherent risks of oil spills occurring at the Company's drilling and operations sites. Large spills of oil and oil products can result in significant clean-up costs. Oil spills can occur from operational issues, such as operational failure, accidents and deterioration and malfunctioning of equipment. In Trinidad, oil spills can also occur as a result of sabotage and damage to the pipelines. Further, the Company sells oil at various delivery stations, and the oil is truck transported. There is an inherent risk of oil spills caused by road accidents which the Company may still be deemed to be responsible for as the owner of the crude oil. All of these may lead to significant potential environmental liabilities, such as clean-up and litigation costs, which may materially adversely affect the Company's financial condition, cash flows and results of operations. Depending on the cause and severity of the oil spill, the Company's reputation may also be adversely affected, which could limit the Company's ability to obtain permits and affect its future operations.

To prevent and/or mitigate potential environmental liabilities from occurring, the Company has policies and procedures designed to prevent and contain oil spills. The Company works to minimize spills through a program of well-designed facilities that are safely operated, effective operations integrity management, continuous employee training, regular upgrades to facilities and equipment, and implementation of a comprehensive inspection and surveillance system. Also, the Company's facilities and operations are subject to routine inspection by various Federal and Provincial authorities in Canada and Trinidad to evaluate the Company's compliance with the various laws and regulations.

Availability of Drilling Equipment and Reliance on Third Party Operators

Oil exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities. To the extent that the Company's indirectly owned subsidiaries are not the operator of any oil properties, the Company will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators.

Cost of New Technologies

The oil industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other oil companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before Touchstone does. There can be no assurance that Touchstone will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. One or more of the technologies currently utilized by Touchstone or implemented in the future may become obsolete. In such case, Touchstone's business, financial condition and results of operations could be materially adversely affected. If Touchstone is unable to utilize the most advanced commercially available technology, Touchstone's business, financial condition and results of operations could be materially adversely affected.

Diluent Supply

Touchstone’s Canadian heavy oil production is characterized by high specific gravity or weight and high viscosity or resistance to flow. Diluent is required to facilitate the transportation of heavy oil. A shortfall in the supply of diluent may cause its price to increase thereby increasing the cost to transport heavy oil and bitumen to market and correspondingly increasing Touchstone's overall operating cost, decreasing its net revenues and negatively impacting the overall profitability of its heavy oil projects.

Foreign Location of Assets

Other than cash on deposit, some of Touchstone's assets are located in countries other than Canada (whose laws may differ materially from those in Canada), which may impede or adversely affect the ability of Touchstone and its directors and management to manage its operations and protect its assets. A portion of the cash on deposit is located in countries other than Canada.

Foreign Economic and Political Risk

The majority of the Company's operations are in foreign jurisdictions where there may be a number of risks over which it will have no control. These risks may include risks relating to economic, social or political instability or change, terrorism, hyperinflation, currency non-convertibility or instability and changes of laws affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing and petroleum export licensing and export duties as well as government control over domestic oil pricing. Certain areas present a significant political and economic risk in terms of stability, political and economic uncertainty. Touchstone's operations are subject to various risks unique to Trinidad that could have a material adverse effect on its business, consolidated results of operations, and consolidated financial condition. At any time, Touchstone may be subject to governmental actions that may result in expropriation and nationalization of Touchstone's assets, result in confiscatory taxation or other adverse tax policies, or limit or disrupt markets, restrict payments, or limit the movement of funds.

Touchstone may in the future acquire oil and natural gas properties and operations outside of Trinidad, which expansion may present challenges and risks that the Company has not faced in the past, any of which could adversely affect the results of operations and/or financial condition of Touchstone.

Foreign Subsidiaries

Touchstone conducts all of its operations in Trinidad through foreign subsidiaries and foreign branches. Therefore, to the extent of these holdings, the Company will be dependent on the cash flows of these subsidiaries to meet its obligations excluding any additional equity or debt Touchstone may issue from time to time. The ability of its subsidiaries to make payments and transfer cash to Touchstone may be constrained by, among other things: the level of taxation, particularly corporate profits and withholding taxes, in the jurisdiction in which it operates; and the introduction of foreign exchange and/or currency controls or repatriation restrictions, or the availability of hard currency to be repatriated.

Currently there are no restrictions on the repatriation of earnings from Trinidad to foreign entities. However, there can be no assurance that restrictions on repatriation of earnings from Trinidad will not be imposed in the future.

Labour Relations

The Company operates in countries that have large state sponsored or owned oil and gas companies that have traditionally employed unionized personnel. From time to time the unions attempt or threaten to disrupt field operations and crude oil transportation activities of their employers which may directly or indirectly effect the operations of the Company and for which the Company has no control over.

Legal Systems

Barbados and Trinidad are part of the Commonwealth and thus have similar legal systems to Canada. However, Trinidad may have less developed legal systems than jurisdictions with more established economies, which may result in risks such as: (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation or in an ownership dispute, being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters. In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to the leases, licenses, permits, lease operating agreements, farm-out agreements, joint operation or venture agreements and marketing agreements, as applicable, for business. These may be susceptible to revision or cancellation, and legal redress may be uncertain or delayed. There can be no assurance that the leases, licenses, permits, lease operating agreements, farm-out agreements, joint operation or venture agreements and marketing agreements, as applicable, the applications to government or other governing bodies with respect thereto or other legal arrangements will not be adversely affected by the actions of government authorities or others, and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

Foreign Currency Rate Risk

A significant amount of the Company's activities will be transacted in or referenced to United States and Trinidad dollars. The Company's operating costs, general and administrative expenses and payments in order to maintain property interests are to be in the local currency of the jurisdiction where the applicable property is located. As a result, fluctuations in Trinidad dollars against the United States and Canadian dollar could result in unanticipated fluctuations in the Company's financial results.

Corporate and Regulatory Formalities

Acquiring interests and conducting petroleum operations in Trinidad require compliance with numerous procedures and formalities. In some cases, failure to follow such formalities or obtain relevant evidence may call into question the validity of the entity or the actions taken. Management of the Company is unable to predict the effect of additional corporate and regulatory formalities that may be adopted in the future including whether any such laws or regulations would materially increase management's cost of doing business or affect its operations in any area. Oil operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government in Trinidad, which may be amended from time to time. The operations of the Company's subsidiaries may require licenses or permits from various governmental authorities. There can be no assurance that the Company or any of its subsidiaries will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development at any of the Company's projects.

Failure to Realize Anticipated Benefits of Prior Acquisitions

The Company has completed several acquisitions over the three most recently completed financial years. These acquisitions are completed to strengthen its position in the oil and natural gas industry and to create the opportunity to realize certain benefits, including, among other things, potential cost savings. In order to achieve the benefits of these and future acquisitions, the Company will be dependent upon its ability to consolidate functions successfully, to integrate operations, procedures and personnel in a timely and efficient manner and to realize the anticipated growth opportunities and synergies from combining the acquired assets and operations from such transactions with those of the Company and its subsidiaries. The integration of acquired assets and operations require the dedication of management's effort, time and resources, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the disruption of ongoing business and customer relationships that may adversely affect the Company's ability to achieve the anticipated benefits of such prior acquisitions.

Nature of Acquisitions

Acquisitions of oil and gas properties or companies are based in large part on engineering, environmental and economic assessments made by the acquirer, independent engineers and consultants. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and natural gas, environmental restrictions and prohibitions regarding releases and emissions of various substances, future prices of oil and natural gas and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the control of the Company. All such assessments involve a measure of geologic, engineering, environmental and regulatory uncertainty that could result in lower production and reserves or higher operating or capital expenditures than anticipated. Although select title and environmental reviews are conducted prior to any purchase of resource assets, such reviews cannot guarantee that any unforeseen defects in the chain of title will not arise to defeat the Company's title to certain assets or that environmental defects, liabilities or deficiencies do not exist or are greater than anticipated. Such deficiencies or defects could adversely affect the value of the Company's indirect interest in any such oil and gas properties and the Company's securities.

Income Taxes

The Company and its subsidiaries file all required income tax returns, and the Company believes that it is in full compliance with applicable Canadian, Trinidad and Tobago, and Barbadian tax laws; however, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Company, whether by re-characterization of exploration and development expenditures or otherwise, such reassessment may have an impact on current and future taxes payable. Income tax laws relating to the oil and gas industry, such as the treatment of resource taxation or dividends, may in the future be changed or interpreted in a manner that adversely affects the Company. Furthermore, tax authorities having jurisdiction over the Company may disagree with how the Company calculates income for tax purposes or could change administrative practices to the Company's detriment.

Uncertain Tax Liabilities

As a part of the acquisition of the Primera Group, one of the acquired legal entities of the Primera Group had overdue tax balances owing to the Trinidad and Tobago Board of Inland Revenue ("**BIR**") which included both principal and interest components. The August 19, 2011 purchase and sales agreement specified that upon confirmation from the BIR, the entity was responsible for the principal tax balances, and the seller was responsible for the tax interest balances. At the time of the acquisition, both parties intended to seek a waiver from the BIR for the tax interest balances, and the seller indemnified the Company with respect to these amounts. Subsequent to the acquisition date, the entity was responsible for interest on the principal balance until repaid. During 2012, the BIR accepted the acquired entity's proposed settlement of the outstanding principal balances upon which the last payment was made in February 2013.

The entity has subsequently received BIR tax statements showing approximately $3.2 million in principal amounts and $22.4 million in interest balances outstanding. The Company believes that the principal balance has been fully paid, and the full interest balance is the responsibility of the seller. Touchstone continues to work with the seller and the BIR to resolve this matter and does not believe that it will be required to make any further principal payments nor any payments for the seller’s portion of any interest should a waiver not be granted. As at December 31, 2014 $2.8 million in related interest has been accrued in income taxes payable. While the seller has agreed, as part of the acquisition of the Primera Group by Touchstone, to indemnify the Company with respect to accrued interest and penalties to the date of completion of the acquisition of the Primera Group by Touchstone, there can be no assurance that any indemnity shall be enforceable or otherwise sufficient to save Touchstone or the Primera Group harmless from a claim for such accrued interest and penalties. The disposition of these claims against either Touchstone, the Primera Group or any one of them could adversely affect operating results and the financial condition of Touchstone and such member of the Primera Group and could have a material adverse effect on Touchstone and the value of its securities.

Indebtedness and Observance of Certain Restrictive Covenants under the Terms of Indebtedness

Pursuant to the Scotia Credit Agreement, Touchstone and certain of its subsidiaries are subject to operational and restrictive covenants under the terms of its indebtedness that prescribe certain production, capital and/or debt thresholds or otherwise limit its ability to, among other things, acquire further assets, borrow further funds, create security interests and sell or otherwise dispose of assets. The need to meet such thresholds or observe such restrictions could hinder Touchstone's ability to carry out its business strategy. In addition, a breach of the terms of Touchstone's indebtedness could cause a default under the terms of its indebtedness, causing some or all of its indebtedness to become due and payable. Such action could adversely affect the Company's operating results and financial condition. It is uncertain whether the Company's and/or its subsidiaries' assets would be sufficient to generate the funds necessary to repay such indebtedness in the event of its acceleration.

Pursuant to the terms of the Scotia Credit Agreement, the Bank of Nova Scotia has been provided with security over all of the assets of the Company. A failure to comply with the obligations set out in the Scotia Credit Agreement and related agreements could result in an event of default which, if not cured or waived, could permit acceleration of the relevant indebtedness and adversely affect the Company's operations and/or financial condition.

Repayment of Existing Indebtedness

The Company may not be able to refinance the principal amount outstanding pursuant to the Scotia Credit Agreement in order to repay the principal outstanding or may not have generated enough cash from operations to meet these obligations. The Company's ability to make payments of principal and interest on, or to refinance, indebtedness related to the Scotia Credit Agreement will depend on its future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control. The Company's cash flow from operations will be in part dedicated to the payment of the principal of and interest on its indebtedness. There is no guarantee that the Company will be able to repay the outstanding principal amount in cash upon maturity of the Scotia Credit Agreement.

Hedging

From time to time, the Company may enter into agreements to receive fixed prices on its oil production to offset the risk of revenue losses if commodity prices decline. However, to the extent that the Company engages in price risk management activities to protect itself from commodity price declines, it may also be prevented from realizing the full benefits of price increases above the levels of the derivative instruments used to manage price risk. In addition, the Company's hedging arrangements may expose it to the risk of financial loss in certain circumstances, including instances in which: production falls short of the hedged volumes or prices fall significantly lower than projected; there is a widening of price-basis differentials between delivery points for production and the delivery point assumed in the hedge arrangement; the counterparties to the hedging arrangements or other price risk management contracts fail to perform under those arrangements; or a sudden unexpected event materially impacts oil prices. The Company may also enter into agreements to receive currencies at a fixed price or fix interest rates of floating rate based debt. Therefore, and as above with commodity hedging, there are risks associated with any currency or interest rate swap or derivative agreement.

Dependence on Management

The Chief Executive Officer and senior officers of the Company are critical to its success. In the event of the departure of the Chief Executive Officer or a senior officer, the Company believes that it will be successful in attracting and retaining qualified successors, but there can be no assurance of such success. If the Company is not successful in attracting and retaining qualified personnel, the efficiency of its operations could be affected, which could have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition. The Company strongly depends on the business and technical expertise of its management team, and there is little possibility that this dependence will decrease in the near term.

Conflicts of Interest

There are potential conflicts of interest to which the directors, officers and principal shareholders of the Company will be subject to in connection with the operations of the Company. Some of the directors, officers and principal shareholders are or may become engaged in other oil and gas interests on their own behalf and on behalf of other companies, and situations may arise where the directors and officers will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies under the ABCA. The directors and officers of the Company may not devote their time on a full-time basis to the affairs of the Company. See "*Interest of Management and Others in Material Transactions*" for further information about recent transactions with related parties.

Breach of Confidentiality

While discussing potential business relationships or other transactions with third parties, the Company may disclose confidential information relating to the business, operations or affairs of the Company. Although confidentiality agreements are signed by third parties prior to the disclosure of any confidential information, a breach could put the Company at competitive risk and may cause significant damage to its business. The harm to the Company's business from a breach of confidentiality cannot presently be quantified but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Company will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Ability to Attract and Retain Qualified Personnel

Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in the acquisition, exploration, development and operation of oil and gas properties in the jurisdictions in which the Company operates is limited, and competition for such persons is intense. As the Company's business activity grows, it will require additional key financial, administrative, technical and operations staff. If the Company is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have a material adverse impact on the Company's future cash flows, net income, results of operations and financial condition.

Insurance

Touchstone's involvement in the exploration for and development of oil properties may result in the Company becoming subject to liability for pollution, blow outs, property damage, personal injury or other hazards. In accordance with industry practice, the Company may not be fully insured against all of these risks, nor are all such risks insurable. Although the Company anticipates maintaining liability insurance in an amount that the Company considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a material adverse effect upon the Company's financial condition. In addition, such risks may not in all circumstances be insurable or, in certain circumstances, the Company may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Company. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Company's financial position, results of operations or prospects.

Fluctuation in Market Value of Common Shares

The market price of publicly-traded securities is affected by many variables not directly related to the corporate performance of Touchstone, including the market in which it is traded, the strength of the economy generally, the global economic situation and outlook, the availability and attractiveness of alternative investments, and the breadth of the public market for the securities. The effect of these and other factors on the market price of the common shares of Touchstone on the TSX in the future cannot be predicted with certainty.

Price and Volume Volatility

Trading volume in Touchstone's Common Shares has historically been limited with daily trading volumes varying significantly. Touchstone's Common Shares may experience extreme price and volume volatility which may result in losses to shareholders. Accordingly, the trading price of Touchstone's Common Shares could be subject to wide fluctuations in response to a variety of factors including announcement of material events such as changes relating to the management or interests in oil and gas properties, drilling and exploration results, political, legal and regulatory developments, changes in oil and gas prices and general and industry-specific economic conditions.

Additionally, the securities markets in Canada and the United States have recently experienced a high level of price and volume volatility. It is expected that such fluctuations in volume and price will continue to occur which may make it difficult for a shareholder to sell Touchstone's Common Shares at a price equal to or above the price at which the shares were purchased.

Dividends

To date, the Company has not paid any dividends on the outstanding Common Shares. Any decision to pay dividends on its Common Shares will be made by the Board on the basis of Touchstone's earnings, financial requirements and other conditions existing at such time.

Dilution

Future issuance of Common Shares will result in dilution to the existing shareholders. Additionally, future sales of Common Shares into the public market may lower the market price which may result in losses to Touchstone's shareholders. Touchstone may, from time to time, issue stock options and incentive share options to purchase additional Common Shares in accordance with the policies of the TSX. Most of these Common Shares are freely tradable after a four-month restriction period. Sales of substantial amounts of Common Shares into the public market, or even the perception by the market that such sales may occur, may lower the market price of its Common Shares.

Global Financial Conditions

Market events and conditions including disruptions in the international credit markets and other financial systems and the American and European sovereign debt levels have caused significant volatility in commodity prices. These events and conditions have caused a decrease in confidence in the broader United States and global credit and financial markets and have created a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions have caused the broader credit markets to further deteriorate and stock markets to decline substantially. These factors have negatively impacted company valuations and are likely to continue to impact the performance of the global economy going forward. Worldwide crude oil commodity prices are expected to remain volatile in the near future as a result of global excess supply, recent actions taken by OPEC and ongoing global credit and liquidity concerns. This volatility may affect the Company's ability to obtain equity or debt financing on acceptable terms.

Accounting Adjustments

The presentation of financial information in accordance with IFRS requires that management apply certain accounting policies and make certain estimates and assumptions which affect reported amounts in the Company's consolidated financial statements. The accounting policies may result in non-cash charges to net earnings and write-downs of net assets in the consolidated financial statements. Such non-cash charges and write-downs may be viewed unfavourably by the market, and may result in an inability to borrow funds and/or may result in a decline in the Common Share price.

Lower oil and gas prices may increase the risk of write-downs of the Company’s oil and gas property investments. Under IFRS, exploration and property and equipment costs are aggregated into groups known as Cash Generation Units ("CGU's") for impairment testing. CGUs are reviewed for indicators that the carrying value of the CGU may exceed its recoverable amount. If an indication of impairment exists, the CGU's recoverable amount is then estimated. A CGU's recoverable amount is defined as the higher of the fair value less costs to sell and its value in use. If the carrying amount exceeds its recoverable amount an impairment loss is recoded to earnings in the period to reduce the carrying value of the CGU to its recoverable amount. While these impairment losses would not affect cash flow, the charge to earnings could be viewed unfavourably in the market.

Litigation

In the normal course of the Company's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to, but not limited to, personal injuries, property damage, property tax, land rights, the environment and contractual disputes. The outcome of outstanding, pending or future proceedings, cannot be predicted with certainty and may be determined adversely to the Company and, as a result, could have a material adverse effect on the Company's assets, liabilities, business, financial condition and results of operations.

Corruption

The Company's operations are governed by the laws of many jurisdictions, which generally prohibit bribery and other forms of corruption. The Company has policies in place to prevent any form of corruption or bribery, which includes enforcement of policies against giving or accepting money or gifts in certain circumstances and an annual certification from each employee confirming that each employee has received and understood the Company's anticorruption policies. It is possible that the Company, some of its subsidiaries, or some of the Company or its subsidiaries' employees or contractors, could be charged with bribery or corruption as a result of the unauthorized actions of employees or contractors. If the Company is found guilty of such a violation, which could include a failure to take effective steps to prevent or address corruption by its employees or contractors, the Company could be subject to onerous penalties and reputational damage. A mere investigation itself could lead to significant corporate disruption, high legal costs and forced settlements (such as the imposition of an internal monitor). In addition, bribery allegations or bribery or corruption convictions could impair the Company's ability to work with governments or nongovernmental organizations. Such convictions or allegations could result in the formal exclusion of the Company from a country or area, national or international lawsuits, government sanctions or fines, project suspension or delays, reduced market capitalization and increased investor concern. Further, from time to time the Company may acquire a company that subsequently is subject to a bribery or corruption charge, whereby the Company could assume onerous penalties and/or suffer reputational damage as a result of activities in which the Company had no part.

Forward-Looking Statements May Prove Inaccurate

Investors are cautioned not to place undue reliance on forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Actual results, performance or achievement could differ materially from that expressed in, or implied by, any forward-looking statements, and accordingly, investors should not place undue reliance on any such forward-looking statements or information. Further, any forward-looking statement or information speaks only as of the date on which such statement is made, and Touchstone undertakes no obligation to update any forward-looking statements or information to reflect information, events, results, circumstances or otherwise after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by law, including securities laws. All forward-looking statements and information contained herein and other documents of Touchstone are qualified by such cautionary statements. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on Touchstone's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Additional information on the risks, assumptions and uncertainties are found in this AIF under the heading "*Forward-Looking Statements*".

FORWARD-LOOKING STATEMENTS

The information provided in this AIF may contain forward-looking statements and forward-looking information about the Company within the meaning of applicable securities laws. In addition, Touchstone may make or approve certain statements or information in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentation by representatives of Touchstone that are not statements of historical fact and may also constitute forward-looking statements or forward-looking information. All statements and information, other than statements of historical fact, made by Touchstone that address activities, events, or developments that Touchstone expects or anticipates will or may occur in the future are forward-looking statements and information, including, but not limited to statements and information preceded by, followed by, or that include words such as "may", "would", "could", "will", "likely", "except", "anticipate", "believe", "intends", "plan", "forecast", "project", "estimate", "outlook", or the negative of those words or other similar or comparable words.

Forward-looking statements and information involve significant risks, assumptions, uncertainties and other factors that may cause actual future results or anticipated events to differ materially from those expressed or implied in any forward-looking statements or information and, accordingly, should not be read as guarantees of future performance or results. These risks and factors include, but are not limited to, risks relating to Touchstone's ability to execute its exploration and development program, drilling and operating risks, dependence on key personnel, compliance with environmental regulations and competition. In particular, this AIF may contain forward-looking statements pertaining to the following:

- crude oil production levels;
- the size of the oil and natural gas reserves and resources;
- projections of market prices and costs;
- supply and demand for oil and natural gas;
- expectations regarding the ability of the Company to add continually to reserves through acquisitions and development;
- treatment under governmental regulatory regimes and tax laws;
- future capital expenditures and the timing of certain projects;
- the potential of future acquisitions or dispositions;
- the issuance of securities of Touchstone;
- receipt of anticipated regulatory approvals;
- the performance characteristics of existing and potential projects and technologies; and
- the characteristics of the Company's oil and natural gas properties.

With respect to forward looking statements contained in this AIF, the Company has made assumptions regarding:

- oil and natural gas production levels;
- commodity prices;
- general economic and financial market conditions;
- timing and amount of capital expenditures;
- operating costs;
- availability of labour and drilling equipment;
- government regulation in the areas of taxation, royalty rates and environmental protection; and
- the receipt of necessary regulatory approvals;

Actual results, performance or achievement could differ materially from that expressed in, or implied by any forward-looking statements or information in this AIF and, accordingly, investors should not place undue reliance on any such forward-looking statements or information. Further, any forward-looking statement or information speaks only as of the date on which such statement is made, and Touchstone undertakes no obligation to update any forward-looking statements or information to reflect information, events, results, circumstances or otherwise after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by law, including securities laws. All forward-looking statements and information contained in this AIF and other documents of Touchstone are qualified by such cautionary statements. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on Touchstone's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

ADDITIONAL INFORMATION

Additional information regarding Touchstone may be found on SEDAR at www.sedar.com. Additional information, including director's and officer's remuneration, principal holders of the Company's securities and securities authorized for issuance under the Company's equity compensation plans are provided in the Company's information circular for the Company's most recent annual meeting of securityholders that involved the election of the Board of Directors. Additional financial information is provided in the Company's annual audited consolidated financial statements and the related management's discussion and analysis for the Company's most recently completed financial year.

SCHEDULE A

FORM 51-101F2
REPORT ON RESERVES DATA BY
INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR

Terms to which a meaning is ascribed in National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities have the same meaning herein.

To the board of directors of Touchstone Exploration Inc. (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2014. The reserves data are estimates of proved and probable reserves and related future net revenue as at December 31, 2014, estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

   We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us for the year ended December 31, 2014, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to the Company's management and board of directors:

			Net Present Value of Future Net Revenue (before income taxes, 10% discount rate - $M)			
Independent Qualified Reserves Evaluator	**Description and Preparation Date of Evaluation Report**	**Location of Reserves (Country)**	**Audited**	**Evaluated**	**Reviewed**	**Total**
	Corporate Summary		**$M**	**$M**	**$M**	**$M**
GLJ Petroleum Consultants	March 11, 2015	Canada	-	40,092	-	**40,092**
GLJ Petroleum Consultants	March 11, 2015	Trinidad	-	354,440	-	**354,440**
Total			-	394,533	-	**394,533**

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

6. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after their respective preparation dates.

7. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

EXECUTED as to our report referred to above:

GLJ Petroleum Consultants Ltd., Calgary, Alberta, Canada, March 11, 2015

(signed) Jodi L. Anhorn, M. Sc, P. Eng.
Executive Vice President and COO

SCHEDULE B

FORM 51-101F3
REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

Terms to which a meaning is ascribed in National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities have the same meaning herein.

Management of Touchstone Exploration Inc. (the "Company") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data which are estimates of proved and probable reserves and related future net revenue as at December 31, 2014, estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated and reviewed the Company's reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The Reserves Committee of the Board of Directors of the Company has:

(a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;

(b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and

(c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Reserves Committee of the Board of Directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The Board of Directors has, on recommendation of the Reserves Committee, approved:

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;

(b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluators on the reserves data; and

(c) the content and filing of this report.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

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

(signed) James Shipka
Chief Operating Officer

(signed) R. Gregg Smith
Director and Chair of the Reserves Committee

(signed) Corey Ruttan
Director and Member of the Reserves Committee

Dated March 30, 2015

SCHEDULE C

Approved and adopted by the Board of Directors on June 3, 2014

TOUCHSTONE EXPLORATION INC. AUDIT COMMITTEE MANDATE

Role and Objective

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

The objectives of the Audit Committee are as follows:

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

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

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

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

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

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

Composition of the Committee

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

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

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

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

Meetings of the Committee

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

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

3. Notice of a meeting of the Audit Committee shall:
   (a) be given orally, or in writing, including by email;
   (b) state the nature of the business to be transacted at the meeting in reasonable detail;
   (c) to the extent practicable, be accompanied by copies of documentation to be considered at the meeting; and
   (d) be given at least two days prior to the time stipulated for the meeting.

   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.

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

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

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

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

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

Duties and Responsibilities of the Committee

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

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

3. It is the responsibility of the Audit Committee to satisfy itself on behalf of the Board that the Corporation's system of internal controls over financial reporting and disclosure controls and procedures are satisfactory for the purpose of:
   (a) identifying, monitoring and mitigating the principal risks intended to be addressed by such controls and procedures;
   (b) complying with the legal and regulatory requirements related to such controls and procedures; and
   (c) to review with the external auditors their assessment of the internal controls over financial reporting and the disclosure controls of the Corporation, their written reports containing recommendations for improvement, and management's response and any follow-up to any identified weaknesses.

4. It is the responsibility of the Audit Committee to review the annual financial statements of the Corporation and, if deemed appropriate, recommend the financial statements to the Board for approval. This process should include but not be limited to:
   (a) reviewing and accepting/approving, if appropriate, the annual audit plan of the external auditors of the Corporation, including the scope of audit activities, and monitor such plan's progress and results during the year;
   (b) reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;
   (c) reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
   (d) reviewing the methods used to account for significant unusual or non-recurring transactions;
   (e) reviewing compliance with covenants under loan agreements;
   (f) reviewing disclosure requirements for commitments and contingencies;
   (g) reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
   (h) reviewing unresolved differences between management and the external auditors;
   (i) obtaining explanations of significant variances with comparative reporting periods;
   (j) reviewing of business systems changes and implications;
   (k) reviewing of authority and approval limits;
   (l) reviewing the adequacy and effectiveness of the accounting and internal control policies of the Corporation and procedures through inquiry and discussions with the external auditors and management;
   (m) confirming through private discussion with the external auditors and the management that no management restrictions are being placed on the scope of the external auditors' work;
   (n) reviewing of tax policy issues; and
   (o) reviewing of emerging accounting issues that could have an impact on the Corporation.

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

6. The Audit Committee shall have the authority to:
   (a) inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates;

(b) discuss with the management and senior staff of the Corporation, its subsidiaries and affiliates, any affected party and the external auditors, such accounts, records and other matters as any member of the Audit Committee considers necessary and appropriate;
(c) engage independent counsel and other advisors as it determines necessary to carry out its duties; and
(d) to set and pay the compensation for any advisors employed by the Audit Committee.

7. With respect to the appointment of external auditors by the Board, the Audit Committee shall:
   (a) recommend to the Board the appointment of the external auditors;
   (b) review the performance of the external auditors and make recommendations to the Board regarding the replacement or termination of the external auditors when circumstances warrant;
   (c) oversee the independence of the external auditors by, among other things, if determined necessary, requiring the external auditors to deliver to the Audit Committee, on a periodic basis, a formal written statement delineating all relationships between the external auditors and the Corporation and its subsidiaries;
   (d) recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and that the external auditors shall report directly to the Committee; and
   (e) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change.

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

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

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

11. The Audit Committee shall establish and maintain procedures for:
    (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting controls, or auditing matters; and
    (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

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

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

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